

**EVALUATION OF DOL'S LABOR MARKET
TRANSITION PROGRAM IN POLAND, HUNGARY,
AND BULGARIA**

**Sponsored by USAID through an InterAgency
Agreement under the Support for East European
Democracy (SEED) Act of 1989**

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The observations, conclusions, and recommendations set forth in this document are those of the authors alone and do not represent the views or opinions of the USAID/ENI/HR Technical Assistance Project, BHM International, Inc., or the staffs of these organizations.

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PREFACE

The USAID-Department of Labor (DOL) InterAgency Agreement (IAA) for assistance in labor market transition in Eastern Europe provides technical assistance to national governments and other actors attempting to resolve the problem of massive employment dislocations in the region. This evaluation was designed to document the status and effects of activities operated under the IAA.

Field work for the evaluation was completed over a period of three weeks and covered 15 DOL projects in Poland, Hungary, and Bulgaria. Findings included in the evaluation are based on limited but systematic interviews with persons involved in projects and on an analysis of written information made available to the evaluation team. Both DOL and USAID documentation on management and monitoring of activities was limited.

The brevity of the study and the wide range of activities and breadth of geography covered should be kept in mind when considering the evaluation results. Nonetheless, the findings and conclusions provide an accurate picture of what our team was told and shown and what our team read. The team had no data on which to base impact findings; therefore, our findings are subjective, reflecting the evaluators' professional judgment.

Reactions to the first and second drafts of the report were varied and helpful. The full text of these comments is included as Annex H of the report.

All comments and textual changes recommended by the readers of the drafts have been considered, with many incorporated into the present document. We could not respond fully to some comments for want of specific information or time to delve more deeply into a subject. For example,

- C the comments of USAID mission staff in Hungary and Poland noted that the report failed to answer, What is the value added by involving DOL and what are/were the costs? (Hungary) and How many individuals were trained and counseled, with what effects on reemployment and at what unit costs? (Poland);
- C the DOL contention that the analysis treated management issues too extensively and without sufficient facts to support conclusions was balanced by USAID/Budapest's statement that longstanding management issues were "glossed over"; and
- C in its second set of comments, DOL has made observations pertaining to funding and management issues that are now under consideration. We cannot comment on these issues, since they arose after the completion of the research and field work that formed the basis of the evaluation's findings and conclusions.

Our key recommendations are that information about the program should be collected and put forth more comprehensively and clearly in the immediate future and that the main actors in the program should take steps to strengthen their relationships. On this basis, we are confident that high-impact endeavors of national scope and importance can be carried out to a successful conclusion.

Finally, we would like to take this opportunity to thank the many persons who assisted the evaluation team in the course of this study. We were impressed particularly by the dedication and tenacity of so many local, regional, and national officials in Poland, Hungary, and Bulgaria who have worked to confront the serious and complex labor transition challenge in Eastern Europe.

EXECUTIVE SUMMARY

INTRODUCTION

The U.S. Department of Labor (DOL) program of technical assistance to support labor transition needs is mandated under the Support for Eastern European Democracy (SEED) Act of 1989. The act identified a range of initiatives to be developed and supported in each of the following areas: democratic reforms, structural adjustment, private sector development, and trade and investment.

DOL figured prominently under the SEED Act's section on private sector development. Section 202 of the act specifically directed DOL to provide technical assistance in a range of fields. DOL has carried out its mandate with support provided through an InterAgency Agreement (IAA) with the U.S. Agency for International Development (USAID). Under the IAA, a total of \$24,597,193 has been made available (\$5,615,000 in 1992; \$6,000,000 in 1993; \$6,966,600 in 1994; and \$6,015,593 in 1995). DOL requested an additional \$6,060,600 for FY 96 as this evaluation was being completed.

Planning and implementation of DOL's diverse program relied on DOL's own staff and consultants and contracts with other federal and state departments and agencies, universities, unions affiliated with AFL-CIO, and some private sector firms.

In the main, implementation assistance has taken the form of technical assistance combined with training, with the latter delivered in both the United States and target countries. Significant sums, however, have been used to build or refurbish structures such as training centers or offices. Often, DOL has coordinated closely with other donors active in the labor transition sector, for example, the World Bank, International Labor Organization (ILO), and German aid agency, GTZ.

PURPOSE OF EVALUATION

The evaluation of DOL's technical assistance initiatives in Poland, Hungary, and Bulgaria was organized around the following objectives:

- C to judge whether the program is meeting its intended purpose according to the SEED Act;
- C to gauge program effectiveness and impact and the degree to which activities continue to be appropriate;
- C to provide information to USAID/Washington, field missions, and DOL for use in making decisions about the subsequent strategic focus and concentration of the DOL portfolio; and
- C to suggest how the DOL portfolio can maximize impact on program areas that support USAID missions' strategic objectives without expectations of additional resources.

EVALUATION TEAM AND METHODOLOGY

The three-person evaluation team consisted of two individuals contracted through BHM International and the USAID/Washington project manager. DOL hired one or more persons in each country to act as key informants and supplement the team.

The methodology was straightforward and included archival research, the development of interview guides, interviews with a range of individuals and groups in the three countries, and debriefings at each USAID mission and at USAID/Washington. Field work was conducted over a period of three weeks and covered 15 DOL programs in three countries (Poland, Hungary, and Bulgaria).

It is important to point out that the above methodology led to a report in which findings, by necessity, were based on the limited, systematic sampling of available information rather than on extensive original data collection. The methodology is a response to the brief time allocated to the field work as related to the wide range of activities and geography covered and, as noted in the body of the report, the lack of detailed information available from either DOL or USAID concerning implementation (e.g., baseline technical assistance and study tours provided, numbers of people trained, people counseled, etc.).

KEY EVALUATION FINDINGS

- C Despite the difficult operating environment in Eastern Europe, DOL responded quickly in fulfilling its SEED mandate by developing and implementing activities aimed at providing public employment services, labor statistics, vocational training, and labor-management relations training and assisting in establishing social insurance systems.
- C Initial designs were drawn from a menu of standard employment services programs available in the United States, but attempts were made to adapt to Eastern European conditions.
- C Many of DOL's initial activities included in the study, especially assistance rendered in the employment services area, were important in assisting host governments to develop a basis for confronting conditions of high unemployment in the region.
- C Once underway, most projects evolved logically despite a few false starts. Of 15 activities in the three countries, 12 began operation in 1992 and were continuing in 1996. (One of the 12 will terminate this year; two of the activities had not yet begun.)
- C The evolving design process used by DOL in the early years seemed appropriate under the circumstances. Likewise, it made sense to use initial experiences as the basis for redesigning and amplifying the early activities into new phases of implementation.
- C A number (perhaps up to nine) of ongoing and longer-term DOL activities studied by the evaluation team appeared to be nearing completion. Most had produced beneficial effects and accomplished through technical assistance and training most of the tasks initially set forth in workplans.
- C In three of the nine projects, however, issues concerning sustainability raised questions about whether the activities will continue at the point DOL funding is curtailed. One of the three projects so threatened, the construction crafts training project in Poland, represents DOL's largest and longest-running single project investment using SEED funds.
- C Institutional relationships among and between the major actors, mainly DOL Bureau of International Labor Affairs (ILAB) and USAID, appeared strained, with many programmatic misunderstandings and disagreements reported by individuals interviewed. Inadequate consultation between the agencies was often mentioned as the cause.

- C The main issue appeared to revolve around the lack of concrete information concerning implementation of activities over time: what, by whom, in what amount (funds, training, technical assistance, study tours), and with what apparent effect (numbers trained, businesses served, people placed in employment).
- C DOL relations with host governments appeared to be excellent. National authorities gave high marks to labor transition assistance provided by DOL.
- C DOL collaboration with other donors appeared to be effective and on the increase. DOL was viewed as a useful partner able to apply SEED resources in a flexible and timely manner in ways that both facilitate the issuance of World Bank loans and effectively leverage U.S. funds.
- C Longer-term DOL activities appeared to have accomplished their objectives in most major respects. Eight of 12 projects appeared to have an already high impact on a nationwide basis (six projects) or likely to have such impact once they got underway (two activities); four had had moderate impact in limited geographic areas (two projects) or were destined to have such effects (two projects); and only a single component of a two-component project appeared to have had only slight impact.

PRINCIPAL CONCLUSIONS

- C The basic employment services activities undertaken early by DOL in the three countries were highly relevant to the needs of the region and in accord with the intent of the SEED Act.
- C To maintain relevance, the continuation of present activities or initiation of new activities requires more sophisticated joint planning and analysis among key actors, particularly at the mission level, to ensure the strategic use of remaining and any new funds. Significant opportunities may exist to link projects cost-effectively with other donors and implementing agencies.
- C Funding levels available for operations in SEED countries are decreasing (USAID and other donors) and pressures to demonstrate tangible, measurable impacts for investments are increasing. Continuing or new activities require more complete planning documentation, including analyses of needs, baseline circumstances, and workplans with clear descriptions of time frame, costs, outputs, targets, and outcomes.
- C A large number of DOL's long-running SEED-financed activities have assisted national governments in setting up basic employment and labor-management services. Many have achieved most of their original objectives and have produced significant and often nationwide impact. Given funding exigencies and attempts to ensure the strategic use of remaining and any new funds, such activities now require the careful planning of close-out actions.
- C Many on-the-ground management and operational issues related to coordination, monitoring, and procedures for developing annual plans have not been satisfactorily resolved by joint actions of DOL and USAID.
- C USAID/Washington project management has been inconsistent (as reflected in the number of project managers who have come and gone) and ineffective due, at least in part, to an

inability to provide sufficient management oversight of the DOL IAA in a way that enhances project effectiveness.

- C USAID mission monitoring of DOL activities has been inconsistent due to the rapid growth of mission portfolios and the associated demand for staff attention to a wide range of priorities, the usual turnover in mission staff, and the nature of the project implementation information provided by DOL. The last was not organized to correlate expenditures with field actions for a given reporting period or to yield the cumulative total over the life of the project. Given that the IAA only recently allowed DOL to post employees in the field, mission monitoring suffered in response to a lack of local DOL personnel resources.
- C DOL headquarters management has not been consistently staffed with effectively deployed project managers. At the same time, headquarters has not used appropriately detailed and up-to-date management information systems that provide both field managers and other partners with the critical information necessary for ongoing implementation.
- C Despite a lack of consistent oversight of field activities and the incomplete monitoring and reporting of project accomplishments, extensive field interviews suggest that most DOL activities have had significant and often nationwide effects.

KEY RECOMMENDATIONS

- C DOL and USAID should jointly analyze the present DOL portfolio and consolidate activities (especially in Northern Tier countries) to ensure that as intense a focus as possible is directed to the most highly relevant projects, thereby making certain that needed actions are taken to institutionalize key ongoing projects and that maximum attention and funding are directed to any new projects proposed.
- C DOL should work with combined DOL/USAID strategic objective teams to identify opportunities on a country-by-country basis for leveraging available U.S. funds through cooperative programming with other USAID projects as well as with those of other donors, for example, the World Bank. Should the magnitude and potential impact of such activities prove significant, DOL should consider allocating a greater percentage of available resources to such activities.
- C The design of both ongoing and future activities should include full descriptions, indicators, and outcome targets and be tracked and reported against such measures on a regular basis during the course of implementation.
- C Information on the magnitude of inputs/outputs, including costs (level-of-effort data on technical assistance and training), should be routinely maintained and made available in the future.
- C In several key project areas—labor-management relations, mass layoff assistance for dislocated workers, basic employment services—DOL should consider requesting USAID agreement to use SEED funds to retain some of DOL’s talented consultants to study and document overall program experience and results. The consultants’ reports should compensate for the lack of data and information and make lessons learned available for use in further programming by DOL and other donors and governments in the region.

- C DOL should take immediate steps to
 - a. design and implement a timely and accurate management information system for use by all parties. Such a system will greatly improve the ability to manage individual activities for maximum impact as well as to plan for future initiatives;
 - b. allocate more operational authority to in-country representatives, thereby facilitating their ability to coordinate programs more closely and reliably with USAID missions;
 - c. revise and clarify the roles of Washington-based staff to provide a higher level and more consistent backstopping of field programs;
 - d. initiate a process with each USAID mission to identify ways in which labor market reform activities can be integrated within the strategic objective frameworks so that the integrated sum of results will be greater and more significant than the individual parts; and
 - e. amend the terms of employment of the Hungary field officer to include operational responsibilities for all in-country DOL activities and to focus a greater share of the Poland-based regional representative's time on the day-to-day implementation of those critically important projects that will be continued.

- C USAID/Washington should take necessary steps to ensure staff continuity in Washington; work closely with DOL to become more knowledgeable of the field implementation of the DOL projects and the status of the individual relationships with missions in the region; participate more actively in the identification and conceptual development of high-impact programs that could be developed in partnership with, for example, the World Bank; and work closely with DOL to ensure the provision of clear and sufficiently detailed guidance.

- C USAID field missions should take steps to ensure that appropriate DOL representatives are included during the earliest phases of the cooperative development of strategic objectives, thereby maximizing programmatic linkages and synergies; and ensure that a designated staff person maintains an up-to-date understanding of the implementation status of the DOL initiatives and participates in the resolution of outstanding issues.

COUNTRY-SPECIFIC CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

POLAND

- C Assignment of a highly qualified Polish-speaking field coordinator in Warsaw has had an excellent overall effect on DOL operations.

- C The DOL Poland program is at a crossroads. Activities are at different stages of implementation: some have achieved most of their objectives and are subject to close-out; some are just getting underway. One well-advanced activity, the construction crafts training project, has serious sustainability problems.

HUNGARY

- C Activities have had significant nationwide effects. Demonstrated models are under consideration at the highest levels of government for inclusion in the national employment services package. Decisions about government fiscal support appear to be possible within the next two years.
- C The models will not realize their potential impact until they are effectively linked with the local economic development/job creation initiatives of the government and other donors.
- C Project management and oversight have suffered because of a lack of timely and accurate management information (such as progress reports and financial status).
- C Implementation and management have suffered due to a lack of DOL on-the-ground management for all programs.

BULGARIA

- C The Employment Services/Dislocated Worker program has had significant effects and is being institutionalized at the national level. The utility of the model could be enhanced if effectively linked with local economic development initiatives.
- C The program targeting ethnic minorities has achieved mixed results. The component covering literacy training has not resulted in major gains; it is not clear that sufficient political will exists for literacy training to have wide impact.
- C The Social Welfare-to-Employment program component of the program has been widely accepted and is likely to be applied even more widely.
- C Support requirements in the area of social insurance reform are varied, extensive, and long-term. Coordination of activities with other donors will prove critical. Private pension reform may become a priority for the mission.
- C Lack of management continuity within DOL for Bulgaria has resulted in confusion at the USAID mission as to the appropriate DOL contact.

RECOMMENDATIONS

POLAND

- C DOL and USAID should agree to plans of action for each project in the Poland portfolio by using the following as guidelines for discussions:

Employment Services. Close out the activity after calculating costs based on remaining FY 95 funds and a modest addition of FY 96 funds to complete such residual matters as installation of assessment techniques, completion of training manuals, and assurance of government adoption of relevant regulations and policies.

Construction Crafts Skill Training Centers. Review status. Arrange for additional funding with the proviso that DOL contract for a marketing and business development study as a means to establish self-sufficiency; discuss with the USAID mission and other donors

possible linkages between centers and other projects; and secure all parties' agreement to new plans for sustainability and timing of turnover of responsibilities for centers.

Lodz White-Collar Skills Training Center. Review status. Undertake future funding only with agreement that formal study of sustainability prospects will be performed and that all parties agree to targets for self-sufficiency.

Labor-Management Relations. Complete close-out plan, including details concerning use of remaining FY 95 funds and limited FY 96 funds to provide additional training and technical assistance to "model firms" and to endow a university chair to institutionalize the program.

Reemployment Advisory Center for Women. Assuming funding availability, DOL and USAID should review their proposal in terms of replicability, sustainability, significance of potential impact, synergies with other USAID and donor programs, and prospects for other donor support.

Coal Sector Reemployment Fund. Develop full plan, including cost information, targets, and indicators, for joint review with USAID as initiative moves forward; develop project concept and design to guarantee impact whether or not World Bank loan funding materializes.

HUNGARY

- C DOL should become a member of the work teams that address the mission's relevant strategic objectives and develop performance indicators that are linked with and contribute to related USAID objectives.
- C DOL and USAID should assess whether the government of Hungary requires further assistance as it drafts employment-related legislation.
- C The present DOL in-country representative should be authorized to oversee all DOL programs in the country and be designated as the single point of contact with USAID/Budapest staff.
- C DOL should acquire, assess, and make available in a timely fashion management information required for informed management and decision making at the local level.
- C Specific actions recommended for each project listed below should be considered in ongoing USAID/DOL discussions concerning future implementation:

Self-Employment and Entrepreneurial Training (Quick Start). Develop and secure the mission's agreement on a close-out strategy that requires minimal additional funding. The close-out strategy should, where possible, identify linkages with local economic development initiatives and recommend methodologies and approaches for effectively linking the Quick Start and Rapid Response programs.

Rapid Response. Develop close-out strategy and secure agreement of the mission concerning additional funding required. The strategy should identify linkages with local economic development efforts and propose more effective recordkeeping and tracking of employable individuals.

Labor-Management Relations. Develop close-out strategy and secure agreement of the mission. The strategy should respond to government requests for assistance in the areas of mediation and arbitration services in a way that cost-effectively uses both pipeline FY 95 funds and other resources from other USAID projects.

BULGARIA

C Specific actions recommended for each project follow:

Employment Services. Develop a close-out plan that justifies the need for any additional funds. Where possible, plans should incorporate activities and models into local economic development initiatives.

Employment and Training Initiatives for Ethnic Minorities. Develop a close-out plan with minimal additional investment. Program models should be linked to job creation at the local level.

Social Insurance Reform. Finalize the workplan with the mission for FY 95 funds to be used in coordination with World Bank activities. Emphasize actuarial training and establishment of public information capacity within the new National Institute of Social Insurance. Develop FY 96 program needs jointly with the mission.

C Dedicate a DOL project officer responsible for Bulgarian programs and establish the officer's roles/responsibilities in close consultation with the mission.

C DOL should take further steps to identify and implement closer programmatic linkages with other USAID initiatives in Bulgaria with related goals (i.e., FTUI, Democracy Network, etc.).

C In response to a recently announced massive industrial restructuring program, consider, in consultation with the mission, whether a reallocation of available resources to a dislocated worker program is desirable.

I. OVERVIEW

A. Background

As the decades of state planning and rule by government fiat in Eastern Europe came to an end in 1989, the issue of the efficient allocation of factors of production needed reconsideration. Countries in Central and Eastern Europe (CEE) making the difficult transition from command to market economies required assistance to reorient their economies and political systems. Labor transition issues were high on the list of items in need of immediate attention.

President Bush announced that U.S. government assistance would be directed to countries in Central and Eastern Europe. The Support for East European Democracy (SEED) Act of 1989 mandated an assistance program for Poland and Hungary. The SEED Act's coverage soon extended to a range of other Eastern European nations.

The act's initiatives included support for structural adjustment, private sector development, and trade and investment. A labor market transition program to be operated by the U.S. Department of Labor (DOL) figured prominently in the SEED Act's section on private sector development. Section 202 of the act directed DOL to

provide technical assistance for implementation of labor market reforms regarding policies and programs for training and retraining, job search and employment services, unemployment insurance, labor-management relations, labor statistics, analysis of productivity constraints, entrepreneurial support for small businesses, market-driven systems of wage and income determinations, job creation, employment security, the observance of internationally recognized worker rights....

Assistance under the SEED Act, including the DOL program, began in 1990. The purpose of the DOL program was to implement labor market reforms and to facilitate employment adjustments. A series of InterAgency Agreements (IAA) became the mechanism for implementing such assistance. DOL activities initially focused on Poland and Hungary, eventually included Bulgaria and Romania, and, later, extended to activities in Slovakia, the Czech Republic, and Albania.

Initially, the IAA was authorized at a level of \$5,615,000 in FY 92. It was amended to add \$6,000,000 in FY 93, \$6,966,600 in FY 94, and \$6,015,593 in FY 95. Total funding of the DOL program at the time of this evaluation is \$24,597,193. (DOL made a FY 96 request for an additional \$6,000,000 as this evaluation was being completed.)

Planning and implementation of DOL's diverse and wide-ranging program was carried out by DOL's own staff and consultants, those of other federal and state departments and agencies, universities, unions affiliated with AFL-CIO, and some private sector firms. In the main, the program consisted of technical assistance combined with training. In a few limited cases, some resources were used to build or refurbish such structures as training centers or offices. Often, DOL coordinated its efforts closely with other donors active in the labor transition sector, for example, the World Bank, International Labor Organization, and German assistance organization, GTZ.

B. Purpose and Methodology of Evaluation

The scope of work for the evaluation outlined the following objectives:

- C to determine whether the DOL program is meeting the intended purpose of the SEED Act;
- C to study program effectiveness, efficiency, whether activities continue to be appropriate, and the impact of activities;
- C to provide information to USAID/Washington, field missions, and DOL for use in making decisions about the subsequent strategic focus and concentration of the DOL portfolio; and
- C to determine how DOL's portfolio maximizes impact on program areas that support the USAID missions' current country program objectives without expectations of additional resources.

The full scope of work appears as Annex A.

This interim evaluation was conducted in late March, April, and May 1996. A mid-term evaluation was conducted in 1993. USAID's Inspector General audited the program that same year.

The evaluation team consisted of three persons—Mary Ann Radebach and Edward Glaeser—made available by BHM International with USAID and DOL approval and Bruce Grogan—the USAID/ Washington project manager—who served full time on the evaluation team. During the field work in Eastern Europe, the three-person team was supplemented by the addition of one or more persons hired by DOL: in Poland and Hungary, by Ewa Springer, the DOL regional coordinator working out of Warsaw; in Hungary, by Maria Heidkamp, the project manager of DOL's Mass Layoff Response program in Hungary; in Bulgaria, by Sydney Smith, former DOL/Washington desk officer for Bulgaria, now on leave of absence and studying at the London School of Economics.

The methodology used in the course of conducting the evaluation was straightforward and included the following:

- C a facilitated team planning meeting before departure for the field to help the team frame evaluation issues, identify key project actors, and discuss roles and responsibilities;
- C archival research covering country data and historical information, labor transition strategies and planning documents of national governments, project documentation of other donors, and planning and monitoring documents provided by DOL (bibliography at Annex B);
- C interviews with over 170 persons (names in Annex C) using "interview/study guides" developed for different categories of individuals included in the study (interview/study guides at Annex D);
- C discussion and formal debriefings with USAID staff in each of the three countries (with DOL representatives on the evaluation team); and
- C write-up of project findings, conclusions, and recommendations.

C. Organization of the Report

Sections II A through D report the findings on the projects studied by the team in Poland, Hungary, and Bulgaria and on the single regional project assessed by the team. Section II E reports general findings concerning project design, implementation, management, donor and government coordination, and project impact. Section III offers conclusions and recommendations.

II. EVALUATION FINDINGS

A. Poland

1. Country Setting/Program Context

Poland, population 38 million, was the first Central and Eastern European country to embrace bold policies of democratic and economic reform. "Shock therapy" reforms adopted in 1990 ameliorated hyperinflation and put the economy on an early path of sustained growth. GDP initially dropped by 18 percent in 1990 and 1991 but then regained that ground over a four-year period of growth. In 1995, growth was about 6 percent; exports surged by 25 percent in 1994 and reached nearly 40 percent in 1995.

Growth and other reform measures earned Poland a forgiven foreign debt, a Moody's investment-grade credit rating, and several successful IMF standby arrangements that freed the country from close IMF monitoring. But such macroeconomic "success" did not come without cost or a great deal of continuing travail as economic policy details continued to be debated and further decisions considered.

Unemployment rose to 17 percent in mid-1994 and has since leveled off at 14 percent—close to 2.5 million of the Polish workforce of 18 million were without jobs. Tight government budgets forced cuts in education and health care and pointed to the need for major reform of Poland's pension system—still in the planning stages—to free up more resources for investment in public infrastructure.

Privatization has been slow in coming. Of 8,000 state enterprises in 1989, 5,000 remain seven years later. In 1995, mass privatization was finally launched with 500 more firms on the block. Many major industries such as coal and refineries have yet to be privatized. Banking in Poland still suffers from major structural problems, and lending for local enterprise development remains paltry. Polish agriculture, although privately operated, remains traumatized and problem-bound by overemployment, the small size of holdings, and technological deficiencies.

In this fast-moving, continually changing setting, DOL began operating technical assistance programs in 1990 with the purpose of easing Poland's difficult transition to a market economy by assisting the state in building institutions to support a free market system.

2. Poland—Project Specific Findings

The team studied seven DOL-sponsored activities in Poland, a sample that included current DOL activities. Five of the projects in the sample are ongoing in FY 95; two received approval for 1995 startup. One of the ongoing projects will receive no further funding after FY 95. An abbreviated summary of findings for each of the five ongoing and the two startup projects appears below. (A somewhat longer report on the findings of each project appears as Annex E.)

For each project, budget amounts indicated as "funding through FY 95" consist of the latest estimates from DOL ILAB. This information was provided to the evaluation team on May 15, 1996. Amounts specified as "FY 96 request" are the numbers DOL ILAB is proposing to the U.S. Department of State and USAID for review in the immediate future as part of the draft budget subject to further discussion. "FY 97 request" estimates come from that same draft budget.

ACTIVITY SUMMARY SHEET

EMPLOYMENT SERVICES—Poland

Time frame 1991-1997

Funding through FY 95 \$1,270,000

FY 96 request \$225,000

FY 97 request \$125,000

Project Purpose: To assist national, regional, and local labor offices in building institutional capacity/staff skills needed to develop and manage public employment services nationwide and to strengthen the workforce and the market economy.

Project Description: Assess employment services situation; arrange TA and study trips for planning intervention; develop procedures for model centers—grouping functions, training staff, developing paper flow, securing computer hardware/software, initiating range of customer-oriented services, including assessment, placement, and counseling; facilitate nationwide institutionalization of procedures and systems, including a process for continuing labor office management assessments.

Status: DOL model office (eight local offices) initiative in Gdansk and Szezecin set up and functioning, with notable customer service orientation and significant degree of independent local action and linkages. Polish authorities created nationwide system based on DOL model along with approaches demonstrated by/adapted from Western European countries. Vocational counseling system pioneered by DOL is standard throughout system with 420 counselors trained directly by DOL or DOL-trained trainers. DOL "job center" concept (designed to provide special services for hard-to-place individuals) not adopted nationwide; the reason is that it was judged cost-ineffective. Locus of DOL activity shifted to National Labor Office level in 1995. DOL now completing last activity: implementation of a management assessment system for the entire local and regional office system. Assessments completed in 130 local labor offices. Assessment process will be formally incorporated as standard policy nationwide.

Impact: DOL has had clear systemic effects on the Polish government's employment services system. Ministry of Labor and Social Service officials at all levels indicate that DOL assistance along with that of the World Bank, the Federal Republic of Germany, and ILO had major influence in creating fully functional and well-equipped national employment services system. Many interviewees indicated DOL most influential (through its pilot demonstration) in helping bring order out of chaos as the employment services system was developed in its early years. DOL offered professional but pragmatic advice, assessment, orientation, and training to ensure that original DOL pilot area offices remain known as some of the most innovative, activist, and customer-oriented in the country.

Issues: Close-out plan needed with modest but sufficient FY 96 funds to complete final versions of training manuals, assessments, and reports and to ensure institutionalization of relevant regulations and policies.

ACTIVITY SUMMARY SHEET

CONSTRUCTION CRAFTS SKILLS TRAINING CENTERS—Poland

Time frame 1991-1997
Funding through FY 95 \$2,725,000
FY 96 request \$465,000
FY 97 request \$265,000

Project Purpose: To establish a fully functioning, self-sufficient construction crafts training program and to build the institutional capacity and staff skills needed to operate the training program after U.S. financial assistance ends.

Project Description: Agreement by DOL, Building and Construction Trades Department of AFL-CIO, Poland's Ministry of Labor and Social Policy, and Solidarity to establish Polish-American Training Centers for building skills. Centers prepare skilled masons, roofers, carpenters, welders, plumbers, and other construction subspecialists. Trade instructors are trained in United States. Facilities in Poland renovated, constructed, and equipped. Courses include both theory and practical experience using actual materials. Enrollees with no experience take four-month apprentice-type courses; those with experience are offered four- or six-week courses to upgrade skills. A two-week small business promotion course is also offered.

Status: Two centers are fully functioning and provide what is generally acknowledged as excellent skills training. To date, they have trained 2,200 people. Demand for graduates is high, and almost all find jobs. Costs per trainee are high. The approach to sustainability for this high-quality but expensive construction crafts training program does not appear to be clear to local center staff or Solidarity overseers. The centers are funded by DOL until September 1996.

Impact: Those able to avail themselves of training are well served; given the skill standards taught, such craftpersons likely have some influence in ensuring that better-than-average construction techniques are used at sites where graduates are employed. Some graduates have established their own businesses and employ other graduates. Broader objectives—to equip workers fully capable of assisting builders in solving Poland's shortage of good-quality housing and to serve in construction of new facilities sponsored by foreign investors—are not yet being realized. A lack of mortgages, archaic housing regulations, and a lack of foreign investors have stifled construction of housing, offices, and factories. Only as Polish authorities clear up regulations and policies can the hoped-for construction boom occur, at which time the training centers can meet their broader objectives.

Issues: Serious sustainability issues make FY 96 close-out premature. Funds are almost depleted. New funds need to be arranged with the proviso that some will be used to perform in-depth assessment of means for establishing self-sufficiency. Marketing plan needed. New plans and timing of turnover of centers' responsibility to Solidarity need to be fashioned and agreed to by all parties.

ACTIVITY SUMMARY SHEET

LODZ WHITE-COLLAR SKILLS TRAINING CENTER—Poland

Time frame 1994-1997
Funding through FY 95 \$365,000
FY 96 request \$275,000
FY 97 request \$187,500

Project Purpose: To establish a fully functioning and essentially self-sufficient white-collar skills training center program and to build the institutional capacity and staff skills to operate the training program after U.S. financial assistance ends.

Project Description: The historically prosperous Lodz region suffered unemployment reaching an estimated 21 percent (over 100,000 persons) in 1995. Women employed in linen- and cotton-producing factories that sold principally to Russia are the major portion of the unemployed. The Solidarity Lodz Regional Union Board in conjunction with AFL-CIO designed a project to retrain women formerly employed in the mills. TA, training, and funds were used to conduct a methodical project development effort that ultimately led to the recommendation calling for "white-collar" office skills training and to identify and refurbish a training facility, develop a curriculum, train staff, and work with the local labor offices to prepare the offices to support the new training center. DOL funds cover all administrative costs, materials, equipment, and renovation. Courses cover secretarial and administrative skills and include modules on management, typing, bookkeeping, computer use, communication skills, stress management, basic English language, and how to start a business.

Status: Renovation of the facility is nearing completion, about six months behind schedule due to construction delays and cost overruns. The center's first course got underway in April 1996 with ten trainees. Pending completion of the center, the course is held in the union's offices. Although designed to intake trainees from regional and local labor offices, the first class is an exception; Solidarity selected trainees directly from a pool of 60 applicants. The first class was scheduled to graduate at the end of May 1996.

Impact: Surveys conducted during the planning phase indicated that numerous small and family-owned businesses were springing up in the region and that the need for skilled office staff is likely to be significant. National significance is unknown.

Issues: Center will be completed in mid-1996, allowing intake of full classes. It will require funding through FYs 96 and 97 if it is to play any significant role in serving the needs of women in the region. Activities should include study of sustainability prospects and a marketing plan for the center.

ACTIVITY SUMMARY SHEET

LABOR-MANAGEMENT RELATIONS—Poland

Time frame 1992-1997

Funding through FY 95 \$905,000

FY 96 request \$250,000

FY 97 request \$125,000

Project Purpose: To assist the Polish government, trade unions, and associations, and enterprises to develop collaboratively a national industrial relations system based on nonadversarial processes of collective bargaining, dispute resolution, and cooperative approaches to joint accountability, responsibility, and decision making that will lead to increased productivity, quality, and cost savings.

Project Description: Activity assists the Polish government, trade unions, and enterprises in developing industrial relations processes that highlight nonadversarial processes such as collective bargaining, dispute resolution, and cooperative joint approaches to productivity, quality improvements, and cost savings. DOL support has provided a range of services, including training in techniques for interest-based negotiation (IBN), communication by objective (CBO), competitiveness, content and procedures for writing collective-bargaining agreements, development and operation of employee-owned enterprises, and financial affairs. U.S. study tours have been used to demonstrate U.S. labor-management models. DOL has also begun building Polish institutional capacity to influence and create change by training a cadre of labor-management practitioners.

Status: DOL labor-management relations activities have provided wide-ranging services by a variety of means. Training took place in both the United States and Poland, mainly the latter, and was delivered by private companies (e.g., Saturn Corporation car company), labor unions, U.S. government officials, and university experts. Over ten private and public institutions received assistance. Activities have included initiatives to institutionalize capabilities locally. Not all activities are yet complete.

DOL's wide-ranging services have had impact, but important follow-up activities are required. DOL is already taking action to continue training, provide further technical assistance to "model firms," and endow a university chair as ways to institutionalize the program.

Impact: Impact has been national and systemic in areas of collective bargaining, employee-management relations, training of mediators, and development of national laws and policies associated with labor relations in Poland.

Issues: Need close-out plan and calculations for carefully targeted use of FY 96 and perhaps a small amount of FY 97 funds to institutionalize capacity, capture and catalog experiences/case information for further use in Poland, and make such information available for other CEE countries.

ACTIVITY SUMMARY SHEET

REEMPLOYMENT ADVISORY CENTER FOR WOMEN—Poland [Proposed, new activity]

Time frame 1996-1998
Funding through FY 95 \$250,000
FY 96 request \$200,000
FY 97 request \$170,000

Project Purpose: To assist Poland in addressing the issue of prolonged and high unemployment among women in the Gdansk region by assisting the Polish chapter of the International Association of Personnel in Employment Security (IAPES) in the establishment of a model.

Project Description: One-time grant for a new activity. Women in Gdansk have been subject to layoffs and prolonged unemployment, which have imposed severe hardships on them and their families; women find themselves competing for jobs with dislocated male workers and a large number of jobless high school and college graduates. An inadequate job exchange system and the lack of effective economic and employment techniques and reemployment assistance further compound the problem. The Reemployment Advisory Center for Women (RACW) will assist women in Gdansk in entering or reentering the workforce through the provision of special services designed to help women search for, train for, and secure meaningful, lasting employment. The innovative means of so doing will enlist employers, government labor offices, educators, other local and national organizations, and the unemployed to build partnerships promoting job creation, enhancing local economic development, and ensuring RACW's self-sufficiency.

Status: Initial negotiations with local authorities have been completed.

Impact (Potential): Local impact may be high if activity can be sustained beyond the period of DOL funding. National impact will be negligible unless the model is developed as an integral element of institutionalized employment services and shows tangible prospects for replication.

Issues: Need full discussion by DOL with USAID/Warsaw of project plan, including matters concerning replicability, financial sustainability, and significance of potential impact. Compatibility with mission NGO programs appears to be needed.

Appears to be a promising NGO project, but probably requires more funding over a longer period than currently available if it is to endure. The World Bank may be willing to allocate funds to the project under the Micro Enterprise Development component of the Bank's Employment Promotion and Services Project (EPSP). Unless and until other donor support can be merged with FY 95 SEED startup funds and FY 96 contributions and with solid plans demonstrating how the project can be sustained after withdrawal of DOL funds, sanctioning of the project may be unwise.

ACTIVITY SUMMARY SHEET

COAL SECTOR REEMPLOYMENT FUND—Poland [Proposed, new activity]

Time frame 1996-1998
Funding through FY 95 \$1,000,000
FY 96 request \$1,375,000
FY 97 request \$795,000

Project Purpose: To demonstrate the feasibility in Poland of the World Bank concept of an employment fund to assist dislocated workers through community-initiated training and reemployment projects. The project would permit the government of Poland to accelerate negotiation of a coal sector restructuring loan with the World Bank.

Project Description: In Poland, 275,000 people at 65 sites rely on mining as their main source of income. For every miner's job, another six jobs are created in associated industries and services. Of the 275,000 mining jobs, 50,000 are thought to be redundant. Reductions in the industry represent an exceptionally sensitive socioeconomic issue. The demonstration will finance a reemployment fund that will use qualified local service providers to support retraining and job placement and otherwise prepare affected workers to secure alternative employment. The project would adapt the Social Investment Fund model used by the World Bank and provide a testing ground for acquiring and pooling resources and identifying procedures best suited for the geographic area and peculiarities of the sector. If successful, the activity could be expanded to address the reemployment needs of the entire coal sector and press into service other sources of funding that seem likely to be made available: central government of Poland budget, the state budget, and/or a World Bank Sector Adjustment Loan.

Status: Project close to initial implementation phase. Draft memorandum of understanding with local partners under review.

Issues: The proposed project has a limited time frame in which to demonstrate results. Success depends on the cooperation of a range of local authorities. Thus far, it appears that all are willing to work together but that the implementation framework will have to describe expectations fully for all agencies involved and how each will work with the fund staff of four locally hired professionals and two international consultants. Initial step should be to assemble team to finalize design parameters, including evaluations.

Whether or not the potential World Bank loan materializes and/or is accepted by the government of Poland, this project should be able to demonstrate the feasibility of the fund.

Need to determine how the project can realize its significant potential for linking small and medium-sized enterprises and local government programs with USAID/Warsaw.

B. Hungary

1. Country Setting/Program Context

Hungary, a Central European country with a population of 10.3 million, experienced a smooth transition to democratic rule but is still undergoing significant economic changes. Major economic reforms were introduced as early as the late 1960s and continued during the 1980s when prices and foreign trade were gradually liberalized. The collapse of the communist regime in 1989 triggered an economic restructuring and radical reorganization in strategy and policy. The noncommunist government's economic program was based on a "gradualist" privatization strategy, full liberalization of prices and foreign trade, splitting up large public enterprises into smaller units, and the stimulation of private business and foreign investment.

As a result of the transition, Hungary has experienced a serious decline in real income. GDP dropped by 11.9 percent in 1991, remaining relatively low in the following years until 1994, when it grew by 2.9 percent. The present GDP is 3 percent, reflecting a continuing upward trend in economic development. Foreign investment is encouraged, with over \$7 billion in foreign investment made since 1990. Small enterprises play an increasingly important role in the Hungarian economy and now account for nearly one-third of GDP.

The Hungarian labor market underwent dramatic changes from 1990 to 1994. Unemployment became an increasingly familiar phenomenon as the jobless rate grew from 0.9 percent in 1990 to a high of 13 percent in 1993. By February 1993, the number of registered unemployed exceeded 700,000. In some regions, joblessness was over 25 percent and in some one-company towns, as high as 80 percent. Agricultural communities were especially hard hit. Overall unemployment has now leveled off at 11 percent.

The social services infrastructure inherited from the communist era was inadequate to deal with the problems caused by the transition. The government's social safety net, established to cushion the impact of economic upheaval, is ineffective and expensive and places a severe strain on Hungary's budget. Poverty has risen drastically. The groups at greatest risk are Gypsies, children, dependent housewives, and the unemployed.

Reemployment of the long-term unemployed remains a major problem. In the first quarter of 1995, more than 60 percent of all the unemployed had no job for more than six months and 40 percent for more than 12 months. This situation is aggravated by the number of unskilled workers in the ranks of the long-term unemployed. Statistics indicate that workers are easier to place in other jobs while still employed and before going on unemployment benefits (UB). Once workers exhaust their UB, they may be eligible for additional government assistance in the form of welfare payments. It is much more economical to transition employed workers to another job before they become long-term unemployed.

In 1992, USAID, the government of Hungary, and DOL joined forces to assist Hungary in resolving labor problems. USAID, through DOL, provided financial aid and technical assistance programs to support Hungary in a competitive free market economy.

2. Project-Specific Findings

The team studied DOL's three main activities underway in Hungary, all of which date back to 1994. In Hungary, as in Poland, DOL started out by working with the general employment services system to deal with mass layoffs in a project that has come to be called by the shorthand title of the Rapid Response program. A related activity involved a vocational training program known as Quick Start, which was specially tailored to retrain workers for service in businesses under development. The third project is a labor-management relations activity.

A summary of findings for each of the three projects appears below. A longer report on findings for each activity appears as Annex F.

ACTIVITY SUMMARY SHEET

QUICK START LABOR MARKET INTERVENTION PROGRAM—Hungary

Time frame 1992-1997
Funding through FY 95 \$675,000
FY 96 request \$225,000
FY 97 request \$75,000

Project Purpose: To generate employment for long-term unemployed workers by developing job training opportunities oriented to jobs in demand occupations and/or specially requested by individual business or industry; to provide the necessary training in the methodology of conducting job-specific training for a business or industry; and to develop the knowledge and technical skills necessary to perform a job and task analysis in a particular industrial or business setting.

Project Description: Program encourages economic development and provides job opportunities through cooperative effort by private companies, regional centers for the development and retraining of manpower, and county labor offices. Training is job-specific according to the identified needs of a company, which agrees to employ all trainees who complete the training and are certified suitable for employment. Long-term unemployed who have not worked in over six months receive priority, but some currently employed workers are included in training to upgrade their skills. Technical classroom training is carried out by regional training centers.

Status: Since Quick Start's inception in 1994, the number of trainees completing the program is 1,188. The program has been piloted throughout the country in all but three regions. A cadre of qualified trainers offers training, which is coordinated by regional centers. Ongoing discussions are considering the inclusion of Quick Start in the national Labor Code. Ongoing funding may be secured through the national development fund once the fund's management and priorities are determined, probably (worst case) two years into the future. Discussions within the central government have explored the idea of linking the Quick Start methodology to the Rapid Response program.

Impact: The program has been developed as a replicable model. Institutional capacity to implement the program at the regional and local levels has been established.

Issues: Quick Start has not had the benefit of a DOL project manager in Hungary. The activity has yet to be demonstrated as sustainable. Much depends on the timing/likelihood of adoption at the national level.

How the DOL Employment Service/Rapid Response and Quick Start programs might be linked remains an issue that DOL has been considering. Both have been widely demonstrated by DOL, but the two programs have different target populations (Quick Start the long-term unemployed to be trained in specifically defined occupational skills; Rapid Response the potentially unemployed). To ensure institutionalization in a new combined form would require meshing the target populations in some way as well as consultations with the government of Hungary and careful planning for follow-up training and TA in FY 96.

ACTIVITY SUMMARY SHEET

EMPLOYMENT SERVICES AND DISLOCATED WORKERS PROGRAM/ RAPID RESPONSE—Hungary

Time frame 1994-1997
Funding through FY 95 \$1,719,000
FY 96 request \$500,000
FY 97 request \$200,000

Project Purpose: To improve the ability of the Hungarian government to respond to layoffs resulting from privatization and restructuring by institutionalizing with the County Labor Center (CLC) network's Rapid Response/Labor-Management Assistance Committee (RR/RAC) model a proactive approach that emphasizes prevention and early intervention.

Project Description: In 1994, a U.S. project coordinator was assigned to Hungary. The project emphasizes practical and preventive responses to layoffs that are crucial to avoiding long-term unemployment. Working closely with employers, affected workers are counseled and trained in job-search skills. The project's approach is based on a tripartite (labor-management-neutral chair) committee, a model originally developed by Canadian Industrial Adjustment Services. In Hungary, the committees are referred to as Reemployment Assistance Committees (RACs). RACs work closely with the County Labor Centers and focus on helping dislocated workers find training or other employment after they have been targeted for layoff.

Status: Rapid Response is institutionalized and has been replicated throughout the country. Each County Labor Center has the option of using it. The Hungarians are meeting major program costs, with some help from DOL for payment to the RAC chairs. Although funding has been cut and the budget is tight, the program is sustainable and expected to be written into Hungarian law. DOL is working on the implementation of the economic development elements of the program. An integrated information system for better tracking of the activity is under development.

Impact: Public response to the program is positive as the treatment received by the unemployed is more humane and less authoritarian than before. Rapid Response effectively provides services rather than just information. In less than three years, the program has become popular with employers, employees, and employee organizations and is in wide use around the country. Statistics indicate a good rate of success.

Issues: Plans for the coming year, complete with a detailed budget, need to be negotiated in the near future. In the coming few months, DOL should develop a close-out strategy for the project and seek USAID's agreement to the process recommended. As planned, the strategy should include development of more solid linkages with economic development programs (job creation) at the local level. Systems under development at present need to be installed for more effective recordkeeping and tracking of employable individuals. Legislative changes need to be made to allow people access to employment services before they are laid off.

ACTIVITY SUMMARY SHEET

LABOR-MANAGEMENT RELATIONS—Hungary

Time frame 1992-1997

Funding through FY 95 \$415,000

FY 96 request \$150,000

FY 97 request \$100,000

Project Purpose: To assist the Hungarian government, trade unions and associations, and enterprises to develop collaboratively a national industrial relations system based on nonadversarial processes of collective bargaining, dispute resolution, and cooperative approaches to joint accountability, responsibility, and decision making that will lead to increased productivity, quality, and cost savings.

Project Description: U.S. DOL provided technical assistance to Hungary by helping it design and implement a nationwide labor-management relations system using nonadversarial dispute resolution techniques. DOL also organized preparation approaches to collective bargaining. Seminars were conducted on cooperative labor-management relations and nonadversarial techniques. DOL participated in a national conference as a cosponsor with the International Labor Organization on mediation techniques and set up demonstration projects highlighting the benefits of cooperative labor-management relations. The Federal Mediation and Conciliation Service (FMCS) provided technical help in mediation training.

Status: Hungary's goal is to set up flexible labor legislation and to work for longer-term cooperation in implementing the Industrial Relations Mediation and Arbitration Service in the form of further TA in the selection of mediators and arbitrators, providing mediation/arbitration training, and creating a database of industrial relations case decisions for use as reference in resolving labor problems.

Impact: Hungary has made important strides toward establishing effective labor-management relations programs. In 1992, the public policies of the Industrial Relations Mediation and Arbitration Service were institutionalized as part of the Labor Code. The Hungarians have tailored the services to their own needs and have installed a self-sufficient program.

Issues: Since the FY 95 IAA, only one training program has been mounted in Hungary. Thus, a considerable portion of the \$150,000 allocated for FY 95 remains available; the exact amount needs to be determined. Industrial Relations Mediation and Conciliation Service training is still in demand. DOL needs to complete a revised workplan and to consult with the Ministry of Labor to determine training priorities. DOL services are largely institutionalized.

C. Bulgaria

1. Country Setting/Program Context

Bulgaria, slightly larger than the state of Tennessee, has a population of over 8.98 million people. The literacy rate is about 95 percent; however, a high proportion of the remaining 5 percent are ethnic minorities with little education and few skills. Situated in southeast Europe, Bulgaria has traditionally maintained close ties with Russia. Consequently, the change of economy in 1989 from a command market with the Soviet Union to a free enterprise system caused great social upheaval throughout the country.

In the late 1980s, almost all enterprises belonged to the state, with 93.5 percent of workers employed in the state sector. The labor market was centralized and evidenced little movement toward privatization. The 1991 introduction of reform programs and stabilization measures led to an enormous jump in prices and a sharp fall in the real wage. GDP declined by 26 percent from 1989 to 1992. Thus far, there have been no large-scale privatization programs, but mass layoffs from privatization are expected this year.

Unemployment went from practically zero in 1989 to 15.3 percent in 1992, with some regions experiencing much higher rates. The unemployment rate in September 1995 leveled off at 10.5 percent. Women, younger people, and ethnic minorities comprise a great number of the unemployed. The unemployment rate for ethnic minorities such as Turks, Muslims, and Gypsies has been cited as high as 80 percent in some regions. Throughout the country, the number of long-term unemployed is increasing.

Bulgaria's social protection system remains much the same as it was before the transition. The three main social protection programs are 1) social insurance, encompassing pensions and short-term benefits; 2) social assistance, including family allowances and welfare; and 3) unemployment benefits. The social safety net is in dire need of reform as it continues to drain the government budget.

There are two main labor unions in Bulgaria. The larger is the Confederation of Independent Trade Unions of Bulgaria (CITUB); the other is Podkrepa, which has contacts with America's AFL-CIO. The role of the unions has been in a state of flux since dissolution of the state-run trade union. However, the unions are working with government and industry in an effort to implement effective labor reforms.

The U.S. government has collaborated with donors such as the World Bank and the EU PHARE program to provide services to Bulgaria. In doing so, DOL has played an important role in helping Bulgaria find solutions to its labor problems.

2. Project-Specific Findings

Three project activities make up the DOL program in Bulgaria: a program of employment services now focusing mainly on support for dislocated workers caught in mass layoffs, a special training and employment program for ethnic minorities, and activities to assist the government's social insurance programs. Findings concerning these programs appear in the following summaries. (Annex G presents additional findings regarding these programs.)

ACTIVITY SUMMARY SHEET

EMPLOYMENT SERVICES AND DISLOCATED WORKER PROGRAM—Bulgaria

Time frame 1992-1997
Funding through FY 95 \$1,179,000
FY 96 request \$208,450
FY 97 request \$125,000

Project Purpose: To facilitate the emergence of a well-functioning labor market in Bulgaria by creating an employment service to support the population with unemployment benefit payments, job placement, vocational counseling and training, mass layoff response, and other active employment programs essential for local, regional, and national economic development.

Program Description: Since 1989, Bulgaria has faced the task of building up its National Employment Service to cope with mass unemployment. DOL helped establish model labor offices, an information system, a regional management structure based on modern evaluation and management techniques, early-stage employer outreach, vocational counseling, and on-site job-seeking skills training. All of the above have been supported by trained trainers, manuals designed for continuous updating, and procedures for evaluating and redesigning operations.

Status: The national system of modern local labor offices that focuses on active labor management programs has been institutionalized. A new sense of professionalism and accountability in public employment services generates public confidence in the government. Municipal budgets have realized savings owing to local governments' ability to target scarce resources. A greater social partnership of cooperation has been established at the community level. As DOL winds down services to the National Employment Service, the Washington staff person who provided regular liaison with the mission is no longer available. Most key elements of the employment service programs have been replicated.

Impact: The impact of the program has been significant and national in scope. Operations manuals used at regional and local levels were jointly developed with DOL assistance. The Mass Layoff Response element of the program has been widely accepted. All local offices have received training in the Mass Layoff Response program; however, not all offices have used the procedures. A Tripartite Coordination Council composed of representatives from labor, management, and government has been established to represent the public interest.

Issues: DOL should develop a careful close-out plan with the ministry and USAID. Recently announced economic changes, including a series of mass layoffs, will fully challenge the employment system and may necessitate further DOL assistance to the ministry as well as require an amendment to the statement made to the evaluation team by the minister that the employment services system is ready "to make its own mistakes or succeed on its own." Further funding of mass layoff actions may be needed. Steady DOL/Washington backstopping of DOL/Bulgaria programs needs to be ensured.

ACTIVITY SUMMARY SHEET

EMPLOYMENT AND TRAINING INITIATIVES FOR ETHNIC MINORITIES—Bulgaria

Time frame 1992-1997
Funding through FY 95 \$820,500
FY 96 request \$186,000
FY 97 request \$125,000

Project Purpose: To promote the economic and social well-being of Bulgaria's ethnic minorities by assisting the Bulgarian government in developing and implementing employment and training programs that will enhance ethnic minorities' employability and encourage employers to hire qualified workers from the minority community. To support disadvantaged workers during Bulgaria's economic transition by providing the specific social services needed by ethnic minorities to become self-supporting and employable.

Project Description: Bulgarian ethnic minority populations have a high rate of unemployment. (According to some reports, over 50 percent of the Turkish minority is unemployed and over 80 percent of working-age Gypsies are jobless.) To alleviate this growing problem, the Bulgarian government, with the technical assistance of DOL, initiated two programs for ethnic minorities: Social Welfare-To-Employment (SWEP) and Work Literacy Training. The two programs were originally handled separately but as of June 1, 1996, were to be combined.

Social Welfare-To-Employment (SWEP) combines the services of labor and social welfare agencies in addressing the problems of long-term welfare dependency and preventing the cycle of poverty by providing training in job-related skills and finding employment.

Work Literacy Training was created as a three-phase program. The first phase focuses on literacy skills in language and mathematics, the second on vocational training, and the third on job placement. The third phase was not funded.

Status: Full demonstrations of overall approach have been concluded with mixed results. An effort on the part of the National Employment Service and DOL has attempted to combine SWEP with Work Literacy Training. Work Literacy Training, it has become apparent, is an incomplete model without sufficient linkage to jobs. The SWEP program, on the other hand, has had a large-scale, much-applauded beneficial effect on reducing unemployment payments to the ethnic population by engaging persons in government-sponsored work programs.

Impact: Impact has varied widely between the two programs. Work Literacy Training has been only moderately successful at the local level. An apparent lack of political will works against significant adoption of the model nationally. SWEP, on the other hand, has been widely accepted and is in the process of being adopted by various social welfare offices around the country.

Issues: A close-out plan is needed. Limited additional funds might be used to consolidate results to date and to demonstrate how such a training program might be linked more effectively with small business development programs.

ACTIVITY SUMMARY SHEET

SOCIAL INSURANCE REFORM—Bulgaria

Time frame 1995-1998

Funding through FY 95 \$190,000

FY 96 request \$230,000

FY 97 request \$150,000

Project Purpose: To assist the Ministry of Labor and Social Welfare in developing and implementing a viable strategy for social insurance reform.

Project Description: Reform of social insurance in Bulgaria has gained urgency as economic reform progresses. Limited assistance to date by various donors may bring the Bulgarian government close to implementing a viable reform strategy by fall of this year. Fiscally sound and efficiently administered social security and pensions are major factors for investors. Full-scale reform can be funded only by the World Bank, but to get to the point of arranging such financing, the Bulgarians must develop a level of expertise and sophistication.

DOL will assist in developing a strategy that addresses the determination of appropriate eligibility requirements and payment levels for old-age, disability, and survivors' insurance; implementation principles for public and private pension schemes that encourage planning and saving for retirement; streamlining revenue collection and public pension disbursement; developing appropriate organizational structures; ensuring public understanding and support for new structures and policies; and training regional and local office staff to implement client-focused operations.

Status: The World Bank and the government of Bulgaria invited DOL representatives to participate in an exercise in November-December 1995 to define the project's main elements, approximate costs, and implementation requirements. The completed project appraisal was sent to the World Bank's board in July 1996. The government made a major reform move in January 1996 by establishing the National Institute of Social Insurance as an independently funded agency.

Impact: Training of actuarial staff has proceeded with good results, and study trips for key officials have seeded new ideas among ministry and staff of the new national institute. Public relations in the form of "advance social marketing" has been of particular import to ministry staff.

Issues: Decisions need to be reached concerning whether and to what extent DOL should take responsibility for a specific portion of the social insurance reform program. Planning for social insurance requires consultations by DOL staff with Bulgarian national authorities, the World Bank, USAID, UNDP, and ILO.

D. Regional Programs

For some years, DOL has used SEED resources for two main regional efforts: a program to leverage World Bank funds and a labor statistics program. The Leveraging Program was assessed earlier this year in response to a request by the SEED Coordinator's Office. Below is a summary of the Labor Statistics program.

The purpose of the International Training Programs in Labor Statistics (Time frame: 1992-1998; Funding through FY 95: \$1,447,000; FY 96 request: \$400,000; FY 97 request: \$300,000) is to train economists and statisticians to develop statistics appropriate for monitoring and developing free market economies.

In 1990, the Bureau of Labor Statistics (BLS) of the United States received a grant from DOL to provide training to the Polish Central Statistical Office. Training to statistical offices in Hungary followed in 1991 and in Bulgaria in 1992. The purpose of the training was to help transition governments establish internal credibility and earn international respect. BLS views its social-political role as providing ordinary citizens with reliable information as a means of instilling public confidence in the statistics published by their respective governments.

Initially, training centered on data for Unemployment Benefits and the Price Index. Household labor force surveys were conducted to determine how many people in the household were working or looking for work. A quarterly sample was taken to update the figures. U.S. technical experts were sent to each country to conduct training, although some specialized training took place at the International Labor Statistics Program Center in Washington, DC.

Between 1991 and 1995, BLS conducted international training seminars for 40 Poles, 40 Hungarians, and 14 Bulgarians. Four students from these countries are now attending classes and eight are expected this summer. The three- to eight-week seminars are held at the BLS training facilities in Washington, DC, and are designed for statisticians, economists, analysts, and other data users. Courses examine such issues as labor force, payroll employment, occupational employment, consumer prices, producer prices, international prices, compensation trends, labor productivity, occupational outlook, and longitudinal research. The instructors are experts working in the field and thus provide continuity across seminars. Trainees have a network to fall back on and contact when they experience problems in their own country.

BLS training appears to have made a significant impact on the way that statistics are collected. BLS emphasizes the independence of data rather than the manipulation of statistics for political ends. Interviewed trainees indicated that the BLS training has helped the governments of Poland, Hungary, and Bulgaria change their priorities and outlook on the seriousness with which data should be handled.

E. General Findings across the Three Countries

1. Activity Planning and Design

A review of SEED activities undertaken by DOL since 1991 indicates that initially DOL brought to the region a menu of possible activities and made efforts to start "projects" in each of the following nine areas:

public employment services, training centers, housing reform, labor statistics, social insurance, entrepreneurial skills training (vocational training), occupational safety and health, dislocated worker programs, and labor-management relations.

Early design efforts took place when the Eastern European operating environment was new to DOL, USAID, and other development actors. Interviewees tell of the anarchic conditions in Eastern Europe after the major political-economic upheavals of 1989, with such looming problems as unruly lines of unemployed seeking to collect benefits or find work. Under such conditions, initial design discussions with national authorities involved rapid efforts to identify activity niches in which DOL could be of use. As it turns out, many activities were sanctioned and supported without extensive planning or planning documentation. Under such circumstances, some "false starts" and wasted resources were inevitable. (DOL did, however, follow in all cases the procedures prescribed under the IAA: the submission of a budget summary and workplan in the format agreed upon by both DOL and USAID.)

The team found that the operating conditions in the region during the early years of the SEED program required a pragmatic and flexible design and project development process. Interviews conducted by the evaluation team confirmed the necessity of such flexibility. It made sense to use early ventures as a basis for redesign and amplification of activities into new phases of implementation. (DOL early on had counterpart relationships for the respective program activities and could not easily abandon most of these initiatives.)

In some cases, such as occupational safety and health, funds were expended in the FY 92 to FY 94 time frame, but a full-scale project failed to materialize over the longer term. In other cases, early employment services projects evolved to include employment methodologies such as the Rapid Response and Mass Layoff Response programs, which became important long-lived activities in the DOL portfolio. Still other projects had long gestation periods, such as Hungary's Quick Start program. In FYs 93 and 94, AFL-CIO posted a full-time staff person in Hungary, but its project did not come to fruition until late in 1994 after the staffer's departure and under a different staffing arrangement.

Once underway, projects evolved mainly through a process of pragmatic calculations concerning what seemed the logical next steps in terms of form and content. Such "next steps" appeared to have been taken in most cases in conjunction with government or other counterparts. We found only one possible exception to this pattern. DOL's Self-Employment and Entrepreneurial Skills Training Center for the Handicapped in Poland did not seem to have any particular government backing. NGOs were implementing the project, which terminates this year.

It should be noted that some activities started with a "built-in" design process. For example, in Lodz, Poland, AFL-CIO and Solidarity regional union officials tackled the issue of high unemployment among women by following a methodical process of assessments and studies to determine the style and substance required to address women's needs. However, we noted that this same project, which began in 1995, was designed without sufficient consideration for sustainability, which as early as 1993 had been problematic for AFL-CIO's other training activity for male construction craftworkers.

The present evaluation covered 15 specific activities in three countries. Twelve activities were subject to a process of logical progression; they began in FY 92 and were ongoing in 1996.

Only one of the 12 will go off the books this year. (Two activities will shortly begin.) Many of the ongoing activities appeared to the team to be ready for careful close-out planning.

DOL claims that it made extensive efforts to undertake entry and exit briefings with USAID staff to discuss design alterations to existing projects and to make adjustments based on such consultations. DOL also shared trip reports with USAID staff. The evaluation team learned from DOL that decisions regarding design alterations were made a matter of record in DOL reports at the level of detail required by USAID in the IAA. In the formal sense, this appears to be true. Still, the evaluation team found little evidence of strategy development for projects other than that outlined in workplans presented to the SEED Coordinator and USAID—and these generally lacked detail.

The mission staff interviewed by the team revealed that they prefer DOL to participate as a member of the appropriate strategic objective teams that plan activities to complement and reinforce the targeted impact of USAID-supported initiatives. In Poland, for example, appropriate labor market reform activities could logically be linked with mission activities in both local government and enterprise development. It was clear to the team, however, that such a preference is relatively new and had not previously been acted upon in all cases by the missions. In those cases, DOL was left to try to fit its programs to objectives already developed by USAID mission staff.

2. Implementation Status

In most cases, ongoing and longer-term DOL activities studied by the evaluation team appeared to be nearing completion in terms of key elements already demonstrated, installed, and, in some cases, fully institutionalized as a result of DOL-provided technical assistance and training. Activities in this category include employment services in Poland, Hungary, and Bulgaria; labor-management relations in Poland and Hungary; and rapid response in Hungary.

The evaluation team, therefore, examined the status of such projects with the idea of ascertaining results and impact to date and attempted to gauge what remains to be done for DOL to withdraw while ensuring project sustainability. We have indicated findings on this matter in summary sheets in the preceding sections but briefly repeat the findings below.

During the evaluation, it became clear that, due to a variety of factors, the time is right for DOL and USAID to take a fresh look at the status of major components of the labor transition efforts to ensure the efficient use of funds and to verify that several projects are ready to be closed out.

Overall, nine of the 15 activities appeared to the evaluation team to have almost fully run their course. They have demonstrated significant and beneficial effects and fully accomplished through technical assistance and training most of the tasks initially set forth. The nine include Poland's Employment Services, Construction Crafts Centers, Labor-Management Relations, and Lodz White-Collar Training for Women; Hungary's Rapid Response, Quick Start, and Labor-Management Relations; Bulgaria's Employment Services/Mass Layoff and Ethnic Minorities.

In three of the nine, however, issues concerning sustainability raised questions about whether the activities could continue without further DOL funding. Both the crafts training centers in Poland—implemented by AFL-CIO—and the Quick Start program in Hungary are fully operational but face risk of insufficient funds after DOL support is withdrawn. The same observation applies

to the AFL-CIO-run Lodz training center for women in Poland, which, half a year behind schedule and only now about to begin full operation, almost certainly will face sustainability problems by the end of 1997.

Below, the team presents initial findings on the close-out timing and fund needs of the projects assessed. It should be noted, as explained in more detail in the project management section, that we consider the findings "impressions" because firm estimates of expenditures to date and availability of pipeline funds were not available to the team.

SUMMARY OF FINDINGS/CLOSE-OUT STATUS

	Quarterly Report Predicted	FY 95 Funds Sufficient?	FY 96 Funds Needed?	FY 97 Funds Needed?
Poland				
Employment Services	1997	Yes	No	No
Construction Centers	June 1996	No	Yes	Probably
Labor-Management	1996	Maybe	Only Minor	No
Lodz Center	1997	No	Yes	Probably
Gdansk Women	New	No	Yes	Yes
Coal Restructuring	New	No	Yes	Yes
Handicapped	1995	Yes	No	No
Hungary				
Quick Start	1996	Maybe	Maybe	No
Rapid Response	1997	No	Yes	Maybe
Labor-Management	1996	Probably	No	No
Bulgaria				
Employment Services/Dislocated	March 1996	Maybe	Maybe	No
Ethnic Minorities	1996	Yes	No	No
Social Insurance	1997	No	Yes	No

Employment Services—Poland. DOL services have been institutionalized; only minor FY 96 funds required for careful close-out.

Construction Crafts Training Center—Poland. Serious sustainability issues make FY 96 close-out premature. Needs serious assessments of prospects for self-sufficiency and actions to take toward this end.

Labor-Management Relations—Poland. DOL's wide-ranging services have had impact, but important follow-up activities are required. DOL is already taking action to continue training, provide further technical assistance to "model firms," and endow a university chair to institutionalize the program. Such actions will require carefully targeted FY 96 funds.

Employment Service/Rapid Response and Quick Start—Hungary. DOL has widely demonstrated both the Mass Layoff and Quick Start programs. To ensure the institutionalization of these activities in a new combined form might require carefully planned follow-up training and technical assistance for the duration of FY 96.

Labor-Management Relations—Hungary. DOL services institutionalized; only minor level of FY 96 funds required for careful close-out.

Employment Services—Bulgaria. Institutionalized. Minister stated that ministry did not need further services and that the Employment Services System is ready "to make its own mistakes or succeed on its own." Only minor FY 96 funds needed to continue professional contacts.

Employment Training for Ethnic Minorities—Bulgaria. Full demonstrations of approach concluded with mixed results. Careful follow-up to consolidate results to date and to demonstrate how such a training program might be more effectively linked to small business development programs. Carefully planned use of FY 96 funds appears advisable.

Four activities included in the evaluation team's survey were just starting up as noted below.

Model Employment and Skills Training (White-Collar) for Women—Lodz, Poland. Center will be completed in mid-1996; intake of full classes will then follow. Center will certainly require a continuation of funding through FYs 96 and 97 if it is to play any role in serving the needs of women in the region. Funding should include study of sustainability prospects and a marketing plan for the center.

Advisory Center for Women—Poland. Promising NGO project that probably requires more funds over a longer period than currently available if it is to endure. The sanctioning of this program is probably unwise unless and until other donor support can be merged with DOL FY 95 startup funds, perhaps along with a slightly smaller FY 96 contribution and solid plans demonstrating how the project can be sustained beyond the withdrawal of DOL funds.

Demonstration Reemployment Fund—Upper Silesia, Poland. Important initiative with high potential for replicability and leveraging draws on much of DOL success in implementing many of its other Polish activities. FYs 96 and 97 funding advisable.

3. Project Management

The evaluation team found that the relationships among and between the major actors, mainly DOL ILAB and USAID, were troubled and often strained.

DOL and USAID criticisms included insufficient coordination among participating entities at both the Washington and field levels; lack of timely communications; failure to assign consistent professional management; failure to produce, process, or analyze meaningful activity monitoring information; deficient activity design and planning, with meaningful indicators to judge project status either not identified or, if identified, not sufficiently monitored; lack of agreed-upon procedures for developing annual programs and presentation by USAID on two occasions of "penciled in" budget numbers with no earlier consultation with DOL; and insufficient effort by USAID to advise DOL as to where labor transition efforts fit within the totality of the U.S. assistance effort.

The team found that many of the above criticisms had a solid basis. Most troubling was the paucity of concrete information available from either DOL or USAID concerning implementation of activities over time: what, by whom, in what amount (funds, training, technical assistance, study tours), and with what apparent effect (numbers trained, businesses served, people placed in employment).

It appeared to the team that information such as that mentioned in the above paragraph has simply not been tracked in any aggregate or cumulative form. If it has been, it was not made available to the evaluation team. Information provided to USAID did not reflect or portray the achievements of the project in a detailed manner. It also appeared that information routinely sent to USAID to meet the requirements set forth in the IAA amendments was not processed, acknowledged, or responded to in an orderly way.

Both DOL and USAID informed the team that the formats and information requested for quarterly reports and workplans currently in use had been developed through extensive consultations between the two agencies. According to DOL, USAID frequently changed the reporting requirements. While such appeared to be the case, the team found that the prescribed formats were of little use in assisting either DOL or USAID in understanding where a given activity stood at any point or how it related to previous and proposed activity.

Meaningful financial information was in short supply. That this was the case was observed by the team in many forms and venues. DOL/Washington and USAID/Washington project managers did not seem to have a firm grasp of fund availability. Mission staff understood neither what DOL had spent on any given activity nor how DOL's proposed additional funding related to expenditures and the pipeline. The shortage of updated financial information has had negative effects on project decision making, as cited by the mission director in Poland and a USAID project officer in Hungary, both of whom commented to the effect that the value added of involving DOL in the implementation of labor transition programs was not always clear. Both missions cited the need to take a hard look at DOL programs given the budget situation and program horizon to ensure that continuing or new activities are as productive and focused as possible over the next two or three years.

USAID had in fact asked DOL for budget information in a letter dated March 17, 1995. Specifically, USAID requested DOL to provide, among other things, the completion date (by month/year rather than by just fiscal year) and a pipeline analysis of all activities as a supplement

to its FY 95 proposal. Such information was provided in sufficient detail for USAID to approve the FY 95 program, but not, in the judgment of the evaluation team, in a way that made it possible to continue to track the status of all activities regularly.

It also appeared to the team that DOL does not cost out in detail the components of each activity. It is clear that DOL is capable of doing more complete financial planning in preparing each year's projects. Nonetheless, we saw little evidence of such planning, and USAID officers told us they had not seen the data that would be associated with financial planning.

Both USAID and DOL have suffered from staff turnover. At USAID/Washington, many interviewees were leaving; at DOL/Washington, several staff had only recently assumed their duties. In the field, such discontinuity was common at USAID. DOL staffing in the field has been intentionally limited by edict of the Department of State. Only six months ago and at the request of the U.S. Embassy in Poland did DOL assign a full-time coordinator to the region with the charge to spend three-quarter time in Poland and the remainder in other countries in the region. By all accounts, the staff change was acclaimed by almost everybody with whom the team met. In Hungary, a full-time DOL staff person assigned to the Rapid Response program also had an enormously favorable impact on implementation. Some among the government of Hungary and USAID suggested that the Hungarian position should be broadened to cover all DOL activities (a role now carried out informally by the incumbent).

In the main, however, DOL has exercised oversight of implementation of its activities by using Washington-based staff. Some of the staff have assumed the role of country "desk officers," some have acted as technical experts working on oversight of specific categories of activities in a range of countries, and some have done both. The division of responsibilities has meant that several staff persons have had to travel to the field for one reason or another but that they could not necessarily speak for DOL management or represent DOL generally.

The combination of staff turnover, the number of staff involved, the various breakdowns of functions, and the lack of staff posted in the field appears at times to have confused local and national authorities, led to lack of continuity of representation, and on occasion left certain aspects of specific DOL projects or general DOL representation un- or undercovered. The evaluation team found that DOL had apparently not experimented with the Project Management Unit (PMU) concept or other means to clarify and enhance the direction and force of program execution.

The evaluation team also found that USAID/Washington had been deficient in its role of overseeing the programs of and collaborating with DOL. Staff continuity was not maintained. Periodic demands by USAID were, while not unreasonable, seldom followed up assiduously with patience and appropriate goodwill to ensure that DOL understood the steps required to correct problem situations.

4. Government and Donor Coordination

The team found DOL relations with host governments to be excellent. Ministry officials and local government functionaries interviewed in the course of the evaluation appeared to respect and highly appreciate DOL's work. Many lauded DOL for providing professional assistance from the outset, especially during those unsettled early times.

Among donors working on labor transition matters, DOL assistance ranked high and DOL always placed among the top three donors. DOL was specifically cited for effectiveness as one of the most flexible donors and for emphasizing customer service and a can-do attitude among employment service providers.

Labor reform in Central and Eastern Europe is proving to be an expensive and complex undertaking. The team found that the international donor community has actively supported significant projects in each of the three countries as well as in the region. In the early years, coordination among donors such as DOL, the World Bank, the UK Know How Fund, and EU PHARE was largely the result of individual initiative and force of personality rather than the product of an institutional mandate. As institutions and programs have become established, donor coordination has grown more effective, particularly at the local level. We found that DOL has assumed a significant role in facilitating local donor coordination and that many of the activities initiated in recent years have been delivered with a high level of coordination between the international donor community and national governments. Examples include the employment services initiatives and evolving coal sector reemployment fund in Poland; the Quick Start and Rapid Response programs in Hungary; and social insurance reform in Bulgaria.

In the view of the recently completed internal assessment requested by the Coordinator's Office, the evaluation team did not assess the impact of previous efforts to leverage the resources of other donors. Instead, the team focused on the extent to which individual activities have been coordinated and the potential for continued efforts in those areas. The team found significant opportunities for more effective coordination in the field by actively engaging both donors and other implementing agencies at the earliest possible stages in the planning cycle and significant opportunities for DOL to pursue additional leveraging opportunities in the region with the World Bank.

5. Impact

It is difficult to quantify accurately the impacts of the above programs given the time and resource constraints that faced the evaluation team and the absence of readily available information to "ground truth" in the course of the team's field visits. However, the team attempted to identify and rate impact by assessing a combination of indicators that, when viewed together, provide a portrait of apparent project results.

First, the team compared observed results with specific targets and outcomes specified by DOL for each activity in its FY 95 workplans. Second, the team identified and assessed the following "indicators:" the extent to which DOL activities (models developed and so forth) have been implemented at national, regional, or local levels and are supported by policies and administrative bodies that successfully institutionalize the changes; and numerous conversations with users of services, implementers, and policy makers at all levels. Accordingly, the team formed a subjective assessment as reflected in the chart following this narrative.

It should be noted that the team assessed three types of impact as follows:

- C that impact which has been realized as projects have been implemented. The impacts of many employment services projects whose implementation is nearing completion demonstrate real and tangible results;

- C that impact which may or has the potential to occur as new projects (of which three were examined) are implemented; and

- C that impact which may be achieved after certain local conditions are met and which are clearly outside the scope of the existing IAA. The longer-term and perhaps most significant impacts of construction crafts training, for example, may not be realized until such externalities as laws and access to credit and the housing industry have all experienced significant change, thereby creating the appropriate environment for the mass replication of models.

ACTIVITY IMPACT

Activity	Impact			Comments
	High	Medium	Low	
<i>POLAND</i>				
Employment Services	XX			Impact nationwide: vocational counseling and techniques for management assessment
Construction Crafts Training		XX		Limited to specific regions: Warsaw and Gdansk; could be greater if related market conditions change (housing growth, easier access to credit, etc.)
Labor-Management Relations	XX			Impact nationwide: effects on pending legislation and demonstrating new negotiating techniques and interest-based approaches
Women's Training Center, Lodz		XX		Just starting: impact potential moderate and limited mainly to a single region
Center for Women, Gdansk		XX		Proposed project: no impact to date; potential impact moderate and in limited geographic area
Coal Sector Reemployment Fund	XX			Proposed project: no impact to date; potential impact extremely high in important Silesia region and beyond if demonstration is successful and adapted to other important sectors of the economy
<i>HUNGARY</i>				
Quick Start Labor Market Intervention	XX			Impact potentially nationwide if adopted in legislation by government as active labor service program
Rapid Response	XX			Impact nationwide
Labor-Management	XX			Impact nationwide
<i>BULGARIA</i>				
Employment Services	XX			Impact nationwide
Ethnic Minority				
a. Literacy Training			XX	
b. SWEP	XX			
Social Insurance		XX		Limited training and TA to date; potential impact in next phase is high and national
<i>REGIONAL</i>				
BLS	XX			Impact regionwide in supportive role

III. CONCLUSIONS AND RECOMMENDATIONS

A. Project Relevance and Impact

Conclusions

- C The basic employment services measures demonstrated early by DOL in the three countries were relevant and in accord with the intent of the SEED Act.
- C The original SEED Act goals remain valid; now that the affected governments have taken the most obvious steps with DOL assistance to provide basic employment services, activities—both continuation of present projects as well as new activities—require deeper analysis and thorough negotiation with each government to maintain high relevance.
- C Funding levels available for operations in SEED countries are decreasing (USAID and other donors) while pressures to demonstrate tangible, measurable impacts of investments are increasing. Continuing or new activities require workplans with clear descriptions of time frame, outputs, targets, and outcomes. Significant opportunities may exist to leverage DOL resources or to link DOL activities with other donors or project-implementing agencies to maximize impact.
- C Several of DOL's present activities have run their course, demonstrated significant and often nationwide impact, and now require careful planning of close-out procedures.

Recommendations

- C DOL should analyze its present portfolio of activities and consolidate activities (especially in Northern Tier countries) to make certain that as intense a focus as possible is directed to the most highly relevant projects, thereby ensuring that important actions are taken to institutionalize key ongoing projects and that maximum attention and funding are focused on new projects.
- C DOL should work with combined DOL/USAID strategic objective teams to assess country-by-country opportunities for leveraging available U.S. funds through cooperative programming with other AID projects as well as with those of other donors, for example, the World Bank. Should the magnitude and potential impact of such activities be significant, DOL should consider allocating a greater percentage of available resources to such activities.

B. Design and Focus of Activities

Conclusions

- C Original project designs were mainly a matter of installing adaptations of U.S. employment services methodologies in Eastern Europe. The designs were altered and further adapted to good effect over time on a pragmatic basis.
- C Projects were sanctioned on the basis of implementing what was immediately possible under the dire conditions and widespread needs facing Eastern European countries early in the decade.

- C Specific project designs—full descriptions, setting of indicator targets, and specification of outcomes—were not a high priority when projects were initiated. Such measures were never fully specified as projects went forward.
- C Neither individual activities nor progress was tracked on a regular basis in terms of inputs—the amount and duration of technical assistance and training. Similarly, the results of inputs in terms of trainers trained, courses delivered, procedures or policies implemented, people served, and so forth went unmonitored.
- C Despite the fact that the formats and information requested for quarterly reports and workplans currently in use were developed through consultations between DOL and USAID, the prescribed reports do not reflect or portray the level of achievement or shortfalls of projects in a sufficiently detailed manner.

Recommendations

- C In several key project areas—labor-management relations, mass layoff assistance for dislocated workers, basic employment services—DOL should consider using qualified individuals to study and document overall program experience and results. Such reports should compensate for the lack of data and information and make lessons learned available for use in further programming by DOL and other donors and governments in the region.
- C The designs of activities planned or underway should include full descriptions, indicators, outcome targets, and evaluation parameters. Projects should be tracked and reported against the various measures on a regular basis during implementation.
- C Information on the magnitude of inputs/outputs, including costs (level-of-effort data on technical assistance and training), should be routinely maintained and made available in the future.

C. Effectiveness of Implementation

Conclusions

- C It appears that the effectiveness of implementation increased significantly as DOL, its implementers, and host authorities gained experience and confidence and forged relationships between and among actors.
- C Despite a lack of consistent oversight of field activities and incomplete monitoring and reporting of project accomplishments, considerable evidence demonstrates that most DOL activities have had significant, often nationwide effects.
- C The level of confidence in the two preceding conclusions is modest because of the paucity of monitoring information and reporting of results.

- C Effectiveness and efficiency relate to the magnitude of inputs/outputs, including costs (the level-of-effort data on technical assistance and training and what the effort yielded in terms of courses delivered, individuals served, etc.). The evaluation team could not determine with precision from information provided by DOL or that gathered in the field the inputs to a given project as related to the observed results.
- C Where meaningful data were made available, DOL staff took responsibility for information directly related to specific projects: Maria Heidcamp in Hungary for the Rapid Response program and Sydney Smith, former DOL desk officer for Bulgaria, are two examples. In neither case, however, did the information include financial data.

Recommendations

- C To ensure and increase the level of confidence in the results achieved by the DOL program, information to be tracked in the course of implementation should be identified, collected, and routinely reported.
- C The responsibility for tracking activities and reporting on results should be specifically assigned to DOL staff who will make certain that vital information is collected, collated, and clearly presented. Where possible, field staff working closely with a given project should assume such responsibility.

D. Project Management

Conclusions

- C Working relationships between the principal operational partners (DOL and USAID) have been strained since the early days of the project.
- C Many on-the-ground management and operational issues have not been resolved satisfactorily by the joint actions of DOL and USAID.
- C USAID/Washington project management has been inconsistent (as reflected in the number of project managers who have come and gone) and ineffective due, at least in part, to an inability to provide sufficient management oversight of the DOL IAA in a way that enhances project effectiveness.
- C USAID mission monitoring of DOL activities has been inconsistent due to the rapid growth of portfolios requiring staff attention to a wide range of priorities, staff turnover, and the nature of implementation information provided by DOL. The last did not allow for correlation of expenditures with field actions during a given reporting period and did not include reports on cumulative project results.
- C DOL headquarters management has not been consistently staffed with effectively deployed project managers. At the same time, headquarters did not use appropriately detailed and up-to-date management information systems that would provide both field managers and other partners with the critical information necessary for ongoing implementation.

Recommendations

- C DOL and USAID should work closely together to take immediate steps to
- design and implement jointly a timely and accurate management information system for use by all parties. It should include procedures for providing necessary financial data by taking into consideration differences in agency accounting practices and requirements. Such a system will greatly improve the agencies' ability to manage individual activities for maximum impact as well as to plan for future initiatives;
 - allocate more operational authority to in-country representatives, thereby facilitating their ability to coordinate programs more closely and reliably with USAID missions;
 - revise and clarify the roles of Washington-based staff so as to provide a higher level and more consistent backstopping of field programs;
 - initiate a process with each USAID mission to identify ways in which labor market reform activities can be integrated into strategic objective frameworks so that the sum of the results will be greater and more significant than the individual parts; and
 - amend the terms of employment of the Hungary field officer to include operational responsibilities for all DOL in-country activities and to focus more of the Poland-based regional representative's time on the day-to-day implementation of those critically important projects that will continue.
- C USAID/Washington should take necessary steps to ensure staff continuity in Washington; work closely with DOL to become more knowledgeable of the field implementation of DOL projects and the status of the individual relationships with missions in the region; participate more directly in the identification and conceptual development of high-impact programs that could be developed in partnership with, for example, the World Bank; and work closely with DOL to ensure clear and sufficiently detailed guidance.
- C USAID field missions should take steps to ensure that appropriate DOL representatives are included in the earliest phases of cooperative development of strategic objectives in order to maximize programmatic linkages and synergies; and ensure that a designated staff person is responsible for maintaining an up-to-date understanding of the implementation status of DOL initiatives and is active in the resolution of outstanding issues.

E. Country Programs

POLAND

Conclusions

- C The addition six months ago of a highly qualified Polish-speaking field coordinator in Warsaw with major responsibilities in Poland and some time to spend on regional affairs has already had an excellent overall effect on DOL operations in Poland.
- C The DOL program in Poland, DOL's largest and most complex, is at a crossroads with activities in different stages of implementation. Activities that began a number of years ago are entering their close-out stage; several activities that are well advanced, operating effectively, and ready for close-out are threatened with major sustainability problems; and several new activities are just getting underway. Each category of project status requires specific, concentrated attention.

Recommendations

- C DOL and USAID should agree to plans of action for each project in DOL's Poland portfolio and take special note of the following project-specific recommendations:

Employment Services. Close out the activity after calculating costs based on remaining FY 95 funds and a modest addition of FY 96 funds to complete such residual matters as installation of assessment techniques, completion of training manuals, and assurance of government adoption of relevant regulations and policies.

Construction Crafts Skill Training Centers. Review status. Arrange for additional funding with the proviso that DOL contract for a marketing and business development study as a means to establish self-sufficiency; discuss with the USAID mission and other donors possible linkages between centers and other projects, for example, USAID's model cities or small and medium-sized enterprise projects in which construction needs may figure and synergies might be built; and fashion and secure all parties' agreements to new plans for sustainability and timing of turnover of responsibilities for centers.

Lodz White-Collar Skills Training Center. Review status. Undertake future funding only with agreement that formal study of sustainability prospects will be performed and that all parties must agree to targets for self-sufficiency.

Labor-Management Relations. Complete close-out plan, including details concerning use of remaining FY 95 funds and limited FY 96 funds to provide additional training and technical assistance to "model firms" and to endow a university chair to institutionalize the program.

Reemployment Advisory Center for Women. DOL and USAID should reconsider their proposal in terms of replicability, sustainability, significance of potential impact, synergies with other USAID and donor programs, and prospects for other donor support, and, based

on availability of SEED funds, should make a final decision as to whether the project should go forward.

Coal Sector Reemployment Program. Develop full plan, including costing information, targets, and indicators, for joint review with USAID as initiative moves forward; develop project concept and design to guarantee impact whether or not World Bank loan funding materializes.

HUNGARY

Conclusions

- C Projects have had significant impact at the national level. Their methodologies and models are under consideration at the highest levels of government for inclusion in the national employment services package. Linked to their inclusion in the law would be ongoing funding. Resolution of issues related to ongoing fiscal support from government is perhaps two years away as the government of Hungary must decide how to manage and allocate funds.
- C The models will not realize their potential impact until they are effectively linked with the local economic development/job creation initiatives of the government and other donors.
- C On-site project management and oversight have suffered because of a lack of timely and accurate management information (progress reports, financial status, and so forth).
- C Implementation and management have suffered due to a lack of on-site management for all programs.

Recommendations

- C DOL should become a member of the work teams that address the mission's relevant strategic objectives, thereby developing activities and performance indicators that are linked with and contribute to related USAID objectives.
- C DOL/USAID should assess whether the government of Hungary requires assistance as it drafts and finalizes employment-related legislation and develops a management system for the National Development Fund and related priorities.
- C The present DOL in-country representative should be authorized to oversee all DOL programs in the country and designated as the single point of contact with USAID/Hungary staff.
- C DOL should acquire, assess, and make available in a timely fashion the management data required for informed management and decision making at the local level.

C Specific actions recommended for each project are listed below:

Self-Employment and Entrepreneurial Training. Develop and secure mission's agreement on a close-out strategy that requires minimal additional funding. The strategy should, where possible, identify linkages with local economic development initiatives and recommend methodologies and approaches for effectively linking the Quick Start and Rapid Response programs.

Rapid Response. Develop close-out strategy and secure agreement of the mission. Minimal additional funding should be required. The strategy should identify linkages with local economic development efforts and propose more effective recordkeeping and tracking of employable individuals.

Labor-Management Relations. Develop close-out strategy and secure agreement of the mission. The strategy should respond to government requests for assistance in the areas of mediation and arbitration services in a way that cost-effectively uses both pipeline FY 95 funds and other resources from other USAID projects.

BULGARIA

Conclusions

C The Employment Services/Dislocated Worker program has had a significant nationwide impact and is in the process of being institutionalized at the national level. Furthermore, it is replicable; however, sustainability of services will remain an ongoing issue in Bulgaria. The utility of the models could be enhanced if the models were effectively linked with local economic development initiatives.

C The program targeting ethnic minorities has produced mixed results. The component covering literacy training has not resulted in major gains. It is not clear if political will is sufficient to ensure national institutionalization of the effort. The SWEP component has been widely accepted and is likely to be applied more widely as need persists.

C Support requirements in the area of social insurance reform are varied, extensive, and long-term. Coordination of activities with other donors will prove critical.

C Private pension reform may become a priority for the mission.

C Lack of DOL management continuity for Bulgaria has resulted in confusion at the mission concerning the appropriate DOL contact.

Recommendations

C Specific actions recommended for each project are as follows:

Employment Services. Develop a close-out plan that indicates the need for limited, if any, additional funding. Where possible, plans should incorporate activities and models into local economic development initiatives.

Employment and Training Initiatives for Ethnic Minorities. Develop a close-out plan with minimal additional investment. Program models should be linked to job creation at the local level.

Social Insurance Reform. Finalize the workplan with the mission for FY 95 funds to be used in coordination with World Bank activities. Emphasize actuarial training and establishment of public information capacity within the new National Institute of Social Insurance. Develop FY 96 program needs jointly with the mission.

C Dedicate a DOL project officer responsible for Bulgarian programs and establish the officer's roles/responsibilities in close consultation with the mission.

C DOL should take further steps to identify and implement closer programmatic linkages with other USAID initiatives in Bulgaria with related goals (i.e., FTUI, Democracy Network, etc.).

C In response to a recently announced massive industrial restructuring program, consider in consultation with the mission whether a reallocation of available resources to a dislocated worker program is advisable.

ANNEX A
SCOPE OF WORK

ANNEX B

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Establishing NGOs and Linkages (including the International Association of Personnel in Employment Security)

Incidental Background Information

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ANNEX C

CHRONOLOGICAL LISTING OF INTERVIEWS

I. INTERVIEWS IN WASHINGTON

April 4 and 5, 1996

DOL

Ambassador John Ferch, Director of Office of Foreign Relations, ILAB
Jim Perlmutter, Assistant Director of Office of Foreign Relations, ILAB
Francisco Alfonso Arango, Program Officer, International Advisor
Bob Zachariasiewicz, Program Officer
Steve Marler, Program Officer
Don Ridzon, Program Officer
Lucian Gatewood, Manpower Development Advisor

USAID

Carolyn Coleman, Acting Director, ENI/HR
Alan Silva, Former Director, ENI/HR
Sherwood McGinnis, Office of State Department
Evelyn McLeod, ENI/HR

II. INTERVIEWS IN POLAND

April 9, 1996

HOTEL

Ewa Springer, DOL Field Director
Nicholas Studzinski, USAID Representative

April 10, 1996

USAID

Suzanne Olds, Mission Director
Nicholas Studzinski, USAID Representative
Matthew Boyse, Labor Attache

MINISTRY OF LABOR AND SOCIAL POLICY

Janus Grzyb, Deputy Director, Department for Foreign Cooperation
Ewa Krzemiska, Division Chief, Department for Foreign Cooperation (liaison to DOL)
Elzbieta Zak-Rosiak, Deputy Director, Department of Employment
Pawel Targonski, International Cooperation Department

NATIONAL LABOR OFFICE

Danuta Mozdzenska-Mrozek, Deputy President
Zygmunt Nierada, Director, International Relations Department
Włodzimierz Trzeciak, Director, Department of Vocational Counseling and Training of the Unemployed
Stefan Wroblewski, Director, Department of Statistics and Projections

WORLD BANK

Paul F. Knotter, Resident Representative
Krystyna Milewska, Human Resources Operations Officer

April 11, 1996

PRAGA CRAFT BUILDING TRAINING CENTER

Jerzy Peszcaurykow, Administrator
Piotr Sosnowski, Director
Training instructors
Students in welding, bricklaying, carpentry, plumbing, roofers, electricians, and ironworkers
Three graduates who now operate their own businesses

April 12, 1996

WHITE-COLLAR TRAINING CENTER AT LODZ

Janusz Tomaszewski, Vice Chairman, National Board NSZZ Solidarnosc
Ireneusz Wosik, Director, White-Collar Center
Aleksandra Chwedorowicz, Coordinator, White-Collar Center
Ten students at center, nine female and one male

REGIONAL LABOR OFFICE AT LODZ

Jan Wisniewski, Manager for Local Labor Office

Krzysztof Kaczmarek, Director for Labor Market Division
Wladyslaw Skwarka, Deputy Director for Labor Market
Manager of the Local Employment Service Office

Employment Service Vocational Library Specialist
Job Center Placement Specialist for Special Programs
Regional Vocational Counselors

April 15, 1996

REGIONAL LABOR OFFICE AT GDANSK

Grazyna Zielinska, Director

SOLIDARITY REGIONAL BOARD OF GDANSK

Bogdan Olszewski, Vice Chairman

GDANSK TRAINING CENTER

Roman Dylewski, Director

Katarzyna Rewers, Supervisor of Employment Counseling and Testing

GDANSK LOCAL LABOR OFFICE

Roland Budzisz, Director of Local Labor Office

Ewa Jurkowska, Manager of Career Resource Center

DINNER

Meeting with governor of region, Maciej Plazynski

April 16, 1996

MINISTRY OF LABOR AND SOCIAL POLICY

Elzieto Sobotka, Deputy Director, Department of Industrial Relations

NATIONAL LABOR OFFICE

Wlodzimierz Trzeciak, Director, Department of Vocational Counseling and
Training of the Unemployed

Grazyna Zawadzka, Deputy Director

Kalina Kenczew-Palasz, Report Specialist

April 17, 1996

OIC POLAND/ LUBLIN

Radoslaw Jasinski, Executive Director

USAID/Warsaw

Dr. Deborah Prindle, Program Office Director

William Frey, Program Officer

Professor Kazimierz Kloc, Mediator and Expert on Labor Management and Dispute Resolution

PKP POLISH RAILROADS

Mirowlaw Kopczynski, Deputy Director of Training

Dr. Bogdan Ciszewski, Director of Training

April 18, 1996

SILESIA

Maria Dzierzega, Coordinator, Ideal Capital Investment Division, Governor's Office

April 19, 1996

USAID

Suzanne Olds, Mission Director

Nicholas Studzinski, USAID Representative

April 20, 1996

THE WORLD BANK

Christian Duvigneau, Principal Operations Officer

III. INTERVIEWS IN HUNGARY

April 22, 1996

NATIONAL LABOR CENTER

Hajnal Sandor, Deputy Director General

Kovacs Geza, International Department

Varga Elemer, Service Department

USAID

Tom Cornell, Mission Director

James E. Watson, Project Development Officer
John A. Packer, Program Officer
Maria Heidkamp, U.S. DOL Field Representative

MINISTRY OF LABOR

Nagy Katalin, Director General of International Department
Zlinsky Istvan, Senior Economic Ministerial Counselor
Bago Jozsef, Employment Programmes Department
Pulay Gyula, Permanent Secretary of the Ministry of Labor
Dr. Benedek Andras, Deputy State Secretary
Sum Istvan, Deputy Head of Department

April 23, 1996

BEKES COUNTY LABOR CENTER

Nazy Agnes, Deputy Director
Selmeczi Laszlo, Regional Employment Counselor

REGIONAL TRAINING CENTER IN BEKESCSABA

Molnar Gyorgy, Director
Batkai Jozsef, Project Coordinator
Dr. Kepenyess Janos, Regional Advisor

CANNING FACTORY

Ancsin Gyorgy, Director of Canning Factory

OKANY (MUNICIPALITY)

Konya Maria, Mayor
18 training participants

April 24, 1996

TOLNA COUNTY LABOR CENTER IN SZEKSZARD

Breban Valeria, Director
Nagy Ferenc, Regional Employment Counselor/Layoff Coordinator
Szabo Attila, Branch Office Director
Mohai Andras, Job Club Manager
Three RAC Committee members from the brewery project

TANNING PLANT AT SIMONTORNYA

Firlene Tamas Maria, Tamasi Branch Office Director
Saary Miklosne, Paks Branch Office Director

Four members of the Rapid Response Reemployment Assistance Committee, which includes trade union chair; two dislocated workers; Cserhati Peter, Mayor of Municipality; tanning plant's Financial Officer

April 25, 1996

THE WORLD BANK

David Fretwell, Employment/Training Specialist, Central and Southern
Europe Departments, Human Resources Operational Division

MINISTRY OF LABOR RAPID RESPONSE ROUNDTABLE DISCUSSION

Baranya County Labor Center (CLC)

Hornyak Istvan, Regional Employment Counselor/Layoff Coordinator
Varga Tiborne Eva, Deputy Director

Komarom CLC

Ravvai Miklos, Regional Employment Counselor/Layoff Coordinator

Borsod CLC

Bokor Sandor, Ozd Branch Office Director, Chair of RAC
Szabone Bikki Agnes, Regional Employment Counselor/Layoff Coordinator
Edit Fedor Bacso, Counselor
Fedorne Bacso Edit, Foglalkoztatasi Tanacsado

Szolnok CLC

Fazekas Jozsef, Regional Employment Counselor/Layoff Coordinator
Ferenczi Zoltan, Information Specialist

National Labor Center Representative

Varga Elemer

INDUSTRIAL RELATIONS RESEARCH UNIT ON MEDIATION PROJECT

Laszlo Herczog, Deputy State Secretary
Lado Maria, Head of Industrial Relations Research Unit
Dr. Kalman Gulyas, Government Representative

April 26, 1996

USAID

James E. Watson, Project Development Officer
John A. Packer, Program Officer
Gary Hansen, University of Utah

IV. INTERVIEWS IN BULGARIA

April 29, 1996

USAID

Sydney Smith, DOL Representative
John Tennant, USAID Representative
John Babylon, Program Officer
Ludmila Mincheva, Program Specialist

NATIONAL EMPLOYMENT SERVICE (NES)

Ivailo Mesechkov, Deputy Director/Mass Layoff Director
Nikolai Nikolov, Deputy Director of Resources and Planning
Maria Dimitrova, Project Officer, Coordination and Service Department
Balchev and Zlatanov, International Department

MLSW

Ms. Noncheva, Deputy Director, Social Welfare
Boris Nikoln, Local Social Welfare Office/Welfare to Work Coordinator
Valery Nadeynov, Public Relations and International Affairs, Social Welfare Office
Mrs. Taleyana, National Employee Services Labor Market Analysis Office (works on SWEP)
Ms. Manova, Project Officer, SWEP

SOCIAL SECURITY INSTITUTE

Nikolay Mikolov, Governor of the Social Security Institute
Kiril Alexandrov, PMW, Head of Human Resources
Yordanka Stoeva, Head of Department, trainee under actuarial forecasting
Mr. Zlatanov, International Department
Mrs. Slavova, U.S. trainee
Mrs. Dantchovska, U.S. trainee

MLSW

Minister Koralski
Ilian Ignatov, Head of International Department

THE PRESIDENCY

Yordan Hristoskov, Social Advisor to the President
Mihail Ivanov, Advisor to the President on Ethnic and Religious Issues
Ilona Tomova, Consultant on Ethnic and Religious Issues

April 30, 1996

CITUB

Krustyo Petkov, President
Plamen Divitrov, Head of Training
Mr. Neikov

BIA

Mr. Bikran Tabeyan, Deputy President
Ms. Temenuzka Staykova
Mrs. Encheva, Lawyer

NISS

Lidya Damianova, Senior Expert in Analyses and Forecasts on Social Insurance Division
Anka Dobрева, Senior Expert in Analyses and Forecasts on Social Insurance Division
Valya Ivanova, Expert in Analyses and Forecasts on Social Insurance Division
Dotchko Boyadjiev, Senior Expert in Stimulation and Actuarial Calculations Division in Information Security Department
Ivan Karanovski, Deputy Head of Department

MOLSW

Ms. Bayadjeyeva Mariko, Press Attache
Rosalie Djineva, Plovdiv RLD Director
Nikolay Nikolor, NES
Mrs. Maueva, MOLSW
Falery Naydenov, MOLSW
Zlatan Alatanoff

PODKREPA CL

Oleg Chulev, Vice President
Education and Training Coordinator

May 2, 1996

PLOVIDIV REGIONAL EMPLOYMENT SERVICE OFFICE

Rosalia Jineva, Regional Director

PLOVIDIV EMPLOYMENT SERVICE

Petia Doytchinova, Director

BRANCH OFFICE

Stolipinova, Director

Registration Officer

Vocational Counselor

SOCIAL WELFARE OFFICE, Smoljan SWEP

Mr. Kujamov, Director

Three social welfare workers from other offices

LOCAL LABOR OFFICE, PAZARDJIK

Vassil Iliev, Director

Training Instructor

May 3, 1996

USAID

Sydney Smith, DOL Representative

John Tennant, USAID Representative

John Babylon, Program Officer

Ludmila Mincheva, Program Specialist

V. INTERVIEWS IN WASHINGTON

May 15, 1996 - Wednesday

DOL

Ambassador John Ferch, Director of ILAB

Jim Perlmutter, Deputy Director of ILAB

Bob Zachariasiewicz, Program Officer

Steve Marler, Program Officer

Don Ridzon, Program Officer

Lucian Gatewood, Manpower Development Advisor

BUREAU OF LABOR STATISTICS

Edwin R. Dean, Associate Commissioner, Office of Productivity and
Technology

Elizabeth A. Taylor, Director, Division of International Technical
Cooperation, International Labor Statistics Program Center

**INTERNATIONAL ASSOCIATION OF BRIDGE, STRUCTURAL AND ORNAMENTAL
IRON WORKERS, AFFILIATED WITH AFL-CIO**

Raymond J. Robertson, General Vice-President

ANNEX D
STUDY GUIDES

ANNEX E

POLISH ACTIVITIES

I. POLAND—EMPLOYMENT SERVICES

Project Purpose: To assist national, regional, and local labor offices in building the institutional capacity and staff skills needed to develop and manage public employment services nationwide and to strengthen the Polish workforce and market economy.

A. Activity Development and Early Execution

From 1991 to 1995, DOL concentrated on implementing model local and regional labor offices in Gdansk and Szezecin. Technical assistance and training focused on the bottom-up development of a new Polish government capacity to provide employment services to its constituents.

U.S. teams of federal and state employment personnel worked in Poland to develop the model programs with on-site Polish staff, who, from all testimony, faced a chaotic situation—a blizzard of demands and long lines of sometimes unruly job seekers and pension claimants. U.S. technical assistance assessments were quickly followed with a series of U.S. study trips for key Polish staff. Polish and American teams then worked together to develop procedures for the model centers: grouping functions, developing paper flow, securing computer hardware, and initiating a customer service orientation in labor offices.

A study of information available on the program's initial years and interviews with long-serving Polish staff indicated that DOL's early interventions were pragmatic and professional, if not well documented as a matter of record. National authorities in the Ministry of Labor and Social Policy clearly valued the DOL model program and showcased it to national staff on many occasions, the earliest of which is recorded as March 1992.

B. Nationwide Effects of the Model

The DOL model office initiative was not, however, adopted nationwide as such. Other donors such as the Federal Republic of Germany and the World Bank provided many concepts, much procedural advice, and physical infrastructure to the evolving national employment system. As a result, Poland's current system is an amalgam adapted from technical advice and training provided by a range of countries. More often than not, thanks to World Bank and German assistance, offices

and training institutions as well equipped and modern as any in the United States provide employment services.

Amid the overall Polish system adopted from many countries, several aspects of the DOL models stand out. For example, the team learned repeatedly that the spirit of customer service, as far as it exists nationwide, is largely the result of the early "can do" orientation introduced by U.S. consultants. National authorities testified to this orientation, and the team observed just such an orientation during several field visits, for example, in Gdansk. There, the region's governor, representatives of Solidarity, and staff of the regional and local labor offices appeared to be continuing to make adaptations for better serving the public, e.g., operating branch offices in hard-to-reach areas, working together to deal with actual or probable large-scale layoffs, and continuing to operate eight "job centers" as part of local labor offices.

The job centers were a part of the DOL model but have not been replicated in the national system. Staffed by two or three persons within the Gdansk region's local labor offices, the job centers deal with particularly hard-to-place individuals--alcohol or drug abusers, released prisoners, or the like--and devote full attention to attempting to reinstate them in the labor market. National authorities judged such special treatment as cost-ineffective at present.

The team found, however, that important parts of the DOL model had been replicated nationally. The single distinctive example is the program of vocational counseling and testing. The team learned from local labor office personnel in several regions about the difficulties caused some years ago by the inability to match the unemployed with new jobs due to the shortfall of professional vocational counseling services, a deficiency that severely limited the effectiveness of labor centers. The advent of DOL assistance in setting up a system of vocational counseling, the team was told, has done a great deal to ensure the more effective use of social services, training programs, and other community resources to help the unemployed find work. Interviews with a group of 27 vocational counseling staff (of the total 420 trained directly by DOL or through DOL-trained trainers) from local labor offices around Poland verified DOL's significant effect in enabling labor offices to place the unemployed. Clearly, the use of DOL-installed general aptitude tests and counseling guides as adapted to Poland are having a large-scale impact on placement success. Training and retraining of vocational counselors continues.

C. Logical Continuity of Activities

At the time of this study, DOL technical assistance is obviously continuing to make an impact. The locus of assistance has shifted entirely from the model program concept to concentrating on institutionalizing central procedures and systems, the main one of which is a Local Labor Office Assessment Program. The local office labor assessment tool is designed to help managers at all levels in the employment system determine how effectively offices have met the basic goals outlined in the Polish Employment Law.

The local office evaluation instrument was "piloted" in 1995. Training was then conducted to enable the central labor office to adapt and extend the tool's use. Two one-week training sessions on management and assessment were conducted in 1995 for over 100 staff of the 49 regions and the National Labor Office. The training centered on the basic management skills needed to implement the system effectively and assessed management issues facing all levels of the system, national to local. A train-the-trainers program established a core of trainers for the National Labor Office, which then began to implement training throughout the system. Another group of 37 officials received follow-up training on the use of assessment reporting forms. Assessments have now been completed at the 130 local labor offices included in the 15-month "pilot" phase. At the time of this evaluation, the assessment procedures were put in final form preparatory to their incorporation into the formal procedures of the National Labor Office.

II. POLAND—CONSTRUCTION CRAFTS SKILLS TRAINING

Project Purpose: To establish a fully functioning and essentially self-sufficient construction crafts training program in Poland and to help build the institutional capacity and staff skills needed to operate the training program successfully after U.S. financial assistance ends.

A. Enthusiastic Beginnings, Dual Objectives, Substantial Results

In 1991 in the midst of great publicity, DOL, the Building and Construction Trades Department of AFL-CIO, Poland's Ministry of Labor and Social Policy, and Solidarity signed an agreement to establish the Polish-American Training Center for building skills. The center was intended to prepare skilled masons, roofers, carpenters, welders, plumbers, and other construction subspecialists. In preparation for training, trade instructors were sent to the United States for training. Buildings in Poland were renovated or constructed and, outfitted in some cases, with donated equipment.

Training is conducted in two well-equipped facilities. The facility in Praga right outside Warsaw opened in 1991; the Gdynia facility in the Gdansk region opened in 1993. Both theory and practical applications are taught. To the maximum extent feasible, all students have an opportunity for hands-on experience using actual materials. Students enrolling have either no background in building crafts and qualify for four-month apprentice-type courses or are already craftspersons wishing to upgrade skills in four- or six-week courses. The Praga center also offers a two-week small business promotion course.

The objectives of the centers are twofold: to provide people with appropriate skills to be able to obtain work and to equip workers fully capable of assisting builders in solving Poland's housing shortage.

Since the centers' inception, nearly 2,200 people have received training, 1,297 in Praga and 894 in Gdynia. Interviewed trainees had high expectations of finding appropriate work. Placement rates among graduated trainees are exceptionally high. Several graduates of the centers interviewed in the course of the evaluation told of having established their own businesses and employing other graduates.

B. Local Conditions Threatening the Centers

The continued successful operation of the centers depends to some extent on the overall Polish economy. Thus far, the predicted or hoped-for housing boom in Poland has not come to be. Mortgage financing is not readily available and large-scale foreign investment construction requiring high-standard workers has not yet materialized. Until archaic regulations in the housing markets are reformed and foreign investment picks up, the centers must scramble for financing and operational

cost savings. The steadiest source of income for the centers continues to be local labor office placement fees. On-the-job training agreements that permit the collection of fees from construction companies are being increasingly pursued; 61 "cooperating firms" are now listed. Ideas for ensuring an income stream have included interning students and receiving a portion of their salary, acting as an employment service for graduates and charging employers a fee, and requiring the centers to act as a general contractor for a fee. On April 1, 1996—a few weeks before this evaluation—center management reported that almost \$200,000 from fees and interest was in the bank, sufficient funds to run the centers for four months.

If an enhanced income flow for the centers cannot be established in the next year or so, drastic reductions in center operations may be necessary. Plans to transfer management control of the centers to the Poles, which figured prominently in the 1995 workplans, have apparently been shelved for the time being. The new board of directors includes a voting majority of AFL-CIO and DOL members. This, it was intimated to the evaluation team, is because local authorities did not wish to take full control until the centers' sustainability prospects were clarified. The approach to sustaining the high-quality but expensive construction crafts training program was not clear to the evaluation team. As it now stands, the centers are funded until 1997.

We observed that sustainability is clearly a primary issue to all concerned. A partial solution that has yet to be pursued may be to link the centers' self-sustenance quest to the programs of other USAID recipients—contractors or grantees working on housing issues—proficient in management and entrepreneurial skills and to work with them in finding ways to sustain the program.

III. POLAND—LODZ WHITE-COLLAR SKILLS TRAINING

Project Purpose: To establish a fully functioning and essentially self-sufficient white-collar skills training center program in Poland and to help build the institutional capacity and staff skills to operate the training program after U.S. financial assistance ends.

A. Regional Needs and Diagnostic Process

The historically prosperous Lodz region suffered from spiraling unemployment that reached an estimated 21 percent or over 100,000 persons in 1994. Rates have fallen somewhat since then, but mainly for men. Women, who were employed in linen- and cotton-producing factories that sold principally to Russia, have largely been unable to find jobs.

The particular needs of women became the focus of the Solidarnosc Lodz Regional Union Board in conjunction with the AFL-CIO. The idea was to tailor the Solidarity/AFL-CIO crafts training partnership model for male construction workers to women in the Lodz region. Exactly what training to provide was the subject of the initial technical assistance. DOL funds were used to conduct a methodical project development effort in the region, including the following:

- C In February 1994, an assessment by a team of vocational training and economic development analysts of the overall situation in Lodz led to the recommendation that white-collar office skills should be the initial focus of a new training center.
- C A training center steering committee was convened in July 1994 in Lodz to work with a vocational training team and individual consultants (including representatives of the American Federation of State, County, and Municipal Employees—AFSCME) to identify an appropriate facility for the training center, determine equipment and renovation needs, and develop a training outline.
- C Work by U.S. consultants with the local labor office system prepared the system to support the new training center.
- C Training of the newly hired center director and other key staff was conducted during a U.S. study trip in May and June 1995.

B. Immediate Situation

DOL funds cover all administrative costs, purchased materials, equipment, and renovation of the new building. Initial efforts led to the design of a curriculum to teach secretarial and administrative skills. The curriculum offers instruction in management, typing, bookkeeping,

computer use, communication skills, stress management, basic use of the English language, and how to start a business.

A highly suitable facility is undergoing renovation, a process that the evaluation team found to be about six months behind schedule due to construction delays and cost overruns. Because women are the main target of the program, the facility will include a daycare center.

The first course with ten trainees was underway when the evaluation team visited but was held in the union's offices. The center is designed to link directly with regional and local labor offices in Lodz. Trainee intake and placement of graduated trainees is to operate through labor offices. The first class, however, did not come via the employment service route; instead, Solidarity selected the ten trainees directly from a pool of 60 applicants. The first class was to graduate at the end of May 1996; thus far, no placements had taken place.

Interviews with trainees indicated that the course is of high quality and the curriculum challenging. Most expressed concern about securing jobs in their new field. Information provided to the evaluation team by center staff clearly indicates that initial surveys conducted during the planning phase demonstrated that numerous small and family-owned businesses were springing up in the region and that the need for skilled office staff is likely to be significant. Unfortunately, however, it was noted that multiskilled workers of the type receiving training are not the norm for businesses in the area, which remain tied to "old style" office staffing that calls for individual staff members to perform a single job such as receptionist, secretary, or bookkeeper instead of a single person acting as office manager and fulfilling several tasks. It is the hope of center staff that financial exigencies will make it desirable to hire one person to perform many tasks; as yet, there is no proof this will be the case.

C. Future Issues

Sustainability of the center is already a source of concern to all involved. To some extent, fees paid by the employment service will ensure that some costs are met and guarantee an adequate supply of trainees once the facility is completed. To increase income, center staff also plan to charge a finder's fee to each business in which trainees are placed. Center staff are also experimenting with training people from outside the region on a contract basis.

IV. POLAND—LABOR-MANAGEMENT RELATIONS

Project Purpose: To assist the Polish government, trade unions and associations, and enterprises to develop collaboratively a national industrial relations system based on nonadversarial processes of collective bargaining, dispute resolution, and cooperative approaches to joint accountability, responsibility, and decision making that will lead to increased productivity, quality, and cost savings.

A. Project Background and Range of Services

New demands have been placed on industry and workers by the transformation of Poland's economy to a market orientation. Labor-management relations, never a forte among participants in the communist system, have become crucial to industrial productivity in Poland's changing system. DOL is assisting the Polish government, trade unions, and enterprises to develop industrial relations processes that highlight nonadversarial processes such as collective bargaining, dispute resolution, and cooperative joint approaches to productivity, quality improvement, and cost savings.

DOL support has provided a range of services, including training in techniques for interest-based negotiation (IBN), communication by objective (CBO), competitiveness, content and procedures for writing collective-bargaining agreements, development and operation of employee-owned enterprises, and financial affairs. U.S. study tours have been used to demonstrate U.S. labor-management models. DOL has also begun building Polish institutional capacity to influence and create change by training a cadre of labor-management practitioners.

B. Many Means, Many Accomplishments

The DOL labor-management program, as implied above, provided a smorgasbord of possible services to a variety of Polish organizations. Implementation means were likewise several and varied. Training took place in both the United States and Poland, although mainly the latter, and was conducted by private companies (e.g., Saturn Corporation car company), labor unions, U.S. government officials, and university experts.

Through interviews at PKP, the 200,000-employee Polish State Railway company, and the 1,300-employee Rolling Mill of Huta Ostrowiec Swietokrzyski, the evaluation team found two examples of significant results from DOL's work.

Interest-based negotiation training at the railroad, which historically and as recently as 1994 experienced considerable labor-management tension, led to the negotiation of the railroad's first collective-bargaining agreement, which resulted from DOL training programs that began in 1993 and continued through 1995. Training focused, we were told, on IBN as well as on practical experiences in negotiating collective-bargaining contracts.

Likewise, the Rolling Mill, an employee-owned facility, reported the settlement of labor disputes by using what had been learned in DOL-sponsored training in IBN in a series of "partnership training programs." The program convinced management to consider front-line workers' suggestions in formulating business plans and to engage in consultations before making changes in production cycles.

Meetings with mill staff--both management and union representatives—provided clear indications of the effects of the DOL-sponsored training on company operations and the lives of those interviewed. In separate testimony, participants lauded the training for the way it mingled personal and business considerations, its interactive approach, and the high interest of the presentations. Never before, we were told, had such new approaches to interpersonal relations been demonstrated in the workplace with the obvious effects of reducing tensions and providing for compromise solutions. Many indicated that relationships among workers and between management and labor had improved considerably; surprisingly, several respondents also reported using what they had learned to alter interpersonal relationships in their private lives as well.

C. Other Accomplishments

DOL provided much additional labor-management technical assistance and training, the most notable of which included the following:

- C DOL facilitation of a relationship between the FSO car manufacturer and the Saturn Corporation to assist the Polish company in restructuring its labor-management relations. Saturn concepts were said to be adapted by FSO, but we were unable to learn more as FSO had recently been purchased by a Korean firm, which denied a request for interviews.
- C DOL provision of training to a cadre of Polish mediators intended to intervene upon request to settle private sector disputes. Mediators listed with the Ministry of Labor and Social Policy have intervened in a number of private sector labor-management cases.
- C DOL training for Solidarity leaders working in the public sector in the Health, Arts and Culture, and Education Ministries on cooperative labor-management techniques and strategies. The training resulted in a more cooperative and respectful attitude between labor and management.
- C Arranging important advice by DOL in furtherance of new legal regulations concerning industrial relations in Poland. Under review at the time of the evaluation, the new legislation incorporated many of the concepts and principles demonstrated by the DOL program in Poland or highlighted during study visits to the United States. At a DOL seminar held on April 22, 1996, delegations from the United States and Eastern European countries that had received DOL management-labor assistance were invited to comment.

D. Lack of Single Focus as an Appropriate Strategy

The evaluation team found that the lack of a single focus by DOL within the broad area of labor-management relations seemed to fit the situation prevailing in Poland in 1993. The conditions then evolving did not permit the identification of one or two labor-management activities and the assurance that DOL could pursue these and these alone. Thus, the road followed a circuitous route.

E. Some Issues and Problems

Some aspects proceeded as planned; others did not. For example, training of public sector workers did not unfold as planned. While Solidarity was the only union DOL agreed to train, the Ministry of Labor and Social Policy and other ministries thought that training should cover activists from all trade unions involved in the public sector. Some ministries either did not agree to the training of government management employees because of the exclusion of some unions or insisted on holding separate managerial training. The result was impasses and scheduling problems.

Overall, management did not participate to the extent hoped for in terms of numbers of trainees or seniority of trainees sent to courses; length of courses seemed a factor, as did the longstanding tradition of management discomfort in associating with employees. In some cases, long delays in setting up sessions by DOL left various agencies waiting many months for technical assistance.

Finally, we noted that, upon completion of the training programs developed to train trainers, a significant number of participants did not take up training duties because they apparently felt underprepared and in need of further training or work with U.S. trainers in administering one or two sessions before they could go it alone.

F. Follow-Up Work Needed

Most interviews on the subject of labor-management training made it clear that interviewees hoped for further assistance from DOL. The evaluation team is not certain whether the follow-on training and technical assistance currently planned was tactically drawn to address some of the above issues. In addition, it was not clear how DOL was preparing to leave institutions to carry on as SEED funds terminate.

V. POLAND—SELF-EMPLOYMENT AND ENTREPRENEURIAL SKILLS TRAINING

Project Purpose: To facilitate the employment of severely disabled persons through cooperative public/private effort, encourage better cooperation between government agencies and advocacy groups, and create greater public understanding of the needs of the disabled.

A. Project Background

In 1994, Shepherd Center in Atlanta, a specialty hospital for patients with spinal disabilities, received a grant from DOL to increase employment in the Gdansk region for people with severe disabilities. The disabilities were mobility impairments, not sensory impairments. Twenty participants were recruited for the three-month training program. They lived at a health center in Konstancin where they received vocational testing and assessment. Next, they selected a career track from courses in accounting, graphic design, clerical skills, and training in opening their own business. English language and driving lessons were also provided.

At the end of the training, one person had dropped out, three went on to more advanced studies, and 13 were employed. Three are unemployed. Two of these individuals are not working because of health reasons, and one person has not found a job. The trainees were placed as a result of the efforts of the local labor office and the media coverage generated by an advocacy group.

The program brought about a drastic change in the lives of the disabled. Some literally "began to live" as the program offered opportunities for them to interact with people. Without the training, they would have remained prisoners in their own homes.

B. Program Continuation

Since the first program was so successful, Shepherd Center received a grant to set up a second program in another part of the country. In October 1995, three people involved in planning the training were brought to Shepherd Center in Atlanta under a work/study arrangement. The project manager from Shepherd Center visits Poland once a quarter to offer technical advice.

A new program is planned at Lublin for 20 trainees. Training will be conducted by the Polish Foundation of Opportunities Industrialization Centers, known as OIC Poland. This self-help center has received funding from DOL. The aim of the private NGO is to promote entrepreneurship and assistance in economic development by offering training services to a variety of groups, such as entrepreneurs, the unemployed, youth, and women. It also includes a component for career development for the disabled.

The students will be housed at a nearby facility set up for the disabled. The local labor office will help with the recruitment, and OIC Poland will offer assistance in the public relations campaign. On May 19, 1996, the program was announced in every Catholic church in the area and on radio and

television. Local advocacy groups and students from the university plan to work with trainees to help them establish a productive and satisfying lifestyle.

C. Future Plans

One of the purposes of the program is to change the public's perception of severely disabled persons. Media coverage has helped and will continue to help change perceptions as the public comes to realize that the severely disabled can make a contribution to society. DOL has demonstrated a successful model. Continuation depends on the Polish government's adoption and funding of the program.

VI. POLAND—REEMPLOYMENT ADVISORY CENTER FOR WOMEN (proposed)

Project Purpose: To assist Poland in addressing the issue of prolonged and high unemployment among women, specifically in the Gdansk region and nationwide, by assisting the Polish chapter of the International Association of Personnel in Employment Security (IAPES) in establishing a model.

A. One-Time Grant for a New Activity

As is the case in the Lodz project, which is also mainly directed toward women, females in Gdansk have been subject to layoffs and prolonged unemployment, resulting in severe hardships for both them and their families. In Gdansk, more and more women find themselves competing for jobs with dislocated male workers and a large number of jobless graduates of high schools and colleges. An inadequate job exchange system and the lack of effective economic and employment techniques and reemployment assistance further compound the problem.

Over the past two years, DOL has been in discussions with local authorities in Gdansk and the Polish chapter of the International Association of Personnel in Employment Security about the development of an activity targeting women. The idea has recently taken concrete form as a proposal for a Reemployment Advisory Center for Women (RACW). The RACW's mission would be to assist women in Gdansk in entering or reentering the workforce through provision of special services designed to help women search for, train for, and secure meaningful, lasting employment. The innovative approach would enlist employers, government labor offices, educators, other local and national organizations, and the unemployed to build partnerships promoting job creation, enhancing local economic development, and ensuring the RACW's self-sufficiency.

B. Local Enthusiasm for the Activity

Evaluation team interviews in Gdansk, known as one of the most aggressive and trend-setting regions in terms of employment services, included discussions with local labor office personnel, Solidarity officials, and the governor, all of whom endorsed the nonprofit agency project's objectives and indicated that the time was right for just such a "model" program. The governor and labor officials pointed out that the RACW would pull together the region's employment and training assets in a new way—under the auspices of an NGO with a board of directors—and was likely to achieve success if it managed to become self-sustaining in the relatively near term. One promising idea calls for requiring women to sign contracts with the RACW and for employers to yield some returns to the RACW.

VII. POLAND—SILESIAN PILOT REEMPLOYMENT FUND PROJECT (proposed)

Project Purpose: To demonstrate the feasibility in Poland of the World Bank concept of an employment fund to assist dislocated workers through community-initiated training and reemployment projects. To accelerate negotiation of a coal mining restructuring loan with the World Bank.

A. Leveraging Resources for Restructuring the Hard Coal Sector

In 1995, Poland produced 140 million tons of coal. Nearly all of Poland's electricity (97 percent) is coal-generated. For 275,000 people at 65 sites, mining is their main source of income. For every miner's job, another six are created in associated industries and services. Of the 275,000 mining jobs, 50,000 are thought to be redundant. Reductions in the industry represent an exceptionally sensitive socioeconomic issue.

DOL staff had been in the forefront of discussions and negotiations designed to take concrete measures to help ameliorate the problem. Under the plan, a substantial amount of SEED funds would be used for a "demonstration project." Over a two-year period, the activity would finance a reemployment fund that would use qualified local service providers to support retraining and job placement and otherwise prepare affected workers to secure alternative employment.

The project would adopt the Social Investment Fund model used by the World Bank and provide a testing ground for identifying the best methods for acquiring and pooling resources as well as procedures best suited for the area. If successful in the demonstration phase, such an activity could be expanded to address the reemployment needs of the entire coal sector and press into service other sources of funding that seem likely to be made available: the central government of Poland budget, the state budget, and/or a World Bank Sector Adjustment Loan.

Thus, the project would leverage funds in two ways. First, it would provide grant funds not presently available to pilot test the concept; second, as verified by interviews, it would facilitate the investment of significant additional funding by other donors and the government of Poland.

B. Work in Progress

A memorandum of understanding spells out a wide-ranging program among national and local parties regarding the Social Investment Fund concept. The same authorities, with a focus on those active in Upper Silesia where the pilot project will operate, have formed a working group and recently held meetings with DOL. The evaluation team met with the working group, which appeared to be collaborating successfully in the further development of the demonstration fund in terms of the definition of the fund's objectives and its organizational and administrative framework. The working group clearly indicated that it saw the fund as innovative and capable of playing an

important initial role in the Polish strategy to transition mine workers into alternative employment.

Services are to be provided at the local level and include job placement, employment counseling, retraining, and small business/enterprise formation and management.

The demonstration project will operate under the auspices of the governor of Katowice and will take legal form as a memorandum of understanding between his office and DOL. Targets, outcomes, and impact indicators to be included in the memorandum of understanding already have been drafted and focus on the establishment of the fund. Like measures for project implementation will be considered and made formal once the fund and its administrative framework and full-time staff are in place.

C. Demonstration Fund Takes Advantage of DOL Experience in Poland

Technical assistance and training under DOL auspices over the past five years provide an important base for ensuring that DOL staff and consultants are able to participate actively and with appropriate direction and influence to assist in implementing the demonstration fund. The heavy local-level involvement in the demonstration will ensure that personnel related to the governor's office and state budget (70 percent from DOL and 30 percent from local government) are available for implementation. Placement, counseling, training, and management of such local activities are all areas in which DOL has relevant experience in Poland. This experience can be supplemented by DOL's work with other donors as well as by other recipients of USAID funds to ensure proper coverage of the field of business development.

D. Problems and Constraints

The project is close to implementation. It has, however, a limited time frame and must demonstrate results conclusively within two years. Much also depends on the continuing cooperation of a range of local authorities. Thus far, it appears that all are willing to work closely, but any framework set up for implementation must carefully specify expectations for all agencies involved and outline how each agency will work with the fund staff of four locally hired professionals and two international consultants from DOL.

ANNEX F

HUNGARIAN ACTIVITIES

I. HUNGARY—EMPLOYMENT SERVICES/RAPID RESPONSE

Project Purpose: To improve the ability of the Hungarian government to respond to layoffs, particularly those caused by privatization and restructuring, by institutionalizing with the County Labor Center (CLC) network the Rapid Response/Labor-Management Assistance Committee (RR/RAC) model. The model is a proactive approach emphasizing prevention and early intervention. (CLCs and RACs, local enterprise agencies, municipalities, training institutions, and others try to tailor a program of services to the needs of individual dislocated workers before they become unemployed. RACs often set up on-site action centers.)

A. Activity Development

Hungary had little experience in dealing with mass layoffs. The government's initial reaction to unemployment was simply to issue unemployment benefits. By 1993, the rate of unemployment had risen to a high of 13 percent. USAID and DOL working in collaboration responded to the crisis by designing the Rapid Response program.

In 1994, a U.S. project coordinator was assigned to Hungary to install the program. The program offered training courses to County Labor Center directors and set up pilot programs. Work study trips were sponsored for review of the program in the United States. Rapid Response was well received in Hungary and is now an option in all County Labor Centers. To date, 22 Rapid Response programs have been established. The team repeatedly learned of the good work that DOL training representatives, particularly the project coordinator, had contributed to the acceptance of Rapid Response.

B. Program Description

Rapid Response emphasizes a quick response to layoffs. It is practical and preventive. The idea behind Rapid Response is that early intervention amid massive layoffs is central to avoiding long-term unemployment. The project's approach is based on a tripartite (labor-management-neutral chair) committee. The model, originally developed by Canadian Industrial Adjustment Services, has been modified and used in the United States. In Hungary, the committees are referred to as Reemployment Assistance Committees (RACs). The RACs work closely with the County Labor Centers and focus on helping dislocated workers find training or other employment after they have been targeted for layoff.

C. Current and Future Situation

Public response to the program is favorable as the treatment received by the unemployed is more humane and less authoritarian than before. Rapid Response provides services rather than just information. In less than three years, the program has become popular with employers, employees, and employee organizations.

Challenges must be met to ensure the continuation of the program. The tracking system of participants needs to be improved so that more accurate statistics can be kept. Another problem is that at present the law does not permit employees on layoff notice to register with the County Labor Center until they are laid off. Since certain services are available to workers only after they register as unemployed, such policy prevents many people from receiving training. The Hungarian legislative body is expected to address this issue sometime in the future.

While the program is seen as a success, placement rates depend greatly on the local availability of jobs. The rate of new job creation does not match the number of newly unemployed. DOL is addressing this problem with self-employment and entrepreneurial skills training, but these programs by themselves are inadequate and can only complement broader government of Hungary efforts.

D. Continuity of Program

Rapid Response is institutionalized and has been replicated throughout the country. Each County Labor Center has the option of using it. The Hungarians are meeting the major program costs, with some help from DOL for payment to the RAC chairs. Although CLC funding has been cut and the budget is tight, the program is sustainable and is expected to be written into Hungarian law.

II. HUNGARY—QUICK START LABOR MARKET INTERVENTION PROGRAM

Project Purpose: To generate employment for unemployed workers by developing job training opportunities oriented to jobs in demand occupations and/or specially requested by individual business or industry; to provide the necessary training in the methodology of conducting job-specific training for a business or industry and to develop the knowledge and technical skills necessary to perform a job and task analysis in a particular industrial or business setting; and to support the Hungarian Ministry of Labor (MOL), the regional labor offices, and the regional training centers in the implementation of programs oriented toward upgrading the skills of trainers, mid-level managers, and industrial workers.

A. Program Description

The number of long-term unemployed workers in Hungary has drastically increased. In an effort to redress this problem and return workers to the labor market, DOL funded the Quick Start project. The program is designed to encourage economic development and to provide job opportunities through the cooperative efforts of private companies, regional centers for the development and retraining of manpower, and county labor offices.

The training is job-specific according to the identified needs of a company. Before training starts, a company or business must agree to employ all trainees who complete the training and are certified suitable for employment. A task analysis is completed so that the training can be geared toward a particular job. Referral procedures begin at the local labor center where trainees are selected for Quick Start. The trainees usually receive a training allowance for attending training sessions. Long-term unemployed who have not worked in over six months receive priority for the program, but some currently employed workers are included in training to upgrade their skills. Technical classroom training is carried out by regional training centers. At the completion of the training, the workers are hired for the specific job for which they trained.

B. Activity Development

In 1994, DOL sent advisers to teach the basic components of the program. Technical instruction followed in job and task analysis. According to a DOL-MOL Cooperation 1995 report, the number of Quick Start trainees totals 1,188.

The ongoing program reviewed by the team took place in Bekes County, an agricultural area with an unemployment rate close to 30 percent. Such rural areas need programs to bolster the local economy. However, there is concern that if the training is too job-specific, the trainees will not have skills to transfer to another job if a given industry cannot support the workers.

Seventy workers were involved in the three-month training course. Training was divided into three parts: technical classroom study, basic language and mathematics skills, and on-the-job training. Participants learned the latest agricultural techniques in growing produce. When training is completed, a local canning company will purchase all their produce. Quick Start will enable the trainees to be self-employed, thus promoting economic development in the region.

C. Current Issues

Most of the other Quick Start programs involved employer-employee relationships rather than self-employment projects. Quick Start has been piloted in a variety of industries throughout the country—from food processing plants to the production of automobiles.

Unlike the Rapid Response program, Quick Start has no project coordinator in Hungary. The program is managed by DOL/Washington with a resultant communication delay.

With DOL funding approximately 75 percent of the Quick Start programs, project sustainability becomes questionable if U.S. funding is discontinued. At present, several Quick Start programs are in suspension because of funding. DOL has requested transfer of money from another program, but the issue has not been settled as of this writing.

Quick Start has a good chance of replication; however, success may depend on continued U.S. funding. One advantage offered by Quick Start is that the training is offered by regional rather than sectional institutions, allowing a greater variety of programs to be offered to a larger number of students.

There is discussion of incorporating Quick Start into Hungary's labor law. The outcome is uncertain in the absence of a definite time line for the legislation. As U.S. resources wind down, Hungary must decide whether to make the financial commitment to the program. While plans are in place to coordinate Quick Start with Rapid Response, Hungary will have to decide whether to expend its limited resources on long-term unemployed workers or employed workers receiving layoff notices.

III. HUNGARY—LABOR-MANAGEMENT RELATIONS

Project purpose: To assist the Hungarian government, trade unions and associations, and enterprises to develop collaboratively a national industrial relations system based on nonadversarial processes of collective bargaining, dispute resolution, and cooperative approaches to joint accountability, responsibility, and decision making that will lead to increased productivity, quality, and cost savings.

A. Project Background

Following the transition from communism, the Hungarian government realized that it would have to establish a new approach to labor-management issues. To this end, it reviewed a wide range of Western country labor-management models and selected the elements that should be built into the Hungarian system.

B. Nature of Activity

DOL provided technical assistance to Hungary by helping it design and implement a nationwide labor-management relations system that uses nonadversarial dispute resolution techniques and prepared approaches to collective bargaining. DOL conducted seminars on cooperative labor-management relations and nonadversarial techniques. DOL participated in a national conference as a cosponsor with the International Labor Organization on mediation techniques and set up demonstration projects highlighting the benefits of cooperative labor-management relations. The Federal Mediation and Conciliation Service (FMCS) provided technical assistance in mediation training.

C. Current Issues and Future Plans

Hungary's goal is to set up flexible labor legislation. The government looks to the United States for long-term cooperation in implementing the Industrial Relations Mediation and Arbitration Service. Technical assistance is needed to provide guidance in selecting mediators and arbitrators, developing and providing mediation/arbitration training, and setting up the service's operational procedures. The government is interested in the creation of a database of industrial relations case decisions to be used for reference in resolving labor problems.

D. Continuation of Activities

Hungary has made impressive strides in establishing effective labor-management relations programs. In 1992, the public policies of the Industrial Relations Mediation and Arbitration Service were institutionalized as part of the Labour Code. The Hungarians have tailored the services to their own needs and have installed a self-sufficient program.

ANNEX G

BULGARIAN PROJECTS

I. BULGARIA—EMPLOYMENT SERVICES

Project Purposes: To facilitate the emergence of a well-functioning labor market in Bulgaria by helping the government create an effective employment service based on market principles. To support the population during the Bulgarian labor market transition period by implementing effective mechanisms for unemployment benefit payment, job placement, vocational counseling and training, mass layoff response, and other active employment programs essential for local, regional, and national economic development.

A. Program Background

With the change of government in 1989, Bulgaria faced the task of building up its National Employment Service to cope with mass unemployment. In providing assistance toward meeting this goal, DOL helped establish a model labor office in 1992 and an information system to account for the real number of unemployed. A regional management structure that includes modern evaluation and management techniques has been implemented. Bulgaria now offers effective early-stage employer outreach, vocational counseling, and on-site job-seeking skills training. All of the above have been supported by trained trainers, manuals designed for continuous updating, and procedures for evaluating and redesigning operations.

DOL technical advisers carried out assessment and management training. Assessment tools were piloted and successfully incorporated into the system. Two manuals of operation, the blue book for local employment service offices and the green book for regional offices, were jointly developed with DOL assistance. The regional office was a new concept to Bulgarian labor offices. Previously, local offices reported directly to the national office. With the establishment of a regional office, planning programs are better coordinated and more effective.

B. Mass Layoff Response

Mass layoff response was an area of great concern to the National Employment Service. An amendment to the labor code, including sections concerning mass layoffs law, is expected to be introduced; it is thought that the amendment will address the notice before closure (extended from three to six months) and amount of severance pay due affected workers. It is clear that mass layoffs of major proportions are still to occur in Bulgaria. The Confederation of Independent Trade Unions of Bulgaria (CITUB), which is the former communist union, and Podkrepa predict large-scale layoffs in coming years. USAID/Bulgaria notes that the current round of industrial restructuring involves the closure of 65 state-owned enterprises, which may affect 15,000 workers.

DOL worked with the local labor offices to create a "Mass Layoff Response" manual that outlines procedures for preventing mass layoffs from devastating a community. A Tripartite Coordination Council, composed of representatives from labor, management, and government, was established to represent the public interest. All local offices have received training in the Mass Layoff Response program; however, not all offices have used the procedures.

C. Staff Training and Technical Assistance

An experienced DOL staff person in Bulgaria coordinated training and technical assistance and proved helpful to the smooth operation of the program. Training included work study trips to the United States to study state employment structures. Many technical assistance seminars were offered in Bulgaria. Approximately 200 to 300 Bulgarian staff members attended the sessions, and many attended more than one seminar. Training ranged from basic management techniques to mass layoff response principles and mechanisms.

D. Continuation of Project

DOL has accomplished many of its objectives. A national system of modern local labor offices that focuses on active labor management programs has been institutionalized. A new sense of professionalism and accountability in public employment services has generated public confidence in government. Municipal budgets realize savings through their ability to target scarce resources. In addition, a greater social partnership of cooperation has been established at the community level.

The employment service programs have been replicated and have demonstrated sustainability. The Bulgarians are well equipped and ready to run the programs themselves.

II. BULGARIA—EMPLOYMENT AND TRAINING INITIATIVES FOR ETHNIC MINORITIES

Project Purpose: To promote the economic and social well-being of Bulgaria's ethnic minorities by assisting the Bulgarian government in developing and implementing employment and training programs that will enhance ethnic minorities' employability and encourage employers to hire qualified workers from the minority community. To support disadvantaged workers during Bulgaria's economic transition by providing the specific social services they need to become self-supporting and employable.

A. Background

The unemployment rate among Bulgaria's ethnic minority populations is high. According to some reports, over 50 percent of the Turkish minority is unemployed and over 80 percent of working-age Gypsies are without work. In many cases, these minorities are the first laid off in any reduction in force. Employers claim that this practice is necessary in that the minorities often have a lower educational level and lack skilled training. Consequently, the Bulgarian government, with the technical assistance of DOL, has initiated two programs for ethnic minorities: Social Welfare-To-Employment (SWEP) and Work Literacy Training.

B. Program Description

Social Welfare-To-Employment (SWEP) combines the services of labor and social welfare agencies in addressing the problems of long-term welfare dependency and preventing the cycle of poverty. The National Employment Service has hired Gypsies to act as outreach workers to the Gypsy community. Year-end statistics for 1995 show that 1,231 participants were enrolled in SWEP; of these, 589 were placed, generating a social welfare savings of 1,068,365 leva. The placement rate is 47.8 percent, about 25 percent higher than similar programs in the United States. Sixty percent were placed in the Temporary Work Program; 243 participants were placed in unsubsidized jobs and six received assistance in starting their own business.

Work Literacy Training was to have been a three-phase program. The first phase was to focus on literacy skills in language and mathematics, the second on vocational training, and the third on job placement. The third phase was not funded. The team visited the employment service at Pazardjik, where training had taken place. Originally, 200 Gypsies were scheduled for training; however, only 70 men and 30 women participated in the five-month training. The men wanted to be truck drivers but were not able to obtain the proper credentials in five months. Most of the men were hired in temporary work projects. The women were hired as cooks, and some opened their own hairdressing businesses. The Gypsies who took the training were discouraged since the third and most important phase of the training did not materialize.

C. Continuation of Projects

The National Employment Service and DOL have attempted to combine SWEP with Work Literacy Training. DOL provided technical assistance to approximately 148 employment service staff on the Ethnic Minorities projects. The programs have been institutionalized. The Ministry of Labor and Social Welfare indicates that it will continue to deal with ethnic minority issues to the extent possible; however, job creation and placement are crucial to program sustain ability.

ANNEX H

COMMENTS ON THE FIRST AND SECOND DRAFTS

DOL FIRST DRAFT COMMENTS

DOL SECOND DRAFT COMMENTS

USAID/WARSAW FIRST DRAFT COMMENTS

USAID/WARSAW SECOND DRAFT COMMENTS

USAID/BUDAPEST FIRST DRAFT COMMENTS

USAID/BUDAPEST SECOND DRAFT COMMENTS

USAID/SOFIA FIRST DRAFT COMMENTS

USAID/SOFIA SECOND DRAFT COMMENTS