



**Enterprise Facility Support
Group (ESG) Programmes**

**The European Senior
Service Network (ESSN)**

**Evaluation Report
October 1999**

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List of Abbreviations and Acronyms

| | |
|--------|--|
| AP | Tacis Action Plan |
| BCC | Business Communication Centre |
| BESO | British Executive Service Overseas |
| CV | Curricula Vitae |
| DA | Development Agencies |
| ECU | European Currency Unit |
| ESC | Enterprise Support Centre |
| ESSN | European Senior Service Network |
| EU | European Union |
| IFC | International Finance Corporation |
| MECU | Million ECU |
| NIS | Newly Independent States |
| NMCP | Netherlands Management Consultancy Programme |
| PCC | Programme Co-ordinating Committee |
| PCM | Project Cycle Management |
| PIP | Productivity Initiative Programme |
| PIU | Programme Implementation Unit |
| PPF | Programme Payment Facility |
| PR | Public Relations |
| PSC | Programme Steering Committee |
| SES | German Senior Experts Service |
| SME | Small and Medium Sized Enterprises |
| SME DA | Small and Medium Sized Enterprises Development Agency |
| SPP | Small Projects Programme |
| SSO | Senior Service Organisation |
| Tacis | Technical Assistance to the Commonwealth of Independent States |
| TECU | Thousands of ECU |
| TERF | Tacis Enterprise Restructuring Facility |
| ToR | Terms of Reference |
| TO | Tacis Technical Offices |
| WAP | Work Attachment Programme |

What is Tacis?

The Tacis Programme is an initiative developed by the European Union to foster close and harmonious economic and political links with the New Independent States and Mongolia. Its aim is to support the partner countries' initiatives to develop societies based on political freedom and economic prosperity.

Tacis does this by providing grant finance, primarily for technical assistance and know-how to support the process of transformation to market economies and democracy. Since its inception, Tacis has committed ECU 3,300 million to launch more than 3,000 projects.

The Tacis Programme aims to forge closer links between the EU and the NIS, working alongside each other to determine how funds should be spent. This ensures that Tacis funding is relevant to each country's own reform policies and priorities. As part of a broader international effort, Tacis also works closely with other donors and international organisations.

Tacis provides know-how from a wide range of public and private organisations, which allows experience of market economies and democracies to be combined with local knowledge and skills. This know-how is delivered by providing policy advice, consultancy teams, studies and training, by developing and reforming legal and regulatory frameworks, institutions and organisations, and by setting up partnerships, networks, twinnings and pilot projects. Tacis is also a catalyst, unlocking funds from major lenders by providing pre-investment and feasibility studies.

The preparation of the Tacis regulation for the period 2000-6 has prompted a review of the existing Tacis programme with regard to future reforms. New priorities for assistance will be promoted through the following implementation changes: A move towards 'dialogue-driven' programming, an increased promotion of investment, an increase in the number of assistance instruments available and improving the quality of the assistance through the creation of an incentive scheme.

Tacis promotes understanding and appreciation of democracy and a market oriented social and economic system by cultivating links and lasting relationships between organisations in the partner countries and their counterparts in the European Union.

EXECUTIVE SUMMARY

Background

Tacis, the European Union's assistance programme to Russia and other newly independent states (NIS) plus Mongolia, supported four streams of projects known as the **Enterprise Facility Support Group**, as part of the overall Facilities Programme. Evaluation of these projects because of their similarity of purpose and interaction took place simultaneously during the second half of 1998. The total Tacis commitment to these projects between 1993 and 1998 was about ECU 37 million.

These projects follow a structure termed the '**facilities approach**' where the project design sets specific objectives and criteria for the final commitment of funds and leaves considerable leeway in the choosing of precise sub project or group to implement that sub project. Facilities are intended to simplify and lend support to the National Action Programmes.

This study evaluates one of these initiatives, the ongoing programme known as the **European Senior Service Network (ESSN)** which had a budgeted allocation of ECU 10.4 million¹ divided over 'five projects'. The objectives of the evaluation are to assess the impact of this project and how it contributed to the development of the newly emerging privatised sector. Of parallel importance, particularly as competition and constraints emerge for future funding, is to ascertain the value and impact of the programme, so as to allow Tacis to review strategies and introduce necessary improvements to the planning and delivery of future inputs.

The core objective of the ESSN programme, as with the other three, is to strengthen the process of transition to a market economy by focusing on the privatisation of mostly small enterprises (SMEs). Specifically, ESSN aims to transfer skills by providing to owners and managers of NIS enterprises access to the know how and experience of retired managers and professionals in the EU. This is done primarily by arranging visits of these experts to the enterprises themselves. During the period under review (from 1993 to 1998) **almost 1000 expert missions to the NIS and Mongolia took place**. ESSN also facilitates visits by owners, managers and senior staff to companies and institutions in the EU which are engaged in similar business activities as the NIS company. **More than 300 managers** have so far participated in these exchanges.

Success relies on a combination of advice and commitment by both adviser and host company. The services of the ESSN expert (including expenses in most instances) are provided free of charge. The main thrust is to focus on individual enterprises who need assistance to solve their problems in a rapidly changing marketing and technological environment. The ESSN programme was originally created by a direct Tacis initiative and not from requests from the countries themselves. For the first four years of project implementation, funds for the ESSN projects came from Interstate funds. From 1997 onwards they have been sourced from the individual country national action programmes. Provision of the volunteer expertise comes from independent national senior service organisations established in EU countries who are financed through the Tacis programme to provide the required expert inputs.

¹ Source: ESSN Contracts

Performance

To evaluate performance, the Evaluation Team faced a vast geographical spread and number of initiatives in up to 12 NIS countries and Mongolia, a Project Implementation Unit in Brussels and 23 Senior Service Organisations in the various countries of the EU who provided inputs in terms of individual expertise. Of necessity, sampling of results was the norm and we believe the evaluation is based on as fair a consensus of opinion as possible from the information available to the evaluators.

Fragmentation of information over such a wide area resulted in a simplified, consolidated evaluation schedule. Assessment of the information was carried out in three phases:

1. At start up, an in depth **analysis** was undertaken of all available materials in Brussels and deliberations took place with a wide range of Tacis officials and with staff of the project PIU. Written information was available but the high turnover of Tacis staff did not make for easy debate. An interim report was prepared for Tacis on completion of this work.
2. The second phase included **field missions** to Russia (15days) Uzbekistan (10 days) and where possible attending seminars involving project participants in the EU. Visits were also made to two Member State (National) senior service organisations (SSOs).
3. On return the evaluation team continued to debate the initial findings with stakeholders whilst preparing **the final assessment** of the team's findings.

The approach to this evaluation was to follow a carefully structured series of interviews with all stakeholders, surveys, questionnaires and study of documents. Cross checking of information between participants and providers was not a difficult process and threw up some sharp conflict and differences of opinion. Logical framework matrices were not used for the task in hand, primarily because of the shifting levels of support of ESSN in the different NIS countries and the wide variation in the economic and social stability in the countries themselves. What had been achieved in one country was often flawed in another. Success or otherwise has been measured against four major criteria.

| | |
|--|--|
| RELEVANCE AND APPROPRIATENESS | MANAGEMENT EFFICIENCY |
| EFFECTIVENESS | IMPACT SUSTAINABILITY AND REPLICABILITY |

Use of these criteria provided a more than adequate base from which to evaluate the level of success of the ESSN programme.

The Main Findings, Conclusions and Recommendations

The Evaluation has found that:

1. Whilst there is room for improvement particularly in the choice and delivery of the expertise and selection and acceptance of client companies, the ESSN programme has provided valuable assistance to the majority of clients, in the small and newly privatised companies sector, throughout the NIS and Mongolia.
2. The facility approach to implement this type of programme is the correct vehicle to use. This may be in conflict with the recently introduced programming style which starts with an agreement on the

financial priorities at the highest level in the NIS government and the geographic department of Tacis and is, subsequently worked down through the respective hierarchies for implementation. The more grassroots approach of the 'facilities' e.g. ESSN, is more effective in attaining success at this level.

3. ESSN is the only Tacis instrument which provides direct assistance, from experienced well-qualified experts concerning concrete and urgent problems, to clients in the NIS and Mongolia. Given adequate finance and an improvement in delivery, the ESSN initiative could yield greater and more positive results. This is particularly relevant for the emerging companies in the SME sector.

4. The response to the Tacis ESSN support to beneficiary companies cannot be considered to be homogeneous across the NIS and Mongolia. The needs and the responses vary from country to country. The level of business development in the major cities in Russia for example is, on average, higher than that in Uzbekistan. The host company in Russia is more often seeking much more precise information for development purposes than its counterpart in Uzbekistan or indeed in the more remote areas of Russia where a generalist approach is acceptable. The level of satisfaction amongst beneficiaries therefore varies on a geographical basis. The quality of the matching process of the expert to the need is crucial for the success of the programme. To succeed, it is imperative that four major criteria are met;

- a proper and precise assessment of the need is provided;
- a fast and efficient response to the request;
- a good match of the experts skills to the need and
- the expert being able to properly communicate his advice to the host company.

An important spin off is that ESSN reinforces cooperation between enterprises in the host countries and their counterparts in the NIS and Mongolia. Mainly through individual contacts and ESSN visits important networks have been created.

5. The ESSN programme has benefited the SME sector in the host countries most. Initially the project provided assistance to this sector alone but in recent years has relaxed the qualifications and larger companies can now participate in the programme providing that they are privatised or undergoing privatisation. The evaluation team is not in favour of providing ESSN expertise to other than the SME sector.

6. The PMU is working efficiently and effectively. The relationship between the PIU and some of the senior service organisations is obviously turbulent from time to time although much better than in the past. There is evidence during discussions with each party of what the team considers unwarranted mistrust and suspicions. It should also be noted that this situation has improved considerably since programme start up and is now much less of a problem than before. Considerable and impressive gains have been made in project management e.g. the present computerised accounting system and streamlining of payments. The first two contracts entrusted management to either a consortia of senior service organisations or a single institution. The present incumbents of the position have high standards, commitment and new innovative ideas.

7 There is clear evidence that ESSN is seen by some as a provider of subsidised and therefore unfair competition to both the SMEDAs and BCCs. Also to the emerging consultancy sector. This is a matter which has to be urgently addressed.

8. ESSN budgets have declined in recent years. ESSN II had a budget of ECU 3.8 million. ESSN III had a budget of ECU 2.12 million in 1996. The extension in 1997 was ECU 1.65 million The budget (1998), for the 1999 input is ECU 1 million. There is severe competition for available funds within the Tacis structure and the future of ESSN in the coming programming round is uncertain.

Conclusions

The Evaluation Team concludes that the ESSN programme is a highly relevant vehicle to provide low cost, flexible, direct assistance to small and medium size companies in Tacis countries. Provision of this expertise is making a very worth while contribution to the development of the private sector on a micro level.

At start up Tacis correctly identified the priority of small businessmen for hands on assistance to speed up the reform process. By initially introducing the ESSN from Brussels, Tacis acted correctly in the prevailing circumstances as the intention was to speed up the provision of the expertise. Nevertheless this approach often alienated the authorities in the recipient countries which were concerned that they were not part of the consultative process for the ESSN programme. The horizontal facility approach proved effective as the project was able to cater more directly to demand on the level of the beneficiaries. Initiating ESSN at grass roots level was much more effective in producing results than by working through state bureaucracy.

The ESSN project, if working at optimum level would be relatively inexpensive to administer. The present budget however is too low to provide the critical mass that is needed to fully utilise the structure that is available. The present PIU manager is mounting a very low key PR programme as a wider dissemination will result in a flood of applications that his budgets cannot handle. The cost of expert mission when compared to PIU costs has increased substantially as the following table shows.

To approach minimum cost effectiveness the programme should operate at a level not below ECU 2 million per annum.

Figure 1 – Cost of Expert Missions²

| Project | Total value ECU | PMU cost | Cost of PMU as % of contract | Planned Missions as per contract | ECU Cost per mission compared to cost of PMU |
|------------------------|-----------------|----------|------------------------------|----------------------------------|--|
| ESSN 3 | 2,120,000 | 293,638 | 13.85% | 290 | 1012.54 |
| ESSN 4 | 1,650,000 | 286,498 | 17.30% | 190 | 1507.88 |
| ESSN 5 indicative only | 1,000,000 | 270,140 | 27.01% | 100 | 2701.44 |

To make facilities cost effective they must be quickly scaled up after having proven to be effective in meeting demand and producing the expected outputs. In this instance it would appear the opposite is taking place. The number of expert visits is being severely restricted and cost effectiveness will become an issue.

Despite its overall success the ESSN has two distinct problems:

1. There exists too many unsatisfied beneficiaries which creates bad publicity for the programme. Except for the small sample that the evaluation team tested, no statistics on beneficiary satisfaction exist which is a serious shortcoming. From our investigations we do not

² Source: Essn Contracts

believe the number is high but of course they include the most volatile. We can report that we were able to observe examples of major company change achieved through a very cost effective delivery system.

2. Real and not imagined difficulties exist between the organisations which provide the experts and the PIU management. To management in particular they are a cause of distraction and concern when time and resources are so scarce.

The evaluators are not aware why the project budgets are being reduced but if these issues are resolved this would provide a stronger claim for an increase in funding. Emphasis must continue to be placed on the quality of expert advice and speed of response to urgent needs.

Recommendations

The Evaluation Team recommends that the ESSN programme continues as an instrument of particular value to transfer direct to recipients, hands on skills in a speedy and effective manner. The particular value of the programme is the direct practical interface between specific sectors of expertise. If the programme is carefully implemented, in full compliance with the high quality standards described in the TOR the programme would have an increased impact on recipient companies. Several areas require review.

- The central PIU and the national senior expert organisations both have a major role to play and they should continue to work together to find a common sense of purpose and avoid the disagreements of the past. Tacis should continue to support the PIU structure.
- The design of the programme is conducive to a high level of efficiency and increasing cost effectiveness. Project management with the help of the national organisations should design a long term framework for a good working relationship which will attract increased budgets.
- Present budgets are unlikely to be cost effective. Tacis should consider increased budgets for this programme but an enlargement should be paralleled by enhanced methods to;
 - (i) attract high quality applications which should be well screened prior to responding to the request and
 - (ii) selection of senior experts should be based on quality and not on any type of allocation basis between the expert organisations.
- Tacis should consider entering into longer contractual agreements with the contractors implementing the ESSN programme than in the past. The programme requires continuity to function smoothly and best profit from experience accumulated over the years.
- The bonds between the PIU representing Tacis and the member state senior service organisations should be cemented particularly in the EU. Tacis should however expand the role of the Tacis established SME DAs and BCCs in the selection of beneficiaries in the NIS countries.
- Provision of free expert services can have an adverse effect on the fledgling consultancy industry in the recipient countries. The scale of the need for assistance particularly in the SME sector is vast and unfair competition is not at the present time a major problem. Sight must not be lost of such a possibility if a PR programme is launched and the programme expanded.
- A built in internal monitoring programme is essential for PIU management to function effectively. External monitoring of the ESSN programme because of the disproportionate cost should be carried out on a spot check, sample basis. SME DAs and BCCs should be trained (using the Tacis monitoring teams as a vehicle) in the monitoring role.
- *Increased co-operation in the selection of local companies requiring assistance and supporting the logistical needs of the PIU is an obvious step forward between ESSN and the SMEDA/BCC structure. To eliminate the subsidised competition element the ESSN experts should work through or together with the development agencies and Russian consultants.*

Multiplier effects for ESSN are small. The major impact is on the recipient company. This is why selection of the beneficiary is so important. Some of the complaints that the evaluators heard were caused by a lack of clear understanding of what was on offer from ESSN. Too many recipients linked the inputs of the expertise with the solution to all their problems.

A financial analysis of this and other facility programmes would produce interesting results although the evaluation team do not believe it would radically change any of the opinions offered above. It is recommended that this in particular relation to cost effectiveness be included in any future evaluations.

1. Introduction

1.1 Background

1.1.1 History, Organisation, Country and Sectoral Coverage

The European Senior Service Network Programme (ESSN) is one of the four facility programmes that were evaluated together from April till the end of 1998. These programmes, termed the Enterprise Facility Support Group (ESG), are meant to underwrite or sustain the mainstream Tacis action programmes particularly in the SME sector. Other programmes in the group are;

- the Tacis Productivity Initiative and Work Attachment Programmes;
- the Mercure and Chamber Partnership Programme and
- the NIS/CIS-Partenariat (including the participation of NIS-Managers in Europartenariats).

Each of these is the subject of a separate evaluation report.

Enterprise Support Facilities have been an instrument accompanying main stream Tacis projects in the enterprise restructuring area since 1992. They were conceived as a flexible, easy and fast to implement means of direct assistance to enterprises mainly in the SME sector. The intention was that this support would help small privatised enterprises to become sustainable and profitable even in the turmoil of the rapidly changing economic and political environment of the NIS.

This was far from an easy task as at transition the new private enterprises faced a harsh environment. The recipients expected much and some complained that the ESSN experts did not show enough understanding of the local situation.

What was basically good advice for example, such as downsize staff, buy better machinery to replace obsolete equipment or find a foreign partner was often difficult to implement in the new environment.

Senior ESSN experts had to show as much diplomacy as technical skills.

ESG projects have a high profile particularly at grass roots level. A single failure of what is a relatively low cost ESSN input, often provokes a disproportionate response. Careful monitoring of progress is necessary yet reliable independent information on the progress of the ESG group of projects was not available in the early days of the projects. Whereas Tacis mainstream programmes and projects have been subject to continuous monitoring starting as early as 1993, monitoring of the ESG only started in 1997 and only in Russia. A small team of monitors was then assigned with the task of systematically monitoring the facilities programmes including the ESG (ESSN) at the Moscow office of the Tacis Monitoring Programme.

Thus, it is difficult to draw conclusions from monitoring of individual missions. Due primarily to the cost effectiveness of monitoring each ESSN mission and the late start to the ESG monitoring programme, only sample monitoring of projects has taken place so far. The evaluation will discuss monitoring again in section 2.2.3

Faced with this situation the present evaluation of the ESSN programme had to go far beyond screening and reviewing material made available by both contractors and monitors. It had to include a sufficient number of visits and meetings in the field to balance the lack of secondary material with first hand observations and impressions. This was even more important because from the beginning of ESSN, assistance to the NIS in 1993 to the end of 1998, roughly one thousand missions have been completed. The evaluation therefore has taken care to consider both the results of the missions to two countries (The Russian Federation and Uzbekistan) in addition to their desk studies and discussions with Tacis, contractors and experts in the EU. Considerable attention was paid to the systems of quality control employed by the PIU.

ESSN was not intended to create a new independent organisation of Tacis financed assistance, but it was intended to work through existing National senior services organisations, initially only from Germany, France, Italy, the Netherlands, and the United Kingdom. These SSOs maintain important world-wide senior service programmes, financed and promoted with national funding.

While these organisations provide the substance of the Tacis programme, ESSN project management has a role to ensure that the services provided complied with the conditions and modalities attached to the Tacis financing. Project management also has an important role in setting and maintaining quality standards for the senior services financed by Tacis and in spreading the concept of senior services to other EU member states. This particular feature explains much of the history and issues around ESSN.

Companies in all 12 NIS countries and Mongolia have availed themselves of ESSN assistance across many and varied sectors. Companies in the major cities in Russia tend to require much more specific inputs than those in the other countries where a generalist approach is much more acceptable.

The report is structured;

- to continue in this section to provide some background information to explain the importance of the emerging small and medium size business sector in the NIS and Mongolia and to explain why provision of the expertise offered by the ESSN programme is so important. The purpose of which is to emphasise and recognise the close interaction between SMEs and ESSN. At this point it will be necessary to briefly discuss government policies in the sector, the current status of reforms and development of the ESSN programme over the years.
- to describe and comment on the programme content, how it complements the Tacis programme in general and the methods utilised to assist the companies it purports to assist.
- to appraise the evolution of the programme which is important if it is to meet the changing needs of the recipient companies.

Section 1.2 will provide more detailed information on the methodology and the organisation of the evaluation.

Chapter 2 will provide a detailed description of the findings of the evaluation team. This section will be structured following the main criteria of the evaluation, i.e., project relevance, effectiveness of implementation, efficiency of project management, and overall impact of the programme on the target sector.

Chapter 3 will list the findings reached by the Evaluation Team and their recommendations concerning future actions to be taken by Tacis.

The Annexes provide evidence of the evaluation process and information to support the conclusions of the Evaluation Team.

1.1.2 The Needs of the SME sector

Government Policies and Status of Reforms

ESSN is interwoven with the aims and objectives of the SME programme. Initially ESSN was targeted at "institutions, organisations and companies in their process of reform and recovery". However, the ToR for ESSN II narrowed this wide target group and mentioned explicitly the SMEs as main beneficiaries of the programme. Further changes are described in section 1.1.4.

Enterprise restructuring attempts to rebuild companies created under the Soviet style economic system to become efficient and profitable in a market driven environment. This is mainly supposed to be achieved through privatisation of the (mostly large to very large) companies. It also means support to the creation of a large number of new, small and medium sized companies that are able to cope with the new environment in a better way than many of the old, large combines. It does not matter in this connection whether the new small and medium sized enterprises are start ups or result from spin-offs of new legal entities from large companies. Thus there is a great variation in the type and size of the companies that have taken part in the privatisation process. Most important is that different countries have adopted alternative ways of privatisation restructuring.

Both countries visited by the Evaluation Team (Russia and Uzbekistan) in the course of the present evaluation, have put much emphasis on SME development for many years. However, whereas Russia has, in parallel, pushed through privatisation of large parts of its economy speedily and aggressively, Uzbekistan has been much less active.

Whereas SMEs did not reach the same high level of economic importance in Uzbekistan, they have been developing into an important player in the economic field in Russia. According to 'SMEs in Terms of Statistics - State Committee of Small Business Support -Resource Centre 1998';

- as of the 1st of January 1998, more than 860.000 officially registered small enterprises operated in the 89 oblasts of the Russian Federation;
- the number has grown in 1997 by 4.2 per cent;
- SMEs employ more than 8.5 million people, which amounts to 13.2 per cent of the overall number of people employed in Russian companies and
- SMEs occupied a share of 31.8 per cent of the total number of Russian enterprises at the beginning of 1998.

The explosion of SMEs in the NIS resulted in the need for speedy and effective advice. Tacis responded by prioritising support for the SME sector and the prime thrust of its support was through the establishment of development agencies for SMEs (SME DAs) and Business Communications Centres (BCCs) as well as other mainstream projects. These centres offered the emerging business man exposure to western business practice. *Alongside these initiatives were the ESG programmes including ESSN, which correctly identified the need not only to provide advice on the theory of business practice, such as preparation of business plans, but to provide a facility where high quality hands on expertise was available, at a subsidised or no cost.*

ESSN's value is that it responds directly to the company requesting support without any bureaucratic involvement or interference. It is a vital link in the SME support programme providing assistance where it is most required. ESSN complements the other Tacis initiatives into this business revolution. At another

level, the Productivity Initiative Programme (PIP), trains to a high level the management of the business sector. *The ESSN provides the direct practical advice to make business initiatives work.*

Support for the privatisation process and the important role of SMEs has been strong in the NIS. The examples in Russia and Uzbekistan mirror the general enthusiasm elsewhere. In the Russian Federation, a growing political awareness of the importance of a large number of SMEs as the sound basis of a well functioning economy resulted in the creation of the State Committee of Small Business Support in 1995. In **Uzbekistan**, the Government has been conducive in the past to the establishment of institutions that provide services to assist the development of SMEs. The sector was supported financially through the establishment of a business fund that was originally fed from privatisation revenues.

There is no sound statistical data but it is claimed that there are 100,000 officially registered SMEs and more than 140,000 independent entrepreneurs operating in Uzbekistan today.

Recent economic events in the both the Russian Federation and Uzbekistan have seen considerable changes concerning SME development in 1998. While support to the SME sector was reduced to an insignificant level by the new Russian government nominated in the fall of 1998, the Uzbek government adopted a more radical approach. In a surprising step for most parties it reorganised the system of support to SMEs in May 1998 into a top-down centralised system which provided for government's direct influence over small enterprises.

Whilst these apparent contradictions are a reaction to the severe economic constraints of the day *it will not in the opinion of the Evaluation Team inhibit the support required from ESSN or other Tacis programmes to the SME sector.* On the contrary, it will see the rise of the more knowledgeable and organised business man who will respond to the high quality support that ESSN can provide.

It would therefore appear that political support to SMEs has sharply decreased in both countries in 1998. Yet this is a crises in which the ESSN programme can play an expanding role. For example the crisis under which Russia has been suffering since August 1998 has clearly increased the future opportunities for small Russian companies in the production and manufacturing sectors. As imports that have been dominating large parts of the Russian economy over the last few years have become unaffordable for both consumers and producers, the time has come for Russian suppliers to start large scale manufacturing activities. This is true for the NIS and Mongolia as a whole. With careful planning the programme can assist SMEs which are better able to make a flexible response to changes in their environment than larger companies particularly those which are still state controlled. There is the strong probability that they will benefit considerably from the resumption of domestic production. It follows that such companies will benefit from the speedy and effective quality expertise that ESSN can provide.

1.1.3 Outline of Programme Content

The first ESSN programme started in 1993, funded from Tacis 1992 Regional SME Programme, a so-called interstate programme. It was a 'facility programme' which is described in section 2.1.2.

In the case of the ESSN programme, the facility approach was chosen to complement Tacis main stream assistance to the SME sector in the NIS with speedily mobilised, ready to implement, direct assistance to enterprises. Tacis main stream projects have traditionally been focusing on the establishment and further development of SME-support structures. SME DAs were created in most of the Tacis countries and are meant to provide small and medium sized enterprises with services in the areas of information, advice, training and co-operation. Later on, BCCs were created to provide for a better link of SMEs in a specific

region/country with the outer world and to contribute to enhanced co-operation of SMEs within Tacis countries and between the NIS and the EU.

ESSN offers enterprises in the NIS practical advice provided by EU senior experts as a complement to the services provided by SME DAs. The mobilisation time of an expert is expected to be short (it ranges from several weeks to several months) and the budget of an average mission is minimal as compared with Tacis main stream projects. Whereas a typical Tacis main stream project assists one SME support structure in developing into a fully operational and sustainable institution, the same budget can be used under the ESSN facility for hundreds of missions of EU senior experts to enterprises on location.

ESSN's overall objective is to strengthen the transition of Tacis countries to the market economy. The programme is designed to reach this overall objective by assisting individual owners and managers of NIS enterprises with privatisation or restructuring of their enterprises. It does so, by offering access to the know-how and experience of retired EU managers and professionals with a long track record in their respective field of business. The programme is relying on a combination of advice and learning by doing, to enhance the managerial capabilities of the beneficiaries.

The following are pertinent points in understanding the original objectives:

- **It was understood that ESSN would focus on private SMEs as it was funded from the regional SME programme.**
- **Later on, the target group was widened to recently privatised firms and firms undergoing privatisation and to larger enterprises.**
- **Irrespective of the size of companies eligible for ESSN assistance, the aim of the ESSN programme has always been to provide NIS companies with flexible, cheap, quickly to mobilise advice delivered by experienced retired EU experts to companies on location as a response to their specific demands.**

Missions typically comprise;

- 1. a preparatory phase;**
- 2. the mission of the expert on location and**
- 3. a reporting phase.**

The preparatory phase is aimed at bringing about a best possible match between the needs for assistance and the expertise available. This is a critical area and key to success of the mission. If the needs are not properly matched to the skills of the senior expert then the mission will fail. In section 2.2.1 we compare the results of good and bad matches of senior experts.

The EU senior expert acts as a consultant to the respective company. He will spend most of his time with the senior management in order to fulfil his terms of reference.

Once the expert returns to his home base, it is mandatory that he prepares a report which includes a (host) company action plan. The report is submitted to the PMU together with the invoice.

1.1.4 Programme Evolution

Since the beginning of programme implementation in 1993, five different contractors have been involved in programme implementation under contracts whose duration ranged from four months to three years. (The table below does not show the bridging contract of four months in mid 1997)

Management of ESSN projects

| | |
|----------|--|
| ESSN I | Implemented by a Consortium of European Senior Service Organisations |
| ESSN II | Implemented by a National Sen. Serv. Organisation. |
| ESSN III | Project managed by an EU Consultancy firm |
| ESSN IV | Extension of III |
| ESSN V | 1998 action programme |

Evolution of Objectives

The programme is designed to meet its overall objective by assisting individual owners and managers of NIS enterprises with the privatisation and restructuring of their enterprises.

In 1993, Tacis formulated the objectives of the programme as follows: "to assist individual institutions, organisations and companies in their reform and recovery as part of a market oriented economic system through a facility which enables to give a rapid response to an urgent need". Rapid response and urgent needs were key elements in this formulation. In the **second ESSN** contract;

- "flexible delivery of EU senior expertise" and
- "improved management of the programme" were key objectives.

The ToR also put emphasis on "providing inputs of practical managerial experience, know-how and skills".

Assistance was to be delivered directly to private enterprises without passing through public institutions. However, under the **ESSN II** the programme introduced the involvement of the services of intermediaries such as **SME DAs** and **BCCs** created under other Tacis projects.

While the central objective of **ESSN III** was practically the same as in the preceding project, Tacis added some new objectives to the list. The ToR stated that;

“a new objective will be to continuously improve the quality of the missions and the experts”.

In addition to that, the assistance provided under ESSN was explicitly expected to “be provided on the basis of enterprise requests in a demand driven environment”.

Although the National SSOs have always marketed their services in the NIS and presented suitable cases for ESSN financing, new PIU procedures have been designed to ensure that the senior expert missions always respond to the applicants' demands.

Evolution in ESSN's Target Groups

The ToR for ESSN II narrowed the initial wide target group and mentioned explicitly the SMEs as main beneficiaries of the programme.

It has to be noted that, in 1994, **SME** development was not yet considered a priority for all Tacis countries. Only Belarus, Kazakhstan, Russia and the Ukraine viewed "Enterprise restructuring and development" (which included **SMEs**) as a so-called "focal sector". Tacis SME strategy was mainly focusing on the creation and development of the **SME DA** and **BCC** intermediary support structures. **ESSN II** focussed exclusively on **SMEs** and became, together with the Work Attachment Programme (WAP), **Tacis'** principal instrument for transferring Western management practices and technical know-how to SMEs in the Tacis countries. Also, the ToR of **ESSN II** changed the eligibility criteria to "include firms in the process of privatisation".

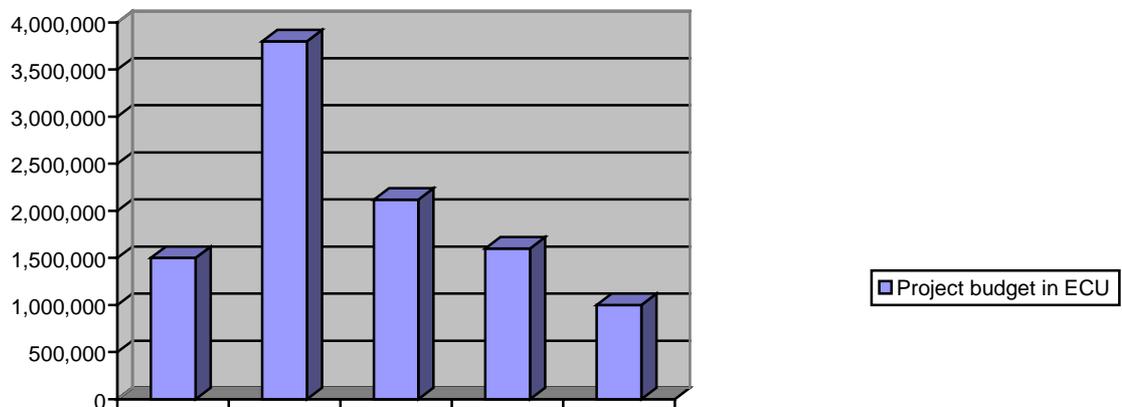
ESSN III targeted "SMEs and larger enterprises". The widening of the target group went together with a decision to allow missions of teams of senior experts going to one NIS enterprise. The team approach made the missions less vulnerable for possible failure of one individual senior expert. However, more importantly, with the team approach, ESSN could include financial expertise to the specialised expertise it was already offering. It would make ESSN a better partner for a new stream of Tacis projects aimed at supporting NIS enterprises in the area of company finances.

Whilst ESSN mainly concentrates on SMEs, larger companies are also eligible. Even 100% state owned enterprises are eligible for ESSN support if the case is supported by the respective Tacis CU or EU-Delegation and if evidence of the company's privatisation can be demonstrated. The companies can belong to any sector, with priority given to enterprises in manufacturing and other production sectors.

The Evolution of ESSN Financing

Although the start-up phase of the programme was not without problems, it soon became evident that most beneficiaries responded well to the results of the senior expert missions. On these grounds, Tacis decided to enlarge the programme and to provide it with a better management structure. The development of the financial weight given to the ESSN programme shows in ECU, the following picture.

Figure 2. Financial Allocations to the ESSN Programme



There are no restrictions on capacity that would retard programme growth. The PIU believes it can easily double the number of missions within the present setting. The larger participating senior service organisations would be able to manage a higher number of missions without difficulties. They are also interested in an enlargement of the programme. Some of the smaller senior service organisations would initially not benefit from an increase in the number of missions as they would quickly reach their capacities but this is not a limiting factor.

Despite these favourable conditions, the Tacis allocations for ESSN are presently falling and will, next year, almost reach the level of the initial, 1994, (annual) budget.

This projected decrease in mission activity is not due to lack of demand for ESSN services. Potential beneficiaries have first to know about the programme before they can apply, and ESSN management keeps the promotion of the programme deliberately at low levels in order not to raise active demand beyond the available financing capacity. The Evaluation Team found this low-promotion policy reflected in a lack of awareness about the programme with the SME DAs in Russia, ESSN's natural partners. Despite the lack of promotion, the number of applications increases every year.

One possible reason for the decrease in ESSN budget allocations lies with the budgeting process. From 1996 onward, the then "Horizontal Facilities" -and today's "Small Project Programmes"- were not budgeted for by Tacis headquarters. They became subject to Tacis' procedures for designing Country Programmes, which give the responsibility for budget proposals to the Tacis Co-ordinating Units (CUs) who prepare the annual or bi-annual Tacis Action Programmes. There is also severe competition for funds. The decrease in budget allocations for the ESSN programme could therefore mirror the importance the CUs give to the restructuring of NIS enterprises and the development of SMEs and the related facility projects. Unfortunately, the CUs have, traditionally, paid little attention to the merits of the facilities managed by Tacis-Brussels and have been slow in changing their attitudes once they were charged with responsibility for the budget process.

The CUs require to be better informed and more involved in the ESSN implementation process. In some countries they are already active and process applications for assistance in co-operation with the local SME DA or BCC. In Uzbekistan most of the applications arrive via the Tashkent BCC.

Programme Inputs

Under **ESSN I** from 1993-95 approximately **130 expert missions** were organised to companies in the NIS. The EU experts were provided by the five members of the initial consortium (ESSC).

ESSN II planned for **340 expert missions** but delivered **540** (of this number 66 were accounted for in an arrangement with the member states). **In addition 183 follow up training missions and attachments** were realised involving **266** NIS managers. Targets were 100 and 200 respectively. The number of seminars and workshops to be delivered was according to plan, **6 seminars** involving more than **130 participants**.

ESSN III (including the extension **ESSN IV**) which was still underway while the present evaluation was carried out budgeted to provide for another **580 expert missions** and up to **90 training missions and 18 seminars/workshops**. In mid 1998, 10 seminars had already been completed with more than 230 participants.

The evaluation team are of the opinion that on current trends these targets (ESSN III) will be achieved and probably surpassed.

Russia has been the largest beneficiary of ESSN assistance. Under the APs 1996- through 1998, **2 MECU were provided for the ESSN programme in the Russian Federation** whereas the second most important recipient country, **Mongolia budgeted 500 TECU for the same period. Uzbekistan** traditionally has made important allocations for the ESSN facility which amounted to a total of **300 TECU** under the APs 1996 through 1998. While **Russian allocations** to ESSN **decreased from 3.8 %** of the overall facilities budget under the AP 1996 **to 1.7 %** under the AP 1998, the ESSN share in the Uzbek overall facilities budget **increased from 1.7 % to 6.7%**

Of 657 missions to the NIS and follow up training missions/work attachments to the EU completed under the second ESSN contract (see table 9), **37 per cent (equal to 243 missions)** were accounted for under **Russia** and **12 per cent (equal to 80 missions) under Uzbekistan**. While the percentage of missions initiated by SME DAs or BCCs is quite low in Russia (only 20 applications under the ESSN 11 contract), **applications from Uzbekistan come almost exclusively through the Tashkent based BCC** which was established under a Tacis main stream project.

1.2 Evaluation Methodology and Organisation

1.2.1 Evaluation Objectives

The main objectives of the present evaluation as detailed in the ToR are uniform for each of the ESG programmes being evaluated. These are to;

- provide consistent conclusions in relation to overall relevance and appropriateness of the Facility (ESSN) programmes,
- make specific recommendations aimed at enhancing the impact of the Facilities with regard to:
 - budget allocation
 - approach and selection criteria
 - implementation strategies
 - programme management and implementing procedures.

In its broad sense the evaluation is not simply a tool to retrospectively evaluate the results of the programme so far. Providing assistance to support change in any given situation cannot be seen as a constant fixed input. The programme itself must be flexible and be able to adjust to the ever-changing political and economic scenario in the NIS and Mongolia. Too often ToR are seen as fixed commitments to follow, where in a facility programme in particular, they should be considered a guide and open to justified amendment in circumstances which are ever changing. In the ESSN programme we believe that the programme has an inbuilt flexibility and it is the responsibility of programme management and Tacis to respond to the prevailing circumstances.

In the opinion of the Evaluation Team the programme objectives are being followed. What should come from this evaluation is what changes in strategy have to be made to react to firstly, the results so far and secondly, who should coordinate any identified need for change. We see our methodology as a 'process approach' which will enumerate the lessons learnt and what modifications are required to respond to internal and external change. Assuming the ESSN performance so far justifies the past Tacis support and should be continued, which the evaluators consider it does, in short what will make it an even better programme. This tool for future planning is a pillar of a good evaluation.

1.2.2 Work-Plan and Evaluation Instruments

The evaluation was realised in four stages:

- a desk study of all materials available within Tacis headquarters and the current Contractors office in Brussels;
- two missions to the field (the Russian Federation and Uzbekistan);
- visits to/talks with senior expert services and senior experts and
- report finalisation and feedback of the results to Tacis in Brussels and in Moscow.

The two week **desk study** was carried out at the end of April and beginning of May 1998 in Brussels. It comprised collecting, copying and screening of various material such as ToR, Technical Proposals,

interim and final reports, etc. It was complemented by a series of discussions with persons having been responsible for ESSN implementation within Tacis headquarters and outside as well as with the Director of the PIU.

The two week **mission to Russia** was realised in May 1998. It involved the Team Leader, the SME specialist and two Russian staff. Interviews were made with ten companies and three SME development agencies. A survey questionnaire was sent to 29 SME DAs of which 14 responded. Talks were held in Moscow with the Tacis Co-ordinating Unit, the Delegation of the EC, the Tacis Monitoring Team, the Federal Chamber of Commerce and Industry, and representatives of other Tacis projects as well as of other donor organisations.

A ten day **mission to Uzbekistan** was realised in June 1998. It involved the Team Leader, the SME specialist and one local expert. During the mission, the Team held interviews with 12 companies, the Tashkent BCC and two SME DAs in the regions. The Evaluation Team also met with the Tacis Coordinating Unit in Tashkent, the Chamber of Commodity Producers and Entrepreneurs, the Uzbek Business Fund, other Tacis projects and other donor organisations.

Upon return from the second mission, a back to the office report was produced. Simultaneously, two EU senior expert services (NMCP in The Hague and SES in Bonn) were visited and discussions held by phone with EU experts having implemented ESSN missions in the past. Several additional, personal talks were held with the Director of the PIU and the Team had an extensive telephone discussion with the current project contractor.

Three further instruments were developed by the Evaluation Team:

- guidelines for personal interviews with the companies in Russia and in Uzbekistan;
- a questionnaire for SME DAs and BCCs in Russia in which they were asked their assessment of both programme performance and if they had played a role in the programme and
- a separate questionnaire was developed for the Co-ordinating Units and SME DAs/BCCs in other Tacis countries which asked about their experience with ESSN implementation in their respective country.

Survey instruments are described in Annex 8.

The draft final report was then submitted to Tacis for approval. After acceptance of the report it is intended to hold a seminar in Brussels and one in Moscow to discuss the findings, conclusions and recommendations of the Evaluation Team.

1.2.3 Evaluation Criteria

The major criteria used for the present evaluation comprises relevance, effectiveness, efficiency and impact of the ESSN programme.

Relevance is understood here as the degree to which the ESSN programme focuses on enhancing the development of the private sector, specifically the development of SMEs in Tacis countries. We try to identify to what extent the ESSN objectives are appropriate to the needs of the client and to assess how well they interface and support the development of the privatisation programme particularly amongst the SMEs.

Effectiveness is viewed as the extent to which the objectives of the ESSN programme are being achieved and to what extent the results are contributing to attainment of the programme objectives. Do the clients see definite change and positive results from implementation of the expert's recommendations? Is there a low level of effectiveness? Is it caused by poor expert skills, bad matching or a communication problem?

Efficiency is understood as the degree to which human, physical and financial resources are used in the implementation of the ESSN programme implementation. We view efficiency not just as the cost of inputs and how they result in outputs be they technical or financial. External variables in this situation play a most significant role in assessing levels of efficiency.

Impact is understood in the present exercise as the extent to which the ESSN programme is bringing about distinct changes in the companies which were provided with senior expert advice and is there a significant demand in the level of requests for ESSN technical assistance. What are the consequences of the results of the project and will the programme continue under any other guise when Tacis support is withdrawn?

In order to be able to accurately assess these criteria, the Evaluation Team developed a set of qualitative and quantitative performance indicators to identify how well criteria were being met. Indicators were where possible, performance based. These were designed around the interviews and questionnaires which formed the main foundation for the evaluation.

The qualitative performance indicators started from the assessment of the outcomes of the programme through the questionnaire used by the ESSN programme itself following completion of expert missions. However, as the ESSN questionnaire was not completed by all recipient companies, and additional information was required, the following indicators regarding qualitative performance were added to the survey:

- the extent to which the mission contributed to solving the recipient company's problem(s);
- the degree to which the company action plan produced by the expert was actually implemented;
- the level to which companies having received assistance under a mission submit applications for a follow-up mission;
- the extent to which companies of former participants are looking for additional Tacis assistance in the form of participation in PIP or WAP, advice provided by Enterprise Support Centres, SME DAs, BCCs etc.
- the extent to which improvements in the economic situation of companies have occurred after the mission.

The quantitative performance indicators comprised such indicators as:

- the development of the number of applications;
- the development of number of missions completed;
- the development of the spread of missions over the whole country (for the RF) and the other Tacis countries;
- the awareness of the programme among;
 - the Russian/NIS business community;
 - domestic business support structures (such as Chambers, Associations, Unions etc.);
 - Tacis-funded business support structures (such as SME DAs, BCCS, T0s, ESCs etc.);
 - other enterprise restructuring-related Tacis-projects (e.g., TERF, sectoral enterprise restructuring projects, etc.).

1.2.4 Sample Selection

Given budgetary and time constraints and the large number of ESSN missions realised so far, the present evaluation exercise is unable to categorically state that conclusions from the sample of missions are representative of the whole. This is true on both a sectoral or regional basis. However, sample selection corresponds with the process of selection of missions by the PIU which itself follows the randomised inflow of applications from various regions and different sectors.

The sample analysed here comprises both companies which have already received senior expert advice and companies having applied for ESSN assistance and still waiting for the arrival of the senior expert. This allows for a comparison of expectations concerning the benefit a company can draw from an ESSN expert and the actual benefit as viewed by the recipient company. It comprises companies from all possible sectors with more emphasis on the service sector in Russia and the manufacturing sector in Uzbekistan. This bias is mainly due to the fact that the mission to the field in Russia was focused on Moscow and the Moscow region (both of which are characterised by a high percentage of service oriented companies). Whereas the mission to the field in Uzbekistan, covered the capital Tashkent as well as several locations in the rural areas.

The missions in the field did not only involve final beneficiaries, i.e. companies. It also included intermediaries between companies applying for assistance and the PIU, such as SME DAs, BCCs and Co-ordinating Units.

The sample of Russian companies included in the evaluation of the ESSN programme and visited by the Evaluation Team eventually comprised a total of ten companies. Three of which had applied for assistance and were still waiting for the expert, one company having applied and subsequently cancelled the assignment and six companies having already received ESSN assistance.

The sample of Uzbek companies visited by the Evaluation Team comprised a total of 12 companies of which 10 companies having already received ESSN assistance, one company having applied for assistance and still waiting for the expert and one company having applied and subsequently cancelled the assignment.

The sample of Russian intermediary institutions included 17 SME DAs/BCCs of which 14 were contacted in writing and three visited personally by the Evaluation Team. The sample of Uzbek intermediaries comprised one BCC and two SME DAs, all of which were visited personally by the Evaluation Team.

In addition, 8 Co-ordinating Units and SME DAs in other Tacis countries were contacted by fax and 6 responded to the questions asked by the Evaluation Team. This exercise was undertaken to secure a wider

representation of opinion as many of the NIS have specific political and economic environments. Although limits were placed on the team because of financial constraints, we tried as far we could to make the sampling as representative as possible. The team are only too well aware that one or two countries cannot be representative of the whole ESSN area of operations.

1.2.5 Constraints to the Evaluation

A usual complaint is lack of time and funds. We do not raise this as it is an open ended argument. There were no major constraints to the evaluation met by the Evaluation Team. A minor problem was that staff of several of the companies who had originally consented to being interviewed in both Russia and Uzbekistan did not make themselves available as agreed for various reasons. Another problem encountered by the Team concerned the material made available by staff at Tacis headquarters in Brussels. Whilst they were helpful and supportive, due to Tacis being in the middle of what seemed to be a series of removals from one location to another, many of the documents which the Team would have liked to consult were simply not to be found. At times this comment could have been applied to task managers. Patience was necessary on all sides.

There was misunderstanding of the format of the report particularly as the team were commenting on four facility projects within the ToR. This resulted in a delay in submission.

2. Programme Evaluation

2.1 Relevance and Appropriateness

2.1.1 *Relevance of Objectives: ESSN Support to Tacis Private Sector Strategy and Policy*

Given that the ESSN programme was directly linked from inception to SME development (section 1.1.2), it follows that the relevance of the ESSN is related to Tacis initiatives in this sector. The evolution of the programme clearly shows that support to the SME sector continues to be the thrust of the ESSN and there is no doubt in the opinion of the evaluators that this should continue as a matter of policy. We are required to examine the value and impact of the expert inputs into the companies requesting assistance and couple the outputs of improving managerial skills and knowledge with company development.

The stated objective of the first ESSN project was:

'to assist individual institutions, organisations and companies in their process of reform and recovery as part of a market oriented economic system, through a facility which enables them to give a rapid response to an urgent need'.

This objective fitted perfectly the overall economic transition objectives of NIS countries and responded to their own priorities by promising fast mobilisation of assistance for enterprises in transformation. It also responded very well to the needs of the beneficiaries targeted by the programme, as it provided them with access to Western know-how within short delays and at affordable costs. Finally, it fitted the Tacis strategy that sought channels to assist NIS enterprises without involvement of intermediaries. Because ESSN is operating through EU national senior service agencies, mostly subsidised by their respective Governments, the objective was also in compliance with Tacis' overall objective of "fostering the development of harmonious and prosperous economic and political links between the European Union and the Tacis countries".

Better than some other Tacis initiatives, it met with the Tacis objective to work closely with the partner countries, to determine how funds should be spent in order to ensure *"that Tacis funding is relevant to each country's own reform policies and priorities"*, (*Summary of Indicative Programmes 1993 1995, p. 5*).

There is no doubt that the objective and the intervention logic of the ESSN programme fitted very well into the overall economic transition objectives of NIS countries. Appropriately it offered speedy assistance to support country strategies. It also responds very well to the needs of the final-beneficiaries targeted by the programme, i.e. private enterprises such as SMEs. It is not an issue in the minds of the Evaluation Team whether or not this assistance should have been linked directly to SME development. The hard fact of the time was there was no other appropriate vehicle to which assistance could be targeted. Then and now, companies and other individual "structures" as part of the transition process urgently needed fast, tailor-made advice by practitioners who would assist them in adapting to the new economic environment. Many of these small emerging companies could not afford expensive consultancy support.

The Evaluators see the ESSN programme as an important and appropriate element of the Tacis overall strategy towards SME development in Tacis countries. The Tacis SME strategy was (and still is) mainly focused on the creation and development of intermediary support structures for SME agencies in the shape of SME DAs (SME Development Agencies) and BCCs (Business Communication Centres). In addition to this indirect assistance to SMEs, Tacis offered specialised programmes to indirectly support SMEs

amongst which ESSN was the only one that provided advice and inundate access to management know-how (see figure 3).

Figure 3: Tacis Support to SMEs

| Tacis support for small business | |
|---|--|
| National Initiatives | Specialised Programmes |
| Development Agencies | European Senior Service Network Work Attachment Programme Joint Venture Programme Eurochambers Mercure Programme Europartenariat/NIS Partenariat |
| Business Communication Centres | EFER Initiative |

Source: Supporting Small Businesses in the New Independent States and Mongolia - A sector profile, Tacis services DG IA, 1996

The Evaluation Team can conclude that:

Both the rather general objective of the first ESSN contract and the more specific focus of the second ESSN contract on "individual small and medium sized enterprises (SMES) and newly privatised companies in the NIS" were in perfect compliance with the overall Tacis strategy in the private sector.

The emphasis on private, mainly small and medium sized companies responded well to the privatisation programmes that were gaining momentum in most of the NIS countries at that time.

This policy also supported the attempts in many Tacis countries to contribute to the development of a critical mass of small and medium sized companies.

Under subsequent projects the following eligibility criteria were included:

ESSN II "to include firms undergoing privatisation as eligible final beneficiaries".

ESSN III to include government owned enterprises subjected to privatisation as "eligible beneficiaries"

The Evaluation Team questions the relevance and appropriateness of the ESSN programme for larger companies and companies not yet privatised. This could be considered contradictory when viewed against the objective of assisting the (private) SME sector. Rationale for this inclusion would seem to be recognition that larger companies going through the privatisation process including those in the state owned sector also need assistance. If so, should free expertise be provided to this sub sector especially when inputs can be larger than for the SME?

We would prefer to see a ceiling on the amount of assistance provided to larger companies but question the need to assist at all.

2.1.2 *Relevance of Design*

The Facility Approach

Tacis explicitly created ESSN and other similar programmes to complement assistance to SME's without the direct involvement of national or regional governments. It was decided that public sector intermediaries should be avoided and that SMEs would be offered direct access, for individual companies across all the participating states, to expertise and counterparts in the EU.

To implement the ESSN strategy, Tacis used a mechanism referred to as the 'facility approach'. Originally referred to as framework programmes they package projects or services of a similar type under one umbrella so that services can be delivered to different organisations quickly and efficiently.

The choice of this mechanism had the following advantages:

- it provided Tacis with an effective mechanism for the delivery of the programme;
- it allowed Tacis to by pass governmental bureaucratic procedures;
- it put the beneficiary in closer contact with the provider and
- it allowed Tacis greater flexibility in programme management if the host country for example wished to allocate resources elsewhere;

There was of course a downside:

- the Tacis project cycle is basically not well adapted to the management of facilities. For example cash flow problems are common;
- the facility approach does not enjoy a high reputation in Tacis. This is more the fault of management rather than the instrument itself and
- in the field, when budgets were on an interstate basis, governments viewed the programmes with suspicion. Indeed two Co-ordinating Units visited by the team adopted preliminary positions of non co-operation as they said this was a 'Brussels Project' outside their competence.

In the 1997 programme, Tacis decided that the allocations to the facilities had to be part of the normal procedures for the indicative programmes and combined together for horizontal implementation. Allocations have since then decreased although this cannot be contributed solely to the countries concerned.

The Evaluation Team remain convinced that the facility approach within the overall needs, is the best instrument available to Tacis at this time for ESSN implementation because:

- the structure can be tailored to the diverse needs of a large number of individual beneficiaries; in fact they are ideal instruments to serve plural society;
- it can be easily expanded and replicated over a wide area;
- it decentralises decision making away from busy task managers;
- if horizontal facilities are abandoned possible cost effectiveness would be lost if the become mainstream projects and
- the SSOs will respond better to a NIS programme rather than an individual country programme.

The Policy Environment

The new programming and budgeting procedure resulted in differing allocations for ESSN from country to country. Not all countries included allocations in their country programmes. The decision making environment had dramatically changed. We do not necessarily see this as a wrong decision. If Tacis is to practice the market economy that it preaches then the market should indicate the value and demand for the programme. The PMU and the Senior organisations have to market their product. Allocations varied from 1.4% to 10.3% of national facility allocations.

Table 1: The Share of the ESSN Budget in National Facility Budgets³

| Country | Facilities budget in total in TECU | | | ESSN budget | | | ESSN percentage In facilities' budget | | |
|--------------|------------------------------------|-------|-------|-------------|-------|-------|---------------------------------------|-------|-------|
| | AP 96 | AP 97 | AP 98 | AP 96 | AP 97 | AP 98 | AP 96 | AP 97 | AP 98 |
| Armenia | 5350 | | 1400 | 75 | | 0 | 1,4 % | | 0% |
| Belarus | | | | | | | | | |
| Azerbaijan | 5030 | | 1800 | 160 | | 100 | 3,2 % | | 5,5 % |
| Georgia | 4580 | | | 160 | | 0 | 3,5 % | | |
| Kazakhstan | | 5000 | | | 150 | | | 3,0 % | |
| Kyrgyzstan | | 2300 | | | 200 | | | 8,7 % | |
| Moldova | | 4900 | | | 200 | | | 4,0 % | |
| Mongolia | 2900 | | 200 | 300 | | 200 | 10,3 % | | |
| Russia | 26000 | 31000 | 28900 | 1000 | 500 | 500 | 3,8 % | 1,6 % | 1,7% |
| Tadjikistan | | 1770 | | 0 | 50 | | | 2,8 % | |
| Turkmenistan | | 1100 | | 0 | 0 | | 0 % | | |
| Ukraine | 11150 | 9250 | 4000 | 0 | 500 | 0 | 0 % | 5,4% | 0% |
| Uzbekistan | 6000 | | 3000 | 100 | | 200 | 1,7 % | | 6,7 % |

Source: Evaluation Team from Annual Programmes

³ NB: a) Figures do not include Tempus facility;

b) Figures are partly actual and partly planned

c) Two years' figures are provided for countries with a two year budget

Only one Tacis country (Turkmenistan) did not make any budget allocation for ESSN since 1996. The fact that all other countries are making more or less important allocations for ESSN does in the opinion of the evaluators indicate that assistance provided by ESSN reflects the country demand in a competitive market for funds. It does not necessarily reflect the needs of small and medium sized countries for ESSN assistance. As we have noted above, the economic situation in the NIS and Mongolia could result in a weakening SME political lobby and a reduction in allocations in future assistance programming. The Evaluation Team believes this to be an area of concern.

Therefore, it is clear that ESSN assistance is still relevant and operates satisfactorily under the facility programming procedures even when funds have to be provided from country action programmes. We would suggest however that if one still views ESSN as a vehicle to provide assistance to NIS based SMES, independent of a respective country's official policy, relevance was better served before 1997, when budget allocations were still made centrally from Brussels.

2.1.3 The Use of EU Senior Expertise

Retired management has long been seen as a valuable human resource in western countries and a justifiable and inexpensive way of transferring know how particularly to economically depressed regions in the western world. International aid donors have used this pool of expertise for a multitude of needs in developing countries primarily in the area of enterprise development. *Tacis officials in 1992 were correct in identifying this as a major resource that could play a major role in the transitional economies of the post Soviet bloc.*

In reviewing the situation, which pertained at the time of the collapse of centralised economic system, it is necessary to note that:

- certainly at programme start up and to a lesser extent now, professional consulting is under developed in the NIS;
- financial resources of the SMEs were unable to meet the cost of international consultants and
- low cost assistance was needed with a minimum of delay.

Because of the urgency to provide assistance in order to launch the project with a minimum of delay, in our view, Tacis was correct to ask the experienced EU national service organisations to manage the programme. These organisations which had been operating in this sector for some years, had the experience and a unique pool of volunteer senior managers available.

Tacis is also correct, in the opinion of the Evaluation Team, to continue to use the expertise available from the member state organisations although in amended form as we discuss in section 3.

In discussions with local entrepreneurs it was clear to the evaluators that when well matched, the western expert talking with a professional in the same sector quickly established a common language. This rapport allowed for an effective and fruitful exchange of views. Yet it was equally clear that the benefits of a common professional language only fully develop in cases where the expert and the manager can actually reach common understanding or in other words if the expert's skills correspond to the advice requested by the recipient company. From the numerous interviews that we conducted it is evident that the communication between expert and entrepreneur is easiest, the narrower and more technical the definition of the problem is. A beneficial, relevant and successful transfer of know-how becomes more difficult if the advice provided by the senior expert is general in character. Other variables then come into play such as the specific local, economic, regulatory and legal environment.

The Evaluation Team identified considerable differences in the appropriateness of EU senior expertise for companies in Russia and in Uzbekistan. From the field visits and discussions with various stakeholders there are underlying differences which the evaluators believe reflects not only the economic development in both countries but shows up differences in the level of business development in the Russian Federation. We can conclude that this scenario applies to the NIS and Mongolia as a whole.

In general terms, programmes for the fast moving countries in SME development had to be adapted to changing needs. Some countries have obviously remained longer in the initial phases of adjustment. Discrepancies in the speed of transition created an increasing gap in the type of assistance needed. In the 1992/95 period, mere 'exposure' of business men to the general needs and alternative models of business in the free market economy was acceptable. But after a few years the entrepreneurs in the more advanced industrial regions such as Moscow and St. Petersburg had absorbed the broad picture of the free market economy and started to ask advice on specific issues of business management or production. *This we can conclude has led to a wide 'expectancy gap' between different countries and regions. We therefore find that whilst the early ESSN approach is still acceptable in relatively isolated Uzbekistan, the same approach in the Moscow area would be heavily criticised by the recipients.*

Russian companies, which were interviewed by the Evaluation Team were more critical of ESSN support than Uzbek companies concerning the relevance of the assistance on offer. Complaints such as the expert lacking understanding of the country, the company and the present economic environment and the expert's advice being too general were common.

We posed the following question to a number of Russian companies who had or are participating in the ESSN programme. 'what assistance did you want from the ESSN mission'. The responses are tabulated in Table 2 as follows.

Table 2: Mission Objectives as Understood by Russian Recipients

- To assess the technical quality of products and elaborate proposals how to obtain international certification.
- To help with the search for respectable Western partners who would organise/increase manufacturing and promote the product on the world market.
- To identify western clients interested in collaboration, in the manufacturing of scientific products (equipment, technology), which would be able to compete on world markets.
- Assistance in identifying appropriate technology for manufacturing specific industrial package materials, for protecting the quality of goods. Advice on how to design an up to date package manufacturing system.
- Provision of expertise to conduct specialised courses and seminars in the application of international trading standards.
- Advice in the preparation of a proposal for an investment project to construct of a building for training and commercial use. Assistance in searching for a foreign investor to participate in the construction of the building.
- Advice aimed at improving the organisation and technology in the manufacturing of a specific range of goods in order to reduce the cost of production.
- Advice in real estate and finance management procedures.
- Advice in the development of transportation services in particular:
 - planning of sales campaigns;
 - evaluation of sales results;
 - marketing studies.

This response provides specific rather than general information as to how the interviewees understand the ESSN programme. They identified the question only in respect of their own specific needs. Whilst some of these responses are still couched in general terms they do indicate that the expert provided must have relevant sector business experience.

Uzbek entrepreneurs, the Evaluation Team found, have not in most cases been exposed in a major way to Western style business culture and are running their companies on a different level of development as compared to Russian enterprises. Thus, ESSN assistance is even relevant for them if it provides them with a more general insight into the Western way of managing companies in a market environment and into ways how best to adapt to developing market mechanisms in their own economy.

Relevance of EU expertise for NIS companies is also linked with the extent to which EU experts are acquainted with both the general economic situation of the respective country and the more specific environment within which companies are operating. Serious concerns were raised by several of the recipient companies to the Evaluation Team in Russia and by the EU monitors in Moscow concerning senior experts who were not well enough informed about country-specific issues.

We have observed that there are participating SSOs, which spend much time in briefing their experts before they start their missions. They provide their experts with written material, and organise briefing sessions etc. Other participating senior expert organisations either do not have the capacity to do so or simply do not consider that it is important enough to ensure the expert is comprehensively prepared.

The Evaluation Team have also noted that in some cases the expert organisation and/or the selected expert contacts the recipient company for further information while preparing for the mission. This is good practice.

2.1.4 Identifying the Needs and Selection of NIS Companies

It is relevant to the success of the programme that ESSN provides the recipient company with expertise, which exactly meets the needs they themselves describe. The concept is that the owner or general manager of a NIS based company who wishes the advice of an EU expert specifies the assistance required. Thus the programme should be judged appropriate to the needs of the recipient companies. As the expert is normally addressing the owners or directors of small companies decision making is not a time consuming exercise. This, the Evaluation Team would emphasise is the situation when the expert is working **in** harmony with the beneficiary which as we will discuss below is not always the case.

So far we have started to debate the importance of quality experts but results in the opinion of the Evaluation Team will be negative if due consideration is not given to;

- (i) ensure proper formulation, clarity and communication of the needs of the company applying for assistance and***
- (ii) a proper assessment is conducted of whether a company warrants assistance or not.***

The formulation and the communication of needs to ESSN management can be realised in three different ways.

First, NIS companies are identified by agents of national senior expert services who discuss the needs of the company for assistance with them and help them to correctly formulate their specific needs. In this

case, requests are normally presented by the agents. More than two thirds of applications come from this source.

Second, interested companies contact a SME DA or a BCC or any other SME support institution which assists them in correctly identifying and formulating their needs and transmits the application to the PMU in Brussels. Applications can also come via Coordinating Units.

Third, a company applies for assistance directly, without the help of any intermediary. In this case, the company sends an application form to the PMU or submits its application through the Internet.

The Evaluation Team considers that both the definition of the applicant company's needs and the assessment of the degree to which it makes sense to offer the applicant company ESSN assistance are problem areas.

In many cases as briefly highlighted in figure 4, the problem/need description is too short and vague for the PMU to get a clear picture of what precise kind of advice of assistance is actually needed. Although the application forms are conceived in a way which leaves much space for the exact description of the need and the concrete advice being requested, we observed that most applications do not contain more than one line in identifying the need.

For example, under the question "**Assistance requested**" typical answers are:

"For production of garments and uniforms, competitive on the world market"; "Specialist in the sphere of production and processing agricultural products"; "How to do poultry-farming effectively under conditions with the least expenditures"; "Consultant in the sphere of thermo-technical equipment.

This is despite the application asking applicants to

"give a complete and detailed description of the nature of the problem or problems which have led to the request for assistance and the work the consultant will be expected to perform" and to "be as specific as you can and provide us with as much relevant information as possible so that a consultant suitable experienced for the assignment can be found".

Although strong efforts have been made by the PIU to improve the content and the size of the problem description, too few applications are still sufficiently informative on this topic. It is therefore a paradox for some beneficiaries to claim that the expert's knowledge is not precise enough to enable him / her to provide proper assistance.

The Evaluation Team, whilst accepting that it is incumbent upon the company requesting assistance to provide a proper description of the need, must pose the question why the receiving party i. e. the agent or the SME DA does not insist or assist to ensure that the application is completed correctly.

An assessment must be made whether or not it is worthwhile offering an applicant company ESSN assistance. This requires an evaluation of its current situation and its future prospects. This is also needed if the appropriate expert is to be identified.

In the opinion of the Evaluation Team neither agents of national senior expert services nor local intermediaries such as SME DAs and BCCs are always able to make an appropriate judgement. The latter in most instances have even less experience. It is also clear that a company applying directly for assistance through postal mail or the Internet will not paint too negative a picture of itself. *Thus, there is always a certain risk that ESSN will provide assistance to inappropriate companies whilst a careful prior*

assessment of the company would have shown that ESSN could not contribute to the solution of its specific problems.

2.1.5 Selection Procedures for EU Experts

An issue, which still has to be resolved in the opinion of the Evaluation Team, is the creation of a clear definition of the respective roles of the ESSN and the national senior expert organisations. Simply, is the ESSN a Tacis programme or member state programmes under the EU umbrella? The larger expert organisations maintain their own similar activities and as we discuss further in section 3, in the minds of the Evaluation Team it is not clear if they support the ESSN programme independently of their own national programme.

Whereas, umbrella organisation or not, it may be difficult to collect enough reliable information on the problem to be solved and the situation of the company applying for ESSN assistance, it should be much easier to select an appropriate expert once the problem of the applicant enterprise is clearly defined. It is rare that specific expertise cannot be found among the many thousands of senior experts made available to ESSN through the 23 EU based senior expert institutions which participate in ESSN implementation.

Still, the match between the applicant company's needs and the advice provided by the expert, is one of the core areas of concern regarding the appropriateness of the ESSN implementation process.

Whilst this is often due to the shortcomings in the selection of recipient companies, there are also problems related to the identification of appropriate senior experts which affect the quality of the match.

The Evaluation Team believes that a major problem is the obligation of the PMU to select experts for assignments on location following a rotational principle. All direct applications, (i.e. applications that are not prospected by national services) are distributed equally to one after the other of the participating national services irrespectively of their capacity to provide an expert which best meets the needs of the applicant company. Equally so preference is given to SSOs providing non direct applications rather than seriously attempting to identify the best expertise available.

The rotational principle was meant to ensure that not only the large senior service organisations are involved in project implementation but smaller services get their just percentage share also. This has led to concerns from different sides that a strict observance of the rotation principle goes against the high quality demands of the ESSN programme. Should an SSO be offered a placement and not have a suitably qualified expert, the risk is high that they dispatch an expert merely to participate and also gain some remuneration for the mission.

The rotational principle certainly involves such risks but the blame for low quality missions should not be placed solely at the door of the smaller institutions.

- Of 567 missions (including follow-up training/work attachments) implemented under the Tacis II contract, 62,5 % per cent were implemented by the three largest national services (BESO, NMCP, SES).
- A further 22.5 % were completed by four services which do not belong to the category of "small, inexperienced services".
- Only 15 per cent of all assignments were implemented by these smaller services.

Furthermore;

- (i) none of the missions identified as unsuccessful by the Tacis monitors in Russia was carried out by a small senior expert institution and
- (ii) the same applies to those projects whose results were assessed quite critically by the recipients during the evaluation mission to Russia.

Therefore, all in all, the Evaluation Team has not found any confirmation of a strong correlation between the size of a service and the quality of the missions executed by its experts.

The Evaluation Team concludes that the application of a rotational system instead of a system solely based on professional adequacy is lowering the efficiency of the selection process of EU experts.

The question arose several times in the course of the evaluation whether the recipient company should be involved in the selection of "its" expert or not. There are quite controversial views between the PIU and the national services concerning this issue. It is uncontested that should the recipient company be involved into the selection of the expert, the complaints about the expert not meeting expectations would be considerably reduced.

The interviews the evaluators conducted with recipient companies showed that in the very few cases they had the choice between several experts, the opportunity of choice was much appreciated. The president of the Russian Agency for Small Business Support even suggested putting the CVs of ESSN experts on the homepage of this umbrella organisation of all Tacis supported SME DAs and BCCs in Russia. This comes close to the intention of the current PIU to create a search function for ESSN experts at the ESSN web-site.

Conversely participating senior expert organisations claim that a CV does not say enough about an expert and that they know their experts best which is the best guarantee for an optimal choice of the expert. As a representative of a large senior expert organisation advised the evaluators: *"They (i.e. the companies) know their problems best - that is why they are requested to give as precise a description of their problems as possible. We (i.e., the senior expert organisations) know our experts best - that is why we are best suited to select the experts to be sent out."*

We certainly cannot concur with this approach and the view of the Evaluation Team is that the expert should, whenever practical, be chosen from a small shortlist presented through the PMU. Even better if the names on the shortlist come from more than one organisation. To deny choice contradicts the ethos of a market economy.

2.2 Effectiveness

In the case of ESSN, the Evaluation Team had to assess the extent which missions of EU senior experts to the NIS and follow-up training/work attachments of NIS managers in the EU were successful and contributed to achieving the objectives of the programme. The assessment whether a mission was successful or not was partially based on the personal interviews the Evaluation Team had with recipient companies. Analysis was made of the answers provided to the questionnaire sent out to intermediaries and on the monitoring reports for those missions, which were monitored by the Tacis Moscow Monitoring Unit.

2.2.1 Targets and Achievements

Russia

Of the 10 companies visited in Russia by the Evaluation Team, six had received ESSN assistance prior to the present Evaluation. Three were preparing for a mission and one company had withdrawn its application. **Of the 6 missions already completed, 3 were viewed as (very) successful by the recipients, 2 as positive to a certain extent and one as not successful** (See Table 3). No company amongst those in Russia had applied for a follow-up training or work attachment.

Table 3: Results of the Six Missions as Assessed by Russian Recipients

| N° | General assessment of the assignment | Improvements achieved |
|----|--|--|
| 1 | It is a very useful programme, which facilitates the transfer of the market economy technologies into the Russian economy. | There was no direct positive result, as the consultant didn't meet the requirements of our application, but there were positive side effects – business contacts, recommendations. We received assistance to minor questions. |
| 2 | The consultant-instructor was helpful but as he was a teacher of rather average level, he was not familiar with Russian situation and requirements. | The result did not meet our expectations. The expert started a course in international bookkeeping. |
| 3 | It is useful because it provides experience exchange and learning the formal side of producing certain documents (business plans, applications, etc.) | It helped prepare documentation on investment according to the international requirements. Though the final result (receiving investment) was not achieved, it wasn't the expert's fault. |
| 4 | Experience exchange in the field of management; eliminating the faults in the work of Russian companies, in business planning, in forecasting the development of certain elements of the market economy. | A very positive result. The services of the consultant provided for 40% increase in profit in a 2 months period without any additional expenses. Strategic proposals were received, a marketing plan for the subsequent year was elaborated. |
| 5 | The company was provided with provided with useful information, the organization of the enterprise and the structure of management were improved, an economic analysis was carried out. | The prime cost of production has been reduced; we received structured practical recommendations; the workshops are currently provided with new equipment. |
| 6 | ESSN expert provided us with highly qualified assistance. | A comparative analysis of our products and their foreign analogues was implemented. |

From the interviews with the recipients it becomes quite obvious that in cases with a good match between the needs of the applicant company and the expert's specific know-how the results were distinctly more positive than in the other cases. *The Evaluation Team again emphasises that a good match between demand and supply is a priority prerequisite for the success of a mission.* Or in other words, the results which did not meet expectations were mainly because the match was not an optimal one and not due to other reasons as, e.g., lack of professional experience, unawareness of the situation in Russia etc. Table 4, below expands on the findings expressed in Table 3 making specific reference to the matching process.

Table 4: Results of Matching Expectations in Russia.

| |
|--|
| <p>Match: The expert did not meet the requirements of our application, but he was a good specialist in other fields; he knew about the company and was given additional information here.</p> <p>Result: no direct positive results; we received assistance in minor problems.</p> |
| <p>Match: The expert did not have the level of teaching and communication skills we requested; he was well prepared as a specialist but not as a teacher; he did not know anything about the company.</p> <p>Result: The result did not meet our expectations.</p> |
| <p>Match: We are completely satisfied with the work of the expert, he was very well prepared, he knew everything about our company.</p> <p>Result: It helped in preparing documentation on investment according to international requirements.</p> |
| <p>Match: The results even exceeded our expectations, he was very well prepared and knew very much about our company and problems.</p> <p>Result: The services provided for a 40% increase in profit.</p> |
| <p>Match: The expert met our expectations, he was well prepared and he knew enough about our company.</p> <p>Result: The cost of production has been reduced.</p> |
| <p>Match: The expert met with our expectations. So far only partially as his work has not yet been completed. He was well prepared and knew enough about the subject and got additional information here.</p> <p>Result: A comparative analysis of our products and their foreign analogues was implemented.</p> |

A similar picture is reflected by the monitoring reports. Of the 12 missions monitored by the Tacis Moscow Monitoring Unit, 6 were assessed as successful (expressed by a (B) or (C) mark in the report line "Results (against agreed outputs)"). 4 missions were viewed as adequate with some poor aspects ((D) mark), and 2 were viewed as poor ((E) mark) (see *Table 5* below). In the monitoring reports "A" constitutes the highest grade and "E" the lowest.

The monitors' general impression was that in too many instances not enough care is taken to ensure a good match between needs of the recipient company and expertise delivered.

Table 5: The Assessment of Russian Mission Results by Tacis Monitoring Team

| Company name/location | Type and duration Of Mission | Type and duration of follow-up in the EU | Monitors' assessment of problem description in application | Monitors' mark * Scale A high E low |
|--|--|--|---|-------------------------------------|
| Guildia, Moscow | 4 days' seminar | No | "Not specified very well" | (D) |
| Inertek, St. Petersburg | 5 days presentations | No | "Mission objective was vague" | (D) |
| Interlion/TZ, Torzhok | No | 4 weeks' study tour | "The specific objectives were inadequately described" | (E) |
| Lomonovakaya Poultry Farm, Gorbunky | 2 ten days' missions | 1 ten days' training course | "Outputs were not well defined" | (B) |
| Military Insurance Company, St. Petersburg | 2 weeks' workshop/training | No | "There was an information gap in respect to the objectives" | (D) |
| Murmansk Airport, Murmansk | 1 identification mission, 1 advice mission | 1 study tour | "The objectives were not fully defined" | (D) |
| Nevskaya Manufaktura, St. Petersburg | 3 missions totalling 11 days | No | "The expected outputs were not well defined" | (C) |
| Hotel Poliarne Zori, Murmansk | 1 advice mission | No | "No ToR available" | (B) |
| Progress Neva, St. Petersburg | 1 three days' training mission | No | "No specific objectives were agreed upon" | (E) |
| Styling JSC, Kirov | 1 nine days' advice mission | No | "Clear specification of the project tasks" | (B) |
| TIRA company, St. Petersburg | 12 days' training mission | No | "No specific objectives indicated" | (C) |
| Zarya Sewing Factory, Kirov | Three weeks' advice and training mission | No | ** | (B) |

* Defined as "Results (against agreed outputs)"

** Monitors do not refer to the issue in their report

Uzbekistan

The results and outcomes of the ESSN programme are seen quite differently in Uzbekistan as compared with **Russia**. In general, there is a much more positive assessment of the assistance provided by Uzbek recipient companies.

Of the 12 recipients interviewed in Uzbekistan, the vast majority were happy with the assistance provided and viewed the results as positive to very positive. One company withdrew its application, one was still waiting for an expert. Only one company was clearly dissatisfied with the expertise provided (see Table 6 on the following page). This is an interesting result as it could be said that the Uzbek economy is encountering even more serious problems than that of Russia. We would have expected that the situation would make it more difficult for experts to find solutions.

Table 6: Results of the Missions as Assessed by Uzbek Recipients

| N° | General assessment of the assignment | Improvements achieved |
|----|---|--|
| 1 | It was useful. Produced both general and concrete results. | Helped us in improving the internal organisation: how to organise staff meetings, how to structure the work and how to best manage a team of journalists. |
| 2 | Excellent, helped us in starting restructuring of the company and in understanding that we have to improve the performance of our company if we want to survive and develop further. | We started restructuring of the company following a five years' plan. Changed 50% of the personnel, started training of staff. |
| 3 | It was very important and very concrete. Changed completely my mind and my understanding of both our production technology and the market. | Identified a profitable market niche, changed production, bought new equipment in the West and started new production. |
| 4 | Very helpful. The expert found out much more about our company than we knew. Created a vision for our company together with us. | Made us pay more attention to the appearance of our newspaper. Opened our eyes for money questions and made us more profitable. The printing quality also became better. |
| 5 | Very useful. We continue to follow the expert's recommendations on how to produce, which conditions to improve, which buildings to construct and which veterinarian rules to respect | Through the assistance of the expert, a EU based investor was identified who is preparing an investment into the poultry farm at present. Support has been secured during several visits of the investor on a regional and national level. |
| 6 | ESSN expert did not provide us with valuable advice as he did not meet our request. | Some recommendations which we cannot apply. Expert brought brochures on British tourist association. |
| 7 | Excellent.. The expert helped me in developing further production of a product which was still relatively new to me and which is gaining a more and more important share of the market. | One month after the visit of the expert, developed a new product that is an innovation for Uzbekistan and of which the expert can be viewed as a co-creator. |
| 8 | Extremely useful as the expert was a very knowledgeable person in the field who has worked as a manager in companies producing similar products for many years. | We got in contact during a follow-up visit with EU based companies which are not yet starting business with Uzbekistan (due to non convertibility of the currency) but for whom we will be a good partner in the future. |
| 9 | Very helpful as the expert was very well experienced in our sector. He showed us that we are not the only country with such problems and provided very practical advice. | Succeeded in solving several minor problems during training-on-the-job and partially revised their price policy as with regard to the price for repair. Visited 8 Italian companies during a follow-up study tour. |
| 10 | Very valuable for us as the expert was specialized in exactly our area of production. | Improved quality of granulate, identified supplier of new machinery in Italy, are currently in negotiations with IFC because of loan for new equipment. |

The Evaluation Team examined the application forms prepared by the Uzbek recipients. Table 7 provides an overview of the objectives of the ESSN assistance as seen by the applicants. These were of course prior to the mission and the response is limited to those application forms (4) available to the Evaluators.

Table 7: The Objectives of ESSN Assistance as Viewed by Uzbek Applicants.

| Assistance requested | Qualifications of the consultant expected |
|--|---|
| "Assistance for production off garments and uniforms, competitive on the world market" | "Specialist in marketing" |
| "Expertise in the sphere of production and processing of agricultural products" | "To have an experience in the mentioned sphere" |
| How to farm poultry effectively under Uzbek conditions with the least expenditures" | "Highly skilled specialist in the sphere of poultry –farming, having knowledge in veterinarian science" |
| "Advice in the sphere of thermo technical equipment" | "Consultant to be well experienced in the sphere of thermotechnical equipment" |

Comparing tables 6 and 7 would suggest that it was not only the clear definition of the assignments that led the Uzbek recipients to assess the results more positively than their Russian counterparts. The Evaluation Team suggests that it is because that Uzbek enterprises are working from a less developed base than those in Russia.

The following two examples concern advice on adventure tourism (Figure 4) and the provision of assistance to a polymer processing factory (Figure 5), and underscore yet again that the match between the recipients’ needs and the expertise provided is the predominant factor in the success of an ESSN mission. Although the needs of the company asking for advice on tourism are perhaps more specific it was the matched skills of the expert that was conclusive in the final analysis and provided for success or failure.

Figure 4: Summary of Advice Provided to Uzbek Hotelier

Advice on how to develop a market niche in adventure tourism is requested with precise details of requirements.

- a) trips to ancient cities of the "Silk Route"; Mountain trekking; Rafting; Camel safari in the desert; Bicycle tours. Also assistance in enlarging hotel business and supplementary services

Background information.

Determine tourist possibilities for trips to Uzbek cities and adventure tours (mountains, rivers, caves and deserts).

Qualifications of the consultant expected:

A consultant should have worked in tourism and trip organisation.

The expert who was sent to Uzbekistan in January (when it is also deep winter in Central Asia) was a hotel expert who was not acquainted with adventure tourism and did not know any tour operators in this sector. He left recommendations about hotel quality assessment with the recipient at the end of his mission.

The result was that the company was completely dissatisfied with the mission.

Figure 5: Summary Advice Provided to Uzbek Manufacturer

Advice to a Company that processes plastic raw materials into one single product on how to make production improvements.

ESSN sends an expert of whom the recipient says that the co-operation with him was very concrete from the very beginning because "he was not only a specialist in plastics but - more specifically - in polymers (as requested) and he was able to provide very practical advice".

The expert makes several concrete, alternative propositions concerning production methodology which are accepted by the recipient.

Immediately after the end of the first mission, the recipient applies for a second mission which is realised three months later. Expert and recipient jointly develop a conception for investment into new equipment. The expert identifies suppliers in the EU and the local SME DA assists the recipient with getting access to IFC - The International Finance Corporation which is interested in financing the investment.

Result: the recipient is very pleased with the assistance provided and will apply for a third mission once the investment is realised.

Other Tacis Countries

The strong correlation between good matching and positive results of missions is not confirmed to the same extent by the answers to the survey addressing CUs and other intermediaries (See Annex 8). The majority of intermediaries have the view that ESSN experts normally adequately address the requirements of the companies (i.e. there is a good match) but, in their opinion, the results only partially help companies in overcoming their problems (see Table 8). In such cases these problems are often outside the experts' control such as the supply of credit for new business plans.

This would mean that effectiveness is not well served as even a good match (combined with a good expert) does not provide for success in some of the cases. This view could, however, also be influenced to a certain extent by the fact that only Co-ordinating Units and SME DAs which are themselves acting as intermediaries for the ESSN programme have answered the questionnaire. As they bare a good part of the responsibility for the matching process, their attribution of results to single elements of programme implementation could be somewhat biased.

Table 8: Assessment of main ESSN Features by Intermediaries in other Tacis countries

| Questions | Answers | | |
|---|---------|--------|----|
| | Yes | Partly | No |
| Are the experts normally well prepared for the assignment? | 3 | | 1 |
| Do they know enough about the company and the country in Advance? | 2 | | 2 |
| Are the experts normally meeting the expectations of the Companies? | 4 | | |
| Do ESSN assignments actually help SMEs overcome (some of) their problems? | 2 | 2 | |

2.2.2 Qualitative and Quantitative Outputs 1 Deliverables - ESSN Missions

A chapter on the **quality and quantity of outputs** is included at Annex 1. This is summarised below.

The Evaluation Team is convinced that the large majority of senior expert missions is successful. Nevertheless there are clear indicators that there is a wide variation in the quality delivered as well as the level of acceptance. Russia, which absorbs around 37% of the missions, has a large number of unsatisfied customers. In Uzbekistan, recipient of 12% of the missions, the score is excellent. The PIU and Tacis are aware of this problem and have taken steps to increase the parameters for quality control in the terms of reference for the last two projects. Much will depend on the PIU and the expert organisations themselves coming together to meet this challenge.

Whilst the onus is on the provider to ensure that quality is maintained, the Evaluation Team sense an attitude of over expectation on the part of some recipients. Together with an attitude that h/she knows it all, and some agents promising what the project cannot deliver makes the experts' task very difficult. This attitude coupled to overselling of the product is a very dangerous mixture. ESSN must therefore give

closer attention to the identification of beneficiaries. By giving a choice of expert to the recipient, ESSN would diffuse much of the unwarranted and unconstructive criticism. *Tacis should instruct the PIU to carefully review this proposal.* An area which cannot be quantified is the socio-political attitudes particularly in Russia. The sceptics are eager to point out that the ills of the business community are a result of the country embracing a free market economy whilst receiving poor advice. Thus a cynicism towards new ideas has developed over the past two years which has resulted in suspicion and sometimes hostility towards any initiative which does not, 'with the sweep of a magic wand' solve the receiving companies problems.

This should not divert attention from poor quality missions. The absence of statistics, which would explicitly record the reaction of beneficiaries is a problem the PMU has to resolve as soon as possible. The present reporting procedure does not provide adequate information primarily because of the lack of response from the beneficiaries themselves.

Figure 5 summarises an example of a successful mission. This is presented as a short case study in Annex 2. A further case study is presented in this annex which describes the expertise and commitment of a senior expert also working in Uzbekistan in the poultry sector. These examples researched by the Evaluation Team confirm that levels of assistance can exceed basic terms of reference and are a clear indicator of the high quality work delivered by many senior experts.

Quantity of Outputs

The targets and outputs are already described in section 1.1.4. Targets have been and still continue to be bettered, in some instances quite substantially. This is welcome and most of the savings to effect these increases come, we were informed, from shorter missions and possibly the negotiation of cheaper travel. *Whilst we found no evidence to indicate that shorter missions had a negative influence on quality it is an area where the PMU must exercise considerable care.*

We have noted in section 1.1.4, that the provision for ESSN V has dropped substantially and cost effectiveness is now a real issue. It is possible that there will be less than 130 missions conducted under the financial allocation for 1999. The present management team believes that under present structural arrangements they could handle up to 500 expert missions per year. It appears obvious that ESSN has no problems meeting targets. The constraint is funding.

The Evaluation Team views this as an important issue that should be speedily addressed by Tacis. ESSN is implemented in part by member state institutions who also work with national governments. As Annex 1 points out there is missed opportunity here- economies of scale could be achieved not only by increased Tacis funds but by closer co-operation with the member states.

2.2.3 Flexibility, Responsiveness and Monitoring

The Evaluation Team considers that under the facility type approach, there is adequate flexibility in programme design to cope with most eventualities. Equally so this has to be transposed to the programme management. The Evaluation Team has no doubt that this programme has the potential to increase its success rate but needs fine tuning to improve delivery. We have identified several key areas such as matching needs with demand, which requires Tacis and PIU attention.

This improvement needs the joint effort of the programme partners (the PIU and the member state senior services) and Tacis.

Responsiveness is a two way business:

- (i) from the field; the staff, the institutions and the beneficiaries who desperately need a better understanding of what is on offer and ;
- (ii) from Tacis through the PIU to the relevant demands of the same group.

It was clear to the Evaluation Team that those who had given careful and accurate thought to what was on offer and where the response was well researched and prepared, the recipient company could benefit greatly from the senior expert input. **Also, perhaps it should be emphasised more, that this assistance comes with the compliments of Tacis at virtually no cost.** Improvements in delivery are a management matter but needs the goodwill of both the PIU and SSOs.

Monitoring

In general terms project monitoring both internally and externally has fallen short of optimum levels. This is not unusual with the facility programmes, which have suffered with the late start of external Tacis monitoring and scarce resources for internal monitoring

External monitoring of the ESSN programme was first introduced in **Russia** in 1997 when the Moscow based Tacis Monitoring Unit specifically assigned a team of monitors to the facilities. Unfortunately the Evaluation Team found that:

- there is little or no evidence of Tacis having reacted to the monitoring reports so far although the issues which were emphasised by the monitors required in some instances corrective action;
- adverse comments made by the external monitors did not appear to have been passed to the PIU or on to the respective senior expert institutions in all instances.

Reports from external monitors on facilities projects are done on a sample basis because of cost effectiveness. To achieve maximum benefit, Tacis and the PIU should make contact with the monitors to identify areas of concern and maximise their input.

Internal monitoring of the ESSN programme started under the PIU contract in 1996. A task of the PIU manager would comprise - in the first place - to "monitor and evaluate the programme policies, procedures and activities". The present system has to be reviewed but while the Evaluation Team considers it a priority they also understand that it must be done with the understanding of the physical and budgetary constraints. The PIU manager is not bionic, he can only achieve so much.

Before trying to implement new ideas and refocus scarce management time the Evaluation Team suggests that new emphasis be put on existing systems and where possible introduce penalties for non-compliance unless these requirements are met. Much of the monitoring in this situation has to be done by the PIU manager personally during his missions to the Tacis countries and he should concentrate the little time he has available on the supporting documentation supplied with mission invoices and an (en)forced response from beneficiaries who are invited to complete PIU questionnaires concerning their assessment of the assistance provided.

2.2.4 Synergy With Parallel Interventions

Tacis Mainstream SME Projects

The ESSN programme was viewed from start up as being complementary to the Tacis mainstream SME projects and it has been successfully performing as such over the years. Mainstream projects in the SME sector focus on assistance to SME support structures and ESSN offers direct assistance to enterprises.

Yet a random check of the awareness of other Tacis-funded Business support structures and related Tacis projects did not show a high level of awareness of the ESSN programme. It would appear that knowledge of ESSN is contingent on the expatriate expert(s) being acquainted or not with the programme. Neither does there appear a procedure by which Tacis projects are informed automatically about the opportunities the programme offers. When communicating with several SME DAs in Russia for example, most of them claimed to have little information about the ESSN programme.

Overall there is now a need for greater co-operation and interaction between the SME DAs / BCCs and ESSN if the programme is to operate efficiently and information has to be properly disseminated. An intensive training programme is required. Evidence of this is the number of applications submitted by SME DAs BCCs (296) and the success rate of 125 (See table 9). This is an acceptance rate of 42% well below the overall approval rate of 52%.

There is the possibility of a conflict of interest that has to be addressed if the SME DAs and BCCs are to work more closely with ESSN. The principle developed by ESSN of offering free advice is now being questioned. ESSN does not charge fees. Recipient companies are requested to contribute to cost for accommodation, subsistence, local transport and interpreters only. In some instances part or all of these costs are waived.

Tacis has made strong efforts in mainstream SME projects to install commercial practices and charge for their services. This follows the overall logic that each product and each service has a certain price in a market driven economy. To many therefore, it is a paradox that ESSN offers free advisory services delivered by experienced EU experts. *There are, therefore, the seeds of future conflict.* Several directors of SME Development Agencies raised this issue to the Evaluation Team. The response of two agencies to this problem is shown in Figures 6.1 and 6.2 below

Figure 6.1: Response to ESSN Advice by SME DA Executive

The MADE View

MADE, the Moscow Agency for the Development of Entrepreneurship, is one of the most advanced SME support agencies in Russia. Created under Tacis, and provided with Tacis assistance for several years, they are able today to deliver high quality advice to SMES. When asked why the agency did not participate more actively in the ESSN programme, the Director stated that she would create competition to her own consultants in doing so. "Why should I arrange for an EU expert giving advice to one of my clients free of charge when I am selling the services of my own consultants?"

Figure 6.2: Response to ESSN Advice by SME DA Executive

The Voronezh SME DA Response

The Director of the Voronezh SME DA confirms the point of view of the director of MADE. His agency - which was created under a Tacis project in 1994 - has reached a high degree of sustainability today. When asked by the Evaluation Team why he was not interested in co-operation with the ESSN programme, he stated that this would be counterproductive. As he put it: "Tacis experts have been telling me for two years that I must sell the services of the agency to my clients. And now, there is another Tacis programme offering the provision of free services. Where is the logic?"

The Evaluation Team suggests that there is a strong case to review the provision of such free services. Whilst in the present economic climate there is little doubt that SMEs are unwilling and more often unable to pay commercial EU rates, a subsidised system could be considered approximating to the fee rates of local consultants. Whilst little opportunity has developed for consultancy in the NIS and Mongolia country SMEs so far, it is being carefully nurtured by the SMEDAs and BCCS.

There are several methods whereby this situation could be regularised. The ESSN expert could be hired through the SMEDA/BCC with the agency paying the expenses and taking a margin for providing the services and organising the visit. Or the agency could be paid an increased fee for providing the services. Base line cost for provision of services would have to be established which would equate to the local costs. The charge out rate should not be less than the expenses of the ESSN expert .

In addition the agencies should not be given the benefit of use of the ESSN services to give them an advantage over their competitors. Whilst fee rates are kept to local levels local consultants and companies should be offered use of ESSN services if not individually, through the Moscow based consultants association or a similar institution.

We would hasten to add that these are principles to be followed but might particularly in the case of working with local consultants be difficult to implement. It is necessary however that the situation vis a vis the SME DAs and BCCs be resolved as soon as possible. The principle should be that provision of ESSN assistance should not be allowed to distort the local market.

We are dealing with a vast market and it is difficult to generalise but we can observe that:

- there are a good number of SME DAs and BCCs which are successfully assisting the ESSN PIU particularly with dissemination and prospecting for client companies and the ESSN PIU reports and an increasing number of applications from these institutions;
- about 25% of the successful applications now come from this source;
- this participation is stronger outside the Russian Federation as shown in Figure 9.

As the information concerning the spread of applications per SME DA/BCC (see Table 9) shows, only 6 Russian SME DAs/BCCs actively participate in the ESSN programme.

Fees are paid to SME DAs and BCCs for provision of services to the project PMU and these should remain.

Table 9 also provides an analysis of the numbers of applications and approvals received from SME DAs and BCCs in Russia and the other NIS under the ESSN II project. It excludes applications received from co-ordinating units, technical offices and direct from enterprises.

Table 9: Applications versus Approvals per SME DA/BCC in Russia and Tacis Countries. ESSNII

| Agency | SME DA / BCC Applications submitted | SME DA / BCC Missions approved | Overall Missions Completed |
|-------------------------------|-------------------------------------|--------------------------------|----------------------------|
| Yerevan BSC, Armenia | 9 | 1 | 14 |
| Baku Kosa-SME DA, Azerbaijan | 7 | 3 | 14 |
| Minsk BCC, Belarus | 21 | 5 | 75 |
| Georgia | | | 4 |
| Aktyubinsk SME DA, Kazakstan | 5 | 3 | 2 |
| Almaty BCC, Kazakstan | 54 | 23 | 23 |
| Kyrghstan | | | 24 |
| Kichinev BCC, Moldova | 11 | 1 | 14 |
| Ulaanbataar MBDA, Mongolia | 63 | 27 | 34 |
| Moscow MADE, Russia | 3 | 1 | |
| Altai SME DA, Russia | 2 | 2 | |
| Chelyabinsk SME DA, Russia | 4 | 3 | |
| Ekaterinburg SME DA, Russia | 3 | 2 | |
| Murmansk SME DA, Russia | 4 | 4 | |
| St. Petersburg BCC, Russia | 4 | 2 | |
| Tajikstan | | | Russia Total 243 |
| Ashgabat SME DA, Turkmenistan | 5 | 2 | 3 |
| Kiev BCC, Ukraine | 9 | 5 | 124 |
| Tashkent BCC, Uzbekistan | 92 | 41 | 80 |
| Total | 296 | 125 | 657 |

There are two further issues, which the Evaluation Team considers warrant comment:

1. Local and international commercial consultants have been operating for years in the mid to large company sector particularly in the Russian Federation. Therefore Tacis is encouraging conflict by extending ESSN support to such enterprises and should develop a more precise position.
2. Provision of ESSN assistance could be much closer related to the activities of the SME support institutions. If entrepreneurs wish for assistance they will always be able to make some level of payment. Amalgamation and the role of the member state senior service institutions are subjects we discuss in our conclusions.

Tacis Enterprise Restructuring Activities.

Following the decision under the Tacis ESSN II and III contracts to extend the eligibility of beneficiary companies to larger and even state owned ones preparing for privatisation, the ESSN programme must also be viewed as complementing Tacis activities in the enterprise restructuring area. This is however, a critical issue as there is a risk of ESSN interfering into areas which are reserved for other actors under Tacis programmes/ projects as, e.g., TERF - The Tacis Enterprise Restructuring Facility or the Enterprise Support Centres in various regions of the Russian Federation.

The Evaluation Team suggests that ESSN should not unless specifically invited involve itself in this area.

The Productivity Initiative (PIP) and Work Attachment (WAP) Programmes

The ESSN strategy from the beginning was part of the overall strategy for the development of SMEs in the NIS and Mongolia. All three have follow up training and work attachments to the EU. ESSN activities to a certain extent run in parallel to the Tacis Work Attachment programme (WAP) and the Productivity Initiative Programme (PIP) in the area of follow-up training and work attachments in the EU. The Evaluation Team considered the question posed, for cost effectiveness should the ESSN be offered these initiatives under PIP and/or WAP (which will be replaced in Russia with the Tacis Managers' Training Programme in the future).

The Evaluation Team does not believe that the initiatives should be amalgamated primarily because they are programme specific. (For example, ESSN visits to Europe to identify appropriate equipment for investment accompanied by the ESSN expert). Therefore, the Evaluation Team is of the opinion that the facility to organise such trips under the auspices of ESSN should remain.

Conversely, ESSN complements study visits and internships of CIS managers under PIP and WAP. Participants in these programmes are sometimes keen to receive an ESSN expert to assist them in implementing changes once they return to their home companies. Approximately 25 missions on this basis have been organised for companies whose staff have participated in WAP.

Furthermore ESSN can be used as a vehicle to identify applicants for both PIP and WAP. The Evaluation Team found the following relevance:

- Several candidates have already been introduced into the PIP in the past through ESSN and closer co-ordination could increase the number of participants identified through the ESSN programme.
- In many instances however when ESSN assistance was offered, it was not followed through by PIP participants particularly when connected with implementation of action plans.

The Partenariat Programme. ESSN has been involved in the participation of NIS managers in Europartenariat events since the Dortmund Europartenariat in 1995. The skills and experience of senior experts has been used to assist NIS managers in their business dealings with exhibitors and other visitors during the Europartenariat events. This assistance was particularly needed by those NIS managers who had no previous exposure to Western Business culture.

Without the help of their peers from the EU, many of them would not have benefited from the opportunities offered by their participation in the Europartenariat.

ESSN has continued to assist NIS visitors during Europartenariat events since 1995. ESSN experts participated in Europartenariats in Lisbon (autumn 1995), Lulea (June 1996), Genova (Autumn 1996), Athens (June 1997), and Clermont-Ferrand (October 1997). The number of senior experts assisting NIS managers during their Europartenariat visits is shown in table 10:

Table 10: No. of Experts Assisting NIS Europartenerariat Visitors

| Location | No. of ESSN Experts |
|------------------------|----------------------------|
| Dortmund 1995 | 18 |
| Lisbon 1995 | 36 |
| Genova 1996 | 36 |
| Athens 1997 | 35 |
| Clermont-Ferrand. 1997 | 15 |

Interestingly, appreciation of the role of the ESSN expertise followed a similar pattern as with the provision of expert assistance itself. On some specific occasions NIS visitors questioned their specific contribution and felt that they could have contributed more detailed sector advice.

If NIS participation in the Europartenerariat events continue ESSN inputs should also continue on a selective basis.

2.2.5 Multiplier Effects and Dissemination of Programme Interventions

So far, ESSN has not produced strong multiplier effects. A prime reason has been that the promotion of the programme has been curtailed due primarily to financial constraints on the number of participants.

The evaluators can record that they were confronted several times by interlocutors showing strong interest even although they were not yet acquainted with details of the programme. It was also stressed several times during interviews that this programme was exactly what was needed in the CIS to strengthen market oriented management skills in a practical way.

Multiplication comes from increasing numbers equivalent to an increase in finance. Dissemination is through word of mouth from successful missions.

2.3 Management Efficiency

The quality of the management of the programme has evolved perhaps not speedily enough but satisfactorily since the initial foundations laid by the five senior service organisations in 1993. *The Evaluation Team has seen that the effectiveness of management is not only reflected in implementation issues but also in project design. This is clear from the involvement of both the PIU and the senior service organisations in the continuous evolution of the concepts of the programme.*

Tacis itself has reacted to various issues when required. It has:

- contracted management from outside the initial large service organisations when it was prudent to do so;
- responded to the financial constraints imposed on management in ESSN I by introducing a new style of financing facility in ESSN II and
- tightened the terms of reference in ESSN III to respond to criticism of poor expert quality.

Since ESSN II, the programme has been run by a PIU, (originally a Project Management Unit, PMU) contracted directly to the commission. This switch of management from the original senior service organisations to 'outside' management by consultants brought some tension in to the equation, which we have already discussed and will do so again in section 3.

The Evaluation Team favours the use of the outside contractor and the parameters of the present system and will assess the present situation and avoid the details of the past.

2.3.1 Selection and Use of Consultants

The Evaluation Team is of the opinion that the technical assistance provided through the present PIU is used in a most efficient way to support project implementation;

- a small staff of three persons (one of whom is an accountant) is running the programme smoothly and professionally based on very sensible use of modern information technology;
- in addition to managing the programme on a day-to-day basis, the staff are also editing ESSN News, a newsletter that appears twice a year;
- despite time and financial constraints the PIU are able to fulfil almost all their terms of reference.

It is more difficult to precisely assess the efficiency of the senior service organisations implementing the programme, because;

- the mandate to do so is questionable;
- this evaluation does not have the resources to survey a suitable sample of the large number (over 20) organisations involved

The Evaluation Team has observed however, that it varies between services and that participating services that have a large number of staff are more able to prepare missions in a very thorough and careful way. Some of the small participating services are constrained because of their limited resources. Nevertheless the Evaluation Team (see section 2.1.5) on the basis of available information cannot conclude that small size is related to low quality of inputs.

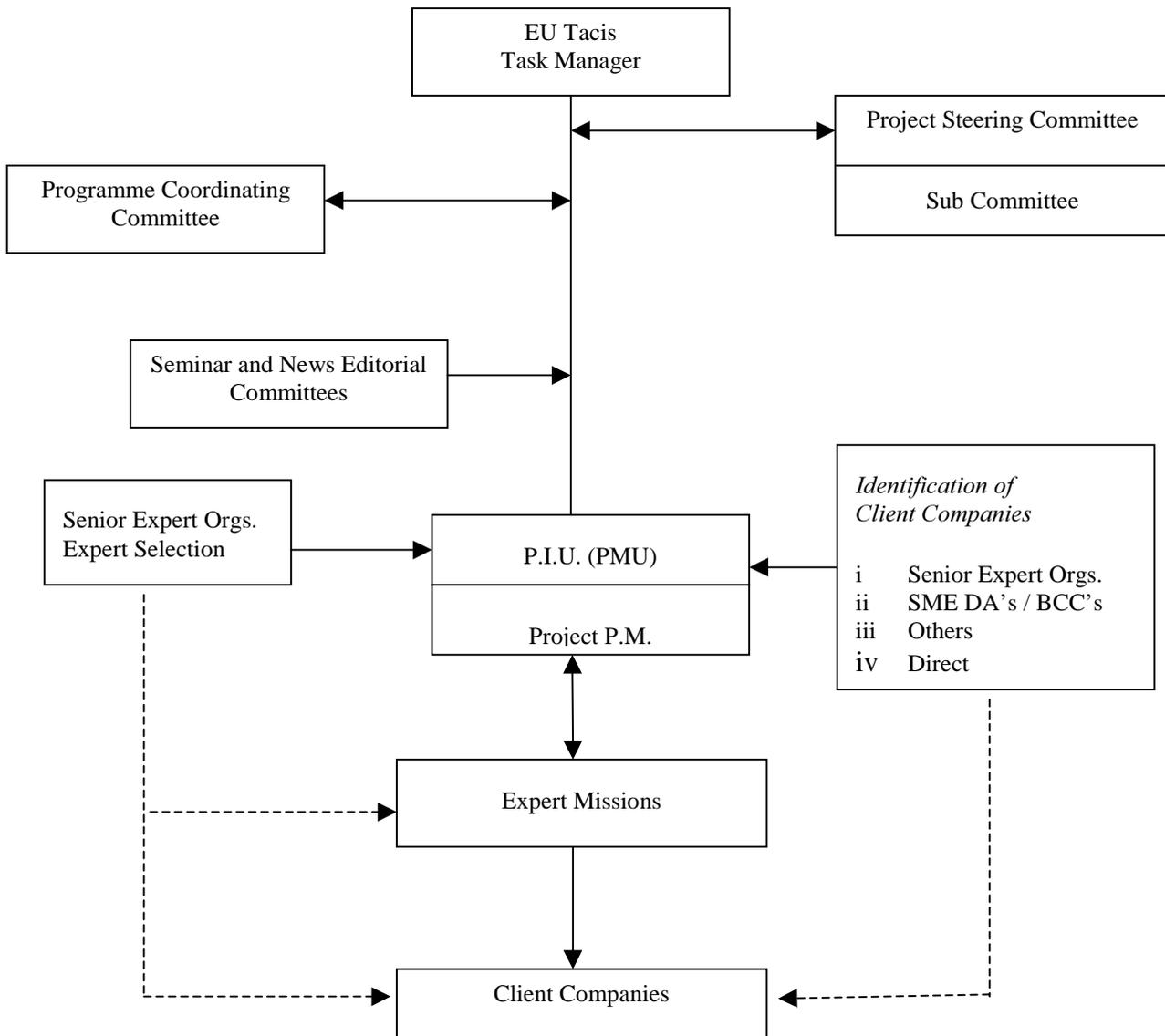
Each individual senior expert is a consultant and we have discussed the importance of expert skills under the matching process. What also must not be forgotten is the ability to transfer these skills.

2.3.2 Efficiency of Implementation

Overall Programme Management Structure

Management of the ESSN programme is complex and of necessity, comprehensive. It involves a considerable number of different players and decision making layers which interact in Brussels, in the EU member countries and in the Tacis countries participating in ESSN implementation. This is shown in the organigramme below,

Organigramme



The fulcrum of the management structure is the Project Implementation Unit (PMU), based in Brussels and reporting to the relevant task manager in Tacis. Annex 3 provides more detail of the membership and the role of the various committees and groups in the structure.

The first major changes to the structure were the introduction under ESSN II of two new management tools

- a Programme Management Unit (PMU) and
- a Programme Payment Facility (PPF)

The Evaluation Team believes that without doubt the introduction of a professionally contracted PMU was the most important development of the ESSN programme. Not only did it introduce independent high

quality management, but it allowed access to the programme from then onward, to all senior service organisations in the EU. In its own way the PPF established another milestone. It established a financial procedure to avoid the agonies of the previous contract where payment disagreements almost bankrupted some senior service organisations.

From 1995 the PIU became responsible for project implementation with the management responsibilities detailed in Annex 3. As the organigramme indicates this included receiving applications from the field and negotiating with the EU senior service to supply the expert assistance.

From the establishment of the PIU in 1995, applications for missions had to be submitted to the PIU, which in principle had to seek the task manager's approval for each mission. (In practice as the PIU matured this was only followed in a few instances).

The decision-making committee is the PSC and the PCC on which Tacis, management and the senior service organisations are represented. *The Evaluation Team believes that this is a sound structure where all the participants can air their views and participate in the strategies and management of the ESSN programme.*

National Senior Expert Services Management Structure.

A crucial area for the Evaluation Team is division of responsibility between the PIU for all global management issues concerning the programme and the Senior Service organisations who are responsible for the selection of the experts and for sending them on location. Thus, once an application is accepted by the PIU, it is attributed to one of the SSOs which is responsible for the preparation and implementation of the mission.

This is a potential fault line.

Present operational procedures rule that:

1. The SSO has to submit the CV of the proposed expert(s) to the PIU for approval and if necessary the Task Manager. The PIU can however still reject an expert if it is of the opinion that the proposal will result in a poor match. The Evaluation Team considers that it is necessary to strengthen central direction of the selection process with the PIU to ensure that the best candidates are selected.
2. Once a mission is terminated, the national service submits its invoice, together with the report and the action plan created by the expert, and supporting documents to the PIU.
3. The PIU checks all the documents submitted and releases the payment to the respective service if the submission is in compliance with the regulations.

Programme Management in the NIS.

Appointed agents identify suitable clients in the Tacis member countries. Representatives of the senior services identify between 65-75% of the present clients. An increasing number of companies are being identified by SME DAs and BCCS. In some Tacis countries (like Mongolia and Kyrgyzstan), the Co-ordinating Units also play an important role in the identification of clients. Although small, the number of direct applications via the internet is increasing. The field representatives are also expected to disseminate information concerning the ESSN programme.

The Application and Implementation Process.

Concern was raised by both intermediaries and recipients concerning the long lead time from application to implementation for many missions.

In too many cases, it took between 6 and 12 months from the application by the company to the arrival of the expert. This happens too frequently and is in clear contradiction of the objectives of the ESSN facility to provide a fast response to the needs of small companies experiencing problems.

Such time lapses must be effectively eliminated from the programme.

A quick response to a request for assistance is one of the key elements for programme success. When the opposite occurs applicants lose interest and may withdraw. An example discovered by the mission was that of the Uzbek agricultural producer who was informed that an expert for harvest issues would be provided in response to his request. The problem was that the expert was scheduled to arrive four months after harvest was completed even though he was requested six months in advance.

Long mobilisation times are not infrequent and this is confirmed by the results of the interviews in Russia (see table 11) and in Uzbekistan (see table 12). Nine company representatives were asked the lead in time in Russia and 12 in Uzbekistan;

- i from the initial application till a CV was presented (those awaiting a mission) and,
- ii from application till the arrival of the expert (those who had participated in a mission)

Table 11: Lead in times for missions – Russia

| N° | Answer |
|----|---|
| 1 | 1st application was sent to ESSN in 1996, there has been no answer for 2 years. 2nd application was filed to AGIR on 11/02/98, CV was received on 04/05/98 (3 months.) |
| 2 | Application was filed through RFC on 20/04/97, CV came on 21/04/98 (12 months) |
| 3 | Applied to ESSN for 3 experts , a fax came 12 months later without CV |
| 4 | Application was filed to EKTI in February of 1997, CV came on 14/05/98 (15 months) |
| 5 | Application was filed through MCCI, CV came 5 weeks later. |
| 6 | Application was filed to NMCP; the consultant came 4 months later. |
| 7 | Application was filed through Tacis MCU; consultant came 3 months later. |
| 8 | Application was filed to ESSN in May of 1996; consultant came 8 months later. |
| 9 | 1st application was filed to ESSN in November of 1997; no answer for 7 months. 2nd application was filed to ESSN in February of 1998; the answer came 3 months later. |

Table 12: Lead in times for Uzbekistan

| N° | Answer |
|----|--|
| 1 | Application not yet in Brussels. |
| 2 | Applied in March, expert arrived in October (7 months). |
| 3 | One month. |
| 4 | Waited many months, made several inquiries why no expert was sent, eventually declined. |
| 5 | Applied in August, expert arrived in February (6 months). |
| 6 | Applied in 1995, expert arrived in 1997 (2 years). |
| 7 | 2 months. |
| 8 | Selection of the expert: 3 months, mobilisation: 1,5 months; total: 4,5 months. |
| 9 | 8 months. |
| 10 | Applied in March, got answer in September that expert would arrive in November, asked for |
| 11 | postponing visit till February, which was accepted (8 resp. 11 months). 2 to 3 months. |
| 12 | Applied in April, expert arrived in January (9 months). |

Such responses can only be considered indicative. The Team had no way of verifying the accuracy of these claims. Nevertheless it is clear that a problem does exist and this was confirmed by the PIU in Brussels. **The PIU has proposed a lead in time of no longer than 5 months.** Applications older than 6 months being considered as obsolete.

The Evaluation Team strongly supports the PIU in efforts to restrict the lead time and reduce it below present levels.

On balance, the average lead time from application to arrival of the expert has been decreasing since programme start up but there are still too many delays. However, the PIU only has limited influence as the identification, preparation and dispatch of the expert lies with the participating senior service organisations. *It is they who have to ensure that lead in times are adhered to. The Evaluation Team suggests that the PIU should have the power to reconsider agreements with organisations who abuse lead in times without reasonable excuse.*

The SSOs give two main reasons for a long lead time.

1. First, the respective service may be unable to work any quicker due to its size and small number of administrative staff. As a rule, it takes these services quite a long time to prepare a mission and to send out the expert.
2. Secondly, the more carefully the selection of experts is carried out, the longer the lead time may become. There are cases where very specific know-how is needed by the recipient company and appropriate specialists are difficult to find. Even large national services may experience problems in identifying suitable experts within a reasonable period of time.

The Evaluation Team feels that this vindicates the proposal that more than one organisation should be asked to fulfil a request especially if the position may be difficult to fill.

Efficiency and Transparency of the Administrative Arrangements.

Due to the number of management layers involved (see above), it is not easy to make and keep the administrative arrangements fully transparent, especially to the client. The ESSN handbook (introduced by the PMU in ESSN II) however clearly explains procedures from the point in time when an expert has been identified and starts preparing for his mission. The reports the PMU periodically sends to the Task Manager provide comprehensive, detailed information on all the important issues of the programme management.

The Team considers that there is less transparency concerning two important steps during the mission preparation phase:

- the decision whether a mission will be implemented under ESSN or under a bilateral programme in which the national SSO is participating and
- the allocation of missions to the participating national services.

The decision whether a mission is implemented under the Tacis ESSN programme or a bilateral programme lies with the respective national service. If a field representative identifies a prospective client, the national service concerned often has more than one source of funding, for example ESSN or a bilateral programme. This situation may conceivably lead to misunderstandings and conflict. Concerns were expressed to the Evaluation Team in Moscow regarding the dual role played by some expert organisations. Although the expert organisations say that recipients of assistance are clearly informed of the funding source there is the opportunity for error.

The Evaluation Team considers that this situation is too open to serious misunderstandings and we will discuss this further in section 3.

Whilst the expert organisations have expressed the view that such a situation rarely occurs, the Evaluators have had this problem confirmed not only by the EU Delegation but by beneficiaries and a representative of an expert organisation. The Tacis monitors repeatedly mentioned in their reports that most recipient companies do not know that the expert mission was funded under an EU programme.

This must be an area of concern and is not new to Tacis. The PIU contract in 1995 states that the PIU would co-ordinate and encourage promotional activities for several reasons. One of these listed was "to avoid confusion in the marketplace between the operations and image of the programme as a whole and those of its individual participating organisations". It would appear that Tacis has not taken appropriate steps to address this situation.

The allocation of missions to the participating services and rejection of applications are issues which causes disquiet amongst several of the national services. The fault line we referred to above.

- they complain of a lack of transparency in the selection process;
- that applications sourced by them in the field are rejected without adequate and transparent reasons;
- the PMU disclosure of information concerning the allocation of missions based on the rotational principle is inadequate.

It is clear to the Evaluation Team that the information flow between the PIU and the participating services is not characterised by a high degree of transparency. The PIU has a well developed information system and the evaluators believe that it would not create a serious problem to provide the required information.

The Evaluation Team can only reiterate that in 1995 Tacis decided to establish the PIU as an independent co-ordinating body with far reaching tasks and responsibilities for overall programme administration and the PIU is only fulfilling its TOR. Tacis made it clear that the recruitment of senior experts and the management of their missions (would) remain a responsibility of each participating Senior Expert Organisation. It was also clearly stated that it intended the responsibilities of the PIU to:

- review every mission application in relation to the eligibility of the beneficiary and the proposed interventions;
- manage the decision making process related to such applications and
- monitor the timely implementation of approved missions.

The Evaluation Team would further note that:

1. It is understandable that the SSOs regard themselves as best suited to organise senior expert missions since they have been running such programmes on a bilateral basis for many years.
2. It is also understandable that Tacis lays specific emphasis on a strong co-ordinating function which makes sure that the overall ESSN principles and guidelines are respected with priority over those of national programmes. This was one of the main reasons we believe why Tacis invited independent organisations which do not have direct ties with any of the mission implementing national institutions, to tender for the Tacis III contract

The tensions that have arisen between some of the larger national services and the PIU result from the different views of the PMU's actual role within the ESSN programme. Although most of the participating services apparently enjoy unspoilt relations with the PIU, the difficult relationships between some of the largest national services and the PIU constitutes a major problem. The Evaluation Team believes that it is diluting joint efforts to continuously improve programme implementation and must be speedily addressed.

Efficiency of Information Dissemination.

Information about the ESSN programme is disseminated both a priori and a posteriori, i.e. for promotional purposes and as an outcome.

A priori dissemination is done at a low level by the PIU. This low key approach results from the serious limitations placed on the number of missions due to Tacis budget restrictions. It would discredit Tacis if expectations among the NIS Business community were raised to a level that could not be fulfilled. The upper limit has been 300 missions per year and that was when the budget was at its highest.

The Evaluation Team see it as a fair reflection of the problem that demand could far outstrip supply but are convinced that controlled marketing would not be beneficial as it would reduce the number of requests from which the most suitable could be chosen. Competition between applicants and the intermediaries in the field would most probably result in an improvement in the quality of applications submitted.

The National Services are paid a lump-sum amount per mission which is meant to include overhead costs of the services including promotional expenses. The Evaluation Team have noted the confusion among the majority of recipients concerning the origin of senior expert assistance provided and have concluded that promotional activities on behalf of Tacis by the National SSOs is weak. The Team has reached this conclusion not only by discussions with recipients and field staff but by examining the promotional literature of the SSOs. The conclusion is that the budget for ESSN promotion through national services could be used much more efficiently than it is at the moment.

Such a low profile approach has resulted in a low level of awareness of the programme particularly in Russia and in the other Tacis countries. Even in countries like Uzbekistan where the programme is actively marketed by a local agent, the vast majority of companies only become aware of the programme when they are directly contacted by the agent. *The seminars that are held by the PIU (roughly 10 per year) certainly reach a small audience in the respective region or country but do not contribute to a broad dissemination of information. Even among business support structures knowledge of the programme is poor despite staff having attended ESSN dissemination seminars.*

The Team addressed, by electronic mail, Tacis established SME DAs and BCCs general questions concerning the programme. The response indicated even here a low awareness of the ESSN programme. Of the 14 agencies who responded, 11 said they did not know a single company having received ESSN assistance. This is somewhat alarming at best.

From their own experience as contractors in the SME development sector, the Evaluators know that it is difficult for Russian SMEs to get any reliable information on ESSN outside Moscow. A random check of the awareness of other Tacis-funded business support structures and related Tacis projects, did not show high awareness of the programme within these structures/ projects either. Even with such a low recognition level the programme is well subscribed.

2.3.3 Financial Management

Efficiency and Transparency of the Financial Arrangements. Financial management of the ESSN programme has been a continuous problem from start up.

The Evaluation Team are of the opinion the commission accounting procedures are not designed to respond effectively and speedily enough to the needs of such a programme. This was the 'bed rock' of the problem. The time consuming reimbursement procedures caused liquidity problems to both the initial contractor and the SSOs. Neither was able to establish a cash flow sufficient to pre-finance a large number of missions. This situation was compounded in the early days of the programme by lack of experience of Tacis invoicing needs and also the initial inability of the commission to amend established procedures to reflect the needs of this programme.

Tacis approached the problem in two ways;

- by creating a new payment procedure 'a Programme Payment Facility' (PPF) which speeded up reimbursement procedures and
- when preparing the tender for ESSN III, clearly setting out the financial structure of the project in order that bidders would clearly understand the cash flow requirements of the programme.

The Evaluation Team interprets this as a restrictive response. It severely limits those who can pre qualify and many smaller but qualified organisations particularly those in the non profit sector were de facto, not in a position to bid. The Team cannot say that this was, because of the in place commission financial regulations, the wrong way forward but it believes that this situation warrants comment.

In effect, invoicing and payment procedures became more transparent and liquidity problems were distinctly reduced when the PMU took charge of the payment process. Introduction of a detailed computerised payment system and a precise cash flow in line with what could be expected from the commission has produced a payment schedule acceptable to the contractor and the participating national services.

The basis structure of the mission related budget is quite simple. It comprises mission overhead costs, reimbursable travel expenses and per diems. These can be summarised as follows;

- (i) a lump sum rate is paid per mission to cover all overhead organisational and promotion costs;
- (ii) SSOs are reimbursed actual travel costs of the expert;
- (iii) the rate of per diems is calculated according to the level of contribution made by the recipient e.g. accommodation, subsistence etc.;
- (iv) SME DAs and BCCs are allowed a fee for each successful client application.

Training and work attachments payments follow the same procedure.

A complication is that each independent organisation has its own internal rules and regulations. The Evaluation Team is of the opinion that there has to be a common system even if some respective expert organisations think otherwise.

Budget Efficiency. The Team has divided the project into four components to evaluate budgetary management. There is a clear distinction between the different areas of implementation particularly when such a large proportion of the funding is disbursed by the PIU to sub contractors.

(i) Programme Promotion and Dissemination. There are no specific budget lines. Allocations are implicit in organisational overheads, news publications and seminar/ workshop costs. Presently the ESSN News has small budget line of only ECU 7,000 equivalent to about 12,000 copies. We have also discussed (see section 2.3.2), if the SSOs use their allocation to effectively promote the ESSN programme. Information provided during field visits indicated that contrary to agreements some National Service personnel actively promote their home organisations whilst on Tacis funded missions.

It is not clear to the Evaluators how much of the mission overhead costs is provided for promotional activities. As far as could be ascertained this approximates to ECU 600 per mission. In the opinion of the Evaluation Team from the interviews conducted by recipients, officials and others;

- Tacis does not receive value for money from this allocation;
- low key policy of dissemination itself is integral to the discussion and the absence of evidence to show how mission promotional allocations are spent, reinforces this view and
- at the very least, national service organisations should be required to report on the promotional aspects of their missions. For this to be done a clearer policy and strategy has to be developed for the recipient identification process.

(ii) Decentralised Programme Management. Decentralised programme management refers to all those activities contributed to programme implementation by the SSOs and intermediaries in beneficiary countries. It covers activities in the area of client identification, the selection of experts, and the preparation of missions (including briefing and debriefing meetings with the experts).

There are 23 National Services involved in the supply of expertise. The efficiency of the funds used for these decentralised contributions to programme management is mainly contingent on the quantity and quality of the services provided by the national services and intermediaries. The Evaluation Team are satisfied that whilst there are bad matches the number of successes is high enough to indicate a positive response to requests for assistance. It is also clear, as has already been emphasised that there are different levels of service between organisations. More often than not it is, in the opinion of the team, the knowledge and people skills of the mission expert that is the defining factor between success or failure. A fixed fee is paid to each service (currently ECU 3,000) for the services of an expert to conduct a mission. This is paid no matter the size, sophistication or back up available from the organising service. It would

appear that the more efficient organisations who expend more time and effort in recruiting and supporting their experts make better use of the allocation than others. This effectively financially discriminates against the more efficient. *The PIU should be able to operate a better quality control system before and during the mission and require pre mission assurances that the organisation is in the position to effectively support the expert in the field.*

The Evaluation Team was pleased to note that on PIU insistence not only were pre mission briefings increasing but that more experts were making contact with the recipient prior to mission start up. From comments in the field this was viewed as a positive development.

The need for improved applicant selection has already been discussed and another area where deficiencies have been identified is in the reporting structure. Too many reports and action plans (some are missing entirely) do not meet basic set standards. The Evaluation Team recommends that the Task Manager gives the PIU maximum support to reject poor reports particularly low quality action plans and thus improve the existing standards.

Overall the varying levels of efficiency using the pre set budgets reinforced the Evaluators opinion that there is the need for centralised quality control which can only be effectively implemented through the PIU. This opinion applies equally to the services provided by the SME DAs and BCCS

(iii) Mission Implementation. The cost of mission implementation is relatively low as no fees are paid to the experts. From figures made available to the Evaluation Team;

- The cost per mission under the ESSN II contract was:
 - excluding** the cost of the PIU was approximately **5,050 ECU**
 - including** cost of the PIU approximately **5,300 ECU**
- The cost per follow-up-training under the ESSN II contract was:
 - excluding** the cost of the PIU was approximately **5,400 ECU**
 - including the cost of the PIU 5,650 ECU**
- The cost per workshop/seminar under the ESSN II was:
 - **excluding** the cost of the PIU was approximately 18,112 ECU
 - **including** the cost of the PIU was approximately 19,100 ECU

The Evaluation Team considers that this is a cost effective programme but there is a disturbing trend evident in the funding for the 1997 and 1998 financial allocations. To maintain efficiency and direction the PIU must be maintained. If we view this as a fixed cost the reducing ESSN budget for the past two years means less missions and therefore higher unit costs. In 1996 the budget was 2.1 MECU, 1997 it was 1.6 MECU and 1998 it was 1 MECU. Cost effectiveness is therefore rapidly being eroded and the discussion above concerning increasing capacity becomes academic. The Team believes that if anything the role of the PIU should be strengthened. Therefore it is difficult to see any reduction in costs. The ESSN 111 budget was 2.1 MECU of which 14% was management costs. The planned project for 1999 (1 MECU) will cater for less missions and the Evaluation Team believe that the cost of the PIU could increase to over 25% of the total budget.

Adding to the concerns of the Evaluation Team is the reducing duration of missions. The TOR of the current contractor allows for a minimum of 14 days and a maximum of 45 days. The average length of the

missions is decreasing. For ESSN II it was 11 days. There is no set formula for length of missions and the only difference to cost is the level of per diem paid. A formula must be introduced to control the number of days spent on mission otherwise this could be seen as a way of decreasing costs for more missions with a corresponding drop in quality.

In the view of the Evaluation Team the most cost effective spending of the implementation budget would be for Tacis to provide funds for training of personnel in the NIS to adequately identify suitable clients. For some, payment of a financial bonus is not sufficient. Some agents are more concerned with quantity rather than quality.

The Evaluators suggest that it is more efficient use of the budget to improve the quality of applications by training prospective agents and intermediaries than to fund a lot of short "fact finding" missions. In addition, there is no evidence in practice so far of subsequent missions being much longer than identification missions.

(iv) Centralised Programme Management (PIU). The running cost of PIU operations is low compared with the cost of similar programme management units within Tacis main-stream projects. It amounted to roughly 10% of the budget for missions, training/work attachments and seminars under the ESSN 11 contract and roughly 17% under the ESSN 111 contract. The increase of budget under the ESSN III contract is mainly due to an increase in fees and other running cost due to the fact that the PIU became part of the Contractor under the ESSN 111 contract.

The Evaluators have expressed the concern however that this satisfactory ratio would appear to be under threat if the budget drops to a level where the number of missions is lowered too far.

The role of the PIU is central to the success of the programme. Whilst the comments made so far are more fine tuning of the programme they require attention and time. It is therefore unrealistic to believe that the PIU could be downsized. With the vast geographical spread of the programme, the opposite is probably the case.

2.4 Impact, Sustainability and Replicability

2.4.1 Overall Impact

It became obvious from the interviews with the recipient companies that the impact on those enterprises which were happy with the match between their needs and the expertise provided, was high. This is confirmed by the comments in Tables 2 and 6 above. Although recorded from conversations and there is no written record, they are diverse and interesting enough to convince the Evaluators of the successful impact if many if not all the expert missions.

The two cases described in more detail above (see the F.a.r.t and the Rovada Cases in Annex 2) provide confirmation of the substantial impact that ESSN assistance can provide. They clearly show that the two entrepreneurs acquired market oriented management skills which were new to them as a result of the expert mission.

The Evaluators believe impact of most ESSN missions is high if and when the mission has been properly researched and prepared and attention given to the following detail;

- the background and the needs of the applicant company have been assessed thoroughly;
- the expert has been selected based on the detailed problem description;
- the duration of the assignment is long enough;
- the expert actually prepares a plan of action at the end of the assignment and
- he/she writes a thorough and comprehensive report which is handed over to the recipient.

The Evaluation has clearly indicated poor impact where mission preparation was insufficient. The number of companies who have requested follow up missions and/or a reining work attachment is also not inconsequential. This is an indicator of the value placed on the programme. Level of impact does clearly vary from country to country with Russia perhaps separate from most, in attitudes to the programme.

2.4.2 Replicability and Sustainability

Replication of the ESSN programme is not a major issue. National service organisations have been operating similar programmes before the Tacis input and could well do so after it is completed. ESSN should be more concerned with replicating quality missions and sorting out its image problem particularly in Russia.

Sustainability of the programme (i.e. continuation of the Tacis programme) is purely dependent on Tacis funding. It is not possible to foresee a situation where the programme would continue after withdrawal of Tacis financial support. The National Services may continue but not under the Tacis banner. The larger organisations have bilateral funding, as already discussed, and industrial assistance as well as some money of their own. Should Tacis decide to withdraw support it would be wrong not to use the project experience to promote an EU strategy. Because of its unique position Tacis could help to promote permanent co-operation between EU National Organisations.

3. FINDINGS AND RECOMMENDATIONS

The evaluation team concludes that ESSN is an appropriate and effective initiative to deliver relevant expertise to the SME sector in the NIS and Mongolia. It is important to recognise that this is the only Tacis instrument, which transfers hands on practical skills from specialists to entrepreneurs on a direct one to one basis. This is a valuable management tool for beneficiaries. In the 5 years that it has been operating there are clear and proven indicators of success and the programme warrants further Tacis support.

It is unfortunate that statistics providing the beneficiaries response to the senior expert inputs are incomplete. *We would recommend that steps are taken to rectify this shortfall as soon as possible.* From our sampling of the mission results we would estimate a 70-75% success rate.

When interviewing USAID officials the team found that they expect a 95% success rate in their senior service programme. They relate their success to continuous site visits by USAID staff during the expert inputs. This is too expensive for Tacis but is an indicator of the need for increased field participation through, we recommend, SME DAs and BCCs.

ESSN operates in a partnership with Member State SSOs. It is not adequately resourced either financially or physically to either identify genuine and worthwhile applications for assistance or monitor the results of the programme. Apart from improving the flow of completed questionnaires there is little more it can do. The PIU therefore should seek more assistance from the SME DAs and BCCs in implementation.

Already they receive a fee for identifying suitable beneficiaries but this needs review. It is necessary that a more precise and increased role be defined in return for fee payments. These organisations could;

1. increase and improve assistance to identify companies which would genuinely benefit from ESSN advice and ensure that their requests are properly documented and
2. monitor the results of the assistance provided by the expert, to help with the need to maintain an accurate record of results.

For this assistance to be worthwhile, the PIU will have to introduce more training of SME DA and BCC staff. A more innovative approach to monitoring should be adopted. *The Tacis monitoring teams have in most of the regions of the NIS and Mongolia locally based, trained monitors who are employed on a part time basis. There is no reason why this expertise should not be utilised on an ESSN training /operational basis.*

In the opinion of the evaluation team project design is well conceived. Quite properly, participation in the programme should be open to all member state SSOs. This means that there has to be, although not for this reason alone, a central independent management point (the PIU) to co-ordinate inputs and to ensure that fair play is maintained in the allocation of resources. To believe that management should be done by a single SSO or group of SSOs is ignoring the obvious.

Tacis has a communal responsibility in this regard and in the opinion of the Evaluation Team is correct to contract an independently managed PIU.

The design is appropriate for both a high level of efficiency and increasing cost effectiveness. It should also bind together the SSOs of all member states and the PIU. Yet it is clear to the evaluation team that tensions have arisen between some of the National Senior Services and the PIU. These have resulted primarily from different views on their respective role within the ESSN programme. Whereas most of the participating services enjoy good relations with the PIU, the difficult relationship between some of the large SSOs and the PIU constitutes a major obstacle to achieve the continuous improvement the programme needs. The evaluation team see the SSOs as a critical part of the ESSN philosophy. Yet Tacis must establish clearer parameters on how they should participate in the ESSN programme.

On this important issue the evaluation team would make the following observations:

- The national services are correct in regarding themselves as the specialists in how best to organize senior expert missions but some are more efficient than others.
- Tacis is correct to put strong emphasis on the co-ordinating function of the PIU to make sure that the overall principles and guidelines are respected and given priority over those of the national organisations. The PIU should be strong but should not interfere into the relationship between the SSOs and their experts.
- All transactions between the SSOs themselves and the PIU should be transparent to avoid the mistrust and suspicion that occurs.

On several occasions the attention of the Evaluation Team was drawn to the potential conflict of interests between the SSOs who also manage bi-lateral programmes and the ESSN programme. For example, when a client is identified, to which funding source is the request directed? Twice the Team faced a recipient company who claimed not to know the funding source for their senior expert. The SSOs are firm in their response that they are impartial and that their data base can adequately cope with demands from both ESSN and National requirements.

Together, the ESSN programme with the SSOs, has produced a dramatic turnaround in many NIS and Mongolian companies. It has also left too many unsatisfied clients. The PIU has the expertise to rapidly close the quality gap. It does not have the mandate or capacity to involve itself in the management of the SSO experts. The substance of the ESSN programme lies with the national SSOs. They hold the key to quality improvement. They must work collectively with the PIU to exchange ideas and experience and accept collective rules and regulations. Otherwise the Senior Service instrument, particularly in Russia will become discredited.

Tacis has to decide whether the SSOs with a dual function can effectively participate in ESSN. Alternatively do Tacis view ESSN as a long or short term programme? If it is the former, the role of the SSOs has to be reviewed as soon as possible.

In order for the programme to provide the speedy high quality assistance described in the terms of reference and improve on the success ratio there are areas that require assessment. In many instances these suggestions are not new to the stakeholders. But, if the Tacis ESSN programme is to fully display its opportunities for development, improvements in design and delivery will have to be initiated. The Evaluation Team considers that the following are relevant:

- About two thirds of the applications come via the SSOs although other sources are increasing. Mutual agreement must be reached between the PIU and the SSOs on the identification and acceptance process of clients. Too many companies in the opinion of the evaluation team see the expert as a magician who can solve their problems. The advice of the expert is to assist **them** to solve their problems. This is not being clearly transmitted to the client in many instances.

- If quality is to be improved the key areas are;
 - (i) the matching process;
 - (ii) the communication skills of the expert (this is too often ignored);
 - (iii) quick lead in times and
 - (iv) a well prepared and researched mission;
- There are five areas of controversy on which the evaluators would wish to comment.
 1. The rotational principle in the choice of experts was introduced to balance the allocation of inputs between the large and small organisations. *The evaluation team recommends that experts must be chosen on their ability and availability.* Quality, which is becoming a major issue, must not be compromised. We would recommend that this system be replaced by a straight request to a short list of SSOs to supply the expert and the final selection be left to the PIU.
 2. There is a division of opinion as to whether a generalist should first mount a mission to identify the specific needs and what expertise is required. This appears to accept that this cannot be done by staff in the field. However, we believe if they are well chosen and trained, field staff should carry out this function. *The Evaluation Team does accept that there is sometimes a need for this type of mission but that it should not be considered the norm. In any instance the decision should be taken on a mission by mission basis*
 3. Whilst the responsibility for the missions and initial choice of experts should be firmly anchored with the SSOs, the PIU is responsible for quality control. This includes feedback on expert's missions to the PMU **and on to the respective SSO.** The PMU should also be firm in raising the issue of poor delivery with the organisation. *The evaluation team also believes that that SSOs must accept that the PIU has the right if need be to reject proposed experts either because a better alternative is available or the person is not properly qualified. In the latter instance we would expect this veto to be used only in exceptional circumstances and after discussion between the PIU and the SSO.*
 4. *Long lead in times such as those over 5 months are not acceptable. The PIU should establish clear parameters and reject any mission that takes longer to mobilise than laid down procedures.*
 5. Unfair competition with the emerging commercial consultancy business must be avoided. The PIU should take steps to put in place some general guidelines to assist field staff in this regard.

The Evaluation team recommends that Tacis review the ESSN budgetary allocations with the recipient governments, if necessary. Present levels of funding are not cost effective. It is unhealthy for the PIU to artificially restrict dissemination of a successful programme. A programme which has the capacity to deliver much needed assistance at SME company level should be directed to prove that efficiency is increasing and if so more funds will be made available. The Evaluation Team can compare this with the PIP and future management training programmes. They certainly have their place but do not substitute the on the job professional transfer of know how.

Finally, the ESSN programme gives an immeasurable boost to EU-NIS and Mongolia relations at grassroots level. A successful mission by an experienced and committed senior expert gives not only good advice but enhances a network of similar business contacts and in the process creates many friends often beyond the recipient company itself. This spin off effect does not require evaluation.

Quality and Quantity of Outputs

1. Quality of Outputs. The ESSN programme has an intrinsic problem of wide differences in quality of outputs from case to case. Both for the national senior service organisations and the PIU it is impossible to control all parameters of success. While the Evaluating Team is convinced that the vast majority of senior expert missions is appreciated by the beneficiaries, the Team found a large number of them not satisfied with the results, in particular in Russia that absorbs 37 percent of the ESSN missions. In Uzbekistan, that receives 12 percent of the ESSN missions the score was much better. Tacis is fully aware of the vulnerability of ESSN in this respect and made quality improvement a central theme for ESSN III. Missions that turn out less than satisfactorily perhaps disproportionately influence the judgements of those who make the budget decisions. While the Evaluation Team believes that ESSN has much to gain from advantages of scale, too frequent negative reports about the senior expert missions would discourage the authorities from investing more in the programme.

2. What is missing, are comprehensive statistics on the satisfaction of the beneficiaries. The PIU has kept, rightfully so, the satisfaction reporting separate from the expert mission itself, but is not receiving sufficient response. In particular Russia is notorious for lack of response on surveys. The Evaluation Team visited more than ten beneficiaries each in Russia and Uzbekistan. This was enough for an understanding of the problems, but cannot replace a comprehensive satisfaction review in the decision whether or not ESSN should be enlarged. The Team also did a survey among 29 regional SMEDAs in Russia but received only 14 answers. Eleven of them said not knowing companies that worked with ESSN.

3. Russian companies are not fully satisfied with the quality of services they were provided by the ESSN experts in quite a considerable number of cases. The main reasons they claim for the mission not being up to their expectations are: i) lack of understanding for the country, the company and its economic environment in which it is operating, and ii) too general advice provided. The degree of acquaintance of ESSN experts with both the general economic situation of the country and the more specific environment within which companies are operating is contingent on the mission preparation by the national services. There are participating senior service organisations that spend a lot of efforts to brief their experts before they start their missions. One organisation visited by the Team had "country officers" and "sector officers", both working with teams of people with recent mission experience that are called in for the briefing and debriefing meetings. This organisation also provided their experts with written material. It also happens in many cases that the participating organisation and/or the expert selected get in contact with the recipient company while preparing the mission. They ask for more detailed information concerning the actual problem the company is suffering from and the concrete assistance that is expected from the expert. However, some other participating senior expert organisations do not lay much emphasis on a comprehensive preparation of the experts and may not have the knowledge and capacity to do so. The national organisations have no system to share their country experience and written

material. The PMU could insist on the presence of formal country briefing documents (in most countries this sort of material is provided freely by the national trade promotion agencies) or make an "inventory" of briefing practices as applied by the different participating organisations. The Evaluation Team believes that the PIU itself should not engage in briefing activities, because this would require additional specialised staff and duplicate work that is already done by the more sophisticated national organisations

4. When it comes to the complaints about the advice provided being too general, several elements have to be taken into consideration. First, the general ESSN philosophy as with regard to the question whether generalists or specialists should be sent out to first missions. Secondly, the selection process of the experts. Third, the result which realistically can be expected by a client from a consultancy assignment. The selection of experts has been discussed extensively in the main report.

5. The PIU and some of the participating senior services are in favour of sending generalists rather than specialists on the first missions. These generalists would then decide what further expertise should be provided in a follow-up mission. However, much harm can be done to the reputation of ESSN in case very specific advice is expected and only general assistance provided (mostly a Russian complaint). The Evaluation Team believes that the emphasis should be on collecting a maximum of information at the application stage and apply a flexible approach when it comes to the mission composition, to be decided entirely by the national organisation. In case it becomes clear during the acquisition process that the expert is supposed to help solving a specific problem, a specialist will be sent. In cases without clear perception of a specific problem, the national organisation may prefer to send a generalist first. When such a mission is presented as a "problem identification mission", the beneficiary will probably appreciate this approach. The difficulty in making this type of decisions can best be understood by looking at some typical problem descriptions as received from the applicants:

- preliminary assessment of the technical quality of products and elaboration of proposals of its international certification;
- search for respectable Western partners able to organise large scale manufacturing and promotion of the product on the world market;
- search for Western clients interested in the elaboration and production of experimental samples and putting into manufacturing scientifically complicated products able to compete in the world market (equipment, technology);
- assistance in applying the technology of manufacturing specific industrial package materials providing the preservation of the quality of goods; advice concerning the technology of adjusting such materials to industrial conditions; organising the manufacturing of special packaging;
- a need in consultants with teaching experience for conducting specialised courses and seminars in accordance with international standards; advice in the preparation of an investment project providing for the constructing of a building for this educational establishment and its commercial use; assistance in searching for a foreign investor for constructing the building;
- the improvement of organisation and technology of a manufacturing process with advice aiming at the reduction of prime cost of production;
- Advice in real estate, in finance management and concerning equipment;
- Advice in the development of transportation services;

- planning of sales campaigns;
- evaluation of sales results;
- marketing studies;
- Revealing the most efficient sales.

6. Rather often, the monitors mention that there is a lack of specification of the outputs expected. They mention, e.g., that "the planned outputs were not specified very well in the application form ",and "there was obviously an information gap between the Contractor, the project partner and the executing expert in respect to the objectives of the mission". Better targeting of the missions would increase the quality of the results. The Evaluation Team is of the opinion that the normal set of mission planning procedures should apply but that, in the case of senior expert missions, the process of setting detailed mission objectives is not always possible. For that reason, plenty of leeway should be created for the senior expert to pursue the path that promises most benefit for the improvement for the enterprise concerned (see F.a.r.t. case).

7. Regarding the results that a beneficiary can realistically expect from a senior expert mission, it has to be taken into consideration that too many companies (not only in Russia) expect that problems can actually be resolved by the consultant. Of course, this is a wrong expectation. In some of the NIS countries, life for private enterprises is very difficult, without immediate solutions available. Moreover, the Western consultant cannot be supposed an expert in these, for him unusual circumstances. The consultant's task is to help the company in better coping with problems by providing him a West European perspective on the problem, but the problem has to be resolved by their own efforts. Thus, a senior expert assignment will normally not produce concrete results in the sense of "problems completely resolved". If the PIU wants to look for better ratings, it should start to put the finger on senior service representatives over-selling the senior services to potential clients. Clients should already be made aware of what they can realistically expect from the assignment in the acquisition phase in order to avoid misunderstandings. In addition to that, the Action Plan for the enterprise will help make expectations more realistic. The Action Plan will make clear that the expert's mission is only the beginning of a series of measures which have to be taken by the management of the enterprise itself to improve the performance of the company.

8. The degree of satisfaction with the quality of ESSN expert missions is generally higher in Uzbekistan than in Russia as with regard to all three issues mentioned above: organizational issues, quality of the assistance provided; and, result achieved. Unlike in Russia, the implementation of the ESSN programme is very much centralized in Uzbekistan. Most of the ESSN assignments are prospect by the Tashkent based BCC (and its regional offices) which was created under the Tacis programme several years ago. The BCC also accompanies the implementation of most missions to a certain extent.

Direct applications are almost always channeled through the BCC. As a rule, the Tacis supported SMEDAs (in Samarkand and Gulistan) and Small Business Advisors (in the remaining 12 regions of the country) prospect and pass applications to the BCC in Tashkent which forwards them to Brussels.

9. Only few representatives of national services are active in Uzbekistan, which contributes to the central role of the Tashkent BCC as an ESSN intermediary. As the BCC is a structure established under Tacis and is proud to present itself as a Tacis supported agency, every applicant knows of ESSN being a Tacis funded programme from the beginning. This apparently also applies for many other smaller CIS countries without important prospective activities of the national services. The recipient Uzbek companies are very happy with the support provided by the BCC. In most cases, they did not have any contacts with foreign companies or institutions before and would be unable to submit an application themselves. The BCC is investing a considerable amount of time in prospecting applications which also leads to applicants normally being quite well informed about the features of the ESSN programme.

10. In general, the Uzbek recipient companies were satisfied with the degree of the expert's understanding of the overall situation of the country and the Business environment. Knowing the quality of the Tashkent BCC, the Evaluation Team would not be surprised if the experts receive a good country briefing in the office of the BCC. The beneficiaries were, normally, happy with information concerning the industry sector and technological development of machinery over the last few decades. As a considerable percentage of experts got in contact with the company before arriving, they were normally quite well prepared with regards to the company's problems. With very few exceptions, Uzbek companies were very much satisfied with the results of the expert missions. Although Action Plans were only written in a minority of cases (like in Russia), many Uzbek recipients wrote down quite a lot of what the expert told them. In the case of F.a.r.t., the entrepreneur even recorded the statements of the expert on audiocassettes. After return, experts assisted the companies by sending them samples of goods, etc. In a considerable number of cases, follow-up missions by the same expert were organized several months after the first visit. This contributed to the development of a good mutual understanding between expert and managers of the recipient company, which sometimes resulted in the Uzbek managers being invited to follow-up study tours to the EU and introductions to European suppliers etc. In two cases of the series of company visits that Evaluation Team made, the ESSN mission resulted in attempts to create a Joint Venture with an EU based company. By the completion date of the present report, funding for one of the two cases seems to be secured and the creation of the JV being imminent. The Evaluating Team is reporting so extensively on the Uzbekistan experience because, in this case, the ESSN was working as it was supposed to. Valuable lessons can be drawn for changes in the programme in countries where ESSN is working less satisfactorily.

11. Quantity of Outputs. The quantity of the missions delivered was far above the contracted targets. While the ToR for the ESSN II planned for 340 expert missions, approximately 540 have been executed of which. Even if one takes into account that part of the training/work attachment budget was used for expert missions, the number of missions completed surpasses by far the expectations. However, the missions were of shorter length than expected. The number of seminars realised corresponded to plan. 183 follow-up training/work attachments were realised involving 266 NIS participants which is in excess of the target of 100 missions for 200 managers.

If the programme was more actively promoted, it is certain that the number of qualified applicants would strongly increase. However, the PMU was reluctant to over-promote the programme in the Tacis countries to avoid a situation whereby large number of valid applications would have to be rejected due to lack of funds. The PMU states that they would be able to manage up to 500 expert missions per year under the current arrangements. The Evaluation Team believes that also the national organizations could realize substantial economies of scale if the ESSN programme would be enlarged. Despite these considerations, the size of the programme is being reduced, creating an even bigger disproportion between overhead and operating costs. The Evaluation Team

Case Studies of Expert Assistance

The F.a.r.t Case - re-orientation of production towards a market niche

F.a.r.t is a small private polymer processing company in the outskirts of Samarkand. Having learn about the activities of the Tashkent based Tacis BCC through a newsletter at the Swiss Embassy, the director visits the BCC in order to find out whether they can do something for him, a small entrepreneur struggling for survival. Quickly they agree on asking for ESSN support in order to help him in improving the quality of his products, which he himself assesses as quite weak.

Once the expert (who has been working in the plastics industry for decades) is identified, he sends a list of questions to the company through the BCC in order to get a picture of what is expected of him. The questions are promptly answered and the expert fills his luggage with large amounts of material concerning polymer processing before leaving for Uzbekistan.

The first talks with the director and the staff show that they are completely unaware of the properties of polymer and polymer fluid dynamics as well as polymer processing techniques. Intensive training on these issues complemented by a careful check of the machines in use follows. All machines were outdated and suffered from serious deficiencies. The expert makes proposals on what to change in order to at least partially enhance the quality of the products. He even visits the machine building plant together with the director in order to make them aware of construction mistakes.

All talks are recorded on a cassette recorder and will help the F.a.r.t staff to very closely follow the advice of the expert. In addition to these records, the expert draws a list of priority activities needed to improve the quality of the products. However, it is clear to him and the director that investment would be needed to distinctly raise quality.

Once the expert departed, the company staff start implementing changes and the director begins looking for funds which would allow him to purchase a new machine. He receives remote assistance from the expert in identifying a suitable machine in Canada and succeeds in settling a lease arrangement with the producer,

Today, the company is producing printed plastic bags, a market niche so far not occupied by any other company. Instead of producing low cost, low profit polymer products for a market strongly contested by Chinese companies, F.a.r.t is now producing higher quality products in an exclusive market niche. The probability is high that F.a.r.t would not have survived against the Chinese competitors who are placing cheap products on the Uzbek market if they had not have discovered a market niche with the assistance of the senior expert.

Rovada – US\$ 8 Million Investment into Poultry Farming

Rovada is an agricultural enterprise near Tashkent focusing on meat production. When the Director decides to diversify into poultry breeding and egg production in late 1996 without really knowing how best to proceed, the Director of the local SMEDA tells him about the ESSN programme. With the assistance of the SMEDA, the Rovada Director files an application which is soon approved by Brussels. Two months later, a senior expert arrives from Austria who is assigned to assist Rovada in developing a concept "for carrying out poultry-farming effectively with a minimum of expenditures".

The first assessment of the expert shows that the Rovada concept is not sound. There is no chance for profitability due to the small scale of the proposed production. Other agricultural companies in the area are invited to join Rovada's poultry-farm project. Then a concept is developed by the senior expert of a poultry farm including a mixed feed production plant. The concept is discussed with the city and the regional administration before being submitted to the national Ministry of Finance. Full support is promised by all administrative layers - however, no funding is available domestically. Rovada therefore asks the expert to assist them in looking for partners for a Joint Venture.

After his return to the EU, the expert identifies suppliers of machinery, feed and specialised construction which are basically interested in a co-operation agreement. The Director of Rovada is invited in summer 1997 to visit similar enterprises in the EU and to discuss the concept more thoroughly with the potential partners. A basic co-operation agreement is concluded in the creation of a poultry producing enterprise on the condition sufficient funds are secured for the investment.

After several months, an institutional investor is identified which is prepared to finance the US\$ 8 million investment project. A further trip is organised to Uzbekistan to clarify contractual issues and to start preparation for the construction of the buildings.

Finalisation of the investment is expected for mid-1999 when a poultry producing enterprise based on Western experience will start its operations in a highly favourable market, at a size which promises high profitability.

ESSN Management Structure

The Programme Steering Committee (PSC). The PSC has an advisory role and is headed by the Task Manager. It is also comprised of representatives from each Consortium member and the EU Senior Experts Organisations. It is concerned with the implementation of the programme in accordance with Tacis rules, the allocation of funds per country, establishing priority sectors, etc.

The Programme Coordinating Committee (PCC). The PCC was comprised of a representative from Tacis and one representative from each Consortium member. The PCC was responsible for screening and selecting applications for senior expert assistance.

Project Implementation Unit (PIU). It was the PIU's responsibility to establish a professional and systematic day to day management system for the ESSN Programme. The PIU was a focal point for project continuity, cementing the functions of the various participants to efficiently deliver high quality inputs. The PMU implemented:

- the instructions of Tacis and relevant policies and strategies;
- close liaison with all European senior service organisations;
- notification of local EU mission of programme availability;
- invitations to senior service organisations to submit applications;
- preparation of promotion materials;
- agreements with the PSC on reporting formats and procedures;
- organisation of general administration procedures.

Project Preparation Facility. The PPF was set up specifically to establish invoicing procedures and simplify the payment process. Costs claims were made to the PPF which decided whether to make advance payments to participating senior expert organisations or not. Mission cost claims were authorised within one week of submission and payment was processed with little or no delays.

Seminar and News Editorial Committees. These committees were set up to assist with the organisation of seminars and the publication of newsletters for the ESSN programme.

Senior Expert Organisations. The Senior Expert Organisations were responsible for the selection of experts by matching applicants' needs to experts' skills. The organisations were also required to brief experts, send them on location and ensure efficient management of these experts. The selected experts were approved by the PMU, after which the Senior Expert Organisation took responsibility for the preparation and implementation of the experts' missions.

Identification of Client Companies. The applications for expert assistance were generally received from three sources. Occasionally other sources were used but not in any significant numbers. The applications were made through SME DA's and BCC's, through senior expert organisations who had representatives in the field or through direct contact from companies themselves.

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| <p style="text-align: center;">EVALUATION OF THE TACIS ENTERPRISE SUPPORT FACILITY GROUP (ESG) PROGRAMMES IN THE NIS Terms of Reference</p> |
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I. BACKGROUND

The Tacis Enterprise Support Facility Group programmes are part of the overall Tacis Facilities Programme. Facilities are meant to simplify and lend support to National Action Programmes.

The Tacis Enterprise Support Facility Group is composed of the following facilities:

- Productivity Initiative Programme
- European Senior Service Network
- Co-operation between Chambers of Commerce
- NIS Europartenariat⁴

1. The Budget

The expenditure breakdown for the Enterprise Support Facility Group is 19.08 MECU for 1996/1997⁵:

- Productivity Initiative 5,91 MECU;
- European Senior Service Network 5.27 MECU;
- Co-operation between Chambers of Commerce 0.82 MECU and;
- NIS Europartenariat 0.66 MECU.

The funding is deducted from the country allocations agreed with each partner country in the context of discussions on their National Programme. The Tacis Management Committee has approved facility allocations from the National Action Programmes for Russia (1996), Ukraine (1996-1997), Uzbekistan, Georgia, Armenia, Azerbaijan, Mongolia, Kazakhstan, Kyrgyzstan and Moldova

2. Objectives and Activities of the ESG

Productivity Initiative (PIP)

The PIP aims to transform the management systems and processes in the NIS and thus support their transition to a market economy. It does this by offering the opportunity of getting work experience in a EU company. A three-month on-the-job training programme and three seminars of one week each (preparatory, introductory and concluding seminar) provides the managers with the knowledge to initiate and manage change when they return to their own company. For the Western EU host companies the programme offers the possibility to establish links with NIS companies.

European Senior Service Network (ESSN):

The objective of the ESSN is to assist individual SMEs and newly privatised companies in the NIS by providing practical managerial experience, know how and skills. Activities encompasses the following elements:

- advice on reorganisation and restructuring of SMEs
- on-the-job training and advice to managers and key staff of enterprises
- advice concerning the introduction of improved management practices and operations
- assistance in the establishment of business to business relations
- organisation of tailored training programme activities within the EU or the partner countries and,
- design tailored seminars for SME managers.

Co-operation between Chambers of Commerce:

The programme aims to contribute to strengthening NIS economies and to facilitate trade and industrial cooperation between the EU and the NIS. Thus the programme enables executive staff of NIS Chambers to make useful contacts and to develop small projects with their counterparts of EU Chambers and to learn from their experience.

The programme is divided into two component :

- the Mercure Programme
- the Chamber Partnership Programme (CPP)

⁴ The Joint Venture Programme which is also part of the Enterprise Facility Group will be evaluated in a separate study.

⁵ The 19,08 MECU comprises also the Joint Ventures Programmes.
The Tacis overall Programme budget in 1996 represents 536 MECU.

The Mercure Programme was organised three times on 92, 94 and 96 budget. The aim of the programme is to strengthen the capabilities of NIS Chambers by enabling them to become important services providers to enterprises in a market setting.

It addresses the following issues:

- how to properly organise a Chamber;
- what are the services to be offered;
- in what way Chambers differ from other SME support institution.

The programme also aims at assisting the Chambers to:

- develop a strategy towards their membership and the supply of services to non members
- identify of the needs of enterprises (members and non members)
- establish their niche in the business services market and their role vis-a vis other business advisory bodies and,
- develop products and services to meet the needs identified.

The activities foreseen to achieve the programme objectives are a programme visit and a training workshop:

The Programme visit consists in a two week visit of members of NIS Chambers to two EU Chambers and a one week visit of EU members of Chambers to one NIS Chamber.

The training component foresees 5 training workshops to be delivered to NIS Chambers. Each workshop last one week. Two are organised in the Russian Federation, two in the Caucasus and one in Central Asia.

The Chamber Partnership Programme (CPP) formed part of the Tacis 1994 Interstate Programme for the development of the SME sector. The CPP is a natural outcome of a successful Mercure and aims at using the positive results of it in a practical and flexible way, encouraging the Chambers to build closer relationships amongst themselves and with their EU counterparts. The Programme allows the EU and NIS Chambers to implement joint projects, which must fulfil at least one of the following objectives:

- to support the establishment of a structural link of co-operation and support between the EU and NIS Chambers;
- to assist NIS Chambers to develop services which meet the needs of business.

13 cooperation projects were selected involving 43 Chambers which received a grant of 30.000 to 50.000 ECU.

NIS / Europartenariat:

Europartenariat aims at encouraging cooperation between industries, services and particularly SMEs. Bilateral meetings are set up in advance between senior managers of potential partners and take place during a two day fair. The objective is to support the potential establishment of trade links between participants in the framework of a cooperation approach.

Therefore, Tacis participation in the Europartenariat enables owners and managers of SMEs in the NIS to make useful contacts with companies from more than 50 companies in Europe. The same scheme was applied in February 1997 within the NIS.

3. Programme Management and Implementation Structure

Each programme is managed by an external technical assistance office.

Productivity Initiative:

Two offices, one in Moscow and one in Brussels, are managing the Programme. The office in Moscow supervises activities related to the selection and the preparatory seminars, which are both handled with the assistance of the State Academy of Management. Specific selection criteria are utilised. The office also takes the responsibility for the promotion of the programme in the INS.

The management unit in Brussels supervises the matching process, the promotion of activities in the EU, it covers all activities relating to logistics and seminars in the EU.

Candidates can be nominated either by an EU-based company or by their own NIS companies. They must always have full support of their own company management and be sufficient senior to be able to take decisions and make changes in their company on their return.

Under the new contract the Moscow and the Brussels Office respond to the same employer.

European Senior Service Network:

The Programme is managed by a Programme Management Unit (PMU) located in Brussels. Financial aspects of the Programme were up to recently being processed by a separate company in the Netherlands. The renewal of the contract to the PMU in Brussels will probably modify the situation with a view to unifying the technical and financial activities within the PMU.

To participate in the ESSN any NIS company may apply directly to the PMU, or send applications to the participating Senior Expert Organisations; or the Tacis SME institutions like Business Communication Centres or SME development agencies in the NIS. The applications are processed by the PMU in co-operation with the task manager. The senior specialists are providing voluntary services and receive no fees. They get per diem for daily expenses. The NIS companies are supposed to contribute to the local costs.

Co-operation between Chambers of Commerce:

Eurochambres, the Brussels based Association of European Chambers of Commerce, manages the ensemble of the Programme following a direct agreement procedure. EU and NIS Chambers of Commerce may directly apply to Eurochambres that selects the proposals in co-operation with Tacis according to specific selection criteria (language, interest, personality of participant...).

NIS/Europartenariat:

Two Europartenariat are organised every year. A contract is awarded to a company to organise the participation of NIS companies in the fair.

NIS small and medium size companies are selected by the National Counsellors. These National Counsellors are in most cases the directors of the Tacis Business Communication Centres. The selection is supervised by the EU contractor which receive the list established by the National Counsellors. Visit to SMEs may be organised to verify the appropriateness of the selection.

II. OBJECTIVES OF THE EVALUATION

The evaluation will mainly focus on the analysis of relevance, complementarity, impact, implementation strategy and management efficiency of the Facility programmes as instruments of EC cooperation.

Therefore the main objectives of this evaluation exercise are as follows:

- a. provide consistent conclusions in relation to overall relevance and appropriateness of the Facility programmes
- b. make specific recommendations aimed at enhancing their impact with regard to:
 - budget allocation
 - approach and selection criteria
 - implementation strategies
 - programmes management and implementing procedures.

III. EVALUATION APPROACH

In order to allow for a clear presentation and feed back, the evaluation report will be presented in accordance with the structure presented below. This structure relates to the different stages of the facilities cycle management.

A. Analysis of the Facility programmes

This section concerns the Facility programmes as a cooperation instrument. It will therefore be relevant to take into consideration the following issues.

Approach and selection procedures

- 1 Analysis of the context and evaluation of the relevance and complementarity

The analysis will be implemented taking into consideration the specificity of the country context in the two selected NIS.

The main elements to be taken into consideration for the evaluation of relevance of programme and projects objectives are:

PIP and ESSN

- private sector reform process with particular reference to the policy and institutional environment,
- the specific issues that are to be addressed at enterprises level
- the appropriateness of selected NIS enterprises in relation to their commitment to restructuring
- the position in the enterprise of the selected managers and their ability to influence management changes
- the appropriateness of EU senior experts in relation to the needs of the beneficiary enterprises in the NIS;

Cooperation between Chambers of Commerce

- Chambers of Commerce institutional reform process

- appropriateness of selected Chambers in relation to their commitment to restructuring and potential ability (position in the market, experience of Chamber officials, rapport with local enterprises) to provide services to enterprises;

NIS /Europartnariat

- Commercial / export potential, and opportunities for joint-ventures of the overall SME sector and of the selected enterprises

Finally, the complementarity and coordination between facilities and sectoral programmes will be analysed.

2 Analysis of the process

On the basis of the outcomes of the analysis of relevance and complementarity, the appropriateness of the following elements will be evaluated,:

- facilities demand driven approach and of the residual level of policy guidance ensured by the Commission
- facilities specific approach (twinning, stages, short term consultancy, fair) in relation to other approaches adopted by Tacis in the framework of private sector development and management training programmes

It will be also analysed the appropriateness of:

- application requirements which allow for selection of best qualified individuals/companies..
- selection criteria and mechanism as far as NIS and EU enterprises, NIS and EU managers, (PIP and ESSN) chambers of commerce and SME are concerned
- the mechanisms put in place to ensure the coordination and complementarity with other Tacis programmes and projects
- the transparency of the selection mechanism
- monitoring and evaluation procedures

Implementation strategies

At this level the evaluation will concern the effectiveness of the implementation strategies in relation to achievements of programme wider and specific objectives. The analysis will concern:

1 the effectiveness of the implementation strategy

The implementing strategies are the following:

- *Productivity Initiative*: a 13 week “on the job training” in Western Europe and a 3 week seminar in the EU and NIS
- *ESSN* : visit of senior expert on the field
- *Europartnariat* : organisation of a two day fair and targeted meetings
- *Eurochambres* : Programme visit in EU and NIS, seminars

The analysis should mainly concern:

- structure and length of the actions
- appropriateness of technical message delivered
- follow up of the initiatives
- application requirements

2 the appropriateness of the technical message with regard institutional building and specific project objectives capacity

Programmes management and Implementation procedures

At this level the evaluation will concern the efficiency of implementing procedures and decision making process and their impact on the implementation of the programme

The contractor should carefully analyse the respective functions and tasks of the parties involved (Commission, Technical Assistance structures based in EU or NIS, Delegation, BCC, etc.). It should analyse the rationale which stands behind this division of responsibilities.

Furthermore the consultant will have to evaluate the efficiency of the technical Assistance structure for programme's administration, in particular:

- the pace of the process from initial screening of application to approval and implementation
- how appropriate and adequate is the level of management costs in relation to project budget (ratio of management costs over project budget)
- are the proportion and the amount of funds used for the various purposes appropriate?
- is the technical assistance being used effectively to support project implementation
- the extent to which information is provided to all the potential programme beneficiaries, both in the NIS countries and in the European Union.
- the efficiency and the transparency of the administrative and financial arrangements applying to the project contractors
- the effectiveness of monitoring feed back

- the effectiveness of programmes results and dissemination

Impact and Sustainability

Whenever possible specific indicators have to be developed to analyse the impact of the different actions implemented within the four programmes.

The evaluation should focus on:

at the level of individual

- acquisition of market oriented management skills;

at level of institutions

- change in the management process with regard to capacity of analysing needs identifying priorities and objectives, formulating strategy, implementing actions.
- improvement in performance (i.e. financial performance for private enterprises and quality of service delivered in case of Chambers of Commerce)

The improvement in the quality of services delivered will be assessed through interviews to customers.

In the case of the Europartenariat the impact will be also evaluate in terms of joint venture/commercial agreement signed and enhanced trade relations.

Furthermore, possible multiplier effects such as an increasing demand and recognition for the need for market oriented management skills or services.

Finally, it will be of particular importance the comparison of NIS partenariat and Europartenariat performances.

Conclusions and Recommendations

The consultant will draw his conclusions in relation to overall relevance and appropriateness of the concerned facilities and will make specific recommendations aimed at enhancing their impact with regard to:

- budget allocation
- approach and selection criteria
- implementation strategy
- the programmes management and implementation procedures.

Lessons learned

The objective is to contribute to a reflection on the future evolution (2000 onwards) of EC cooperation in management training and in developing business link between NIS and EU enterprises.

B. Analysis of the specific actions

A number of case studies will be analysed in depth for each of the facilities. The case studies may concern components of the programme (seminars, training activities, meetings) to allow for an analysis of effectiveness of implementing strategies or single beneficiaries to allow for an analysis of relevance and impact of the programmes.

V. COVERAGE OF THE EVALUATION

Programme

The evaluation will focus on the Productivity Initiative Programme, the European Senior Service Network Programme, the Eurochambers Programme and the Europartenariat. It will also take into consideration, for the analysis of complementarity, other Tacis activities within the private sector development and management training programmes.

Period

The evaluation will focus on 1995 to 1998 programmes.

Country coverage

Two countries within the four proposed here will be chosen for the second phase field visit: Russia, Ukraine, Uzbekistan or Georgia.

V. ORGANISATION OF THE EVALUATION

The evaluation will be organised in 4 phases.

First phase

During the first phase, which will last 1 month, the consultant will have to:

- collect and analyse all the available documentation on NIS reform process, programme management and selection criteria, Tacis sectoral programmes;
- make interview to Commission services, Western Europe technical assistance offices
- identify participants EU/NIS institutions - enterprises - individuals to be interviewed/evaluated in depth in the second phase

- identify actions/events for each of the four programmes (eg seminars, training workshop, 'on the job training' etc.) to take part in and evaluate during the second phase;
- develop indicators to measure effectiveness of implementing strategies and impact
- elaborate the preliminary analysis on relevance, complementarity, appropriateness and efficiency of the management system.

At the end of the first phase the consultant will prepare a report which includes: i) preliminary analysis of the four Programme ii) a presentation of proposed indicators iii) a detailed plan of work for the second phase with mention of events and participants selected.

Second phase

The second phase will last 2.5 months and will focus on visits to the NIS and the EU countries. The consultant will take part in seminars, training, fairs, senior experts visit to NIS company. Indeed, for each programme the consultant will attempt to participate/follow the different steps of the programme. It will also visit and interview EU/NIS institutions, companies, individuals involved in the implementation of the programme.

Furthermore the consultant will meet:

- Technical Assistance office located in Moscow
- the Tacis coordination Units
- the Tacis monitoring teams
- the Commission Delegations in the partner countries

The output of the second phase will be a short evaluation report for each of the action analysed in accordance with the criteria defined in III B and preliminary synthesis of the main conclusions.

Third phase

During the third phase (1 month) the results of phases 1 and 2, after appropriate discussion with the concerned services of the Commission, will be elaborated accordingly to the structures presented below:

- Executive summary (max. six pages)
The executive summary will present a synthesis of main findings, conclusions, lessons learned and recommendations.
- Short description of the evaluation (max. 2 pages)
The short description must provide relevant information on issues such as: coverage of the evaluation, methodological approach, main conclusions and recommendations.
- Background
 - Methodological note (3 pages)
Presentation of evaluation method with regard to evaluation criteria and indicators and organisation of the evaluation process
 - Programmes description and context
Presentation of the programmes objectives, actions, funding and their evolution overtime in the framework of Multi-annual and annual programming exercises. Analysis of the reform process in the sector concerned outlining main achievement in terms of policy and regulatory framework as well as trends in economic performance.

Part two - Evaluation findings and conclusions

Part two will be organised in accordance with the chapter III part A and B":

- Analysis of the Facility Programmes
 - approach and selection procedure
 - implementation strategies
 - Programme Management and Implementation procedures
 - analysis of specific actions

Each chapter will report findings and conclusions

Part three - Impact and Sustainability

Part three will present impact and sustainability findings in relation to the four programmes.

Part four - Overall conclusions, recommendations and lesson learned

- Synthesis of main conclusions

The synthesis of main conclusions will be drawn from the conclusions of each analytical chapter.

- Recommendations
- Lessons learned

Fourth phase

This is the phase devoted to the dissemination of evaluation findings, conclusions and recommendations. At the end of the study two seminars will be organised, one in Brussels and one in the NIS. The consultant will collaborate to the promotion and the organisation of the initiatives and will prepare adequate presentations.

VI. DOCUMENTS TO BE ANALYSED

The following documentation will have to be analysed:

- Action Programmes
- All Monitoring Reports available
- Terms of Reference, technical proposal progress reports and for each selected project.

VII. REPORT PRESENTATION

The consultant will have to submit the following reports:

- a report of the first phase within 1 month from the beginning of the work (English/5 copies);
- a report of the second phase within 2.5 months from the beginning of the work (English/5 copies);
- a provisional synthesis reports within 20 days from the beginning of the third phase, (English/5 copies);
- a final synthesis report 15 days after having received comments of the Commission concerned services (English, Russian, 100 copies).

All the reports have to be delivered on floppy disk and by electronic mail.

VIII. EXPERTS REQUIRED

The evaluation will be carried out by a multi-disciplinary team, the experts of which should have NIS experience.

- man/month

First phase (30 man/day)

Second phase (100 man/day)

Third phase (30 man/day - including final seminars)

- Team composition

The team leader should have the following background:

- senior evaluator with at least 15-20 years of experience, policy analyst and background in macro economic policy.

The team has to include the following expertise:

- SME policy specialist
- management policy and training specialist
- private sector senior manager

11. ELEMENT TO BE TAKEN INTO CONSIDERATION FOR THE PREPARATION OF TECHNICAL AND FINANCIAL PROPOSAL

The consultant, during the preparation of the technical and financial proposals, will have to take into account the following issues:

- kick off and debriefing meetings will be organised in Brussels for the presentation of inception, intermediate and final reports
- cost for the evaluation presentation at workshop will be beard by the consultant
- interpretation and travel cost in Russian Federation will be beard by the consultant
- translation cost will be beard by the consultant

The consultant has to detailed the number of person/day for each of the expert in Russian Federation and in EU.

The evaluation unit will co-ordinate the evaluation study and will provide the consultant with the following support:

- letter of presentation to concerned Commission services, Delegation, Monitoring unit and Co-ordinating Unit
- facilities for the organisation of workshop (meeting room, secretarial services, interpretation whenever needed)

Tender evaluation criteria

a. evaluation study team

The team will be evaluated in accordance with:

- previous common experience in the implementation of sectoral studies and/or evaluation studies
- experience in the concerned fields

- experience in the NIS
- knowledge of Tacis management process

Previous involvement in the design or implementation of ESG will not be eligible

b. methodological proposal

The methodological proposal should follow and complement the methodological approach proposed by the ToR.

c. company experience

The consulting company should have direct experience in the implementation of policy studies and evaluation.

d. Financial proposal

The total number of person/day in EU and in NIS countries will be taken into consideration.

Annex 5.

Evaluation Team Members

| | |
|------------------------|----------------------------|
| Johan de Leede | Teamleader |
| Dr. Manfred Gaulhofer | SME Expert |
| Dr. Rodney Baldwin | Management Training Expert |
| Douglas McLure | Short term Consultant |
| Danil Samoilenko | Short term Consultant |
| Vitaly Bondarenko | Short term Consultant |
| Galina Volostnykh | Short term Consultant |
| Collean Evans de Souza | Editor |

List of People Interviewed

Brussels

| | |
|-------------------|---------------------------------|
| Sven Kjellstrom | Head Tacis SCR/A3 |
| Giovanni Morsiani | Task Manager |
| Gwendolene Vamos | Task Manager |
| Hans Sprokkreef | Task Manager PIP |
| Achille Orzali | Task Manager |
| Maria Smulders | Former Task Manager PIP and WAP |
| Torben Lovenhoj | ESSN Project Manager |

EU member states

| | |
|-----------------|---------------|
| O.P Hansen | Kampsax |
| Heinz Nordsieck | SES |
| Uwe Vieth | SES |
| Willem Zuidhoff | NMCP |
| Van der Ende | NMCP |
| Tony Daponte | Senior Expert |
| Dr Heinz Pammer | Senior Expert |

Russian Federation

| | |
|----------------------|---|
| Mary Hall | Delegation of EC in Moscow |
| Juliet Schofield | Delegation of the EC in Moscow |
| Igor A. Markov | Tacis Coordinating Unit |
| Mikhail Korvyakov | Tacis Coordinating Unit |
| Vasily Malakha | Tacis Coordinating Unit |
| Monica Zabel | Tacis Monitoring Team |
| Geraldine Gibbons | Tacis Monitoring Team |
| David Oldfield | Tacis Monitoring Team |
| Victor Ermakov | President, Russian Agency for Small Business Support |
| Ivan Mishin | Vice-President, Russian Agency for Small Business Support |
| Ms Balyuk | Director, Moscow Agency for the Development of Entrepreneurship |
| Vladimir Rostislavin | Director, Voronezh SME Development Agency |
| Lydia Galkhova | Regional Administration of Tomsk, SME Department |
| Mr. Gavrilenko | Managing Director, Delkont |
| Ms. Tishina | Representative of NMCP |
| Nikolay Vassiliev | CCI of the RF |
| Evgeny P Majanov | CCI of the RF |
| Alexei Perepelkin | CCI of the RF |
| Andreas Reisch | Koordinierungsstelle für wirtschaftliche Beratung an der Botschaft der Bundesrepublik Deutschland |
| Nikolai Gruzdev | Asor Co. Ltd. |
| Irina Shitkina | Elinar Closed Joint Stock Co. |
| Irina Razumnova | Guildia Co. Ltd. |
| Anatoly Pikalov | College for Ecology and Humanities |

Borsi Ivanov
Andrei Souiazov
Andrei Sharmolaikin
Victor Farshtendiker
A. Slobodkin
Victor Mohov
A. Nedvetski

College for Ecology and Humanities
Visavis, small enterprise
Shihovo-2 Co. Ltd.
ZIS-EKRAN Co. Ltd.
Rosmediograph Co. Ltd.
Qua Dialysis Co. Ltd.
Armadillo-Freight Forwarding Co

Uzbekistan

Bakhtair Saddridinov
Nosir Asadullakhodjaev
Peter Reddish
Marc Jessel
Shuhkrat Akhundjanov
Fatima Mukmova
Peter Skytte
Farida Yuldasehva
Ms. Kartashovka
Antonio Kerido
Abdurakhman Azimov
Gennady Odinokov
Mouradkhan s. Usmanovb
Anatoly Primov
Dmitry M. Kasatkin
Akhbor A. Khodjaev
Dmitry A. Giller
Alexey Mikhailov
Sakhid S. Talibshanov
Yuri S. Volkov
Vadim Lisenko

CU
CU
CU
CU
Director General BCC
Deputy Director BCC
LTE Tacis Support to Tashkent BCC Project
SME DA Samarkand
SME DA Gulistan
ESSN Expert
President, BEK, private company
JSC Tashor
JSC Tashor
Director, ERTA Co. Ltd.
Guide, ERTA Co. Ltd.
General Director, Silver Ariadne's Clew
Deputy Director, Silver Ariadne's Clew
BRIZ Co.
ISTAL Co.
Director, GRIFON-V.R. Ltd.
Chief of Technical Department,
BVV Newspaper
Company Director, Charvador Co.
Managing Director, ALOKA A.K
President, ABUBAKAR International Ltd.
Chairman, Vtorma Cooperative
Market Skills Development Centre
LTE Tacis Project Market Skills Development
Centre

Bakhtair Ibragimov
Agzam K. Usmanov
Magomed S. Iskandarov
Botyrion Niyosov
Ravil S. Savirjanov
Enrico Romito

Annex 7.

List of Documents Received

Tacis Contract Information Budget 1993
Tacis Compendium of Action Programmes 1993
Tacis Contract Information Budget 1994, Part I
Tacis Summary of Indicative Programmes 1993-1995
Tacis Indicative Programme Russian Federation 1996 – 1999
Tacis Indicative Programme Uzbekistan 1996 - 1999
Tacis Action Programme for the Russian Federation 1996
Tacis Action Programme for Uzbekistan 1996/1997
Tacis Action Programme for the Russian Federation 1998
Tacis Interim Evaluation – Synthesis Report July 1997
Evaluation of activities in the field of management training in the NIS, Final Report
Summary of Facility Support for the Russian Federation
Summary of Facility Support for Uzbekistan
The Tacis Facilities Financing Proposal Sixth Installment
Tacis Small Project Programmes: Proposed Allocations from 1998 Action Programmes
Final report of Bridging Technical Assistance to the Tacis ESSN Programme Contract (1997)
Final report of Tacis ESSN II contract (1998)
Monitoring reports on 12 ESSN missions monitored by the Moscow Monitoring Team

Sample Questionnaires

1 Questionnaire to SMEDAs and BCCs in Russian Federation

**2 Questionnaire attached to SMEDA's and BCCs regarding
Companies that participated in ESSN**

3 Questionnaire to Tacis Coordinating Units

1. Questionnaire sent to SME DAs and BCCs in the Russian Federation to investigate their assessment of the ESSN programme

**To: The Directors of
SME Development Agencies
Under the Russian Agency for Small Business Support**

Moscow 25 May 1998

Dear Mrs/Mr. Director

On behalf of Tacis, the British Company IPS is carrying out an evaluation of the so-called Tacis Enterprise Support Facilities at the moment. These Facilities comprise the following four programmes:

**The Productivity Initiative Programme
The ESSN – European Senior Service Network Programme
The Europartenariat and CIS- Partenariat programme
The Chamber Partnership/Mercure Programme**

Most of you have certainly already heard about these programmes and some of you probably have been participating in their implementation. As you may know, the programmes are relying to a certain extent on the SME development Agencies concerning the identification of participants in the first three of the above programmes. In the case of ESSN, SME DAs are even paid a success fee for the identification of companies interested in participation.

We know that some of you are actively involving yourselves in these activities in order to further promote their image as a valuable service provider for the local business community. This makes it interesting for the Evaluation Team to hear more about your experience with these programmes. As one of the main objectives of the evaluation is to make recommendations to Tacis for the further improvement of the Facilities, we are also very much interested in your recommendations.

The Evaluation Team would therefore like to ask you, dear Ms. or Mr. Director to assist us in our task by feeding back to us your experience and your comments. By doing so, you will make an important contribution to the improvement of the Tacis Facilities for the sake of small and medium size enterprises in the Russian Federation.

We are joining two questionnaires per programme (except for the Chambers programme) to this mail. One questionnaire is aimed at getting your personal assessment and recommendations. We ask all of you to fill out these short questionnaires.

Those among you who have been actively involved in the implementation of the Facilities are requested to have a talk with one company per programme who have participated in it. This talk should give the enterprise to feed back its experience to the evaluation team. In order to help you in structuring this discussion, we add the second questionnaire.

We would be very grateful to you for sending back the questionnaire as soon as possible to the e-mail address of the Russian Agency for Small Business Support.

QUESTIONNAIRE ON YOUR PERSONAL EVALUATION OF THE ESSN PROGRAMME (please fill in your answers in **bold** and *italics* or write your remarks).

1. In my opinion the ESSN programme is:
very useful to some extent useful not useful
2. I know companies that participated in the ESSN programme:
yes no
3. *Organisational and financial requirements of the ESSN programme are explained to companies interested in assistance from the ESSN programme:*
very clearly more or less understandable unclearly
4. *The main achievement of the programme is;*
5. *The main drawback of the ESSN programme is:*
6. *The following aspects should be ameliorated with the aim of raising the ESSN programme efficiency:*
7. I recommend Tacis to attach to the ESSN programme:
more importance than before same importance as before no attention at all

2. Questionnaire which was also attached to the SME DAs and BCCs in Russia should they know companies which had participated in ESSN to whom they were asked to hand over the present questionnaire.

Questionnaire for those companies that had already participated in the ESSN programme. (3 pages)

This questionnaire is the basis for an interview/discussion.

Please write down the answers given by the interviewed company and send them to :

Either in writing to the fax of the Russian Agency 095 247 6252.

Or by e mail to the Russian Agency (harlamov@ra.siora.ru)

ESSN Questionnaire
The European Senior Service Network

What do you know about ESSN (functions, addresses, telephone numbers, services provision, conditions, sources of information).

1. Please describe the main purpose and usefulness of ESSN experts.
2. Did you get a substantial positive result from usage of the ESSN expert?
 - (a) if the answer is positive could you describe it specifically;
 - (b) if you have not achieved the anticipated result, why did it happen?
3. What was your source of the information on the ESSN programme?

- (a) What was the route through which the official information on the ESSN programme come to you.
 - (b) In the case of the absence of the official information, where and how did you obtain details about ESSN?
4. Did you have personal contacts with ESSN representatives (telephone, fax, e mail?)
 - (a) If not please explain specifically through which mediators you have addressed ESSN or its department:
5. What are the sources from which you learned about the payment terms for ESSN services and what do you know about this issue?
 - (a) What kind of costs related to ESSN services are paid by the European party?
 - (b) What costs are borne by the Russian party?
 - (c) Where, when and who informed you of the opportunity to avail yourself of the *consultancy of the ESSN experts*?
 - (d) Did you get several CVs of experts and have the opportunity to chose the most suitable?
 - (e) How much time was needed to call the ESSN expert?
 - (f) How much time did the expert spend in your company?
6. Were you asked to pay for the expert's services (who, how much and for what)?
7. *When and where did you find out the ESSN was a Tacis ' programme?*
8. *Was the expert who worked with you well prepared for solving the given task?*
 - (a) was the expert informed well enough about you specific problems?
 - (b) If not was the lack of specificity of your application responsible for that?
 - (c) Is it possible that insufficient information was caused by the fact that the translation of the application for the expert was not adequate?
9. Are you satisfied with the results of the expert's work?
10. If you are not satisfied, what are you not satisfied with and what anticipations were not fulfilled.
11. Do you believe as a result of the expert's assistance you managed to solve all the given tasks?
12. In the event your company faces new problems, would you address ESSN again or would you look for other consultants.
 - (a) If so would you follow the same way through ESSN.
 - (b) Or would you use other channels (describe please)
13. What problems did the expert experience while working at your firm?
 - (a) problems with getting information?
 - (b) Difficulties in relations with people (translation, lack of communication, skills etc.
 - (c) Lack of knowledge of the situation in Russia, including the conditions related to the enterprise?
 - (d) Were there problems with application of the previous experience or was it impossible to apply it at all and why?
14. Do you comprehend now whether you were right in formulation of the objectives and tasks for the expert?
15. Was the written activity plan elaborated by the ESSN expert according to the results of his work at your firm?
 - (a) Did you follow the activity plan or make your amendments?
 - (b) Are you satisfied with the results and terms of the activity plan implementation?

- (c) If the activity plan has not been implemented completely or partially, what is the reason for that?
16. General remarks on raising the efficiency of the Tacis and ESSN programmes.

3. QUESTIONNAIRE SENT TO TACIS CO-ORDINATING UNITS

Dear Mr. Team Leader

On behalf of Tacis, IPS is currently carrying out an evaluation of the former Tacis Enterprise Support Facilities Group which is now called the Small Projects Programme.

Two countries have been selected for the evaluation: the Russian Federation and Uzbekistan. However, the evaluation will cover all NIS countries. Thus, we would like to ask you, Mr Team Leader, to assist us in the preparation of sensible conclusions by providing us with some information and your view on some of the Facilities.

More specifically, we would like to ask you for information concerning the implementation of the **ESSN** – The European Senior Service Network and **Partenariat**, the participation of NIS managers in Europartenariat events and the CIS Partenariat.

From our findings in Russia and Uzbekistan, it would appear that the need for and the usefulness of both programmes is varying from country to country. Thus, we would be very thankful to you if you would give your view in the country which you represent Tacis by answering the questions listed below.

Your contribution should help us in better identifying the specifics of the programmes in the different countries and to better assess the usefulness of the continuation of the programme or its replacement by other initiatives.

We would be grateful if you would respond within the next two weeks either by e-mail to IPS@telecall.co.uk (the IPS head office in Bristol attn. Mr Danil Samoilenko) or to gp@gp-graz.telecom.at (the e-mail address of Mr. Manfred Gaulhofer, the SME expert in the evaluation team). Or by fax to IPS Bristol, +44 1179 7324170r to G & P – Dr. Gaulhofer & Partner, 43 316 373837.

Thanking you very much for your co-operation for the sake of improvement of the Tacis programme.

With Best Regards

Johan de Leede Team Leader of the Evaluation Team

Manfred Gaulhofer SME Expert

QUESTIONS CONCERNING ESSN

(In case of multiple choice questions: please give your answer by highlighting your answer in bold if you answer by e-mail or by ticking your answer if you respond by fax).

1. Do you basically see ESSN as a useful programme for SMEs in your country?
YES NO
2. What volume does the ESSN programme have in your country?
A big one A medium one A small one
3. Should the volume of ESSN in your country be;
Enlarged maintained as it is Reduced
4. Would you say that ESSN assignments in your country – on average – produce concrete results in the companies receiving assistance from an ESSN expert?
YES No
(a) if yes, which ones;
(b) If no, do companies just get general advice on how best to manage a company etc? Which other reasons are there for the companies not getting the desired results?
How/by whom are SMEs in your country made acquainted with the existence of the ESSN Programme
By the CU by intermediaries by representatives of ESSN
(BCCs & SME DAs) or a national senior service organisation
5. Do SMEs in your country contact ESSN directly, through an intermediary or are they mainly contacted by ESSN?
directly through intermediaries they are contacted by ESSN or
(CU, BCCs, SME DAs) a national senior service institution
6. Are the experts normally well prepared for the assignment ?
YES NO
(a) Do they know enough about the country they are assisting and the country in advance?
YES NO
(b) If not, to which factors was this due?
8. Do the experts and their work normally meet the expectations of the companies?
YES NO
(a) In case of no: what does not comply?
9. Do ESSN assignments actually help SMEs overcome (some of) the problems of the companies?
YES NO Partly
10. Do you have any recommendations for the improvement of the ESSN programme?
11. Do you have any further comments?

QUESTIONS CONCERNING PARTENARIAT

1. Do you basically see the participation of NIS managers in Europartenariats as a sensible initiative?
YES NO

2. Some people say that the participation of NIS managers in Europartenariat under the Tacis programme is mainly an EU funding for leisure trips for the managers. Do you agree with this opinion?

YES, fully To a certain extent No, not at all

3. Do you think that the participation of NIS managers in Europartenariat is a good means to expose managers from your country to EU business practice?

YES NO

4. Some say that it would be better to provide NIS managers with the opportunity to visit specialised (industry sector related) trade fairs instead of sending them to Europartenariats? Do you share this view?

YES NO

5. Do you know about cases in which the visit to a Europartenariat did not only produce letters of intent but real contracts?

YES NO

If yes, could you name some

6. Some say it would be good to continue to invite SMEs from your country to Europartenariats, but they should pay for it themselves. Do you agree with that?

YES NO

In case of yes, should the EU (Tacis or DGXXIII) continue to finance national counsellors?

7. Is the CIS Partenariat an initiative which should be repeated in the future?

YES NO

In case of yes, in Russia or in other countries too, based on a rotational principle?

8. Would you say that a CIC Partenariat fits better the current needs of SMEs in your country than participation in Europartenariats?

YES NO

If yes, why?

9. Any other comments, recommendations or remarks?