

Institutional Development: A Methodological Approach

The Eastern European Real Property Foundation

and

**The Real Estate Associations of Central and Eastern Europe
And the New Independent States**

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THE EASTERN EUROPEAN REAL PROPERTY FOUNDATION

Lessons from a Success

Summary

The Eastern European Real Property Foundation Program (EERPF) is one of USAID's most successful programs in the ENI Region (Eastern Europe and the New Independent States). In fact, its founder, the U.S. National Association of Realtors (NAR), was honored by being chosen as USAID's Domestic Partner of the Year (1997) in recognition of EERPF's excellent work.

EERPF has worked with national real estate, appraisal and property management associations in 10 countries which taken together, represent more than 50,000 professionals. These organizations are now firmly established and will do well long after the donors disappear from the scene.

This report examines EERPF's approach to institutional development in order to understand the roots of its success. The principles that it applies in building strong associations are summarized as follows:

- **Counterparts have to accept specific conditions to obtain EERPF assistance.** The major requirements are that the association be democratically organized, adopt a code of ethics and prepare a business plan.
- **EERPF's approach is flexible and collegial.** It advises rather than directs. Once the basic requirements are in place, it will let the client lead in setting the agenda.
- **EERPF encourages associations to plan for their long term survival.** The business plan lends itself to forward-looking thinking. Such strategizing makes the client less dependent on donor support in the long run.
- **Assistance is provided by only the most highly qualified professionals.** Successful practitioners have great credibility and are an inspiration to their counterparts.
- **Advisor continuity is important.** In each country the lead advisor is an EERPF board member who makes frequent trips to provide assistance and advice. The advisor comes to know the country well and often develops close friendships with counterparts.
- **Training association managers is a priority.** The association's executive director is often the driving force behind the organization's success. Association management is a new field in the region and aspirants need to be trained.

- **Practical training is valued and local training capacity needs to be enhanced.** New entrepreneurs recognize the value of training in building their skills and their businesses. Good programs can generate revenue for the associations.
- **Mini-grants are used wisely in support of the program.** Small grants are made for specific purposes. Detailed justifications and budgets are required. Obtaining a grant requires the association to carefully think through its needs. It is part of the learning process.
- **Excellent use is made of U.S. contacts.** EERPF is extremely fortunate in having many outstanding domestic partners. While few organizations will have comparable contacts, tapping relevant U.S. resources is well worth exploring.
- **EERPF has had an end-game strategy from the beginning.** As part of its disengagement strategy, EERPF is helping to develop the regional real estate networks and is also promoting strong ties among US and ENI real estate professionals. These relationships will be excellent sources of future support and assistance.

Many thanks to the people who granted me an interview and to those who responded to the questionnaire. Annex A includes their names and organizations.

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Introduction

The Eastern European Real Property Foundation (EERPF) was founded by the U.S. National Association of Realtors for the sole purpose of helping to create and develop private sector, market-oriented real estate associations in Central and Eastern Europe and the former Soviet Union. Since its inception in 1992, EERPF has focused on building strong local and national associations by inculcating professional values and ethics, and by helping its partner associations to define their objectives and to formulate clear, achievable work plans.

With the fall of communism, the real estate professions were among the many possibilities for entrepreneurship that were opened. In most Eastern Bloc countries, sub rosa real estate markets varying in scale and importance existed before 1989. The opportunities for advancement in real estate expanded greatly as the 1990s began. The real estate appraisal industry grew exponentially with the occurrence of privatization and of foreign investment, which both required accurate information regarding property values. Real estate dealings came out in the open and although the majority of transactions were conducted between private individuals, the advantages of working with knowledgeable professionals started to be appreciated in some circles. Real estate sales and brokerage were generally unregulated or only minimally so, and individuals with widely varying backgrounds jumped at the chance to take advantage of the attractive business opportunities presented by this new field. Many of these newcomers were quite accomplished in their own right, having advanced and professional degrees and previously holding important positions in government and the business sectors.

At first, real estate brokerage had a wild west, free-for-all character in most of the countries. In some places it was so bad that there were documented cases of elderly widows being cheated out of their homes. Where the industry was at all organized, it still suffered from the problems of the past; for example, information was equated with power and was jealously guarded as under former regimes. The idea that everyone could benefit from sharing information was completely foreign. The concept of professional ethics was vague at best and mutual mistrust was the norm. Most legitimate brokers were struggling to survive, anyone could call themselves a real estate agent and the public's view of the profession was really quite negative.

The histories of the real estate/appraisal industries and organizations in the region differ considerably. The latter group has for the most part been in existence longer and usually has its roots in the need to value properties for privatization, banking, sales/rental or

taxation purposes. Much of the appraisers' work was generated by the needs of national and local governments or state institutions to set prices and in many countries the volume of valuation business taxed the initial capacities of the profession. The interests of the appraisal associations tended (and still tend) to be more technical and methodological and less business-oriented than those of the real estate people who generally had to hustle to earn their livelihoods. When the real estate associations first came into being, invariably their focus was on helping their members become business successes. As the industry matures, however, many associations become increasingly more interested in getting the legal and regulatory framework right as it applies to real property and real estate markets. By participating in the political process real estate associations now serve the needs of the public at large, as well as those of their memberships.

Methodology and Purpose

It is not the purpose of this report to evaluate EERPF's performance. Rather it starts with the premise that the program has been a development assistance "success story". EERPF's style has been unique and highly creative in many ways. This report, therefore, is an attempt to consider and to understand EERPF's approach to development and distill the techniques that were applied. The expectation is that EERPF's approach can be replicated by others having institutional development responsibilities in USAID programs.

In preparing the report the author sent out questionnaires to individuals representing different groups that participated in the program. These included EERPF Board members, staff and consultants providing services, USAID mission personnel, and counterpart real estate professionals who were generally officers of the ENI real estate, appraisal and property management organizations-the intended beneficiaries of EERPF's programs. In addition to the questionnaires, a number of face-to-face and telephone interviews were conducted.

This report is not intended to be a rigorous analytical document. The information obtained through interviews and responses to questionnaires was often insightful and illuminating, but in the final analysis, many of the observations and comments of this report are the personal opinions of the author who has closely monitored EERPF's work since its inception.

An EERPF Perspective

Many of the Americans participating in EERPF fervently believed (and believe) that the organization had a mission and saw themselves as its missionaries. Their credo was that home ownership and private property rights are cornerstones of free societies and open real estate markets promote democracy which make for a better world. Often, the work performed was borne of a personal commitment to a strong set of principles and beliefs. The people who were attracted to the program were of the highest caliber and, in many

cases, were willing to make personal and financial sacrifices to participate in the program. In exchange they realized the rewards of having done meaningful work, of achieving their goals, and of forming the many close and lasting friendships made in the process.

This U.S. leadership had an American faith in the power and effectiveness of individuals associating for a common purpose. Since professional associations and other organizations in the former Communist countries were often creatures of the State (putting the government's interests first) individuals tended to view them with considerable suspicion. EERPF has provided an important service merely by demonstrating how well the association model has worked in the U.S. and elsewhere. Furthermore, real estate professionals in the ENI countries have learned that their associations can help to increase their business and enhance their reputations in their communities .

EERPF's Principles and Operating Style

EERPF defined its role narrowly, with great deliberation. It worked with real estate related associations only; foregoing, for example, opportunities to work directly with national governments in formulating policies and drafting laws related to real estate. By working only with professional organizations, EERPF sent a strong message that it was committed to the private sector and would not undercut its partner associations.

In order to be eligible for EERPF assistance, associations had to have a government charter or be registered and had to agree to: 1) open their membership to all qualified parties; 2) adopt an acceptable code of ethics; 3) formulate and follow an acceptable business plan; 4) establish a bank account for the transfer of funds; 5) be not-for-profit; and 6) commit to an educational program for its membership and the general public on the benefits of home ownership.

Working under USAID Cooperative Agreements, EERPF was able to operate across the spectrum, providing policy, program, training, equipment and financial assistance. This holistic approach, combined with the flexibility to vary the mix according to the counterpart association's particular needs, was a critical factor in achieving results.

EERPF has been led by a Board of highly qualified real estate professionals/practitioners who work directly with the program in the field and therefore, have a first hand understanding of the problems facing associations in the region. From the beginning, EERPF was endowed with a Board of the "best and the brightest" that the US National Association of Realtors (its parent organization) had to offer. Board members included former NAR Presidents and Executive Directors. The Board wisely chose to hire a highly experienced international development professional as its Executive Vice President (Executive Director). The EVP's knowledge and skills complemented those of the Board members and together, this combination proved to be unbeatable.

Board members (or their designees) have concentrated their efforts in one or more countries on a continuing basis and so have been able to develop both country expertise and personal relationships- making them even more valuable as touchstones and advisors.

EERPF has been able to call on the services of a wide range of real estate specialists who are members of NAR or related organizations. NAR local and state affiliate chapters have been generous in giving of their time in welcoming counterpart real estate professionals and introducing them to the ways that the real estate industry functions in the US.

Professionals who work overseas for EERPF pledge to forego any business interests in the countries in which they are working.

EERPF's Accomplishments

EERPF has now worked with real estate and property valuer associations at the national level in 10 countries. Through national organizations or directly, it has assisted more than 150 regional and municipal real estate associations, which taken together, represent some 50,000 professionals. It has also helped to launch CEREAN and CEEVAN, the regional Real Estate and Appraisal Networks that will serve the associations of the region into the future and help bind them together.

In the countries where it has worked, EERPF has been a leader in bringing order to what started out as a very chaotic, dog-eat-dog world. In some countries, EERPF brought a small group of individuals together at the local level and encouraged them to form a real estate association. As several municipal and/or sub-regional associations appeared, EERPF encouraged them to ban together to form a consolidated national association and then, it worked conjunctively with the national association to encourage the creation of more municipal and sub-regional associations in areas which previously had not been served.

In other countries, it worked with existing, relatively new associations and urged them to open their doors to everyone who was performing a real estate function. A third, albeit, less frequent model was to bring rival associations together into one, more inclusive organization. This latter approach often required extreme patience on EERPF's part, but eventually the advantages of having one strong association as opposed to two (or more) fragmented groups, won the day.

The benefits flowing from EERPF's program are legion. As one respondent to the questionnaire pointed out, where corruption is rampant: "there is a palpable fear among the population when it comes to dealing with the large amounts of cash required for real estate transactions". The priority that EERPF has placed on the adoption of enforceable codes of ethics has helped the real estate associations gain credibility. Rather than being looked upon with suspicion, real estate people are now seen as providing useful services to their neighbors and are well positioned to be leaders in their communities.

EERPF has provided a rich mix of professional training in all of the countries, as well as training in association management which is so important to the continued success of its partner institutions. According to one recent count, some 30,000 practitioners in the ENI region have taken EERPF generated courses. The Foundation has also inculcated ethical values and democratic standards, and has introduced new concepts, professional property management being one example.

The national, sub-regional and local real estate, appraisal and property management associations that EERPF has helped will be able to carry on after the Foundation has left the scene. They are setting professional standards, collecting real estate information, lobbying governments to promote organizational interests, and providing membership services including managing libraries, publishing newsletters, sponsoring training, establishing MLS-like systems, and organizing trade fairs and conferences. In some places they are helping ministries in establishing licensing requirements for real estate practitioners and are even advising on new tax policies affecting real property. They are growing in membership across the region. Associations in several countries, Russia being a prime example, have weathered adverse economic conditions and come back stronger than before.

In a number of countries, the associations have matured to the point where they are consulted by governments and are actively assisting in framing legislation, procedures and standards dealing with such topics as licensing laws, property registration and appraisal standards. The benefits of the program have been legion. For example, one unforeseen consequence has been that through contact with EERPF, the real estate industries of the region have learned about international business principles, standards and practices, thereby greatly facilitating dealings for Western companies as they seek to locate in the region. Another is that those companies and other western investors can now have greater confidence that they are operating in legal, organized and less corrupt environments.

One testimony to the success of the program is that the US National Association of Realtors has now entered into “Bilateral Partner Protocols” with the National Associations of Bulgaria, the Czech Republic, Hungary, Poland, Russia, Slovakia and Romania. These protocols pledge future cooperation and are a recognition of the level of development that has been achieved by the partner association. Perhaps, even more telling, is the fact that the vast majority of local, regional and national associations are expected to be able to survive and to thrive even after EERPF leaves the scene.

USAID staff responses to the questionnaire give EERPF very high grades on its performance, indicating that the funds were well used, and suggesting that “the program has provided unusually good value for its cost”. One respondent said that the program is one of the most successful activities that USAID has had. EERPF profited from exceptionally good leadership and an ability to learn from its experiences and make appropriate adjustments, in combination with being able to field a cadre of outstanding practitioner professionals who were accepted as colleagues, role models and mentors.

No one considered the lack of an EERPF resident presence in any of the countries to be a negative. Because of their need to show progress, resident advisors often become the driving force behind their programs. EERPF felt strongly that the associations had to set the pace. One person suggested that the lack of a resident advisor may even be beneficial since counterparts seem to increase their efforts to get things done in preparation for an intermittent advisor's arrival.

Counterpart Motivation

In general, people join organizations because they expect to gain some particular advantage; credentials, increased prestige, influence, knowledge, training, fellowship or business opportunities, as examples. Individual motives may be complex, the perceived benefits may overlap and all of the factors may be involved to some degree.

It has been suggested that a large part of EERPF's success was because its counterparts were seeking profits. The ability to earn a living is, of course, a strong motivator and one that doesn't necessarily apply to all institutional development programs. We can assume that all of the people entering the real estate brokerage and sales fields in the ENI countries hope to make a profit. This relative clarity of purpose may well be an important contributor to the success of these associations.

Within that context, however, EERPF has been particularly successful in identifying and working with those individuals who understand the benefits that become available to the group by forming strong, professional associations and working together for the common good. Many of the early pioneers had a strong altruistic sense and were willing to forgo personal profits because they saw the advantages that would occur by bringing people together to reflect common interests. Once the associations are institutionalized, the perception that they can contribute to the business success of their members then becomes critical to their future sustainability.

EERPF's counterparts may have been particularly motivated; nonetheless, many of the lessons learned from the program appear to be appropriate and adaptable to other institutional development situations.

The Program and the Lessons Learned

1. EERPF makes demands on its counterparts and will stand on principle

Before EERPF will assist an association, it insists that the organization commit itself to democratic principles regarding membership and governance, a code of ethics and a business plan. By insisting that membership be transparent and open to everyone in the real estate field, EERPF avoided having to choose among competing individuals and

companies. It believed that “bad apples” would be weeded out over time by the adoption of strong, well-enforced codes of ethics.

If the basic conditions haven’t been met, EERPF may continue discussions to try to convince the group to change its policies, but it will not enter into a protocol or extend services or benefits to the organization. Not only does it insist on maintaining basic, minimum standards for assistance, but it also establishes from the beginning, a very different relationship with the counterpart organization. It is clear that EERPF will not compromise its principles and is not compelled by USAID to enter into unacceptable relationships. It also took care to avoid helping any individual or company directly since any hint of favoritism would have greatly undercut the its ability to be effective.

While EERPF was expected to produce results in a number of countries under its Cooperative Agreement, in the early years of the program it had considerable latitude in determining where and when it was going to work. In effect, if country A wasn’t ready to enter into a relationship to receive assistance, EERPF was free to work in country B or C.

While EERPF isn’t willing to work with associations that won’t accept basic conditions, it is always ready to work closely with organizations that want to meet the standards, but are having trouble with the details. In these circumstances, it will advise the organization trying to develop its business plan or arrive at a code of ethics which is appropriate and acceptable to its membership. It advises; it doesn’t take ownership of the plan or otherwise supplant the organization’s leadership. It believes in “learning by doing”.

The results of EERPF’s insistence on basic standards can be surprising. One association resisted adopting a code of ethics for the longest time because they felt it would be unenforceable. Having finally changed their thinking, they now take pride in their code and insist that members adhere to it. They see the code of ethics as separating them from other members of the real estate community. As another example, many of the associations initially experienced great difficulty in preparing business plans. At the conclusion of the process, however, each organization’s leadership said it was an extremely worthwhile process and many then applied the business plan approach to their own businesses.

2. EERPF’s approach is flexible and its style is collegial

The style in working with counterpart organizations, has been flexible. Because of its knowledge of the real estate profession, EERPF was able to develop a “menu” of activities in support of its clients at the beginning of the program and the associations were encouraged to select those activities that best met their situations. The demand-driven character of the program has meant that services are delivered when the organization perceives the need or when the demand is sufficient to justify the service. At times the associations need to be exposed to the range of possibilities in order to gain a basic understanding of the kinds of programs they might be undertaking, but services are

never forced on unwilling clients-the perception being that this would only be a great waste of energy, effort and money.

The relationship with counterpart associations is more a partnership than teacher-pupil. EERPF listens to its clients and is willing to take reasonable risks to support experimentation based on unique country specific considerations. To quote one counterpart respondent to the questionnaire: “There is no ‘must’ and the association is fully free to decide whether to involve in the program or not, as well as how to develop the program. So, it is assistance not a control”.

The importance of this approach cannot be overstated. To paraphrase another respondent-for decades, ENI citizens were governed from the top down and initiatives on the part of the individual were not only discouraged, but were punished. The natural tendency then, is to follow orders from on high. This was especially the case with regard to both budget preparation and financial management. Getting associations to prepare budgets was, indeed, difficult, but EERPF didn’t tell anyone what to do; rather it urged them to think for themselves and to prepare sound budgets. Building up the organization’s confidence to make decisions and follow through is the only way to assure successful survival over the long term.

3. Sustainability is a factor from the beginning of each program

The association is asked to develop a business plan defining where it wants to go and how it is going to get there. The plan is intended to provide a road map to self-sufficiency and is approved by the Association’s Board of Directors (and by EERPF) prior to any funding

The business plan sets out a statement of objectives, an action plan, budgets, revenue enhancement strategies and responsibilities of key individuals. In the case of the incipient real estate associations in the region the business plan serves as an important organizational discipline and a yardstick to measure progress. Association executives reported that business plan development: “was hard work because it was a new way of looking at things”. For many of the new associations, preparing the business plan was a discipline and an important learning experience in and of itself.

Once a business plan is accepted, EERPF is quite willing to underwrite some staffing costs for a limited, defined time period if the collaborating association so requests. Funding key personnel helps to assure continuity and increases the likelihood of sustainability.

With its NAR roots, EERPF is well equipped to advise associations on building for the long term. In addition to providing administrative training for association officers and staff, the Foundation has assisted counterpart organizations in improving the services offered to members and in designing revenue generation strategies. To the last point, the importance of developing non-dues revenue sources is impressed upon its clients.

Finally, it should be noted that many of EERPF's client associations have achieved financial self-sufficiency at a remarkably early point in their development. While this can in part be attributed to the buoyancy of the real estate industries in their countries, it is also a testimonial to the solid business and association developmental principles that EERPF has promulgated.

4. Only highly qualified professionals are used to provide assistance

The people that EERPF sends abroad are not only experts in their fields, but also serve as excellent role models. As highly successful real estate professionals they are looked up to by their counterparts who aspire to be like them in their own countries. All of the survey questionnaires from counterparts and USAID staff commented on the professionalism and quality of EERPF's consultants.

If the advisors are new to the program or the country, they are well briefed by EERPF before leaving the US and are told not to arrive with preconceptions, but rather to listen and to respond to questions and to priorities. The logistical support that EERPF provides to its people is far above average. Most of the individuals on assignment are taking time away from their own businesses. Some are members of the prestigious Real Estate Counselors (CRE) group and some are volunteers. While volunteers will put up with hardship if the experience is rewarding, it is difficult to send them to some of the outlying regions because of problems with travel and with course logistics and preparation; the greater potential for culture shock is also a factor. Of course, good volunteers are very cost effective. EERPF was fortunate in being able to tap individuals whose success permitted them to donate their services. This is a luxury that is unavailable to most organizations. One EERPF board member stated that: "the quality obtained through the volunteer programs could not have been obtained if we had been able to pay rates substantially higher than levels permitted under the applicable rules".

EERPF's advisors are practitioners in the real estate field. As such, they are able to establish instant rapport with their counterparts. They talk the same language, they are practical and down to earth, they have faced many of the same (or similar) problems that their ENI colleagues are grappling with now, and they are good at adjusting to cultural differences and to the unique circumstances which may prevail in the client country (ie: lack of a civil code, unusual titling & property registry systems, no provisions for residential mortgages).

5. Advisor continuity has played an important role

In each country an EERPF board member functioned as the lead person, returning at intervals to provide assistance and give advice. EERPF benefits from this as an organization because the Board gains first hand experience and knowledge of the

program “on the ground”. They can best identify with the objectives of the program and sense what will work and what won’t. The advisors are well respected because of their experience and their success in the real estate professions. Because of the frequency of visits, the advisor is also able to build up good relations with key local people. S/he develops a fuller understanding of the country and of the state of its real estate professions. The advisor also gains a more profound understanding of the organization and is therefore, in a better position to offer advice, even in areas which are not directly related to the assignment. They can also do a better job of judging needs, targeting assistance, and identifying specialist consultants who are likely to be the most appropriate for a specific assignment.

This mentoring relationship has had a strong and positive developmental impact on the growth of the counterpart associations. The advisors are appreciated because of their commitment to the program, their patience, and their willingness to work hard--often under adverse conditions. They are trusted and respected and are better able to serve their colleagues because of the high regard in which they are held.

6. Association manager training was a priority

In the United States, association management is a legitimate occupation in and of itself. A manager must be a capable administrator who can direct staff, prepare budgets, launch programs and meet the members’ needs-- in addition to understanding the substantive goals, aspirations and principles that drive the organization. EERPF provided management training to association administrators in-country and in the U.S., where invitees learned through a combination of formal classroom training, internships and observational visits to local and state chapters of the National Association of Realtors. Often, the opportunity to see associations in action in the U.S. helped participants to expand their view of their job and of the societal role that their association could play. In some cases, mentoring relationships were established and U.S. association managers subsequently traveled to ENI countries to continue the training process. Training key association officers and managers has proven to be a critical factor in creating well-functioning, strong and viable real estate organizations.

7. Training programs focused on practical topics and local professionals were trained as trainers

Real estate office management, pricing residential and commercial properties, pricing brokerage services, how to lobby, managing commercial properties are all examples of the topics where training has been provided. American trainers were experts in their fields and often did training for N.A.R. or at real estate institutions in the United States. Training was done under the aegis of the counterpart association, which usually selected the participants and was urged to charge a fee, thereby earning some money to support itself. Training of trainers was built into the process whenever the plans included more than one offering of a particular course in a given country. The best students, if interested

in becoming trainers, were invited to co-teach the second session of the course with the EERPF instructor and then to continue on his or her own. While this method is somewhat rudimentary, it has seemed to work well when combined with additional training in adult teaching techniques and advanced training in related real estate subjects. Discrete training of trainers courses were offered in several countries, but unfortunately, the extent to which these programs have resulted in an ongoing cadre of expert educators has not been documented.

A number of the associations report that they are now offering extensive continuing education to their membership. This is particularly so in the case of the appraisal (valuers) associations, as well as selected real estate association based courses (property management and office management). The approaches to offering training are often innovative and include inviting guest lecturers from the U.S. and Western Europe, utilizing professional lecturers from national institutions for specialized topics and enlisting practitioner volunteers who are members of the association.

8. Mini-grants were used wisely in support of the program

At times, EERPF provided very limited funding to a new association at an early point in its history to help it get off the ground. In the main, however, mini-grants were made for specific purposes. The requesting entity was expected to show how the activity to be funded would benefit its membership, support institution building and enhance the long term viability of the association. How the activity would contribute to self-sufficiency was an important criterion in deciding to grant fund assistance. The association was required to present a carefully thought out budget, which, in and of itself, was a learning process since budget skills were rare under the former system. It was also expected to contribute funds or in-kind services to carry out the activity. Performance criteria were incorporated into the mini-grant process. Funding was trached and progress was measured before additional resources were made available. The small grants program allowed associations to kick off new activities and to experiment while limiting the risks.

According to EERPF President Norman Flynn: “the mini-grant program is an essential element in successful institution building. Too much money ‘chokes’ the association and makes it overly reliant and dysfunctional. The minimalist approach asks them to think through each program--small amounts of money incentivize them to move forward and either contribute personal services or raise the money through the program itself. Most of the associations found ways to be self-sufficient; where they would request assistance and it was unavailable, they would still run the program while slightly modifying it. I believe this to be one of the cornerstones of association institution building.” Many of the other respondents to the questionnaire pointed to the success of the mini-grant program and emphasized the importance of its small-scale that required the benefiting parties to think things through carefully, to prioritize, and to seek creative, often non-funded, solutions. Because the grants were small, they didn’t corrupt the process.

In addition to grants covering initial staffing costs, matching mini-grants were made for office space, to fund libraries, to start up magazines and newsletters, and to organize real estate fairs and workshops. One particularly creative use of the mini-grants program was to fund an internet home page in Romania. ANEVAR, the beneficiary is now contemplating undertaking a distance training program using its internet network.

9. Domestic resources available to EERPF have been well used

These include the N.A.R. and the possibilities of recognition and affiliation that it offers to counterpart associations in other countries, as well as other organizations that are closely allied to N.A.R. such as the Institute for Real Estate Management (IREM), the Counselors of Real Estate, the Commercial Investment Real Estate Institute (CIREI) and State and local chapters of N.A.R.

As an example of such collaborative efforts, with IREM, EERPF developed a professional certification program and IREM chapters have been organized in Poland, Hungary and Russia and are setting new standards for property management in ENI countries. There are now 52 IREM Certified Property Managers (CPM) in the three countries and sixteen instructors have been accredited and meet the same high qualifications required for instructor certification in the US. IREM materials have been translated into the different languages and more than 100 courses have been delivered over the past three years. IREM credentials have opened up new employment opportunities for certified property managers who are sought after by international businesses locating in or expanding operations in the ENI region. American and foreign investors can now receive the same levels of property management competency available in the US and other advanced economies.

Since the inception of the program, EERPF has funded a limited number of counterpart attendees at the annual U.S. National Realtors Conference each year. (Sponsored individuals generally have other program related business in the US.) The value of these kinds of opportunities was rapidly and widely understood and appreciated throughout the region. In fact, in recent years, growing numbers of ENI real estate professionals have paid their own way to attend the conference. EERPF has helped to foster close, collegial and professional ties among individuals engaged in the practice of real estate in ENI and in the U.S. Executive officers of US NAR chapters have “adopted” various ENI associations and their staffs and provide ongoing assistance even after the Foundation has concluded its work.

Association leaders also expressed appreciation for the opportunities presented to establish bilateral cooperation with chapters of the US National Association of Realtors. One counterpart respondent noted that training at a U.S. real estate association chapter was invaluable in that it provided the opportunity to see the theory and the principles put into practice. She stated that it answered countless questions and doubts and greatly helped her to understand every aspect of how associations work. She concluded her

comments by saying: “(My) stay in the US will be a source of inspiration I will return to again and again in the years to come”.

EERPF has helped to foster close ties through its “Ambassadors Program” which brought together U.S. state and local realtor association boards with ENI counterparts. Successful partnerships include: Phoenix with Bulgaria; Northern Virginia with Poland; Chicago with the Czech Republic; Massachusetts and Romania; Miami with Russia and Ukraine; Orlando with Hungary; and Traverse City, Michigan with the Slovak Republic.

In discussing “bi-lateral” relationships, it should be noted that the many opportunities that EERPF has provided for contact between U.S. and ENI real estate professionals have also resulted in business relationships between the two groups. American firms and individuals are actively pursuing real estate deals in a number of the countries of the region, and, to perhaps a lesser extent, the same thing is happening in the other direction.

10. Intra-regional cooperation is a viable plan for the future

The Central European Real Estate Associations Network (CEREAN) and the Central and Eastern European Valuers Associations Network (CEEVAN) came about in recognition of the common interests of fellow professionals throughout the region. EERPF has helped to nurture the two regional networks through financial support and advice and by jointly planning and carrying out country-specific assignments. Although, indigenous real estate professionals took the lead in organizing the networks, they couldn’t have done it without EERPF support, since none of the national associations was really in a position to underwrite the initial costs.

The networks are planning for the future with EERPF’s support. Their joint secretariat is now seeking financial assistance from EU Phare to establish an electronic information base as well as to share MLS data and to set up a referral system for real estate related services in each of the countries (ie: lawyers, mortgage banks, leasing companies, and developers). They will publish materials regularly to guarantee the flow of international information and they are actively promoting closer ties among the national associations of the various countries, and with the US and Western Europe.

The regional networks are already assuming some of EERPF’s responsibilities, by providing information and practical assistance when possible in individual countries. They are already serving as clearing houses to discuss common problems (and possible solutions) faced in different countries across the region. As the abilities of these regional organizations grow, they will be more and more equipped to take over the functions of the foundation. The presence of CEREAN and CEEVAN provides EERPF with a very natural and appropriate exit strategy. The professional relationships and friendships between Americans, Europeans and Eurasians in the real estate fields are strong and sincere and will long outlast the foundation. This, in addition to its many tangible accomplishments, serves as an impressive testimonial to the fine job that EERPF has done.

ANNEX A

INTERVIEWEES AND RESPONDENTS

Jarmilia Knight	CEREAN/CEEVAN
Jan Boruvka	Association of Real Estate Offices of Bohemia, Moravia and Silesia
Zoltan Szekeres	Hungarian Real Estate Association
Andrzej Kalus	Polish Federation of Valuers Association
Szymon Sedek	Polish Real Estate Federation
Agnieszka Nachyla	Polish Real Estate Federation
George Badescu	National Romanian Association of Appraisers
Vladimir Guttek	Slovakia National Association of Real Estate Officers
Konstantin Aprelev	Russian Guild of Realtors
Igor Artemenkov	Russian Society of Appraisers
Vladimir Grebennikov	Ukrainian Society of Appraisers
Norman Flynn	Eastern European Real Property Foundation
Daryl Lippincott	“ “ “ “ “ “ “ “ “ “
Frank Livingston	Institute for Real Estate Management
Steve Ruckman	Eastern European Real Property Foundation
John Swenson	“ “ “ “ “ “ “ “ “ “
Al Van Huyck	“ “ “ “ “ “ “ “ “ “
Larry Birch	USAID/Budapest
Rebecca Black	USAID/RUDO/Warsaw
Krzysztof Jaszczolt	“ “ “ “ “ “
Barbara Lipman	USAID/Kiev
Valentin Stobetsky	USAID/Moscow

ANNEX B

EERPF QUESTIONNAIRE (Associations)

The Eastern European Real Property Foundation has been in existence since the early days of USAID's work in the ENI region. It is generally considered to be an outstanding performer and has been cited as a development success story on numerous occasions.

I have been asked to undertake an assessment of EERPF's program to identify any unique characteristics of its approach to development that may have particularly contributed to its success. By examining the contributory factors I hope to identify "lessons learned" that can be transferred to other institutional development programs.

Clearly, the strong entrepreneurial nature of the real estate field and the importance of the profit motive greatly contributed to EERPF's success. Were these the only important factors or did EERPF do things right?

The questions that follow are deliberately open-ended. I'm interested in your views and opinions, particularly with regard to EERPF's modus operandi. What did they do differently; what did they do better? Please answer as many of the questions as you can and make your answers as extensive as you wish.

1. Was an organizational structure in place before EERPF came on the scene? Were there organizational issues (differing interests, exclusionary policies, competing associations) and did EERPF contribute to their resolution?

2. EERPF requires partner Associations to enter into a protocol before assistance is provided. In the protocol the Association agrees to be democratically governed, inclusive as to membership, and to set professional and ethical standards of conduct for its membership. **Were these key principles carefully considered by your Association? Have the principles been observed? Were the principles important in establishing a serious relationship with EERPF?**

3. The Protocol also requires that a business plan be prepared and approved by the Association's Board of Directors (and EERPF) prior to any funding. The business plan is expected to provide a road map to self-sufficiency. **Was the preparation of the business plan a thoughtful process and did it result in a quality document? Did EERPF**

provide assistance in its preparation and was this assistance helpful? Has the business plan been followed and has it led to the expected results?

4. Usually one EERPF Board Member takes the lead role in working with an association, serving as a mentor and perhaps as a role model. **Was the continuity provided by this approach important to the success of the program? Was the professionalism of the EERPF lead person a key factor? Were there other aspects of this relationship that you want to mention?**

5. EERPF provides a wide range of assistance, including training in association management, budgeting, membership services, lobbying, library & information management, running a real estate office, direct training in real estate subjects, training of trainers, etc. **How would you rate the quality of the assistance provided in each area? Were the assistance providers capable? Has the technical assistance and the training had an impact? Have the recipients of training and technical assistance been able to carry on after EERPF's role was concluded? Does your Association now have the capacity to provide similar assistance/training as a result of working with EERPF?**

6. EERPF has also used real estate professionals as volunteers in such programs as the Counselors of Real Estate to provide training. Since only the travel expenses of the volunteers are paid, this program is very cost effective. **Is the quality of the assistance provided under the volunteer programs comparable to paid professionals? Does your Association view such assistance positively?**

7. In many instances a variety of other benefits have flowed from the relationship with EERPF, such as the prestige of a formal association with the U.S. National Association of Realtors; opportunities to travel in the region and to the States for training, internships, conferences, observational visits, etc.; professional certification in specialty areas (IREM); or even cross border business opportunities. **In this regard, what would you highlight? Have any of these benefits been particularly important to the development of your Association?**

8. EERPF is able to provide small grants to partner associations to provide interim support or to help them launch specific programs. **Has this small grants feature been important to your Association? Has it been used to launch new activities? Have (or will) these activities become self-sustaining in a reasonable period of time?**

9. The two regional "network" organizations (CEREAN and CEEVAN) have been supported and nurtured by EERPF and to a limited extent are beginning to provide some

direct assistance to member national associations. **Have either played a role in your country? Did they do a good job? What role do you see for them in the future?**

10. Has EERPF's assistance helped you to build a strong Association that will continue to thrive after USAID's programs end? What impact do you feel EERPF's assistance has had on the development of your Association? Overall, how would you rate EERPF's performance in your country? What are the factors that influence your rating?

11. Are there any aspects of EERPF's approach to development that strike you as being particularly novel and/or effective and possibly helpful in efforts to develop other kinds of institutions?

12. Finally, so that we might gain some sense of program impact, in your view, what role have the real estate and valuers associations played in the development of the industry in your country? For example, have they proposed licensing laws, appraisal standards, title registration systems?

Any other thoughts or comments that you may want to offer will be gratefully appreciated.