PD-ABQ-209

NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.

STTA MISSION REPORT
February 1 to April 13 1995

Submitted to USAID/Kiev
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SECTION 1

PROJECT BACKGROUND - MILESTONES

The following are the chronological dates of major project milestones up to the time of the first short term field mission started January 31, 1995.

DAI Proposal Submitted to USAID . July 29, 1994
DAI Selected to Implement NEWBIZNET Project. September 29, 1994
Contract Signed between USAID and DAI. September 30, 1994
USAID Stop Work Orders Initiated. October 21, 1994
USAID Stop Work Orders Cancelled. December 15, 1994
DAI prepared to initiate full mobilization: January 23, 1995
USAID/DAI Pre-Mobilization Meeting in Washington: January 11, 1995.
USAID Requests Project Re-evaluation by DAI in Advance of Full Mobilization: January 11, 1995
DAI Project Team Departs on Project Re-evaluation Mission: January 31, 1995
DAI Submits Draft 1995 Work Plan and Revised Budget to USAID: May 8, 1995

SECTION 2

REQUIREMENTS FOR RE-ASSESSMENT MISSION

In the course of the January 11,1995 meeting in Washington, D.C. the USAID COTR requested that DAI project personnel conduct a field mission in advance of mobilization in order to develop a common understanding between USAID and DAI on the project requirements and to give DAI an opportunity to gain a realistic perspective on the working environment in Ukraine and Moldova. USAID felt that such an understanding was needed because of the substantial lapse of time between project conceptualization and field mobilization. USAID further requested that the technical re-assessment mission be conducted as a 3 pronged effort in the areas of:

- Business support services

- Training services
- Business Information Network (BIN) services.
-

Business Support Services

The business support services re-assessment mission was conducted by project long-term personnel and short-term advisors during February and March of 1995. The mission was conducted by the COP, Thomas Potocki and one of the LTTAs, John Nielson, with shorter term involvement of the home office technical advisor, Daniel Wagner. The objectives of this mission segment were to:

- Modify as necessary initial project design concepts to fit the current situation in Ukraine and Moldova and adapt accordingly DAI's proposed project organization, implementation plan, and budget to achieve project objectives in support of the development of the SME sector.

- Select geographic locations in which to locate the Newbiznet Business Service Centers (NSCs).

Training Services

The training needs assessment was conducted by training specialist Gerald Andersen. The objectives of this mission segment were to:

- Review, assess, and compare the structure, content, and objectives of the Economic Literacy Project (ELP) training materials and those proposed for the project by Management Advisory Services (MAS). Recommend content and character of the ELP project.

- Research and assess the nature and availability of business related training materials presently being utilized in Ukraine and Moldova.

- Research the extent and effectiveness of regional and international training internships and overseas study programs available to local individuals active in the SME sector and make recommendations as to the viability of the project's program in this area.

- Based upon the above objectives either confirm the viability of the training needs and concepts contained in the DAI proposal, or based upon findings, suggest modifications to the training program.

Business Information Network (BIN).

The mission's Business Information Network (BIN) needs assessment was conducted by information specialist Russell Mouritsen. The objectives of this mission segment were:

- Through field investigations to identify all business information networks which are presently operational or due to come online shortly in Ukraine and Moldova. Identify their characteristics and their potential ability to support SME development through the types of services envisaged by DAI's proposed BIN.

- Through field investigations in Kiev, Chisinau, and possibly other centers in Ukraine and Moldova, re-examine the business information needs of local Business Service Organizations (BSOs) and the entrepreneurial community as well as that of other business information users in order to confirm the viability of, or propose adjustments to, the BIN concept for the project. The examination of business information needs will be conducted by independent assessment following interviews conducted with key business personnel from the private and public sector, associations, firms and organizations, business associations/chambers of commerce, academic institutions, banks, business support groups, NGOs, and any other enterprises/potential users who may provide critical input affecting the design, establishment, and utilization of the BIN project.

- Conduct field research to identify the types and reliability of Ukrainian communication systems which could be utilized to implement a BIN system.

- Assess the willingness, ability, and methods whereby users of the projected BIN might help to defray the costs of maintaining the system and possibly expanding it later as needs grow and change over time.

- Based on field investigations, conduct a technical and economic cost/benefit analysis of the advisability of 1) launching an independent BIN network to support the project goals, 2) utilizing an existing business information network to provide services required by the project, or 3) launching a limited independent network with extensive integration into existing information networks.

SECTION 3

FINDINGS & RECOMMENDATIONS OF THE RE-ASSESSMENT MISSION'S BUSINESS SERVICE PROGRAM

3.1 Re-assessment of Business Support Center (NSC) locations in Kiev and Chisinau.

At the commencement of the re-assessment mission and stemming from discussions held at the USAID mission offices with Ms. Osborn, project COTR and with Mr. Ivan Shvets, Project Management Specialist, it became apparent that USAID wished to re-assess the wisdom of locating project Business Support Centers in the cities of Kiev (Ukraine) and Chisinau (Moldova). The motivation for the re-examination of these two NSC locations came from the fact that these capital cities already had substantial concentrations of donor activity, and specifically, already had operating Business Advisory Centers funded by EU TACIS and others. In view of this, it was felt that at the national level, a more even and rational distribution of resources would be achieved by locating all the project's NSCs in provincial towns where they could impact a sizeable entrepreneurial and SME sector.

As a result, the USAID mission in Kiev requested the contractor to consider redesigning the business support services part of the project to accommodate the following:

- In Ukraine, 3 Business Support Centers each in a regional location outside Kiev.
- In Moldova, 2 Business Support Centers each in a regional location outside Chisinau.
- A Newbiznet project coordinating office and a BIN network hub in Kiev.

3.2 Cities considered as possible host locations for NSCs

At the briefing with USAID project staff in early February 1995 the team discussed possible centers to be visited and evaluated in the course of the site assessments which would be the central element of the 8 week assignment. A number of possible sites were proposed based on USAID's and other local organizations' long standing experience in the region. Agreement was reached for the team to assess 11 cities in Ukraine, out of which 3 would be chosen to host the project's Business Support Centers. In Moldova it was agreed that the team would travel to Chisinau and conduct on-site investigations on where and how to structure the project's SME support assistance.

List of locations for consideration as sites in which to locate BACs in Ukraine and Moldova:

1. Odessa
2. Kherson
3. Nikolaev
4. Rivne
5. Lutsk
6. Lviv
7. Uzhgorod
8. Ivano Frankivsk
9. Kharkiv
10. Donetsk
11. Dniepropetrovsk
12. Chisinau
13. Balti

3.3. Expected Mission Accomplishments.

In view of the time available in which to conduct the re-assessment mission of the project's Business Service Program it became apparent that the maximum that the 8 week mission could accomplish would be to conduct a rapid site reconnaissance giving the assessment team a general overview of the 13 primary candidate sites for the project. Out of 13 potential locations the team to select and recommend to USAID the centers from which the project's NSCs should operate. In view of the changing economic conditions in the field, the team was also expected to research and gather information allowing DAI to conduct a "reality check" on the budget and to incorporate amendments taking account of the redesign of certain elements of the project resulting from this mission.

3.4. Location Criteria for Business Service Centers.

Prior to commencement of field investigations the team prepared a list of "Location Suitability Criteria" against which all sites would be evaluated . It was also determined that since not all criteria were of equal importance an additional level of judgment was introduced by assigning a "weight" or level of importance from 1 to 3 for each of the Location Suitability Criteria. The rating level of 3 was considered as the rating of greatest importance and the rating level of 1 was the level of least importance. The list of suitability criteria with their importance factors (weights) are shown in Fig. 1.

Fig 1.

#	CRITERIA	IMPORTANCE FACTOR
1)	Demonstrated interest, enthusiasm, and commitment by the city and regional authorities to economic reforms and the support of SME development.	3
2)	Demonstrated interest, enthusiasm and commitment by the business community to economic reforms and for creation of conditions supportive of SME development.	3
3)	Local authorities' ability and willingness to participate and contribute (monetarily or in kind) to the launching and long-term support of the Newbiznet Project.	2
4)	Potential for private sector SME development.	2
5)	Degree of development of the private SME sector judged by the economic activity in evidence.	1
6)	Presence, number, and quality of academic or other institutions conducting business related curricula, training courses, seminars, etc.	2
7)	Presence of already operating business centers, business incubators or other business support groups.	2
8)	Level of consulting and training services and sophistication of technical assistance provided by operating Business Support Groups.	1
9)	Number of foreign donor assistance programs and level of assistance provided by their organizations.	2
10)	Existence of potential for collaboration with local Chambers of Commerce, Trade Unions, Trade Associations and other governmental and non-governmental supported organizations.	2
11)	Existence of good telephone/e-mail communication networks and computer and information networks.	1
12)	Extent of enterprise privatization already completed.	1
13)	Perceived community support for private SME development.	1

3.5. Assessment Mission to Moldova

The COP and the LTTA conducted the Moldovan re-appraisal mission from February 9, 1995 to February 14, 1995. Ms. Amy Osborn, USAID Project COTR and Mr. Ivan Shvets, of the USAID/Kiev office as well as members of the Counterpart Foundation, one of the project's subcontractors who assisted in organizing the visit, accompanied the team. In the initial portion of the visit meetings were conducted with various business support and donor organizations in Chisinau. The objectives of these meetings were:

- To gain a sense of the prevalent conditions of the SME sector in Chisinau and in Moldova in general
- To assess the status of business and privatization related programs currently being supported by Western donor organizations
- To discuss potential locations for regional NSCs with organizations knowledgeable about Moldova.

A subsequent portion of the visit comprised an exploratory visit to the town of Balti about 1.5 hours north of Chisinau, to assess its appropriateness to host the northern regional NSC in Moldova.

The following is a list of organizations with which meetings were held in Chisinau and Balti. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes to Moldova which are attached in Annexes and .

Chisinau

CHISINAU, February 8, 1995. - KPMG Bankers Training Program.
CHISINAU, February 9, 1995. - Union of Entrepreneurs and Tenants (UET)
CHISINAU, February 9, 1995. - VOCA.
CHISINAU, February 9, 1995. - Association of Joint Stock Companies (AJSC)
CHISINAU, February 9, 1995. - Price Waterhouse, Mass Privatization Project.
CHISINAU, February 9, 1995. Liga Privat.
CHISINAU, February 9, 1995. - The Enterprise Support & Small Business Development Fund (ESSBDF).
CHISINAU, February 10, 1995. - The US Embassy
CHISINAU, February 10, 1995 - Price Waterhouse, Development of Capital Markets.
CHISINAU, February 10, 1995 - BASARABICA-M Business Group & Publishing Corporation.
CHISINAU, February 10, 1995. - TRI VALLEY GROWERS (TVG).
CHISINAU, February 10, 1995. - Donor's Meeting, US Ambassador's Residence.
CHISINAU, February 13, 1995. - Moldovan institute of Public Accountants (MIPA) & International Executive Service Corps (IESC).
CHISINAU, February 13, 1995. EU TACIS Project for SME Development.

CHISINAU, February 13, 1995. Moldovan-American Business Center (CIP) - (University of Nebraska) in association with Academy of Economic Studies.
CHISINAU, February 13, 1995. AGBIS.
CHISINAU, March 21, 1995 Peace Corps - Moldova.
CHISINAU, March 22, 1995. Meeting at Moldovan American Business Center
CHISINAU, March 22, 1995 Meeting at AGBIS

Balti

BALTI, February 11, 1995 - Mayor's Office.
BALTI, February 11, 1995 - Group of prominent businessmen.
BALTI, February 11, 1995 - Rector, University of Balti
BALTI, February 11, 1995 - Moldovan-American Center for the Support of Private Sector Development.
BALTI, March 21, 1995.
1) Meeting with Mr. Boris Boinchan, Chief of Department of Agricultural Systems.
2) Meeting with Mr. Vladimir Tonchuck, Mayor of Belts and other city officials
3) Meeting with entrepreneurs and Mr. Ivan Banari, Director, Balti Chamber of Commerce & Industry.

Summary of significant issues discussed with the above organizations:

- **NSC Location**
  Since the town of Balti is the largest and most developed center north of Chisinau it should probably be the site for the northern NSC. This view was shared by most local and donor organizations. Locations for the southern NSC were discussed at length. In the south the largest and most industrialized towns, and the most logical NSC locations, are Tirespol and Tghina, both situated in the Trans-Dniestr zone controlled by the Russian 14th Army and, therefore, according to the American Embassy in Chisinau, "out of bounds" to US personnel. Other southern towns have populations of between 50,000 and 60,00 and are judged to be too small to sustain business centers. Under these conditions, it was decided not to make quick judgments but to remain flexible, get to know the region, the players, and the opportunities, before committing to a southern location. The project proposes, therefore, to initiate the northern NSC first and postpone the decision on a southern center till later when the delicate political situation in the trans-Dniestr zone will be resolved. DAI also proposes to set-up a Moldovan coordinating office in Chisinau from where the American LTTA would direct the two Moldovan regional NSCs, one in the north and one in the south.

- **Setting-up a NSC**
  - It is important for the project NSC to maintain independence from other organizations.
  - It is important to maintain the freedom to build-up the NSC from scratch,

choosing ones own personnel and not be forced to use personnel from an existing organization.

- A business center in Chisinau is badly needed. Existing centers do not address the needs of the micro-enterprise community.
- If a partner organization is sought it is crucial to find a good one with similar goals.
- To be successful, a NSC must create a demand for its services - this implies doing substantial marketing of services, being aggressive in outreach to potential clients, and to explain to communities why NSCs are needed.
- The TACIS Project BAC is eager to cooperate with Newbiznet. It is important to work together and not duplicate efforts.
- The US Embassy in Moldova is willing to do advance public relations for AID projects, asking communities for cooperation.
- Peace Corps is most receptive to having their business volunteers work with the Newbiznet project. (PCVs start training in June for deployment in September).

- **Financial**
  - Commercial loans from Moldovan Banks are mostly short term operating loans (4mo - 1yr) with interest rates varying between 75% and 100%pa.
  - The WestNIS Enterprise Fund and Eurasia Foundation will be available to provide financing to qualified SMEs.

- **Regulatory reform.**
  - Regulatory reform is key to making private business profitable.

- **Training and information.**
  - Greatest need exists in areas of: Taxation; Access to financing; Business English.
  - The TACIS program does all its group training in Russian, not Romanian.
  - Training-of-Trainers should be done centrally rather than in dispersed locations

- **Sustainability of NSCs.**
  - Charging for services and developing a reasonable fee structure are imperative elements in long-term NSC Sustainability.

- **Legal Structure for NSCs.**
  - NSCs may have to start operating without a formalized legal structure. This may be a thorny issue which the US Embassy will be willing to advise.

- **Business Information.**
  - Due to unreliable telephone communications, electronic information dissemination is premature. Presently, information will be most useful in the form of CD-ROMs and hard libraries.

3.6. Assessment Missions to Ukraine.

In Ukraine, the team met with numerous organizations in Kiev and undertook three separate location assessment missions. One to the southern region, one to the western region, and one to the eastern region. Each trip took one week. The team conducting these missions was comprised of the following: Thomas Potocki, Chief of Party; Daniel Wagner, Home office Technical Advisor; and John Nielson, Long Term Technical Advisor. On occasion, Counterpart Foundation/Kiev office representatives accompanied the project team.

A. City of Kiev

The following is a list of organizations contacted and with which meetings were held. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y .

KIEV. February 6, 1995. Meeting with the International Finance Corporation (IFC)
KIEV. February 7, 1995. Meeting with the Peace Corps
KIEV. February 7, 1995. Meeting with E.U. TACIS Business Communication Center.
KIEV. February 7, 1995. Meeting with the Eurasia Foundation.
KIEV. February 16, 1995. Agency for the Development of Enterprises. (TACIS Bus. Serv. Ctr.)
KIEV. February 16, 1995. Business Incubator to retrain Ukrainian Army Officers (Funded by German Government)
KIEV. February 26, 1995. Meeting with WestNIS Enterprise Fund.
KIEV. March 12, 1995. Meeting with Research Center for Small Business Development Promotion "VENTURE"..
KIEV. March 17, 1995. KVAZAR-MICRO Computer assembly, sales and network design/installation.
KIEV. March 17, 1995. SME Sector Donor Coordinating Meeting at the Delegation of the European Commission in Ukraine.

KIEV. March 17, 1995. Kiev Polytechnic Institute/Ukrainian Business Information Service (UBIS)

B. Southern Region Assessment Mission.

This missions were conducted between February 20, 1995 and February 25, 1995; and between March 23, and March 24, 1995. Mr Ivan Shvets, Project Management Specialist at the USAID mission in Kiev accompanied the team. The mission itinerary comprised visits to 3 regional cities: Odessa, Kherson and Nikolayev. In each city meetings were conducted with various business support, donor, and local /regional Government organizations. The objectives of these meetings were to: 1) assess the condition of the SME sector and that of the major organizations active in the sector and 2) obtain enough information about the cities to allow the team to make

an assessment as to their viability as potential sites for Newbiznet NSCs.

Odessa.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y .

ODESSA, February 20, 1995. Ukraine Anti-Monopoly Committee, Odessa Region Department.
ODESSA, February 21, 1995. Association for the Development of Private Entrepreneurship (EDNANNYA) or (UNITY).
ODESSA, March 23, 1995. Meeting at Mayor's Office.
ODESSA, March 23, 1995. Meeting with PADCO
ODESSA, March 24, 1995. Meeting with CFED
ODESSA, March 24, 1995. Meeting with Association of Odessa Entrepreneurs (AOE)

Kherson

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y .

KHERSON, February 22, 1995. Mayor of Kherson and city authorities.
KHERSON, February 22, 1995 . Kherson Center for Scientific and Technical Services (KCSTS) and Oblast level authorities
KHERSON, February 22, 1995. Large group of local businessmen.

Nikolaev

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

NIKOLAEV. February 23, 1995 Meetings with city authorities.
NIKOLAEV. February 23, 1995. Meeting with private Joint stock Company "TECHNOLOGIA"
NIKOLAEV. February 23, 1995. Meeting with private firm "ISKRA".
NIKOLAEV. February 23, 1995. Meeting with Private firm "INGRESS SYSTEMS".
NIKOLAEV. February 24, 1995. South Center. Ukrainian Academy of sciences of National Progress.
NIKOLAEV. February 24, 1995. Press Conference at City Hall organized by the Mayor.
NIKOLAEV. February 24, 1995. Meeting with 3 private consulting enterprises

1) "Forkis" A firm consulting in privatization. (Mr. Stanislav Marchenko)
2) "Velolux" Trade Union for small & medium businesses (Mr. Victor Menkov, chairman).
3) "Naval-Expert" Center for public polls and opinions (Mr. Leonid Belokon)

C. Western Region Assessment Mission.

This missions was conducted between February 26, 1995 and March 4, 1995. Mr. Felix Shklyaruk, Project Management Specialist at the USAID Mission in Kiev, accompanied the team. The mission itinerary comprised visits to 5 cities : Rivne, Lutsk, Lviv, Uzhgorod and Ivano Frankivsk. In each city meetings were conducted with various business support, donor, institutional, and local /regional Government organizations. The objectives of these meetings were to: a) assess the condition of the SME sector and that of the major organizations active in the sector, and b) obtain enough information about the cities to allow the team to make an assessment as to their viability as potential sites for Newbiznet NSCs.

Rivne.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

RIVNE. February 27, 1995. Meeting with business community at the Scientific, Technical, and Economic Information Center (STEIC).
RIVNE. February 27, 1995. Meeting with Rivne Mayor and City Council.

Lutsk.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

LUTSK. February 27, 1995. Meeting with Peace Corps training personnel.
LUTSK. February 27, 1995 Meeting with Volyn Regional State Administration (dept. of Econ.)

Lviv.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

LVIV. February 28, 1995. Meeting with Lviv City Council.
LVIV. February 28, 1995. Meeting with RTI project within the Lviv City Administration. (Assistance in Municipal finance and Administration)
LVIV. February 28, 1995. Meeting with the Business Support Group of the Lviv Institute of Management .
LVIV. February 28, 1995. Meeting with State University Lviv Polytechnic, Business Incubator.
LVIV. February 28, 1995. Meeting with representatives of the Lviv business community.
LVIV. March 1, 1995. Breakfast meeting. Present: Ted Shrader, PCV; Phil Cill, PCV; Mr. David Bauer, RTI; Newbiznet team.
LVIV. March 1, 1995. Meeting at Lviv Regional State Administration.

Uzhgorod.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

UZHGOROD. March 2, 1995. Meeting with Information Marketing Center (INMARK)
UZHGOROD. March 2, 1995. Meeting with Business Community and International Institute of Management (Uzhgorod Branch).
UZHGOROD. March 2, 1995. Meeting with Transcarpathian Regional Council (TRC).

Ivano Frankivsk.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

IVANO-FRANKIVSK. March 3, 1995. Meeting with entrepreneurs and business educational community.
IVANO-FRANKIVSK. March 3, 1995. Meeting with mayor and Mr. Yarema, acting head of Industry and Small Business Administration.
IVANO-FRANKIVSK. March 3, 1995 . Meeting with International Management Institute and others.

D. Eastern Region Assessment Mission.

This mission was conducted between March 6, 1995 and March 11, 1995. Mr Ivan Shvets, Project Management Specialist at the USAID mission in Kiev accompanied the team. The mission itinerary comprised visits to 3 cities : Kharkiv, Donetsk and Dniepropetrovsk. In each

city meetings were conducted with various business support, donor, and local /regional Government organizations. The objectives of these meetings were to: a) assess the conditions of the SME sector and that of the major organizations active within the sector and b) obtain enough information about the cities to allow the team to make an assessment as to their viability as potential sites for Newbiznet NSCs.

Kharkiv.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

KHARKIV. March 6, 1995. Meeting with the Mayor of Kharkiv.
KHARKIV. March 7, 1995. Meeting with company "PREMIER"
KHARKIV. March 7, 1995. Meeting with several advisors from US donor organizations.

Donetsk.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

DONETSK. March 8, 1995 Meeting with the Vice Mayor.

Dniepropetrovsk.

The following is a list of organizations with which meetings were conducted. Details concerning the substance of these meetings are contained in Potocki's and Nielson's trip notes for Ukraine attached in Annexes X and Y.

DNIEPROPETROVSK. March 10, 1995. Meeting with vice mayor and city officials.
DNIEPROPETROVSK. March 10,1995. Meeting with business community and consultants
DNIEPROPETROVSK. March 10, 1995 Meeting with Pridneprovsky Center for International business Education & Research.

Summary of significant issues discussed with the above organizations:

- **General characteristics for NSCs**
  - If local partner organizations are sought for NSCs, key is to have a good, reliable ones with whom one can work and who will have identical aims , goals and

objectives.

- Whether NSCs support several local business organizations or associate with one exclusively is an issue to be decided on location after careful consideration of all ramifications. The key is to remain flexible, and not commit too soon to working exclusively with anyone.
- Maintaining good relations with the local government is key. Their leadership and support for NSCs is of utmost importance. Also important is to have a progressive Mayor in power for a reasonable period of time.
- NSCs must solicit to attract clients.
- NSCs must charge for services to discourage overuse and send the message that services and information are valuable. However, a realistic fee schedule must be developed.
- NSC advisors should have narrow fields of specialization. Local nationals performing these functions should be trained in areas such as Financial Management, Marketing, Business Plan Preparation, etc.
- TACIS spent 4 months training their NSC advisors.
- NSCs should undertake post-privatization work.
- Trained Ukrainian staff must be present at the opening of the NSCs
- In each location NSCs should undertake the coordinating function of donor programs with the business community.
- Polish experience with NSCs will be useful to guide the Newbiznet project.
- NSCs should have prestigious, highly visible, ground floor locations for their offices.
- NSCs need an advertising budget.

• **Privatization.**
  - About 80% of Ukrainian small businesses remain to be privatized.
  - Most privatized small businesses have no notion about how to run a business. They will make good NSC clients.
  - The Ukrainian State Property Fund plans to privatize 8,000 firms in 1995. It will be important to support them with business services.

• **Training.**
  - Potential clients must be made to realize that they need business training. NSCs will have to solicit to attract these clients. The TACIS program has devised simple tests to make clients believe they are competing for a place in the course. Individuals finally "selected" are proud of this and are more likely to complete the course.
  - The TACIS program found that practical, short course training is the most needed. For potential entrepreneurs courses on "starting one's own business" and courses on "how does business theory work in a practical application" are of most interest.
  - NSCs should charge modest fees for training.
  - TACIS recruited for training courses using newspaper advertising, posters, and

direct mailing to institutions.
- TACIS' Training -of-Trainer courses take 3 weeks. Basic courses in "business startup"take 5 days.
- TACIS will consider selling already developed training courses.

- **Information and Technical Assistance.**
  - NSCs must charge for information. Clients must realize that information is available and it is valuable.
  - NSCs should provide assistance in such areas as translating, writing business letters, use of computers etc.

- **Major Problems for Enterprises.**
  - Lack of knowledge on business finance
  - Lack of startup capital/financing.
  - Unstable economic situation
  - High inflation inhibiting business development
  - Lack of reasonably priced office space and difficulty in acquiring equipment
  - Need to overhaul the existing business regulatory and taxation systems which are confiscatory and impact directly on business success.
  - Lack of business knowledge, information, and information specialists
  - Lack of understanding between business and local authorities
  - Lack of marketing information

- **Goals for Local Administrations.**
  - Introduce transparency and abolish arbitrariness in decision making
  - Influence the business community to obey rather than circumvent regulations which result in tax revenue loss
  - Local government to work with business community on reforming the tax structure
  - Realize that government should assist business, not control it
  - Assist in forming a "business Club" - a forum for business interests to voice concerns to government
  - Local governments have virtually no taxing powers. Attempts to change this are opposed at the national level. One way to influence this is to coordinate regions to lobby at the national level.
  - Lobby national government to create a state program for the support of SMEs

- **Organizations/Associations.**
  - Chambers of Commerce are old style totalitarian organizations. Newbiznet should ally with "Business Clubs" similar to US chambers of Commerce.
  - The Peace corps is interested in collaborating with the Newbiznet project.

- **Finance.**
  - The EBRD has already made available a SME credit line amounting to 100

million ECU which will be disbursed through local banks.

- The West NIS Enterprise Fund will have 3 year loans of $25,000 to $5 million at 20% to 25% interest. They would like to co-locate offices with Newbiznet in provincial cities.

- **Local National Staff - experience and recruitment.**
  - Ukrainian professionals and Management teachers have much theoretical knowledge but no experience in its application in a market economy
  - Ukrainian advisors/consultants have little experience on how to deal with clients. This skill must be taught in NSC advisor training courses.
  - NSCs will find it difficult to hire Ukrainians with a business background. Most likely, NSCs will have to hire candidates with a technical or language background and train them.
  - The TACIS program took 4 months to train its NSC advisory staff.

3.7. Conclusions on re-assessment of NSC locations in Kiev and Chisinau.

As a result of the NSC site selection missions the team concluded that, in accordance with USAID's suggestion, the project should be adjusted to institute three Business Support Centers, one in each of the Southern, Western, and Eastern regions of Ukraine, and a project coordinating office/BIN hub in Kiev. The team also concluded that in Moldova, the project should institute two NSCs, one in the Northern region and one in the Southern region, and that the work of these NSCs should be directed from a small coordinating office in Chisinau. This would allow the Moldovan NSC operations to be supervised by one American LTTA.

3.8. NSC Site Selection.

As the team travelled to all the 13 locations in Ukraine and Moldova assessing the suitability of the various cities to host the project's NSCs, each member of the team personally rated each site for its suitability by assigning factors of between 10 and 0 for each suitability criterion. A factor of 10 meant that the city rated very highly in relation to the particular suitability criterion, a factor of 1 or 0 meant that either the site rated very low in relation to the particular criterion or that the criterion had no relevance to the site. A possible point range of between 10 and 0 was used to allow a reasonably high degree of latitude, and therefore accuracy, in assigning appropriate suitability ratings to the sites.

Following completion of individual ratings by the team members, the team discussed the divergent assessments and reached agreement upon a compromise rating for each suitability criterion.

Once the suitability criteria point scores for each city were established, each of these was multiplied by the previously established importance factors to arrive at a "weighted" point score

for each criterion. For each city, the "weighted" point scores for all criteria were then added to arrive at the city's total "weighted" point score. The locations with the highest total point scores in each region would be the locations chosen to host the Newbiznet NSCs. The site selection matrix (Fig 2) shows the simple point scores and the "weighted" point scores for all suitability criteria, as well as the total "weighted" point scores for each candidate city

The highest point score for the southern region was awarded to Odessa, for the western region it was awarded to Lviv, and for the eastern region it was awarded to Kharkiv. These cities are therefore recommended for approval by USAID as the sites for Newbiznet's regional Business Support Centers in Ukraine. In Moldova, DAI recommends that USAID approve the city of Balti as the northern regional NSC while the choice of the southern NSC be postponed to a later date. DAI also recommends that Kiev and Chisinau be approved as project coordinating locations.

3.9 Project Outreach.

To maximize the impact that each Newbiznet NSC might have in its region, the team explored various alternative ways of conducting outreach operations to bring business services to other locations within the hinterland of each NSC. These strategies include:

- **Minor centers** - centers directly under project funding and control but without a resident American Advisor. Examples of such centers have already been programmed into the project in Moldova where the LTTA, centered in Chisinau, will effectively manage two minor centers at not too great a distance to the north and to the south of the city. In order for the LTTA to be effective, each of the minor centers should be no more than 1 or 2 hours drive from the main center, allowing the LTTA to reach, service the location, and return to the main center within a day.
-

- **Satellite centers** - centers totally under local control in the same locality as the Newbiznet NSC or in other towns in the region where no donor business support organizations exist. In accordance with project objectives of providing support to other local Business Service Organizations (BSOs), the Newbiznet project should aim at providing these organizations technical assistance, training, and information and to assist them to serve their business clients in the most effective way possible. Since this is a major project objective it should not be passed over in preference to providing advisory services at the home center.

- **Outreach locations.** - locations within the region of the primary NSC center to which NSC staff travel regularly to offer advice, assistance, training, and information. Outreach locations will, by their nature, be locations to which project services will be provided only occasionally. To be effective in these locations, and to maximize resources, it is

recommended that a careful assessment be conducted by the region's main NSC on which are the appropriate cities to receive outreach assistance. If such assistance is offered in too many locations, the resources of the center will be spread too thinly and will be of limited effect.

At the outset, it is recommended that no more than 1 or 2 outreach locations be served from each main NSC and this only in the second year of operations when the main center is itself well established and resources can be diverted for this purpose. Also, it is recommended that a local organization or individual be offered the part-time job of being the NSC's representative to perform the task of recruiting local clients for training and consulting, and for making logistic arrangements in preparation for the periodic visits of the main NSC's personnel to train and/or consult with clients. This task could be done by a PCV if one were available in the locality, or by a local individual or a GSO, on a modest retainer fee basis.

- **Visit locations** - locations to which Newbiznet NSC staff might go once or only occasionally to offer training or other special assistance.

The outreach component of Newbiznet is one to which the project is committed as a way in which to extend the benefits of the project to SMEs and local Business Organizations in areas beyond the center in which the NSCs are located. The success of the project will , in tangible ways, be measured by the success of such outreach initiatives.

Any one of the Newbiznet NSCs could, at any time, be working in any one or perhaps even all of the above outreach modes. Which of the outreach modes are most appropriate to be working in, will be a decision undertaken individually by each of the NSC Directors (LTTAs). Such decisions will be made on the basis of perceived need for assistance, NSC work load, number of available staff, staff competence, available funds, etc.

3.10 Sister City Relationships.

The sister city concept for exchange of development, social, and business resources and information between cities in different countries is an old concept that might well be revived for the cities in which Newbiznet will function in Ukraine and Moldova.

The project could benefit by encouraging and assisting the cities with Newbiznet NSCs to develop sister city relationships with compatible American cities. Through its contacts in the US, Newbiznet could assist in structuring such relationships and encouraging the transfer of business related information and assistance from the US cities to their Ukrainian/Moldovan counterparts.

This concept is already functioning in the case of the city of Kharkiv, in Ukraine, and its US sister city, Cincinnati. In this relationship various city delegations frequently exchange visits and there are already strong relationships formed with government, industry, and academia. Currently the city of Cincinnati is working on a Technical Assistance Program based on the original Marshall Plan to assist in the restructuring of Kharkiv industries. As part of the overall project Cincinnati is planning to develop a Productivity Center which will also serve as a business center. The major objectives of the productivity Center include:

- Provide technical and business assistance in Kharkiv
- Coordinate programs of Technical Assistance that may develop in Kharkiv
- Be a focal point for non-business activities between Cincinnati and Kharkiv
- Promote a positive image of both Cincinnati and Kharkiv
- Improve communications between the two cities

The envisaged Productivity Center will provide the following services:

- Productivity information
- Technical Assistance program coordination
- Business contacts between the two cities
- Seminars
- Communications
- Business equipment usage
- Short term office rental
- Secretarial services, translation, and interpretation
- Contact information for travel and accommodations
- Promotion of product sales
- Investment guidance

DAI has been approached by the city of Cincinnati to incorporate their envisaged Productivity Center into its Newbiznet program. We fell this is an outstanding opportunity to leverage project resources to the benefit of the city of Kharkiv and show the way for other cities to develop possible benefits from a sister city relationship.

3.11 Expatriate Support to the NSCs.

During the February/March 1995 project re-assessment mission the project team explored interesting possibilities in maximizing resources of the project NSCs or of maximizing outreach potential from the NSCs into the regions, by utilizing relatively inexpensive volunteer resources from various organizations active in WestNIS. We have already had contact with organizations such as the US Peace Corps, The MBA Executive Corps (MBAEC), The United Nations volunteer Corps, and the International Executive service corps (IESC). All have expressed interest and willingness to collaborate with the Newbiznet Project. We will be following-up on possible collaboration strategies once the Project Annual Work Plan is approved and the project is underway.

The US Peace Corps.

In the course of the 2 month project re-assessment mission in February and March of 1995, the project team established contact with the Peace Corps Directors in Ukraine and Moldova, Messrs. Jaroslav Dutkevych and Nelson Chase, and some of their key staff. The concept that the Newbiznet project utilize the services of Peace Corps business related volunteers starting in the Fall of 1995 was enthusiastically endorsed . The volunteers would be used to assist the Newbiznet project in developing and managing key business related tasks in the proposed NSC locations of Odessa, Lviv, Kharkiv, Chisinau, and Belts. They could also possibly function as Newbiznet project outreach personnel in yet to be identified satellite centers to the main NSCs. Should our association with the Peace Corps be implemented, the tasks and job descriptions for the volunteers will be prepared by the NSC Directors/LTTAs at a suitable time in the near future.

DAI will remain in close contact with the Peace Corps Directors in Ukraine and Moldova, and alert them of USAID's approval of the NSC site locations, the project's Annual Work Plan, and Budget so that they can plan deployment of their personnel resources to Newbiznet in a timely manner.

The MBA Enterprise Corps (MBAEC).

DAI has been in contact with the MBA Enterprise Corps and has agreed to accept one of their volunteers for the 1995/1996 year. This volunteer will be available for assignment in the fall of 1995. He is a Russian speaker and has well developed computer and electronic skills. At the outset, his services will probably be utilized to assist in project startup in Kiev or in Chisinau. Later he will most likely be transferred to a NSC location where his business related skills could better be utilized.

United Nations (UN), and International Executive Service Corps (IESC).

UN Volunteers are generally deployed for periods of a year or more. IESC volunteers are generally deployed for periods of up to 6 months.

Both these organizations have been contacted and have endorsed the concept of providing volunteer assistance to the project. As the program develops and project roles can more clearly be identified we will be contacting these organizations and requesting assistance in the carrying out of specific tasks.

3.12 NSC Local Personnel Staffing and Training.

The anticipated local staffing needs for the Newbiznet Project Offices have been

discussed in the first Annual Work Plan and are reproduced here. The process of identifying and hiring of local personnel will begin following the approval of the Annual Work Plan and budget and after the LTTAs have been mobilized and are located at their NSC sites.

The Newbiznet Project coordinating office in Kiev will be staffed as follows:

- DAI Project Chief of Party (COP, American)
- Deputy Director/Advocacy Specialist (Local national)
- Project Administrator (Local national)

These professionals will be supported by an accountant, an administrative assistant, and a driver. The office will also manage the Business Information Network (BIN) hub which will employ three local technicians.

Each of the three Business Support Centers (NSCs) in Ukraine will be staffed as follows:

- Long Term Technical Advisor (US national)
- Deputy Director/NSC Senior Advisor (Local national)
- NSC Advisor (Local national)
- Training Coordinator (Local national)

These professionals will be supported by an administrative assistant/accountant and a driver.

The Chisinau (Moldova) coordinating office will be staffed as follows:

- Long Term Technical Advisor (US national)
- Deputy Director/Advocacy Specialist (Local national)

These professionals will be supported by an administrative assistant/accountant and a driver.

Each of the two Moldovan regional Business Support Centers will be staffed as follows:

- NSC Director (Local national)
- NSC Advisor/Counselor/Training Coordinator (Local national)
- Administrative Assistant/Accountant/Translator (Local national)
- Part-time driver.

The Business Support Centers' Local Directors or Deputy Directors, Advisors, and Training Coordinators will participate in a two month training program to prepare them for their duties in the NSCs. DAI would like to conduct this training program partly in the USA and partly in Poland where trainees will be exposed to conditions resembling those they will encounter at home. We believe that the training undertaken in Poland will be a most useful component. It will be conducted by English speaking Polish nationals, members of the Polish-American Small Business Advisory Foundation and selected staff from their Business Centers. These individuals are familiar with conditions and problems encountered in WestNIS today, having faced similar conditions in Poland just a few years previously. The Polish Small Business Development Centers have been most successful and have often been mentioned as a model to be emulated by other countries of Eastern Europe.

The formulation of the training plan for the NSC local staff will be commenced following USAID approval of the First Annual Work Plan and the revised budget. It is anticipated that it

will be prepared by training specialists in June and July of 1995, and will be submitted for USAID approval by August 1, 1995.

3.13 Cooperation with the WestNIS Enterprise Fund.

In the course of the February/March 1995 project reassessment mission the project team met with Mr. Scott Carlson of the WestNIS Enterprise Fund and discussed collaboration between the programs. It was decided that special consideration would be given to close cooperation between Newbiznet and the WestNIS Enterprise Fund's small credit program. One important element of this close cooperation will be the projected co-location of WestNIS Enterprise Fund Investment Officers with the Newbiznet NSCs in order for the centers' clients to be able to take advantage of advisory services, training, information and access to funding, all in one location. It was decided that when Newbiznet NSCs would be seeking appropriate locations to rent, they would seek space big enough for an additional office to accommodate an Enterprise Fund Investment Officer. DAI anticipates the LTTAs being on site in July 1995 commencing the process of NSC office space acquisition.

SECTION 4

SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE RE-ASSESSMENT MISSION'S TRAINING PROGRAM

This report is based on the results of two surveys, one to determine **training needs** and the other to determine **training resources** in the Ukraine and Moldova. The information derived from these surveys is being used to develop appropriate business training courses for the two countries under the USAID NEWBIZNET project, which is now in the start-up phase. The NEWBIZNET project is concerned with developing support networks to assist new small and medium-sized enterprises (SMEs) in the Ukraine, Moldova, and Belarus.

BACKGROUND

The Ukraine and Moldova are at a critical juncture in their economic development. After seven decades of a command economic structure, the Ukraine is reluctantly facing the reality that it has no alternative but to develop a free market economy and is struggling with the new ideas necessary for an economic transformation. In Moldova, by contrast, reformers

and the old guard have ceased debating whether change is necessary and are vigorously pursuing market capitalism. Regardless of the difference in their approaches, both countries face challenges as well as opportunities as they continue to transform their economies.

Both countries have a strong human capital base and vast agricultural and production capability, but are acutely aware that their lack of knowledge, information, and skilled, experienced managers is a barrier to becoming part of the global economy. Their need to develop managers and modern technical personnel represents an important opportunity for U.S. assistance in the business sector.

To facilitate the economic transition, the U.S. government intends to provide a broad range of assistance to the Ukrainian and Moldovan governments as they adopt democratic values, liberalize domestic markets, privatize state-owned enterprises (SOEs), and create an operating environment conducive to development of the private sector. USAID assistance is specifically intended to support economic reforms that will spur the adoption of market-oriented policies and encourage dynamic private sector growth.

CONCLUSIONS

Business training needs for the Ukrainian and Moldovan private sectors fall into three institutional categories: entrepreneurs and small businesses, BSOs, and banks and financial institutions.

Entrepreneurs and Small Businesses

Most private enterprises in Ukraine AND Moldova fall under the category of small businesses run by entrepreneurs who urgently need both training and information to operate in the market economy. Training assistance needs include basic business know-how; financial management; business planning; and how to find capital, partners, and markets for their products. Information assistance needs include help with understanding changing laws and regulations; how to market their products both domestically and internationally; how to network and establish business relationships; and representation of their interests in legislative and other policy arenas.

Business Support Organizations

Virtually all BSOs in the Ukraine and Moldova, including accounting and consulting firms, require much the same training as firms in the production and retail sectors. They also will benefit from training in financial management, marketing, and business planning. In addition, trade and other associations need training in how to develop effect legislative

strategies to promote the interests of their members, how to network and form alliances, how to sponsor and promote member development and training without having to provide such expertise in-house, and how to access and disseminate information.

Banking and Finance Sector

The banking and finance sector requires training in practical and management skills to cope with the economic transition and deregulation of the banking system. Training efforts within the purview of the NEWBIZNET project include credit analysis and small-scale enterprise lending.

RECOMMENDATIONS

In view of the limited scope and resources available for technical assistance, training, and information assistance under the NEWBIZNET project, a catalytic approach to assistance is recommended. The assistance should have a multiplier effect, either by leveraging other funding sources or by building specific capacities in training and support organizations that can make key contributions to management training and to meeting information needs.

Project support to institutions should be defined in terms of deliverables so that the relationship focuses on clear outputs. Undefined core support to institutions should be avoided. Instead, outputs that can be achieved through existing structures within specified time horizons should be identified. The type of support should be tailored to these limited but clearly delineated objectives.

Both countries are at a crucial economic juncture, and emphasis should be given to activities that have the potential to rapidly stimulate the private sector. Within this context, attention should be paid to beneficial impacts that can be sustained in the absence of continued foreign assistance.

Due to the developing nature of the business training infrastructure and to the overwhelming demand for short-term business management training, NEWBIZNET assistance should focus on strengthening and expanding indigenous training capacity through a local network of qualified trainers. Such an approach will be more efficient and cost-effective in the long term than providing expatriate-delivered training. To ensure sustained services to the private sector, assistance should concentrate on building the institutional capability of private sector business support organizations.

The United States should continue to coordinate its assistance with other donors. In addition, where feasible, assistance packages should use ongoing U.S. assistance projects or programs to leverage resources and minimize start-up time.

Recommendations for business training in the Ukraine and Moldova under the NEWBIZNET project are summarized below for the three categories of SMEs. Banks are treated as a separate category because of their specialized technical assistance needs. Recommendations for each category are grouped by type of assistance. The recommendations are presented in greater detail in Section Four of the main report on training services attached here as Annex .

Small and Medium-Sized Enterprises

1. Technical Assistance

- Design short-term training courses tailored to the needs of entrepreneurs and small businesses.

2. Training Assistance

- Provide expatriate technical assistance for short-term training of Ukrainian and Moldovan entrepreneurs until national instructors have completed co-training and training-of-trainers instruction and are certified to begin training others.
- In conjunction with BSOs, provide short-term training courses in business management, financial management, business planning, and international marketing.
- Provide study tours tailored to the specific needs of SME senior managers.

Business Support Organizations

1. Technical Assistance

- Liaise with business support organizations regarding training and advocacy.
- Establish linkages among U.S./Ukrainian/Moldovan trade, industry, and professional associations.

2. Training Assistance

- Provide internships tailored to the specific needs of senior managers of business support organizations, including consulting, professional, and industry associations.
- Arrange internships for trainers to augment training-of-trainers instruction with practical experience in a market economy.

3. Information Assistance (Business Information/Video Libraries)

- Provide a one-time input of video and library equipment.
- Provide a business information/video library.
- Provide ongoing assistance to develop business information services.

Banking and Finance Sector

1. **Technical Assistance**

   - Confer with banks and bank associations to define bank training needs.
   - Develop a commercial bank training course.
   - Establish links between banks and small business development centers (SBDCs) regarding training.

2. **Training Assistance**

   - Provide short-term training for commercial bankers.
   - Establish training and internships for commercial bankers.

3. **Information Assistance**

   - Provide business information/video libraries for selected banks.

SECTION 5

SUMMARY OF FINDINGS & RECOMMENDATIONS OF THE RE-ASSESSMENT MISSION'S BUSINESS INFORMATION NETWORK (BIN) PROGRAM

This summary report is based on information acquired by Russsell H. Mouritsen and reflects the conclusions of a three week mission undertaken in Ukraine and Moldova in March 1995. The mission's objectives were to re-assess the viability of the project's Business Information Network to support SME development in light of conditions presently encountered in these two countries. The detailed report for this work segment is attached as Annex . The following is a summary of findings and recommendations contained therein.

General Findings and Recommendations

- The BIN system should be designed conservatively avoiding utilizing hardware not

consistent with the needs of the network.

- It is important that the design of the BIN gives equal importance to the software components of the system as it does to the hardware.
- Implementation of the BIN should be phased in response to informational needs for NSCs and anticipated improvements in the regional communication infrastructure.
- The BIN system should be flexible allowing it to change, adapt, and expand in response to project requirements
- Notwithstanding other informational systems operating in WestNIS, the Newbiznet project should build an independent network while creating alliances where these are seen as practical for the project and for other networks. Alliances are anticipated to be primarily in the area of information sharing.

System Configuration

It is recommended that the Newbiznet BIN operate from a hub in a central location such as Kiev and maintain electronic communications with the project's NSCs in Moldova and in the regions of Ukraine, using local and wide area networks. The BIN hub should be the primary repository of the project's business information. It will consist of a communications center and a business library with business and reference directories, SD ROM databases, and access to internet. The internet access will allow for expansion to other data bases, some of which are free. The regional NSCs should also have access to internet. The United Nations FreeNet will provide excellent access to the hub and to other major regional centers. An internet connection will provide access to CIBERWEB, which is an invaluable resource for international business information.

The cities that have been discussed as probable NSC sites are Kharkiv, Odessa, Chisinau, and Lviv. All have adequate lines to accommodate Internet and connections to the BIN hub in Kiev.

Ultimately, basic e-mail connections will be able to be provided for NSC constituents who can afford to pay for the connections.

Resource Material

Although the main BIN library will be at the hub in Kiev, basic business information should also be available at all NSC locations. Most existing business centers in Ukraine and in Moldova are now using hard copies from directories as their main source of information. Constituents either visit and conduct research at the centers or obtain pamphlets and other hard copies of needed materials. It is anticipated that Newbiznet NSCs will do likewise, at least in the beginning stages of the project. Recommendations for acquisition of CD ROMs and hard business information appear in the full report. At the NSCs care should be taken to start small and expand informational resources only on an as-needed basis. The Kiev hub is expected to

pick up the slack initially as it will have a much more complete library. The original budget did not reflect a need to allocate money for hard resource materials but this will obviously be necessary.

It is important to start conservatively and not over build the BIN's technical resources. The hardware system must be adequate and have the ability to expand, but care should be taken not to create a system that is too expensive or complex for local needs, and which may not fully be used at least in the initial stages of the project. The experiences of other business centers in Ukraine and Moldova indicate that software materials, a well trained staff, and excellent business training should initially be the backbone of the NSCs' program.

Alliances

The BIN hub should also share information and resource materials with TACIS, Premier, the Venture Group, and other institutions with which alliances are beneficial. As Newbiznet develops its own databases there may be an opportunity to market these to other business centers and interested organizations.

The project should consider developing a fax or e-mail newsletter which would be generated at the hub and sent to regional NSCs and other organizations. Besides acting as a monitoring vehicle this is an excellent method of sharing information. A nominal fee could be charged to outside subscribers to offset costs.

Alliances should be established with the media to help Newbiznet accomplish its goals. A close working relationship with USAID funded public relations firms should be an important part such a program. Both PAN and Burton Marsteller indicated their willingness and ability to support this project in WestNIS.

Personnel

Local consultants at the NSCs should have research skills. They must be able to research questions in written and in electronic formats from a variety of sources. Information specialists at the hub must be well trained in data base research. The full report makes reference to job descriptions for specific NSC personnel

Start-up

The Newbiznet project is badly needed in Ukraine and in Moldova and its start-up phase is critical. If implemented correctly, the project has every chance of succeeding. However, care

should be exercised to not oversell project services before NSCs are visible, credible, and ready to perform. There are existing business centers lacking in credibility which results in two problems. These centers have not only impaired their own ability to provide services but have also undermined the credibility of new business centers.

Promotional material and brochures from other business centers are replete with grandiose and exaggerated statements about their services. Often those services are not all available. By promising more than can be delivered business centers have not only created problems for themselves but have done a disservice to other centers. Newbiznet must be cautious not to repeat this pattern as the project initiates its program. Since promises without substance will be received poorly, Newbiznet must live up to its expectations from the outset, producing exceptional printed informational materials, and serving clients with well trained, capable, and professional staff.

SECTION 6

LESSONS FROM THE VISIT TO POLISH SMALL BUSINESS ADVISORY CENTERS (SBACS).

At the conclusion of the 8 week mission to Ukraine and Moldova Mr. Potocki was invited by the Polish-American Small Business Advisory Foundation to visit their headquarters in Warsaw and their Business Advisory Centers in Warsaw, in Gdynia, and in Bielsko Biala. The object of the visits was to determine what elements of the Polish experience relative to the development of assistance to the SME sector might be relevant for the Newbiznet project in West NIS. Mr. Daniel Wagner, the Project's Home Office Technical Advisor (HOTA) who, in 1991, had spearheaded the organization of the Polish SBACs, accompanied Mr. Potocki on this assessment mission visiting the SBAC in Bielsko Biala on 4/7/1995, the Polish-American Small Business Advisory foundation (P-ASBAF) in Warsaw on 4/10/1995, the Gdynia SBAC on 4/11/1995, and the Warsaw SBAC on 4/12/1995.

The following are some of the more important issues discussed with specific relevance to the Newbiznet project in West NIS.

6.1 Organizational Structure of the Newbiznet Project and the Local Support Networks (LSNs).

- In view of the difficult business climate, poor conditions for SME development, and lack of a sound regulatory structure to govern business development in West NIS, the Newbiznet project needs to lay great stress on mitigating these conditions. Since changes to the business regulatory conditions will emanate from the national rather than the local governmental structure, the project coordinating offices located in the capital cities of

Kiev and in Chisinau, and close to the national power structures, are the logical locations from which to launch this effort. In Kiev and in Chisinau local nationals should, therefore, be employed to coordinate the work of the Regional Local Support Networks (LSNs) and use their combined influence to lobby the national governments to improve conditions for SME development.

- In his capacity as Director of the Polish-American Business Advisory Foundation, the umbrella organization under which the Polish SBACs now function, Mr. Bak has a wealth of experience in the area of creating organizational structures and in the area of linking donor funded Business Advisory Centers with local business centers. His experience in these areas will be invaluable as the Newbiznet Project embarks on the next step of implementation. This step will entail the investigation into the most appropriate legal/institutional framework for the project as well as the issue of collaboration with local business service providers in the regional locations of Ukraine and Moldova. It is suggested, therefore, that Mr. Bak accompany the COP and the HOTA for at least a portion of this projected 6 week mission in June and July 1995.

- As with Local Support Networks in the Newbiznet project, the Polish SBACs also worked with Local Advisory Committees to support SME development. Their experience has been that unless representatives on these committees are paid for their services and thus have a vested interest in the committee's work they are of limited utility. In Poland, the Advisory Committees have been useful in publicizing the work of the business centers and providing visibility to the project in the community. The advisory committees have also been found to be effective vehicles for keeping in touch with city officials and the "movers and shakers" within the community. The Polish experience is that the practical usefulness of the Advisory Committees or the Local Support Networks (LSNs) can be increased in proportion to the time and effort expended to work with them. With this in mind, if a PCV can be assigned the full time task of organizing and maintaining a LSN, this organization might prove a useful lobbying body on SME issues at the local and the national levels. Priority for membership in a LSN should go to individuals and organizations who can benefit the project.

6.2 Maintaining organizational and operational independence.

While it is important to ensure ultimate local management and "ownership" of the regional NSCs when donor funding for the project expires, Polish experience dictates that, at the outset of the project, it is also crucial to maintain operational independence to ensure that the project goals and objectives are carried out effectively. Polish experience dictates the importance of the following:

- Project an image of "American know-how". The emphasis on the American connection in the business center's name and operations lends credibility and inspires confidence of the business community. It attracts clients who would not otherwise have confidence in

the discretion and professionalism of the business center. This has been judged to be so important in Poland that even though US funding is expiring for the centers they all wish to retain the American connection by continuing to refer to their centers as the "Polish-American" BACs.

- Not to have any formal association with government structures as this engenders distrust on the part of the local business community.

- Maintain independence from other local organizations thus reinforcing the perception that the NSC is a new, "fresh" organization which does not hold views of, is not dependent on, and does not perpetuate the mistakes of, existing organizations. Where practical and needed, NSCs might support other local business advisory organizations but not at the cost of tying themselves too closely with them.

- Utilize local knowledge and expertise while maintaining independence from existing organizations. It is important to retain the flexibility of being able to hire independent advisors and staff who will be perceived as part of a local, but US sanctioned organization, and not part of an existing national organization. If this will not be the case the effectiveness of the advisors will be impaired.

- Project an image of an absolutely "clean", trustworthy, and ethical organization and thus have the ability to capture the trust of the business community.

6.3 Training.

- Polish experience dictates that it is crucial to have well trained staff prior to opening the e business centers for operation. This relates to projecting an image to potential clients of a knowledgeable, efficient, and professional, operation. Once such an image is tarnished it is all but impossible to change it.

- The length of time it takes to train local NSC staff is directly related to the caliber, substantive knowledge, and experience of the trainees. In Poland, even though the trainees where of the highest caliber - all had good English language skills, Ph.D. degrees, teaching experience, and prior business background - it took a six week period in the US to train them to the point of being able to service a Business Advisory Center.. In Ukraine and Moldova where it is doubtful that candidates of the same consistently high caliber can be identified, it is not unrealistic to expect them to have to undergo a minimum of 8 weeks of training.

- The curriculum for training the local NSC advisors in WestNIS should basically resemble the training curriculum developed for the Polish BAC staff in 1992. Adjustments will have to be made, however, to take account of local conditions, basic expertise and experience of the trainees, and lessons learned from the Polish training experience. An important aspect of the Newbiznet training curriculum is that it must remain flexible and

have the ability of being adjusted as needed in the course of training. Mr. Daniel Wagner, the DAI HOTA, having designed and implemented the Polish American SBAC training program, should work closely with DAI's training experts to tailor a training program which responds to the needs of the Newbiznet Project and the recruited trainees.

- The Polish-American Small Business Advisory Foundation in Warsaw is willing and able to conduct at least a portion of the training for the Newbiznet Project advisors in Poland. Apart from realizing a cost saving, the advantages of conducting training in Poland relate to the fact that the Polish experience in SME development is directly related to conditions presently encountered in West NIS. Where Ukraine and Moldova are today, Poland was just a few short years ago. Thus, Polish trainers will be able to relate their training to the needs of Ukrainians and Moldovans and have the training be relevant to local West NIS conditions. For the Ukrainian and Moldovan trainees, the conditions they encounter in Poland, although a little beyond their reach today, will appear to be attainable in the not too distant future and thus have an immediate relevance that training in the US may not be able to provide. In a word, then, the Polish training program can relate its material and procedures directly to the operation of business advisory centers in Eastern European conditions. The program could provide information concerning possible structure of NSCs, operational strategies of the centers, as well as their marketing/promotion, management, counseling services, and assessment of counseling needs in the region. Training in the provision of counseling services would be based on local case studies similar to ones likely to be encountered in West NIS. Information would also be shared on types of clients likely to be encountered and typical problems encountered in counseling SMEs and entrepreneurs in the region. Finally trainees would also have the opportunity to participate in real, one-on-one counseling as consultants' assistants.

- Polish experience dictates that it is most beneficial for the American LTTAs to be present and to participate in the advisory personnel training program. The LTTAs can function as off hours tutors and reinforce certain training elements in informal one-on-one exchanges. During this period, the LTTAs will also be able to get a feel for the strengths and weaknesses of their advisors and should try to forge bonds of understanding and mutual commitment to themselves and to the program. Another important benefit of mutual participation in the training program is that this time can also be used for each team to cooperatively prepare marketing and strategic business plans for their business centers.

6.4 Business Advocacy.

For each country in which the project will have NSCs there should be a Business Advocacy Director (BAD) to focus on regulatory issues affecting SME development. In each country the BAD should coordinate the work of the regional LSNs and lobby the appropriate ministries and organizations at the national level to ameliorate the climate for the development of a strong SME sector and create a predictable and fair regulatory environment in which SMEs can flourish.

6.5 Project Publishing Capabilities.

The Polish experience dictates that for a project such as the Newbiznet Project it is extremely useful to have a central publishing center providing services to all the BACs. This capability should be supported by a desktop publishing workstation with the appropriate computer hardware and software and be responsible for publishing, binding, mass copying and dissemination of all types of project training materials , newsletters, BAC marketing materials, flyers, reports, etc.

6.6 Location of NSCs.

It has been found to be extremely beneficial to locate the NSCs in prime, downtown locations with, if possible, direct street visibility and accessibility. Storefront location would be ideal especially in the initial phase of operations when NSCs are not yet well known and well established. Store-front locations attracts much walk-in casual interest and, through their visibility have the advantage of being able to quickly build-up considerable client bases.

6.7 Marketing of NSC Services.

In Poland, the initial success of BACs has depended to a great degree on how well they were able to advertise their services in the local market. Well designed, highly visible signs at BAC locations as well as at other highly frequented city locations is imperative. Local authorities and businesses might provide advertising space free of charge. A segment of BAC staff training might include the conceptualizing of a marketing strategy for each center.

SECTION 7

LESSONS FROM THE BUSINESS CENTER SUSTAINABILITY CONFERENCE IN PRAGUE.

In the week of April 2, 1995 Mr. Potocki , the Project COP, and Mr. Wagner, the Project HOTA were invited and attended a 3 day conference entitled "Moving to Sustainability" in Celakovice in the Czech Republic. The purpose of this conference, offered by the Central European Small Business Enterprise Development Commission, was to share the experience of Small Business Development Centers established in Central Europe and to explore avenues for their sustainability given the realities of decreasing financing from the original donor funding sources. the following emerged as important issues which had specific relevance to the Newbiznet Project.

- Modeled on the US SBDCs, the Central European SBACs can probably never achieve 100% sustainability.

- For NSCs in the WestNIS, sustainability should be a concept built into the project's goals and into each NSCs strategic plan of operations. The concept should be vigorously pursued from the very beginning of field operations.

- It is important to develop as much government and institutional support as possible for the project and its business centers during the donor funded period in order to sustain the project when donor funding ends.

- Charging reasonable fees for training, consulting, and informational services should be an integral part of the modus operandi of the NSCs from the very beginning of operations. If this is not done at the outset, it becomes more difficult to justify having to do so at a later stage in the life of the NSC.

- Long term sustainability of BACs implies developing a client base of medium size and "larger" businesses that can afford more costly consulting services in addition to serving a clientele interested in primary or "basic" information and assistance. It also implies developing research, consulting, training, and informational services which can be sold to government and institutional clients for substantial fees. e. research projects produced for foreign donor organizations, or training programs for municipalities and large national and foreign companies.

- Long term sustainability of NSCs will depend to a large degree on the success of their marketing strategies as well as on their image and reputation of professionalism, integrity, and unimpeachable business ethics.

- Since people are the most valuable resource of any institution, the development of people skills are all important ingredients for maintaining NSC sustainability. NSCs should invest in their people by providing them with the best training, good pay and expecting the highest standards of professional and ethical behavior.

- Sustainability also depends on two-way networks and linkages being developed by each NSC to the following;
  - The Local Support Network (LSN) including local govt. and academic institutions of higher learning.
  - The business community including banks, chambers of commerce, trade associations etc.
  - Foreign Aid Donors.
  - Other SBACs
  - Local Partners

- Sustainability of NSCs can be assisted through the undertaking of fundraising activities of various sorts.

- Long term sustainability of NSCs will be increased in direct proportion to their operational success and their ability to provide services perceived to be of value to the business community. Elements of operational success include:
  - Entrepreneurial attitude on the part of the NSC's staff.
  - Effective SBAC Management including having a clear, unambiguous and focussed mission statement, a 3 yr. strategic plan, an adequate budget, and rules, regulations and effective administrative controls.
  - A visible, well appointed downtown location.

- Organizational independence is of importance especially at the outset of BACs' lives. Later, BACs can transform themselves/merge into another organization or become independent consulting organizations. The nature of the transformation will depend on the needs and characteristics of the locations.

SECTION 8

INSTITUTIONALIZATION OF NSCS AND NEWBIZNET LEGAL FRAMEWORK

8.1 Local ownership of Newbiznet Business Support Centers (NSCs)

The issues of institutional development and sustainability for Newbiznet's NSCs is a key concern, both to USAID and to DAI. Within the framework of this project it is DAI's objective to create a national network of regional Business Support Centers in each of the countries of WestNIS in which the project will be operating (See Section 3.9. - Project Outreach). The networks of NSCs thus created should continue to function and deliver services to SMEs and entrepreneurs beyond the time frame of USAID funding for Newbiznet. It is also DAI's view that for this to be achieved, the NSCs must ultimately be staffed, managed, and owned by local nationals and become totally national organizations.

In the course of their site selection mission in Ukraine and Moldova, whenever the project team met with local government officials or the business/institutional community, it was always stated that the project's Business Support Centers (NSCs) would be local entities. It was emphasized that they would only have one temporary American long term Technical Advisor (LTTA) and otherwise be totally staffed by local professional and support personnel. One of the tasks of the LTTA would be to train the local Deputy Director in the management of the business center preparing him/her to take over this role when US

technical assistance expires and the US advisor leaves. Thus, DAI is fully committed to establishing locally owned and managed NSCs which will continue to provide services to their respective communities long beyond the life of the project.

The decision on how to structure local ownership of the Newbiznet NSCs is not a simple one, and there may be different ways of achieving this objective depending on the locality and the presence or absence of already existing local Business Service Organizations (BSOs) willing and able to associate with Newbiznet for this purpose. Additional considerations would be the organization's legal structure, its goals, its professional reputation, its dependability, its image and credibility in the business community, etc.

During the initial field visits to Ukraine and Moldova in February and March 1995 the advance team had but a day or two in each location to meet with a whole array of local government, business, trade and other organizations. This schedule did not afford the team an opportunity to identify all BSOs and discuss their business service philosophies, much less to comprehensively assess their attitude toward possible association with Newbiznet NSCs and methodologies for doing so. Besides, the objective of the mission was to evaluate the cities as potential NSC locations, not to undertake detailed discussions with local service providers, the terms of potential association.

In view of the fact that there appears to be a dearth of locally based business centers in Ukraine and Moldova which have unimpeachable ethical reputations, where client confidentiality is respected, and which are looked up to with confidence by the business community, our recommendation is that the next implementation step of the project be to field a team to all the agreed-upon NSC locations to identify and assess potential local counterpart business support organizations with whom to possibly collaboration setting-up the project's NSCs.

Information accumulated by the contractor to date, indicates that the presence, number, and characteristics of local business service providers are very different in each location visited. In some locations our team has found several local groups with whom an association could be discussed. In other locations the team has, so far, only been able to identify one such group. In still others, we have not been able to identify any local business service providers with whom to discuss possible association and NSC formation. It appears, therefore, that different strategies for initiating and operating the Newbiznet business centers may be appropriate in different locations.

Once appropriate local BSOs have been identified for collaboration with Newbiznet NSCs, a competitive process, such as the one proposed by USAID for selecting one or perhaps several of them, should be explored together with possible alternative approaches. Alternative approaches for establishing local ownership of NSCs will best be determined on site, at each location, following discussions with potential collaborating organizations. It could be that different locations, with different local organizations, and different degrees of credibility will dictate different approaches to the way Newbiznet centers should be

structured. Upon preliminary examination, it seems likely that the approach proposed by USAID - that of asking local organizations who would be potential candidates for collaboration with Newbiznet to present their credentials, think through how they would implement a SOW, recruit the best personnel, develop a work plan with a time line, and propose a monitoring plan and a plan for gaining self sufficiency - far from reducing the time required for centers to become operational may, through these requirements, actually lengthen the time required for start-up. DAI's project team has given this issue much thought during the recent mission in Ukraine and Moldova, in recent discussions with the SBACs in Poland, and now in discussions in Washington relating to DAI's experiences with similar projects in other world locations. In view of these experiences, the establishment of local control and ownership of NSCs may best be served by Newbiznet recruiting local professional and support personnel, training them, and opening the centers, then turning them over to local ownership and control so that they are fully operational local business support organizations prior to the Newbiznet project terminating. Such an approach is likely to require a much shorter lead time to operational start-up.

In view of the above, the contractor strongly recommends that the most efficient and practical way of addressing this issue, and one ultimately most likely to avoid serious and time consuming mistakes, is not to jump to conclusions about appropriate methodologies for structuring the project NSCs but to invest some time at the outset of the project to properly investigate the most appropriate way to structure the Newbiznet presence in each chosen location. It is recommended that this assessment be conducted following mission approval of the 1995 Work Plan and Budget. However, there is no critical need to have the counterpart organization identification and selection issue settled prior to NSCs becoming operational. If rapid start-up of NSCs is an overriding priority, the centers could start to function as project NSCs, and their status and local ownership adjusted later.

8.2 Establishment of Newbiznet's Legal Framework.

A task closely tied with the issue of institutionalization of NSCs, will be to create a legal/institutional structure or framework within which the Newbiznet Project could operate in Ukraine and Moldova. The fact that presently 2, and possibly 3 countries will be involved in the project is likely to make this issue quite a complex one. It is recommended that this task also be conducted directly following mission approval of the 1995 Work Plan and Budget

Building A Strong Private Sector:

Business Training Needs in Ukraine and Moldova

Prepared for the U.S. Agency for International Development under contract number 110-0005-C00-4050-00

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EXECUTIVE SUMMARY

This report is based on the results of two surveys, one to determine **training needs** and the other to determine **training resources** in Ukraine and Moldova. The information derived from these surveys is being used to develop appropriate business training courses for the two countries under the USAID NEWBIZNET project, which is now in the start-up phase. The NEWBIZNET project is concerned with developing support networks to assist new small and medium-sized enterprises (SMEs) in Ukraine, Moldova, and Belarus.

BACKGROUND

Ukraine and Moldova are at a critical juncture in their economic development. After seven decades of a command economic structure, Ukraine is reluctantly facing the reality that it has no alternative but to develop a free market economy and is struggling with the new ideas necessary for an economic transformation. In Moldova, by contrast, reformers and the old guard have ceased debating whether change is necessary and are vigorously pursuing market capitalism. Regardless of the difference in their approaches, both countries face challenges as well as opportunities as they continue to transform their economies.

Both countries have a strong human capital base and vast agricultural and production capability, but are acutely aware that their lack of knowledge, information, and skilled, experienced managers is a barrier to becoming part of the global economy. Their need to develop managers and modern technical personnel represents an important opportunity for U.S. assistance in the business sector.

To facilitate the economic transition, the U.S. government intends to provide a broad range of assistance to the Ukrainian and Moldovan governments as they adopt democratic values, liberalize domestic markets, privatize state-owned enterprises (SOEs), and create an operating environment conducive to development of the private sector. USAID assistance is specifically intended to support economic reforms that will spur the adoption of market-oriented policies and encourage dynamic private sector growth.

CONCLUSIONS

Business training needs for the Ukrainian and Moldovan private sectors fall into three institutional categories: entrepreneurs and small businesses, BSOs, and banks and financial institutions.

Entrepreneurs and Small Businesses

Most private enterprises in the two countries fall under the category of small businesses run by entrepreneurs who urgently need both training and information to operate in the market economy. Training assistance needs include basic business know-how; financial management; business planning; and how to find capital, partners, and markets for their products. Information assistance needs include help with understanding changing laws and regulations; how to market their products both domestically and

internationally; how to network and establish business relationships; and representation of their interests in legislative and other policy arenas.

Business Support Organizations

Virtually all BSOs in Ukraine and Moldova, including accounting and consulting firms, require much the same training as firms in the production and retail sectors. They also will benefit from training in financial management, marketing, and business planning. In addition, membership and trade associations need training in how to develop effect legislative strategies to promote the interests of their members, how to network and form alliances, how to sponsor and promote member development and training without having to provide such expertise in-house, and how to access and disseminate information.

Banking and Finance Sector

The banking and finance sector requires training in practical and management skills to cope with the economic transition and deregulation of the banking system. Training efforts within the purview of the NEWBIZNET project include credit analysis and small-scale enterprise lending.

RECOMMENDATIONS

In view of the limited scope and resources available for technical assistance, training, and information assistance under the NEWBIZNET project, a catalytic approach to assistance is recommended. The assistance should have a multiplier effect, either by leveraging other funding sources or by building specific capacities in training and support organizations that can make key contributions to management training and to meeting information needs.

Project support to institutions should be defined in terms of deliverables so that the relationship focuses on clear outputs. Undefined core support to institutions should be avoided. Instead, outputs that can be achieved through existing structures within specified time horizons should be identified. The type of support should be tailored to these limited but clearly delineated objectives.

Both countries are at a crucial economic juncture, and emphasis should be given to activities that have the potential to rapidly stimulate the private sector. Within this context, attention should be paid to beneficial impacts that can be sustained in the absence of continued foreign assistance.

Due to the developing nature of the business training infrastructure and to the overwhelming demand for short-term business management training, NEWBIZNET assistance should focus on strengthening and expanding indigenous training capacity through a local network of qualified trainers. Such an approach will be more efficient and cost-effective in the long term than providing expatriate-delivered training. To ensure sustained services to the private sector, assistance should concentrate on building the institutional capability of private sector business support organizations.

The United States should continue to coordinate its assistance with other donors. In addition, where feasible, assistance packages should use ongoing U.S. assistance projects or programs to leverage resources and minimize start-up time.

Recommendations for business training in Ukraine and Moldova under the NEWBIZNET project are summarized below for the three categories of SMEs. Banks are treated as a separate category because of their specialized technical assistance needs. Recommendations for each category are grouped by type of assistance. The recommendations are presented in greater detail in Section Four of this report.

Small and Medium-Sized Enterprises

1. **Technical Assistance**

   - Design short-term training courses tailored to the needs of entrepreneurs and small businesses.

2. **Training Assistance**

   - Provide expatriate technical assistance for short-term training of Ukrainian and Moldovan entrepreneurs until national instructors have completed co-training and training-of-trainers instruction and are certified to begin training others.

   - In conjunction with BSOs, provide short-term training courses in business management, financial management, business planning, and international marketing.

   - Provide study tours tailored to the specific needs of SME senior managers.

Business Support Organizations

1. **Technical Assistance**

   - Liaise with business support organizations regarding training and advocacy.

   - Establish linkages among U.S./Ukrainian/Moldovan trade, industry, and professional associations.

2. **Training Assistance**

   - Provide internships tailored to the specific needs of senior managers of business support organizations, including consulting, professional, and industry associations.

   - Arrange internships for trainers to augment training-of-trainers instruction with practical experience in a market economy.

3. **Information Assistance (Business Information/Video Libraries)**

   - Provide a one-time input of video and library equipment.

   - Provide a business information/video library.

   - Provide ongoing assistance to develop business information services.

Banking and Finance Sector

1. **Technical Assistance**

   - Confer with banks and bank associations to define bank training needs.
   - Develop a commercial bank training course.
   - Establish links between banks and small business development centers (SBDCs) regarding training.

2. **Training Assistance**

   - Provide short-term training for commercial bankers.
   - Establish training and internships for commercial bankers.

3. **Information Assistance**

   - Provide business information/video libraries for selected banks.

SECTION ONE

BACKGROUND: ECONOMIC AND POLITICAL LIBERALIZATION IN UKRAINE AND MOLDOVA

Although both Ukraine and Moldova lack a capitalist tradition and experience with free markets, entrepreneurs in both countries have tackled the privatization of their economy with zeal and enthusiasm.

Officially, Ukraine has chosen to move slowly in adopting a market-oriented economic system, but it is evident that large numbers of Ukrainians are rapidly establishing small private enterprises. Only a portion of these private enterprises are in the formal economy. As a result, while the measured, official Ukrainian economy shrank by an estimated 10 percent in 1994 alone, the unofficial economy grew rapidly.[1] Some observers estimate the private share of the economy to be near 60 percent. Clearly, Ukraine is making a rapid transition to a market economy even without having made the commitment to privatize its state-owned enterprises (SOEs). The World Bank estimates that 45 percent of the gross domestic product in Ukraine is now under the control of the private sector.

Moldova, unlike its larger neighbor, is officially on the fast track toward economic liberalization. It is moving to privatize its SOEs, has set up a private enterprise fund, and has mandated that banks adopt international accounting standards by 1996.

LIBERALIZATION IN UKRAINE AND MOLDOVA

For 70 years, both Ukraine and Moldova provided intellectual capital, agricultural products, and industrial goods for the former Soviet Union; and both were heavily reliant on the Soviet Union for technical standards, petroleum, key industrial components, and commodities. During that period, Ukraine supplied the Soviet Union with industrial goods such as pipe and aeronautics components and technical skills such as computer programming, while Moldova provided primary and some secondary processed agricultural products. In return, the Soviet Union provided Ukraine and Moldova with consumer goods, petroleum, and equipment. The balance of payments always favored the Soviet Union because Soviet goods had higher valued-added content.

Soviet technical and financial assistance helped Ukraine build an industrial base, and Soviet markets helped Moldova build up its agricultural sector. However, the production, transportation, communication, power, and financial systems in the region became almost totally integrated with those of the Soviet Union. As a result, even though both countries are now independent and moving towards a market economy, banks in both countries must still secure approval from Moscow for many day-to-day financial transactions.

Since August 24, 1991, when Ukraine declared itself independent of the Soviet Union, the country has been struggling to make the transition to a market economy. However, most of its intended reforms, particularly regarding the privatization of SOEs, have failed to materialize, mainly because progressives and old guard officials have not yet put aside their debate about what to change and how fast. Instead of wholeheartedly embracing market reforms, for example, many officials continue to argue about such

[1] "Ukraine's Economy 1994," a report of the Ukrainian Ministry of Statistics.

matters as how much to subsidize agriculture and housing and whether to increase birth allowances. Nonetheless, officials now appear to believe that there are no other avenues left except market reforms, including the privatization of SOEs, which are failing at an accelerating pace due to decreasing state subsidies.[2]

Nineteen ninety-four was a watershed year for Ukraine, politically and economically. The country elected a reform-minded President, Leonid Kuchma, who established a number of commissions subordinated to his administration and not accountable to the Prime Minister.[3] At the same time, the Cabinet lost power and was dismissed in early 1995. The government has yet to make an unambiguous commitment to the private sector, but under Kuchma's leadership has embarked on a comprehensive ten point program for economic reform to move the economy toward a market system. It remains to be seen, however, whether the role of the private sector will expand and central control will be diminished.

Since deciding that market capitalism was inevitable, Ukraine has undergone a flurry of legislative activity in the Verkhovna Rada (Parliament) to create a more favorable environment for the private sector. Legislation was passed to permit privatization, but there is still no commercial code or any effort to move toward international accounting and auditing standards. Still, the move toward the private economy continues. Whereas the state controlled 75 percent of all prices through 1993, it controlled only 11 percent by the end of 1994. In early 1995, the government reduced but did not eliminate state subsidies for coal, gas, communal services, and foodstuffs. These efforts, however, have caused some destabilization, including an inflation rate of 500 percent.[4]

In contrast to Ukraine, Moldova already has drafted a commercial code and is moving more rapidly toward privatizing its SOEs and adopting international accounting standards. But it too is facing barriers to the free market economy. In particular, given its agrarian base, there are a large number of people in the countryside who do not want to make the transition to free enterprise.

OUTLOOK FOR CONTINUED DEVELOPMENT OF THE MARKET ECONOMY

Ukraine

Changes aimed at liberalization, deregulation, and decentralization have wrought, for Ukraine, destabilizing inflation, balance of payments deficits, and rising unemployment.

During 1994, both food production and industrial production in Ukraine dropped by 10 percent from 1993. Foreign trade, hard hit by the change to convertible trade, has plummeted. The national income dropped by 24.5 percent in 1994 alone. The lack of hard currency to purchase spare parts and raw materials has forced state factories to close some production lines, and some factories have shut down completely. Every seventh industrial enterprise is unprofitable. Unemployment is increasing at an accelerating pace. Inflation, as noted above, is around 500 percent a year. And even basic industry is depressed, with housing construction growing at the same rate as forty years ago.

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[2] *Ukrainian Business Digest*, December 1994/January 1995.

[3] Victor Tkachuk, "Ukraine - IMF Cooperation Depends on the President." complete reference

[4] "Ukraine's Economy 1994."

Concern about unemployment, industrial dislocation, and a lower standard of living has created pressure to slow economic reforms. Addressing these problems in an environment of rising expectations for a better life represents a major challenge for the fledgling democratic system.

Ukraine is also facing a severe balance of payments deficit, which is expected to grow over time. The deficit is due to two main factors:

- Principal export markets have disappeared overnight. Until recently, both Ukraine and Moldova traded almost exclusively with other members of the Council for Mutual Economic Assistance (CMEA), a now-defunct trading block of the Soviet Union and the former socialist countries of Eastern Europe;

- Since the demise of CMEA, imports, which were previously based on a barter system, now have to be paid for at world market prices and in hard currency.

In addition to the deficit, other complications affect Ukraine's economic outlook. One problem is the lack of modern infrastructure, especially a communications infrastructure, which makes it difficult to conduct business by Western standards. Communications are improving, however, as a result of several private joint-venture companies making significant investments in communications infrastructure, especially in urban areas.

Another complication is the virtual collapse of the Soviet distribution system, which has impeded imports and contributed to difficulties with exports. Disruptions to foreign trade have reduced the availability of spare parts and hampered industrial production. In addition, capital and credit are in short supply, especially for the private sector.

Moldova

Moldova has embarked on an ambitious political and economic reform effort and is making steady progress in discarding central planning and creating the environment necessary for a market system. Making the necessary adjustments to a market economy will require patience, discipline, and austerity. Moldova must make use of its strong human capital and agricultural base and concentrate on production in its area of comparative advantage — viticulture and agro-processing.

Moldovans and Ukrainians are acutely aware that to succeed in transforming their economic systems and become part of the global economy, they will require knowledge, information, and skilled, experienced managers. Their need to develop managers and modern technical personnel represents an important opportunity for U.S. assistance.

SECTION TWO

THE PRIVATE SECTOR ENVIRONMENT

This section, based on the **training needs** survey, examines the needs of Ukrainian and Moldovan enterprises for business management training, with particular reference to private sector small and medium-sized enterprises (SMEs). The section describes the private sector and constraints to its development, summarizes the results of a training needs survey, and examines the needs of selected groups for management training, information, and technical assistance.

DESCRIPTION OF THE PRIVATE SECTOR

Until the 1990s, the private sector was illegal in both Moldova and the Ukraine. With the adoption of a market-oriented economic system, the private sector has been accepted, reluctantly by Ukrainian government authorities and more enthusiastically by Moldovan officials. However, according to business owners interviewed, this new public policy has been unevenly implemented and undermined by conflicting and often arbitrary oblast (provincial) and municipal regulatory barriers.

There are an estimated 60,000 small private companies now operating in the Ukraine and about 3,000 in Moldova. An increasing share of these businesses are in the unmeasured shadow economy. During 1994, the measured economy in the Ukraine contracted by 10 percent while the shadow economy reached 60 percent of GDP, according to some estimates. The statistics are similar for Moldova.

The governments of both countries realize that the private sector is critical to economic recovery and expansion. However, while Moldova is moving rapidly to adopt national reforms and international standards (such as accounting standards for banks and enterprises) to help promote the private sector, the Ukraine is only now debating the adoption of a commercial code that would facilitate the operations of private enterprise.

Passage of a comprehensive commercial code in the Ukraine will likely result in a rapid increase in the number of "legal" private enterprises, including smaller companies formed by individuals without much capital. Many new private enterprises will be spin-offs from SOEs, which are being dismantled and sold to private investors at an increasing rate.

Constraints to Private Sector Development

Although both governments see the private sector as critical to economic recovery and have lifted many restrictions, there are still many obstacles to the success of private enterprises, whether they are newly privatized components of SOEs or small and medium-sized firms. The most significant obstacles are:

- **Constantly changing laws and regulations**: Flux in regulations creates an uncertain economic environment in which it is difficult for businesses to operate or plan for the future. Laws are often too general. Administrative directives are issued regularly to "clarify" the law, but these are confusing and in some cases appear to contradict the law itself. Entrepreneurs often feel at the mercy of local authorities.

- **Inadequate banking system and credit constraints**: Lack of access to capital and credit, domestic sources of funds, and particularly hard currency. Some commercial banks will not make credit available to the private sector because of a lack of understanding of how it works.

- **Inadequate business infrastructure**: The physical premises for factories and stores are inadequate. Spare parts are in short supply or not available. Both countries lack efficient telephone service. In addition, there is a shortage of skilled accountants, lawyers, and bankers to support private business efforts.

- **Lack of basic information**: Business owners and managers lack basic information on domestic and foreign markets, the requirements of local authorities, shipping tariffs, and how the laws and regulations affect their business. There are few business publications and other means for disseminating information on changes in the financial and legal system, and those that exist have limited circulation.

- **Lack of accounting standards**: Accounting standards have not been established in the Ukraine, although Moldova set deadlines for implementing international accounting standards for the banking and business sectors. The lack of a Western financial accounting system, combined with arbitrary and artificial values attached to SOEs and their inventories and obsolete equipment, makes it difficult to determine the value of SOEs being privatized. According to press reports, recently auctioned enterprises were sold at prices seemingly unrelated to their commercial value. It is likely that prices will remain in disequilibrium until a strong secondary market is established.

- **Attitudes**: After 70 years of rhetoric on the evils of private enterprise, there is a lingering suspicion of private entrepreneurs in the two countries. Consequently, they need positive reinforcement. In addition, under the command economy, the emphasis was on producing given quantities of goods with little attention to quality. As a result, there is a general lack of a market-oriented work ethic.

- **Legal system**: The commercial legal system is still developing and lacks a reliable mechanism for enforcing contracts and resolving disputes. Both governments are in the process of establishing a mechanism to deal with bankruptcy and company insolvency.

- **Lack of managerial skills**: Having operated under a command economy for 70 years, both countries lack business know-how. The private sector lacks management, financial, and organizational skills.

- **Lack of marketing ability and mechanics**: Under the command economy, the marketing function was separated from production. SOEs produced goods, and marketing was handled by a state distributing company or import-export company. As a result, enterprises had little opportunity to develop important skills in the areas of pricing, strategy, advertising, distribution, and quality control. In addition, in both domestic and foreign marketing, Ukrainian and Moldovan firms lack basic information such as the cost of goods, pricing, and transportation.

SMEs TARGETED FOR ASSISTANCE

The private sector in the Ukraine and Moldova consists mainly of fledgling small businesses and entrepreneurs, virtually all of which have commenced operations since 1991. Even given its newness, the private sector, both formal and non-formal, has already become a driving force in generating employment opportunities. One of the most serious problems faced by SMEs, however, is lack of skills in the available workforce.

In assessing business training needs in the Ukraine and Moldova, we directed our analysis to the SMEs, which are the focus of the NEWBIZNET project. We were concerned with three SME categories — small and medium-sized entrepreneurial firms, business support organizations (BSOs), and banks and other finance institutions. We did not look at large joint ventures, foreign companies, or state-owned enterprises. The characteristics of each SME category are described below.

Small and Medium-Sized Enterprises

Most private enterprises in the Ukraine and Moldova are small businesses, which tend to be owned and operated by someone with an entrepreneurial spirit. Most of these companies employ less than 20 workers. They generally operate in the light industry sector (processing of agricultural products, construction, garments, medical and dental instruments) and the service sector (retail shops, restaurants, insurance, beauty salons, tailoring), and usually involve low-capital-intensive activities. The major constraints faced by this target group include lack of business know-how, regulatory barriers, lack of credit, and lack of information.

Business Support Organizations

A range of organizations can be classified as BSOs: consulting firms, accounting and auditing firms, trade organizations, chambers of commerce, professional associations, and business training institutions. Because most of these organizations developed under the command economy, care must be taken when applying Western terminology to the way they now function. Chambers of commerce, for example, still represent mainly state-owned enterprises and a few large joint ventures, not the business community at large. Likewise, some business associations that are called unions actually represent management. And some business associations offer multiple services, including consulting and social insurance schemes similar to private insurance companies or benevolent associations in the Western economies. In some associations, there is a very fuzzy line between where the association stops and where a private or member company's interests begin.

Banking and Finance Sector

This category includes the commercial banking system, which is now almost totally private, as well as other potential financial intermediaries.

Until the banking systems in the two countries were privatized, as a result of massive inflation and forced recapitalization in the case of Ukraine, they were controlled by the central banks, which performed both central and commercial banking functions. Both countries now have a two-tier system comprising a central bank and commercial banks.

THE TRAINING NEEDS SURVEY

The training needs survey, summarized below, is the basis for our observations about need for technical assistance, training, and information in two of the three main SME categories: entrepreneur-owned businesses and BSOs. Information on the third SME category, banks and financial institutions, was derived from interviews with expatriate and national advisors who have special expertise in that sector. Banks are considered a separate category because of their specialized training needs.

In conducting the training needs survey, we contacted several dozen companies, business associations, BSOs, government and private universities, and training institutes. The companies represent a broad cross section of agribusiness, financial, industrial, commercial, and service sector enterprises, including publishing, food processing, consumer products, construction, and light manufacturing. They range in size from a one-person shop to a manufacturing plant with a thousand employees, and ranged in structure from individually owned companies to joint stock companies to local support networks to national entrepreneur associations. Survey participants were chosen at random from members of business associations and firms known to training centers. They represent a cross section of SMEs from different sectors and regions, and include women-owned businesses and entrepreneurs in two age groups: 20-29 and 30 years and older.

The objective of the survey was to determine (a) the specific types of business training that entrepreneurs believe they need, and (b) whether they think those needs are being met.

The survey was carried out both in person and via telephone. Respondents answered specific survey questions and were also given the opportunity to offer their own detailed comments.

The survey questions are presented below, in boxes. The short interpretive remarks following each box are based on both respondents' answers to the survey questions and their additional comments. For reasons of space, those comments are not presented in full in this report. Totals in the boxes are not consistent because all respondents did not respond to all questions.

Question 1.

In what year was the firm started?	
1994	7
1993	2
1992	7
1991	2
Before 1991	2

Except for a publicly owned company undergoing privatization, all businesses surveyed were less than 4 years old, and the majority had been established within the previous 24 months. Virtually all business owners had no business experience except what they learned in their own business.

Question 2.

What is the ownership structure of your company?	
Proprietorship	1
Private Limited	1
Public Limited	2
Partnership	3

Since national commercial codes are still in transition, many business owners appear to have no legal standing or are confused about what form of ownership they have.

Question 3.

In what industry sector is your business?	
Agriculture	5
Industrial	3
Commercial	8
Services	12
Craft	2
Other	1

Several respondents indicated that their businesses participated in multiple sectors.

Question 4.

What is the current number of full-time employees? (total for all companies responding)		
CATEGORY	**NUMBER**	**APPROXIMATE NUMBER OF WOMEN**
Executives	149	10
Professionals	515	19
Clerks/Admin	37	19
Technicians	171	6
Skilled Workers	1196	968
Semi-Skilled	12	0
Other		

When asked what they thought about their company's prospects for future growth, 90 percent of the respondents said they expected their company to grow, while only 10 percent expected their company to get smaller.

Question 5.

How important a problem is lack of access to credit (or other financial services)?	
Not a problem	2
Major problem	11
Minor problem	4
Extremely serious problem	3

While it is easy for an entrepreneur to say that lack of credit is a problem because the choice does not require an examination of one's own management, virtually all the expatriates interviewed who were active in promoting SMEs confirmed that lack of credit is a major barrier to SME development.

Question 6.

How important a problem is government regulation, policies, procedures?	
Not a problem	0
Major problem	11
Minor problem	2
Extremely serious problem	5

Of all the topics discussed with survey participants, government regulatory barriers generated the most vociferous and detailed responses. While entrepreneurs were quite willing to talk about this overriding concern, they were not willing to document or write about it.

Question 7.

How important a problem is lack of ability to find qualified manpower?	
Not a problem	0
Major problem	6
Minor problem	12
Extremely serious problem	1

Most entrepreneurs felt that there is an ample supply of manpower. However, many commented that it is difficult to find individuals who have the precise experience and abilities that they require.

Question 8.

Does the formal education system (primary, secondary, technical and university) produce people who are trained to carry out the needs of your firm?	
Yes	3
No	12

This question was designed to cross check with the previous question and reveal the quality and suitability of graduates of formal national training institutions. The results here correlate with the comments provided in response to the previous question. While there is no shortage of personnel, they do not have the knowledge and skills the entrepreneurs need. The entrepreneurs' comments here concerned the theoretical nature of education in their countries and their need for employees to have practical knowledge and skills.

Question 9.

Do you currently provide any in-house training to your professional or worker staff?	
Yes	11
No	7

Virtually all of the responses here indicate that entrepreneurs want to train personnel but lack both financial and appropriate training resources. Several mentioned the need for "foreign training and experience" not available in the Ukraine or Moldova.

Question 10.

Have you sent any of your professional staff, technicians, or workers to local training programs or courses during the past year?	
Yes	4
No	11

The answers to this question again correlate with answers to the previous question: Entrepreneurs find local training unsuitable or perceive that it is too expensive. However, cost is not the primary factor in entrepreneurs not using local training programs, since most indicated a willingness to pay more for courses than institutions now charge.

Question 11.

Do you think it is important to provide training for your staff?	
Yes	14
No	0

Virtually all respondents said they would send like to staff or workers for local training, but many said they didn't know of any training institutions. Most also said they would like to send staff or workers to international training programs but did not know of any or thought they would be too expensive.

Business owners said that training makes a difference in the performance, productivity, and attitude of staff and workers. There were no negative responses about training and virtually unanimous agreement that it is beneficial.

Question 12.

Which do you prefer?	
An academic learning environment	1
Applied seminar training	12

The overwhelming choice of an applied seminar learning environment confirms what was reported by virtually every respondent. The training offered by existing academically oriented facilities is generally suspect. As one entrepreneur put it, "these lecturers in the institutes are the same ones who used to tell us how bad the capitalist system was. They have no credibility."

Question 13.

Which do you prefer?	
Training with an instructor who has substantive knowledge of the training material	10
Self-study courses	2

Again, this clear preference for an instructor who has practical knowledge is consistent with comments and responses to other interview questions. This might mean that the NEWBIZNET project will have to provide foreign trainers for more technical courses until national trainers gain a higher degree of credibility with entrepreneurs after co-training with foreign instructors. Self-study courses were not appealing since they do not allow the training participant to seek immediate clarification or request an example of how a concept should be applied.

Question 14.

In which subjects are you most interested?			
Training Subject	**Executive**	**Staff**	**Total**
How to Prepare A Marketing Plan	8	6	14
How to Start a New Business	6		6
Fundamentals of Business Management (Marketing, Accounting, Production, Pricing, Banking, Personnel)	16	5	21
Business Law	14	2	16
Financial Management for Small Businesses	11	4	15
Writing a Business Plan	9	7	16
The Basics of Marketing	6	3	9
Fundamentals of Western Accounting	7	7	14
How to Succeed in a Market Economy	7	2	9
Business English	7	2	9

We determined that there was enough interest in the highest-scoring subjects to justify developing training courses under the NEWBIZNET project. However, we deem that these courses, particularly Business Law, Business English, and How to Start a New Business, can be provided by existing sources. Respondents also mentioned the need for other courses, but some of those needs can be dealt with adequately through NEWBIZNET's Business Information/Video Library sub-project, which will provide short booklets and videos on a number of topics. Comments regarding the need for marketing training focused mainly on international marketing and exporting.

Question 15.

What schedule and course duration would be most suitable for you or your staff to attend business training?			
Duration of Course	**Executive**	**Staff**	**Total**
One Week Monday through Friday	3	7	10
Weekends Part-time for 4-5 Weeks	7	2	9
Evenings Part-time for 8-10 Weeks	5	6	11
Full-time for Several Weeks	7	1	9
Two-Five days Monday through Friday	6	5	11

While the table shows no apparent preference for the duration of courses, there is a strong preference for a choice of schedule, which reinforces the project's focus on providing more options through the use of national trainers as much as possible. Entrepreneurs said they usually assume that a full-time course means several weeks of overseas training. It is clear from the above data that having staff away for several weeks is not a preference.

Question 16.

How much would an entrepreneur pay for 40 hours of business training?	
Less Than $50	3
Between $50 and $100	13
More than $100	2

Surprisingly, only two of the respondents indicated that there should be no charge at all for business training. A majority of respondents said that $50 to $100 was a fair price for a 40-hour or one-week course of instruction.

CONCLUSIONS — THE NEEDS OF GROUPS TARGETED FOR ASSISTANCE

Training Needs of Entrepreneurial Enterprises

The primary interests of this group are how to find capital and markets for their products and how to keep up with the changing financial and regulatory environment. Although the owners of small businesses cited the need for training in finance, accounting, marketing, business planning, and business law, they were more concerned with day-to-day operations; i.e., the need for practical, basic skills and basic information. Entrepreneurs consistently stressed that management training must be practical, with immediate application, and should address specific problems rather than generic issues. They overwhelmingly chose short-term seminars over other types of training, although there was no clear preference among weekday, weekend, or evening courses. They emphasized that training should not require time away from the business.

Entrepreneurs also emphasized their need for information on:

- National and local legal and regulatory requirements and how these affect their business;
- The domestic market (how to measure the market, distribution, advertising);
- Foreign markets (customs regulations, prices, tariffs, transportation costs, settlement of disputes);
- How to establish contacts with potential foreign investors and access foreign markets, technology, and capital;
- How to manage their cash and finances and where and how to obtain credit;

- The use of computers and software; and
- Quality control.

In summary, entrepreneurs need training in practical, immediately useful skills. They also need reliable information, assistance with contacts, help with networking, and representation of their interests in legislative and other policy arenas.

Training Needs of Business Support Organizations

In order for BSOs to fulfill their mission, they must first learn the rudiments of Western business practice, how to differentiate interests and legal entities, and how to clearly focus their mission and market. Once they have done so, they can then use their expertise to help strengthen their clients by providing advocacy, training, and information.

The NEWBIZNET project will provide technical assistance to BSOs that will enable them to help their members in the following areas:

- **Advocacy:** One overwhelming concern of entrepreneurs is the constantly changing and often oppressive regulatory environment and an uncaring, inept bureaucracy. BSOs must learn how to disseminate information and act on behalf of their members to foster a favorable business climate.

- **Training:** Since individual BSOs cannot do everything, they will need to cooperate with each other to determine how best to provide business training and the roles that each organization should play. The training needs of their clients are outlined below.

  Marketing: Most enterprises lack basic marketing concepts, including quality, distribution, market segments, and strategy. Most enterprises, regardless of size, also lack knowledge of how to price their products.

  Business planning: Under the command economy, planning was imposed by government authorities. Consequently, most companies do not understand the difference between strategic planning and operational plans, or appreciate the need for contingency planning. Few companies know how to develop a business plan or to gain access to capital.

  Financial management: Many companies have no financial planning process or budget. Long-term budgeting and forecasting are unknown. There is little capacity to assess investment options for cash surpluses. Companies lack the knowledge of how to use accounting information as a basis for decision making.

  Business Management Skills: In the area of day-to-day business operations, entrepreneurs lack knowledge of how to determine costs and prices, allocate indirect costs, plan cash flow and cash management, or identify and segment a market. SMEs need training in practical skills and tools that can be applied in their day-to-day activities.

  Language training: Training in Business English is needed to support overseas training as well as managers with responsibility for international marketing and financing. Several of the institutions contacted are developing courses in this area. However, their courses

should be supplemented with a glossary of Business English commonly used in international trade, banking, and marketing.

- **Information sources:** Few enterprises in the Ukraine or Moldova have adequate information on the domestic or international business, legal, institutional, and economic environment. Information needs include basic business know-how and how to access foreign markets, technology, and capital.

Training Needs of the Banking and Finance Sector

The major constraint facing the banking and finance sector in both countries is the lack of banking expertise. Under the command economy, the central bank's only commercial functions were to transfer funds for projects approved by government ministries and to handle foreign currency transfers. Hence, this sector lacks essential know-how, including a system for analyzing credit applications, evaluating projects, and calculating loan repayments based on cash flow projections. Banks also lack proper credit policies and procedures for loan monitoring and problem loan workouts. In addition, banks are unfamiliar with how to market bank services, develop new products, or serve the public through teller services.

The banking sector needs training in the entire array of banking skills, only some of which come under the purview of the NEWBIZNET project. These needs are typical of banking sectors in transition to a market economy.

Practical training needs include financial accounting, credit analysis, bank services such as teller operations, risk management, asset valuation, foreign exchange transactions, trade financing, back office operations, deposit management, branch banking, computer training to develop management information systems, development of new banking products, and how to market bank services. Management training needs include developing a branch banking network and personnel training for branch managers. Some training needs in this sector are being met by new donor-funded programs in both the Ukraine and Moldova. But much remains to be done, especially to encourage character loans to small-scale enterprises.

SECTION THREE

OVERVIEW OF TRAINING INSTITUTIONS AND BUSINESS SUPPORT ORGANIZATIONS

This section describes selected public and private sector business training institutions and BSOs that were contacted for the **training resources survey**. There are three parts to this section. The first part gives a general picture of training resources available in Ukraine and Moldova. The second part summarizes the results of the training resources survey. The third part highlights selected institutions and firms that have the potential to play an important role in training private sector managers. The annexes include a bibliography of business information, available training materials, and selected course outlines.

TYPES OF RESOURCES

Institutions

Although both Ukraine and Moldova are highly literate and place a strong emphasis on education, Western business training is very new. Educational institutions are in the process of altering their focus from economics and production management in a command economy to courses that emphasize how to function in a market economy. At this writing, not enough time has elapsed to gauge the effectiveness of what is presently offered, with two notable exceptions in Ukraine: the International Management Institute in Kiev and the Lviv Institute of Management, both of which have been operating since the early 1990s. In Moldova, the older and more traditional Moldovan Academy of Economics in Kisinau attempts to fulfill the same role as these management institutes, primarily through individual faculty involvement with its Moldovan-American Small Business Development Center, which is on Academy premises.

These institutions teach some of the basic Western management tools and techniques such as general management, bookkeeping, management accounting, some financial accounting, production management, and some personnel management. However, the institutions lack virtually all the advanced analytical tools that are taken for granted in Western business institutions, including decision theory, operations research, simulation, goal seeking, and unstructured skills such as team building and conflict resolution.

Given the growing need for business education and training and the lack of accrediting or other evaluating body, there is no formal way to evaluate whether such training is effective in meeting the needs of entrepreneurs. The entrepreneurs surveyed, however, expressed strong negative feelings toward traditional education institutions, which still offer lectures and long daytime courses geared toward the command economy. They overwhelmingly preferred the more innovative and flexible business training institutes that teach market skills. The lack of formal evaluation, however, leaves the institutions without a feedback mechanism, which is important for determining whether a training program is properly designed and effective in providing entrepreneurs with the knowledge and tools they require.

In the absence of a formal evaluation mechanism, we based our review of training resources on information provided by the institutions responding to the survey. Our determination of their potential

importance to the NEWBIZNET project was based largely on their responsiveness to the needs expressed by SMEs in the training needs survey, as well as on interviews with training professionals.

This review of institutions and organizations, and the recommendations for collaborating with them, was conducted without regard to whether operating subsidies from government, donors, or other sources will continue or whether BSOs are sustainable on the basis of current member fees and service charges. For the past 70 years, education in Ukraine and Moldova has been free of charge. Today, training institutions are charging token fees. Given the history of very deep subsidization of products and services, coupled with Ukraine's annual inflation rate of 500 percent (Moldova is stable at less than 15 percent), it is almost impossible to put a realistic price on training. In the immediate term, it appears that education and training in both countries will continue to be heavily subsidized. However, as the economy moves through transition, more realistic fees will be charged. The organizations that meet business training needs and respond to the evaluations of course participants will prosper.

Study Tours and International Internships

We looked into a number of international and regional internship and study tour programs, including the Technical Assistance Commonwealth of Independent States (TACIS) program sponsored by the European Union, the United States Information Agency (USIA) programs, the Special American Business Internship Training (SABIT) program of the U.S. Foreign Commercial Service, and various programs operated in conjunction with training institutions. The USIA programs that include SMEs have been particularly well received and highly successful in exposing entrepreneurs to the workings of the free market. The SABIT program provides good work experience within American firms. More information on these programs is provided in the third part of this section.

THE TRAINING RESOURCES SURVEY

The training resources survey, summarized below, used the same methodology as the training needs survey. Several dozen established educational institutions, newer training institutions, and BSOs answered questions and offered comments about their business training programs. They were also asked to provide course outlines, tables of contents, or examples of courses. Most provided incomplete information, although the more organized institutions and BSOs offered course outlines and brochures to show their capability. Annex E contains English translations of selected outlines.

The survey did not include a number of organizations, such as some USAID contractors, that offer specialized operations training; nor did it include training groups that are not constituted as training organizations. As in the training needs survey, totals in the boxes are not consistent because all respondents did not answer all questions. The short interpretive remarks following each box are based on both respondents' answers to survey questions and their additional comments.

Question 1.

In what year was the firm started?	
1994	1
1993	2
1992	5
1991	5
Before 1991	0

Half of the responding organizations identified themselves as institutes or universities. The remainder were non-for-profit business associations or BSOs such as accounting firms or business development centers. Most of these organizations have been established within the past three years.

Question 2.

Type of company?	
University/college	6
Donor	2
Commercial firm	5
Not-for-profit	4

The university/college category includes the previously mentioned management training institutes. Commercial firms are for-profit training companies. The not-for-profit category includes business associations.

Question 3.

What industry sector do you serve?	
Agriculture	2
Industrial	7
Commercial	6
Services	9
Craft	1
Ex-military	4

Several responding organizations indicated that they specialize in or seek out ex-military personnel as clients, given the massive demobilization and their need for extensive and broad-based retraining.

Question 4.

For what category of personnel do you offer training programs?	
CATEGORY	**NUMBER OF COURSES**
Executives	31
Professionals	40
Clerks/Admin	6
Technicians	0
Skilled Workers	6
Semi-Skilled	0
Other	3

This question tested the relationship between the size of the organization and the number of persons trained annually. If a respondent indicated that 100 persons were trained annually but offered 15 courses, for example, we would question the efficacy of the courses and their attractiveness to participants.

Question 5.

How many persons do you train annually?	
30-40	1
100-200	1
200-300	5
600	1

This item indicates that the total number of persons receiving business training by the organizations surveyed is about 3000 — an insignificant number considering that Ukraine and Moldova together have an estimated 60,000 to 65,000 SMEs.

Few of the organizations responded to questions about future plans and available funding. A few indicated that they wanted to grow but required funding. One firm expected to grow significantly because rising unemployment would create demand for its training services.

Question 6.

How important a problem is lack of access to credit or other financial services?	
Not a problem	0
Major problem	7
Minor problem	0
Extremely serious problem	3

The training institutions and BSOs surveyed about training resources agreed with the SMEs surveyed about training needs in identifying the lack of credit as one of the most important barriers to business. However, both groups said regulatory barriers are the single most important problem.

Question 7.

How important a problem are government regulations, policies, procedures?	
Not a problem	0
Major problem	5
Minor problem	0
Extremely serious problem	5

This again confirms that virtually all survey respondents see regulatory barriers as the most pervasive barrier to business. These data are consistent not only with the training needs survey data in Section Two, but also with independent surveys on business barriers such as a recent survey conducted by the Harvard Project on Economic Reform in Ukraine (PERU).[5]

Question 8.

How important a problem is lack of ability to find qualified manpower?	
Not a problem	0
Major problem	10
Minor problem	1
Extremely serious problem	0

[5]"Obstacles to Doing Western Business in Ukraine," HIID, March 1995. That survey also found that "constantly changing laws and regulations (73.1% of respondents) and an inadequate banking system (59.6%) are the two greatest obstacles to doing business in Ukraine."

Training institutions and BSOs perceive the lack of qualified manpower as a more serious problem than do the entrepreneurs. The entrepreneurs pointed out, however, that although finding manpower is easy (there is massive unemployment) finding people with the needed skills is difficult.

Question 9.

Does the formal education system (primary, secondary, technical, and university) produce people who are trained to carry out the needs of your firm?	
Yes	2
No	8

Interestingly, the newer training organizations were even less appreciative of the job that the established educational training institutions are doing than were the entrepreneurs. At least two of the entrepreneurs thought the formal education system was producing people trained to carry out the needs of private enterprise, whereas none of the training institutions thought the system was meeting this need fully. In fact, one training institution respondent commented, "Practically nobody teaches business. They [the established institutions] teach macro and micro economics, marketing and management, but nobody has been training specialists in small business."

Question 10.

Do you currently provide any training materials to adult business training students? Please describe types and topics covered.	
Micro economics	2
Basis of a market economy	2
Business planning	2
Finance	2
Credit	1
Auditing/accounting	2
Economic theory	1
Marketing	1

When asked if the training materials described are readily available and adequate to meet the business training needs of adult learners, most respondents did not answer. Those who did indicated either that materials were not adequate or that there was a need for more foreign books translated into national languages. We interpret this to mean that they equated training materials with textbooks and did not understand that training, as opposed to formal education, involves materials that teach applied skills rather than theory.

Question 11.

Do think business owners and staff prefer an academic learning environment or seminar training?	
An academic learning environment	3
Applied seminar training	7

Training organizations that offer long-term training indicated that an academic learning environment is preferable. However, they also indicated that training should be in a seminar format and that evening courses or other flexible schedules should be offered.

Question 12.

Do you think business owners and staff prefer training with an instructor with substantive knowledge of the training materials or self-study courses?	
Training with an instructor with substantive knowledge of the training material	8
Self-study courses	0

It is to be expected that training organizations that deliver training via instructors would uniformly choose the first option. What is important, however, is that this preference accords with the entrepreneurs' preference for training with live instructors who have substantive experience in the skills they are teaching. We interpret this to mean that while there is a need to defend the current formal academic system, there is also a recognition of the need for new training delivery methods which are responsive to the needs of entrepreneurs.

Question 13.

Which subjects does your organization offer? Please provide course outlines.			
Training Subject	**Executive**	**Staff**	**Total**
How to Prepare a Marketing Plan	8	6	14
How to Start a New Business	7	0	7
Fundamentals of Business Management (Marketing, Accounting, Production, Pricing, Banking, Personnel)	6	5	11
Business Law	4	2	6
Financial Management for Small Businesses	11	0	11
Writing a Business Plan	9	2	11
The Basics of Marketing	6	3	9
Fundamentals of Western Accounting	2	3	5
How to Succeed in a Market Economy	7	2	9
Computer Skills	1	2	3
Project Management	1	1	2
Business English	7	2	9

None of the responding organizations offered complete outlines for these courses. Only one organization, the Agency for the Development of Enterprise in Kiev, funded by TACIS, provided us with complete training course outlines and materials. We interpret this to mean that courses are lecturer dependent and that most institutions have little more than a syllabus. However, it was clear from the outlines of some training materials that the applied business courses offered by several institutions are actually courses in general management. One surprising finding is that several institutions and one accounting/auditing firm are offering training in Western accounting. In addition, the responses regarding courses in business law are rather curious because it is our understanding that a commercial code is yet to be adopted in either Ukraine or Moldova.

Question 14.

What schedule do you offer for business training?			
Duration of Course	**Executive**	**Staff**	**Total**
One week Monday through Friday	3	5	8
Weekends part-time for 4-5 weeks	4	3	7
Evenings part-time for 8-10 weeks	5	6	11
Full-time for several weeks	5	4	9
Two-five days Monday through Friday	2	2	4

Training institutions are clearly being responsive to the needs of entrepreneurs by offering them a range of choices in how training is delivered.

Question 15.

How much would an entrepreneur pay for 40 hours of business training?	
Less than $50	6
Between $50 and $100	5
More than $100	2

Surprisingly, training institutions expect entrepreneurs to pay less for their training than they are actually willing to pay. Most entrepreneurs are willing to pay between $50 and $100 for a one-week course, whereas most institutions expect to charge less than $50 for a 40-hour or one-week course of instruction.

Question 16.

What is the single most important problem business owners face in trying to grow and keep their businesses successful?
When asked to write in their own answers, survey respondents listed problems in the following order of importance: • Regulatory and legal problems • General business know-how • Marketing • Financial management • Business planning • Western markets information • Personnel management • How to negotiate joint ventures

These answers show that training and educational organizations agree with business owners that regulatory and legal problems are single biggest barrier to growing and remaining successful. The other problems listed also correspond to those identified by business owners. In addition, training and educational organizations mentioned the need to attract investors.

INSTITUTIONS AND BUSINESS SUPPORT ORGANIZATIONS WITH GREATEST POTENTIAL

Based on the survey and on interviews with training professionals, we have identified a range of organizations, including training institutions, small business development centers, consulting firms, accounting firms, and not-for-profit institutes, that have the potential to play an important role in training private sector managers. The institutions fall into three categories.

- Established management training institutions;
- Small business development centers; and
- Private profit and not-for-profit firms.

One management training institute, one small business development center, and one private firm are recommended as candidates for collaboration in providing training. They are, respectively, the Lviv Institute of Management, the TACIS-funded Agency for the Development of Enterprise, and the Moldovan Institute of Public Accountants (MIPA). Of all the organizations surveyed, these exhibited the greatest dynamism and highest potential for success in training future business owners and managers. The International Institute of Management (IMI), which offers consulting services to companies and is considered the premiere management training institution in Ukraine, was omitted from the selection because it is a recipient of significant donor assistance. Since the Ukrainian private sector has much greater needs than any one institution can fulfill, the assessment team sought out other institutions with the potential to meet the wide range of training requirements of a growing private sector.

In addition, the team has chosen three organizations to provide information for use in training and booklets for the Business Information/Video Library, which will be created by Economic Literacy Project (a NEWBIZNET project subcontractor). These organizations are the International Executive Service Corps (IESC), an American private voluntary organization in Kiev and Kisinau; Venture Institute in Ukraine; and Basarabica in Moldova. These organizations and the materials they will provide are discussed further in Section Four.

Established Educational Training Institutions

The description of the institutions presented below is intended to give the reader an overview of the business training capability in Ukraine and Moldova that is of interest to SMEs. It is neither an exhaustive list nor a complete summary of capacity, which was beyond the scope of our inquiry. In addition to formal programs, some of the institutions provide short-term or executive training, placement of students in companies for internships, and English language training.

We discuss three institutions in this category, even though we recommend collaborating with only one — the Lviv Institute of Management. All three institutions provide a mix of degree or certificate programs, short-term and executive management training, information seminars, and workshops. Further, one institute (IMI) emphasizes its consulting services to companies.

State University Lviv Polytechnic

Lviv Polytechnic, founded in 1844, focuses on technical education in engineering, architecture, and mechanics. For general business use, it has published a guide, "Financial Management," funded by the Eurasia Foundation, for use in the Lviv incubator, a facility that provides a sheltered environment for new enterprises, including secretarial and advisory services. The publication was drawn from a series of lectures taught in Lviv by a graduate student at Wayne State University in Detroit, Michigan, with which Polytechnic is affiliated. A thousand copies of this guide were printed and it is also available to other organizations.

Lviv Institute of Management

The Lviv Institute of Management (LIM) was created in 1990 to provide education in Western economics. It relies heavily on foreign expertise for its lectures. The institute offers a range of long and short-term (9-12 week) courses including management science, statistics, human resources management, operations management, administration, computer classes, management theory, financial management, accounting, and English.

The Lviv Institute also offers a full Western-style one-year MBA, which includes a two-month overseas practicum, principally in the United States and Western Europe, which gives trainees hands-on working experience in Western firms.

Until recently, the LIM-affiliated business support center provided training, technical support, and consultation for entrepreneurs free of charge because the staff determined that the majority of clients were unable to pay. Recently, however, the center began charging for preparing statutory documentation for newly privatized businesses. It also offers consultation, business start-up assistance, marketing research, seminars, workshops, and business networking, as well as training for bankers in cooperation with the

British Know-How Fund. LIM also maintains linkages with a number of international universities, including University of Virginia, the University of Michigan, and Wayne State. The extent of the involvement of these organizations is unclear.

The Center is facing some difficulty maintaining financial self-sufficiency. However, it has recently made an effort to get additional funding from the Center for Entrepreneurship in Rochdale, UK, to establish its own small business development center.

International Management Institute

The International Management Institute (IMI) was created in 1989 through a joint effort of the International Management Institute of Geneva, Switzerland in the Ukrainian Academy of Sciences, to bring Western management practices to Ukraine. The institute has had several foreign visiting professors on the faculty.

IMI was the first institution in Ukraine to offer a Western-style MBA. The institute has branches in Uzhhorod and Ivano-Frankivsk and now provides courses in a traditional academic setting in business administration, accounting, marketing, finance, management theory, business ethics, computers, Business English, operations management, and microeconomics.

IMI also offers an innovative two-year course of evening classes leading to an MBA. It has also initiated several programs of two weeks to six months, including a one-month executive training course in marketing, finance, law, and foreign economic activity geared toward senior management of state-owned enterprises (SOEs) and the private sector. There are also one-week courses in marketing, finance, accounting, strategic management, and organizational development. Students attending the short courses are, for the most part, managers from well-established enterprises.

IMI has linkages with the University of Pennsylvania-Wharton School and Harvard University in the United States. In addition to domestic support, IMI has been capitalized by private enterprises and through donor funds from the European Community, USIA, and the Soros Foundation.

Small Business Development Centers

This subsection highlights established small business development centers in Ukraine and Moldova, but is not meant to be an exhaustive list of all organizations that call themselves business centers. The business centers described below offer short-term business training or courses geared to SMEs in their geographic areas. For the most part, they are branches of larger organizations, and as such, are often dependent on the structures and faculty of the parent organization. As a result, they are often viewed as part of the parent organization rather than as a separate entity. For example, entrepreneurs did not differentiate between the Lviv Management Institute and the business support center operated by the institute, nor between the Academy for Economics in Kisinau and the Moldovan-American Business Center.

Moldovan-American Business Center

Located at the Moldovan Academy of Economic Studies in Kisinau, Moldova, the Moldovan-American Small Business Development Center offers a wide range of business texts and materials brought

from the United States and topical business lectures taught by faculty members from the Academy of Economic Studies. The lectures are determined by the lecturer and are not formal training courses.

The center is linked with the University of Nebraska, and several of its faculty members have visited the United States on study tours and attended a number of short-term practicums to increase their substantive knowledge of business and finance. The center has not provided any training-of-trainers courses to its lecturers, nor does it provide overseas study tours for students or internships for entrepreneurs.

TACIS Business Development Center

The Business Development Center in Kisinau, Moldova is funded by the TACIS program of the European Union. It delivers most of its training to existing SOEs and to medium-sized businesses that can afford to pay its fees. The center does not serve small-scale enterprises. Training consists of short-term topical courses provided by expatriate consultants and trainers. According to the center's director, virtually all training is provided by foreign experts who lecture from their own notes. The center offers medium-sized enterprises a variety of short-term business courses (as opposed to topical courses) ranging from three to fourteen days, but is not able to handle the volume of repeat business because of a shortage of qualified staff.

Agency for the Development of Enterprise

The Agency for the Development of Enterprise, also funded by the European Union under its TACIS program, is probably the best small business center we contacted. The Agency operates a small business development center in Kiev, Ukraine, staffed by a team of Ukrainian experts supported by Western consultants. The center provides short-term training to develop marketing and financial skills, advice and counseling for new entrepreneurs, technical consulting, and information services geared toward establishing links with Western investors, companies, and markets.

The Agency is closely aligned with the government and operates in government buildings. Formal short courses include a stand-alone training course, "Starting Your Own Business," and two-day courses in marketing, financial planning, and business planning. The center also periodically offers specialist seminars. It had intended to offer training-of-trainers courses because of the need to increase the skills of national trainers. However, due to the lack of training materials, this has not yet been done.

As part of its staff development program, the Agency has provided short-term international training, including practicums in Western Europe, for staff of its Small Business Development Center. The Agency does not offer study tours or internships for entrepreneurs.

Private Profit and Not-for-Profit Firms

This subsection highlights three private firms in Ukraine and Moldova that, of all the firms contacted, appear to have the potential to reach the greatest number of members, provide the fullest range of appropriate services, and play the most important role in creating an environment conducive to the success of the private sector.

Association for Development of Private Enterprise (UNITY)

Established in June 1990, this business association consists of 24,000 SMEs, most of which are small-scale enterprises. Approximately one-quarter of the firms are engaged in light industry, with the remainder in the service sector. Some members are actively engaged in business while others are not. UNITY is headquartered in Kiev, and has a permanent staff of two professionals plus support staff. The association has branch offices in the other major cities of Ukraine.

The Association plans to help SMEs develop business plans and find foreign partners. In addition, it plans to teach Business English; provide regulatory information; provide training in management, marketing, accounting, finance, auditing, and administration; and publicize materials on management, the economy, and business. The Association has provided two short-term seminars for its members but has not developed formal training courses. In addition, the Association aims to create business centers throughout Ukraine, act as an advocate for the private sector, and provide social services such as pension insurance for its members.

Venture Institute

Venture is a not-for-profit business support organization operated by economists in Kiev. It publishes information booklets and directories geared to small businesses, government officials, and the public; and also carries out research studies on business-related subjects. Venture has produced a series of booklets and five videos on economic reform and the fundamentals of a market economy. It has also put on one two-day seminar on business law.

Venture readily acknowledges that some of its materials are out- of-date and need to be updated, but it has no funds for updating or developing materials. None of their booklets can be characterized as training materials, even though its professional staff emphasized the great demand for business training. The Institute has not developed training courses for business owners but contends that is the greatest area of need. The staff is, however, developing a course to train municipal authorities in how to create a favorable business climate.

Basarabica Business Research and Publishing

Basarabica, a Moldovan business research and publishing house owned by a local bank and two private joint stock companies, produces a range of pamphlets of interest to business, including a statistical guide, a business directory, and a business planning guide, "Recommendation to Run a Private Business - The Art of Making a Business Plan."

Topics covered in Basarabica texts include Moldovan entrepreneurship and enterprise law, regulations for enterprises, the Fund to Support Entrepreneurship and Small Business, and methodology for making up a business plan. For people considering starting a business, there is also a pamphlet entitled "Can You Become a Businessperson," which includes such chapters as "Tests for Risk Takers," "Defining the Entrepreneur's Skills," and "Ability to Challenge Risk."

SECTION FOUR

RECOMMENDATIONS

Moldova's rapid transition to a market economy, and Ukraine's more gradual transition, both reveal a significant gap between the need for all levels of business training and the training provided by traditional educational institutions. Based on information from surveys and interviews with well-informed observers, it is clear that business training needs are acute in SOEs undergoing privatization, productive enterprises (state, cooperative, or private), and business support organizations.

To date, with limited exceptions, the educational systems in both countries have been tightly controlled by central government authorities. Traditional academic institutions are scrambling to catch up to changes in the economy, and training institutions must undergo a lengthy process of upgrading faculty skills, revising curriculum, and updating textbooks and teaching materials. *At this time, virtually all faculty from government-controlled academic institutions lack credibility to effectively provide business training.*

In order for the transition to private enterprise to be enduring and not create any more economic dislocation, it must be swift and extensive.[6] The success of the transformation will be determined to a great degree by how quickly trained managers and staff become available to privately owned business. National governments, donor agencies, and private companies recognize that the lack of appropriate training is a serious obstacle to the success of private business and that developing a range of training options is imperative to create the skilled managers and workers necessary for the market economy.

This section presents the recommendations stemming from the assessment of training needs and resources in Ukraine and Moldova. It is organized into four parts. The first part lays out the design parameters that have influenced the selection of assistance options and implementation mechanisms. The second part reviews recommended assistance, using two matrices to match the three institutional categories with categories of assistance: training, technical assistance, and information assistance (Business Information /Video Libraries). The third part delineates the types of assistance and specific interventions planned. The fourth part addresses how the training strategy will be implemented and the need for future identification and coordination of assistance opportunities.

DESIGN PARAMETERS

Several premises guide these recommendations. Most important, in view of the limited resources available for training and institutional support, is a catalytic approach to assistance. The types of assistance provided should have a multiplier effect, either by leveraging other funding sources or by building specific capacities into institutions that are well-placed to make a key contribution to business training and performance.

At the same time, collaboration, teaming, and working together must not be seen as providing core support for national organizations but rather a means to pay for specific business-centered training, information, and texts.

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[6] "Obstacles to Doing Western Business in Ukraine."

Because both countries are at a crucial economic juncture, preference should be given to activities that have the potential to rapidly stimulate the development of the private sector and that are sustainable without continued foreign assistance.

Other important parameters are described below.

- NEWBIZNET training should focus on strengthening the business training ability of national trainers. Such an approach will be more efficient and cost effective than continuing to rely on expatriate trainers to provide direct training to Ukrainian and Moldovan managers;

- Emphasis should be placed on support to small businesses, which comprise the fastest growing part of the private sector in both countries; and training for this group should include access to information and contacts;

- Although the evolving banking sector has broad training needs that are beyond the scope of this project, the project should offer training related to the provision of credit for SMEs, including courses in credit analysis and in how to finance a small business;

- When feasible, training should be coordinated with ongoing U.S. assistance projects or programs to leverage resources and minimize start-up time. Examples include Volunteers in Overseas Cooperative Assistance (VOCA), Peace Corps, International Executive Service Corps, and Ukraine Legal Foundation; and,

- While donor-funded international internships expose entrepreneurs to the free market economy and on-site work experience, there remains a need for SME and BSO internships and study tours that expose entrepreneurs to trade and professional associations, trade shows, and industrial exhibits that specifically relate to the day-to-day operations of their enterprises.

- The United States should continue to coordinate assistance with other donors.[7]

THE RECOMMENDATIONS MATRIX

Recommendations for USAID assistance for business training in Ukraine and Moldova are summarized in Table 1. To maximize resources to achieve the widest possible impact, it is recommended that NEWBIZNET project assistance be applied toward strengthening small and medium-sized enterprises, business support organizations, and the banking and financial sector. The banking and financial sector is singled out from other sectors of the economy for direct assistance because of its special technical needs

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[7] The European Union has established business centers in both Ukraine and Moldova. While only the Kiev center focuses on the same clients as the NEWBIZNET project, center staff have offered their course in exploring entrepreneurship for use in NEWBIZNET centers. Additionally, the Soros Foundation and USAID funds provided through the Eurasia Foundation have funded training initiatives and the production of resource material, for use in training courses. The United States is the major donor providing assistance in the area of management training to the private sector. Multilateral donors such as the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development Bank (EBRD) will provide advisors and assistance to government agencies, and provide private sector loan funds through intermediaries.

TABLE 1

UKRAINE AND MOLDOVA BUSINESS TRAINING ASSESSMENT
Recommendations for Assistance

Type of Assistance	Small & Medium-Sized Enterprises	Business Support Organizations	Banking and Finance Sector
Technical Assistance	• Upgrade national capacity to assist business owners to develop a favorable business climate by organizing a national conference with U.S. professional and industry associations. • Develop and support business training expertise though ongoing follow-up with national trainers. • Co-locate with the West NIS Enterprise fund to maximize access to credit for SMEs.	• Establish linkages between U.S. and Ukrainian/Moldovan trade associations, business support groups and trade journals to foster professional development and indigenous government relations capability and strengthen the local support network (LSN). • Establish links and referral network with local business incubators, associations, accountants, and consultants.	• Confer with banks and bank associations to define bank training needs and how to create SME credit programs.
Training	• Financial Management for the Closely-held Business (one week). • Training of Trainers for selected courses including certification and licensing together with follow-up co-training (one week, 60 hours, residential). • Business Management Skills for new business owners (one week). • How to Prepare Your Business Plan, incorporating the IESC Business Planning or VOCA agribusiness-business text as appropriate (one week). • How to Prepare Your International Marketing Plan (one week). • Provide short-term international and regional internships for SMEs.	• Provide short-term international and regional internships tailored to specific needs, for senior officers of BSOs, industry, and professional associations. • Strengthen the local support network through co-sponsoring SME training programs with national and local business support, industry, and professional organizations and help to build their memberships by offering discounts to association members.	• Financing the course on Closely Held Business for credit officers (one week). • Accounting Essentials for Bankers for Commercial Banks through collaboration with bankers' associations and national accounting firms such as Moldovan Institute of Public Accountants (MIPA) (one-two weeks). • Advanced Topics for Bankers Executive Roundtable (one week).
Information	• Provide Business Information/ Video Library incorporating general business information and educational materials from Ukrainian and Moldovan published texts available from firms such as Venture (Ukraine) and Basarabica (Moldova). • Provide comprehensive trade, vendor, and market information in each business center.	• Provide business support organizations with copies of the Business Information/Video Library including videos and video players. • Provide business information services including press releases, government affairs updates, contacts, sources, markets, etc.	• Provide bank business advisory units or commercial lending departments with copies of the Business Information/Video Library.

related to assisting entrepreneurial businesses. Recommendations for each institutional category are grouped by type of assistance — training, technical assistance, and information.

The relationship between the types of assistance provided to the target groups and the national collaborating organizations is shown in Table 2.

TABLE 2

UKRAINE AND MOLDOVA BUSINESS TRAINING ASSESSMENT
Assistance to be Provided by Local Support Network for SMEs

Category	Business Training	Technical Assistance	Information
Training Institutions Lviv Institute Agency for Development of Enterprise MIPA	• Review tailored and customized training materials for short-term courses. • Special/basic business functional needs of the start-up firm. Tailored short-term courses and business curricula targeting this audience.	• Provide advice and guidance SME owners seeking technical training for staff.	• Provide distribution of Business Information/Video Library.
BSOs UNITY	• Co-sponsor ongoing SME training in business skills, marketing, and business planning.	• Co-sponsor national conference on promoting SME training in business skills, marketing and business planning.	
VOCA	• Provide specialized training for agribusiness-business.	• Collaborate on development of training materials for agribusiness-business.	• Disseminate agribusiness-business trade association information.
Basarabica Venture	• Collaborate with local support network partners to provide specialized short courses of local interest for SMEs.	• Collaborate with ELP to write and develop specialized sections of the Business Information/Video Library.	• Publish information texts on markets, regulations, foreign trade, product prices. • Publish business information news releases and articles on business climate, developments and trends.
Banking/ Finance Bank Assoc. and Training Programs	• Sponsor and promote bank training programs in credit analysis and small scale lending.	• Participate in review of bank training programs in credit analysis and small- scale lending to establish appropriate level of customization.	• Poll member banks and recommend which banks should receive copies of the Business Information/Video Library.

TYPES OF ASSISTANCE AND INTERVENTIONS

Ukraine and Moldova have a range of training institutions, most of which are trying to adjust their curricula to the needs of the free market economy. The major obstacle to their making this transition is

their lack of understanding of the elements of Western business administration, and therefore their lack of credibility with entrepreneurs.

There is an increasing number of business support organizations, most of which offer their clients an unwieldy, confused array of services and benefits. Since these organizations are hardly models of clear strategy and planning, however, they have difficulty meeting the needs of their clients.

In Ukraine, business education theory is generally an amalgam of U.S. and European texts and generic business curricula, with insufficient attention paid to the specific business functions and skills needed by entrepreneurs. It is therefore essential to expose national trainers to targeted, practical curricula and help them develop skills geared to seminar-type training of entrepreneurs. This approach is key to developing a sustainable national capacity to provide training for business owners.

Subject areas such as exploring entrepreneurship, business law, and Business English are deemed to be adequately met by existing courses, and can be supplemented by the project's Business Information/Video Library.

Recommended assistance to target group organizations includes technical assistance, training assistance, and information/video library assistance. A discussion of each type of assistance follows.

Technical Assistance

With the notable exception of entrepreneurs, few of the educators we contacted appear to fully understand the difference between economics training and commercial business training. In fact, according to several Ukrainian professionals, most formal education continues to focus on teaching Soviet-style management. If this is true, it is not surprising that both the interviews and the survey results revealed a general dissatisfaction with what is called business training. Even secondary students are reportedly dissatisfied with the training they receive.

Regrettably, formal educational institutions, especially those that are government funded, have not shown a willingness to modify their programs to provide more practical business courses. Reportedly, when a professor of economics at a university in Kiev recently tried to introduce an MBA program, other professors actively opposed him.

As shown in Table 2, above, it is recommended that the following types of technical assistance be carried out in conjunction with collaborating organizations.

1. *Training Trainers/Developing National Business Training Expertise*. The first type of technical assistance will be short-term training-of-trainers courses, which should immediately follow courses in business management skills.

This form of technical assistance involves bringing experienced business trainers from the United States to train Ukrainian and Moldovan trainers. After completing a training-of-trainers course, the prospective trainers will have opportunity to co-train or team-train with experienced instructors. They will also learn pedagogical techniques other than lectures, such as case studies, simulation, gaming, and decision making. Following sufficient co-training, new instructors will be certified and licensed to train in their countries.

The technical assistance for training trainers, as well as ongoing coaching and follow-up, should be provided in order to develop credible training skills and business consulting expertise. Such assistance should be targeted primarily to the Lviv Management Institute, UNITY, and the Moldovan Institute of Public Accountants (MIPA).

2. *Extend Private Sector Support Organization Linkages*. Limited short-term support will extend the outreach of the BSOs and local and regional chapters of professional associations.

3. *Plan and Sponsor a National Conference to Promote Business*. In Ukraine and Moldova, it is often difficult to draw the line between normal business practices and what many consider to be criminal. Indeed, government regulations, local authorities, and onerous taxes force many would-be legitimate entrepreneurs into the unofficial economy.

According to a number of people interviewed, aggregate taxes levied on businesses are effectively more than 100 percent. If this is true, there is a clear need for authorities at all levels to quickly reduce taxes or they will drive increasing numbers of legitimate businesses underground, which will further reduce tax revenue.

Constantly changing laws and regulations were repeatedly mentioned as the most significant barrier to business. Unless this barrier is removed and a more favorable business environment created, the two countries will be less competitive than their Central European neighbors and will risk long-term rather than short-term societal disruptions.[8]

The entrepreneurs interviewed say that government at the national, oblast, and municipal levels is not moving rapidly to reduce taxes or regulatory burdens. In fact, many enterprises are going into the underground economy due to what they regard as a too-heavy tax and regulatory burden. It behooves private enterprises to work together to bring pressure to bear on lawmakers and regulators to reduce regulatory barriers and enact more equitable tax structures.

While entrepreneurs are passionate about needing change in taxation and regulation — they complain long and loudly — they do not appear to have a coordinated means of influencing the process. It is important, therefore, to provide entrepreneurs with the skills and knowledge they need to mount a coordinated, positive, and effective campaign to promote a favorable business climate, including rational tax rates and appropriate regulation. An appropriate way to help strengthen business is to provide the means for business to develop its own legislative muscle.

To this end, NEWBIZNET should sponsor a national conference with a euphemistic title such as "Working together to Build Better Businesses." The conference should provide a series of workshops on how trade groups and associations can work together to promote an pro-business agenda with national, state, and local authorities as well as the press and public. Such a conference could promote:

- Understanding of how professional, industry, and trade groups work together,
- Understanding of how to help create a favorable business climate,
- Understanding of how to influence business legislation and regulations,
- Creation of long-term links with affiliated groups to foster professional development,
- Cross-membership in various national organizations, and
- International visits and exchanges.

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[8]Emerging Market Economies Report 1993, Lausanne.

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Sponsoring such a national conference could do more to build a strong, legitimate private sector than any other single effort.

4. *Confer with Banks and Associations to Determine Training Needs for Banking Activities*. The lack of an effective, well-functioning financial sector in Ukraine and Moldova ranks second only to laws and regulations as the principal barrier to business. Commercial banks have been inadequately capitalized, have little concept of how to mobilize savings, and do not have sufficient funds to meet demand. Hence it is extremely difficult for productive sectors to obtain the credit and financial services necessary to operate in a market economy.

Both Ukraine and Moldova need immediate training and technical assistance if their banking sectors are to effectively support SMEs. The major constraint facing the banking systems in both countries is the lack of trained personnel. While a limited number of bankers have participated in local training programs and foreign short-term study tours, banks generally lack operational policies and techniques as well as the capacity to do basic credit analysis, since in the past the government simply told them to lend to state-owned enterprises and assumed the risk. To function in the market economy, bankers require training in both practical and management skills.

The major areas in which bankers require training include:

- Credit analysis,
- Lending to small-scale enterprises,
- Trade financing,
- Savings mobilization, and
- Front office and back office operations.

In order to maximize the impact on SMEs at this stage of the project, we propose training only for credit analysis and lending to small-scale enterprises.

Training Assistance

1. *Develop and Provide Tailored Short-Term Training for SMEs*: Develop a series of short-term training courses tailored to Ukraine and Moldova over a period of six months. The courses will be available in three languages: Russian, Ukrainian, and Romanian. Selected training institutions and BSOs should be involved in reviewing the courses to judge their responsiveness to needs identified in the training needs survey. They should be designed by knowledgeable professionals in BSOs and donor organizations. Suggested courses for SMEs are described below.

The seminar on *"Financial Management for the Closely Held Business"* is similar to that offered to banks (see below) but presented in a way appropriate to the needs and interests of small business owners. The course is geared toward established SMEs that maintain formal financial records and produce financial statements. It is designed to provide practical, effective hands-on financial management techniques to assist owners in better managing their businesses.

The course stresses practical aspects of financial management, including basic accounting principles, accounting transactions, financial cause and effect, financial diagnosis, break-even analysis, cash budget projections, keys to successful business planning, planning traps, structuring bank debt, establishing a banking relationship, and elements of a loan proposal. Actual case studies allow participants to gain hands-on experience in all areas of finance — analyzing financial statements, projecting cash flow, projecting balance sheets and income statements, evaluating business decisions, and financing and managing growth.

"Training of Trainers" is a comprehensive program designed to transfer training skills to selected national instructors. Our approach recognizes that training trainers is a complex process that requires more from the trainer and participants than a simple transfer of technical knowledge. It requires an understanding of the entire training process. It is an exciting, interactive process that enhances the confidence and professionalism of national trainers.

For trainers to train effectively, they should understand the needs of course participants. That is best accomplished by having trainers assume the roles of participants in the various courses. In addition to gaining a thorough understanding of course content, they can thereby establish rapport with each other, which creates an environment conducive to training.

The course consists of modules on various training issues, including: meeting expectations of partners; training adult learners; using guided discussions, lectures, case studies, role playing, and other training styles; preparing the training delivery plan; planning and managing time; planning the training site; presenting the lesson; evaluating a lesson's success; using energizers to keep participants interested; and reinforcing behavior.

"Business Management Skills" is specifically designed for businesses about to enter the formal sector. The course is used extensively for training business owners in countries making the transition to a market economy. It presents subjects often perceived as complex and difficult in a simple-to-understand manner with a minimum of technical language.

Training materials deal with the basic aspects of small business management and place particular emphasis on easy-to-use financial management tools. Financial management modules include: starting a simple bookkeeping system and accounting transactions; understanding and using financial statements and their components; profitability issues; calculating break-even points; steps for boosting profitability; pricing, including calculating the costs and indirect costs of multiple products; understanding cash flow in the small business; sources of cash; seasonality; and preparing budgets.

Marketing, production, and personnel modules provide the entrepreneur with information and tools needed to prepare a business plan.

The final module focuses on training business owners in how to most effectively deal with bankers to secure credit. Topics in this module include: establishing a banking relationship, knowing what products and services to expect, supplying the bank with information, and general rules for working with a bank. This will be the course of choice for training by national trainers.

"*Your International Marketing Plan*" is specifically designed for the business that needs to look abroad for new markets and for the more sophisticated entrepreneur. It is geared to consultants, exporters, manufacturers, and professionals who wish to explore international markets and export requirements. The course includes all elements of the marketing plan found in the course geared to domestic marketing, and adds additional information and training of interest to the exporter or manufacturer seeking foreign

markets. An illustrative list of topics includes: Who — Defining Your Customers; What — Defining Your Products; When — Product Life Cycles and Seasons; Where — Location and Distribution; Satisfying Customers' Needs — Your Competitive Position; Advertising; Public Relations; Personal Sales; Pricing; Forecasting Sales; Working with Consultants; Finding the Right Export Links; Using an Export Specialist; Product Labeling and Content Requirements; Shipping and Customs; International Trade Terms; and Working with the Bank to Get Paid — Letters of Credit.

"How to Prepare Your Business Plan" is specifically designed for the business entering the formal sector and seeking to develop a comprehensive plan for marketing, production, personnel, and finance. This course is not initially planned for Ukraine or Moldova, but the survey results clearly show that such a course is in great demand. While many entrepreneurs will see the business plan as a means to secure formal credits, the discipline required to prepare such a plan will force them to take a realistic look at their assumptions. This course will seek to build on the foundation established by business planning texts published for Ukraine by VOCA and IESC (see Annex E).

Illustrative topics under this training course include: How to Set Personal and Business Goals; What Is a Business Plan; What Is Your Real Product; Who Is Your Competition; How To Define Your Market: Who Buys and How Much; What Is Your Financial Plan; Insurance — Laws and Requirements; The Language of Business — Records, Financial Statements, Financial Cash Flow, and Break-even Analysis; What Do the Numbers Say — Income Statements, Balance Sheets, and Cash Planning; and The Need to Borrow — How Much and When?

After completing training, entrepreneurs receive marketing, production, personnel, and financial plan modules in a workbook to guide them in preparing a business plan.

2. *Develop and Provide Short-term Training for the Banking and Finance Sector.* In response to the barriers to business highlighted in the training needs survey, NEWBIZNET offers limited training to the banking and finance sector in areas that directly impact SME credit needs. While both the West NIS Enterprise Fund and the EBRD Loan Facility for Small and Medium Businesses will meet some SME credit needs in the short run, the long-term goal must be to encourage the provision of credit for SMEs through the banking and finance sector. Training courses that have been effective include the training of credit officers in small business lending, and the training of bank executives in an overview course selling the concept of lending to small-scale enterprises.

"Financing the Closely Held Business" will be provided for lending officers, branch managers, and others responsible for developing business lending relationships. The course provides practical information about how small businesses operate, the business life cycle, business financing needs, the fundamentals of accounting and financial statements, and industry-specific ratios and how to interpret them.

The course also specifically focuses on financial analysis — analyzing business performance, projecting future financing needs, assessing repayment ability — and on cash-flow lending versus collateral lending. The course also addresses practical aspects of counseling and communicating with business owners regarding their financial position.

"Financing the Closely Held Business" has been successfully presented to thousands of bankers worldwide. Data from ongoing post-training surveys indicate that bankers attending the course incorporate the new methods they have learned into their loan programs.

"Advanced Topics for Bankers" provides executive training for bank management. The course is designed to engage senior managers in a participant-centered, instructor-led abbreviated version of courses offered to their lending personnel. These seminars, presented in roundtable format, focus on specialized lending techniques and on tools to reduce the administrative and processing cost of small business lending, thereby making it more profitable.

As bankers become increasingly aware of effective lending techniques and the potential profits from lending to SMEs, they will be more likely to increase the flow of credit to such enterprises.

"Accounting Essentials for Bankers." Although some banks have already adopted internationally accepted accounting principles, most banks and bank staff in Ukraine and Moldova have little knowledge of international standards. Accounting training is tailored to the particular accounting requirements of each country and designed as a conversion program for experienced bank bookkeepers. The course builds on their existing knowledge of accounting while exposing them to international standards and practices. Course topics include basic concepts and the balance sheet, accounting records and systems, fixed assets and depreciation, balance sheet changes, accrual accounting, and bank financial analysis.

3. *Provide Short-term Internships and Study Tours:*. Short-term international and regional internships have been tailored to the specific needs of senior officers of BSOs, industry, and professional associations. Tours include visits to regional counterpart BSOs in Central Europe and the United States. Additionally, the project will develop a series of study tours for SME business owners and managers to build and strengthen linkages established during the project with specific retail, service, and industry in the United States. Visits to Western European and North American trade shows and industry exhibitions are also a key part of the strategy to expand Western business contacts.

Information Library Assistance

Lack of business information was one of the barriers to business identified by SMEs responding to the training needs survey. Information for business is a multi-faceted topic. This report considers only information which is instructional about the topic of business itself. Other business information needs provided for under the NEWBIZNET project are covered in a separate report.

Both the professionals contacted and our own reviews confirm that most materials and information available in the marketplace are direct translations of Western textbooks and are not customized for Ukraine or Moldova. It is assumed that most of the translations of foreign books and texts are published in violation of international copyright laws and not under license.

The business texts available in local markets range from translations of Western textbooks on business theory and accounting to locally published booklets on a variety of business topics. The locally published booklets have been generally well received due to the scarcity of business information. Regrettably, the print quality of these texts is poor, and many quickly become dated in the fast-changing business climate. In fact, several of the publishers we spoke with asked about available funds for producing new editions of their booklets.

During our contact with numerous groups, we described the Business Information/Video Libraries that NEWBIZNET will provide in Ukraine and Moldova. Without exception, everyone we spoke with was in favor of the concept. We have distilled the comments and suggestions from all our contacts into several information series which we recommend be included in the Business Information/Video Libraries for

C. Major Problems

1. What is the most important single problem business owners face in trying to grow and keep their businesses successful?

2. How important a problem is lack of access to credit (or other financial services)?
   a. Not a problem b. Major problem
   c. Minor problem d. Extremely serious problem

3. How important a problem is government regulation, policies or procedures?
   a. Not a problem b. Major problem
   c. Minor problem d. Extremely serious problem

4. How important a problem is lack of ability to find qualified manpower?
   a. Not a problem b. Major problem
   c. Minor problem d. Extremely serious problem

D. Major Human Resource Issues

1. Does the formal education system (primary, secondary, technical and university) produce people who are trained to carry out the needs of private firms?

2. When you try to hire new staff, what are the major skills or qualifications that you usually feel are lacking, or should be improved?

   a. professionals:
   b. clerical:
   c. technicians:
   d. skilled workers:
   e. other workers:

3. How do female applicants compare with male applicants (number, skills, qualifications, deficiencies)?

   a. professionals:
   b. clerical:
   c. technicians:
   d. skilled workers:
   e. other workers:

E. Current Training Materials

1. Do you currently provide any training materials to adult business training students? Please describe types and topics covered.(attach a table of contents if available)

2. What age and type of learner are these materials geared to?

3. Are the materials you described readily available and adequate to meet the business training needs of adult learners?___Yes ___No. If no, please describe the types of training materials you think are needed.

F. Perceived Training Needs

1. Do you think businesses need further resources to train their staff? Why/why not?

2. What kinds of business skills do business staff need to learn?

3. Are there local training programs that meet those needs. (Describe in detail including, Name, Address, Types of Training offered)

4. Are there international training programs that meet some of these needs? (Describe in detail)

5. What kinds of training programs would you like to see developed (that are not currently available)?

G. Preferences for Subjects and Delivery of Training

1. Which of the subjects below does your organization offer?

Training Subject	Business Owner	Staff
How to Prepare A Marketing Plan		
How to Start a New Business		
Fundamentals of Business Management (Marketing, Accounting, Production, Pricing, Banking ,Personnel)		
Business Law		
Financial Management for Small Businesses		
Writing a Business Plan		
The Basics of Marketing		
Fundamentals of Western Accounting		
How to Succeed in a Market Economy		
Business English		
Other: Describe		

2. What schedule and course duration do you offer for business training?

Duration of Course	Business Owner	Staff
One Week Monday through Friday		
Weekends Part-time for 4-5 Weeks		
Evenings Part-time for 8-10 Weeks		
Two-Five days Monday through Friday		
Full-time for Several Weeks		
Other: Describe		

3. Regardless of the scheduling, How much would an entrepreneur pay for 40 hours of business training? ___<$50___<$50-$100 __>$100.

4. Do you think business owners and staff prefer an academic learning environment or applied seminar type training?

5. Do you think training with an instructor with substantive knowledge of the training material or self study courses are most effective?

6. Remarks and Comments

Business training

ОЦЕНКА ВОЗМОЖНОСТЕЙ ПОЛУЧЕНИЯ МАТЕРИАЛОВ ДЛЯ ПРОФЕССИОНАЛЬНОЙ ПОДГОТОВКИ

Анкета

A. Классификация данных

1. Интервьюер _____ 2. Дата _____

3. Название организации_____

4. Адрес (город/село) _____

5. Интервьюируемый _____М__Ж__

   5.а. Занимаемая должность _____

6. В каком году была создана ваша организация на Украине / в Молдове?

7. Тип организации:_____
   (университет, институт, коммерческая фирма, другое (укажите, пожалуйста)

8. Предлагаете ли вы какой-либо вид обучения для неправительственных, частных организаций?

   Да Нет

   (Если ответ отрицательный - закончите интервью, поблагодарив респондента за оказанную помощь, если ответ положительный, пожалуйста, продолжайте интервью).

   8.а. Сектор производства

   Сельское хозяйство____
   Промышленность ___
   Коммерческий (розничная торговля... ___
   Предоставление услуг (консультационных, банковских...___
   Ручное ремесло_____
   Другие_____

Месторасположение (город/село):

Украина_____
Молдова_____

Основные характеристики

Какой категории штатных сотрудников были предложены программы по бизнес- подготовке? (Для того, чтобы заполнить эту таблицу, вы должны точно представлять, какие именно программы предлагает ваша организация.)

Категория	Количество курсов
Руководство	_____
Специалисты	_____
Секретарско-административный состав	_____
Техники	_____
Квалифицированные рабочие	_____
Полуквалифицированные рабочие	_____
Другие	_____

Какие опубликованные учебные материалы предлагают ваши курсы?

Кто ваши типичные клиенты?

Сколько людей вы обучаете ежегодно?

Каковы приблизительно затраты предприятия, посылающего на обучение одного человека (в неделю, 40-часов)?

бесплатно_____ стипендия учебного заведения_____ предприятие платит

Каковы планы у вашей организации и существуют ли программы по их финансированию на ближайшее будущее? Думаете ли вы, что...

а. Ожидается значительный рост ___

б. Ожидается незначительный рост ___

в. Не ожидается никаких изменений ___

г. Произойдут некоторые изменения ___

а. Произойдут большие изменения ___

6.а. Почему?

В. Основные проблемы

1. Каковы наиболее значительные единичные проблемы, которые встают перед владельцами частных предприятий в процессе профессионального роста и в желании поддерживать успех их предприятий?

2. Насколько большую проблему составляет отсутствие доступа к кредитам и или другим финансовым услугам?

   а. Не составляет проблемы в. Большая проблема
   б. Небольшая проблема г. Чрезвычайно серьезная проблема

3. Насколько большую проблему составляют правительственные постановления, решения, инструкции и акты?

   а. Не составляет проблемы в. Большая проблема
   б. Небольшая проблема г. Чрезвычайно серьезная проблема

4. Насколько большую проблему составляет отсутствие возможности найти квалифицированную рабочую силу?

   а. Не составляет проблемы в. Большая проблема
   б. Небольшая проблема г. Чрезвычайно серьезная проблема

Г. Основные кадровые проблемы

1. Обеспечивает ли действующая система образования (общеобразовательная школа, техникум или высшее образование) необходимый уровень подготовки людей, которых хотят нанять на работу частные предприниматели для реализации целей и задач своих предприятий?

При приеме на работу новых кадров какие, на ваш взгляд, существуют наиболее серьезные проблемы в смысле возможного отсутствия важнейших профессиональных навыков и квалификации, и что может быть улучшено в этом направлении?

а. специалисты:

б. административно-секретарский состав:

в. техники:

г. квалифицированные рабочие:

д. другие:

Каково соотношение подачи заявлений на работу от женщин и мужчин в смысле количества, наличия или отсутствия необходимой квалификации и профессиональных навыков?

а. специалисты:

б. административно-секретарский состав:

в. техники:

г. квалифицированные рабочие:

д. другие:

Учебные материалы

Предоставляете ли вы какие-либо учебные пособия/материалы студентам, проходящим курс обучения по бизнесу? Пожалуйста, назовите темы и предметы, которые изучаются в рамках этого курса? (Если можно, приложите, пожалуйста, краткое содержание курса или план).

На какой возраст и тип студента рассчитаны эти материалы?

3. Доступны ли эти материалы в настоящий момент и рассчитаны ли они на специалиста, проходящего курс по повышению профессиональной квалификации?
   Да____ Нет___

   Если ваш ответ - нет, объяснит, пожалуйста, какие, конкретно, материалы по вашему мнению необходимы.

E. Оценка потребностей в подготовке кадров

1. Считаете ли вы, что бизнес-предприятиям требуются дополнительное финансирование для предоставления возможности профессионального обучения или переподготовки своим штатным сотрудникам? Да/нет, почему?

2. Как вы считаете, какого рода обучение было бы наиболее целесообразно и полезно для людей, работающих в бизнесе, для приобретения ими необходимых навыков и квалификаций?

3. Существуют ли какие-либо местные программы обучения, которые соответствуют таким требованиям? (Опишите, пожалуйста, в деталях, включая название, адрес и вид обучения).

4. Существуют ли какие-либо международные программы обучения, которые соответствуют таким требованиям? Опишите, пожалуйста, в деталях, включая название, адрес и вид обучения).

5. Какие программы, на ваш взгляд, должны быть предложены и внедрены и какие в настоящий момент недоступны?

Выбор наиболее целесообразных предметов и метод предоставления обучения

1. Какие из названных предметов предлагает ваша организация?

Название предмета	Руководящий состав	Штатные сотрудники
Как подготовить план по маркетингу		
Как начать новый бизнес		
Основы управления бизнесом (маркетинг, бухгалтерское дело, ценообразование, подбор кадров, производство)		
Законы в области бизнеса		
Система управление финансами в области малого бизнеса		
Разработка и написание рабочего плана		
Основы маркетинга		
Основы бухгалтерии (практика, принятая на Западе)		
Как преуспеть в условиях рыночной экономики		
Английский язык для деловых целей		
Другое: объясните		

. Какое расписание и какова продолжительность курсов были бы оптимальны для обучения?

Продолжительность курса	Руководящий состав	Штатные сотрудники
Одна неделя с понедельника до пятницы		
Обучение по выходным дням в течение 4-5 недель		
Обучение по вечерам в течении 8-10 недель		
Обучение в отрыве от производства в течение нескольких недель		
Два - пять раз в неделю с понедельника по пятницу		
Другое: объясните		

Вне зависимости от расписания сколько предприятие может заплатить за 40 часов учебы? ___ < $50 ___ < $50-$100 __ > $100. Цифры могут быть приведены в местной валюте.

4. Как вы полагаете, какой вид обучения будет наиболее предпочтителен для руководства и штатных сотрудников предприятий - академический тип или обучение на рабочих местах в форме прикладных семинаров?

5. С помощью знающего преподавателя или в форме самообучения при наличии необходимых учебных пособий?

6. Замечания и комментарии:

PRIVATE SECTOR TRAINING NEEDS ASSESSMENT

Questionnaire

Identification and Classification

Interviewer _____ 2. Date _____

Name of Firm _____

Location (City/town/section) _____

Person Interviewed _____M__F__ Age___<20__<30 __<50__>50

5.a. Position in Firm _____

In what year was the firm started? _____

Type of Company:_____
(Proprietorship, Private Limited, Public Limited, Partnership, etc.)

Major Product or Activity

6.a Industry Sector
- Agriculture ___
- Industrial ___
- Commercial ___
- Services ___
- Craft ___
- Other ___

Location: Rural/Urban
- Ukraine_____
- Moldova_____

I. Basic Characteristics

1. Current Number of Full-Time Employees *(please develop a full understanding of how the work is organized in the company, then fill out the following)*:

CATEGORY	NUMBER	APPROXIMATE NUMBER OF WOMEN
Executives	_____	_____
Professionals	_____	_____
Clerks/Admin	_____	_____
Technicians	_____	_____
Skilled Workers	_____	_____
Semi-Skilled	_____	_____
Other	_____	_____

1 Where do your major materials and supplies come from? (Imported or domestic, and from which suppliers)

2. Who (where) do you sell most of your products (services)? (Local or export)

3. What are your approximate Annual/Monthly Sales? _____

4. Approximately what percentage of your sales are exported? _____

5. What are the prospects for your company in the future? Do you think it is going to:
   a. Grow a lot ___
   b. Grow a little ___
   c. Stay the same ___
   d. Decline a little ___
   e. Decline a lot ___

5.a. Why?

Major Problems

What is the most important single problem you face in trying to grow and keep your business successful?

How important a problem is lack of access to credit (or other financial services)?
a. Not a problem b. Major problem
c. Minor problem d. Extremely serious problem

How important a problem is government regulation, policies or procedures?
a. Not a problem b. Major problem
c. Minor problem d. Extremely serious problem

How important a problem is lack of ability to find qualified manpower?
a. Not a problem b. Major problem
c. Minor problem d. Extremely serious problem

Major Human Resource Issues

When you need to hire someone, is it easy or difficult to find qualified people:

____ professionals
____ clerical personnel
____ technicians
____ skilled workers
____ other workers?

Does the formal education system (primary, secondary, technical and university) produce people who are trained to carry out the needs of your firm?

When you try to hire new staff, what are the major skills or qualifications that you usually feel are lacking, or should be improved?

a. professionals:
b. clerical:
c. technicians:
d. skilled workers:
e. other workers:

How do female applicants compare with male applicants (number, skills, qualifications, deficiencies)?

a. professionals:
b. clerical:
c. technicians:
d. skilled workers:
e. other workers:

L. Current Training Practices

1. Do you currently provide any in-house training to your professional or worker staff? Describe (type, who, how much, annual budget)

2. Have you sent any of your professional staff, technicians, or workers to local training programs or courses during the past year? Describe (type, who, where, how much, annual budget) How many of these were women?

3. Have you sent any of your professional staff, technicians, or workers to training programs or courses in other countries during the past year? Describe (type, who, where, how much, annual budget). How many of these were women?

4. Are there any special issues, concerns, advantages or disadvantages to providing training for your women employees?

M. Perceived Training Needs

1. Do you think it is important to provide training for your staff? Why/why not?

2. What kind of training would it be worthwhile for you to provide to your staff? What kinds of skills would you be want to develop among your staff and workers?

3. Are there local training programs that you would like to send your staff or workers to? (Describe in detail)

   3.a. (If they are not currently sending staff to those) Why aren't you currently sending staff to those courses?

4. Are there international training programs that you would like to send your staff or workers to? (Describe in detail)

   4.a. (If they are not currently sending staff to those) Why aren't you currently sending staff to those courses?

5. What kinds of training programs would you like to see developed (that are not currently available)?

4. Would you be willing to pay for training courses to improve the qualifications of your staff? (Distinguish between categories) How much?

5. Do you promote or otherwise reward people who have received training? (e.g., increase salaries, provide bonuses, etc.)

. Do you notice any difference in performance, productivity, or attitudes among workers who have received training?

. Do you prefer an academic learning environment or applied seminar type training?

. Do you prefer training with an instructor with substantive knowledge of the training material or self study courses?

⁷. Preferences for Subjects and Delivery of Training

. Which subjects are you most interested in? Please choose 3 of them in order of preference. 1 is your first choice.2 is your second choice and 3 is your third choice.

Training Subject	Executive	Staff
How to Prepare A Marketing Plan		
How to Start a New Business		
⁵undamentals of Business Management (Marketing, Accounting, Production, Pricing, Banking ,Personnel)		
Business Law		
⁵inancial Management for Small Businesses		
Writing a Business Plan		
The Basics of Marketing		
⁵undamentals of Western Accounting		
⁴ow to Succeed in a Market Economy		
ɜusiness English		
ther: Describe		

What schedule and course duration would be most suitable for you or your staff to attend business training?

Duration of Course	Executive	Staff
ne Week Monday through Friday		
⁷eekends Part-time for 4-5 Weeks		
venings Part-time for 8-10 Weeks		
ıll-time for Several Weeks		
wo-Five days Monday through Friday		
ⁱher: Describe		

3. Regardless of the scheduling, How much would an entrepreneur pay for 40 hours of business training? ___<$50___<$50-$100 __>$100.

4. Remarks and Comments

:ivate sector

ОЦЕНКА ПОТРЕБНОСТЕЙ ЧАСТНОГО СЕКТОРА В СФЕРЕ ОБУЧЕНИЯ

Анкета

.. Классификация данных

Интервьюер _____ 2. Дата _____

Название организации_____

Адрес (город/село) _____

Интервьюируемый _____М__Ж__ Возраст <20__<30 __<50__>50

5.а. Занимаемая должность _____

В каком году была создана ваша организация?_____

Тип организации:_____
(товарищество, частная собственность, частная с ограниченной ответственностью, акционерное общество с ограниченной ответственностью и т.д.)

Основной продукт производства:_____

8.а. Сектор производства

Сельское хозяйство____
Промышленность ___
Коммерческий (розничная торговля... ___
Предоставление услуг (консультационных, банковских...___
Ручное ремесло_____
Другое_____

9. Месторасположение (город/село):

Украина_____
Молдова_____

Б. Основные характеристики

1. Каково количество сотрудников, постоянно работающих в штате (для того, чтобы заполнить эту таблицу, вы должны точно представлять, как сформирована организационная структура на вашем предприятии):

Категория	Количество	Приблизительное количество работающих женщин
Руководство	_____	_____
Специалисты	_____	_____
Секретарско-административный состав	_____	_____
Техники	_____	_____
Квалифицированные рабочие	_____	_____
Полуквалифицированные рабочие	_____	_____
Другие	_____	_____

2. Откуда к вам поступают основные материалы и поставки? (Какого они производства - местного или импортного и кто поставщики?)

3. Кому и где вы продаете свою продукцию/услуги (на местном рынке или за рубеж)?

4. Каковы приблизительно цифры вашего ежемесячного/ежегодного сбыта/оборота?

5. Приблизительно каков процент вашей продукции/услуг вы поставляете на экспорт?

. Каковы на ваш взгляд перспективы развития вашей организации в будущем?

а. Ожидается значительный рост ___
б. Ожидается незначительный рост ___
в. Не ожидается никаких изменений ___
г. Произойдут некоторые изменения ___
а. Произойдут большие изменения ___

6.а. Почему?

. Основные проблемы

. Каковы наиболее значительные единичные проблемы, которые встают перед вами в процессе вашего профессионального роста и в желании поддерживать успех вашего предприятия?

. Насколько большую проблему составляет отсутствие доступа к кредитам и или другим финансовым услугам?

а. Не составляет проблемы в. Большая проблема
б. Небольшая проблема г. Чрезвычайно серьезная проблема

. Насколько большую проблему составляют государственные законодательные постановления, решения, инструкции и акты?

а. Не составляет проблемы в. Большая проблема
б. Небольшая проблема г. Чрезвычайно серьезная проблема

. Насколько большую проблему составляет отсутствие возможности найти квалифицированную рабочую силу?

а. Не составляет проблемы в. Большая проблема
б. Небольшая проблема г. Чрезвычайно серьезная проблема

. Основные кадровые проблемы

В процессе поиска рабочих кадров тяжело ли найти квалифицированных работников?

а. специалисты:

б. административно-секретарский состав:

в. техники:

г. квалифицированные рабочие:

д. другие:

2. Обеспечивает ли действующая система образования (общеобразовательная школа, техникум или высшее образование) необходимый уровень подготовки людей, которых вы нанимаете на работу, для реализации целей и задач вашей организации?

3. При приеме на работу новых кадров какие, на ваш взгляд, существуют наиболее серьезные проблемы в смысле возможного отсутствия важнейших профессиональных навыков и квалификации, и что может быть улучшено в этом направлении?

а. специалисты:

б. административно-секретарский состав:

в. техники:

г. квалифицированные рабочие:

д. другие:

4. Каково соотношение подачи заявлений о приеме на работу от женщин и мужчин в смысле количества, наличия или отсутствия необходимой квалификации и профессиональных навыков?

а. специалисты:

б. административно-секретарский состав:

в. техники:

г. квалифицированные рабочие:

д. другие:

Подготовка кадров в настоящий момент

Предоставляете ли вы вашим сотрудникам какой-либо вид обучения внутри вашей организации?

Направляли ли вы ваших сотрудников в течение прошлого года на обучение на какие-либо местные курсы по профессиональной подготовке или переподготовке. Если да, опишите, пожалуйста, предложенные программы, сколько человек, куда и кто конкретно был направлен, сколько это стоило и сколько из них было женщин?

Направляла ли ваша организация на обучение за границу представителей руководящего состава или рабочих в течение прошлого года. Если да, опишите, пожалуйста, предложенные программы, сколько человек, куда и кто конкретно был направлен, сколько это стоило и сколько из них было женщин?

Существуют ли какие-либо особые проблемы, соображения, преимущества или недостатки в вопросах обеспечения профессионального обучения сотрудников - женщин?

Оценка потребностей в подготовке кадров

Представляется ли вам важным предоставление сотрудникам вашей организации возможности дальнейшего профессионального обучения или переподготовки? Да/нет, почему?

Как вы считаете какого рода обучение было бы наиболее целесообразно и полезно для сотрудников вашей организации? Какие профессиональные навыки должны быть развиты или усовершенствованы среди ваших сотрудников или рабочих?

Существуют ли какие-либо местные программы обучения, на которые вы хотели бы направить ваших штатных сотрудников? Опишите, пожалуйста, в деталях.

3.a. Если штат не направляется на обучение - почему?

Существуют ли какие-либо международные программы обучения, на которые бы хотели бы направить ваших штатных сотрудников? Опишите, пожалуйста, в деталях.

4.a. Если штат не направляется на обучение - почему?

Какие программы, на ваш взгляд, должны быть предложены и внедрены и какие в настоящий момент недоступны?

6. Согласитесь ли вы платить за обучение вашего штатного состава в целях повышения квалификации? Сколько (соответственно вышеупомянутой классификации)?

7. Практикуются ли в вашей организации служебные повышения или любого рода вознаграждения (т.е. повышение зарплаты, предоставление премий и т.д.)

8. Замечали ли вы какие-либо изменения с точки производительности, отношения к работе, в сотрудниках, прошедших обучение?

9. Какой вид обучения вы предпочитаете - академический или же обучение на производстве (типа семинаров), приближенное к рабочим условиям?

10. од руководством знающего преподавателя/инструктора или же самообучение, при наличии необходимых учебных пособий?

Ж. Выбор наиболее целесообразных предметов и метод предоставления обучения

1. Какие предметы представляют для вас наибольший интерес? Выберете, пожалуйста, три в зависимости от важности предмета для вас.

Название предмета	Руководящий состав	Штатные сотрудники
Как подготовить план по маркетингу		
Как начать новый бизнес		
Основы управления бизнесом (маркетинг, бухгалтерское дело, ценообразование, подбор кадров, производство)		
Законы в области бизнеса		
Система управление финансами в области малого бизнеса		
Разработка и написание рабочего плана		
Основы маркетинга		
Основы бухгалтерии (практика, принятая на Западе)		
Как преуспеть в условиях рыночной экономики		
Английский язык для деловых целей		
Другое: объясните		

. Какое расписание и какова продолжительность курсов были бы оптимальны для ваших сотрудников?

Продолжительность курса	Руководящий состав	Штатные сотрудники
Одна неделя с понедельника до пятницы		
Обучение по выходным дням в течение 4-5 недель		
Обучение по вечерам в течении 8-10 недель		
Обучение в отрыве от производства в течение нескольких недель		
Два - пять раз в неделю с понедельника по пятницу		
Другое: объясните		

. Вне зависимости от расписания сколько предприятие может заплатить за 40 часов учебы? ___<$50___<$50-$100 __>$100. Цифры могут быть приведены в местной валюте.

. Замечания и комментарии:

ANNEX G

SCOPE OF WORK

Development Alternatives, Inc.

NEWBIZNET Ukraine, Moldova and Belarus

Scope of Work

BUSINESS TRAINING SPECIALIST

Project overview.
The goal of Development of Support Networks to assist New Small and Medium Scale Businesses (NEWBIZNET) in Ukraine, Moldova and Belarus is economic growth of local communities through development of their indigenous private small and medium-sized business sector.

The Project has four main objectives:

- To create or strengthen existing local Business Service Groups (BSGs) which will increase small and medium business' understanding of market economic principles and operations, and foster their use of modern, market based business management principles. In so doing the BSGs will provide technical assistance, training and education, information, research, introduction to modern business practices, and generally, information on doing business in a market economy.

- To promote a similar understanding of market economic business principles and operations by local government regulatory and administrative authorities and assist them to structure a regulatory and administrative environment supportive and protective of local private business development.

- To create or assist existing local support networks (LSNs) of business associations, business leaders, and local authorities which will nurture a supportive local environment for private business operations.

- To create a Business Information Network (BIN) linking national, regional, and international subscribers and facilitating their communication and exchange of ideas. The network will also provide access to business information, resources, markets and marketing opportunities, business news, etc.

Qualifications:
The TA shall have the classification in his/her business practice or consulting experience as an SME development specialist and/or a business training expert and should be familiar with the a broad range of business training systems and approaches.
It would be highly desirable but not mandatory for the TA to also have background in SME development as well as proficiency in Ukrainian and/or Russian

Personnel Requirements: Short Term Technical Assistance is hereby requested from Gerald Anderson, formerly of Management Advisory Services (our subcontractor with this specific project role identified in the proposal). Mr. Anderson's resume is attached.

Duration of Assignment: 5 weeks. Approximately 2/20/95 to 3/24/95

Location of Assignment: The assignment has two components and will be conducted in both Washington, D.C. and Ukraine/Moldova. See details below).

The first component is preparation and report writing and includes on (1) week for research and preparation prior to the field work and one (1) week for report writing and comparative analysis following the field work. Both weeks are to be undertaken in Washington, D.C., USA. The second component is information gathering and field assessment and includes three (3) weeks of field assessment to be undertaken in the Ukraine and Moldova.

Equipment Requirements: Laptop computer and printer are desirable.

Duties and Responsibilities:

Component 1.

(A one (1) week LOE to be undertaken in Washington, D.C., USA).

- To Familiarize him/herself with the contents and basic principles of the Economic Literacy project (EL) and the Management Advisory Services (MAS) training systems.

- To review, assess, and compare the structure, content, and objectives of the ELP training materials, and those proposed for the project by MAS and included in the DAI proposal to USAID. The consultant shall report on his findings specifically identifying elements of each system that duplicate each other and that might therefore be redundant.

Component 2.

(A four (4) week LOE including one week of research and preparation of questionnaires prior to field work; three weeks of field assessment in Ukraine and Moldova; and, one week of analysis and report writing in the USA following the field work).

- To familiarize him/herself with the training component of the project as outlined in the original USAID SOW and with the DAI proposal to implement it.

- To research and assess the nature and availability of business related training materials presently being utilized in Ukraine and Moldova. In undertaking his investigations, the consultant shall consider training materials produced and/or distributed by Western donor organizations, by local universities and other training institutions as well as by organizations offering business training and advice.

- To research the extent and effectiveness of regional and international training internships and overseas study programs available to local individuals active in the SME sector and make recommendations as to the viability of the project's program in this area.

* To assess and ascertain the real training needs of the respective business communities as defined, through the interview process, by key local private and public business representatives in Ukraine/Moldova.

- Following field assessment and prior to departure from Ukraine, the consultant shall deliver a briefing and discuss his findings, opinions, and tentative recommendations with DAI's COP, DAI's LTTA and USAID COTR.

* Within one week of return from mission, the consultant shall deliver to the COP of DAI a comprehensive report of findings and conclusions. Among other findings, the report shall contain the consultant's opinion as to the continued suitability of the training methods and materials contained in the DAI proposal, and recommend appropriate modifications to the proposed training program. The report shall include the following: an Executive Summary, a discussion of findings and conclusions, recommendations, a list of institutions and individuals contacted, and an annex which includes examples of interview questionnaires and/or other resource material, as appropriate.

Ukraine and Moldova. The team believes that many of the topics covered in the earlier information effort in Hungary are not appropriate for Ukraine and Moldova.

1. *Develop Business Information/Video Libraries*. The project will develop modularized Business Information/Video libraries to distribute widely to BSOs, banks with SME credit programs, and education and training institutions, to ensure that the information becomes an integral part of SME business development. The libraries will contain both information modules and video tapes. We have selected some 30 topics from among those mentioned by the survey respondents, and organized them into three information series. While there was little demand for an information series on basic marketing, the respondents indicated a strong need for information on starting a new business and on expanding an established business. A third series should be more personal in orientation, focusing on how the individual needs to act differently in a market economy. The recommended modules will be geared to a wide audience and be informational in nature — more akin to reference material than to the narrowly focused training courses recommended for meet training needs as defined by survey responses.

Recommended topics for the Business Information/Video Library include:

How to Start a New Business

Should you Become an Entrepreneur
Testing Your Business Idea
Planning Your New Product/Service
How to Find Supply Sources
Customer Service
Human Resources
Your Basic Financial Plan

How to Grow Your Business

Growing Your Business
How to Find U.S./European Business Partners
How to Research What the Market Wants
Designing Products to Meet Market Needs
Different Ways to Get Financing for Your Business
The Role of Computers in Modern Business
What Computer Programs Are Available and What Can They Do?
English Glossary of Terms and Definitions
Quality Control Standards
What Kind of Business Information is Available and Where
What are the Factors To Be Considered in a Foreign Joint Venture
What is a Franchise and How Does It Work
Building an Advantageous Position in the Market
Productivity

Living in a Market Economy

Introduction to the Market Economy
The Role of Profit
The Role of Private Ownership
What is Marketing

How to Plan Work Time
Job Seeking
The Customers' Role
What Services to Expect from a Bank

Ukrainian and Moldovan business support organizations, including Venture Institute and Basarabica, have a range of publications and periodicals that address topics of interest to SMEs. In addition, these organizations have staff that can assist in developing business information texts for the modules recommended above. The publications most appropriate for adapting or incorporating into the Business Information/Video Library are listed in Annex D.

IMPLEMENTATION

Business training will be one of the most important legacies USAID can provide for Ukraine and Moldova in the coming years. The size of the program and the rapid changes taking place add to the importance of reassessing the countries' business training needs and making periodic adjustments throughout the life of the program. Among the tasks to be addressed in implementing business management training are:

- Ongoing review of and recommendations for types of assistance to meet opportunities suggested as well as opportunities not anticipated in this assessment;
- Managing in-country short-term training assistance;
- Monitoring the preparation and translation of training materials to ensure that materials are tailored to meet the needs of SMEs in Ukraine and Moldova;
- Directing technical assistance to training institutions and business support organizations; and
- Coordinating with other donor programs involved with business management training in Ukraine and Moldova.

ANNEX A

GLOSSARY

GLOSSARY

AED	-	Academy for Educational Development
BSO	-	business support organization
CEO	-	chief executive officer
CMEA	-	Council for Mutual Economic Assistance; a now defunct trading group of former Communist nations
DAI	-	Development Alternatives, Inc.
EBRD	-	European Bank for Reconstruction and Development
ELP	-	Economic Literacy Project
EU	-	European Union
GDP	-	gross domestic product
HIID	-	Harvard Institute for International Development
IESC	-	International Executive Service Corps
IMF	-	International Monetary Fund
IMI	-	International Management Institute
KBC	-	Kiev Business College
KIC	-	Kiev Interregional Center of Professional Specialization for Ex-military
KIIM	-	Kiev Institute of Investment Management
KSU	-	Kiev State University of Economics
LIM	-	Lviv Institute of Management
LSN	-	local support network; a term for all of the individuals involved in supporting local businesses
MAS	-	Management Advisory Services
MBA	-	Master's in Business Administration
MIPA	-	Moldovan Institute of Public Accountants
NEWBIZNET	-	USAID project to develop support networks to assist new small and medium-sized business in the Ukraine, Moldova, and Belarus
NGO	-	nongovernmental organization
NIS	-	New Independent States
PERU	-	Project on Economic Reform in the Ukraine sponsored by HIID
PVO	-	private voluntary organization
SABIT	-	Special American Business Internship Training program of the U.S. Foreign Commercial Service
SBDC	-	small business development center
SME	-	small and medium-sized enterprise
SOE	-	state-owned enterprise
TACIS	-	Technical Assistance Commonwealth of Independent States; a program sponsored by the European Union
TNA	-	training needs assessment
UAC	-	Ukrainian American College of Business
UNITY	-	Association for Development of Private Enterprise
USIA	-	United States Information Agency
USAID	-	United States Agency for International Development
VOCA	-	Volunteers in Overseas Cooperative Assistance
WB	-	World Bank; popular name for the International Bank for Reconstruction and Development, or IBRD

ANNEX B

PROJECT METHODOLOGY

PROJECT METHODOLOGY

This study was commissioned by United States Agency for International Development/Ukraine. The purpose of the study was to develop a NEWBIZNET business management training strategy based upon an assessment of business training needs and available resources that would address the key constraints to business development in the Ukraine's and Moldova's transition from a command economy to a market economy. The strategy was to develop human resources within the private sector through a combination of short-term business training, technical assistance, and information assistance.

The study was conducted by a two-person team that consisted of a Private Enterprise Training Specialist and a research assistant. The fieldwork was carried out during a three-week period in March and April 1995. The project embodied three phases using the following methodology:

Phase 1: Literature, Information and Training Material Review.

The first phase involved a review of relevant documents to gain an understanding of the following: (1) Training courses or information resources proposed for use in the NEWBIZNET project provided by MAS and ELP (2) background to the Ukrainian and Moldovan economic transformation, (see Annex D for bibliography). After consultation with USAID/UKRAINE, the team designed a survey and interview process to assess business training and resource needs for SMEs including entrepreneurial enterprises, business support organizations, and the banking and finance sector.

Phase 2: Fieldwork: Entrepreneurial Enterprises, Business Support Organizations and Educational and Training Institutions

The two-person team carried out the fieldwork over a three-week period. The team interviewed 40 companies from the agribusiness, financial, industrial, commercial and service sectors (see Annex C for list of firms and contacts). A broad cross section of companies were contacted..

The team met with Ukrainian and Moldovan training organizations to cross check business training requirements and to ascertain how to avoid duplication in provision of business training. Other key donors and international organizations were interviewed to round out the perspective of private sector business training needs.

On the training resource side, the team contacted interviewed eight training institutions and five business associations to assess their capabilities to provide management training in business and technical skills. These organizations ranged from educational institutions of higher learning such as colleges and universities to specialized management training institutions. Business support organizations were examined for the types of business services provided to their member firms as well as their capability to deliver management training.

The training institutions and business support organizations contacted were located throughout the Ukraine and in Kisinau, Moldova. Fieldwork involved visits or contacts to enterprises and training organizations in Kiev, Odessa, Lviv, Kharkiv, and Kisinau.

At the conclusion of the fieldwork, the team presented a briefing on the findings of the study to the USAID/Ukraine Project Officer and the NEWBIZNET Chief of Party.

Phase 3: Findings/Recommendations/Strategy.

Findings from the fieldwork were analyzed, and recommendations were made for a multi-year business training and information assistance strategy. The strategy addressed both short-term and medium-term needs and recommended appropriate interventions. A report on the findings and recommendations was prepared for USAID/Ukraine.

ANNEX C

PERSONS CONTACTED FOR BUSINESS TRAINING ASSESSMENT IN UKRAINE AND MOLDOVA

PERSONS CONTACTED FOR MANAGEMENT TRAINING ASSESSMENT IN THE UKRAINE AND MOLDOVA

I. International Development Organizations

European Bank for Reconstruction and Development (EBRD)

Jaroslov B. Kinach	Director

International Executive Service Corps (IESC)

Bruce Worcester	Country Director
Victor Shmatalo	Deputy Country Director

Volunteers in Overseas Cooperative Assistance (VOCA)

Ted Gashler	Country Representative
Igor Kopachinsky	Country Director
Alexandre G. Ilyenko	Administrative Assistant

International Renaissance Foundation

Adrianna Stech
Oleksander Sydorenko

Volunteers in Overseas Cooperative Assistance (VOCA)

Sean Carmody	Country Representative

II. Government of the United States

Peace Corps Ukraine

Tessalonika T. Benny	Business Development
Frank Yanicheck	Business Development
Phyllis M. Fein	

Peace Corps Moldova

Nelson Chase	Country Director
Phillip Standahl	Volunteer Coordinator

U.S. Agency for International Development

Amy N. Osborn	1st Secretary
Ivan Shevts	Project Management Specialist
Vasile Filatov	Program Assistant
Thomas Dowen	Senior Banking Advisor

Embassy of the United States of America

Susan Sutton	Second Secretary

III. Educational and Training Institutions

Agency for the Development of Enterprise (EU-TACIS)
- Richard O'Rawe — Chief Advisor
- John O'Neill — Advisor
- Larisa Melnichuk — Trainer

International Renaissance Foundation - Retraining of the Military Program
- Gennadiy M Aksionov — Executive Director
- Serhiy A. Nevinsky — Program Coodinator

EU TACIS Project for SME Development
- Harry Goddard — Director

Ukr Consulting

International Management Institute
- Andre Masook — Director General
- Frank Lindsey — Consultant

Lviv Institute of Management

Academy of Economic Studies Banker's Center
- Alexei Russu — Director

American Moldovan Business Center
- Kislaru Elena — Executive Director

Kiev Business College

Kiev Commercial College

Kiev State University

Kiev State University of Economics

Constanta Ltd.
- Mikhail Kravchuk

IV. Private Sector Support Organization

Ukrainian Consulting and Expert Firms Association
- Leonid Biryukov — General Director

UNITY - Association for Private Business Support
- Victor P. Kozhevin — Director of Information Centre
- Leonid Biryukov — Head of Competition Commission

Association of Odessa Entrepreneurs
- Svetlana Nisievitch — President

Ukrainian Associations of Entrepreneurs.

Ukron Consulting Company
- Dr. Valery F. Shudra
- Dr. Angelina M. Shudra

Venture Institute
- Dr. Igor Zhilayev — Director
- Nina Issakova — International Relations Manager
- Alexander v. Shchur — Deputy Director

Moldova

Bankers Association of the Republic of Moldova
- Alexei Rusu — Director

Moldovan Institute of Public Accountants
- Pavel Lomaev — Director

AGBIS Limited
- Dr. Valeria Tkachenko — Director
- Dr. Yuri N. Novosadiuk — Director

Basarabica
- Vitali Andrievsky — Chairman

V. Ukrainian and Moldovan Companies

Strategic Resources	
Dr. Vyacheslav Musienko	Vice President
Ulybina (Apparel manufacturing)	
Valentina Alexeevna	Owner
Cobra (Dental and Medical Instruments)	
Felix Kobrinsky	Proprietor
Negotiant (business newspaper)	
Leonid I. Shtekel	Editor
Czena (apparel manufacturer)	
Svetlana S. Nisilevitch	Owner
George Pakhomov	Board of Directors
The Investment Electron Fund (Lviv)	
Efim I Tulchinskiy (electrical contractor)	Owner
Viking D Ltd.	
Igor Vasilyevich	Owner
P.D. Lebedev (import/export)	Deputy Director
Nikolai Kazmina (renovation and building)	Owner
Yuri Plyukhin (printer)	Owner
V. Y. Nikolin	Director
Park Dental	
Eprus Joint Venture	
KCT Ltd	
D. Udchits	Director
Sergiy Kozyakov & Partners	
M. Kozyakov	Partner
Somiko Ltd	
Salus KX Insurance Company	
M. Vel	Staff
ASAP Ltd.	
Alexander Palyvoda	Director

Pulsar Joint Venture
M. Yakovchuk — Director

Vesta
Pavel Done — Director

Technics — Director

VI. Other Organizations

Academy f or Educational Development — Country Director
Andy Herriot

Center for Financial Engineering and Development (CEFED)
T. Jeffrey Martin — Field Project Manager
Tatiana Stamikova

NEWBIZNET Project
Tom Potocki — Chief of Party
John Nielson — Title

Counterpart Foundation for International Partnerships
Flemming Heegaard — Program Manager/ Finance Director
Charlotte Watson — Regional Director

Economic Literacy Project
Ty Jaegerson — Country Director

The Eurasia Foundation
Maria Aronson

PADCO
Michael Gryzlov — Director
Angus Olsen — Director

Odessa City Council
Alexander S. Shantser — Advisor of Chairman

University of Nebraska
Leon J. Milobar — SBDC Consultant
Dr. Walter M Bacon, Jr. — Professor Romanian/Moldovan Programs

Ukrainian Legal Foundation
Helen Freeland — Director

ANNEX D

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BIBLIOGRAPHY

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ANNEX E

ILLUSTRATIVE BUSINESS TRAINING COURSES

The following course descriptions are direct translations of course content or outlines provided by the institutions or businesses mentioned. They have not been edited in order to show the quality of the material as it was provided to us.

Introduction to Entrepreneurship

European Union TACIS Course - SME Development Agency Kiev, Ukraine

Module number	Topic	Content in Brief
Module One	Skills Necessary for the Entrepreneur	Are you the Right Person for Starting a Business Questionnaires to Evaluate Business and Personal Skills
Module Two	Generation and Evaluation of Business Ideas	Importance of ideas Methods for idea generation Evaluation of Ideas
Module Three	Marketing and Market Research	Essentials of Marketing Methods of market research
Module Four	Joint Venture Creation	Common rules for the creation of a joint venture How to identify that your company is ready to create Joint Ventures How to run negotiations
Module Five	Legal Aspects of Entrepreneurship	Company Registration: steps & legal aspects Taxation system: enterprise
Module Six	Sources for Financing SMEs	General Funding Information Average Interest for credit Alternative funding sources
Module Seven	Practical Means of Advertising for SMEs	Advertising and Promotion Advertising: costs, pros, cons How to put up advertisement: Good and bad examples
Module Eight	Financial Management for SMEs	Pricing Methods, Financial Projections, Work Sheets
Module Nine	Business Planning for SMEs	Why is Business Plan Content of Business Plan Proforma of Business Plan
Module Ten	Business Plan Example	Real Business Plan of "Venture" (Northern Ireland)

How to Prepare a Successful Business Plan

"How to Prepare a Successful Business Plan" was written by Dr. Valery Shudra and published by Volunteers on Cooperative Assistance (VOCA) and UKRON consulting company. 20,000 copies of this guide have been printed. As the first Ukrainian and Russian language Business Plan guide in the country it has it has been widely distributed in the Ukraine.

This text was targeted for a very broad audience essentially for participants who know nothing about business and has an agri-business focus. It is a text designed to provide information and is not for use in a classroom or seminar setting for structured training since it provides no exercises or practical learning tools to reinforce adult learning.

The guide is practical and provides many details but fails to provide an overall conceptual framework.

1. **Introduction**
2. **Who needs a Business Plan and Why?**
3. **By Whom is a business plan prepared?**
4. **Business Plan Components:**
   - **4.1. Business Plan begins from the end: Executive Summary**
   - **4.2. Production /service description: What will be new for your customers?**
   - **4.3. Goals and Strategy: What do you try to attain and in what way?**
   - **4.4. Market Description: Who, why, how many, and when will buy your product?**
   - **4.5. Have you competitors? What do you know about them?**
   - **4.6. Marketing Strategy: Who and how will sell your products? Don't forget cost advantage.**
   - **4.7 Manufacturing and quality control : Are you able to produce required quantity and quality?**
   - **4.8. Organization and Management: Your management team**
   - **4.9. Legal form of your business**
   - **4.10. Financial Plan - the key part of your Business Plan**
   - **4.11. Investment Programme: How much money is enough for your project?**
   - **4.12. Environment: possible environmental impacts of company/project**
   - **4.13. Assumptions and risks: appreciation of risks, measures of reducing**
5. **Sample Business Plan**

BUSINESS PLANNING WORKBOOK

By Andrew Atherton and Craig Moss

For the International Executive Service Corps/ABLE Planning Team

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I Introduction
II Using this Notebook\
III Guidelines for Answering Questions
IV Contact information for ABLE
V Example Questions and Answers
VI Business Plan Structure
VII Business Plan Workbook Questions
- B Statement of Purpose
- B Company and Business Description
- C Market Conditions
- D Marketing and Sales
- E. Planned Improvements in Company Performance
- F. Strategic Considerations for Investment
- G. Historical Financial Data
- H. Financial Information
- I. Income Projections

VIII Glossary of terms used

Basarabica

Produces a range of pamphlets of interest to business including a statistical guide, a business directory and a range of reprints in addition to a business planning guide "Recommendation to Run a Private Business --The Art of Making a Business Plan."

Contents

The Law of Moldova Republic about "Support and Security of Small Business"
The Law of Moldova Republic about " Entrepreneurship and Enterprises"
The Decree of Moldova Republic about 'Approval of Regulations for the State Regulations for enterprises in Moldova Republic'
The Regulations of Moldova Republic Government about "The fund to Support Entrepreneurship Small business.
Recommendation 'Twelve Principles for the Success
Methodology to make up Business Plan
Scheme-block of Business Plan
Helpful data to develop some elements of Business plan sections
Lists of Addresses and telephone numbers for Businessmen
Tests:
Can you become a Businessperson
Test for Risk Takers
Defining the entrepreneur's skills
Ability to Challenge Risk

Moldovan -American Small Business Development Center

Kishinau, Moldova

Title of Training Seminars	Seminar Duration
How to prepare Business Plans	2 days
Problems of Small Business Development	2 days
Management and Marketing Problems in the Small Business	1 day
Management of the Small Business	2 days
Management in the Small and Medium Business	1 day
Management of Private Business Activities	2 days
Marketing in the Small Business	2 days
Problems of Business Finance and Banking	2 days
Financing Problems of the Small Business	3 days
Seminar on Privatization Problems	1 day
International Marketing and Product Strategy	2 days

The above subjects are provided by lecturers from the Academy of Economic studies, the parent body of the Business Development Center and are dependent upon the lecture notes of the individual staff member. The center has not developed training courses per se.

ANNEX F

SURVEY QUESTIONNAIRES

RUSSIAN/ENGLISH

BUSINESS TRAINING MATERIALS RESOURCE ASSESSMENT

Questionnaire

A. Identification and Classification

1. Interviewer _____ 2. Date _____

3. Name of Firm _____

4. Location (City/town/section) _____

5. Person Interviewed _____M__F__

   5.a. Position in Firm _____

6. In what year did the firm begin business in Ukraine/Moldova? _____

7. Type of Company:_____
   (University/College, Donor, Commercial Firm, Other (Identify)

8. Do you offer Business Training for the non-governmental, private sector___Yes___No. (If the answer is no, thank the respondent and end the interview here. If the answer is yes continue the interview by identifying industry sectors served.)

   8.a Industry Sector
   - Agriculture ___
   - Industrial ___
   - Commercial ___
   - Services ___
   - Craft ___
   - Other ___

9. Locations covered:
   Rural/Urban
   Ukraine_____
   Moldova_____

B. Basic Characteristics

1. Business Training Programs are offered for what category of personnel? *(please develop a full understanding of what training the organization offers, then fill out the following)*:

CATEGORY	NUMBER OF COURSES
Executives	_____
Professionals	_____
Clerks/Admin	_____
Technicians	_____
Skilled Workers	_____
Semi-Skilled	_____
Other	_____

1 What types of printed training materials do your courses offer?

2. Who are your typical clients?

3. How many persons do you train annually?_____

4. Approximately what is the cost charged per person per week of training (40 hours of training). No cost ___ Scholarships___ Cost ____

5. What are the plans and available funding for your organization in the immediate future? Do you think it is going to:
   a. Grow a lot ___
   b. Grow a little ___
   c. Stay the same ___
   d. Decline a little ___
   e. Decline a lot ___

   5.a. Why?

NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.
Kiev, Ukraine.

FINDINGS & RECOMMENDATIONS OF THE RE-ASSESSMENT MISSION'S BUSINESS INFORMATION NETWORK (BIN) PROGRAM

Submitted to USAID/KievMay 1995
May 1995

NEWBIZNET
Summary of Findings

Prepared by Russell H. Mouritsen
Business Information Network Specialist

Background

This report is prepared after discussions with many individuals and groups representing existing business networks, associations, government agencies, and the private sector. The information was gathered between March 13 and April 2 in the Republics of Ukraine and Moldova.

These findings primarily addresses the scope of work as outlined for the business information specialist for the NEWBIZNET project. At the conclusion of the report I have made suggestions about related areas that I feel are vital to the success of the program.

My work commenced on March 15 with an initial meeting with Amy Nolan Osborn, First Secretary USAID, and Ivan Shvets, Project Management Specialist. They both provided suggestions and names of contacts who were invaluable in obtaining the information necessary to accomplish my scope of work. Tom Potocki and John Nielson, D.A.I. staff members, also organized meetings during the first week and provided lists of contacts which provided excellent networking opportunities during the remainder of my stay. In fact, without their contacts, which had been made prior to my visit, it would have been impossible for me to gather the necessary material in such a short period of time.

The agencies and individuals I spoke with were the source of a considerable volume of data that has been consolidated in this report. Although the research was not exhaustive, it was thorough. Care was taken to interview important contacts who were relevant to the goals of the Newbiznet project and specifically to my scope of work. Some of our meetings as a group did not particularly relate to my scope of work, therefore I have not listed all contacts; rather I have noted only those which are relevant to the information network areas. Notwithstanding the various points of view expressed by sources and written materials garnered from contacts, an important and consistent picture clearly became evident. I am comfortable with the conclusions and recommendations presented both in the executive summary and throughout the report.

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Related Recommendations and Conclusions

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- Business Information Contacts
- Key Contacts for Resource Material
- Titles of Recommended Materials
- Suggested Technical Schematic for the System
- UN FreeNet Application Form
- Assessment of Automated Data Processing Resources and Needs

Executive Summary

This report, prepared by Russell H. Mouritsen at the conclusion of a three- week stay in Moldova and Ukraine, is a summary of findings related to objectives of the scope of work for the Business Information Network specialist. The findings address the issues surrounding the business network and information flow aspects of the project.

In developing an information network there is a temptation to technically over-build and utilize hardware not consistent with the needs of the network or complimentary to the software needed or available. Care of was taken to avoid this problem. I discovered, in fact, that our challenge will be designing an information system that pays as much attention to software as hardware.

Therefore my recommendations include a phased project, which I believe will be able to respond to the requirements of NEWBIZNET on an as-needed basis. It should be understood, however, that NEWBIZNET may develop at a different pace or configuration than we anticipate. We must, of course, maintain flexibility and monitor our requirements continually. Based on my research I recommend three phases of development. The timing for these phases will be a function of need and also an anticipated improvement in communications infrastructure in Ukraine. Note the detailed description of the phases in the report.

One of my assignments was to determine whether we should develop our own network or work with an existing BIN. It is my view after researching this issue that it is more prudent to build an independent network and create alliances where practical for NEWBIZNET and useful for the other networks. These alliances will be principally in the areas of sharing information. To do otherwise would not be cost effective or practical from an administrative viewpoint.

Configuration

Therefore, I recommend that we begin by developing a hub or center in Kiev with electronic access to our various satellite centers. As we expand the number of centers we will be able to use the same design with a hub as the primary source of information flow. At this point in time the satellite centers will be connected to the hub using local and wide area networks.

The hub should be the primary repository of information. It will consist of a central business library with business and reference directories, CD ROM data bases, and access to Internet. The Internet access will allow for expansion to other data bases, some of which are free. The satellite centers should also have access to Internet. The FreeNet, available through the UN, will provide excellent access at the hub and eventually to other sites. An Internet connection will give us access to Ciberweb, which will be an invaluable resource for international business information. Note further discussion of FreeNet, Internet, and Ciberweb in the context of the report.

The cities that have been discussed as probable sites are Kharkov, Odessa, Kishinev, and Lviv. They all have adequate lines to accommodate Internet and connections to the hub.

Ultimately we can set up basic e-mail with constituents that can pay for this service. In effect they would be on-line with us. Larger users are obviously better candidates for this service and if successful we could expand to smaller users.

Resource Material

Although the main library will be at the hub, basic information should also be available at the satellite centers. Most existing business centers in Ukraine and Moldova are now using hard copies from directories as their main source of information. Constituents either visit the centers or obtain pamphlets and copies of needed material in the form of hard copies. I anticipate we will do the same, at least in the beginning stages of our work. Obviously we should use caution in acquiring resource material that may not be used. Other centers have used poor judgment in this regard. Recommendations for such resources are in the full report but again we must use caution to expand these resources on an as-needed bases. The hub will pick up the slack initially as it will have a much more complete library. I believe the budget did not reflect a need to allocate money for resource materials, which will obviously be necessary.

We must also be cautious about over-building our technical resources. Our hardware system must be adequate for our needs and have the ability to expand, but we must resist the temptation to create a system that is too expensive or complex and, worse yet, may not be used, at least in the initial stages of the project. Again the experiences of other

centers should be an indication to us that software materials, a well trained staff and excellent business training will be our primary needs initially.

Alliances

The Kiev hub should also share information and resource materials with TACIS, Premier, the Venture Group and institutions whose alliances make sense to all parties. As we develop our own data bases, we may want to consider selling to other centers and interested organizations.

We should also consider a fax or e-mail newsletter which would be generated at the hub and sent to centers and related organizations. Besides acting as a monitoring vehicle, it is an excellent method of sharing information. There could be a nominal fee for the subscription to offset costs.

It became obvious after discussions with a number of groups that there are many centers that wish to expand their operations but who have either limited resources or knowledge. I believe NEWBIZNET can take a large role in assisting others with our same objectives to improve. We should consider eventually organizing an association that meets periodically to share information and provide training in research and preparation of business data for clients. We are capable of becoming a model organization and can have a tremendous impact on other centers in Ukraine and Moldova.

We must establish alliances with the media to help us accomplish our goals. A close-working relationship with USAID funded public relations firms should be an important part of our overall program. I met with PBN ands Burston Marsteller and they have both indicated their support. Note the discussion under media alliances.

Personnel

Business consultants at the centers should also have research skills. They must be able to research questions from a variety of sources, both written and in electronic formats. Information specialists at the hub must be well trained in data base research. I have noted specific job descriptions in the report. Three information specialists are budgeted for the hub. I would recommend we start with two and expand as needed.

Start-Up

The start-up phase is critical. The NEWBIZNET project is badly needed and, if implemented correctly, has every chance of succeeding. However, care should be exercised to not overreach our objectives before we are ready to perform. Many potential businesses need our help but we ourselves must first become visible and credible. Other business centers have lacked credibility, which has resulted in two major problems-they have impeded the work of new centers and have also obviously impaired their ability to provide service.

Promotional material and brochures from other business centers are replete with grandiose statements about services they say are available. My experience suggests that many of those services are not available. By promising more than they can deliver, these centers have not only created problems for themselves but have done a disservice to other centers. We must be cautious not to repeat this pattern as we initiate our program. Too many promises without substance will be received poorly. We should learn from their experience. We must create a professional image from the outset. Our location, our printed material, and of course our consultants must be exceptional.

Recommendations for the Information Network Configuration

Definition

The information network is defined as twofold: the scope of both software and hardware materials and the nature of the flow of information within the NEWBIZNET system and to potential users. This includes both electronic data and printed material.

The Hub and Satellite Centers

My recommendations for the configuration of the network relies on a central hub, which should be centered in Kiev. The hub would then service the various centers in Moldova, Odessa, Kharkov, and Lviv (which will be referred to as satellite centers in the context of information flow). Utilizing a hub will allow for an orderly and efficient expansion into Belarus and other areas as needed.

The hub would act as a central library for business reference resource materials. This would include hard directories, CD ROM directories, on-line access as needed and a connection to Internet. The satellite centers would have basic reference materials (note the resource materials section) and would request information via our computer network link, fax, or telephone as needed. This system will ensure that expensive materials are not duplicated. As the satellite centers' demands grow, we can place at the centers materials which are appropriate to the demands. Communication and transfer of documents via the network will be a very important aspect of information flow among the centers and hub.

Local and Wide Area Networks

I recommend we establish networks utilizing a system or variation prepared by Kvasar-Micro, noted in the appendix. An FTP (file transfer protocol site) could be installed at the hub. This protocol may then be used as the primary link between the hub and the satellite centers.

Initially the ability to communicate and transfer information among the centers will be important, and area networks will facilitate this need. However, a major challenge will be indexing and keeping track of all

data. Using tools developed through the World Wide Web will help facilitate access and indexing. We should eventually create a home page called NEWBIZNET and use either Mosaic or Netscape as a browser. Many search tools are available. I like Web Crawler because of its ease of use. I have noted under the phases for development section that the use of such software as Mosaic will most likely come during the second phase.

The Director of Information at the hub would receive all data, research projects, and any other information that might be useful to other centers. The hub would then create an index on the home page by subject or geography or any other way which makes sense for the particular piece of information. Data could then be accessed by the satellite centers from the hub using FTP and could be downloaded directly at each center. Much of the data could be sent anonymously but we should also have passwords as some data will be proprietary, particularly if we decided to charge for it. Our information specialist at the hub should understand Hypertext Markup Language if we use the system as described. Our hardware should be powerful enough to accommodate graphical interfaces.

In any event, all centers must adopt the same indexing system. On-line systems which we will acquire use their own proprietary indexing systems, but my concern is that we develop our own system as described in order to track information we gather, which otherwise could become unwieldy. If the data is inaccessible, it is obviously worthless.

Kvasar-Micro has provided a schematic for a network which will facilitate our needs initially, and the graphical interfaces and search tools I have suggested might be considered as future developments. I believe we should ensure that our hardware is capable of expansion into these areas as needed, however. Our technical staff at D.A.I. may have better suggestions for such a system, but perhaps this will provide a start.

E-Mail

E-mail will probably be the most common use of the network connections to the centers. Each satellite center and the hub will have its own address, and information can be sent with total privacy if desired using a password system. Reports, person-to-person inquiries and other communication will be most efficiently sent via e-mail. The

CFED group is setting up their system presently, and I recommend we stay in close touch with them. The e-mail system and fax programs could be combined with a NEWBIZNET home page if we adopt this system.

Newsletter via Fax Clustering

A newsletter should be generated from the hub. This newsletter would share research tips, success stories, promotional ideas, and research which might be used by all centers. I recommend a method of fax clustering, which simply sends the information automatically to all authorized recipients. The fax also eliminates the need to get too fancy at first. This could be done on a regular basis, perhaps quarterly to begin with and then more often if needed. The purpose of such a newsletter would be to offer an informal accountability system that would recognize both staff and centers who are meeting the objectives of the project. The newsletter could be expanded as needed and mailed or faxed to other organizations and business centers who have related interests.

NEWBIZNET Bulletin Board

The proposed configuration will also allow for an electronic bulletin board. The NEWBIZNET bulletin board would provide the opportunity for all centers and any other users authorized by the centers to communicate in a forum where the information could be available to all. For example, a question about working with a particular type of retail operation could be posed to anyone on the bulletin board. Answers could then be posted and all could read the information. The hub would monitor such questions and/or comments regularly and create a file that would then be made available in the future.

Internet and FreeNet

The invaluable tool of Internet is available to NEWBIZNET through the United Nations. The United Nations has committed to providing a link to Internet via a system called FreeNet. The UN FreeNet will provide free access and we have been assured that we are welcome to connect to the service. The UN FreeNet uses a sophisticated system of fiber optics, dedicated lines, microwaves and satellite links. Currently there are about 200 users of the service. Most use the system for e-mail which will be an integral part of our system. A connection to Internet

therefore is also very important. I was delighted to see that FreeNet was available to us.

Internet offers many free data bases including Sovam, which is primarily Ukrainian-based information. Prior to my departure for Ukraine, I logged into Sovam via Internet and received updates on legislative issues and recent decrees from President Kuchma. Individuals are also welcome to submit information. As is always true with Internet, one has to be cautious about some of the data, but much of it could be very useful to our program.

TACIS was not aware of the opportunity to use FreeNet or at least had not yet logged onto the system. I tried to connect with Internet several times from the Kiev TACIS office while meeting with Alexander Semenov, who is their information specialist. After about 30 minutes we gave up. They use basic telephone connections for Internet which are unreliable. Slava Kritov at the UN FreeNet indicated that if we locate our offices within 5 kilometers of their UN headquarters they could provide us with much superior service. Our technicians should check into this.

The UN staff indicate that FreeNet will be rolled out in several phases. The first phase provides service to Kiev which will be invaluable to our hub as a source of information. Subsequent phases for FreeNet include a service from Kiev to Lviv and then to Kharkov and Odessa. Later phases of the project will also connect to Moldova. We should monitor the development of FreeNet in order to ensure that all our sites may eventually be connected. Note our contacts listed in the Appendix.

Technical Considerations

Although FreeNet will accommodate our connections, at least in Kiev initially we will still have to rely on the existing telephone system. One of my primary concerns is the poor telecommunications infrastructure in Ukraine. The telephone land line system is primarily an analog system with very few lines connected to digital switches. Obviously, digital technology is much superior, particularly when using computer technology as a communications vehicle, which the NEWBIZNET project will rely on.

The Ukrainian telecom market is served by separate operating companies in each of the Republic's 25 regions. Each is responsible for the network in its region. All equipment is supposed to meet consistent

standards monitored by the Ministry of Posts and Telecommunications. Not all regions, however, have the same standard and therefore we may find a weak link as we attempt to roll out our system. The cities we have initially identified, however, have better than average phone communications. Our D.A.I. technical staff should have no problem in working through these issues, however. I have referenced a number of contacts that should be of help.

Automated Data Processing Resources Report

It is important that our technical staff at D.A.I. review an assessment entitled "Automated Data Processing Resources and Needs." This assessment was prepared by the Research Triangle Institute under a grant by USAID. It was done during July of 1994. Because it was given to me just before my departure, I wasn't able to visit any of the companies that may be possible resources to us.

I did not see Kvasar-Micro mentioned at all throughout the report. The authors seem quite high on Digital Equipment Corporation and indicate on page 4 that "apart from Digital Equipment Corporation in Kiev, with affiliates in Lviv and Kharkov, no other organization with experience in meeting this need (wide area networks) were encountered during this assessment." It doesn't mean for sure that such organizations do not exist, however. They do indicate that Russian versions of many popular software packages including Microsoft Windows, Word, FoxPro, Works, WordPerfect and others are available. I used Microsoft Office to send e-mail from Kishinev to Kiev and noticed that it was a popular software among donor agencies.

Their report also gives a more detailed analysis of telephone systems in the country. I noticed advertising in the Ukrainian Business Journal and elsewhere that leased lines and improvements are popping up with regularity. I would rely on a subcontractor like Kvasar-Micro to recommend the best land line system and to help install our local area networks.

As our needs grow and the demands for information flow increases, we can then consider leased or dedicated lines to accommodate our needs. These can be expensive so our needs will obviously have to justify the costs.

NEWBIZNET'S Relationship with Existing and Proposed Centers

Overview of Centers

TACIS

The TACIS office in Kiev runs a program with similar objectives to our own. They have a walk-in business center and do custom business consulting. They have the most up-to-date equipment and furnishings. They use business advisors. They seek partners for business with the European community and give one-on-one help with business plans and other business requests. Most of their clients are large, although they began with small business as a goal, but it became obvious that small businesses could not pay for their work. They believe it will be one year before they are able to make money and then only with large customers. Small business people do not have the resources to use their system.

The TACIS business center in Moldova is just beginning to consider networking. They are not linked with Kiev, and my observations are that they are all quite independent of each other. I am surprised they do not have a closer working relationship. Our best use of TACIS centers is to link within each city. Harry Goddard, their director in Moldova, would like to work closely with us and even suggested that we could have our offices adjacent to their own. I believe they have been in business about a year, and I was surprised that they had yet not acquired any significant business resource material. They are presently just purchasing data bases.

UNIDO

UNIDO will be setting up a center in Kishinev in the near future. I met John Allen, who was visiting from Bucharest and was recruiting staff. His center in Bucharest is fully supported through their clientele. UNIDO makes maximum use of Peace Corp volunteers and feel they are very effective.

The Venture Group

The Venture group is connected with "Premier" and seemed very knowledgeable and competent. Their primary focus is providing conferences to businesses. They use only printed material. Their location is poor, and their written materials are fair.

UBIS

The UBIS Center at the Kiev Polytechnic consists of an office at the institution. Their directors are under funded, and I do not believe they have a very large clientele, if any at all. They wanted to show the center, but it was locked and they didn't have a key.

With the exception of the TACIS center in Kiev, the few centers I visited did not provide a credible service. They are struggling because they have either not promoted their services or have not had the resources or management they need to provide a viable service. One of the reasons I believe that they have not been successful is that they fail to promote their programs through the media. They do not understand how to create a credible image, which is reflected in their locations and printed material. This is a caution for us as we begin our programs.

We should also assist these centers to upgrade their effectiveness by sharing ideas and suggestions through e-mail and fax. This method would not be expensive, and we could also gain credibility for our efforts. We should become the resource center for not only small and medium-sized businesses but also other business centers that are struggling to become viable resources in Ukraine.

Other Organization Alliances

The Initiative for Ukraine

This program has a goal of providing annual training to 2000 pioneer programmers through 12 institutions and universities. It is a cooperative effort among government agencies, Apple Computer and USAID. This group in essence is providing mini-business centers with a focus only on software programming. Since Ukraine has such a high level of talent in computer expertise, their program has every chance for success. In discussion with their Program Coordinator, Allison Lynch, she felt that our centers could train in general business areas after they have gone through their computer programming courses. We should also look for other sector industry programs and offer our assistance.

Volunteers

An important benefit we should consider is the use of volunteers to specific information related areas. The Peace Corps, Volunteers in Overseas Cooperative Assistance, and Unistar all invite both short- and long-term advisors. VOCA works primarily in Foods and Agriculture but may be helpful in staffing our centers as business specialists in their areas of expertise. They could also be trained as information specialists. Peace Corps and Unistar will assist us in finding individuals with specific expertise in areas we choose. The Romanian programs, which are quite successful, make ample use of volunteers from the Peace Corp, and I highly recommend that we also use volunteers.

Contacts for Volunteer Organizations

VOCA
Volunteers in Overseas Cooperative Assistance
Ted Gashler, Director
16 Shevchenka Blvd.
Room 101
Kiev 252030

VOCA, Moldova
Sean O. Carmody
Str. 31 August 153
277004, Moldova
Tel/Fax 237-401

Peace Corps Moldova
Nelson Chase, Director
38A Anton Crihan
Chisinau 277009
Moldova
Tel. 373-2-22-32-96
Fax 373-2-24-07-43

US Peace Corps,Ukraine
Shannon S. Matthews , Business Development Specialist
33/3 Pushkinska Str. rd Fl
252034, Ukraine
Tel. 228-4876
Fax 228-49-24

Unistar Moldova
31 August Str. 129, rm 712
Chisinau
Tel. 23-75-46
Fax 23-76-69

Although I did not meet with representative of the Peace Corps or Unistar in Kiev, I believe Tom and John have contacts with their agencies in Ukraine.

Media Alliances

A crucial component of the NEWBIZNET project is seeking alliances with the media. Our centers will indeed be challenged if we do not receive adequate exposure to a broad range of constituents. I envision the flow of information as multi-directional. We, of course, must ensure that we have adequate resources within the NEWBIZNET system, but also we must provide information about our services to as many possible constituents as possible.

We must seek an alliance with local and national media. The best way to achieve this alliance is working through professional public relations firms. I have met with both Burston Marsteller in Kiev and PBN in Kishinev and from my discussions believe we can improve our chances for success by working closely with them. They are already involved in USAID funded projects to assist in privatization programs. Mike Willard, the Burston Marsteller Project Director, indicated his full support, as did Al Unger, Project Director of PBN. PBN will be replaced in Kishinev, and we should meet with their successors to discuss ideas for an alliance.

Burston Marsteller

I believe we should work closely with Mike Willard, as he has a number of resources already in place which will integrate nicely with our needs. He is very bright and will be easy to work with. He sees both of our programs as having similar objectives, so we won't have to waste time lobbying for his attention. Burston Marsteller has 6 other offices throughout Ukraine and they have committed their resources to us as well. Their office in Kiev has 75 employees, and they offer a full range of services, including video and audio production, print and electronic press coverage, and coordination of press conferences. Willard indicated they would provide their resources at no cost unless there were direct out-of-pocket expenses such as materials and the purchase of time or space in the media.

We discussed many ideas regarding the promotion of NEWBIZNET. They presently have two weekly programs on state-run television channels which receive national exposure. One is called Crossroads and has been very popular. These stations are happy to have quality programming, and the ratings for these programs have been very high. Although there is no rating service for media in Ukraine, they enlisted

the services of Yankelovich, a very prestigious U.S. firm with offices in Moscow, to evaluate their programming and coverage. He indicated they would do a special series on NEWBIZNET, which would air nationally. I recommend we discuss with him in the future having a weekly segment about news from NEWBIZNET or something similar which will keep us visible on a regular basis.

We also talked about having press conferences in each city as we roll out the centers or have newsworthy items which would merit a press conference. Press clubs are well organized in Kiev, Kharkov, Odessa and Lviv. Marsteller has worked with all of them. Willard indicated there were 40 journalists at the last press conference in Kiev. My view is that they are looking for interesting items and will give us full support.

His office will also assist in laying out and designing brochures and ads at no cost. They are paying nothing for their television programs so our media expenses should not be high. We should, however, budget some money for newspaper advertising. Most businessmen in Ukraine look to the newspaper as their source of business information.

PBN (or their replacement)

I believe we can also have a similar working relationship with the contractor in Kishinev. PBN, the present contractor, has 13 regional offices around the country, and they committed resources to us. We should also get a copy of an in-depth survey which PBN has done for USAID. It centers on media involvement and relationships between media and privatization agencies. This survey could be a useful tool as we establish our media promotion plan.

It would be wise to outline a yearly promotion schedule using a gantt chart, which should be developed with each of the public relations firms. An important component of this promotion schedule is to utilize an integrated marketing plan format. If these media suggestions are approved, I would be happy to work with D.A.I. in the future on such an integrated plan.

Ross Chomiak of Internews also agreed to provide assistance. Internews offers seminars for journalists and maintains strong ties with media throughout Ukraine. They also have a weekly newscast through which we might get some coverage.

A newsletter could also be an integral part of the media plan. Recommendations for the newsletter are in the section on configuration of the network. The newsletter would act as both an information resource and also a promotional vehicle, as parts of it should be made available to the press when appropriate.

Media Contacts

Burston Marsteller
Ukraine Market Reform program
Mike Willard, Project Director
6 Saksaganski Str.
Kiev, 252004, Ukraine
Tel. 044-244-3751
Fax 044-227-5327

The PBN Company
Alan Unger, Director
Moldova Office
Hotel Seabeco, ap 622
M. Cibotari str., 37
277012, Chisinau, Moldova
Tel. (0422) 23-24-52
Fax (0422) 23-23-32

Ross Chomiak
International Media Center
Internews
Shevtsova #1
252113 Kiev
Tel. 446-4346
446-5418
fax 446-1108
E Mail IMC@SOVAM.COM

UNIAN News Agency
Vasyl Zorya Editor
4 Kreshchatik
Kiev
Tel. 228-6059
Fax 229-3131

Start-Up

We should take advantage of the possible publicity available to us as we open our hub and each new center. Utilizing the services of AID-sponsored public relations firms as previously indicated would be a big help to us.

The Venture group has also agreed to organize a conference around our program with approximately 80 business groups they have worked with in the past. Perhaps we could provide an overview of services and conduct workshops for attendees.

We must also hire the absolutely best people for our centers, particularly those who come in contact with the public by phone or in person. These operations must be first class in every respect.

It would be prudent for us to begin our centers on a staggered basis in order to apply our experience to potential problems as we open new centers.

Phases for Development

I recommend the following phases of expansion:

Phase One

Install simple local and wide area networks as has been proposed by Kvasar-Micro. This should be integrated with FreeNet where possible. Data can be downloaded at the centers from the hub source. An adequate library at the hub including CD ROMS and directories for Ukraine, Europe, the U.S. and internationally should be established. Develop alliances with other centers who might share data to avoid duplication. Access the EU data base at the hub.

Phase Two

Expand libraries at the satellite centers in both CD ROM data bases and most requested directories. Do a cost analysis of dedicated lines from the hub to all centers. Continue expansion of alliances with other resource centers such as business centers and institutions. As FreeNet expands, the centers should upgrade their systems utilizing graphical interfaces such as Mosaic. Develop On-Line connections at the hub with providers of needed data bases. Material can then be sent to satellite centers. Begin developing an electronic indexing system for information.

Phase Three

Continue to update business information with particular attention to Ukraine and Moldova, where internal information is more difficult to obtain. Establish on-line connections at all centers for selected data bases. Institute training to teach clients how to search for their own materials, and set up workstations for this purpose. Connect with constituents outside the centers who have the necessary hardware and modems to access our resource material.

Sources for Technical Expertise

Kvasar-Micro

Steve Roberts initially met with Kvasar-Micro, and I have had two subsequent meetings. They are distributors of most of the popular software and hardware. They have 250 specialists in microelectronics and computers with offices in Kishinev and Odessa. I recommend we use their resources to set up our hardware and our local area networks. They are also the only commercial company that has been given permission to use the FreeNet system, because of their business ties with government.

They also have a very fine training facility in Kiev, which they offered to us for training purposes. This training center could be an invaluable resource as we conduct training for our constituents.

Contacts for Kvasar-Micro are Igor Koudelski, System Integration Division Manager, and Valery Shlyhov, Marketing Manager. They can be reached at 516-8608 and 517-2769. Fax # 7/044/516-8496. They are located at 52-b Popudrenko str. Kiev 253094 POB 493.
Both Valery and Igor speak excellent English.

FreeNet

The Coordinator of the UN FreeNet project is Rafal Rohozinski. I recommend we contact him directly to request service as soon as our hardware is in place. Note the application form in the Appendix. His phone number is 228-63-93. FreeNet is using a private technical support group that might be very useful to our engineers in resolving local problems. The individual I spoke with at FreeNet from their technical side is Slava Kritov, who speaks English. He can be reached at the same number or his e-mail SCORP@un.Kiev.ua

Other possible consultants to consider:

Although I did not meet with either group their names have come up in discussions.

Digital Equipment Corporation, Ukraine
Sergil Savenko
Associate professor
Lviv Polytechnic Institute
Consultant, DEC Ukraine
sergev@lplus.lviv.ua

Soft-tronik
Igor Izvarin
Sales Manager
9, Leskova St. Kiev
252011, Ukraine

Communication companies advertising in the Ukrainian Business Journal:

I did not visit but they may be a possible resource.

UKRTEC
3 Solomianska Str.
252650 Kiev-110
tel. (380-044) 224-7274
fax (380-044) 243-15-39
"Offering leased channels for high quality voice and fax communications."

KANCOM
19 Kreshchatik St.
252001 Kiev-1
Tel. (044) 228-4666
Fax (044) 228-4463
"Crystal Clear voice, video and data communication throughout Kiev and Beyond."

Recommendations from CFED

CFED, the USAID-funded Privatization Bus Transit Project in Odessa is currently upgrading their communication system and establishing better e-mail connections to their various sites. Marina Tikhonova, Office Administrator of CFED, gave me the following names of "E-Mail Agencies." She indicated that they have used their services and they come highly recommended.

Kharkov

KT2T
(0572) -27-69-13
Igor Chienihin

Lviv

Pentakom
Juri Grabovetsky
(10322) 398520

Litech Company
Igor Borden
(10322) 742339

Kishinev

Valery Tsyrelevich
(0422) 44-14-30

Odessa

Oleg Levchenco
(0482) 22-19-36

Personnel Requirements

Although all staff members of each center will need a basic understanding of data base research and information management expertise, we will require specific information specialists in each of our centers. At the hub we will require that our specialist also be trained in the management of information acquisition. Therefore a job description of these two specialists is as follows:

Information Management Director

Position Purpose

Manages the technical and administrative aspects of the data base system of NEWBIZNET.

Qualifications

Bachelors degree in computer science, business or related field or equivalent. Five years' experience in data base management and computer programming. Electronic research skills and hypertext programming preferred. Ability to navigate the World Wide Web and familiarity with Internet is a plus.

Essential Functions

The following information is intended to be representative of the essential functions performed by incumbents in this potion and is not all inclusive. The omission of a specific task, or function will not preclude it from the position if the work is similar, related, or a logical extension of position responsibilities.

- Manages a staff of researchers for the NEWBIZNET network.
- Installs and maintains data base management systems.
- Develops and supervises an indexing system including directories and electronic resources.

•Uses File Transfer Protocol and Hypertext Markup Language.

•Recruits, trains and motivates.

•Will be required to maintain ties with other organizations and business centers. Ability to write and present is important.

•Ukrainian, Russian and English language skills highly recommended.

•Maintains an up-to-date resource of new relevant directories and data base information and will be responsible to make recommendations to the Center Director about new acquisitions.

I felt it important to list all possible requirements. Finding someone with these qualifications may be difficult and training will probably be required.

Information Specialist/Business Advisor

This specialist may work either at the hub or at one of the centers.

Position Purpose

This person should be able to interface with the public as a business advisor but also have information management skills. Although the center specialist's information activities will be supervised by the Information Management Director, he or she will report directly to the Center Director.

Qualifications

Two-years' experience as a librarian with electronic research skills. Must have demonstrated communication and writing skills. The Information Specialist will be the key person responsible to direct the information functions at each center.

Essential Functions

The following information is intended to be representative of the essential functions performed by incumbents in this potion and is not all inclusive. The omission of a specific task or function will not preclude it from the position if the work is similar, related, or a logical extension of position responsibilities.

•Maintains data base systems and directories.

•Assists constituents by functioning as a resource for centers' services.

•Facilitates and recommends information services such as directories and electronic libraries.

•Must also have the ability to transfer pure data into useful, understandable packages which can be used by constituents of the center.

•May be responsible for making presentations to outside agencies.

•Performs office functions such as bibliographic searches, data entry, filling and updating lists, processing orders and verifying information.

•Must be able to navigate on-line resources and Internet resources such as the World Wide Web.

•Ukrainian, Russian and English language skills highly recommended.

Ciberweb

The Centers for International Business Education and Research (CIBERs) were created under the Omnibus Trade and Competitiveness Act of 1988 to increase and promote the nation's capacity for international understanding and economic enterprise. They are administered by the U.S. Department of Education. The CIBER program links the manpower and information needs of U.S. business with the international education, language training and research capacities of universities across the U.S. Twenty-five universities have been designated as centers to provide a powerful network to help the U.S. succeed in global markets.

CIBERs provide a broad range of services including offering conferences on international business and trade. The proceedings from these conferences as well as their vast libraries on international business issues is an invaluable tool to centers abroad that wish to stay abreast of opportunities for business partnerships from U.S. companies. This resource is available on Internet through the browser Mosaic. I believe it can be a tremendous tool for our centers. Our hardware must be powerful enough to handle the visual and graphic characteristic of Mosaic. We might also consider creating a home page for our centers which could be accessed by any group tapping into Mosaic through Internet.

Related Recommendations and Conclusions

1. I recommend we consider purchasing a software package called Powerpoint by Microsoft. It is presentation software and will allow centers to make better presentations either using slides, overheads or on the computer monitor. It is easy to learn, and we will come across in a much more professional manner. I also recommend Pagemaker by Aldus, a software package which will help us lay out newsletters much easier. An LCD screen would also be a useful tool to assist us in making presentations by computer. It would be helpful to have in our training programs. Spreadsheet and accounting applications are more easily taught using actual screen displays.

Perhaps this is obvious to technical people, but our hardware must be expandable to accommodate additional storage capacity and also the ability to use dedicated lines if necessary and better networking connections when available.

2. Also a note regarding our meeting with the Association of Entrepreneurs in Odessa. This prompted my suggestion that we become sensitive to their political concerns. It was apparent that their main concern was government interference. They needed a listing ear to hear their complaints. We should provide that and in spite of the problems should then go about solving immediate practical problems. We are not in the business of lobbying government for changes. They still must work within the structure of the system but we should be aware of the system and be sympathetic yet motivating with our efforts. It is important, though, that they understand that we understand their concerns. Therefore we must constantly monitor regulatory policy in order to be of the best service possible.

3. I recommend we offer an advertising and promotions seminar that emphasizes integrated marketing. Integrated marketing is the new trend in marketing and has important implications for business. I would be delighted to submit a proposal for an integrated marketing training program.

4. I also suggest we consider organizing an association of business centers to share information and management skills. We could take the lead in this endeavor, which would be to our advantage from a number of perspectives. We could offer an annual conference in Kiev, where speakers and workshops would address the pressing needs of business

centers. This association would also expedite better networking among centers.

5. We should increase our budget to include reference materials. An approximate cost for materials initially for the hub is estimated to be about $25,000 and for each Center about $15,000. The list of suggested titles should be analyzed by Center directors and purchased on an as needed basis. They can be acquired rather quickly.

NEWBIZNET is a project badly needed in Moldova and Ukraine and other nearby republics. My investigation of information systems indicates that few are doing a good job in this area. We have an opportunity to make a difference with our program as it is now conceptualized. The Chief of Party, Tom Potocki, is a superb leader who sees the vision of this project and will be able to bring it to fruition.

Appendix

Business Information Contacts in Ukraine and Moldova

The following list is not a complete accounting of all groups or individuals visited. I only included those who provided information relevant to my scope of work. These are contacts who are or may become resources on the information and technical side of the business information network in the future.

Kiev

The Venture Group
Dr., Prof. Igor B. Zhilayev, Director
52-a vul. Artema
Kiev, 252053
Tel. 213-8393
Fax 213-8393

UBIS
Ukrainian Business Information Services
Alexander Demchenko, Director
37, Pobedy Ave.
Kiev 252056
Tel. 441-1891
Fax 274-0954

The Ukrainian Business Communication Centre TACIS
Antonio Castro EU Advisor
33, Velkya Zhytomyrska St.
Kiev 254025
Tel. 212-3275

TACIS
Alexander Semenov, Information Services Officer
34 Kreshchatik
252001, Kiev
Tel./Fax 228-0253

The Premier Business Information Company
Alexander B. Chekh, V. P.
4 Chubarya str.
Kharkov, 310002
Tel. 43-25-14
Fax 45 51-91

Centre for the Promotion of Small and Medium Private Enterprises
John Allen, Director
UNDP
P.O. Box 1-701
Bucharest, Romania
Tel. 312-7627
Fax-312-7628

Ukraine Market Reform Education Program
Valeri Varenitsa
6, Saksaganskovo Str.
252033
Tel. 244-3751
Fax 227-5327

Kvasar-Micro
Eugene Outkin, Chairman of the Board Integration Manager
52-B
Popudrenko Str.
253094, Kiev
Tel. 516-6348
Fax 552-0038

Bogdan Lisovich, Deputy United Nations Representative
1, Klovsky uzviz St.
252021, Kiev
Tel. 293-9363
Fax 293-2607

Allison Lynch,
Program Coordinator,
The Initiative for Ukraine, Apple Computer Corp.
Peremogy Ave. #65
Rd Fl. #314
442-9295

Prof. Dr. Yuri Zub
Vice Rector of Scientific Affairs
Petro-Mohyla
2, Skovoroda Str.
Kiev, 254070, Ukraine
Tel. (044) 416-12-46
Fax (044) 416-50-16

Kishinev

The PBN Company
Alexander Bobsrikin
Principle manager of the Project
Hotel Seabeco
Cibotari Str.
277012, Chisinau
Tel. 23-24-52
Fax 23-23-32

Embassy of the United States of America
Susan M. Sutton
Second Secretary
Str. Alexei Mateevici 103
Chisinau, Moldova
Tel. 23-37-72
Fax 23-30-44

Unistar
Margaret Kinghorn, Director
31 August str, 129, re 712
Chisinau, Moldova
Tel. 23-75-46
Fax 23 76 69

EU TACIS Project for Small Business Development
Harry Goddard, Director
Business Center of Moldova Ltd Room 303
277004 Kishinev
Tel. (373.2)24-77-99
Fax 24-79-15

Odessa

CFED
Jeff Martin, Field Project Manager
14a Kamanina Str. Room 5
270062, Odessa
Tel. 7(0482) 60-79-05
Fax 68-66-05

Negotiant Newspaper
Leonid I. Shtekel, Director
Tel. (0482) 252-438

Key Contacts for Resource Materials

This list is a compilation of recommended reference materials. It was prepared by using directories of resource material at the University of Utah Library and also after discussions with TACIS in Moldova and Kiev, "Premier" Business Information Company, UBIS, Burston Marsteller, PBN and several donor agencies. Note that many data bases are available. I strongly recommend using as many newspaper sources, such as Lexis ,in order to stay abreast of current developments. The Wall Street International Journal Index is an example.

Note, however that more research should be done on which basic directories should be acquired initially for the hub and each center. With further investigation I could develop a basic list if desired. The alternative is to have center information specialist acquire data bases and directories as needed. They are available on very short notice. My estimate of cost is approximately $25,000 to stock basic materials at the hub.

For clarification of specifics of materials and current pricing for all areas I recommend contact with the following:

Gale Directory of Data Bases
Gale Research Inc.
835 Penobscot Bldg.
Detroit, MI 48226-4094

172

Information Access Company
362 Lakeside Dr.
Foster City, CA 60048-3513

European Sources

FORFAS
Attn. Clare Breen
Wilton Park House
Dublin 2, Ireland
Telephone (01) 668-8444
Facsimile (01) 550 5107

Headland Business Information
1 Henry Smith's Terrace
Headland
Cleveland, U.K.

Directory of EC Information Sources, Euroconfidential
8600BEF
Euroconfidentiel S.A
B.P. 29 B-1330
Rixensart
Belgium

U.S. Sources

Purdue University
Krannert School of Management
Center for International Business Education
1310 Krannert Bldg.
West Lafayette, IN 47907-1310
(317) 494-4463
Director: Marie Thursby

Center for International Business Education and Research
Brigham Young University
660 Tanner Bldg.
Provo, UT 84602
(801) 378-4368
Director: Lee H. Radebaugh

Both of these centers are part of a nationwide CIBERWEB consortium available also through Internet on the World Wide Web address HTTP://WWW.MGMT.PURDUE.EDU
Note more detailed information under Ciberweb section.

Ukraine Sources

"Premier" Business Information Company
Kharkov
4 Chubar' St.
Ukraine
Telephone (0572) 43-25-14
Fax (0572) 45-51-91

Research Center for Small-Business Development Promotion
"Venture"
Dr., Prof. Igor B. Zhilayev
52 vul. Arteme
Kiev 252053
Ukraine

Alexander Semenov
Information Services Officer
TACIS
34 Kreshchatik
252001
Kiev
Tel/Fax: (044) 228 0253

Titles of Suggested Reference Materials

For pricing and availability please refer to the above sources.
Many of these reference guides are available on CD ROM or through on-line sources.

U.S. Reference Guides

Encyclopedia of Business Source Data (International)
For example-Ukraine Foundries Section lists:
Institute of Casting Problems
Vernadstsanya Ulitsda 34 Kiev
U.S, Department of Commerce

Eastern European Business Information Center
Room 6037
Washington D.C. 20230
Dun and Bradstreet
Moodys
Standard and Poors
Million dollar directory
Ciberweb Center Data
Macmillan Directory of Multinational Companies
Wall Street Journal newspaper data base
Lexis-Nexis Data base
Info Text on-line data base
Thomas Directory of American Businesses
Consumer USA (Euromonitor)
Industry USA: Industry Analysis, Statistics and Leading Companies
The Arthur Anderson North American Business Source Book
International Exporter's Encyclopedia, Dun and Bradstreet

European Reference Guides

Kompass References Guides
Lexis Country Information Service-European News Library
Country by Country Reports
Croners Export Guide
Eastern Bloc Countries Economic Data
Reuters News Agencies
EuroPages - Telephone Directory
European Retail Directories
Euro Monitor Reports
Euro Monitor E.U. Reports
Wall Street Journal-European Edition
Economist
EC Information Handbook
EU Trade and Professional Associations
The British Chamber of Commerce Handbook of
European Business Contacts
The European World Yearbook
The European Business Legislation Handbook
The Book of European Regions: Key Facts and Figures for Business
Europe in the Year 2000, Euromonitor
Official Journal of the European Communities
Croner's Europe
Consumer Europe (European market Figures) Euromonitor

Economist Intelligence Unit: Country Profiles
Panorama of EU Industry (Overview of EU Industrial Sectors)
ABC: The Universal Register of European Exports
The Directory of European Retailers

Ukrainian Reference Materials

Sovam-Teleport. This network is available on Internet
(use the gopher veronica for Russian section) This is primarily Ukrainian data
Ukrainian Business Journal (new publication)
Ukrainian Legal and Economic Bulletin
see Project of Economic Reform in Ukraine, Kennedy School of Government, Harvard University, 79 JFK St. Cambridge, MA 02138
e-mail:peru@ksgbbs.harvard.edu

See "Premier" for more information on the following:

"Independent Producers" Ukraine '94, register of 10,000 Ukrainian enterprises registered by activity
Business card "Ukraine", enterprises registered by region
Industry of Ukraine '94, classified by goods produced
Industry and Agriculture of Ukraine '94
The Business World of Ukraine '93-94, Official business and information catalogue-foreign firms and government institutions
Instrument Making Industry of Ukraine 94',
products of instrument making enterprises classified by goods produced
Agricultural Enterprises of Ukraine 94',
12,000 state, collective or interfarms classified by region and specialization
Scientific Institutions of Ukraine
Ukraine-Prestige, 250,000 Ukrainian Enterprises
Private Ukraine, list of enterprises available for privatization
Ukraine, Export and Import (In English)
The Banks of Ukraine
The Business, Kharkov, lists of businesses in that region
Kharkov Register, 26,000 business in that region
Who is Who in the Computer Market of Ukraine

International Reference Materials

Moodys International Manual
Lexis Country Information Services
Meade Data Central
Business Week International
The Economist (a business journal)
Who Owns Whom; International Dun and Bradstreet Ltd.
Kompass Directories: Country Series
Industrial Policy in OECD countries
Wall Street Journal International Edition
Knight Ridder Information Inc. On-line source
Hoppenstadt (German)
MacMillan Directory of Multinational Companies
Exporters Encyclopedia International
World Atlas

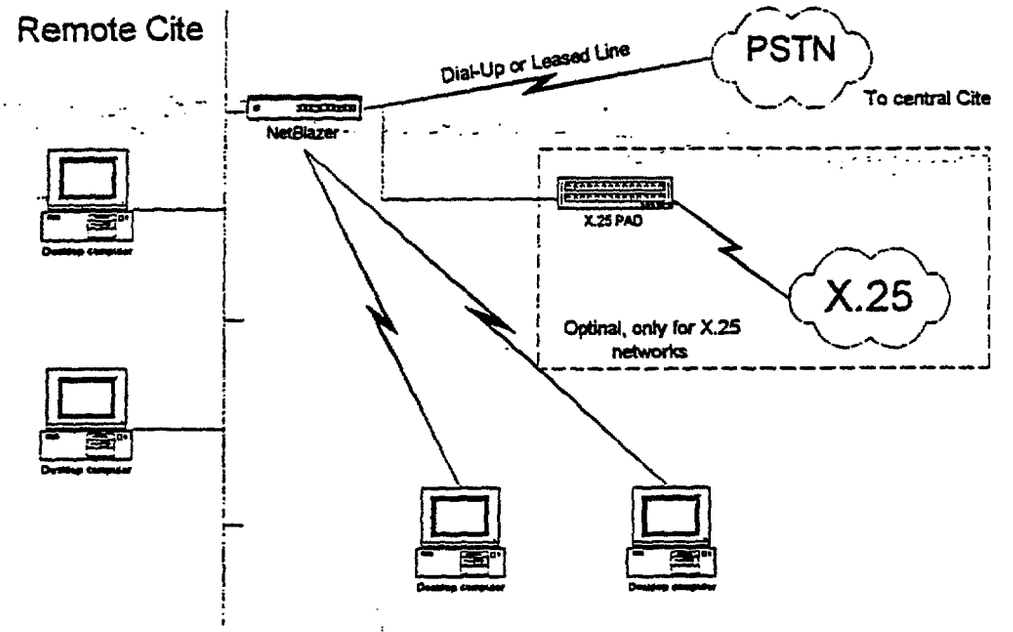
When you plan to install WAN equipment first point to consider is data transfer media. In Ukraine there are 3 types of available data transfer media:

1. telephone analog switch lines;
2. 2 or 4-wire analog leased lines;
3. X.25 network supplied by Ukrpack.

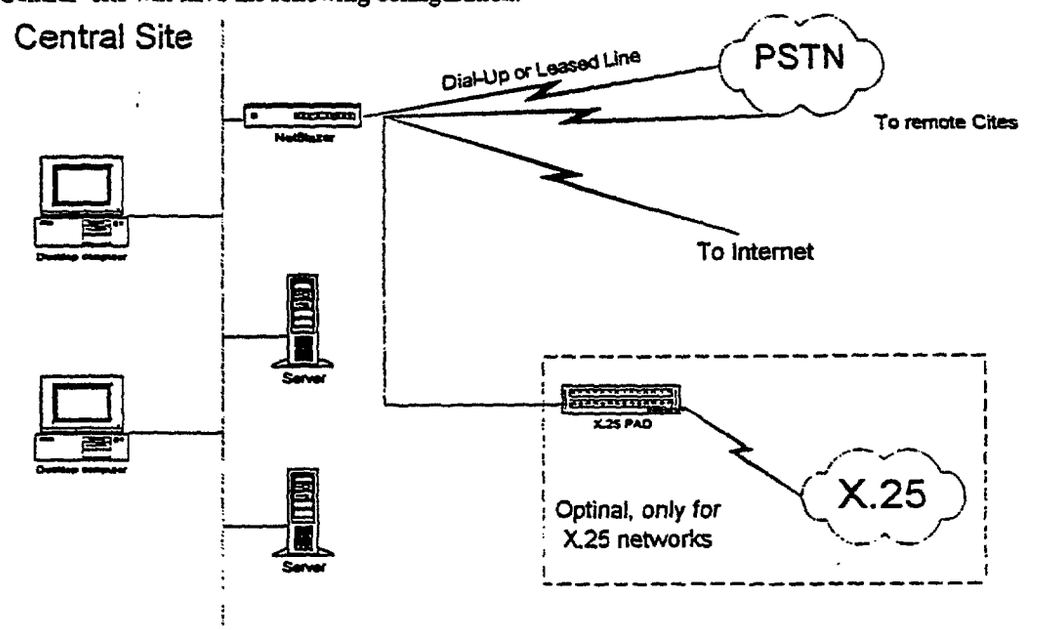
What transfer media to choose depends on budget and availability of particular media in particular location.

Telebit NetBlazer product provides transparent CLIENT_TO-LAN and LAN-TO-LAN accsess from remote sites to central office for TCP/IP and IPX networks.

Remote cite will have the following configuration:



Central cite will have the following configuration:



NETBLAZER PRODUCT OVERVIEW

NetBlazer Functions

- Multiprotocol LAN-to-LAN routing over dial-up analog and digital links such as standard telephone lines, Switched 56, ISDN, and leased lines up to T1/E1 speeds
- Client-to-LAN access for remote users running TCP/IP, NetWare IPX, and AppleTalk Remote Access (ARA)
- Dial-out modem pooling to access bulletin boards and information services

NetBlazer Applications

- Remote access to the corporate LAN
- Transparent, on-demand access for interoffice connectivity
- Leased-line dial backup and restoral
- Telecommuting/mobile computing
- Remote network management and troubleshooting
- Dial-up Internet access

Extend Your Network with the NetBlazer

Many organizations have a LAN Inner Network (LIN) connecting their headquarters, campus and large offices together into a seamless internetwork. The next challenge is to extend this network to small branch offices, customers and employees in remote locations. Telebit refers to this region as the LAN Outer Network (LON).

Unlike the LIN, the LON is a dynamic network with many of its users on the move and therefore not continuously connected. The Telebit solution for connecting the LON to the LIN is NetBlazer dial-up routers that use the analog and digital services of Public Switched Telephone Networks (PSTNs) in addition to supporting leased lines. The NetBlazer allows complete access of computing resources to everyone within an enterprise.

HARDWARE			
	NETBLAZER 40	**NETBLAZER ST**	**NETBLAZER PN**
Maximum LAN Interfaces Ethernet (AUI, BNC, 10 Base- T)	3	2	1 or built-in 8-port 10Base-T hub
Maximum WAN Interfaces			
• Asynchronous Ports (115Kbps)	32	24	4
• Synchronous Ports T1/E1	3	1	-
Speed 128 Kbps	10	4	1
Number of available slots	6	3	-
Physical Size	6" H x 17" 1, x 17" D 15cm x 43cm x 43cm	3"H x 15"L x 15 "D 7.6cm x 38cm x 38cm	2.4" H x 8.5" L x 13" 9 6cm x 22cm x 33cm
Weight	20 lbs. (10 Kg)	13 lbs. (6.5 Kg)	4 lbs. (2 Kg)
Booting Media	1.44 MB Floppy drive	1.44 MB Floppy drive	1.44 MB Floppy drive
Power Requirements	90-135V, 180-260V, 50/60Hz	90-135V, 180-260V, 50/60Hz	100-250V AC, 50160Hz
Power Consumption	200 Wans	100 Watts	25 Watts
Installation	Standalone or on the rack shelf	Standalone or on the rack shelf	Standalone

SOFTWARE	
LAN-to-LAN Routing	IP, IPX, Apple Talk Phase 2
Client-to-LAN Access	
• TCP/IP	Supports computers with SLIP or PPP and terminals
• IPX	Supports remote node with Telebit-supplied software and remote control option with third-party software
• Apple Talk	Supports users with Apple Talk Remote Access software and MacIP
Protocols Supported	TCP/IP, IPX, DDP, ARA, PPP, SLIP, UDP, ICMP, FTP, BOOTP, TELNET, RLOGIN, PING, FINGER, ECHO, RIP, SAP, NCP, RTMP, NBP, ZIP, ADSP
Security	ID/password, callback, cryptographic handshake, filtering, Kerberos, SecurID
Management	SNMP MIB II, Modem MIB, Enterprise MIB

FEATURES/BENEFITS

Multiprotocol Routing

FEATURE The NetBlazer provides simultaneous routing of TCP/IP, Novell's IPX and AppleTalk Phase 2 protocols using PPP protocol to interconnect with other standards-based routers.

BENEFIT Corporations can connect multi-vendor LANs transparently using the NetBlazer.

Choice of LAN and WAN Interfaces

FEATURE The NetBlazer provides Ethernet and Token Ring LAN connections, synchronous connections up to 10 ports, and asynchronous connections up to 32 ports.

It can route over the following types of wide-area links:

- High-speed modems up to V.34
- Switched 56 CSU/DSUs or ISDN terminal adapters (TAs)
- Leased-line CSU/DSUs up to T1/E1 speeds
- Frame relay
- ISDN

BENEFIT The NetBlazer provides investment protection. A small office could start routing with modems and upgrade to ISDN or leased lines to keep up with growing traffic needs.

Client-to-LAN Access

FEATURE For a TCP/IP LAN, remote users can use standard SLIP or PPP software to become nodes on the LAN. For a NetWare LAN, remote users run NetWare with Telebit-supplied PPP software, which works with most popular modems. For an AppleTalk LAN, remote users can use ARA software. NetBlazers also support MacIP, allowing ARA users remote access to IP services and UNIX servers.

BENEFIT The NetBlazer eliminates the need to train remote users because the user interface remains the same as on the LAN.

Six Types of Security

FEATURE NetBlazer security includes user ID/password, callback and a DES-based cryptographic handshake. The NetBlazer also offers extensive packet filtering for IP networks on source and destination addresses. For additional security, the NetBlazer supports SecurID, a multiprotocol user authentication product from Security Dynamics, and Kerberos, an MIT-developed IP authentication scheme.

BENEFIT The network administrator can effectively control access to network resources because the NetBlazer provides the most secure remote access.

Network Management

FEATURE The NetBlazer supports SNMP MIB II and an enterprise MIB. In addition, it supports an SNMP MIB for all Telebit modems connected to the NetBlazer.

BENEFIT The NetBlazer and modems can be managed from an SNMP-based management station such as SunNet Manager or HP Open View.

Easy to Configure

FEATURE You can easily configure the NetBlazer over a NetWare LAN using a Telebit-supplied Microsoft Windows-based configuration utility. You can also configure the NetBlazer over a dial-up link or by directly attaching a terminal to the NetBlazer, or update configuration any time using a BOOTP/TFTP server.

BENEFIT Eliminates the need for a dedicated system administrator at the smaller office.

Accounting

FEATURE The NetBlazer keeps a log of who dials into the NetBlazer, when, and for how long.

BENEFIT It enables the system administrator to manage costs and network usage.

Remote Control NetWare Access FEATURE The

FEATURE NetBlazer/ACS software option enables remote users to take control of a PC on the NetWare LAN to access applications on the file server.

BENEFIT One product can meet the complete remote LAN access needs of NetWare users.

NETBLAZER APPLICATIONS

Routing Over Analog Dial-Up Links

With the NetBlazer, remote offices can economically connect to the corporate LAN and to other remote office LANs. The NetBlazer connects over analog dial-up lines provided by the PSTN for traffic requiring bandwidth of up to 115.2 Kbps. You can use dial-up links for applications such as e-mail, file transfer and client server database access. The NetBlazer provides on-demand, transparent connectivity to the corporate LAN, automatically configuring and dialing modems attached to the NetBlazer.

The NetBlazer can also inverse multiplex, sending data over multiple telephone lines at one time, to provide maximum throughput over dial-up links.

Leased-Line Routing

A leased line is appropriate for applications demanding constant connectivity between a remote office and the corporate LAN. The NetBlazer can interconnect LANs over a leased line up to T1/E1 speeds.

Leased-Line Backup and Restoral

A dial-up link on the NetBlazer can automatically back up the leased line, resulting in cost savings, while maintaining high availability.

Telecommuting/Mobile Computing

In addition to providing LAN-to-LAN routing, the NetBlazer extends the LAN to traveling and at-home users over a dial-up link. The remote user workstation, whether PC, Macintosh or UNIX-based, requires only a modem and appropriate software to become a node on the LAN.

The NetBlazer can support up to 32 remote users simultaneously running a combination of IP, IPX or ARA sessions.

Remote Network Management

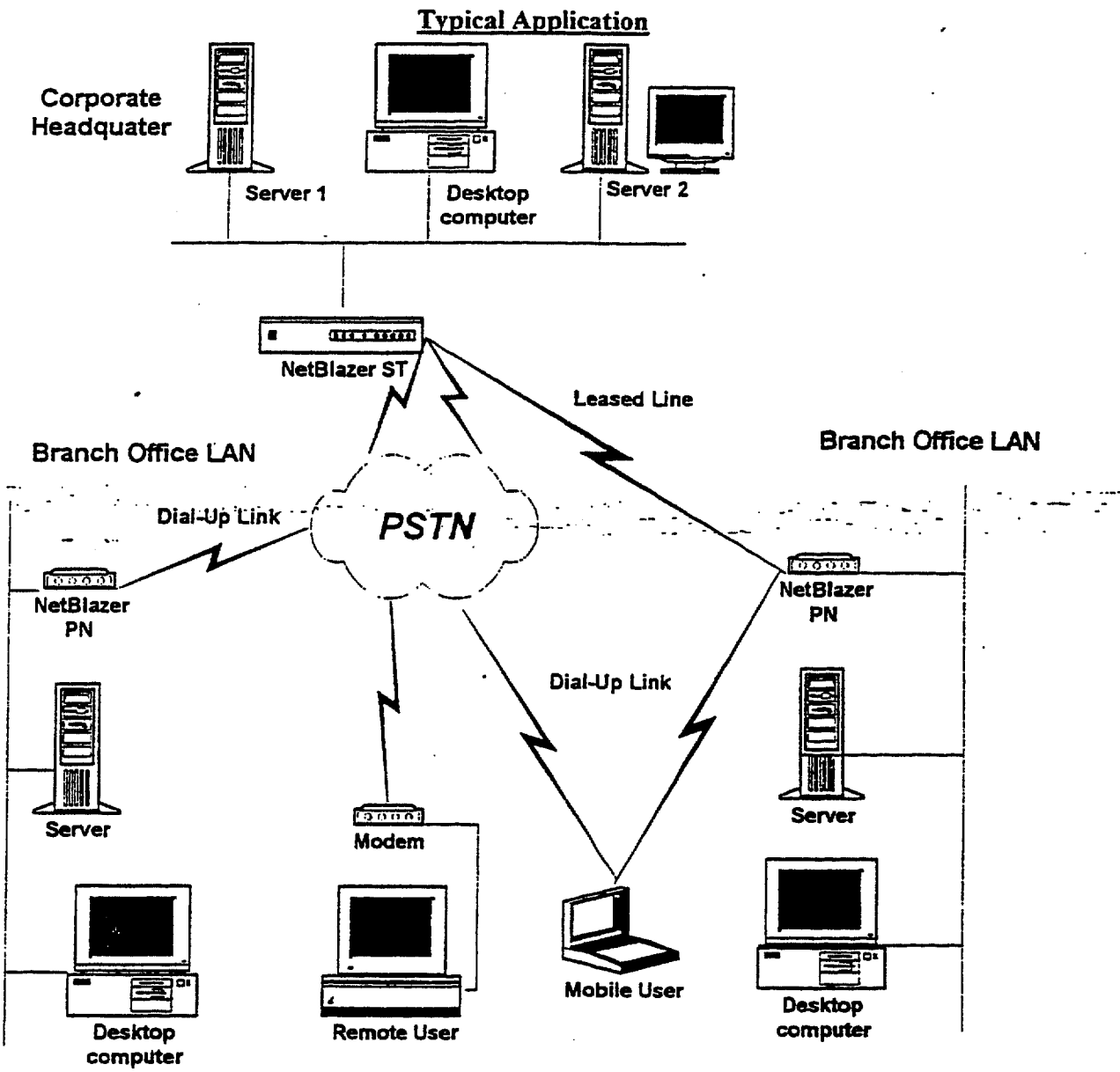
Installing the NetBlazer on a network gives you easy, inexpensive access to remote networks. Because the NetBlazer is a full IP router, SNMP network management stations can access any device on a NetBlazer-equipped network.

On-Demand Corporate Access

As your organization grows, employees in remote locations may need access to the corporate office. These users can gain access to the corporate network by dialing into a local NetBlazer that is connected to the corporate office by a leased line, saving the expense of long distance phone calls.

Dial-Up Internet Access

Remote offices and individuals can gain dial-up access to the Internet by dialing into a NetBlazer connected to the Internet. Many Internet service providers frequently use this application.



Equipment Specification and Prices

Model	Descrition	Unit-Price
	Central Cite	
NS2-1E	NetBlazer ST, 10 async RS-232 (ASYN8 card) ports with extenshion up to 26 ports, 4MB RAM, Ethernet port and NetBlazer software.	**S 4 050.00**
ASYN8+	NetBlazer card with 8 async RS-232 ports.	**S 870.00**
	Remote Cite	
PN2DE-MP PN2	NetBlazer PN with async/sync RS-232/RS-423 port, one async RS-232 port, one Ethernet port, FDD, RS-232 kabel, a null modem adapter and NetBlazer software.	**S 2 300.00**
	Modems for communication between remote and central cites	
	Fax-modem Telebit TeleBlazer V.34 (speed up to 115kbps)	**S380.00**
	Modems for remote users	
	U.S.Robotics Sportster 14.4 fax-modem	**S180.00**

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_____/___/19__

_____
Alexander Usenko
Freenet Node-master

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ASSESSMENT

Automated Data Processing Resources and Needs

Kharkiv, Ukraine

8 March, 1995

Gordon M. Cressman

MUNICIPAL FINANCE AND MANAGEMENT PROJECT

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ASSESSMENT

Automated Data Processing Resources and Needs

Kharkiv, Ukraine

1. INTRODUCTION

An initial needs assessment is the first step towards development of an automated data processing plan. The need for an assessment as well as its content is described in the project report *Guidelines for Development of ADP Strategic Plans*. Publication of this document completes this step for Kharkiv, and to some extent for L'viv.

This report is the result of information collected in July, 1994, in the cities of L'viv, Kiev, and Kharkiv, by Gordon Cressman and Paul Hoover of the Research Triangle Institute. Although this assessment is targeted specifically at Kharkiv, most of the observations and recommendations apply to L'viv as well, although L'viv is somewhat more advanced in its use of modern computer technology within the city administration. It should be noted that the environment in all three Ukrainian project cities is changing very quickly. Some of the facts and figures in this report have changed since the assessment visits were made, but the general impressions and conclusions remain the same.

2. BACKGROUND

In the 1970's, the Soviet Union directed its computer scientists to abandon their own innovative high-performance computer design effort and to concentrate on reproducing western designs. They substantially reproduced the IBM 360 architecture ten years after it was introduced by IBM. They reproduced Digital Equipment Corporation's PDP-11 within five years of its introduction. Copies of Apple II and IBM PC personal computer systems were produced in even less time using a combination of imported components and more primitive non-integrated assemblies. Soviet scientists were the first to recognize and develop the potential of bacteriorhodopsin for computing. Even with these successes, computers were difficult to find, and even more difficult to gain access to.

In the Soviet Union, the allocation of computing hardware was strictly controlled. Most computers in the Soviet Union were allocated to scientific laboratories, manufacturing facilities, and research institutions. Many computer programming students completed their studies with little or no access to computing equipment. Although manufacturing process control was well-developed, office automation was almost non-existent. Personal computing and information sharing were contrary to

the policies of the government. Though it is developing rapidly, the general state of computing is very similar to that in the United States in the early 1980's.

3. PRIVATE SECTOR RESOURCES

3.1 Skills

The collapse of the Soviet Union, independence, and the resulting confusion have left universities and research institutions throughout the former Soviet Union with little or no funding. Many leading scientists and engineers have not been paid in months. The leading computer architecture research institute in Russia has lost more than half of its top staff, many to Western Europe and the United States. Many of those who emigrated were top young scientists and engineers with no families. Despite the emigration of technical talent, the labor market in Ukraine is filled with under employed and unemployed scientists and engineers, most of whom have excellent credentials and skills. This is particularly true in areas where there is a concentration of technical institutes and military industries, as in L'viv and Kharkiv. Many scientists and engineers from these facilities can be found in Ukraine's very young commercial computing market. Computer related jobs in the new private sector pay roughly fifty percent more than in the public sector and are generally more demanding.

Lack of access to computing equipment and software has produced two distinct cadres of computing specialists. People who completed their education prior to 1991 exhibit highly theoretical approaches, a tendency toward centralized computing as practiced in the West in the 1970's, and an almost complete lack of experience with personal computing. Younger specialists, who have had some exposure to personal computing, have become highly proficient, almost entirely self-taught, "hackers," and are starved for leading edge equipment and development tools. Both categories of specialists typically have excellent technical backgrounds in scientific or engineering disciplines.

3.2 Software Development

Historically, western export controls, limited internal production, and internal access controls severely limited access to computing equipment. The absence of effective intellectual property rights laws also limited access to software applications and development tools to unlicensed copies with little or no documentation. With no formal training and no technical documentation, programmers taught themselves, developing excellent coding and reverse engineering skills. During the course of the assessment, we saw several very impressive, locally developed, software applications. However, as during this stage of development in the West, software development is generally viewed as more art than engineering, and persons with a good grounding in systems analysis and software engineering are rare.

In Ukraine, programming is pursued more often as a hobby than as a profession. Lack of effectively prosecuted intellectual property rights laws makes it impossible to make a business of developing generalized software. A small, nascent private

commercial sector, limited penetration of personal computers and networks, and extremely poor economic environment produce a small, difficult market with a very high level of risk. The market for custom and vertical market software, though more likely to be profitable, is even smaller. Very few organizations are both ready for automation and able to pay the price. Consequently, many of the best software developers have left the country, looking for opportunities in Poland or countries further west. Opportunities for work are even considered to be better in Russia than in Ukraine.

Despite these obstacles, there are highly-skilled individuals and small groups who are developing software. In L'viv, there is a "small business incubator project" that has had success in establishing software engineering groups to develop software for U.S. firms. The market for skilled programmers is a buyer's market, and any funded opportunity is likely to generate great interest and, perhaps, new software development groups.

3.3 Hardware Support

There is no shortage of people capable of installing, maintaining, and trouble-shooting microcomputer hardware, despite the emigration of technical skills. Due to the general environment, the situation is typically much better than in the U.S. Persons installing computers and networks are much more likely to have a degree in electrical engineering or a related field. Isolation and a surplus of time and technical knowledge make component-level diagnosis possible. It is common to see oscilloscopes, logic probes, and soldering equipment in vendor repair shops. In the West, primarily because component-level diagnosis is no longer economical, vendors commonly replace subassemblies or entire units. Consequently, repair technicians do not need to be highly skilled. In Ukraine, technical skills are often excellent, but replacement parts can be difficult to find.

One experience in Kharkiv is worth relating. In a combined meeting of area vendors, one IBM vendor claimed four-hour turn-around for hardware failures, far less than the others present. A visit was arranged on very short notice to make an accurate assessment of their capability. The PC hardware repair bench was in the back of a small stock room. Above it, tacked to the wall, was a nude pin-up. On the bench was an oscilloscope, soldering iron, related tools, and a half finished bottle of vodka. There was no evidence of a large supply of spare parts. The technician stated that his responsibility was to diagnose which component had failed, then to send the entire unit to Kiev for repair. Including travel time, turn-around for hardware failures requiring shipment to Kiev cannot be better than three days. This is less a reflection of a particular vendor than it is of the youth of the entire market.

3.4 Computer Networking

Though experience in designing and building computer networks is thin, it exists. We encountered individuals in L'viv, Kiev, and Kharkiv who seemed very well-trained and knowledgeable. A few network installations are based on Digital Equipment Corporation's VAX/VMS/DECnet operating system and network architecture. However, most are based on UNIX-TCP/IP or Novell Netware. The

only physical and data link layer standards observed during the assessment were Ethernet. Much of the experience with large computer networks has been with manufacturing applications in the defense industry. There is more experience with small to medium size local area networks. Nearly all of these are based on Novell Netware and most are in the booming banking industry.

We visited several bank offices during the course of the assessment. Apart from manufacturing facilities, banks were the most frequently cited network sites. Experience in designing, implementing, and managing large networks is rare, and is typically found in large manufacturing facilities where applications concentrate on process control. The banking systems that we examined were all new. With one exception, they did not resemble systems in Western banking institutions.

Inadequate resources, and lack of experience in designing and managing banking information systems were evident. Typically, these were Novell or Unix-TCP/IP networks built around a single file server with 1 gigabyte or less of disk storage. In most cases, the file server was an Intel 80486-based microcomputer. Uninterruptable power supplies, well-developed back-up systems, and mature disaster recovery provisions were rare. It was evident that technical personnel exercised great creativity within their resource constraints to build working systems. It was also evident that most technical personnel had good programming and electronic communications skills.

The best example of a local area network found during this assessment was in the Electron Bank in L'viv. This network is based on Novell Netware, a single Intel 80486 file server, IBM-compatible workstations, and custom FoxPro database applications. In appears to be an exceptionally clean, well-designed and well-run system.

It is not difficult to find people will technical skill in building small to medium-size Ethernet networks using UNIX-TCP/IP or Novell Netware. However, the many small, Novell local area networks that we saw have limited growth potential. As businesses grow, there will be a demand for people who know how to design and implement much larger integrated wide area networks. Apart from Digital Equipment Corporation in Kiev, with affiliates in L'viv and Kharkiv, no other organization with experience in meeting this need were encountered during this assessment.

4. HARDWARE

The computer hardware market in Ukraine is very immature. Most vendors are only one or two years old. Since the rules for doing business change daily, it is a very difficult market. Competitive bidding, leasing agreements, service contracts, and other common features in the West are new concepts. Despite obstacles, the market appears to be developing rapidly. Computer systems of many sizes, from stand-alone microcomputers to local area networks, are being installed and supported.

In the past, western export controls limited availability to lower quality southeast Asian "yellow" sources for IBM-compatible microcomputer components. Reliability

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and compatibility problems with systems build using these components have produced a marked preference for U.S. name brand computing equipment, which is widely perceived as being of higher quality. The state of knowledge about the latest developments in computer hardware is surprisingly good and there is a very strong demand for leading-edge products. In general, there is a very strong focus on technical details at the expense of strategic systems planning, management, and operation. The state of knowledge about leading edge software technologies is less complete.

4.1 Computers and Peripherals

Major U.S.-based manufacturers are reasonably well represented by authorized distributors, dealers, and business partners. These include International Business Machines (IBM), Digital Equipment Corporation (DEC), Apple, Hewlett-Packard, Xerox, and others. Notably absent is Compaq Computer Corporation. Major Japanese manufacturers, such as NEC, Toshiba, Panasonic, Fujitsu, are nearly nonexistent, perhaps due to the preference for American brand names. IBM-compatible systems from direct mail vendors, such as DELL and Gateway 2000, are also available from authorized and unauthorized sources.

As in most very price-sensitive countries, IBM-compatible computers occupy almost the entire personal computing market. We saw no Apple Macintosh systems in use, though Apple Computer has dealerships in L'viv, Kiev, and Kharkiv, and Apple appears to be preparing a concentrated effort in Ukraine. As in other very price-sensitive environments, we would expect to find Macintosh systems primarily in graphic arts and desk-top publishing applications, where their capabilities are needed most. Although there are some DEC VAX/VMS systems, most larger computer systems run the UNIX operating system. It comes as no surprise that systems having open architectures and conforming to published standards dominate.

IBM-compatible microcomputers are assembled from imported components by several small start-up companies. Most of the microcomputers we saw in city offices were IBM-compatible systems assembled in Ukraine. Westcom Information Technology (WIT) in Kharkiv, is an original equipment manufacturer (OEM) for Intel, and specializes in construction of high quality, high performance, microcomputers and network servers using components from Intel and other U.S.-based companies. ComputerCenters of Ukraine (NOVATECH), a join Ukrainian-American enterprise, assembles IBM-compatible computers in Kiev from imported components according to specifications from Texas Systems, their U.S.-based partner. NOVATECH has offices in sixteen Ukrainian cities, including L'viv and Kharkiv, and are the most consistently visible resource for microcomputing. They have formal agreements to represent many major U.S. person computer hardware and software companies.

As in the U.S. Hewlett-Packard (HP) products are the de facto standard for laser and color inkjet printers. HP has authorized dealers in L'viv and Kharkiv and replacement toner and inkjet cartridges do not appear to be unreasonably difficult to get. IBM and Xerox, who make competitive laser printers, are also well-represented.

Dot-matrix printers from Japanese and Korean manufacturers are the norm, though similar units are available through IBM and DEC.

4.2 Computer Networks

Authorized and unauthorized dealers for Novell's Netware network operating system are not difficult to find. Certified training in Novell Netware is available in Kiev through NOVATECH, and perhaps other sources. Authorized dealers of major U.S. manufacturers can provide technical support for Ethernet, TCP/IP, and DECnet networking. Network wiring, hubs, repeaters, bridges, gateways, modems, and other communications equipment is not as readily available as in the U.S., but can be obtained with patience. Local IBM, DEC, and Hewlett-Packard representatives can provide network servers on any scale. OEM's, such as NOVATECH, can provide Intel-based file servers. WIT in Kharkiv specializes in high-performance, custom-built Intel-based file servers. Technicians can be found in L'viv, Kiev, and Kharkiv who have the knowledge and skills required for network site preparation and installation.

Other U.S.-based manufacturers have many business partners, but DEC is currently the only U.S.-based company with an office in Ukraine. DEC's office in Kiev, which shares a building with a military officers' club, is well-equipped and well-staffed. It is similar to DEC offices in the U.S., and includes service and training facilities. DEC's training site, located in a management institute, is nearly complete and will be a fine facility. DEC-Kiev currently has one representative in L'viv and one in Kharkiv. We interviewed both representatives several times and found them to be experienced and knowledgeable. DEC is the only U.S.-based company we saw in Ukraine with a demonstrated capability for planning and implementing large, multivendor computer networks. If rapid growth in the private banking sector continues, there will be significant demand for this capability.

In countries where nearly all buildings have solid masonry walls, installing network wiring is a challenge. A glance at the telephone wiring shows how they have solved this problem in the past. There are no private branch exchanges (PBX) and there is no system of ducts or conduits. Exposed wires are run to each telephone by nailing them neatly to the interior walls. Great parallel strips of telephone wires can be seen in the hallways. In Western Europe, many companies make sophisticated duct systems that can carry telephone, electrical, and computer network wiring. These products are available in Ukraine, but cost from $8 to $40 per meter. The Electron Bank in L'viv has solved this problem by blending custom-made wooden and metal channels into the office design. In Kiev, DEC's new training facility also uses custom wiring ducts made from wood and aluminum. There is an opportunity for local manufacturing facilities to meet this need by producing reasonably-priced extruded plastic or aluminum duct systems. Aside from their higher cost, wireless networking technologies appear to be a possible solution in some situations.

Another challenge to building a good information technology infrastructure in Ukraine is an antiquated electrical distribution systems and the almost complete absence of a common safe grounding system in all buildings. This an historical artifact that has nothing to do with any lack of technical understanding. It is not

difficult to find computer specialists in Ukraine who can explain computer electrical and grounding requirements. However, to prepare computer sites properly, it will be necessary to install protective devices and, if possible, correct the electrical system.

5. SOFTWARE

5.1 Packaged Software

As mentioned above, lack of effective copyright laws have made use of unlicensed software common. However, original, licensed versions of most popular microcomputer software are readily available. Authorized dealers for Microsoft, Lotus, Borland, WordPerfect, Symantec, IBM, Computer Associates, and other software manufacturers can be found in L'viv and Kharkiv. Prices, normally given in U.S. Dollars, are not much higher than prices in the U.S.

Russian versions of many popular packages are available, including Microsoft Windows, Word, Excel, FoxPro, and Works. WordPerfect for DOS, Borland's Paradox, Quattro Pro, and dBase, and Symantec's Norton Commander, Norton Utilities, Norton Desktop, and Time Line are also available in Russian versions. Even some development tools, such as Borland Pascal, are available in Russian versions. As usual for adaptations of foreign software, Russian versions are normally one or more versions behind their U.S. versions. Also, there are varying degrees of adaptation. Some Russian versions include Russian documentation, user interfaces, on-line help, and input/output capability. Others include only Russian documentation and input/output capability, but retain an English user interface and on-line help.

The latest English versions of U.S. software products are also available, including leading edge development tools, such as Powersoft's Powerbuilder and IBM's Visual Age. Local computer specialists prefer working with the latest English versions, and are more comfortable with English computer and user interface terminology than with Russian translations. We were also told that Russian versions have been more prone to compatibility and reliability problems. This is consistent with our experience in other countries with locally adapted versions. The most likely reason is that they are subjected to less rigorous testing. New computer users, however, will probably find it easiest to work with products entirely in Ukrainian or Russian. We found no software available in Ukrainian, though some certainly exists.

Support software for Russian and Ukrainian keyboards, fonts, and printing abounds, all of it developed in the former Soviet Union. There are some de facto standards for character code pages, keyboard layouts, and general Cyrillic support. ParaWin appears to be the de facto standard for Cyrillic character and keyboard support in Microsoft Windows. Cyrillic Adobe PostScript and Microsoft TrueType fonts are readily available. There is even at least one very sophisticated Windows application for optical character recognition of Russian and English (FineReader).

One major constraint to the use of the latest software applications is the lack of suitable hardware. Most microcomputers in Ukraine are based on Intel's 80286 processor and have less than 1 megabyte (MB) of memory and less than 80 MB of

disk storage. 80386 systems are much less common, and 80486 systems are rare. Without being upgraded, many of these systems do not have the processing or storage capacity to run the latest versions of popular PC software, which require a minimum of an 80486 processor, 8 MB of memory, and 340 MB of hard disk storage. The rapid pace of software development pushes these specifications up on an almost daily basis.

5.2 Custom Software

The vast majority of the applications observed during the assessment were custom database applications. The most common personal productivity applications in the West, word-processors and spreadsheets, are nearly non-existent. Nearly all of the database applications we saw were developed using FoxPro, a product now owned by Microsoft. FoxPro, a member the "xBase" market of products spawned by Ashton-Tate's original dBase product, is by far the most common database environment in Ukraine. Nearly all of the FoxPro applications we saw were developed for the Microsoft DOS environment. We saw at least one database application developed using FoxPro under the UNIX operating system.

We saw visually impressive database application developed using Borland International's Paradox for Windows. This was a hotel management application used in the Grand Hotel in L'viv. We saw several database applications built using Oracle. These were running on UNIX or MS-DOS servers. Access to the data was provided through dumb terminals or through PC-based terminal emulators. Data entry and reporting interfaces had been developed using the C language and Oracle subroutine libraries. We heard several reports of client/server database applications using Oracle and leading-edge front-end tools, such as Powersoft's PowerBuilder, but we were unable to verify any of them. All of the shared database applications we saw were based on older fileserver and centralized computing models.

Most, perhaps all, of the copies of FoxPro that we saw were unlicensed. There are few licensed copies of any commercial software in Ukraine; the normal way to get a piece of software is to copy it. Until recently, there were few sources for licensed software development tools. Money is scarce, licensed software is relatively expensive, and there is no enforcement of copyright laws.

Though it has been common to copy software, it has not been common to copy documentation. The use of photocopiers in the Soviet Union was tightly controlled. Also, little, if any, documentation was available from the manufacturer in Russian or Ukrainian. Translation takes time, delaying access to the latest software version. Programmers prefer to work with the latest tools, even if this means working with English documentation or, more commonly, no documentation at all. Many programmers interviewed during this assessment were used to working without any documentation for their software tools. Consequently, they have developed extraordinary technical skills, particularly in reverse software engineering.

Though skilled, local programmer's are seriously constrained by inadequate hardware. Very few have access to computer systems with enough processing and storage capacity to develop software for the latest operating environments. Like end-

user applications, software development tools have developed an increasingly large appetite for hardware resources.

6. DATA COMMUNICATION

The current topology of the Ukraine domain of the Internet is included in the appendix. Internet connections are available in L'viv and Kharkiv. Access from Ternopil is currently via a dial-up connection to L'viv. In L'viv, the connection is between the Institute of Condensed Matter Physics (ICMP)and Warsaw. This was a low-speed line (9,600 bps) with a reputation for unreliability, but has been upgraded to 64 Kbps, or one digital DS-0 channel. There is an Internet connection in Kharkiv through RELCOM, a commercial provider with a connection to Moscow. There are dedicated line connections between L'viv, Kiev, and Kharkiv. There is a commercial Internet provider in Kiev: Global Ukraine. There are World Wide Web servers in L'viv (ICMP), Kiev (Global Ukraine), and Kharkiv (KTTS). We had little trouble using Internet connections in L'viv and Kharkiv to send and receive electronic mail, to transfer files, and to connect to host computers in the U.S. and other countries.

Dial-up access and wide area networking present a special problem. The quality of the existing telephone system is extremely poor. Phone connections between offices in the same building may be so poor that data transmission is not practical. Phone lines often carry high voltages and voltage transients that can damage some western communications equipment. Locally designed and manufactured modems for low-speed transmission are specially built for this environment. Based on Russian and Ukrainian experience, only a few U.S.-based manufacturers (ZyXEL, Pπceon) make equipment that works well on their telephone systems.

Reportedly, there are two telephone systems, the public system, and a second network used by the military and security apparatus. Lines in the second network are described as generally higher quality. We were told that it is possible to lease these lines. Four-wire, rather than two-wire, dedicated lines are preferred for data transmission. With two wires for sending and two for receiving, they support higher speeds and less noise. Four-wire dedicated lines have been installed between L'viv and Kiev, and between Kiev and Kharkiv, and are just being put into service now. Using high-speed modems (19.2 Kbps), these lines are designed to provide better communication with the Supreme Rada.

Installation of additional dial-up or dedicated lines can be difficult or impossible due to the lack of any available space in existing conduits in the central city, and the prohibitive cost of installing new conduits. This is the case in L'viv. In these circumstances, wireless technologies should be considered.

Good communications with the Supreme Rada are vital. New laws are passed frequently by the Supreme Rada that affect the way local governments and private businesses operate. L'viv, Kharkiv, and other cities download new legislation for analysis once a week on average. The current system of distribution is slow and incomplete. In Kharkiv, the Information Department has nearly run out of available disk storage for downloaded legislation. Kharkiv has worked closely with the

Supreme Rada on the design of a new system based on a Wide Area Information System (WAIS) client-server model.

7. TRAINING

On-site training is available from most computer vendors. Vendor-provided classroom training is new and not generally available, and training programs appear to be immature. There is a tendency to assume that superior technical skills are equivalent to superior training skills. No major U.S.-based manufacturer has significant service or training facilities in any of the three project cities in Ukraine, though certified training is available in Kiev. We expect this situation to change rapidly as the market develops; companies offering training in general personal computer applications and application development tools are already beginning to appear.

In Kiev, certified training in Novell Netware is available through NOVATECH. Training is also available for Oracle database development and management. DEC's new training facility is professional and well-equipped. There is no shortage of people capable of taking advantage of good training in leading-edge computing technologies. Helping to develop local training capability by bringing in mature training programs and through a training-the-trainer approach would be a worthwhile investment in sustainability.

8. INFORMATION TECHNOLOGY IN LOCAL GOVERNMENT

There is very little use of automated data processing in all three Ukrainian project cities. All of the computers currently used in these city administrations are microcomputers. Though factories and large institutions have access to larger computers systems, there has been no use of large centralized systems in these city administrations. All of the microcomputers in use were IBM-compatibles. Most of these were 80286 systems, though there are a few 80386 and 80486 systems. Some systems were so obsolete that they had been abandon under their dust covers. Use of Microsoft Windows and Windows applications is rare, since most of these computers do not have the capacity to run them. Consequently, there are few people with experience in Windows and Windows applications. Though we saw very creative use of resources to build a useful multi-user application in Kharkiv, there were no functioning computer networks in use.

Nearly all of the applications in use are custom database applications developed using FoxPro for DOS. The most common western productivity applications, word processors and spreadsheets, are nearly nonexistent. The finance department of Djerzhinsky Raion in Kharkiv, responsible for more than 300,000 residents, does not use spreadsheet software, but has developed several custom database applications. As might be expected, use of electronic mail is largely limited to a few technical staff with access to computer and communications facilities. The penetration of personal computers in all organizations is recent, and very limited. This is not surprising

considering the historical environment of centralized control of all information resources.

Individual access to computers and sharing information among individual users, are very foreign concepts. In the former Soviet Union, access to computers was strictly controlled, as was access to information. In this respect, as in many others, the environment has not changed significantly. Current paper record keeping systems, still largely based on official Soviet forms, are far more difficult to audit and more open to manipulation and misrepresentation by officials at all levels than automated systems.

Information departments in the cities visited combine press and public relations with computing and computer communications. The sections dealing with computer-related information systems are new. The computer information department in Kharkiv is less than six months old. The computer information systems staff in L'viv consists of three persons for a city of more than 800,000. In Kharkiv, there are three persons for a city of more than 1.6 million. There are normally one or two persons in each raion (ward) who manage or support computer systems. In Kharkiv the total number of persons in city government who support or manage computer systems may be between ten and twenty. The role of the computer information department in both cities is not clear to staff in that department, or to staff in other departments. The lack of resources and the small number of computer systems in these city administrations limits the current possibilities.

The staff interviewed had very little experience with computer networking and no experiencing managing or supporting large computer networks. Their knowledge and experience in computer communications, however, was good to excellent. In both cities, staff of the computer information department had access to the Internet. In Kharkiv, they have Level 3 access, and are able to offer electronic mail services to other users.

As in all other city departments, extremely low salaries are a significant barrier to expanding the official activities of these information departments. Low salary levels make it nearly impossible to keep qualified staff unless they have ample opportunity to supplement their official salaries. Expanding their official duties, for example, asking them to assume the responsibilities of constructing, managing, and supporting a large networked information system, is not attractive without significant salary increases. Otherwise, staff are being asked to do more work while foregoing opportunities to supplement their income through unofficial sources. Politically, salaries cannot be increased for computer information staff without increasing them for other staff. Accountability and incentive systems at all levels are not designed to encourage improved efficiency in performing official functions.

9. KHARKIV

9.1 Current Use of Computer Technology

There is very little use of computer technology in the Kharkiv city administration and very few computers. Nearly all of the computers observed during the assessment were 80286 or 80386 IBM-compatible personal computers with small memory and disk capacity.

The Principal Directorate of Budget and Finance for this city of more than 1.6 million (see the organizational chart in the appendix) does not have a computer. No staff in this department have any exposure to modern spreadsheet software. Until recently, all calculations have been done using Soviet-built digital calculators, but these do not have enough significant digits to deal with value of the new provisional Ukrainian coupons. The Directorate has been reduced to a few Japanese brand calculators with more significant digits on their displays.

The Principal Directorate of Personnel and General Issues has one obsolete computer which is no longer in use. All records in this directorate, as in most others, are kept entirely by hand. This Directorate is responsible for maintaining records on some city personnel. However, there are other personnel systems throughout the city administration and related government enterprises. Standardization of forms in all of these various personnel offices makes it possible to construct a single personnel database system that could be used by all. This would also pave the way for smooth consolidation of these departments at any time.

Several 80286 and 80386 computers are used by the Department of Registration to maintain a database of legally registered businesses. The DOS-based FoxPro database application they use for this purpose was developed by a local programmer. This is a similar and related registration office in each of the nine raions of the city. All but two of these have also computerized their registration system and can submit information to the central office on disk. Unfortunately, the same standard application in not used in all of these offices.

We were able to visit the largest of the nine raion administrations, Djerzhinsky Raion. They have constructed a multi-user computer system to support their budget and finance office. This is an IBM-compatible personal computer running UNIX. They have attached several low-cost terminals to this system. All of the applications currently in use have been constructed using Informix database tools by an in-house programmer. These appeared to be well-written and very functional. The budget and finance office also has one 80386 personal computer running Microsoft Windows. At the time of our visit, they were not using any spreadsheet software and had no experience with such tools.

Government enterprises are more likely than the city to use computer systems. However, these appear to be used most often for process control. Energo, the government heating authority in Kharkiv, has a low technology, but very functional computer department using IBM-compatible PC's and dot-matrix printers. Each of the computers is dedicated to a specific task and a specific operator. Data is passed

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from one computer to the next on disk. The system is primarily used to keep routine management and accounting records and appears to be very well-run.

The Information Resources Department of the central Kharkiv city administration has a staff of four: a senior manager, a programmer, a communications specialist, and a desk-top publishing specialist. They are located in newly renovated space in the city hall. The space includes a separate computer room and electrical outlets located for additional network workstations. At the time of the assessment, they had a small local area network consisting of an 80486 IBM-compatible computer running Berkeley Systems Design Inc. (BSDI) UNIX, an 80486 workstation running Microsoft Windows, and a separate IBM-compatible personal computer with Aldus PageMaker software for desk-top publishing.

The UNIX server is connected to the global Internet via a connection to RELCOM, a commercial provider headquartered in Moscow. This provides them with Level 3 Internet access, and the ability to use tools such as Telnet, FTP, and Web browsers such as Mosaic. However, the cost of access through RELCOM is becoming prohibitive, and they are trying to compete a dedicated line connection through Kiev and L'viv, which is connected to the Internet through Warsaw.

The staff of the Information Resources Department appeared to be very knowledgeable in the area of computer communications. They were also generally knowledgeable about current hardware and software technologies and the capabilities of various information systems development tools. They do not have any experience designing, installing, or supporting a large computer network.

The Information Resources Department in L'viv, though also very small, is known throughout the L'viv city administration. It is also making an attempt to provide a useful service to the administration, and has been the driving force behind installation of an Ethernet backbone in the city hall. This is not the case in Kharkiv. The information department here is isolated from the administration and has not seriously engaged in any open strategic planning exercises with the administration towards improving and expanding the use of computer technology. The staff of the department are not well known or very welcome in many parts of the administration. They also do not appear to show any enthusiasm for expanding their current minimal role as an information and computer technology service provider for the administration.

9.2 Computer Hardware and Software Sources

Kharkiv's very young computer market is developing very quickly. General office-automation, using personal computers for wordprocessing and budgeting, is rare. With such a small end-user market, commercial support services such as books, training courses and seminars, disk-based tutorials, and training videotapes are difficult to find. However, use of computers for managing emerging enterprises is rapidly increasing. Most customers are small to medium-sized banks and new joint-stock ventures.

There are a wide range of relatively new computer vendors, from those who assemble their own computers from imported components to representatives of many major

U.S. manufacturers. Almost any scale of system is available to some degree, from notebook computers to powerful RISC-based multiprocessor network servers. IBM-compatible computer systems occupy nearly the entire small systems market. Apple Computer is just beginning to make a marketing effort. The assessment team visited a variety of vendors, as described below.

9.2.1 Westcom Information Technologies (WIT)

This firm was selected by the Kharkiv project as the winner of the bidding for computer hardware and software to equip the project office. Hoover and Cressman visited the firms offices and assembly facility on 20 July, prior to the combined meeting of computer vendors.

Westcom Information Technologies (WIT) was founded in December 1993. All of the principals come from a previous firm, also named Westcom. They left the previous firm because they disagreed with a new strategy to build standardized systems using low-cost Asian components. The firm is local to Kharkiv and is staffed with very highly-qualified technical staff from local institutes and defense industries. It has no branches, but does have six dealers in Ukraine and an office in Moscow. Their only formal affiliations are with Intel (as an Original Equipment Manufacturer (OEM) and distributor, and Citizen (as a dealer of printers). They have a total of 38 employees in Kharkiv; 21 of these are technical. Total sales to date are about $800,000. About 70% of this is in computers and the remainder in professional video equipment. They have installed three Novell LAN's since January and have installed a total of about 150 microcomputers. Time from order to installation is about 35 days in the worst case. Standard configurations from major manufacturers (Sun, HP) can be delivered in about 21 days. They provide a two-year parts and labor warranty and turn around about 90% of service calls within six hours in Kharkiv.

WIT's focus is on custom construction and performance tuning of stand-alone microcomputers and microcomputer network servers for the lowest possible cost. They supply custom configurations from a list of about 4,500 components. They stress the use of high-quality components from Intel and other manufacturers and place a premium on performance. They are well-equipped to diagnose hardware problems and repair or replace components. New systems are burned in for 72 hours. They use a variety of testing software, including QAplus, CheckIt, and others.

WIT's custom-built, high-performance, low-cost strategy is appropriate for the current local market. This market is thick with individuals who are thirsting for cutting edge technology, but who have very limited funds. Bad experiences with poor quality "yellow source" (Asian) components have also placed a premium on quality and compatibility.

The strength of this small local firm is its technical ability to diagnose and repair systems and their emphasis on component quality. Among our concerns are their willingness to provide systems and software from American companies with which they have no formal affiliation (HP, Sun, Silicon Graphics, Novell). We encourage WIT to establish these formal relationships. Also of concern is WIT's fascination

with high-technology and high-performance in a product now considered by most Western businesses to be a commodity.

Builders and managers of large microcomputer networks are primarily concerned with large numbers of reliable, identical (or at least very similar) microcomputers. This lowers recurrent costs, such as management and support, which easily eclipse the initial purchase price of the equipment. They are less concerned with getting the highest performance workstations possible. WIT's focus on customization may make it difficult to maintain uniformity in large installations. However, this is difficult even in the United States due to rapid changes in the technology and market. Finally, WIT is a small local firm with highly qualified technical staff. They clearly enjoy what they do.

Purchasing standard configurations from large U.S.-based firms with one or more authorized representatives in Ukraine carries less risk. Such firms as IBM, Digital, Hewlett-Packard, and Dell have more than one representative in Ukraine and often more than one in each major city. If one representative business fails, there will likely be another to provide some level of support. However, in WIT's favor, they appear to be the most technically capable microcomputer supplier in Kharkiv at this time, they are enthusiastic, and they place a high value on the best quality components for the price.

9.2.2 Computer Centers of Ukraine (NOVATECH)

Computer Centers of Ukraine (NOVATECH) in Kharkiv is a branch of a 4-year-old Kiev-based company. This company in turn is affiliated with Universal Research Technologies in Texas and sells computers with the Texas Systems label. Texas Systems computers in Ukraine are assembled in Kiev. NOVATECH has offices in 16 cities in Ukraine. These include L'viv and Kharkiv, but not Ternopil. The office in Kharkiv was opened in August of 1992. NOVATECH offices may be branches, dealers, or franchises.

NOVATECH has completed about 3,000 orders since its founding. Customers include the Kiev office of the World Bank and various other international agencies and foundations. The Kharkiv office has sold about 1,000 units, about 50% of which are installed on networks. This office has also installed about five networks ranging from two to 250 nodes. Most of these have been Novell networks.

NOVATECH offers about 55 standard configurations. They will release a new line of computers, completely assembled in Ukraine, in October. These will be labeled "NOVADATA" and may use less expensive components. Texas Systems computers use components from major U.S. companies, including Intel, Maxtor, Conner, Colorado Memory Systems, and others. They formerly represent Hewlett-Packard (peripherals), QMS (printers), Citizen (printers), Textronix (printers), TrippLite (power protection), 3Com (networking), Cabletron (networking), Microsoft (software), Lotus (software), Novell (software), and others. NOVATECH has certified Novell Netware engineers in Kharkiv and runs a certified Novell Netware training facility in Kiev. This training center was established three months ago.

The time from order to delivery is quoted at 21 days; 60 days for special orders. The standard warranty for Texas Systems computers is two years for parts and labor. This may be expanded for an extra charge to provide on-site service, two-hour response time, and repair or replacement within twelve hours. NOVATECH has a service center in Kharkiv.

9.2.3 INEK

INEK was founded in 1993 by a Kharkiv production company and a small business in Moscow which had been in business since 1990. They offer computers, office equipment, and networking services targeted at the automation of banking operations. They have ten affiliates in Ukraine. They have a number of stable, regular, clients who receive a special discount, but they have no dealerships.

INEK is an authorized dealer of Dell computers. They are also dealers for Ricoh and Canon office equipment, as well as Matsushita and Daewoo. They have an certified Novell engineer on their staff. They assemble personal computers under their own name plate using parts from Singapore. They offer a six month warranty on computers they assemble and have a service center in-house. They recently became business partners for IBM and Hewlett-Packard. They support the standard Dell, IBM, and Hewlett-Packard warranties. INEK is also an authorized dealer and reseller of Borland International products.

INEK has 120 employees in Kharkiv, about 85% of whom are technical. They generated a total of $2 million in sales so far this year. They have major clients in the industrial sector in Kharkiv and Zaporozia, and in the education sector in Kharkiv.

INEK provides DOS and Windows-based PC's, the Novell Netware LAN operating system, and the Unix operating system for Intel and RISC-based systems. INEK has significant experience in Unix systems and have developed software for Unix and Novell Netware. They have installed a total of about twenty networks averaging 20 nodes each. They normally provide network service and support under contract for one year, extendible for a year at a time. About 95% of the PC's they have sold they have assembled themselves. They offer both standard and custom configurations.

INEK's software development experience include banking systems and accounting systems for small businesses. Most of this work has been done in FoxPro for DOS. They currently plan work in Microsoft Access, Borland Paradox for Windows, and Oracle. They have some staff with experience in Oracle.

9.2.4 MBS Malte

MBS Malte was established in December of 1991 and was reorganized in February 1993. Initially, they were dealers for ComputerLand products. They then dropped the ComputerLand agreement and established themselves as dealers for Hewlett-Packard computer systems. Dissatisfaction with the pace of delivery of HP products (more than two months on average) led them to change their allegiance in August 1993 to IBM. They are currently a business partner with IBM and offer they complete line of IBM computer products. Their first IBM RISC 6000 system should arrive in September and they have planned several IBM AS/400 upgrades in banks.

They are currently planning a bank network based on IBM RISC 6000 workstations, the AIX operating system, IBM Power (POWER PC) systems, and Novell Netware.

MBS Malte has two technical staff and one sales manager in the PC area. They recently acquired small software development firm (six programmers) specializing in banking systems. This firm has supplied software to 27 banks and develop their products using C++ and dbVISTA.

MBS Malte has sold about 750 PC's over the last three years and have supplied IBM PC's to tax inspectorates in several Oblasts. They had about $480,000 in dealer purchases in 1993. They have installed two large local area networks using Hewlett-Packard systems. One of these is in Kharkiv. The other is in a large coke and byproducts plant in Zaporozia. This LAN includes about 200 workstations. It is based on an optical fiber backbone and includes radio modem connections.

MBS Malte supports the standard three-year IBM warranty and offers hot-line technical assistance. They promise repair or replacement within two-hours within Kharkiv and within 24 hours within the Oblast.

9.2.5 CDV Apple Computer

Apple Computer has just recently arranged for representation in Kharkiv. Though technical users are aware of and respect Apple products, they have been too expensive and difficult to obtain to build any market share. Personnel computing in Kharkiv has been evolving from low-cost IBM-compatible systems constructed with inexpensive Asian-source components to U.S. name-brand systems. A representative from Apple Computer and Apple's new permanent representative in Kharkiv were both present at the vendors meeting assembled by the assessment team. At this early stage, it is too soon to tell whether Apple will build a strong presence here.

9.2.6 Digital Equipment Corporation (DEC)

DEC's main offices in Ukraine are in Kiev, and were visited during the assessment. The Kiev office appeared very competent and professional. We also visited their new training facility in Kiev, which appears to be well-equipped. DEC's representative in L'viv designed the Ethernet network backbone recently installed in the L'viv city hall. We reviewed the design and the installation over several meetings with DEC's representative. We were very impressed with his abilities. DEC's representative in Kharkiv has only recently signed an agreement with Digital. We held several meetings with him in Kharkiv. He is thoroughly familiar with DEC's networking products and has experience operating a large DEC-based network. He has some very innovative proposals for improving Kharkiv's telephone and data communications capability.

9.3 Recommendations

At more than 1.6 million people, Kharkiv is second only to Kiev (2.6 million) in size. The largest of the nine raions (districts) in the city, Djerzhinsky Raion, is responsible for more than 300,000 people, and is larger than the city of Ternopil (229,400). It is

clear that, at some point, the city administration will be able to make good use of a large, integrated computer network. However, penetration and use of computers in Kharkiv's city administration is probably the least advanced of the three project cities in Ukraine. Internal and external support is also very limited; the Information Department, in effect, has only two technical staff with very limited networking experience. The situation calls for an incremental approach, and early successes in several areas. This will broaden support for automation while building a larger cadre of personnel with basic microcomputing skills. It will also allow time to develop the staff and role of the Information Department. There are several immediate problems that can be addressed with simple, low-cost solutions.

First, a cadre of staff should receive training in the use of modern personal computing tools, primarily wordprocessing and spreadsheet software. Since such training programs are not available locally, one will have to be created. As many staff as possible should receive this training in an effort to create a critical mass of computer literate staff, encourage mutual support and cross-fertilization between departments, and to build enthusiasm for the capabilities of these new tools. Installation of personal computers should be coordinated with this training to ensure that participants can apply their new skills to their work as soon as possible.

Second, at least two information systems applications should be identified that are interrelated and that have the potential to improve the efficiency of the administration. The project should work with the administration to design these applications and monitor their development and deployment. If possible, software development should be done by private individuals or firms winning an open competition for a fixed-price application programming contract. This will allow the staff of the Information Resources Directorate to focus on strategic planning, management, and support, and is more likely to be a successful approach for similar efforts undertaken by the administration in the future.

Two steps should be taken to make it easier to integrate these applications and to migrate to a large client/server platform in the future.

First, to the greatest extent possible, applications should be developed using the same relational database tolls. To make it possible to begin building applications quickly, this may be a microcomputer database system suitable for small to medium sized networked fileserver architectures. The vast majority of experienced database programmers in Ukraine have worked primarily with FoxPro. The product allows fairly smooth migration of existing FoxPro/DOS applications to FoxPro/Windows, and also allows migration of FoxPro/Windows applications to client/server architectures using Oracle or Sybase/Microsoft SQLserver. Other microcomputer fileserver database products, such as Microsoft Access and Borland Delphi, can also be used to build fileserver applications that can be scaled up to a client/server architecture. All database development should be done under the assumption that the scale of the administrations needs will eventually require an enterprise database engine such as Oracle.

At the same time, we want to avoid building multiple, detached departmental networks and applications that later present integration problems. A comprehensive computer network backbone should be installed in the main city administration

building. This backbone should be sufficient to allow the connection of computers and printers in every major department. Servers can then be connected to this network in the already prepared machine room of the Information Department. Responsibility for managing and backing up the servers will therefore rest with a group of computer professionals who have that formal responsibility. This will also help to solidify their role as the central provider of computer services and will provide them with the advanced computer hardware which they so desperately want. Once the network backbone is in place, workstations and printers can be connected in each department, as applications and staff are developed. Through this strategy, departments may be logically separated in their use of the server and can develop at their own pace. However, since all departments will be on the same network from the beginning, consolidation and communication of information will be relatively easy.

9.3.1 Information Resources Directorate

- Develop and formally establish the role of this department in enforcing technology standards, expanding the use of computer technology, and supporting automation within the city administration.
- Develop wide-spread recognition of this role within the city administration and the raions.
- Enhance the technical skills and experience of the staff to include large integrated networks.
- Develop the organization and skills required to manage and support a large computer network

Fundamental changes will need to be made in the role, composition, and approach of the Information Resources Directorate to support significant expansion of the use of computer systems and the operation of an integrated network. The Information Department of the City Executive Committee must have a clearly defined and widely recognized role within the city administration and the nine raions. The formal responsibilities of this department should include the following:

- Liaison and coordination with other departments in the city administration and raions to ensure that automated systems meet their most crucial needs.
- Coordination with the Project in the design of the city administration computer network and information system.
- Liaison with and monitoring of all external service providers enlisted in this effort.
- Establishment, documentation, and enforcement of standards to facilitate the smooth flow of information within the information system, maximize the impact of user training, and minimize the cost of management and support.
- Routine management, supply, and protection of the information system to ensure smooth operation.

- Liaison and coordination with outside organizations in an effort to improve electronic communication between the city and other project cities, to improve the cities access to legislation passed by the Verhovna Rada, and to improve the cities access to international sources of information.

Responsibilities of the Information Department should not extend to major software development, to a major physical effort to install the computer network, or to peripheral projects of great technical interest that would drain human technical resources away from higher priority tasks within the city administration. These efforts will demand the oversight and coordination of the Information Department, but should be executed through contract arrangements through outside service providers.

9.3.2 Other Departments

- Introduce Microcomputers and basic office automation software (wordprocessing, spreadsheet)
- Design and initiate a program to train key staff in DOS, Windows, wordprocessing, and spreadsheets.

The city administration will benefit significantly from the widespread use of standard office automation tools. The lack of any use of spreadsheet software in the budget and finance offices is a notable deficiency. The introduction of personal computers and spreadsheet software should be used as an opportunity to improve their financial analysis and planning practices and to initiate an open objective discussion of city finances.

The project should work with the administration to build a training program in basic personal computing, including use of wordprocessing and spreadsheet software. As many staff as possible should attend this training program. Installation of personal computers should be coordinated with this training so that participants can apply their new skills to their work as quickly as possible.

9.3.3 Computing Infrastructure

- Design and install a comprehensive network backbone within the city administration buiiding.
- Install a general database fileserver in the Information Department.
- Install at least one workstation in each key department
- Develop reliable, high-speed communications with all nine raions.

The project should work closely with the administration and the Information Resources Directorate to write the specification for a comprehensive network backbone in the central administration building. These should form the basis for a request for design proposals from local firms including equipment cost, installation, and technical support. The project should work with the administration to form a committee to formally oversee this process.

Design and installation of a comprehensive network backbone for the city administration should be done by persons or firms who have the appropriate technical training and experience. It is important to note that this will also require installation of grounded electrical service to all network components, workstations, and servers. Digital Equipment Corporation, with headquarters in Kiev, and other representatives of U.S. and Ukrainian concerns are capable of doing this work. A tender document will be developed including a plan of the building, the location of the workstations and servers expected at each phase of development, and the location of and connection requirements of the raions. The tender document should also include all technical requirements regarding protocols and standards to be supported. Responses should be solicited by direct contact with known firms, and by general advertisement in Kharkiv and Kiev. Responses should include a detailed plan of the network topology, a list of all hardware and software components, an accounting of all labor costs associated with the installation, a statement of the time required to deliver all components to the site, and statement of the time required to complete the installation. Vendors may also be required to submit evidence of the credentials of the persons who will be performing the installation.

Interconnection of raion offices is more challenging, and should be a second priority. The city's telephone system is in advanced state of decay; dial-up telephone connections within the city are difficult. Dedicated leased line connections are available. The project should work with the city to try to establish regular data exchange with the larger raions. Budget and finance, business registration, and personnel applications all have potential for integration of data from the raions through electronic data exchange.

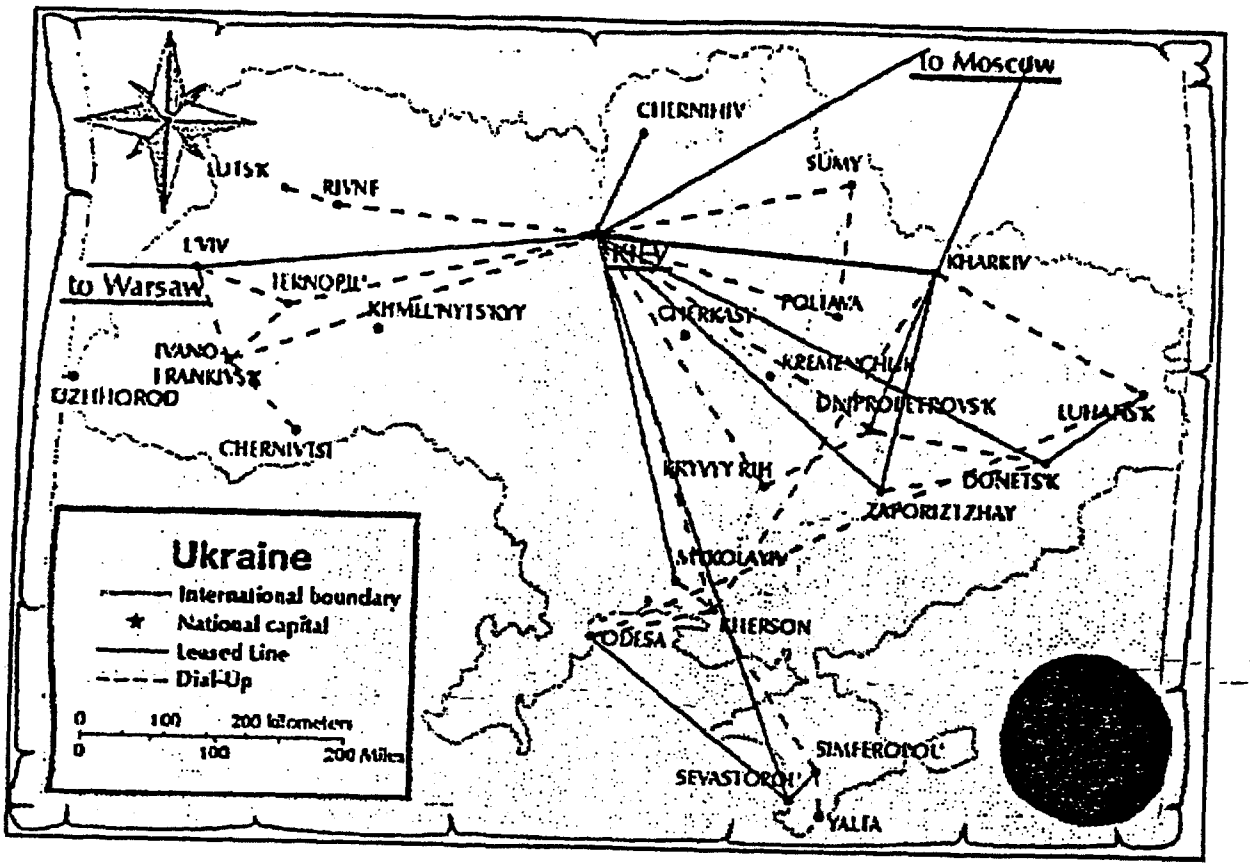
9.3.4 Equipment Starter Set

Appendix D, developed after this assessment was completed, includes the specifications and allocation of the equipment Starter Set. The basic Starter Set specifications are a standard feature of this project and are adapted to the needs of each site. These systems complement equipment already in place in the project office and, by extension, in several key selected departments of the administration. The specifications are based on common IBM-compatible architectures and are compatible with systems already in place. All or most of this equipment will be connected to the administrative network that will be built in cooperation with the administration, and will be used to directly support the project workplan.

APPENDIX A

Internet Topology in Ukraine

This is sensitive map of UAnet topology in Ukraine



This is experimental version of such sensitive map. Your comments and suggestions will be very appreciated. Please write to victor@gu.kiev.ua

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This map was designed by Maxi Grabovetsky (*maxi@breaker.gu.kiev.ua*)

Global Ukraine home page

473 accesses.
Last modified: Tuesday, 17-Jan-95 23:15:37 GMT+0200

ktts.kharkov.ua
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1. Organization, address: KTTS, "Koncom Ltd."
   Kharkov, Netechenskaya naberezhnaya 12
2. E-mail : root@ktts.kharkov.ua
3. Phones : +7 0572 276913, +7 0572 791111
4. Admin. contacts : ???
5. Phone lines :
6. Links to other sites :
   LL : kiae.su (Moscow)
   LL : carrier.kiev.ua
   LL : apex.dnepropetrovsk.ua
7. Services : WWW server

rocket.kharkov.ua
---

1. Organization, address: "DKT LTD"
   Kharkov, pr-kt Zhukovskogo, 7/99
2. E-mail : postmaster@rocket.kharkov.ua
3. Phones : +7 0572 445708
4. Admin. contacts : Kaidalov V.A.

ecos.kharkov.ua
---

1. Organization, address: INEK, ECOS Private Company
2. E-mail : postmaster@ecos.kharkov.ua
3. Phones : (0572) 20-5783, 20-5742.
4. Admin. contacts : Andrey Ripka
   Technical contacts : andri@ecos.kharkov.ua

iko.kharkov.ua
---

1. Organization, address: "Informacionny centr"
2. E-mail : postmaster@iko.kharkov.ua
3. Phones : (0572) 473007
4. Admin. contacts : Boris Shusterman
   Technical contacts : bobby@iko.kharkov.ua

uanet.kharkov.ua
---

1. Organization, address: Private firm "VSV"
   Kharkov, Krasnooktyabr'skaya 16-B
2. E-mail : postmaster@uanet.kharkov.ua
3. Phones : (0572) 277590
4. Admin. contacts : Stanislav Vorony
   Technical contacts : stas@uanet.kharkov.ua

bit.ternopil.ua
---

1. Organization, address: "Bitter, LTD", Ternopil
2. E-mail : postmaster@bit.ternopil.ua
3. Phones : 7-03522-22375
4. Admin. contacts : Sergiy Marcynkevych serg@bit.ternopil.ua
   Technical contacts : Ruslan Prokopovych prr@bit.ternopil.ua
   Roman Tkachuk roman@bit.ternopil.ua
5. Phone lines :
   GVC-14400 (Iskra-2)
   GVC-2400
   ZyXEL U-1496 E+ (testing mode)
6. Links to other sites:
   dialup : elcom.ivano-frankivsk.ua (mail,news)
   dialup : litech.lviv.ua (mail)
   dialup : adam.kiev.ua (mail)

cscd.lviv.ua
---

1. Organization, address: PENTACOM, Lviv Regional Telecommunication Center
2. E-mail : postmaster@cscd.lviv.ua
3. Phones : (0322) 398-520
4. Admin. contacts : soi@stone.cscd.lviv.ua
   Technical contacts : Oleg Shnayder
   Olexander Dron'
   Yuri Grabovetsky

LITech.Lviv.UA
---

1. Organization, address: LITech, Information technologies laboratory
2. E-mail : postmaster@LITech.Lviv.UA
3. Phones : (0322) 742339
4. Admin. contacts : Igor Bordun
   Technical contacts : boi@LITech.Lviv.UA
6. Links to other sites :
   LL - rada.kiev.ua
   LL - morgoth.nask.org.pl
   LL - ts.kiev.ua

adam.kiev.ua
---

1. Organization, address: Firm "Adamant"
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2. E-mail : postmaster@adam.kiev.ua
3. Phones : +7 044 5437932, +7 044 5184889
4. Admin. contacts : Volnickii Leonid Vladimirovich

carrier.kiev.ua
---

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4. Admin. contacts : Gooltchuk Sergey Georgievich
   goo@carrier.kiev.ua
   Romanenko Igor
   Sherstobitov Evgeny
5. Phone lines : 9 modems
6. Links to other sites:
   LL (19200) : kiae.su (Moscow)
   LL : aladon.donetsk.ua
   LL : ts.kiev.ua
   dialup : adam.kiev.ua, cs.kiev.ua, elvisti.kiev.ua
   dialup : bit.ternopil.ua
7. Services :
   uucp, mail, news
   faxgate, file-server
   SLIP,PPP online Shell account.

elvisti.kiev.ua
---

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   (044) 271-34-57
   (044) 271-35-64
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   Vitaly Zubok

gu.kiev.ua
---

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   Tkachenko Svetlana Yurievna
   sveta@gu.kiev.ua
   Technical contacts : Kurland Vadim Mironovich
   vadim@gu.kiev.ua
5. Phone lines :
   4 lines: 14400, 19200, 28800
6. Links to other sites:
   LL (19200) : kiae.su (Moscow)
   LL : ukrcom.sebastopol.ua
   dialup : elcom.ivano-frankivsk.ua
   dialup : ukrcom.kherson.ua
   dialup : krcrme.dnepropetrovsk.ua (Krivoy Rog)
7. Services :
   uucp, mail, news
   Shell account, Dialup SLIP, WWW, gopher
   WWW server, gopher server

cs.kiev.ua
---

1. Organization, address: CS/MONOLIT Network Centre,
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   faxgate, ftp server

ts.kiev.ua
---

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icyb.kiev.ua
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gan.kiev.ua
---

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sabbo.kiev.ua
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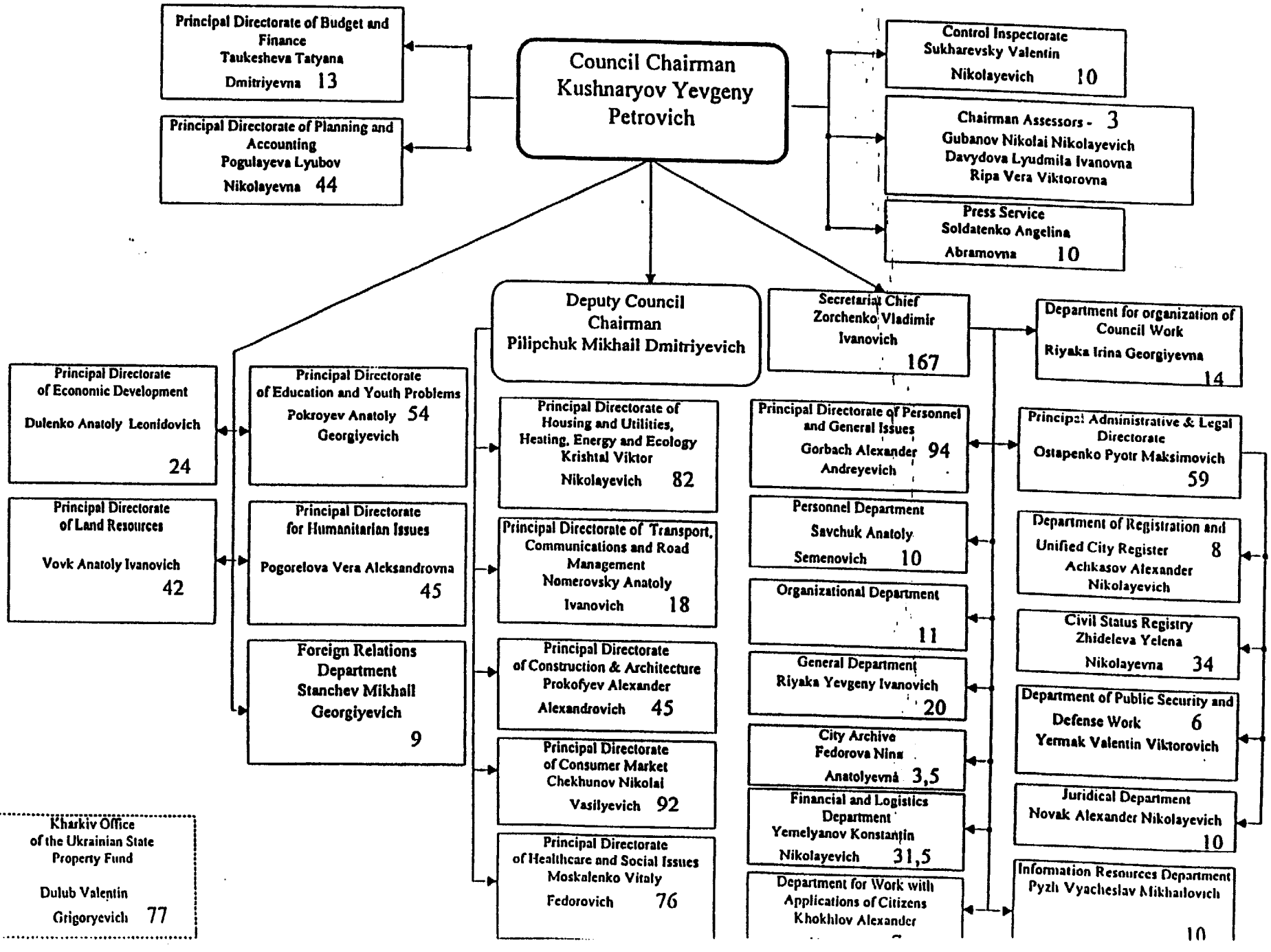
APPENDIX B

Organization: Kharkiv City Executive Committee


Council Chairman
Kushnaryov Yevgeny Petrovich
Principal Directorate of Budget and Finance
Taukesheva Tatyana Dmitriyevna 13
Principal Directorate of Planning and Accounting
Pogulayeva Lyubov Nikolayevna 44
Control Inspectorate
Sukharevsky Valentin Nikolayevich 10
Chairman Assessors - 3
Gubanov Nikolai Nikolayevich
Davydova Lyudmila Ivanovna
Ripa Vera Viktorovna
Press Service
Soldatenko Angelina Abramovna 10
Deputy Council Chairman
Pilipchuk Mikhail Dmitriyevich
Secretariat Chief
Zorchenko Vladimir Ivanovich 167
Department for organization of Council Work
Riyaka Irina Georgiyevna 14
Principal Directorate of Econonic Development
Dulenko Anatoly Leonidovich 24
Principal Directorate of Land Resources
Vovk Anatoly Ivanovich 42
Principal Directorate of Education and Youth Problems
Pokroyev Anatoly Georgiyevich 54
Principal Directorate for Humanitarian Issues
Pogorelova Vera Aleksandrovna 45
Foreign Relations Department
Stanchev Mikhail Georgiyevich 9
Principal Directorate of Housing and Utilities, Heating, Energy and Ecology
Krishtal Viktor Nikolayevich 82
Principal Directorate of Transport, Communications and Road Management
Nomerovsky Anatoly Ivanovich 18
Principal Directorate of Construction & Architecture
Prokofyev Alexander Alexandrovich 45
Principal Directorate of Consumer Market
Chekhunov Nikolai Vasilyevich 92
Principal Directorate of Healthcare and Social Issues
Moskalenko Vitaly Fedorovich 76
Principal Directorate of Personnel and General Issues
Gorbach Alexander Andreyevich 94
Personnel Department
Savchuk Anatoly Semenovich 10
Organizational Department 11
General Department
Riyaka Yevgeny Ivanovich 20
City Archive
Fedorova Nina Anatolyevna 3,5
Financial and Logistics Department
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Department for Work with Applications of Citizens
Khokhlov Alexander
Principal Administrative & Legal Directorate
Ostapenko Pyotr Maksimovich 59
Department of Registration and Unified City Register 8
Achkasov Alexander Nikolayevich
Civil Status Registry
Zhideleva Yelena Nikolayevna 34
Department of Public Security and Defense Work 6
Yermak Valentin Viktorovich
Juridical Department
Novak Alexander Nikolayevich 10
Information Resources Department
Pyzh Vyacheslav Mikhailovich 10
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APPENDIX C

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APPENDIX D

Starter Set Specifications and Allocation

ALLOCATION OF STARTER SET

*Existing Equipment**

Department	Desktop Compute	Notebook Compute	Laser Printers	Matrix Printer	Color Printer	NIC	Print Server
Project Office	4	1	1		1	4	1
Secretariate	1				1		
Budget and Finance	1		1	1		1	1
Finance - Kominternovskij							
Finance - Dzerjinskij							
Registration of Legal Entities	1						
Registration - Raions							
Personnel							
Information Department	1					1	
Total	**8**	**1**	**2**	**1**	**2**	**6**	**2**

* 80286-based systems have not been included since they are not adequate for use as network workstations

Starter Set Allocation

Department	Desktop Compute	Notebook Compute	Laser Printers	Matrix Printer	Color Printer	NIC	Print Server
Project Office	1						
Secretariate	1		1			2	1
Budget and Finance	2					2	
Finance - Kominternovskij	2		1				
Finance - Dzerjinskij	2		1				
Registration of Legal Entitites	1			1		1	1
Registration - Raions	3			3			
Personnel	1			1		1	
Information Department	1						
Total	**14**		**3**	**5**		**6**	**2**

Resulting Equipment Totals

Department	Desktop Compute	Notebook Compute	Laser Printers	Matrix Printer	Color Printer	NIC	Print Server
Project Office	5	1	1		1	4	1
Secretariate	2		1		1	2	1
Budget and Finance	3		1	1		3	1
Finance - Kominternovskij	2		1				
Finance - Dzerjinskij	2		1				
Registration of Legal Entitites	2			1		1	1
Registration - Raions	3			3			
Personnel	1			1		1	
Information Department	2					1	
Total	**22**	**1**	**5**	**6**	**2**	**12**	**4**

STARTET SET - KHARKOV, UKRAINE
SPECIFICATIONS & CURRENT PRICING - GATEWAY EXAMPLE

ITEM	Desktop/Server SYSTEM 1	P5-66		Desktop SYSTEM 3	P4D-66
CPU	INTEL PENTIUM		2739	INTEL 486DX2	2249
CLOCK SPEED	66MHz			66MHz	
SRAM CACHE	256KB, 15ns			128KB, 15ns	
RAM	16MB, 70ns		300	16MB, 70ns	300
MAX RAM ON BOARD	128MB			64MB	
FDRIVE 1	1.44MB 3.5"		50	1.44MB 3.5"	
FDRIVE 2	1.2MB 5.25"			1.2MB 5.25"	
CDROM	DBL SPEED CDROM				
TAPE BKUP	250MB .25" internal		149		
HARD DRIVE	540MB IDE, 13ms access			540MB IDE, 13ms access	
HDRIVE CACHE	128K			128K	
GRAPHICS VIDEO TYPE	PCI local bus			PCI local bus	
GRAPHICS RAM	2MB			1MB	
MONITOR	17" 1024 NI color		335	15" 1024 NI color	
CASE TYPE	Tower			Desktop	
AVAIL SLOTS STD CONFIG	5 16-bit 2 PCI			6 16bit 1 PCI	
BAYS AVAIL	5 total half-height			4 total half-height	
POWER SUPPLY	300-watt		50	145-watt	50
PORTS	1 P, 2 S			1 P, 2 S	
KEYBOARD	101-key			101-key	
NETWORK CARD	16bit Ethernet 10Base2		105	16bit Ethernet 10Base2	105
MOUSE	Microsoft or compatible			Microsoft or compatible	
OS	MS-DOS 6.x & WFW 311.			MS-DOS 6.x & WFW 311.	
OTHER SOFTWARE INCLUDED					
MICROSOFT OFFICE			175		175
UPS	600VA, 10 min		499	400VA, 10 min	399
TOTALS:			4402		3278

QUANTITY & COST ESTIMATE

STARTET SET	QUANTITIES:	ESTIMATED US COST
SYSTEM 1	1	4,402
SYSTEM 2		
SYSTEM 3	13	42,614
SYSTEM 4		
PRINTER 1	4	6,600
PRINTER 2	3	1,350
PRINTER 3		-
PRINTER 4		-
PRINTER 5	2	1,000
SUPPLIES/SOFTWARE	—	2,500
TOTAL		58,466

PRINTER SPECIFICATIONS & PRICING

PRINTER TYPE	PRINTER No.	CHARACTERISTICS Minimum Specifications	ESTIMATED COST
LASER PRINTER	P1	8 pgs/m, 600 X 600 dpi, Ethernet interface 6 MB RAM	1,650
DOT MATRIX	P2	Wide carriage, 24 pin, Cyrillic fonts, 32K down load RAM, 300 chr/sec @ 10pt draft bottom, rear load tractor, paper plong	450
DOT MATRIX	P3	Narrow carriage, 24 pin, Cyrillic fonts, 32K down load RAM, 240 chr/sec @ 10pt draft paper parking	300
COLOR INK JET	P4	300 x 300 dpi, narrow carriage	600
PRINT SERVER	P5	10Base2/T Ethernet print server, two parallel and one serial port, Novell Netware, TCP/IP and LANmanager support	500

PRINT SPECS
SS1 A1-J32
SS2 A33-E47
SS3 K1-P15

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ANNEX 3
Mission Trip Notes: Thomas Potocki, COP.

Thomas Potocki, COP.

MISSION TRIP NOTES

Ukraine & Moldova - February & March 1995

KIEV

KIEV. February 6, 1995. Meeting with the International Finance Corporation (IFC)

Present: Robert Foresman - IFC Task manager, Small Scale Privatization, UKR.
Tel: (044) 293-4857
Alex Gilburg - IFC Legal Issues Consultant. Post Privatization Project in UKR
Tel: (044) 293-4857
Counterpart Foundation Senior Staff.

The IFC is working in two major areas:

1) Small Scale Privatization (funded by USAID)
2) Post Privatization Assistance (funded by the British know-how fund)

1) Small Scale Privatization (SSP) in Ukraine (for trade, catering, and other services) occurs mostly by auction and is modelled on the Nizhny Novgorod (Russian) model adapted to Ukrainian conditions. The project's first auction was held in 1993. Now project has expanded to 15 cities in which the IFC have permanent teams.
Small Scale Business Privatization (SSBP) in Ukraine has not been as successful as in Russia where only c. 25% of SSBs remain to be privatized. In Ukraine this figure is over 80%.
Of importance to Newbiznet: Most SSBs that are privatizing have no notion as to how to run a business - they will make good clients for Newbiznet BSGs. IFC can provide lists of businesses that have privatized in any area.

2) The Post Privatization Project (PPP) offers support to businesses that have privatized. Project operates only in Lugansk at present. Contingent upon availability of funds it might expand to other cities in Ukraine. Key to success is to have good relationship with the government. The PPP is active in 3 main areas:

a) Directing a Business Center
b) Developing a nationwide Condominium Law.
c) Improvement of local regulatory systems

a) The Lugansk Business Center provides 3 basic types of services:

- Business training — Training curriculum is oriented heavily to business planning - this was the major need identified. Center has to solicit to get clients - explains to people why they need these services. They even go so

		far as to devise simple tests to make people feel they are competing for a slot on the course. The ones "selected" feel good about this. People have to be made to feel they need the training.
•	Information support	Center is trying to develop an information network of e-mail, business directories, legal data bases (can be bought). Information is difficult to obtain in Ukraine. Must teach people that information is available and valuable.
•	Technical assistance	This a nebulous sphere. Can be anything from translation assistance, to assistance in writing business letters, to assistance in the use of computers. Assistance is given in whatever area is needed.

b) A national condominium law is very necessary for privatizing businesses since most of them are located in multi-story multi-use buildings and its of little use privatizing a business without giving the new owners title to the space since this is what they want most anyway. Original privatization did not envisage sale of premises - they gave long-term (10 year) leases.
For Newbiznet: Technical assistance to new Home Owners Associations of privatized businesses is something that would be very useful. H.O. Associations function much like businesses.

c) Improving the local regulatory and tax system is very important since it impacts directly on the businesses. The Lugansk Business Center works very closely with the city but advocates for the interest of the business community. First analyze what city is doing and measure that against what it should be doing. Two important goals to work towards - to introduce transparency, and abolish arbitrariness in decisions.
It is also important to try to get the business community to obey rather than to violate regulations otherwise city loses tax revenue. Also important to educate government that they are not there to control business but to help business.
The city of Lugansk voluntarily started a" business club" or "lobby" - a forum for business interests to voice their concerns to government.
Price Waterhouse has started a "Press Club" - a forum where journalists can come and listen to speakers on various topics.

KIEV. February 7, 1995. Meeting with the Peace Corps

Present: Mr. Jaroslav I. Dudkewych, Director, Tel:(O) 228-4876, (H) 293-2200 PH/FAX
Ms. Thessalonika (T) Benny Tel: (O) (H)

By June 1995 PC will have 80 business related volunteers in Ukraine
Some info on specific cities:

Lugansk: Very reform oriented - good place to work in. IFC working there.
Kherson: (near Nikolaev) Good place - has the only woman Mayor in Ukraine.
Dniepropetrovsk: Very good place to work in . 8 PCVs are placed there.
Nikolaev: Hard line communist. was a closed city in the communist era. Hard to work in.
Kharkiv: Nothing much has happened there. Original PCVs were not well used. However, its an important city.
Odessa: Not an easy place to work in. Full of Mafia. Will end up working for one or another Mafia group.
Lutsk: Good place. Very dynamic city administration.
NEWBIZNET Project needs to be tied in with the Peace Corps.
Important considerations for NEWBIZNET locations:

* local govt leadership and support. its important who the Mayor is, will he be in power long (when was he elected?) Mayor must be progressive. From this perspective Nikolaev is a good place, so is Dniepropetrovsk.

In Ukraine "Business Clubs" are the US equivalent of Chambers of Commerce. Do not align with Ukrainian Chambers of Commerce, they are old style communist organizations.

Try to set up meetings with.....
Both are reformists, not members of the old guard, will tell us how the economy is reforming, what cities are most progressive, who to meet in what cities.

Questions to ask in cities:
How many companies are registered?
How big are they?
Do they manufacture anything or are they "buy/sell type street kiosks?
Does the city have a "Business Club"?

KIEV. February 7, 1995. Meeting with E.U. TACIS Business Communication Center:

Present: Mr Paliuk:.....Tel: 212-8379

TACIS has two main areas of interest:

1) Business Development Agencies (BDA)
2) Business Communication Center (BCS)

1) The BDA program helps local counterparts in creating business incubators. The first TACIS BDA opens in Kiev on Feb 9, 1995. Contact Richard O'Rawe Chief Advisor.

State property fund will privatize 8,000 firms in 1995 - its important to support them.
EBRD will open a credit line for SMEs of 100 million ecus through the Ukrainian National Bank as depositor. Funds will be made available through 6 commercial banks: INKUBANK,

UKIZINBANK, GRADOBANK, PRIVATBANK(Dniepropetrovsk), NORDBANK (Odessa), UKRAIN WEST BANK(Lviv). Loans from $2,000 TO $50;000 Will be available.

The City of Kharkiv is very interested in receiving assistance for small business development. City administration has set up a special office for this. Mr. Paliuk will find out who to contact. Ivano Frankivsk is also good place to work in. The Agency for International Cooperation and Investment has worked with the Local administration to set up a Regional Development Agency working on economic development of the region. Mr. Zenovij Maniv is director.

2) BCS is a network of business communication under the Ukrainian Chamber of Commerce to Provide services to SMEs and to link them with European chambers of Commerce. Mr Antonio Castro is to be contacted for information at: 212-3275

KIEV. February 7, 1995. Meeting with the Eurasia Foundation

Present: Greta Bull , Regional Director. Tel: 230-2677
Sergey Konoplyov, Deputy Regional Director.

Eurasia Foundation has 3 major areas of work.

Training
Public administration
Media & Communications

Funds available in 3 ways. Either

a) Through direct grants (up to $25,000) for non commercial purposes.
b) Through recoverable grants if there is both a commercial and a charitable purpose
c) Commercial loans. Through Project Related Investment (PRI) to support business startups. Max loan up to $50,000. $1,000,000 is available for this fund for 1995.

Whether NEWBIZNET supports one center or works with all centers very much depends on the local situation. Key is to remain flexible. Centers must charge for services to discourage overuse of facilities, to make people feel the service is valuable. However do not charge too much not to price some people out of the market.

Enterprise Fund only going to do large investments. Contact Rima Kushnia (sp?) consultant to the Enterprise Fund to get info.

The PETRO MOHYLA Society in Kiev has a business Information Center which will provide a library of both domestic and international business information sources as well as on-line electronic mail services. The society is working with Information systems and electronic Data bases. Grant from Eurasia also supports the publication and distribution of two business information guides to Ukraine.

Most important Criteria for location of Centers?

* A good organization as a local partner. Today any city administration will welcome a business center. They know that economic development is key.

KIEV. February 26, 1995. Meeting at AID offices with West NIS Enterprise Fund.

Present: Mr. Scott Carlson, Director, WestNIS Enterprise Fund
Ms. Amy Osborn, USAID /Kiev
Mr. Ivan Shvets, USAID/Kiev
DAI Team including Dan Wagner.

Mr. Carlson outlined the broad scope of the Enterprise fund's mission and mentioned that $150 million has been approved over a 10-15 year life span of the project. Of this figure $ 45 million has already been allocated.
Of particular interest to Newbiznet is the fact that tee Enterprise Fund has formed a separate subsidiary company to disburse small loans of between $25,000 and $100,000 at Market interest rates of 20% -25% (dollar loans). These would be equipment loans repayable over a period of 3 years. Loans to medium size enterprises would be between $500,000 and $5 million.

Mr. Carlson mentioned that the Enterprise Fund is thinking of locating their subsidiaries for disbursement of small loans in the cities of Lviv, Odessa, Donetz, and Kharkiv. If this fit in with our locations it would be very useful if our two operations could cooperate on location. i.e. The EF would gladly have a small office in our centers and would reimburse us the rental and other costs.

KIEV, February 16, 1995. Agency for the Development of Enterprises. (TACIS Business Service Center)

Present: Mr. Richard O'Rawe, Chief Advisor
Mr. John O'Neill Director of "VENTURE" Bus. Services and consultant to ADE/TACIS.
Ms. Patrizia Bernardini, Project Officer.

TACIS counterpart organization is the Ukrainian League of Industrialists and Entrepreneurs. The Agency for the Development of Enterprises (ADE) has a Ukrainian Board of Directors with an Executive Director also serving as a member of the Board. The TACIS Chief advisor Runs the Project with 3 Western Project Officers and a Ukrainian staff of 7 business Advisors and Trainers.

TACIS has made the decision to produce all its training materials in Russian only. Its training need assessment using Training Institutions, businesses, and entrepreneurs as respondents

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identified that practical, short course training is most needed in Ukraine. and that a course in starting ones own business is of most interest to potential SME starters.

Fees for Training and seminars. TACIS is working under the assumption that a modest fee of say $20 is a sum that any budding entrepreneur can come up with if he is serious about starting out in business. Also, if he can not afford to invest such a modest sum in basic knowledge, what chance does he have of succeeding in starting a business?

Recruiting for Training courses. TACIS used a combination of Newspaper Advertising, Posters , and direct Mail to Institutions. Trainers that the center has trained will either stay and continue training at the center or go out and train privately or in institutions. They may be a competition to the center but that does not matter.
Training for trainers are envisaged as being 3 week courses.
A 5 day course in basic business start-up include:

Day 1 - Self assessment. What makes a good entrepreneur.
Day 2 - Marketing
Day 3 - Finance
Day 4 - The Business Plan.
Day 5 - Promotion/joint ventures/Registration/Taxation etc.

Major interest is how can theory of business work in practice in my business.
TACIS would consider selling already developed business training materials.

Ukrainian professionals or teachers in management have plenty of theoretical knowledge but absolutely no experience of how it works in practice in a market economy. Advisors have no experience in how to deal with clients. Hard to find Ukrainians with business background. have to hire people with technical background (engineers) or languages.
TACIS Training for local staff: 3 months of training in Ukraine, 3 weeks training at business university in Europe, 2 weeks in Ireland to experience how actual companies function. About 4 months training in all.

Salaries:
TACIS pays $600/month to Deputy Director
$150/month to Secretaries
$400/month to Accountant
$300-400/month to Local Advisors

Good business related magazine to subscribe to is: " Eastern Economist"
Rank/Xerox Co. is in Kiev. Will give service contracts and maintain Photocopying equipment.

Really useful to have some western personnel in office. Knowledge of Russian language is extremely useful.

(SEE PROMOTIONAL AND OTHER MATERIAL MADE AVAILABLE BY TACIS)

KIEV, February 16, 1995. Business Incubator to retrain Ukrainian Army Officers (Funded by German Government)

Center funded by the German Government who provided equipment to retrain Ukrainian Army personnel in civilian jobs. Also supplied funds for training 8 trainers who:

- Trained for 4 months in Ukraine
- Worked for 1 month in German enterprises
- worked for 4 months in Ukraine under supervision of German trainers.

Now center trains groups of ex-Army personnel where each individual gets 400 hours of training to complete a course. students undergo:

1) Theoretical study - they study the market economy
2) 3 month practice in business planning - how to organize one of two enterprises. Either a automobile service center or a service shop for audio-visual equipment. (German govt. donated funds to purchase the equipment)
3) Half of group does practical business planning (setting up their own business)
4) Other half of group does practical work with repairing cars or audio-visual equipment.

At the end of this time the groups put into practice what they have learned. The management group and the technical group go off and start their own business. They have to find investors or backers to assist in a start-up.

This is an interesting model to assist business start-up.

KIEV. March 12, 1995. Discussion with Research Center for Small business development Promotion "VENTURE"..

Present: Mr Igor Zhilayev, Director
Mr.. Alexander Schur, Deputy Director
Ms. Elena Bazyr, Research Fellow

A project that is being developed and funded by Eurasia Foundation is "How to improve business climate at city level and how to work with local authorities. This is important since cities do not know how to work with small business. Businesses can not survive and are forced into the "grey economy" because for every 100 k in salary 156 k has to be paid in taxes (this is going down to 106).

'VENTURE" might be used by our project for seminars and training to city officials on how to work with small business.
"VENTURE" has published much training materials. Gerry Andersen should meet with them.

KIEV. March 17, 1995. KVAZAR-MICRO Computer assembly, sales and network design/installation.

Took Rus Mouritsen over for a meeting at Kvazar Micro to explore their Business Information Network (BIN) capabilities and their possible assistance to us in this regard. For substantive notes on meeting see Russell Mouritsen's trip report.

KIEV - Delegation of the European Commission in Ukraine - Nationalny Hotel . March 17, 1995. SME Sector Donor Coordinating Meeting.

Present: Thomas Millar, Expert Enterprise Restructuring & Finance services. Organizor.
Richard 0'Rawe ,Director TACIS Business Center, Kiev.
Amy Osborn & Ivan Shvets, USAID Technical Representatives
Krzysztof Kuzbik Project Manager, IFC Post Privatization Project.
Alexander Mostovoy, Associate banker, EBRD
George Faillace, Financial consultant to the EBRD
Svitlana Kolesnyk, Assistant - British Know-How Fund
Roberto Viezzi, Chief advisor, EU TACIS Project, Ukr. Business Comm. Center. (UBCC)

Participants gave brief description of their project's activities. Also discussed were geographical concentration by donors, and the EBRD discussed its SME lending criteria. (a handout on this was circulated). Next meeting has been scheduled for May 5th. 1995.

KIEV. March 17, 1995. Kiev Polytechnic Institute/Ukrainian Business Information Service (UBIS)

Present: Alexander Demchenko, Director of UBIS
Igor Kovalenko, Manager of the Computer Integrated Manufacturing (CIM) Center at KPI

Introduced Russ Mouritsen to the UBIS center. Discussed what computer hardware was available and under what conditions we might possibly use it. Response was that if we upgrade it to our requirements and UBIS could also take advantage of the BIN Network then there is no problem in using the hardware. See Russ' detailed notes on the meeting.

MOLDOVA

CHISINAU, February 8, 1995. - KPMG Bankers Training Program.

Present: Mr. Michael Geegan, Project Director., Counterpart, USAID Moldova Program Assistant, Mr. Vasile Filatov.

Project Goals: To educate bankers in Moldova in all aspects of bank operations including lending to small businesses. Project works closely with the Bankers Association.

General Information:.

There are c. 30 Banks in Moldova.
Average loans are short term, ie. 4 mo. - 1 year max. Most loans are operating loans.

Interest rate varies between 75% and 100%
Biggest debtors are state owned enterprises

CHISINAU, February 9, 1995. - Union of Entrepreneurs and Tenants (UET)

Present: Andrey Sckitsco, General Director, UET
Cezar Ivanov, Deputy Director, UET.
Counterpart Foundation.

Founded in 1990, this association provides employment services and lobbies in the interest of its c.600 member enterprises of which c. 10% are "large" enterprises.
The association claims to be completely independent of the government and not supported by it.
The Association has chapters in most regions of Moldova
The association has ties to two BSG's - EU TACIS, and the BSG associated with the Academy of Sciences in Chisinau.

CHISINAU, February 9, 1995. - VOCA.

Present: Sean Carmody, VOCA , USAID/Kiev & Moldova.

Discussion centered around following topics:

Discussions have already been held with BSG/TACIS that in order not to duplicate efforts and waste resources they would cover the business support needs of Chisinau and

NEWBIZNET would cover those of the provinces. ie. One center in the North of the country and one in the south.

Logical for NEWBIZNET to have a small, central coordinating office in Chisinau and from there cover a center in Balti in the N. and a center to be decided upon, in the field, later.

Sean Carmody mentioned an important contact in Balti. Mr. Boris Boinchan, director of crop research institute. Speaks English, well connected, honest, ethical, has many business contacts. Will be able to steer many people to the business center.

If center is established in Tirespol or Tghina (Trans Dniester zone) will need US Embassy approval.

Better to start in Balti and once established, research which southern location to choose for location of center. Better not to rush into a quick judgment but get to know the region and the players/opportunities better first. Remain flexible for now.

CHISINAU, MOLDOVA. February 9, 1995. - Association of Joint Stock Companies (AJSC)

Present: About 8 representatives of AJSC. Among them:

Mr. Alexander Ciugureanou, Vice President of the Association
Mr. Edward Yaroshevsky, Chairman of the Board," GEMENI" SA.
Mr. Ion V. Balan, Director "OKEAH" SA.
Mr. Serghiu Baban, Director General, "ELCAS" SA.

The AJSC is an association uniting and lobbying for all the joint stock Companies in Moldova. The JSCs are all larger enterprises and as such do not get tax holidays and other concessions from the government. there are 1,700 JSCs in Moldova. Out of these, 500 or about 30% are entirely privately owned. Some 1,200 have mixed capital - some private some government, and only 6 are small enterprises.

Regulatory reform is key in making private business profitable. What this group needs is advice and assistance in taxation reform and assistance in access to financing.

CHISINAU, MOLDOVA. February 9, 1995. - Price Waterhouse, Mass Privatization Project.

Present: Ms. Michelle Ciurea, Deputy project manager, (ABT Assoc. on loan to P.W.)

Price Waterhouse conducts privatization Auctions of Moldovan Companies. Project meets government goals but is not attached to any government organization. New government is mesmerized by the idea of "Post Privatization" even though privatization has not yet been completed. Only C. 25 % of all companies have been privatized. ie. out of 1,600 large companies in Moldova only approximately 409 have been privatized. Of these, 200 are small enterprises and 273 are large ones.
Under the privatization rules all Moldovans were issued vouchers according to their age and years of work with which they can purchase companies, shares in companies, or real estate.

Large scale Privatization: Citizens buy shares in large companies which have beforehand been transformed into Joint stock companies.
In Small Scale Privatization: Whole businesses go out to auction in the classic sense. After the auction the companies are transformed into private enterprises.
The whole concept and description of privatization in Moldova is described in material received from P.W. and which is attached in Annex .....

CHISINAU, MOLDOVA. February 9, 1995. Liga Privat.

Present: Mr. Konstantin Olaru, Vice president of Liga Privat and "ASCOM" Group SA.
Mr. Director of the Bankers Association.
Mr. Marin Mazur, President of LIGA PRIVAT, and Director of International Activities of the National Bank of Moldova.

The league exists since 1993 and is a not for profit NGO. Its goal is to stay out of politics. It unites and speaks for all small and medium sized companies where no government property is involved. Primary need is capital, then members need training in the writing of business plans which will provide access to funding.
(See LIGA PRIVAT printed statement in Annex.....

CHISINAU, MOLDOVA. February 9, 1995. - The Enterprise Support & Small Business Development Fund (ESSBDF).

Present: Mr. Sergiu Certan, Chairman of ESSBDF
Mr. Istrati (?)

The ESSBDF is on the Board of the TACIS Business development program and has been active since 1994 working closely with all entrepreneurs associations. Important points made:
Important that all business centers cooperate and coordinate to avoid duplication of services. - Possibly crate an Association of Business Centers.
In charging for services care must be taken to make the fees sufficiently small to allow all

entrepreneurs to participate.
BALTI. Presently no BSG there but local authorities are quite interested in SME development. The Union of Entrepreneurs and tenants are interested in supporting a BSG. Govt. could provide free location.
CIMISLIA, in South is a good location. Mayor there interested in attracting a BSG.

CHISINAU, MOLDOVA. February 10, 1995. - The US Embassy

Present: Ms Susan Sutton, Second Secretary.
The Counterpart Foundation

* Discussed Balti as a possible location for the NEWBIZNET BSG. Discussed ECCE as a good partner for our project.
* The town of COMRAT (in south) not good as a BSG location. very backward.
* Cities in the Trans Dniester zone not good locations yet. American Embassy does not want any formal American presence there.
* In setting up a business center its very important to have a good partner. A demand for the services must be created. Its important to explain to the community why our project is needed.
* One way to start in the south is to have a road show of our services
* Use of Peace Corps. Would be good to have a Peace Corps Business volunteer assigned to our project. Speak to Moldova PC Director and develop ideas for a job description.
* US Embassy is willing to go into communities ahead of us to let them know that this is a US govt. funded project and to ask for cooperation. This would be most useful.

CHISINAU, MOLDOVA. February 10, 1995 - Price Waterhouse, Development of Capital Markets.
Present: Ms. Rosemary McFadden.
(see John Nielson's notes on this meeting - I came in towards the end.)

CHISINAU, MOLDOVA. Feb. 10, 1995 - BASARABICA-M Business Group & Publishing Corporation.

Present: Mr. V. Andryevsky, Chairman of Joint Stock venture BASARABICA-M
Ms. T. Batushkina, Director of BASARABICA's Chisinau Business School
Mr. L. Gaponov, Director of Scientific Consulting Center in Chisinau.
Mr. V. Tarassov, Rector, High Institute of management, Russian Academy of Sciences.

Basarabica works in 5 major fields of business development:

1) Business information dissemination
2) Consulting
3) Marketing
4) Business Training
5) Legislation

The company works with independent Farmers and farm communities, private manufacturers, private trade companies, services to government structures.

1) Business Information Field.
The company puts together data bases of use to the business community. They have data about all companies in Moldova; data about needs and requirements of companies. Presently all information is in Russian but will soon be translated into English and Rumanian. Company collects information in whole region and has links to BSGs in Russia, Ukraine, and Belarus. They publish a weekly newspaper in Russian of business news "Business Elite". The paper will soon be published monthly in English. Sample of subjects covered: Library for managers; how to deal with international businessmen; how to write a business plan; legal issues for businesses; agribusiness export/import. They have circulation of approx 2,000. This year they plan to publish a book "MOLDOVA Opening to the World" about the culture and economic structure of Moldova.

2) Consulting Center
The center runs courses on writing of business plans; investment projects; and how to look for investors.

3) Marketing and Publication
Center assists the businessman in selling products, researching markets. Collaborate with centers in whole region to assist in this.

4) Business Training
Center provides training in the following areas: Local Marketing; International Marketing; Taxation; How to establish and manage a Joint Stock Company. Plans are to provide courses for farmers on how to operate a farm business; a course shop(store) managers.

5) Legislative center
Center provides managers with legislative information and training in legislation to do with business.

Basarabica runs programs with outfits such as: Union of industrial Workers and Entrepreneurs; Union of Entrepreneurs and Tenants; and union of Joint Stock Companies.
They plan to open a BSG in TERASPOL (trans-Dniester); Also plan to open a center in BALTI to cover the northern region of Moldova; Also would like to open a BSG to serve the South in COMRAT or CAHUL

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BASARABICA spoke of their advantages , problems, and needs. Their big advantage is that all are united behind the same ideal but they badly need technical equipment such as computers and printing equipment. Presentation of their materials not as good as it could be. People come to them because the quality of their information is good.

They tried to work with TACIS but could not find common language.

(See much published materials provided by this company and firm statements in Annex)

CHISINAU, MOLDOVA. Feb. 10, 1995. - TRI-VALLEY GROWERS (TVG).

Present: Mr. Dennis R. Vincent, Country Director
This office offers business development services in the Agri-business development field. Will also offer training seminars in agribusiness development.
TVG and NEWBIZNET agreed to cooperate by passing client organizations to each other.
Spoke about cost of office space in Chisinau: c. US$ 25.00/so. m./month. Min office needed about 35sq. m.

CHISINAU, MOLDOVA. Feb.10, 1995. - Donor's Meeting, US Ambassador's Residence.

Present: Mary Pendleton, US Ambassador
Mr. First Secretary, US Embassy
Ms.Susan M. Sutton, Second secretary, US Embassy
Ms Amy Osborn/Mr. Ivan Shvets/Vasili Filatov , USAID/Kiev & Moldova
Mr. Anthony Cessions, Director , Business & Govt. Strategies Int. (BGSI)
Ms. Meg Kinghorn, Project officer, United Nations Business Development Ctr. (UNDP)
Counterpart Foundation
World Bank
Mr. E. Herrman, Moldovan-German Technical Cooperation.
TACIS Program in Moldova
and others

Round table discussion of all projects represented. Newbiznet Project presented its outline of operations.

BALTI, Moldova. February 11, 1995.
This is the only seriously considered location for a center in Northern Moldova.

1st. Meeting:
City vice Mayor, Mr. Aurel Tudor Zara; Mr. I. Banari, chief of the commercial section; Mr. Curkan, Director of the Moldovan-American Center for the Support of Private Sector Development, and other important dignitaries.

Balti is a multiethnic industrial center of 160,000. 24% of the population are of Russian stock, 27% of Ukrainian stock and 41% are Moldovans. Of 2,300 enterprises 700 are government controlled and 1600 are private sector companies - however not all of them are privatized.

Balti's industrial base is well developed. The city has 30 big industrial enterprises. Of these 15 are in the business of processing of agricultural products. Examples of major industry are wine making, cognac and vodka production, meat processing etc. Major light industry includes machine building and furniture manufacturing. Construction is also an important industry. The city has one University, 9 other higher educational institutions, 25 schools, and 50 pre-schools.

Of the 1,600 private sector enterprises most are involved in retail trade with some limited liability construction firms.

The city's major need is to train its entrepreneurs to function in a market economy and to have access to investments.

2nd Meeting:
Group of prominent businessmen from BALTI (about 10 individuals all representing government controlled enterprises) among them:

Mr. Boris P. Boinchan. Chief, Dept. of Agricultural Systems, Research Institute of Field Crops, SPA "SELECTIA".
Mr. Serciu V. Vitiuc. Director General, Agricultural cooperative "AGROPROD".
Mr. Mihai Dumitru Vronschih. Agrofirma "SELECTIA"
Mr. Chilik, Director of Bulgarian Trade House

General discussion centered around services that the NEWBIZNET BSG center could provide. Specific topics of interest were:

Access to funding and capital
Cost of access to training and services provided by the BSG.

3rd Meeting:
University of BALTI. The rector of the university gave a presentation outlining the history of the University, its faculties and its role within the community. Of particular interest to the group and specifically related to the business center topic were the facts that the university had a foreign language school and a school of computer sciences. Discussion focussed on the crossover of interests between the University and the NEWBIZNET BSG in these specific areas as well as the fact that the BSG could serve as the link between the University and the business community.
In 1995 The university will offer a 4-year course in training Administrative support personnel.

The course will feature skills in 2 foreign languages and computer literacy for its students.

4th meeting.
A visit to the Moldovan-American Center for the Support of Private Sector Development. This center is run out of space provided by the University. Has a one room office and an adjacent room which is used as a classroom for the business training program. The 1 year program is funded by the Eurasia Foundation and supported by the University of Nebraska.

BALTI, Moldova, March 21, 1995.

1) Meeting with Mr. Boris Boinchan, Chief of Department of Agricultural Systems.
2) Meeting with Mr. Vladimir Tonchuck, Mayor of Belts and other city officials
3) Meeting with entrepreneurs and Mr. Ivan Banari, Director, Balti Chamber of Commerce & Industry.

Spent a whole morning in the city of Balti discussing issues related to opening a center in the city.
Miss Zina Roomlansky a student of the language school at the University did some interpreting. She might be useful for the center. Speaks English quite well.
Belts has a population of 160,000 of which 41% are Moldovan, 23% Ukrainian and 20% Russian.
Balti has an Airport and is on a rail line. The city has 8 J-S companies and many trading enterprises are privatized. Many enterprises are being privatized. Balti has a special department to register and assist small businesses.
A regional Branch of the Moldovan Chamber of Commerce has just opened in Balti This is moving in the right direction of setting up a really strong , independent Chamber of Commerce.
Potential for economic development of the North is good.
Moldova must have a different model of how to set up business centers than elsewhere.
The South. The EOLAS Bank in the Trans-Dniester zone is relatively honest. Best to do regional outreach in the south possibly with the assistance of PCVs or UNVs. In the south cities have populations of only 50,000 - 60,000. Too small to sustain a center. It is too early now to be able to determine how best to work in the south. This must be researched and determined once we try things out.
Newbiznet needs to be aggressive in outreaching to potential clients - much more so than TACIS is. they just wait for clients to walk into the door. We need to have a really aggressive public relation campaign. Set up booths during fair days, contact any known businesses about seminars and classes, do radio interviews, etc.
As to legal and administrative structure maybe we have to start operating without having this resolved. Its a very complex issue. Speak with Susan Sutton about this again next time. Advice on who to seek advice from on these issues.

CHISINAU, MOLDOVA. Feb. 13, 1995. - Moldovan institute of Public Accountants (MIPA) & International Executive Service Corps (IESC).

Present: Eric F.L. Baker, Volunteer Executive
Mr. Ghenady Samoilov, IESC Country Representative.
Mr. Pavel V. Lomaev, president MIPA

IESC won a $ 200,000 grant from USIA to train accountants and form MIPA.
MIPA is a private organization registered as a NGO. It gives seminars in accounting and teaches local accountants how to transpose Moldovan financial statements into western form. IESC trained trainers at MIPA to;

* Provide banks with financial information in a form that they can use to provide credit.
* In June '95 will teach a course together with the World Bank training valuers to be able to advise on values of assets which will be presented to banks as collateral.

IESC charges $40/day to run a course of training. Normal accounting courses are 2-month courses (total of 50 classroom hrs.) In about 8/95 they will be ready to start running courses in the provinces. Fees that MIPA is looking for are to cover basic overhead charges, ie. rent, salaries of teachers, utilities, etc.

MIPA is prepared to keep, free of charge, computerized books of any small company who can not afford its own accountant. Will also offer managerial accounting assistance and help businesses in extrapolating profitability.

CHISINAU, MOLDOVA. Feb. 13, 1995. EU TACIS Project for SME Development.

Present: Mr. Harry Goddard, Project director, Business Center of Moldova, Ltd.
Mr. Ivan Shvets, USAID/Kiev
Counterpart Foundation.

Mr. Goddard explained the make up of his board of directors. Explained that a board of directors was required by TACIS and that TACIS was required to have a government counterpart organization expected to provide project with staff and with office space, etc.

Moldovan staff work as independent contractors of IDI consulting firm and what they do as far as taxes are concerned is their business.
TACIS would like to collaborate as much as possible not to duplicate resources. i.e.

* In Informational services, to share data bases.
* In consulting coordinate on fees and charges for services.
* Liase and coordinate training courses so as not to duplicate resources.
* Advertising and PR. Produce info on "how to get into entrepreneurship" and effect a change of attitudes towards business.

All group instruction is done in Russian only. Important to run courses in business English.

Costs in TACIS Business Center:
Steel doors = $1,000
Renovation of Premises = $ 4,000
Executive furniture Desks, chairs, file cabinets (from Germany) = $ 16,000
Local Furniture for desks chairs (other offices and Classroom to seat c. 15) = $ 5,000
Security System coordinated with Police.
Cost of hiring Car and driver = $250/month.

Advice: Set up as independently as possible find individuals to work with and build up the center that way. Do not work with BASARABICA. you will alienate other organizations.

CHISINAU, MOLDOVA. Feb. 13, 1995. Moldovan-American Business Center (CAP) - (University of Nebraska) in association with Academy of Economic Studies.

Present: Ms. Elena Costlier, CAP Executive Director.
USAID
Counterpart Foundation

Ms. Costlier described the history of the center which is funded by a grant from the Eurasia Foundation. In 1/1995 the Chisinau center opened 3 satellite centers:

* In Cahul (south of country) under umbrella of the Agro-technical college
* In Balti (in North of country) under umbrella of Balti university (Mr. Nikolai Curkanu, Director)
* In Sorta (NE of country) under umbrella of cooperative colleges
* Next center will open in TERASPOL maybe next year.

In order to be self sufficient centers must charge for services
Do Training of trainers in one central location then have them go home and conduct the training.

CHISINAU, MOLDOVA. February 13, 1995. AGBIS.

Present: Mr. Yuri Novosadiuk, Director of AGBIS Ltd.
Mr. Alexandru Muravschi, Member of parliament, Associated with AGBIS
Mr. Valeri Tkachenko, AMPO Ltd., Associated with AGBIS.

AGBIS is a non Profit organization with 5 full time members. Originally a pilot project of TACIS. now have severed ties with TACIS and work mostly with American companies. They say TACIS is connected with the Government structure and the feeling is that they want to keep

at arms length from them.

AGBIS works exclusively with agricultural and agribusiness enterprises. they provide:

* Training services to agriculture and agribusiness sector (train agricultural sector how to be more profitable)
* Consulting services
* Printing activities (information for agribusiness community) Published a book "How to create your own Farm"

Many businesses outside Chisinau are out of the informational network
AGBIS seem like genuine helpful and independent. Their advice is to start independently and build up the BSG from scratch. This way one can choose ones own people and not be stuck with an existing organization. Yuri can help identify persons or organizations in Balti to work with us.

CHISINAU. Moldova. March 21, 1995 Peace Corps - Moldova.

Present: Nelson Chase, Peace Corps Director, Moldova.
Phil also at Peace Corps

Peace corps very receptive to having their volunteers work with our center and perform outreach for us in Northern and Southern cities. In Rumania all their volunteers worked at Business support centers.
Let them know in about June where we stand and what we need . They will have a crop of volunteers in June to begin working in September.

CHISINAU, Moldova. March 22, 1995. Meeting at Moldovan American Business Center

Present: Leon Milobar, Associate director Nebraska Business Development Center
Mr. Walter Bacon, Univ of Nebraska, dept of Political Science. Romanian/Moldovan Program.
Elena Costlier, director, Chisinau Moldo-American Business Center

Introduced Gerry Anderson and Rus Mouritsen. Told them about our program . Nebraska people told us about their experiences in Romania.
They are already working in Siroca, Cahul and Balti. In Moldova Discussed much about the fact that due to unreliable telephone communication electronic information dissemination is a little premature and that the centers will be much better off with CD Rom disc information and hard libraries.

CHISINAU, Moldova. March 22, 1995 Meeting at AGBIS

Present: Valeri Tkachenko, Director, AGBIS
Juri Novosadiuk, Director, AGBIS
Newbiznet team

Introduced Gerry Anderson, Rus Mouritsen and Dan Wagner. Spoke much about training needs. AGBIS agreed that a business center in Chisinau was most needed since present centers were not really addressing the needs of the micro business community.
AGBIS once again reiterated their willingness to be of assistance to our project.

SOUTHERN REGION

ODESSA. February 20, 1995. Ukraine Anti-Monopoly Committee, Odessa Region Department.

Present: Mr Vladdimir Lisyuk, Chairman UAMC
Ms. Natalia Dekina, Rep. Business Committee of Odessa
Mr. Ivan Shvets, USAID
NEWBIZNET Team : Wagner, Nielson, Potocki

The UAMC is government institution and is funded by the State.
Mr. Lisiuk mentioned that Odessa is one of the most developed business centers in Ukraine and in some areas is much in advance of other regions.

* Last year Odessa approved a regional program for the development of SMEs
* Business in Odessa is quite active and trying hard to expand.

Main problems that enterprises face are:

* Absence of start-up capital
* Unstable economic situation - high inflation - inhibiting business development.
* Lack of office space
* Legislative issues

What BSGs exist in Odessa?

* "League of Entrepreneurs" . - functions like an association but does not do much for entrepreneurs.
* "Innovation Foundation. Private, finances new technologies.
* UAMC would like to develop a "Coordinating business Center". Would like the center to support development of business, information, marketing, linking to business services

in other countries, legal department to aid start-up businesses..
Actually there are no functioning Business Centers in Odessa - no functioning centers to associate with.

Points favoring Odessa as a BSG location:

* Odessa is a tourist center
* Climate between Local Govt and business community is good.
* Odessa is second only to Kiev in terms of numbers of people starting out in business. "Trade" is the most common small business activity.
* Privatization goal for 1995: 1,200 business that are eligible to be privatized will be so.
* Crime is on the decline in Odessa! (is this true?)
* City is fighting the Oblast for power.

ODESSA. February 21, 1995. Association for the Development of Private Entrepreneurship (EDNANNYA) or (UNITY).

Present: Natalia Kozhevina, General Director, EDNANNYA.
Oleg Tkachev, Chairman, Regional Council of Trade Union of Workers.

Mr. Tkachev shared some statistics:

* Recent birth rate dropped by 18% in Odessa region
* Death rate has increased by 13% in region
* In 1990 growth rate was 0.2 persons per 1000
* In 1993 growth rate was -3.2 persons per 1000
* In 1990 some 80% of enterprises were registered
* In 1995 only some 30% of enterprises are registered (reason for this is either shadow economy is predominant or many businesses went bankrupt)
* Yet some 89% of funds flowing into the regional budget are from private enterprise. (In 1994 private enterprise brought 1.5 trillion coupons in form of taxes. As a result one would have expected strong support of private business but this is not the case. Shortfalls in the municipal budget just result in heavier taxes on private business.

Typical split of tax allocation in all region (decided by parliament):
50% of taxes go to Kiev for the National government
49% of taxes remains in the Oblast
1% of taxes allocated to the city

EDNANNYA works in many regions of Ukraine. it was created about 1990. It provides services and a social safety net for businesses. It also works as a buffer between business and local government.

Mayor of Odessa is himself an entrepreneur so one would have expected a sympathetic ear, but

no. Prognosis for the future is to set up a business center at Oblast level with representation from the city.

In Kiev worth checking out is; Ukrainian/Finnish Institute and The Private University for the Training of Businessmen

Attend conference on March 14th in Kiev sponsored by EDNANNYA. (Get all available material from Ivan).

EDNANNYA and regional Council of trade unions are amalgamating. EDNANNYA provides business services, Council of Trade Unions solves social problems and provides safety net to SMEs for which SMEs pay dues. In most regions it's still a joint structure but about to split.

If one links with Unity one has good connections, its a private, non profit, NGO and a good organization. Caution is to be exercised so that it does not eat up the joining organization.

ODESSA, March 23, 1995. Meeting at Mayor's Office.

Present: Mr. Aleksandr Shantser, Advisor to the Mayor.
Newbiznet Group

The mayor's advisor described the positive elements of Odessa including the need to develop business assistance to the 1.1 million population of the City. The vice mayor offered the city's every assistance including the offer of identifying office space in a prestigious location for us to rent as office space as well as to obtain telephone lines and living accommodation for the LTTA in Odessa. DAI assured the Deputy Mayor that if we received the city's full cooperation and assistance in our efforts that was all we were asking. This assurance was given.
Since we understand that accommodation is very difficult to obtain in Odessa what we must do is in a thank you letter to the deputy Mayor thanking him for his kind offer of support for our project in the name of the Mayor, ask him that if he would like the center in the south to be located in Odessa the city would have to identify adequate office space for the Business center and living space for our LTTA. Otherwise we would have to seek alternative locations for our center. As soon as space is obtained and renovation complete the center will be able to start operation.

ODESSA, March 23, 1995. Meeting with PARCO

Present: Michael Gryzlov, Office manager
Tim Matarka, Jeanie Gardener's husband. (Jeanie is PARCO's resident advisor in Odessa. Spoke about space availability and costs.

Apartment rental in town: Have to budget at least $1,500 - $2,000 / month. but very difficult to find. Get city to identify space - give them criteria of area, telephone lines, prestigious location, Tim said he would fax me information if we sent him what we kind of information we would like.
New office Phone in Odessa: 25-09-15; Fax: 22-05-67.

ODESSA. March 24, 1995. Meeting with COED

Present: Jeffrey Martin, Field Project Manager and his staff
Newbiznet project team

* COED has 37 offices in most of the major cities in Ukraine. Their mission is to create private sector jobs and companies.
* COED will be happy to support us in whatever way they can. Will assist with temporary office space while we are preparing our own. Also will support our outreach to various smaller cities.
* COED deal with different banks in different locations depending how good a service they get between the banks.
* Legal Issues: Jurvneshservice law firm in Kiev is very good. Anna Tsyrat is a partner and CEFED legal council. They are general business specialists. Charge $100/hr on short term. less on long term work. Call and say we were referred by Jeff. Ask if she is not overloaded with work. If so what other partner could work with us.
* Need an Advertising budget for each center. Jeff can provide some idea as to what is needed. Each center needs overhead projector for training; Satellite dish and TV to see NBC and other channels to get an idea of western Advertising for teaching purposes; Each office needs cordless telephone.(GE or SONY works best) Each BSC needs a cellular telephone a big heavy 15 watt/100 km. range, one. These will work in Odessa, Kiev, lviv, Kharkiv and Dniepropetrovsk. Can be bought in Ukraine from Ukraine mobile telephone dealership.
* Vehicles. Get Ford Explorer and NOT Jeep Cherokee (No dealer here has parts to support jeeps). Fords have service here can be shipped in from Germany in 2-3 months. Do not need a special agreement from USAID to purchase in Ukraine. Get price quote from Winner Ford Dealership in Kiev. (speak to John Young). @-3 Insurance Companies now insuring vehicles in Ukraine. Cost is $ 1,000/6 months ($2,000/yr.)
* Hiring local personnel. USAID advise to pay them in dollars only. They are responsible for own taxes. Speak to Ivan about this.
* Jeff martin will give us an idea on budget needed for Odessa if we send him a fax asking for costs for budgeting purposes.

ODESSA. March 24, 1995. Meeting with Association of Odessa Entrepreneurs (AOE)

Present: Svetlana Nisilevitch, Chairman of AOE

Felix Kobrinsky, Entrepreneur in commerce and production. Very active in AOE
Igor Lebedev, Dep. Dir. of firm "Viking-D"
Efim Tulchinskiy, Entrepreneur & Member of Fed. Council of Ukrainian Trade Union of Cooperatives and Businessmen.
Leonid Shtekel, Director of TV studio and publisher of business newspaper.

* Objective of AOE is to represent the SME community from a legal standpoint
* AOE has a radio program to encourage SMEs
* In Odessa SMEs have very difficult time due to the attitude of National and local governments toward SMEs. National and local governments do not realize that 90% of govt. funds come from taxation of the SME sector.
* AOE facilitates contact between SMEs and local govt. They have lots of ideas as to how city administration could assist the SME sector.
* General population does not see eye to eye with SME community. They need to be educated that business is not bad.

AOE is willing to help us and work with our project. This was a very constructive meeting.

KHERSON, February 22, 1995. Mayor of Kherson and city authorities.

Kherson is an important seaport and river port at the estuary of the Dnieper river into the Black Sea. It has also important wool processing establishments, shipbuilding industry, oil refining facilities. Kherson has several schools of higher learning including a regional Business Institute which trains business personnel as well as a private business school. Business English is being taught at a private university with a grant from the Soros Foundation.
About 400 trade enterprises have been privatized with about 100 remaining to be privatized. Most industries except for shipbuilding and food processing have also been privatized.

All day meetings were held with the Mayor and various other city officials. Received a tour of the city computerized information services and had a meeting with a group of about 20 individuals from the Council of Small Business Entrepreneurs (CSBE) to whom we explained the goals of the project. The CSBE is an elected council made up of heads of small businesses. They are about to create their own business center. They, as the Mayor and her close associates seemed genuinely interested in cooperating with the Newbiznet project. However it appears that the CSBE and indeed all the people we met there were totally under the influence of the mayor and her ideas.
There is also a Regional Business Institute who also perform training of business entrepreneurs but this group is organized by the Kherson Oblast authorities and appears to be beholden to their political agenda. It seems highly likely that electing to work in Kherson would necessitate making alliances with either one group or the other and thereby alienating the group one was not allied with. All in all, an uncomfortable situation and one not conducive to achieving the best results.

KHERSON. February 22, 1995. Kherson Center for Scientific and Technical Services (KCSTS) and Oblast level authorities.

Present: Mr Felix Kosiakowski. Director general KCSTS
Mr. Aleksander Ereguin, Director URCONSULT.
Mr. Victor Mistrenko, Deputy Oblast Governor
Mr. Victor Likoshev, Economic Committee of Kherson Oblast
Mr. Vladimir Shelutko, "

Oblast has population of 1.3 Million. City of Kherson has population of 450,000. there are about 1,500 small business enterprises in Oblast. The private sector accounts for about 10% of Oblast enterprise but 30% of taxes were paid by them.

Obviously a rivalry exists and a battle for power between the city and the Oblast. From the Project's standpoint definitely not a good situation in which to get entangled.

KHERSON. February 22, 1995. Large group of local businessmen.

NIKOLAEV. February 23, 1995 Meetings with city authorities

Present: Mr Mayor of Nikolaev
Mr. Oleg Boiko-Boitchuk, Vice Mayor, head of City Development Department.
Mr. Valentin Popok, Dept Chief, Prospectives of Social & Economic Dev. & Conversion.
Other heads of departments.

Nikolaev very important shipbuilding center . This was a closed city during communist era since much Soviet navy military contracts were from here. Shipbuilding will lessen in importance now. Nikolaev also has also a dozen other big industrial plants. If large scale unemployment hits here this can cause great civil unrest.

The monopolistic situation of the shipbuilding industry has a big impact on small business. Nikolaev registered 7000 small businesses in the last 3 years. of these only 2000 have survived. Nikolaev has a big ocean university which graduates 2,500 students per year.
Advantages for development in Nikolaev:

* Nikolaev has an extremely well educated and technically trained labor force.
* Great geographic location
* Region weakly developed up to the present
* Nikolaev has specialized technologies that can be easily adapted. eg. shipbuilding to yacht building.
* Highly skilled personnel in computer technologies.

Organizations in Nikolaev targeted to strengthen SMEs:

* League of Industrialists and Entrepreneurs (unites all State Enterprises)
* Union of lessees (forms link between state owned and private enterprises)
* Union of private Entrepreneurs
* Trade Union of Entrepreneurs.
* Union of producers of Nikolaev

Nikolaev has 20 consulting firms, Institute of advanced Training, 5-7 law firms, Public opinion polling firms.
Nikolaev has taken the initiative to support a business center in the city. It hopes that one of the private firms in the city will take up the idea. City wants to initiate a flexible system to respond to relevant problems of the SME community.

PERSONAL OBSERVATION: The vice Mayor has everything running according to his orders in this town. His thinking is very rigid socialist thinking. A center in this town would have to do everything as he saw it, otherwise nothing could be done here.

DELEGATION WENT TO VISIT SEVERAL PRIVATE FIRMS.

1) **Joint Stock Co "Technologia"** Met with their Marketing Director. Has built many products utilizing underutilized manufacturing capabilities of local firms. e. 3 ship containers designed together to form a mini-bakery. Food drying and smoking machines. Very innovative and doing well.. All employees are ex-employees of industrial plants.
2) **The firm "ISKRA"** Mr. Dimitri Korneev. Manufactures welding equipment and lighting and electronic equipment. Private enterprise started from zero 5 years ago.

3) **INGRESS systems.** A firm consulting in computer technology, setting up local area networks etc. Has offices in Kiev, Nikolaev, and Dnipropetrovsk.

NIKOLAEV. February 24, 1995. South Center. Ukrainian Academy of sciences of National Progress

Present: Mr. Nikolai Nagorny, President
Mr. Genady Vylsky

This is a management institute serving heavy industry in Nikolaev. They retrain specialists in the shipbuilding industry.
The South Center representative outlined the goals and objectives of the center which now functions completely independently of government and is not supported by government funds. The institute is a small business training institute with training objectives similar to that of the Newbiznet project.

NIKOLAEV. February 24, 1995. Press Conference organized by the Mayor of the City at City Hall

Present : Members of the City administration and radio Newspapers and Television.
Dan Wagner and Thomas Potocki outlined the goals and objectives of the Newbiznet project and responded to questions from the press.

NIKOLAEV. February 24, 1995. Meeting with 3 private consulting enterprises

1) **"FORKIS"** A firm consulting in privatization. (Mr. Stanislav Marchenko)
2) **"Velolux"** Trade Union for small & Medium businesses(Mr. Victor Menkov, chairman).
3) **"Naval-Expert"** Center for public polls and opinions (Mr. Leonid Belokon)

Each of these gentlemen outlined their view for the future development of small business in Nikolaev. Exchanged views on this subject. Prognosis is that there are many vibrant enterprises all functioning with insufficient information about markets and an inability to obtain funding at reasonable interest rates for any length of time over 2 months.

WESTERN REGION

LUTSK. February 27, 1995. Meeting with Peace Corps Training Personnel.

Present: Ms. Thesalonika Benny, Peace Corps Training Director
Mr. Frank Janiczek, Peace Corps Trainer
Mr. Dan Wagner & Thomas Potocki, DAI Newbiznet.

Newbiznet Team outlined their thinking of utilizing PCVs as resource to assist the Newbiznet Project in its regional centers. The idea was well received by PC who expressed interest in developing the thinking further.
Further discussion identified three possible scenarios for utilizing PCVs

1) Replacing a budgeted LTTA on the Newbiznet project with a 2-year PCV. In this scenario DAI would submit a SOW and candidate criteria to PC who would then pick a suitable candidate for the job if there was one. The PCV would then be assigned to the position with DAI having no possibility of selection themselves. In this scenario lodging

would have to be provided for the volunteer from the Newbiznet budget.

2) Obtaining a PCV to work on Newbiznet Project and assist the DAI LTTA. Assignment of a candidate would be done in the same way as described in (1) above. The inability of DAI to "pick" the volunteer would be less crucial since the position would be of lesser responsibility. Again, the lodging costs of the PCV would have to be covered by the Project.

3) Once operational the Newbiznet business center could approach a PCV working in the same location and ask whether he/she would care to perform work for the Business Center as a "secondary project". Dependent upon available time and personal wish, the PCV would be at liberty to choose to work with the project or not. In this scenario no compensation whatsoever would be expected.

Personal feeling is that the lack of control over individual selected would rule out the use of Option 1. Options 2 and 3 have more promising application. With option 2 the role of a PCV would be the same as that of a MBAEC volunteer but cheaper since no stipend would be paid. However, again the question of lack of control over the candidate comes into play. Option 3 is the safest but here there is no certainty of obtaining an individual at all.
Next crop of PCVs come in to start training in early June and are ready for assignment 3 months later, ie September 1. Decision of needing a volunteer should be made in June since assignment locations are made early in the training schedule.

LUTSK. February 27, 1995 Meeting with Volyn Regional State Administration (dept. of Econ.)

Present: Mr Konstantyn Apontchuk, Assistant Department Director.
Ms. Galina Danilenko, Director, Trade Union Center.

Lutsk population = 220,000, 43% of regional population.
Major industries: Auto plant; Ball bearing plant; Plastic plant; synthetic leather plant; Textile Plant; electrical equipment plant.
Typical Small enterprises: Food processing, Shoe manufacturing plant; small service industries.
A lot of new enterprises are being formed now. 3,000 small businesses are registered in the region, 130 joint ventures, and 11,000 one person business. Manufacturing has decreased due to difficulty of obtaining credit. Trade has increased due to it being easier work and less necessity for credit.
Money can be obtained in two ways:

* The Small business support Fund
* Innovation fund of Ukraine (a state fund which obtains money from all enterprises who have to contribute 1% of their income. 90% of this fund is used to support small business. Interest rate is 120% from 2-5 years.

No private BSG's exist in area.
Business training is provided by Trade Union Center, and "ANINA" a private consulting and training firm.
The city has a plan to support small businesses by opening its own business support center. It would be a state organ to coordinate the activities of small businesses.

RIVNE. February 27, 1995. Meeting with business community at the Scientific, Technical, and Economic Information Center (STEIC).

Present: Ms. Lidia Kobzyeva, STEIC manager,
Newbiznet team including Dan Wagner.

After presenting the Purposes and objectives of the Newbiznet project the Team were asked many questions relating to specific problems that individual business persons had. Little attempt was made by the business community to articulate the needs of the community at large. The meeting was therefore not very successful.

LVIV. February 28, 1995. Meeting with Lviv City Council.

Present: Mr Pavlo Kachur, First deputy head of Administration
Mr. Valery Piatak, Director, Business Support Center of the Lviv Institute of management.
Newbiznet team and USAID representative

The Newbiznet team and AID outlined the goals of the project and were assured of full cooperation with the City of Lviv.

LVIV. February 28, 1995. Meeting with RTI project within the Lviv City Administration. (Assistance in Municipal finance and Administration)

Present: David Bauer, Resident Technical Advisor to the City Administration .
Newbiznet Team & AID representative.

Mr Bauer outlined the work that RTI was doing in Lviv. Stress was laid that the Lviv Institute of management and the Business support Center work hand in hand.
The RTI project does nothing unless the City agree. The RTI has no control over what they do.

LVIV. February 28, 1995. Meeting with the Business Support Group of the Lviv Inst. of Management .

Present: Members of the Business support Group: Valery Pjatak, Center Director; Viacheslav Enbaev, Deputy Director; Serhiy Hrubiy, Manager Marketing Group et al; Philip Sill , PCV; Ted Shrader, PCV. Newbiznet Group; AID representative.

Mr. Pjatak mentioned that there is no State Program for SME support in Ukraine. Biggest Problems for SME development:

* Lack of knowledge and lack of informational specialists
* Lack of information
* Difficulty in obtaining equipment and space for business functions.
* Financing for business
* Difficulty and misunderstanding between business and local authorities.

Mr. Piatak identified the 3 major areas of the business center as:

* Consulting
* Training and
* Research

Mr Pjatek had some words of advice:

* The center's consultants should have both practical and theoretical Knowledge.
* At center consultants should be full center.
* At center consultants should have narrow fields of specialization. ie: Either, Financial management, Marketing, business plan ,trade, and commerce. Ukrainian specialists should be trained in these specialties.
* Post - privatization work is also important.
* Unemployment rate will reach 45,000 people in Lviv this year.
* Financial Services is the sector to concentrate in.

LVIV. February 28, 1995. Meeting with State University Lviv Polytechnic, Business Incubator.

Present: Evhen Pistun, vice rector of the institute.
Dr. Raymond Genick, Wayne state University
Ted Shrader, PCV.
Ms. Luba Maksymovycz, Director of Business incubator.

* At the lviv polytechnic the Technology Park has been operating for 3 years and the Business incubator for 1 1/2 years.
* Lviv polytechnic was one of the largest universities in the Ex-USSR. Now finance is lacking.
* The Technology park has 12 companies are just surviving. 350 people work there. Another 20

small companies work on the University campus.
Business incubator provides training courses and has developed training materials in Ukrainian.
* Marketing information is a big need.
* Our centers must work on public relations and advertise our centers in the community.
* Trained Ukrainian staff must be present at opening of center.
* Our center should perform coordinating function in the city and hold periodic round table discussions within the community of all donor organizations and business related programs.

LVIV. February 28, 1995. Meeting with cross-section of Lviv business community.

Mr. Volodymir Mashevsky, Group Coordinator.

Extremely useful meeting where the business community opened up and started to voice their concerns related to small business development in Lviv. We told them that this type of forum where concerns are voiced is extremely useful and the fact that they all talk over their problems together is a start at forming lobbying groups to lobby the city and the Oblast for changes. Newbiznet project will be happy to facilitate such meetings and exchanges of information on a regular basis.

LVIV. March 1, 1995 Breakfast meeting
Present: Ted Shrader, PCV; Phil Cill, PCV; Mr. David Bauer, RTI; Newbiznet team.

Local (city) administrations have hardly any taxing powers. They have control over about 18 very minor taxes. The rest is collected by the National Government and doled back into the communities. Any attempt by the cities to obtain any powers to tax locally and receive revenues is stymied by the Kiev supreme court. The only hope to influence this issue is to tie regions together in a joint effort to lobby at the National Level. Our regional centers and the lobbying groups they form, tied together by the Business Information Network (BIN) might be able to create a National lobbying group. Maybe through AID we can reach in to the National level politics.

Lviv Location Budget Costs:

* Office space costs max $2-3/ so m./month do not pay more than this. may still need minor "remont". Painting ,locks, doors, etc. For 300 so m office budget $900/month.
* "Remont" of premises: new security doors, locks, painting, plastering etc. Cost $ 2,000.
* To put in phone lines: $800/line if need 3 lines cost will be $ 2,500.
* Office Utilities:
* Bring phone switching equipment for 3 lines into office.
* Use LIM and Polytechnic to offer you space for rent. Have them do it on a competitive bid basis since both will find it advantageous to have the BSG. Produce specs of space

requirements, No of rooms, power needs phone needs water needs, heating needs etc. send this out to both institutions and see what each will offer. Tie in with either only for purpose of assistance with location. offer them possible preferential treatment in the BIN..

* Apartment rental space: Downtown location: $650/month

LVIV. March 1, 1995. Meeting at Lviv Regional State Administration.

Present: Mr. Mihailo Gladij. Vice Chairman of the Oblast State Administration.
Mr. Lyubomyr Krajnyk, Deputy chairman. In charge of transport and small enterprise activities.
Mr. Valery Piatak, Director of Lviv Inst of management Business support center.
Newbiznet project team $ Counterpart Foundation.

General discussion regarding our projected work in Lviv. Vice chairman mentioned that Oblast is also thinking of hosting a EU Business center in Lviv
Major objectives of our center should be;

* To cooperate with local Authorities
* To consider the real economic situation in the country.
* To consider the domestic experience accumulated in the last 4 years
* The polish experience will be very useful to Ukraine.

UZHGOROD. March 2,1995. Meeting with Information Marketing Center (INMARK)

Present: Mr. Andrej Vartsaba, Director, President.
Newbiznet team and Counterpart.

INMARK was founded in 1991 to provide consulting services to businesses since there was a lack of services in this area in the region.
INMARK goals are:

* To provide commercial and legal information
* Provision of marketing services
* Marketing and sociological investigations
* Consultation on foreign economic activities
* opening new turnkey factories

INMARK is a consulting firm which has access to many CIS data banks and could well serve as a local contact for a potential satellite center in UZHGOROD.
(see printed document sheet on INMARK)

UZHGOROD. March 2, 1995. Meeting with Business Community and Int. Institute of Management (Uzhgorod Branch).

Very good meeting with group. Much discussion about possibilities of opening a business center in Uzhgorod. Institute of management provides many trained individuals for potential trainers.

UZHGOROD. March 2, 1995. Meeting with Transcarpathian Regional Council.(TRC)

Present: Mr. Otto Covchar, Dept. Chief. TRC.
Newbiznet team, AID, Counterpart Foundation.

Welcomed and assured of full cooperation from the TRC and other government organizations.

IVANO-FRANKIVSK. March 3, 1995. Meeting with entrepreneurs and business educational community.

Present:

* Foundation for Social Adaptation. Helps school leavers to find jobs by creating jobs. Collaborates with local authorities. Collects data base for jobs and enterprises.
* Audit-Service Inc. Provides consulting services in privatization.
* State Technical Oil and Gas University. Many students have started small enterprises. (students instituted Work/study business center).
* Mr. Tabaharnyuk, Chairman of commercial-technical firm KROK. 7 enterprises function under this umbrella.
  - Mini-bakeries, Mini meat processing, Mini botteling of carbonated liquids, brokerage agency in securities trading, a medical center.
* Academy of small crafts. Provide training programs, production of folk arts such as ceramics, baskets stained glass, wood, leather goods.
* Devira Trust Insurance Company. Provides 65 types of insurance, mostly for large financial risks. Provides insurance to over 500 firms in the region.
* Mr. Vasili Vintoniv. Chairman of scientific & Consulting branch of the Management Institute. Now engaged in creating a Business center and in process of registering it. Works with Larry Mullaney PCV.

Interesting discussion. All parties interested in hosting a business center in Ivano-Frankivsk.

IVANO-FRANKIVSK. March 3, 1995. Meeting with Mayor and Mr. Yarema, Acting head of Industry and Small Business Administration.

Mayor expressed much interest in our work. Wanted to know the criteria for our site selection process, and offered his support to this venture

IVANO-FRANKIVSK. March 3, 1995. Meeting with International Management Institute & Others.

Present: Mr. Volodymir Gumennyk, Deputy Director of Int. Management Institute (IMI)
Mr. Vasili Vintoniv IMI staff and founder of a rudimentary Business center.
Mr. Lawrence Mullaney, PCV.

Discussion centered around Mr. Vintoniv's Business center which apparently is not yet registered. Mr. Vintoniv spoke about it as if it was a fully functional business center. Mr Mullaney disputed this and there was an embarrassing exchange on the subject. Mr. Vintoniv does not inspire much confidence but also Mr. Mullaney should not have come on so strongly in public. Not a very fruitful meeting except for the fact that Mr. Vintoniv's operation was somewhat exposed.

EASTERN REGION

KHARKIV. March 6, 1995. Meeting with the Mayor of Kharkiv.
Tom Potocki & Dan Wagner were not present. John Nielson attended. See his notes. Mayor was apparently lobbying hard to have the center in Kharkiv.

KHARKIV. March 7, 1995. Meeting with Company "PREMIER"

Present: Mr. Philip Lysak, President
Mr. Alexander Chekh, Vice president & other members of Company.
Newbiznet team.

"PREMIER" is a private, independent, for profit company offering business support services to the local business community. Quartered in a fully owned 2 story, 600 sq.m. building in downtown. Employs 42 people of which 8 sit on regional or local committees. Since inception in 1992 the company has had 3000 clients.

PREMIER works principally in the following areas:

Marketing	Legislation & law
Purchasing operations/sales	Privatization of enterprises
Import/export operation	Information management
analysis of industry & competition	Production Organization
Research, reviews & recommendations	Business planning & business contacts.

In 1994 "PREMIER" also established the Association of Business Information "BUSINESS UKRAINE" - a non-governmental, non-commercial organization. The organization's founders were: The Ukrainian Chamber of Commerce and Industry, The Center of information technologies of the State Committee for the Promotion of Enterprises, Editorial board of a Business weekly newspaper, etc.
Goals of "Business Ukraine" are:

* To create new structures for servicing small and medium businesses.
* Supporting profitable business activities typical of certain regions
* Providing opportunities for business contacts within Ukraine and abroad.
* Assisting in the realization of the Ukrainian privatization program.
* Improvement of qualifications for management personnel
* Improving and propagating business ethics.

The firm would like to create a network of business centers in Ukraine and particularly a business support center in Eastern Ukraine.
PREMIER is most interested to join our project and to work closely with us.
See printed materials about this organization handed out at meeting.

KHARKIV. March 7, 1995. Meeting with Several Advisors from US Donor organizations.

Present: Mr. Newell Cook, RTI (Working with City govt.)
Mr. Angus Olson, USAID/World Bank/PARCO Shelter Reform Program (Working for Kharkiv City Executive Committee)
Mr. Ollie Cherniakivsky, Architect /Planner (as above)
Newbiznet Team.

All were very enthusiastic about Kharkiv and about its potential in the area of business development. Some major points:

* Kharkiv population is 1.8 - 2.0 million.
* Kharkiv was and remains a very important scientific center with many of the best ex-Soviet academic and military academic institutions.
* Kharkiv has a large and powerful industrial base - tank and aircraft industry, nuclear energy
* Kharkiv has a vast resource of extremely well trained professional and scientific people.

* Very strong work ethic.
* Great capacity for conversion of military/industrial might and high skilled manpower into small business - e. Housing management, housing construction etc.
* Unemployment not measurable.
* Opportunity in Kharkiv of making a national impact since Kharkiv mayor is such a strong personality and touted to become a national scale politician if not the next president of Ukraine.
* City Govt offered its support but also mentioned that the project should be independent of it. - a good sign.
* Kharkiv has much western donor assistance and therefore much support from this area.

Budget questions:

* Office rent: budget $10/so m. or $2,000/month for 200sq. m.
* To remodel rented space: budget $6-8,000.
* Assistant manager: salary $600 -750/month is excellent salary.

Newell Cook of RTI said he would be interested in working for Newbiznet in Kharkiv. Will send us his resume.

DONETSK. March 8, 1995 Meeting with the Vice Mayor.

Present: Mr. Tkayenko, Vice-Mayor.
Newbiznet team.

Donetsk is a conglomerate of industrial cities and is a major industrial center in Ukraine and the former USSR. The city has several highly successful large private businesses. Reportedly 60% of companies have been privatized. About 30% or 10,000 enterprises in Donetsk have been registered. the remaining 70% are unregistered. Of the 10,000 registered enterprises about 3,000 are working and only about 1000 are healthy.
One of the major problems with business development is taxation which is confiscatory. There are about 30 taxes that enterprises should pay. Anyone who pays all those is bound to go bankrupt.
The city has nothing resembling a business center.
The city has 6 institutes of higher education. The Pridneprovski Center for International Business Education and Research has a branch in Donetsk.
Reportedly there is virtually no foreign donor activity in Donetsk.
Donetsk does not appear to be nearly as strong as Kharkiv in terms of its ability to support a business center.

DNIPROPETROVSK. March 10, 1995. Meeting with vice mayor and city officials.

Present: Mr Ivan Kulichenko, Vice Mayor of Dnipropetrovsk
Mr. Tripoletz, Chairman, Committee for Industry and Power
Mr. Skrypnik, Chief of Municipal Council's Financial Dept.
Ms Lydia Bondarevskaya, Specialist of the Agro-industrial Dept.
Mr Vyacheslav Vasiltsov, Dep. Chairman. Committee for Communal Property
Mr Sergei Skrypks, Chief of Foreign Relations Dept.
Mr. Oleg Kuyhman, Chief Dept. for Taxation Prognosis & Support in Foreign Econ. Activity.
Ms. Olga Mariaskina, City Foreign Affairs Department
and others.

City statistics:
* 33,000 sq.Km.; Population 1.3 million;
* City is center for engineering, industry and space industry.
* City has: 424 state run plants; 118 private plants; 52 collectives; 600 Ltd cos.; 231 Joint venture Cos.; 12 foreign owned Cos.; 85 Banks; 4,500 registered businesses (many of these can not operate for lack of capital)
* City has a river port which is able to take vessels of up to 5,000 tons displacement.
* City is quite stable politically. Population is multinational - 49 nationalities are represented. 63% are Ukrainian, 31% Russian;
* Mayors office has close relationship with Assembly of entrepreneurs - holds monthly meetings with them. A business support office is established under the Mayor's office. Its chairman is a member of the city executive committee.
* 27% of the city's gross product is produced by the private sector.
* Preferential treatment for credits is given to businesses involved in production rather than trade.
* City has a few business assistance organizations already operating. The center for Business Education is not state run.
* City has 10 higher educational establishments.
* The world Bank has been operating in City for 1.5 years.
* City is at initial state of supporting business. Privatization has happened to 350 companies -7% to 8% of total retail outlets. National Privatization program expects all privatization to be completed in 1 year. This is highly unlikely here.

DNIPROPETROVSK. March 10,1995. Meeting with Business community and consultants

The team outlined the Newbiznet Project. Consulting firms that took to the floor wished to know our criteria for selection of the cities for our BSGs. All supported our work and reported much economic activity in the business sector.

DNIPROPETROVSK. March 10, 1995 Meeting with Pridneprovsky Center for International business Education & Research.

Present: Mr. Anatoly Skryaga, General Director .
Mr. Igor Shmelyov, Project Management Specialist.

The Newbiznet group toured the Center and had more discussions regarding collaboration with this support group.
The impression was that this would be an excellent group to work with

ANNEX 4.
Mission Trip Notes: John Nielson, LTTA.

NEWBIZNET: UKRAINE & MOLDOVA MISSION REPORT

JOHN NIELSON - Mission Notes

JANUARY 31st - MARCH 28th, 1995

PURPOSE OF MISSION:

Upon the request of the United States Agency for International Development/Ukraine (USAID), Development Alternatives, Inc. was asked to make a two-month fact-finding mission tot he countries of Ukraine and Moldova for the following purposes:

*To select sites in Ukrainian and Moldovan cities and regions in which NEWBIZNET would establish its Business Advisory Centers (BAC)

*To update the NEWBIZNET Project on the basis of current information gathered "on-site" to ensure that its results and impact would be more direct and effective to the people of the two countries

*To seek essential current information which will benefit to ensure that the goals and objectives of the NEWBIZNET Project will be met in the most efficient and effective manner

PARTICIPANTS IN THE SITE SELECTION MISSION AND EVALUATION:

THOMAS POTOCKI - CHIEF OF PARTY/NEWBIZNET
JOHN NIELSON - LTTA/MOLDOVA
DAN WAGNER - LTTA/GEMINI/POLAND

CITIES VISITED:

UKRAINE:	SOUTH	WEST	EAST
KIEV	ODESSA	LVIV	KHARKIV
	NIKOLAIV	RIVNE	DONETSK
	KHERCON	LUTSK	DNEPRO-PETROVSK
		UZHGOROD	
		IVANO-FRANKIVSK	

MOLDOVA:	NORTH
CHISINAU	BALTI

SITES SELECTED FOR "BACs:

UKRAINE:	SOUTH	WEST	EAST
KIEV (project coordination office)	ODESSA	LVIV	KHARKIV

MOLDOVA:	NORTH	SOUTH
CHISINAU (Moldovan coordination office & information center)	BALTI (BAC)	(TO BE DETERMINED) (BAC)

SITE SELECTION CRITERIA:

Thirteen principle criteria were used to evaluate each city. Each criterion had a weighted value of 10 points. The total value of the combined criteria helped determine the city in which the BACs would be located. Odessa, Kharkiv and Lviv rated the highest in the Ukraine. The Project Coordination Office will be located in Kiev, Ukraine. Chisinau will serve as the Project Coordination Office and principle office for the Information Network in Moldova, and BAC for Moldova will be located in Balti (north) and a city in the south, likely Tarispol (TBD).

Not only did the selected cities for BACs rate highest when evaluated against the criteria, but they also had numerous other advantages when compared to the other cities evaluated. It is clear that the project goals and objectives can best be met with the BACs established in the cities chosen for BACs.

It has been determined, however, that the three chosen sites will also serve as "outreach" centers for surrounding cities and the respective surrounding region. The individuals with whom we discussed the NEWBIZNET project, from the public and private sector in each city, were all interested in having a BAC in their city. It was evident that the "outreach" component of this project will play a significant role in its overall success, and will allow many more private sector entrepreneurs in the outlying cities and region to participate the project.

NOTE: the "site selection criteria" and the "weighted average points matrix" appear in the previous section of this report.

GENERAL COMMENT:

NOTE: The comments below relate generally to both Moldova and the Ukraine.

MOLDOVA:

Donor presence in the capital city of Moldova, Chisinau, is high, and some of the donors are participating in activities which would duplicate those of the NEWBIZNET project. To eliminate duplication and undue competition and to broaden the ability of the project to assist the private sector in other areas of the country where there is little donor presence, it was determined that the NEWBIZNET project should locate a business center in the northern region first, and then establish another BAC in the southern region, together with a coordinating office in Chisinau.. Balti offers the greatest opportunity for success in the northern region and a southern city will be determined within a few months.

In Chisinau the project team met with, among others, World Bank, Price Waterhouse, Peace Corps, VOCA, Counterpart, EU-TACIS, US Embassy personnel small business groups and other NGOs.

Business and training needs were discussed at all levels and with each group we met. Starting a business, business plans and strategic planning, business management, finance management and control, regulatory reform, marketing, accessing foreign markets and business communications were recurring major topics and training needs. There was unanimous agreement that the "Americans", specifically the NEWBIZNET project, would be the most accepted medium through which to accomplish these needs. The fact that the BACs would be self-sustaining and would exist beyond the life of the project was a welcome idea to all individuals and groups with whom we met. There was also unanimous agreement from both the donor agencies and the Moldovans that networking and working together to eliminate undue duplication of resources offers the most effective approach to meeting the existing needs of the private and public sectors in Moldova.

UKRAINE:

The business related problems in the Ukraine were similar to those in Moldova. The training needs were identical. Each of the sites selected for a BAC provides a greater number of Business Service Groups with which to network simply by the size of the city and number of people and small businesses and business opportunities in the region. The every city the small business owners expressed skepticism about the fact that anyone was actually willing to "assist" them in their struggle for identity and in their attempt to firmly establish the small and medium business sector as a credible, necessary and vital part of the community, the region, the country and its economy. However, all small business owners and entrepreneurs were extremely favorably inclined toward a BAC to help accomplish their goal and to fill their needs during this transition period.

Financing a small business was a critical issue. There was growing optimism when we explained the relationship of NEWBIZNET with the Enterprise Fund, Eurasia and the World Bank in assisting them not only in technical assistance, but connecting them to possible financing with an agency whose purpose is to help them with their financial needs, where justified. It is well understood by all that financing through a commercial bank is impracticable

if not virtually impossible.

The mayors and governmental officials of the cities and oblasts were all very supportive of NEWBIZNET and its objectives. The Mayor of Kharkiv offered office space and other assistance to help establish a BAC in Kharkiv. The mayor's offices in both Lviv and Odessa offered the same. The project team made it very clear (and all readily agreed) that, even if this type of assistance were to be accepted, there must be complete autonomy and separation of the city government from NEWBIZNET. It was agreed by all, however, that it is essential for the two groups to work closely together in promoting private sector development and in meeting the needs of the entrepreneurs and small businesses within that sector.

AID, DAI and the individuals and groups with whom we met and discussed our project all agree that working with one or more"business service groups(s)" is preferable to working alone. However, it is critical to both the short and long-term success of NEWBIZNET that the "right" business service group or groups be determined for that purpose. Once the respective LTTA is in place, that decision can best be made, and made within a relatively short period of time. Without exception, each business service group we met was more than willing to work closely with NEWBIZNET. It was also readily evident, that many of those groups had their own agenda. Committing to the wrong business service group(s) would prove disastrous for NEWBIZNET, and such a decision must be made with extreme care.

AID has prepared the way for NEWBIZNET to be a crucial and pervasive business development project in both Moldova and the Ukraine, both with the public and private sector. The tireless efforts of Ms. Amy Osborn and Mr. Ivan Shvets are greatly appreciated by everyone with whom we met, and DAI intends to see that those efforts will not be in vain.

ENTITIES/GROUPS/INDIVIDUALS CONTACTED DURING THIS MISSION:

MOLDOVA (CHISINAU/BALTI):

WORLD BANK	PRICE WATERHOUSE	VOCA
PEACE CORPS	US EMBASSY	EU-TACIS
KPMG	C.I.P./U. OF NEBRASKA	COUNTERPART
UNION OF ENT. & TENANTS	TRI-VALLEY GROWERS	REPUBLIC ASSN. OF JOINT STOCK CO.
LEAGUE OF PRIVATE ENTREPRENEURS	SMALL BUS. SUPPORT FUND	MAYOR'S OFFICE
ECCE (local consulting firm)	BASARABICA	Balti)
BALTI UNIVERSITY	ACADEMY OF ECONOMICS	IESC (MIPA)
AGBIS	BALTI ENTREPRENEURS	C. OF C./BALTI

UKRAINE:

CITY RECOGNITION CODE:

1 - DNEPROPETROVSK 2 - DONETSK 3 - IVANO-FRANKIVSK

4 - KHARKIV	5 - KHERCON	6 - KIEV
7 - LUTSK	8 - LVIV	9 - NIKOLAIV
10 - ODESSA	11 - RIVNE	12 - UHZGOROD

COUNTERPART (6)	USAID (6)	VOCA (6)
EU-TACIS (6)	UN (freenet) (6)	PEACE CORPS (6,7,8,12)
EURASIA (6)	ENTERPRISE F.(6)	IFC (6)
AGENCY FOR DEVELOPMENT OF ENTERPRISES(6)	LEAGUE OF ENTR.	CFED (10)
UNITY (10)	MAYORS(1,2,3,4,5, 8,9,10,11,12)	UK CENTER FOR MARKET REFORM (10)
DANA (10)	PORTO FRANK BANK (10)	IESC (10)
TECHNAU (5)	ENTREPRENEURS (1 - 12)	FORKIS (9)
LASKA (9)	UK ANTI-MONOPOLY (10)	MGT. INST(6,8,12)
COUNCIL OF BUS. MEN(5,8,11)	RESEARCH CENTER FOR SC. & TECH SERVICES (5)	UNION OF TECH (9)
OBLAST LEADERS (1,3,5,8,9,12)	INGRESS SYSTEM (9)	ISKRA ENT. (9)
INCUBATOR (6,8)	RIT (4,8)	BUS. SUPP. CTR. (8)
DEPT. OF ECON DEV. (4)	PADCO (4,10)	PREMIER (4)
WORLD BANK (4)		

The results of the fact-finding mission were conclusive: the public and private sectors have pledged unanimously to support the NEWBIZNET project; free market principles and practices are little understood; access to foreign trade markets is extremely limited; there are definite training needs of the small business community and entrepreneurs; the private sector is waiting anxiously to participate; the project is critically needed at this time in both Moldova and the Ukraine; the BACs will need to provide the focus and direction, together with coordination assistance from the government and the private sector, in relation to small and medium enterprise development; the Enterprise Fund, Eurasia Foundation and World Bank are a critical funding resource in this project for entrepreneurs and small and medium enterprises; an integrated Business Information Network is invaluable in short and long-term business development; pooling resources of donor agencies will eliminate duplication and broaden the participant base; sustainability of the BACs is essential for business development and for the continual dissemination of, and instruction in, free market principles and practices; employees of the BACs should be local nationals; NEWBIZNET has inspired hope among those in the small business community and confidence among those in the private sector for a successful and bright economic future.

NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.

ANNUAL WORK PLAN
January 1995 to December 1995

Submitted to USAID/Kiev
May 1995

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1995 WORK PLAN

NEWBIZNET PROJECT: UKRAINE, MOLDOVA AND BELARUS

I. INTRODUCTION

This Annual Plan summarizes the approach and activities of the Newbiznet Project (Contract # 110-0005-C-00-4050-00) from January 1, 1995 to December 31, 1995.

This Plan is intended to guide the full calendar year of project activities. It should not be viewed as an inflexible blueprint for implementation. On the contrary, one of the principles of operation fundamental to the Newbiznet Project concept is responsiveness a rapidly changing and often unpredictable market. As a demand-driven project, Newbiznet will remain flexible within the larger context of its mission, to ensure that the overall project objectives are met in an efficient and relevant manner. This Work Plan must, therefore, be viewed as a guiding document, one which will necessarily change and adapt in response to the needs of the market.

Since this Work Plan covers calendar year 1995, many of the activities noted within it are already underway, and some have been completed.

II. PROJECT APPROACH.

The NEWBIZNET Project in Ukraine, Moldova and Belarus has as its goal the economic growth of local communities through development of their indigenous private small and medium size business sectors. This support will be delivered through a combination of technical assistance, institutional strengthening, business training, regulatory reform, and informational services. Taken together, these services will achieve the following:

- Create and/or strengthen existing local Business Service Organizations (BSOs) which will, through their services, increase small and medium business' understanding of market principles and operations, and foster their use of modern, market-based business management principles. In so doing, the BSOs will provide technical assistance, training and education, information, research, introduction to modern business practices, and generally, information on doing business in a market economy. This assistance will be targeted to support other US assistance programs, especially in the area of privatization, by providing "post-privatization" assistance to SMEs which have recently privatized or to elements of larger privatized enterprises that have restructured into smaller entities and who need up-to-date business skills to function in a market economy.

- Promote a similar understanding of market-based business principles and operations by

local government regulatory and administrative authorities, and assist them to structure a regulatory and administrative environment supportive and protective of local private business development.

- Create or assist existing Local Support Networks (LSNs) of business associations, business leaders, and local authorities which will nurture a supportive local environment for private business operations. Through their national advocacy connections strengthened by the project, the LSNs will lobby appropriate government organizations to create a regulatory environment favoring SME development.

- Create a Business Information Network (BIN) linking national, regional, and international subscribers and facilitating their communication and exchange of ideas. The network will also provide access to Internet, business information databases and resources, markets and marketing opportunities, business news, etc.

It has always been a basic operating philosophy of Newbiznet that the project would work through local entities rather than building a stand-alone, independent system for delivering business services. However, based on the results of DAI's recent design mission, it is felt that the Newbiznet project cannot function exclusively through local entities, and must retain a degree of independence, at least for the present, for several reasons:

- In some locations there is no choice but to create service delivery organizations because no business service organization currently exists.

- Where service organizations do exist, it is often hard to ascertain the trustworthiness and reliability of the entity based on a brief visit, and as such we are reluctant to enter into long term agreements at the present.

- Many local service providers are, in one way or another, tied to government or quasi-government institutions, and within the target client market there is great mistrust of government. The services of Newbiznet are more likely to be accepted if the project is viewed as being somewhat independent of these established local entities.

- The legal framework under which donor-supported business service centers can operate is quite confused, and it will take some additional time to establish the proper long-term operating structure for the Newbiznet project. Therefore, for the present it will operate as a donor project, but with plans to convert to a private, locally owned system in the future.

Consequently, Newbiznet will establish a management and service delivery capability, which will be referred to collectively as the Newnbiznet Service Centers (NSCs). There will be a central management function in Kiev, NSCs in three locations in Ukraine and two locations in Moldova. There will also be a small coordinating office in Chisinau to coordinate NSC functions in the regions of Moldova. To the maximum extent possible, and particularly with

regard to firm-level business services, the NSCs will operate in collaboration with and under the sponsorship of local BSOs. With regard to organizational development services contemplated as part of the creation of LSNs, services are more likely to be directly from the NSCs to client organizations. Similarly, at the onset, the creation of the BIN will be a function maintained within the NSC, though the status of that activity will be reassessed later in the project.

Another operating philosophy of Newbiznet is that NSCs will be demand-driven service organizations operating in response to customer needs, and will design their products and services accordingly. To ensure the relevancy of their products and services, fees will be charged for most services, with revenues re-channeled to cover the running costs or to expand the scope and quality of services. Long term sustainability of the centers will, to a large degree, be dependent on their ability to meet local needs and on the fees that their services can generate. However, it should be understood that in the first year or two, it will be necessary to test a variety of service options to determine those which have the greatest market acceptance.

Assuming USAID approves this Work Plan and authorizes the mobilization of long term staff by early June, the Newbiznet project offices will be in place with key local staff hired by late Summer, 1995. Intensive training of local staff will take place in the Fall of 1995. Simultaneous with this staff training, business forums/ start-up seminars and public events will be scheduled at each of the NSC sites. As noted previously, regional NSCs will operate initially under the institutional umbrella of the Newbiznet project. Later, we will explore other possible institutional structures for the NSCs including the merging of the Newbiznet NSCs with appropriate local BSOs. In this regard, an early task of the project will be to identify local business service providers and to assess their abilities, willingness, and suitability to become Newbiznet partners. The project will then determine the most appropriate methodology to adopt in structuring working relationships with them and whether the relationship should occur with one or a number of local BSOs. It is highly probable that different geographic locations, with different local organizations having different degrees of credibility, will dictate different approaches to the way the Newbiznet NSCs should relate to local business service providers.

A related task will be to determine the most appropriate long term legal and institutional structure within which the Newbiznet project will operate. The fact that presently two and ultimately three national entities will be involved in the project is likely to make this issue a complex one.

While the NSCs will not be directly charged with supplying finance, assisting clients to establish relationships with local and donor operated financial institutions will be one of the key services that the NSCs will provide. NSC staff will conduct aggressive outreach efforts to familiarize themselves with the range of financial services available locally, and acquaint local financial institutions with the services to be provided by Newbiznet. The NSCs must establish a high level of credibility within the financial community so that clients' projects referred by the NSCs are perceived as sound investments by the banks and donor credit lines, allowing clients to enjoy a high rate of success in obtaining the required financing.

Special consideration will be given to close cooperation with the WestNIS Enterprise Fun s small credit program, with the Eurasia Foundation small loan program, the EBRD credit prog.am, as well as with other donor credit lines. One important element of this close cooperation will be the projected co-location of WestNIS Enterprise Fund Investment Officers with the Newbiznet Service Centers in order for clients to be able to take advantage of advisory services, training, information and access to funding, all accessible in one location.

III. PROJECT COMPONENTS AND 1995 ACTIVITIES.

For planning, management and monitoring purposes, the Project's activities will be organized into three primary service components:

- A - Business Services Program.
- B - Local Support Program.
- C - Business Information Ne.work.

Two sub-components, which will be implemented principally by subcontractors, should be considered as support to the three primary components, but for reporting purposes will be treated as elements of the work plan. These are:

- D - Training and Education Program.
- E - Business Information Videos.

Finally, there is a component of the project which guides and supports all of the others:

- F - Project Management.

Each of these six components is described below with a list of initial activities, outputs and success indicators. A composite 1995 timetable appears at the end of this Work Plan. It should be noted that many of the activities scheduled for the first half of 1995 are either already completed or are in progress.

A. Business Services Program

1. Business Services Program Clients and Services

Since the project cannot assist all the private businesses in the chosen NSC sites Ukraine and Moldova, it must target its assistance to the most promising clients. The ultimate beneficiaries of Newbiznet's activity will be privately owned small and medium sized enterprises (SMEs) which demonstrate a potential for growth and employment creation. However, the actual services provided by the Newbiznet Service Centers can have three major

categories of clients: business support organizations (BSOs), other business oriented institutions and associations, and individual business owners.

The primary clients of the NSCs will be SMEs and entrepreneurs. A secondary group of recipients of the NSCs' services will be the full range of organizations currently providing services to the private sector business community, including business advisory centers, business incubators, management and technically oriented consulting firms, financial institutions, and business training organizations. As clients, these BSOs can receive services of an organizational development nature, and as collaborators they may co-sponsor NSC activities in their communities.

The types of services which will be provided to BSOs will be principally of an organizational development nature, including (but not limited to): strategic planning, market identification, staff development, and resource identification. In addition, the Newbizet Service Centers will carry out a number of conferences and training initiatives for local business clients and institutions in collaboration with BSOs. In such instances the NSC and BSO will share implementation responsibilities as well as project revenues.

In general, NSC will not compete against local BSOs for the provision of firm-level technical assistance, but rather will enhance their ability to provide such services. However, the NSCs will retain the option of delivering firm-level services should there be no qualified BSO in that locality with which Newbiznet can collaborate.

Each NSC will develop a library of business information, and will be linked into the Newbiznet BIN. All local entities including BSOs, other institutions, and individual businesses will be able to make use of these information services.

2. Planned 1995 Activities
(for timing see Implementation Schedule Charts pp. 23-25)

- Assess private business sector's training and technical assistance requirements (completed. March, 1995).
- Prepare NSC strategic plans and identify range of services to be offered
- Prepare and disseminate brochures describing NSC services
- Initiate, develop, and maintain media alliances to promote the Newbiznet Project
- Initiate and expand delivery of basic and customized business services
- Prepare and implement a training plan for Business Center local staff (this activity has been described under the Training and education sub-program)

3. Outputs

- Training Needs Assessment report as part of project re-evaluation (completed. May 1995)
- Staff training plan for project systems and client services
- Brochure on NEWBIZNET Services
- Press releases and Business information bulletins
- Defined client lists with priority service needs

3. Success Indicators

- Training and technical assistance requirements ascertained
- Brochure of NSC services printed and mailed to potential clients
- MOS drawn up with media to promote Newbiznet
- Functioning centers which a majority of clients have asserted to be good or excellent.

B. Local Support Program

1. Local Support Program Clients and Services

The Local Support Network (LSN) is visualized as an interactive group of organizations whose general objectives include improving the business environment in their localities. The Newbiznet Service Centers will provide a range of services to entities which make up the LSN, with services both for the network as a whole and for individual member organizations. Local Support Network organizations served by the NSCs may include industry specific associations as well as broad-based business and trade associations and chambers of commerce. They may also include arms of local and regional government as well as academic institutions. The NSCs will offer customized services to associations in strategic planning, revenue generation, and other areas identified as being of interest. The intent is to assist associations and organizations to serve their members better and to take a more active role in private-public sector dialogue.

A major goal of LSNs will be to strengthen the capacity of associations, trade unions, chambers of commerce, and local authorities to formulate policies and contribute to the development of regulatory mechanisms that will engender a climate supportive of SME development. The Local Support Program will work directly with reform-oriented trade associations, industry support organizations, chambers of commerce, and others, to enable these organizations to work effectively with their private sector members and represent their views. NSC staff will work closely with associations to assist them in defining member services, developing effective business assistance programs, and preparing revenue generating plans. Associations will be invited to register with the NSCs and will be offered access to seminars and the Business Information Network. Where cross-cutting association needs are identified (such as

accounting systems, marketing for membership, and policy analysis), training programs will be offered.

The project will also promote the development of professional associations and industry and trade organizations through linkages within each country as well as with European and U.S. counterparts. This will be done through information dissemination, supporting study tours to the US and Europe, and by encouraging joint activities and conferences both locally and abroad. Such linkages will help trade and industry groups learn how business groups in other countries influence legislators to create a more favorable business climates and how they can work together to promote private-public sector dialogue.

Strengthening of the local support network (LSN) will require a multi-pronged approach including customized services and advice provided by LTTAs and other advisors in addition to the more general assistance outlined below. Such customized services will depend upon the nature of each business support organization and will be guided by the BSO's own business plan. Thus, the LSNs will:

- Establish linkages between U.S. and Ukrainian/Moldova trade associations, business support groups and trade journals to foster professional development, indigenous government relations capability and greater ability to foster a more favorable business climate.

- Establish links and referral network with local business incubators, associations, and consultants.

- Provide short-term international and regional internships, tailored to specific needs, for senior officers of BSOs, industry, and professional associations.

- Co-sponsor SME training programs with national and local BSOs, industry, and professional organizations and help to build their memberships by offering discounted services to association members.

BSOs will be encouraged to provide short courses, not otherwise available, especially those which are sector or sub-sector specific and can be adequately prepared and presented by local experts. These short courses will be sponsored by professional, industry or trade associations in cooperation with the NSCs in order to:

- Support the development of specialty training;
- Offer staff development opportunities for members;
- Enhance outreach to foster membership; and
- Offer revenue generation opportunities.

2. 1995 Activities
(for timing see Implementation Schedule Charts. pp 23-25)

- Identify local organizations (e.g., associations, trade unions, government agencies) and determine their current activities, capabilities, and interest in private sector development
- Prepare TA/training plan for staff of local organizations
- Prepare strategic activities plan with selected LSN associations
- Initiate LSN activities in support of SME development and economic revitalization
- Work with associations on membership, services, and fee-generation programs

3. Outputs

- Co-sponsorship of business training short courses
- National Business Promotion/Networking Conference
- Business trainers with increased training skills
- Periodic business news and newsletter releases

4. Success Indicators

- Increased membership in cooperating associations
- Training provided by national trainers is rated good or excellent by majority of participants
- An increasing volume of information disseminated through the LSN
- BSOs and training institutions offering business related new, technical short courses

C. Business Information Network (BIN)

The business information component of the project has two primary objectives:

- The first is to service the data and communication needs of the project offices/NSCs and selected LSN collaborators and to facilitate timely preparation of project tracking, financial and client reporting requirements.

- The second, is to provide both electronic and hard copy marketing, supply and product information/intelligence for SMEs through business centers, business associations, and other business services organizations.

At the outset, communication between NSCs, businesses, other business support organizations, and the LSN will be maintained through fax, telephone, and courier. However, there will be an increasing use of electronic mail and particularly utilizing the UN Freenet

service. By the end of the project, the Business Information Network (BIN) will be an integral part of the day-to-day services offered to the business community and will be operated on a sustainable basis by the NSCs or other local business support organizations.

The system, as initially designed, will be appropriate to the present working environments in Ukraine and Moldova and will not be overly reliant on an expensive or complex system or equipment. Software materials, hard copy materials, and a well trained staff will be the most important information resource in the early stages of the project. With technological and electronic development will come greater system complexity and reliance on electronic information dissemination.

The Business Information Network (BIN) will begin with the installation of a communications hub in the Kiev project coordinating office. The hub will then be expanded to include satellite centers at NSC locations in Ukraine and Moldova. The hub will allow for further expansion to Belarus and to business support organizations throughout the region. From the very beginning, communication and transfer of documents via the network will be a very important aspect of the system. The Kiev hub will be the primary source of information for the project's BIN. It will consist of a central business library with business reference directories, CD ROM databases, and access to the Internet international electronic mail system. The Internet access will allow for expansion to other databases, some of which are available at no charge. The Freenet, available through the United Nations, will provide excellent access to the hub and eventually to other sites.
Installation plans include: Use of local contractors such as Kvasar Micro, use of a file transfer protocol (FTP) at the hub and Lotus Notes. Area networks will be installed and software such as that available through World Wide Web will help facilitate access and indexing. This is important to track and index locally available business information which must be organized in order to be of use. The system will be kept simple at the start but will have the ability to expand over time. Such developments will be coordinated between local staff and DAI computer and communication staff who have broad and world-wide experience with such systems in remote and technically challenging locales. The communication system primarily based on electronic mail will be installed beginning the third quarter of 1995 and will be in place by the end of 1995.

1. 1995 Activities
(for timing see Implementation Schedule Charts. pp. 23-25)

- Assess information network requirements (completed: March 1995)
- Translate network requirements into a system design (completed: May 1995)
- Secure services of hardware subcontractor
- Secure access to United Nations Freenet (if project can be classified as a non-commercial venture)
- Hire user support/information specialist and technical specialist and data manager
- Develop detailed implementation and training plan for staff
- Configure system and commence installation at Hub
- Acquire recommended software, cd-rom databases and hard copy resources

- Connect network to outlying centers
- Install software and initiate and test network
- Coordinate and integrate business information resources with LSN partners
- Test, revise and improve as required to meet both on-site and remote user needs

2. Outputs

- Quarterly and semi-annual progress reports
- Regular statistics and Management reports
- Coordinate and integrate business information data
- Marketing, vendor and supply information reports
- Business information press releases and notices

3. Success Indicators

- Services of hardware subcontractors secured
- Access to UN Freund secured
- BIN technical Specialists hired
- BIN staff training plan completed
- BIN library materials acquired
- The BIN is successfully installed at the Kiev hub
- BIN connected to NSC locations
- The Business Information Network (BIN) is used and considered valuable by NSCs and clients
- There is an increasing demand for membership in, and use of, the system.

D. Training and Education Sub-Program

1. Training and Education Clients and Services

As noted previously, the Training and Education Program is supportive of the three primary programs, and the Project Management component. It consists of a series of organized conferences, seminars, courses, and other events designed to raise the technical competence of the participants and at times to serve as marketing and community awareness mechanisms. In addition, international study tours will be offered two to three times annually and will concentrate on industry specific exhibitions, seminars and trade and industry association sponsored events. These study tours, primarily to Europe and the US, will focus on developing participant skills in marketing and market access, professional and industry standards, and promoting contacts with European and U.S. counterparts. The study tours will be organized in close cooperation with the NET project and the Academy for Educational Development in Kiev.

It is contemplated that the following types of training activities will be undertaken:

Business Services Program Training

In the last quarter of 1995, we will offer non-sector specific short courses/seminars relevant to many SMEs in Business Management. The courses will take place in the NSC locations and will be conducted in Ukrainian, Russian, or Romanian as appropriate. These will be conducted in collaboration with a local BSO, which will act as co-sponsor. The overall management and coordination of training activities will be the responsibility of Project staff in conjunction with subcontractors and local collaborating organizations. The short courses relevant to a wide range of entrepreneurs will be developed and translated and tested during the months of June through September 1995. The first series of courses will be offered in the last quarter of 1995. These will include:

- Financial Management for the Closely Held Business (one week)
- Business Management Skills for newly established business owners (One week)
- How to Prepare Your Business Plan (One week)
- How to Prepare Your International Marketing Plan (One week)

Training of Trainer (TOT) courses will be offered to initiate one of the key elements of the program - the "localization" of training capacity. These courses will be offered as a follow-on to the Business Management courses. Those individuals who successfully complete these courses will be certified by Newbiznet and authorized to conduct the business management courses as licensees of Newbiznet.

A series of short courses will be offered in cooperation with local BSOs when and as required on a variety of other topics such as Business Law and Ethics, Business English, and computer use.

For banks, courses will be offered in Financing SMEs and Accounting Essentials for Bankers. The selection of these courses is based on a training needs assessment conducted in the region in March 1995 to ascertain SME training needs and resources.

Local Support Network Training

The LSNs are made up principally of institutions such as business associations, educational institutions, governmental entities, and non-governmental organizations. It is anticipated that many of the participants in the International Study Tours will be from entities within the LSNs. An initial study tour (summer or early fall of 1995) will be offered to key local government officials and business association members to attend a series of seminars and visit legislative bodies and trade and industry associations to learn first hand how government and

business work together in the United States to promote a business friendly climate. A similar tour is likely to be scheduled for the Spring of 1996.

Business associations are likely to form a major part of the LSN. A series of courses will be provided to associations covering topics such as establishing member service programs, supporting activities through membership fees, and influencing public policy.

Local NSC Staff Training.

To assure effective project implementation, an intensive local staff training will be undertaken once the staff of the NSCs have been hired (this activity has been time-charted under the Business Service Program component of the project). This training will take place in three parts:

- The entire staff of the Newbiznet project will be assembled for a three-day staff conference to review project goals and objectives, work procedures, and responsibilities.
- The senior technical staff will undertake a two-week training in Poland, highlighted by visits to operating business centers.
- Selected members of the business services staff will receive approximately four to five weeks of intensive technical training in the U.S.

2. 1995 Activities
(for timing see Implementation Schedule Charts. pp. 23-25)

- Conduct survey and review of business training courses and curricula (completed. March, 1995)
- Organize initial U.S. study tour for government and association officials
- Carry out first U.S. study tour for selected government and association officials
  Customize course content to Ukrainian/Moldovan context
- Field test suitability of proposed business training courses with focus groups
- Develop course appraisal mechanism
- Translate Courses into Ukrainian, Russian, and Romanian
- Define selection process for participant training
- Field test prototype business training courses
- Finalize, print and ship business management skills workbooks
- Provide business seminars/courses and training of trainer courses
- Organize ongoing participant training activities

3. Outputs

- Training Course Development Plan
- Course Modules and Materials
- Participant Selection Process
- Training plan

4. Success Indicators

- Training courses are developed and translated into Ukrainian, Russian and Romanian
- Training seminars are delivered and rated good or excellent by majority of participants
- National Trainers are trained
- Regional /U.S. study tours are completed and ranked good or excellent by returnees.

E. Business Information Videos (This component is contingent upon USAID approving the ELP option as outlined in the contract).

The Business Information Video component of the project will provide design, production and delivery of video-based, stand-alone, business education materials geared to a diverse audience and to be used in BSOs, schools, libraries, and business-support providers and other locations where information on how to do business in a market economy is desired. Both Ukrainian and Russian-language versions will be produced. Each system will contain three training programs incorporating a number of self-contained training modules. Each training program will be self-contained, will utilize readily available video technology, and be packaged for rapid distribution. Systems will be structured for delivery in group presentations, self-study, and television broadcast of the system's videos. Training content will be based on materials prepared by the Wharton School, tested in Central Europe, and specifically tailored to WestNIS needs and circumstances. Each training module will contain three components: a high quality, 20-25 min. video tape which teaches and explains the material in the module; a workbook which provides study, exercise, case study and reference materials on module content; and trainer instruction videos and manuals which provide step-by-step instructions to execute each activity.

Management of this component will be the responsibility of the ELP Project Team in conjunction with DAI staff. During June-July pre-production plans will be finalized with US and NIS resource teams, and US writers and NIS content teams will begin work on program content and scripts. An initial pre-production assessment mission will take place in mid-June 1995, and initial in-country shooting will being in late July. Ukrainian and Russian-language scripts will be completed in mid October 1995; the full in-NIS video shoot will be completed in October-November 1995; and in-US shoots will be completed in December and January 1995-6. NIS testing of video treatments will occur as footage is shot. Off-line editing of initial modules will being in late December 1995. Work on Workbook and Trainer's manual content will be initiated in November 1995.

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1. 1995 Activities
(for timing see Implementation Schedule Charts. pp. 23-25)

- Execute agreements and finalize plans with video production and technical resource teams
- Select writing teams and assign initial rewrite tasks
- Create Russian and Ukrainian video scripts
- Identify NIS resources for in-country production, coordination, and translation services
- Plan and complete location shoots of US and NIS interview sequences
- Plan and complete NIS on-location video shoot and begin US shoot
- Begin graphics creation and off-line and on-line edit of videos
- Create, Write and translate Workbooks and Manuals

2. Outputs

- Completed English, Ukrainian and Russian-language video scripts
- Completed in-NIS video footage for all programs
- Completed in-US video footage for all programs
- Completed initial off-line and on-line edit of completed video footage
- Completed content design and formats for Workbooks and Trainers Manuals

3. Success Indicators

- Positive Response/endorsement of draft and final video scripts from NIS content teams and other NIS test groups.
- Positive response/feedback on pre-edited NIS and US video footage from NIS content teams and other NIS test groups.
- Positive response/concurrence on Workbook and Trainer's Manual content and format from NIS content teams and other NIS test groups.

F. Project Management

1. Organization of Services

The Newbiznet Project operates under the field direction of the Kiev based Newbiznet Project Coordinating Office coordinating the work of all NSCs in Ukraine, Moldova, and ultimately in Belarus. The coordinating office will be supported from outside by the USAID/Kiev Mission, by the DAI home office in Washington and by the subcontractors retained to deliver specific short-term technical assistance to the project.

The Newbiznet coordinating office in Kiev will include the Business Information Network (BIN) hub and a Ukrainian national advocacy office managed by the project's local Deputy Director. A similar Moldovan national advocacy office managed by the Chisinau coordinating office Deputy Director will form part of the Chisinau Coordinating Office. the advocacy tasks performed by these two individuals will be to coordinate the work of the regional LSNs in each country, coordinate and synthesize their concerns and recommendations, and bring these to the attention of the appropriate national government organizations. Their tasks will also be to lobby the national organizations on behalf of the SME sector and work with them to improve the business climate and the regulatory environment for SMEs.

In Ukraine, the three regional NSCs will be directly responsible to the Kiev Coordinating Office. Each will develop and oversee/manage a LSN organization and manage a local BIN office directly tied into the BIN hub in Kiev. In Moldova, the two regional NSCs will similarly develop LSN organizations which will be coordinated by the Chisinau NSC advocacy office. In Ukraine each regional office will also have co-located with it an investment officer from the WestNIS Enterprise Fund (EF). In Moldova the WestNIS EF investment officer will be located in the Chisinau coordinating office.

2. Staffing the Newbiznet Project

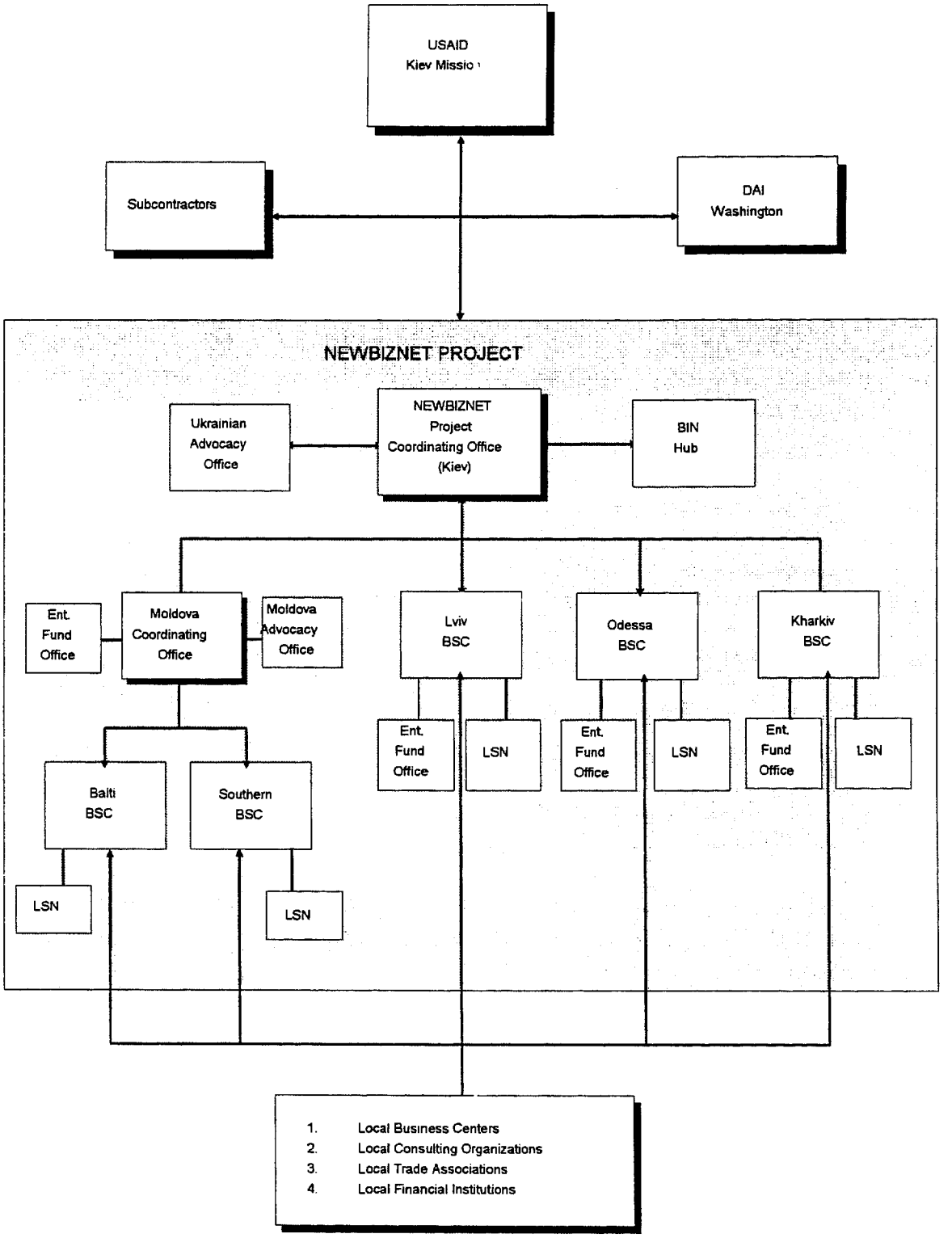
The Newbiznet project's regional NSCs will operate under guidance of the central management office in Kiev. The Project's Long-Term Technical Advisors (LTTAs) will train local Deputy Directors to eventually take over the job of directing and managing the Newbiznet Project. The Newbiznet Project management office in Kiev will be staffed as follows:

- DAI Project Chief of Party (Mr. Thomas Potocki)
- Newbiznet Service Center Field Coordinator and Technical Backstopper (Mr. Daniel Wagner)
- Deputy Director/Advocacy Specialist (Local national)
- Project Administrator (Local national)

These professionals will be supported by an accountant, an administrative assistant, and a driver. The office will also manage the Business Information Network (BIN) hub which will employ three local technicians.

The staff of the NSCs will be comprised of local professional and support personnel. In addition, it is expected that the NSCs will make use of the services of business oriented Peace Corps Volunteers, MBAEC Volunteers, and, possibly, IESC Volunteers to assist with specific tasks. We are in contact with these organizations and have already initiated discussions on the use of their volunteers on Newbiznet.

NEWBIZNET ORGANIZATIONAL CHART



There will be three Business Support Centers in Ukraine, in the cities of Lviv, Kharkiv, and Odessa. Each of the three NSCs in Ukraine will be staffed as follows:

- Long Term Technical Advisor (US national)
- Deputy Director/NSC Senior Advisor (Local national)
- NSC Advisor (Local national)
- Training Coordinator (Local national)

These professionals will be supported by an administrative assistant/accountant and a driver.

In Moldova there will be a small NSC coordinating office in Chisinau with two satellite NSCs . The Northern NSC will be situated in the town of Belts. The location of the Southern NSC is yet to be determined. (see discussion of this in the February/March STTA mission report). The Chisinau coordinating office will be staffed as follows:

- Long Term Technical Advisor (Mr. John Neilson)
- Deputy Director/Advocacy Specialist (Local national)

These professionals will be supported by an administrative assistant/accountant and a driver.

Each of the two Moldovan regional NSCs will be staffed as follows:

- NSC Director (Local national)
- NSC Advisor/Counselor/Training Coordinator (Local national)
- Administrative Assistant/Accountant/Translator (Local national)
- Part-time driver.

3. Project Start-up and Staff Mobilization

During February and March 1995, and with USAID/Kiev Mission input and assistance, the project staff have visited 13 potential project sites in Ukraine and Moldova and selected 4 most suitable locations in which the NSCs should be located. With USAID/Kiev input, project staff have also reassessed and modified the initial project design to fit the current situation and conditions in these countries. The mission report outlining findings and recommendations is being submitted to USAID concurrent with this work plan. Also accompanying the work plan submission is a modified project budget.

Training and Information Network specialists have also undertaken short term missions in Ukraine and Moldova in March of 1995. The training specialist has assessed the nature and availability of business related training materials and will shortly be undertaking modifications as appropriate to the project's proposed training materials. The information network specialist has likewise made an assessment of business information needs and suggested modifications to the project's proposed BIN. The information gained through these two technical assistance

engagements form the basis for the BIN design and the Training plan.

Altogether DAI is proposing six Long Term Technical Advisors for the project. Three have been working with the project already and are familiar with USAID/Kiev. These are: Thomas Potocki (Chief-of-Party), John Neilson (Moldova LTTA & Coordinator), and Daniel Wagner (NSC Field Coordinator & Technical Backstopper). The final three positions will be filled from nine additional candidates whose names have been submitted to USAID. As soon as USAID approves the qualifications of the proposed personnel, DAI will hire and mobilize the individuals for their long term positions.

Following mobilization, these individuals will travel to their project sites, commence to identify and to prepare the NSC office space, and identify and hire local staff to serve in the NSCs. Once the local staff have been hired, the intensive local staff training described in the "Training and Education Program" will be undertaken.

DAI has overall project management responsibility. Office renting, refurbishing, furnishing, and local recruitment will be handled by the COP in Kiev and by each of the LTTA's individually in their respective locations. The COP and the Field Coordinator will assist in these tasks (particularly the local hiring process) as required. Screening and interviewing candidates for the LTTA positions is being handled by DAI/project staff presently in Washington. Determining the project's legal/institutional framework and structure as well as identification of suitable counterpart business support organizations will be completed by the COP and/or the coordinators in Ukraine and Moldova with input from the LTTAs on site.

Establishing a project field accounting system in the Kiev coordinating office and in the NSC offices, and training local accountants in the operation of the systems, will be handled by DAI/Washington staff on site in Ukraine and Moldova. We have commenced dialog with the USAID Project Contracting Officer requesting authorization to procure project vehicles in Ukraine. As soon as the first year work plan is approved we will work closely with USAID to finalize all procurement.

4. 1995 Activities.
(for timing see Implementation Schedule Charts. pp. 23-25)

- Visit potential Business Center sites in Ukraine and Moldova (completed. February/March, 1995).
- Locate, interview, and recommend expatriate LTTAs for hire (completed. May, 1995).
- Refine project design, revise budget, and select NSC sites (completed. May, 1995).
- Finalize first year work plan including training and procurement schedules (in process).
- Identify and hire local NSC staff (in process).
- Mobilize all long term advisors.
- Procurement of project vehicles, computers, etc.
- Identify, rent, refurbish and furnish NSC offices, coordinating offices and LTTA housing.

- Determine project's legal/institutional framework and identify suitable counterpart Business Support Organizations (BSOs).
- Plan and conduct community outreach to promote Business Centers .
- Design an integrated project management information, monitoring, and evaluation system.
- Install field accounting, MIS and M&E systems and train local staff in these systems.
- Review first year's activities.
- Prepare second year work plan.
- Examine options for project's expansion to Belarus.

5. Outputs.

- First year work plan completed
- Revised budget document completed
- Second year work plan completed
- Community outreach forums/seminars to promote NSCs and their services conducted at all sites.

6. Success Indicators.

- Project sites selected for NSCs.
- Long Term Technical Advisors mobilized
- Local staff hired
- NSC offices rented, refurbished, furnished, and ready for operation.
- Project's vehicles, computers, and other non-expendable major office equipment procured.
- Project's legal /institutional framework established.
- Counterpart BSOs identified.
- Field accounting systems, MIS and M&E systems operational.
- Project expansion options to Belarus undertaken

IV. SUSTAINABILITY

Achieving sustainability for a business center raises challenges and important issues. Successful centers typically start with a few fee based services (such as photocopying, Fax-ing, etc), and later expand into other areas. During the projected four years of USAID financing and assistance to the Newbiznet project, the NSCs, their deputy directors, and their local staff are expected to become self sustaining entities able to support themselves and the center through fees generated by the advisory services they provide, by fee based training, by their ability to conduct paid research and consulting work, and/or by their ability to compete for grants or other assistance from local, national, regional, or international donor entities or organizations.

The issue of long-term sustainability of the NSCs will be one that will be tackled from the start of operations and will be an integral part of each NSC's strategic business plan prepared in the course of technical and management training expected to be provided to the NSCs' technical staff early in the fall of 1995. In preparing NSC sustainability plans the following issues should be considered:

- Services must be demand driven and must address business needs; otherwise entrepreneurs will not pay for them.
- NSCs must operate in a business-like fashion, prepare strategic plans, and regularly update the plans' assumptions and benchmarks.
- Services should be priced so as not to compete unfairly with private firms offering similar services.
- NSCs will need to categorize services as fully or partially cost recoverable, and develop funding strategies to cover non-recoverable costs. Services that benefit groups of businesses such as advocacy, may be more appropriate for organizations to provide or may be provided under the auspices of the LSN.

NEWBIZNET
JAN 1995 - DEC 1995 IMPLEMENTATION SCHEDULE

Activities/Major Tasks	Month											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Project Management												
Mobilize for deployment to the Ukraine	xxxxx											
Visit potential Business Center Sites in Ukraine and Moldova		xxxxx	xxxxx									
Locate, Interview and recommend expatriate LTTAs for hire			xxxxx	xxxxx								
Refine project design, revise budget, and select final sites		xx	xxxxx	xxxxx	xx							
Determine project's legal, institutional framework and identify suitable counterpart business support organizations						xx	xxxxx					
Plan and Conduct community outreach to promote Business Centers							xxxxx	xxxxx				
Finalize first-year work plan including training and procurement schedules					xx	xxxxx	xxxxx					
Procurement of vehicles, computers, etc. in West NIS						xx	xxxxx					
Design an integrated project management information, monitoring, and evaluation system							xxxxx	xxxxx				
Mobilize all long-term advisors						xx	xxxxx	xx				
Identify, rent, refurbish, furnish BSC offices, coord. Offices and housing						xx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
Identify and hire local staff							xxxxx	xxxxx				
Install field accounting, MIS and M&E systems, and train local staff in these systems						xx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
Review first-year's activities											xxxxx	
Prepare second-year work plan												xxxxx
Examine options for project's expansion (i.e. Belarus)												xxxxx
Business Services Program												
Assess business sector's training and technical assistance requirements			xx	xxxxx	xx							
Prepare and undertake logistics for implementation of a training plan for BSC staff							xxxxx	xxxxx	xxxxx			
Implement training plan for NEWBIZNET BSC staff										xxxxx	xxxxx	
Prepare BSC strategic plans and identify range of services to be offered										xxxxx	xxxxx	
Write and disseminate brochure of services									xxxxx	xxxxx	xxxxx	
Initiate and expand delivery of basic and customized business services									xxxxx	xxxxx	xxxxx	xxxxx
Develop information materials						xxxxx	xxxxx	xxxxx	xxxxx			
Initiate, develop and maintain media alliances to promote NEWBIZNET						xx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx

JAN 1995 - DEC 1995 IMPLEMENTATION SCHEDULE - Continued

Activities/Major Tasks	Month											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Local Support Program												
Identify local organizations suitable to serve on a LSN (*e.g.*, associations, trade unions, government agencies). Determine their current activities, capabilities, and interest in SME development				xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx		
Prepare TA/training plan for staff of local organizations									xxxxx	xxxxx		
Prepare strategic activities plan with selected LSN associations										xxxxx	xxxxx	xx
Initiate LSN activities to work on membership, services, and fee generation programs												xxxxx
Training and Education Program												
Conduct survey and review business training courses and curricula		xx	xxxxx	xxxxx								
Organize initial U.S. study tour for key local government and association officials						xxxxx	xxxxx					
Carry out first U.S. study tour for selected key local government and association officials								xxxxx				
Customize course content to Ukrainian/Moldovan context						xxxxx	xxxxx	xxxxx	xxxxx			
Field test suitability of proposed business training courses with focus groups						xxxxx						
Develop course appraisal mechanism								xxxxx				
Translate training courses into Ukrainian, Russian and Romanian								xxxxx	xxxxx	xxxxx	xxxxx	
Define selection process for participant training								xx	xxxxx			
Field test prototype business training courses									xxxxx			
Finalize, Print and Ship Business Management Skills workbooks											xxxxx	
Provide business courses and training of trainer courses									xxxxx	xxxxx	xxxxx	xxxxx
Organize ongoing participant training activities										xxxxx	xxxxx	xxxxx
Business Information Videos												
Execute agreements and finalize plans with video production and technical resource teams						xxxxx	xxxxx					
Select writing teams and assign initial rewrite tasks						xxxxx						
Create Russian and Ukrainian video scripts							xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
Identify NIS resources for in-country production, coordination, and translation services						xxxxx	xxxxx					
Plan and complete location shoots of US and NIS interview sequences						xxxxx	xxxxx					
Plan and complete NIS on-location video shoot and begin US shoot										xxxxx	xxxxx	xxxxx
Begin graphics creation and off-line and on-line edit of videos											xxxxx	xxxxx
Create, Write and translate Workbooks and Manuals											xxxxx	xxxxx

JAN 1995 - DEC 1995 IMPLEMENTATION SCHEDULE - Continued

Activities/Major Tasks	Month											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Business Information Network												
Assess information network requirements			xxxxx	xxxxx								
Translate network requirements into system design					xxxxxx							
Secure services of hardware subcontractor						xxxxx	xxxxx					
Secure access to United Nations Freenet							xxxx					
Hire user support/information specialist, technical specialist and data manager for BIN									xxxxx			
Develop detailed implementation and training plan for BIN staff								xxxxx	xxxxx			
Configure system, acquire hardware, and commence installation at Hub										xxxxx	xxxxx	
Acquire recommend software, cd-rom databases and hardcopy resources									xxxxx	xxxxx	xxxxx	xxxxx
Connect network to outlying centers												xxxxx
Install software and initiate and test network at hub											xxxxx	xxxxx
Coordinate and integrate business information resources with LSN member organizations									xxxxx	xxxxx	xxxxx	xxxxx
Test, revise and improve BIN hardware and design as required to meet both on-site and remote user needs												xxxxx

NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.
Kiev, Ukraine.

BUDGET AMMENDMENT

Submitted to USAID/Kiev
May 1995

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DEVELOPMENT O[illegible]
IN UKRAINE, MOLDOVA,, AND BELARUS
DEVELOPMENT ALTERNATIVES, INC.

Inflation Factors

Salary	
LTTA/STTA	4.5%
CCN	23%
Office & Epuipment Expenses	30%
Other Direct Costs	3.0%

Person Month Equivalents

LT and HO # of day	22
STTA # of days/PM	26
STTA Per Diem Day	26

PROJECT YEAR		Year 1	Year 2	Year 3	Year 4	TOTAL
DAI						
SALARIES AND WAGES		491,820	785,648	764,551	420,796	2,462,816
INDIRECT COSTS		449,680	687,638	661,322	346,507	2,164,738
SUBCONTRACTORS		2,028,025	622,221	573,296	506,514	3,730,056
TRAVEL AND PER DIEM		215,964	198,701	175,056	126,155	715,876
ALLOWANCES		246,960	336,217	245,862	85,208	914,247
OTHER DIRECT COSTS		59,304	70,406	64,601	23,820	218,131
PROCUREMENT		910,099	55,550	55,550	55,550	1,076,749
PROJECT SUPPORT COSTS		393,920	898,097	1,019,244	912,707	3,224,004
SUBTOTAL		4,795,772	3,654,478	3,559,482	2,477,257	14,506,617
FIXED FEE ON DAI COSTS @	7.0%	130,035	208,369	205,145	134,064	677,613
NET OF FEE ON SUBCONTRACTOR COSTS @	3.0%	60,841	18,667	17,199	15,195	111,902
SUBTOTAL FIXED FEE		190,876	227,036	222,344	149,259	789,515
GRAND TOTAL		**4,986,648**	**3,881,514**	**3,781,826**	**2,626,516**	**15,296,132**

15,397,036

100,904

SALARIES AND WAGES

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost
LONG TERM TECHNICAL ASSISTANCE (LTTA)											
DAI											
Full-time Overseas Staff											
Chief-of-Party											
Tom Potocki	7,216 /month	12 PM	86,592	12 PM	90,489	12 PM	94,561	12 PM	98,816	48 PM	370,458
Field Coordinator											
Dan Wagner	7,192 /month	7.5 PM	53,937	12 PM	90,183	12 PM	94,241	0 PM	0	32 PM	238,361
Ukraine #2 NSC Advisor											
TBD	7,000 /month	6 PM	42,000	12 PM	87,780	9 PM	68,798	0 PM	0	27 PM	198,578
Ukraine #3 NSC Advisor											
TBD	6,500 /month	6 PM	39,000	12 PM	81,510	9 PM	63,883	0 PM	0	27 PM	184,393
Ukraine #4 NSC Advisor											
TBD	6,250 /month	6 PM	37,500	12 PM	78,375	9 PM	61,426	0 PM	0	27 PM	177,301
Moldova NSC Advisor											
John Nielson	7,053 /month	12 PM	84,636	12 PM	88,445	12 PM	92,425	0 PM	0	36 PM	265,506
Subtotal LTTA - Overseas Staff		49.5 PM	343,665	72	516,782	63	475,334	12	98,816	197	1,434,598
Cooperating Country Nationals (CCN)											
Deputy Director (Kiev)	1,200 /month	5 PM	6,000	12 PM	17,712	12 PM	21,786	12 PM	26,797	41 PM	72,295
Project Administrator (Kiev)	1,200 /month	5 PM	6,000	12 PM	17,712	12 PM	21,786	12 PM	26,797	41 PM	72,295
BIN Technical Specialist	800 /month	4 PM	3,200	12 PM	11,808	6 PM	7,262	6 PM	8,932	28 PM	31,202
BIN Data Manager	800 /month	4 PM	3,200	12 PM	11,808	12 PM	14,524	12 PM	17,865	40 PM	47,397
BIN User Support/Training Spec.	500 /month	4 PM	2,000	12 PM	7,380	6 PM	4,539	6 PM	5,583	28 PM	19,502
Deputy Director (UKR #2)	700 /month	5 PM	3,500	12 PM	10,332	12 PM	12,708	12 PM	15,631	41 PM	42,171
NSC Advisor (UKR #2)	500 /month	5 PM	2,500	12 PM	7,380	12 PM	9,077	12 PM	11,165	41 PM	30,122
Training Coordinator (UKR #2)	400 /month	0 PM	0	12 PM	5,904	12 PM	7,262	12 PM	8,932	36 PM	22,098
Deputy Director (UKR #3)	700 /month	5 PM	3,500	12 PM	10,332	12 PM	12,708	12 PM	15,631	41 PM	42,171
NSC Advisor (UKR #3)	500 /month	5 PM	2,500	12 PM	7,380	12 PM	9,077	12 PM	11,165	41 PM	30,122
Training Coordinator (UKR #3)	400 /month	0 PM	0	12 PM	5,904	12 PM	7,262	12 PM	8,932	36 PM	22,098
Deputy Director (UKR #4)	700 /month	5 PM	3,500	12 PM	10,332	12 PM	12,708	12 PM	15,631	41 PM	42,171
NSC Advisor (UKR #4)	500 /month	5 PM	2,500	12 PM	7,380	12 PM	9,077	12 PM	11,165	41 PM	30,122
Training Coordinator (UKR #4)	400 /month	0 PM	0	12 PM	5,904	12 PM	7,262	12 PM	8,932	36 PM	22,098
Moldova Deputy Director	800 /month	5 PM	4,000	12 PM	11,808	12 PM	14,524	12 PM	17,865	41 PM	48,197
Mold NSC Advisor - Balti	500 /month	5 PM	2,500	12 PM	7,380	12 PM	9,077	12 PM	11,165	41 PM	30,122
Mold NSC Advisor - South	500 /month	5 PM	2,500	12 PM	7,380	12 PM	9,077	12 PM	11,165	41 PM	30,122
Subtotal LTTA - CCN		67 PM	47,400	204 PM	163,836	192 PM	189,716	192 PM	233,353	655 PM	634,305
TOTAL LTTA		117 PM	391,065	276 PM	680,618	255 PM	665,050	204 PM	332,169	852 PM	2,068,903

SALARIES AND WAGES (Cont'd.)

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost
SHORT TERM TECHNICAL ASSISTANCE (STTA)											
DAI											
U.S. Based Intermittent Staff	250 /day	5 PM	32,500	6 PM	40,755	6 PM	42,589	6 PM	44,506	23 PM	160,350
Local Intermittent Staff	85 /day	5 PM	11,050	5 PM	11,547	5 PM	12,067	5 PM	12,610	20 PM	47,274
Subtotal STTA		10 PM	43,550	11 PM	52,302	11 PM	54,656	11 PM	57,116	43 PM	207,624
TOTAL STTA		10 PM	43,550	11 PM	52,302	11 PM	54,656	11 PM	57,116	43 PM	207,624

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost	Units	Cost
HOME OFFICE SUPPORT											
DAI											
Home Office Staff											
Sr. Management											
Albert Barclay	443.52 /day	0.25 PM	2,439	0.25 PM	2,549	0.25 PM	2,664	0.25 PM	2,784	1.0 PM	10,436
Home Office Technical Backstop											
Matthew Gamser, ENT Director	288.46 /day	1.5 PM	9,519	1 PM	6,632	1 PM	6,930	0 PM	0	4 PM	23,081
Neal Nathanson, ENT Dep Dir	323.07 /day	3 PM	21,323	3 PM	22,282	2 PM	15,523	1 PM	8,111	9 PM	67,239
Project Monitor											
Tim Nutter	100.00 /day	6 PM	13,200	6 PM	13,794	6 PM	14,415	6 PM	15,064	24 PM	56,473
Procurement Specialist											
Charis Nastoff	138.46 /day	1.5 PM	4,569	1 PM	3,183	0.25 PM	832	0.25 PM	869	3.0 PM	9,453
Information Specialist											
Jim McMeekin	186.53 /day	1.5 PM	6,155	1 PM	4,288	1 PM	4,481	1 PM	4,683	5 PM	19,607
TOTAL HOME OFFICE SUPPORT		13.75 PM	57,205	12.25 PM	52,728	10.50 PM	44,845	8.50 PM	31,511	45.00 PM	186,289
TOTAL SALARIES AND WAGES		**140 PM**	**491,820**	**299.3 PM**	**785,648**	**277 PM**	**764,551**	**224 PM**	**420,796**	**940 PM**	**2,462,816**

FRINGE BENEFITS

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits
LONG TERM TECHNICAL ASSISTANCE (LTTA)											
DAI											
Full-time Overseas Staff											
Chief-of-Party											
Tom Potocki	11.7%	86,592	10,131	90,489	10,587	94,561	11,064	98,816	11,562	370,458	43,344
Field Coordinator											
Dan Wagner	11.7%	53,937	6,311	90,183	10,551	94,241	11,026	0	0	238,361	27,888
Ukraine #2 NSC Advisor											
TBD	11.7%	42,000	4,914	87,780	10,270	68,798	8,049	0	0	198,578	23,233
Ukraine #3 NSC Advisor											
TBD	11.7%	39,000	4,563	81,510	9,537	63,883	7,474	0	0	184,393	21,574
Ukraine #4 NSC Advisor											
TBD	11.7%	37,500	4,388	78,375	9,170	61,426	7,187	0	0	177,301	20,745
Moldova NSC Advisor											
John Nielson	11.7%	84,636	9,902	88,445	10,348	92,425	10,814	0	0	265,506	31,064
Subtotal LTTA			40,209		60,463		55,614		11,562		167,848
Cooperating Country Nationals (CCN)											
Deputy Director (Kiev)	0.0%	6,000	0	17,712	0	21,786	0	26,797	0	72,295	0
Project Administrator (Kiev)	0.0%	6,000	0	17,712	0	21,786	0	26,797	0	72,295	0
BIN Technical Specialist	0.0%	3,200	0	11,808	0	7,262	0	8,932	0	31,202	0
BIN Data Manager	0.0%	3,200	0	11,808	0	14,524	0	17,865	0	47,397	0
BIN User Support/Training Spec	0.0%	2,000	0	7,380	0	4,539	0	5,583	0	19,502	0
Deputy Director (UKR #2)	0.0%	3,500	0	10,332	0	12,708	0	15,631	0	42,171	0
NSC Advisor (UKR #2)	0.0%	2,500	0	7,380	0	9,077	0	11,165	0	30,122	0
Training Coordinator (UKR #2)	0.0%	0	0	5,904	0	7,262	0	8,932	0	22,098	0
Deputy Director (UKR #3)	0.0%	3,500	0	10,332	0	12,708	0	15,631	0	42,171	0
NSC Advisor (UKR #3)	0.0%	2,500	0	7,380	0	9,077	0	11,165	0	30,122	0
Training Coordinator (UKR #3)	0.0%	0	0	5,904	0	7,262	0	8,932	0	22,098	0
Deputy Director (UKR #4)	0.0%	3,500	0	10,332	0	12,708	0	15,631	0	42,171	0
NSC Advisor (UKR #4)	0.0%	2,500	0	7,380	0	9,077	0	11,165	0	30,122	0
Training Coordinator (UKR #4)	0.0%	0	0	5,904	0	7,262	0	8,932	0	22,098	0
Moldova Deputy Director	0.0%	4,000	0	11,808	0	14,524	0	17,865	0	48,197	0
Mold NSC Adivsor - Balti	0.0%	2,500	0	7,380	0	9,077	0	11,165	0	30,122	0
Mold NSC Advisor - South	0.0%	2,500	0	7,380	0	9,077	0	11,165	0	30,122	0
Subtotal LTTA - CCN			0		0		0		0		0
TOTAL LTTA FRINGE BENEFITS			40,209		60,463		55,614		11,562		167,848

FRINGE BENEFITS (Cont'd.)

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits
SHORT TERM TECHNICAL ASSISTANCE (STTA)											
DAI											
U.S. Based Intermittent Staff	28.1%	32,500	9,133	40,755	11,452	42,589	11,968	44,506	12,506	160,350	45,059
Local Intermittent Staff	0.0%	11,050	0	11,547	0	12,067	0	12,610	0	47,274	0
Subtotal Fringe Benefit			9,133		11,452		11,968		12,506		45,059
TOTAL STTA FRINGE BENEFITS - DAI			9,133		11,452		11,968		12,506		45,059

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits	Base	Fringe Benefits
HOME OFFICE SUPPORT											
Home Office Staff											
Sr. Management											
Albert Barclay	28.1%	2,439	685	2,549	716	2,664	749	2,784	782	10,436	2,932
Technical Backstop											
Matthew Gamser, ENT Director	28.1%	9,519	2,675	6,632	1,864	6,930	1,947	0	0	23,081	6,486
Neal Nathanson, ENT Dep Dir	28.1%	21,323	5,992	22,282	6,261	15,523	4,362	8,111	2,279	67,239	18,894
Project Monitor											
Tim Nutter	28.1%	13,200	3,709	13,794	3,876	14,415	4,051	15,064	4,233	56,473	15,869
Procurement Specialist											
Charis Nastoff	28.1%	4,569	1,284	3,183	894	832	234	869	244	9,453	2,656
Information Specialist											
Jim McMeekin	28.1%	6,155	1,730	4,288	1,205	4,481	1,259	4,683	1,316	19,607	5,510
TOTAL HOME OFFICE FRINGE BENEFITS			16,075		14,816		12,602		8,854		52,347
TOTAL FRINGE BENEFITS			**65,417**		**86,731**		**80,184**		**32,922**		**265,254**

OVERHEAD

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead
LONG TERM TECHNICAL ASSISTANCE (LTTA)											
DAI											
Full-time Overseas Staff											
Chief-of-Party											
Tom Potocki	68.0%	96,723	65,772	101,076	68,732	105,625	71,825	110,378	75,057	413,802	281,386
Field Coordinator											
Dan Wagner	68.0%	60,248	40,969	100,734	68,499	105,267	71,582	0	0	266,249	181,050
Ukraine #2 NSC Advisor											
TBD	68.0%	46,914	31,902	98,050	66,674	76,847	52,256	0	0	221,811	150,832
Ukraine #3 NSC Advisor											
TBD	68.0%	43,563	29,623	91,047	61,912	71,357	48,523	0	0	205,967	140,058
Ukraine #4 NSC Advisor											
TBD	68.0%	41,888	28,484	87,545	59,531	68,613	46,657	0	0	198,046	134,672
Moldova NSC Advisor											
John Nielson	68.0%	94,538	64,286	98,793	67,179	103,239	70,203	0	0	296,570	201,668
Subtotal LTTA (Expatriate) Overhead			261,036		392,527		361,046		75,057		1,089,666
Cooperating Country Nationals (CCN)											
Deputy Director (Kiev)	68.0%	6,000	4,080	17,712	12,044	21,786	14,814	26,797	18,222	72,295	49,160
Project Administrator (Kiev)	68.0%	6,000	4,080	17,712	12,044	21,786	14,814	26,797	18,222	72,295	49,160
BIN Technical Specialist	68.0%	3,200	2,176	11,808	8,029	7,262	4,938	8,932	6,074	31,202	21,217
BIN Data Manager	68.0%	3,200	2,176	11,808	8,029	14,524	9,876	17,865	12,148	47,397	32,229
BIN User Support/Training Spec.	68.0%	2,000	1,360	7,380	5,018	4,539	3,087	5,583	3,796	19,502	13,261
Deputy Director (UKR #2)	68.0%	3,500	2,380	10,332	7,026	12,708	8,641	15,631	10,629	42,171	28,676
NSC Advisor (UKR #2)	68.0%	2,500	1,700	7,380	5,018	9,077	6,172	11,165	7,592	30,122	20,482
Training Coordinator (UKR #2)	68.0%	0	0	5,904	4,015	7,262	4,938	8,932	6,074	22,098	15,027
Deputy Director (UKR #3)	68.0%	3,500	2,380	10,332	7,026	12,708	8,641	15,631	10,629	42,171	28,676
NSC Advisor (UKR #3)	68.0%	2,500	1,700	7,380	5,018	9,077	6,172	11,165	7,592	30,122	20,482
Training Coordinator (UKR #3)	68.0%	0	0	5,904	4,015	7,262	4,938	8,932	6,074	22,098	15,027
Deputy Director (UKR #4)	68.0%	3,500	2,380	10,332	7,026	12,708	8,641	15,631	10,629	42,171	28,676
NSC Advisor (UKR #4)	68.0%	2,500	1,700	7,380	5,018	9,077	6,172	11,165	7,592	30,122	20,482
Training Coordinator (UKR #4)	68.0%	0	0	5,904	4,015	7,262	4,938	8,932	6,074	22,098	15,027
Moldova Deputy Director	68.0%	4,000	2,720	11,808	8,029	14,524	9,876	17,865	12,148	48,197	32,773
Mold NSC Advisor - Balti	68.0%	2,500	1,700	7,380	5,018	9,077	6,172	11,165	7,592	30,122	20,482
Mold NSC Advisor - South	68.0%	2,500	1,700	7,380	5,018	9,077	6,172	11,165	7,592	30,122	20,482
Subtotal CCN Overhead			32,232		111,406		129,002		158,679		431,319
TOTAL LTTA OVERHEAD			293,268		503,933		490,048		233,736		1,520,985

OVERHEAD (Cont'd.)

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead
SHORT TERM TECHNICAL ASSISTANCE (STTA)											
DAI											
U.S. Based Intermittent Staff	78.0%	41,633	32,474	52,207	40,721	54,557	42,554	57,012	44,469	205,409	160,218
Local Intermittent Staff	68.0%	11,050	7,514	11,547	7,852	12,067	8,206	12,610	8,575	47,274	32,147
Subtotal STTA - DAI			39,988		48,573		50,760		53,044		192,365
TOTAL STTA OVERHEAD - DAI			39,988		48,573		50,760		53,044		192,365

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Rate	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead	Base	Overhead
HOME OFFICE SUPPORT											
Home Office Staff											
Sr. Management											
Albert Barclay	78.0%	3,124	2,437	3,265	2,547	3,413	2,662	3,566	2,781	13,368	10,427
Technical Backstop											
Matthew Gamser, ENT Director	78.0%	12,194	9,511	8,496	6,627	8,877	6,924	0	0	29,567	23,062
Neal Nathanson, ENT Dep Dir	78.0%	27,315	21,305	28,543	22,264	19,885	15,510	10,390	8,104	86,133	67,183
Project Monitor											
Tim Nutter	78.0%	16,909	13,189	17,670	13,783	18,466	14,403	19,297	15,052	72,342	56,427
Procurement Specialist											
Charis Nastoff	78.0%	5,853	4,565	4,077	3,180	1,066	831	1,113	868	12,109	9,444
Information Specialist											
Jim McMeekin	78.0%	7,885	6,150	5,493	4,285	5,740	4,477	5,999	4,679	25,117	19,591
TOTAL HOME OFFICE OVERHEAD			51,007		48,401		40,330		26,805		186,134
TOTAL OVERHEAD			**384,263**		**600,907**		**581,138**		**313,585**		**1,899,484**

TRAVEL AND PER DIEM

PROJECT YEAR Unit Cost	Year 1 Costs	Year 2 Costs	Year 3 Costs	Year 4 Costs	TOTAL Costs
TRAVEL AND PER DIEM	215,964	198,701	175,056	126,155	715,876
TOTAL TRAVEL AND PER DIEM	**215,964**	**198,701**	**175,056**	**126,155**	**715,876**

BREAKDOWN OF TRAVEL AND PER DIEM COSTS

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost		Costs		Costs		Costs		Costs		Costs
LONG TERM TECHNICAL ASSISTANCE (LTTA)											
DAI											
Chief of Party: Tom Potocki											
To post	1,263 /trip	1 /trip	1,263							1	1,263
(Washington, D.C. to Kiev)	1,731 /RT			2 /RT	3,566	2 /RT	3,673			4	7,239
R&R (Kiev - London - Kiev)	1,166 /RT	1 /RT	1,166							1	1,166
Home Leave	1,731 /RT			1 /RT	1,783	1 /RT	1,836			2	3,619
Fr. Post	1,668 /trip							1 /trip	1,823	1	1,823
U.S. Office Visits	1,731 /RT	1 /RT	1,731	3 /RT	5,349	3 /RT	5,509	3 /RT	5,675	10	18,264
Field Coordinator: Dan Wagner											
To post	1,263 /trip	1 /trip	1,263							1	1,263
(Washington, D.C. to Kiev)	1,731 /RT			2 /RT	3,566	2 /RT	3,673			4	7,239
R&R (Kiev - London - Kiev)	1,166 /RT									0	0
Home Leave	1,731 /RT			1 /RT	1,783					1	1,783
Fr. Post	1,668 /trip					1 /trip	1,823			1	1,823
Ukraine #2 NSC Advisor: TBD											
To post	1,263 /trip	3 /trip	3,789							3	3,789
(Washington, D.C. to Kiev)											
R&R (Kiev - London - Kiev)	1,166 /RT			3 /RT	3,498					3	3,498
Home Leave	1,731 /RT			0 /RT	0					0	0
Fr. Post	1,668 /trip					3 /trip	5,468			3	5,468
Ukraine #3 NSC Advisor: TBD											
To post	1,263 /trip	2 /trip	2,526							2	2,526
(Washington, D.C. to Kiev)											
R&R (Kiev - London - Kiev)	1,166 /RT			2 /RT	2,332					2	2,332
Home Leave	1,731 /RT										
Fr. Post	1,668 /trip					2 /trip	3,645			2	3,645
Ukraine #4 NSC Advisor: TBD											
To post	1,263 /trip	1 /trip	1,263							1	1,263
(Washington, D.C. to Kiev)											
R&R (Kiev - London - Kiev)	1,166 /RT			1 /RT	1,166					1	1,166
Home Leave	1,731 /RT			0 /RT	0					0	0
Fr. Post	1,668 /trip					1 /trip	1,823			1	1,823
Moldova NSC Advisor: John Nielson											
To post	1,449 /trip	1 /trip	1,449							1	1,449
(Salt Lake City, Utah to Kiev)	1,615 /RT			1 /RT	3,554					1	3,554
R&R (Chisinau - London - Chisinau)	1,020 /RT	1 /RT	1,020							1	1,020
Home Leave	3,450 /RT			1 /RT	3,554					1	3,554
Fr. Post	2,024 /trip					1 /trip	2,148			1	2,148
Subtotal LTTA - DAI			15,470		30,151		29,598		7,498		82,717
SHORT TERM TECHNICAL ASSISTANCE (STTA)											
International Travel	1,731 /RT	23 RT	39,813	19 RT	33,876	16 RT	29,383	12 RT	22,698	70 RT	125,770
Per Diem											
Kiev	217 /day	368 days	79,856	304 days	65,968	256 days	55,552	192 days	41,664	1,120 days	243,040
Moldova	140 /day	184 days	25,760	152 days	21,280	128 days	17,920	96 days	13,440	560 days	78,400
Subtotal STTA			145,429		121,124		102,855		77,802		447,210

BREAKDOWN OF TRAVEL AND PER DIEM COSTS (Cont'd.)

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost		Costs		Costs		Costs		Costs		Costs
HOME OFFICE SUPPORT											
DAI											
Sr. Management:Albert H. Barclay											
International Travel (Wash, D.C. to Kiev)	1,553 /RT	1 RT	1,553	1 RT	1,600	1 RT	1,648	1 RT	1,697	4	6,498
Per Diem											
Ukraine	217 /day	3 days	651	3 days	651	3 days	651	3 days	651	12	2,604
Moldova	140 /day	2 days	280	2 days	280	2 days	280	3 days	420	9	1,260
Home Office Technical Backstop											
International Travel (Wash, D.C. to Kiev)	1,553 /RT	2 RT	3,106	3 RT	4,799	3 RT	4,943	1 RT	1,697	9	14,545
Per Diem											
Ukraine	217 /day	90 days	19,530	90 days	19,530	90 days	19,530	90 days	19,530	360	78,120
Moldova	140 /day	60 days	8,400	30 days	4,200	30 days	4,200	30 days	4,200	150	21,000
Project Monitor: Tim Nutter											
International Travel (Wash, D.C. to Kiev)	1,553 /RT	2 RT	3,105	1 RT	1,599	0	0	0	0	3	4,704
Per Diem											
Ukraine	217 /day	20 days	4,340	10 days	2,170	0	0	10	2,170	40	8,680
Moldova	140 /day	10 days	1,400	5 days	700	0	0	0	0	15	2,100
Subtotal Home Office Support - DAI			42,365		35,529		31,252		30,365		139,511
MISCELLANEOUS TRAVEL											
Visas, Inoculations, Etc	100 /trip	28 trips	2,800	24 trips	2,472	20 trips	2,122	15 trips	1,639	87 trips	9,033
Long-term Advisors											
In-country Travel	500 /month	12 mos	6,000	12 mos	6,180	12 mos	6,365	12 mos	6,556	48 mos	25,101
Short-term Advisors											
In-country Travel	150 /trip	26 trips	3,900	21 trips	3,245	18 trips	2,864	14 trips	2,295	79 trips	12,304
Subtotal Miscellaneous Travel			12,700		11,897		11,351		10,490		46,438
TOTAL TRAVEL, TRANSPORTATION, PER DIEM			**215,964**		**198,701**		**175,056**		**126,155**		**715,876**

ALLOWANCES

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs
LONG-TERM TECHNICAL ASSISTANCE											
DAI											
Full-time Overseas Staff											
Chief of Party: Tom Potocki											
Post Differential	25.0%	86,592	21,648	90,489	22,622	94,561	23,640	98,816	24,704	370,458	92,614
Housing & Utilities	3,500 /mo	8 mo	28,000	12 mo	43,260	12 mo	44,558	12 mo	45,895	44 mos	161,713
Temporary Lodging (1)											
Initital Occupant	163 /day	30 days	4,890	0	0	0	0	7	1,141	37 days	6,031
COLA	0.0%	0	0	0	0	0	0	0	0	0	0
Air Freight	3.35 /lbs	700 lbs	2,345	0	0	0	0	700 lbs	2,562	1,400 lbs	4,907
Settling-in Allowance	5,000		5,000	0	0	0	0	0	0		5,000
Field Coordinator: Dan Wagner											
Post Differential	25.0%	37,500	9,375	78,375	19,594	61,426	15,357	0	0	177,301	44,326
Housing & Utilities	3,500 /mo	8 mo	28,000	12 mo	43,260	9 mo	33,418	0 mo	0	29 mos	104,678
Temporary Lodging (1)											
Initital Occupant	163 /day	30 days	4,890	0	0	0	0	7	1,141	37 days	6,031
COLA	0.0%	0	0	0	0	0	0	0	0	0	0
Air Freight	3.35 /lbs	700 lbs	2,345	0	0	0	0	700 lbs	2,562	1,400 lbs	4,907
Settling-in Allowance	5,000		5,000	0	0	0	0	0	0		5,000
Ukraine #2 NSC Advisor. TBD											
Post Differential	20.0%	42,000	8,400	87,780	17,556	0	0	0	0	129,780	25,956
Housing & Utilities	1,000 /mo	7 mos	7,000	12 mos	43,260	9	33,418	0	0	28 mos	83,678
Temporary Lodging (3)											
Initital Occupant	163 /day	30 days	4,890	0	0	0	0	7 days	1,141	37 days	6,031
Second Occupant (2)	145 /day	60 days	8,700	0	0	0	0	14 days	2,030	74 days	10,730
COLA	0.0%	0	0	0	0	0	0	0	0	0	0
Air Freight	3.35 /lbs	500 lbs	1,675	500 lbs	1,725	0	0	0	0	1,000 lbs	3,400
Settling-in Allowance	5,000		5,000		0		0		0		5,000
Packing & Handling	38.25 /cwt	60 cwt	2,295	60 cwt	2,364	0	0	0	0	120 cwt	4,659
Storage	195 /mo	7 mos	1,365	12 mos	2,410	0	0	0	0	19 mos	3,775
Ukraine #3 NSC Advisor: TBD											
Post Differential	20.0%	39,000	7,800	81,510	16,302	63,883	12,777	0	0	184,393	36,879
Housing & Utilities	1,000 /mo	7 mos	7,000	12 mos	43,260	3 mos	11,139	0	0	22 mos	61,399
Temporary Lodging (2)											
Initital Occupant	163 /day	30 days	4,890	0	0	7	1,141	7	1,141	44 days	7,172
Second Occupant	145 /day	30 days	4,350	0	0	0	0	7 days	1,015	37 days	5,365
COLA	0.0%		0		0		0		0		0
Air Freight	3.69 /lbs	500 lbs	1,845	0 lbs	0	500 lbs	1,957	0	0	1,000 lbs	3,802
Settling-in Allowance	5,000		5,000		0		0		0		5,000
Packing & Handling	38.25 /cwt	60 cwt	2,295	0	0	60 cwt	2,435	0	0	120 cwt	4,730
Storage	195 /mo	7 mos	1,365	12 mos	2,410	4 mos	827	0	0	23 mos	4,602

ALLOWANCES (Cont'd.)

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs
Ukraine #4 NSC Advisor: TBD											
Post Differential	20.0%	43,550	8,710	52,302	10,460	0	0	0	0	95,852	19,170
Housing & Utilities	1,000 /mo	7 mos	7,000	11 mos	39,655	11	40,845	11	0	40 mos	87,500
Temporary Lodging (1)											
Initital Occupant	163 /day	30 days	4,890	0	0	0	0	7 days	1,141	37 days	6,031
COLA	0.0%	0	0	0	0	0	0	0	0	0	0
Air Freight	3.35 /lbs	500 lbs	1,675	500 lbs	1,725	0	0	0	0	1,000 lbs	3,400
Settling-in Allowance	5,000		5,000		0		0		0		5,000
Packing & Handling	38.25 /cwt	60 cwt	2,295	60 cwt	2,364	0	0	0	0	120 cwt	4,659
Storage	195 /mo	7 mos	1,365	13 mos	2,611	0	0	0	0	20 mos	3,976
Moldova NSC Advisor: John Nielson											
Post Differential	20.0%	84,636	16,927	88,445	17,689	92,425	18,485	0	0	265,506	53,101
Temporary Lodging (1)											
Initital Occupant	105 /day	30 days	3,150	0	0	0	0	7 days	735	37 days	3,885
COLA	15.0%		3,690		3,690		3,855		0		11,235
Air Freight	3.79 /lbs	500 lbs	1,895		0	500 lbs	2,010	0	0	1,000 lbs	3,905
Settling-in Allowance	5,000		5,000		0		0		0		5,000
Subtotal Overseas Staff Allowances			246,960		336,217		245,862		85,208		914,247
TOTAL ALLOWANCES			**246,960**		**336,217**		**245,862**		**85,208**		**914,247**

OTHER DIRECT COSTS

DBA 5.95% (of salary + post differential + cola)

FICA: BASE RATE

LTTA	STTA/HO	BREAKS		
7.65%	7.65%	1	upto	60,600
1.45%	7.65%	60,601	upto	no limit

PROJECT YEAR	Unit Cost	Year 1 Unit	Year 1 Costs	Year 2 Unit	Year 2 Costs	Year 3 Unit	Year 3 Costs	Year 4 Unit	Year 4 Costs	TOTAL Unit	TOTAL Costs
LONG-TERM TECHNICAL ASSISTANCE											
DAI											
DBA	5.95%										
LTTA: U.S. Expatriates		402,130	23,927	594,641	35,381	534,091	31,778	123,520	7,349	1,654,383	98,435
STTA: U.S. Based Staff		32,500	1,934	40,755	2,425	42,589	2,534	44,506	2,648	160,350	9,541
Home Office Support		36,962	2,199	38,625	2,298	32,602	1,940	25,959	1,545	134,148	7,982
FICA	7.65%										
LTTA: U.S. Expatriates		252,228	20,177	348,224	21,804	319,667	18,084	98,816	5,190	1,018,935	65,255
STTA: U.S. Based Staff		32,500	2,486	40,755	3,118	42,589	3,258	44,506	3,405	160,350	12,267
Home Office Support		57,205	4,376	52,728	4,034	44,845	3,431	31,511	2,411	186,289	14,252
Medical Exams											
LTTA & Adult Dependents	300 /exam	9	2,700	0	0	7	2,228	2	656	18	5,584
Dependents under 12	120 /exam	1	120	0	0	1	127	0	0	2	247
STTA: U.S. Based Staff	100 /trip	4	400	4	412	4	424	4	437	16	1,673
Medical Evacuation Insurance											
Person	78 /person	5	390	4	321	2	165	1	85	12	961
Family	170 /family	3	510	3	525	3	541	0	0	9	1,576
STTA: U.S. Based Staff	17 /PM	5	85	5	88	5	91	5	94	20	358
Subtotal DAI			59,304		70,406		64,601		23,820		218,131
TOTAL OTHER DIRECT COSTS			**59,304**		**70,406**		**64,601**		**23,820**		**218,131**

PROCUREMENT

PROJECT YEAR Unit Cost	Year 1 Costs	Year 2 Costs	Year 3 Costs	Year 4 Costs	TOTAL Costs
DAI					
Computer Equipment	140,000				140,000
Vehicles	200,000				200,000
NSC Office Equipment	140,000				140,000
Local Support Network Materials	48,000				48,000
Training Materials	319,254				319,254
BIN Hub (Kiev) CD-ROM Library	15,000	7,500	7,500	7,500	37,500
NSC Offices (4) CD-ROM/Business Libry	30,000	20,000	20,000	20,000	90,000
Subtotal Procurement	892,254	27,500	27,500	27,500	974,754
					0
Procurement Fee 2.00%	17,845	550	550	550	19,495
					0
TOTAL PROCUREMENT	**910,099**	**55,550**	**55,550**	**55,550**	**1,076,749**

PROJECT SUPPORT COSTS

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
	Unit Cost	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs	Unit	Costs
DAI											
Cooperating Country Nationals (CCN)											
Social Charges @	30.0%	47,400	14,220	163,836	49,151	189,716	56,915	233,353	70,006	634,305	190,292
Office Support Staff (locals)											
Project Accountant (1)	500 /month	6 PM	3,000	12 PM	7,380	12 PM	9,077	12 PM	11,165	42 PM	30,622
Social Charges @	30.0%		900		2,214		2,723		3,350		9,187
Admin Assistant/Interpreter (7)	400 /month	35 PM	14,000	84 PM	41,328	84 PM	50,833	84 PM	62,525	287 PM	168,686
Social Charges @	30.0%		4,200		12,398		15,250		18,758		50,606
Driver (5)	300 /month	30 PM	9,000	60 PM	22,140	60 PM	27,232	12 PM	6,699	162 PM	65,071
Social Charges @	30.0%		2,700		6,642		8,170		2,010		19,522
Subtotal Office Staff		65 PM	48,020	144 PM	141,253	144 PM	170,200	96 PM	174,513	449 PM	533,986
OFFICE AND EQUIPMENT EXPENSES											
Office Rental (7 sites)	4000 /month/site	42 mo	168,000	96 mo	441,600	96 mo	507,840	72 mo	438,012	306 mos	1,555,452
Office Supplies (7 sites)	500 /month/site	28 mo	14,000	96 mo	50,400	96 mo	52,920	72 mo	41,675	292 mos	158,995
Office Utilities (7 sites)	400 /month/site	28 mo	11,200	96 mo	49,920	96 mo	64,896	72 mo	63,274	292 mos	189,290
Communications (7 sites)	600 /month/site	28 mo	16,800	96 mo	60,480	96 mo	63,504	72 mo	50,009	292 mos	190,793
Telephone Lines	2000 /per site	7 sites	14,000							8 sites	14,000
Postage and Delivery (7 sites)	300 /month/site	28 mo	8,400	96 mo	30,240	96 mo	31,752	72 mo	25,005	292 mos	95,397
Photocopying (7 sites)	100 /month/site	28 mo	2,800	96 mo	10,080	96 mo	10,584	72 mo	8,335	292 mos	31,799
Translators	5,000 /year	1 yr	5,000	1 yr	5,150	1 yr	5,305	1 yr	5,464	4 yrs	20,919
Vehicle gas/maintenance (4 sites)	350 /month/site	28 mo	9,800	48 mo	17,304	48 mo	17,823	24 mo	9,168	148 mos	54,095
Brochure publication	1,200 /copy	7 copies	8,400	0 copi	0	0 copies	0		0	8 copies	8,400
Subtotal Office and Equipment Expenses			258,400		665,174		754,624		640,942		2,319,140
REGIONAL PARTICIPANT TRAINING											
Regional Study Tours	1,500 /person	20	30,000	36	30,900	36	31,827	36	32,782		125,509
US Study Tours	5,000 /person	10	50,000	10	51,500	10	53,045	10	54,636		209,181
EDUCATIONAL PROGRAM											
Education Program Dissemination			3,000		3,090		3,183		3,278		12,551
BUSINESS INFORMATION NETWORK											
Database Access and Updates	500 /month	9 mos	4,500	12 mos	6,180	12 mos	6,365	12 mos	6,556	45 mos	23,637
Subtotal			87,500		91,670		94,420		97,252		370,878
TOTAL PROJECT SUPPORT COST			**393,920**		**898,097**		**1,019,244**		**912,707**		**3,224,004**

SUBCONTRACTORS

PROJECT YEAR		Year 1		Year 2		Year 3		Year 4		TOTAL	
SUBCONTRACTORS			Indirect Costs		Indirect Costs		Indirect Costs		Indirect Costs		Indirect Costs
SALARIES AND WAGES											
Short-Term Technical Assistance											
U.S. Based Full-time Staff	250 /day	32 PM	176,000	25 PM	143,688	19 PM	114,117	14 PM	87,870	90 PM	521,675
Local Intermittent Staff	85 /day	16 PM	29,920	28 PM	54,716	31 PM	63,304	34 PM	72,555	109 PM	220,495
Subtotal Salaries and Wages		48 PM	205,920	53 PM	198,404	50 PM	177,421	48 PM	160,425	199 PM	742,170
OTHER DIRECT COSTS											
DBA: Salaries @	5.95%										
U.S. Based Full-time Staff - STTA		176,000	10,472	143,688	8,549	114,117	6,790	87,870	5,228	521,675	31,039
Medical Exams											
U.S. Based Full-time Staff - STTA	100 /trip	20	2,000	16	1,648	12	1,273	9	983	57	5,904
Medical Evacuation Insurance											
U.S. Based Full-time Staff - STTA	17 /PM	32	544	16	280	12	216	9	167	69	1,207
Subtotal Other Direct Costs			13,016		10,477		8,279		6,378		38,150
INDIRECT COSTS											
Composite Fringe Benefit Rate	22.68%	176,000	39,917	143,688	32,588	114,117	25,882	87,870	5,228	521,675	103,615
Composite Overhead Rate	57.53%	245,837	141,430	230,992	132,890	203,303	116,960	165,653	95,300	845,785	486,580
Subtotal Indirect Costs			181,347		165,478		142,842		100,528		590,195
Composite General and Administrative (G&A) Rate	11.28%	400,283	45,152	374,359	42,228	328,542	37,060	267,331	30,155	1,370,515	154,595
Subtotal G&A			45,152		42,228		37,060		30,155		154,595
Composite Fixed Fee	5.05%	445,435	22,494	416,587	21,038	365,602	18,463	297,486	15,023	1,525,110	77,018
Subtotal Fixed Fee			22,494		21,038		18,463		15,023		77,018
VIDEO TRAINING (ELP)											
Program Costs	1,500,000 lot	1 show	1,500,000	0	0	0	0	0	0	1 lot	1,500,000
MBA ENTERPRISE CORPS											
MBA Volunteers	30,000 /voluntee	1 vol.	30,000	5 vols.	154,500	5 vols.	159,135	5 vols.	163,909	16 vols.	507,544
VOCA											
Voca Volunteers	342 /day	88 days	30,096	88 days	30,096	88 days	30,096	88 days	30,096	352 days	120,384
Subtotal			1,560,096		184,596		189,231		194,005		2,127,928
TOTAL SUBCONTRACTORS' COSTS			**2,028,025**		**622,221**		**573,296**		**506,514**		**3,730,056**

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NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.
Kiev, Ukraine.

1995 TRAINING PLAN

Submitted to USAID/KievMay 1995
May 1995

1NEWBIZNET PROJECT
TRAINING PLAN FOR 1995

I. Overview of the Training Approach for the Newbiznet Project:

The initial approach to developing a training strategy for the NEWBIZNET Project is based upon a survey of business training needs and business training resources available in Ukraine and Moldova.

This included a preliminary assessment of the capacity and capability of training institutions and business support organizations to provide business training in the areas near targeted sites in the Ukraine and Moldova. Institutions with which the project plans to collaborate to provide training and information include in the Ukraine: Lviv Institute of Management, Agency for the Development of Enterprise, (EU/TACIS) and in Moldova: Bassarabica, and the Moldovan Institute of Public Accountants. Efforts to identify further training institutions or business support organizations in or near Kharkiv and Odessa were attempted, but the organizations assessed may not have the capacity or stature in the community to undertake sponsorship of the training tasks of the project at this stage. This should be further researched by the LTTA in those cities.

In developing the initial training plan, efforts were made to contact or consult with the training institutions, specific businesses and business support organizations in order to identify the training needs of the business community. This principally involved the use of a training needs and training resources survey. Following the establishment of project offices staff will hold a series of introductory meetings to explain the Project's purposes and future training options to all parties. This will be followed by a series of planning meetings to demonstrate the project's commitment to developing a relationship with selected training institutions and other business support organizations. Project staff will seek to create an atmosphere of mutual trust and cooperation in order to foster ongoing working relationships between business associations and training institutions and other business support organizations in order to promote their working together to identify and develop training activities.

The underlying tenet of all training activities undertaken by the NEWBIZNET will be to demonstrate a **practical** approach to transferring knowledge, skills and attitudes and to provide useful, practical tools which can be immediately applied in the participants businesses. Wherever possible local experts will be teamed with trainers from abroad to co-train thus providing an ever increasing indigenous training capacity.

The NEWBIZNET will have four primary means of delivering training during the course of the project:

1) **Business Forums** will be held periodically, normally of one day duration, and will provide practical advice and information on common problems and needs of the business community. Typically the forums will focus on either regulatory matters of

concern to the entire business community or technical topics of interest to specific sectors or sub-sectors.

2) **Bank Training Seminars** which will provide specific technical training of interest to this specific sector a one week period in a given site. These seminars will include training in such subjects as Financing the Closely held Business and Accounting Essentials for Bankers.

3) **Business Training Seminars** developed in response to local SME business needs consisting of up to one week (30 - 40 hours) of seminar training using experiential training techniques and employing local examples wherever possible. Certain of these courses will be increasingly provided through local training institutions and business support organizations by licensed and certified national trainers who have participated in a Training of Trainers (TOT) program.

4) **Study Tours** usually to the U.S., Europe or other regional locations, will be planned for small groups of businesses, and/or staff from counterpart institutions and business support organizations. .

Specific strategies and timelines for implementation for each of the training methods are elaborated below.

II. Business Forums:

Initial business forums will be held at Newbiznet Service Center sites in both Ukraine and Moldova. The forums will provide information on the opening and operations of the NEWBIZNET project and it's objectives to strengthen the business community and Local Support Networks in both countries. The focus of the initial forum will be "Working together to Strengthen Business." A primary added objective of the initial forum will be to introduce and market the services of the NEWBIZNET project to the business communities of Kharkiv, Odessa and Lviv in Ukraine and selected communities in northern and southern Moldova. An secondary objective is to identify additional business support organizations for possible collaboration in the delivery and provision of project training and advisory services and possibly to serve as part the project's local support network.

Planning for the initial forum will be a combined effort of collaborating business support organizations and training institutions in an effort to get them to work in a coordinated manner with the business community. The organization of future forums should be the responsibility of the member business supported business and trade associations since they provide the foundation for building membership and membership services.

III. Banking Training Seminars:

The banking seminars address the specific technical needs of that specific sector.

Newbiznet will rely heavily on the expertise of local business support organizations such as the Moldovan Institute of Public Accountants to collaborate with expatriate experts in the customization of the initial topics for bank training seminars.

The basic design for the bank training seminars will be to team outside experts with local professionals. Each seminar will require approximately one week per site. The goal is to attract 30 bankers to each of the seminars.

Co-sponsorship of each of the bank training seminars will vary depending on the topic and the circumstances involved in identification of participating banks or associations. In most instances it would be advisable to have a Bank Association act as co-sponsors since it will, again, add to their credibility in terms of services provided to their member banks. In each instance, a bank training institute would also be a logical co-sponsor since its ongoing credibility and training capacity are pivotal to the development of a vital and professional banking sector. All with all seminars Newbiznet training coordinators would work with a local counterpart in the Bank Association or Banking School to ensure that all the logistical and technical arrangements have been made.

Financing the Closely Held Business will be provided for for lending officers, branch managers, and anyone responsible for developing business lending relationships. The course provides practical information about how small businesses operate, the business life cycle, business financing needs, the fundamentals of accounting and financial statements, and industry-specific ratios and their interpretation.

The course also specifically focuses on financial and credit analysis — analyzing business performance, projecting future financing needs, and assessing repayment ability — and on cash-flow lending versus collateral lending. The course also addresses practical aspects of giving counsel to and communicating with business owners regarding their financial position.

"Financing the Closely Held Business" has been successfully presented to thousands of bankers worldwide. Data from ongoing post-training surveys indicate that bankers attending the course incorporate the new methods they have learnt in their loan programs.

Advanced Topics for Bankers provides executive training for bank management is designed to engage senior managers in a participant-centered, instructor-led abbreviated version of courses offered to their lending personnel. These seminars are presented in roundtable format and focus on specialized lending techniques and on methods and tools to reduce the administrative and processing cost of small business lending, thereby increasing its profitability.

As management becomes increasingly aware of effective lending techniques and the potential profitability of SME lending, they will be more likely to increase

the flow of credit to such enterprises.

Accounting Essentials for Bankers It is recognized that some banks have already and voluntarily adopted generally accepted accounting principles. However, most banks and most bank staff have little knowledge of international accounting standards. This is emphasized by both bank association staff and banking professionals with considerable knowledge of banking practice in both the Ukraine and Moldova.

Accounting training should be tailored to the particular accounting requirements of each country and be designed as a conversion program for experienced bank bookkeepers. The course should build on their existing knowledge of accounting and expose them to international standards of accounting. An illustrative list of course topics includes: Basic Concepts and the Balance Sheet; Accounting vs. Bookkeeping; accounting concepts which apply only to the banking sector; The dual aspect concept; money measurement concept; entity concept; Developing a balance sheet; Balance sheet construction; going concern concept; Balance sheet assets; a Bank's Balance sheet; Balance sheet changes; Equity and income; the Business Income Statements; Bank Income Statements; Bank Balance Sheets; Accounting records and systems; Rules for increasing and decreasing accounts; general rule for asset accounts: every transaction requires two entries; general rule for liability accounts; Debits and credits; Business transactions; Bank transactions; sample business chart of accounts; sample bank chart of accounts; the closing process; journals revenues and monetary assets; accounting periods; cash basis of accounting; accrual basis of accounting; Measurement of revenue; conservatism concept; materiality concept; realization concept; service revenue; simple and compound interest; percentage of net sales method; account aging method; the general provision method of establishing loan loss reserves; the specific provision method; expense measurement; prepaid and accruals; the operating cycle; the accounting link; non-current assets and depreciation; depreciation methods; intangible assets; Liabilities and Equities; common stock; preferred stock; Statement of Cash Flow; Business Statement of Cash flow; Bank Statement of Cash Flow; Financial Statement Analysis; Liquidity, capital adequacy; profitability; and asset quality.

The Banking Seminar planned for 1995 is Accounting Essentials for Bankers scheduled for Moldova December 6 - 17, 1995. The initial training is planned for Moldova since Moldova has already mandated conversion of their accounting system to International Standards and set a schedule for implementation. .

IV. Business Courses:

Business training short courses have been identified as one of the most effective means to increase the level of skills in the small and medium enterprises in Ukraine and Moldova. Each of the training institutions or business support organizations with which NEWBIZNET is working will identify local expertise to work in conjunction with an expatriate expert to customize and tailor training courses to be delivered to the local

business community.

Each course will be developed in modules that can be delivered over a period of time convenient for those businesses attending. The initial delivery of the course will occur in conjunction with the expert consultant brought in to assist in the development of the course and materials. The transfer of skills from the consultant to a local expert or trainer will happen in two ways: first, through cooperative course customization and second, through a training of trainers capacity building. Both of these actions will increase the capacity of the institution and the local expert(s).

Assuming USAID's approval of the 1995 Work Plan, NSC sites and budget in early June 1995, the courses will be tailored and customized from June-September, 1995 and initial delivery is scheduled for October-December 1995. One caveat for all courses is that they not be academic in nature. This was explicitly stated in numerous meetings with the local business community and is confirmed by information collected during a recent business training needs survey. Emphasis will be placed upon the development of practical skills using adult learning methodologies and relying on examples relevant to local business experiences and practices.

In all instances, we will encourage that fees be charged by the local collaborating organization for participation in the courses to cover venue and other local costs and to help promote association membership. A range of $50 - 100 per participant for a full week course was the range shown as acceptable to local business owners. This is almost double the average fee charged by local training institutions in delivering similar courses.

The following topics were chosen based upon a survey conducted in the business community, training institutions, and business Support Organizations and knowledgeable professionals.

"Financial Management for the Closely Held Business" seminar to be offered to SMEs is similar to that offered for banks but is presented in a way that is appropriate to the needs and interests of small business owners. The course is geared to established small and medium businesses that maintain formal financial records and produce financial statements; it is designed to provide practical, effective hands-on financial management techniques to assist owners in better managing their businesses.

The course stresses practical aspects of financial management: basic accounting principles, accounting transactions, financial cause and effects, financial diagnosis, break-even analysis, cash budget projections, keys to successful business planning, business planning traps, structuring bank debt, establishing a banking relationship, and elements of a loan proposal. Actual and straightforward case studies allow participants to gain hands-on experience in all areas of finance — analyzing financial statements, projecting cash flow, projecting balance sheets and income statements, evaluating business decisions, and financing and managing growth.

"Training of Trainers" is a comprehensive program designed to transfer training skill technology to selected national instructors. The approach recognizes that training trainers is a complex process that requires more from the trainer and participants than a simple transfer of technical knowledge. It requires an understanding of the entire training process. It is an exciting, interactive process that enhances the skilss, confidence, and professionalism of national trainers.

The course presents modules on meeting expectations of partners; training adult learners; using guided discussions, lectures, case studies, role plays, and other training styles; preparing the training delivery plan; planning and managing time; planning the training site; presenting the lesson; evaluating a lesson's success; using energizers to keep participants interested; and reinforcing behavior.

"Business Management Skills" is specifically designed for the business graduating to the formal sector. The course is used extensively for training business owners in countries making the transition to a market economy. It was conceived in response to demand for a comprehensive course that presents subjects often perceived as complex and formidable in a simple-to-understand manner with a minimum of technical language.

Training materials deal with the basic aspects of small business management and place particular emphasis on providing easy-to-use financial management tools. Financial management modules include starting a simple bookkeeping system and accounting transactions; understanding and using financial statements, their components, and issues of profitability; calculating break-even points; steps for boosting profitability; pricing including calculating the costs of multiple products and indirect costs; and understanding cash and the "ins and outs" of cash flow in the small business; sources of cash, seasonality, and preparing cash budgets.

Marketing, production, and personnel modules provide the entrepreneur with information and tools needed to prepare a business plan. The final module focuses on working with a bank and trains business owners how to most effectively deal with bankers in order to secure credit. Topics include establishing a relationship, knowing what products and services to expect, supplying the bank with information, and general rules for working with a bank.

The modular format offers important advantages over most training. Because it is modular it can be presented either in one intensive week or in shorter sessions over several weeks. This allows participants to choose the units which address their weakest skill areas, thereby increasing their interest and commitment to a course of instruction tailored to their needs. Second, entrepreneurs can more easily participate in courses if they can schedule individual units around their busy schedules. For the small business owner even one afternoon a week is a significant commitment of time and money. To dedicate two or three days in one week for training may be an impossible commitment. This will be the course of choice for training by national

trainers.

"How to Prepare Your Business Plan" is specifically designed for the business graduating to the formal sector and seeking to develop a comprehensive plan for Marketing, Production, Personnel and Finance. While not initially planned for the Ukraine or Moldova, the survey results clearly show that such a training course is highly needed and in much demand. While many entrepreneurs will see the Business Plan as a means to secure formal credits, the discipline required to prepare a plan will force them to take a comprehensive and realistic look at their assumptions and the state of their business.

An illustrative outline of the training materials include: How to set Personal and Business Goals; What is your business plan for; What is your real product; Who is your competition; defining your Market: who buys and how much; What is your financial plan; the language of business: Records; Financial Statements; Financial cash flow and break even analysis; What do the numbers say: Income Statements, Balance Sheets and Cash Planning; .Need to Borrow: How much and when?

After training, marketing, production, personnel and financial plan modules in a workbook provide the entrepreneur with the tools needed to prepare a business plan.

"Your International Marketing Plan" is specifically designed for the business which needs to look abroad for new markets and for the entrepreneur whose market sophistication has developed beyond the marketing information provided in other courses. You International Marketing Plan is geared to consultants, exporters, manufacturers and professionals who wish to explore international market and export requirements.

An illustrative list of topics includes: Who?Defining your customers; what? Defining your products; When? Product life cycles and seasons; Where? location and distribution; Satisfying customers needs: Your competitive position; Advertising; Public relations; personal sales; pricing; forecasting sales; working with consultants; finding the right export links; using an export specialist; product labeling and content requirements; shipping and customs; international trade terms; working with the bank to get paid; letters of credit etc.

V. Study Tours:

Based upon discussions with training partners, local businesses and counterpart groups, the study tour concept has been well received and has been especially effective in developing conceptual understanding of how market economies function. However, as other donors are offering similar benefits to government officials but less to the business community in general, the Newbiznet Project intends to offer a limited number of openings for government officials in favor of emphasizing study tours for the business community which are well designed with highly defined objectives and a targeted focus.

However, the most appropriate use of study tours initially will be to assist municipal officials and Business Support Organization officers to:

- establish linkages with their counterparts in the United States
- observe the effectiveness of small business promotion efforts elsewhere in Europe or in the U.S.
- observe how private\public sector dialogue is conducted.and how Private Public partnership in development is conducted.

In accordance with Newbiznet's business promotion mandate, study tours in future years will focus more on assisting businesses develop linkages for marketing, identification of suppliers for equipment and raw materials, and for other practical business needs.

In organizing any tour another recommendation is that participants be properly oriented and prepared prior to departure. If the study tour involves participation in a trade fair, for example, those participating should be clearly aware what to anticipate and how to achieve the maximum benefit from their involvement. An overly ambitious schedule is often another pitfall in implementation of study tours. There is more value in visiting one or two sites comprehensively rather than offering cursory visits to ten sites.

VI. Timetable for Implementation:

The following chronological timetable for implementing the proposed training activities in 1995 assumes that USAID will approve implementation og the Newbiznet Project in early June 1995.

August, 1995:

1 - 31	Study Tour One
28 - 9/4	First Business Forum

October, 1995:

2 - 6	Business Management Skills - Odessa, Ukraine
9 - 13	Training of Trainers- Odessa, Ukraine
16 - 20	Business Management Skills - Odessa, Ukraine

November, 1995:

10/30 - 3	Business Management Skills - To be confirmed, Moldova

6 - 10	Training of Trainers - To be confirmed, Moldova
13 - 17	Business Management Skills - To be confirmed, Moldova
10/30 - 3	Business Management Skills - Lviv, Ukraine
6 - 10	Training of Trainers - Lviv, Ukraine
13 - 17	Business Management Skills - Lviv, Ukraine

December, 1995:

11/27 - 1	Business Management Skills - Kharkiv, Ukraine
4 - 8	Training of Trainers - Kharkiv, Ukraine
11 - 15	Business Management Skills - Kharkiv, Ukraine
6 - 10	Accounting Essentials for Bankers (Week 1) - To be confirmed, Moldova
13 - 17	Accounting Essentials for Bankers (Week 2) - To be confirmed, Moldova

NEWBIZNET PROJECT

Business Information Network (BIN) Plan

Submitted to USAID/Kiev
May 1995

Business Information Network (BIN) configuration.

The Business Information Network (BIN) system will distribute information to assist small and medium enterprise (SME) development in the Ukraine, Moldova, & Belarus. Initially, the BIN will consist of a central computer network hub located in Kiev, and five satellite networks located in the regional Newbiznet Service Centers (NSCs). The networks in the NSCs will be electronically linked to the Kiev hub to provide electronic distribution of time sensitive information between the locations. Each NSC location will provide a computer for public access to the electronically distributed information system. Each location will also provide public access to static information stored on both CD-ROMs and in printed form. Computer equipped individuals and organizations associated with the NSCs will be granted communications access to the BIN. The core elements of the BIN will be setup initially in Bethesda, then transported and installed in Kiev. The remaining elements of the BIN will be set-up locally in the Ukraine and Moldova.

Communication flexibility

In order to accommodate the widest range of computers and communication systems, the BIN will provide three levels of data systems. The lowest level will operate over poor communications lines with older PCs. The middle level will require both good quality communications lines and recent & well-equipped PCs. The top level will require Internet connectivity, and high speed PCs with high quality graphical displays. Each level will contain similar information, using automatic conversion techniques to convert the data from one data system to another. The differences in the data between the systems will be due exclusive to the nature of the different systems.

The Kiev hub will contain the central elements for all three communication levels. The lowest communication level is a Bulletin Board System (BBS) which relies on a character-based presentation of the data which can be transmitted over poor quality dial-up lines. The BBS provides for both information downloading and discussion groups. The middle communication level will utilize Lotus NOTES as the central repository for all electronically communicated BIN information. The Lotus NOTES server in Kiev will replicate its data over communication lines to Lotus NOTES servers in each of the NSCs on a daily basis. The NOTES system will allow individuals in the NSCs to access information locally without concern for communication failures or costs. The NOTES system provides for information databases, bulletin boards and electronic discussion groups. The top communication level is a World Wide Web (WWW) site which provides graphical information with hypertext links over the Internet to WWW sites world wide. This system requires access to the Internet on a fast computer with good graphical capabilities, and provides information in a hypertext bulletin board format.

Implementation Considerations

The plan for implementing the BIN must include a well planned equipment procurement schedule, and a realistic assessment of the availability of resources in Ukraine and Moldova.

These two factors will control the speed with which the BIN can be implemented, and level of functionality it can achieve.

The three choices for procurement of the BIN computer equipment include 1) purchasing all the equipment in either the US or 2) the Ukraine, or 3) purchasing some equipment in each place. The preferred approach is to purchase the core equipment for the BIN in the US for assembly in the DAI office in Bethesda, and purchase the rest of the equipment in the Ukraine. This approach will hasten the setup of the BIN in the Ukraine by allowing the technical setup of the BIN core to be completed in Bethesda before the offices are available in Kiev. Performing the work in the US also provides better access to technical support from the equipment vendors if there are problems in bringing the system on line. The completed and assembled BIN can then be moved to Kiev. The following discussion details the approach of setting up the network in Bethesda, and moving it to Kiev as a functional unit as soon as the Kiev office is opened. The alternative approach of assembling the system in Kiev would follow the same general approach, but could only start following the setup of the Kiev office.

BIN core setup

The setup of the core of the BIN system will start with the setup of the central system for both the Kiev hub, and the systems for the regional NSCs. The minimal requirements for this system should be purchased immediately, setup and tested in DAI's offices in Bethesda, and transported to the Ukraine as a tested system. The remainder of the system can be purchased later, and added to the networks in Kiev and the NSCs. The minimal system will provide a basic networked computer for the three communication levels, and a networked desktop system for entering, editing, and displaying the information. The basic system for the NSCs will consist of a single computer which will initially provide support for the BBS and Lotus Notes, and will subsequently become a desktop computer when the full network is installed.

The central Kiev server will run on Microsoft NT, and provide the platform for Lotus Notes and E-mail. It will require modem connection to the phone system, and a network connection. The BBS system will require multiple modem connections, and a network connection. The WWW computer will require an Internet connection, and a network connection. The Kiev workstation will only require a network connection.

The Kiev network will be initially setup with a simple network consisting of thin net cabling. The subsequent network will be a 10Bt network, which will rely on professional wiring. The simple network based on thin net cabling will be portable to allow transport from Bethesda to Kiev. This portability will enable the network to be moved after it is delivered to Kiev. This flexibility will enable the BIN to operate in temporary office space, and then easily be moved into a permanent office. It also allows the network to be functional if the 10Bt network wiring is not available when the network arrives in Kiev.

The initial computer in the NSCs will provide Lotus NOTES and BBS connectivity through a

modem and phone line. This initial computer will not provide all the capability of the network server, and will therefore be replaced by a more capable computer which will become the network server. The initial computer will then become a workstation computer on the NSC network.

Communications requirements

Meeting the communications requirements of the project depends on the availability of phone lines to the project offices in Kiev and the NSCs. It is not realistic to assume that phone lines will be readily available on the same day the offices are opened, nor will phone lines be available in the quantity or quality needed for a full scale electronic communications system. These limitations in the number of phone lines will impact access to the electronic information stored on the BIN. There are several strategies which are available to mitigate the effect of these limitations.

The first strategy is to provide the information for the NEWBIZNET project in both electronic and non electronic forms which do not require phone communications. Each NSC will therefore have access to information in CD-ROM form and on paper. While relying on this information does not require phone lines to function, it does eliminate the ability to electronically distribute time sensitive information.

The second strategy starts with a few lines and adds more lines over time. A comfortable number of lines for the Kiev hub to provide access to the phones, fax, BBS, Notes, E-mail, and the web site are five lines. If fewer lines are available, the range of electronic services provided by the BIN will be curtailed, but the BIN can be initiated with limited capabilities and the expectation that additional lines will be acquired over time. The use of Lotus Notes will also mitigate any limitations in the number of phone lines by scheduling the replication of Notes data bases between the Kiev hub and the NSCs during the night when the voice lines are not in use. The communications capabilities of the installed BIN will be able to use a total of seven dedicated lines to provide access to the BIN information. This is in addition to the voice lines and a fax line for the office. A fully functional hub office in Kiev would therefore use 10 or more phone lines, if that many lines could be acquired. The regional offices could function with one or two lines.

The third strategy is to use satellite phones to provide communications to the offices. Satellite phones are available on a rental basis, or for $10,000 to $20,000 for purchase. The cost per minute is $6 to $10 for calls to any location. The operating cost of these units puts them out of range for routine voice communications, but not for maintaining E-mail and fax communications for project startup. DAI is operating an INMARSAT-A satellite phone with two high speed modems which provides a cost effective and reliable E-mail and fax communication link. The same approach can be used to link the BIN offices to each other and to any phone in the world.

The choice of a communications strategy determines the level of service the BIN will be able to provide to the NSCs and to other clients in the Ukraine.

BIN setup and demonstration

The setup of the system in Kiev will require the presence of a team from DAI Bethesda to perform not only technical tasks associated with the network, but also provide training to the staff in Kiev in the use of the equipment and software packages.

The installation of a working network system in Kiev is an opportunity to advertise the opening of the NEWBIZNET project to prospective project clients through a free demonstration of computer technology. This demonstration should include an explanation of the various types of information offered by the NEWBIZNET project, a demonstration of the computer systems providing information, and an explanation of how this information meets the client's needs. The allure of the high tec computer capabilities will attract more individuals to the meeting, and also provide the opportunity to request support from Microsoft and Lotus sales representatives. The format of the introduction can range from a simple open office house, up to a convention setting depending on the needs of the project.

Abbreviations index
Small and medium enterprise (SME)
Business Information Network (BIN)
Business Service Centers (NSCs)
Bulletin Board System (BBS)
World Wide Web (WWW)
Lotus NOTES - Groupware software
Microsoft NT - Network Operating System

BIN Implementation Schedule

The accomplishment of the following schedule is contingent upon the completion of two major milestones and on procuring the computer equipment. The first milestone is the receipt of purchasing approval for the equipment. The second milestone is the availability of office space in Kiev and in the NSC locations for the installation of the computer equipment. The method for procuring the equipment determines when the work will begin. If the central elements of the BIN are purchased and delivered to DAI Bethesda, the setup of the BIN will begin upon receipt of the hardware. If the equipment is delivered to the Kiev BIN offices, work will not begin until the Kiev offices are available, which will delay BIN operations by more than a month.

(NOTE: The weekly time frames indicated below will commence following USAID approval of the 1995 Work Plan, Budget, NSC sites, and the Procurement Plan)

Week 1

Starting on week 1, orders for the equipment can be placed. This assumes that quotations are received before this date. The orders for the communication lines in the Ukraine will not be placed until the office space is available. The orders for the Internet services will be placed in the US.

- Order all equipment & software for essential network components
- Order all communication lines needed in Ukraine, Moldova
- Order all Internet servers & Access needed in Ukraine, Moldova

Weeks 2 - 5

The computer equipment which comprises the core of the NEWBIZNET hub will be assembled and tested. All hardware and software elements of the BIN will be functional at the end of this period.

Week 2

- Networked operations of NT, Notes, and workstation.
- Networked operations of modems and CD-ROMs
- CompuServe access to Internet from workstation & server
- Network operations of printer

Week 3

- BBS operations on two phone lines & over network
- WWW server ready for access from Internet

Week 4

- Internet accesses to NEWBIZNET WWW via CompuServe.
- All NSC servers setup with NT & Notes & operational.
- All computers setup and functioning on a thin net local network.

Week 5

- Fully functional NEWBIZNET in test.

Weeks 6 - 7

The BIN will be moved from Bethesda to Kiev and setup in the Kiev office (if in the Bethesda office setup schedule), demonstrated, and used for training to the local personnel.

- Fully functional NEWBIZNET in Kiev
- Training for local personnel
- Introduction of NEWBIZNET services to Kiev clients

Remaining work

The NSC networks will be installed, demonstrated, and used for training in the regional offices as those offices are setup.

BIN PROCUREMENT

Item	Qty	Description
1A	6	**Network Server** Pentium 90 MHZ PCI Bus 32 meg memory 2 gig SCSI hard disk - Expandable to add 2 nd drive 2 floppy drives (5 1/4-B & 3 1/2-A) 3 CD ROM 4x drives SCSI 2 high speed Serial & 1 Parallel 4 port modem card compatible with MS NT software (Xircom) 14" SVGA 1024X768 .25 DPI color monitor, Non-Interlaced Keyboard Mouse External DAT Tape backup unit SCSI (minimum speed to backup 4 gig in 8 hours) tape transport to automatically switch tapes 2 DAT tapes Dual Ethernet card for Thin net and 10 BT 110 - 220 Volts/50-60 Hertz
1B	6	American Power Conversion 220 UPS with unattended shutdown compatible with Microsoft NT, 220 Volts/50 Hertz
1C	6	Surge Suppressor 220 Volts/50 Hertz
1D	6	28.8 External Telebit Teleblazer Modems 220 Volts/50 Hertz
1E	6 Lot	**NT Server Software set consisting of:** Microsoft NT server Lotus Notes server for NT server (International) Arcserve tape backup for NT Microsoft Mail PO Microsoft NT compatible virus program Word for Word 5 user version

Item	Qty	Description
2A	1	**BBS Server** 486 DX2 66 1 gig hard disk 16 meg RAM Dual Ethernet card for Thin net and 10BT 4 port modem card (Xircom) 2 high speed Serial & 1 Parallel 14" SVGA 1024X768 .25 DPI color monitor, Non-Interlaced Keyboard Serial Mouse 110 - 220 Volts/50-60 Hertz
2B	1	American Power Conversion UPS for item 2A 220 Volts/50 Hertz
2C	1	Surge Protectors 220 Volts/50 Hertz
2D	2	28.8 External Telebit Teleblazer Modem 220 Volts/50 Hertz
2E	1 Lot	**BBS Software Set consisting of:** Microsoft NT Galactcom BBS Norton Antivirus
3A	1	**WWW Server** **Hardware configuration for computer** 486 DX2 66 1 gig hard disk 32 meg RAM Dual Ethernet card for Thin net and 10BT 2 high speed Serial & 1 Parallel 14" SVGA 1024X768 .25 DPI color monitor, Non-Interlaced Keyboard Bus Mouse 110 - 220 Volts/50-60 Hertz
3B	1	American Power Conversion, UPS for item 3A 220 Volts/50 Hertz
3C	1	28.8 External Telebit Teleblazer Modem 220 Volts/50 Hertz

Item	Qty	Description
3D	1	Surge Suppressor 220 Volts/50 Hertz
3E	1 Lot	**Software consisting of:** Microsoft NT Microsoft Office which includes: - Word - Excell - Powerpoint - Mail HTTP web server software for MS NT Software to transfer Notes documents to WWW format Software to transfer Notes Documents to BBS format HTML authoring - Hotmetal Pro (SoftQuad 416-239-4801) Lotus Smartext (Builder and Reader - Lotus)
4A	18	**Workstation** 486 DX2 66 1 gig hard disk 16 meg RAM Dual Ethernet card for Thin net and 10BT 2 high speed Serial & 1 Parallel 14" SVGA 1024X768 .25 DPI color monitor, Non-Interlaced Keyboard Serial Mouse 110 - 220 Volts/50-60 Hertz
4B	18	Surge Suppressor for item 4A 220 Volts/50 Hertz
4C	18 Lots	**Workstation Software** consisting of: Microsoft Windows for Workgroups Lotus Notes client (International) Microsoft Office Word Excell Powerpoint Mail Norton Antivirus and utilities McAfree anti virus Web Browser - Mosaic Compuserv Web Browser

Item	Qty	Description
5A	120	**DAT Tapes** to be used with above equipment.
6A	1	**Large Network Printer** HP Laserjet 4 SI Ethernet dual card for Thin net and 10 BT 220 Volts/50 Hertz
7	4 Lot	**Network Hub & Wiring** for sites 10BT
8	1 Lot	**Office wiring for Ehternet on ThinNet** 10 10 feet F-F Thin net lines 10 t connectors 4 terminators
9	2	**Medium Network Printer** HP Laserjet 4MV Ethernet dual card to Thin net and 10 BT 220 Volts/60 Hertz
10	3	**Small Network Printer** HP Laserjet 4 220 Volts/50 Hertz
11	11	28.8 External Telebit Teleblazer **Modems** 220 Volts/50 Hertz

Procurement configuration for BIN

The network computers will be purchased in multiple groups. The basic office setup will provide laptops and printers for the initial setup of the offices. The first BIN equipment will provide the core computers to setup the initial network in Kiev, and related networks in other cities. The second group will provide the full network for the main office in Kiev, and the regional offices. The third group will be additional equipment that will be needed as the network grows. The items noted in the table are itemized at the end of this document. Note that the initial order of hardware must run on both 110 and 220 to allow testing in the US and delivery to Ukraine. Note also that the initial order of network cards must be both 10Bt and Thin net to support initial install with thin net, and eventual setup with 10Bt.

Basic office Laptops

Location	Qty	Equipment	Note
Kharkiv	1	Portable printer	
	1	Laptop	
Odessa	1	Portable printer	
	1	Laptop	
Lviv	1	Portable printer	
	1	Laptop	
Moldova N	1	Portable printer	
	1	Laptop	
Moldova S	1	Portable printer	
	1	Laptop	

Basic BIN Equipment

Location	Qty	Equipment	Note
Kiev	1	Network Server	
	1	BBS Server	= Workstation
	1	WWW Server	= Workstation

	1	Workstation	
	1	Office wiring for Ethernet on Thin Net 10 10 ft F-F thin net lines 10 t connectors 4 terminators	
Kharkiv	1	Network Server	
Odessa	1	Network Server	
Lviv	1	Network Server	
Moldova N	1	Network Server	
Moldova S	1	Network Server	

Full office setup

Location	Qty	Equipment	Note
Kiev	1	Network Hub	
	1	Network Wiring	
	5	Workstation	
	1	Large Network Printer	
	20	Dat Tapes	
Odessa			
	1	Network Hub	
	1	Network Wiring	
	4	Workstation	
	0	Medium printer	1 printer in stock
	20	Dat Tapes	
Kharkiv			
	1	Network Hub	
	1	Network Wiring	

	1	Medium Printer	
	4	Workstation	
	20	Dat Tapes	
Lviv			
	1	Network Hub	
	1	Network Wiring	
	1	Medium Network Printer	
	4	Workstation	
	20	Dat Tapes	
Chisinau	1	Workstation	
	1	Small Network Printer	
Moldova N			
	1	Small Network Printer	
	20	Dat Tapes	
Moldova S			
	1	Small Network Printer	
	20	Dat Tapes	

Third Set

Location	Qty	Equipment	Note
Kiev	11	Modems	Add to BBS NSC modem pools As needed

NEWBIZNET Project: Ukraine, Moldova, & Belarus

(Contract No. : 110-0005-C-00-4050-00)

Development Alternatives, Inc.
Kiev, Ukraine.

PROCUREMENT PLAN

Submitted to USAID/Kiev
May 1995

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OFFICE EQUIPMENT PROCUREMENT

Item	Qty	Description
1A	5	**Laptops** 486 DX 75 500 meg hard disk 12 meg memory Dual Scan color Network adaptor ethernet connector 14.4 fax modem carrying case 110/220 power supply External mouse
1B	5 Lot	**Software** Windows for Workgroups & DOS Lotus Notes client (International) Microsoft Office • Word • Excell • Powerpoint • Mail Norton Antivirus and utilities McAfree anti virus
2A	1	**Workstation** 486 DX2 66 1 gig hard disk 16 meg RAM Dual Ethernet card for Thin net and 10BT 2 high speed Serial & 1 Parallel 14" SVGA 1024X768 .25 DPI color monitor, Non-Interlaced Keyboard Serial Mouse 110 - 220 Volts/50-60 Hertz
2B	1	Surge Suppressor for item 4A 220 Volts/50 Hertz

Item	Qty	Description
2C	1 Lot	**Workstation Software** consisting of: Microsoft Windows for Workgroups Lotus Notes client (International) Microsoft Office Word Excell Powerpoint Mail Norton Antivirus and utilities McAfree anti virus Web Browser - Mosaic Compuserv Web Browser
3	5	**Portable HP Printers** 220 Volt/50 Hz

BIN PROCUREMENT

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2B	1	American Power Conversion UPS for item 2A 220 Volts/50 Hertz
2C	1	Surge Protectors 220 Volts/50 Hertz
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3B	1	American Power Conversion, UPS for item 3A 220 Volts/50 Hertz
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Item	Qty	Description
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4B	18	Surge Suppressor for item 4A 220 Volts/50 Hertz
4C	18 Lots	**Workstation Software** consisting of: Microsoft Windows for Workgroups Lotus Notes client (International) Microsoft Office Word Excell Powerpoint Mail Norton Antivirus and utilities McAfree anti virus Web Browser - Mosaic Compuserv Web Browser

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9	2	**Medium Network Printer** HP Laserjet 4MV Ethernet dual card to Thin net and 10 BT 220 Volts/60 Hertz
10	3	**Small Network Printer** HP Laserjet 4 220 Volts/50 Hertz
11	11	28.8 External Telebit Teleblazer **Modems** 220 Volts/50 Hertz

PROCUREMENT SCHEDULE
VEHICLES

ITEM	QTY	DESCRIPTION	UNIT COST	TOTAL COST
1	5	1995 Ford Explorer	$ 40,000.00	$ 200,000.00
		TOTAL		**$ 200,000.00**

PROCUREMENT SCHEDULE
OFFICE EQUIPMENT

ITEM	QTY	DESCRIPTION	UNIT COST	TOTAL COST
1	5	Photo Copiers, Canon 6650	$ 12,110.00	$ 60,550.00
2	5	Fax Machines 220 Volts/50 Hertz	$ 1,300.00	$ 6,500.00
3	1 Lot	Miscellaneous Office Equipment and Furniture	$72,950.00	$ 72,950.00
		TOTAL		**$ 140,000.00**