

Chapter 6

(Draft 7-26-10)

Creating and using the USDOL Adjustment Model in Romania, Bulgaria, Macedonia and Ukraine

Part I: Romania

Part 1 tells the story of how the “USDOL Adjustment Model” first came into being and was used in the design and implementation of a labor redeployment project in Romania. Subsequent Parts of this Chapter tell how and to what extent the USDOL Adjustment Model was used in labor redeployment and other projects in Bulgaria, Macedonia and Ukraine.

1. Responding to an urgent request to design a project

In January 1997, the Romania Labor Redeployment Project got underway. After a change in Government, the new leadership wanted to pursue an economic restructuring of the nation’s old centrally planned economy. Mike Talbert from the USDOL, who had previously worked on another project in Romania, had been talking with the Romanian Government and World Bank officials in Bucharest about starting a worker adjustment project to assist the approximately 150,000 workers who would be displaced by the downsizing, closing or privatization of 200 large, unprofitable state-owned enterprises during the next 12 to 24 months.

My involvement came about almost accidentally as a result of a request from Mike Talbert to Jim Perlmutter, Assistant Director of USDOL’s Office of Foreign Relations (OFR). Jim Perlmutter wanted to send an OFR team to Bucharest to assess what the country’s needs would be regarding the workers displaced by the anticipated mass layoffs, but was unable to find someone to go on such short notice. As a result, on January 21, 1997, Jim Perlmutter called and asked me if I would immediately go to Bucharest with Mike to undertake the assessment and conduct negotiations with the Romanian Government and the World Bank about resurrecting a project that the previous Romanian government had refused to pursue.

At the time Jim called I was scheduled to go to In a January 22, 1997 email to my wife, who was visiting our daughter Janet and our new granddaughter in Maryland, I wrote:

Yes, I am going to Bucharest. Mike Talbert called today and said it was a go! Apparently, the Romanian President thinks the project is so important that he may even attend our first meeting. I am planning on coming back via Washington as soon as we finish up (on Thursday or Friday), and will stop off to see Jim P at the DOL to get some material for the Dublin paper--and to see Erin (and the rest of you). If Dave can arrange it, I will fly back with you on Sunday from BWI. Bi Stephens is going to teach my 521 [Collective Bargaining] class, and Doug Romrell will teach the 522 [Manpower Economics] class for me while I am away.

A January 23, 1997, fax from me to Maria Heidkamp indicated the problems this might create for her:

The bad news is that Jim needed me urgently to go to Bucharest next week to help Mike negotiate with the Romanian Government, World Bank, et al., concerning the privatization project that has been languishing for some time. Apparently, the old government sat on the project, but the new government is ready to move—now, and they want to meet next week to finalize the arrangements. Since Bill Tracy [a Labor Department official from New Jersey] could not go, Jim prevailed on me to go and help out. I told him that if I went, I would not be able to stay as long on my next scheduled trip in Hungary because I cannot leave my classes adrift that much. What it means is that I can come to Hungary for only one week, leaving home on February 8 to go to Budapest, and returning home on February 15.

I will be leaving on Saturday, January 25, to go to Bucharest. Although I do not know any of the details about what the Romanians want or what has been discussed previously by Mike, David Fretwell [World Bank] and the other parties, my impression is that it will probably result in a project with a major R[apid] R[esponse] component of some description. Are you prepared to operate in two countries?

In a January 25, 1997, email to my family, I described the preparations for my departure:

After a hectic day today, in which the people in Washington and Bucharest were on the phone continuously and Mike called me three times, finally at noon he declared that we would be going. So, tomorrow morning I will be leaving at 10:20AM on DL 1609 for the flight to Dulles, arriving at 4:09 PM, then on to Frankfurt at 7:35PM, and Bucharest. We plan to return on Friday, January 31, as scheduled.

Upon my arrival in Bucharest, I took a taxi to the Continental Hotel, an old communist-style hotel with high ceilings and shabby furnishings and a poor heating system. The meals were even worse, reminding me of what it must have been like under the old communist regime.

On Feb. 1, 1997, after returning to Washington, D.C., I wrote an email to my family describing how my Romania trip had unfolded:

My trip to Romania was very busy. (For those of you who may not have heard, I received an urgent call from the USDOL on Tuesday a week ago asking me to go to Bucharest on the following Saturday to participate as a member of a multinational task force being convened to prepare an economic recovery plan for that country.) I agreed to go, arranged for someone to take my classes, and left for Bucharest on Saturday a week ago.

Upon our arrival, my colleague [Mike Talbert], (he is from the USDOL), and I began working on one of the task forces called by the World Bank and IMF on short notice to design a reform and recovery package to “save” the Romanian economy. The international agencies are fearful that if something is not done quickly, the nation will go the way of Bulgaria—economy in shambles, and political anarchy. The previous Romanian government asked for help and then refused to bite the bullet and make the reforms that were required—and allowed the economy to deteriorate for two or three years by continuing to subsidize all of the unprofitable businesses. A new government was elected in November, and signaled to the international agencies that they were now ready to take the medicine. As a result, the international agencies said they would

immediately prepare a proposal of what would be needed and what “conditionalities” would be required of the government to obtain the financial help needed.

So, back to Bucharest. We started meeting at 9:00AM Monday morning, a team of 10 people from World Bank, USDOL (the two of us), GTZ (Germans), EU, and Romanian Government. During the next four days we worked feverishly round the clock (without stopping for lunch or even dinner in a few cases) to design the employment part of the plan (social safety net) to help the 150,000 workers who may be displaced when the reforms and privatization of 200 firms occurs during the next 12 to 24 months. This will mean downsizing or closing many large, unprofitable enterprises.

In addition to preparing the components of the employment adjustment plan (UI, severance, worker adjustment services, training, etc.), we had to design the organizations that would be created to administer these programs. (New organizations are needed because of the magnitude of the problem and the lack of capability of the existing system.) Our (Mike and my) job also included preparing a budget to do the work proposed in the project. The U.S. part of the total multinational effort will consist of organizing and running an industrial Adjustment Service, Reemployment funds and Public Relations campaign. The funding level for these three activities is \$15 million. The total of the entire reform and implementation effort in terms of credits, loans and grants (World Bank, IMF, EBRD, USAID, GTZ, etc.) will be \$300 to \$500 million, plus another big chunk of money to be put up by the Romanian Government for UI.

On Thursday Mike and I spent the entire day designing the new organizations and preparing a budget (\$2.1 million) to finance their operations. We finished our work at 11PM that night. The woman who is responsible for translating was waiting nearby to take our proposal and translate it into Romanian that night so it could be presented to the Ministry of Labor by the World Bank rep on Friday morning at 9AM. It would then go to the Prime Minister on Saturday (along with the other pieces to the package). If everybody agrees to the proposals and conditionalities, by the first part of next week a deal will be struck to start the project ASAP.

Talk about working in a pressure cooker!! I would not want to do that job for a living—like the team leader from the World Bank. Friday morning, at 8:30AM, I caught a plane to Frankfurt and Washington, D.C.

Feb. 1, 1997, my sons-in-law Kyle Robson and Bryan Kresie and my wife met me at the Dulles Airport. Kyle drove us to his and Janet’s apartment in Beltsville, Maryland. I was delighted to visit with Janet, her husband Kyle and see our first granddaughter, Erin Robson. I also visited with our daughter Karen and her husband Bryan Kresie. (My wife, Helen, had been in Beltsville helping Janet with the new baby.) The following day, Helen and I flew home First Class on a flight from BWI to SLC. (The only time Helen flew first-class.)

Feb. 5, 1997, I received a telephone call from Mike Talbert about the status of the Romanian Project. He reported on his meeting with the U. S Ambassador and David Fretwell of the World Bank, and other officials of the Ministry of Labor on Friday after I had left for D.C. He described the Ambassador as a “tough guy,” and the Minister of Labor as “clueless” about what had been going on. David Fretwell wanted the U.S. to pay for all the foreign TA (technical assistance) on our proposed project, and said the World Bank would sole source a contract to USDOL. Mike told me that he would probably go back to Bucharest by the end of the month with Julie Hillebrand, the person Jim Perlmutter had proposed to be our project director in Romania. She was a graduate of the University of Illinois and had been serving as a Peace Corps

volunteer teaching English in Romania for the previous two years. She also had an MA degree from the Monterey Language Institute. What Mike wanted today was to get some ideas about what needed to be done by the end of the year. Finally, he said that there should be some decision by the end of the following week about the total package that had been put together when we were in Bucharest. Mike said that he would put together some scenarios or rough out a work plan on paper and fax them to me.

The following day, February 6, 1997, Mike faxed me a memo with 9 questions about issues that he did not understand and/or wanted more information about. All of these questions would have to be answered as the eventual startup of the project occurred.

A week later, February 14, 1997, I received a USDOL purchase order for my consulting services beginning January 1997 and continuing through June 1, 1997. That Purchase Order covered all my work for that period of time and was my last contract under the old system of working directly for the USDOL. After September 30, 1997, Western States Multi-Service Corp. took over as the contractor for OFR's projects in CEE countries. It became the paymaster for consultants and trainers doing work for OFR instead of having the paperwork done in house by OFR staff as had been done in the past. That change resulted in a faster turnaround in paying consultants and trainers, but added a new layer of bureaucracy that would have made it impossible for me to respond as quickly as I did to DOL's urgent request for me to go to Bucharest in late January 1997.

March 20, 1997, Mike Talbert called me from Bucharest. Two days later he faxed me a copy of his memo to Peter Lapara, Director of USAID in Romania. The Government was still fighting over turf as to which agency would handle the Labor Redeployment Program (LRP) project, as our part was called. Mike said that he wanted to make me the architect of the RR (Rapid Response) training program. He also felt that we needed to start having conference calls with all the potential players on the U.S. Rapid Response team to sort out who would be doing what. Furthermore, he planned to go to Bucharest during the 4th week in April to map out what needed to be done during the next 90-120 days. Julie Hillebrand would be there to look for an apartment and determine if she could find a suitable office and hire some local staff. (March 20, 1997 notes of telecon with Mike Talbet about Romania project)

March 25, 1997, fax from Mike Talbert outlining the status of the Romanian Project for Peter Lapara at USAID, the steps being planned by the Romanian Government to reallocate funds from their World Bank Loan to the appropriate ministry to start the Labor Redeployment Program, and setting out the activities he was planning for us to do during the next three months. My job was to assemble training materials from our Hungary project and elsewhere and line up experts to provide technical assistance and training on the Romanian LRP.

April 9, 1997, Mike Talbert telephoned to tell me that things were moving very slowly. The Government was having difficulty getting going, and the World Bank was quite worried. The SOF [?] did not want an employment adjustment program, and they were worried that the Ministry of Labor (MOL) was not capable of managing such a program in any event. Mike informed me that Maurice Boissiere, the World Bank Task Manager, and Mike and I needed to meet in Bucharest and prepare a proposal to carry out the LRP—and the World Bank (WB)

would then sole source it to USDOL in order to get things moving. Consequently, he wanted me to go to Bucharest April 21-25 for another week of work. Later that day I received a fax from Richard Florescu at the World Bank Office in Bucharest with a translated copy of the Emergency Ordinance prepared by the Romanian Government.

April 10, 1997, I telephoned Jim Houck in Michigan about how they (Jim and Maria Heidkamp) had started the training for the USDOL Rapid Response Project in Hungary, and what might work in Romania. I also asked him if he would be interested in going over to direct this type of training in Romania. He said, “It depends.”

April 11, 1997, I received an email from Mike Talbert saying:

...our friends in Bucharest tell me that our comments were helpful. Instead of commenting, David Fretwell rewrote the ordinance and sent it to Richard Florescu, the Bank's man in Romania, with the message that if the MOLSP didn't accept his redraft, they could forget about the project. I haven't seen the redraft and I doubt that Dave's message was sent unedited to our Romanian colleagues. Mike also said that he had asked Maurice to hold the ordinance until the end of the next week to give him a chance to look at the content of our USDOL role in the LRP.

April 14, 1997, I received a fax from Mike Talbert. He sent me copies of the draft law being prepared by the Ministry of Labor for submission to Parliament setting out the various parts of its economic restructuring program. He wanted my input ASAP on the documents to forward to the World Bank people. I sent him a one-page email with my comments.

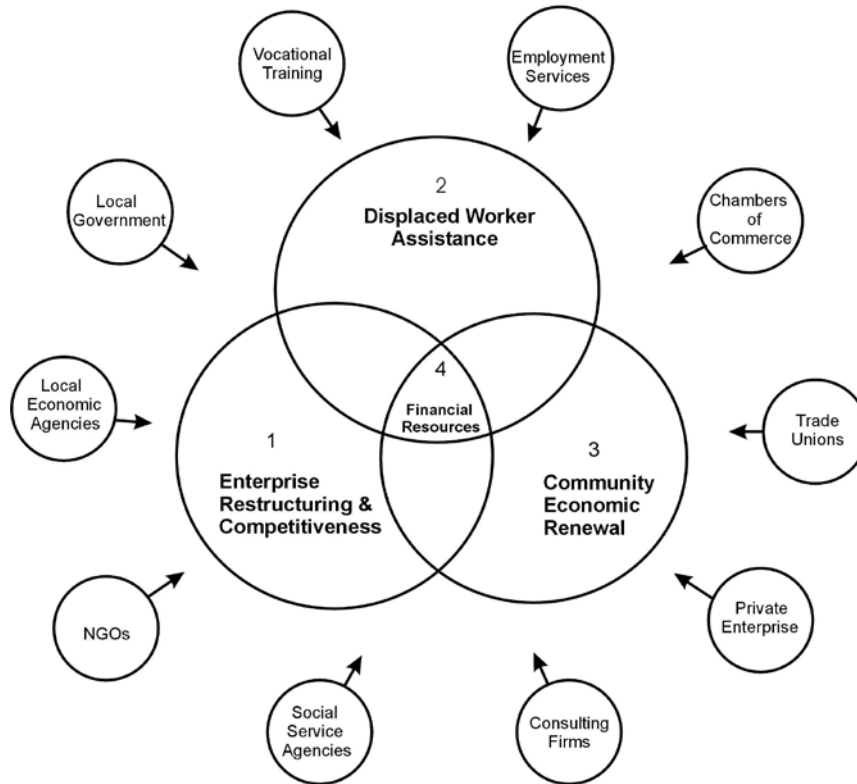
April 17, 1997, Mike Talbert telephoned to say that he had met with the World Bank representative and they are looking to us for positive solutions. He said we would need 60 days from the time a partner was identified to put people on the ground, but would need to be flexible. He also noted that the Booz, Allen consulting firm had a project winding down and we might be able take on some of their people—and maybe even the offices they were occupying. Mike also said he might stay on in Bucharest for a month to get things going. I told him about some of the people I had contacted about working on the Romania LRP.

2. Genesis and use of the “USDOL Adjustment Model”

After my first trip to Romania, January 25 – 31, 1997, I wrote several drafts of a “concept paper” before my second trip to Romania on April 19, 1997, to use in negotiations with countries such as Romania who wanted to reform their economies. During the couple of hours’ layover in Atlanta, awaiting a flight to Vienna and then on to Bucharest, Romania, I sat in the Delta Crown Room and sketched out a graphic for the concept paper on a yellow pad for what became the USDOL Adjustment Model for worker adjustment, community economic renewal, and enterprise restructuring in Central and Eastern Europe. I called it the “USDOL Adjustment Model” because I thought I might have better luck selling my ideas to the USDOL than if I called it the “Hansen Adjustment Model.” The four components of the model (and the title used in final version in 2003) were as follows:

Chart 1.1

**Integrated Enterprise, Worker and Community Adjustment Program
in Central and Eastern Europe**



In April 1997, Mike Talbert and I used that concept paper and graphic of the USDOL Adjustment Model as the basic design for the USDOL Romania labor redeployment program (LRP) in our negotiations with the Government of Romania. After several delays, the USDOL Model was eventually agreed to and implemented in Romania as part of the major restructuring and privatization project being carried out in concert with representatives from the World Bank and European Union. It was called the World Bank/USDOL/USAID Employment and Social Assistance Project.

On April 19, 1997, Mike Talbert met me at the airport in Bucharest. He had booked us rooms at the Hotel Intercontinental, a much better hotel than the one we had stayed in previously. Nevertheless, I was somewhat surprised to see that our rooms were threadbare. He said that the Hilton hotel chain had purchased an old pre-WWII hotel, but that it was undergoing major renovation so we could not stay there. Monday morning we walked to the MOLSP headquarters and then to an office in the Annex building where we met Julie Hillebrand, the project assistant. Julie, a former Peace Corps volunteer in Romania who had subsequently obtained an MA in Romanian at the Monterey Language Institute, had applied for an internship with USDOL. Jim Perlmutter had been impressed with her and sent her to Bucharest to work with us on the Romanian Labor Redeployment Program.

We went over the documents and tried to plan some kind of strategy for the coming days. I xeroxed copies of my concept paper for them to read, and we obtained and reviewed copies of the World Bank Terms of Reference (TOR) for the major loan that would help finance the project. Later, we took a taxi to USAID headquarters for a 5 PM meeting to brief Peter Laperra, the USAID Director in Romania, about what was happening. The following day we arranged for someone to scan and type a Romanian Worker Adjustment Training Manual that I had brought along. Then we met with Ministry of Labor and World Bank officials to discuss the progress of the LRP project negotiations.

My recollection is that we sat in a small conference room with State Secretary Parvu, and tried to talk with him about what we were proposing for the LRP. Unfortunately, we did not have a professional translator with us, and Julie was not experienced enough to handle the process. This led to some communication problems and unanswered questions.

The following account from the email I sent to my family after returning from Bucharest gives a much fuller picture of what happened on that trip, how difficult it was to deal with the bureaucracy, and what my role was in negotiating with the Romanian Government to accept and implement our proposed Labor Redeployment Program project design.

The flight to Vienna was uneventful. After a layover there and spending the time in the Austrian Air Business Class lounge (thanks to a generous airline rep who allowed me to use their facilities), I caught the flight to Bucharest, arriving at 4:20 PM Sunday afternoon.

Mike Talbert (USDOL, project manager) met me at the airport. We stopped at the airport supermarket to buy some bottled water (he also bought some groceries to tide him over for breakfast and evening snacks), and then drove us to the Intercontinental Hotel. It is right in the middle of town, has 22 stories, and has a nice lobby and restaurant. The price of a room (at U.S. Government discounted rates) is \$207 a day. Unfortunately, the rooms are rather threadbare. Apparently, the Intercontinental organization has warned them that if they do not upgrade their hotel, they will lose their franchise. They started with the lobby and restaurant, but are just now getting around to refurbishing the rooms.

Outside the hotel there is a group of children who work the area and pester the patrons by begging (in good English I might add).

After checking in, I talked with Mike for an hour or so to review the situation. Later, we went to visit Maurice Boissiere, the World Bank task manager from Washington (who was staying in the same hotel), and spent another hour or so discussing the situation from his (and the Bank's) perspective. Since it was too late to go out for dinner, I went to bed.

On Monday morning Mike and I walked to the MOLSP and to an office in the Annex bldg where we met Julie Hillebrand, the project assistant. Julie, a graduate of the U. of Illinois, joined the Peace Corps and went to Romania to teach English. After two years in Romania, she returned to the States and went to the Monterey Language (or International Affairs) Institute or Graduate School) to get an MA in International Affairs and specialization in Romanian language. Upon completing her degree, she sent out resumes seeking employment to all the government agencies that might have international work. Two months later, she got a letter from the OFR in the DOL indicating that they might need someone with Romanian language capability for a project in Romania. When the project appeared to be a go after the Romanians accepted the proposal we wrote in January, she was hired. She arrived in Bucharest a couple of weeks before I did, and had just found an apartment to live in.

For the remainder of the day the three of us, plus Christina, a woman assigned by the MOLSP to work with us, spent the day going over the documents and trying to plan some kind of strategy for the coming days. I xeroxed copies of my concept paper for them to read, and we obtained copies of the World Bank Terms of Reference [TOR], etc., to review.

That afternoon we spent the time outlining the topics that needed to go into the norms (regulations) and issues that needed to be addressed in the budget and other documents. At 4:30 PM we caught a taxi to go over to USAID headquarters for a 5 PM meeting to brief Peter Laperra, the boss, about what was happening. It was clear that we weren't making much headway. The meeting ended a while later and we returned to our Hotel.

Tuesday morning after breakfast we returned to the MOLSP to work some more. By early afternoon Mike was becoming very agitated and frustrated. We concluded that it was impossible for us to move forward with our planning without having direct communications with the State Secretary (the No. 2 person in the Ministry) or someone at high level in the Ministry. So, Mike went to see the deputy to the State Secretary and told her that unless the State Secretary was willing to meet with us personally for working sessions of extended periods, he would go directly to the Minister (the State Secretary's boss) and tell him we were unhappy and would leave unless they started dealing with us directly. She was very upset by this prospect, and said no, don't go to the Minister. She would talk to the State Secretary and arrange a time for us to meet. Later in the afternoon she called to say that he would meet with us at 4 PM Wednesday for 4 hours if necessary.

For the remainder of the afternoon I began making revisions to my concept paper to add some material about the Rapid Intervention component.[This is the Romanian name for the Rapid Response component we had used in Hungary.] We decided that we would give a copy of this paper to the State Secretary so he could understand what we were proposing to do. That evening Mike and I went to the McDonald's to eat.

On Wednesday, we went back to the Ministry and began preparing for our meeting with the State Secretary. We went around the corner about noon to a coffee shop to strategize while Mike, Christina, and Julie had coffee. Julie went to the bank and to make some arrangements about her apartment lease, and Mike went to see the Booz, Allen (mgt. consultants) offices that were going to be vacated on May 3 to see if they would be suitable for our project. I went back to the Annex to work on the concept paper and make some copies.

At 4 PM we went to the State Secretary's office and waited for 20 minutes or so until he came. Then we went into the office and sat around the table. Mr. Parvu, the state secretary, speaks a little English, and I think understands a little more. His deputy speaks pretty good English, as does Christina, and, of course, Julie. It was a very tense meeting, because Mr. Parvu was there under pressure, and Mike was very frustrated. So we spent 4-1/2 hours trying to communicate and understand each other's positions. Parvu did not want to observe the World Bank TORs, and wanted to have the Rapid Intervention Team set up in every office with the office manager as the team leader, etc., etc. Furthermore, the RI [rapid intervention] project could not conflict with the Emergency Resolution, which the Parliament had passed, etc., etc. And, of course neither side had the other's documents in a language they understood. Furthermore, we had amateur translators who were being overtaxed by the exchanges which were going hot and heavy, with both Mike and Mr. Parvu wanting to interrupt each other.

Finally, after 8 PM, the poor translator (Mr. Parvu's deputy) was looking pretty worn out. We concluded for the evening and went back to our hotel. It was also clear that we needed to have some translations made of the documents before continuing. So, we agreed to have our concept paper and the TORs translated into Romanian, and they agreed to translate the Emergency Ordinance into English.

We went back to our hotel and met with Maurice B. to tell him what had happened. Mike was really agitated by now. We told Maurice that the Romanians did not think they needed to abide by the TORs, and that the \$10.5 million of World Bank money was only a small drop in the bucket of their total, and, furthermore, it was now their money and they had to pay interest on it and pay back the loan. Maurice was not very pleased to hear this, noting that the \$10.5 million was only a small piece of the larger \$65+ million loan the World Bank was giving them—and which would not be forthcoming if they refused to abide by the TORs. We concluded that Maurice should make an appointment to see the Minister the next day, with Mr. Parvu present, to spell out what had to be done—and soon—if they wanted their money.

Thursday morning we went to the World Bank Hqtrs to see if we could get the TORs translated. They said they could do it, so Mike and I found a table and chairs to sit down and go through the TOR to make the changes that needed to be made so they would reflect the current project—plus make sure they included the kind of language that would allow us enough flexibility to do the Rapid Intervention work we were planning to do. A Brit woman working on a document at her notebook computer was also in the room and was very upset at having to share it with us. (The whole building was full of people working in every nook and cranny, so there was no other place for us to go).

At 10:00AM we finished our work on the three TORs, apologized to the woman for intruding, and took them down to the person who would get them translated. They were about 22 pages long. Maurice called to say that he had arranged a meeting with the Minister for 2:15 PM, so we should plan to be at the Ministry at that time. Julie came shortly thereafter so we went to see Richard Florescu [of the World Bank] to discuss the matter and use his office to plan for the afternoon meeting. After talking to Richard, we learned that Patrick Tandy, the World Bank Privatization and Restructuring specialist (who had been in Bucharest during the January meeting) was in town again and that he would come by and brief us on the status of the privatization program. He came at 11:30AM and spent about an hour giving us the lowdown.

Seems that the Romanian legal system is such that even if the Government privatized firms, the procedure could be challenged and wind up in court for several years. Or, if a firm was declared bankrupt, it could still wind up in court for several years. Hence, he said he was not optimistic about the successful conduct of the program. When I asked what the alternative was, he said the Government would have to cut off their subsidies and let them die a slow death or downsize to a level they could operate successfully. He said this is what he expected to happen.

I was somewhat taken aback by this whole scenario, since the government said it was urgent that we get started immediately. It now appeared that we could ramp up more slowly and get the infrastructure set up and the staff trained.

After our meeting concluded, we went down to see how they were doing on the TOR translations. Nothing was happening. The woman said they had others to do and ours had been put at the end of the queue. It was clear that they would not have it ready for our meeting in the afternoon or the next day. Julie said she thought she could get her friend, a professional translator to do them, so we gave them to her and sent her on her way to start working on them.

Mike and I caught a taxi to the Ministry offices where we met Maurice. We talked about what he would say, and then went to the Minister's office for the 2:15 PM meeting. The Minister, state secretary, his deputy, and several other ministry officials were there, along with Maurice, Mike and me. After a few pleasantries, Maurice went through his three points, spelling out what had to be done -- agreement had to be reached with us, the TORs accepted, etc., and all completed by Thursday of the following week so the loans could be approved by the World Bank committee which would be meeting in Washington the following Friday.

Mr. Parvu sat there without saying a word, while the minister was listening and agreeing that they would do whatever was necessary to get it all completed. After our 15 to 20 minute meeting, we left his office. We went back to Christina's office (by now we had been kicked out of the other office by the occupant who had returned (which created another irritant for Mike since we were there to help them and they would not even provide us with adequate space), and regrouped for our 4 PM session with the State Secretary. Christina, on her own volition, had translated my concept paper into Romanian the previous night, and had given a copy to Mr. Parvu, the state secretary, that morning. At least we could talk about that if he had read it.

We went to our 4 PM meeting. This time Parvu and his deputy were there, but in addition the MSP Project Coordinating Unit director was there (who spoke English), and another man who had participated in the January meeting, but who had been taken off the assignment because he had not done anything. He was very negative, and the PCU [project coordinating unit] director was very much concerned that all the pieces would not be in place to provide the training and other services needed by the displaced workers. Anyway, we began another day of discussions.

This time State Secretary Parvu was less intransigent, and the translators were less pressured. After Mike apologized for not having the TOR translations yet due to some problems at the World Bank, he tried again to reach some agreements on other issues without much success. Then I began asking Mr. Parvu if he had read the concept paper. He started to scan it (without saying whether he had read it), and immediately jumped on a word or phrase and said "we can't do that." When asked what he was referring to, he spoke in Romanian and Christina translated it for us. Either he did not understand the wording or it was not correctly translated. We responded that the word was correlate with, not control, and showed him the English version.

After a few more of these incidents, poor Christina was practically in tears. It was clear that the translation was not too good. But in the course of my questioning, I did get Parvu to say that he liked what he had read, and that his only concern was that we would not be starting soon enough. I explained to him that our first task was to train the RI trainers ("rapid intervention trainers") and get them proficient in their RI work before we gave them new tasks to do. Anyway, after an hour or so of this kind of discussion, we once again concluded that they needed the TORs in Romanian and we needed the Emergency Regulations in English, and we could not make much headway until this was completed. So we agreed to adjourn until the next day at 11AM.

Mike and I went back to our hotel and met with Maurice to tell him the outcome of our meeting. He was leaving the next day. Then we went out to a pizza restaurant for dinner and came back to our hotel.

The next morning Mike went to USAID to tell them what was happening, and then to the Embassy to brief the DCM (deputy chief of Mission) who was in charge while the Ambassador was in the U.S. He was then taken to meet the USAID Privatization team and discuss what we were doing with them.

I called Julie and told her to meet me at Christina's office in the MOLSP at 9 AM. Julie said they had stayed up all night and finished at 6:30 AM. But she needed to have me explain some of the terms so she could correct any errors. She arrived at 9, and with Christina on one side and me on the other, we went through all of the problems again. I would explain what it meant or what we wanted to say and Christina would review the Romanian phraseology as Julie would type it in the computer. This took about 2 hours. Then we got a call from Mike saying he would be late as a result of his meetings at the Embassy. This gave us some more time, and Christina called Parvu to postpone our meeting until 12:00.

We finished our work and then Christina took the disk to print out a copy and xerox copies for Parvu and others. Just then Parvu and his deputy came around to the office and told all the women that they could go home and prepare for Easter—everyone except Christina, since she was working with us.

At noon Mike returned and we went to see Parvu. Once again we had the group present, and we exchanged documents. This time we were able to communicate a little better, and made considerable headway telling them what we proposed to do. However, there was still a problem over the TORs. Mike concluded that we were being caught in the middle on this issue, and that Parvu should talk to Richard Florescu from the World Bank and sort out this issue. Hence, he decided we should cut short our discussions and take a break while he called Richard. However, since Monday was a Romanian holiday, and Richard could not come that afternoon, they would not be able to meet until Tuesday. So we resumed our session and decided to recess our discussion until the following week—after Richard and Parvu had met to sort out the TOR problem.

During the break I read the Emergency Ordinance to see what it said about Rapid Intervention. There were two short paragraphs, neither of which would in any way constrain what we were proposing to do. Therefore, when we reconvened I told Parvu what I had read and reassured him that we could carry out our proposed strategy if he was comfortable with it, and that I was convinced that most of the concerns were related to the problems of communication and not substance. Finally, I said that I was leaving the next day, and hoped that everything could be worked out during the first part of the following week.

We ended the meeting on a very upbeat note, and after having a debriefing session, Julie went home to sleep. Mike and I went back to the hotel. Shortly after 5 PM we went to the McDonald's where I had a hamburger and Mike a soft drink (he had been invited out to dinner at 9:00 PM by an Italian delegation also working on the WB project, so did not want to eat anything). I did not want to go out that late to eat, so did not go with them. We had a very philosophical conversation at McDonald's for nearly an hour, reviewed the week of frustration and difficult negotiations, and planned strategy for the coming week.

Next morning I got up, packed and checked out of the hotel, caught a taxi to the airport and started the return trip home. TAROM's flight to Frankfurt was uneventful. Not too many passengers and a brand new 737 to ride in. The trip from Frankfurt to LA was pleasant enough—long. At least Delta is finally improving the Business Class service. The MD-11 had individual TVs in the armrest, and the food was pretty good. Short stop in LA, caught the flight to SLC, and met Helen at the airport on April 26

As soon as I had returned home I began receiving numerous emails and telephone calls from Mike Talbert, updating me on what was happening and seeking my advice.

April 30, 1997, Mike Talbert sent me an email and mentioned our difficult experience communicating and negotiating with Parvu:.

I haven't seen Parvu since we met with him. Monday was a holiday and Florescu [from the World Bank office] didn't meet with him until today. Florescu feels he has resolve[d] some of the misunderstanding Parvu had. Additionally, based on what Parvu reportedly told Florescu, we had some serious translation problems during most of our meeting with Parvu. In retrospect, Julie confirmed this as well. Now I hope we will be able to move ahead a little more productively. Among other things, we'll arrange to have a professional translator.

April 30, 1997, I sent a fax to Jim Perlmutter spelling out what my concept paper contained and how it was used in our negotiations, plus the fact that it included my first efforts to create what came to be known as the "USDOL Adjustment Model." I also suggested for the first time that we seriously consider using that model for several other projects the OFR might want to bid on in the CEE Region.

Enclosed is a copy of the concept paper that I wrote for Mike and which we used as part of our negotiations with the Romanians last week. State Secretary Parvu seemed to like this approach once he had a chance to read it in Romanian, and only wanted to know how we could speed up the implementation of the second and third phases.

The concept paper reflects three of the four components of what I call the "USDOL model for enterprise restructuring and worker adjustment in Central and Eastern Europe." When I have time, I will flesh out the complete model and show its origins and development. The full model will, of course, have the social investment fund component that you mentioned when I talked to you earlier about my ideas.

You may want to consider this approach for a Bulgaria RR project if OFR decides to bid on that one. It might even have some application in Poland!

During April 1997, while teaching a full load at USU, I worked at home on the Labor Redeployment Program in Romania. Every few days I received faxes from Mike informing me about what was happening on the Romanian LRP. In addition to providing consulting assistance to Mike Talbert of USDOL, I also informed Virginia Stacy of Western States Multi-Service Corporation about my activities: recruiting and interviewing candidates for Chief Training Advisor, trainer and technical assistance positions, providing information and technical assistance to trainers selected and the public relations person who had been engaged, and obtaining, preparing and transmitting information, training manuals and other items to the DOL Project Manager Mike Talbert, Romanian Project Coordinator Julie Hillenbrand, and RI trainers ("rapid intervention" trainers, the name selected for the key staff instead of rapid response as they were called in our Hungary project, prior to their departure for Romania).

The final version of the concept paper I wrote to use in negotiations with the MOLSP in Bucharest set out the components that the USDOL project would include and how they would be implemented in Romania. First, we would select and train a cadre of individuals to become members of the Rapid Intervention Group [RIG], and then begin implementing the first of three components of the LRP (worker adjustment, community adjustment and enterprise adjustment).

The following excerpt from my concept paper -- G. B. Hansen, "Romanian Labor Redeployment Program: USDOL Training and Implementation Strategy for Rapid Intervention Group," April 30, 1997, 9 pages) --discussed what we proposed to do.

My 9-page concept paper spelled out what each of the three components would include and the process by which the newly trained RIG team would implement it. It also contained a timeline for the training and implementation process. The first activity would be a Program Overview Workshop for the Social Partners to give them some idea of what the LEP was all about. That workshop would take place in May-June 1997. During Phase I (the May-June time period), the project would also recruit and train the RIG staff to perform their important duties of providing the worker adjustment services that would be made available through Phase I of the project. Phase II of the project, the Community Economic Renewal component, would be started in October 1997. Finally, Phase III of the project, the Enterprise Competitiveness component, would be started in June 1998.

3. LRP project startup issues and problems

In hindsight, the timetable set out in the concept paper for starting and implementing each of the components was overly optimistic because of the interminable delays and the lack of a functioning MOLSLP bureaucracy capable of delivering on their commitments.

May 1, 1997, email from Mike Talbert indicated how difficult the task of implementation would be.

The first issue was what should be included in the overview workshop and who should be invited. He was also anxious to start documenting the project and collecting any news releases or articles that might appear about the project. Finally, we had to address the issue of local and international staffing, and finding suitable trainers to carry out the work, whether to take over any of the Booze, Allen staff, etc.

I tried to recruit several people for the project, including Gary Gardner and Allen Ayoub from the Utah displaced worker and ES systems, and Jim Houck from Michigan, who had helped Maria Heidkamp start the Hungarian Rapid Response Project. In addition to helping in the process of recruiting staff, I began collecting the manuals and other materials that needed to be translated into Romanian for use in the project.

My files also contain emails from Bill Tracy commenting about the concept paper and the implementation strategy. (Email from Bill Tracy to GBH May 4, 1997) Clearly, the process of implementation posed a number of difficult questions and problems, such as the timing of implementation. My May 5, 1997 email contains a response to Bill Tracy's concerns. The most serious question concerned the implementation timing of the three phases of the model. We had proposed that the Phases should be implemented sequentially: Phase I should consist of implementing the Rapid Intervention worker adjustment component, followed by Phase II, the CER component, and then Phase III the Enterprise Competitiveness component. Our logic was to train the RIG team on how to implement the first phase and provide them with sufficient experience to do it right before starting the second (CER) phase, followed by the third phase. Unfortunately, State Secretary Parvu wanted to implement Phases 2 and 3 as soon as possible. The second problem was that we were not sure the MOLSP would be able to gear up administratively and ready to deliver the type of UI and other services to the displaced workers

from the outset. Given their level of competence, and the speed they were moving, this could cause serious problems.

The problems of working with the Romanians to implement our project are demonstrated in a May 5, 1997 email from Mike Talbert.

When I met with State Secretary Parvu, I explained that this was an optimistic, ambitious schedule, and that it depended on the availability of Maria. I told him that we may need to slip the schedule some, but that we should all work like hell to try to make it. Ms. Platon and Mr. Bodonea were in the meeting and I had a professional translator with me.

The meeting was far more productive than before, however, there are still a number of serious problems we will need to resolve with their understanding of the Rapid Response methodology. The big breakthrough today was that Ms. Platon and Mr. Bodonea are to focus their attention on working with me and reconciling the conflicts between the Ordinance, Terms of References and your strategy paper. Another bright spot was their recognition that Rapid Response methodology is flexible but not indestructible; too many alterations, the absence of resources for the RR specialist to use, etc. and in the end you no longer have the RR methodology and it will most likely fail. This point seem quite persuasive for Platon and Bodonea.

The blizzard of emails that traveled back and forth between Mike, myself and others throughout the month of May provide a fascinating record of just how difficult it was to try to ramp up the Romanian LRP project to actually commence the training of RIG specialists and begin Phase I of the project. The various players, Mike Talbert in Washington, D.C., and Julie Hillebrand in Bucharest, and the role of Western States and its staff, all were interacting with potential trainers, setting up training schedules and coordinating their efforts was extremely difficult and cumbersome for all concerned.

In addition to the trainers, Western States had hired a public relations (PR) consultant from Boise, Idaho, to go to Bucharest to assess the need and develop a public relations program for the new project. The World Bank was very high on the importance of PR, and it had been included at the behest of some of their staff. As I recall, this activity did not produce much of value and was probably a frustrating experience for Ann Kirkwood, the woman hired by Western States to carry out the assignment.

In my May 13, 1997 fax to Maria Heidkamp, I commented about the difficulty of obtaining good trainers and my concerns about the ability of the Government of Romania (GOR) to organize their local offices to carry out the needed active labor measures.

In addition to the problems of finding suitable trainers, I am also concerned about the possible lack of GOR preparations to organize their local offices and successfully implement the promised active labor measures. Without effective backup and support from the MOLSP it will be difficult for the RIG specialists to do their work and deliver on expectations raised. This fumbling start could be disastrous for the program.

A May 14, 1997, email from Maria Heidkamp agreed with my assessment:

I agree with you (and Gary) and said so myself yesterday to cary on the phone. I think in a case like this, you've got one shot to get it right. My own personal experience is that these types of int'l, training face some handicaps or challenges under even the best of

circumstances because of language, cultural and other conceptual problems that usually work themselves out after the first day or so. But, you've got to have the rest in place.

May 14, 1997, I received an email from Mike Talbert outlining the new schedule he had in mind, indicating what other steps would be taken in the interim to implement the project, and stating that he would be informing the Ministry that "the training will need to be pushed back until the week of June 16." He went on to say that

the MOLSP management will not be happy. Frankly, neither am I. The Government is under intense and growing pressure to implement effective measures to address rapid, large scale industrial restructuring. Needless to say, they are dissatisfied with DOL's ability to help them respond to a crisis that threatens the stability of this newly-elected reform government.

Numerous emails flew back and forth over the Atlantic during the next 10 days, dealing with the problems of finalizing the first training workshops and trying to keep everybody informed of the project preparations and developments leading up to that event.

On May 21, 1997, Mike sent the training team an email spelling out the arrival arrangements, hotel accommodations, and the other information relating to the first training workshop.

On May 22, 1997, I sent Mike an email and told him that my wife thanked him for not needing me to come to the training session in June. We had not had any vacation time for over a year, and she already had some other activities in mind.

During the coming weeks I worked with Virginia Stacy at Western States to make sure that we would have a sufficient number of qualified trainers for the subsequent rounds of the upcoming training. (Email from Virginia Stacy to GBH, May 29, 1997)

May 29, 1997, Mike Talbert called to report on the first round of training. He said that Pat Gross and John Houck were "great," and that Ann Kirkwood was "ok" on the public relations training. Ten people (local RI staff) had been hired, and that Pat and John would be going out in the field with some of them the following week. Mike seemed to be happy with the first round of training activities and what was being accomplished.

I received another report of the first round of training in an email from Maria Heidkamp the same day, with a follow up report on June 4, 1997—from her perspective.

Otherwise- we've got lots to talk about, as I said. In short, things went well, I think. The team was a bit large; I'm not a big fan of going to meetings 7 or 8 of us at a time. However, Pat and John are quite nice, and will fare well enough as trainers.

I must say the group was fairly representative of the entire United States - with Ann K from crazy Idaho, Pat from Oregon (via small-town Montana), Bill T. from Jersey, are token Southern gent in Joho Hall, Mike from Rhode Island and Julie from the midwest (Chicago - and she reminds me of many of my cousins from that area). Wow! (and me from somewhere, I don't know where....)

In another June 4, 1997 email from Maria Heidkamp, she mentioned the fact that some of the other team members, with Mike Talbert's approval, were using another approach rather than the LMAC approach that she was using—based on her experience in Hungary.

Re: Bucharest

I had planned to stick mostly to the LMAC approach; it's what I know and believe in. But, of course, it's not my project. I knew in choosing trainers who don't use that approach regularly, we would come up against that. If we had me and Jim Houck and Larry Hertling, for example, there last week, Mike would have come away with the impression that it's the single best approach to use, even it needs to be done differently each time. Did Mike actually say that to you —about the other 3 not being so keen on LMCs? We did not discuss it in detail.

We can restructure the agenda, to be sure. But, I must admit, if they want to use the broader approach, there's much less reason for me to be there. I wouldn't mind not going if they've got enough experience with other approaches. Maybe we can just put one day on the agenda that's devoted to me. I can do an overview of LMCs and some simulations of first meetings, etc.

I thought Mike's whole thinking was that he wanted to use an approach that was tested elsewhere in the region?

I was pretty excited about the prospect of working there after 1 was on the ground there — I think it's that pull to work on something that's both new and needed. I better talk to someone (Mike) about this, however, because I don't think 3 (plus 1-2) trainers are necessary if they want to use a different method.

After my USU classes ended in June 1997 I worked at home on the Romanian Labor Redeployment Program for Mike Talbert and Virginia Stacy. I provided consulting services along the same lines as I had done during May: I recruited and interviewed candidates for trainer and technical assistance positions, provided information and technical assistance to the trainers selected and to Ann Kirkwood, the public relations person, and obtained, prepared and transmitted information, training manuals and other items to the DOL Project Manager (Mike) and Romanian Project Coordinator (Julie) and the trainers prior to their departure for Romania. In addition my work on Romania, I also went to Hungary, June 7 – 14, 1997, to conduct some training on that project for Maria Heidkamp.

When I returned home from Hungary, I received an email from Mike Talbert on June 18, 1997, commenting on a meeting that I had had in Budapest with David Fretwell of the World Bank concerning Romania and other recent developments.

You are correct in your assumption that Dave Fretwell wants the TOR to track much closer to the TOR that was drafted in January. I talked to Dave after you met with him in Budapest. He said that you agreed with him that the MOLSP field staff would not be able to handle the rapid response nor the post layoff services (active employment measures) implementation. I told Dave that I would need to talk to you to better understand the nature of your agreement with him. Further, I told him that as far as I understood, you and I are in agreement and that nothing has happened to change that. Do you agree with the following: 1) the MOLSP field staff are essential to the rapid response activities, though they will need backstopping, ongoing training, etc., and 2) there was no consensus as yet as to how the contracting for post layoff service will be managed, but

we should press for the project to implement a model based on the one used in Macedonia (central management, non-MOLSP field agents, prototype contracts, etc.)?

I spoke to Maurice this morning; he's in Bucharest. Dave and Maurice met with Mr. Parvu today and, according to Maurice, it went well. Parvu reported that we were working well together and that we were making real progress. They discussed the TOR and Parvu agreed to the changes that Dave has proposed. (Attached is a copy of the TOR that I revised based on Dave's comments. Dave has made additional changes that I have not seen.) Julie is returning from Sibiu this evening and will attend a meeting with Parvu, Dave, Maurice, and others to work out an agreed version. As long as the scope of work, resources, etc., are not changed, I'm not overly concerned. The changes that Dave is pressing for would give us more control and in effect, give us more flexibility.

June 23, 1997, I received a fax from Ed Musselwhite at Western States, requesting to talk to me about the projects in Romania and Bulgaria. He also included a copy of Ann Kirkwood's progress reports on her media consulting work in Romania. Among other things, she recommended hiring a full time Romanian media coordinator for the Project Office, the initiation of a media survey, and outlined some of the steps to be taken to implement a media campaign. (Progress Report, Ann D. Kirkwood, May 24-June 16, 1997).

During the remainder of the summer of 1997 I continued to provide technical assistance services and support to Mike Talbert, Virginia Stacey, and Julie Hillebrand. My files are full of emails, reports and other documents generated by the trainers as they carried out their training assignments in Romania. They reflect the difficulties encountered by trying to use Maria Heidkamp's experience in Hungary and their own experiences from work done in the United States to the Romanian situation and environment. Mike Talbert continued to run the project, with Julie serving as project coordinator. Eventually, Julie Hillebrand assumed more and more responsibility for directing the work in Romania and became the Project Director.

The Romania LRP suffered from having too many cooks in the kitchen—trainers with different perspectives about using LMACs and other approaches to assist workers being displaced from state owned enterprises -- in a situation where the Romanian MOLSP and its staff were poorly equipped to provide overall guidance and direction.

Consequently, the LRP struggled to accomplish the stated objectives of the TORs that Mike and I had written and to build the capacity in the MOLSP to assume the ultimate responsibility and direction of the RIG as shown in a July 7, 1997 email from Mike Talbert, and a progress report on Romania from Jim Houck and Teresa Holdren:

Well, we're beginning to get some significant feedback from the fieldwork and training that has been done in Romania over the last few weeks. Approximately 53 MOLSP personnel have received training and we have learned a good bit about steps that will need to be taken to move the project along.

We have received reports from Anne Kirkwood on the public information program, Pat Grose and John Hunt on their fieldwork and training activities and Jim Houck and Teresa Holdren on their work to-date.

Jim and Teresa have recommended that we suspend the training of additional MOLSP personnel and focus on setting up LMACs in several Initial sites - Note: Lets stay away from the term 'pilot' It has all of the wrong connotations in Romania. This was our Initial

recommendations to the MOLSP some time ago. The MOLSP now seems prepared to accept it.

Jim and Teresa are going to work on getting a few LMAC's started and have recommended that we keep an expert in the field to help the MOLSP staff and the initial LMAC's. I have asked Ed Musslewhite to make arrangements to have an appropriate expert in Romania as soon as possible and to stay on through until at least September. We are still working on arrangements for a resident technical advisor.

I'll be sending you copies of the other reports via express mail. (Ed. please send a copy of this to Pat, Anne and John. Thanks.)

A July 21, 1997 fax from Julie Hillebrand describes how difficult the situation was for her and her colleagues.

Work Performed During the Period July 1-15, 1997

During the first two weeks of the month, the final week of Rapid Intervention Training in Deva was completed. After minor logistical adjustments due to unavoidable weather conditions and accommodations in Deva, the sessions went quite well and the participants were very responsive to the LMAC model. During the three day training period, the consultants, Jim and Teresa, conducted on-going evaluations and assessments of particular candidates within the group who may be able to serve as the Rapid Intervention Specialists in the "pilot" or experimental sites. These sites were identified both by the qualifications, enthusiasm and knowledge and receptivity of these Deputy Directors, by the status of the relations between the unions and management in their respective communities, and by the availability of an enterprise which was qualified under the Emergency Ordinance and which was in the process of restructuring and targeted for mass layoffs.

Upon the completion of training, JH and the consultants had a teleconference call with Mike Talbert to discuss the outcomes of the training, their concerns, and their specific recommendations and proposals regarding the future stages of the project. It was concluded that a "Preliminary Report" would be developed and sent to Mike Talbert for comments. The paper was drawn up and faxed and e-mailed to Talbert and then sent translated and faxed to the Secretary of State. The response was a request for an immediate meeting with JH and the consultants at the beginning of the following week. The meeting produced some intense discussion regarding some of the training concepts and the LMAC model. The Government of Romania believes that they do not have the legal base or framework set in place to pay or even provide any funds for the support/compensation of neutral chairperson for each LMAC. The Secretary seemed also to be convinced that the concept of a neutral chairperson would not be a viable option for this program. The discussion closed with Parvu agreeing to the five sites that the consultants would visit in the following two weeks. The consultants expressed their concern regarding the issue of the neutral chair and agreed to speak with Mike Talbert.

The following week consisted of daily on-site meetings for the consultants in five locations within the closest judets to Bucharest. The LMAC initial meetings went extremely well and the groups were interested and willing to work together and begin the process of setting up a committee. Jim and Teresa went separately to each committee meeting and were quite successful with gaining the credibility of the groups in the model and its viability.

JH remained in Bucharest for the two weeks, due to many logistical and administrative issues that had come to a head in the past four weeks. The issues of the rental contract

for the building, purchase order for a photocopying machine, driver and vehicle issues, and the personnel contracts for the employees need to be resolved as soon as possible. JH kept in communication with Mike Talbert as much as possible (as he is currently on vacation in Italy) in order to check the status of these issues and push the process along. At the same time, JH and staff investigated the possibility of moving to another building in case the negotiations with the owners were not successful. However, the outcome has been agreed upon and the issue is close to total resolution. JH also has had several discussions with USAID regarding our future workplans. This also needs to be drafted, presented and approved very soon. At the same time, operational plans with the MOLSP need to be completed and collaboration with the other foreign technical assistance groups needs to continue more closely.

Work to be performed in the next period:

In the next two weeks, upon the departure of the consultants, the LMACs that have been created will need to be attended and serviced throughout the country both by either JH~, the Romanian counterpart from MOLSP and the next TA consultant that is to arrive. Until the arrival of Allan Aloub. JH and counterpart will take care of initial meetings and facilitating the election of the neutral chairperson.

Problems/Concerns:

Due to the pace in which the training began, coupled with the "start up" of operations here in the headquarters building and with the staff there have been many procedural, methods, systems and policy questions and concerns from all partners in this project. Since many of these are small and administrative, they can be easily and quickly solved once USDOL and Western States is in agreement regarding these issues, it seems also that there is confusion about the connections between all of the parties involved in this project and we need to solidify our roles and define each of our responsibilities. Of course, this will take time, but it is necessary and crucial to the success of the project. JH will be developing a list of issues that need to be addressed in order to make the operations run a bit more smoothly and to clarify any confusion or misunderstandings. This will be faxed to you and IJSDOL as soon as possible.

An Aug. 7, 1997, email from Julie Hillebrand reported on the various activities being carried out by the LRP.

Hello Gary,

I finally have a bit more time and wanted to write you with an update thus far of the training and LMACs. The progress reports that I have sent to Ed are more of a time outline of how I spent my time rather than a project report. I am sure they didn't provide you with any substantial information.

As you know, Teresa Hoidren and Jim Houck completed our training sessions and started five "experimental" LMACs in selected sites. They divided the sites and conducted initial meetings in the sites and one additional training session. Of the five, four were and still are extremely promising. The fifth, which is the one in Bucharest, had a unique situation in that when we arrived to initially meet the company, we learned that the employees had already been laid off. Teresa conducted a training session for them in our offices so as not to give them a fair chance. After a second meeting that I held with them - although they were enthusiastic, they came to the decision that it would not be efficient or successful if they tried to create a committee after all of the workers had left and some had already started to find new jobs. So, we have four operating committees who have already signed a LMAC agreement and began their weekly meetings to develop a strategic action plan. I visited them with

some members of my staff who had been there from the start with the committees and acted more as a facilitator. The local labor office representatives in 3 of the 4 sites (trained by Teresa and Jim) are excellent and conduct the meetings singlehandedly (up until now - they have all just elected a neutral chairperson, which the Secretary of State, Parvu, claimed was impossible in Romania). So - the committees were met with once a week by some of our project's representation.

Allan Ayoub arrived on Sunday and has been out to all of the committees to date. He will probably give a much more detailed report, but overall he is very pleased with the committees and enthusiastic about the members and their understanding of their roles. There are two issues at the moment. The first is that they are working so fast and with much enthusiasm and momentum - we hope that we can keep up with them. Meaning, we hope that all of the issues with the Terms of Reference, the flow of funds, the ordinance #9, active measures possibilities, etc. will be worked out before the committees run out of steam. [There are many things to be decided at the national level between USDOL and MOLSP quickly. We anticipate all of this happening within the next month - as Mike Talbert is returning from vacation to Romania on Sunday, August 10. Bill Tracy is also returning in order to assist in writing the USDOL sole source contract with Talbert.] The second issue is that the Government of Romania has not proceeded ahead with the privatization, restructuring and liquidation program as anticipated. There has been much confusion about the "lists" of which companies will be liquidated, etc. and no "massive" layoffs have been seen yet. Many creative solutions on the government's part, but no downright closings/liquidation. The committees are wondering when, who and if they will be liquidated or restructured or privatized and are in a waiting period regarding what their future actions should be until then. But, Allan is providing them with excellent guidance and support. He is very flexible and seems to enjoy Romania.

In the meantime, they combined all of the Terms (10, 11, 12) into just TOR #12. Also, they (World Bank) specified that our project would also hire the following:

"1) a full time manager plus five full time rapid intervention specialists for the initial rapid intervention program and 2) a full time manager and four full time national staff, plus five REGIONAL field agents for the labor services program. Costing should include all international and local hire consultants and related local travel and per diem."

We are discussing these activities at the moment and these will be some of the most pressing from an implementation point of view. We are also collecting as many materials as possible in order to create a "information resource center" - both for us, the consultants and the local labor offices. Anything you provide we will translate and distribute if necessary. All of your help is greatly appreciated! Regards, Julie Hillebrand

An Aug. 8, 1997 email from Sydney Smith to Mike Talbert included news releases that demonstrated how things were going in Romania, and reporting that the Prime Minister had announced that the nation would be undergoing "a test of fire" for the reforms, including the closure of 17 enterprises and the layoff of 30,000 workers.

ROMANIAN PRIME MINISTER ANNOUNCES "TEST OF FIRE" FOR REFORMS. Following criticism by the IMF on the slow pace of liquidation or privatization of state-owned unprofitable enterprises, Prime Minister Victor Ciorbea on 7 August announced the government is closing down 17 enterprises. Close to 30,000 people will lose their jobs as a result of the decision RFE/RL's Bucharest bureau reported. Ciorbea said this was the "test of fire" for the government's reform program. Those laid off will receive compensation equal to between six and 12 months wages. Among the liquidated enterprises are three refineries, which have been producing well beyond Romania's consumption needs and have accumulated large arrears to the state budget. To speed

up the liquidation process energy deliveries to the 17 enterprises are being stopped as of 8 August.

ROMANIAN LABOR PROTEST. The IMF chief negotiator for Romania, Poul Thomsen, told the private TV channel Pro TV on 7 August that he proposed to the government to offer compensation of more than 12 monthly salaries to those laid off to avoid labor unrest. But Radio Bucharest, on 8 August, already reported on several outbursts of protest. Some 5,000 workers at the Petrotel refinery in Ploiesti broke windows at the company's headquarters and chanted "we are not guilty, we want to work." The protesters were joined by some 800 workers from the Vega refinery, which like Petrotel, is slated for liquidation. Mediafax reported that workers at the Romfosochim enterprise in Valea Calugareasca blocked the railway and stopped traffic between Bucharest and Galati, as well as between Bucharest and Iasi. On the other hand, the leader of the largest miners' trade union confederation called off a warning strike after negotiations yesterday with Prime Minister Victor Ciorbea,

Fortunately, things did not turn out quite as bad as predicted. On Aug. 25, 1997, Julie Hillebrand emailed me to say how the new "test of fire" was going.

Hope your trip to Dublin went/is going well. We are in the middle of more discussions with both the World Bank and the Ministry regarding freeing up resources for active measures - sound familiar?! The pressure was on for a short period immediately after the government announced the closure of the 17 enterprises, but has slowed a bit with the further announcements that some will not actually close and/or were never on a SOF list or approved by the SOF. We have also begun informational meetings with USAID and World Bank regarding the pace of this restructuring so that perhaps we won't be surprised the next time we hear of closures, layoffs, etc. There is much to tell and hopefully we will see you here soon for some in-depth briefing and discussions~ Allan Ayoub is here until September 6 and was hoping to "catch you in passing" here in Bucharest. I will pass on any messages to him if necessary.

On September 13-17, 1997, I went to Romania. Several pages of my trip report and emails home provide the best account of what was and was not accomplished in Bucharest during that trip. (GBH, Trip report for Bulgaria and Romania trip, Sept. 5-17, 1997)

Romania

Objective of Visit: The objective of my trip to Romania was to assess the status of the USDOL/World Bank Romanian Labor Redeployment Program and provide whatever assistance I could to Mike Talbert in facilitating the implementation and operation of this project.

September 13: Ed and I traveled to Bucharest. We met with Mike Talbert on Sunday morning September 14, for three hours to discuss the work being carried out by the Romania Project. Later in the afternoon he returned to our hotel and we continued our discussions. That evening we went to dinner with the DOL Project Staff.

September 15: I spent the morning attending a Project meeting with Mr. Christache Ristea from MOLSP and Mr. Bodea from the MOLSP Project Coordinating Unit. The purpose was to determine who should be involved in the Working Group to help write the active labor measures implementation manual, when the group would be convened, and other matters.

In the afternoon I went through some of the training and resource materials and other

documents available in the office to determine what additional materials and resources might be needed by the project. Later, I met with Mike to discuss the content of the Technical Proposal he needed to have prepared for the Romanian Ministry of Labor by September 26. He asked me to review some other USDOL documents and see if they could be used as a model for the Romanian proposal, and let him know whether I could write the technical proposal for the project along these same lines.

September 16: At Mike's request, I spent the morning interviewing each member of the office staff to get their inputs on what changes needed to be made in the operation, plus any ideas and suggestions for inclusion in the technical proposal that Mike had asked me to prepare. In the afternoon I collected the documents which had been prepared by Bill Tracy and Julie Hillebrand and other items which would be needed to prepare the technical proposal. I perused these documents to see if they would provide sufficient information to help write the technical proposal. That evening I met with Mike Talbert to discuss in greater detail just what was needed in the technical proposal. I briefed him on what I had learned from the interviews and my review of materials, and indicated that I could use most of the material he had given me and would be able to write the technical proposal as requested. I indicated that I would send a draft to him in one week, by September 24.

On September 17 I departed for home.

Follow up:

Romania: Upon returning home I prepared a draft of the Romanian Technical Proposal and sent the file containing the proposal (about 35 pages in length) by email to Mike Talbert on September 24. He confirmed receipt, and indicated that he and Julie would make the needed changes over the weekend and they planned to deliver it to MOLSP by October 1. On Sept. 30 I received an email from Mike saying they had completed work on the proposal and they were having it translated so that it could be delivered on Oct. 1 as agreed. Mike indicated that he will contact me when he needs additional assistance.

My comments about the Romanian portion of that trip are from my Sept. 18, 1997 email to my family:

Ed and I caught the Tarom flight to Bucharest at 2:20 PM, arriving at 3:25PM. It was the same type of prop jet (Russian) that Balken Air was using. Not too impressive, but seems to be reasonably airworthy. Since we were Americans—and undoubtedly paying a much higher fare than the other passengers, they put us in the first class section with a curtain between us and the others. A car and driver were supposed to meet us at the airport in Bucharest, but did not show up. After waiting 45 minutes (and watching a group of people looking at a Lambouguini (sp?) with two models who must have been doing some photography for an advertisement, we caught a taxi to the Sofitel where we stayed. The Sofitel is the best hotel in Bucharest (and the priciest at \$190 a night DOL rate). The food in the restaurant (being a French-owned hotel chain) was quite good and reasonably priced.

On Sunday morning Mike came to the hotel and we went to the office to work for 4 hours. He then showed us his apartment, we had kinch, and then returned to our hotel. At 5:00PM Mike returned to our hotel and we met again. He went to the cash machine at the bank in the World Trade Center attached to our hotel but it was out of service. At 6:00PM we took a taxi down town to see if Mike could get some money at a machine he said was always in service. Unfortunately, it was not working either so the taxi driver took us to some place (a kiosk in an industrial area) where Mike exchanged some dollars for Lei. We then went to a restaurant for dinner with the DOL Project office staff. Four of them

(three Romanians and an American) showed up and the dinner was quite good. After dinner we returned by taxi to our hotel.

On Monday morning we went to the office and worked all day, with time off for a Ranch Burger (an Israeli knockoff of U.S. fast food firms).

Tuesday we went out and caught a taxi—and when I gave the driver the address of our office he stopped and asked whether we were the Americans working on the DOL Project. When we said yes, he sheepishly admitted that he was Aural, the man who was supposed to pick us up at the airport. He was very apologetic, saying that he had taken someone out of town on Saturday with the expectation that they would be back in plenty of time for him to pick us up, but that the man's business had taken all day and he did not get back in time. What a coincidence!

Ed left at 11:00 to fly home, and I spent the rest of the day interviewing the office staff to get their ideas about the current development and direction of the project. Mike decided he wanted me to write the technical proposal which had to be signed by the Romanian Ministry of Labor to allow the project to receive funding from the government. None of the financial documents had been signed even though the project has been running since June. My interviews with the staff turned out to be a chance to let them tell me all of the problems and the difficulties they were having in dealing with Mike's leadership and management style.

At the end of the day, Mike and the staff were going to the Metro, a Sam's Club type store on the outskirts of Bucharest, so they gave me a ride back to the hotel. Mike was supposed to come by that evening for a final chat. He finally called at 10PM to talk for 45 minutes on the phone. I gave him a brief report (without attribution) of some of the recommendations I had received from his staff.

Wednesday morning I had my breakfast and caught the 8 AM hotel airport shuttle to catch my 9:25AM flight to Frankfurt and home.

I arrived in Frankfurt with only 45 minutes between flights, and had to walk the entire length of Terminal 1 and catch the tram to Terminal 2. I stopped at the Delta Business Lounge to get my boarding pass and walked to the gate. I was quite surprised when the person at the gate had me go get a new boarding pass. When I asked why she did not like the one the other agent had prepared, she said "you will like the new one better. Sure enough, they upgraded me to first class seat 1A. It was on a MD11, and I had 8 feet of leg room and no one in the seat next to me. The plane also had the new individual TV screen. All in all, it was one of the best flights I have had in years.

Sept. 19, 1997, I received an email from Mike Talbert with an update and indicating that they had set up a working group with the MOLSP to write an "Active Measures Implementation Manual" that could be used by the MOLSP to provide the training and other "active measures" needed by the displaced workers. In addition, the LRP was also developing the necessary forms to collect and report project statistics on a regular basis.

On Sept. 22, 1997, I wrote a document (technical proposal) for Mike Talbert and sent a draft of it to him as an attachment to an email.

Sept. 22, 1997, Mike emailed me. He had made a few changes and submitted it to the MOLSP on Oct. 1, 1997. The purpose of the new proposal was to create a sole source contract

between the MOLSP and USDOL for the work we were doing on the LRP. It replaced the previous document.

Oct. 21, 1997, Julie Hillebrand sent a fax to me and Bill Tracey giving an update about the LRP in Romania. She reviewed the status of each of the major activities being undertaken by the project and posed a number of questions needing advice and answers: the new contract, rapid intervention training, implementation for active measures, LMAC, NCC (national coordinating council), and the local economic development (LED) component. She especially wanted to know from me how the LED component would be implemented, what materials would be used, and when she should start the translation process of the manuals, etc.

She said that once the new contract between USDOL and the GOR was signed, she could hire 3 new Regional RIG staff members and start the next round of technical assistance. Until the contract was signed, the project was at a standstill: she could not provide any more LMAC support to the RIG, and could not move ahead to start the LED Component. However, the LRP had completed a draft of the Implementation Guide for Active Measures.

November 8 – 22, 1997, I went to Romania and Bulgaria. My purpose for going to Romania was two fold: first to attend an international conference co-sponsored by the World Bank, USAID, and the national governments in Central and Eastern Europe who were interested in Local Economic Development.

My summary of the problems Julie Hillebrand was experiencing comes from my email to my wife on November 14, 1997.

I finished up my work here in Bucharest last night about 6:30PM. The conference went quite well. I Spent Thursday afternoon and all day Friday meeting with Julie H. to help her solve some of the problems she is having with the project. Needless to say, the problems Julie H. is having with the project are horrendous—primarily due to David Fretwell and Mike Talbert's idiotic arrangements for handling the LED component (and the others) in this project. I discussed some of the problems in my earlier email so I won't bore you with the details again. Yesterday, after we went as far as we could in trying to solve them Julie prepared a memo outlining the three options that we came up with to make it work. It will be interesting to see which one is selected by the MOL and WB. Right now I could care less about what they decide.

This morning I am getting some info together that Sydney Smith wants. She called yesterday to get a report on the conference, and then asked for some help in preparing material for a speech that will be giving next week at a conference in Washington. She also indicated that she is going to try and set up a meeting on Monday, Nov. 23 In Washington with AID officials to make a pitch about our work in this region, and if she can arrange It she wants me to stop in Washington on my way home next Sunday and attend the meeting Monday morning—before continuing on home Monday night. I will let you know if it materializes.

My plane leaves for Sofia at 6:20PM this afternoon, so I have the day to do some more work—and pack. Fortunately, I have had a driver and car at my disposal all week, which has made getting around easier. He will take me to the airport this afternoon. Marion [Bentley] will be arriving in Sofia this afternoon or evening as well.

November 17, 1997, Julie Hillebrand sent me an email outlining what was happening. She was still struggling to get the new Romania Labor Redeployment Program contract approved and to start the next phase -- introducing the LED component of the USDOL Model.

The news is the following: World Bank was here for two-three weeks in first weeks of November and realized that the MOLSP was intending to disburse the money for funding active measure services under the regular Romanian procedures for tendering, procurement and contracting. This process could have taken up to four months for one service. So, David Fretwell and Maurice Boissiere convinced the Minister himself that there is no way an urgent program could possibly work under these conditions and laws, and that the 8.5 million USD [\$] should be under only World Bank procedures, under a special "umbrella" for contracting. This will make the process faster, and allow more of the newer types of services that the MOLSP is not used to be contracted (public works, LED, small business, etc.). It is good news - but it sent us back for revision of the Implementation manual (not much and with less complications regarding contracts). We have just finished our final draft and it is in the hands of the MOLSP and World Bank for review and final recommendations/approval. Unfortunately, I heard that the MOLSP is having problems with some of the proposed new sections that Fretwell revised. - We are waiting for the final word. On Fri, Nov 21, the final draft is supposed to go to the NCC for review and comment. I will keep you posted.

On the other front - we haven't signed the contract. It is ready, but due to absent high level MOLSP people (away on a study tour outside of the country) - we haven't been able to negotiate yet. All of the changes have been marked on both sides (USDOL and MOLSP -- with World Bank suggestions as well) but we are still waiting to be "asked" to come to the table. Unfortunately, this slows (financially) any future activity planning for us (LRP staff). I would like to hire the specialists in the field and a contracts expert here (to assist process and PCU), as well as finally have some TA - but it looks like it will be some time before this happens.

The LED component has me a bit puzzled - If the Ministry will only pay for labor office employees to be trained (referring to costs) - then we have no choice but to train them. However, given the reaction to our additional RIG training, although appreciated, it will be difficult for this people to actually put into practice what they learn re: LED. They do not have the extra time or resources to deviate from their day to day responsibilities and I am afraid it will be for naught if we try to train them. I was thinking of somehow having more shorter sessions (referring to the four week process in your materials)¹ and possibly including the LCCs in the training or the local economic development consortia that already exist (from PAEM -- if - they have used all of the funding from PAEM/EU PHARE and are anxiously awaiting for the active measures from the MOLSP to begin). This may raise our costs for training. We have to think carefully about how to do this next component. Any suggestions? Also, any ideas on HOW to train the trade unions? Would it be best to stick to the NCC group as they are the national level? I am sure any overall information to them would be beneficial and could be filtered down - or at least provide some additional support from those implicated.

Jan. 15, 1998, I received a fax from Ed Musselwhite at Western States that included "an Action Plan" he had requested from Julie Hillebrand, setting out what she and the LRP proposed to do during the coming months. The fax illustrates the problems being encountered by everyone with Mike trying to micromanage the LRP, Julie trying to obtain sufficient authority (from Mike) to actually begin running the project. Ed Musselwhite and Western States were trying to understand what was going on and to find a suitable role for Western States in the whole process.

Here is a Plan of Action that Julie developed at my request. I am trying to get a better understanding of the work that is really involved in this project, in terms of tasks, people, time, etc.

She stressed that Mike [Talbert] has not seen this and may have different ideas. However, I think it is helpful to get an idea of what the "people on the ground" feel need to be done. I have not heard from Mike since he said he would set up some conference calls for all of us.

While I continued to provide Mike Talbert, Julie Hillebrand, and WSI with consulting and training assistance during the first two years of the LRP, in addition to teaching at USU, I was so fully engaged in a broad range of activities for the USDOL, WSI, and the ILO, that I decided my talents were best used to help the OFR and WSI staffs design and start the CEE projects. After the startup and the initial round of training of rapid intervention staff and the new project directors in the Rapid Response worker adjustment and LED components, I turned over the ongoing tasks of training the staff, running the workshops and managing the projects to others.

Although I made five trips to Romania between September 1997 and October 1999 (Sept. 13 – 17, 1997, Nov. 8-22, 1998, March 14-20, 1999, May 1-8, 1999 and Oct. 19-23, 1999), to help introduce and train the LRP staff on how to implement the local economic development component, and provided consulting advice to OFR, WSI and the project directors, I no longer played a significant role in the day-to-day operation of that or subsequent projects. Eventually, Mike Talbert gave up the project director's role to Julie Hillebrand, and she successfully directed the Romanian project until it was completed.

4. Romanian Labor Redeployment Project Results

The Romanian Labor Redeployment Project was a complex, multilaterally funded development program by the USAID/USDOL SEED funds, World Bank loans and the Romanian Ministry of Labor and Social Solidarity. Originally scheduled to last two years, the project was slow in starting, and continually faced ongoing difficulties as a result of the pace of privatization, "and related urgent economic and workforce development needs," as described in the project's *Final Report*. The LRP received several extensions and additional funding in accord with the World Bank loans for Employment and Social Protection Program.

As a consequence of having too many cooks in the kitchen, the lack of competence, and the diverse objectives of the Romanian MOLSS staff and Government leaders, the full USDOL Adjustment Model could not be fully implemented as part of the Romanian LRP. However, the project did use USDOL/USAID funding to carry out two successful major components -- worker adjustment and local economic development components -- and it was eventually institutionalized within the MOLSS, a Rapid Intervention Unit that implemented those two components plus a third one that the Romanian Government wanted to accomplish -- component (b) listed below, funded by the World Bank loan.

From the outset, the three main components of the LRP were:

- a) Technical Assistance to Ministry of Labor and National and Local Agencies of Employment to build institutional capacity to respond to layoffs and provide active employment services to unemployed workers.
- b) World Bank funded program to finance services (called Active Employment Measures Program -- or Active Measures) for displaced workers, administered through the National Agency of Employment. Fund totaled \$8.5 million for 6 types of services for workers.
- c) Grants program to targeted communities, heavily affected by unemployment, for 35 Local Economic Development (LED) projects in targeted areas leading to job creation, workforce development and economic growth. (*Romania Labor Redeployment Program, 1997-2002: Final Report*, p. 3)

Technical assistance provided by the LRP was both foreign (13 U.S. consultants and trainers participated over the life of the project) and local staff hired and trained by the project for the Romanian MOLSS (a maximum of 20). Together they provided nationwide coverage and assistance to National and Local Agencies of Employment. The nationwide network was comprised of seven regions, with nine regional technical (Rapid Intervention) staff located at the headquarters offices in Bucharest, Curtea de Arges, Deva, Cluj, Lasi, Brasov, and Focsani.

Despite all the problems and difficulties that had to be overcome, the project results were quite impressive. (*Romania Labor Redeployment Program, 1997-2002: Final Report*, p. 3)
The combined results included:

- **80,282** targeted workers (including defense) participated or served in services (pre-layoff services, active labor market programs and economic development projects)
- **18,635** Jobs Created
- **4,105** New business start-ups
- **3,673** partners and clients from local agencies of employment trained (or participated in info session) in pre-layoff services, active labor market measures, local economic development and media/public information training
- Of which, **1,385** partners trained in local economic development
- **644** public and private institutions assuming responsibility for implementing worker adjustment programs (active labor market measures and local economic development)
- **317** Local Agency of Employment staff trained and participating in 3 national taskforces
- **35** LED projects, funded and completed - of which 24 are active at project completion
- Total value of local contributions to LED projects was \$839,864 - representing an 80% match to donor money
- **23** Small business loans disbursed with 100% repayment rate, to date
- **6** new policies or regulations proposed and subsequently enacted to support implementation of worker adjustment programs within Romanian institutions
- **1** new NGO created ("MODEL") to continue to champion efforts of workforce and community adjustment programs in Romania.

The project led to the following sustainable activities: (*Romania Labor Redeployment Program, 1997-2002: Final Report*, p. 4)

- The Ministry of Labor and National Agency of Employment signed a second World Bank loan of \$20 million for further active measures targeted programs, based on this successful execution of program in a cost efficient manner.
- New legislation to
 - ❖ *Provide services to redundant workers before layoffs (prelayoff services compulsory for severance eligibility);*
 - ❖ *Provide funding for Active Measures Programs from the Unemployment Fund and National Agency of Employment budget (22% in 2002 and 27% in 2003).*
- Systems and structures developed, demonstrated and operational within National and Local Agencies of Employment to respond to mass layoffs and unemployment; increased rate of labor exchange to 17%.
- Changes in counterpart institutions - restructured organizational charts, trained personnel, new policies, procedures and regulations for design and management of active employment measures programs targeted towards unemployed workers.
- Trained citizens, government institutions, unions, enterprise management, NGOs and private/public sector partners in worker adjustment and local economic development.
- Continued pursuit of LED initiatives and efforts by community action groups.
- Sustainable LED projects (about 80%) still functional and operational.

Part II: Bulgaria

(7-22-10 draft)

1. Background for starting a “new” Project in Bulgaria

As noted in Chapter 5, my first trip to Bulgaria was June 18-23, 1994, to participate in a seminar organized by Sydney Smith, an OFR project officer having responsibility for USDOL projects in Bulgaria. I was scheduled to travel to Poland that June and was contacted by Sydney to see if I could first go to Bulgaria and make a presentation about the U.S. system of displaced worker adjustment. Three years later I received another request to go to Bulgaria based on the success of the LED (local economic development) component that Marion Bentley and I had helped Maria Heidkamp introduce in Hungary in June 1996 and my subsequent designing of the USDOL Adjustment Model and its introduction in Romania in early 1997.

As I recall, Jane Daly and Lee Schore had conducted some training on a USDOL mass layoff response project in Bulgaria from June 30 to July 11, 1994, and subsequently, Jane had been involved in introducing “social partner councils” training programs along with some other trainers as part of several projects being carried out by Western States Multi-Service Corp., for whom she worked. Those programs were based on some welfare-to-work training Western States had done in Idaho and was now exporting to Bulgaria.

Three years later, on June 23, 1997, I received a fax from Ed Musselwhite, Managing Director of Western States Multi-service Corp, saying he wanted to talk with me about my work in designing and helping start the LRP (labor redeployment program) project in Romania and also about the possibility of meeting with me in Bulgaria in September to discuss the development of an LED project for that country, a project that Sydney Smith had previously discussed with me. It appeared from his fax that Ed wanted to learn what was going on and how I fitted into the overall design process for Bulgaria.

In the summer of 1997, Sydney Smith was in the process of working out what the USDOL's position would be in support of USAID's "strategy for the Social Sector in Bulgaria to 2002."

On July 10, 1997, I received a copy of a long memorandum from Sydney Smith to Jane Daly that indicated what they hoped to accomplish in Bulgaria during the coming years. Jane Daly had been designated the "Team Leader" of a USDOL team going to Sofia in September 1997 to assess the situation and determine what project or projects could be developed and submitted to USAID as part of their upcoming planning meeting for Bulgaria.

According to Sydney, the piece of the community development puzzle that was missing was the non-governmental sector because scarce resources and weak institutional capacity combined to block NGO and PVO participation in community development strategies and programs. "With our lengthy experience working with social partners and with community development, DOL is particularly well positioned to address this crucial gap and to create a model that will reinvigorate local development efforts in Bulgaria." ("Suggestion for USAID Strategy Through 2002," Memorandum from Sydney Smith for Jane Daly, July 10, 1997, p. 1)

It was clear from Sydney's memo that she and Jane had a vision of building on several previous USDOL programs in Bulgaria. In her memorandum, Sydney suggested that by combining the social partner community councils that Western States helped create, and the social services programs (including support centers for workers and their families-- a network of labor offices "providing client-oriented, proactive labor market programs"), with the local economic development (LED) and enterprise competitiveness (EC) components of the USDOL Adjustment Model, she could come up with a grand design for a project that could be sold to USAID and funded with SEED funds during the next four or five years.

Sydney saw the following as the USDOL's role in the new project:

A DOL institution-building program would start with the LED program to help the social partner council conduct a needs assessment for specific Center activities and to create a Board of Directors (most likely a sub committee of the social partner councils). An NGO would then be identified (or created) to staff the Center. DOL would provide training for all the Board and for Center staff on the goals and methods of worker and family service, and on management and strategic planning skills. Training would focus on needs assessment; leveraging governmental and non-governmental resources; community strategic and participatory planning; and program coordination. DOL would also assist relevant community organizations providing services through the Center to develop the appropriate materials to support service delivery. DOL's final role would be to help the Board and the Center staff identify other resources (particularly other USAID and donor programs) through which the Center would continue to play a vibrant role in the community's social and economic development. (Ibid, p. 3)

July 15, 1997, I participated in a conference call with Sydney Smith and Western States Director Ed Musselwhite. We discussed at length what Sydney had learned from the USAID officials during her last trip to Bulgaria and what the new project proposal might include. Sydney said that USAID wanted

the projects “to be more proactive,” and they wanted the new projects to coordinate more with local partners. Finally, they wanted the new DOL project to start in Varna and see how it might go before expanding it nationwide.

I also learned that Clarence Burdette, a Quickstart (QS) training consultant from West Virginia who had helped USDOL start QS training programs in Hungary, was working in Varna and expected to complete his work there in September. He then wanted to move to several other sites. However, rather than having him running around willy-nilly, we agreed that he should be slowed down while the rest of the proposed new project got underway, and that his activities should be coordinated with the other parts of the project.

We discussed in considerable detail the process of starting an LED project in Varna and other possible pilot sites, whether the project should focus on smaller or larger communities, how the participants would be selected, who would identify and select them, plus other elements of the planning for the initial LED training program to be carried out.

July 16, 1997, I sent Sydney Smith an email in which I raised the possibility of using another approach for the design of the proposed new project rather than the one in her July 10 memorandum for Jane Daly. I proposed that she consider using the USDOL Adjustment Model and briefly outlined what that model contained. I said that we were implementing that model in Romania, and it might be suitable for Bulgaria. Finally, I told Sydney I had just written a draft of a paper describing the USDOL model, and I would be discussing it at an international conference in Dublin in August. If she would like to see a copy of my paper, I would send her one.

When I did not receive a response to my email, I was puzzled, and did not know how to proceed. A week or 10 days later I learned that I had been using the wrong email address, and Sydney had not received my emails. Sydney had been expecting Jane Daly, Ed Musselwhite and me to come up with a Bulgaria project design by August 15th, and it was still unclear to me what she wanted it to contain.

In my July 24, 1997 email to Sydney Smith, I spelled out my thinking about the current proposed design for the Bulgaria project, developed by Sydney and Jane.

Thanks for your quick response, and my apologies for the mistake in your email address. I was using my computer at home and must have entered your address incorrectly in my email address book.

When I received your email response a few minutes ago, it helped bring back to my mind the essence of our teleconference. Yes, I now remember about the August 15 deadline, and working together to come up with a proposal for a community development project. I guess my problem was triggered by reading your email this morning in the context of your earlier memo to Jane outlining what were the conceptual pieces of a local economic development model. It was unclear to me whether this conceptual layout was now the guiding concept for the project—because USAID wants it this way—and whether you are intending to move the Bulgarian project more in a community development direction rather than keeping its focus on economic and business development, and job creation. My confusion was increased even more when I had a chance to look at Jane's CDM manual—with its emphasis on a social welfare to employment program.

Part of my problem is that I am operating without any understanding of what has been occurring in Bulgaria since 1994, e.g., where Jane's CDM activities are coming from and where she wants to take them. What is the status of the earlier mass layoff work she and Lee [Schore] were doing several years ago and how does it relate to CDM, social welfare, and the Support Center? What is the Social Partnership Council and where does

it fit in? How do the Quick Start and LED components that we are now introducing relate to all these other pieces? I guess I cannot see much integration in the model, but rather three or four separate projects being tied together to LED in some artificial way.

Your memo to Jane is the first inkling that I have had that the mass layoff project is taking on new directions (community development, social and support Centers for Workers and Their Families).

That is why I said I wanted you to read my Dublin Paper so you could see the direction I am coming from. It is an integrated approach focusing on worker adjustment, economic renewal and enterprise competitiveness. If the die is cast for Bulgaria and with USAID along the lines set out in your memo, I will try to fit the LED component into the proposed framework. If the die is not cast, then I may argue for an entirely different design—one that might be more appealing to the Bulgarian Government and World Bank—but perhaps not to USAID Bulgaria.

July 31, 1997, Jane Daly sent the first response to my email. After commenting on the fact that she had talked with Sydney the day before, and that her emails were not getting through to either of us, she said she would write another one explaining her position on the time frame for preparing a project design and that she hoped it made it to us. Then she set out her position on the project design for Bulgaria and what she wanted from me.

Therefore, I am starting anew and letting you know that the reason I suggested the end of August for a realistic time-frame was that Ed is in Alaska from 8/8 until 8/19. He should have some input. I have my "real work" Board Meeting 8/8 & 8/9. Until mid-August I will not be able to work on Bulgaria stuff. I am unsure what it is I am doing now. I had planned to add onto and put in context the CDM manual so that all community development components would be the same technology. Your LED stuff should correspond, while not duplicating. Meaning that in the cities where we are doing Quick Start, Mass Layoffs, etc., we should all be using the same words, processes and have a grasp of what the others are doing. My purpose is that the same people at the local and regional offices as well as those people out in the communities will be doing all these projects. I do not want them confused, intimidated or thinking that these don't fit together. LED is a tool to assist the unemployed, Quick start is another tool and CDM is a process to organize the community to address some problems—one being the unemployed and all the ramifications/impact this has on the community. Therefore, I would like you to send me your document spelling out your ideas. I will adjust the project we proposed to AID--the worker center—to include the re-employment fund concept as a component--Sydney asked that I not make the re-employment fund concept hinged as part of the success of the original project. Let me know your thoughts.

The same day I received Jane's email, I also had a conference call with Ed Musselwhite and Clarence Burdette concerning the status of his Quickstart work in Bulgaria. Ed wanted to know what we should plan to do when we were all in Bulgaria in September. Clarence planned to bring two people with him and wanted to set up two more Quickstart programs, one in Bourgas and the other in Rousseau. (Notes of conference call with Ed Musselwhite and Clarence Burdette on July 31, 1997.)

Aug 4, 1997, Sydney Smith faxed me a copy of her memorandum to Ed Musselwhite and Jane Daly, outlining the integration of the community development techniques across the Bulgarian LED, Quick Start, Mass Layoff Response and "welfare to work" projects. (Memorandum for Ed Musselwhite and Jane Daly from Sydney Smith, August 4, 1997)

Following is the agreement we reached in today's telephone conference regarding the three current projects in Bulgaria and our next steps in integrating their shared elements more fully.

1. All of the projects USDOL is pursuing in Bulgaria—Local Economic Development, Quickstart, Mass Layoff Response, and Welfare-to-Work – share common methods in enabling community organizations to come up with strategies for community development, whether specifically targeted to unemployed workers, or more generally for economic growth.
2. In order to head off potential criticism at duplication and/or lack of coordination among DOL's projects, we have agreed to develop a unified handbook that will explain the "techniques" for enabling community organizations (whether mass layoff response teams, local economic development councils, etc.) to identify their goals, problem solutions, and strategies. The manual will explain all of the techniques shared by the three USDOL projects, e.g., organizing and facilitating a meeting, brainstorming, prioritizing, strategizing, implementation planning, etc.
3. This effort to integrate common elements of the three projects does not require any substantive revision of the projects' already-existing manuals, i.e., the Local Economic Development manual, the Mass Layoff Response Manual, etc. Instead, the coordinated handbook becomes a resource that IL trainers will be able to use, supplemental to the existing manuals, to learn and teach these techniques for implementing any of our programs. In the future, it will be useful to have project manuals refer to this techniques handbook rather than duplicate materials and explanations that the handbook will include.
4. The handbook's development will be led by Jane Daly, and will incorporate the input of all project team leaders (Ed Musselwhite, Jane Daly) plan relevant project consultants as identified by Jane Ed and Sydney. At a minimum, Hartzell Cobbs and Gary Hansen should have substantial input into the substance of the techniques handbook, and should provide written approval for its final draft.
5. The handbook's development will be incorporated into the Employment Service project budget and timeline. Its implementation will be incorporated into all of the existing (and new) projects in Bulgaria, under the direction of Sydney Smith.

My notes of an Aug. 22, 1997 conference call with Ed Musselwhite and Jane Daly suggest that Jane had used my "USDOL Adjustment Model" as the basis for her draft, and that they wanted to raise it to the regional level in Bulgaria and use the Bulgarian Partnership Association (an organization created by another USAID project) as the providers of training and technical assistance to the local communities and participating enterprises. (GBH notes of conference call with EM and JD, August 22, 1997)

In addition to consulting with Sydney, Jane and Ed during the month of August, I also worked on revisions to my LED Guide to make it ready for use in Bulgaria.

On Sept. 4, 1997, I received a fax from Jane Daly with a three-page document outlining her latest version of the now named "Municipal Integration Project." That three-page paper was her attempt to combine the versions prepared by Sydney Smith, Jane's and Western State's welfare-to-work projects (including the worker family resource center), plus a Social Investment fund without any reference to my USDOL Adjustment Model other than using our LED component. It appeared to be a repackaging of Sydney Smith's earlier document.

Jane had proposed that two pilot sites be initiated to demonstrate the effectiveness of using the “community forum as the coordinating link and initiator for decisions in behalf of the community.” During the first phase, the staff from the BPA and the RES Mass Layoff Coordinator would be trained by USDOL to implement the various components of the project. During Phase two, “A community plan is developed and approved, then the Enterprise Competitiveness modules are introduced. Phase Three, the plan is implemented and sustained by the community forum and RES and BPA staff.” (Fax from Jane Daly to GBH, Sept. 4, 1997)

This was the plan Jane had prepared per Sydney’s July request and would be the basis for any discussion when Sydney Smith came to Sofia in late September to participate in the USAID planning exercise.

2. Participating on an “assessment mission” to Bulgaria

During my September 6-12, 1997 trip to Sofia, my schedule called for me to meet with Regional and National Officials of the Bulgarian Employment Service, meet with officials of USAID and the U.S. Ambassador, meet with officials of the Bulgarian Partners Association, and provide consulting assistance to Sydney Smith, Ed Musselwhite and Jane Daly on the proposed project.

As we made the rounds and touched all the bases trying to design and “sell” the proposed USDOL project to the USAID staff and Bulgarian government during my stay in Sofia, I made 8 pages of notes. My Sept. 17, 1997, trip report for the Bulgaria portion of my trip provides the best account of what actually happened – what our objectives were, what we did, and what we accomplished in Sofia and Varna..

Bulgaria:

Objective of Visit: The purpose of my trip to Bulgaria was to assess the interest and capacity of the Bulgarian National Employment Service staff including three ES Regional Directors in Varna, Bourgous, and Montana regions that had been identified by USAID and others, as suitable candidates for facilitating and launching a pilot LED program in their regions of Bulgaria.

September 5: Departed Logan on morning to drive to SL Airport. Met Gary Stewardson and departed on Delta Flight for Cincinnati and Frankfurt. We arrived in Frankfurt on September 6 AM where we met Ed Musselwhite at the gate to wait for our flight to Sofia.

September 6: Departed Frankfurt for Sofia on the afternoon flight via Lufthansa and arrived at 4:25PM Local time. Went to Hotel.

September 7: In the afternoon Ed, Gary S. and I flew down to Varna. We were met and driven to our hotel (National Union of Journalists Hotel) on the outskirts of Varna on the Black Sea.

September 8: Morning. We drove to the ES vocational counseling center with Varna Regional ES director and ES directors and staff members from Bourgous, and Montana regions. Clarence Burdette made presentation to the group about the Quick Start Program.

I made a presentation on our proposed LED program, during which I: (1) briefly reviewed the origins of the USDOL LED program, (2) outlined the basic features of the LED

program, and (3) discussed the proposed procedures for implementing an economic renewal (ER) program in Bulgaria. (The attached item provides a summary of my presentation describing how we proposed to implement the LED program using Regional ES industrial adjustment specialists as facilitators.)

Later in the afternoon the group reconvened at the National Union of Journalists Hotel for additional discussions. The Varna Regional ES director was not overly enthusiastic about having an ER program in Varna. He said they had a European Union economic development program helping them design a strategic plan for the Municipality of Varna, and they had academic experts on tourism, etc. do studies. He did not think our program had anything to offer. I explained that our program was a grassroots participative program for smaller communities in the region—and not necessarily just Varna municipality—and that most plans like the ones he had described were not designed with much grassroots input, and as a result many of them had not been implemented. Furthermore, the EU top down planning approaches were usually designed to develop large scale infrastructure projects and not motivate and involve people to develop smaller scale projects that they could carry out on their own with modest levels of outside help.

The Regional Directors from Montana and Bourgos were much more positive, saying they wanted and needed this type of LED program, and that they would like to participate in carrying out an ER program in their regions. Montana's Regional Director was extremely desirous of having an ER program, and Bourgos's RI was willing to participate, but not quite so enthusiastically. Their questions related to where would the money come from to pay for the workshops and emphasizing the need to have job creation as an important part of the workshops. I assured them that this was the primary purpose of the program and workshops were designed for this purpose. They also wanted to know what would be the second phase of the project and would the USDOL take part? These questions were answered in the affirmative.

The Varna ES Regional Director was unable to arrange a meeting for us with the Municipality Economic Development director so Ed and I cut our stay in Varna short and returned to Sofia on Wednesday Morning on the 6:30AM flight.

September 11: On Thursday Afternoon we met with Danka Shopova, Deputy Director of the NES [National Employment Service] and several other people on her staff (director of the Mass Layoff Project and director of the ES vocational training programs—and Coordinator of the Quick Start Project, among others). Ed discussed the Quick Start Project, and I then discussed the Economic Renewal program we had proposed to the three Regional Directors in Varna. Ms. Shopova indicated an interest in the LED program, but indicated that she would like to involve the other Ministry's that might also have an interest in local economic development. She said that she would contact them and inform them about our proposal.

I asked Maria, the NES Mass Layoff director, if they provided in-service training and had regular meetings with their regional staff and she said no. They only had received training when Jane Daly and Lee Shore come to train. It appears that there has been little attempt to create an identity, level; of expertise and esprit de corps among the Mass Layoff Rapid Response specialists in the Bulgarian ES. This raises some question about the ability of this group to serve as the LED facilitators for our ER. program.

September 12: On Friday morning, Ed and I met with the U. S. Ambassador (and John Babalon (sp?) from USAID) to allay her fears about Quick Start training. The meeting went very well, and she was very cordial and seemed not to be as hostile as previously indicated.

We then met with the President of the Bulgarian Partners Association, and AID funded

group, to assess whether they could be used as a partner in delivering LED training. My impression after the meeting was that this organization, which is located in Sofia and has about 50 members, is primarily a lobbying group for SMEs and would not be suitable for such a role.

In the late afternoon we met with John Tennet, director of USAID. Ed reported on the status of the Quick Start Project, and I discussed my proposal for starting an LED program. Mr. Tennet was very interested and supportive of the LED approach presented. I left him some material to help him understand how our project might operate. The items included: (1) two papers--the CEET article describing how the Rapid Response and LED component were implemented in Hungary, and the USDOL model paper that I presented in Dublin, and (2) a copy of the LED Guide we have been using in Hungary as part of the Rapid Response Project.) Mr. Tennet indicated that they would discuss this approach in greater detail when Sydney Smith came to Sofia in late September to participate in the USAID planning exercise.

Sept. 30, 1997, several days after I returned home from Bulgaria, I received an email from Ed Musselwhite indicating that Sydney Smith needed to talk with me and to call her immediately. When I reached Sydney in Sofia, she indicated that USAID wanted to proceed with a local economic development program along the lines outlined in the papers I had left with the USAID Director for Bulgaria, John Tennet and John Babylon, and she wanted me to review the rough draft of her proposed outline that she would write the next day. It would attempt to integrate the community development, economic development and LGI (local government initiatives) programs into one integrated community development project for USAID consideration and approval. I faxed her a copy of some additional material, including the attached paper outlining my discussion points with Bulgarian ES staff when in Varna and Sofia.

Notes of my Sept. 30, 1997 telecom with Sydney Smith state that the USAID in Bulgaria was in the midst of a management crisis, and there was a huge transition in the making. Consequently, they want to repackage all their programs and have just one integrated community development program. Furthermore, instead of having Employment Service officers as facilitators for DOL's proposed new project, she wants the Regional Association of Municipalities to take the lead. Sydney said that she would write a paper the following day outlining the overall objectives of the project, who the players would be, how the time would be spent over the next two or three months to conduct project design work, etc., etc. She also wanted any ideas I might have on how to tailor the project to the specific situation in Bulgaria.

The morning of Oct. 1, I received a fax with Sydney's draft proposal to the USAID --"Integrated Community Development Program for Bulgaria: A Proposal of the U.S. Department of Labor." After reviewing it, I phoned Sydney in Sofia to provide my input and suggestions. Most of all, I was concerned that the language of her document implied that the LED effort would be somewhat bureaucratic and top down rather than participative and bottom-up, and that the proposed design was quite complex and had several definitional problems. There was also need to further clarify several of the steps outlined. The role and relationships outlined for the Regional Development Agency were a little fuzzy. She indicated that she would be meeting the USAID people on October 2, and would be leaving on October 3 to return to Washington. Finally, she said that if the planning document was approved she wanted to have a design team go to Bulgaria in November or December to actually design the integrated community development program and spell out in greater detail how it would be implemented. Sydney said she would let me know the outcome of the following day's meeting upon her return home.

Sydney's proposal contained a statement of objectives and outlined the steps to be followed to design and launch the integrated community development project she was proposing to the USAID. After

stating that “USDOL’s model for community, enterprise and worker adjustment provides an ideal means through which to synergize USAID’s current community development activities, the USDOL model:

- ❑ emphasizes grassroots participation in community assessment, planning and implementation of economic renewal strategies;
- ❑ builds community partnerships that engage in organizing and implementing projects in communities and enterprises to improve their development and competitiveness;
- ❑ emphasizes active worker participation in planning and implementing worker adjustment programs;
- ❑ promotes the use of local NGOs in planning and implementing social and economic development activities.

This proposal identifies the basic project components by outlining the next steps necessary to develop an effective project design and initiate project implementation.

Sydney’s proposal was quite detailed, and called for fourteen specific steps from the November 1997 design mission to startup, and additional steps to be taken until the project’s Final Report in December 2000. From my perspective, the important parts of her timeline were: (1) Project design mission in November-December 1997; (2) Project initiation in March-April 1998; (3) Identify pilot sites May 1998; and (4) Community Development workshop (Project kickoff), June 1998. The 14 steps included steps where the Local Government Initiative (LGI) project (another USAID project then underway in Bulgaria being carried out under the auspices of one or more American state or municipal government associations) would participate in some of the training of municipal staff at the pilot sites, etc..

3. Going to Sofia to design the PLEDGE project

During the next six weeks, efforts were made to determine a suitable date to carry out the design mission to Sofia. The various commitments had to be factored in with the need to send a design team to Bulgaria. Furthermore, John Tennent, Director of USAID in Bulgaria, did not want his project to get short shrift. It was difficult for me to find a suitable date because I was committed to teach my classes at USU as well as work with USDOL projects in Poland and Romania. We finally agreed on a suitable date for the Bulgarian design mission.

Jan. 21, 1998, Jane Daly called me to say that she had had a conference call with Sydney and the Sofia USAID people. They discussed the agenda for our mission and wanted to know if I had any papers for Sydney to send to Bulgaria. I received subsequent calls on Jan. 22 and Jan. 26, 1998. The final arrangements were that Jane would leave for Bulgaria on Jan. 30, and I would meet her and Sydney in Sofia on Feb. 7 and remain until February 13, 1998.

Following numerous emails and other communications, all the arrangements were made as to what our agenda would be and the approvals necessary for me to make the trip to Sofia. I was also able to make arrangements via email to have dinner one evening while in Sofia with two of my ILO colleagues, Geert van Boekel and Hanna Ruszczyk . They were working on an ILO/UNDP-funded LED project in Bulgaria, and I was interested in seeing what they were doing, how it might relate to our proposed USDOL LED project, and to determine whether there might be any opportunity for collaboration.

An email I sent to my family after returning home provides a succinct account of how we spent our days in Sofia writing the proposal for the USDOL's Bulgarian Project which, after some brainstorming, we named "Partners in Local Economic Development and Government Effectiveness (PLEDGE)."

In Sofia we spent our days meeting people (Bulgarian Industrial Association president, Director of the National Employment Service, etc.) and going to meetings with various (government, USAID and international donor) groups. Every evening but Thursday we had to go out to dinner with someone or some group. I will omit discussing all of the political intrigue and other bizarre elements (backstabbing, IG investigations, theft, graft, corruption, etc.) that permeated our meetings as they are too complicated to explain in an email.

During the afternoons of the last two days we [sat in Jane Daly's hotel room and] wrote the project design proposal based on our findings. We finished up at 11PM on Thursday night. On Friday morning at 9AM we presented our 14-page proposal to the USAID director, then had lunch at 11:30AM with him and several others he had invited (he had the gall to invite us to lunch and then make us pay for our own meals). After lunch we returned to AID headquarters and made a presentation to the PLEDGE group at 2:00PM. (Pledge stands for Partnership in local economic development and government effectiveness, which is the catchy acronym we created for the project.)

A follow-up email to my family on February 22, 1998, adds a little more information about the cool climate we experienced during our stay in Sofia.

I spent the week of Feb. 5-14, 1998 in Geneva and Sofia. The purpose of going to Sofia was to work with two other team members and design a proposal to conduct a local economic development project as part of the USAID Local Government Initiative and other U.S. projects in that country. Several of these projects had not accomplished much (despite the expenditure of big sums of money), and they hoped that our [USDOL] proposed project would help save theirs. It was a very difficult assignment since USAID seemed to be in disarray and several of the other [LGI] project staffs perceived us as a threat to their projects. We finished our work and returned home on Feb. 14. (Email from GBH to family, Feb. 22, 1998)

Shortly after our PLEDGE design mission to Bulgaria, Edward Musselwhite left Western States Multiservice Corp., as well as his wife, Jane Daly, to return to Alaska and take up a new job and a new life with a previous woman friend. It was quite a shock to all concerned, but also provided an opportunity for Virginia Stacey to become the CEO of Western States.

Virginia was the daughter of a Mexican farm laborer mother who had filtered out of the migrant labor stream and an American father who worked as a heavy equipment operator. They eventually settled down in Boise, Idaho, where she grew up, obtained an education and remained. Virginia had worked for the Idaho Department of Employment, rising through the ranks to a management position, and was eventually hired by Western States Multiservice Corp. Over the years that Western States and its successor WSI served as the implementation contractor for USDOL projects in CEE countries, a role that started in 1997, I worked closely with Virginia. I used to kid her that I had served as her rabbi and advisor—someone to talk to when she experienced the many problems and frustrations of her job. I served in that capacity until I retired in October 2004.

In the meantime, Jane Daly had been selected by Western States and USDOL to be the Project Director over our new project in Bulgaria and had prepared and printed a pamphlet to publicize the work of the PLEDGE project. I was pleased that Jane was now using my USDOL Model graphic and language

in her pamphlet, and had dropped the social partner councils and other aspects of the earlier design that she had proposed.

It was interesting that Jane Daly was in Sofia taking steps to get the PLEDGE project up and running while Sydney was still putting the finishing touches on the design proposal in order to obtain the final approval from USAID in Bulgaria. Emails from Sydney Smith in the months after our design trip indicated that she was still making changes in the USDOL Bulgaria proposal for John Tennet in Sofia and needed my help. (Email from Sydney Smith to GBH, April 28, 1998) I responded by sending her some additional material and graphics that she could use. (April 29, 1998 fax from GBH to Sydney Smith)

My emails, other correspondence, and billing statements to Western States indicate that I was continuing to provide Sydney with assistance through June 1998. Apparently, Sydney was having trouble with USAID in maintaining the funding level and determining whether the \$1.3 million allocated might not be enough for the seed funding needed to allow the participating communities to start their local economic development projects after they completed their training and LED planning workshops. (Email from Sydney Smith to GBH, June 12, 1998)

Throughout the rest of the summer of 1998 I continued to communicate with and provide consulting assistance to both Sydney Smith and Jane Daly on the PLEDGE project. Now that Jane was fully engaged in getting the project off the ground, she had a lot of questions about how to organize and implement the LED component in Bulgaria.

Part of the problem was that while Jane Daly had her hands full with the start up of the Bulgarian PLEDGE project, she also wanted to keep her hand in the other USDOL projects, especially the one she had worked on with me earlier in getting the Poles to cooperate with USDOL and embrace the proposal that I had designed for them to provide assistance to the displaced coal miners in Katowice. The Poland Mass Layoff component would be starting in the fall of 1998, and Jane wanted to be involved in the start up of that project as well.

It was decided that USDOL would have two projects with LED components, one in Poland and the other one in Bulgaria, plus a third one that I was already involved with in Romania. I spent most of the summer of 1998 revising and updating my LED Guide for translation and use in both Poland and Bulgaria.

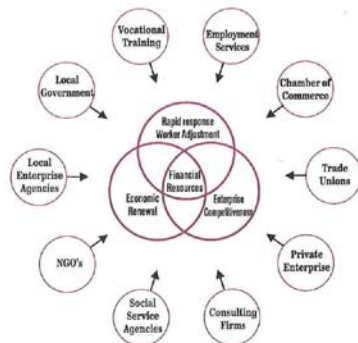
Furthermore, as noted in Chapter 8 on Poland, in October the Rapid Response component was to be started in Katowice before the LED component. Consequently, a Rapid Response manual needed to be prepared for that project as well. Jane helped me develop that manual. Because we anticipated that the training of the Industrial Adjustment Specialists (IAS) for each country would probably be held in October or November, the revisions in the existing RRWA Manual and my LED Guide needed to be completed and the finished products sent to Katowice and Sofia to be translated and printed in the local languages before the IAS training workshops were held.

Front and back pages of the flyer printed to describe the PLEDGE Program:

The **PLEDGE Program** seeks to build local capacity for strategizing community development priorities, designing local projects that address those priorities and accessing resources and assistance needed to implement them successfully.

This program uses a new integrated approach to achieve worker, enterprise and community adjustment. The integration of the worker, enterprise and community components along with training local experts is what makes the program so unique and beneficial.

USDOL Model for worker, community, and enterprise adjustment in Central and Eastern Europe



PLEDGE Program

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PLEDGE

**Partners in Local
Economic Development
and Government
Effectiveness**

**We Create
Partnerships in
Local Economic
Development**

**Project of the U.S. Department
of Labor**

Supported by USAID

By the latter part of September, conference calls were held with Sydney Smith and Jane Daly to see how things were going and to start the planning for the training workshops for the Industrial Adjustment Specialists/facilitators needed to implement the RRWA component in Katowice, and the LED component in Bulgaria.

Because I did not normally teach summer classes at USU and had decided to take an early retirement from USU effective November 1, 1998, I was free to work as a consultant for both the USDOL and the ILO after my USU classes ended. I was also ready to discuss the scheduling of workshops for the months of October and November 1998. After I retired from USU, my wife Helen said, "Now you will only have two full-time jobs instead of three."

At the time of my retirement from USU, I had concluded that while I would help launch the first IA Specialist/facilitator training workshops in both Poland and Bulgaria, as well as any future projects that might develop, I would turn the responsibility for conducting the LED workshops at the community level over to others, especially my good friend and colleague Marion T. Bentley and others we had begun recruiting for that purpose. I felt that from now on my time could be better spent on project design, consulting with the project directors, and trouble shooting for USDOL instead of conducting the community-level workshops for each of the USDOL projects in CEE countries.

During our September 24, 1998, conference call, we set the dates for the first IAS workshop training in Katowice for October 15-November 1, and in Bulgaria for Nov. 14-21, 1998. I also learned that USAID and the World Bank were going to hold a CEE regional conference in Bucharest, Romania, in late November that would bring together 300 people to discuss best practices on labor market programs and local initiatives. It occurred to me that I should attend that conference and share some of USDOL's experiences with those attending the conference. (Conference call GBH, Sydney Smith, Virginia Stacey and Jane Daly, Sept. 24, 1998)

During the next two weeks, a dozen or more emails went back and forth between Jane, Sydney, Alison and myself trying to iron out kinks in the schedules for the Poland and Bulgaria facilitator training workshops and making sure that all of the training materials and manuals were available for translation and printing in Katowice and Sofia. Clearly, running projects and training staffs in two countries was a major undertaking. In September, I spent 85 hours working on those two projects.

Marion Bentley and I flew to Sofia to conduct the five-day LED facilitators training workshop during November 16-20, 1998. Jane was presenting a talk about PLEDGE on Sunday so was not there to meet us when we arrived. She left us a note at our hotel telling us that she would pick us up at 9:30AM Monday morning for the drive to our conference site in Plovdiv.

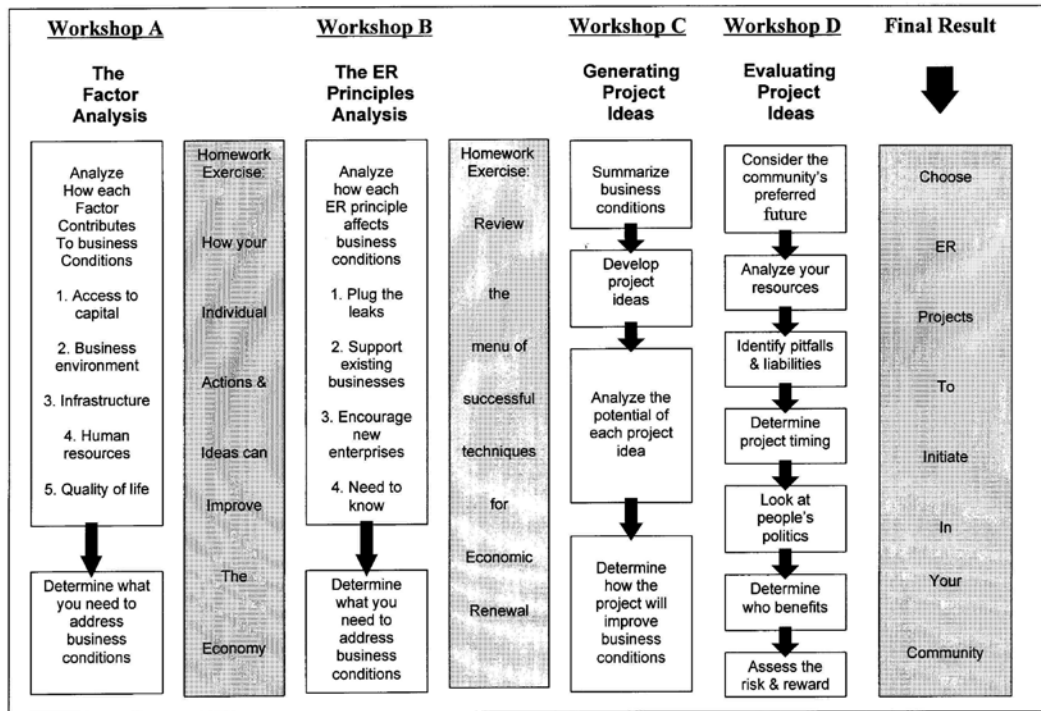
We used several graphics during the training. Fortunately, all of the overheads and LED Guides had been translated in advance so the participants were able to read them in Bulgarian. My master copy of the agenda shows a number of changes were penciled in, but for the most part everything went according to schedule. One of the graphics that I prepared and used was reproduced as part of the PLEDGE flyer above, and another one outlining the process of implementing the CER component is presented below.

Emails that I sent to my family during my stay in Bulgaria and after my return home from Sofia, indicated that:

...[O]ur workshop went very well. Our stay in Plovdiv was also pleasant. It is a city of about 350,000 some 80 miles east of Sofia. It is an old city that was built on 7 hills, and dates from antiquity. There are only six hills now, since they used the 7th to get the cobblestone to pave the streets. It is very picturesque, although a little seedy nowadays.

The weather was cold, but the hotel was warm. We had 26 participants attending the workshop, and they were a good group. The participants thoroughly enjoyed the group exercises, and seemed to be happy to be there. The only exciting event was learning from a local newspaper that the movie actress Catherine Deneuve (sp?) was staying at our hotel (in a newer wing) while filming a movie. One local source said she was supposed to be playing tennis outside our meeting room window. Alas, we did not see her. Also, one afternoon when we finished early, our translator, who was a professor at a local university, took us for a walk and showed us the seven hills of Plovdiv. We also stopped to see a Roman amphitheater and some of the historical homes in the area.

Chart 2
USDOL Community Economic Renewal Workshops
Discovering Business Opportunities in your community



During the next three months, I worked at home on the Bulgaria project and continued to provide consulting assistance via email and telephone to Jane and Sydney concerning issues and problems that arose.

I did not return to Bulgaria again until March 20 – 24, 1999. On March 14, 1999, I had flown to Bucharest to work on the Romanian LRP. The evening of March 20, I flew from Bucharest to Sofia. By the time I arrived, the Sheraton had sold my room and had to find me one at the Gloria Palace Hotel for the night. I moved back to the Sheraton the next day, Mar. 21. During the day I met with Jane and the LGI staff and discussed mutual interests and opportunities. I tried to leave a day earlier to return home because my work with Jane had been completed. Unfortunately, I was unable to get a flight from Sofia to Frankfurt, so I had to stick to my original schedule. March 24, I left for Frankfurt, stayed overnight at the Sheraton Frankfurt, (airport hotel) and returned home the next day.

During the coming months I completed some additional work on the PLEDGE project in Bulgaria. The following are some of the excerpts from my billing letters sent to Virginia Stacey at the end of each month.

In March I participated in teleconferences with Jane Daly and Sydney Smith to discuss the implementation of the LED Component, teleconference discussions with Sydney and you [Virginia Stacey] concerning the planned completion of the Quick Start pilot project and planning for how it should be continued as part of PLEDGE, travelling to Sofia and reviewing the effectiveness of the first round of LED workshops (Workshop A) delivered by Marion Bentley and Jane Daly in nine sites during the period from March 8-19, planning the dates for the next three workshops in Phase I (B, C, and D), and planning for the implementation of Phase II of the LED Component upon the completion of Phase I (to be completed in August or September of 1999).

During April 1999 I participated in teleconferences with Virginia, Jane Daly and Sydney Smith to discuss the implementation of the Quick Start pilot project and planning for how it should be continued as part of PLEDGE. Other activities included obtaining materials from Maria Heidkamp and writing a basic set of instructions for implementing Phase II of the LED Component, including new graphics for use by Marion in Workshop B that will be held in Bulgaria during May.

During May 1999 my work consisted of: communicating with Jane Daly and Sydney Smith to discuss issues concerning the continuing implementation of the PLEDGE LED Component, meeting with Marion Bentley to discuss Jane's emailed lists of questions about the future development needs of the PLEDGE project, and writing emails to Jane and others to convey information and answers to her questions.

In June 1999 I had a detached retina which required surgery and slowed me down for a few weeks. In spite of this I did work some hours on the Pledge task order. Work performed this month consisted of: communicating with Marion Bentley, Jane Daly and Sydney Smith to discuss issues concerning the continuing implementation of the PLEDGE LED Component; drafting an outline to be used by a PLEDGE intern to collect data about the implementation of the workshops at pilot CER sites in Bulgaria; meeting with Marion Bentley to debrief him concerning the delivery of Workshop C during June; and writing emails to Jane and others to convey information and provide answers to her questions concerning the project.

Work performed during July consisted of: communicating with Marion Bentley and Jane Daly to discuss issues concerning the continuing implementation of Round 1, Phase II of the LED Component in Bulgaria; prepared and, refined and sent a template to be used by Jane Daly and the PLEDGE LED site coordinators to prepare Phase II project proposals; met with Marion Bentley to debrief him concerning the delivery of Workshop D during July; and wrote emails to Jane Daly conveying information and providing answers to her questions concerning the project.

Work performed during August consisted of: communicating with Marion Bentley and Jane Daly to discuss issues concerning the continuing implementation of Round 1, Phase II of the LED Component in Bulgaria; preparing a CER job description for use by PLEDGE (and the other projects); and writing emails to Jane Daly conveying information and providing answers to her questions concerning the project.

Although I continued to be actively involved in this project throughout the summer and fall of 1999, as demonstrated by the heavy email traffic and telephone conference notes in my files, and I provided additional assistance whenever asked by Jane Daly, Sydney Smith Heimbrock or anyone else, once the project was well under way, my Bulgarian workload diminished as I spent more time on the other USDOL and ILO projects that I was also working to design and launch during this period of time. For example, the startup and operation of the Poland Labor Redeployment Project (discussed in Chapter 8) was a high maintenance project from the start, with lots of problems and challenges in dealing with the Poles, and Alison Smith was a novice project director, and therefore the project required a good deal of my time and energy, whereas Bulgaria was under the direction of Jane Daly, who was an experienced consultant and project director. However, Jane too was new to the task of implementing an LED component and therefore required considerable help in the early stages of its implementation. Consequently, I continued to provide some consulting support to Jane and this project until it was completed in 2004.

4. Outcomes of the PLEDGE project

The Executive Summary of the Final Report of the Bulgaria PLEDGE project, prepared in 2004, said the following about the accomplishments of that project. (*PLEDGE—Partnership for Local Economic Development and Government Effectiveness, 1998-2004*, Worldwide Strategies, pp. 1-2)

From September 1998 through September 2004, PLEDGE completed LED projects in 55 communities or 22% of Bulgaria's 256 municipalities. All but one of these communities now embrace the program's core value: *people, not money, create positive change*. Communities learned to trust in themselves and hold the belief that working as a team leads a community down a more stable and propitious economic path.

"We are not used to team work. Every group within our local community operates separately. The administration seems to be doing a formal job. Private business and local organizations all work in isolation. Therefore, one of PLEDGE's main goals is to bring about this missing unity. No success will come to people who keep pulling the rug in their own direction".

Svetoslav Mladenov, IAS, Lorn

These guiding principles were key elements in the success of the program:

Create a community spirit of renewal and hope

- Establish community initiative and responsibility
- Introduce decentralized decision-making
- Develop cooperation, collaboration and partnership among local players

Seek realistic solutions to identified problems

- Focus on an economic base that utilizes community assets
- Assess local economic strengths, opportunities and needs
- Install a decision-making process using local data
- Introduce an open, transparent process

Achieve sustainable results using local assets

- Implement a job creation project
- Coordinate resources for maximum benefit

The Final Report of the PLEDGE project concluded that it was both a very successful and a cost-effective project. Furthermore, it made a positive and lasting impact in Bulgaria, leaving behind a cadre of trained community volunteers and an infrastructure capable of continuing the bottom-up, participative community economic development approach in the future. (Ibid, p. 26)

Although other programs have provided greater amounts of money to communities, PLEDGE out-performed these programs in terms of results, transparency, and sustainability.

The PLEDGE program has had a very strong, positive impact in Bulgaria. The network of local partners includes more than 3,300 Bulgarians who have participated in structured activities to bring economic renewal to 54 communities. The number of beneficiaries is uncountable. It includes people who have benefited from training or economic development but future beneficiaries are harder to identify. The PLEDGE methodology has been thoroughly adopted into the fabric of local life. With this start from PLEDGE, Bulgaria will continue to shape policies that support community driven development to fill the gaps where markets are imperfect or lacking or where public institutions or local governments fail to fulfill their mandates.

During its six-years, the PLEDGE project in Bulgaria expended \$4,370, 731. The final report states that project activities showed tangible achievements in 54 Bulgarian communities. (Ibid, p. 2)

Through this community participation process, PLEDGE brought about the following significant changes in 54 communities:

Increased Employment of the Workforce	
5,251 Jobs Created	941 Jobs Saved
Increased Business Activity	
188 Businesses Started	283 Businesses Expanded
Improved Production	
130,744 Decares of Fallow Land Reclaimed	
Increased Capacity to Pursue Post-Project LED Opportunities	
361 Follow-on LED Projects Using Pledge Process	
Improved Business Climate	
634 Local Level Improvements in Financial, Regulatory, Physical Infrastructure, and Services	
Strengthened Local Partnerships	
1,052 Partners from Agriculture, Infrastructure, and Business-Related LED Projects	
998 Inter-industry Partnerships Created	

Needless to say, I feel very good about the outcomes achieved by the PLEDGE project, and I am especially proud to have had the opportunity to work with such talented and dedicated people in the design and implementation of this project. These individuals included but are not limited to Sydney Smith Heimbrock, Jane Daly, Marion T. Bentley, and Virginia Stacey, plus a number of Bulgarian nationals who worked with us to make this a successful project.

Part 3: Macedonia

(7-22-10 draft)

1. Genesis and design of the Macedonia project.

The first inkling I had that the USDOL was interested in starting a project in Macedonia came from an email I received from Sydney Smith on February 2, 1999. In that email, Sydney informed me that she had just received a query from Brad Fujimoto, a USAID program officer who had just been transferred to Skopje from Bulgaria. He liked what we were doing with our PLEDGE project in Bulgaria and wanted to talk to us about starting an LED project in Macedonia as well as the possibility of having one in Kosovo. Sydney also said that she would follow up with me on February 5.

Since I was the expert on LED projects, Sydney wanted me to talk with Bruce Grogan, a consultant to the USAID in the CEE Region. I tried to contact him via email to let him know that Sydney had said that I should talk to him. Unfortunately, I was unable to get a live email address, and so was unable to reach him.

Two days later, February 5, 1999, Sydney sent me an email asking if I could come to Skopje before or after my next scheduled trip to Bulgaria, so we could talk to Brad Fujimoto. She said that she had already sent him some of my papers about the USDOL model and our LED component project design document. A couple of days later she sent me another email saying she would go to Skopje and talk to Brad alone, instead of having Jane and me there. Brad felt that the AID staff in Skopje needed a little hand holding before all of us showed up at one time. Also, they were not yet sure what resources they would have to start another project.

February 25, 1999, Sydney Smith sent me a copy of a memo she had sent to John Tennet, Deputy Assistant Administrator of USAID, that outlined our USDOL Adjustment model. She said she had previously thought that Macedonia was only interested in QuickStart, but had learned from Bruce Grogan that USAID was interested in all of model components. She had sent the memo to Tennet to explain what the model included and to answer the questions that had been raised. (Memo from Sydney Smith to John Tennet, Deputy Assistant Administrator for USAID, Feb. 25, 1999)

March 3, 1999, I had a conference call with Sydney and Jane in Sofia to discuss the status of the Macedonia project. Sydney was optimistic, and said that she would ask for \$2 million for the project and that we would use our USDOL Adjustment Model. Furthermore, she thought they would be willing to give us \$500,000 to start the project and that we would need to send a team to Skopje to design the project. We also talked about what they might expect to get from a \$500,000 startup. It could be used to build up capacity in the Employment offices and to start a Quick Start program.

March 17, 1999, Sydney called me to discuss all the issues and questions that USAID was raising about implementing our model in a project in Macedonia. We developed a strategy, work plan and other activities to launch a project during the next six months. Sydney said USAID was still talking about a \$2 million project, giving us \$500,000 to start the project, and

the need to send a team to Skopje to design the project. We also talked about what they might expect to get for \$500,000 as a startup. It could be used to build up capacity in the Employment offices and to start a Quick Start program. She also said that Ed Musselwhite should go to Skopje with us since he was known to the Macedonians, having worked on an earlier Employment Service project in that country.

During the remainder of March and most of April 1999, frequent calls and emails flowed between Sydney, Jane Daly, me and Virginia Stacey, making plans for the various ongoing projects in Romania and Bulgaria and to establish a schedule to send a design team to Macedonia. The initial plans called for a team to go to Skopje during the first or second week of May. However, the start of the NATO war in Kosovo made it difficult to arrange travel to Skopje to carry out our design mission. So the trip to Skopje was on-again and off-again for several weeks.

April 19, 1999, I sent Sydney an email asking several questions. The top email states my questions. The bottom email is her response to my questions. Her answers mention the problem we faced in planning our trip to Skopje, i.e., the Kosovo War.

April 19, 1999 12:17PM MDT

Hi Sydney,

Three questions:

1. Is the trip to Macedonia still a “go”?
2. What is the best way to get to Skopje from Bucharest or Sofia?
3. What day do we plan to depart from Skopje? May 15?

Gary

[illegible]

April 19l, 1999 10:59AM EDT

Gary, Ill be talking to you in five minutes, but...

1. Yes
2. from Bucharest I don't know but I imagine you could fly? Maybe through Vienna?; from Sofia you can do the four hours, and we have an excellent taxi driver you can use, cost one way is \$ 95.00
3. You can depart from Macedonia any time from the 15th on. You might be able to get an evening flight out of Skopje on Friday night, 14th, though I kind of doubt commercial flights will go at that time given the airstrikes intensity then.

Sydney

Even before we went to Skopje to design the Macedonia project, Sydney was considering potential Project Directors for the project and the possibility of developing other projects in the region. The Macedonia project and other possible projects were mentioned as part of a conference call that Sydney, Virginia Stacey, Jane Daly and I had on April 22, 1999. In a follow up email on April 23, 1999, she mentioned the name of Aaron Bornstein as a possible director for Macedonia and considered bringing him to Skopje shortly after our design mission in May. She expected that USAID would want to immediately implement the Macedonia project once it was approved. (email from Sydney Smith to GBH April 23, 1999)

April 27, 1999, Sydney sent me an email saying that she had reserved rooms for Ed Musselwhite and myself at the Residence Hotel in Skopje, and that she would be leaving for Skopje on May 3, 1999. The next day I received an email from Ed, indicating that he knew the hotel and suggested that after our arrival (by air) we should plan on traveling to the hotel by taxi.

April 29, 1999, I had a conference call with Sydney Smith, Virginia Stacey and Jane Daly that lasted for one hour and 20 minutes. Sydney informed us that a missile fired by NATO forces during the Kosovo War had landed in Bulgaria the previous evening. Sydney also said she had made a presentation to USAID about our project and reviewed their thinking concerning our Macedonia project and the importance of addressing the issues of employment and unemployment, social sector reform, reducing poverty through job creation and improved labor market functioning. She said that Bruce Grogan and Pamela Baldwin from USAID would write a strategic document to guide the social sector work in the region.

The next day, April 29, 1999, I received an email from Sydney Smith stating that because of the war in Kosovo, Swissair had canceled its flights in and out of Skopje. Although another local Macedonian airline was still flying, she suggested that we consider other alternatives, like driving from Sofia to Skopje.

The drive from Sofia, I'm told, isn't necessarily unsafe. It's just close enough to the Kosovo border that the RSO wants you registered, just in case. It's your call to choose. If you choose to fly in, just let me know and I will collect you at the airport." She also suggested that we use a taxi to get from the airport to our hotel because of the anti-American sentiment that might exist. (email from Sydney Smith to GBH, April 29, 1999)

That same day, April 29, 1999, an article on the Reuters Internet site talked about a bomb hitting a house in Bulgaria.

Top World News
NATO confirms stray missile hit house in Bulgaria
By Gdes Elgood

BRUSSELS, April 29 (Reuters) - NATO confirmed on Thursday that a stray missile which wrecked a house in Bulgaria had been fired by one of its warplanes.

NATO spokesman Jamie Shea told reporters the missile had gone off course on Wednesday night after being fired in response to a threat from a Yugoslav surface-to-air missile system.

"I can tell you that in operations yesterday a NATO aircraft was illuminated by a Serb air defence radar. A missile was fired in self-defence after this threat from a surface-to-air missile" he said at NATO headquarters in Brussels.

"After the ground radar was turned off, the missile strayed from its target and unintentionally landed in Bulgaria. We have no indication that there were any injuries on the ground,"

Shea said NATO commanders were reviewing the incident and would consider how to reduce the possibility of such events happening in future. He understood that military officials in Bulgaria had confirmed that it was a HARM missile.

The missile wrecked a house in a suburb of Sofia, five km (three miles) from the centre of the capital and 60 km (40 miles) east of the border with Yugoslavia. No one was hurt.

"Obviously, this was not intended," said NATO military spokesman General Giuseppe Marani. "We regret any damage that this may have caused."

He said that while NATO carried~ out a review whenever weapons malfunctioned, the faults experienced so far .had been far fewer than expected.

NATO officials said the alliance was working with Bulgaria in an atmosphere of "cooperation and transparency". NATO Secretary General Javier Solana had discussed the matter with Bulgaria's ambassador to NATO, Boyko Noev.

Bulgaria, which hopes to join NATO, was being very supportive, alliance officials said.

In Sofia, Colonel Tomirko Tomanov, a Bulgarian air force weapons specialist, told a news conference the missile was an "air-to-surface type, AGM 88 HARM, or a high-speed anti-radar missile which could be carried by NATO's F-16 fighters".

Three other missiles have fallen on Bulgarian territory, causing no damage, since NATO began its air strikes against Yugoslavia on

The Russian Foreign Ministry said it was extremely concerned that a series of NATO missiles had caused damage in neighbouring countries after missing their targets in Yugoslavia.

Such incidents could end in disaster, the ministry said in a statement released in Moscow.

"The systematic, so-called accidental landing of NATO missiles on the territory of neighbouring countries is a matter of extreme concern," the ministry said.

The latest incident has inflamed opposition among Bulgarians to the air war against the Serbs, who are Orthodox Slavs like most Bulgarians, and added to fears Bulgaria could be dragged into the Kosovo conflict.

The government on Thursday approved a document which would grant NATO the right to use Bulgarian air space for strikes against Yugoslavia in return for security guarantees. It is likely to be approved by parliament next week.

April 30, 1999, I received two emails from Sydney Smith providing more information about where she would be staying and about a second person who might be a potential Director for our proposed Macedonia project. Sydney also faxed me a copy of that person's resume and a letter of reference that she had written for him (and signed by John Ferch, former Director of OFR).

While I was in Bucharest, on May 6, 1999, I sent Sydney an email saying that the latest word we were getting was that Swissair was still flying to Skopje, but not until May 11. Macedonian Air said they were still flying and my reservation from Bucharest to Skopje for May 9 was still viable. "So, I will keep monitoring the situation, and keep you informed." (email from GBH to Sydney Smith, May 6, 1999)

I received an email from Sydney a short time later saying she needed me in Skopje on Sunday, therefore the May 11 Swissair flight was *not* an option, and asking me to call her as soon as possible.

I don't know whom to believe—we're being told here all flights in are canceled. Last night late (10-11 pm) I heard lots of planes taking off but they might have been fighters. Since

I'm already setting up transportation for Ed on Sunday from Sofia, is there any way you could get to Sofia by Saturday night or first thing Sunday morning, and proceed that way? It seems more reliable at this point. (email from Sydney Smith to GBH, May 6, 1999)

The same day, May 6, while I was in Bucharest trying to figure out how to get to Skopje, I received an email from Virginia Stacey with news that she had talked to Teresa Holdren, an experienced Worker Adjustment Specialist from Ohio that she and I had been considering as a possible project director for Macedonia. Virginia had good news for me about Teresa.

As it turned out, May 8, I flew from Bucharest to Sofia and stayed overnight at the Sheraton Sofia Hotel. The following morning the driver of a yellow Mercedes car arrived at the Hotel about 9:30 AM to pick me up and drive me to Skopje, Macedonia. As I recall, the trip was uneventful, but somewhat unnerving because of the Kosovo War going on nearby. The trip lasted four or five hours, with one stop to buy a sandwich and drink and a rest stop. There was little traffic on the road. The most unnerving part of the trip was when we reached the Macedonian border. The driver stopped at the Border control post, took my passport, went inside and talked with the Bulgarian officials. About twenty minutes later, he returned and we drove several blocks to the Macedonian Border station. Once again he took my passport and went inside. He was inside for about thirty or forty minutes before he returned and said that everything was in order. I wondered if he had had to pay any bribes to get us through customs, etc. We drove on to Skopje, he dropped me off at the Continental Hotel, and then departed for his return trip to Sofia.

The city was very tense, and there was lots of activity going on throughout the area, with everyone looking for suspicious activities or individuals. Consequently, we were very careful traveling about the city, and we did not stray too far from the commercial areas.

My Skopje trip report and emails I sent to my family while there provide a good account of what happened to me during my stay in Skopje.

May 8, stayed at the Sheraton Sofia. Met with USAID staff and then went out to make the rounds of the Government ministries. Supposed to fly to Skopje but Swissair flights to Skopje were cancelled due to the outbreak of the NATO war in Kosovo. It was kind of surreal watching TV to see what was happening in Kosovo. Flew TAROM air to Sofia, and Sydney arranged for a driver to take me from Sofia to Skopje.

May 9, stayed at the Hotel Continental in Skopje because a congressional delegation came to town and bumped some of us out the hotel where we were scheduled to stay in. The Continental was the site of the NATO press center, so there were lots of military and reporters wandering around. May 10-15 stayed at the Protea Residence Hotel in Skopje.

The hotel I stayed in last night (Continental) is the home of the NATO Press Center. Consequently, there are dozens of correspondents and news media types staying there. The talk was always where they had been and what they had seen that day, and where they would go the next. It is kind of surreal, you have to watch TV to see what is happening in Kosovo. I don't think the correspondents are getting much news. One photographer, who was riding down the elevator with me, said he worked for the Daily Express in London. I asked him if he had gotten any good pictures. He said, "No," he had only been here two weeks. Those who were here for six weeks had got some good

photos early on, but he would have to wait until the final push to get some. Looks pretty boring.

Had meetings every day at the USAID office. They now have money coming out the ears (the bribe to keep the country happy and accepting [Kosovo War] refugees). The problem is there are too many different projects that will be tripping all over each other. "Oh yes, we heard today that Hillary Clinton will be coming on Friday, so they want something for her to announce. So we are supposed to get our proposal ready in case she can announce it as one of the initiatives that the U.S. will be taking to help Macedonia. The AID person from Washington wrote a PR release that Hillary could use. It even mentions our worker adjustment component as one of the important parts of the U.S. program in Macedonia.

Drove out in the countryside to Stip to look at the local employment service office and talk to officials, then went on to another city to see an NGO business incubator. Had lunch at a local restaurant and returned to Skopje. The next day was not too productive, "because the Washington AID folks have already made up their mind about what they want to do." If I had known the situation before I came, I would not have come. The only thing keeping me here is that I am too polite to tell them to go to hell and leave.

Poor Sydney is stifling her frustration and groveling before them because she wants the project (for personal reasons related to her family situation—future husband.). The political machinations continued with Sydney and the Dragon Lady (Pamela Baldwin) from USAID Washington fighting over whose project would be approved. The air is hot and humid—like being in a sweat box. "What a week!! It is like being in a tennis or ping pong game. One minute we have one set of instructions or agreement. The next hour it all reverses. It has been going on this way for five full days. Each time we think the decision has been made they change or reinterpret the rules and try to get their way again. Poor Sydney is going bananas. Ed is laid back and not fully engaged since he is going back to Juneau to take a job with the State of Alaska, and I am counting the hours until I can leave town." Anyway, we will spend part of tomorrow, Saturday, trying to finish our document. Then Sydney and Ed can fight the battle some more next week after I am long gone.

My May 14, 1999 email to my family gave a candid assessment from my perspective:

Last night between 2:30 and 4:30AM I came up with the solution to the dilemma we have been facing all week. I wrote a brief memo setting out my solution when we came to the office this morning and then gave it to Sydney and Ed. She said I was too pessimistic. I still think it is what will happen anyway. My position -- they will get what they want, so we could save a lot of frustration by giving it to them now -- is where we ended the day 30 minutes ago.

Sydney even said, rather bitterly (before she left with Ed a few minutes ago to go back to the hotel for another meeting with some lady who is an official with the National Employment Bureau), that my position would probably be the one adopted in the end. All of this despite the fact that we had a meeting with the Mission Director at 11 AM this morning, and he agreed to our position. By 3:00 PM this afternoon they (the opposing team) had prepared a draft document which again subtly reverted back to their position, and said this was what the Mission Director had said, revised to suit their nefarious ends. It is all rather bizarre.

Upon arriving home on May 18, 1989, I sent Sydney Smith an email letting her know that I had arrived home safely. On May 19, 1999, Sydney responded with the following email.

I finally got to talk to Brad [Fujimoto at USAID] one-on-one and understand his concerns a lot better. His problem is that he doesn't think community partners are ready to engage in the LED process. So that's what he's trying to make sure is included in the plan.

God knows where this is going, since of course substance is only a minuscule part of what drives the decision making here. However, I have the beginnings of an implementation plan for Phase I that I am going over with the NEB Director tomorrow; Friday is the interagency group to work out selection criteria; next Thursday is the first meeting of the USAID coordinating committee. I'm moving fast, getting things done, and making progress. But of course USDOL can't implement projects.

My experience getting a flight out of Skopje was almost as daunting as the drive to Skopje. I recounted my experience in a May 25, 1999 email I sent to Ed Musselwhite .

Getting out of Skopje was quite an experience for me. I got to the airport about 6:20AM, and it was a madhouse. Hundreds of people milling around trying to check in, and no lines or queues. After finally getting checked in, there was an even greater problem trying to get through passport control. Sixty or 70 people were milling around trying to get to a window to have their papers checked. After waiting for 30 minutes without any movement in the crowd, I concluded that I would never catch my plane without a new strategy. Just then a man and woman came along. He saw the chaos and immediately went away, leaving his wife waiting behind me. When he returned, he had an official with him. The three of them went around the mob and through a door. When the official returned through the door, I accosted him and pleaded my case. The man told me to put away my boarding pass, take out my passport and follow him. He took me around the mob and through the door where they merely looked at my passport and seeing I was an American waved me through. After waiting with several hundred people in a room (the gate) that accommodated half that number, my flight was finally called. We went out and got on an old DC9 and away we went.

I was able to fly Macedonian Air back to Zurich. From Zurich, I picked up my original schedule and flew to Frankfurt. May 16, I stayed overnight at the Frankfurt Airport Sheraton, and flew home the next day.

Ed responded to my email with his take on the situation after I had left Skopje. He had also encountered some difficulties getting home from Skopje, having to spend the night in London after having a 3 hour delay in his flight out of Macedonia. More importantly, his response about his last week in Skopje was also insightful:

I suggest you get the official position from Sydney, but here is my version. Sydney and Brad came to an understanding ... mainly Brad's concern that there was just no local capacity in most places to participate well in LED. Much more work is needed to build that. But DOL will do all components during the pilot and may do LED during the second phase, or work with another contractor that is working on community development.

Regarding the NEB, it seems to be the place to put the project, at least for now. The Director is weak in my opinion (an old party hack) and they are replacing all their experienced I.O. directors, but I think the foundation is still there to build on. The NEB was included on the national advisory board, but the man from the Min. of Labor wants 2 people from each entity, so maybe Nikolina will be there. The woman in charge of Training & Retraining for the NEB is pretty good, and I think Sydney feels comfortable with her. We did tour a site where they had arranged training for 120 sewing machine operators for a company that is reopening a firm. ...

That second week was sure long...the desk clerk said, "You miss Mr. Hansen, don't you." I must admit I enjoyed your company. Glad you got home safely.

May 23, 1999, I received a copy of an email from Sydney Smith to Teresa Holdren. The email acknowledged that Teresa had been selected to be the Macedonia Project Director. Sydney was bringing her up to date on what was happening in Skopje subsequent to our design mission and providing Teresa with some essential information prior to taking her first trip to Skopje. The expectation was that Teresa, a worker adjustment specialist in Ohio, would start out to implement the Rapid Response Worker Adjustment Component once the Macedonian Project was launched. The LED and enterprise competitiveness components would be started at a later date. (Email from Sydney Smith to Teresa Holdren, May 23, 1999.)

2. Launching and working on the PRiSma Project

The email traffic among Sydney, Teresa, Virginia Stacey and me during June, July and August 1999 was extensive. I informed Sydney that I was available to help her make any needed changes in the design, budget or work plan, knowing how busy she was and that Teresa would be trying to get the project up and running as soon as possible.

My files in the USU Archives contain copies of Teresa Holdren's timeline for the next 18 months, a copy of her report for the period May 29, 1999-June 3, 1999, and a copy of the budget for the coming year. In addition, there are several drafts of documents I had prepared as part of the design mission in May 1999.

My May 1999 billing statement to Worldwide Strategies contains the following description of my work on the Macedonia project during May:

Work performed this month [on the Macedonia project] consisted of: preparing for and traveling to Skopje, Macedonia, to participate as a member of a USDOL/USAID design team assembled to write a proposal for a Labor Redeployment Program and Local Economic Development Project in Macedonia. The work in Macedonia was carried out during the period May 9-15, 1999. During the week we met with officials of the Macedonian national government, National and Local Employment Bureaus, Ministry of Economy, PHARE, trade unions, and several international-run projects including a business incubator and Management Training Resource Center. We also visited a refugee camp housing some 6500 Kosovar refugees. After days of difficult negotiations with the USAID counterpart staff, who appeared to have a different agenda, we prepared a concept paper outlining our (USDOL) proposal and a framework for a work plan to implement such a project. Upon returning home on May 17, I carried out some additional work to revise the concept paper and communicate with Sydney and others concerning the further development of this project.

Throughout the summer of 1999 I continued to provide consulting assistance to Sydney, Teresa, and Virginia Stacey concerning the design and implementation of the Macedonian Project. My files are full of emails going back and forth during this period of time, plus my notes of conference calls during which the Macedonia project was discussed.

Because the first component of the project involved training “the National Team,” including people from the National Employment Bureau and other agencies, they needed training materials for that workshop. As I recall, the training for the National Team was to start on June 30, 1999. That was to be followed by the implementation of the worker adjustment component. Teresa was an experienced worker adjustment specialist so I saw no need to become directly involved in the IA specialist training for the implementation of that component.

My only involvement at that point was to send her copies of my Industrial Adjustment Specialist training manual and materials, offer her copies of the worker adjustment manuals that we developed for Romania to consider using them in Macedonia if she choose not to use the ones she had used in Ohio. I also sent her the updated versions of my LED Guide so that it could be translated for use in Macedonia before the implementation of that component was started. There was considerable correspondence over sending these training materials throughout the summer of 1999.

Although I had intended to go to Macedonia for the training of the National Team, as well as conduct some training in Romania and Bulgaria, an event occurred that made it impossible for me to go. On June 14, 1999, after my morning exercise walk, I experienced a retinal detachment in my right eye that required eye surgery to reattach my detached retina that evening at a Salt Lake City hospital. As a result, I was unable to travel for over a month and had to cancel a scheduled trip to Eastern Europe.

As soon as I could, I emailed Jim Perlmutter at OFR, Virginia, Sydney and the project directors in Romania, Bulgaria and Macedonia to tell them not to expect much activity or travel from me until my eye healed. (Email from GBH to Jim Perlmutter, Sydney Smith, Virginia Stacey, et al.) After a few weeks of recovery, I was able to resume my work of consulting with Sydney, Teresa, and Virginia Stacey on the Macedonia and other projects via email and telephone. In my June 1999 billing statement I reported that I had carried out the following activities for the Macedonian project:

Work performed this month consisted of: participating in several conference calls concerning the work plan for this project and planning the first training programs to be conducted in July; assessing the proposed budget for the project; updating and printing copies of the LED Guide and Industrial Adjustment Specialist manual and mailing copies to Sydney, Teresa and Virginia; faxing Chapters 15 and 17 of LED Guide to Goran in Skopje for translation; and communicating with Sydney Smith, Teresa Holdren and others concerning the further development of this project.

While setting up the project office, Teresa Holdren and her newly hired staff came up with a catchy name for the new project, the acronym PRiSMa, Partners For Economic Development in Macedonia.

July through September 1999, I performed the following tasks on the Macedonia Project: as reported in my billing letter to WSI.

July: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, and beginning to plan the CER TOF training session for this project.

August: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, and communicating with Teresa Holdren about the CER TOF training session for this project.

September: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, communicating with Marion Bentley and Teresa Holdren about the CER TOF session, and preparing and sending training materials for this workshop to Macedonia for translation and reproduction in preparation for this workshop, scheduled to be held on October 12-15, 1999.

October 9 – 16, 1999, I traveled to Skopje, where Marion Bentley and I conducted a one-week Training of Facilitators (TOF) workshop for the Industrial Adjustment Specialists.

October: Work performed this month consisted of: communicating with Marion Bentley and Teresa Holdren about the CER TOF session, and preparing for and conducting the TOF workshop held October 12-15, 1999, in Skopje.

An email I sent to Theresa Holdren on September 10, 1999, illustrates the complexity of preparing for the TOF workshop in Macedonia.

After returning home from Poland, where we conducted the CER TOF workshop for 30 people on September 7, I talked to Sydney and Virginia about who I should check with about the status of the translation of materials and other matters relating to the CER TOF session scheduled for October in Macedonia. Sydney said to check with you and to send any additional material to you to have it translated.

As I recall, I sent some of the material from the LED Guide to Goren for translation for use in the earlier "Overview workshops." My recollection is that Chapters 1, 2, 3, 6, 15, and 17 of the LED Guide were translated for those workshops. The remainder of the chapters from the LED Guide were supposed to have been taken to Macedonia by Sydney or Virginia.

Also, I think you may have had the earlier version of the IAS RRDWA Manual (the one I originally prepared for use in Katowice, Poland) translated as well for use in the RRDWA training in Macedonia. (I have made some changes and additions to the Original Polish version for subsequent use in some RRDWA IAS refresher training we conducted in Romania, and I imagine that you have added material to it as well.)

Anyway, we will need the remaining chapters of the LED Guide translated for use in the CER TOF workshops in October. In short, we will need the complete LED Guide translated into Macedonian for use in this workshop. So, if they have not yet been translated. i.e., Chapters 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, and 16, they will need to be translated and copies of the complete LED Guide printed for use by the Oct. CER workshop participants.

Also, were the overheads in the IAS RRDWA manual translated into Macedonian? (These were the ones in the IAS RRDWA manual that outlined the components of the US DOL adjustment model) If these OHs were not translated earlier, they should be translated so that I can use them. I will send several additional OHs and handouts that Marlon and I will be using in the CER TOF workshop as well.

Finally, I will send you a copy of the agenda for the Workshop and a list of the other materials that will be needed.

Teresa sent me an email confirming that she had received all of the materials, and that the task of translating those items that had not yet been translated was well under way. (email from Teresa Holdren to GBH, Sept. 23, 1999.) She sent another email on Sept. 28, 1999, to inform me that the materials were almost ready and also confirmed that the TOF training would take place in Skopje since it was the only city with a hotel having suitable rooms for conducting the training. She also said the IA Specialists who had been to Hungary to observe our LED program there were very excited and anxious to participate in the TOF training.

In addition to Marion and myself, I also invited Hanna came to Skopje and participate with Marion and myself, and she did a good job. Subsequently, I learned that Jane Daly, our project director in Bulgaria, did not like Hanna and made her feelings known to Virginia or Sydney. Jane did not want to work with Hanna or have WSI use her. She must have also communicated her dislike to Virginia Stacey. I concluded that it was a difference of personality or age, or, more likely, Jane felt threatened in some way by Hanna. I was sorry to see that, because I liked both of them. Hanna was very competent and would have done a good job for WSI. Later, Hanna met a British consultant working on agricultural projects in Bulgaria. They subsequently got married and started a family. The last time I had contact with her, Hanna and her family may have moved back to Britain.

My second and last trip to Macedonia occurred in October 1999. During the week of October 9-16, Marion Bentley and I went to Skopje, to conduct a week long LED TOF program for the Macedonian Industrial Adjustment Specialists. My recollection is that the workshop went very well. Teresa and her staff were well organized, and the materials and equipment were ready for our use. The only problem we had was that the Hotel where we held the workshop, which was a much better one than the Continental Hotel, had given us too small a room to hold the large group of trainees at our first session. We had to get the hotel to give us a larger room. After the TOF workshop was completed, Teresa and her staff began scheduling CER workshops in the pilot communities, and Marion Bentley conducted the four community-level workshops.

Upon the completion of our CER workshop in Skopje, Marion and I flew from Skopje to Bucharest to attend a regional meeting of the USDOL/WSI project directors and their staffs held at the Bucharest Hilton Hotel on October 21-22, 1999. One of the highlights of the Regional meeting was hearing the reports from each of the project directors. Other items that I brought back included (1) a handout describing who one of the key individuals from abroad was—me; (2) a copy of a very full Agenda for the Regional Meeting in Bucharest; and (3) a copy of the report presented by Teresa Holdren about the Macedonian PRiSMa project. One and three of these items are reproduced below:

Dr. Gary B. Hansen, Senior Advisor and Consultant to OFR/USDOL 1994-1999

Range of activities carried out for the USDOL/OFR and WSI on projects in the CEE Region:

- ☐ Provide advice and technical assistance to OFR director, project managers and WSI director
- ☐ Market USDOL services and Adjustment Model to USAID, international agencies and foreign governments
- ☐ Participate in project design missions (Romania, Bulgaria, Poland, and Macedonia)
- ☐ Write project proposals (Bulgaria, Poland, Romania, and Macedonia)
- ☐ Negotiate projects with foreign governments (Bulgaria, Poland, Macedonia and Romania)
- ☐ Help recruit and select international staff and trainers for projects (LMR, CER, RR/WA, EC) for projects
- ☐ Prepare training manuals and other materials for projects (LMR, CER, RR/WA, EC)
- ☐ Review and evaluate projects
- ☐ Prepare papers and make presentations of project results at international meetings and facilitate their publication
- ☐ Conduct CER TOF workshops for IA specialists in all five countries
- ☐ Conduct RR/WA TOF workshops for IA specialists in Poland and Romania
- ☐ Conduct CER workshops for community groups in Hungary
- ☐ Conduct EC workshops in Hungary and Poland
- ☐ Document selected USDOL projects in CEE region (completed: FSO LMR Project in Poland and first article on RR project Hungary; in process: second article summarizing results of Hungary RR project, and article on Huta Ostrowiec in Poland; planned: PLEDGE, PRISMa, Romanian LRP, Poland WDP, and possibly Lodz, Gdansk, and Warsaw Training Centers?, Hungary Mediation and Arbitration Service?, Poland ES vocational guidance and counseling?,)
- ☐ Provide advice and assistance to all in-country project coordinators and their staffs
- ☐ Helped organize (with ILO) and served as US team leader and co-host of the national labor law and dispute resolution seminars held in Hungary and Poland
- ☐ Review USAID and OFR documents and providing critical input to OFR on their improvement
- ☐ Write short papers and concept documents for use in marketing and explaining USDOL Model

Macedonia - Teresa Holdren-Applegarth

Teresa distributed a project timeline that described the overall activities and accomplishments to date. She emphasized the following points:

Project is on a fast-track for implementation through the National Employment Bureau.

Began in June setting up national team structure, study tour to US in July, completed a study tour to Bulgaria and Hungary in September.

Six initial pilot projects with 3 communities focused on LED and 3 focused on Worker Adjustment. Just completed training of LED facilitators with new US Ambassador in attendance.

Biggest challenge in worker adjustment is 42% unemployment rate, labor strikes and current presidential election hampering progress. Will work with union reps to set up LMACs.

Enterprise Competitiveness component will be demand driven activity.

Began public affairs training to coach and train Macedonians on marketing project. Kosovo conflict strained country's infrastructure. Email works 15% of the time, phone 20%.

Sydney noted that DOL started in Eastern Europe 8 years ago on Employment Service reform when the term "layoff" couldn't be used. She pointed out the significance of AID approaching Jane to participate in the Danube River initiative. This demonstrated how the [USDOL] model was receiving high visibility in DC and how it supports AID's Southeast Europe Initiative. She pointed out that Macedonia is the first country where all components of the model are being implemented at the same time. She applauded everyone's efforts for the impressive results being achieved despite obstacles.

Overview of the Enterprise Competitiveness Component

Gary Hansen distributed several handouts describing the training and technical assistance modules available under this component. (Please contact Laura Buffo for copies of any of these documents.) Gary described the four internal and external dimensions of an effective economic adjustment program:

4. Results achieved by the PRiSMa project

The Final Report of the Macedonia PRiSMa project, sets out the official, after the fact, version of the project's design and funding. That report was completed in March 2004 by a contractor hired by USDOL to evaluate the project some five years after the start of the project and one year after it had ended. The Country Background and Project History in the body of the Report, and the Executive Summary of the Final Report provide a succinct account of the project design, results and sustainability.

A. Project Design and Funding (pp. 8-9)

The PRiSMa Project officially began in 1999 with USAID's decision to respond to a request from the Government of Macedonia to address labor redeployment issues with an initial investment of \$1.5 million for project start-up and Local economic Development (LED) and Rapid Response/Worker Adjustment (RR/WA) in 6 pilot sites. This was followed by a two-year budget of \$1.25 million for expansion to 12 more sites, as well as a pilot of the Enterprise Competitiveness Quick Start (QS) training method at 4 sites. Local partners were given to understand that, pending pilot and expanded round success, all 30 NEB local office sites would receive training in the three components of the ICDP. The LED and RR/WA pilots and the first expansion were considered successful and an additional \$1.7 was approved for FY 2002 to provide continued technical support to the first 18 communities, expansion to 12 new communities to establish the ICDP in the 30 key cities, and extension of QS into the remainder of the 18 communities where LED and RR/WA had been introduced. A final \$1.4 million was allocated in FY 2003 and a no-cost time extension was approved through March 31, 2004 to complete project implementation, monitoring and evaluation of the community projects and to move the communities into regional resource units able to mutually support sustainability of the ICDP. A total of \$5.9 million was allocated for the PRiSMa project.

The Steering Committee and USAID selected the six pilot sites in July 1999 with attention to geographic distribution and a balance of socioeconomic issues. The LED component was first to be introduced in Kriva Palanka, Ohrid and Stip. The first phase of activity, the workshop series, began in November 1999 and went through March 2000. The RR/WA component was to be simultaneously introduced in Tetovo, Probistip and Kisela Voda.

Under RR/WA, Labor Management Adjustment Committees (LMACs) were organized in February 2000 and completed their action plans by September 2000. The QS pilot was organized in July 2000 with pilot sites chosen based upon responses to public tenders. Sites in Skopje, Struga, and Ohrid were selected according to criteria based on potential for benefit.

Local PRiSMa core teams, usually composed of five representatives of the national partners, were established in each community and trained on the entire ICDP to serve a coordinating function between the LED, RR/WA and EC activities. An Industrial Adjustment Specialist (IAS) was selected by a partner agency, usually the NEB, to receive additional training, to take coordinating responsibility, and to oversee implementation of project activities in the community.

The groups of communities in the pilot round (6), and then the first expansion round (12) and the subsequent second expansion round (12) began activity by learning and applying the process for either LED or RR/WA. Half of the communities in each group were to implement LED while the other half implemented RR/WA. After a six-to nine-month period, the sites would “flip,” i.e. the sites implementing LED would initiate their RR/WA process while those having implemented RR/WA would begin the LED process. In this way, each local team could focus on learning the new methods of each component separately, with the expectation that methods could be applied as needed in the future. QS followed the first two components.

In April 2000 an additional nine communities (Tetovo, Probisip, Kisela Voda, Sveti Nikole, Strumica, Debar, Krusevo, Kavadarci and Struga) started the series of LED workshops. In February 2001 another six communities were included (Delcevo, Bitola, Veles, Gostivar, Kumanovo, Radovis) and in November 2001 another 12 (Demir Hisar, Gevgelija, Kicevo, Kratovo, Makedonski Brod, Negotino, Berovo, Kocani, Prilep, Resen, Valandovo, Vinica), for a total of 30 communities. About 16 LED project ideas were generated in each community and one funded with PRiSMa funds based on a consensus decision-making process.

In September 2000, enterprises in Kriva Palanka, Ohrid, Stip, Bitola, Kumanovo, Veles, Radovis, Gostivar and Delcevo were included in the process of pre-lay off services included under the RR/WA component. In February 2001, the communities Sv. Nikole, Strumica, Struga, Krusevo, Kavadarci and Debar joined in. The last round starting November 2001 included communities Demir Hisar, Berovo, Gevgelija, Kocani, Kicevo, Prilep, Kratovo, Resen, Makedonski Brod, Valandovo, Negotino and Vinica. These communities turned their attention to LED in September 2002, at the same time Demir Hisar, Gevgelija, Kicevo, Kratovo, Makedonski Brod; Negotino turned their attention to RR/WA.

In September 2001, PRiSMa began implementing the EC component in 15 sites. These are the communities not involved in the EC Pilot that had completed a round of LED and RR/WA. The EC teams are made up of representatives of public vocational schools, the NEB and NEPA where it is present. In September 2002, the remaining 12 communities were brought into the EC program.

In March 2003, preliminary organization of regional institutionalization units began as part of the regular quarterly meeting/network day monitoring activity. By September 2003, each of four regions had developed a plan for action to further stimulate employment opportunities on a sustained basis in their regions. In each case, the vehicle selected was support of a business cluster deemed mutually promising and ready to organize for mutual benefit.

The table in Appendix I of the Final Report (available on the Internet through WSI. Com) sets forth the order in which the three components were introduced in the respective communities.

B. Results (pp. 6-7)

Over the 4.5 years of project activity the GOM moved from accepting a donor-driven intervention aimed at addressing the problem of unemployment to initiating strategies to adopt and perpetuate the methods learned through the PRiSMa project. In general, the 3,000 active partners, who were involved variously in the three components of the ICDP in 46 communities saw concrete results in the form of more than 5,000 jobs created or retained. As they became involved in the processes introduced by PRiSMa, they had experiences that opened their eyes to cooperation, planning, and implementation possibilities not previously envisioned.

By the end of the project, there had been real progress in GOM policy change to support the lessons learned in PRiSMa and there were informal regional structures for carrying on the positive collaborations to improve the economic prospects for Macedonia.

C. Sustainability (pp. 5-6)

Training and facilitation provided by PRiSMa established a set of institutional capacities and assured their distribution throughout the 30 service center communities of Macedonia. Unprecedented multi-sector collaboration was instituted. Direct experience on the part of beneficiaries of demonstration activities created a broader base of popular support. Each of these communities developed a core team of representatives from the local Employment Office, the Ministry of Economy, The Union Federation, the Vocational Schools and the Private Sector. They had learned the steps of specific economic development and labor redeployment programs. Their cross sector cooperation was a new but rewarding experience resulting in the establishment of functioning partnerships.

All partners demonstrated commitment to the terms of the original] 999 Charter of Cooperation insofar as they supported continued implementation and promotion of the ICDP in Macedonia.

In the last year of the project, significant progress had been made to institutionalize its practices.

Part 4: Ukraine

(7-22-10 Draft)

1. Background and design of the Ukraine project

I found the Ukraine project an interesting one to participate in even though my involvement and travel was not as great as it had been in the previous USDOL SEED- and World Bank- funded projects in Central and Eastern Europe. By the time that project started in April 2000, a health problem made it impossible for me to travel internationally as I had done in previous years. While I had to decline an invitation to go to Kiev as part of the assessment team, I agreed to help design the project working from home.

The launching of the Ukraine project encountered a number of problems, not the least of which were the corruption and political climate in Ukraine at the time of its inception. The final report of the project provides a brief overview of how the project came about after the USDOL received a request from the Government of Ukraine to the American Embassy in Kiev.

In April 2000, ILAB Program Managers Sydney Smith and Laura Buffo, accompanied by a high level USDOL manager Theodore Mastroianni and a dislocated worker specialist, as well as Virginia Stacey and Jane Daly from WSI conducted a design mission. The Ministry of Labor had indicated to the U.S. Embassy that it desired assistance with mass layoff issues. WSI participated in the mission to provide examples of efforts and results achieved in the CEE region. At the conclusion of the mission, there was verbal agreement to proceed with a demonstration project of the ICDP [Integrated Community Development Program]. This is the name that WSI had given to the USDOL Adjustment Model as part of their strategy of delinking the model from USDOL so that they could begin marketing it to other international donors after the winding down and ending of the USDOL involvement in SEED-funded programs in Central and Eastern Europe, which would soon be occurring.

The primary objective of the USDOL's Ukraine Worker and Regional Economic Adjustment Program (locally known as PARTNER from the Ukrainian acronym) was to help the Ministry of Labor and Social Policy (MOLSP) and its partners provide visible solutions to the country's worker and community adjustment needs. PARTNER was designed to enable the Ministry of Labor and Social Policy (MOLSP), and the National Employment Service (NES), to establish the policies and design the services that would overcome several of the service shortfalls in their labor market service provision, and facilitate successful community economic adjustment to Ukraine's transition from a command to open market economy. PARTNER was also designed to provide new techniques through which Ukraine's local labor offices could more effectively provide services to their local communities and workers. (*Ukraine Worker and Regional Economic Adjustment Project: Final Report*, submitted December 2003 by Tom Fletcher, Project Director)

That description reflects the official, positive way of looking at the Ukraine project. What eventually became evident was that the Ministry of Labor and National Employment Service in Kiev really wanted the money to buy computers and other such equipment, and they were not keen on having any or all of the components of the USDOL Adjustment Model implemented. Differences in the objectives of USDOL and Ukraine officials plagued the project from the beginning.

In a May 29, 2009 email, Virginia Stacey told me a different version of the startup of the Ukraine project. Her account is probably more accurate than that contained in the project's final report. Virginia recalled the March 2000 trip to Kiev, Ukraine, and the subsequent events leading up to the project startup as follows:

You were viewed as the senior adviser and expert, but had to rely on others to be your eyes and ears. Sydney was driving around with a buffalo leg in her back seat and had decided to give it all up for love and/or her ticking biological clock. USDOL had been taken over by a bunch of still wet behind the ears program assistants with huge egos and, what's that term again – oblivious incompetence. Sydney was the only one in ILAB who believed in the model and was marketing it high and low and had somehow convinced Ukraine to try it. Ukraine and Kuchma! Where they were jailing and killing journalists and Europe was pressuring the US to help convince Ukraine to shut down the last reactor at Chernobyl.

[President] Clinton had gone there in June and promised them a dislocated worker program. The information coming our way wasn't complete or unbiased and changed by the minute. The DUS [Deputy Undersecretary of USDOL] had promised the [Ukrainian] MOL Minister during a study tour that there was no reason he couldn't create a model office like Baltimore's – that's why the equipment issue got on and never left the table.

The Deputy DUS had joined Jane and me and Laura to write the TOR [Terms of Reference], but Sydney had said Laura must do the talking in each meeting to position her as cracker-jack ILAB staff, and she had no clue how to control and cut off the talking, talking, talking that foreign government officials do when they get to start a meeting.

I came back totally frustrated and called you for help in trying to cobble together a SOW [Statement of Work] from incomplete and contradictory information. That's the setting and somehow you had to figure out a role that didn't involve travel. Thank goodness for computers because we would have failed without emails. And also phones and cordless headsets! WSI had to rely on your tremendous ability to write a detailed manual to help instruct people and that's why your billing reflects so much of that kind of work. Ukraine was the first time you hadn't been on site for the design or start-up. It's a wonder one of us didn't wind up in some gulag as much as we fought with the MOL and NES staff! (Email from Virginia Stacey to GBH, May 29, 2009)

I recall that my involvement with the Ukraine project started early in April 2000, in a telephone conversation with Virginia Stacey about the design of the project, and what my participation would be in the process. On April 25, 2000, I participated in a conference call with Marion Bentley, Virginia Stacey, Teresa Holden, Julie [? incomplete]

During May 2000, I spent much of my time revising Part I of the CER Guide and other training materials in preparation for their translation and use in the new Ukraine Adjustment Project scheduled to start in September. My May billing statement to WSI stated that I worked on 4 specific tasks for the Ukraine Task Order:

1. Writing the Ukraine Proposal and Implementation Plan -- 57 hours
2. Designing the worksheets and preparing a "Participant Worksheet" manual for CER. Workshop E -- 54 hours
3. Designing some new worksheets and preparing a "Participant Worksheet" manual for CER Workshops A-D -- 11 hours
4. Beginning the work of revising the CER Guide Part I --20 hours

For the next several months, I participated in several telephone conference calls and strategy planning sessions with Virginia Stacey, Marion Bentley and others to address issues specifically related to

the startup of the Ukraine project

By the beginning of May I had revised the document I had written previously entitled: “Steps to starting...” the CER Component that could be used in the Ukraine or other projects (5th edition, dated May 4, 2000). Over the years I had written all kinds of “how to” documents. Eventually, I consolidated those materials into a chapter for inclusion in the full-blown version of the “Project Director’s Manual” that was completed in 2003 or 2004 by WSI as part of the USAID CEE Regional Project. This project will be discussed in Chapter 10.

In June 2000, I worked 126.5 hours revising the CER Guide for the Ukraine project. My work of revising the CER Guide continued throughout the summer of 2000. When finished, I had copies of the revised document printed. Several hard copies and the computer files were also sent to WSI in Boise and to Kiev for translation.

During July 2000, in addition to attending the July 16-20, 2000 Boise meeting, I spent virtually full time (140 hours) working on the Ukraine project. I revised Part II of the CER Guide, including writing a new chapter, Chapter 9 on tourism assessment, and revising and expanding chapters 7 and 8 of the RRDWA IA Specialist manual in preparation for their translation and use in the Ukraine Adjustment Project. I also participated in conference calls on Ukraine and gathering information from various state Employment Services in the United States about “one-stop service centers.” I undertook the last task because one of the objectives of the Ukraine project was to help set up some pilot employment centers in that country. (August 1, 2000 billing statement to Virginia Stacey at WSI)

July 16-20, 2000, Marion Bentley and I participated in a project directors meeting at the WSI headquarters in Boise, Idaho, and helped to orient Jon Theile, the new Ukraine Project Director. On Wednesday, part of the day was spent discussing the implementation of the Ukraine Project. In addition to discussing each of the ongoing projects and technical issues related to them, WSI Executive Director Virginia Stacey and the 9 or 10 people in attendance at the Boise meeting also discussed a variety of other topics (the agenda was two pages long), including the prospects for obtaining new projects with USDOL, USAID or other donors.

Virginia and her key staff realized that if they wanted to continue in business after the current USDOL SEED-funded projects were completed and SEED funding ended in the CEE region, they would have to obtain new contracts and projects. That would mean bidding for projects funded by other donors, such as the World Bank, etc. The possibility of obtaining projects in Bosnia, Croatia, Albania, Kosovo, India and Nigeria were discussed at the July meeting.

During September 2000, I spent 88 hours on the Ukraine project. I prepared the master copies of the RRDWA manual and Part II of the CER Guide for printing and binding. Copies of those newly revised manuals were sent to Virginia, Jane Daly and Damien Fitzroy, and to Jon Thiele for translation and use in the Ukraine Adjustment Project. I also began work on the Enterprise Restructuring and Competitiveness Manual (ERAC). (My September 1-30, 2000, billing statement to WSI for work done).

Sept. 23, 2000, I responded to a request from Anne Zollinger, a new USDOL employee who wanted to know the origin of the USDOL Adjustment model, with an email explaining its origin. (Email from GBH to Anne Zollinger, Sept. 23, 2000)

With the start-up of the Ukraine project in September, my work slowed down somewhat. As a result, in October I spent only 8 hours on the Ukraine project. I remember meeting with Gaylene Peebles, manager of the Logan Employment Service, to obtain information and materials about the operation of their One-Stop Center. That information was forwarded to Jon Theile in Kiev. I also corrected some

errors in the master copy and printed additional copies of Part I of the CER Guide and conferred with Virginia about the needs and changes that had to be made in the activity schedules for the Ukraine project.

October 10-14, 2000, I attended the National Dislocated Worker Conference in Minneapolis where I made a presentation about the USDOL Adjustment Model and our projects in Central and Eastern Europe. I also introduced several Romanians who had been invited to come from Bucharest to talk about their work in implementing the USDOL model in their country.

During November 2000, I spent 33 hours on the Ukraine project, including writing two new chapters (9 and 10) for inclusion in the RRWA IA Specialists Handbook Chapter 9. Pages 115-152 in "The Job Seekers Hof [?]" were sent to Virginia Stacey, and an electronic copy of the new material was sent to Jon Thiele in Kiev for translation and inclusion in the manual being used in Ukraine. I also made some corrections to the table of contents for the CER manuals and began working on a new chapter, Chapter 11, outlining the steps for conducting a community "Workforce Development Audit" for inclusion in Vol. II of the CER Guide. I let Virginia know that I was preparing that chapter as a result of information I obtained at the October 2000 National Dislocated Worker Conference in Minneapolis I had attended.

During December 2000, I worked 48 hours on the Ukraine project. I sent electronic copies of Chapters 9 and 10 of the RRDWA Guide to Jon Thiele in Kiev and WSI in Boise, completed the scanning, editing and layout work on a new chapter, Chapter 11, "Conducting a Workforce Development Audit," for inclusion in Part II of the CER Resource Handbook. Then I printed and mailed copies to WSI in Boise and Jon Thiele in Ukraine. I also debriefed Marion Bentley about his trip to Ukraine to conduct the introductory training in CER procedures for the people who would be assisting in the introduction of the CER Component in the Donyesk region. Other tasks included printing a master copy of the new Chapter 11, xeroxing copies of Chapter 11; mailing a copy of Chapter 11 to WSI and delivering a copy to Marion Bentley for his review, binding Chapter 11 with the existing copies of Part II; reviewing draft criteria for selecting CER communities in Ukraine and sending a revised list to Jon Thiele with a copy to Virginia Stacey, and discussing with Virginia the activities being proposed by Jon Thiele for the Ukraine project in the coming months.

During January 2001, I continued to work at home for WSI. I worked only two hours on the Ukraine project, responding to Jon Thiele's emails and conferring with Virginia about various aspects of the work in Ukraine.

2. A serious crisis in Kiev

February 2001 brought a crisis for the Ukraine project that required only four hours of work on my part, but considerably more for USDOL and WSI. I spent my time reviewing the crisis and its implications for USDOL and WSI because of the Ukraine MOL's attitude about the implementation of the project. Basically, the Ukrainian MOL wanted to use the project money to buy new computers for their offices and did not want to follow the project's work plan—which they had agreed to in writing—to improve their employment services. They were especially unhappy when Jon Thiele, the WSI project director, said "No" to their demand to spend most of the project funds on equipment. Because of the firm negative stand taken by Jon Thiele, the MOL sent a letter to USDOL in Washington expressing considerable displeasure with the way things were going in the Ukraine Project. Virginia Stacey forwarded to me a copy of the MOL's letter to Washington and Jon Thiele's response. She asked me to review the situation and give her my advice. I did, and then conferred with her about what steps might be taken to resolve the problem.

A Feb. 25, 2001 email from Virginia Stacey indicated that Gary Russell, the technical cooperation director of OFR, Gedeon Werner and she were scheduled to go to Kiev on March 19, 2001, to meet face-to-face with the UKR MOL officials to address the problems raised in their letter to the DOL. Virginia concluded her email to me by saying, "I could really use your advice." I complied with her request a short time later. (email from Virginia Stacey to GBH, Feb. 25, 2001)

It is very instructive to read the email Jon Thiele, the WSI Ukraine project director, sent to Gary Russell, director of technical programs at OFR and Steve Marler, the Program Officer at OFR over the Ukraine project. Thiele's email speaks volumes.

Gentlemen—

Here are a few thoughts on the proposal you've received from the MLSP.

This is essentially a proposal to strengthen the NEC by adapting the worker adjustment effort to the existing structure and operation of the ECs [employment centers]. As such it has some potential for success. As I mentioned in D.C., using the ECs as a vehicle for delivering worker adjustment services is a reasonable idea. It can easily be tested, and if proven to be effective, it could possibly become the preferred model for use in Ukraine

As I also suggested, the DOL model is also reasonable. Indeed, given DOL's success with it in the region and the good response it has received so far in Slautich, there is every reason to believe it is right for Ukraine as the design team concluded.

That's the surface view. Given the MLSP's words and actions, though, it would be naive to take it at that. The minister's lies, the theft in Gorlovka, the threats and obstruction in Donetsk, the sudden nature of this proposal -- all point to underlying motives. I'm not trying to be sinister, not trying to portray them as bad guys; as difficult to believe as it might be, lies, theft, and threats are normal in Ukraine. They are negotiating for more.

It's not that they reject our approach or DOL, but rather they see this project, and all foreign projects, as sources of funds and resources, and since they have plans for everything, they think the foreign group can pay for them. They have a sincere belief that their approach works in spite of all evidence to the contrary, and they resent being told what to do. That is how they see the projects, telling them what to do. They do not want to be partners in an effort to help their clients because that directly implies they are failing to serve them now,

They are not boiling mad. They are not rejecting DOL or this project. They simply want to use its resources the way they want. They do not accept the foundation of all development efforts: that money is not the answer, that the answer is a change in what is being done. When they show a five year old floor plan and say it does what needs to be done they actually believe it, and that's the problem.

It explains their focus on worker adjustment. They've thought about it. Local economic development and enterprise competitiveness are new ideas, and they don't know how to react.

Anyway, here are some very brief specific comments on what they wrote;

Regarding their point 2, local coordinators, obviously they cannot choose WSI

employees. What they are saying here is that the DOL funds will pay the salaries of the staff they as partners are obligated to contribute to the effort; The only response is to clearly state that they are obliged to contribute.

Regarding their point 3, they are wrong. Registration does not require the information they are asking for (this we have in an MOU between the GOU and USAID representing the US). Also, they have a technical scope of work for the project already. In addition, US funded projects in Ukraine have not given financial info. to partners. DOI. should check with the USAIQ mission before it decides to break ranks.

On their first point 6, the method for selecting regions in which to work was scheduled to be discussed with them this month. We have a checklist of characteristics developed from experience in other countries. They know about this but have not yet seen it.

On forming groups, they mean they want to name the members. They have participated fully in group formation in Slawtich and Gorlovka, and they see our inclusion of others as less influence for them.

On the request for a manual, I see this as an indication of how little they really value training of their staff. A condensed manual is the opposite of what they need; if anything, they should take the books and training we give them and expand it. Remember, in late November they told us that a one-week seminar was enough.

And they want to travel. This was in our plans, but it was made clear to them they had to support the program and get it going smoothly before any road trips.

Finally, on their point 7, as simple as this is to say, I am sure that it is driven by a desire to capture the funds for themselves and a complete and deep distrust of anything that allows citizens to act on their own.

In closing, whatever DOL decides we can make happen. The key is for DOL to decide and try to end all of this negotiating. I say "try to end" it because I know it will never end: A survey done in 1998 asked Ukrainians if negotiating ended with the signing of a contract--over 70% said no.

Jon, 19 Feb 2001

Gary Russell's response to Jon Thiele's email follows:

Nice meeting with you in D.C., Jon. Thanks for your thoughts and we will be sure to share our views on the MLSP proposal with you and Virginia before we submit anything for discussion to the ministry. (email from Gary Russell to Jon Thiele, Feb. 20, 2001)

In March 2001 I worked 4 hours at home reviewing and writing a critique to the Ukraine MOL's letter to Washington, reviewing the draft DOL response, and conferring with Virginia Stacey before and after she went to Kiev to discuss the future direction for the project, based on the memorandum of agreement signed by Gary Russell of OFR during their recent trip.

I have nothing in my files about the outcome of the March 2001 trip Gary Russell, Gideon Werner and Virginia Stacey made to Kiev, but I do have a copy of the four- page memorandum of agreement that Gary Russell and the Ukraine MOL official signed in Kiev. It says in effect that the project would be continued and that the DOL/WSI would send an assessment team to Kiev to assess the

requirements for replicating the model service delivery system in the employment centers in other communities:

NEXT STEPS

In close collaboration with the MOLSP, USDOL will deploy a team of experts to Ukraine for a two-week period to:

- Assess the requirements for replicating the model service delivery system to other local employment centers, as well as the number and location of the centers targeted for assistance.
- Identify training and curriculum needs of the NECTI to integrate Rapid Response/Worker Adjustment services into the existing curriculum.
- Develop an implementation plan based on conclusions from this assessment and the agreed upon project description.
- Assess the need and requirements for a Public Awareness Campaign
- Resume Worker/Community pre-layoff activities in Slavutych and Gorlovka in coordination with the local employment centers in those communities.

In a telephone conversation with Virginia Stacey on March 29, 2001, she told me that Gary Russell became drunk one evening and did not behave well. Other than that, all I remember from our conversation is that it appeared that Russell gave in to the MOL's demands to buy computers, and that the project continued with the changes specified in the memorandum of agreement Gary Russell signed while they were in Kiev. Resumption of work on the project was to occur on May 14, 2001.

Virginia said that Gedeon Werner, then working for WSI and a fluent Russian speaker, helped steer the discussions and brought about the compromises needed to make the Ukrainian officials happy and still require a quid pro quo from them to ensure that some good work could still be accomplished. Virginia also told me that DOL had agreed to give the Ukraine MOL \$780,000 to buy the computers and equipment they wanted, the number of one-stop employment centers was increased by the addition of 11 new ones, and the MOL would have to accept the other programs designed to strengthen their employment services and implement the CER and other components of the USDOL/ICAP model.

In April 2001, I worked 7 hours on the Ukraine project consulting with Virginia, Marion and Gedeon Werner about the steps that would be taken to restart the project and expand it to include the eleven new one-stop employment centers. I also wrote a memo to answer some questions raised by Gedeon about the relationships between RRDWA activities and Worker Adjustment Resource Centers in the current project and the model employment centers to be created as part of the expanded Ukraine project.

In May 2001, I continued to confer via conference calls with Virginia, Sydney and Gedeon Werner about the Ukraine project and the others in the CEE region, and worked with Marion Bentley developing reporting and monitoring materials that could be used for the community-level CER project in all countries in the region, including Ukraine.

In a May 28, 2009 telephone conversation with Virginia Stacey, she told me that Jon Thiele had been replaced as project director shortly after the signing of the memorandum of agreement in Kiev in March 2001. Someone from DOL was sent to Kiev to evaluate Jon's performance and had given him a poor evaluation. Subsequently, Tom Fletcher was hired to direct the Ukraine project. He remained as Project Director until the project was completed and the final report submitted to DOL in December 2003.

From June 2001 onward, I spent most of my time developing manuals and materials as part of the USAID-funded CEE Regional Project and devoted very little time to the Ukraine Project. This work is described in Chapter 10.

3. Elements of the Ukraine project redesign in April 2001

The redesign of the Ukraine project that came out of the March 2001 Letter of Agreement between DOL and UK MOL included some additional employment service capacity building activities and some employment center upgrades along with continuing the LED and RRDWA components in the original design. These are outlined below:

Project Redesign and Funding

The Final Report describes the design and objectives of the three major areas of activity that had been set out for the Ukraine project, both initially and as a result of the project redesign set out in the Letter of Agreement reached in March 2001 called for (1) local economic development, (2) employment service capacity building and (3) employment center upgrades: (*Ukraine Worker and Regional Economic Adjustment Project, Final Report, December 2003*, pp. 5-6)

Local Economic Development

In general, following the implementation standards of the USDOL/WSI Integrated Community Development Program, the objectives of PARTNER's local economic development (LED) component included:

- ☐ Stimulate job creation by energizing the local private sector
- ☐ Mitigate the negative social and economic impact of enterprise restructuring
- ☐ Facilitate democratization through citizen participation in economic decision making providing for local government accountability for outcomes and use of resources, and transparency.
- ☐ Promote local government responsiveness to citizen and community needs through development of partnerships between government and citizens, civil society, and the private sector in addressing local needs.

Employment Service Capacity Building

Based on the substantive program redesign in the spring of 2001, a six-element train-the-trainer component was added to the original project. The training curricula were based on best practices from the U.S., and were tailored to Ukrainian needs and conditions through the work of a joint US-Ukrainian committee from the relevant NES departments. The curricula focused on Public Relations, Vocational Guidance and Counseling, Employer Relations, Targeted Services for Youth and Women, Rapid Response Worker Adjustment, and Performance Monitoring. The primary objectives of this component included:

- ☐ Improve the MOLSP's institutional capacity to develop and implement market-oriented services for workers, employers and communities.
- ☐ Introduce new approaches to labor market development, such as worker retraining

and transition, that have proven successful in other transition economies

- ☐ Provide local labor offices with the tools and approaches they could use for active labor market measures, increased capture, and provision of more efficient and effective services to their clients.
- ☐ Expand the awareness of available services through training of NES public relations personnel in modern labor office PR techniques.
- ☐ Provide national and local labor offices with new, more pro-active approaches to pre-layoff services and the development of partnerships with local employers.

Local Employment Center Upgrade

This component, also introduced during the 2001 program re-design, was based on MOLSP's perceived need for modernizing and upgrading the infrastructure capacity of 11 existing employment centers located in the highest unemployment areas in order to permit them to fully implement the NES's "New Technology" - a highly structured client service system based on German best practices. Essentially a large procurement, this component was designed to provide automation and furnishings to designated centers to bring them up to international standards, equip a small print shop at the National Employment Service Training Institute (NEST!) to facilitate promulgation of training materials, contract for the development and publishing of 50 job description files for use by local employment centers, and equip the MOLSP conference room.

4. Ukraine Project Outcomes

According to the Final Report, the outcomes achieved by the PARTNERS project in Ukraine included, but were not limited to: (*Ukraine Workers and Regional Economic Adjustment Project, Final Report, December 2003, p.4*)

- ☐ Four community teams were trained in local economic development, resulting in 141 trained citizens, four directly funded new business starts and five additional new businesses in two communities.
- ☐ 965 jobs were retained, 34 new permanent and 30 temporary jobs were created through the ICDP Rapid Response and LED components.
- ☐ A functioning and fully equipped worker transition center was established.
- ☐ Three continuing Labor Management Adjustment Teams were established to assist workers in companies facing mass layoffs.
- ☐ Over 2,000 national, regional and local employment center staff and specialists trained in one or more of the following methodologies:
 - Vocational Guidance and Counseling
 - Employer Relations
 - Targeted Services for Women and Youth
 - Performance Monitoring and Evaluation
 - Public Relations
 - Rapid Response
- ☐ Manuals and handbooks for each methodology were developed, translated and

published. All local and oblast Employment Centers in Ukraine have at least one copy of each manual.

- ❑ Over \$780,000 of equipment and furnishings designed to increase the efficiency of local Employment Centers and the NES were procured and delivered to 11 pilot centers. All equipment is in place and being utilized as intended.

Sustainability

Even though the Ministry of Labor in Ukraine had not been enthusiastic about implementing the full project, thus hindering their ability to obtain willing partners despite the PARTNERS acronym given to the project, there were some positive outcomes relative to sustaining some of the elements of the project after it ended in 2003. Like many of the other USDOL projects in the CEE region, most of the doubting officials and community leaders eventually came to appreciate and even support the projects enthusiastically and wanted to continue them. This was true to some degree in Ukraine. The nature and extent of the changes in Ukraine are set out in the Final Report (*Ukraine Workers and Regional Economic Adjustment Project, Final Report, December 2003*, p. 4) as follows:

Because past MOLSP leadership did not view the ICDP as part of its institutional mandate, no successor organization could be identified at the national level. However, four community teams were formed, of which two present limited continuing fora. [?] In addition, although the USDOL decided not to fund an expansion of the ICDP component of the project, as a result of the impressive results from the Slavutych pilot, the U.S. Agency for International Development recognized the benefits of community partnerships in local economic development by issuing a Request for Proposals to expand LED to 50 communities as part of its local government reform program. In addition, the Rapid Response component was embedded within the National Employment Service as part of the Employment Services Capacity Building Component.

All six components of the Employment Services Capacity building objective have been fully integrated into NES curricula. A plan has been developed and implemented by the NES to ensure replication throughout Ukraine

It would be most interesting to see what the situation in Ukraine is today. Does the state of affairs on the ground today still reflect the statements made in the 2003 Final Report of the project that were made some seven years ago, or will they be similar to what happened to the British/World Bank-funded dislocated worker project carried out in Poland (that will be discussed next in Chapter 8) during the early 1990s.