



Canadian International
Development Agency

Agence canadienne de
développement international



Canada and the Baltics Partners in Transition

Canada 

CANADA and the BALTICS

Partners in Transition

**Central and Eastern Europe Branch
Graduation Publication**

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March 2004

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Catalogue No. CD4-13/2004E

ISBN 0-662-36146-6

Printed in Canada

The Gabija Petrauskas Story

During the first few months after regaining independence in August 1991, the three Baltic countries—Estonia, Latvia and Lithuania—faced significant challenges as they embarked on the long process of nation-building. Having been fully integrated with the Soviet Union, these countries did not even have their own currencies, armed forces, diplomatic corps, or banks. In addition, the new requirements of switching to a market economy and preparing for membership in Euro-Atlantic institutions such as the European Union (EU) and NATO, imposed other significant demands.



Back in Canada, Balt-Canadians were keeping a close eye on the developments in their homeland. One such Balt-Canadian was Ms. Gabija Petrauskas, a Canadian of Lithuanian descent and a civil servant in the Government of Ontario. As vice-president of the Lithuanian World Community Association—the international umbrella association for all national and regional groups of the Lithuanian diaspora—and an executive member of the Lithuanian-Canadian community, Ms. Petrauskas was in a particularly influential position to kick-start Canadian involvement in the region.

In 1989, Ms. Petrauskas organized a Canadian delegation to Lithuania to serve as observers to the first democratic elections. Fellow organizers included

Algis Pacevicius, an executive member of the Lithuanian-Canadian community, and Richard Johnston, a member of the Ontario provincial parliament. Subsequently, Ms. Petrauskas was invited by the new Lithuanian Prime Minister to work as his special advisor and help design and implement a program of governmental reforms. The Government of Ontario agreed that Ms. Petrauskas could make a valuable and substantial contribution and offered her a one-year secondment, sponsored jointly with the Department of External Affairs (now the Department of Foreign Affairs and International Trade or DFAIT).

During her time in Lithuania, Ms. Petrauskas identified several opportunities for reform of the central government structure. The lack of central agencies, transparency, and accountability had created an environment that kept the concerns of the ordinary citizen silenced and had resulted in a government that was not openly accountable to its people. It quickly became evident that a major, long-term effort was required to truly reform the structure and culture of the government. Upon her return to Canada, and following the return to power of the reform-oriented government of Lithuania, Ms. Petrauskas re-established contact with the Prime Minister and agreed that Canada's, and especially Ontario's, experience in the area of public administration reform would be welcome. She later proceeded to identify Canadian partners that were willing to help implement this project. The Ontario Public Service and the Institute of Public Administration came forward and with funding from the Canadian International Development Agency (CIDA), the Public Administration Reform project was underway, forming an important part of Canada's 12-year program in the region.

DID YOU KNOW?

In addition to arranging the secondment of Ms. Petrauskas, Ontario Premier Bob Rae was instrumental in arranging secondments for Peeter Mehisto and Janis Eichmanis—both from the Ontario Public Service—so that they could serve similar roles in Estonia and Latvia, respectively.

Balts and Canadians: Working Together for Results



Mr. Peeter Mehisto
(Project Manager, Estonia
Language Immersion Project,
and Canadian Special Advisor
to the Estonian Translation
and Legislative Support
Centre) and Mrs. Auli Udde
(Estonian ministry of
education).

Throughout Canada's program in the Baltics, numerous Balt-Canadians came forward with innovative and worthwhile project ideas. The important role played by the Baltic diaspora in the effective design and implementation of Canada's technical assistance program in the region cannot be underestimated. Highly qualified Balt-Canadians—teachers, engineers, managers, and public servants—offered their time and expertise to help their homeland through the transition process. The shared language and culture helped to build trust, confidence, and durable partnerships which contributed directly to the success of countless projects. It is clear that the Canadian-Baltic diaspora made significant contributions to improving good governance and democratization and in assisting the transition to a market economy.

DID YOU KNOW?

There are approximately 80,000 members of the Baltic diaspora in Canada.

WHAT IS A "DIASPORA"?

The term diaspora refers to the voluntary or forced movement of a people from a homeland to a new region. One of the central characteristics of such a movement is the generational continuity of identification with the former "homeland". In the case of the Baltic states, the diaspora in Canada have managed to sustain language and cultural norms.

Canada in the Baltics

The Public Administration Reform initiative was one of more than 250 projects worth \$54.9 million funded under Canada's Baltic program between 1991 and 2003. The program portfolio was diverse, encompassing a wide variety of initiatives including establishing credit unions, developing language immersion programs, and reforming the criminal justice system. Canadian funding also helped buy cribs for babies in need, it funded a study to help create a viable commercial wild blueberry industry, and it increased computer literacy rates. As all three Baltic countries make the final arrangements to join the EU and NATO in the spring of 2004, Canada is concluding the last of its projects in the

region while CIDA officials are taking a look back and assessing their work. Did the Agency's program properly address the needs of the Baltic countries? Did the program achieve its objectives? And, most importantly, did Canada make a difference?

The Transition to Re-independence

In order to answer these questions, it is necessary to take a look back at the period leading up to and immediately following re-independence. Discontent and outright hostility at times characterized much of the era of Soviet rule in the Baltic countries. Between 1987 and 1991, there were a number of pro-independence demonstrations. The largest of these was on August 23, 1989, when almost half

the entire Baltic population formed a 596-km continuous human chain, from Vilnius to Riga to Tallinn. By August 1991, Estonia, Latvia, and Lithuania had regained their independence.

Faced with the daunting task of rebuilding their countries, Baltic leaders focused first on the basic structural reforms necessary for the development of a market economy and a sound democracy. Switching to a market economy required the new governments to reform the tax system, impose budget constraints on banks and businesses, and restructure public expenditures, among other things. Designing a new democracy demanded a well-functioning legal system, a national constitution, and democratic governance structures. A new focus also had to be placed on the rule of law and respect for human rights.

In attempting to realize this long list of demands for a successful transition, the Baltic states had a number of advantages on their side. Their populations were well-educated and literacy rates were high. Sufficient primary, secondary, and post-secondary educational institutions and health care services existed, although they were somewhat overstaffed and inefficient. Transportation and communications infrastructure functioned, if somewhat inefficiently. Most importantly, a high level of professional and technical competence, both within the country and in other countries including Canada, was readily available and eager to be channelled in the right direction to help with the transition process.

“The magic ingredient that made the transition work was the desire, the will, the vision to transform the ‘top-down, command and control structures’ towards open, accountable, more transparent structures that celebrate, protect, and nurture diversity and productivity”.

Evaluation of CIDA Programming
in the Baltic States
(1992-2003)

Canada’s Strategic Objectives

With the resumption of formal diplomatic relations, the new programming of the DFAIT Taskforce on the newly independent countries in Central and Eastern Europe (CEE) was expanded to include the Baltics. This taskforce was renamed the Bureau of Assistance for Central and Eastern Europe in 1993 and was handed over to CIDA in 1995. In the early years of the Baltic program, the scope of Canada’s contribution was not readily apparent; however, as the program continued to evolve, Canada was able to carve a niche for itself, focusing on those areas where it had the most expertise and where it could have the greatest impact.

Canada’s role in supporting the Baltics’ transition was small and concentrated in a few key sectors. The main focus was on governance and democratization. Two long-term strategic objectives were identified: a functioning market economy, and government structures and institutions able to support market values and democratic practices. These strategic results areas were based on a number of shorter-term goals. In terms of a functioning market economy, these included helping the financial sector meet the needs of the economy, as well as helping establish an effective enabling environment for private sector development. Sound and effective public administration, a restructured public service, accountable rule of law—transparent and predictable for all citizens—and the peaceful and orderly integration of linguistic minorities into society, were key elements of the governance strategic result area. A small number of projects were also directed towards social reform and health care.

While a distinct country program development framework was missing during the early years of the program, several clear results were achieved based on the draft strategy outlined above. These results are linked to Canadian foreign policy priorities and reflect partner and global interests in the region. Additionally, they reflect the three key objectives of CIDA’s program in the region: assisting with the

transition to a market economy; helping to establish democracy and the rule of law; and facilitating Canadian trade and investment links with the region.

Euro-Atlantic Institutions: A Key Goal

As Estonia, Latvia, and Lithuania embarked on their transition process, the underlying foreign policy objective of all three countries centred on joining key Euro-Atlantic institutions, including the EU and NATO. Candidate countries aspiring to join these institutions must have a stable democracy, a functioning market economy, and the ability to take on all the obligations of membership. Additionally, candidate countries must have the necessary structures and policies in place to contribute to peace, security, and stability both within and outside their borders. Canada was one of many other bilateral and multilateral donors that made a contribution towards supporting these goals.

Strengthening Institutional Capacity

Throughout the life of the program, Canada financed a number of initiatives aimed at strengthening the institutional capacity of both the private and public sectors. While adequate institutions did exist, they lacked transparency and accountability. The Baltic Economic Management Training Program (BEMTP)—a multi-million dollar initiative in all three Baltic countries—was one of CIDA's flagship programs for sound and effective public administration. Deemed to be both a timely and an extremely relevant initiative, the BEMTP specifically targeted young, mid-level "high achievers" who were likely to make significant impacts in macroeconomic and public procurement policy. This project is notable for its flexibility in helping almost every individual participant meet their professional requirements through a balance of theoretical courses and practical experience.



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Computer courses offered at the Latvian School of Public Administration are very popular, since the government is increasingly using computers.

**LAWS, REGULATIONS, POLICIES, AND PROGRAMS INFLUENCED BY
BALTIC ECONOMIC MANAGEMENT TRAINING PROGRAM (BEMTP)
GRADUATES—1992–2003¹**

MACROECONOMIC POLICY		
Lithuania	Latvia	Estonia
<ul style="list-style-type: none"> • Privatization Law • Competition Law • Commercial Banking Regulation • Import-Export Regulation • EU Integration • Law on Securities Market • Law on Investment Companies 	<ul style="list-style-type: none"> • Economic Reform Strategy • State Audit Office • Statistics Law • Debt Management • Insurance Supervision • Central Banking: Personnel Policy • Central Banking: Derivatives • EU Integration • EU Standards in Commercial Banking • Foreign Aid Coordination 	<ul style="list-style-type: none"> • Public Service Reform • Privatization • State Audit Office • Securities Law • Mutual Fund Law • Agricultural Strategy of Estonia • Strategy on Regional Development • EU Coordination System in the Estonian Ministry of Finance (for finance ministry participation in the EU decision-making process and for the administration of documents)
MICROECONOMIC POLICY		
Lithuania	Latvia	Estonia
<ul style="list-style-type: none"> • Energy Regulation • SME Law and Strategy • EU Integration in Agriculture 	<ul style="list-style-type: none"> • Public Procurement • Insurance Supervision • Capital Investment Projects • Transportation Investment • Energy Regulation • European Foreign Investment Projects 	<ul style="list-style-type: none"> • Public Procurement • Labour Force Policy • Transportation Economics • Fisheries • Local Government • EU Integration in Transportation • WTO Accession in Agriculture • EU Integration in Agriculture • Insurance Law • Veterinary Law • Law on Food Products Industry

1. 1992–1996 data from E.T. Jackson and Associates Ltd., BEMTP Monitoring Report, July 1996, and Baltic Evaluation Mission, 2003.

DID YOU KNOW?

Some of the faculty from the Baltics that were involved in the BEMTP are now working with Dalhousie University on the multi-year tripartite Canada-Ukraine-Baltic Economic Management Training Program, financed by the Ukraine desk at CIDA. An interesting example of project sustainability!

Another form of institutional capacity-building involved helping instil confidence in the financial system. One of the success stories in this area was support to the credit unions in Latvia and Lithuania. Credit unions were established in both countries to improve access to financial services in rural areas and for specific targeted groups such as farmers and small business owners. Besides the financial

component, credit unions serve to enhance feelings of financial empowerment, entrepreneurial spirit, local ownership, and rural community development. In Latvia, the major achievement of the project—in addition to establishing and expanding credit unions—was the passage of the credit union law and securing deposit insurance coverage for all credit unions. Based on the support provided, the credit union network has grown in number from 8 in 1998 to the present total of 27. The actual number of members has reached 15,549 which surpasses the 10,000 originally planned.



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A teller at the Railway Workers Credit Union gives a loan to a member.

Making the Cut: WTO Accession

Preparing to join an international organization—whether the EU, NATO, the Organization for Security and Co-operation in Europe (OSCE) or the World Trade Organization (WTO)—requires a lot of planning, organizing, and implementation of reforms. Frequently, fundamental changes to various policies and procedures are a prerequisite for membership. When the three Baltic countries made bids to join the WTO, there were few skilled trade policy experts available to make the necessary assessment and policy changes to comply with WTO obligations and prepare for membership. As a result, programs were implemented in Latvia and Lithuania to help them take these important steps.

Because one of the major requirements for joining the EU is compliance with the provisions of WTO agreements, much importance was placed on the effective delivery of these WTO accession initiatives. Specific training was provided on the WTO framework, including the agreements, institutions and disciplines, issues of bilateral and regional trade agreements, and the broader impact of international trade agreements on domestic considerations in areas such as technical standards, environmental protection, labour standards, land use, and health and social services. In addition, training seminars addressed the international and national implications of obligations under the General Agreement on Trade in Services in key areas such as telecommunications, and financial and professional services. Canadians travelled to the Baltics to share their expertise and also invited a number of Balt participants to conduct study tours in Canada.

DID YOU KNOW?

Latvia was the first of the three Baltic countries to join the WTO in February 1999, followed by Estonia in November. Lithuania joined in May 2001.

Making the Grade: MBA Development in Latvia



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Namejs Batraks, the entrepreneurship instructor, teaches a class at the Riga Technical University's Riga Business School, where a North American-style MBA program is offered in English. Namejs Batraks grew up in the Toronto area, where he attended a Latvian high school. He moved to Latvia in 1991.

As Canada began its international assistance program in Latvia, it became clear that the country would need a high-calibre group of middle- and senior-level managers and entrepreneurs to help the country make the successful transition to a market economy. These managers and entrepreneurs would need to receive special instruction in fields such as business skills, market economics, and language training. The MBA Faculty Development Program was subsequently designed in cooperation with the University of Ottawa, the State University of New York, and the Riga Business School (RBS) at Riga Technical University.

The MBA Development project was based on the "train-the-trainers" concept. The overriding objective of the project was to develop the skills of the Latvian faculty at RBS so that they, in turn, could develop and deliver an effective, quality MBA program. An additional benefit of the project was the development of linkages between the business communities in Canada and Latvia, providing a basis for future commercial opportunities.

DID YOU KNOW?

RBS was the first business school to be accredited under the new Latvian legislation that went into force in 2001.

The project encompassed two distinct parts: the delivery of MBA courses in Latvia by Canadian faculty, and study terms in Canada for the Latvian professors. During their time in Riga, the Canadian professors taught an average of six MBA courses per year and conducted both teaching/writing seminars and joint business-university pedagogical case development activities. This arrangement allowed the Canadian and Latvian professors to team teach the courses and update the MBA curriculum to meet contemporary demands as they went along. During their time in Canada, a number of Latvian professors undertook studies in the MBA program at the University of Ottawa, while others participated in business internships or teacher training. Their involvement in these programs prepared the professors to deliver a quality MBA course upon their return home.

The MBA Development Project was one of the most successful CIDA projects in the Baltic region, the success of which can be measured by the achievements of the graduating students. RBS alumni hold key positions in some of the largest local and international companies in Latvia. In fact, over 70 percent of them are either assistant directors or directors. Not only do the graduates recruit new students, but they also give guest lectures that provide a practical, local business perspective in the school's MBA classes.

"RBS gave my career a real push ahead. During the last three years, I moved from an IT manager position at Aldaris to that of Director of Finance, Information Technology and Quality Assurance. Then, I was invited to work in a managerial position at Baltic Beverage Holding in Stockholm, Sweden. This company operates in eight countries and is seventh in the European beverage business".

Germans Epsteins, Class of '99

Transforming Legislation

Canadian contributions were also directed at helping the Baltic countries establish a rule of law that is accountable, transparent, and predictable for all citizens. All three countries needed a well-functioning legal system able to enforce the rule of law, protect human rights, and ensure respect and protection for minorities. In addition, legislation had to reflect democratic norms and standards.

An urgent step for the Baltic states involved harmonizing national legislation with EU legislation (known as the *acquis communitaires*)—an EU membership obligation. Successfully translating large amounts of primary and secondary legislation from English and French into their national languages continues to pose challenges for all three Baltic states; however, Canada played an important role in helping them make significant headway.

DID YOU KNOW?

As part of the legal reform projects, the three Baltic countries learned how to develop new vocabularies for EU and NATO terminology. For example, “interoperability” is “savietojamība” in Latvian. The business term “economies of scale” is “apjomradīti ietaupījumi”!

In Latvia and Lithuania, the judicial and criminal systems also required considerable changes. The institutional structure of the prison systems, including the criminal and penal codes, had to be changed fundamentally from the old “command and control” style of the Soviets to a more integrative and restorative approach. Although the reforms were slow to happen, the institutions are now exercising far greater independence and have changed their whole approach to prisoner treatment. Of particular interest are the revisions made to criminal procedure code and the



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Liina Keskula *right*, Director of the Estonian Translation and Legislative Support Centre, and Merit Ilja. The centre employs more than 65 professional, managerial, and support staff who work on such translation projects as the translation of more than 50,000 pages of the EU legislation into Estonian.

The Panevezys Women's Penitentiary

Panevezys is the only women's prison in Lithuania. During the communist days, life in the prison was very harsh and unforgiving. Daily prison life was run military-style with severe punishments for misbehavior. Overcrowding was a constant problem and prisoners had no possibility of parole or probation. But, with the help of CIDA, the Lithuanian Ministry of Justice, Correctional Service Canada, and the Canadian probation institutions, life in the prison is now a little easier.

DID YOU KNOW?

During the 1980s, there were about 1000 women housed in the prison at any given time. Today, that number has been reduced to under 400.

In February 1999, an agreement was signed between Correctional Service Canada and the Lithuanian minister of justice to implement the Canadian-Lithuanian Criminal Justice Project. A national working group was convened, on the initiative of the Lithuanian government, to develop a new criminal code based on the concept of "restorative" or social-based criminal justice. This new legislation has led to significant changes at the Panevezys penitentiary. Social workers now visit the prison regularly to counsel the prisoners, psychological services have been made available, and women now have the opportunity to improve their education and job skills while serving their sentence. All of these initiatives have been designed specifically by the Lithuanian government to facilitate the successful reintegration of the prisoners into society once they have been released and to reduce the number of reconvictions.

DID YOU KNOW?

There are now more than 100 volunteers, mainly women from the local community, running programs at the Panevezys prison. Some are teaching prisoners how to sew while others are teaching them how to cook nutritious meals and manage their finances. In addition, community groups are now visiting the prison to perform plays for the prisoners or display art exhibitions. These initiatives help make the prisoners feel like a part of the community and helps teach them important social and communication skills.

creation of an alternative, less harsh penalty for minor offences in Lithuania, and parole in Latvia. Special programs were designed for juvenile delinquents in both countries and for women prisoners in Lithuania. In addition, new strategies to reintegrate inmates into the mainstream of society have been implemented.

Correctional Service Canada and the Association of Universities and Colleges of Canada (AUCC) have made a significant contribution to the legal reform projects in the region. The Canadian focus on

community corrections has helped broaden thinking to include not only minimum prison rules and physical conditions but also to consider community-based corrections. The relationships built during the course of the projects are expected to have a long-term impact based on the sharing of ideas and expertise.

Integrating Linguistic Minorities

Several CIDA-funded projects concentrated on social integration, including the peaceful and orderly merging of linguistic minorities into society. Here,

Canada had a particularly powerful role to play, as a notable world leader in the area of multiculturalism and second language education. In the mid-nineties, the Estonian and Latvian governments committed themselves to support programs aimed at providing their minority-language populations with an opportunity to achieve fluency in the national language and provide them with more opportunities to participate actively in the economy, political structures, and in society. Enhancement of language training for non-Estonian and non-Latvian speakers was also identified as a critical criterion for EU accession.

It was quite evident by the mid-nineties that second language teaching strategies in Estonian and Latvian schools were inadequate. The majority of students

graduating from Russian language schools did not have a sufficient grasp of Estonian or Latvian to pass the national citizenship exams. In Latvia, many non-Latvian speaking residents chose not to apply for naturalization because of fear they would fail the language and history exams. Recognizing this need for language training, CIDA designed several immersion and second language programs, focusing on improving teaching methodologies and increasing the number of qualified trainers, to help alleviate these problems.

Most of these projects achieved high grades for their good project design, solid and equal partnerships, and effective capacity building mechanisms. They frequently involved a discrete and direct transfer of

Immersion Training in Estonia

Integrating Minorities: Immersion Training in Estonia

When CIDA was asked to support the development of an Estonian-language immersion program in 1999, almost one-third of Estonians could not speak Estonian, the national language. This was due in large part to the presence of a large community of ethnic Russians who had settled in the north-eastern region of the country and in and around the capital, Tallinn. When Estonia was still part of the USSR, these ethnic Russians were sent to Estonia as part of Soviet efforts to “Russify” the region. Following independence in 1991, many of these Russian-speaking citizens chose to remain in Estonia; however, most did not possess the fluency required to successfully pass Estonian citizenship exams.

FAST FACT

In 1994, it was estimated that over 450,000 people in Estonia, or 30 percent of the population, would require language training in order to be eligible for citizenship!

As an important criterion for accession to the EU, Estonian language training for non-Estonian speakers became a critical area of focus and a means for upholding the right of Russian speakers to participate fully in Estonian society. Canada, as a world leader in the field of language immersion, was seen as an excellent source of expertise. The Estonian Language Immersion Project was subsequently implemented, with the help of the Estonian ministry of education and the Toronto District School Board.

DID YOU KNOW?

Immersion has been used effectively in Canadian schools for over 30 years, helping Canadians to achieve fluency in a second language while retaining native language competence and cultural identity. Many countries such as Finland, France, and Spain have established immersion programs based on the Canadian model.

Immersion Training in Estonia (cont'd)

Canadian assistance throughout this four-year project helped Estonia begin the process of establishing a national program of Estonian language immersion by instituting a pilot program in four Russian-language schools for grades one to three, and by laying the groundwork for the continuation of the program by the Ministry of Education in grades four and above. Project activities included training teachers, teacher-trainers and administrators; developing curriculum and teachers' manuals; establishing a support network among parents and other stakeholders; and developing academic and research links with Canadian schools and immersion teachers.

Project Milestones:

- Estonian educational planners have taken the necessary steps to establish an early and mid-level immersion program in Estonia.
- An Immersion Centre has been established, housing the appropriate knowledge, skills, and expertise to coordinate and promote immersion programs in Estonia.
- Interesting and challenging curriculums have been developed by Estonian teachers for use in the classroom.
- All students in grades one, two, and three of the immersion programs have successfully passed to the next grade.
- Four additional schools have started to implement immersion programs.



This Estonian-language immersion class is hard at work, learning about body language and facial expressions. These children, who have been in the immersion program since kindergarten, have been asked to provide stories to support pictures of individuals, exhibiting a range of emotions.

Canadian skills and technology, including how to teach and manage immersion programs, how to prepare and deliver language training programs for both adults and children, and the supplying of worksheets and textbooks. In Latvia, CIDA-funded projects, in cooperation with the United Nations Development Programme (UNDP), concentrated for the most part on teachers of Latvian as a second language who are employed at minority schools, vocational schools, and universities.

Helping the Disadvantaged

In the rush to reform Baltic economic systems and governance structures, focus on the social impact of transition has been delayed. Baltic governments have all recognized the need for the transition from institution- to community-based health care systems and for reorganizing the social security system, including the pension system and social insurance. CIDA's contributions have involved policy reform,

The Haabersti Clubhouse

For several decades, Estonia, Latvia, and Lithuania had a highly institutional approach to the care of people with disabilities. Disabled persons were confined to institutions and there was little effort made to integrate the disabled into the mainstream of society. Recognizing the need to protect the human rights of all their citizens—including protection from discrimination on the basis of a disability—all three countries, with the help of the international community, have taken steps to reverse this trend.

The story of the Haabersti Clubhouse in Estonia is a success story worth celebrating. This clubhouse, developed with the help of Canadian mental health experts, is a drop-in centre for the mentally disabled and the first of its kind in the Baltics. Approximately 60 mentally disabled adults frequent the clubhouse for nutritious meals, skills training, and social activities. Also offered is a day program offering educational and vocational activities to persons with serious mental illnesses. Each member of the clubhouse has a specific role to play, helping the centre operate effectively on a daily basis. These roles provide members with new responsibilities and challenges and also makes them a tangible part of the team. The Department of Social Affairs for the City of Tallinn has taken over the administration of the clubhouse, including all financial obligations, assuring its continued success for many years to come.



Members of the Haabersti Clubhouse enjoy a singalong.



A member of the Haabersti Clubhouse.

Check it out and see for yourself!

www.camh.net

The development of community-based services and support systems for the disabled has greatly improved the health and quality of life for persons living in institutions. CIDA's Community Mental Health Services Development Initiative in Estonia, Latvia, and Lithuania has helped this process by supporting the development of national level policies that enhance community-focused care, as well as the development of practical models for special needs housing and related community-focused care for people with mental illnesses and disabilities.

capacity-building at the governmental level, and the building of technical expertise through curriculum development and training. The success of Canadian expertise in developing community-focused mental health systems and reducing the number of Soviet-era psychiatric hospitals and long-term care facilities

has even led to the possibility of creating similar tripartite projects with the involvement of Canada, the three Baltic states, and other countries in the region.

Another area where CIDA has made a difference in helping the disadvantaged members of the Baltic

community, focuses on the Canada Fund for Local Initiatives (CFLI). This fund finances small projects which provide technical, economic, educational, cultural or social development assistance to local populations. For example, a CFLI project in Latvia, implemented in cooperation with the Centre for Street Children from Socially Vulnerable Families, helped buy sports equipment for young offenders. Sports activities, which had been discontinued after independence due to a lack of funds and organizational difficulties, have now been reinstated. In Estonia, the first supplement of a local newspaper was published with the help of a CFLI grant. The goal of this grant was to help Russian-speaking residents in northeastern Estonia integrate more fully into Estonian society. The supplement is still published, addressing a large variety of topics, and has become very popular. From its inception in 1993 to the year 2003, the program has distributed, on average, \$150,000 per year in grants to the three Baltic countries.

Regional Programs

CIDA's regional and sub-regional programs tended to complement the bilateral programs in the three Baltic states by funding largely responsive initiatives not explicitly covered by the bilateral programs. These include the Partnership for Tomorrow program administered by the Association of Canadian Community Colleges (ACCC), the Strategic Information Management Program (SIMP), as well as programming by a number of Canadian organizations such as the Canadian Executive Service Organization (CESO), the Telecommunications Executive Management Institute of Canada (TEMIC) and Canada World Youth (CWY).

An example includes CESO, which, since 1991, has sent more than 400 volunteers to the region. They have had a positive influence in the country by introducing new practices and skills such as a novel line of production in metal works, accounting in the



© CIDA/Stephanie Colvey

A new mother in Lithuania prepares to put her baby down for a nap in a new crib donated by a Canada Fund grant.



Mr. Alfonsas Rudys, *standing, right*, Director of the Vilnius Secondary School “Lietuviu Namai”, with Asta Nazarivaute, *standing, left*, computer teacher, and two students. The computers were donations from the Canada Fund and have labels noting funding from CIDA. Ms. Nazarivaute is herself a graduate of the school.

privatization context, bank debit cards, and improved managerial skills in hotels and restaurants. Since TEMIC began programming in the region, 15 middle and senior level managers from government and private sector institutions in Estonia, Latvia, and Lithuania have participated in the organization’s management seminars. These seminars serve to transfer Canadian management expertise. Between 1996 and 2001, CWY worked in partnership with the Estonian Youth Centre and Ontika Development Centre to undertake four international youth exchange programs. Approximately 40 Estonian youths and an equal number of Canadian youths embarked on successful work placements and educational activities focusing on small business, democratic development, and the strengthening of community-based organizations.

Lessons Learned

The Aid-Trade Nexus

Establishing Canadian commercial links in the region and promoting investment were cited as important subsidiary objectives of Canada’s Baltic Program. They shaped the development of the BEMTP, the WTO Accession Initiative, the Privatization Advisor project, the Municipal Assistance project with the Canadian Urban Institute (CUI) and other initiatives; however, these goals for the most part did not materialize. The projects were not followed by a surge in business contracts or trade. Although national and municipal capacity assistance included the establishment of trade offices, greater inclusion of the private sector in decision-making and extensive contacts

with Canadian firms, Baltic partners allocated only limited funding to follow-up on these direct links. Some Balts have suggested that Canadian firms prefer the “safety of the North American market” to what was perceived as a more risky and unknown market. Would other types of investment or different approaches have made a difference? It is hard to say.

Enhancing Sustainability

For the most part, CIDA projects have been able to reach a high degree of sustainability. The Latvian National Probation Service offers a good example of this, as Latvian government funds have already been set aside to sustain the project in the coming years. Another good example is the BEMTP—clubs have now been created where past and present students regularly meet. The clubs are used as a forum to help graduates address workplace problems, develop new proposals, and generally maintain ongoing contact and provide support to each other.

In a few cases, the long-term sustainability of the projects is threatened by budgetary and other constraints. The problem of balancing project activities with the capacity of the recipient government to sustain them, is a tangible problem. A number of factors come into play such as the degree of local ownership, institutional capacity, available resources, and national policies and legislation. The main challenge is to find workable and affordable solutions—not always an easy feat. In Lithuania, the future of the credit union network, which CIDA helped construct, is inconclusive. The Bank of Lithuania is in the process of amending the Law on Financial Institutions in such a way that the credit unions would be required to meet the same stringent criteria as banks. This would make it difficult for them to survive. Other credit unions in both Latvia and Lithuania are struggling to find sufficient resources to maintain their operations. Others still are finding it hard to fulfill all their regulatory administrative requirements. In the case of the Latvian Criminal Justice System initiative, several problems emerged making it difficult to sustain its latter phases.

These included lack of local ownership, lack of commitment on the part of senior management, high staff turnover, and frequent changes in government. In addition, the first two phases of the project were poorly designed from the outset, were too broad in their scope, and lacked focus.

Has Canada Made A Difference?

The overall results achieved by Estonia, Latvia, and Lithuania are impressive. In addition to a number of other remarkable accomplishments, all three countries have met the political, economic, security, and social criteria required to join Euro-Atlantic clubs, including the EU and NATO. They are expected formally to do so in the Spring of 2004. The three Baltic countries have evolved peacefully from captive, foreign-ruled countries to liberal parliamentary democracies with a high rate of civic participation. Economically, they have gone from closed and planned economies to open and fully functioning market economies. Canada’s Baltic program has played a small but important role in supporting this incredible transition.

Canadians have been instrumental in leading a wide variety of initiatives to help Estonia, Latvia, and Lithuania develop their institutional capacity and improve their economic development.

Canadian involvement in the Baltics played to our comparative advantages: sound and effective public administration, rule of law, and social integration. Harboring a reputation for dependable central agency reform, successful bilingual education, and expertise in credit union development, Canada concentrated its efforts on those projects where it knew it could make a difference. Projects were also specifically designed to reflect the values of equality, multiculturalism, social inclusion, and stability while, at the same time, engaging members of ethnic minority communities. Follow-up interviews with Balt participants reveal an overwhelmingly positive attitude towards Canada’s involvement in the region. The Latvian coordinator of a ministry of justice

project remarked: “The Canadians involved really understood the situation in Latvia.”

Rather than sending consultants to the region, as was the case for many other donor-financed programs, CIDA sent teams of practitioners to share their knowledge and expertise in a respectful way. Dalhousie University’s training programs were praised as well-tailored to participants’ needs and were perceived as “warm and caring”. Canadians can be proud to have played a direct role in helping these countries succeed with accession to the WTO, the EU, and NATO, and in reforming institutions and markets, leading to higher-than-EU rates of economic growth. Many of the projects continue to facilitate intellectual research and exchange through long-standing partnerships and friendships among Canadians and their Balt colleagues. CIDA’s work benefited greatly from the involvement of dedicated

and hardworking staff, as well as exceptional Balt-Canadians who came forward with innovative project ideas and helped design and implement them. CIDA’s priorities for the three Baltic countries closely reflected the region’s needs, other donors’ interests, and EU-related reforms in Estonia, Latvia, and Lithuania.

Looking Ahead

As CIDA winds down its official assistance program in Estonia, Latvia, and Lithuania, the possibility of cooperation among Canada, a Baltic country, and a third partner presents interesting opportunities. Indeed, this could represent a new era in the evolution of the Baltic countries from recipient to donor. The opportunity to make a difference working together is an exciting option to explore further.