

PD-ABM-974  
90674

**MID-TERM EVALUATION OF THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT'S**

**FY 1990  
DEMOCRATIC PLURALISM INITIATIVE  
PROGRAM IN  
CENTRAL AND EASTERN EUROPE**

**A.I.D. Project No. 180-0003**

**September 1, 1992**

**A MID-TERM EVALUATION OF THE**  
**FY 1990**  
**DEMOCRATIC PLURALISM INITIATIVES**  
**IN POLAND, HUNGARY, AND**  
**THE CZECH AND SLOVAK FEDERATED REPUBLIC**

**A.I.D. Project No. 180-0003**

**EVALUATION TEAM:**

**Country Experts:**

**Dr. Christine M. Sadowski,**  
**Technical Coordinator**

**Dr. Michael Bernhard**  
**Dr. Janusz Bugajski**  
**Dr. Bennett Kovrig**

**US/AID Representatives:**

**Dr. DeAndra Beck, AAAS Fellow**  
**Ms. Marilyn Zak, Team Leader**

**CENTER FOR DEVELOPMENT INFORMATION AND EVALUATION**  
**DIRECTORATE FOR POLICY**

**DEMOCRATIC PLURALISM AND PARTICIPATION DIVISION**  
**BUREAU FOR EUROPE**

**U.S. Agency for International Development**

**Evaluation Conducted in July, 1991**

## EXECUTIVE SUMMARY

This is a summary of a mid-term evaluation of twenty-three projects that were funded in FY1990 by US/AID's Bureau for Europe, Office of Democratic Pluralism Initiatives in the northern tier countries of Eastern Europe (Poland, the Czech and Slovak Federated Republic, and Hungary). Total funding: \$5,550,206.

### Program Summary

Many of the projects in this FY1990 program were designed to assist the immediate process of transition from communist, authoritarian states, to democratic systems. Some team members felt that projects with critical deadlines should have been assigned a higher priority in program strategy than those reflecting a longer term effort to promote democracy. The vast majority of projects and their results to date were assessed positively. On the whole, they were well-targeted and well-functioning. Some were excellent.

Assistance was provided:

- for the first free elections held in these countries in more than forty years. This assistance was used for infrastructure support, non-partisan get-out-the-vote campaigns, independent election surveys, seminars on campaigns and elections, and the provision of election observation teams.
- to assist parliaments in making the transition from authoritarian to democratic systems, as well as to support members of the legal profession in reformulating laws.
- to train individuals to assume positions in local government and help them understand the relationship between various democratic institutions at the level of local government.
- to establish or to consolidate free, democratic trade unions in Eastern Europe. Funding was used for a wide variety of programs that differed substantially from country to country and included infrastructure support, non-partisan get-out-the-vote campaigns, programs addressing the needs of the labor force during the transition to a market economy, trade union research and publication, and union and civic education.
- for new private publishers and veteran independent publishers (who had worked in the underground during the final years of communist rule in Eastern Europe) to help them establish themselves above-ground in a new economically competitive environment and context of freedom of the press.

- to assist business and farming organizations in their efforts to evolve as advocacy groups in a democratic society.

### **Program Impact Results**

This evaluation was conducted before many of these projects were completed and before final reports had been submitted. It was too early, therefore, to focus attention specifically on the impact these projects were having on democratic development in Eastern Europe. Moreover, democratic development is a very slow process in which indicators of real change may be evident many years after a project or activity has taken place. Therefore, the impact results listed below are based on the initial observations of the evaluation team.

#### **Most Successful Projects**

A. Various activities surrounding the first democratic elections in Poland, the Czech and Slovak Federated Republic and Hungary were well-targeted and very helpful according to recipients. This support took many forms:

- the provision of equipment necessary to holding campaigns and elections (this was nonpartisan support);
- the provision of election observation teams in the Czech and Slovak Federated Republic and in Hungary;
- and support for nonpartisan get-out-the-vote campaigns.

Many of these programs could have been more effective had funding arrived earlier.

B. Various types of training programs can be counted among the most cost-effective projects in US/AID's Democratic Pluralism Initiative.

- Principal among these was the Foundation in Support of Local Democracy in Poland (a project sponsored through Rutgers University) that trains local government officials and support staff in the obligations and responsibility of local leaders in democratic societies and in the administration and management of local programs. Demand for this training is such that several of the centers have become financially self-sufficient.
- Union training programs were viewed by the team as being of significant substantive value for citizens in a democratic society, as well as cost-effective. These are

programs funded either directly through the Free Trade Union Institute or in conjunction with the American Federation of Teachers, such as the Foundation for Education for Democracy program.

Two examples of projects that were successful, well monitored, and yielded measurable program impact results included:

- an organizing-recruitment campaign undertaken by Hungary's democratic union federation LIGA, with funds provided through the Free Trade Union Institute indicated that union membership had grown from 55,000 in early 1990 to 250,000 by mid-1991.
- a project undertaken by the Institute for Democracy in Eastern Europe that provided small grants to a number of independent publishers in Poland provided documentation a year later, that many of those publishing endeavors had grown in size, quality, and circulation. Some had grown substantially.

#### Most Common Problems Among Less Effective Projects

- A. Poorly monitored projects and those with insufficient oversight had a greater chance of losing sight of their objectives or of failing to adequately reposition those objectives to reflect the changing socio-political environment in which they were taking place.
- B. Poorly targeted projects frequently brought the format of a previously designed program to Eastern Europe rather than seeking to develop the program in close conjunction with needs expressed by East Europeans.
- C. In some cases, US/AID did not sufficiently scrutinize the project proposal to determine whether objectives were commensurate with the level of funding sought.

#### **Program Administration**

In FY1990, US/AID and the National Endowment for Democracy (NED) shared responsibility for the administration of most of the Democratic Pluralism Initiative in Eastern Europe. Of the twenty-three projects evaluated in this report, twenty-two were administered directly by NED. The State University of New York/Albany project to establish a Center for Parliamentary Management in Budapest was administered separately by US/AID.

The administration of the entire program was adequate. However, given the extraordinary nature of this fiscal year and the countless and wide variety of impediments to a smoothly operating program, the administration of this Democratic Pluralism Initiative program was excellent.

Future programs should seek to improve three areas of project administration: monitoring, reporting, and the timely delivery of funds.

### **Future Program Possibilities**

In FY1991 and beyond, projects should focus on democracy's consolidation and its extension to broader masses in East European societies. There is a need in Poland, the Czech and Slovak Federated Republic and Hungary, for programs in the following general areas of democratic development:

- programs that address ethnic and minority issues within the region or that strive to enhance regional cooperation through mutually held conferences or intra-regional projects;
- programs in civic education that would address issues such as the role of the citizen in a democratic society, the relationship between various democratic institutions, etc.;
- programs that enhance civic culture by promoting the creation of a wide variety of civic organizations;
- programs that enhance the functioning of the central bureaucracy, making it more efficient and responsive to citizen needs.
- programs that instruct local government officials of their democratic functions and responsibilities to their constituencies, of lines of jurisdiction between federal and local government, of budgets and taxation, etc. in the Czech and Slovak Federated Republic and in Hungary (Such a program already exists in Poland.).

### **Issues and Constraints**

#### **Policy**

- US/AID must make a policy determination regarding whether or not it intends to provide funding and technical assistance to ex- and post-communist political parties, voluntary organizations, and trade unions.

- **US/AID must determine where to draw the line between projects for economic development and those for democratic development. In the absence of such a determination, projects that are more economic in nature can easily be incorporated into the Democratic Pluralism Initiative, thereby weakening the specific objectives that program was designed to address.**
- **The Center for International Private Enterprise is, according to its own articles of incorporation, an institution established to promote democratic pluralism through support for the business sector in foreign lands. Concurrence by US/AID on this matter would settle questions regarding whether CIPE should receive funds designated for economic or political development.**

### Administrative

- **In FY1990, assistance funds were channeled through far too many bureaucratic layers (from Congress, to USAID, to NED, to American grantee organizations, to East European subgrantees, who then often distributed funds down to regional administrative levels within their own country. This organizational layering should be minimized, as it was a major impediment to the administration of the program.**
- **A system should be devised whereby Congressional holds cannot jeopardize programs, and funding can be provided on an emergency basis.**
- **US/AID's Bureau for Europe, Office of Democratic Pluralism Initiatives is understaffed. It should be granted an exception to the hiring freeze that would allow it to employ the personnel it needs.**
- **US/AID missions and offices in Warsaw, Prague, and Budapest should come to play an increasingly active role in the management of projects initiated under the Democratic Pluralism Initiative in Eastern Europe.**
- **US/AID must devise a reporting format and set standards for the adequate monitoring of its projects, including documentation of impact achievements.**

## PREFACE

This evaluation was undertaken at the request of the United States Agency for International Development, Bureau for Europe, Office of Democratic Pluralism Initiatives (AID/EUR/DPI). It assesses the projects funded by AID/EUR/DPI during Fiscal Year 1990 (FY1990) in the northern tier countries of Eastern Europe: Poland, the Czech and Slovak Federated Republic, and Hungary.

FY1990 was the only year in which AID funding for democracy initiatives in Eastern Europe was channeled through the National Endowment for Democracy (NED) to American grantee organizations which, in turn, provided the money and oversight for East European projects. Some of the projects were run by the American grantee organizations, while others were undertaken by citizens of the project's host countries. Prior to FY1990, AID money for democracy initiatives was not channeled through the National Endowment for Democracy, nor will it be in future years. Beginning in FY1991, AID will provide funding directly to American grantee organizations that are conducting projects in Eastern Europe or that are working in conjunction with East European groups.

This evaluation was conducted by a team of six members, including four country experts and two representatives from US/AID. The two groups, country experts and US/AID representatives are listed separately to underline the fact that this is an independent evaluation conducted by private consultants who served as country experts. They were accompanied during the site-visit by two US/AID representatives.

It is normal procedure when conducting US/AID evaluations to have US/AID representatives accompany technical experts during the site visits. This practice serves two functions: first, it provides an opportunity for US/AID staff to become more familiar with the projects they are managing; and second, it provides the team of country experts, who are often unfamiliar with precise US/AID program requirements and expectations, with guidance to insure that evaluations focus on issues most central to the Agency. The US/AID representatives took part in all of the discussions regarding project evaluations during the site visits. When their views differed significantly from those of the country experts regarding the assessment of a given project, those views are identified in the text of this report as being those of the AID representative. The country experts alone are responsible for the final conclusions regarding the Democratic Pluralism Initiatives program as a whole.

The team's country experts included the following individuals:

**DR. CHRISTINE M. SADOWSKI**, the team's coordinator, is a private contractor in Washington, D.C. who has previously worked on an evaluation of "US/AID, the American Labor Movement and Democracy Abroad." Prior to working for US/AID, she was the Acting Chairperson of the Soviet and East European seminar at the Foreign Service

Institute. Her earlier research and professional activities at the Hoover Institution, Stanford University have focused on workers and worker organizations in Eastern Europe (especially Poland's Solidarity movement), on civic culture in Eastern Europe, and the violation of human rights in communist systems.

As head of the team of country experts, Dr. Sadowski's duties included conducting interviews with and collecting relevant documentation from American grantee organizations prior to the team's trip to Eastern Europe. She was one of the team's two Poland experts and participated in the on-site visits to Poland and Hungary. She and Dr. Bernhard shared the responsibility for submitting the initial draft of the Poland section of this evaluation. Dr. Sadowski was responsible for writing and submitting the final draft of the entire report.

**DR. MICHAEL BERNHARD**, Assistant Professor of Political Science at The Pennsylvania State University, served as the second Poland expert. His past research, which focused on the democratic movement in Poland prior to Solidarity, made him especially familiar with many of the current actors in Poland's new democratic government. He recently testified before the U.S. Congress on threats to democracy in Eastern Europe -- particularly in Poland. His current research is on attempts to build democratic regimes in Poland and Germany in the twentieth century.

Dr. Bernhard participated in on-site visits to Poland and the Czech and Slovak Federated Republic. He was responsible for submitting half of the original draft of the section on Poland in this report.

**DR. JANUSZ BUGAJSKI** is Associate Director of East European Studies at the Center for Strategic and International Studies (CSIS) in Washington, D.C. He is the author of a book on Charter 77, the major opposition organization in Czechoslovakia from 1977 through the decade of the 1980s -- and the movement from which most of the democratic leaders were drawn to set up the new government in the Republic in 1989-90. Dr. Bugajski is also the co-author of a book on opposition and social activism in Eastern Europe in the 1980s. He is a frequent commentator on CNN regarding political events throughout Eastern Europe.

Dr. Bugajski was the team's Czech and Slovak expert. He participated in the on-site visit to the Czech and Slovak Federated Republic and was responsible for submitting the original draft on this country for the report.

**DR. BENNETT KOVRIG**, Professor of Political Science at the University of Toronto, was the team's Hungary expert. Dr. Kovrig is a well known scholar of Hungary in particular and Eastern Europe more generally. He recently served as Director of Research for Radio Free Europe in Munich. His current research is on West European aid for the promotion of democracy in Eastern Europe. He participated in the on-site visit to Hungary and was responsible for submitting the original draft of the Hungary section of this evaluation.

The team's US/AID representatives included the following individuals:

**DR. DeANDRA BECK** currently works full time as an American Association for the Advancement of Science Fellow with US/AID's Bureau for Europe, Office of Democratic Pluralism Initiatives. She participated in the on-site visits to Poland and Hungary and submitted a draft of the technical description, included in this report, on the amendments to AID funded projects for FY1990.

Over the past year, Dr. Beck has followed very closely the development of AID's Democratic Pluralism Initiative in Eastern Europe. Her knowledge of the various projects was an invaluable asset to the team. While she participated very actively and thoughtfully in the process of evaluation, no member of the team of country experts felt he or she was influenced by US/AID in arriving at a conclusion regarding the performance of any of the projects.

**MS. MARILYN ZAK** is currently the US/AID Deputy Mission Director in Jamaica. She was team leader, selected because of her prior experience with AID democratic programming and because of her participation in the establishment of the National Endowment for Democracy. Ms. Zak took part in the on-site visits to Poland and the Czech and Slovak Federated Republic. In the course of the assessment process, she was able to provide East European sub-grantees with information on US/AID policy and to keep the team focused on those areas of programming most relevant to US/AID evaluations.

This evaluation was conducted between June and September, 1991. Preparatory work was done during the month of June. In July, both AID representatives and both Poland experts traveled to Poland where they spent three weeks meeting with Polish representatives from the projects funded by AID.

At the beginning of the third week of July, the Czech/Slovak expert traveled to the Czech and Slovak Republics, and the Hungary expert traveled to Hungary where each spent a week arranging meetings for a larger team which were to take place during the last week of July. At the beginning of that last week, each of the AID representatives and each of the Poland experts split up and traveled either to the Czech and Slovak Republics or to Hungary. There, teams of three in each country conducted on-site visits to AID funded programs for one week. For the months of August and September, sections of the report were drafted, follow-up interviews conducted in the United States with sub-grantees, and the final revisions of the report were negotiated among team members and included in this manuscript.

There are several individuals to whom the team is especially grateful for facilitating the evaluation process. In Poland, the team relied heavily on the assistance of Ms. Nina Majer, the Foreign Service National at the US/AID mission charged with oversight of the Democratic Pluralism Initiatives Program in Poland. She devoted much of her time during

the team's three-week visit, to making appointments, confirming meetings, accompanying team members on interviews, and explaining how the Washington office might help her fulfill her obligations in Warsaw. The team also wishes to thank Ms. Ewa Boguszewska and Ms. Dorota Haruppa for the time they took to help set up appointments, recover lost luggage, and to perform a variety of other administrative tasks.

Ms. Izabela Trojanowska, in the Brussels Office of the Solidarity Trade Union, made arrangements in advance of the team's trip to Poland for meetings with a number of Solidarity leaders throughout the country. While at Solidarity headquarters in Gdansk, team members benefitted from the help of Mr. Robert Fielding, who arranged all of the meetings at headquarters and confirmed appointments regarding Solidarity projects elsewhere in the country.

Ms. Jennifer Fullmer at the US/AID Contracts Office was called upon to address and untangle unanticipated contract complications which required uncommon skills in problem-solving and stress-management. The team gratefully acknowledges her efforts.

Everyone is ultimately replaceable. Yet it would be very difficult indeed to imagine this program succeeding without Gerald F. Hyman, the Chief of the Bureau for Europe, Office of Democratic Pluralism Initiatives at USAID and Nadia M. Diuk, the Senior Program Officer for the Soviet Union and Eastern Europe at the National Endowment for Democracy. They were called upon to do what, in retrospect, seems impossible. The demands put upon them were extraordinarily high. The program was a test of their skill and indefatigability. They are acknowledged here for the contribution they made to support democratic development in Eastern Europe.

## LIST OF PROJECTS BY COUNTRY

<b>FTUI</b>	<b>Free Trade Union Institute</b>
<b>AFT</b>	<b>American Federation of Teachers</b>
<b>PAC</b>	<b>Polish American Congress</b>
<b>IDEE</b>	<b>Institute for Democracy in Eastern Europe</b>
<b>NDI</b>	<b>National Democratic Institute for International Affairs</b>
<b>NRI</b>	<b>National Republican Institute for International Affairs</b>
<b>RU</b>	<b>Rutgers University</b>
<b>CIPE</b>	<b>Center for International Private Enterprise</b>
<b>FH</b>	<b>Freedom House</b>
<b>CU</b>	<b>Columbia University</b>
<b>SUNYA</b>	<b>State University of New York, Albany</b>

### Poland

<b>Grantee</b>	<b>Project Title</b>	<b>Funding</b>
FTUI	Assistance to Solidarity	\$1,493,550
FTUI	Economic Foundation	75,000
FTUI	Rural Solidarity	45,000
FTUI/AFT	Found. for Education for Democracy	40,000
FTUI/AFT	Education Section of Solidarity	10,000
PAC	Citizens' Committee	700,000
IDEE	Independent Publishers' Fund	100,000
NDI	Party Building	24,284
RU	Found. in Support of Local Democracy	275,000
CIPE	Assessment of the Private Sector	141,600

Czech and Slovak Federated Republic

Grantee	Project Title	Funding
FTUI	Trade Union Assistance	\$100,000
IDEE	Independent Groups	290,000
IDEE	Public Against Violence	180,000
NDI	Election Observation	215,662
NRI	Election Observation	* 92,509
FH	<u>Lidove Noviny</u>	140,000

Hungary

Grantee	Project Title	Funding
SUNYA	Assistance to Parliament	\$549,700
FTUI	Trade Union Assistance	487,000
NDI	Election Observation	96,646
NDI	Parliamentary Transition	136,745
NRI	Election Observation	* 157,500
NRI	Local Government	100,000
CU	Legal Foundations of Democracy	100,000

\* Amount originally budgeted; final costs are higher.

LIST OF PROJECTS BY AMERICAN GRANTEE

Free Trade Union Institute:

Assistance to Solidarity (POLAND)	\$1,493,550
Economic Foundation (POLAND)	75,000
Rural Solidarity (POLAND)	45,000
Trade Union Assistance (CZECH AND SLOVAK)	100,000
Trade Union Assistance (HUNGARY)	487,000

American Federation of Teachers:

Foundation for Education for Democracy (POLAND)	40,000
Education Section of Solidarity	10,000

Polish-American Congress:

Citizens' Committees (POLAND)	700,000
-------------------------------	---------

Institute for Democracy in Eastern Europe:

Independent Publishers' Fund (POLAND)	100,000
Independent Groups (CZECH)	290,000
Public Against Violence (SLOVAK)	180,000

State University of New York at Albany:

Assistance to Parliament (HUNGARY)	549,000
------------------------------------	---------

National Democratic Institute:

Party-Building (POLAND)	24,284
Election Observation (CZECH and SLOVAK)	215,662
Election Observation (HUNGARY)	96,646
Parliamentary Transition (HUNGARY)	136,745

National Republican Institute:

Election Observation (CZECH and SLOVAK)	* 92,509
Election Observation (HUNGARY)	* 157,500
Local Government (HUNGARY)	100,000

**Rutgers University:**

**Foundation in Support of Local Democracy (POLAND) 275,000**

**Center for International Private Enterprise:**

**Assessment of the Private Sector (POLAND) 141,600**

**Freedom House:**

**Lidove Noviny (CZECH) 140,000**

**Columbia University:**

**Legal Foundations of Democracy 100,000**

\* Pending amendment of final costs, which are higher.

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	ii
<b>Program Summary</b> .....	ii
<b>Program Impact Results</b> .....	iii
<b>Program Administration</b> .....	iv
<b>Future Program Possibilities</b> .....	v
<b>Issues and Constraints</b> .....	v
<b>PREFACE</b> .....	vii
<b>LIST OF PROJECTS BY COUNTRY</b> .....	xi
<b>LIST OF PROJECTS BY AMERICAN GRANTEE</b> .....	xiii
<b>THE CONTEXT</b> .....	1
<b>PROGRAMMING ISSUES: FINDINGS AND RECOMMENDATIONS</b> .....	5
<b>Summary</b> .....	5
<b>Programming Issues</b> .....	5
<b>Program Impact: Initial Indicators</b> .....	10
<b>ADMINISTRATION OF PROJECTS</b> .....	12
<b>RECOMMENDATIONS TO US/AID</b> .....	20
<b>Poland</b> .....	20
<b>Czech and Slovak Federated Republic</b> .....	23
<b>Hungary</b> .....	25
<b>RECOMMENDATIONS FOR FUTURE PROGRAMS</b> .....	27
<b>REPORT ON POLAND</b> .....	30
<b>Country Setting</b> .....	30
<b>Summary of US/AID Activities</b> .....	36
<b>FTUI: TRADE UNION ASSISTANCE TO SOLIDARITY</b> .....	36
<b>FTUI: THE ECONOMIC FOUNDATION OF SOLIDARITY</b> .....	52
<b>FTUI: RURAL SOLIDARITY</b> .....	54
<b>FTUI/ AFT: FOUNDATION FOR EDUCATION FOR             DEMOCRACY</b> .....	56
<b>FTUI/AFT: SUPPORT FOR EDUCATION SECTION OF             SOLIDARITY</b> .....	58
<b>PAC: CITIZENS' COMMITTEES</b> .....	59

RUTGERS: FOUNDATION IN SUPPORT OF LOCAL DEMOCRACY .....	63
CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE: ASSESSMENT OF THE PRIVATE SECTOR .....	67
IDEE: INDEPENDENT PUBLISHERS' FUND .....	70
NDI: DEMOCRATIC PARTY-BUILDING .....	72
Outstanding Issues .....	75
REPORT ON THE CZECH AND SLOVAK FEDERATED REPUBLIC .....	77
Country Setting .....	77
Summary of US/AID Activities .....	83
IDEE: INDEPENDENT GROUPS .....	83
IDEE: PUBLIC AGAINST VIOLENCE .....	85
NDI: WORKSHOP, MONITORING, SURVEY, EDUCATION .....	86
NRI: TRAINING, ELECTION OBSERVATION .....	89
FTUI: TRADE UNION ASSISTANCE .....	90
FREEDOM HOUSE: LIDOVE NOVINY .....	92
Outstanding Issues .....	94
REPORT ON HUNGARY .....	97
Country Setting .....	97
Summary of US/AID Activities .....	104
SUNY/ALBANY: HUNGARIAN PARLIAMANTARY SUPPORT .....	104
FTUI: TRADE UNION ASSISTANCE TO "LIGA" .....	109
NDI and NRI: TRAINING, INFRASTRUCTURE, ELECTION OBSERVATION .....	113
NDI: PARLIAMANTARY TRANSITION .....	115
NRI: POLITICAL PARTIES AND LOCAL GOVERNMENT .....	117
COLUMBIA UNIVERSITY: LEGAL FOUNDATIONS OF DEMOCRACY WORKSHOPS .....	118
Outstanding Issues .....	121
ANNEX A: FY1990 ASSISTANCE TO CENTRAL AND EASTERN EUROPE ..	122
ANNEX B: LIST OF PEOPLE INTERVIEWED .....	126
ANNEX C: LETTERS OF RESPONSE TO THE EVALUATION .....	139

## THE CONTEXT

### FY1990: An Extraordinary Year

There was nothing ordinary about Fiscal Year 1990. All of the activities evaluated in this current report must be seen in the context of the extraordinary changes and challenges that were taking place in Eastern Europe in particular, in the Persian Gulf, at the United States Agency for International Development (US/AID), at the National Endowment for Democracy (NED), among the American grantee organizations, and especially among the East European subgrantees.

#### Eastern Europe

In the fall of 1989 (at the beginning of FY1990), the communist governments of what was once called the "Soviet bloc" fell one by one, ending on December 25 with the execution of Nicolae and Elena Ceausescu. In a matter of several weeks, the socio-political landscape of an entire region of the world was turned upside-down. Opportunities to build democratic societies emerged overnight. These were the opportunities targeted by US/AID during FY1990.

For forty years, communism had penetrated all aspects of life in Eastern Europe. The establishment of democratic forms of government in the region would require a systematic undoing of all that communism had affected. During the calendar year 1990, the transition began throughout the region with the holding of free, competitive elections by secret ballot at the levels of national and local government. The elections were only a first step in the transformation of the region. The consolidation of democratic forms of government and civic cultures in Eastern Europe has not yet been accomplished.

#### The Persian Gulf

By the late summer of 1990, Iraq invaded Kuwait and members of the industrialized West, together with Saudi Arabia, began to mobilize a war against Iraq. Fear of terrorist retaliation caused the U.S. government to impose a travel ban that affected everyone using U.S. government funds for overseas travel.

This was the setting in which US/AID and NED, together with its American grantees, provided major support for the transition to democracy in East European states. A transition of this magnitude, from communism and authoritarianism to free market systems and democracy had never before occurred in world history. Never before had so large a political transformation -- from authoritarianism to democracy -- been attempted, while simultaneous efforts were being made to undo an impoverished communist economy and to set a region, with few capital reserves, on the road to a free market system. In the year 1990, everyone was a student. There were no teachers, no proven experts on the type

or the magnitude of the transition that was occurring. The firsts that are most relevant to this evaluation are listed below, by institution or by type of organization. Some of these firsts occurred as early as the final months of 1989, but all are relevant to US/AID's Fiscal Year 1990.

**This was the first year that (the):**

**U.S. Agency for International Development**

- provided assistance through a new program in "political development." To accommodate this change:
  - new policy was drafted defining the parameters of assistance; and
  - organizational units were established to support democratic development in the regional bureaus.
- provided assistance to Eastern Europe. To accommodate this change:
  - agency bureaus were redefined and restructured;
  - strategies were developed on how best to assist Eastern Europe;
  - US/AID representatives were assigned to Eastern Europe to establish an in-country presence.
  - US/AID worked in collaboration with the Office of the Coordinator for East European Assistance, Department of State.
- channeled its funding for political assistance to Eastern Europe through the National Endowment for Democracy.

**National Endowment for Democracy**

- managed the US/AID program of political assistance to Eastern Europe.
- was required to comply with a host of US/AID regulations.
- worked above-ground in Eastern Europe. The Endowment's earlier assistance to Eastern Europe was provided through the underground network, while communist governments were still in power. This move to above-ground operations meant that for the first time, NED:

- moved its East European programs into the legal world, which required that many of its East European subgrantees formally register, incorporate, establish private foundations through which they could legally receive money from abroad, set up public bank accounts, etc. These are by and large one-time tasks, but in FY1990 they slowed the process of grant administration.
- was expected to adhere to rules that simply did not apply to its earlier programs administered through underground networks. Under these new rules, for example, NED had to explain to its subgrantees why they could not use U.S. government funds for partisan endeavors.
- worked with a number of American programming organizations that had no previous experience in Eastern Europe.
- extended its support to a larger number of East European countries.

#### Many American Grantee Organizations

- had programs in Eastern Europe for the first time. These organizations included:
  - The Center for International Private Enterprise
  - The National Democratic Institute for International Affairs
  - The National Republican Institute for International Affairs
  - The Center for Legislative Development, State University of New York at Albany

#### Independent East European Organizations Whose Goal was to Promote Democracy

- were presented with real opportunities to use their own initiative in creating a better future for themselves and for their country, and were able to do so above-ground, without fear of government reprisals.
- were required to set specific project goals and objectives and to have their projects judged according to progress made and goals achieved.
- were allowed to establish private foundations that have the legal right to receive money from abroad.

Given the extraordinary nature of FY1990, it would be unreasonable to expect perfection in the performance of all groups, institutions, organizations and individuals involved in administering these programs and in working toward the achievement of project

objectives. On the contrary, one might more easily have expected to encounter some very serious problems with these projects. The administration and execution of US/AID's FY1990 Democratic Pluralism Initiative in the northern tier countries of Eastern Europe was less than perfect. Yet the problems encountered were quite ordinary, given the extraordinary nature of that year.

## PROGRAMMING ISSUES: FINDINGS AND RECOMMENDATIONS

### Summary

In FY1990, US/AID funding for its Democratic Pluralism Initiative in Poland, the Czech and Slovak Federated Republic, and Hungary was provided to appropriate groups and organizations. Many of the projects were critical to the immediate process of transition from communist, authoritarian states to democratic systems. The vast majority of projects and their results to date were assessed positively. Some were excellent. No major problems were detected.

### Programming Issues

1. Assistance for the transition to democracy. Much of the FY1990 funding provided by US/AID to the northern tier countries of Eastern Europe for Democratic Pluralism Initiatives focused on assisting in the initial transition from communist, authoritarian systems to democracies. The first free elections held in these countries for more than forty years provided funding opportunities that were well utilized. This assistance took the form of funding for infrastructure, non-partisan get-out-the-vote campaigns, independent election surveys, seminars on campaigns and elections, and the provision of election observation teams. Generally speaking, this funding was very well-targeted, was well used, and was provided to the appropriate groups and organizations.

The challenge for FY1991 and beyond will be to assist these countries in the process of consolidating democracy; i.e., to ensure that democratic roots begin to take hold, not only among nationally or locally elected officials, but indeed, within the larger society as a whole.

2. The National Endowment for Democracy and Eastern Europe. NED brought its invaluable East European experience and the political contacts it had nurtured among East European democrats over the past several years to this Democratic Pluralism Initiatives program. This was a large asset that contributed greatly to the overall success of the program. Proper credit should go to NED for the vital role it played in this regard.

3. Broadening the circle of funding for democratic groups in Eastern Europe. Much of the FY1990 funding was provided to well-known activists in Poland, the Czech and Slovak Federated Republic, and Hungary who were working for years in an underground or semi-underground setting as part of the opposition. It was expedient and judicious to provide these democrats with assistance. In time, the net should be cast more broadly so as to include increasing numbers of people in the democratic process and to counter the formation of political cliques.

4. Country or regional expertise and project success. All of the American grantees that had established contacts with the democratic movements in Eastern Europe prior to the 1989 collapse of communism (FTUI, AFT, IDEE, PAC, Rutgers University, Freedom House) were able to target their funding appropriately, carry out their activities in a timely fashion, and yield cost-effective results. This seems to indicate just how valuable regional experience was during a very busy, difficult and complex year of democratic development in Eastern Europe.

There were two exceptions to this rule: both the Law School at Columbia University and the National Republican Institute carried out successful projects without having established extensive contacts in the region prior to 1989.

Each of the remaining American grantees with little or no previous East European experience (SUNY-Albany, NDI and CIPE) fell short of reaching the level of success achieved by the former group, although for very different reasons. Some of these reasons included (a) a failure to establish clearly defined objectives prior to beginning project activities (this was the case with SUNY-Albany, although it was US/AID and Congress who may have been responsible for launching this project prematurely); (b) a failure to address the most critical concerns voiced by its audience (NDI was not able to undertake the partisan-based activities most desired by some of its clients because neither US/AID nor the NDI charter allow for partisan activities); and (c) critical delays in the transfer of funds (the CIPE project was considerably delayed due to administrative difficulties in the Polish banking system, although this project still may yield interesting results). While each difficulty arose for different reasons, the use of regional specialists in project design and execution may have helped in targeting project objectives and expediting administrative matters.

For FY1991 and perhaps for the next few years, area studies experts will have a critical role to play in developing and conducting projects in Eastern Europe in conjunction with technical experts. US/AID should be mindful of the need for country experts in its programming, especially since it will not be relying on the vast East European experience of NED in subsequent years. Over time, as Eastern Europe becomes generally more familiar to Westerners and as the remnants of communism in those societies are more thoroughly eradicated, the role of area studies experts will diminish. For now, it is still the case that technical experts have difficulty designing, targeting, and conducting cost-effective projects without the assistance of country experts who serve as a bridge between the two, still very different, worlds.

5. Hungarian parliamentary assistance. There were three U.S. funded programs of assistance for the Hungarian parliament. The reason for this, perhaps, is that it was one of the first opportunities identified for democratic assistance. The US/AID funded programs included those of the Center for Legislative Development at SUNY-Albany and of the National Democratic Institute. An FY1991 program, sponsored by the Congressional Research Service of the U.S. Library of Congress, has also been established under the

direction of the Frost Committee Task Force. This last program has assumed the most prominent role of assistance to the Hungarian parliament.

In FY1990, both the NDI and the SUNY-Albany projects had to reposition themselves during the year to accommodate the larger program sponsored by the Congressional Research Service. Special care should be taken to ensure that two or more projects are not competing with each other to provide similar assistance.

6. Smaller delegations, longer visits. The East European beneficiaries of U.S. technical assistance indicated that they would prefer that smaller delegations (of 4 or 5 people) be sent for longer periods of time (a week or two). Such an arrangement was viewed as more effective than larger delegations sent for two or three days.

7. Timing for specialized seminars. The timing of specialized seminars is particularly important. A seminar on a subject about which legislation is soon to be drafted, for example, is especially valuable. A thoughtfully assembled seminar or workshop of this type is not easy to arrange. The best ones were prepared weeks or months in advance. Their American or West European participants were rigorously briefed on the issues surrounding the policy in that particular East European country. The poorly organized seminars of this nature were those that were assembled on an urgent basis, with too little time to prepare.

8. Informing organization leaders in Eastern Europe. Leaders of East European organizations, political parties, trade unions, etc., must be notified about programs that directly involve or affect the organizations they represent. It is inappropriate for an American grantee to undertake a project involving an organization's rank and file, without the agreement of that organization's leadership.

9. U.S. assistance to Eastern Europe being spent on Americans. Programs whose major expenditure was for travel and per diem (plus, in some cases, salaries and consulting fees) for American and West European technical advisors were often cause for understandable resentment among East Europeans. These are difficult economic times in Eastern Europe, and many of its citizens find it hard to understand why assistance money set aside presumably for their benefit is being spent on Westerners.

Unless there is evidence of real interest and enthusiasm for a given project of this type among the East Europeans who are to be its beneficiaries, such projects should be held to a minimum. Very carefully conceived specialized seminars and workshops that bring a host of technical advisors to Eastern Europe can, of course, be very beneficial and these should be continued.

10. Training programs. Here, training programs are being distinguished from seminars, conferences and workshops. Generally, the training programs are run by East Europeans who themselves may have been trained originally by Westerners (e.g., the trade

union courses for teachers) or who developed a program of their own that is run with assistance from US/AID (e.g., the local government training in Poland, through the Foundation in Support of Local Democracy). These were among the most cost-effective projects in the Democratic Pluralism Initiatives program.

Priority should be given to a variety of training programs that introduce East Europeans to various aspects of democracy. East Europeans are interested now in learning what they can about democracy, how it works, and about their role as citizens. This interest will not be so acute in the distant future. The present, therefore, seems to offer a window of opportunity for these very effective programs.

11. Project proposals including a needs assessment. Projects whose activities include a needs assessment take longer to get off the ground than those that have targeted substantive goals at the time the proposal is submitted.

A system should be devised through which funding for needs assessments can be applied for separately from funding for project activities. Such a system would help prevent money from being tied up in a project whose activities have yet to be determined and would hasten the time at which progress toward clearly defined goals would commence.

12. Financial or technical assistance to ex-Communists. US/AID must make a policy determination on whether or not it intends to provide funding and technical assistance to ex- or post-communist political parties, voluntary organizations, and trade unions. If it intends to do so, it should specify the circumstances under which such funding will be made available, and it should make that information public.

For example, is US/AID willing to provide assistance to any "post-communist" political party if that party is one among many being assisted? What if that party requests more specialized assistance? Should assistance continue if that party grows in strength? Who decides if a political party requesting technical support or program funds from US/AID is fundamentally anti-democratic? What qualifies that individual or organization to make that determination?

A decision to provide support for all political parties implicitly makes available assistance to anti-democratic groups through US/AID's Democratic Pluralism Initiative. If this is the decision, it should be stated in so many words.

13. Economic development versus democratic development. In the absence of such a determination, projects that are more economic in nature can be easily incorporated into the Democratic Pluralism Initiative, thereby weakening the specific objectives that program was designed to address.

The Center for International Private Enterprise is, according to its own Articles of Incorporation, an institution established to promote democratic pluralism through support

for the business sector in foreign lands. Concurrence by US/AID on this matter would settle questions regarding whether CIPE should receive funds designated for economic or political development.

### **Program Impact: Initial Indicators**

This evaluation was conducted before many of these projects were completed and before final reports had been submitted. It was too early, therefore, to focus attention specifically on the impact these projects were having on democratic development in Eastern Europe. Moreover, the design of the overall program and specific projects did not lend easily to evaluation. The projects aimed at longer term democratic development obviously could not be evaluated in such a short time frame.

Democratic development is a very slow process in which indicators of real change may be evident many years after the project activity has taken place. As those years pass, many other factors come into play that affect progress toward democracy, making it very difficult to control for a number of variables while testing the impact of a specific project that took place years earlier.

US/AID must settle the issue of how to measure the impact of its democracy program. For now, that issue is beyond the scope of this report.

The impact results listed below are based on the initial observations made by the evaluation team.

#### **Most Successful Projects**

Various activities surrounding the first democratic elections in Poland, the Czech and Slovak Federated Republic and Hungary were well-targeted and very helpful according to recipients. This support took many forms:

- the provision of equipment necessary to holding campaigns and elections (this was nonpartisan support)
- the provision of election observation teams in the Czech and Slovak Federated Republic and Hungary
- and support for non-partisan get-out-the-vote campaigns.

Note: Many of the above programs could have been more effective had funding arrived earlier.

Various types of training programs can be counted among the most effective projects in US/AID's Democratic Pluralism Initiative.

- principal among these was the Foundation in Support of Local Democracy in Poland (a project sponsored through Rutgers University) that trains local government officials and support staff in the obligations and responsibilities

of local leaders in democratic societies and in the administration and management of local programs. Two of its eighteen regional training centers are currently self-sustaining.

- union training programs were viewed by the team as being of significant substantive value for citizens in a democratic society, as well as cost-effective. These are programs funded either directly through the Free Trade Union Institute or in conjunction with the American Federation of Teachers, such as the Foundation for Education for Democracy.

Two examples of projects that were successful, well monitored, and yielded measurable program impact results included:

- an organizing-recruiting campaign undertaken by Hungary's democratic union federation LIGA, with funds provided through the Free Trade Union Institute indicated that union membership had grown from 55,000 in early 1990 to 250,000 by mid-1991.
- a project undertaken by the Institute for Democracy in Eastern Europe that provided small grants to a number of independent publishers in Poland provided documentation a year later that many of those publishing endeavors had grown in size, quality, and circulation. Some had grown substantially.

#### Most Common Problems Among Less Effective Projects

- Poor project monitoring and insufficient oversight: poorly monitored projects had a greater chance of losing sight of established objectives or of failing to adequately reposition those objectives to reflect the changing socio-political environment in which they were taking place.
- Projects that were not well-targeted: poorly targeted projects frequently brought the format of a previously designed program to Eastern Europe rather than seeking to develop the program in close conjunction with the specific needs expressed by East Europeans.
- Projects whose objectives were set too low: US/AID did not sufficiently scrutinize the project proposal to determine whether objectives were commensurate with the level of funding sought.

## ADMINISTRATION OF PROJECTS: FINDINGS AND RECOMMENDATIONS

The administration of US/AID FY1990 funds for the Democratic Pluralism Initiative in Poland, the Czech and Slovak Federated Republic, and Hungary was adequate. However, given the countless and wide variety of impediments to a smoothly operating program (impediments that ranged from Congressional delays and the under staffing of the principal American administrative organizations to a Persian Gulf War and a rapidly changing political situation in Eastern Europe), the administration of the Democratic Pluralism Initiative was generally successful.

Of the twenty-three projects evaluated in this report, twenty-two were administered through the National Endowment for Democracy, and one (SUNY/Albany's project for Hungarian Parliamentary Support) was administered directly by US/AID.

1. Bureaucratic and Organizational Layers: The most prominent problem in the administration of Democratic Pluralism Initiatives projects for FY1990 was the sheer number of institutional and organizational layers through which money had to be transferred or through which project reports had to be gathered. The layers included the United States Congress, the United States Agency for International Development, the National Endowment for Democracy, the American grantee, and finally, the East European subgrantee -- who often, in turn, transferred funds or collected reports regionally within the country. The number of layers delayed the initiation of projects and delivery of money, increased the probability of administrative errors, made timely reporting difficult and confused the issue of responsibility for project performance.

The number of administrative layers through which funding is channeled must be reduced. Part of this problem has already been addressed by US/AID and NED who will not be a part of the same type of administrative chain in FY1991.

2. The United States Agency for International Development and the National Endowment for Democracy: The relationship between US/AID and NED during the administration of the FY1990 Democratic Pluralism Initiatives Program in Eastern Europe can be characterized as anxious. This anxiety was rooted in the arranged marriage (temporary though it was) between US/AID and NED that was made privately by the Department of State and the U.S. Congress.

US/AID and NED are organizations of fundamentally different species. US/AID, a government agency specializing in the provision of economic assistance to developing countries, has a vast bureaucracy that is accustomed to deferring to volumes of government regulations. Compliance with these regulations, while improving accountability, necessarily slows the process of providing assistance. NED, on the other hand, a small, non-governmental organization specializing in the provision of assistance to political groups internationally, also has strict U.S. government guidelines to which it must adhere. But

NED is committed to minimizing its bureaucratic requirements in order to maximize its flexibility and the speed with which it is able to deliver time-sensitive assistance. It was the collision between these two styles of operation that resulted in some of the problems inherent to the administration of the DPI program in Eastern Europe.

Obviously, there are pros and cons to the modus operandi of each of these organizations. Left to its own devices, NED may well have been better able to maximize on all opportunities for assistance and to deliver funds in a more timely fashion than was true by virtue of the bureaucratic constraints placed upon it by US/AID. Left to its own devices, US/AID might well have designed a more orderly, if slower, year of assistance. The cooperation between these two organizations during FY1990 resulted in a whirlwind of activity that was neither fast nor orderly, falling short of both US/AID's and NED's expectations. Unfortunately, the relationship left both organizations feeling that FY1990 projects could have yielded even better results had it not been for the shortcomings inherent to the modus operandi of its collaborator.

The disappointments weighed heavier on NED. Programs in democratic development had traditionally been their domain. When initial allocations of Congressional funds were made available for Poland's Solidarity movement in 1987, US/AID made clear that political funding was outside its jurisdiction and indicated that it did not wish to assume the administrative and programming responsibilities associated with those funds. Hence, those responsibilities went to NED.

As the communist governments of Eastern Europe began to fall in 1989, funding for democratic development in the region was increased substantially. US/AID decided to expand its programs to include political development in what is now called the Democratic Pluralism Initiative. In a late 1989 meeting, NED was informed that AID would now assume responsibility for programs in support of democracy in Eastern Europe. According to a private agreement between the U.S. Congress and the Department of State, assistance for East European democracy would be channeled from US/AID through the National Endowment for Democracy.

According to this arranged marriage between the Agency and the Endowment, NED had to fundamentally change its operating style to adjust to a plethora of US/AID rules that governed East European democratic assistance. NED argues that its previous experience with US/AID (for example, with respect to programs in Africa or Latin America) was distinctly dissimilar from the demands of this US/AID program for East European assistance. This was due in large measure to the fact that NED was having to comply to US/AID programming priorities as they were still being formulated.

While this assistance was underway, US/AID was giving birth to its program in political development. During this time, US/AID was defining the types of political assistance it was prepared to provide and was discussing formulas for the enhancement of democratic pluralism and for the smooth transformation from authoritarian to democratic

systems of government. Each change required NED to make another administrative adjustment. In one case, US/AID informed NED that it would be making a change in the budget and in doing so would choose from one of three alternatives it had identified. NED was asked to produce three separate budget proposals in anticipation of all possible outcomes.

The Chief of what is now known as US/AID's Bureau for Europe, Office of Democratic Pluralism Initiatives (AID/EUR/DPI -- the office ultimately responsible for the projects assessed in this report) participated very actively in the changes US/AID was undergoing in its organization, programs, and policies. These activities plus his obligations to the U.S. Congress assumed most of his time. Thus the Chief had little time to devote to administration of the grant to NED, or to the review of reports received from NED on the individual projects under that award.

AID/EUR/DPI and NED were thus required to cooperate in order for this program to succeed, and the program did succeed. Yet because this is an evaluation of what is officially called US/AID's Democratic Pluralism Initiative in Eastern Europe, one could very easily credit the success of this program to US/AID, while attributing the program's shortcomings to NED (the organization that was, after all, most directly involved in project administration and oversight; that is, those activities that came under the closest scrutiny in this evaluation). To do so would not only be unfair, it would be dishonest. In fact it is impossible to imagine such a politically sensitive program of this magnitude succeeding in an area of the world where US/AID had never tread without relying heavily on the expertise of the National Endowment for Democracy.

3. Project Monitoring: If one looks simply at the minimal number of administrative errors that occurred in the twenty-three separate projects that are evaluated in this report, one would have to conclude that projects were sufficiently monitored. There were two cases in which money transfers were unconfirmed, causing delays in the initiation of projects. There was one case in which a substantial sum of money was spent without authorization, despite the fact that the Polish subgrantee had been told repeatedly that no further funds would be released for project expenditures. This was a case in which NED had correctly, according to the evaluation team, withheld further project funds until the Polish subgrantee clarified its new identity and program directions. The over-spending took the form of unpaid project bills. A final decision has not yet been made by NED regarding how these outstanding bills will be handled.

To the extent that the degree or frequency of monitoring is reflected in the adequacy or inadequacy of project reports, the monitoring of projects fell short of expectations. Many projects were reshaped in the midst of their activities. Some of the changes occurred unsupervised or without the agreement of the American grantee or NED and were recorded as changes only after the fact; some changes were never specifically or clearly noted in the reports. It is difficult to know, in such cases, whether the problem was in the monitoring or reporting aspect of a grantee's contractual obligation. While no major problems occurred

as a result of such changes in project activities, the team was troubled by this seeming lack of project supervision.

The frequency of in-country project monitoring must be increased. East European societies are in the midst of such rapid change that programs designed to assist democracy often become exercises in "shooting at a moving target." Increased monitoring would maximize the potential impact of project funds, as grantees and sub-grantees could better respond to needs as they arise.

Inadequate in-country monitoring for a period from late autumn 1990 through March 1991 was due to a travel ban imposed by the U.S. government before and during the Persian Gulf War.

4. **Project Reporting:** One of the biggest complaints voiced by members of the evaluation team was that they were unable, based on project reports alone, to adequately understand project goals, objectives, progress to date, or activities still pending. This was an impediment to the evaluation team whose members ended up spending a good deal of interview time recording, updating and correcting information that should have been clearly, concisely, and accurately stated in the project reports.

The team wishes to emphasize that there was no shortage of paper. On the contrary, there was an enormous amount of documentation to sift through in order to determine basic facts about the projects. Separate documentation was received from AID/EUR/DPI, from NED, from the American grantees, and then more documentation from the East European subgrantees. In some cases the documentation was inconsistent.

The reporting problem stems from several facts occurring at all levels of project administration. First, NED's standardized reporting procedures were in need of improvement. The evaluation team relied on the same project reports for which NED was criticized in an earlier evaluation published by the U.S. General Accounting Office (Spring, 1991). NED responded quickly to those criticisms by hiring an evaluation specialist who has improved NED's format for applications for funding and for reports from grant recipients. The new standard reporting format provides guidance to grantees for the submissions of detailed reports on project activities, results and accomplishments. The new format will be used for the remainder of reports due to NED under the AID grant.

The second problem with the reporting aspect of this program's administration was the fact that many of the American grantees were delinquent in meeting the reporting requirements set by NED, and NED did not adequately enforce those requirements. NED argues that it has an enforcement mechanism, but that the rhythm of the FY1990 funding process was so irregular that the Endowment had difficulty using its leverage to ensure timely reporting. For example, money for highly time-sensitive projects such as support for nonpartisan campaign activities should by anyone's estimate be provided in advance of an election. When the process of negotiating the grant agreement (and subsequent

amendments adding funding) with US/AID resulted in the release of funding to the Endowment immediately before an election, it obviously made no sense to provide that money to the grantee in installments, each contingent upon the receipt of a full activities report. Instead, the money was provided immediately in its entirety, leaving NED without its usual leverage for the timely submission of project reports.

The evaluation team questioned NED about cases in which it did withhold money until reports were submitted. The Free Trade Union Institute was provided as an example in which money was withheld when project progress was delayed due to an administrative error. On the whole, however, NED concedes that the timely submission of project reports is a problem deserving of NED's closer attention.

Third, to complicate matters further, the FY1990 US/AID allocation for Democratic Pluralism Initiatives was amended four times. With each amendment, a new schedule of due dates for NED semiannual reports to US/AID was established. These reporting adjustments did not take into account the reporting cycles already established for the recipients.

Fourth, many East Europeans participating in these US/AID funded projects were being held accountable for the first time in forty years for progress made toward achieving project goals. Accountability had not been one of the hallmarks of communism. Even those groups who had received earlier assistance from NED were being asked to provide more detailed reports regarding, for example, expenditures and itemization.

Fifth, some projects were organized in so decentralized a fashion that the quarterly reporting requirements were quite cumbersome, especially given the communication problems that exist in Eastern Europe. For example, each of the Free Trade Union Institute's projects in Poland are divided differently. Some are divided into the thirty-eight regions reflecting Solidarity's organizational structure; others are divided by macro-regions; by sub-regions; by university-based regions; and even small versus large regions. Collecting progress reports on a ninety-day cycle from each of these divisions and subdivisions is very difficult.

Finally, AID/EUR/DPI, while dissatisfied with the quality of reporting it was receiving from NED, never communicated its dissatisfaction directly to NED (NED first learned about this criticism from the evaluation team). Moreover, AID/EUR/DPI never provided NED with the reporting guidelines as set by AID.

For FY1991 and beyond, US/AID should make clear the guidelines that are to be followed for reporting on the progress of projects under the Democratic Pluralism Initiative.

5. Problems of Understaffing: Both AID/EUR/DPI and NED were woefully understaffed for the demands of FY1990. Both could have used substantially more assistance in meeting their obligations.

(a) US/AID, Bureau for Europe, Office of Democratic Pluralism Initiatives: During FY1990, the Office of Democratic Pluralism Initiatives was established in a restructured bureau, now called the Bureau for Europe. The office Chief was charged with helping the Agency design its program for political assistance while simultaneously managing and supervising the ongoing programs of political assistance in Asia, the Near East, and Europe; managing a staff that had just been put into place and that was made up entirely of short-term personnel rotating in and out, mostly on a three month basis; answering to Congress for decisions made regarding funding allocations; and, last but not least, pioneering US/AID's involvement in Eastern Europe. Simultaneous jurisdiction over Asia, the Near East and Europe was all part of US/AID's restructuring confusion.

The longest serving staff member in the AID/EUR/DPI office is the Chief, who entered his position in March 1990. The only permanent staff position in that office belonged, once again, to the Chief. He was assisted by a secretary, an intern, a AAAS Fellow, and a junior program officer. When the one secretary was absent, there was often no one available to answer the phone. The technical reason for the absence of permanent staff positions is the hiring freeze. Still, by anyone's rational calculation, the staffing situation in that office was, and still is, breathtaking in its inadequacy for the tasks with which it has been charged.

While the Chief of AID/EUR/DPI wanted very much for NED to keep in close touch regarding the progress of project implementation, the NED staff complained that there was often no one available to answer the phone. Messages successfully delivered, requesting that a call be returned, were sometimes unanswered because the AID/EUR/DPI staff had no time and in fact could not work longer, faster or harder than it was already working. But the same was true for NED.

(b) National Endowment for Democracy: NED was seriously understaffed during FY1990 given the number of demands put upon it. When asked why it did not substantially expand its staff early in the fiscal year, the Endowment admits that in retrospect, it certainly should have sought assistance for the extra task (indeed, the extra burden) of complying with US/AID regulations. However, this was clear only in retrospect.

Funds were being allocated in several tranches with no indication when and if more installments would be coming. Then, whenever US/AID determined its next set of programming criteria and the amount of funding it wished to make available to the Endowment for certain types of programs, the Endowment was expected to prepare and submit a detailed proposal including full elaboration of all proposed recipient activities for the current set of US/AID criteria for that tranche. For example, the first amendment was for pre-electoral activities in certain countries, the third amendment for post electoral activities, etc. After the Endowment submitted its proposal, the usual US/AID process included Congressional notification, internal review, programmatic authorization, apportionment, and finally, processing through the US/AID contracts office. Each of these steps invariably, but at unpredictable times, required additional information from the

Endowment to satisfy Congress, the reviewers/authorizers, or the contracting office. Under such an arrangement, it was difficult to make any plans with respect to staffing needs.

Arguments made to the contrary, i.e., that NED knew very well the financial framework of its relationship with US/AID, were presented to NED's Grants Officer. Her response was taken directly from the notes of meetings in late 1989/early 1990 between US/AID and NED at the start of their arranged marriage. The notes indicated that in the first three months, the proposed funding levels had been changed by US/AID in broad strokes of millions of dollars in either direction. This was even before the four amendments were made, each of which substantially altered the financial parameters of the program.

Finally, negotiating direct administrative costs with US/AID was so complicated a process that it constituted yet another time-consuming task that would have caused NED to fall further behind in the very time-sensitive work with which it was charged. NED senior staff members indicate that had they known ahead of time just how trying their schedule of activities would be for FY1990, they would have insisted on hiring additional help. Instead, without knowing the exact dimensions of the workload they would face from month to month, the NED staff opted to work longer, faster and harder.

In private conversations, both AID/EUR/DPI and NED have admitted that neither knew how the other withstood the pressure -- given the amount of work, the urgency of delivering the funds to the grantees, and the number of new tasks they were being asked to undertake -- while both offices were seriously under-staffed.

Recommendation for US/AID: US/AID's Bureau for Europe, Office of Democratic Pluralism Initiatives must increase its permanent staff. There is a critical need to increase both the support staff and the senior program staff to meet the needs of FY1991. Unless AID/EUR/DPI intends to rely heavily on the AID missions in Eastern Europe, it would do well to hire a person with relevant language or regional expertise.

If an exception is not made for this office with respect to the hiring freeze, the staff will not be able to adequately meet the program demands of the upcoming fiscal year.

6. Funding Delays: There were too many instances in FY1990 when funding arrived too late to be optimally utilized for time-sensitive opportunities (e.g., elections scheduled for a given day). Mechanisms must be established for the timely delivery of urgently needed funds. Such a mechanism might require that certain emergency money be set aside for very time-sensitive opportunities. Or, better still, the system for releasing money appropriated by Congress might be simplified.

7. Transfer of Money: There were a few problems with the transfer of funds to Eastern Europe. For instance, cash was transported to East European projects in suitcases; was flown to Vienna by a courier who was met by a Czech in a car who whizzed the money off to the Civic Forum and other groups in time for the elections; and was lost for months

in the Polish PKO bank whose international branch in New York City was somehow unable to make the internal transfer to its domestic branch in Warsaw.

US/AID should determine the most efficient means of delivering money to East European subgrantees and inform its American grantees of this process. This would serve to avoid future problems with the not as yet reliable banking system in East European countries.

US/AID should remind its American grantees that the transfer of all project funds should be immediately followed by a request for confirmation that those funds were received. A simple administrative detail, such as confirmation of funds received, would ensure that future projects are not delayed unnecessarily.

8. East European Resentments and Misunderstandings regarding American Programs of Assistance: The evaluation team encountered resentment in Poland and in the Czech and Slovak Federated Republic over which group or organization received how much U.S. assistance. Sometimes the resentments were based on fact; more often, they were based on unfounded rumors.

US/AID should make program information (including a list of projects and their levels of funding) available to East Europeans who express an interest. This information should be made available through the in-country US/AID representatives.

9. US/AID representatives in Poland, the Czech and Slovak Federated Republic, and in Hungary were uninformed about ongoing Democratic Pluralism Initiatives projects. The US/AID office at the embassy in Warsaw was in place and growing during the team's site-visit. US/AID representatives had likewise assumed their positions at U.S. embassies in Prague and Budapest. None of the representatives was informed about the DPI projects which, in fact, constitute a small portion of the total US/AID program of assistance.

AID/EUR/DPI is encouraged to establish close relations with the AID offices and missions that are being established in the region. Close cooperation between the offices in Washington, D.C. and in Eastern Europe could greatly enhance project monitoring capabilities, while encouraging progress toward project goals. During the evaluation team's site-visit, the AID offices were just being set up in Prague and Budapest, while the office in Warsaw was just beginning to expand (the Warsaw office had been established in September 1990). AID representatives were very eager to receive all relevant documentation from Washington on DPI projects. This documentation should be sent to them as soon as possible.

**RECOMMENDATIONS TO US/AID  
REGARDING AMERICAN GRANTEES AND THEIR PROJECTS**

**Poland**

1. **The Free Trade Union Institute, for trade union assistance to Solidarity:**
  - should appoint three individuals in Poland to monitor and report progress on the three separate projects in support of economic reform. These three projects are structurally the most difficult by far to monitor of all the projects and sub-projects in this evaluation. Moreover, they are constantly being modified in response to changing needs. Trade unions elsewhere in Eastern Europe, in the newly independent Baltic States, in Russia and in Ukraine are looking to these programs as models of support for economic reforms. It is very important that these programs are properly monitored and that project successes and failures are properly reported for the benefit of not only US/AID, but of other democratic unions in neighboring countries.
  - should determine the role that is currently being played by Solidarity's Center for Social and Vocational Studies. If it is not an integral part of Solidarity's structure or activities, funding should be terminated.
  - should consider increasing funds for education and training. These programs are enthusiastically attended and very much appreciated.
  - should consider providing management training for the staff of the union newspaper, Tygodnik Solidarnosc.

**Summary.** Of twelve sub-projects in support of the Solidarity trade union, eleven were assessed positively, and one remains questionable (the Center for Social and Vocational Studies). Monitoring and reporting must be improved for the economic reform subprojects.

2. **The Free Trade Union Institute, for assistance to the Economic Foundation of Solidarity:**
  - should consider terminating its relationship with this offspring of the Solidarity trade union. The Foundation is an innovative and very exciting organization, but one that focuses its attention on entrepreneurial training and the establishment of business schools. It has many other sponsors internationally, and would be better served by the support of organizations whose expertise is in entrepreneurship.

Summary. The project was assessed positively, but the Free Trade Union Institute's role in continuing its support for this project was questioned by the team.

3. The Free Trade Union Institute, for assistance to the Rural Solidarity trade union:
- might consider increasing its support for this association of private farmers. The ex-communist movement among Poland's farmers is quite strong, making Rural Solidarity's attempt to represent free market interests in Polish agriculture especially important.

Summary. The project was assessed positively.

4. The Free Trade Union Institute and American Federation of Teachers, regarding its support for the Foundation for Education for Democracy:
- might consider increasing its support for this program, both for the training and the publication aspects. The Foundation's representatives indicated that they would very much appreciate resource materials on teaching democracy and civics in school.

Summary. The project was assessed very positively.

5. The Free Trade Union Institute and American Federation of Teachers, for its program of assistance to Solidarity's Education Section:
- should continue its modest assistance for the Education Section's journal that discusses democratic options for systems of education.

Summary. The project was assessed positively.

6. The Polish-American Congress Charitable Foundation, for its assistance to the Citizens' Committees in Poland:
- should stand by its decision to terminate assistance. Assistance for this project has been put on hold due to events that led the Committees to assume partisan positions. A decision has to be made on how to handle the outstanding bills.

Summary. The first half of the project was assessed very positively; the second half has been put on hold by the Polish American Congress and by the National Endowment for Democracy.

7. The Institute for Democracy in Eastern Europe, regarding assistance to the Independent Publishers' Fund:

- should focus efforts elsewhere. This program has been brought to its successful completion. It was very well-managed, well-administered, and followed through on documentation of the program's quite substantial impact.

Summary. The project was assessed very positively.

8. The National Democratic Institute, for the assistance provided for Democratic Party Building in Poland:

- should focus efforts elsewhere. The one-time seminar yielded mixed reviews. It was to have served, in part, as an arena in which to determine future needs. But US/AID terminated party-building activities in Poland; therefore, there was no follow-up to this seminar using US/AID funds.

Summary. The project assessment was mixed, but generally positive.

9. Rutgers University, assistance for the Foundation in Support of Local Democracy:

- closer attention should be turned to monitoring program impact.
- should use this well-functioning and very impressive program as a model for other East European countries to train local government officials.

Summary. The project was assessed very positively.

10. The Center for International Private Enterprise, for assistance for a project assessing Poland's private sector:

- Program results are still being awaited.

### **Czech and Slovak Federated Republic**

1. The Free Trade Union Institute, support for the trade union movement in the Czech and Slovak Federated Republic:

- Infrastructure support and technical assistance was provided, and additional US/AID support for FY1991 is not being requested by FTUI.

Summary. The project was assessed positively.

2. The Institute for Democracy in Eastern Europe, for infrastructure support for Civic Forum:

- Support was provided to assist Civic Forum prior to the first free elections. Civic Forum no longer exists as an umbrella organization.

Summary. The project was assessed positively.

3. The Institute for Democracy in Eastern Europe, for infrastructure support for the Public Against Violence:

- Support was provided to assist the Public Against Violence prior to the first free elections. PAV no longer exists as an umbrella organization.

Summary. The project was assessed positively.

4. The National Democratic Institute, regarding election observation, infrastructure support, workshops and survey research assistance leading up to the first free elections in the Czech and Slovak Federated Republic:

- The support provided was positively assessed and the projects have been completed. US/AID has decided against future party-building assistance to the Czech and Slovak Federated Republic for FY1991.

Summary. The projects were assessed positively.

5. The National Republican Institute, regarding election observation, infrastructure support and workshops leading up to the first free elections in the Czech and Slovak Federated Republic:

- The support provided was positively assessed and the projects have been completed. US/AID has decided against future party-building assistance to the Czech and Slovak Federated Republic for FY1991.

Summary. The projects were assessed positively.

6. Freedom House, for assistance provided to the publication Lidove Noviny:
  - any future support should be aimed at training the staff in management techniques; advertising and sales.

Summary. The project was assessed positively.

## Hungary

1. The Center for Legislative Development, State University of New York at Albany, for support for the Center for Parliamentary Management:

- Termination of this project is recommended. If funding remains, it might be used to assist the Center for Parliamentary Management in its transition to a university setting where it is expected to take on the form of a much needed academic training center for policy development, aimed at educating future political leaders. This would be a very worthwhile ending for a project that faced a number of difficulties from the start and yielded results that were not as effective as other projects in this program.

Summary. This project achieved all of its objectives, each of which was assessed positively. However, generally speaking, these objectives were not set high enough to make this an effective program.

2. The Free Trade Union Institute, regarding assistance to the Democratic League of Free Hungarian Trade Unions (LIGA):

- sub-projects were well-designed and successful.
- Nation-wide trade union elections tentatively scheduled for May 1992 deserve special attention and should be considered a funding priority. On the basis of election results, the assets of the old communist federation of trade unions are to be divided.

Summary. This project was assessed very positively.

3. The National Democratic Institute, for providing an election observation team for the first free national elections:

- the assistance was highly valued and supportive of democratic objectives.

Summary. The project was assessed very positively. Hungarians indicated future assistance of this type would not be necessary.

4. The National Democratic Institute, for providing technical assistance for Hungary's parliamentary transition:

- Each of the subprojects in the "parliamentary transition" program was assessed positively. Some Hungarians expressed a very strong interest in partisan support over the non-partisan or multi-partisan support provided by NDI.

Summary. Each subproject was assessed positively.

5. The National Republican Institute, for providing an election observation team for the first free national elections:

- the assistance was highly valued and supportive of democratic objectives.

Summary. The project was assessed positively. Hungarians indicated that future assistance of this type would not be necessary.

6. The National Republican Institute, for providing technical assistance for local government:

- This assistance yielded positive reviews. NRI has not reapplied for FY1991 funding for activities in Hungary.

Summary. The project was assessed positively.

7. Columbia University Law School, for assistance in organizing workshops on legislative issues:

- the project has was reviewed positively and enthusiastically by workshop participants. Much preparation was going into the organization of these workshops, and their success was being attributed in part to the fact that American and West European participants had been rigorously briefed far in advance of the workshop.

Summary. The project results were assessed positively.

## RECOMMENDATIONS FOR FUTURE PROGRAMS

While the current evaluation did not include a formal needs assessment, team members were asked to take note of future program possibilities. Questions about future program needs were asked during most interviews conducted in Poland, the Czech and Slovak Federated Republic, and Hungary. Below is a list of the general program needs that were mentioned most frequently in the course of the evaluation. These needs focus is on the consolidation phase of democratization.

### **Ethnic Issues and Regional Cooperation**

1. There is a great need for carefully-conceived programs that address ethnic minority issues in an objective, functional, non-partisan fashion, in a bilateral or multi-lateral setting. The animosities between ethnic groups are steeped in history. Ethnic minority issues are politically unavoidable and have obvious implications for regional relations and harmony.
2. There is a need for jointly held East European conferences that would bring together citizens from different East European countries to share common experiences in problem-solving. These conferences could address any of a very large number of issues, from environmental policy to how to deal with ex-informers of the communist secret police or with the collapse of the Soviet market. Such conferences would satisfy two distinct needs: first, the topic of the conference itself and, second, the need for East Europeans to begin a common dialogue. Such communication was held to a minimum under communism, historic hostilities continue, and a peaceful and cooperative region is a sine qua non for democratic development.

### **Civic Education**

3. There is a need to modernize the systems of education in Eastern Europe. While public education has been de-ideologized and freed from enforced communist supervision, the northern tier countries of Eastern Europe still lack credible, modern and effective systems of education. Teachers need to be re-trained in areas such as economics, civics, and history; modern textbooks must be written (or translated), published, and provided to schools. Likewise, parents must learn about their roles and rights regarding education and their potential impact on democratically organized school districts and elected boards of education. Such programs would enhance public knowledge of and involvement in the country's profound political and economic reforms. The American Federation of Teachers currently has programs addressing some of these needs on a small scale in Eastern Europe.

4. Programs in civic education could be established through the mass media or through a system of training programs. Programs in civic education could also be conducted through the broadcast media. Under communism, East Europeans became accustomed to learning about the West through the broadcasts of the BBC, Radio Free Europe, and Voice of America. Special programs in political science, civics, or more generally on democracy, could likewise be presented on television. Some Poles told the evaluation team how much they learned from a brief, one-time television program on politics in which Zbigniew Brzezinski was the guest. This would be a simple way of satisfying the need, expressed by many East Europeans, to learn more about what to expect from democracy and a free market system.

Likewise, a network of training programs could be devised on democratic institutions, the role of voluntary associations, the responsibilities and rights of citizens in a democratic society, etc. Such a network of training programs that reach beyond East European capital cities, utilizing East European trainers and teachers, and tapping a clearly existent spirit of voluntarism, would have a high impact and be very cost-effective.

5. The training of future political leaders deserves to be a program priority now that the basic institutional shift to democracy is well underway. University programs are obvious vehicles for education in democratic politics, policy-making, or international relations. Collaboration on university curricula, the development or translation of learning materials, as well as technical assistance of this nature would make a long-term, important impact. No country is better equipped than the United States for assisting materially the democratization of political culture in Eastern Europe.

### **Civic Culture**

6. In order to enhance social pluralism and public participation in the democratic systems and the emerging market economies of Eastern Europe, a plethora of civic bodies must be developed. These include independent democratic labor unions, consumer associations, public interest groups representing specific sectors of ethnic, cultural, religious and other minorities. Programs that address their concerns, while helping to incorporate them into the expanding institutions of democratic capitalism, will help to stabilize the country's political and economic systems.

7. There is a very obvious need to assist social movements in support of women's issues: movements that promote equality for women in the workplace, legislation to protect women in their private lives, the integration of women into political life, etc. In fact, movements of this type are only now being formed. They deserve democratic support, as women's issues in all of Eastern Europe remain in the dark ages both in the private and public arenas.

### **Central Bureaucracy**

8. There is a need for assistance to convert the central bureaucracy into an efficient servant of the public interest. The success of market democracy depends to a great extent on the reliability and efficiency of state administration. This will require legal reforms and staff upgrading programs for the judiciary and other administrative branches. The best Western models and relevant academic expertise should be marshalled to help transform the bureaucracy.

### **Local Government**

9. Training programs for local government officials would be very useful in the Czech and Slovak Federated Republic and in Hungary. In Hungary, for example, the team was told that newly elected officials in local government are confused about the lines of their jurisdiction, having a tendency to be involved at the national level, rather than concentrating on local issues and on being responsive to their own constituencies. Such confusion is understandable after so many years of having a highly centralized government. Training programs, such as the one in Poland, are desirable.

## REPORT ON POLAND

### Country Setting

#### Twentieth Century Background

Poland was placed back on the map of Europe following the First World War after having been partitioned between the Russian, Prussian and Austro-Hungarian empires for 123 years. Poland was thus composed of three regions that had different historical experiences for more than a century. Their experiences differed substantially according to the empire in which they lived: the region under Russian rule emerged the most repressed and backward, while the region under Austro-Hungarian rule was the most liberal.

Poland's post-war borders were established by the 1919 Treaty of Versailles, which made Danzig (Gdansk) a free city. A dispute over the boundaries set by the treaty resulted in a war between Russia and Poland in 1920-21.

During the interwar period, Poland was able to reintegrate itself nationally and to develop slowly. It had, during those years, the highest concentration of Jews in all of Europe -- a situation that was characterized by heightened ethnic tensions. Poland's interwar problems also included a failure to establish a stable democratic government, as well as nagging poverty, especially in rural areas.

In 1939 Poland was again partitioned, this time by Nazi Germany and the Soviet Union, in the first European campaign of the Second World War initiated by the Nazis ostensibly because of Poland's refusal to surrender the port of Gdansk. Poland suffered the highest per capita losses in the world as a result of the war: six million Poles perished, including three million Polish Jews.

Following the Polish and Soviet victory of the Second World War, communist forces in Poland consolidated their power by 1947 and set up a Soviet-style state.

#### Social Characteristics

Poland is by far the largest country in the former "Soviet bloc," both in terms of its population (about 38 million) and its territory. Prior to the launching of a program of economic transformation in 1989-90, roughly 44% of the workforce was employed in industry and commerce, 30% in agriculture, 11% in services, and 8% in government.

Some 94% of Poles identify themselves as Roman Catholic, making Poland the most religiously homogeneous nation in the region. Moreover, 98% of the population is ethnically Polish. This religious and ethnic homogeneity is the result of three factors. First

was the slaughter by Nazi forces or immigration of the largest Jewish population in Europe. Second was the redrawing of borders following the Second World War and the deportation out of Poland of a large percentage of the German and Ukrainian ethnic minorities. Third was the repatriation of Poles from the Eastern territories that had been lost to the Soviet Union to settle in the Western territories newly acquired by Poland from the defeated Germany.

### Economic Structure

During the interwar period and throughout the four decades of communist rule, Poland was the poorest of the northern tier countries of Eastern Europe. In the postwar period, Poland had more wage and food price-related worker strikes (1956, 1970-71, 1976, 1980-81, 1988) than any other country in the region and a unique record of removing communist leaders in response to social unrest. Edward Ochab (1956), Wladyslaw Gomulka (1970), Edward Gierek (1980), and Stanislaw Kania (1981) all lost power in this way. Poland emerged in the 1990s with a highly politicized society and a very militant working class.

Other than Yugoslavia, Poland is the only country in the region whose agriculture remained largely in private hands. Through resistance efforts in the mid-1950s, 85% of Poland's farm lands escaped collectivization and remained the property of individual farmers. While then of great political importance, today many of these tiny plots of land remain economically inviable in a free market economy that yields competitive prices through larger-scale production. Cheap European Community agricultural imports further complicate the matter.

The state of Poland's economy remains poor. Poland has experienced a decade and a half of especially difficult economic conditions resulting in a United Nations reclassification of Poland in 1990 from Group B (developed) to Group C (developing). While precise data about the economy are difficult to obtain, telling is the fact that the average monthly wage in Poland is about \$170, while prices are coming to approach (and sometimes exceeding) those of the West.

Poland has undertaken the boldest plan for economic transition in the region. This "shock therapy" or "Balcerowicz plan" called, on January 1, 1990, for the overnight withdrawal of state subsidies for most goods and services, allowing them to reach their real market price. In 1989 alone, prices had increased by 244% -- a state of hyperinflation that continued in the first months of 1990. In recent months, the inflation rate has dropped to 2 to 4 percent, although substantial price increases continue on a weekly basis. Such price increases, while hard on everyone, have struck a particularly hard blow to Poland's retirees who are dependent upon state pensions.

The call to privatize 400 of the largest state enterprises by the end of 1991 is also the boldest such action undertaken in the region. Although the privatization effort has encountered some problems and some feel that the goal of 400 is too high to reach in a limited time, the process is very much underway. The resulting large-scale unemployment and economic dislocation has meant a decline in the standard of living and quality of life for the average Pole.

The economic decline has been further exacerbated by the collapse of the Soviet market and the western recession which have sent Poland into a deeper and longer drop in national income than had first been envisioned by the Balcerowicz plan.

### Political Structure

Communism, as a form of government, never enjoyed real legitimacy in Poland -- a situation that, together with its economic woes, made Poland one of the most unstable countries in the region. The most profound crisis Poland experienced occurred in 1980 when the Independent and Self-Governing Trade Union "Solidarity" was born after nationwide summer strikes that crippled the country. Solidarity's 16-month heyday ended in December 1981 with the declaration of martial law, pushing the trade union/social movement into a seven and a half year underground existence.

The union reemerged above ground in 1989, having forced the government to agree to roundtable negotiations. These negotiations led to the first free elections for a limited number of seats (35%) in the parliament and for all 100 seats in a newly created Senate. The election resulted in a landslide victory for Solidarity, which captured all but one seat opened to competition and to the eventual confirmation of Solidarity advisor, Tadeusz Mazowiecki, as Prime Minister.

Within a matter of months, a major rift emerged between Solidarity leader Lech Walesa and Prime Minister Tadeusz Mazowiecki, and the umbrella trade union/social movement split into distinct and polarized camps. Walesa and Mazowiecki competed for the office of President of Poland, an election that was won by Walesa. Later, Jan Krzysztof Bielecki was named the new Prime Minister of Poland. At the time of this writing, Poland is without a government following late October 1991 national elections whose results have made it very difficult to form a ruling coalition in the lower house.

Number and size of political parties: A nation once united under the "Solidarity" logo has since given birth to more than 100 political parties. Most, of course, are insignificant in size and political clout. However, this large number of parties demonstrates how difficult it is to adjust to competitive politics following a lengthy era of single-party rule.

Of the new democratic parties, three have emerged larger and stronger than others. They include Unia Demokratyczna (Democratic Union) -- a post-Solidarity party representing former Prime Minister Tadeusz Mazowiecki's camp; Porozumienie Centrum (Center Alliance) -- a post-Solidarity party largely supporting President Lech Walesa's camp; and the Kongres Liberalno-Demokratyczny (Congress of Liberal Democrats) -- a party whose program focuses on economic liberalism and the free market. This is the party of (former) Prime Minister Jan Krzysztof Bielecki. Some ex-communist parties continue to maintain a large and loyal following, particularly as unemployment increases and economic security decreases.

Composition of Parliament: As a result of the recent parliamentary elections in Poland, twenty-nine political parties are represented in the lower house, eleven of whom hold only a single seat. No party won even 15 percent of the votes.

The Democratic Union came in first in these elections, followed by a post-communist party -- the Left Democratic Alliance, and then by the Center Alliance and the Congress of Liberal Democrats. The second place showing of a post-communist party has been used to explain two different facts or trends. To some, it demonstrates how fragile democracy continues to be in Poland; to others, it indicates that the electoral law favors a multiplicity of small democratic parties, thereby allowing a sizeable post-communist party to emerge as a real competitor.

### Democratic Dimensions

Civic culture/Democratic Pluralism/Democratic Values: Under communism, Poland had one of the most highly developed civic cultures in the region, both in the number of members in party-sanctioned voluntary organizations and in the number of people actively involved in a flourishing underground society. An underground culture, however, does not necessarily translate easily into a democratic culture. For example, the illegality of the former could lead to certain authoritarian practices, in that open discussion and the free exchange of ideas to a large audience are curtailed. Moreover, underground cultures promote positions of non-compromise especially regarding the above-ground status quo.

Given the large number of political parties in Poland, one might be tempted to say that democratic pluralism is not a problem. But if democratic pluralism is defined as non-polarized, and if it is characterized by membership in multiple organizations with overlapping loyalties -- the type that lead to stability and tolerance of competing views -- Poland has not reached that point.

Regarding democratic values, two major areas that are problematic are (1) tolerance for a variety of opposing views, and (2) a sense of political efficacy among private citizens.

In the case of the latter, Poles do not yet have a sense that they can directly affect their political system and bring about positive change.

**Ethnic and Minority Issues:** While Poland has no large national minorities, the very high influx of Soviet citizens coming to Poland to trade and the large number of Romanian gypsies inhabiting city street corners have begun to cause some tensions. Anti-Semitism remains an important issue that will have to be addressed in Poland's process of democratic development.

**Free Media:** Poland's print media are free and highly politicized. Journalism as political commentary seems to be favored over apolitical, objective reporting in the press. The public is still somewhat distrustful of the radio and especially of television that continue to operate with many of the same announcers and news anchors who held those positions under communism.

**Church and State:** Issues of church and state will likely remain topics of hot debate in Poland, far more so than in either of the other countries covered in this evaluation. How much influence the Church should have on social legislation is already a controversial issue. While many in the presidential camp seem ready to ban abortion in Poland, the decisive legislation will be postponed until sometime next year.

### **Challenges to Democracy**

**Current Status of the Communist Party and Nomenklatura:** The first entirely free elections in Poland to Parliament resulted in a second-place showing for the post-communist party, the Left Democratic Alliance, which received under 12 percent of the vote. In the upper house, or senate, the post-communist parties received between 3 and 5 percent of the vote, depending on how inclusive one is in defining revamped communist groups.

The results of 1990 local elections in Poland did not provide a clear indication of the continued strength of the communist party, since a large percentage of successful candidates ran as independents. However, an even larger percentage of victors was fielded by the Solidarity-sponsored Citizens' Committees. There is continued frustration among Poles that many members of the nomenklatura continue their tenure in positions at the local level of government administration.

There are numerous examples at the workplace of former communists creating corporations through which they appropriated state property during their last days in power and through which they now continue to use political connections to their own advantage. The Solidarity trade union has actively sought to prevent such corrupt dealings by keeping

workers informed of their workplace options and alerting employees when a buy-out is imminent.

**Internal Threats to Democracy:** The state of the Polish economy continues to be Poland's major internal threat to democracy. The possibility exists that if the economy continues to deteriorate, far right or far left ideologies may begin to attract more followers. But there are a number of other issues that threaten Poland's democracy, including polarization of political parties and apathy or confusion among large numbers of Poles outside the political arena.

**External Threats to Democracy:** Economics, again, is among the major external threats to democracy, in that the country is already finding it very difficult to market goods abroad. The Soviet market has collapsed, and this is an especially heavy blow considering the number of enterprises that had been producing exclusively for the Soviet military. Markets to Poland's west do not look promising either, with the European Community gearing up to prevent imports of East European grains and other agricultural products while maintaining their own competitive prices on foodstuffs.

Poles are currently stunned by the sudden huge influx of Soviet citizens coming into the country to barter; to sell third rate products, vodka and caviar; and to find work at low wages. This has presented Poles with a major moral dilemma. There is no question that Poles do not like the Soviets coming in such numbers to sell their wares and take their jobs. Yet it was not long ago that Poles, themselves, were engaged in identical activities, moving into countries whose economies were only slightly better than Poland's.

Poland's relations with its new independent neighbors to the East -- Ukraine, Byelorussia, and the Baltic States -- will be deserving of attention, particularly as Ukraine and Lithuania will likely recall difficult episodes with Poland from the past.

## **Summary of US/AID Activities and Development Results**

### **1. FTUI: TRADE UNION ASSISTANCE TO SOLIDARITY (\$1,493,550)**

**Trade union assistance to Poland's Independent and Self-Governing Trade Union Solidarity is by far the largest US/AID funded project in the Democratic Pluralism Initiative in Eastern Europe. The assistance is broken down into several components. Following a brief description of the background and organization of the Solidarity trade union, each of the project components is described separately, including the development results it has yielded for FY1990.**

#### **Background**

**Solidarity currently has a membership of 2.5 million and is the largest private voluntary organization in all of Eastern Europe. At its inception in 1980, and with a membership of some 11 million, it was an organization that functioned more like a social movement than like a trade union. Poles joined this organization more as a show of opposition to the communist system than out of any deep commitment to the ideals of free trade unionism.**

**Today, Solidarity is more a trade union than a social movement, although it retains many characteristics of the latter. Solidarity representatives told the evaluation team that, while they would prefer to function exclusively as a trade union, two factors have led them to continue many of their social movement activities: first, societal expectations that continue to be based on the 1980-81 experience of Solidarity; and second, the need in Poland for organizational assistance in the transformation of the economy into a free market system. Solidarity is the only private voluntary organization in Poland that provides major, grassroots assistance to Poland's economic reform efforts. Solidarity representatives told the team that they are doing this for Poland, even though these activities have compromised the traditional trade union role.**

**The biggest fear expressed uniformly by these Solidarity representatives was that they would not be able to survive as a trade union precisely because they are promoting economic reform programs -- a role that, at this point, stands in fundamental contradiction to conventional trade union functions. For example, while trade unions may commonly seek to protect the jobs of their members, Solidarity finds it must support many plant closings because the economic system must operate efficiently before workers can draw the benefits of secure jobs.**

**The Free Trade Union Institute and, more generally, the AFL-CIO, have provided support for Solidarity since its creation in 1980. Support continued clandestinely through seven and a half years of Solidarity's underground existence -- following the declaration of martial law in Poland in December 1981, through its re-emergence as a legal, above-ground**

organization in Poland in early 1989. It was during the years that it was forced to operate underground that Solidarity lost, through confiscation and destruction by the communist security forces, the infrastructure it had managed to acquire in 1980-81. When the union reemerged above-ground in 1989, it had broad support within Polish society. Its determination and spirit were intact, but it had lost its worldly possessions (the union treasury of membership dues, equipment and supplies, office space) to those who had operationalized General Jaruzelski's orders to destroy the union.

Today the union relies heavily on assistance from the Free Trade Union Institute to rebuild its infrastructure and supplement its union coffers with money needed for union-sponsored programs. There are two reasons why Solidarity is unable simply to raise its membership dues in order to cover its operating expenses. First, Poland is plagued by inflation, rising prices, and mass worker lay-offs, leaving workers with little discretionary income and high levels of anxiety over their economic future. Second, the competing ex-communist trade union federation, OPZZ, is able to require very low membership dues while providing a wide assortment of benefits from the assets it continues to control (including large tracts of real estate) from earlier years. Much of the FTUI assistance to Solidarity is being used for "atypical programs" aimed at softening the blow to workers who are facing economic dislocation through mass-layoffs, plant-closings, and obsolete occupational skills.

The Solidarity trade union is headquartered in Gdansk. As a result of its aversion to the centrally-controlled communist unions, Solidarity decided at its inception to operate in a highly decentralized fashion. The union structure is composed of thirty-eight regional offices, each of which determines its own programs in accordance with the needs of its membership in that particular region. This is important for two reasons. First, 75% of union dues remain at the local level to meet statutory obligations of union assistance to its members. Twenty-one percent of the union dues go to the regional offices of Solidarity, leaving four percent for union headquarters. These amounts fall far short of meeting program and infra-structure needs at both levels. FTUI support is accordingly concentrated at the regional and national levels for the purpose of strengthening these offices. Without this support, the union would be a disparate assembly of local unions operating under the auspices of thirty-eight mini-regional centers.

The decentralized organization of Solidarity is very important for a second reason of specific concern to US/AID funding practices and requirements; namely, that the monitoring of thirty-eight regional programs that differ from each other to a significant degree presents a formidable challenge. While the treasurer at Solidarity headquarters in Gdansk keeps meticulous records of expenditures of US/AID funds (with information gathered in greater detail than that required by the U.S. General Accounting Office), it is very difficult to provide equally meticulous substantive descriptions of every aspect of every program in each of thirty-eight regions on a ninety-day reporting cycle. This is particularly true of programs promoting economic reform efforts and less true of the union-building programs.

Team members who interviewed some thirty-five Solidarity representatives (in five regional offices and one sub-regional office) during the site visit in Poland can confirm that all of these programs are not only occurring, but that they are operating in a very impressive and highly innovative manner. However, some of the programs are overlapping in their purposes because not all regions are able to afford complete "program packages" and instead have formed supplementary programs under different program headings. The economic reform programs are changing in direct response to Poland's changing needs. While such flexibility and creativity should be applauded, the fluidity of program objectives makes monitoring a very difficult task.

#### A. Infrastructure Support (\$690,000)

##### Description of Activities

Infrastructure support to Solidarity includes three sub-areas. A total of \$400,000 was allocated for infrastructure support for the thirty-seven regional offices of Solidarity. Photocopiers, spare drums and a year's supply of toner, as well as other office supplies were purchased for each of the regions.

An additional \$50,000 was allocated for supplies and equipment for the National Union Headquarters of Solidarity and \$240,000 for regional printing offices.

##### Performance

When members of the evaluation team visited regional bureaus of Solidarity (in Warsaw, Gdansk, Torun, Poznan, and Suwalki) the provision of these items was confirmed.

While in Gdansk, the team confirmed the purchase, installation and use of the equipment for headquarters and the printing presses for the Gdansk region, although staff members did not readily know that the equipment had been purchased by FTUI with US/AID funds. While in Poznan, the team confirmed the purchase and installation of the printing presses.

##### Impact

The \$690,000 expenditure for supplies and equipment is quite large. FTUI argues, however, that once the infrastructure is in place for Solidarity, there will be no further large outlays for this purpose. For now, the Polish union federation does not have the money to pay for such equipment, all of which is crucial to the survival of the union. In essence, most of this infrastructure constitutes the primary means of communication (whether fax machines or printing presses) between various levels of this union organization and its membership.

## Recommendations

The team recommends continued infrastructure support to Solidarity. However, the understanding is that after this infrastructure is largely in place, the expenditure will decrease substantially in size.

### B. Program Activities (\$803,550)

#### Description of Activities

A total of \$53,550 was set aside as a "support grant" for National Union Headquarters to offset the cost of office rent and utilities.

#### Performance

The money was used as specified.

#### Impact

The importance of this expenditure lies in the fact that only four percent of union dues are used at the national level, leaving union headquarters in need of financial assistance that would allow it to operate as a national organization.

#### Recommendation

The team recommends continued assistance to the National Union Headquarters of Solidarity.

-----

The remainder of FTUI's assistance was used to support Solidarity's programs. They are divided here into three categories. The first is "Past Program Activity", which refers to finite, terminal expenditures for one-time events. They include funding provided to offset the cost of Solidarity's Second and Third Congresses, as well as a "get out the vote" campaign organized for Poland's municipal elections in May 1990. A second category, "Ongoing Union-Building Programs," includes Solidarity's Education Program, assistance for Solidarity's national research center, and support for the national Solidarity newspaper. Finally, a third category of "Ongoing Economic Reform Programs" includes the Self-Help

Program for Industrial Action, the Economic Development Program, and the Network of Legal and Economic Consultancies that operates in conjunction with a newly developing program called the Consulting and Negotiating Bureaus (this program is discussed below).

## PAST PROGRAM ACTIVITIES FOR FY1990

### A. Second and Third National Congresses (\$55,000)

#### Description of Activities

FTUI helped to subsidize the Second and Third Solidarity Congresses. The First Congress had taken place in 1981, and it was not until 1989 that a Second Congress was organized, following the seven and a half year period of its underground incarnation. The Third Congress was "Extraordinary" and was held for the purpose of electing a new union president following Lech Walesa's successful election campaign for President of the Republic of Poland. The subsidy was needed because Solidarity's underground hiatus had impoverished the union organization.

#### Impact

These Congresses are the main business meetings of the organization and are crucial to the union's planning and functioning. Moreover, the Congresses themselves are representative of democracy in action, utilizing such practices as free, competitive union elections, free discourse on policy, and representation of union constituencies.

#### Recommendation

Decisions regarding future funding of Solidarity National Congresses should be made as they arise. These are worthwhile funding opportunities for the promotion of democracy.

### B. Civic Action Program (\$75,423)

#### Description of Activities

Funding was provided to reimburse Solidarity for its non-partisan activities in the local election campaign of May 1990. Solidarity's primary role was its participation in a "get-out-the-vote" campaign in which leaflets were published and distributed encouraging citizens to take part in the elections. This campaign was particularly important during these

first free local elections because citizens needed to be informed about the importance of local government in a free society. Unlike under communism, when local authorities were charged with implementing centrally determined policy, city governments and county councils would henceforth have the authority to address local concerns. Poles needed to be informed of this change and to be urged to take part in the elections.

Activities were organized at the union's regional level. Rooms or halls were rented; meetings were held to explain the importance of these elections; published leaflets were passed around to all who were interested. This campaign was organized for all Polish citizens of voting age, and not for union members alone.

### Performance

Some thirty or forty "get-out-the-vote" campaigns were organized in a decentralized fashion at Solidarity's regional level. Union leaders were pleased, on the whole, with the manner in which this nonpartisan campaign was run and with voter turnout for the local elections.

### Impact

The precise impact of this campaign is difficult to measure because a number of groups (including the Citizens' Committees and the Foundation in Support of Local Democracy -- projects described later in this report) worked together toward this end. The fifty-five percent voter turnout for this election was far higher than originally expected, indicating that the cumulative result of all of the "get-out-the-vote" campaigns was very positive.

### Recommendation

Voter turnout is a serious concern in all democratic elections. Decisions regarding future funding of such nonpartisan get-out-the-vote campaigns should be made as the opportunities arise.

## ONGOING UNION-BUILDING PROGRAMS

### A. The Education Program (\$75,000)

#### Description of Activities

Solidarity's Education Program provides basic trade union courses to union members, exposing more and more members to topics as fundamental as how to hold a union meeting, how to collect documentation, how to gather petitions, and universal worker rights, as well as in more advanced courses on the principles of negotiation, enterprise economics, wages, finances, and health and safety. The need for union training in Poland is enormous for three reasons: (1) forty years of communism has left Polish workers unaware of the functions and operations of free trade unions in a democratic society; (2) the very fast pace of change in Poland today makes it necessary for workers to learn quickly how to function effectively -- politically and economically -- in an open society; and (3) those Poles who were most knowledgeable about free trade unions (i.e., those who were active in the movement in 1980-81 and then throughout most of the decade in the Solidarity underground) have, by and large, left the union for positions in the new democratic government.

The Education Program is managed through the Coordinating Office at union headquarters in Gdansk. The program itself is divided into six macro-regions (Gdansk, Mazowsze, Malopolska, Wielopolska, Srodkowo-Wschodni and Dolny Slask), three of which have two or three full-time employees, and three of which have only one full-time employee. Courses are organized and offered through these macro-regional bureaus of education, and course materials are developed jointly and shared.

During the second quarter alone (April 1991 through June 1991), 266 individuals were trained through courses offered by Solidarity's National Commission on specialized topics (Negotiations and Collective Bargaining) with US/AID (SEED) money provided by FTUI. A three-day course for one person cost approximately \$45.00. During the same ninety-day period, the Macro-Regional Bureaus provided courses throughout Poland for a total of 3,457 participants on a variety of topics including bargaining methods, privatization, banking and cooperatives, health and safety, and regulations on partnerships in commerce.

#### Performance

The need for training programs is extremely high, and the courses offered do not nearly meet the demands of Solidarity members. While the Education Bureaus offering the courses indicated that they do not have the resources to follow-up with their students about the impact the courses have made on their union lives, an American Embassy official indicated to the team that such training programs always conclude with tremendous

enthusiasm from participants and with jointly-held sentiments that many more training programs could and should be implemented.

### Impact

At the Mazowsze (Warsaw) macro-region of Solidarity's Education Program, team members were told that the office lacked resources to follow-up on impact at the conclusion of each training. Nevertheless, the impact could be seen in increased clientele seeking assistance from the Network of Legal and Economic Consultancies. The trainings served as a mechanism through which unionists could learn of other services provided by Solidarity. Successful courses generated more union interest.

### Recommendation

The team recommends that assistance for Solidarity's Education Program be continued and increased while interest in these courses remains high and while Solidarity is still seeking to replenish its pool of talented union activists who continue to assume positions in government and private enterprise. Many of the skills taught in these union-specific courses are applicable to all voluntary associations in a democratic society.

#### B. Center for Social and Vocational Studies (\$20,000)

##### Description of Activities

The Center for Social and Vocational Studies is a research institute in Warsaw, founded during Solidarity's 1980-81 heyday. Its purpose then and now is to provide accurate and honest data and research analysis to trade union leaders, to assist in formulating policy decisions and in promoting union-related legislation. It was created at a time when accurate data were not readily available to groups outside the narrow formations of the communist political elite. Today, the Center is faced with a different problem: namely, that accurate data are difficult to obtain by while the economic and political situation is undergoing tumultuous and rapid change.

During FY1990, the Center produced a number of reports on topics including the current state of the economy; an analysis of Poland's program of economic reform; unemployment; systems through which workers could receive trade union assistance for housing costs; the role of Solidarity in the new political system; the Balcerowicz plan; the finance and wage system in industry in 1989; and on how industrial enterprises might accommodate change in 1990.

## Performance

The Center has served the important role of providing the Solidarity trade union with advice on legal and economic topics and with background material to assist the union in formulating policy positions.

At the precise time of the team's visit, the Center was in the midst of an identity crisis. Its director had left for a position in the Finance Ministry (the Center's two previous directors had also left for government jobs). A new director had been named but had not yet assumed his position.

The team met with the Director-designate and with a research consultant who had a longer history with the Center. They indicated that the Center was considering changing its course and did not wish to have research topics determined by the Solidarity national leadership in Gdansk. Instead, they felt that the Center should select its own topics of research and have the right to exercise academic freedom and to operate as an entirely independent think-tank with salaries provided by the Solidarity trade union.

The Center was in the process of making another major decision regarding its structure. It was considering, along with representatives from each of the thirty-eight regional research centers, whether or not to eliminate the micro-research sections and operate exclusively through a single national center. The tiny regional research centers did not have the funding to conduct solid research projects, yet they had been set up to research region-specific needs. [The team visited one such regional research department in Warsaw that was being phased out for lack of funds.] The tension between the research organizations in part reflected the continuing desire to have a highly decentralized, although less efficient, union structure as opposed to having a more efficient, central research operation. The team does not know how this matter was finally settled.

## Impact

In the past, the Center has provided a useful service to the Solidarity trade union. Its potential for making an important contribution in the future to free trade unionism in Poland will be based on the resolution of its current identity crisis.

## Recommendation

The team recommends termination of funding for this part of the Solidarity program until the mandate of the Center for Social and Vocational Studies becomes clear.

### C. Tygodnik Solidarnosc (\$50,000)

#### Description of Activities

The Solidarity trade union weekly Tygodnik Solidarnosc received \$50,000 in FTUI assistance to cover the cost of newsprint -- a very expensive item by Polish standards.

#### Performance

The purchase of newsprint was intended as non-partisan, apolitical support for the union periodical. Still, the question was raised by team members as to whether that newsprint, purchased with US/AID funds, was used to promote Lech Walesa for President of Poland. The union federation's treasurer found the receipt in question and indicated to the team that the money had gone toward the payment of an outstanding bill for newsprint purchased a year prior to Walesa's decision to run for President of Poland.

The team also visited the weekly's editorial offices in Warsaw. There it found the weekly undergoing a change in leadership. Two previous editors-in-chief had taken government positions and were now leaders of two major competing political parties in Poland. Before assuming his position, the new editor-in-chief had to promise his promoters that he had no aspirations for a career in national politics.

At the editorial offices, the team learned of the financial difficulties the newspaper was facing, and the new commitment the paper had made to be singularly a trade union newspaper, without addressing the broader concerns of the society at large. The editors were considering a change in the paper's production from newsprint to a glossy-cover magazine. But the 2,500 zloties the newsprint edition cost was already prohibitively expensive for many workers. Prior to the team's departure from Poland, the price had increased to 6,000 zloties.

#### Impact

FTUI's contribution to the purchase of newsprint was crucial to the survival of the Solidarity weekly. This periodical is the critical mechanism for communication among membership in this mass organization. Yet the periodical's future success is difficult to predict as it attempts to become economically viable by increasing both the weekly's price and its circulation.

## Recommendation

It was clear that the newspaper would not be able to survive without continued outside funding in the near future. As the main mechanism of communication between the federation and its members, the weekly is vital to the survival of Solidarity. The team felt that FTUI might consider providing funding to train the editorial staff in the financial management of a newspaper -- a program that would likely quicken the pace of achieving financial self-sufficiency for this weekly. Such a course is being conducted through the International Media Fund in Warsaw with funds provided to USIA through US/AID (FY1991).

## ONGOING PROGRAMS IN SUPPORT OF ECONOMIC REFORMS

Four Solidarity programs that are aimed at aiding the transformation of the economy to a free market system are described below under three budget allocations (two operate from the same budget because they evolved to meet the changing needs of Poland's workers). Each of these programs is very innovative and can be considered a "union hybrid," since programs such as these give Solidarity characteristics that are unique in the world of free trade unionism.

In addition to their economic function, these programs have fundamental political implications since they are engaged in the dismantling of communism.

### A. Economic Development Program (\$84,577)

#### Description of Activities

The Economic Development Program of Solidarity is a type of educational/consulting program aimed at preparing Polish workers for the new realities of capitalism and a free market. The program's fundamental purpose is to calm the fears of Polish workers whose enterprises are about to be privatized. One must remember that for forty years, workers in Poland were taught that capitalism only exploits workers and is devoid of any "saving graces". The privatization of enterprises, therefore, is often met with fear and anxiety. Moreover, Polish workers will, on the whole, be experiencing the down-side of capitalism (large-scale unemployment and enterprise bankruptcies) long before they will know what types of economic benefits can be gained through a free market system.

In this program, lecturers are drawn from academic departments of economics. Preference is given to those who have had some direct experience in the West and can draw on first-hand knowledge using practical examples. Polish workers and enterprise commissions are presented with information about the economy and how it will change, thereby allowing them the chance to take an active part in determining their own economic future. In the past, economic information regarding specific enterprises was withheld from

the workforce. Polish workers now have the legal right to examine enterprise records. But in order to make wise decisions about their economic options, they must know how to interpret these financial records. Therefore, some of the lectures given through this program focus on bookkeeping and on reading balance sheets.

Other lecture topics include the relationship between industry and government on the local and national level, the relationship between enterprises and various societal institutions, and on the difference between centrally-planned economies and free markets. These types of lectures attempt to alleviate workers' fears about Western-style enterprises.

The Economic Development Program began with a core of volunteer lecturers. At the beginning, many enterprise directors attended these lectures because they wanted to know what the workers were thinking. Today the lecturers are paid, but the program maintains its original flexibility, tailoring its lectures to the particular needs of a given enterprise. In addition to the university-based lecturers, legal and economic experts are drawn from the "Network of Legal and Economic Consultancies" and travel to areas of Poland where such lectures are requested. Announcements regarding lectures are made in the press and at union halls. Attendance is voluntary. Those who do attend are informed about other types of services available to them through Solidarity's Network of Legal and Economic Consultancies. In this way, the two programs interface.

### Performance

The performance and impact of these lectures is judged by the number of people seeking individualized assistance provided by other Solidarity programs described below. Based on this indicator, performance can be described as very good.

### Impact

Lecturers are sent to enterprises when the workforce indicates a need for information on privatization or on other topics related to the Polish economy. Hence, the program is designed to have a high impact.

Lectures provided through the Economic Development Program are open to the general public, and not only to Solidarity members. Therefore, attendance lists are not kept. Impact is judged informally by the number of people who later seek the services of the Self-Help Program, Network of Legal and Economic Consultancies, or the Consulting and Negotiating Bureaus. The clientele of these latter programs was high in the regions visited by the evaluation team.

This program is organized regionally, and no single person has been charged with collecting specific information on program performance or impact.

## Recommendation

A Solidarity member in Poland should be charged with collecting information on the performance and impact of this program. Continued assistance for this innovative program is recommended.

### B. Network of Legal and Economic Consultancies (\$310,000)

#### Description of Activities

Through this program, lawyers and economists who keep abreast of the new laws governing labor and the economy are hired by Solidarity to provide employees at enterprises in crisis with their economic and legal options. The crisis might involve an announcement that the plant is going bankrupt or that it is about to privatize. The lawyers and economists make themselves available to consult with workers and instruct them as to their options. It differs from the previous program in that it provides assistance on an individual basis. In effect, the Economic Development Program, described above, served as an invitation for workers to come and seek individualized help through the Networks.

Part of the reason this program is so important is that, of those enterprises that privatized prior to the establishment of these programs, many were purchased unfairly by well-connected opportunists from the communist nomenklatura. This occurred either completely without the knowledge of enterprise employees or through information meant to mislead the workers. Obviously, such situations have caused great resentment among Poland's workers who have increasingly found themselves cut out of deals that might have improved their economic well-being in the long run.

#### Performance

The advisors from the Network either provide assistance at the enterprise itself or they encourage people to come into the bureau for advice. Network consultancies have been established in 13 of the largest regions. The team found these "consultancies" to be operating with a substantial clientele, in Warsaw, Gdansk, and Poznan, where individuals were lined up in the halls awaiting their turn for work-related advice.

Because this is a program that deals with crisis-resolution, it is also a program that is likely to suffer when funds do not arrive in a timely fashion from the United States. Team members were told in Gdansk that once a plant-closing or privatization plans are announced, it takes the Network of Legal and Economic Consultancies roughly four months to prepare the average enterprise workforce for the consequences that await them or to act upon their options to keep the plant financially viable. Once the plant has closed and the

entire workforce has dispersed or once massive layoffs have been enacted, it is too difficult to contact the ex-employees to discuss future possibilities. The team was told that in some cases plant closings were announced, but funds did not come through until three months later. By then it was too late to provide assistance to the workers involved.

### Impact

The Networks of Legal and Economic Consultancies have far more work than they can handle. Each Network employee assists dozens of individuals per week and cannot keep up with the demand for services. The long-term impact of this program has not been determined. Records are kept regionally, and exact program performance and impact may vary from region to region.

While in Poznan, team members were shown confidential records kept on the various stages of privatization of enterprises in the region. These records noted the laws under which the privatization was occurring, meetings attended by the union with enterprise workers and management, as well as progress to date. The privatization had not yet been concluded in a single case, making it very difficult to draw final conclusions on program performance or impact.

### Recommendation

The team recommends continued assistance for this innovative program. An individual in Poland should be assigned the task of collecting much needed information on program performance and impact to date on a national basis. This program is very deserving of continued assistance.

#### C. Consulting and Negotiating Bureaus (\$310,000 same as above)

### Description of Activities

The Consulting and Negotiating Bureaus of Solidarity were introduced as a mechanism for negotiation in anticipation of the passage of a bill before parliament that would allow collective bargaining to take place in Polish enterprises. Since this bill would present Polish workers with their first opportunity in forty years to negotiate their wages and working conditions, the bureaus were set up in advance to begin the process of teaching workers about wage policies and negotiating skills. In the meantime, however, a change in the law in Poland has opened the possibility for workers to negotiate situations of conflict with management, while the ability to negotiate wages will occur with the passage of the bill.

The change that has taken place moved the authority for resolving certain types of industrial conflict from the state to enterprise management. Two important functions were served by this change. First, it provided an immediate alternative to strikes as a means for employees to have an impact on their working conditions. Second, it meant that those strikes that did occur would be local and work-related in nature, rather than nation-wide and political, as was the case when only the national ministries could make such decisions affecting all workers throughout the country. In some cases, academic experts have already had the opportunity to assist workers in some of the negotiations that have taken place.

This program includes preparations that are being made for the passage of the law on wage negotiations. Through this program, lecturers are invited from the university to teach workers about wage policy, collective bargaining, and negotiating techniques.

In addition to general lectures, the Consulting and Negotiating Bureaus are set up to draft models of wage policies and to review statutes on collective enterprise agreements; to train enterprise activists in negotiating techniques and about wage policy and collective enterprise agreements; and to assist directly in enterprise negotiations whenever possible. In essence, these bureaus are gearing up in anticipation of the passage of a law that will immediately result in 20,000 wage negotiating opportunities nation-wide.

Because of the programs' reliance on wage policy experts from academia, Consulting and Negotiating Bureaus have been established in those cities that have universities. By July 1991, eleven people had been hired to service the regions, half of whom are lawyers. Over 2000 Solidarity locals in six regions (Wielopolska, Kalisz, Konin, Leszno, Pila and Zielona Gora) are helped by these consultancies.

### Performance

The Consulting and Negotiating Bureaus are the newest addition to the Solidarity Programs in support of Economic Reform. In the period of three months (from April 5 through June 28, 1991), the Consulting and Negotiating Bureaus provided training for 1,498 individuals in various parts of Poland, in the theory of negotiating, labor economics, enterprise economics, current tax laws, and safety. This program is well organized and, given the high enrollments in the training thus far, is clearly responding to a need that has arisen as the result of Poland's new political and economic situation.

### Impact

It was too early to judge the impact of this program that was only three months old at the time of the site visit. In the future, however, impact can be measured by the success of negotiations taking place in behalf of workers.

## Recommendation

The team recommends continued assistance for this innovative program. This program is being monitored carefully in-country.

### D. Self-Help Program for Industrial Action (\$80,000)

#### Description of Activities

The Self-Help Programs exist exclusively in small Solidarity regions where larger programs (such as the Network of Legal and Economic Consultancies or the Consulting and Negotiating Bureaus) do not exist. These smaller regions are facing the largest unemployment problems. In cases where a small Solidarity region cannot afford even a part-time legal consultant, Solidarity headquarters provides such a consultant from its budget.

This program provides professional advice to workers who are faced for the first time in over forty years with the prospect of unemployment, irrespective of their trade union affiliations. When plant closings or mass lay-offs are announced in a given town, legal advisors working either as part-time legal consultants or full-time staff members go to the town to prevent panic from setting in. There, they work directly with individual workers and present to them options regarding job vacancies in the area (or inform them of local government bureaus that handle these matters), job retraining programs, government unemployment benefits, and opportunities in private enterprise or self-employment. Legal advice is also provided regarding changing labor legislation.

The Self-Help Program also provides advice on privatization, preparing workers to undergo the process at their enterprises and assisting them in preventing unfair purchases or bankruptcy claims made by opportunists from the old communist order.

#### Performance

Team members met with those Solidarity activists and consultants who were in charge of running Self-Help Programs in different parts of Poland. These program heads were very committed to aiding workers and indicated there were many more needs among workers in crisis than there were resources to fill those needs.

#### Impact

In visiting Poland, an outsider is struck by how lost many Poles are in an environment that is changing so quickly around them. They are as if in a daze, not knowing where to

focus for any sense of economic security. In this respect, the Self-Help Program for Industrial Action serves an extremely important function in Poland by reassuring workers that options do exist for them economically, thereby diffusing panic that could lead to profound political instability. This is a good example of the degree to which economic and political development are linked in Poland today.

Employees of the Self-Help Programs have far more work than they can handle. As with the Networks for Legal and Economic Consultancies, dozens of clients are serviced weekly by each person working for in this program. Records are kept regionally, making it difficult to draw general conclusions on impact.

### Recommendation

The team recommends continued assistance for this innovative program. An individual in Poland should be assigned the task of collecting much needed information on program performance and impact on a national basis. This program is very deserving of continued assistance.

## 2. FTUI: THE ECONOMIC FOUNDATION OF SOLIDARITY (\$75,000)

### Description of Activities

The Economic Foundation of Solidarity is the second project sponsored, in part, by the Free Trade Union Institute. While owned by the Solidarity trade union, the Economic Foundation is a separate organization with its own Board of Directors and own programs, distinct from those of its parent organization. The purpose of the Foundation is to promote private business in Poland.

Clearly it is somewhat oxymoronic for Solidarity unionists to attempt to produce a new class of Polish entrepreneurs. FTUI defends its decision to support the Foundation by explaining that Solidarity had originally been more than a trade union -- it had been a social movement.

The Economic Foundation of Solidarity is headquartered in Gdansk and has Regional Departments in twenty cities, with major branches in Torun, Rzeszow, Gdansk, Warsaw, and Koszalin. The Foundation has a very wide variety of programs, not all of which are available in each of the regional departments. Four major programs are identified below.

The first program is that of "Education, Training and Retraining," and covers a broad spectrum of topics and activities which respond to the new occupational development needs being brought on by the economic transition to a free market economy. For example,

management training is provided at some of the regional departments, as well as courses in accounting, bookkeeping, basics in free market economics. In some cases, as in Torun, agreements are being made between the Foundation and the University to sponsor a full-fledged, accredited management program through which students will be able to earn an M.B.A.

The second program is the "Economic Information Bank" known by the Polish acronym BIG. Through this program the Foundation has compiled the largest data bank available in Poland on businesses, industries and enterprises seeking to form joint ventures with others in Poland or abroad. BIG has made this information available in four languages and has published a directory in Polish that it intends to update and reissue periodically. The directory is now being sold for profit.

The third program initiates "Small Incubator Projects," modeled after a Western concept for training entrepreneurs in all phases of business (from developing a business plan, to record keeping, inventory, and production or sales) by working together with the entrepreneurial hopeful in a practical, hands-on manner.

The fourth and final major program is the "Regional Self-Employment Program" which resembles the incubator projects in that it seeks to provide assistance to individuals wishing to undertake a private business venture. It differs, however, from the previous program, in that staff members or volunteers from the Economic Foundation work with the enterprise at the site of the business, rather than in a location designated by the program itself. In other words, individuals from the Foundation go out into the public, instead of the public coming to the Foundation. Through these last two programs, the Foundation has helped in establishing over one hundred businesses throughout Poland in less than two years.

Funding from FTUI was used to subsidize Foundation staff salaries, office rent and utilities and to purchase supplies and equipment. While no one program benefitted more than others from the assistance, the funding was critical as a subsidy for operating expenses.

### Performance

The team visited three of the major offices of the Economic Foundation of Solidarity: the headquarters in Gdansk, and regional departments in Torun and Warsaw. They found the Foundation teams extremely enthusiastic about their programs, exuding both a gung-ho spirit and an already westernized public relations style.

In Gdansk, the team was shown the 800-page BIG directory that had been published recently. It also met with the Foundation's Executive Director who was chosen for the job, not from within the well-known Solidarity network of activists but through an application

he had submitted for this publicly advertised job-opening. Such practices should be enthusiastic-ally supported by US/AID: they are still very rare in the Polish context.

The executive director explained to team members that only now is the depth of the "degradation" of the Polish mentality under communism beginning to surface. He explained that Poles are unaccustomed to saving money (since it did not have any real value for the past decades); they are unaccustomed to taking any kind of financial risk; and they are only now beginning to learn about accountability and responsibility.

In Torun, the Economic Foundation has the most advanced incubator program in Poland. The team went there hoping to see the facility in operation but learned that while the program has been underway for some time, a separate facility for this project had only recently been designated and was not as yet in use.

In speaking with representatives from the Foundation in Torun, team members were impressed with the recruitment efforts being made for the "Small Incubator" and "Regional Self-Employment" programs. In addition to more conventional avenues of advertising, Foundation staff recruited potential entrepreneurs from unemployment offices. There they spoke to anyone who expressed an interest but found that those individuals who already had a very clear sense of the type of private enterprise they would like to establish were best suited to the programs. Out of thirty people they interviewed from the unemployment office, three or four were chosen for the program. Each of them now has an operating business. The Foundation in Torun has already helped to set up more than twenty businesses.

In Warsaw, the team met with Foundation representatives who explained that in their first half-year of operation, they had established four programs to combat unemployment: a course on how to start your own business, a job retraining program, management training, and job placement services. Just prior to our meeting, a 2-week management course was completed for managers of companies about to be privatized.

FTUI has indicated that it does not intend to assist the Foundation through the distant future and will instead place a higher priority on more traditional union-building activities.

### Impact

While difficult to measure the precise impact of the many programs undertaken by the Economic Foundation of Solidarity, the team was impressed by the Foundation's accomplishments and the fact that it was responsible for the establishment of over one hundred new businesses in Poland in a period of two years.

## Recommendation

The team suggests that FTUI begin to reconsider its support for the Economic Foundation of Solidarity. While the Foundation is providing a very important service to Polish workers seeking to establish private businesses of their own, the evaluation team agreed that the goals of the Foundation would be better supported by American PVOs that specialize in private enterprise pursuits or who focus more exclusively on issues of economic transformation. Moreover, the Economic Foundation of Solidarity draws financial support from a number of West European and American public and private institutions.

### 3. FTUI: RURAL SOLIDARITY (\$45,000)

#### Description of Activities

The Independent and Self-Governing Trade Union Rural Solidarity, the third and final program sponsored by the Free Trade Union Institute, is a hybrid union organization of private farmers. When it originated in 1980, the Polish communist government initially refused to grant it legal status, arguing that it made no sense for private farmers who own their own land to form a union, since they were in fact small businessmen. The farmers argued back that if they were private businessmen, why were they forced to make compulsory deliveries of produce and livestock to the state? It was on the basis of the answer to this question that the organization was granted the legal status it sought: i.e., as a trade union.

Today, of course, Polish farmers are not obliged to make mandatory deliveries to the state. In a technical sense, Rural Solidarity is not a trade union, but an association of farmers that hopes to evolve into a strong advocacy group, promoting the interests of private farmers. In fact, as a specific population within Polish society, farmers are currently facing an entire host of common problems that threaten their livelihood. The resolution of these problems will determine the future of Polish agriculture. Here again, FTUI is responding to a demonstrated need during Poland's period of transition rather than limiting itself exclusively to traditional trade union activities.

Polish farming has been very hard hit by the transformation to a free market. The withdrawal of state subsidies left many farmers financially unprepared to pay the market price for fertilizers, feed, farm equipment, etc. While these hardships may be seen as necessary steps toward a viable capitalist farming industry, Rural Solidarity is hoping to soften the blow to its members by encouraging the formation of agricultural cooperatives. This makes particularly good sense when one considers that most individual private farms in Poland are very small in size. The problem is that most Polish farmers associate the word "cooperative" with Soviet-style collectivization. Rural Solidarity's challenge is to convince Polish farmers that cooperatives are also financially sound institutions in free market systems.

The second major program undertaken by Rural Solidarity is to encourage the development of efficient food-processing plants. This is an obvious industry in which Poland could find a specialized niche, but for now it is poorly developed. If the industry were well established and well managed, it could build on agricultural resources already available in Poland.

Third, Rural Solidarity provides training in farm management techniques (accounting, bookkeeping, forecasting, etc.) -- lessons that must be learned from scratch by the vast majority of Polish farmers.

Finally, Rural Solidarity publishes a journal called the Farmers' Weekly, plus supplementary issues on topics such as ecology.

The \$45,000 grant from FTUI to Rural Solidarity was used to subsidize training on cooperatives, as salary support for two staff members conducting research for the union, and to buy newsprint for the Farmers' Weekly.

### Performance

The evaluation team was very impressed with the presentation made by Rural Solidarity's executive director and by a member of its presidium highlighting the problems of agriculture in Poland and the activities of the union. Training was taking place in various parts of Poland and 160 new agricultural cooperatives were established in a ten month period between May 1990 and March 1991.

### Impact

Polish agriculture is currently facing so many enormous problems that it is difficult to know which one to address first. Many of those problems are more political than economic and revolve around trade laws that have allowed the Polish market to be flooded with agricultural products at prices with which the average Polish farmer is unable to compete.

These problems threaten the future of Polish agriculture and the livelihood of its farming population. Moreover, they threaten support for democracy among Polish farmers, as evidenced by the fact that farmers provided much of the support in the October 1991 parliamentary elections for post-communist political parties. Rural Solidarity has been making positive steps toward addressing this multiplicity of issues. The \$45,000 seems to have been well spent, but much more help is needed.

## Recommendation

Rural Solidarity is the only large organization of farmers in Poland and the largest agricultural organization in all of Eastern Europe. Its importance is reflected in the fact that 30% of Poland's labor force earns its livelihood from farming. Given the desperate financial situation of many Polish farmers who truly do not know how to adjust to their new circumstances, FTUI might consider increasing its support for this organization, both in terms of human and material resources. For FY1990, Rural Solidarity applied for and received \$45,000. However, there are many possibilities for program expansion and development in this area.

### 4. FTUI/ AFT: FOUNDATION FOR EDUCATION FOR DEMOCRACY (\$40,000)

#### Description of Activities

The Foundation for Education for Democracy was established in the late 1980s as a joint effort between the American Federation of Teachers (AFT) and representatives of the independent (and at that time, underground) Warsaw Educational Division and Teachers' Solidarity. Its purpose then and now is to initiate, support, and conduct educational activities that serve to propagate democratic ideals and to prepare citizens to work for democracy and to participate in democratic institutions. Its two major areas of activity are training seminars and publications.

Training programs. The Foundation conducts two types of union training for members of Teachers' Solidarity: (a) a general course in the basics of democratic trade unionism, and (b) a course for future trainers. The idea behind the program is that teachers, in learning to operate democratically through their own trade unions, can provide practical lessons to students, either through instruction or by example. Between January 1990 and May 1991, the Foundation has trained over 350 teachers in seventeen training seminars with the assistance of the AFT and funds from US/AID.

The courses to "train trainers" have encountered the same problems common to the broader range of Solidarity activists: once activists have been identified, they move into positions of leadership outside the trade union. Of the first sixteen trainers trained to conduct future seminars for Teachers' Solidarity, twelve left the teaching profession for positions in the school administration. While Solidarity claims it is pleased to have "its own" in administrative positions, this is nevertheless a crossing over from employee to management and, once in the administrative position, managerial -- not trade union -- skills are required. Still, the four remaining trainers were able to conduct seven seminars for teachers by June 1991. Three of the four trainers work on a volunteer basis, while the fourth, a program officer of the Foundation, is a paid employee.

Members of the evaluation team attended an opening session of a course for trainers in the hamlet of Rozalin, beyond Warsaw. Some twenty teachers had gathered for their second course and were learning the skills needed to provide future training to others. An enthusiastic trainer from the AFT was teaching the class through an equally enthusiastic interpreter. The head of East European programs for the AFT was also present to observe the course.

This opening session concentrated exclusively on introductions, and it was easy to observe how unnatural democratic practices are to these assembled participants. The course trainer insisted they make decisions regarding course procedures democratically rather than rely exclusively on orders given by the leader. Foundation representatives told the evaluation team that course participants seemed to have a particularly difficult time distinguishing between democratic and authoritarian leadership. It was interesting to witness how very eager the participants were to learn about the functioning of democratic groups.

Publications. In addition to the training programs, the Foundation for Education for Democracy publishes handbooks on democracy. To date, their publications include: How to Hold a Meeting, The Art of Negotiating, Dictionary of Political Terms, What is Democracy and How Should it be Taught in School?, Democracies and Dictatorships, and Politics in a Free Society.

Foundation representatives indicated that they could not keep up with the demand for the courses they were providing because they lacked the funds. Moreover, they would be very grateful for any materials on democracy and civic culture that could be provided to them, as they are really starting out from scratch. Both the training and the publication programs of the Foundation seemed to be excellent, in high demand, and very cost-effective.

### Performance

This is a very well-functioning project in support of democracy in Poland. The Foundation for Education for Democracy has been productive despite the fact that it has been operating under difficult circumstances. All of its activities have been organized thus far without the luxury of office space. During the evaluation team's visit, office space had just been rented and was being renovated. Foundation program officers were understandably eager to hang their shingle and open for business. The Foundation kept excellent records of its progress and accomplishments to date, a fact very much appreciated by the team.

### Impact

This is a high-impact, very cost-effective project, utilizing the enthusiasm and skills of volunteers and having a multiplier effect in "training trainers." If the training session attended by the team is representative of the program as a whole, the teaching profession in Poland will become principal players in the propagation of democracy in Poland, with help from the American Federation of Teachers.

### Recommendation

This is an excellent program, very deserving of increased support both for the training and publishing aspects of its activities. The team recommends that the AFT considers providing the Foundation with resource materials on democracy and civics, including methods of instruction, so that a library of such materials could begin to take shape in Warsaw.

## 5. FTUI/AFT: SUPPORT FOR EDUCATION SECTION OF SOLIDARITY (\$10,000)

### Description of Activities

The American Federation of Teachers (AFT) also maintains a more direct relationship with the Education Section of Solidarity through the branch trade union, Teachers' Solidarity. The evaluation team met in Gdansk with the president of Teachers' Solidarity (TS) to discuss a second program sponsored by the American Federation of Teachers.

This program provides support exclusively to the union's trade periodical, Przegląd Oswiaty (Education Review). Support from US/AID is complemented by other AFT funds that provide technical support to improve the substantive quality of the journal as a whole.

### Performance

Evaluation team members received copies of the Education Review while in Gdansk. Its contents focus on all aspects of the transition from communist to democratic education, providing examples of various models of education systems in the West and offering examples of options for curricula development. This is a small journal with a relatively small circulation.

### Impact

The potential for this journal's impact on the transformation of Poland's system of education is quite substantial. The editors are working on increasing circulation and on improving the quality of the articles presented.

### Recommendation

Future funding is recommended, especially for activities aimed at turning the journal into a first-rate instrument in support of democratic change in Poland's system of education. Some attention should be focused on making the journal self-supporting.

## 6. PAC: CITIZENS' COMMITTEES (\$700,000)

### Description of Activities

The Polish-American Congress was provided with a grant of \$700,000 to support the work of Solidarity's Citizens' Committees on the national and local levels. The money was distributed in Poland by the Citizens' Foundation. The national level Citizens' Committee grew out of a group of prominent Polish intellectuals and Solidarity activists who advised Lech Walesa during the breakdown of communist rule in Poland. Local level Citizens' Committees were widely organized as a vehicle for Solidarity political activists after the successful conclusion of the Roundtable Negotiations in March 1989. The committees functioned as Solidarity's electoral apparatus in both the partially free parliamentary elections of June 1989 and the local elections of May 1990.

The committees could be best described as a social movement rather than a political party in the traditional sense. At the height of their strength, there were approximately 2000 local committees with anywhere from a dozen to about one hundred members. The movement has never been strongly centralized and has resisted attempts by different politicians to curtail its organizational independence. Its organization could be best described as a loose confederation. The national committee members served at the behest of Lech Walesa as appointees. While its members are influential, the committee serves only a limited coordinating function for the movement as a whole. It has little direct authority over individual local committees.

The grant was originally intended to assist the committees in parliamentary elections that were later postponed. Initially only one half of the total project grant (\$338,000) was disbursed. Of this half, \$238,100 was spent to create a coordinating center for each of Poland's forty-nine provinces. This money was used to purchase equipment, pay staff salaries, and pay expenses (e.g., travel, communications, office supplies, printing). The local committees undertook numerous projects in a number of different areas including: local economic development, relief for the needy, culture and education, publishing, and running the campaign for the local elections of May 1990.

The national office received \$99,900 out of the first half of the grant. The money was used to provide equipment for the movement's headquarters and to pay for a portion of its operating costs including staff. Its main functions were to provide technical advice (e.g., on issues such as publishing, local self-government, economic initiatives, campaign techniques and strategy, and social welfare programs), to bring together activists with shared concerns, and to conduct a program of civic education on the elections to local self-government.

Beginning in the summer of 1990, the Citizens' Committees became a site of intense politicking. Union chief Walesa began to position himself to replace Wojciech Jaruzelski as President. In doing so, he began "a war at the top" in the Solidarity camp. Mazowiecki supporters called it a power-play by an embittered Walesa who was left without a political position in the new order. Walesa supporters called it a move by a brilliant political figure who saw that Mazowiecki was dragging his feet with regard to economic reform and was not moving quickly enough to hold free parliamentary elections that would sweep the ex-communists out of office.

Regardless of one's interpretation of the events, what was important was that the committees on the local and national level began to split between supporters of Lech Walesa and the Prime Minister, Tadeusz Mazowiecki. As this situation emerged the NED and PAC decided to withhold the second half of the grant pending new program descriptions and proposals from former and current members of the movement. As political differences between Mazowiecki and Walesa camps intensified and the two entered into competition for the presidency, the Citizens' Committee movement became more strongly associated with the camp of Walesa as many Mazowiecki supporters resigned their positions or were pressured out of the movement. To date, the second half of the grant remains on hold.

### Performance

The most important activity that US/AID funds supported was the local election campaign of May 1990. The civic education campaign seems to have been highly successful. Early polls on voter interest in local elections indicated that turnout could have been lower than twenty percent. However, on election day, fifty-five percent of the electorate turned out. This campaign seems to have been highly successful. The results of the local elections of May 1990 are summarized in the table below:

<u>Political Grouping</u>	<u>% of Local Council Seats Won</u>
Citizens' Committees	41.5%
No Declared Affiliation	39.5%
Polish Peasant Party	5.8%
Democratic Party	0.6%
Social-Democracy of the Republic of Poland	0.2%

The Citizens' Committees emerged as the strongest force in local politics. No other political grouping did well in the elections. Independent candidates, representing local concerns or interests, were also elected in large numbers. The Democratic Party (a former satellite party of the Communists) and the Social-Democracy of the Republic of Poland (the successor to the Polish United Workers' Party) did very poorly. However, more former Communists may have been elected running as independents.

### Impact

The results of this election were critical for future democratic developments in Poland. Networks of local apparatchiks were the bedrock of the old system of power. While the parliamentary elections of June 1989 and of October 1991 were important in reforming the system at the national level, the replacement of local councils was the first step in extending this process to the local level. The role played by the Citizens' Committees during these local elections was vital to Poland's transition to democracy.

Later, the National Endowment for Democracy and the Polish American Congress acted with exceptionally well-founded prudence in holding back the second half of the grant. To have released the funds to a political formation that was, by that time, largely in the camp of one candidate for the presidency, would have opened the U.S. government to charges that it was supporting one candidate over another.

Moreover, the National Endowment for Democracy went to great lengths to have the Citizens' Committees redefine their purpose and reapply for remaining funds following their split. NED provided committee leaders with all necessary encouragement and support that would have allowed them to access the remaining funds according to current guidelines of nonpartisanship. The Citizens' Committees were unable to meet this challenge.

During the evaluation team's visit to Poland, members and leaders of the Citizens' Committees were still arguing that they would be well suited to the task of providing

nonpartisan civic education to Poles prior to the upcoming fall parliamentary elections, despite the fact that they had somehow "defaulted" into a partisan position. By the time the team left, a decision had been made by the Committees to enter into an electoral alliance with the Center Alliance party. This decision sealed their fate regarding funding for nonpartisan activities. As far as the future of the Citizens' Committees is concerned, it was best that they decided to clearly follow one path over another and to end the confusion of identity. The question of who will employ the equipment provided earlier to the Citizens' Committees remains in question. Still, US/AID cannot be making funding decisions based on hypothetical situations of possible future partisanship.

The Citizens' Committees functioned very well as an organizational framework to unite opponents of the old regime during the period of democratic breakthrough in Poland. Once that breakthrough was accomplished, the pressures that kept the diverse political currents within Solidarity united no longer existed. The Citizens' Committees have begun to outlive their original purpose. Many local committees have disintegrated, while most others are supporters of one post-Solidarity party or another.

### Recommendation

The evaluation team supports NED's decision to withhold funding and recommends that further support be terminated. The Citizens' Committees spent \$170,000 of additional funds that had not been transferred, apparently believing that money that had been "allocated" through the grant was theirs to spend without the need for any future U.S. institutional approval. They had been told repeatedly by NED that this was not the case.

The team would like to recommend that these outstanding bills be paid from existing funds, but that no added expenses be reimbursed. The National Endowment for Democracy has indicated that in order to release the money to pay outstanding bills, an auditor, interpreter, and program officer will be needed in Poland to conduct an audit and determine which expenses were allowable under existing guidelines and which were not.

## 7. RUTGERS: FOUNDATION IN SUPPORT OF LOCAL DEMOCRACY (\$275,000)

### Description of Activities

The Foundation in Support of Local Democracy (FSLD) was created in September 1989 as a non-governmental, non-profit organization. Its aim is to promote local self-government as an integral part of building democracy in Poland. It is governed by a five-man board composed of Polish Senators and Parliamentary Deputies. The Foundation is coordinated by a central office in Warsaw and also has an office in the United States -- the Local Democracy in Poland Project at Rutgers University.

The Foundation received a grant of \$275,000 from the National Endowment for Democracy in FY1990 which was channeled through the Rutgers program. The purpose of the funding was to assist in the building of local democratic institutions in Poland. The activities sponsored included the establishment of regional centers for local government training, publication of educational materials, and the assessment of other countries' experience in building local democracy with an eye towards its application for Poland.

The grant under consideration here represents only thirty percent of the operating budget of the foundation. FSLD also receives support from many other private and public funding sources in the United States and Western Europe. It also generates a portion of its operating income (twenty-three percent) from tuition and fees.

The Foundation's earliest activities (from January 1 until May 1990) concentrated on preparing for Poland's first free local elections. Thirty thousand people attended training sessions on local finance, local economic development, budgeting, environmental protection, municipal service organization, physical planning, office management and electoral techniques.

After the elections of May 1990, the foundation embarked on a program of creating a nationwide network of training centers for local elected officials. Fifteen centers, covering virtually all of Poland, are currently operating. Some are fully financed and administered by FSLD. Others operate on the basis of cooperative agreements with local governmental bodies. These co-sponsored centers also provide training for the local civil service. Most centers also provide consultation services with experts on local government. The foundation has also established four two-year community colleges in Local and Public Administration in the cities of Kielce, Lodz, Szczecin, and Bialystok. These schools have been accredited by the Ministry of Education.

The number of personnel who have benefitted from FSLD training is impressive. In the period from December 1989 to May 1990, 24,995 people participated in the Foundation's training programs. This activity was geared not only toward preparing potential candidates for office in local government for their future positions, but also toward preparing activists for running local election campaigns. After the local elections in May 1990, the quantity of participants for the period from May to December 1990 dropped off to 4,688. Foundation officials explained this by saying that after the elections they began to concentrate on building a more permanent training infrastructure. In total, the foundation provided training for candidates and officials from 2,437 different localities.

The table below summarizes the types and quantities of training provided by the foundation in greater detail:

### FSLD Training Output (1990)

[A] Type of Training

[B] Number of Sessions

[C] Duration (Days)

[D] Number of Participants

[E] Hours

[F] Subjects

[G] Audience

Training [A]	Sessions [B]	Days [C]	Number [D]	Hours [E]	Subjects [F]	Audience [G]
Domestic with Local Experts	516	1-7	28,655	5,789	finance, law, physical planning, democratic practice	political candidates, administrators, trainers
Domestic with Foreign Experts	16	3-21	2,500	?	economic development, joint ventures, local charters, training methods	local authorities administrators, FSLD staff
Overseas	14	2-60	228	?	decentralization, local finance, economic development, management, physical planning, information systems	

Most of the training described in this table is short-term, often three day courses scheduled over weekends. However, trainers usually spend up to three weeks at FSLD facilities. This is an important aspect of FSLD's strategy. They train not only local officials but instructors from around the country who bring basic knowledge and information back to the local centers.

The foundation has also undertaken the daunting task of filling the void of printed and audiovisual material to teach people about local self-government. Under the communist regime local government was highly centralized so there was little or no information or practical experience to draw upon. They have begun to publish materials and handbooks about different aspects of local self-government and are working on video-cassette programs as well. They have commissioned original materials from Polish experts and translated relevant materials from foreign languages.

#### Performance

FSLD seems to be off to an excellent start. It has established a near national infrastructure to train large numbers of elected officials from local self-government. Its combination of local autonomy for the centers with central coordination from Warsaw seems effective. It allows for training to be highly responsive to local needs. At the same time, coordination by the headquarters in Warsaw serves several important functions:

- 1) it facilitates contacts across localities;
- 2) it briefs localities about developing issues in national politics that effect them;
- 3) it provides a forum for the sharing of information and expertise so that (a) different local centers do not duplicate efforts, (b) more established regional centers can share their expertise with others, (c) centers can discuss shared problems and put their heads together to solve them, and (d) technical information not readily available outside of Warsaw is made available nationwide.

FSLD seems free of political bias and is reticent to become involved in partisan politics. For the most part, its students are former Solidarity activists or sympathizers who need assistance in running localities after triumphing in the elections. While FSLD does not endorse any political party, most of those being trained tend to come from the two most influential post-Solidarity parties: the Democratic Union and the Center Alliance. The foundation does not tolerate the politicization of its programs. It closed a training center in Bydgoszcz because the coordinator was using it to support partisan activities.

### Impact

FSLD's work should be seen as a critical support for the consolidation of democracy in Poland. Local self-government is a crucial part of any well-functioning democracy. Localities no longer function as they have under the old regime. Orders no longer emanate from Warsaw and operational budgets must now be raised from local sources. FSLD has begun to educate local councilors about how to computerize local property holdings so that they can raise revenue from their local tax bases. The success of this activity is critical if localities are to generate financial means to pursue the ends of local government effectively and equitably. Local government is also a training ground for future national politicians and community leaders. FSLD efforts to educate local politicians in effective self-government should be seen as important in this regard. In Czechoslovakia, activists were aware of FSLD and looked to it as an exemplary program, worthy of duplication there.

FSLD is trying to reduce its dependence on foreign financing. Its training centers in Krakow and Szczecin are already financially self-sufficient. The fact these centers are raising a significant part of their budget (over twenty percent) is a very positive sign. During

the earliest period of the foundation's existence, courses were free. Now they have begun to charge localities for courses and publications. A crucial factor to consider in future funding decisions is the foundation's ability to become increasingly self-supporting. Assistance should be concentrated on assisting the foundation to develop additional facilities and infrastructure and to send Poles for training overseas. An increasing share of its day-to-day costs should be met of its own domestic revenues.

### Recommendation

The team recommends continued assistance for this very worthwhile and dynamic project. Closer monitoring of performance and reporting on national programs results, and accomplishments are the only areas in which improvement is warranted.

## 8. CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE: ASSESSMENT OF THE PRIVATE SECTOR (\$141,600)

### Description of Activities

A grant of \$141,600 was made to the Center for International Private Enterprise (CIPE) for an extensive study followed by a pro-business advocacy program to be conducted by the Polish Chamber of Commerce and Industry (PCCI) on the Polish private sector. PCCI was established in February 1990. It is an independent, non-governmental voluntary association of organizations and companies concerned with the business and economic climate in Poland. The chamber includes over sixty different regional business chambers, artisans' associations, and specialized associations (e.g., The Polish Marketing Association, the Scientific Society of Organization and Management). The current president of PCCI is overseeing the implementation of the project and is being assisted in this task by American business specialists. PCCI's president is also a member of the Polish Parliament associated with the Congress of Liberal Democrats (KL-D), the party of (former) Prime Minister Jan Krzysztof Bielecki. This party is a modern and democratically oriented party with a strong pro-business agenda.

Because little is known about the specifics of the emerging Polish private sector, PCCI will carry out survey research on the business communities in the cities of Krakow, Gdansk and Lodz. It then intends to use this information to undertake advocacy activity in order to promote the growth of private business. The research design has three concrete steps. The first is to develop a descriptive profile of the Polish private sector (e.g., nature of business, longevity, performance, and prospects). The second will be to identify areas where Polish business has been successful and areas where there is room for growth. Step three is to develop policy recommendations to stimulate economic growth and improve public services in a way that promotes the private sector.

Data are to be collected by distributing questionnaires to three hundred companies (one hundred in each of the target cities) with established track records. The questionnaire will attempt to uncover information on these companies' business activities, management, level of technology, competitiveness, mechanisms of distribution, current employment and future manpower needs, financial status, investment plans, and opinions on government policies. After the assembly of this data base, researchers will follow up with in-depth interviews at selected companies to identify strong and weak industries and areas that should be marked as having potential for future growth. The final report of the research team will produce an analysis of the small and medium size private business sector to determine its needs and potential as well as the barriers preventing its rapid growth and formation. This report will then be presented at a national conference. It will also form the basis for direct lobbying efforts advocating change that will accelerate the formation and growth of small and medium size private enterprise.

### Performance

PCCI had planned to begin work earlier this summer. Data collection was postponed when funds transferred by CIPE to PCCI mysteriously disappeared in the Polish banking system. [Apparently, the Polish PKO Bank in New York found it difficult to transfer funds from its international branch in the U.S. to its domestic branch in Warsaw.] When the evaluation team visited Warsaw, data collection had not yet begun, although a pilot study had been completed to test the questionnaire instrument. CIPE has subsequently asked PCCI to open a new bank account and the funds have now been successfully transferred.

Full assessment of PCCI's activities to date is difficult because the study has hardly begun. The questionnaire, general research conception, and team of researchers assembled are impressive. Data collection in the three cities will soon be underway. Hopefully, future banking mishaps will not occur as Poland's financial sector is modernized. It is important for US/AID to inform subcontracting organizations of the necessity for exceptional care in transferring funds to Poland until the banking system there is working smoothly.

PCCI has also modified its original research design. It decided not to collect data in Warsaw where the economy is relatively healthy, but to do so in Lodz, a textile center plagued by antiquated physical plants and a high unemployment level. PCCI and CIPE should be commended on this change of plans. Lodz, as Poland's second largest city and one which typifies what could go badly wrong with the Polish economy as a whole, demands study. The results from Lodz have the potential to allow Polish business and policy-makers to acquire a more profound understanding of how to approach the problems of areas ill-prepared to make the transition to a market economy.

The team expressed some small concerns about this project. PCCI'S president is an important politician in the Congress of Liberal-Democrats. Furthermore, one of the institutes that will carry out the research, the Gdansk Institute for Market Economics,

includes partners who are also prominent members of this party, including, for example, the Minister of Ownership Changes and the former Minister of Industry. The concern is not financial -- the institute is a non-profit organization. It is essential in the advocacy phase of the project that the activities of PCCI not be confused with those of the Congress of Liberal-Democrats because this could lead to the perception that the American government is favoring KL-D over other parties. CIPE is aware of the potential for this misperception and will, together with its American consultants, closely monitor PCCI's advocacy to ensure it represents a business and not a political perspective.

The second concern is whether this program is best funded under the Democratic Pluralism Initiative. Clearly, the future performance of the Polish economy is an important variable in the country's attempt to consolidate democracy. Yet considering the more significant quantities of funding available through AID's economic programs, some members of the team wondered whether in the future it would make more sense to fund projects on the border of politics and economics as economic assistance and reserve the democracy funds for more strictly political programs.

CIPE argues that the project should remain in US/AID's Democratic Pluralism Initiative. The PCCI project, CIPE contends, "is addressing the development of the private sector in Poland, a key issue in the transition process. The performance of the Polish economy, the development of the private sector and Poland's success in transforming itself from a command economy to a market-based system are the most important variables in Poland's attempt to consolidate democracy. Transitions in Central and Eastern Europe cannot be divided into components and to draw the line between economics and politics is misleading. In our view, CIPE programs such as the Polish Chamber project, should not be excluded from the democracy funds since they address issues that are key in a successful transition to a market-based democracy, just as in the case of labor programs."

### Impact

The impact of this project cannot be measured at this stage. The results of the survey are to form the basis of advocacy positions made in behalf of Polish entrepreneurs. It is during this final phase that the "democratic" aspects of this project will come to light. The estimate time of project completion in May 1992.

The team felt that, given the dynamic situation of private enterprise in Poland today, a project whose impact was more immediate would have been welcome. For example, training programs on the relationship between business and government in Western democracies might have been undertaken. Moreover, there is concern that the survey being undertaken may be premature, since the needs of private business in Poland will likely be undergoing profound changes with new laws being enacted on a daily or weekly basis. While the survey intends to document those areas of the Polish legal system that require

change in the interest of private enterprise in Poland, the country is in the midst of such enormous change that the survey is aimed at a target that is not only moving but galloping.

### Recommendation

The team recommends continued assistance for this project through its conclusion. Future programs revolving around the political needs of private enterprise in Poland should seek to address immediate needs more immediately. Meanwhile, US/AID should look forward to seeing the results of this project in May 1992.

## 9. IDEE: INDEPENDENT PUBLISHERS' FUND (\$100,000)

### Description of Activities

The Independent Publishers' Fund, a project of the Institute for Democracy in Eastern Europe, was unique among the programs of the Democratic Pluralism Initiative in that it extended democracy to many unknowns in Poland. The idea was that many publishing ventures that had existed underground through the late 1980s would be attempting to survive above-ground. Given the vastly different economic environment in which they would be working, many could benefit greatly from small grants that would enable them to continue their operations. In addition, the arrival of democracy in Poland would likely give birth to many new publishing ventures that could also benefit from some financial encouragement.

The project was aimed not only at providing financial assistance for publishing ventures but also at encouraging small groups to engage in free and open discussion, compromise, and decision-making on such topics as publishing priorities. In effect, this was encouragement for democratic practices on a small scale throughout Poland.

This project was also unique in the fact that it publicly advertised the competition for funding in the press. In all, 135 applications were received (93 from editorial boards of publications and 42 from publishing houses) for a total of \$590,000. A three member committee was appointed to select those who would be provided with a small grant.

The winners were also publicly announced in the press in an article entitled, "How \$90,000 was Divided" -- a title certain to catch the attention of Poles (an additional \$10,000 was used for administrative expenses). Each publication was listed separately, along with the amount of money that had been granted by IDEE. Some of these publications were in towns that some Poles have probably never heard of. The point is that a real effort was made to consider all applications and to refrain from making judgments about the publications' politics.

A breakdown of those periodicals that received awards includes: 46 local and 14 national publications; 30% were independent of any political party; circulation ranged from 100 to 70,000, but generally ran between 1,000 and 5,000 copies; most were weeklies and monthlies; most had been established in 1989, but others had been in existence since 1981; the smallest grant was \$150, while the largest was \$5,000.

### Impact

In March 1991, IDEE sent follow-up letters to grant recipients asking how the money had been used and how their publishing endeavors were doing. Responses were received from forty-two publications. Sixteen had made remarkable gains in their publications either by improving the quality of their periodicals, enlarging the publications themselves, or increasing circulation or the frequency with which the publications appeared (the IDEE office in Warsaw was inundated with sample publications from its grantees). For example, a weekly called Gazeta Nowa (The New Gazette) became a daily, began to publish four different regional editions, and increased its circulation from 10,000 to 40,000 on weekdays and to 100,000 for the Sunday edition. Eleven periodicals indicated they could not have continued to exist without the grants from IDEE.

Evaluation team members who visited the IDEE office in Warsaw were able to review this moving and very grateful correspondence and to see the fruits of the labor of many of these publications -- along with comparisons of the improved quality of their papers.

Other team members visited a publishing house, "Profil," in Wroclaw that had been awarded \$3,000 by IDEE. Aside from the fact that the publisher was a little surprised that Americans were sent by the U.S. government to find out how things were going in his publishing house, the visit was very interesting. The publisher had two history books in print and several others currently being published. He indicated that publishing houses have a very difficult time getting any kind of assistance, so the grant from IDEE was a very big help. With the money, he purchased a computer, printer (older model), and some supplies. In order to help him make ends meet, he was considering publishing some books for popular consumption (like Let's Go Europe) to help finance the publication of more scholarly texts.

[Note: there are no copyright laws in Poland that protect the rights of authors, artists and inventors in the West. Thus, many original works are pirated, causing some American entrepreneurs to refuse to do business in Poland. US/AID should take care to ensure that it is not providing funding for the duplication of pirated works. For example, if this publisher intended literally to publish Harvard's Let's Go Europe without proper publishing rights, he should be informed of American refusal to engage in -- let alone fund -- such practices.]

In all, this was a very successful project and one that should be credited to the hard work of IDEE. It was small, manageable, well-targeted, well-monitored, effective, unpretentious, and good "PR" for American programs of assistance.

### Recommendation

The team recommends that programs similar to this one be supported in the future. This particular project undertaken by IDEE has been brought to completion. IDEE has not applied for an additional grant for the Independent Publishers' Fund in Poland.

#### 10. NDI: DEMOCRATIC PARTY-BUILDING (\$24,284)

##### Description of Activities

The National Democratic Institute for International Affairs (NDI) held a party-building seminar in Poland in April 1991. The Seminar was attended by activists from the Citizens' Movement -- Democratic Action (ROAD), the Center Alliance (PC), the Congress of Liberal Democrats, Democratic Union (UD), Solidarity's Citizens' Committees, the Confederation for an Independent Poland (KPN), Christian Democratic Party, Christian National Confederation, Christian Democratic Labor Party, the Polish Socialist Party, the Polish Peasant Party, the Polish Peasant Party-Solidarity, Rural Solidarity, the Democratic Party (Stronnictwo Demokratyczne), and the Democratic Right Forum.

The seminar was held for four days in Pultusk (sixty kilometers north of Warsaw). American and West European experts were brought to Poland for the conference. Five representatives from each of the Polish parties or organizations attended. The issues covered at the seminar included public opinion and issue research, grassroots organization, getting out the vote, and public presentation of the party message.

##### Performance

The parties' evaluation of the session seemed to be mixed. Certain party leaders were unaware of the conference. Others evaluated the sessions as useful. Another party leader saw the seminar as very helpful. The activists from his party then organized their own conference to pass the knowledge they had gained to other party personnel. Still other party leaders said that the leadership of their party had never been notified of such a conference, and it was only through the evaluation team that they had learned that members of their party had been invited and had indeed participated.

The inclusion of the Polish Peasant Party is problematic, and NDI is well aware of the issues here. The Polish Peasant Party is a party based in large part on the now-defunct United Peasant Party, a satellite party from the era of communist rule. Should the United States be helping this survivor of the old rural apparatus? NDI argues that the Polish Peasant Party provided sufficient indication that it was a reform-minded party to warrant an invitation to this party-building seminar. The evaluation team did not agree with this assertion.

Additionally, Rural Solidarity and the Citizens' Committees, while still active in electoral politics, are not political parties. Rural Solidarity is officially registered as a trade union, although it is in fact an association of small farmers. Other than potentially acting as a lobby organization, it probably does not have a long-term future in national electoral politics.

The Citizens' Committees were formed by Solidarity when it still was strongly united to function as its electoral arm until political parties could be formed. To assist these two organizations does not promote party-building -- it helps to prolong the existence of two organizations that functioned as substitutes for parties in their absence.

NDI responded to this query regarding the inclusion of Rural Solidarity and the Citizens' Committees by indicating that all major groups, organizations and parties who were fielding candidates in the next election were invited to take part in the seminar. Dozens of Polish political activists, as well as Poland experts in the U.S., and American government officials in Poland were contacted to assist in selecting the groups who would participate in the seminar.

### Impact

This seminar was conceived by NDI as a first step toward more intensive endeavors at party-building assistance in Poland. On the basis of this seminar, participants were to inform NDI of the types of specialized technical assistance they would be interested in receiving in the future. Since this seminar was meant to serve as an introductory session, it would be unfair to suggest that it alone should yield long-term effects. This single seminar, however, received a mixed review from participants interviewed in Poland.

US/AID later terminated its support of party-building activities in the northern tier countries of Eastern Europe. While NDI continued conducting activities in Poland using funding from sources other than US/AID, those activities are beyond the scope of this evaluation.

### Recommendation

During the site visit, the team found Polish political parties to be very polarized. Party assistance had contributed to resentment and suspicion regarding who received how much aid from whom. Resentments were often based on unfounded rumor.

The team does not wish to imply that NDI's programs have contributed to the polarization that exists between political parties in Poland. On the contrary, NDI went to great lengths to ensure equitable access to its program of technical advice. Nevertheless, the issue of outside support for political parties was so explosive during the team's visit to Poland that it led members to agree with US/AID's decision to terminate party-building activities in that country. The team, of course, acknowledges NDI's very strong objection to this recommendation.

Finally, the current electoral law in Poland calls for proportional representation to the lower house of parliament. Based on this law, representatives of twenty-nine political parties were elected to the lower chamber of parliament during the October 1991 elections with eleven parties holding only one seat. No political party won even 15% of the vote. These parties should be allowed to form, dissolve, build coalitions, etc., without being artificially propped up by funding from the United States. This refers both to material support (although NDI itself does not provide material support to political parties in Poland) and to technical advice regarding political strategy and organization.

One team member asserted that what political parties in Poland need most is not advice and counseling but the political will to make very difficult decisions.

NDI strongly disagrees with this assertion. It argues instead that political parties everywhere require the political will to make difficult decisions. While political will cannot be taught, viable parties (those that organize and operate effectively) are better able to make such informed decisions. The NDI programs are designed to assist in the development of viable parties and to encourage democratic internal decision-making mechanisms, as well as workable communications systems. If the parties are incapable of performing their special role in society, the Polish citizenry may quickly lose faith in the entire governmental system.

## Outstanding Issues

1. Economic Uncertainty. The single most prominent, outstanding issue in Poland is - and will be in the foreseeable future - the state of the economy. It is not clear that Poland will make a transition to a free market system without politically reverting to a "right" or "left" authoritarian system of government. The Polish economy, in distressing condition to begin with, is being further squeezed by the collapse of the Soviet market and by a economic recession in the West. This remains its single most important problem, the resolution of which will have profound consequences for the success or failure of democracy in the near future.

2. Political Polarization. The political polarization that characterizes Polish politics today may well be a normal phase through which some new democracies must go until political identities are more firmly established. For now, it serves as an impediment to the development of a smoothly functioning democracy that enjoys the widespread confidence of the electorate.

3. Political Apathy and Political Confusion. At first glance, the issue of political apathy may seem to contradict the above-mentioned political polarization. Yet these two phenomena exist side-by-side in Poland. While those involved in the political process are polarized on a number of issues, there is deep concern that many Poles may have already lost their political steam. Having little faith in their ability to make a political difference in their own lives, Poles have begun to withdraw from conventional politics. In its extreme form, this situation could prove dangerous.

A good deal of what seems like apathy may be confusion. Many Poles indicated that they wish to be actively involved in politics but cannot figure out who represents what position. Moreover, they are unable to keep up with the constantly changing configuration of political parties.

4. Political Parties and Personalities. The major political parties in Poland have taken definable positions on a number of issues but have failed to have comprehensive political platforms. For example, some parties have taken a strong position on economic matters and no position at all on social matters.

The positions that have been taken by political parties are not clearly known to the Polish electorate, and there is no established avenue through which those positions are made available in an objective, non-partisan manner. A large part of the problem stems from the fact that political personalities are the focus of debate and party alliances.

5. Economic Aspects of Social and Political Organization. Every organization in Poland (beyond, perhaps a small club) must learn the skills of bookkeeping, management, and in

some cases, fund-raising, marketing and public relations. This is as true for a local newspaper as it is for a newly privatized factory; for farmers trying to turn a profit, as for political parties; for self-help organizations, as for trade unions. The capitalist, free-market aspect in Poland's new economic order changes the rules of operation for most public and private organizations. It may be prudent to expect that such aspects be included in project proposals wherever relevant. Poles indicated to the team that they wanted to learn such skills, but they did not know where to turn for the information.

6. The Mental Imprint of Communism. There is a prevailing mentality, among some circles in Poland that reflects an aversion to communism and a desire to do exactly the opposite of what communism advocated. For example, Solidarity is reluctant to centralize its trade union organization, when a strong center is exactly what is needed for a powerful and effective union. Or there is a failure to understand how leadership can be democratic, a confusion that mixes authority with authoritarianism. Or some hold the attitude that, "we cannot recruit members to our organization because communists used to recruit" or "we do not wish to join any political party, because the thought of being a 'party' member is inherently distasteful." One Pole expressed her dismay at this mind-set by saying, "The communists also ate supper. Does this mean we can no longer eat supper?"

7. Ethnic and Minority Issues. While Poland does not have any sizeable ethnic minority within its borders, the issue of anti-Semitism is likely to creep up repeatedly for many years to come. This is an unavoidable topic that must be addressed.

## REPORT ON THE CZECH AND SLOVAK FEDERATED REPUBLIC

### Country Setting

#### Twentieth Century Background

Czechoslovakia was established as a nation-state in 1918, following the end of World War I and the collapse of the Austro-Hungarian empire. This was the first time in history that the regions of Bohemia and Moravia (the Czech lands) were united with Slovakia, forming a single political entity. The Czech lands had been, by far, the most industrialized area of the Austro-Hungarian Empire and one of the few regions within today's Eastern Europe that had a highly developed urban, industrial, middle-class. By 1920, Czechoslovakia had a liberal, democratic constitution. Among its major challenges of the day was the disaffection of the German and Magyar minorities and the Slovak calls for autonomy.

Just one year prior to the outbreak of the Second World War and in response to demands being made by the German nationalist minority in Bohemia, the leaders of Germany, Great Britain, France and Italy -- and with the obvious omission of Czechoslovak representation -- signed the Munich Pact, surrendering Sudetenland (a border area of Bohemia) to Germany. That pact lost in relevance when in 1939, Nazi Germany incorporated all of the Bohemian and Moravian lands into a German protectorate, leaving Slovakia nominally independent. Ruthenia was awarded to Hungary at this time.

Following the Second World War, Czechoslovakia's borders were restored to their pre-Munich dimensions, with the exception of Ruthenia that was ceded to the Soviet Union. The German minority in Czechoslovakia either fled or was expelled. By 1949, the communists, having secured complete control of Czechoslovakia, set up a Soviet-style government.

#### Social Characteristics

Approximately 75% of the population of 15.5 million reside in urban and industrial areas. Sixty-four percent of the nearly 8 million economically active work in industry, commerce and construction, and 22% in services and government. Agriculture employs about 14% of the population, mostly working on collective and state farms.

About half the population is Roman Catholic, and the percentage is higher in Slovakia and Moravia than in Bohemia. In Bohemia, 20% are Protestant and only 2% Orthodox, while over 25% of the population is avowed atheist or is affiliated with smaller religious denominations.

According to 1987 statistics, nearly 63% of the population (9.8 million people) is Czech, 32% (4.9 million) is Slovak, 3.8% (600,000) Hungarians, and about 2% (over 300,00) is Romany, with under 100,000 each of Poles, Germans and Ukrainians/Ruthenians.

### Economic Structure

Economic growth in Czechoslovakia remained stagnant for several years before the collapse of Communist rule in 1989. In 1990, the new democratic government launched a program of economic reform while trying to avoid extreme and painful price rises and large-scale unemployment. The program envisaged gradual price decontrolling, demonopolization, and privatization. Subsidies were slowly lifted from industrial and consumer goods, and some inefficient industries began to be closed down or broken up into separate enterprises.

In September 1990, the federal assembly adopted a reform package after months of indecision and debate. It specified a radical reduction of state subsidies, tight monetary restrictions to keep down inflation, extensive tax reform, and a speeding up of privatization. In January 1991, most price controls and the currency was made convertible, thereby opening up the economic system to market forces. Overall, consumer prices increased by 46.7% between December 1990 and June 1991 as a result of the liberalization of prices, but the monthly inflation rate slowed down to about 2% by the end of this cycle. With the accelerated closure of unprofitable state enterprises, unemployment rates reached 2.2% in the Czech Republic and 5.38% in Slovakia by May 1991.

In a report issued by Finance Minister Vaclav Klaus in May, the government's anti-inflationary financial policies were upheld in the first quarter of 1991. The exchange rate of the Koruna was kept stable, and a surplus was realized in the state budget. At the same time, overall industrial production declined in the state sector by 14.8% between mid-1990 and mid-1991, the private sector has grown under the new privatization program and foreign investment began to flow into the country.

The privatization of over 1300 state enterprises is to take place in two waves over the next two years through direct sale to original owners and auctions, through the transformation of state farms into shareholding cooperatives, and through the entry of foreign capital. A new law on privatization was passed in September 1991.

### Political Structures

Czechoslovakia's most important political legacy of the post war period had been its brief and aborted attempt at liberalization that ended in August 1968 with the invasion of Soviet and other Warsaw Pact troops. What followed was two decades of communist rule, far more rigid and severe than that in the other two northern tier countries. The communist

party and its apparatus had been described as an impermeable brick wall, with each component tightly-fitted and well-secured to the next.

Of the three countries covered in this report, Czechoslovakia had the worst record of human rights abuses in the 1970s and 1980s. Its non-communist underground movement was never able to flourish like that of Poland's, although its single, main opposition group, Charter 77, continued to function as a highly oppressed opposition from 1977 until the fall of communism in 1989. Charter 77 captured the attention of the Western world and became a clearing-house for a very wide variety of social, political, economic, and environment concerns. It also served as the spring-board from which activists were catapulted into positions in the new democratic government in 1989.

Czechoslovakia has already held free multi-party elections at both the local and national level. General elections to the federal assembly and the Czech and Slovak National Councils were held in June 1990, while local government elections took place in November 1990. The next general elections are scheduled for mid-1992.

Number and Size of Political Parties. With the collapse of the communist system, two main centers of independent political life were created: the Civic Forum (CF) in the Czech lands and the Public Against Violence (PAV) in Slovakia. With the development of political pluralism, several dozen parties sprang up at both federal and republican levels. Some emerged from the CF and PAV umbrella groups, some gained independence from the Communist-dominated national Front, and others were created anew. Most of the parties have remained small in terms of core membership even though their influence has gradually expanded.

Composition of Parliament. At the federal assembly level, the CF/PAV alliance holds 170 of the 300 seats, the Communist Party of Czechoslovakia 47, the Christian Democrats 40, the Movement for Self-Governing Democracy/Society for Moravia and Silesia 16, the Slovak National Party 15, the Hungarian Christian Democratic Movement and Coexistence 12, and the Liberal Democratic Party 2. Since the beginning of 1991, both the CF and PAV have fractured into two or more distinct parties and this will significantly affect the party composition of the next parliament.

### Democratic Dimensions

Civic Culture/Democratic Pluralism/Democratic Values. The euphoria of the "velvet revolution" in November 1989 which overthrew Communist rule subsided over the next few months. But independent political, cultural, and publishing activities mushroomed in the country, and the high turnout in the first free multi-party elections in June 1990 indicated the degree of commitment and participation in the emerging democracy. In the last year, the cost of transition to a market economy began to be felt among wide sectors of the public, leading to disquiet and frustration. The government calculated that political and

economic decentralization would foster participation and democratic values and mitigate against any social unrest.

The splintering of the Civic Forum and Public Against Violence umbrella groups indicated the increasing plurality of political life, but also resulted in some confusion and disorientation over political loyalties and identities.

**Ethnic and Minority Issues.** After the 1989 revolution, pressures began to build in Slovakia for far-reaching political and economic autonomy. Several new Slovak parties placed regional demands on the national agenda but differed over the content and timetable of Slovak autonomy. Slovak deputies in the federal assembly were successful in their campaign to change the country's name to the Czech and Slovak Federal Republic, but this only served to raise Slovak aspirations. The pro-autonomist Christian Democrats and the separatist Slovak National Party scored well in the general elections of June 1990, and their influence has since increased even though supporters of outright Slovak independence remain in the minority. Several unresolved issues have soured relations between Prague and Bratislava, including the content of the new republican and federal constitutions and the degree of economic decentralization.

Slovakia faces an additional ethnic controversy with the large Hungarian minority. It comprises about 11% of the Slovak population and in some southern countries it forms nearly half of the population. Hungarian organizations have become more assertive in the past year, while Slovak nationalists have campaigned to restrict Magyar rights. Hungarian leaders remain troubled that growing Slovak autonomy will have a negative impact on the position of minorities in the republic.

**Human Rights.** Since the democratic turnaround, the Czechoslovak authorities have observed all international human rights agreements, and no cases of political persecution have been noted. Several former communist leaders have been indicted on corruption and bribery charges, but no mass purges have taken place of former communist bureaucrats. But in recent months, a verification campaign has been launched amid widespread recriminations that the old nomenklatura still controls much of the economy and accusations that many of the new democratic leaders were former communist collaborators. The government has also passed a controversial screening law, barring from public posts former secret police officers and ranking communist officials from previous administrations.

**Free Media.** Though the mass media have been freed from communist party control, television and radio remain under government control or are dependent on state funding. As the pace of privatization accelerates, most radio stations and some television channels will become privately owned and independent in both management and funding. They will need to become self-financing to survive and should compete for funding and advertising revenues on the open market. The printed press has gained a significant measure of independence from the state, although many newspapers remain tied to various political parties. The print media continue to experience difficulties with regard to distribution, as

they are still largely dependent on the state-run distribution system. In addition, the media's level of professionalism, objectivity, and commercial viability still needs to be developed. Free media progress has been more pronounced in the Czech lands than in Slovakia.

### Challenges to Democracy

Current status of the Communist Party and Nomenklatura. The revamped Communist Party of Czechoslovakia (CPCz) has restructured its organization and endeavored to transform itself into a modern and democratic left-wing party. In November 1990, the CPCz split into two republican based parties, reflecting the country's federal structure. The Communists emerged as the second strongest political force in the June 1990 elections, and won 47 out of 300 seats to the federal assembly, 32 out of 200 seats to the Czech National Council and 22 out of 150 seats in the Slovak National Council. The Communist coalition consists of the Communist Party of Bohemia and Moravia (Czech Republic) and the Party of the Democratic Left (Slovakia). The revamped parties, though racked by internal disarray and shrinking membership, are still a major force in the country with a well-established infrastructure and substantial funds which gave them some advantage in last year's elections at federal, republican, and local levels. Much of the parties illegally acquired assets were confiscated or frozen earlier this year.

Communist cells have been dissolved in numerous workplaces as the new authorities placed restrictions on political activities in factories and offices. But most members and the old nomenklatura continue to be employed at various administrative levels, and some have benefitted from the market reforms by setting up companies from illegally gained capital. Such activities have stirred public disquiet.

During 1990, communist controls over the military and security services were severed and both the army and police were placed under government civilian control.

Internal threats to Democracy. Although there is no immediate danger to the emerging democracy, there are several latent trends which could slow progress toward a free market and stable democratic pluralism. First, any serious decline in living standards and increasing unemployment could trigger social protests. Public disquiet may in turn be manipulated by militant left or right wing forces in an effort to destabilize the government. A combination of populist extremists and remnants of the disgruntled Communist apparatus could prove especially threatening to the full development and institutionalization of democracy. Second, ethnic-based conflicts between Czechs and Slovaks amidst declining economic conditions could engender a major rift in the federation and leave Slovakia prone to authoritarian nationalism. But greater autonomy and sovereignty for Slovakia may not necessarily pose a threat to democratic pluralism in the republic.

External threats to Democracy. Czechoslovakia faces no significant external military threat with the demise of the Warsaw Pact and the withdrawal of all Red Army troops.

However, it confronts potential dangers stemming from instability in the Soviet Union and the instability of other neighboring states. Economic collapse and widespread social unrest in the USSR could result in the inflow of large numbers of Soviet refugees seeking shelter in Czechoslovakia. This could severely strain the countries fragile economic structure and exacerbate popular unrest in the regions hardest hit by refugees. There is also a danger of a military spill-over from the Western Soviet Republics if Moscow were to experience another coup or partisan guerrilla warfare erupts close to the Slovak border.

Instability and ethnic conflict in Slovakia could also sour relations with Hungary, especially if the large Magyar minority were to suffer discrimination or if communal violence were to increase. Budapest could then be expected to make some forthright steps to protect its co-ethnics in Slovakia. This, in turn, could stiffen Slovak opposition and play into the hands of radical nationalist and separatist groupings.

## **Summary of US/AID Activities and Development Results**

### **1. IDEE: INDEPENDENT GROUPS (\$290,000)**

#### **Description of Activities**

The Institute for Democracy in Eastern Europe (IDEE) contracted to provide technical and financial assistance to newly established independent groups in the Czech republic and specifically to the Civic Forum democratic opposition movement. IDEE had been active in the country before the 1989 "velvet revolution" and had developed a good network of contacts with the dissident movement.

The immediate objective of IDEE assistance was to facilitate the development of a technical infrastructure for Civic Forum by way of computers, photocopiers, fax machines, typewriters, and other office equipment. Such essential and much needed support was intended to enhance organization building, communications, and development. The longer term objective of IDEE support was to enable the Civic Forum to compete effectively in the first multi-party general elections in June 1990 and simultaneously to ensure the development of democratic institutions and a multi-party system alongside the curtailment of Communist controls and influence.

The Civic Forum was established during the democratic revolution of November 1989 when mass demonstrations pressured the hard-line Communist regime to enter into a power-sharing arrangement with democratic activists grouped around the dissident playwright Vaclav Havel. Within a few weeks of sustained pressure from Civic Forum, the government revoked the Communist Party's leading role in society and sanctioned the country's first multi-party elections since the Communist coup d'etat in 1948. Havel was nominated President, and several other Civic Forum activists entered the transitional government.

The Civic Forum remained an umbrella organization for the democratic movements in the Czech lands of Bohemia and Moravia. With the absence of well developed democratic parties, the Forum assembled an assortment of activists from a spectrum of political tendencies, including social democrats, liberals, environmentalists, Christian democrats, conservatives, and independents. Although it benefitted from enormous public support and encompassed most of the intellectual elite, Civic Forum lacked the resources, assets and experience to equitably compete with the Communist Party in the national ballot.

#### **Performance**

Some problems were noted with the technical assistance supplied in that much of it arrived at the beginning of May 1990, only a few weeks before the national elections. Civic Forum activists estimated that the aid could have made a bigger impact during the election campaign if it had arrived sooner.

## Impact

With IDEE support, the Civic Forum headquarters in Prague received or was able to purchase computer equipment, faxes, typewriters, and printing facilities. Technical help and funding enabled the Civic Forum to establish a more viable communications system between branches in different regions of the republic. The provision of technical equipment was in many respects more important for Civic Forum branches in the smaller towns where the Communists were well organized, and overt public support for the democratic movement was less visible or dependable.

A smaller IDEE grant was also given to the Independent Press Center in Prague, linked with the Civic Forum. It developed an information service and publishing activities in the early days of the revolution, and with IDEE and other assistance the Center was able to improve and expand its publishing ventures, including the weekly Prospekt, a quarterly journal, and a number of books.

The Civic Forum defeated the Communists in the June 1990 elections and gained 127 out of 200 seats in the Czech National Council. It also formed the ruling coalition with the Public Against Violence in the Federal Assembly obtaining 170 out of 300 seats. Several Civic Forum leaders who had helped establish the group and were instrumental in gaining funding and assistance from IDEE were elected deputies or gained key positions in the Presidential office or in government ministries.

In February 1991 the Civic Forum split into two wings -- a more pro-market Civic Democratic Party (CDP) and a more social democratic Civic Movement (CM). Funding from IDEE and other sources had little or no impact on the division or perpetuation of the movement. If anything, it may have had an integrative effect during and after the elections when deep political and personality differences had already become evident in the Civic Forum. Some confusion has persisted over the legal status and ownership of equipment obtained from abroad after Civic Forum split. Civic Forum seems to have divided the equipment equitably between CDP and CM. Activists have retained the Council of Civic Forum as a legal entity in order to sidestep some legal stipulations that a portion of equipment acquired from abroad had to revert to the state if the Civic Forum ceased to exist.

## Recommendation

IDEE support for Civic Forum was a one-time opportunity to assist the Czech and Slovak Federated Republic in making its transition from a communist authoritarian state to a democracy. It allowed Civic Forum to compete effectively in the country's first free elections and enhanced its ability to defeat the Communists. Civic Forum no longer exists as an umbrella organization; hence, future funding for this purpose is not needed or sought.

## 2. IDEE: PUBLIC AGAINST VIOLENCE (\$180,000)

### Description of Activities

In line with its assistance to independent groups in both parts of Czechoslovakia, the Institute for Democracy in Eastern Europe (IDEE) contracted to supply technical and financial aid to the Public Against Violence (PAV), the Slovak counterpart of the Civic Forum in the Czech republic.

IDEE support was intended to enable PAV to purchase scarce equipment such as telefaxes, dictaphones, photocopiers, videocameras, and computers in order to improve its organizational capabilities and information networks before and after the June 1990 general elections. The strategic objective was to enable the PAV to assure an election victory for democratic forces in Slovakia, to dislodge the Communists from power, and to lay the foundation for a multi-party participatory democracy.

Similarly to the Civic Forum, the Public Against Violence was established during the upheaval in November 1989 as an umbrella body grouping together democratic activists from an assortment of political tendencies -- liberals, social democrats, environmentalists, conservatives, and Christian Democrats. Compared to Civic Forum, the PAV suffered from an even more pronounced lack of experience in organizational work and election campaigning in addition to a severe shortage of funds and assets.

### Performance

PAV activists, similarly to Slovaks in other organizations, voiced some complaints about the unequal distribution of foreign assistance between Prague and Bratislava. Such imbalances appear to be less the result of deliberate withholding by the Czechs or by foreign sources and more the consequence of administrative shortcomings and delays. Slovaks also admit that they remain inexperienced in fund raising and lack the extensive foreign contacts developed over the years by Czech activists. But the PAV leadership harbors no complaints over the purpose and nature of IDEE assistance.

### Impact

IDEE support helped the PAV to acquire invaluable modern office technology for its headquarters in Bratislava. It also enabled PAV to furnish some regional offices with faxes and computers. Activists estimate that about half of the communications network was covered by assistance from IDEE and other U.S. organizations. Material support facilitated the PAV-linked Center of Research for Social Problems to expand and enhance its public opinion surveys and sociological studies, to publish its findings, and to provide data on voter preferences for the PAV during the general and local election campaigns. The dissemination of such literature, based on independent data gathering and analysis, had never before been undertaken in Slovakia. The PAV also obtained funding for its daily

newspaper Verejnost, an important source of information for the movement's activists and sympathizers. Some funding was also used to buttress the publishing ventures of the independent publishing house Arka and the student magazine Echo.

The PAV gained the majority of seats to the Slovak National Council, electing 48 out of 150 deputies and together with the Civic Forum formed the governing coalition in the Federal Assembly. But support for the PAV slipped over the following months as new parties strengthened their position and more actively embraced the "national issue" of Slovak independence, while the core of PAV unequivocally favored preserving the Czech-Slovak federation. The group also split in April 1991 into a social democratic and quasi-separatist Movement for a Democratic Slovakia and into a pro-market, pro-federalist wing which retained the PAV name. Despite its division, the PAV upheld its key role in government, having maintained a ruling coalition in Slovakia with the Democratic Christian Movement.

After the PAV split, material equipment received from IDEE and other foreign sources was divided more or less evenly between the two factions, evidently depending on the extent of their local support. Despite its victory in the elections, the organization has accumulated a substantial debt and has not been able to capitalize on the emerging free market to establish its newspaper as a commercial, self-sustaining enterprise. The daily Verejnost is operating at a loss because of glaring inefficiencies with the state run distribution system, poor marketing procedures, and the more aggressive sales techniques of rival newspapers, including those of the Slovak Communist Party.

### Recommendation

IDEE support for PAV was a one-time opportunity to assist the Czech and Slovak Federated Republic in making its transition from a communist authoritarian state to a democracy. It allowed the Public Against Violence to compete effectively in the country's first free elections and enhanced its ability to defeat the Communists. The Public Against Violence no longer exists as an umbrella organization. Hence, future funding for this purpose is not needed or sought.

However, if US/AID considers providing additional support to the daily Verejnost, assistance should be aimed at training the newspaper's staff in management, sales, marketing, advertising and distribution.

### 3. NDI: WORKSHOP, MONITORING, SURVEY, EDUCATION (\$215,662)

#### Description of Activities

The National Democratic Institute for International Affairs (NDIIA) designed a program of pre-electoral assistance and political training for the two major democratic movements, Civic Forum (CF) in the Czech republic and the Public Against Violence (PAV) in Slovakia.

The initial NDI support was geared almost exclusively toward the election campaign and was designed to assist the CF and PAV to become credible political forces, eliciting broad public participation in the electoral process. Assistance took the form of political training workshops and seminars for CF and PAV national and local leaders, organized jointly with the National Republican Institute for International Affairs (NRIIA). NDI also provided advice and assistance to the Association of Independent Social Analysis (AISA) in Prague to enhance its public opinion surveys and analyses. The results of these surveys were in turn designed to assist the political parties and groups in forging an effective election program responsive to the needs and desires of the electorate and encouraging voter participation in the balloting.

NDI assembled a team of experienced election campaign organizers from the U.S. and several West European countries who conducted a seminar for ninety CF regional and district leaders and spent time in six regional centers conducting political workshops with local activists. NDI also collaborated with the NRI to dispatch an election monitoring team throughout Czechoslovakia during the elections in June 1990. The results of their mission were published, and their conclusions reflected favorably on the fairness of the election process.

#### Performance

Political activists expressed appreciation particularly for NDI support at the local level on techniques of campaigning.

Some complaints were lodged by the political leaders outside the CF and PAV structures that the NDI did not provide assistance and advice to their parties either before or after the elections. However, NDI and NRI had agreed beforehand that the former would focus on the two major opposition movements, while the latter worked with emerging democratic parties outside the CF and PAV structures. The NDI program was also more widely applied in the Czech lands than in Slovakia. NDI's pre-election seminar in Prague included some activists from outside the CF, but others felt that the participants represented too narrow a group of former political dissidents. Some activists contend that NDI support could have been used more effectively by aiding a broader spectrum of political parties. Others point out that it is not surprising that the former dissident network benefitted most

from outside aid, because they were a known quantity with a proven track record. Moreover, it was important to provide the bulk of assistance to the two strongest coalitions, because unity needed to be preserved in order to defeat the Communists in the first free elections.

### Impact

NDI assistance helped the CF and PAV mount an effective election campaign by providing inexperienced activists with information on election tactics, strategies, and mechanisms, voter preferences, and campaign messages.

The presence of many foreign visitors during the elections and continued foreign interest made a very positive impact on the citizens of the Czech and Slovak Federated Republic.

The Association of Independent Social Analysis (AISA) also benefitted from NDI support arranged through CF activists. A small support grant, together with advice from public opinion analysts, helped to establish AISA's credibility as a public opinion research outfit. The poll it conducted was sponsored and financed by NDI, and its results were published in the Czech press. Since the elections, AISA has tried to establish a more independent profile and to perform contract work and market research on a commercial basis. Even though AISA does not want to work exclusively for any one political party, it is still often perceived as being closely linked with the Civic Movement splinter of the CF, because of its history and personal contacts.

One Czech politician indicated that political and legislative expertise would be needed in preparation for the next general elections (scheduled for mid-1992). This politician also suggested the NDI might consider working with the newly elected Members of Parliament following the election.

Seminars on specific political issues, as well as on party building, were singled out as possibilities for future assistance. Moreover, support in conducting political opinion surveys would also be appreciated.

### Recommendation

The team was split on its recommendation regarding future assistance for political parties in the Czech and Slovak Federated Republic. One team member asserted that the small amount of funding provided by NDI to political parties was not enough to positively affect the political structure or process in that country but was enough to create deep resentments and suspicion between parties regarding who received how much assistance from whom. Current assistance only serves to exacerbate the situation of political

polarization. Moreover, unless the electoral law changes in the Czech and Slovak Federated Republic, no amount of assistance will encourage large or strong political parties.

Another team member argued that it would be difficult to promote democracy in a country while failing to address the issue of political parties. Where polarization exists, parties need to learn the skills of coalition-building; where irreconcilable differences are identified, parties must still establish common rules of democracy by which all parties must abide. Many avenues remain for non-partisan or multi-partisan support in which NDI can play a valuable role.

#### 4. NRI: TRAINING, ELECTION OBSERVATION (\$92,509)

##### Description of Activities

The National Republican Institute for International Affairs (NRIIA) designed a program in the Czech and Slovak Federated Republic geared primarily toward election observation and some training for democratic political activists outside the Civic Forum (CF) and Public Against Violence (PAV) umbrellas.

The NRI objective was to contribute to the development of a pluralistic political culture through the provision of modest infrastructural assistance and political training for activists. Small support grants were provided to a handful of political parties, and party workshops were organized a month before the general elections. A team of American political experts specializing in the mass media, message development, organization, and election strategy consulted with representatives from a number of both Czech and Slovak political parties, including the Christian Democrats, the Civic Democratic Alliance, the Social Democrats, and the People's Party.

Political parties outside the CF and PAV can be divided into three broad types, excluding the Communists. First are the former members of the Communist controlled National Front, including the People's Party and the Socialist Party. Second are the "historic" or pre-war parties that were outlawed under the Communist dictatorship but restored after the democratic turnaround; they include the Social Democrats and Christian Democrats. Third are the new parties established since the "velvet revolution", including the Civic Democratic Alliance, the Civic Democratic Party, and the Civic Movement. Many of the smaller parties took part in the first multi-party general elections in June 1990 and in the local elections in November 1989 within the CF and PAV umbrellas. Those that stood outside gained only minimal representation in the Czech National Council and the country's Federal Assembly, but they performed better in elections to the Slovak National Council.

NRI and NDI jointly organized an international observer delegation to monitor and report on the general elections in June 1990. The delegation of 64, including two U.S.

senators and prominent parliamentarians from other western countries, observed the elections at 200 polling stations in nine cities.

### Performance

The NRI political training program was modest but was assessed positively by participants. Some of the smaller parties complained that the support they received was virtually insignificant, especially in comparison with the CF and PAV, and this may have hindered the long-term development of political pluralism.

The participation of the international observer delegation during the first free general elections was appreciated and well received. The delegation positively evaluated the validity of the elections and detected no major irregularities.

### Impact

The NRI political training proved helpful in terms of providing ideas on election techniques and public relations during the election campaign. NRI also distributed booklets and briefing papers to political activists; these were also greatly appreciated by recipients.

The international observer delegation provided important international legitimacy for Czechoslovakia's first multi-party ballot.

### Recommendation

The team's recommendation regarding future NRI assistance to the Czech and Slovak Federated Republic is basically the same as the recommendation regarding NDI assistance. NRI's programs were assessed positively. However, one team member found future assistance from NRI to be undesirable because of the deep resentment such assistance has generated over which party received more support than another (whether such observations were real or perceived).

Another team member maintained that there is an important role to be played by NRI in providing assistance to political parties in the Czech and Slovak Federated Republic. The current situation of political polarization is a normal stage in the transition from authoritarian to democratic systems and technical assistance in such matters as coalition building, for example, would be valued and appreciated.

## 5. FTUI: TRADE UNION ASSISTANCE (\$100,000)

### Description of Activities

The Free Trade Union Institute (FTUI) contracted to provide assistance to the newly formed independent labor union movement in Czechoslovakia. FTUI aid consisted of funds for the acquisition of infrastructural equipment as well as organizational and civic education training for trade union leaders and activists. The objective was to establish a sound trade union structure that could protect its members' interest during the transition to a market economy and to involve workers' organizations in the development of political and civic pluralism.

The Czech and Slovak Confederation of Trade Unions (CSKOS) was established in early 1990 as a result of the democratic victories of workers' strike committees in taking over the entire old official trade union structure (ROH). It changed its name from ROH to CSKOS, and inherited all of the trade union assets accumulated by the official structure under the prior communist regimes. Most of the assets were distributed proportionately based on membership strength to the CSKOS affiliates. Consequently, FTUI perceived no need to provide massive inputs of supplies and equipment. In addition, FTUI has been cautious about providing assistance to the national center of an organization whose leadership was clearly democratic, but whose membership remained from the old order of the past. After eighteen months, it is clear that CSKOS enjoys popular democratic support, although it remains weak and poor relative to its affiliates. Technical assistance is still needed.

CSKOS consists of the Slovak Confederation and the Czech Confederation, together with various branch unions. No free trade union activity was permitted in the country before the November 1989 revolution. Since that time, the unions have been largely self-financing, and while membership has expanded substantially to encompass about 80% of the working population, most activists lacked experience in organizing and running independent labor unions.

### Performance

In September 1990, CSKOS received material support from FTUI, including computers, faxes, tape recorders, and dictaphones. According to the CSKOS leadership, the equipment was equitably divided between the Czech and Slovak confederations, even though some Slovak leaders claimed they received little or no direct assistance. FTUI admits the Slovaks have received little assistance. But, says FTUI, it is because the Slovaks have yet to indicate their infrastructure needs.

Much of the allocation seems to have been conducted through the union center in Prague. This arrangement, together with deeply held Slovak suspicions about the fairness of some Czech activists, may have fueled suspicions that Slovak unions were not obtaining

their proper share of foreign assistance. FTUI asserts it has put uncommon effort into treating the Slovaks and the Czechs equitably in the assistance it provides.

Before the June 1990 elections, FTUI dispatched a team of experts in legislation and political education to provide information about union involvement in the political and legislative process. The delegates conducted roundtable meetings in Prague and Bratislava with several dozen trade union activists covering areas of most interest to the participants. FTUI also supplied copies of US labor laws and some other pertinent material on free trade union work, enabling the CSKOS leadership to formulate the union's constitution. Visits by Lane Kirkland and other AFL-CIO officials were viewed as an enormous psychological boost for the country's young trade union movement.

### Impact

FTUI assistance was highly valued by union leaders who have sought more extensive cooperation with all Western counterparts. In particular, they want to elicit advice, experience, and training on issues such as collective bargaining, tripartite negotiations, industrial relations in a capitalist economy, worker retraining, and redeployment of labor. As unemployment grows in the country during the transition to a market economy, the role of labor unions could become critical in assuring social stability and developing modern management-worker relations.

### Recommendation

FTUI decided not to seek US/AID funds to support CSKOS in FY1991. During the upcoming fiscal year, FTUI will be continuing its AFL-CIO Union-to-Union programs in the Czech and Slovak Federated Republic. These are programs that provide trade specific technical assistance to workers from their counterparts in the industrialized West.

## 6. FREEDOM HOUSE: LIDOVE NOVINY (\$140,000)

### Description of Activities

Freedom House focused exclusively on providing financial assistance to the independent or non-Communist daily newspaper, Lidove Noviny. The objective was to improve the paper's technical base and quality and to help transform it into a widely read professional and independent daily. This in turn would help assure the development of an independent mass media during the transition to a pluralist democracy.

Lidove Noviny was established as an underground weekly in January 1988 by a group of dissident journalists. It was widely circulated in Czechoslovakia and achieved wide recognition as a credible source of news and analysis. Many of the paper's editors and journalists became active in the Civic Forum, and in early 1990 Lidove Noviny was registered as a legal entity and began to publish on a daily basis.

Freedom House funding was used primarily for the purchase of technical equipment, including a modern type-setting system, and to develop Czech software. A small amount of assistance was spent on communications and travel.

### Performance

Although Lidove Noviny aimed to achieve sales of some 500,000, the paper experienced various financial and distributive problems. It has only been able to collect half of the advertising fees and cannot obtain loans from banks because it has little collateral property, unlike the Communist newspapers. A serious handicap is the cumbersome distribution system which remains largely in state hands. In addition, public interest in politics has dropped off somewhat since the 1989 revolution, while the price of newspapers has increased, as has the competition from various commercial publications. As a result of these factors, Lidove Noviny sells only about 130,000 copies daily, although its objective is to reach a circulation of 170,000 to overcome its financial problems.

### Impact

Daily in-house publishing would not have been possible without this assistance, as it is prohibitively expensive to use outside publishers and printers. Although the daily is not the biggest publication, it remains very influential and is read by government leaders and other top officials. The editors have improved the paper's professionalism and established a wide network of correspondents in the Czech republic. Although Lidove Noviny was perceived to be linked with Civic Forum, since the split in the movement it seems to have adopted a more neutral position. The editors have plans to purchase their own premises and develop a separate distribution system. Lidove Noviny also publishes literary and political journals, a youth magazine, and books; the editors hope to expand these ventures as well.

### Recommendation

Lidove Noviny should focus its attention on becoming a financially viable independent newspaper in a commercial, competitive environment. Therefore, the team recommends that any future assistance be aimed at training the newspaper's staff in management, sales, marketing and advertising.

## Outstanding Issues

### (A) Czech Issues:

1. Post-Civic Forum Transition. The split in Civic Forum, the movement that unseated Communist rule in the Czech lands of Bohemia and Moravia, is interpreted differently by political activists. Leaders of the Civic Movement (one of the former CF factions) view it as premature and potentially damaging, leading to fragmentation, polarization, radicalization, instability, and a stronger influence for the extreme left and right. The Civic Democratic Party and the Civil Democratic Alliance (two other former CF factions) consider the division as positive and inevitable, ending the phase of artificial unity, furthering the process of normal party development, giving voters a clearer choice as to programs, and countering the emergence of a new self-perpetuating elite.

2. Political Uncertainty. Political parties remain small and have limited public influence, with none exceeding 20% popularity in public opinion polls. Divisions and splits are as much the result of personality conflicts as ideological and programmatic differences. Mutual recriminations have slowed down the merger of natural political partners and the emergence of a few strong organizations. Such conflicts are visible across the political spectrum, among conservatives, Christian Democrats, liberals, and social democrats. The work of the Federal Assembly is marred by rapidly shifting temporary coalitions and legislative delays. This has served to deflate public confidence in the government and parliament. Continuing political and personality battles, coupled with a lack of party clarity and economic preoccupations, may limit the turnout in the general elections scheduled for mid-1992. It may indicate falling trust in the political leadership and a lack of commitment and involvement in the political process. President Havel's popularity rating remains high, because he is perceived to stand above the political fray, but he too could suffer in the difficult months ahead.

3. Anxiety Over Economic Reform. Concerns are expressed by all political sides that more severe economic hardship is inevitable and could lead to outbreaks of social unrest and political extremism. Society is unprepared for the coming economic trauma (unemployment, decline in living standards), receives insufficient education about the importance and character of market transformation, has had its initially high expectations punctured, and is losing confidence in political leaders. The radical pro-market forces feel that the authorities may have squandered a year by proceeding too slowly toward privatization by failing to shake out the layers of bureaucracy, and by not passing vital legislation on easing tax restrictions and encouraging private business growth. By contrast, trade union leaders feel that official commitment to free markets and privatization will result in a neglect of working people, while government disdain of the labor unions could provoke strikes and protests that the unions may be unable to control.

4. **Frustration Over Slovakia.** A growing negative reaction to Slovak demands for a looser federation is evident among Czech leaders and the public at large. The issues of republican constitutions and inter-republican treaties have preoccupied Czech politicians and legislators and may have slowed work on economic reform. Since the split of Civic Forum and the Public Against Violence (the Slovak equivalent), the Czech parties also have a problem in finding viable and compatible partners on the Slovak side. The Civic Movement is closer to the Movement for a Democratic Slovakia (a PAV splinter) on economic issues (both supporting a substantial role for the state) but not on the federal issue. The Civic Democratic party is closer to the remaining PAV on economic issues (both support faster free markets), but the latter is a shrinking political player. Some Czech leaders may even be willing to let Slovakia secede if there is continuing friction over the structure and continuation of the federation and if there is differing progress toward capitalism in the two republics. Slovakia could also be perceived as a drag on Prague's progress toward European integration.

(B) **Slovak Issues:**

1. **Slovak-Czech Frictions.** Many Slovak activists feel neglected, misunderstood, or even patronized by Prague, including the federal government and various political parties. Even pro-federalists complain of insufficient or misguided attention. This also applies to funding and practical support from the center, although perceived insufficiencies and delays are viewed less as bad intentions and more as a result of bureaucratic inefficiency, Prague's more developed international contacts, and greater experience in fund raising. Some activists suspect that Prague unfairly monopolizes foreign contacts to its own advantage. This in turn is viewed as counter-productive because a poorer, neglected Slovakia is also a more radical Slovakia.

2. **Nationalist and Populist Distractions.** The federation issue has radicalized political life and distracted attention from more pressing problems. Preoccupation with inter-republican relations means less attention to economic, social, and other domestic issues. Although opinion polls show overall support for preserving the federation, this may be the passive majority rather than the active minority. Polarization over the federal question is also evident: VPN (Public vs. Violence) is pro federalist, and considers that democracy, free market, and European integration can only be guaranteed through federation with Prague. HDS (Movement for a Democratic Slovakia) and SNS (Slovak National Party) assert that political self-determination, economic improvement, and European integration can only be assured through independence. The KDH (Christian Democratic Movement) and the SDL (Party of the Democratic Left) appear to be veering toward the latter position. A danger exists that focus on simplistic national populism will distract from real and urgent reforms. Slovak resurgence or national independence is not necessarily a bad thing, but much depends on what form it takes and what comes after statehood. The emphasis of all parties on nationalist issues may prevent the emergence of

a stable spectrum of parties, with clear identities. This makes for a fluid and potentially unstable political situation.

3. **Political Underdevelopment.** Political parties in Slovakia remain embryonic, fluid, and based largely on personalities. The pre-referendum (on the survival of the federation) and pre-general election climate is not conducive to major economic reforms. All parties, including the current governing coalition (VPN-KDH) face potential internal splits and may be unwilling to lose further popularity by implementing tough economic policies. Political maneuvering over the federalism issue will also delay reforms, and could lead to unstable coalitions and an unstable future republican government.

4. **Destabilizing Economic Hardships.** Economic decline and the threatened closure of bigger plants that will greatly increase unemployment could further fuel populist nationalist, and separatist sentiments. This could result in closer links between reform Communists and nationalists (red-brown coalition); their strength in the next elections could complicate the free market process, deter foreign investments, and even slow down democratic development. General public confusion, disillusionment, and frustration in Slovakia may stem from several factors: political flux, insufficient knowledge of democratic processes, fear of the future, suspicion about political manipulation, lack of commitment to any single party, and deflated expectations. This in turn may increase susceptibility to demagoguery, strong leadership, and the promise of simple solutions.

5. **Ethnic Tension.** Some danger exists of Slovak-Hungarian conflicts because the Hungarian minority remains fearful of Slovak independence and Slovaks may look for scapegoats for domestic problems. Slovak sovereignty will not necessarily be anti-Magyar, but Hungarians could feel they have less recourse to protection from Prague and more isolated from the outside world.

## REPORT ON HUNGARY

### Country Setting

#### Twentieth Century Background

In the late 17th century, Hungary was incorporated into the Habsburg empire. Then, after an unsuccessful revolution in 1848-49, it regained some autonomy in the reconstituted Austro-Hungarian empire. Defeat in World War I was followed by a four-month long communist dictatorship, an experiment that won few converts to the new ideology. The 1920 Treaty of Trianon administered a traumatic shock, for it reduced by two-thirds the country's territory and population and put over three million ethnic Hungarians under foreign rule. This issue dominated inter-war political life, and when on the eve of World War II Italo-German arbitration returned some of its lost territories to Hungary, the country's conservative regime joined the Axis. In the largely free elections of 1945, the communists won barely 17 percent of the vote. Within three years they had destroyed their democratic opponents and seized monopoly power.

#### Social Characteristics

Hungary's population has been declining for the past ten years and stands at 10.5 million. Sixty percent live in urban areas, including over 20 percent in Budapest alone. The population is ethnically homogeneous, some 95 percent being Magyar: Gypsies are the largest minority, followed by Germans, Slovaks, southern Slavs, and Romanians. In the 1980s the composition of the labor force approached Western patterns: employment in industry fell below 40 percent, and in agriculture and forestry below 20 percent, while the service sector (including public administration) expanded to over forty percent. Nominally some sixty percent identify with the Roman Catholic Church, while the Reformed (Calvinist) is the principal Protestant church.

Although the fate of Hungarian minorities in neighboring countries received no official attention until the late Kadar era, it remained a source of intense popular concern. Hungarian estimates, generally somewhat higher than local census figures, put the number of Magyars in Slovenia at 750,000, in Romania (principally Transylvania) at 2 million, in Yugoslavia (mainly the Vojvodina) at 400,000, and in Subcarpathian Ukraine at 200,000.

#### Economic Structure

The "New Economic Mechanism" launched by Kadar in 1968 represented an attempt to introduce some market elements into the centrally-planned economy. Agriculture benefitted from heavy investment and greater autonomy for the collective farms, while the

availability and variety of consumer goods improved. At the same time, foreign loans were used inefficiently, industrial productivity remained far behind Western standards, and much of the population turned, with official encouragement, to moonlighting to maintain its standard of living.

The NEM experiment left the country virtually bankrupt but, paradoxically, better prepared than its socialist neighbors to make the transition to a market economy. By the time the communists surrendered power, there was a growing private sector and even an embryonic stock exchange. The new government's unenviable task is to convert a hopelessly inefficient, state-managed industrial sector into privatized and competitive units at a time when domestic sources of investment are virtually non-existent, the country is burdened by a \$20 billion foreign debt (the highest per capita in Eastern Europe), and the old export markets of the defunct Comecon, particularly East Germany and the Soviet Union, have collapsed.

Various financial stabilization facilities and aid programs from the IMF, the World Bank, and the G-24 group of wealthy countries are helping to ease Hungary's economic crisis. In 1990-91 the country managed to attract some \$1 billion, or roughly half of all foreign direct investment in Eastern Europe, and to reorient westward a substantial share of its exports, reducing the trade deficit. At the same time, real Gross Domestic Product continued to decline. With most prices freed, inflation reached 35 percent. Unemployment more than doubled, to nearly 200,000, in the first half of 1991 and was projected to keep rising as the economic structure was progressively adapted to the rigors of the market. Still, it is estimated that the private sector already contributes as much as one-third of GDP.

The socialist legacy of financial irresponsibility and industrial inefficiency will not be easy to overcome. Hungary's real GDP per capita is not expected to recover past 1989 levels until the mid-1990s. The government, and indeed all parties in parliament, are committed in principle to the creation of a market economy, though definitions and timetables vary. There are no simple and painless formulas for the institution of a viable state and private commercial banking system and for the privatization or liquidation of around 2,300 state-owned enterprises. The success of this revolution will depend on political will and skill, popular tolerance and endurance, and foreign aid as well as the openness of Western markets.

### Political Structure

The postwar democratic revival was suppressed in 1948 by Stalinist dictatorship. In the space of two weeks, in October-November 1956, a popular revolt demanded political liberalization, pluralism, and national sovereignty, then was crushed by Soviet arms, and communist rule was reimposed. The slogan of the new Kadar regime was "those who are not against us are with us," a conciliatory reversal of the Stalinist dictator Rakosi's formula. In its "alliance policy" it sought to secure popular legitimacy by economic and cultural

liberalization. Multiple candidacies in elections were permitted in 1966, and made mandatory in 1985, but all candidates had to be endorsed by the communist-run Patriotic People's Front, and parliament remained ineffectual. Government became more responsive and less doctrinaire, and police terror waned, but the party remained in full control, notably through its power to make all significant appointments.

The incompatibility of communism with authentic democracy came to a head when in the mid-1980s Gorbachev's Soviet Union adopted a more permissive policy toward its East European satellites. Hungary was already the most liberal country in the Soviet bloc, but its economy, despite sporadic reforms and Western credits, was faltering, unable to meet rising domestic expectations and compete in world markets. The advent of Gorbachev in the Soviet Union encouraged domestic dissidents to take advantage of Kadar's relative tolerance and demand fundamental change, including democratic government, market economics, freedom of the press and association, environmental protection, and action on behalf of Magyar minorities.

Malaise spread within the party, and the reformist leadership that replaced Kadar in May 1988 was unable to contain the momentum of reform. Chasing after legitimacy, communist reformers admitted that the 1956 events had been an authentic national revolution and multiplied promises of radical change, but the ruling party lost its unity and self-confidence. In November 1989 it converted itself into the Hungarian Socialist party and surrendered its Leninist claim to monopoly in favor of social democracy. Conservative communists kept the old Hungarian Socialist Workers' party alive, but both parties' membership dwindled rapidly. In the meantime, an invigorated National Assembly amended the constitution to style Hungary a simple republic, made provision for free, multi-party elections, and abolished the communists' special political prerogatives.

Number and Size of Political Parties. In this democratic environment new political parties proliferated, including the populist-nationalist Hungarian Democratic Forum, which had been the foremost opposition movement: the Alliance of Free Democrats and the Alliance of Young Democrats, offshoots of former urban, liberal dissident groups; the Independent Smallholders, who appealed mainly to rural voters by promising to return land to their 1947 owners but wanted to create the broadly representative party of the early postwar years; the Social Democrats, who failed to forge a united party and left the cause of social democracy by default to the former communists; and the Christian Democratic People' party.

All parties (including the Socialist) endorsed liberal democratic institutions while dividing over social and economic policies. Since the election, parliament has been the scene of lively and at times acrimonious debates. The governing party and coalition is accused variously by the opponents of being generally inept, and even authoritarian, but this is attributable more to routine partisanship than to profound ideological cleavage.

**Composition of Parliament.** The first multi-party elections for a four-year-term parliament were held in March-April 1990. An unusually complicated electoral system incorporated single-member constituencies as well as regional and national party lists. Democratic Forum emerged as the strongest party with 42.9 percent of the vote and 164 seats in the 386 member parliament. The Alliance of Free Democrats came second with 23.8 percent and 92 seats, followed by the Smallholders (11.4 percent, 44 seats), the Socialists (8.5 percent, 33 seats), the Young Democrats (5.4 percent, 21 seats), and the Christian Democrats (5.4 percent, 21 seats). Other parties, including the Social Democrats and the Hungarian Socialist Workers' party, failed to win the required minimum (4 percent) of votes. The core membership of all parties, including the Socialists, is small and offers no safe indication of their political influence.

The Democratic Forum formed a center-right government in coalition with the Smallholders and the Christian Democrats, with Jozsef Antall as prime minister. In August the parliament elected Arpad Goncz, a former Free Democrat supporter, state president for a five-year term. His constitutional prerogatives vis a vis the government have been the subject of recurring political controversy and judicial review.

### Democratic Dimensions

**Civic Culture/Democratic Pluralism/Democratic Values.** Hungary's third attempt since the war at democratic pluralism, in 1989-90, occurred in more propitious circumstances. For the first time there was no significant internal or external opposition to genuine democracy. Neither prewar paternalism nor socialist dictatorship were conducive to learning the mores of authentic democracy, but both the failures and modest achievements of communist rule had contributed to the peaceable and orderly nature of the latest revolution. Under Kadar's alliance policy the cleavage between rulers and ruled was papered over by the coaptation of much of the intelligentsia and by a calculated depoliticization of social life. The party showed greater tolerance of divergent opinions within and without, and in the early 1980s it tried to forge an understanding with some of the dissident groups. In the end, the majority of nominal communists and most of the population at large came to the same conclusion: the Marxist-Leninist experiment had failed dismally.

Hungarians responded with some enthusiasm to the unaccustomed freedom to choose and create political parties and other interest groups, and voter turnout and behavior in the first national elections impressed observers. The newly elected legislators have performed with remarkable responsibility considering that all (except for the former communists) began as political amateurs. However, the falling standard of living, a growing differentiation between rich and poor, and cuts in government services are no prescription for popularizing a political system, be it democratic or otherwise.

The Hungarian political culture has been conditioned by statist paternalism, of the old conservative as well as of the more recent socialist variety, and this affects the attitudes of both governors and governed. Much is expected of the government, yet big government is out of favor. Although the basic consensus in favor of democracy is not in immediate peril, disillusionment and political apathy are spreading at the grassroots. Within the space of a year voters were called to the ballot boxes six times (two national referenda, two rounds of a parliamentary election, and two rounds of local elections), and participation rates declined precipitously. In a by-election in Budapest in April 1991, the turnout was only 26 percent, and the winner was the candidate of the Hungarian Socialist party.

Political loyalties and party affiliations remain fluid. When polls show growing support for the Young Democrats, this probably reflects their superficial appeal of freshness more than their advocacy of decidedly un-paternalistic, radical free market economics. These tendencies reflect economic frustrations as well as a certain political immaturity manifested in impatience with the laborious and contestatory aspects of parliamentary government.

Ethnic and Minority Issues. There are no politically significant domestic ethnic problems (apart from the special case of Gypsies), and the government continues the socialist regime's policy of promoting minority rights and facilities, partly for the demonstration effect on neighboring countries with Hungarian minorities. There is, as noted above, active concern for the cultural and political rights of Hungarian minorities in the surrounding countries. Although the democratic revolutions in Czechoslovakia and Romania have allowed Hungarians to form their own political parties, majority nationalism in both countries is inimical to expansion of minority rights in culture and education. As Yugoslavia slid into civil war, Budapest feared that the Hungarian minority in the Vojvodina would be subjected to less permissive and more centralized Serbian rule.

In general, the Hungarian government has asserted the right to scrutinize the minority policies of its neighbors and, if necessary, to champion the cultural rights of Hungarian minorities. It denies any covert territorial claims but urges the full application of liberal democratic principles for the benefit of the minorities.

Human Rights. Even before the collapse of communism, Hungary had the best human rights record in the Soviet bloc. Since then, the government has ignored proposals for a comprehensive investigation and identification of communists responsible for the previous regime's misdeeds. It has, on the other hand, begun a process of compensating those whose personal and property rights were violated by the communists. In the CSCE and other international forums, Hungary has been a prominent advocate of conventions on human rights, including minority rights. Although it recognized that the state administration and the judiciary have much to learn about the application of liberal human rights principles, the prevailing consensus is eminently protective of those rights.

**Free Media.** Traditionally the print media in Hungary were mainly in private hands and highly partisan, and the state media (the press agency, radio, and later television as well) under government control. The communists brought all media under tight control. Now that the press is free (and with substantial foreign ownership) and partisan once again, the main complaint has come from the government, that it is subjected to unbalanced criticism. Opposition groups, on the other hand, charge that the government is trying to control directly state radio and television – a problem not unknown in some West European countries, and one most easily alleviated by partial privatization.

### **Challenges to Democracy**

**The Communist Party and Its Nomenklatura.** Even before the new elections the party surrendered its privileged powers in regard to appointments, the police and the military, and the workplace, as well as much of its assets. In its Hungarian Socialist party incarnation it has projected in parliament an image of professionalism and commitment to social democracy of the West European variety. Its Hungarian Socialist Workers' party version has not wholly abandoned Leninism and seems destined to remain an inconsequential fragment in the political spectrum, barring the unlikely reemergence of a Leninist and imperialistic Soviet Union.

Most of the key nomenklatura figures resigned, were eased out of office or demoted in the course of the democratic transition. Some enterprise managers and others exploited their position and expertise for financial profit in the early stages of privatization, arousing the popular complaint common in Eastern Europe that communists were the first to profit illicitly or otherwise from the reforms. The government thereupon took measures for more intensive state and public scrutiny of privatization. To be sure, most of the broad middle social stratum of bureaucrats and technocrats secured its position by grace of the former ruling party, but since the 1970s the criteria of personal qualifications and expertise had generally taken precedence over authentic ideological loyalty. Thus the threat posed to democracy is less one of ideological enemies built into the system than of the inability of old servants of socialism to adapt to the requisites of market democracy.

A special case is that of the old trade union organization, which was a conservative force even in the communist context and which has been trying to retain its assets, membership, and privileged status in enterprises. It has links with the Socialist party and may have the capacity to foment social unrest, at least until the mandated union elections alter the balance of forces on the organized labor front.

**Internal Threats to Democracy.** With a political system less polarized on policy issues and personalities than that of Poland and free of separatists-constitutional dispute such as that afflicting Czechoslovakia, Hungary appears to be well-launched on the path of

pluralistic democracy. Even so, a prolonged economic crisis can prompt not only apathy but also radicalism and a search for scapegoats and magic alternatives. The new leader of the Smallholder party has indulged in rather violent language, and such populist demagoguery may win converts among the materially deprived. There is no evidence in 1991 of any significant social and political forces intent on undermining the new democracy, which is not to say that the process of learning and teaching the ways and means of pluralistic democracy is over and done with.

**External threats to Democracy.** Although there are no immediate and direct threats to their new-found democracy, Hungarians understandably feel insecure and vulnerable to a host of external forces. Political instability and majority nationalism in Romania and their effect on the circumstances of the Magyar minority continue to poison bilateral relations. Relations with Czechoslovakia at the federal level are comparatively good despite the chronic disagreement over the future of the Danube dam project, but Slovakian nationalism raises concern from the Magyar minority there and could embitter relations. The civil war in Yugoslavia is already testing Hungary's capacity to act as a neutral neighbor while championing the rights of the Magyar minority. The disintegration of the Soviet Union causes alarm both on the economic front, with the dislocation and disappearance of markets, and because of the anticipated influx of refugees.

With the abolition of the Warsaw Pact and the end of Pax Sovietica, Hungary finds itself militarily vulnerable and without allies. It therefore actively seeks association with the European Community, policy-concertation with like minded neighbors Poland and Czechoslovakia, or functional collaboration on the regional scale, possibly with the Western European Union.

## **Summary of US/AID Activities and Development Results**

### **1. SUNY/ALBANY: HUNGARIAN PARLIAMENTARY SUPPORT (\$549,700)**

**This was the only project administered directly by US/AID, without going through the National Endowment for Democracy.**

#### **Description of Activities**

**The Center for Legislative Development (CLD) at SUNY-Albany contracted to develop a program for strengthening the operation of the Hungarian Parliament in collaboration with the Budapest University of Economic Sciences (BUES). According to the terms of that agreement, the Center was to link the needs of parliament with the resources of the University and thereby provide support for policy-related research and educational activities. Through its activities, the CLD aimed to "ensure that identifying and addressing institutional needs [would be] seen as a legitimate and important concern within the Parliament; strengthen the university's ability to help Parliament identify and meet its institutional needs; and establish [a Center for Parliamentary Management] as an enduring presence within the university to allow institutional development to continue as a cooperative venture of the university and Parliament, in such areas as education, training, technical assistance, and policy analysis."**

**The CPM came into existence some four months after the general elections, in August 1990, on the basis of an agreement between BUES and the Hungarian Parliament. A Hungarian director was appointed, and in October the Center was given rent-free accommodation in the parliament office building. SUNY-Albany covered the operating costs. The program encompassed an initial needs assessment, the establishment of a Center for Parliamentary Management (CPM), orientation seminars and workshops, and the provision of a long-term advisor. The long-term resident advisor who has since returned to the United States taught two courses at the Law Faculty; organized a number of special seminars on policy-making; created an information network for the liaison staffs of government ministries; developed and disseminated publications for and about Parliament; established links between the academic and political communities; and worked with other organizations interested in legislative development in Hungary.**

**Beyond this, the CPM helped to organize two study tours (funded by USIA, not by US/AID) of eight parliamentarians each to the United States in August 1990; organized that same month a two-day, inter-party conference to identify needs and thematic priorities for research and training projects; and collaborated with BUES in the launching of a parliamentary internship program. One of the most tangible achievements of the CPM was the compilation of a "Deputies' Handbook" and its publication in February-March 1991. This manual for members of parliament provides essential information on constitutional and other legal provisions, legislative procedures, the membership and committee structure of**

parliament, and on the membership and ministerial structure of the government. All deputies received a copy of this well-conceived handbook, and evidently found it useful, though not all were aware of the existence of the CPM, which had produced it.

### Performance

This project encountered problems from its inception. To begin with, both US/AID and Congress wished to have this project in place by the time of Hungary's first democratic elections. Thus it was launched under the auspices of SUNY/Albany in the old Hungarian setting, in anticipation of the new. The hurry to initiate this project had three negative effects. First, some of the Hungarians initially contacted to play central roles in the new Center for Parliamentary Management were either unavailable or inappropriate following those first democratic elections. The BUES dean (Mr. Geza Jeszinszky) selected to head the Center was appointed Hungary's Foreign Minister, while the department head at the university (Mr. Attila Agh) who was to work with the director was an unacceptable alternative to the newly elected members of parliament because he was a member of the communist party.

Second, the rector (Mr. Csaba Csaki) of Karl Marx University (now the Budapest University of Economic Sciences) was also a holdover from the final years of reform communism in Hungary. When the project was still at the proposal stage, he was able to promise CLD free office space at the university for the Center for Parliamentary Management. But with the advent of democracy in Hungary, Mr. Csaki was no longer able to make unilateral decisions regarding such matters as the allocation of university office space. Democracy meant that committees would now be making decisions that used to be made by a single appointed leader. To the CPM, this meant that the university office space was no longer available. The CPM was eventually able to secure space in the Parliament office building which was even more suitable to its programs, but valuable project time had been lost in the process.

Third, launching the project early meant that objectives had to be vague by design and only later reformulated more specifically as the Center for Parliamentary Management evolved and the needs of the new parliament became clear.

The problems of personnel changes and the acquisition of office space were some of the more ordinary problems faced by a number of projects evaluated in this report. However, the vaguely defined objectives of this project seem to have had the effect of substantially diffusing the project's achievements. Hence, while the CLD and CPM were able to provide the team with an extensive list of activities that had taken place in fulfillment of the contractual obligations with US/AID, taken together those activities did not seem to add up to a single comprehensive program.

These intentionally vague objectives had not been adequately operationalized into workable activities and subgoals, making it difficult even now to conceptualize exactly what was supposed to have been accomplished. For example, one of the aims of this project was to "ensure that identifying and addressing institutional needs [would be] seen as a legitimate and important concern within Parliament." Such a project aim is calling for an attitudinal change -- one of the most difficult goals to achieve in any social setting. Even now, it is not clear whether the CLD wanted to change Hungarian attitudes or whether in fact it would settle for a behavioral change (measured, for example, by the frequent use by members of parliament of resources available through the Center for Parliamentary Management).

There was no indication of how SUNY/Albany or the CPM would know if and when it had achieved its aim. Terms were not defined such as what does "important concern within Parliament" mean? How important, to whom, important in what way? From the perspective of a social scientist, this project was not properly broken down into operable components, each focused on the achievement of a particular, clearly defined and measurable goal.

By the time the Center began to function, parliament had been operating for some months. The CPM plan to provide policy-related training on a non-partisan basis with the inclusion of outside experts met with a lack of interest among deputies. The parties evidently have divergent policy priorities and prefer to develop their policies separately, drawing on experts of their own choosing. The CPM, on the other hand, has little capability to respond to individual deputies' requests for assistance with regard to immediate legislative issues.

Two very tangible outcomes of this project included (a) the needs assessment, completed by October 1990, that then served as the basis for activities for the Frost Committee's Task Force (operating under the auspices of the U.S. Congressional Research Service) for parliamentary assistance in Hungary; and (b) the publication of the parliamentary directory that was compiled and distributed by CPM.

The team acknowledges the many accomplishments of the long-term American advisor from CLD who had spent the academic year in Budapest. Some of his achievements, such as the establishment of an internship program and the creation of an information network for the liaison staffs of government ministries were singled out in the course of the team's visit to Hungary, as valuable programs that had been initiated during the grant period. However, the advisor's work toward establishing good relations between the university and parliament in an effort to get the two institutions to cooperate on policy-related issues, is again an achievement that cannot be measured or attributed singularly to the efforts of the long-term advisor.

The presence of the American advisor, by one account, was most useful in the early, trial-and-error phase of the project. Hungarian sources express no wish for another long-

term advisor, although they would welcome shorter-term visits by academic experts of their own choosing.

### Impact

To the necessarily limited extent that the impact of the SUNY-Albany program could be appraised in Hungary, it appears to have fallen short of expectations. To be sure, the Hungarian and other East European upsets of 1989 had no historical precedent, and the SUNY-Albany Center's third-world experience may have been of limited relevance. The project director's brief visits to Budapest occurred at the time of great flux in early 1989, and there was a general sense that urgent steps had to be taken to consolidate democracy. For both American and Hungarian participants, the program had an experimental, exploratory quality. Revolutionary times are not propitious for lengthy deliberation, but both parties might have been better served by a more thorough assessment of needs and of the most effective forms of assistance before the commitment of major funding.

Part of the problem, however, must be attributed to CLD's failure to include a Hungary country expert in the planning, design and implementation of this program. There was one individual of Hungarian background whose resume was attached to the CLD proposal to AID, but this individual had not been involved professionally in topics related to Hungary for some thirty or forty years.

CLD's need for a country expert was especially evident at two different points in this evaluation. First, the team learned in Hungary that a substantial amount of time had to be spent in "advising" the long-term advisor on the Hungarian political and social context. A person with some knowledge of Hungary would have been even more useful (although the team of course is not suggesting that a country expert rather than a legislative expert was needed).

Second, CLD was obviously unprepared to deal with complications that were quite ordinary in Eastern Europe. For example, CLD explained to a team member that organizing project activities was a far more time-consuming task than it had anticipated. Yet this is just ordinary life in Eastern Europe where, for example, the telephone system upon which Americans so rely is completely inadequate. Many developing countries are far ahead of Eastern Europe in this regard because telecommunication and information systems were intentionally ignored for four decades by communist planners. This comes as a surprise to many Americans.

CLD also explained that the project took longer to set up than originally expected because, for example, the CPM had to set up a private foundation in order to qualify for receiving funds from abroad. Yet virtually every project reviewed in this report faced exactly that same issue, including having to wait until the appropriate legislation was passed that would allow for the establishment of such foundations. This is not meant to be critical

of CLD, but rather to indicate that the Center for Legislative Development was unprepared for some of the frustrating technical and bureaucratic realities of the region.

During its site visit to Hungary, the evaluation team found the Center's director to be resigned to CPM's demise, giving the team the distinct impression that it was to be phased out over the next several months. CLD argues, however, that the timing of the team's visit corresponded with the period of greatest uncertainty for the CPM. Since that time, new arrangements have been made which have rejuvenated the Center's vitality and promise for the future. For example, the Center has been guaranteed continued use of the office space in the parliament office building. In addition, an important commitment has been made that will establish a working relationship between the university's center for policy analysis and the Center for Parliamentary Management -- exactly the type of relationship that had been sought as a primary goal of this project. Finally, new activities have been planned for the Center at the request of parliament. It may well be that the fruits of CLD and CPM's labor are now becoming most evident.

### Recommendation

There is no doubt that SUNY/Albany's Center for Legislative Development and the new Center for Parliamentary Management in Hungary worked hard to make this project successful. Yet two major problems seem to have precluded a more productive program. The first was the decision to initiate the project before the new Hungarian parliament was seated, thereby leaving project objectives intentionally vague and fluid with the expectation that they would soon become clear to the project organizers. This resulted in the fact that CLD was able to produce a somewhat lengthy list of achievements, but these achievements did not add up to a comprehensive program.

The second obstacle was the failure to engage project organizers, managers and advisors who had an extensive knowledge of Hungary and Hungarian politics. The arena in which CLD was operating in Hungary was very difficult and frustrating to Hungarians themselves and must have been all the more so to project organizers who were being introduced to Hungary for the first time.

The team recommends termination of this project. In the future, US/AID might consider providing separate small grants for needs assessments alone, rather than including them as part of a larger project package, thereby committing funds to activities "as yet to be determined."

## 2. FTUI: TRADE UNION ASSISTANCE TO "LIGA" (\$487,000)

After 1948, Hungarian trade unions were incorporated into the communist power structure as transmission belts for party policy. They helped to enforce labor discipline

while serving nominally as the providers of benefits such as holiday facilities. The central union leadership's defense of workers' interests generally took the form of resistance to any economic reforms that might open the door to wider income differentiation. For a time in the 1970s, the Kadar regime defused discontent by allowing a variety of moonlighting activities (as well as foreign loans) and by reducing ideological constraints in intellectual work. As the economic and political crisis deepened in 1988, several groups of intellectual workers broke away from the communist Trade Union Council to form independent unions, and in December of that year, five new unions founded the Democratic League of Free Trade Unions (Liga).

The League participated as an observer at the 1989 roundtable discussions on the restoration of democracy and remained unaffiliated in the emerging multi-party contest. Its leaders concentrated on securing political democracy, freedom for trade unions, and the defense of individual workers' rights.

The League's headquarters staff and a sample of regional officials impress the visitor with their intelligence, common sense, dedication, and representativeness of the trades and professions. They exude a missionary zeal as well as professional competence. But its operating costs currently far exceed the union's means, with membership dues accounting for only one-third of its budget. The remainder comes largely from the Free Trade Union Institute with far more modest sums, particularly for publishing needs, provided by the German Friedrich Ebert Foundation. The Free Trade Union Institute maintains that its goal has always been to encourage union economic self-sufficiency, and it looks forward to the day when the League will be able to provide for itself through its own membership dues.

#### Description of Activities: Voter Education (\$107,000 + \$100,000)

The first FTUI-funded project (\$107,000) was to assist the League in organizing a non-partisan voter education campaign in advance of the March-April 1990 elections. The election was to be a crucial test of democracy, and the former communists possessed a huge advantage in terms of resources. The League's campaign employed flyers, pamphlets, and paid radio and TV announcements to explain the importance of the elections and of a large voter-turnout, as well as of the linkage between democracy and a free trade union movement that is independent of political parties.

A similar voter education campaign was planned for the September 1990 local elections, and \$100,000 was allocated for this purpose.

#### Performance

The League's first campaign was professionally designed and reached a wide audience. Its impact cannot be measured precisely, but the high voter turnout (65 percent)

and generally orderly election process reflected the widespread acceptance and popularity of democratic pluralism.

The \$100,000 that had been allocated by FTUI for the second campaign was held up in Congress and transferred too late to allow for optimal use. The money was used for the campaign, but League representatives informed the team that it could have been used much more effectively had it arrived in a timely fashion. In the event, voter turn-out was a low 40 percent, although this can in no way be attributed directly to the League's program or to the fact that the funds arrived late.

### Impact

The League was a uniquely well-suited vehicle for non-partisan voter education, and the FTUI subsidy was undoubtedly cost-effective in the parliamentary campaign phase. After that initial, and successful experience, the utility of such a "democracy-building" campaign was bound to decline. Low participation rates had various causes, but they did not reflect or facilitate explicitly anti-democratic tendencies.

### Description of Activities: Union-Building (\$150,000 + \$130,000)

As the first democratic trade union federation to emerge in Hungary, the League was identified by the FTUI as the best vehicle for promoting free trade unionism in a milieu where the overwhelming majority of workers belonged to the old union structure, renamed the National Federation of Hungarian Trade Unions (MSZOSZ). The MSZOSZ continued to control huge assets, dispensing holidays and other favors to workers; and unreconstructed communist union cadres preserved a cozy relationship with their managerial counterparts in the state enterprises.

FTUI's program objective was to promote a strong and democratic central trade union movement by strengthening the League; indirect objectives were to influence the drafting of new labor laws and to obtain free trade union elections at all levels. FTUI allocated \$150,000 toward the operating costs of the League's national headquarters and three regional offices and later another \$130,000 for an organizing-recruiting drive.

### Performance

FTUI and the League receive high marks for their performance in union-building activities, as evidenced by increasing membership rolls, described below in more detail.

## Impact

The League seems to have fulfilled FTUP's expectations. From a predominantly white-collar association of some 55,000 members in early 1990, it has grown into a substantial labor organization with political clout; by mid-1991, its membership had risen to over 250,000, two-thirds of whom are blue-collar workers. The League publishes high-quality instructional pamphlets and a monthly English-language newsletter for the international labor movement audience; set up a Committee for Defending Workers' Rights, which gives legal advice and support to union members; and mounts seminar programs (initially with expert American help) to train union organizers. It also developed a professional lobby activity vis-a-vis the government and parliament and was instrumental in the creation of "The National Interest Coordinating Council," a tripartite body with representation from the government, employers, and employees (the latter being represented by seven trade union organizations, including the League).

## Future Activities

In Hungary today, the unions' contest for the workers' allegiance is also a fight for assets. The MSZOSZ has jealously guarded information about its assets, which include resorts and other real estate that are legally state property, and has tried to shelter those assets from scrutiny and possible sequestration. The League and the other democratic unions challenged the legitimacy of MSZOSZ's claim to its assets, and in July 1991 parliament passed a law (lacking only the former communists' support) placing these assets in a trusteeship of an inter-union "Temporary Asset Management Board." According to this law, trade union elections must be held at the enterprise level within one year, and the assets redistributed in proportion to the results. Another labor bill stipulates that a worker may now provide written permission for dues check-off to the union of his choice.

These bills were a victory for the League, but the MSZOSZ's immediate response was to refuse to account for its assets and to threaten to instigate a social crisis. In any event, the forthcoming election campaign promises to be closely fought. MSZOSZ membership has fallen precipitously from 4.5 million to 1 million (of whom 300,000 are retired), but the union will continue to prey on the workers' fear of layoffs and present itself as their most experienced and powerful defender. The League and other new unions espouse the market as well as a social safety net and therefore cannot champion absolute job security.

Some funding for the unions' campaign is to come from sequestered assets, but clearly the democratic union federations suffer from a financial handicap at this crucial moment. The League has worked in some cases with another major union organization called the National Federation of Workers' Councils, that claims a membership of 100,000. The Workers' Councils, with strong links to the governing Hungarian Democratic Forum Party, have voiced a preference for employee shareholding and worker input into the

selection of managers. In addition to the League and the Workers' Councils, two other trade union organizations operate in Hungary: the loosely coordinated Autonomous Union organization, claiming a membership of 300,000, and Solidarity, representing workers in small business and claiming membership rolls of 100,000 (although, in fact, its membership is much smaller). Both of these latter parties are aligned with MSZOSZ or Hungarian former-communists.

The evaluation team raised the question of why only one of the two democratic trade union organizations was being assisted by FTUI. The answer provided by FTUI was that until recently, the Workers' Councils did not know whether to take the form of a trade union or to work as intermediary organizations linking workers and management. Having chosen the identity of a trade union, FTUI intends to include the Workers' Council trade union organization in its programs of assistance for FY1991.

### Recommendations

There is little doubt that FTUI funding was well-targeted and has been efficiently utilized by the League. Funds earmarked for organization and expansion will be urgently needed in the impending election campaign, tentatively scheduled for May 1992. The team agreed that funds should be allocated to the League for this purpose.

The team of three was divided three-ways on the topic of future funding for the League following the nation-wide union elections and the division of assets that previously belonged exclusively to MSZOSZ (the post-communist union federation). One recommendation, put forth by the AID representative on the team, is that following the division of assets, no trade unions in Hungary receive further assistance through US/AID's Democratic Pluralism Initiative. The argument made by this team member is that the divided assets will yield equitable support for each of the trade union federations in Hungary, thereby providing them with the sufficient financial means to undertake their activities. At that point, US/AID funding for democratic development should target different projects and problems more urgently in need of assistance.

The position of a second team member was that following the division of union assets, support for trade unions in Hungary be re-evaluated, since presumably no further assistance will be necessary.

The third recommendation was that following the division of union assets, support for free trade unionism in Hungary be continued. This team member argues that, first, it may be too optimistic to assume that the assets of the old communist union federation will be easily and equitably divided. MSZOSZ has been fighting hard to retain its assets and has taken a number of desperate and illegal measures to ensure its continued monopoly over money and property acquired under communism. Second, free trade unions in Hungary are only two years old and will continue to need assistance if they are to become relevant players in Hungary's democracy. Third, the U.S. Foreign Assistance Act of 1961

acknowledged the need and pledged its support for democratic trade unions in its international programs of economic and political development.

**3. NDI and NRI: TRAINING, INFRASTRUCTURE, ELECTION OBSERVATION (\$96,646 AND \$157,500, RESPECTIVELY)**

**Description of Activities**

The National Democratic Institute (NDI) and the National Republican Institute (NRI) jointly shared responsibility for pre-election training in Hungary, infrastructure support and election observation during the March-April 1990 parliamentary elections.

- (A) Between September 1989 and February 1990, NDI sponsored an initial three-day seminar and nine workshops on party organization and campaign mobilization, the latter involving some 800 Hungarians from the six main new parties together with American and European professionals.
- (B) Both NDI and NRI proposed in November 1989 to provide infrastructure grants (e.g., for office equipment) in the range of \$10,000 - \$20,000 to the major democratic political parties.
- (C) In addition, NDI commissioned an independent Hungarian research firm (Median) to conduct two public opinion surveys on political questions in February and March 1990, prior to the elections. The initial results were presented by three international experts (two of them American) at a seminar to which all democratic Hungarian political parties were invited.
- (D) Also, NDI and NRI jointly organized and funded an international observer delegation to the first round of the Hungarian parliamentary elections, from March 22-27, 1990. The delegation of 64 individuals from sixteen countries included Walter Mondale, as well as democratic activists from Czechoslovakia, Bulgaria, Romania, and Yugoslavia. After observing the voting at more than 300 polling stations, the delegation declared that the electoral process had been free and fair. A smaller observation team returned to Hungary in April 1990 to observe the second round of the parliamentary elections.
- (E) In addition, NRI funded the production of three video public service announcements on behalf of the National Election Commission (NEC) giving procedural information and encouraging voter participation in the second round of the elections.

- (F) Finally, NDI organized a roundtable discussion with other East Europeans on the lessons of the Hungarian experience.

### Performance

- (A) Hungary's new politicians found NDI's pre-election training programs generally useful, though less so when the training was conducted in a multi-party setting. There were, inevitably, some incompatibilities in political culture between American experts and Hungarians; for instance, the suggestion that a party look for a prominent sports figure as an appealing candidate did not go down well.
- (B) The evaluation team was informed while in Hungary that NDI did not distribute the party infrastructure support it had proposed because, by the time funds were available, the parties had been granted Hungarian public funding and the campaign was under way. This information is taken directly from the notes of team members present at the interview with Hungarian legislators.

NDI later informed the team that it did in fact provide \$30,000 worth of infrastructure support to the Alliance of Free Democrats (SZDSZ). On the other hand, the Hungarian Social Democratic Party did not receive similar support because it was unsuccessful in establishing the required legal framework to receive the funds prior to the elections.

NRI provided infrastructure grants to the Hungarian Democratic Forum as well as to the Smallholders (although the latter did not take up the offer). NRI also experienced some difficulties in transferring these funds through the Hungarian banking system. Aid for the Hungarian parties came also from West German party foundations.

- (C) The public opinion survey and seminar that followed was successful in demonstrating the type of multi-party, non-partisan polling that can be undertaken prior to elections.
- (D) The election observation team performed its duties very well and was successful in achieving its purpose. This was a complex undertaking for both NDI and NRI, and they are to be congratulated for a job well done.
- (E) The videotape public service announcements encouraging voter participation were effective and well-received.
- (F) The roundtable discussions with other East European participants, on the topic of the Hungarian experience, were successful.

## Impact

Each of the activities and subprojects, organized by NDI and NRI, surrounding the first free parliamentary elections in Hungary in March and April 1990, was appreciated mostly for the symbolic and morale-building effect of active American presence. This was true of the seminars and training sessions, and mostly of the international election observation team organized by NDI and NRI.

Hungarians regarded these activities as a "one-time event" and, while very appreciative of the assistance that was provided, felt that further support in these areas would not be needed.

Party training seminars were valuable, but there is no longer a great need, in the opinion of Hungarian politicians, for this type of party-building activity. Political parties in Hungary are still in need of infra-structure support, as they lack basic equipment needed to engage in the political process.

Some of the NDI/NRI programs are ongoing, and the deputies consulted for the evaluation often could not distinguish clearly between the many sponsors and programs that have come their way since 1989.

## Recommendation

No further election observation will be needed in Hungary in the foreseeable future, nor seminars surrounding "first free election" issues. Hungarians were unanimously grateful for this support, but indicated it would not be needed again. Further assistance in basic party-building is not needed.

Infrastructure support for Hungarian democratic political parties would still be a welcome avenue of active support. Post-communist parties continue to maintain an unfair advantage when it comes to having equipment such as fax machines and photocopiers.

### 4. NDI: PARLIAMENTARY TRANSITION (\$136,745)

#### Description of Activities

The National Democratic Institute (NDI) proposed to facilitate the parliamentary transition both with regard to transition policy issues such as local government structures and national budgeting, and to the policy research processes and staffing of the prime

minister's office, parliamentary committees and party caucuses. (NDI also cooperated with the Frost Task Force on technical aid to parliament.)

In November 1990, NDI organized teams of American and European experts to consult with Hungarian politicians on questions of parliamentary staff organization and development. In December, at the request of the newly-elected mayor of Budapest, NDI organized consultations with three U.S. experts on municipal government. In April 1991, NDI sponsored a four-day symposium on parliamentary rules of procedure, with the participation of two U.S. and two West European experts.

### Performance

Individually, each program was viewed as successful, interesting, and useful. The evaluation team met with Hungarians who had benefitted from each of these consultations or seminars. Of the three, the four-day symposium on parliamentary rules of procedure was most strongly praised by those who had participated. An observation made by one Hungarian legislator interviewed was that this parliamentary program could have been more useful had Western participants been more thoroughly briefed. The team acknowledges the fact that NDI puts together very impressive briefing books for its participants. It seems, however, that these books are provided to participants only shortly before an event takes place. Perhaps some participants were unable to review all of the material on the Hungarian parliament prior to their arrival in that country.

### Impact

The question of impact is difficult to address for projects undertaken by NDI under the general heading of "parliamentary transition" in Hungary. No single project was identified as having failed to reach its objectives. However, in discussing NDI programs more generally, some Hungarian legislators indicated they were in need (sometimes urgent need) of partisan assistance, and they were much less interested in attending non-partisan or multi-partisan events. This was true even when NDI provided specialized assistance to individual parties in Hungary, since that type of assistance necessarily lacked a more exclusive commitment on the part of NDI to any given political party.

The expression of this need for partisan support voiced by Hungarian legislators (not only in the context of NDI programs, but also in the more general context of parliamentary assistance) colored the team's perception of NDI programs. While NDI's specific programs were not criticized for their content, the general theme the team encountered regarding the need for partisan support meant that there was generally less enthusiasm for NDI programs in Hungary than there was for many other programs included under US/AID's Democratic Pluralism Initiative. This presents something of a problem for NDI and US/AID since neither is prepared to provide partisan assistance.

There was a second general observation made by some Hungarian legislators regarding NDI programs: that money allocated for democratic development was being spent largely on travel and per diem for Americans and West Europeans and comparatively little was being spent on Hungarians in Hungary. While there are several compelling arguments made by NDI justifying the provision of Western delegations to Hungary (rather than inviting Hungarians to travel to the United States), the team wishes to emphasize that programs such as these must be especially well-conceived and well-targeted since they are especially vulnerable to criticism due to the way in which money is budgeted and spent.

### Recommendation

The conflict between Hungarian desires for partisan support and NDI's policy of non-partisan support provides a specific challenge to both NDI and US/AID whose policies disallow partisan activities. A second major challenge is presented by Hungarian concern that U.S. aid money is being spent primarily on Americans and Westerners.

Both of these challenges can be addressed by selecting even more carefully the topics of seminars, workshops and consultancies conducted by NDI in Hungary. Western participants must be especially well-prepared for their participation as consultants in these seminar settings. In both of these endeavors, Hungary country experts should be consulted to provide a link between (not a replacement for) the Hungarian legislators and NDI specialists in political party development and parliamentary affairs.

## 5. NRI:POLITICAL PARTIES AND LOCAL GOVERNMENT (\$100,000)

### Description of Activities

The National Republican Institute (NRI) developed a supportive relationship with the Hungarian National Election Commission (NEC). They co-sponsored in February 1990 a colloquium on election law, bringing together Hungarian politicians and officials with U.S. experts. NRI also sponsored an NEC seminar in March on local election law, again with the participation of American experts.

NRI proposed to continue support for the NEC's consultations with local election commissions and party organizations on local electoral law and administration; and to give infrastructure support to the main democratic parties (Hungarian Democratic Forum, Smallholders, Alliance of Free Democrats, Alliance of Young Democrats, and the Christian Democrats) for their local and regional offices and for the training of local activists.

## Performance

The professional advice generated by NRI local government activities received a high rating, notably from the head of the NEC, but also from members of parliament. NRI was able to identify a specific need -- local government -- and to tailor a series of activities and subprojects around that issue, from holding workshops to providing individualized consultations with experts on very specific issues.

## Impact

With regard to the NRI's local government initiative, the NEC's head reports that the assistance and generation of legal advice had been invaluable. He had no contact with NRI since the September local elections, and observed that he would welcome aid and advice with regard to the processes and functions of local government. By way of example, he cited the tendency of local government members to focus on national political issues rather than on local ones.

## Recommendation

Support for the enhancement of local government in Hungary was singled out during interviews conducted by the evaluation team as an area in need of assistance. Programs conducted on the topic of local government, with assistance from the National Republican Institute, were very well received. The team recommends their continuation and expansion.

## 6. COLUMBIA UNIVERSITY: LEGAL FOUNDATIONS OF DEMOCRACY WORKSHOPS (\$100,000 regional)

### Description of Activities

Columbia University Law School prepared three workshops drawing together Eastern and Western jurists for theoretical and comparative examination of selected issues in law and democracy. While teaching in Budapest, a professor from Columbia University Law School consulted Hungarian jurists about this project.

The first workshop for judges was held for a weekend in Budapest in January 1991. A second workshop brought together an international advisory team to discuss reform in Hungary's civil and criminal code. This team met for a week in May 1991 in Trier, Germany. Finally, a four-week workshop was held in Budapest for young lawyers. This was an intensive introduction to Western jurisprudence and constituted the major event of this project as a whole.

## Performance

The evaluation team met with a Hungarian government official who addressed the first two events, but not the third. He had, however, served as a lecturer to this final four-week workshop for young lawyers – the workshop that project organizers considered their main, and most successful event. According to this source, the three-day U.S.-Hungarian workshop for judges provided for good discussion of well-selected cases, including current constitutional issues. The Hungarian judges found the meeting very successful. The conference in Trier was also very successful. American experts were uncommonly well-chosen, being knowledgeable or very well briefed about European law. The result was a successful and wide-reaching analysis of problems relating to criminal procedure.

The success of the first two conference was based on several factors, as this Hungarian observed. First, they focused on the concerns of a single East European country – Hungary. Once multiple countries are introduced, each is at a different stage of democratic development and has different immediate needs. Project organizers, however, underline their commitment to regional workshops where appropriate, and indicate that the four-week seminar for young lawyers was regional by design. Moreover, the U.S. experts/advisors were very helpful because they were already familiar with continental law. The conference formats were appropriate, as they were based on working seminars in which Hungarian and visiting specialists interacted, rather than on general lectures. Again, the project organizers indicate that lectures are appropriate to some settings, as was the case with the final workshop for young lawyers.

Additionally, it is desirable that conferences be timely with respect to the topic. In this case, the conference on criminal law was somewhat premature in terms of Hungarian legislative priorities. A follow-up conference has been funded and is currently being planned. Finally, the conferences were prepared over a long period of time and American participants were briefed in great detail about Hungarian law, prior to their participation in the conference. This preparatory phase was singled out as critical to the success of this project. Such observations suggest that the program was well-designed, cost-effective, and that it met an authentic need. It should have a lasting impact on the harmonization of European legal systems and create useful networks of professional assistance.

## Impact

The impact of these workshops is likely to be felt in the long-run as the judicial system in Hungary is revamped to reflect democratic intentions and practices.

## Recommendation

According to this one Hungarian observer, this program is making a valuable contribution to democracy and the law in Hungary. Support for this program should be continued as appropriate.

### **Outstanding Issues**

1. Hungary is likely to continue as the country in Eastern Europe where the transition to democracy has been particularly smooth and where the political process has been less polarized than elsewhere in the region.
2. Hungarian politicians said that, to a large extent, the process of democratization had already occurred at the national level of politics. However, it had not yet occurred at the local level, despite the fact that local free elections had been held.
3. The issue of Hungarian minorities abroad will remain a prominent concern for Hungarians in the near future, especially during Yugoslavia's ongoing civil war.

## ANNEX A

### FY1990 ASSISTANCE TO CENTRAL AND EASTERN EUROPE

U.S. Government assistance for the development of democracy in Eastern Europe was appropriated and delivered in a very complicated manner. The speed with which communism collapsed throughout the region called for an immediate and determined response in support of democratic pluralism in those countries. The outcome of the rush to provide assistance was a complex program of appropriations, amendments, and new organizational alliances. This annex provides a description of the pattern of assistance.

The United States Agency for International Development (US/AID) first received authorization from Congress to provide assistance to Eastern Europe in 1989, through legislation that appropriated \$200,000 specifically for Poland. Later, the Support for East European Democracy (SEED) Act of 1989 authorized an additional \$4 million in assistance to Poland and Hungary, through US/AID. That money, referred to as Economic Support Funds (ESF), was to be obligated over a period of two years (rather than the usual single year). Of the \$4 million, a grant of \$3.43 million was made in FY1990 to the National Endowment for Democracy (NED). The NED, in turn, granted funds to a variety of private sector organizations that were responsible for implementation of democratic assistance activities in the region. With the remainder of the \$4 million in SEED money, a \$550,000 grant was negotiated directly between US/AID and the State University of New York at Albany (SUNYA) for assistance to the Hungarian parliament.

As political events in Central and Eastern Europe underwent rapid evolution in late 1989 and early 1990, additional ESF money was authorized under Title II of the Urgent Assistance to Panama Act of 1990. The Panama Act permitted US/AID to spend up to \$10 million for assistance activities in a broader range of East European countries, including Yugoslavia. In an effort to expedite the authorization of those funds, an informal, private agreement was reached between the Department of State and the U.S. Senate. Under the terms of this agreement, all funds authorized under the Panama Act for democratic assistance in Central and Eastern Europe, would be granted by US/AID through NED, as an extension of the \$3.43 million in SEED funds. There were two exceptions to this agreement: (1) \$1.35 million designated for media-related activities was transferred to the United States Information Agency (USIA) that, in turn, granted \$1 million to NED, of which \$325,000 was awarded to the International Media Fund for start-up; and (2) \$92,300 was contracted to SUNYA to complete the terms of the parliamentary assistance contract.

#### National Endowment for Democracy

Background. The National Endowment for Democracy (NED) is a private, non-profit organization, authorized by Congress in 1983 to plan and administer programs in support

of democracy around the world. Its nineteen-member Board of Directors represents Congress, both major U.S. political parties, organized labor, private enterprise, and various non-governmental organizations. The NED Board meets four times yearly to review grant applications and to determine funding allocations for a wide variety of programs. It is also able to vote on proposals between Board meetings by mail ballot or other procedures approved for emergency grants.

**Funding.** NED receives an annual core grant from USIA. In 1990, this core funding was approximately \$16.8 million, up from \$15.8 million in 1989. In addition, in FY1990 NED managed \$10.8 million in SEED money for Central and Eastern Europe, plus an additional \$9.8 million granted by US/AID for programs in South Africa, Haiti and Nicaragua. Thus, NED's 1990 funding level was more than twice that of previous years.

**Grants.** NED is a grant-making organization. It does not directly implement the programs it funds, but instead provides money to American non-governmental organizations who undertake projects either on their own or through foreign recipient groups and organizations. NED grantees fall into two categories. First, its four "core grantees" include labor, business and political parties. They consist of (a) the Free Trade Union Institute (one of four international institutes of the AFL-CIO); (b) the Center for International Private Enterprise (an organization affiliated to the U.S. Chamber of Commerce); (c) the National Democratic Institute; and (d) the National Republican Institute. NED's "discretionary grantees" include a variety of other private voluntary organizations and non-governmental institutes.

### The United State Agency for International Development

**Background.** US/AID is the recipient of Congressionally authorized and appropriated funds that are used to promote U.S. foreign policy and development activities worldwide. It is the primary agency through which U.S. government foreign assistance funds for Central and Eastern Europe have been administered. Although the majority of funds designated for democratic development in Eastern Europe were granted through NED in 1990, US/AID maintained ultimate responsibility and accountability for the prudent and judicious use of those funds.

**Organization.** In 1991, US/AID created a separate Bureau for Europe, with an office of Democratic Pluralism Initiatives (DPI). This Bureau and Office are within US/AID's Technical Resources Division. To better understand some of the complexities of US/AID's FY1990, it is important to note that the Bureau for Europe was created out of a bureau that, early in the year, was called the Bureau for Asia, the Near East and Europe (with

of democracy around the world. Its nineteen-member Board of Directors represents Congress, both major U.S. political parties, organized labor, private enterprise, and various non-governmental organizations. The NED Board meets four times yearly to review grant applications and to determine funding allocations for a wide variety of programs. It is also able to vote on proposals between Board meetings by mail ballot or other procedures approved for emergency grants.

**Funding.** NED receives an annual core grant from USIA. In 1990, this core funding was approximately \$16.8 million, up from \$15.8 million in 1989. In addition, in FY1990 NED managed \$10.8 million in SEED money for Central and Eastern Europe, plus an additional \$9.8 million granted by US/AID for programs in South Africa, Haiti and Nicaragua. Thus, NED's 1990 funding level was more than twice that of previous years.

**Grants.** NED is a grant-making organization. It does not directly implement the programs it funds, but instead provides money to American non-governmental organizations who undertake projects either on their own or through foreign recipient groups and organizations. NED grantees fall into two categories. First, its four "core grantees" include labor, business and political parties. They consist of (a) the Free Trade Union Institute (one of four international institutes of the AFL-CIO); (b) the Center for International Private Enterprise (an organization affiliated to the U.S. Chamber of Commerce); (c) the National Democratic Institute; and (d) the National Republican Institute. NED's "discretionary grantees" include a variety of other private voluntary organizations and non-governmental institutes.

### The United State Agency for International Development

**Background.** US/AID is the recipient of Congressionally authorized and appropriated funds that are used to promote U.S. foreign policy and development activities worldwide. It is the primary agency through which U.S. government foreign assistance funds for Central and Eastern Europe have been administered. Although the majority of funds designated for democratic development in Eastern Europe were granted through NED in 1990, US/AID maintained ultimate responsibility and accountability for the prudent and judicious use of those funds.

**Organization.** In 1991, US/AID created a separate Bureau for Europe, with an office of Democratic Pluralism Initiatives (DPI). This Bureau and Office are within US/AID's Technical Resources Division. To better understand some of the complexities of US/AID's FY1990, it is important to note that the Bureau for Europe was created out of a bureau that, early in the year, was called the Bureau for Asia, the Near East and Europe (with

responsibilities for Asia, the Middle East, North Africa and Eastern Europe); later became the Bureau for the Near East and Europe; and only by late 1991 had jurisdiction exclusively over Europe.

**Oversight.** Typically, US/AID assistance is coordinated through in-country missions. However, prior to the unprecedented political upheaval in Central and Eastern Europe in 1989 and 1990, US/AID had no established presence in the region. Therefore, an increased burden was placed upon the American embassies to respond to the rapidly changing political conditions in Eastern Europe and to handle an increasing influx of technical assistance from the U.S. Programming revisions made in response to rapidly changing events in the region, placed an additional administrative load on an understaffed Bureau for Europe, Office of Democratic Pluralism Initiatives, whose staff had little opportunity to travel to Eastern Europe for purposes of project oversight.

**Bureaucracy.** The agencies and organizations involved in designing and programming FY1990 assistance to Central and Eastern Europe included the National Endowment for Democracy, the Bureau for Europe's Office of Democratic Pluralism Initiatives, and the Coordinator's Office at the U.S. Department of State. In addition, Congress exercised control over most US/AID programming decisions through legislated agency notification procedures.

The involvement of so many organizations in the assistance program complicated the process of allocating and delivering funds to American grantee organizations. For example, although NED was to receive virtually all of the 1990 democracy funds, several bureaucratic steps were required before the initial grant to NED and all subsequent amendments could be negotiated. The proposals submitted to NED by American grantee organizations (both "core" and "discretionary") were reviewed by three organizations: NED, the Bureau for Europe's Office of DPI, and the Department of State's Office of the Coordinator.

Once each series of proposals was approved, US/AID was required to formally notify Congress of the intent to grant money to NED under the auspices of the regional democracy project. Congressional notification involves a 15-day examination of proposed assistance activities and funding levels by the majority and minority members of four Congressional committees (the Senate Foreign Relations Committee, the Senate Appropriation Committee, the House Foreign Affairs Committee, and the House Appropriation Committee). Any of these committees can place a "hold" on the notification of the assistance program, often introducing delays of indefinite duration.

Upon expiration of a congressional notification or the lifting of a hold, the US/AID FY1990 project was submitted to what is now the Bureau for Europe for formal authorization and numerous internal clearances. Following those clearances, the grant or grant amendment to NED was negotiated by the US/AID Contracts Office. Each of the four FY1990 amendments required additional proposal reviews, Congressional notifications,

**US/AID authorization and contract negotiation.** Each amendment to the US/AID agreement adding new funds was in fact held by Congress. In the case of the later amendments, these "holds" took months to resolve before the amendment could be authorized and funding made available. The existence of so many bureaucratic layers often delayed the delivery of funds to East European groups and organizations whose purpose it was to promote democratic development.

**ANNEX B****LIST OF PEOPLE INTERVIEWED****UNITED STATES****NATIONAL ENDOWMENT FOR DEMOCRACY**

**BARBARA E. HAIG, Director of Program**

**NADIA M. DIUK, Senior Program Officer for the Soviet Union and Eastern Europe**

**THERESE C. NELSON, Program Evaluation Coordinator**

**TRESA A. MOULTON, Grants Officer**

**FREE TRADE UNION INSTITUTE**

**PAUL SOMOGYI, Executive Director**

**RICHARD WILSON, Director of Central and East European Affairs**

**CAROLYN FORSTER LAUER, Program Officer for Poland and the Czech and Slovak  
Federated Republic**

**AFL-CIO DEPARTMENT OF INTERNATIONAL AFFAIRS**

**ROBERT GABOR, Program Advisor for Hungary and Managing Editor of Interco Press**

**ADRIAN KARATNYCKY, Director of Research, Department of International Affairs**

**AMERICAN FEDERATION OF TEACHERS**

**ERIC CHENOWETH, Program Officer for Central and Eastern Europe**

**NATIONAL DEMOCRATIC INSTITUTE**

**KENNETH WOLLACK, Executive Vice President**

**THOMAS O. MELIA, Program Director**

**ERIC C. BJORNLUND, Senior Program Officer**

**LIONEL C. JOHNSON, Senior Program Officer**

**PATRICIA J. KEEFER, Senior Consultant**

**LISA C. McLEAN, East European Program Coordinator**

**NATIONAL REPUBLICAN INSTITUTE**

**KATHRYN M. DICKEY, Program Officer**

**RUTGERS UNIVERSITY**

**JOANNA REGULSKA, Director, Rutgers University Project with the Foundation  
in Support for Local Democracy in Poland**

**CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE**

**JOHN D. SULLIVAN, Executive Director**

**STEVEN B. ROGERS, Deputy Director of Evaluation and Administration**

**ILKA SCHOELLMANN, Program Officer, Central and Eastern Europe**

**STATE UNIVERSITY OF NEW YORK, ALBANY**

**JAMES D. KENT, Deputy Director, Center for Legislative Development**

POLANDU.S. EMBASSY, WARSAW, POLAND

WILLIAM R. JOSLIN, US/AID Representative

PATRICK G. La COMBE, Labor Attache

JOHN J. BORIS, First Secretary

PAUL H. WACKERBARTH, Economic Counselor

STEPHEN DUBROW, Public Affairs Officer

CITIZENS' COMMITTEES/CITIZENS' FOUNDATION

ZDZISLAW NAJDER, Chairman, Citizens' Committees for the Chairman of NSZZ  
Solidarnosc

MAREK CHLEBUS, General Director, Citizens' Foundation

STANISLAW JAWORSKI, Chairman of the Citizens' Committee in Cracow (Malopolska  
Region), member of Center Alliance Party

MACIEJ ROBORZYNSKI, Polish Academy of Science, Citizens' Committee Member in  
Cracow

TOMASZ SMOLARSKI, Director of Amaltea Import-Export Company and Citizens'  
Committee Member in Cracow

MACIEJ WOJCIECHOWSKI, Director, International House of Krakow and Citizens'  
Committee Member in Cracow

RYSZARD TERLECKI, Deputy Editor-in-Chief of Czas Krakowski, Citizens' Committee  
Member in Cracow

MIECZYSLAW LABUS, Director, Zaklad Aparatury Pomiarowej, Krakowskie  
Przedsiębiorstwo Geodezyjne

FOUNDATION IN SUPPORT OF LOCAL DEMOCRACY

MARIA PTASZYNSKA-WOLOCZKOWICZ, Director

**JACEK DOMANSKI, Vice-Director, Foundation in Support of Local Democracy**

**WLODZIMIERZ PUZYNA, Director, Training Center of Szczecin**

**MAREK KOCIK, Director, Poznan Branch of the Foundation in Support of Local Democracy**

**JANUSZ BASTER, Director, Malopolska Institute of Local Government and Administration (Cracow)**

**POLITICAL PARTIES AND MEMBERS OF PARLIAMENT**

**JACEK MAZIARSKI, Chairman of the Board, Porozumienie Centrum**

**ANDRZEJ URBANSKI, Secretary General, Porozumienie Centrum**

**KRZYSZTOF JASIEWICZ, Head of Electoral Studies Division, Polish Academy of Sciences**

**WOJCIECH SAWICKI, Head of the Chancellery, Polish Senate**

**HENRYK WUJEC, Member of Parliament**

**JOZEF SLISZ, Vice-Marshall of the Senate**

**ZBIGNIEW ROMASZEWSKI, Senator; Chairman of the Senate Committee on Human and Civil Rights**

**BARBARA ROZYCKA-ZARYCKA, Executive Assistant to Zbigniew Romaszewski**

**BRONISLAW GEREMEK, Member of Parliament; Chairman of the Foreign Relations Committee; Chairman of the Constitutional Tribunal; Head of the Parliamentary Club of Unia Demokratyczna**

**JAN LITYNSKI, Member of Parliament, Member of the Presidium of Unia Demokratyczna**

**WIKTOR KULERSKI, Member of Parliament, Founder of the Foundation for Education for Democracy**

**WIESLAW LUBASZEWSKI, Founding Member, Partia Republikanska in Cracow**

**BOGUSLAW DOPART, Founding Member, Partia Republikanska in Cracow**

**NSZZ SOLIDARNOSC****National Level:**

**BOGDAN BORUSEWICZ, First Vice President, NSZZ Solidarnosc; Member of the Presidium of the Regional Board of Gdansk**

**JANUSZ PALUBICKI, Treasurer, NSZZ Solidarnosc; Chairman of the Regional Board of Wielopolska of Poznan**

**WOJCIECH ARKUSZEWSKI, Member of the National Presidium, NSZZ Solidarnosc; Head of the Economic Section**

**ZBIGNIEW SIECZKOS, Member of the National Presidium, NSZZ Solidarnosc; Chairman of the Regional Board of Rzeszow**

**STANISLAW WEGLARZ, Member of the National Presidium, NSZZ Solidarnosc; Head of the Education Section**

**JACEK RYBICKI, Member of the National Presidium, NSZZ Solidarnosc; Chairman of the Information Office; and President of Teachers' Solidarity**

**JANUSZ ZABIEGA, Staff Member of the Education Section of NSZZ Solidarnosc**

**NSZZ SOLIDARNOSC**

Regional Level: **GDANSK**

**EDWARD SZWAJKIEWICZ, Member of the Presidium of the Regional Board of Gdansk**

Regional Level: **MAZOWSZE**

**ZBIGNIEW BUJALSKI, Member of the Presidium, Regional Board of NSZZ Solidarnosc in Mazowsze (Warsaw)**

**BARBARA BIELECKA, Head of the Education Bureau, Mazowsze Regional Branch of NSZZ Solidarnosc (Warsaw)**

**BEATA GAC, Organizational Coordinator, Center for Union Research, Mazowsze Regional Branch of NSZZ Solidarnosc (Warsaw)**

**MAGDA GWIAZDA, Researcher, Center for Union Research, Mazowsze Regional Branch of NSZZ Solidarnosc (Warsaw)**

MARIAN SAWICKI, Chairman, Sub-regional Committee of NSZZ Solidarnosc (Lomza)

MIECZYSLAW BIENIEK, Director, Voivodship Bureau of Labor (Lomza)

Regional Level: POJEZIERZE

JACEK WOLNY, Vice Chairman, Regional Committee of NSZZ Solidarnosc of Suwalki

LESZEK LEWOC, Secretary, Regional Committee of NSZZ Solidarnosc of Suwalki

KRYSTYNA LADOCHA, Director, Bureau of Labor Protection, Regional Committee of NSZZ Solidarnosc of Suwalki

ADAM KACZMARZ, Legal Consultant, Bureau for Labor Protection, Regional Committee of NSZZ Solidarnosc of Suwalki

Regional Level: TORUN

MICHAL WOJTCZAK, Vice President and Spokesman, Regional Committee of NSZZ Solidarnosc

Regional Level: WIELOPOLSKA

IRENEUSZ ADAMSKI, Coordinator of and Legal Consultant to the Negotiation-Consulting Bureau of the Wielopolska Regional Office of NSZZ Solidarnosc; Executive Director,  
Poznan Voivodship Council of NSZZ Rural Solidarity; Executive Director of the Wielopolska Rural and Rural-Industrial Office

BOGDAN NAROZNY, Treasurer, Wielopolska Regional Office of NSZZ Solidarnosc

NSZZ SOLIDARNOSC: Shop Level

IRENEUSZ LESZKA, Chairman, NSZZ Solidarnosc Local at the Maritime Trade Port in Gdansk

ANDRZEJ LADWIKOWSKI, Member of NSZZ Solidarnosc Local at the Maritime Trade Port in Gdansk

ZBIGNIEW LIS, Chairman, NSZZ Solidarnosc Local at the Gdansk (formerly "Lenin")

**Shipyards****CENTER FOR SOCIAL AND VOCATIONAL STUDIES NSZZ SOLIDARNOSC**

**KAZIMEIRZ KLOC**, Incoming Director of the Center for Social and Vocational Studies,  
NSZZ Solidarnosc

**SERGIUSZ KOWALSKI**, Deputy Director, Center for Social and Vocational Studies,  
NSZZ Solidarnosc

**TYGODNIK SOLIDARNOSC (SOLIDARITY WEEKLY)**

**ANDRZEJ GELBERG**, Editor-in-Chief, Tygodnik Solidarnosc

**ROBERT TERENTIEW**, Deputy Editor-in-Chief, Tygodnik Solidarnosc

**NEWLY PRIVATIZED ENTERPRISES**

**ZBIGNIEW LUPICKI**, Director, Pozprim S.A., Przedsiębiorstwo Robot Instalacyjno-  
Montazowych

**ECONOMIC FOUNDATION OF NSZZ SOLIDARNOSC**

**JULIAN SKELNIK**, General Director, Economic Foundation of NSZZ Solidarnosc

**KRZYSZTOF KLIEBER**, Director, Economic Foundation, Mazowsze Region of NSZZ  
Solidarnosc

**PIOTR JANISZEWSKI**, Deputy Director, Economic Foundation, Regional Committee of  
Solidarnosc in Torun

**BOHDAN GODZISZEWSKI**, Head of the Torun Business School: a project of the  
Economic Foundation of the Regional Committee of Solidarnosc in Torun

**RURAL SOLIDARNOSC (OF INDIVIDUAL FARMERS)**

**JERZY REY**, Executive President, Rural Solidarity

**WLODZIMIERZ SUMARA**, Presidium Member, National Council, Rural Solidarity

**FOUNDATION FOR EDUCATION FOR DEMOCRACY, NSZZ SOLIDARNOSC**

MAREK FRACKOWIAK, Program Officer

KRZYSZTOF STANOWSKI, Program Officer

**POLISH CHAMBER OF COMMERCE**

ANDRZEJ ARENDARSKI, President

KRZYSZTOF OPAWSKI, Chairman of the Small and Medium Enterprise Committee

OLGIERD MIANOWSKI, Secretary of the Enterprise Committee

MARIAN MAKIELA, Area Manager, Foreign Promotion Bureau

MACIEJ H. GRABOWSKI, Institute for Market Research in Gdansk

WITOLD M. RADWANSKI, Advisor to the Minister of Finance

**JOURNALISTS**

HELENA LUCZYWO, Board Chairperson and Deputy Editor-in-Chief, Gazeta Wyborcza

JANE CURRY, Associate Professor of Political Science at Santa Clara University  
and Fulbright Scholar in Poland, Media Expert

MACIEJ ILOWIECKI, Editor-in-Chief of Spotkanie, and President of the Polish Journalists'  
Association

**IDEE**

MONIKA AGOPSOWICZ, Director, Warsaw Office of IDEE

ANTONI WOJTOWICZ, Owner, Publishing House Profil

**THE CZECH AND SLOVAK FEDERATED REPUBLIC****U.S. EMBASSY, PRAGUE****TIM SAVAGE, Political Officer****LIDOVE NOVINY****MICHAL KLIMA, Editor****MILOS LEXA, Editor****JAN URBAN, Journalist****POLITICAL PARTIES****IVAN GABAL, Head of Department of Political Analysis, Office of the President****IVAN CARNOGORSKY, Vice-President, Slovak National Council, Christian Democratic  
Activist****IVETA RADICOVA, Public Against Violence, Professor of Sociology****PETER TATAR, Public Against Violence, International Department****LUBOMIR FELDEK, Founding Member, Public Against Violence****JAN CARNOGURSKY, Slovak Prime Minister, Chairman, Christian Democratic Movement****PAVEL DEMES, Minister of International Relations, Slovak Republic****IVAN GYURCSIK, International Department, Egyuttelles-Co-Existence Party****PAVEL BRATINKA, Deputy, Federal Assembly, Chairman, Civic Democratic Alliance****VLADIMIR VALOUCH, Former Civic Forum, International Department****FRANTISEK FORMANEK, Director of Institute of Democracy, Civic Forum****JIRI HORAK, Chairman, Czechoslovak Social Democratic Party****BOHUMIL SVOBODA, Former Deputy Chairman, Czechoslovak People's Party; President,**

**Verga International Organization**

**MAREK BOGUSZAK, Director, Association for Independent Social Analysis**

**MIROSLAV MACEK, Vice-Chairman, Civic Democratic Party**

**MARTIN BUTORA, Presidential Advisor on Human Rights, Activist, Public Against Violence**

**TRADE UNIONS**

**ROMAN KOVAC, President of the Czech and Slovak Confederation of Trade Unions (CSKOS)**

**VLADIMIR PETRUS, President, Bohemian and Moravian Chamber of the Czech and Slovak Confederation of Trade Unions (CSKOS)**

**HANNA JELINKOVA, Vice-President of the General Council of Czech and Slovak Confederation of Trade Unions (CSKOS)**

**ZDENEK MALEK, Head of International Department, General Council of Czech and Slovak Confederation of Trade Unions (CSKOS)**

**SVETOZAR KORBEL, President, Slovak Confederation of Trade Unions (SKOS)**

**RUDOLF HORVATH, Deputy President, Slovak Confederation of Trade Unions (SKOS)**

**JOZEF PROKES, President, Slovak National Party (SNP), former President of the Slovak Confederation of Trade Unions (SKOS)**

**IDEE**

**MILAN MARTIN SIMECKA, Editor, Arka**

**ZUZANNA SZATMARY, Charter 77 Foundation**

**AMERICAN BAR ASSOCIATION**

**OTAKAR METEJL, President, Federal Supreme Court, and Supreme Court of CSFR**

**PAVEL ONDRA, Director of Secretariat, Federal Supreme Court**

ON MINORITIES

STANISLAW GAWLIK, Vice-President, Co-Existence

HUNGARYU.S. EMBASSY, BUDAPEST

DAVID COWLES, US/AID Representative

GUS RECINOS, Junior Political Officer

CENTER FOR PARLIAMENTARY MANAGEMENT

LASZLO URBAN, Director, Center for Parliamentary Management

CSABA CSAKI, Rector, Budapest University of Economics

POLITICAL PARTIES AND MEMBERS OF PARLIAMENT

MATYAS EORSI, Member of Parliament, Alliance of Free Democrats

PETER HACK, Member of Parliament, Alliance of Free Democrats

BALINT MAGYAR, Member of Parliament, Alliance of Free Democrats

GABOR ROSZIK, Member of Parliament, Hungarian Democratic Forum

PAL KARA, Deputy Secretary of State, Ministry of the Interior

JANOS GYURGYAK, Founder of Szazadveg Publishing House

ISTVAN STUMPF, Head of Budapest School of Politics and Special Advisor on Youth  
Policy to the President of the Republic of Hungary

COLUMBIA LAW SCHOOL PROJECT

KAROLY BARD, Deputy Secretary of State, Ministry of the Interior

LIGA

CSABA ORY, Vice President and General Secretary

**MIHALY CSAKO, International Secretary and Member of the National Executive Council**

**ISTVAN KIS, Legal Advisor to the Szekesfehervar Regional Board of LIGA**

**JOZSEF SZALAI, Chairman of Szekesfehervar Regional Board of LIGA and Member of the National Executive Council**

**SANDOR SZIGETI, Metalworkers' Union (LIGA affiliate) in Szekesfehervar**

**BELA KOSZORUS, Economist, Szekesfehervar Regional Committee of LIGA**

**ANIKO BORDACS, Videotron Local of LIGA, in Szekesfehervar**

**PAL FORGA, Mechanical Engineer in LIGA affiliate, in Szekesfehervar**

**SANDOR BOROCZ, Member of the National Executive Council of LIGA and Member of the Oversight Committee of Babolna Regional Board of LIGA**

**AGNES MEZO, Executive, Branch Union of Agricultural and Food Processing Industry**

**IGNAC SZU, Member of Executive Board of LIGA in Babolna**

**AUREL PUSKAS, Member of Executive Board of Teachers' Union and Member of the Executive Board of LIGA**

**ANNEX C****LETTERS OF RESPONSE TO THE EVALUATION**

Letters of response to this evaluation are attached.

---

*National Endowment for Democracy*

March 4, 1992

Mr. Jerry Hyman  
Mr. Gary Hansen  
Agency for International Development  
320 21st St., N.W.  
Washington, DC 20523

Dear Messrs. Hyman and Hansen:

The National Endowment for Democracy welcomes the opportunity to comment on the independent evaluation of the 23 projects in Poland, Hungary, and the Czech and Slovak Federal Republic supported by the Endowment with funds awarded by the U.S. Agency for International Development in fiscal year 1990.

The Endowment appreciates the confidence AID placed in it to carry out these very important programs and the tremendous efforts made by the staff at AID to work out the details of the grant and evaluation. The results of the programs reviewed and the evaluation itself could not have been achieved without the support of AID. The Endowment found the evaluation exercise extremely useful in terms of the team's observations and its recommendations, and generally consistent with our own conclusions about past programming and future needs in the region.

In commenting on the evaluation report, special thanks is also in order to the evaluation team for the professional and courteous manner in which they dealt with the Endowment staff. The team leader, Dr. Christine Sadowski, in particular, tirelessly came to the Endowment anew to review and clarify information concerning everything from tedious procedural issues to the more meaty program aspects of the grants.

Although the Endowment believes that the report adequately reflects and explains the programmatic and procedural difficulties of the program, including those which were beyond the control of either AID or NED, a few additional comments with regard to reporting weaknesses may be useful. In light of the staffing shortages, time urgency, and other problems noted in the evaluation, it was perhaps inevitable for reporting to fall short of the ideal. Given all the other tasks that AID and NED had to perform before any grants could proceed, it is no surprise that AID was unable to develop clear reporting requirements from the outset.

1101 Fifteenth Street, N.W. Suite 203, Washington, D.C. 20005

Phone: (202) 293-9072 Fax: (202) 223-6042

BOARD OF  
DIRECTORS

Winston Lord  
*Chairman*

Frank J. Fahrenkopf, Jr.  
Charles T. Manatt

*Secretary*  
Susan Kaufman Purcell

Jay Van Andel  
*Treasurer*

Madeleine Albright  
Harry Barnes, Jr.  
John Brademas  
Zbigniew Brzezinski  
Henry G. Cisneros  
Edward Donley  
David Gergen  
Fred C. Iklé

James A. Joseph  
John T. Joyce  
Thomas B. Kean  
Lane Kirkland  
Mark Palmer  
Stephen J. Solarz  
Eddie N. Williams

William E. Brock  
Dante B. Fascell  
John Richardson  
*Co-Chairman Emeritus*

Carl Gershman  
*President*

Mr. Hyman  
Mr. Hansen  
March 4, 1992  
p. 2

With respect to AID's view that Endowment-supplied reports were inadequate, since this was never communicated to NED at the time and because even the evaluation does not explain what in particular AID wanted that it was not receiving, it is somewhat difficult for the Endowment to respond.

We can, however, comment on the hardships encountered with respect to reporting provided to the Endowment by the programming organizations. Nearly every NED grantee in this overall program was under a tremendous time pressure to carry out the program activities, which in many cases involved lengthy periods in the field. This meant that initial rounds of reporting sometimes had to be provided by staff that were not present on the ground and, therefore, not aware of revisions in program implementation. Given the intensity of activity, it was simply impossible to receive thorough reports in each reporting cycle. In addition, we found that some of the grantees did not fully grasp the fact that having U.S. embassy support in the field for changes in program implementation did not preclude the need for following required procedures in obtaining authorization from the Endowment. Having addressed this particular problem with the grantees, its recurrence in the future is unlikely. The Endowment likewise recognizes that the pressure on its limited staff may have led to inadequate monitoring and reporting.

Recent developments at the Endowment will ensure greater accountability, both programmatic as well as financial. As recently as six months ago, the Endowment began an organizational transition to improve its grant management procedures. Through the adoption of a number of mechanisms and an increased emphasis on their importance, the Endowment has strengthened its monitoring and evaluation functions to ensure greater oversight of grant activities.

Among the specific changes, the Endowment has adopted a new proposal format which includes concrete guidelines for developing a proposal. The format will ensure that each proposal includes all information required for the Endowment to adequately process the request and design more clearly stated objectives and activities in the resulting grant agreements. To facilitate proper monitoring and evaluation, the format requires grantees to develop measurable project objectives, to detail planned activities, to include a concise budget commensurate with the activities, and to develop a self-evaluation plan with clear indicators for measuring project success in achieving its stated objectives. Furthermore, the Endowment has included revised reporting requirements, which provide increased guidance and specificity, in the grant agreement signed between the Endowment and each of its grantees.

141

Mr. Hyman  
Mr. Hansen  
March 4, 1992  
p. 3

These procedural questions aside, it is important to bear in mind, the larger picture. In an extremely short time, and with the cooperation, commitment and skill of scores of organizations and thousands of people across the entire region of Eastern Europe, urgently needed assistance was rendered at a decisive moment in history, when countries just emerging from totalitarian communism were conducting their first free elections. It was a period of revolutionary change and extraordinary turbulence and, yet, this aid was awarded in an orderly and prompt manner, in the true spirit of solidarity. There was good will earned for our country, and more importantly, the seeds of change were planted which thus will, over time, bear the fruit of democracy. We were proud to have played a role in this process, and are grateful to the Administration, the Congress, and to AID in having given us this opportunity.

Sincerely,



Barbara E. Haig  
Director of Program



**UNIVERSITY AT ALBANY**  
**STATE UNIVERSITY OF NEW YORK**

*Center for Legislative Development*

**CENTER FOR LEGISLATIVE DEVELOPMENT'S  
RESPONSE TO AID EVALUATION REPORT**

1 June 1992

We have seen only the few pages of this report dealing with our project. From those pages, two serious problems are immediately evident:

**First**, to anyone with expertise in program evaluation or performance auditing, it is immediately apparent that neither the report nor the underlying research adheres to professional standards. As we shall discuss in the first part of these comments, the study was planned, conducted, and written up in a way that may kindly be described as haphazard.

**Second**, to anyone with expertise in legislative development—or for that matter, any kind of development—it is apparent that the report's findings and conclusions are far removed from reality. This may be partly the result of the deeply flawed research process. However, it also seems to reflect inability or unwillingness to understand the nature and intent of the project, despite the fact that these are clearly delineated in many documents available to Ms. Sadowski. The substantive errors in the report will be the subject of the second section of these comments.

**I. EVALUATION PROCESS AND METHODS**

**A. Accepted Audit and Evaluation Standards**

The United States General Accounting Office (GAO) requires that a "performance audit" meet criteria set forth in the GAO's *Government Audit Standards*. The standards are binding on all organizations, specifically including private consulting firms, conducting this sort of evaluation. When Center staff inquired about the applicability of these standards to this evaluation, Ms. Sadowski said that she had never heard of these standards and that they did not in any case apply to her study.

143

Whatever the implications of that admission, similar standards prevail throughout the evaluation profession. For one example, the Joint Committee on Standards for Education Evaluation has published *Standards for Evaluations of Educational Programs, Projects, and Materials*, which includes substantially the same general requirements. The same can be said of USAID's own evaluation standards.

1. "Due professional care"

GAO standards require "due professional care." According to the GAO standards, this means, among other things, that findings and conclusions must be "based on objective evaluation" of "sufficient, competent, and relevant evidence." Most important, due professional care:

includes obtaining a mutual understanding of the audit objectives and scope with the audited entity as well as with those who authorized or requested the audit. It also includes obtaining a working understanding of the operations to be audited and when necessary, available performance measurement.

Analogous Joint Committee standards include:

Maintain good communication about the evaluation with participants;

Take time to learn from the participants their particular concern about the evaluation;

Become familiar with the organization where the evaluation is to be done; and

The context in which the program exists should be examined in enough detail to identify its likely influences.

In contrast to these principles, the report-writing team did not incorporate "available performance measurement" contained in our program documentation. (In fact, we are not even sure what documents the team actually examined.) This is not an arcane methodological quibble; the GAO points out that the exercise of due professional care "is necessary to ensure that the selected methodology, tests and procedures are appropriate." We believe that the report-writing team's lack of due professional care explains many of the major peculiarities and weaknesses of the resulting report.

An example of the effects of these shortcomings is the report's treatment of the *Parliamentary Handbook* prepared and distributed through our project. The report implies that a shortcoming of our project is that most members of Parliament do not know that the *Handbook* was prepared by CPM with U.S. assistance. Had we been consulted in formulating the team's criteria, however, we could have pointed out:

- a. Legislative staff members throughout the world know that effective staff support is transparent to publicity—that is, credit for achievements properly goes to the elected officials who are accountable to the voters for their decisions, not to staff members who happen to be involved. In the case of our project, for instance, this principle governed our relationship not only with the Hungarian Parliament, but also with the Frost task force of the U.S. Congress. Our task was to support the Congress in its efforts, not to take its place or call attention to ourselves.
- b. There is specialization in any legislative body. Every member does not know what is going on in every committee, and should not. Institutional concerns are one form of specialization. We particularly did not expect 386 newly elected members of Parliament, who barely know each other, to recite the name of every entity that puts something into their hands.
- c. The goal of our project is institution-building, not publicity.

## 2. Planning

The first GAO standard for performance auditing is, "Work is to be adequately planned." This includes, for example, stating in the plan of work what criteria are to be applied to the program being studied. Analogous Joint Committee standards cover the need to plan the evaluation work to "address the main purposes of the evaluation first," to "demonstrate to key audiences at the beginning of the evaluation how the findings might be useful," and to "arrange for the involvement of representatives of the audiences in determining the questions and planning and implementing the procedures of the evaluation."

We know we were not involved in planning the evaluation. Since involvement of program participants is an explicit element of adequate planning, we therefore know that planning was deficient at least to that extent. The report does not state what criteria were employed, or even what methods were used to collect data. The appearance this presents is that the team went around asking questions as it thought them up, then decided what to make of the answers.

## 3. Reporting

The report does not meet any known standard for communicating the results of program evaluation or program audit research. GAO says, "The report should include a statement of the audit objectives and a description of the audit scope and methodology...a full discussion of the audit findings...the cause of problem areas noted in the audit...[and] a statement that the audit was conducted in accordance with

generally accepted government auditing standards and disclose when applicable standards were not followed."

The comparable Joint Committee standards require that "evaluation reports should be open, direct, and honest in their disclosure of pertinent findings, including the limitations of the evaluation"; "perspectives, procedures, and rationale used to interpret the findings should be carefully described, so that the bases for value judgments are clear"; and the report should describe "the purposes, procedures, and findings of the evaluation, so that the audiences will readily understand what was done, why it was done, what information was obtained, what conclusions were drawn, and what recommendations were made."

The report's lack of compliance with these standards is clear to the most casual reader. For example, in the most recent draft we saw, one paragraph says:

[N]ew arrangements have been made which have rejuvenated the Center's vitality and promise for the future. For example, the Center has been guaranteed continued use of the office space in the Parliament office building. In addition, an important commitment has been made that will establish a working relationship between the university's center for policy analysis and the Center for Parliamentary Management—exactly the type of relationship that had been sought as a primary goal of this project. Finally, new activities have been planned for the Center at the request of Parliament. It may well be that the fruits of CLD and CPM's labor are now becoming most evident.

This passage describes a highly successful project. Two paragraphs later, though, we read, "The team recommends termination of the project." The recommendation is not supported by the findings, and no criteria, methods, or even general philosophy are stated anywhere upon which a reader can guess out what the recommendation is supported by.

It would be easy to go into more detailed discussion of all the professional standards violated by the authors of the report. However, the evidence is clear that the report and the underlying research do not reflect responsible professional practice in the evaluation of government programs. Nonetheless, it is possible to use flawed methods and still reach valid conclusions. Thus, we would like to devote the rest of these comments to setting the record straight—What was our project actually intended to accomplish? What has it actually accomplished? Was our project a good or a bad investment of time and money by USAID?

## **B. Proposed Framework for Evaluating Legislative Development Projects**

To understand what this project has achieved, it is first necessary to review briefly the philosophy of legislative development that underlies this project and that was explicitly recognized in the project

planning documents and contracts. This section of our comments describes that philosophy, suggests evaluation criteria based on that philosophy, and illustrates how the project has satisfied those criteria.

The Center for Legislative Development (CLD) has been involved for more than twenty years in helping national legislative bodies become effective democratic institutions. We have defined legislative development as **the ability of the legislative institution, acting through its leadership, to study, assess, and formulate its needs for resources and information, to develop plans and programs to acquire those needed resources, and to continuously assess those needs and develop those resources for the purpose of reaching political agreements with the executive.** Within the context of an open political system, with fair elections, the final purpose of legislative activities is the reaching of those agreements in the context of change and competition, without institutional disruption or disintegration.

Thus, a program aimed at fortifying democratic institutions through legislative development should provide training, education, research, technical assistance and other activities in a coordinated program, aimed at developing within the legislature the institutional capability to assess and prioritize its needs, and to devise effective ways to meet those need. This includes developing the necessary theories and orientation within the legislative body so that it can marshal its resources to forge and conclude political agreements.

Because the world is constantly changing, the needs of each country shift, and political systems must change to meet the new needs. Any political agreement, whether on policy or on structure, is by nature temporary and subject to interpretation, modification, or abrogation. This institutional capacity must therefore be developed internally in every country. It cannot be either temporarily imposed or permanently maintained from outside.

This kind of legislative institution-building differs from apparently similar projects in part because there is almost never one individual, or even a small group of individuals, who can reach and enforce institutional decisions. For example, in an executive agency, the minister can set the departmental agenda and then directly offer organizational incentives to implement that agenda. The amount of consultation and consensus-building undertaken by the minister in this effort is essentially a matter of the individual minister's management style.

In a legislative body, on the other hand, decisions affecting the structure, operations, and acquisition and distribution of resources cannot be made without some assent from a number of political groups, all of them formally empowered as voting members within the organization. This diffusion of influence becomes more marked as the number of parties represented in the legislature increases, and as the level of institutional experience of legislators decreases. After the elections, Hungary presented both of these situations. Six party caucuses were seated in the Parliament, along with a sizeable number of

independents. An extraordinarily small proportion (about five percent) of members had any experience of the legislative institution, and that was in the highly attenuated form of the previous regime.

In assisting the institutional development of legislative bodies, CLD has over the years developed a very successful *science engagé* approach. Thus, for example, creating a needs assessment for a national legislature is not a process that occurs before "real" work begins. If legislative development includes the ability to "study, assess, and formulate its needs for resources and information," the legislature must learn the process of assessing needs. In our approach, this learning occurs as leaders and key staff work with us. We learn the institution's needs at the same time the institution is practicing the needs assessment process.

In other words, the process is part of the product—perhaps the most important part. This approach, which we followed successfully in Hungary as in other countries, is fundamentally different from that of conventional technical assistance programs.

### 1. How Should This Project Be Evaluated?

In the Center's first six month report to AID, we proposed a conceptual framework for evaluating this project, one which went beyond reporting on contract deliverables to describing a way to evaluate the project's impact and effectiveness in building the Hungarian Parliament as a democratic institution.

As far as we can tell, the report-writing team did not consult this document, but instead "measured" the project against some unspoken notion of what the project should have accomplished. Even then, as far as we can tell, the team mistook a report about one program element—the long-term advisor—for a report on the accomplishments of the entire program. Thus, the report-writing team did not even use all the available evidence when they applied their personal notions of what should have happened, whatever those notions were.

An institution is not just an organization. Institution-building, therefore, is not just providing a technical assistance package to a new or existing organization. It follows that evaluating an institution-building effort must go beyond checking items off a list. Such an evaluation must be highly sensitive to cultural and historical context, and must maintain a sufficiently long-term, developmental perspective. Specific deliverables are not the point—development of internal and self-sustaining capacity building is. Losing sight of this is the equivalent of looking at a year-old baby and pronouncing the costs of the delivery and the intervening diapers to be excessive because the baby isn't ready for college yet.

When evaluating a legislative institution building project such as the one in Hungary, certain cautions must be observed as a 1987 report to USAID/LAC warned:

Legislative development is not a concept or process defined *a priori*; it is a field-variant concept linking values, needs, and limitations of actors and their environments. ...a set of structural, procedural, and value changes that are identified by the political actors themselves as requisites for their legislature to function. It begins with the actors in a specific political system defining the problems and then moves to the formulation of solutions considered useful in that particular system.

[L]Legislative development can manifest itself in a variety of forms. In some political systems it may be the provision or strengthening of staff capabilities; in others it may be providing the legislators with more information based on their specific needs, while in others it may be a process of image building to establish public trust and confidence.

## 2. Criteria for evaluating institution-building

We suggested in our proposed conceptual framework that the project be evaluated over three time periods:

- a. *short-term*—during the 36 months of the project's duration;
- b. *medium-term*—one to five years after the project ends; and
- c. *long-term*—five to ten year after the project ends.

For each activity, indicators have to be developed to evaluate it over the short, medium, and long term. **Short-term** evaluation will include contract compliance, but will go beyond it to look at the process by which deliverables were prepared and executed. For example, institutional development questions about the process of developing the **needs assessment** would include:

- Did the appropriate concerned Hungarian legislators, staff, and other important actors participate to give the product the requisite diversity of interest and expertise and thus bestowing on it needed legitimacy?
- Was the product agreed upon and used by the Parliament (e.g., a commitment of resources, a new process or organizational structure adopted)?
- Was the process and structure used to assess the Parliament's information other needs internalized and applied in other circumstances?

On the information directory prepared by the project, pertinent questions include not just whether the book was completed and distributed, but such deeper questions as:

- Did Hungarian Parliament officials not only endorse but actively participate in design and research?
- Is the book regarded as valuable by its intended audience?
- Have the process and the product been emulated in similar subsequent activities?

For the **medium term**, measures of project success shift from activities to the specific institutional capabilities within or available to the Parliament. Examples of medium-term measures include, among many others:

- Creation of decision committees of members and staff of the Parliament and their successful interaction to develop accepted plans of legislative development action;
- Development of internal training capability in the Parliament;
- Creation of the ability to analyze and modify the executive's proposed budget;
- Strengthening of professional central and caucus staff for information gathering and analysis, constituent services, and oversight and investigation; and
- Creation of faculty committees in universities to develop curriculum and degree programs for training of parliamentary staff.

**Long-term** evaluation is least direct of all—evaluation criteria shift to changes in the institution's long-term behavior, which can have many causes besides the project. For example, the project's purposes include inculcating in Parliamentary leaders and staff such institutional values as being informed, accountable, functional, responsive, and independent. It will be very difficult in two or three or ten years to correlate the presence of these values with this project.

One example of a long-range indicator of project success would be the impact of participants in the graduate degree program in developing the professional staff capacity of their legislatures. They might do this as staff members, as leaders of national or regional legislative associations or institutes, as elected officials, as academics, or as citizens acting in any other public or private capacity. Assessment of even such a seemingly simple objective would require tracking graduates for many years, then conducting interviews or surveys with them and with political leaders to estimate their impact.

## II. PROJECT ACCOMPLISHMENTS

If the project is assessed as a **legislative institution-building activity**, rather than one that merely provides a menu of technical assistance activities to an organization, we find that the project met its original goals and went far beyond in spite of all the difficulties it faced. As the GAO report, which was conducted only a few weeks after this evaluation found, our project:

has been beneficial to the National Assembly, and that...activities were conducted professionally in the face of substantial difficulties....[The project] has gone beyond the requirements of the contract to conduct valuable assistance activities for the Hungarian government in addition to those it was obligated to perform. [The project] has successfully focused the attention of some Members of Parliament and academics on issues affecting the viability of the National Assembly as an institution....[The project's] institution-building activities...are important, especially the long-term developmental activities that are critical for the continuing growth of democratic institutions.

Since we do not have the space here to review how each goal was achieved (this has in any case been done elsewhere), we shall limit ourselves to illustrative examples of the formative period of the project.

The project history has two stages. The first comprises activities connected with building the project's institutional infrastructure. The second stage partially covered in the long term advisor report deals with implementation of certain technical and professional activities after the arrival of the LTA.

### A. The Formative Stage

There are at least eight distinct initiatives connected with this stage.

#### 1. Initiation of the Project

Before this project was explicitly conceptualized, Professor Abdo Baaklini, the project director, was invited by USIS and the Embassy in Budapest to visit Hungary and undertake a preliminary needs assessment. (There was no USAID presence in Budapest at that time.) For two weeks, Dr. Baaklini met with the leadership then in place at the Parliament, the emerging political parties and Karl Marx University (now Budapest University of Economic Science or BUES). In these meetings, which also included U.S. Ambassador Mark Palmer, the Hungarian university was represented by the Rector, Dean, and Vice Rector. They expressed a strong desire to establish a university-based center within Hungary so there would be a capability to provide training and other assistance to the Parliament after the elections.

## 2. Conceptualization and Operationalization of the Project

The idea to establish such a Center in Hungary came to fruition after lengthy deliberation among the key actors in the Parliament, BUES, U.S. Embassy, and the CLD. According to the project proposal and contract, a center called Center for Parliamentary Management (CPM) was to become a permanent locus for activities that strengthen the institutional capacity of the Hungarian Parliament and its supporting agencies and entities to perform their role in a multi-party democratic society. CPM was envisioned to be a unit of the BUES, staffed by Hungarians, with close ties to the Parliament. As defined by the leadership of the Parliament in a public document signed by the rector of the BUES and the Speaker of the Parliament, its function was to link the university's resources and the resources provide under this project to the needs of the national legislative body as defined by its leadership.

It is important to note that, from the beginning, the proposal to establish a center was a collaborative effort. The role of Professor Baaklini was to help the Hungarians explore the various modalities of a center drawing upon his comparative practical experience of what has worked or failed elsewhere. If anything, the type of center eventually settled upon representing all key actors. And certainly, the center was not imposed upon the Hungarians. This, at best, is insulting to the Hungarians and totally contradicts our philosophy of legislative institution building.

## 3. Consensus-building and Mapping of Project Relationships

The central task of Professor Baaklini's first mission was to conceptualize the relationship between the proposed center, the Parliament, the university, and USAID. Because of political conditions and recent history in Hungary, "conceptualizing the relationship" was not merely a matter of convening a meeting of willing participants to negotiate over details. Some parties were unwilling to meet with others, and certainly were not inclined to trust them. Some participants saw the need for the entire legislative development effort more quickly or clearly than others.

## 4. Creation of the Legal Infrastructure

The creation of a university foundation that is capable of receiving foreign funding and dealing with foreign entities proved to be a formidable legal task. The legal basis for such a foundation under the then Hungarian law did not exist. Yet, for the proper operation of the CPM, and to ensure its programmatic and financial autonomy and accountability required such a foundation. The creation of such a foundation required retaining legal counsel to ascertain the limits of existing law, then working extensively with the Parliament and others to get a law drafted and enacted. The representation on the foundation was another issue to be resolved. The Speaker of the Parliament wanted to ensure that the CPM remained an instrument of the Parliament rather than simply a university operation to direct and interfere in parliamentary priorities and business.

### 5. Development of the Financial and Accounting System

From the beginning, CLD was very careful to develop and adopt a financial and accounting system in Hungary that conforms to auditing standards both of AID and SUNY to ensure that expenditures incurred in Hungary by CPM are in conformity with the goals and agreements of this project. Oftentimes this is one of the most delicate and sensitive issues to be handled in a such a project. Yet, it is essential to prevent fraud and abuse and ensure the integrity of the project.

### 6. Creation and Training of the Legislative Development Committee

A permanent advisory committee on legislative development was created. It consisted of representatives of all the parties in the Parliament and the senior staff and experts. This committee was given extensive training and orientation in Hungary and the USA by the CLD on the task that lies ahead. As part of its training, the project shared its legislative development visions and theories, and organized onsite visits to U.S. state legislatures and coordinated the needs assessment and other tasks with it.

### 7. Recruitment of Personnel and Staff for CPM and the Project

As noted earlier, the elections in Hungary resulted in the seating of six different parties, and very few members with previous legislative experience. In addition, the major party that had been expected to participate in the government was not chosen to do so. This had an immediate effect on the project. The BUES dean who had been selected to head CPM became Foreign Minister in the new government, and the BUES department head who had been expected to work with him was politically unacceptable to the Parliament as CPM director. An intensive search, in consultation with the Parliament, Embassy, and BUES, led to the selection of an outstanding BUES economist, Dr. Laszlo Urban, to head CPM. Although a member of one of the minority parties, Dr. Urban was enthusiastically recommended by the ruling party and was acceptable to all parties.

As part of this phase, a long-term advisor was sent to Hungary, working as a full-time staff member of our project to begin addressing the needs identified earlier. Professor Richard Nunez, a faculty member with substantial experience advising legislatures, served in this capacity. The idea of sending a U.S. academic expert on Hungary (or "country specialist/expert") to serve as long-term advisor was explicitly discussed and just as explicitly rejected by both the U.S. Embassy and Hungarian officials. All parties agreed that the participation of senior Hungarian policymakers and academics, as well as American experts available to CLD in the U.S., would ensure that the project would be well grounded in current political, social, and economic conditions pertinent to the project's goals.

**8. Acquisition of Office Space and Equipment for Operation of CPM and the Installation of the LTA in Hungary**

A legislative office building was acquired by the Parliament and renovated. Lengthy negotiations enabled the CPM to acquire space free of charge to the project at that prime and central location. Housing was also arranged for the LTA and family at minimal cost to the project.

**B. The Second Stage: LTA-Specific Technical Assistance and Training Activities**

During second stage of the project, many specific activities were undertaken in response to the needs identified by the Parliament. Four of these are of special importance:

**1. Development of a Parliamentary Internship Program**

As part of the institution building strategy a Parliamentary Internship Program was created to serve three important legislative development purposes:

- a. Establish a continuing linkage between the Parliament and the university. The contacts thus established can be called upon later by the Parliament when help is needed in collecting data, in providing analysis, or in training staff.
- b. Supply the Parliament with young, eager personnel to assist in staff work. This not only helps to meet the immediate staffing needs of the legislative branch, but also provides a pool of trained and experienced people who may be offered permanent staff positions.
- c. Create a reservoir of informed citizens. Even interns who do not become permanent legislative employees gain experience in, understanding of, and possibly even sympathy with the legislative process. In the general population, and especially in academia, they can help explain the legislature to people, thus perhaps improving the poor public image of the body.

For these reasons, CPM established a Parliamentary Internship Program, following principles borrowed from successful legislative internship programs in the U.S. The interns, selected from among applicants from the law faculty and other faculties in the university, were supported by CPM and assigned by the Secretary General of the Parliament to the various committees. The Secretary General suggested that the best interns will be offered permanent positions within the Parliament, so that the program will serve as a steady stream of recruits for staff positions.

## 2. Creation of a Network of Information and Legislative Liaison Staffs of Government Ministries

For a legislature to have an active role in policymaking, it is essential that the body be able to receive data and analysis from **executive branch agencies**, in addition to having a way to inform the agencies of the legislature's wishes. Especially in a parliamentary system, where ministries tend to have an effective monopoly on information collection and analysis, this two-way communication is needed in order to realize the legislature's full Constitutional potential.

Each ministry in the new government had appointed an Information Officer to serve as liaison between the ministry and the Parliament. However, many of these officials saw their role as limited to telling the ministry what the legislature wanted—they did not realize the importance of a two-way flow of information. CPM helped to create an informal association of Information Officers. This group seem likely to be permanent and successful. It has met several times, and the Information Officers have agreed to cooperate with the Center on publishing a master index of governmental information.

## 3. Training and Professional Development for Parliament's Members and Staff

Training and professional development are obviously important in building institutional capacity, so that members and staff of the Parliament have a base of knowledge and skills applicable to the legislative process. At the request of the Parliament's Secretary General, who had seen the bill drafting procedures of the New York State Legislature during a tour funded by USIA, CPM organized a series of lectures on bill drafting for the staff of the Parliament and a similar, separate series for the legal staff in the Ministry of Law, which works closely with the Parliament. CPM also provided lectures to the staff directors of the Parliamentary parties and to the non-legal staff of the Parliament on various topics, including information processing and research staff organization.

## 4. Development and Dissemination of Publications for and about the Parliament

Beyond providing needed information, a standard set of **publications** by and about the legislature helps the body establish and maintain its institutional self-image. Because the Hungarian Parliament is a very new institution, information about the Parliament itself—who the members are, how to get things done, even where offices are located—was quickly seen as an urgent need. Thus, one of CPM's most important initial publications was *The Parliamentary Handbook*. The *Handbook*, distributed from the office of the Speaker, was widely used and widely praised. It contained information needed daily by members and staff, such as committee assignments, formal organizations for the Parliament and the parties, bill drafting requirements, and compensation schedules.

155-

### III. IMPACT OF PROJECT WORK

As stated earlier, the goal of this project was not to do things for Hungarians, but to encourage and aid leaders and key staff of the Parliament to take action on their own. It is therefore appropriate to review the developments that were generated as a result of the work and approach adopted by this project.

By the end of 1991, the Hungarian Parliament had undertaken and implemented the following major institutional changes:

#### A. Administrative Changes

##### 1. Secretary General's Office

At the structural level, one important development has been the strengthening of the office of the Secretary General. Professional staff have been added, and the office has been organized into a legislative department and an information department. The legislative department supports the work of committees and the plenary session. The information department is developing a data base on legislative operations. There are serious attempts to strengthen these two units by attracting qualified staff and by cementing their relationships with the committees and the political parties. The information section in the Secretary General's office has developed a bill summary and bill status data base; voting records by member and political party on each of bills considered by the Parliament; and the capability to record, process, and print committee and plenary debates.

##### 2. Director General's Office

Another major development affected the office of the Director General (Tibor Soos). From a routine housekeeping function, the Director General's office has grown to manage a multimillion-dollar budget. The office performs a host of sophisticated management functions dealing with infrastructure development and maintenance, space and resource allocations, personnel management, financial management and accounting, purchasing, and contracting. All of these functions are to be performed within a highly charged political environment with no precedent to follow and few clear procedures and guidelines.

## **B. The Library of Parliament**

The Library of Parliament has been integrated with the Parliament and a new full-time professional director has been appointed. In addition, three important departments within the library have been reorganized:

### **1. The Department of Legislative Information and Reference**

This department has seen the broadest transformation. Headed by Ivan Ronai and staffed by eight professionals, including five new staff, it has developed extensive bibliographic, periodical, and journal summaries. It also operates a legislative reference library section at the seventh floor of the White House, the legislative office building.

### **2. The Department of Special Collections**

This department is directed by Katalin Pinter, contains government documents, United Nation documents, and a special European Community collection of laws relevant to the Parliament.

### **3. The Law Department**

This is the largest department of the Library. It houses the national law collection of the country and serves academic and professional communities in Budapest and throughout Hungary.

## **C. Physical Infrastructure Changes**

A change in the physical environment has occurred with the refurbishing of the White House to provide offices for members and staff of the Parliament, as well as supporting institutions such as the Center for Parliamentary Management and the Legislative Reference Service. The building has also been wired to support an integrated computer network provide by the Frost Task Force of the U.S. Congress. Three computer networks have been developed: one in the White House, one in the Parliament, and the third in the Library of Parliament offices. Efforts are being made to connect the three networks.

#### **D. Creation of Professional Staff**

The most significant development was in the area of legislative staffing. Central staff in the library and the offices of Secretary General and Director General increased from about 125 in 1990 to more than 250 by January 1992. Staffing for caucuses and members underwent similar growth, and these staff now total almost 450. Many of these staff perform clerical and secretarial functions, although a significant number of caucus staff were hired as advisors in various public policy areas. It is this development that will have the most important impact on the work of the Parliament and its training and information needs.

#### **E. Development Within BUES**

Within BUES, the most important development affecting this project is the university's effort to establish a center for public policy and management. A basic challenge facing the project from the beginning has been to find a university "home base" for a legislative center that would provide the Hungarian Parliament with needed support in education, training, technical assistance, and policy studies. Originally, the BUES Department Of Political Science was considered as a possible location. However, the orientation of that faculty produced strong resistance within both the university and the Parliament.

Changes in BUES leadership made cooperation between the university and the Parliament more acceptable. The current effort to develop a BUES public policy center provides an outstanding opportunity to realize the goal of integrating CPM into a Hungarian university in a way that will survive the termination of this project. The effort is being led by Dr. Erno Zalai, an economist; Dr. Erno Kemenes, a sociologist; Dr. Gyorgy Jeney, a political scientist; and Dr. Laszlo Veradi, also a sociologist. A \$150,000 grant from the European Community has been obtained.

#### IV. PROJECT COSTS

The report cites the project's expenditure of \$400,000 as if it were excessive. As with most of this report, criteria are not presented, so it is not possible to say what costs the team would have thought reasonable. However, even superficial scrutiny of the project's structure and activities would have allayed the team's alarm on this score.

First, of course, there is the problem of finding comparable programs to give a fair appraisal of expected costs. Ours is the only USAID-funded systematic legislative development program in Central and Eastern Europe, outside the work of the Frost task force. The only directly comparable programs are our Center's activities in several Latin American countries. USAID in Washington has expended considerable resources and intellectual energy to conceptualize those programs and develop acceptable criteria for evaluating them. If the report-writing team had looked for comparison data in readily available literature and USAID documents, they would have found that our Hungary project is widely regarded as very cost-effective. In fact, it has become a model around which other legislative development programs have been built.

For example, USAID/Washington expects administrative costs to equal 25-33% of program costs. In this project, administration has cost less than 15%. Similarly, the expected total cost of a long-term advisor for a year would be well over \$150,000; ours cost slightly more than half of that amount. Time after time, year after year, the Center for Legislative Development has demonstrated its ability to deliver complex projects for a fraction of the expected cost. This project is an illustration of that history, not an exception to it.

Here again, context is important. This project began because we responded to a call for assistance from the U.S. government. We did not solicit this project. That meant we had to gear up to plan and deliver services in a timely fashion. We did so. In fact, by the time we had spent the \$400,000 that so exercises the team, we had completed virtually all of the specific contract deliverables.

## V. OTHER REMARKS FOR THE RECORD

There are a number of norms with which experienced staff members and experts are well familiar. Working with a parliament, the symbol of sovereignty of a nation, requires special sensitivity and skills. Had the evaluators been sensitive to the nature of legislatures and their needs discussed above, they would have realized several important rules that govern work within a legislative environment by staffers and experts:

1. A technical expert should never put himself ahead of the legislature, the agenda should be determined and accepted by the legislature.
2. A staffer must never become the center for publicity and media attention. All credit belongs to the elected member. The staffer's role is "to be on tap, not on top" and "be seen and not heard."
3. Timing is of great importance in determine whether an issue is one or not. Thus the budget process within the Hungarian Parliament only became an important issue in the fall of 1991 once conflict between the government and the opposition on the procedure to follow erupted.
4. The impact of a particular technology or intervention takes time to be institutionalized and accepted before it begins to influence behavior.

These rules are self evident to most legislators and their staff and constitute the core of the academic literature on this topic. Graduate students at the University at Albany, SUNY, following the legislative concentration in their MPA program, are sensitized to those rules early in their program. Unfortunately, the evaluating team showed no awareness or sensitivities to these fundamental norms and proceeded to look at the AID legislative development program as a license to reshape and run the Hungarian Parliament with no regard to timing, appropriateness and expressed leadership priorities.

The criteria that the report-writing team seems to want us to adhere to is how much publicity we have been able to generate for ourselves and the project and how much credit we were able to collect from individual members. Their criteria seem to have been rank and file member name recognition of the work of the CPM and the legislative development committee.

**Our goal was institution building and the inducement of necessary changes, and not the publicity. The credit belongs where it should—with the men and women of the Hungarian Parliament and the leaders who had the foresight to formulate and adopt a well-articulated program of legislative development.**

We wonder how many Congressmen in the United States Congress would know the current specific work of a given task force or subcommittee without consulting the various information sources available to them. Yet the wisdom of the evaluating team expected the members of the Hungarian Parliament to recite to the evaluating team the achievements of the CPM. It should be remembered that the Hungarian Parliament is composed of 386 newly elected members who barely know each other and who were vaguely acquainted with parliamentary procedures, rules, and functions of the various units within the Parliament. During their first year of their mandate these same members were involved in around-the-clock sessions in creating a whole new political order and had little time to worry about legislative institution building activities.

Another point on credit and publicity should also be mentioned here. With the entry of the Frost Task Force to the legislative development arena in Central and East Europe in early 1990, we recognized that if there was publicity and credit to be gained from the democratic initiative in Hungary it properly belonged to the U.S. Administration and the Congress of the United States as represented by the Frost Task Force. Within the international norms of legislative institutions, it is more appropriate for one legislature to honor another cooperating legislature rather to honor a small program run by a university.

Nevertheless, the project conducted a number of activities that had a high visibility and wide coverage. The inauguration of the Center itself was one such example. It brought together, within the plenary chamber of the Parliament, representatives of the various political parties, the press and the media, and the scholarly community to dedicate and acknowledge the work of the Center and project. At the podium as main speakers, were the Speaker of Parliament, the Minister of Foreign Affairs (an original conceptualizer of the project), the U.S. Ambassador to Hungary, the Rector of Budapest University, the Dean of the University at Albany's Graduate School of Public Affairs, and the respective directors of CLD and CPM.

The testimonies of these distinguished speakers attested to the high regard the Parliament has for the project and the Center. As a result of this meeting, the Center acquired prime space within the legislative office building for its offices, free of charge. Most important for our purpose, the relationship between the Parliament and Budapest University was formalized in a document jointly and publicly signed in front of all the media by the Speaker and the Rector of BUES. The role of the Center for Parliamentary Management was also defined and codified in a written public document. All the costs associated with these ceremonies were borne by the Parliament.

We submit that there are few parliaments in the world who would mobilize the executive, the political parties, the diplomatic community, the media and the academic community to publicly show its gratitude and appreciation for a modest half million dollars of technical assistance over two years. If this is not appreciation, we do not know what is. Throughout over twenty years of work in this area, the University at Albany, through the work of the CLD and its director, Professor Abdo I. Baaklini, has never received a better or more gracious public acknowledgment of its work and efforts on behalf of a cooperating legislature. Perhaps the evaluator expected the Parliament to adopt a *Magna Charta* declaration stating that without the AID development program, democracy would have failed in Hungary. We suggest that a little humility and realism on the part of the evaluators are in order.

Since the evaluators did not provide us with a set of criteria against which they evaluated this program, nor did they develop a time framework against which a particular activity is evaluated, their various assertions and impressions cannot be intelligently assessed. There is constant reference to a multitude of other programs evaluated, but we do not know what these other programs are, nor do we know the criteria against which they were evaluated, nor do we know whether or not the other programs were comparable to ours.

The Hungary legislative development project has laid a solid foundation and helped to build a sophisticated infrastructure in diverse areas. Political consensus has been forged, relationships have been defined, accountability mechanisms have been put in place, and administrative structures exist that will allow notable progress to occur over the next two years.

  
Abdo I. Baaklini  
Director

June 1, 1992

July 6, 1992

Dr. Abdo I. Baaklini, Director  
Center for Legislative Development  
State University of New York at Albany  
135 Western Avenue  
Albany, New York 12222

Dear Dr. Baaklini:

Thank you for the thorough comments you provided on the evaluation of your project of legislative assistance to the Hungarian parliament. The evaluation team has corrected the errors of fact in the text that you pointed out to us at an earlier date. Unfortunately, we are unable to make any further changes based on your letter of June 1, 1992.

In my letter of response, I would like to make four general comments. First, as I pointed out to you and Dr. James Kent, the GAO Government Audit Standards do not apply to the evaluation undertaken by USAID of its democracy programs in Eastern Europe. Nor do the Joint Committee's Standards for Education Evaluation. The team worked instead with USAID's Center for Development Information and Evaluation in establishing methods used for data collection and presentation. Pages 1-4 of your letter point out that we failed to adhere to standards that, in fact, had no relevance to the evaluation at hand.

Second, on pages 4-8, you propose a "Framework for Evaluating Legislative Development Projects." According to this framework, the real impact of your project could be measured sometime between the years 1998 and 2003 and even then (or by then) only indirectly. This, of course, presents something of an accounting problem when we consider the U.S. Congress's need to know if monies appropriated by that institution are being put to good use.

Third, I believe that anyone reading the section of your letter on project accomplishments (pages 9-13) will agree with the conclusions of the evaluation team: namely, that it is difficult to justify an expenditure of \$460,000 for the types of activities listed. For example, you list the initiation of the project as a prominent accomplishment, yet this presumably occurred prior to the project's funding. Additionally, you list conceptualization and operationalization of the project as an accomplishment, as well as conceptualizing project relationships, establishing a foundation as a legal requirement that would allow the Center to accept foreign assistance money, hiring a staff, and so forth.

162

In the minds of members of the evaluation team, these were tasks undertaken to set the stage for the accomplishments of project goals. They were not, in and of themselves, assistance activities for the Hungarian parliament. This distinction is made here because virtually all of the larger democracy projects evaluated in this report had to take similar steps to establish the groundwork for their projects, yet none claimed those steps as project accomplishments.

The activities aimed directly and substantively at accomplishing project goals are presented under the heading you identify as "The Second Stage" (p. 12). During our interviews at the Center for Parliamentary Management in Budapest last summer, we were told that the internship program showed promise and that the first interns had just been selected. The liaison network and the training programs were facing problems because the MPs and their staffs were so overworked that they seldom had time to attend CPM-sponsored activities. Finally, The Parliamentary Handbook was indeed seen as very valuable, and our report indicates so.

Fourth and finally, I believe the most telling statement in your letter is found in the last paragraph on page 17. You write: "This project began because we responded to a call for assistance from the U.S. government. We did not solicit this project. That meant we had to gear up to plan and deliver services in a timely fashion." It is very striking that neither the Hungarian legislators, CPM director, nor you at SUNY-Albany's Center for Legislative Development wishes to assume responsibility for the idea behind this project. Usually, very successful projects generate an abundance of individuals and organizations wishing to claim credit. Not so here.

It is my understanding that it was, in fact, the U.S. government that came up with the concept for this project. Assistance for the Hungarian parliament was the first and most obvious target for U.S. assistance for democratic development in Eastern Europe and the U.S. government was very eager to provide that support. In its enthusiasm for the political changes that were occurring in the region, it pushed hard to put this project on the ground in Budapest as quickly as possible. Hence, the project was thrown into place before anyone realized the legal, economic, political and cultural barriers that would stand in the way of quick and easy transitions in those countries.

Even so, all projects encountered the difficulties of unanticipated in-country developments. And you were clearly not alone in having key project leaders or administrators in the host country lost to high positions in newly organizing democratic governments. These were challenges many projects faced and dealt with in the course of their activities without using those challenges as a justification for the lack of timely progress. What was required was very close monitoring both of project activities as well as of the changing political and economic environment.

In many ways, the Center for Parliamentary Management was the pioneering effort in U.S. assistance for democratic development in Eastern Europe. Its accomplishments, in the judgment of the evaluation team, were modest. For this reason, as well as for the fact that the team was unable to find genuine enthusiasm for this project in Hungary, the recommendation that the project be terminated stands the same.

This should in no way preclude SUNY-Albany's Center for Legislative Development from applying for future funding to USAID for activities in support of democratic development in Eastern Europe. On the contrary, valuable lessons can be drawn from the shortcomings of this project in formulating future forms of assistance.

Dr. Baaklini, the team wishes you and the Center for Legislative Development every success in the many projects you sponsor throughout the world. We do not question your authority and immense expertise in the area of legislative assistance, but feel that your project in Hungary has not been especially fruitful for a variety of reasons, many of which may well have been beyond your control.

Respectfully,

*Christine M. Sadowski*  
Christine M. Sadowski, Ph. D.  
Technical Coordinator

cc: Dr. Gerald Hyman  
Dr. Gary Hansen

165