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EVALUATION OF DOL/EII PROJECT (180-0033)

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EXECUTIVE SUMMARY

Economic Innovation International has been working under a DOL contract with SEED Act funding since mid-1992 to assist six Polish and five Slovak communities develop local leadership organizations capable of preparing comprehensive strategies to stimulate regional economic growth and create measurable wealth and jobs. While EII intends to "institutionalize" these regional development agencies (RDAs) and the financial mechanisms that will make them independent and self-sustaining, it has not yet offered more than a replication of experience Poland has already had with its indigenous, non-project RDAs.

AID personnel have complained that the project lacks credibility, that EII's initial activities stimulated high hopes of direct technical and financial assistance in the selected communities, and expectations that the program would generate employment and create wealth. EII has instead provided little expertise and even less financial support for the clients, and it has yet to demonstrate significant tangible results in institution building, or job or wealth creation. EII claims the project's purpose is to stimulate jobs and income, but project activities are not directly linked to generating those outputs. In thus aiming at attractive but vaguely worded goals, there appears to be a communications failure and consequent misunderstanding between AID, DOL, and EII of the basic project structure. In addition, the project's underlying assumption that economic growth and development can follow a series of well-defined "steps" is misleading and not universally true. Also, the project design is deficient in terms of EII's not having identified reasonable and time-phased objectives, defined necessary inputs, scheduled required actions, and described expected accomplishments.

On the operational level it has only provided intermittent and relatively superficial TA, whereas most client communities need far more labor-intensive support to establish themselves and their programs in the project period, as well as a greater diversity of expertise to attend to their wide array of administrative and programmatic concerns. EII must also demonstrate more cultural sensitivity, and it will have to pursue a more systematic approach to obtain other donor support. The donor community in the "Planning Teams" that are to complement EII's inputs with vital technical and financial resources are no more engaged in this project than they are in any other bilateral activity.

EII has proposed extension of the program for four more years, with expansion to other communities and countries. The evaluator recommends that DOL and AID exercise restraint for one or two years, pending clear evidence of successful job and wealth creation in the communities where EII has already made a commitment. If the project is extended it would be desirable to have it done under a performance contract that requires a more rigorous plan of inputs, outputs, benchmarks, and objectives.

I. INTRODUCTION

The Department of Labor (DOL) began this program in June 1992 through an Interagency Agreement with USAID's Bureau for Europe. DOL's contractor, Economic Innovation International (EII), has been implementing the project. Its ostensible purpose "is to reduce unemployment and develop a comprehensive strategy to provide economic development, improve the business climate, and strengthen democratic institutions, along with creating measurable wealth and jobs." To that end, EII has worked with five communities in Slovakia and six in Poland. The purpose of this evaluation was to determine the extent to which the DOL/EII activity contributes to creation of jobs and wealth.

II. METHODOLOGY OF THE EVALUATION

The methodology used was as follows: (1) obtain a briefing in Washington from interested persons, (2) review the project files in Bratislava and in Warsaw to obtain sufficient knowledge of the project's purpose, EII's modus operandi, adequacy of reporting, and Mission comments; and (3) confer with clients and knowledgeable persons about their views on the efficiency and effectiveness of the project in creating wealth and employment. This is discussed at greater length in Annex D. Trip Report.

III. FINDINGS

A. AID Concerns

AID Rep Lerner told the evaluation contractor the project had little credibility due to the failure to deliver jobs and wealth, its ostensible objectives. She had several concerns and gave examples to support them, some of which had been sent in her office's quarterly activity reports, and particularly in an E-Mail sent on August 15, 1993. In it she described her reservations on EII's proposed work plan for the Implementation Phase of the project, which began in the last quarter of 1993. Her salient concerns were as follows:

1. DOL's contribution to this project is less significant than what might be expected.
2. EII claims to have prepared project benchmarks but that DOL deleted them. Without concrete benchmarks it is difficult to monitor and measure true accomplishment.
3. The project is divided into phases without a clear explanation of how they differ or how many there are in total or what is to be accomplished in each.
4. EII's visits to the regions are only periodic. (What happens between meetings? How is momentum maintained?) EII arrangements to provide specific TA for the regional development groups appear ad hoc or even fortuitous.
5. The involvement of the GOS Center for Strategic Studies might

also entail top-down planning and "old guard" attitudes and controls. If EII had an American professional living in Slovakia they might be sensitized to such matters.

6. In regard to EII's providing entree to international donors and expertise, Ms. Lerner was skeptical, noting, for example, that although many donors had been invited to participate in the EII workshop in Slovakia in March 1993, many could not attend, the ones who did were SEED act contractors/grantees Pat Lerner suggested as possibilities.

7. "We believe it is critical to have someone with experience in small business development or an economist or someone who has worked on some aspect of job/wealth creation" as EII's country representative."

AID Rep Donald Pressley in Warsaw expressed similar concerns in a memo dated August 5, 1993 to Mary Huntington, Acting Director, EUR/DR. The major ones follow:

1. It is critical that DOL/EII have adequate in-country management capacity to ensure sufficient professional guidance, support, and coordination to the selected communities. "We are convinced that now the ultimate impact and success of the program will largely depend on the support EII is going to provide to these communities in the implementation phase."

2. In order to help AID meet review deadlines, DOL and AID Rep should receive work plans simultaneously with AID Washington, and progress reports should be simultaneously sent to AID Washington, AID Rep, and US Embassy Labor Attache.

3. EII should hire an in-country coordinator(s), preferably with economics and local government background to perform all coordination and management tasks on a day-to-day basis, devoting this full-time position to working with the selected communities.

B. Evaluator's Assessments

The AID Reps' concerns were well-founded and, for the most part, are still relevant. The level and intensity of EII assistance has been inappropriate to the task; and in terms of wealth and jobs created, EII cannot track increases to their activities.

EII spelled out its concept of regional development in a handbook it prepared for use in the project: Managing Regional Economic Restructuring, Step-By-Step: A Handbook for Central European Leaders. The handbook contains theoretical and practical experience which is also taught in some university level development courses, and the process has been successful in a number of places, including Poland. One Slovak banker told the evaluator that the handbook was very useful to him, both personally and professionally, and he has accordingly shared it with several friends. Its universal applicability, however, is no more valid than the concept that economic growth and development is a step-by-step process that any country or region can achieve. Development theorists may in hindsight argue why

economic development or restructuring on a national or regional scale has succeeded or failed, but there is more general agreement with Sir Arthur Lewis's dictum that planning and implementing development is somewhat equivalent to planning and implementing a renaissance or a major operation. Not all succeed, but each needs careful tailoring to warrant the efforts. EII's standardized approach to all situations seems superficial and may even be simplistic. One Slovak official commented that the problems addressed by the EII project will not be solved in just a few years and are well beyond the inputs foreseen in the project. In many of the client communities the process cannot be followed "step-by-step" without much more significant involvement of outside expertise and financing than what EII has provided or been able to provide, either with its own resources or through its leveraging of other donors. One Polish respondent complained that they feel "managed" by the EII in-country representative, rather than coordinated, and that EII's periodic consultations are not sufficient for nor responsive to the community's needs. EII seems to have acted as a high-powered consultant who can fly in, provide a quick fix to a problem, and fly out. This has not been adequate, and EII's success in assisting the communities, if it is to succeed, will depend on its demonstrating a greater degree of day-to-day involvement, as well as a more profound understanding of and sensitivity to local sociological conditions than what it has heretofore shown.

Moreover, the project has serious management flaws and design deficiencies. Its diffuse responsibility in project management and implementation -- DOL, Embassy Labor Attaches, EII, USAID/EUR, USAIDs Bratislava and Warsaw, RDAs, Planning Teams -- needs correction. None of the USAID field practitioners or clients familiar with the project praised this activity. In fact, many criticized it for its skimpy inputs, a long-distance approach to TA rather than hands-on help, and especially for the noticeable lack of concrete indications it is generating employment and wealth. Given this negative reaction a reasonable extension of the project may be problematic. On more than one occasion the evaluator received a hostile reaction from AID personnel when his comments were construed to be a defense of EII's role and project rationale (rather than an explication of EII's project concept and modus operandi as described in the EII proposals and reports). In their despair of its ever achieving its goals, the USAID Project Officers in both countries even opined that the project be terminated when the current phase ends in September.

C Specific design problems

1. The Project Purpose and Associated Inputs and Outputs

The purpose of this project, as seen by AID and DOL, is to create employment and wealth through establishment of local regional development agencies (RDAs). In fact, however, according to EII Vice President Gibert, EII's objective is to establish RDAs that are capable and in process of creating the needed business environments that will improve productivity and generate business activity and investment. The distinction between the AID/DOL objective and the goals pursued by EII is clear if one thinks in terms of the **Logical Matrix** (or log frame) that AID uses in project design. EII, for example, would claim that if the project purpose is attained, i.e., if the RDAs have removed the barriers to investment and have created the proper business environment, wealth and employment will follow. In log frame language wealth and employment are **goals** the project supports, not the more limited project purpose, per se. The unstated assumption in achieving either the purpose or the goal is that other donors and actors will actively assist in identifying and removing development barriers. As the process evolves, entrepreneurs will make investments, improve productivity, and create the wealth and jobs that are the real goals sought. As Mr. Gibert has put it, once these positive goals have been achieved, depending how you view EII's involvement, EII can claim credit for all (or none of the) subsequent employment, new activity, investment, etc. None of the project documents, however, gives an adequate description of what those site-specific congenial conditions for business should be in any of the recipient regions, nor has EII identified the barriers to their attainment in each of the client communities, the steps necessary to eliminating those barriers in each one, the associated outside expertise required in each case, and how and when the needed resources will be provided.

2. Benchmarks

EII's presentations of goals and accomplishments (in their work plans, for example), list specific steps that have the ring of major events, when in fact they are only action steps (inputs) on the way to some particular benchmark that should be cited and timed. The Five Steps in the 5/29/92 work plan include

- (1) local groups' preparation of applications to participate in the workshop,
- (2) the request that the selected applicants prepare an expanded outline of their plans,
- (3) a work shop to present the EII methodology and review the participants' work,
- (4) feedback and debriefings for the participants, and
- (5) special attention to support implementation for specific, selected communities.

The first four steps, which constitute almost the entire activity in this first phase, were the preparatory actions for a single two day seminar (held in Golavice in Poland and Smolenice, Slovakia in March 1993). The fifth is sufficiently vague, easily leading the reader and the communities to believe that the participants at the end of the seminar will be ready to seek new investment, and that very little more will be necessary except EII's follow-on debriefing assistance that "...will focus on access to financial and technical resources which they [the participating communities] can pursue to successfully implement their plans." This was the EII carrot, held out to the participants who would work hard to develop their regional action programs. The "promised" financial and technical resources and access to them have instead been notable by their absence. In contrast, at the time this project was getting underway, according to Witold Sartorius, Program Manager in Warsaw for the Friedrich Ebert Foundation (a German NGO), the European Community and he were involved in six communities in Poland for a similar program in promoting the work of Regional Development Agencies. The European Community had earlier put in ECUs 76 million (another reference says 7.6 million) to develop RDAs (the STRUDER Program,) and under the EC PHARE Program six were selected for more intensive planning cum development efforts. At the end of the training period for the six regions, however, the European Community, through its EC PHARE program, endowed each of the participating regions with a grant of ECUs 600,000 to implement their programs. This was known to the EII communities who were selected to participate in EII's first workshop/seminar. Respondents also mentioned to the evaluator that other donors, the Dutch, for example, in both the Czechlands and in Slovakia also provided more substantial incentives for their recipients than only expert services.

The consensus among knowledgeable donor and clients interviewed seems to be that EII's March 1993 seminars were a great success. It began a magnificent effort, generated enthusiasm, and proffered the promise of significant U.S. interest and involvement from EII and investors. This was a significant benchmark (milestone). There was even the hope of receiving a grant as well to get the regional programs launched. The expectations generated, however, have in most cases not been satisfactorily met and instead have had a counterproductive impact in creating skepticism over EII's intentions and whether EII can really deliver what it promised.

The Expected Outcomes (described in the EII's 5/29/92 work plan for the so-called Implementation Phase) are similarly suspect. They imply that the communities chosen for special support, with EII and Planning Team guidance, would be capable and ready to initiate successful implementation plans at the end of what has since been called Phase I (originally shown as "by the end of 1992." or at the end of a six month work schedule. This

subsequently slipped to the end of May 1993. In actual fact, none of the selected communities was ready to implement a program, although one participant in the Polish workshop, the Mayor of Kutno in the Plock region, has apparently successfully applied what he learned to his local area, but presumably using funding from the European Community (EC PHARE) to acquire technical assistance and initiate projects.

EII states it expects to be judged by seven sets of performance goals. This statement and the goals are shown in EII's work plan for Phase II, dated September 10, 1993. The goals may be considered benchmarks, although they need more precision in definition, quality, and timing. Given their vagueness, however, they are neither useful indicators of project status nor of EII performance. The reports EII produces often tend to be marketing blurbs about EII. They border on being misleading - if not outright deceptive (but not necessarily inaccurate). It would be more useful if EII were judged under a performance contract that reimbursed them only on achievement of specific agreed-upon objectives that they, the recipient community, and AID had earlier negotiated.

3. The use of employment figures as benchmarks

Employment statistics are not relevant indicators in this project. EII claims AID and DOL want to see employment creation, so it is beginning to encourage communities to report new employment, and it is starting to cite these claims (with no comment of their own). They intend to introduce a **statistical trend line** method for its clients to use. This would measure local performance against national trends and thus might be a useful indicator for measuring project impact at some point. It would not, however, be a useful or relevant benchmark for evidencing establishment of RDAs and favorable business environments. A major private investment, for example, that takes over and converts a former munitions plant, and which hires large numbers of unemployed would create significant employment percentage increases. If it were completely unrelated to the project, it could easily distort cause and effect on the trend line. (As of this time the EII program cannot claim parenthood for any new investments or employment creation.) Because AID, DOL, and EII apparently have different visions of the project purpose - and accordingly of the benchmarks that should be used to identify progress, there is a lack of effective communication on EII activities and purported attainments. DOL work plans still indicate the "...program addresses the increasing high unemployment in 6 regional communities [in Poland and in Slovakia, respectively] where no strategic economic development business plan or development institution has yet been established effectively to reduce that unemployment. While an RDA (regional development agency) can mount or promote a variety of programs for supporting business activity, increased employment may not be

the best immediate gauge of its success.

4. Project Phasing

None of the EII/DOL documents (proposals, budgets, work plans) describe this project in its entirety, i.e., in all its anticipated phases. It has no timeline, only one year work plans with few hard indicators of accomplishments. The DOL and EII proposals and work plans make each phase sound as if that phase is the total project. The implementation phase, as it has been called since it was proposed in 1992, is scheduled to end in September 1993. EII has since proposed a third phase. Its presentation is a relatively comprehensive description of the project and its evolution. But it is no more satisfying than the previous documents in elaborating what has to be accomplished in each region, the necessary inputs, the expected outputs, and the means of verification. The proposal is for a four year extension to realize objectives presently scheduled for accomplishment by the end of September 1994.

When queried as to why the first two phases were for so short a period, EII Vice-President Gibert explained that until recently DOL would not let EII describe the project in multi-year terms. EII guidance to its clients notes the need for time phased action plans with specific benchmarks, but it has not prepared the kinds of benchmarks for the project that a proper design (or good log frame) would impose. The evaluator described the log matrix to Gibert. He seemed receptive to its use and complained that this had never been previously presented to him.

5. Technical Expertise

The local community leadership is supposed to consist of a partnership of government and the private sector, forging a new kind of local level organization (Regional Development Agencies) and local planning functions. The leadership teams, therefore, can be expected to comprise primarily volunteers with little or no previous experience in the kinds of planning needed to develop a favorable business environment (including loan guarantee funds, industrial parks, business incubators, etc.) Depending on the expertise available in the community, the help they need may range from slight to labor-intensive, continuing, and sustained. In this project EII has provided only minimal help, either directly or in cooperation with others, whereas most communities appear to need more sustained assistance.

EII's Vice President Gibert periodically (though not regularly) visits the participating leadership teams and/or RDAs to assist in resolving problems and encourage progress toward refining business plans and creating local RDAs. There was only one set of trip reports in the file before those submitted in 1994. EII had a gap in its contract between May 1993 and November 1994, so

it is unlikely that more than one trip was made to each community in 1993. President Daniels nevertheless claims Gibert visited the communities in June and September 1993 to maintain the momentum. In 1994, there have been two to three trips. None of the clients contacted, however, thought the visits adequate. Given their frustration at not receiving the support they expected, representatives of the six Polish regions met in March 1994 to compare notes. They asked Mr. Sartorius of the F. Ebert Foundation to intercede with the U.S. side, to obtain more active involvement.

Polish recipients in Plock complain that Mr. Gibert scolds them for not being more active, but they say he gives them little guidance or support. They and other respondents complain he lives abroad, in a high-cost country, and those funds would be better spent in the countries he is trying to help. He gives them little written critiques or guidance, and they say that in a country where words are so volatile, written reports are *de rigueur*.

Until April 1994 Mr Gibert lived in Massachusetts; since then he lives in Vienna, Austria where, he claims, communications are better than in either Bratislava or Warsaw, and he can handle other company business (because he is not assigned to this project on a full time basis). He told the evaluator he has recently been working full time on this project. EII President Daniels occasionally accompanies Mr. Gibert for special seminars, and guest speakers and representatives of planning teams may also participate (from another country, or region, for example). EII also employs "resident professionals." In Slovakia EII hired Tatania Mihalikova on a half-time basis from September '92 to March '93, and since December '93 it has hired her as a full time local coordinator. Her expertise is essentially in language, but she appears thoroughly familiar with project activities and methodologies. Since December '93 EII has also employed Sonia Capkova on a part time basis to assist Slovak communities in studies and planning. Ms. Capkova is on the faculty of the university in Banska Bystrica, teaching regional development. Ms. Mihalikova states that Ms. Capkova's expertise is in finance. (The evaluator was unable to meet with her.) In Slovakia three PC volunteers are also working full time: Mr. Henry Siegel and Mrs. Greta Siegel in Rimavaska Sobota (he in business development and she in attempts to establish a small loan financing facility such as a credit union), and Mr. John Karnes, an accountant working on business plans in Prievidza. The evaluator met the Siegels but not Mr. Karnes. All have been on the job since February 1994.

In Poland members of Peace Corps VI have been stationed in each of the project regions, but they are not necessarily assigned to the project, as such. EII has employed Ms. Anna Iwanowska since

December 1993 as their resident professional. She claims financial and business expertise. The EII resident professionals are articulate spokespersons for EII. The Walbrzych RDA said Ms. Iwanowska has been trying to secure funding from the European Community for a feasibility study of a technology park. They had a copy of a letter she had sent to a European embassy asking for the assistance, and they said she assured them it was only pro forma, they will receive the help. The Plock community, on the other hand, complained that she had asked for better design drawings for a sewage system, but she had never responded to their request for funding after they submitted the revised plans to her. The use of the term resident professional, however, is misleading. The EII representatives are not development planners or practitioners. They spend more time acting as coordinators, translators, contact persons, etc. than as sources of expertise.

EII reports indicate the use as well of other in-country donors and organizations as members of its Planning Team and potential sources of TA and funding support. The impression is that EII and the Planning Teams constitute a group of councilors who can provide in-depth guidance and or support to the participating communities. Contrary to the impression given in EII reports, the evaluator's research indicated that the so-called Planning Team in Slovakia is hardly more than a list of representatives of various organizations who may or may not participate in project activities when called upon to do so. Their availability was more presumed than determined. In Slovakia, of the seven "members" who responded to the evaluator's query on their involvement, only the IESC representative unequivocally considered himself to be a continuing member of the planning team, and in Poland the EII resident professional told the evaluator "the Planning Team is dead." Gibert states that in these organizations personnel change all the time, and some newcomers are not familiar with their organization's previous involvement as members of the planning team.

When it began the project EII formally requested participation of the "members" whom they showed as being on their Planning Team (according to Marian Krsko, the first USAID project advisor, as well as a written response from the IESC representative); but the consensus of the respondents is that EII did not effectively engage them in the process; nor has EII continued to involve them. The Peace Corps Rep in Slovakia, who is also on the list, said on the phone he was unaware of his membership. He is a relative newcomer to Slovakia who commented favorably on the grass roots level at which EII is operating, the empowerment of local leadership, and the objectives posited for the project. (He also sent a written reply, attached.) EII says it intends, however, to continue the possibility of drawing on these Planning Teams, whenever possible (as indeed it must, since they constitute virtually the only potential source of TA and financing resources that EII has identified, and the project

would lose much of its rationale without them.)

EII's Gibert stated it would be useful if EII had a larger discretionary sum to use for obtaining TA when Planning Team donors or the GOS are unable to assist in a timely fashion. The project includes some seventy thousand dollars, he said, that can be used in part for this purpose and partly for providing matching funds for professional management of the RDAs. (Note: the budget proposals in the files do not provide sufficient detail to determine the validity of their use.)

One can reasonably conclude that the quality of TA has not been adequate in timing, in the number and types of assistance needed by the communities, or in a more constant presence to provide the guidance required by the community volunteers and professional managers who constitute local leadership teams.

6. Local leadership teams and RDAs

The AID Rep's office in Slovakia has long raised the question of who the client is with whom EII has been working, and it voiced a suspicion that the local planning teams are really only the same or another form of state planning organization. The evaluator met with three local planning team representatives in Slovakia. In two of them the GOS director of the Regional Development Department appeared to be the coordinator - if not the chairperson - of the local team. In Dubnica the activist is a former State administration employee who was fired seven months ago because he was not a member of the party in power. He has since been a "volunteer," and appears to be the leading contender for managing the RDA if, and when, it is formed.

In Poland the government stimulated the formation of RDAs and supported them with grants from its parastatal: The National Industrial Development Agency. Most are independent of the government because the initiative in starting them was local. In Plock the reverse was true: the governor (the Voivode) dictated that there be an RDA. It was consequently formed, but it has yet to become functional in the sense expected. Four of the Polish project partners are RDAs, and the other two are city governments. In Walbryzch the president of the RDA told the evaluator that government agencies helped decide the RDA's statutes when it was being established, but only representatives of the city government (which is a major shareholder) are members of the advisory board that reviews the RDA's annual work plan. They have no direct control over the RDA.

To some observers the overlay of government influence may appear too pervasive, and client organizations may seem more governmental than private. The evaluator, however, has no doubts that in general there is indeed a legitimate client; local teams are partnerships of private and government interests; and EII has

been working essentially with and for local rather than central government interests.

This is a relatively complicated issue in that there is no widespread European experience with public-purpose, private agencies. The fact that the government director of the regional development department in a Slovak district is often the coordinator, however, raises a suspicion that the local planning team is a captive of government. The evaluator does not believe that this is necessarily the case; there is more a mutuality of interest than an exclusive one for either group. In Rimavska Sobota, where this was most flagrant (since none of the other community leaders except the Director of the GOS Regional Development Agency showed up for the meeting), a newspaper editor and a private entrepreneur with whom we met thereafter argued that leadership meetings were restricted to those acceptable to the state director of the regional planning agency. The perception of who is on the leadership list influences the perception of whether the community is moving from one planned economy to another. In Rimavska-Sobota the leadership started with 24 members; it now has only 9, all of whom are criticized by outsiders as having only their own shared view on public issues. The EII Handbook clearly gives the philosophy that regional leadership teams should allow open access to all interested parties. EII and its resident professional should be more active in publicizing this philosophy and for ensuring open access and participation.

The fact remains, however, that as long as local leadership teams give an appearance of being dominated by government, some local leaders will not participate, and others will expect to take direction from government rather than work toward having government responsive to them. The problem is also complicated by the fact that the district offices are more likely than volunteer groups to have the physical facilities and support needed to manage meetings, publish minutes, make budget estimates, etc. When local state representative also sign the letters inviting entrepreneurs to participate in teams, this only fortifies the view that this is just another government program. A local newspaper editor in Rimavska-Sobota made a point of suggesting that the idea of local elites forming such an organization is somewhat questionable. The elites have always been eliminated in times of great change in government, he said, starting in 1938. The changes in 1989 were an exception. EII expects this will not be a problem when RDAs are established, given the concept that they will be independent organizations with their own budgets and management structures. The local leadership teams with whom we spoke, as well as the several personnel in the Bratislava Center for Strategic Studies -- the backstopping office for the central government's district development departments -- understood and seem to agree that the RDAs are and should be independent agencies. In some cases this

will make little difference since the major money makers in the community may be state-owned and not necessarily interested in participating in a restructuring.

In Poland, where the government encouraged formation of RDAs, they range from being creatures of the local governor to being completely free. The director of the Lublin RDA (not in the project) told the evaluator his is not state controlled, although it does have some influence. There are now 42 RDAs, with about 36 belonging to the National Association of RDAs (NARDA). NARDA is an NGO that thirteen RDAs began to organize in January 1992 as a networking group. It has since become a formal NGO and grown to provide other support services for the membership. (Its formation preceded initiation of this project, although Gibert, who was working in Poland at the time, was invited to the first meeting.) Although it is not a direct part of this project, EII reports allude to it and the recipient participants in EII's goal "to create an operating Central European network of local and regional leaders who are effectively sharing their experiences with one another and sharing that experience with other leaders beyond the six original communities." EII has invited NARDA's president and vice-president to some of its activities, and it appears that EII is using this minimal involvement as evidence of *their having accomplished* a Central European networking goal.

Before leaving Poland the evaluator again met with EII President Belden Daniels to review some of the findings. Daniels said that since June 15 EII has made "a contractual arrangement" with NARDA to be their counterpart in Poland. In a separate meeting a day earlier with a vice-president of NARDA and with Sartorius (who plans to become a NARDA consultant beginning in August 1994, Sartorius had stated that NARDA is interested in an arrangement with EII -- if EII can really help in creating the financial structures and mechanisms that have made the RDAs so successful in the US.

7. Some EII strengths and weaknesses

In answer to the evaluator's questions on EII effectiveness, the kinds of answers received were that

- the EII program offers a forum for local discussion;
- the local team effort helps present a unified local voice vis-a-vis the rest of the world;
- local plans offer some assurance that local priorities will be addressed;
- the EII approach is of a gadfly that stimulates local leadership into taking action rather than waiting for government action;
- EII "shows them how to fish" rather than giving them a meal.

It cannot be denied that EII has energized and mobilized local

groups, getting them out of their lethargy, helping them to make realistic assessments of their comparative advantages, goading them to cooperate to establish RDAs, and providing a modicum of training and guidance. The handbook, as mentioned above, and the initial seminars at Smolenice and Golawice, along with the feedback from EII, were positive achievements. The US Labor Attache in Poland was also laudatory on the project's objectives, on the concept of decentralization and empowerment for some of Poland's most disadvantaged regions, and on EII's keeping him informed. He was not familiar, however, with what concrete results the project has been achieving. None of the respondents cited the creation of jobs and wealth as part of EII's strong suit.

On the negative side, the project appears too loose, too much a part time activity. Gibert is a part time consultant (he says, although he claims to be working more than that anticipated in the contract). Moreover, EII reports are long on self-praise, short on shortcomings in what is happening or not happening at local levels. This lack of published plans for specific actions, preparation of specific agendas, identification of specific problems and specific steps for overcoming the barriers to establishing RDAs and the congenial business environment needed to promote economic activity give the project the appearance of being a somewhat haphazard, catch-as-catch-can affair. While EII can only move as fast as the local volunteer leadership moves, it is unlikely that the local teams will move as fast as they might if EII were to help each impose its own disciplined framework of actions and schedules for harnessing their mutual efforts. Without performance criteria in EII's work plan, there are inadequate incentives for EII, as well as its clients, to stimulate more positive accomplishments.

The impact is also a negative one in some cases. Given the dearth of direct TA and EII's concept that the communities bear the burden of preparing their own programs and drawing on expertise available to them from the various sources identified by EII, i.e., the members of the all-but-defunct "Planning Teams," AID's involvement seems negligible. One entrepreneur wryly asked if AID ever finances anything!

EII stated in at least one report that they are "doers, not report writers." The evaluator thinks that in this project the reverse has been more accurate. EII reports and proposals are models of promotional material that include the most unlikely goals. In the work plan for Phase II, for example, EII states
By the end of Phase II [September 30, 1930], our work in these 12 Polish and Slovak communities will be completed. At that point, we will have institutionalized the management and financial capacity to create economic change without intense outside support. Should the U.S. Department of Labor decide to fund a third phase to this project to

organize new workshops for other communities or to further assist the original 12 communities, we anticipate that the contract for the third phase will go to bid.

Although EII wrote this over a year ago, it seems naive - or even disingenuous - to forecast achievement of such an accomplishment for most of the communities after receiving only one year of intermittent advisory services. Moreover, EII probably recognizes they are in a favored position to win the bid if a new RFP or RFA were advertised in 1994. (EII's Daniels told the evaluator that if AID does not extend the project, he would seek other funds -- e.g., the European Development Bank -- to continue the association with NARDA.) EII's optimistic (and wholly unwarranted) forecast is not an isolated instance of their "sales approach" to reporting. EII reports often overstate a position or understate the problem(s). It is also noteworthy that attachments in their reports do not necessarily support the laudatory rhetoric to the extent claimed in the report itself. While DOL undoubtedly reviews EII's proposals and reports, the repetition of dubious EII statements in memoranda to AID and the EII documents and work plans they forward suggest the need for a more critical review on their part.

EII has asked each participating community sign a Memorandum of Cooperation. It describes the responsibilities of the local leadership team. When required by the community, it adds an attachment to describe EII's responsibilities. The only attachment the evaluator saw with the Plock memo. It was an abridged version of EII's Phase II work plan - in English, as presented to DOL. In essence it makes no formal commitment to the community. Of more serious import, there is a disconnect between the business plan the community prepares and the financing for feasibility studies and substantive projects that are then needed to implement them. While EII intended to fuse the two phases by involving donors in the "Planning Teams," this has not been a realistic way of ensuring needed and timely financing. There needs to be a more systematized method of obtaining donor support than the periodic contacts EII makes on behalf of its clients.

Because EII recognizes that it may, indeed, be judged by its accomplishments - and that they include establishment of RDAs in each of the regions by the end of the present phase (September 30, 1994), they will probably be more pro-active over the next few months. There has already been a perceptible emphasis from the EII side that each planning community begin the process of forming an RDA and that it focus on a particular project(s) in the community's business plan. This is a subtle shift in the process, more emphasis being given to shepherding individual projects to the stage where they might be financed, and less to the organizational capabilities of the RDAs. It is probably a good thing to have individual projects finally on line, but it is not clear whether the particular projects are priorities because

the community believes and can justify them or whether EII has suggested their validity. What is clear is that few, if any, will obtain financing before the end of this phase of the project (September 1994), thereby validating the statement in EII's Phase II Work plan that "If we are confident of nothing else, it is that this time schedule will adjust and change, and that we will adapt accordingly." It seems likely therefore that over the next few months more rapid use will be made of the fund EII has for TA in order to propel the local leadership groups into RDAs with at least one meaningful accomplishment for each.

8. Comments on EII's proposal for a four year extension

DOL/EII have proposed an extension and expansion of this project, adding four years and additional countries and communities. In the absence of their having created "measurable wealth and jobs" in the existing communities, this appears to be a questionable venture. In its own words (in an EII document entitled Phase III), EII proposes "to generate measurable wealth and jobs by building lasting, profitable grass roots development institutions which successfully change the way Central European firms, individuals, and communities think and compete in today's global, technological economy." It summarizes Phase I (September 1, 1992-March 31, 1994) as having begun the process of creating the development capacity in six Polish and five Slovak communities. EII's choice of language implies that they deserve the credit for this, whereas in actual fact, the process had already begun before the project was launched, and it was well advanced in a number of (mostly) non-project Polish communities. A charitable view of EII's activities is that the project may have accelerated a process already underway. A more critical comment might be that EII essentially tagged on to the Polish experience, and that it has yet to demonstrate a more than superficial significance in effecting change in the client communities.

The proposal's summary of Phase II is equally sanguine about project success in "building long-term, independent, globally competitive development institutions in the eleven communities," and it introduces the notion that EII is now beginning large scale, national efforts, provoking nationwide programs through work with the National Association of Regional Development Agencies in Poland (NARDA) and the Center for Strategic Studies in Slovakia. This is a self-serving view of the situation and somewhat misleading. NARDA in Poland, the Slovak Center for Strategic Studies, and their respective agendas pre-date EII's interventions, and the project communities have not yet arrived at the stage where they can be considered models that others might emulate. More significantly, NARDA and the Center are two very different organizations with very different objectives. The Polish NARDA is an NGO established by and for the member RDAs, whereas the Center for Strategic Studies is a Slovak central government planning agency that represents the antithesis of

decentralized, independent RDAs whose effectiveness is rooted in grass roots (rather than central government) development initiatives.

EII's proposal for Phase III posits bringing the development institutions in the eleven "model communities" to self-sufficiency. The role it describes for itself is essentially similar to what it was expected to do during Phase II, but it contains no more specificity on HOW? HOW MUCH? and HOW SOON? than did the Phase II proposal. EII's major tasks seem to be the organization of seminars for sharing successful experience, but it neglects to point out that most of the successful experience to date, such as self-sufficient RDAs and successful guarantee funds, were carried out without EII project involvement. The Lublin RDA, for example, in a non-project community, is independent and has had phenomenal success in creating and managing a guarantee fund (no losses), and in pioneering a customs clearance guarantee fund for small firms. Walbrzych, a project RDA that pre-dates the project, has been a consistent leader among Polish RDAs in devising pragmatic policies and management practices and has yet to receive substantive TA or financial support via the EII route. Each of these two, independently of project assistance, has published reports (available in English) about their communities that demonstrate a sophisticated comprehension of the requisites for establishing a favorable business climate and enticing investment. They are the models, whereas (unfortunately), the project communities can not yet claim and demonstrate successful achievements.

The DOL proposal for an extension of this project for two to five years includes additional communities and an update of the handbook. The prudent manager would defer adding additional communities or funding resources until it is clear that the project is making measurable and significant accomplishments in regions where EII already has outstanding commitments. The handbook does not need to be updated. EII's Gibert agrees that a simple brochure on the Central European experience would be adequate. The Frederick Ebert Foundation has already funded a book on the successful RDA experience in Lublin (written primarily by the Director of the Lublin RDA, Andrzej Kidyba), and the Foundation has had it translated into English. It might be useful to review this book for lessons learned and for a comparative study on methodology.

One might correctly conclude from the foregoing that the evaluator does not believe this project has been results-oriented, despite the glowing rhetoric of EII reports and proposals.

IV. RECOMMENDATIONS

1. AID and DOL should defer expansion of the program beyond the eleven communities for at least one or two years until it is clear that the EII process has "institutionalized" the regional development organizations with their "institutionalized financial tools." Before agreeing to an expansion of the program, AID and DOL should require that EII reaffirm its focus and energies on the eleven communities participating in the project to ensure either that they are successfully creating wealth and employment or that their development prospects militate against that possibility. In either case, the objective circumstances regarding success or failure should be clearly known and agreed upon so that there is clear verification project objectives have been achieved, as well as a strong presumption that use of the participating RDAs as models for replication has some valid basis. It would seem imprudent to add funding to expand the activity to other communities before the USG has assured itself that at least a majority of the eleven participants have proven the validity of the project concept and are beginning to enjoy the benefits (and not just the promise) of increased wealth and employment.

2. AID should suggest to the Trade and Development Agency that it review the activities in each of the participating communities with a view toward TDA's identifying feasibility studies for TDA financing. TDA's review could also serve to encourage development of other project ideas and discourage those for which there might already be too much competition.

3. AID should require that project objectives and goals be designed and written in a style more similar to standard planning language, such as suggested in AID's Logical Matrix system or in project management software. EII's handbook and its work plans correctly identify necessary elements of local success for creating a congenial business climate, (although these may not be sufficient conditions for creating wealth and employment), but EII's action programs and reporting thereafter do not seem to address them. EII's project plan should define agreed-upon objectives for each community, the strategy for EII's management of the project, the schedule it intends to follow, beginning and ending tasks, the expected milestones or benchmarks that will register their progress, the resources that will be needed and assigned to get the job done, and the costs associated with each task.

4. AID should ask that EII submit reports that describe specific problems peculiar to each community, objectives sought, possible solutions for overcoming the institutional problems encountered, and specific recommendations EII has made to the local leadership. For each proposed visit there should be a previous written agenda shared with the AID Project Advisor who can then

exercise the option to participate or observe. EII trip reports should indicate the status of each RDA (or budding RDA) - as an organization, and of its business plan; a succinct critique of each; their recommendations for change; recommendations for TA and other funding support, and who will provide it; and a proposed schedule and agenda for the next visit(s).

5. Project advisors have little time to read and digest the voluminous material that this project should be generating if it is to be correctly managed, monitored, and evaluated. AID design personnel should work with the contractor to identify acceptable benchmarks.

6. AID and DOL should review whether the peculiar conditions in the project areas are sufficiently different to warrant different approaches to "creating wealth and employment." Some areas may never have comparative advantages for attracting investment, and these might need other kinds of government/donor assistance. Also, it is clear that more direct and immediate assistance is needed in most communities to create employment than what can be anticipated from this project over the next year or two.

7. In preparation for a next phase, if any, AID should request that DOL provide a detailed status report on the actions and expectations included in the DOL Memorandum transmitting the EII Work plan, which DOL submitted to AID on July 18, 1993 (July 20 for Poland) for the second phase. (Because EII claims not to know whether DOL is submitting all its reports to AID nor whether what they submit are changed, it might be useful to review the status report concurrently with DOL and EII.) Note: EII also claims not to have seen the "evaluation and measurement framework for each individual community" that DOL said EII would prepare as an output. See Merrill's Memo, page 1, Summary and subsequent DOL performance reports.

8. AID and DOL should review EII's performance goals for Phase II, specifically those described in the EII Work plan, Para 2.2, under the sentence that says "We expect to be judged by seven sets of performance goals:" AID should also attempt to have EII revise these into concrete and objective performance criteria, including, if possible, measurable indicators of jobs and wealth created.

9. If AID and DOL decide to extend the project with EII, they should consider use of a **performance contract**. This would require that EII prepare a detailed description of each community's situation, including an analysis of each action plan, strengths and weaknesses of the leadership teams/RDAs, a projection of the project proposals that will have to be financed, their costs, time required to carry them out, and expected impacts. Payments to EII would be made only upon achievement of benchmarks

identified in the contract and earlier agreed to between EII, the communities, and DOL/AID. EII's President Daniels told the evaluator he was familiar with performance contracts and had no problem with them.

10. EII should discontinue use of the term "Planning Team" and give a more objective characterization of the organizations with whom it has working relationships.

11. DOL should analyze EII's budget expenditures and verify that they are cost effective. The amount of time included in EII's 1992 budget proposal to prepare for a two day seminar and to provide feedback to the participants, for example, seems inordinately high.

12. EII reports of meetings should indicate whom EII invited and who actually attended, rather than only those invited.

ATTACHMENTS

A. SLOVAK PLANNING TEAM MEMBERS CONTACTED AND THEIR RESPONSES

BOB BLENKER, PC REPRESENTATIVE, SLOVAKIA
TOM BRIDLE, FINANCIAL SERVICES VOLUNTEER CORPS
WILLIAM CLATANOFF, ILO
RAN FARMER, DELOITTE, & TOUCHE
ULRICH HEWER, IBRD
NINA JUREWICZ, IOWA STATE UNIVERSITY
LEIGHTON KLEVANA, SLOVAK AMERICAN ENTERPRISE FUND
BOB KYLOH
ROD MARSHALL, SQUIRES, SANDERS, AND DEMPSEY
VOJTECH MOLNAR, IESC REPRESENTATIVE
CHARLES RUSSELL, MBA ENTERPRISE CORPS
PETR TAJCMAN, URBAN INSTITUTE
RACHEL TRIT, OPEN SOCIETY FUND

NOTE: BOLD-FACED NAMES RESPONDED TO THE INQUIRY; RESPONSES ARE ATTACHED.

B. PERSONS CONTACTED IN THE COURSE OF THE EVALUATION AND WITH WHOM DISCUSSIONS WERE HELD (INDIVIDUALLY OR IN A GROUP)

BELDEN DANIELS, EII PRESIDENT
THIERRY GIBERT, EII VICE-PRESIDENT
PATRICIA LERNER, USAID REPRESENTATIVE FOR SLOVAKIA

IN SLOVAKIA:

MARIAN KRŠKO, USAID PROJECT ADVISOR
GUSTAV MATIJEK, USAID PROJECT ADVISOR
VLADIMIR HOJDA, REGIONAL DEVELOPMENT OFFICER BANSKA BYSTRICA
HENRY SIEGEL, PC VOLUNTEER, RIMAVSKA SOBOTA
GRETA SIEGEL, PC VOLUNTEER, RIMAVSKA SOBOTA
LADISLAV BARTAKOVIC, REGIONAL DEVELOPMENT OFFICER RIMAVSKA SOBOTA
DR. PETER LEBOVIC, EDITOR RIMAVSKA SOBOTA
DANIEL BREZINA, ENTREPRENEUR, RIMAVSKA SOBOTA
IVAN KOLAJ, CITY ADMINISTRATION, BREZNO
STEFAN SIPIKAL, MATHIAS BELIUS UNIV, BANSKA BYSTRICA
MILAN BENKO, ASS.OF SMALL AND MEDIUM ENTERPRISES, BANSKA BYSTRICA
MATUSEK BRANISLAV, ENTREPRENEUR, BANSKA BYSTRICA PLANNING TEAM
PETER SISOVSKY, VOLUNTEER LOCAL LEADER, DUBNICA NAD VAHOM
STANISLAV KALIAR, GOVERNMENT OFFICER, DUBNICA NAD VAHOM
PETER KAVECKY, BANKER, POVAZSKA BYSTRICA
IVAN LAMOS, BANK DIRECTOR, POVAZSKA BYSTRICA
ALZBETA HARBULAKOVA, CENTER FOR STRATEGIC STUDIES
MS. JAKUBEKOVA, CENTER FOR STRATEGIC STUDIES
MR. KARL SEDLAR, MAYORS OFFICE IN BANSKA BYSTRICA (initiator of the Banska Bystrica - Brezno RDA)
MR. SMETANA, CENTER FOR STRATEGIC STUDIES
TANIA MIHALIKOVA, ECONOMIC INNOVATION INTERNATIONAL

IN POLAND:

ANNA RAKOWICZ, USAID PROJECT SPECIALIST
MARIAN LEWIN, USAID PROJECT SPECIALIST
TAMARA ARSENAULT, USAID PROJECT SPECIALIST
ANNA IVANOKSKA, EII COUNTRY REPRESENTATIVE
MATTHEW BOYSE, US LABOR ATTACHE
WITOLD SARTORIUS, PROGRAMME MANAGER, FRIEDRICH EBERT FOUNDATION
ANDRZEJ KIDYBA, VICE PRESIDENT, ASS REG'L DEVEL. AGENCIES
IRENEUSZ KAMINSKI, DIR., OFFICE OF BUSINESS PROMOTION (PLOCK)
IWO BETKE, DIR., REGIONAL POLICY DEPARTMENT, PLOCK
ZDZISLAW MAZANEK, DIR., ECON DEVELOPMENT DEPARTMENT, PLOCK
HANNA MAKOWKA, PROMOTION OFFICE, PLOCK
WILLIAM J. CARR, PEACE CORPS VOLUNTEER
SOFIA KOWALCZYK, VOIVDSHIP OFFICE, PLOCK
SOFIA TLUCHOWSKA, RDA PLOCK
ZOZSLAV MAZANEK, ECONOMIC DEVELOP. DPT, VOIVODESHIP OFFICE, PLOCK
SLAWOMIR SIKORIA, DIR. AGRICULTURE ADVISORY OFFICE, PLOCK
LESZEK MROCYNSKI, THE MAYOR'S OFFICE, PLOCK
SLAWOMIR HUNEK, PRESIDENT, REGIONAL DEVELOPMENT AGENCY, WALBRZYCH
ANNA MIRSKA, OFF.FOR RESTRUCTURATION (ANALYSIS DPT) VOIVODESHIP

....., HEAD OF WALBRZYCH DEVELOPMENT DEPARTMENT

C. LIST OF DOCUMENTS REVIEWED

There was insufficient time to cull out the insignificant, to give full identification in all cases, and to arrange in a more meaningful order

SLOVAKIA:

FILE MATERIALS (CORRESPONDENCE)

1. Update on U.S. Department of Labor Projects 10/7/92
2. Update on DOL Activities 4/7/93
3. Rimavska Sobota Request for Assistance 4/21/93 Labor Market Transition Project (No. 180-0033) - Workplans for Proposed 1993 Department of Labor (DOL) Activities in Eastern Europe, August 1993
6. How to Carry out a Successful Restructuring Effort in Slovakia
7. Central Europe Regional Restructuring Workplan - Executive Summary (5/29/92)
8. Regional Restructuring Work Plan - Slovakia 12/17/92
9. Letter from L. Merrill to Miroslav Danihel (Ministry of Labor, Social Affairs and Family of SR), Re: the First Working Meeting in Smolenice 3/19/93
10. Letter from B. Daniels to P. Lerner, Re: Phase II of the Project (The implementation of Business Plans in Each Community), Support Letters from Institutions which participate in the Program and USAID Representatives in Slovakia and Poland 4/19/93
11. Request from the Mayor of Rimavska Sobota, Re: Romany Issue 4/23/93
12. Slovak Republic and Czech Republic: Programs and Selected Accomplishments - Workshop for Economic Restructuring and Community Leadership (Held on 2/24- 2/26/93)
13. List of in-country professionals 7/29/93
14. DOL Project, comments (from Gustav Matijek) 8/1/93
15. Comments on the Work Plan for Economic Innovation International, Second Phase (from Marian Krsko) 7/18/93
16. Comments to Work Plan for EII in Slovakia, Second Phase of DOL Project (from Pat Lerner) 8/12/93
17. Regional Economic Development and Community Leadership in Slovakia and Poland - Briefing Paper: August 1993
18. DOL's Workplan for Economic Innovation International's Second-Phase Activities in Poland and Slovakia 9/3/93
19. Audit of the Department of Labor's Technical Assistance Activities in Poland (Audit Report No. 8-181-94-01) 11/15/93
20. Comments on Workplan for Economic Innovation International

- in Poland - Second Phase (from Donald L. Pressley) 5/5/93
21. DOL B.L.S. Workplan 5/18/94
 27. DOL Request for Country Clearance for Workshop 6/1/94
 22. Labor Market Transition Project {180-033}: Local Unemployment Response November 93
 23. In-country professionals in Slovakia 11/23/93
 24. Draft for Press Release Regarding our Trip to Three Slovak Communities 11/23/93
 25. Trip Report for Rimavska Sobota and Banska Bystrica (April 27-28, 1994) 4/28/94
 26. Policy Question on EII Activities with Sugar (Ref: EII Trip Report dated April 28, 1994) 5/16/94
 27. EII Preliminary Trip Report 12/21/94

OTHER DOCUMENTS (REPORTS, PROPOSALS, WORKPLANS, ETC.)

1. Managing Regional Economic Restructuring Step-by-Step, A Handbook for Central European Leaders Submitted by: Belden H. Daniels, Catherine A. Crockett, Donna Chin Lee, Thierry Gibert & Kristin McGuire 1992
2. How to Carry Out a Successful Restructuring Effort In Poland & Slovakia (Final Report) Submitted to: Ambassador John Ferch, US Department of Labor, Linda Merrill, Project Manager, US Department of Labor Submitted by: Belden Daniels, Thierry Gibert
3. Workshop, How to Carry Out a Successful Restructuring Effort in Slovakia Smolenice, March 7 - 10, 1993 Organized by: Econ. Innovation International, US Depart. of Labor, USAID
4. Workshop Preparation - Poland 1. The City and Commune of Mikolajki, 2. Community Nowy Tomysl, 3. The Plock Region 4. Voivodship of Koszalin, 5. The City of Walbrzych Submitted by: EII February 1993
5. Regional Development in Poland & Slovakia Phase II. -- October 1, 1993 - September 30, 1994 Submitted to: Ambassador John Ferch, US Department of Labor, Linda Merrill, Project Manager, US Department of Labor. Submitted by: Belden Daniels, Thierry Gibert September 10, 1993
6. Slovakia Business Plan, July 1993: 1. Banska Bystrica - Brezno, 2. Dubnica Nad Vahom 3. Humenne 4. Rimavska Sobota, 5. Upper Nitra
7. Summary Report: Audits of the Department of Labor's Technical Assistance Activities in Central and Eastern Europe, Report No. 8-180-94-007 March 25, 1994
8. Workshop - How to Carry out a Successful Restructuring Effort in Slovakia, Smolenice, March 7 - 10, 1993 Organized by: EII, US Department of Labor, USAID Contributor: German Marshall Fund
9. Region Rimavska Sobota Debriefing for Action Plan, 4/2/93 Submitted by: Thierry Gibert
10. How to Ensure a Successful Realization of the Economic Development of the Region Upper Nitra. Plan of Activities 2/17/93
11. How To Successfully Realize Economic Recovery of Regions in

- Slovakia Region Banska Bystrica - Brezno 11/10/92
12. Region Banska Bystrica - Brezno (Debriefing) Submitted by: Thierry Gibert, EII
 13. How to Make Successful the Economical Revivment of Regions within Slovakia. Local Action Plan 5/5/93 Region Dubnica nad Vahom Name of Contact Person - Stanislav Kaliar, District Office of General Administration
 14. Successful Realization of the Economic Revival of the Slovak Regions District (Region) Rimavska Sobota Detailed Action Plan May 1993 Contact Person - Ladislav Bartakovic
 15. Region Rimavska Sobota - Debriefing for Action Plan Submitted by: Thierry Gibert
 16. The Program Innovation of the Regions The Local Action Plan Humenne April 1993

ADDITIONAL MISCELLANEOUS MATERIALS

1. Meeting on Regional Development on June 27, 1994 (Memo) June 6, 1994
2. Financing for Small and Medium Size Enterprises (Memo) May 16, 1994
3. To the Mayors of the Communities in the District of Rimavska Sobota (Letter) February 22, 1994
4. To the Managers of State-Owned or privatized located in the District of Rimavska Sobota (Letter) February 22, 1994
5. Study Tour of Five Slovak Communities in the U.S. (Memo) June 9, 1994
6. Information about American Cooperative Enterprise Center (Fax) 3/17/94
7. A Letter Re: The Slovakia Planning Team Meeting 5/5/94
8. Project: Regional Economic Development
9. Creating A Regional Development Agency in Central Europe February 1994
10. Memo Re: Regional Development Agencies December 17, 93
11. Learning from Experience, Nine Lessons for Successful Development Finance in the 1990s, Southern Development Finance Summit, September 9-10, 1992, Charleston, South Carolina Submitted by: Belden Hull Daniels, Thierry Gibert
12. Regional Restructuring in Poland and Slovakia, Phase II. - July 15, 1993 - July 15, 1994
Submitted to: Ambassador John Ferch, US Department of Labor, Linda Merrill, Project Manager, US Department of Labor
Submitted by: Belden Daniels, Thierry Gibert
13. Central Europe Regional Restructuring Workplan , Executive Summary (5/29/92)
14. DOL Workplan 12/21/93
15. Memo Re: Department of Labor Proposals for Slovakia 11/20/92
16. DOL Proposal for FY 93 12/3/92
17. Workshop Preparation Instructions 12/29/92
18. Trip Report: Slovakia and Poland, January 4-19, 1993
19. How to Carry Out a Successful Restructuring Effort in Slovakia, Slovak Planning Team, First Meeting January 14, 1993
20. EII Draft Workplan 3/29/93
21. Planned Activities Report, April 1993 - September 1993

- By Country, Project & Month 4/26/93
22. Clearance on DOL' 93 workplan 4/28/93
 23. Work Plan for EII, Second Phase (Memo) 7/18/93
 24. Work Plan for EII, Phase II. 7/1/93
 25. Labor Market Transition Project
(No. 180-0033) - Quarterly Progress Report
(4/1/93 - 6/30/93) 8/9/93
 26. DOL Quarter Reports on EII 6/11/94
 27. Regional Development in Poland & Slovakia
Phase II.-- October 1, 1993 - September 30, 1994 9/10/93
 28. Slovakia Country Workplan 12/2/93
 29. Memo Re: Trip Report for Dubnica Nad Vahom,
Horna Nitra and Banska Bystrica (December 6-10, 1993)
12/13/94
 30. First Quarterly Report -- December 1993 12/31/93
 31. FY 1994 Budget Submission to the Coordinator for East
European Assistance and AID for Labor Market Transition
Assistance for Central and Eastern Europe, Project No.
180-0033, Program Year 1994-1996 2/4/94
 32. DOL Progress Report 2/7/94
 33. Trip Report for Horna Nitra, Rimavska Sobota and Humenne
(February 7-11, 1994 2/21/94
 34. FY 1994 SEED Budget Submission, Narrative Presentation of
Each Major Project Proposed for Inclusion in OFR's 1994
Budget Request, Draft No.6, February 14, 1994
 35. Labor Market Transition Assistance for Central and Eastern
Europe, Project Nr. 180-0033 Slovakia Country Workplan May
16, 1994
 36. Regional Development in Central Europe, Phase III.
October 1,1994 - September 30, 1998
Step-By-Step First Draft for Discussion, June 9, 1994
Belden Daniels, Thierry Gibert, Catherine Crockett
 37. Information about the Planning Team Meeting of Five Slovak
Communities and Representatives of EII at the Center for
Strategic Studies of the SR May 26, 1994
 38. Progress in Horna Nitra-Prievidza, Slovakia June 8,1994

OTHER DOCUMENTS REVIEWED IN POLAND (DUPLICATES OMITTED)

1. How to Carry Out a Successful Regional Restructuring Effort
in Poland, Application Kit August 4, 1992 (EII)
2. Memorandum from Marian Lewin to the File on EII/USDOL 6/16/94
Regional Restructuring Workshops in Poland Mar 2-5- Golawice
3. EII Trips Reports: Koszalin (2/14-15, 1993), North-Eastern
Mazowia 11/29/30, 1993, Mikolajki 11/30-12/1, 1993, Plock
12/2-3/93, Nowy Tomysl (2/15- 16/94), Walbrzych(2/17/18/94);
Koszalin 4/20/21), Ostroleka-Lomza 5/11/94,
4. DOL Program Year Budget. EE Labor Mkt Transition Program
5. Memo Donald L. Pressley to Mary K. Huntington, August 5,
1993, Comments on Workplan for EII in Poland - Second Phase
6. Memo Mary Huntington to Donald Pressley, 9/3/93 DOL's
workplan for EII Second Phase Activities in Poland and

Slovakia

7. DOL Workplan for Poland, December 2, 1993
8. EII First Qrtly Report -- December 1993
9. Kevin Covert Trip Report: Slovakia and Poland, January 4-19, 1993
10. EII Memo re in-country professions, July 29, 1993
11. EII Work Plan Phase II, September 10, 1993
12. Memorandum of Cooperation, EII/Plock
13. EII Memo to C.Duvigneau, IBRD Warsaw, info on Plock and Walbrzych
14. Regional Development Agencies and Foundations in Poland
15. EII Detailed Action Plan Preparation Instruction (2/26/93)
16. EII Memo: Some Local Leaders Involved in the EII Program
17. EII: Creating the Koszalin Guarantee Fund, Step by Step, 5/94
18. EII: Regional Development in Poland and Slovakia (undated)
19. Local Activity Plan, Plock, (undated)
20. B. Daniels Letter to Craig McMicken IESC Volunteer Exec. 3/23/94
21. E. Samplawska, letter to P. Lerner, 5/93
22. Walbrzych Region Business Guide. (The Walbrzych RDA)
23. Non-Profit Institutions in Regional Restructuring (F.Ebert Foundation, Poland, Economic and Social Policy Series No. 30)
24. PARD. Regional Development in Poland: Basic Facts

A variety of E-mail and miscellaneous correspondence.

Extended discussion of Methodology

The evaluation contractor spent one day (spanning June 9-10) in USAID/W reviewing documents, discussing the scope of work and AID expectations with Project Manager Brendan McGrath. He also separately met and discussed the project in the State Department with EII President Belden Daniels and USAID Slovakia Rep Patricia Lerner. (DOL Project Manager Linda Merrill canceled her scheduled meeting because of illness.) Mr. McGrath had arranged these meetings for the express purpose of discussing project activities and concerns with each of the interested parties.

SLOVAKIA

In Slovakia, during the period June 11-June 13, the evaluator reviewed the entire project file, including workplans, quarterly reports, budget proposals, trip reports, and USAID communications. He and USAID Project Advisor Matijek had a formal meeting for two hours on June 13 with EII Vice-President Thierry Gibert and in-country resident advisor Tatiana Mihalikova. The evaluator also attempted to call members of the Planning Team whom EII indicates act in an advisory role with them in this project, but he was only able to establish phone contact with PC Rep Bob Blenker. He accordingly sent a fax to some thirteen listed members of the Planning Team who had Slovakia fax numbers, asking about their role in the project and for their candid views on its operation. (See copy of fax and list of addressees, attached). On June 14-17 he visited three of the five regions, accompanied by USAID Project Advisor Gustav Matijek who had prepared the project file materials for review, the field trip arrangements, and appointments with local leaders and advisors.

On return to Bratislava the evaluator again reviewed some of the more pertinent material, and on June 19 he and Mr. Matijek again met with Mr. Gibert and Ms. Mihalikova (for about three hours) to discuss the evaluation findings and to ask for further clarification and comments on certain aspects of project operations and reporting. On June 20 the evaluation team met with representatives of the GOS Center for Strategic Studies to obtain their views of this project and an overview of the Center's role in regional development. Mr. Matijek served as translator for this meeting. An interpreter hired by the USAID (and charged to the Purchase Order) was used in most other interviews.

On June 20 the evaluator prepared a draft report, leaving one printed copy for faxing to Brendan McGrath and another on a diskette. The persons contacted and the documents reviewed and mentioned in the report are appended as attachments to this report.

POLAND

In Poland Project Specialist Anna Rakowicz had assembled the files and arranged a schedule of trips and meetings. Some were subsequently canceled because the Purchase Order had insufficient funds for travel and interpreter services. Although additional funding was subsequently provided, it did not include due consideration and the evaluator rejected it. The visits were not made. The evaluator also believed it was not cost effective to visit each of the client cities. The planned trip would have taken more than 12 hours for three to four hours of interviews. The costs of a chauffeur-driven vehicle plus an interpreter for the entire time did not seem to warrant the incremental information to be gathered. Also, the USAID Project Advisor, Ms. Rakowicz could not participate in a reinstated trip to Mikolaji and Ostroleka/Lomza, and the car rental would not have benefitted the Mission.

The files in the AID Rep's Office were only a small fraction of those in Slovakia: three folders, each less than an inch thick, as compared with several voluminous stacks of documents and reports in Slovakia. (DOL/EII may have sent most of the reports to the Embassy Labor Attache rather than to the USAID.) The evaluator reviewed the files on June 21-22 and also discussed the project individually with two USAID employees; one was a former PC volunteer stationed in Plock (February 1992 - December 1993), and the other had already reviewed the files and prepared a critical memorandum of EII activities. He also met for some two hours with EII in-country representative Anna Iwanowska, and he spent a good deal of time trying to have the Purchase Order amended to authorize car rental and additional funding for the Poland trip. (The original P.O. had only authorized car rental in Slovakia).

On June 23 the evaluator and USAID Warsaw's Project Specialist Anna Rakowicz took a bus to Plock and had a meeting with some eight members of the local leadership committee. (She did most of the interpreting.) The evaluator discussed the project on June 27 with Matthew Boyse, the Labor Attache in the US Embassy, who apparently received more copies of EII reports than were in the AID files. He also briefed the USAID Program Officer, Charles Aanenson and Project Advisors Anna Rakowicz and Tamara Arsenault on his findings and recommendations to date. On June 28 he and Ms. Rakowicz flew to Walbryzch and met with the President of the Walbryzch RDA, a representative of the Mayor's office, and another from the governor's office. On return to Warsaw that evening the evaluator met again with Belden Daniels for two hours to discuss the project's lack of credibility, its paucity of concrete benchmarks, and Mr. Daniel's vision of this activity. The evaluator departed Poland on June 29.