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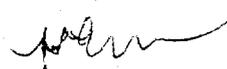
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From: Margot Machol 
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Subject: Revised Work Plan

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Following is the re-revised work plan, with specific resources, outputs, outcomes, and objectives, on a quarterly basis.

PROJECT IMPACT:

There are two separate, but related, desired project impacts. The first is to lay the groundwork to foster the emergence of a competitive, market-based economy by contributing to a greater understanding of the reforms which are necessary for three Balkan countries--Albania, Bulgaria, and Romania--to achieve economic growth and prosperity. This will be accomplished by exposing some of the most pernicious hidden barriers to economic growth in these countries. These barriers will be determined by experts in the Balkans (not imposed from outside) in an unbiased, non-ideological, professional manner, and will be held up to scrutiny in a variety of public fora.

This will include two major conferences (one in April in Sofia, which identifies the barriers and explains how and why they are causing problems; and one in September in Bucharest, which makes specific recommendations for addressing the problems with concrete policy changes), as well as numerous appearances in the media, in addition to private meetings with government policy-makers. As a consequence, the public, as well as the government, will become informed of the need for change and of the workable solutions that would make the economies in these three Balkan countries more responsive to market principles.

Tied in to the goal of enhancing a market-based economy is a related goal of increasing the impact of this project by coordinating with and supporting other AID projects. In all three countries, there are goals in the areas of restructuring financial markets, the agriculture sector, and the energy sector. By examining the barriers in these areas, and then promoting the policy changes to address them, this project will help create a more conducive atmosphere for the other projects to succeed by providing for real understanding of the proposed reforms.

The second project impact is to develop further three economic/public policy institutes in the Balkans to the point that they are sustainable, highly effective institutions which widely disseminate information on public policy problems and solutions, increase citizen involvement in public policy issues, and function as effective public policy advocates. This follows the goal in all three countries to foster democratic institutions and strengthen NGOs to promote the institutions that sustain democracy. (Although the institute in Albania needs a vast amount of assistance in this area, while the institutes in Bulgaria and Romania need less, the goals for the three vary concomitantly, with the emphasis for Albania being on developing, and the emphasis for the other two being on strengthening.)

OUTCOME SUMMARY:

FOSTERING MARKET-BASED ECONOMY: All three countries have as their goal the development of a market-oriented economy in order to create economic growth and enhance job creation in the private sector. One important impediment has been the hidden barriers to economic growth: hidden subsidies in agriculture and energy; the role of the large informal sector, including barriers to entry; and inefficient, fragmented financial markets, including access to credit. As these topics have previously been largely ignored, there is little understanding of them by either the policy-makers or the public. And yet, because they are significantly hindering economic opportunity, by exposing them, this project will contribute to a greater understanding of the specific policy changes needed in each country for economic reform.

In order to lay the groundwork for their removal, the impact of each of these hidden barriers to growth in their country will be analyzed by each of the three institutes; they will review their work during two private regional workshops to look for similarities and differences among the three countries; and they will expose them to as wide an audience as possible in two major public regional conferences, widely attended by policy-makers and the media. In addition, they will increase public awareness by numerous articles in the media, both in the Balkan and international press, as well as appearances on t.v. and the radio.

They will also work closely with business associations (such as the International Center for Entrepreneurship in Romania and the Association of Small and Medium Enterprises in Albania), other NGOs, stock exchanges, private sector businesses, and other relevant organizations. They will also increase government understanding of the

need for reform by a number of private meetings with senior policy-makers in the Parliament and executive branch. This includes meetings with people holding high level positions at the Central Bank and Finance Ministry as well as the Budget and Finance Committee of the Parliament (for barriers in financial markets); the Ministry of Justice and the Corruption Committee (for barriers in the informal sector); and the Finance Ministry, Agriculture Ministry and Price Committee (for barriers with hidden subsidies).

PROMOTING SUSTAINED DEMOCRACY: All three countries recognize the need to strengthen NGOs in order to have local organizations acting to promote democracy, educate the citizenry, work with elected officials to promote appropriate public policy positions, and be effective advocates of sound economic policies.

The institutes in Bulgaria (IME) and Romania (CPSCA) are about three years ahead of the institute in Albania (ACER). Thus, the objectives for IME and CPSCA are to strengthen their role in the public policy debates in their countries, to deepen their understanding of how to maximize their impact, and to solidify their position in the community as respected advocates for efficiency, effectiveness, and accountability in political and economic decision-making. The objectives for ACER are to begin to become known as the first such independent public policy institute in Albania, and to begin to learn how to function effectively as a public advocate on important policy issues.

There are two tracks in order to accomplish these objectives. First, the institutes will learn from each other. While this is most important for ACER, it is also highly useful for the other two to have frequent, intense contact with similar institutes in other countries, in a completely non-judgmental way, and in the context of a specific public policy project, in order to gain from each other's experience.

The second is that they will learn from outside experts. They will be guided by the project director on a daily basis on how to operate most effectively as public policy advocates; and there will be a series of well-known economists who will work with them on their research, methodology, and analysis. In at least two cases (March and June), an economist will travel from the U.S. to spend three to four days working with all of the institutes at small, private workshops. In at least four other cases, economists from the West will participate in the large, public conferences (April and September), spending at least a day with the three institutes either in preparation or follow-up.

SUPPLEMENTAL OUTCOME: There is an additional over-lapping objective, which is a regional goal: by working together to solve their problems, the technical impact of the project will be enhanced, while achieving the broader benefits of bringing people together, replacing fear and hostility with cooperation and mutual support, and reducing Albania's isolation from its neighbors. This will be achieved by having the three institutes work together on an equal footing toward a common goal.

RESOURCES:

First Quarter:

Computers will be selected and purchased for the three institutes for use in this project.

ACER (Albania) will procure and move into a larger, more appropriate office.

The three institutes will procure all major relevant publications, including those from the international financial institutions and relevant government agencies. These will be shared with the interested public, who will be allowed access to these "libraries," as well as with local universities. Since all three institutes have several staff members who also lecture at various universities, the staff will be encouraged to make these publications available to their students and other interested faculty. The goal is as wide a dissemination as possible, in order to encourage, for example, comparisons of statistics developed by international organizations with locally produced government statistics.

The first visit to the three institutes by the U.S. project director will take place to organize work on the project.

Second Quarter:

E-Mail will be purchased and an E-Mail link will be established among the three institutes.

A U.S.-trained economist will attend and participate in the second regional workshop, which will be held with the three institutes and the American University in Bulgaria, in Blagoevgrad in March.

Third Quarter:

At least three prominent western economists will attend and address the conference in Sofia in April, in addition to at least nine expert Balkan economists.

The U.S. project director will work with the three institutes prior to the Sofia conference, participate in it to ensure that it is a success, and follow up with the three institutes to ensure that the second half of the project is on track.

An outside economic expert will attend and participate in the third regional workshop, which will be held in Tirana in June, and will include the three institutes.

Fourth Quarter:

At least two prominent western economists will attend and participate in the second conference, which will be held in Bucharest in September.

The U.S. project director will attend the Bucharest conference, and will follow up with the three institutes on how to achieve desired results.

EXPECTED OUTPUTS:

First Quarter:

Three different topics will be chosen for research, each a significant barrier to economic growth in the Balkans, and negotiated among and agreed upon by the three institutes. (The topics chosen will all be of great importance to the region, and yet as of this date, largely ignored by the local policy makers and international organizations in favor of more highly visible macroeconomic barriers, such as budget deficits and exchange rates.)

Research teams will be chosen by each institute to work on each topic. Each team will consist of two to five experienced economists or other trained professionals with experience in the relevant area.

Memorandums of Understanding will be signed between each institute and the U.S. project director, reflecting agreement on the scope of work to be completed.

The schedule will be agreed on for five joint meetings among the three institutes, two of which will be regional conferences with at least three outside economists, and three of which will be smaller regional workshops, the latter two of which will each be with one outside economist.

ACER will be assisted with management techniques by the U.S. project director as well as by the executive directors of IME and CPSCA, including how to prepare appropriate by-laws, strengthen the Board of Directors, influence the policy process, and promote the institute's accomplishments.

The first regional workshop will be held in December in Blagoevgrad with the three institutes and the American University in Bulgaria to organize the research and agree on methodology and timetables.

The conference to be held in conjunction with the EBRD's annual meeting in Sofia in April will be organized by the U. S. project director, including coordinating with the EBRD and securing status as a sanctioned event, securing a location, obtaining hotel rooms, contacting potential speakers, and contacting potential sources of additional funding.

The executive director of the first institute (IME) will visit the U.S., meeting with sources of outside funding, potential speakers at conferences and workshops, and AID and State, raising the profile of the project, as well as gathering material to be used.

AID will be briefed by the U.S. project director and recommendations solicited in the three countries as well as in Washington regarding plans for the conference.

There will be at least two media appearances (newspaper, t.v., radio) in each of the three countries by representatives of the institutes (executive director, other staff, Board of Directors).

Second Quarter:

Weekly contacts will commence among the institutes, both by the executive directors and by members of the teams, including by phone, fax, E-mail, mail, and visits, both to improve regional cooperation and economic understanding, and to accomplish the public policy/economic goals of the project. (Prior to the project's beginning, there were no contacts; by the end of the project, contacts are expected to be regular and routine, with all of the parties comfortable working together.)

Statistics will be gathered by each institute from the various government agencies (Treasury, Central Bank, Statistics Office), as well as from relevant international organizations (World Bank, IMF) for the project's data bases; they will then be shared among the three institutes, as well as with universities and the interested public.

ACER will draft and ratify by-laws and strengthen their Board of Directors.

Members will be selected by the U.S. project director in consultation with the three institutes, and will give their permission to serve on the International Advisory Board of the Balkan Network.

First drafts of the papers for the April conference will be prepared and shared among the three institutes, as well as with an outside western-trained economist, both during and following the second Blagoevgrad workshop. At a minimum, there will be one paper per topic per country (i.e., three papers per country).

Final preparations will be made for the April conference, both by the three institutes, which includes preparing papers which lay out the problem (defining the barriers to growth, explaining why each is a problem, how it affects economic growth in each country, and why it is important to address it); and by the U.S. project director, which includes inviting participants; confirming speakers; and informing the media.

AID will be briefed and recommendations solicited in the three countries as well as in Washington regarding plans for the conference. The list of speakers will be provide to AID in advance of the conference, as will first drafts of the papers to be presented.

Prior to the conference, a brochure on the Balkan Network, including a description of the three institutes and a list of the members of the International Advisory Board, will be designed by the U. S. project director and published, so that it can be distributed at the conference to raise the public's awareness of each institute, of the project's purpose, and of its regional nature.

There will be at least five media appearances (newspaper, t.v., radio) in each of the three countries by representatives of the institutes (executive director, other staff, Board of Directors).

Third Quarter:

Following the April conference in Sofia, the team members will meet with the U.S. project director and an outside expert economist to assess what was learned and to determine what direction to take, particularly in terms of making recommendations for change in government programs/policies.

During the June regional workshop in Tirana, the three institutes will meet with an outside expert economist to refine the project's outcome, focusing on policy recommendations that can be derived from the April conference.

The expert U.S. economist described above will also meet with Albanian policy-makers and the media, accompanied by ACER staff, both to raise the profile of the institute and to help ensure a better reception for the policy recommendations.

Each of the three institutes (represented by members of its staff or Board) will have at least two private meetings with key policy-makers in the executive branch and /or the Parliament.

There will be at least five media appearances (newspaper, t.v., radio) in each of the three countries by representatives of the institutes (executive director, other staff, Board of Directors).

AID will be briefed and recommendations solicited in the three countries as well as in Washington regarding plans for the final conference.

Fourth Quarter:

The executive director of the second institute (ACER) will visit the U.S. or western Europe, to gain a deeper understanding of how similar non-governmental economic/public policy institutes operate.

Preparations will be made by the U.S. project director for the final conference in Bucharest in September, including arranging for speakers, raising outside funding, and making logistical arrangements.

The final policy recommendations regarding the barriers to growth will be prepared by the three institutes for the Bucharest conference, including specific recommendations for policy changes in each country, emphasizing the region's common problems and their proposed solutions, while acknowledging the differences in approach among the countries.

Each of the three institutes (represented by members of its staff or Board) will have at least two private meetings with key policy-makers in the executive branch and /or the Parliament.

AID will be briefed and recommendations solicited in the three countries as well as in Washington regarding plans for the conference. The list of speakers will be provide to AID in advance of the conference, as will first drafts of the papers to be presented.

There will be at least five media appearances (newspaper, t.v., radio) in each of the three countries by representatives of the institutes (executive director, other staff, Board of Directors).

Following the Bucharest conference, the teams from the three institutes will meet with the U.S. project director and an outside economist to plan how to follow up and implement the recommendations for change.

The U.S. project director will prepare a final progress report for AID, covering both substantive and financial topics.

EXPECTED PROJECT OUTCOMES:

******There will be two major conferences exposing some of the hidden barriers to economic growth in the Balkans: hidden subsidies in agriculture and energy; the role of the large informal sector, including barriers to entry; and inefficient, fragmented financial markets, including access to credit. The first will be in conjunction with the EBRD annual meeting in Sofia in April, and will lay out an explanation of what the barriers are and how they are hindering market-based economic growth; the second, in Bucharest in September, will make specific policy recommendations to deal with these barriers. These two conferences will each be attended by at least 100 people, including senior government officials, policy-makers, opinion leaders, and the private sector, as well as the media, including both the Balkan and international press. These conferences fulfill multiple outcome goals:

*First, they will highlight the skills and talents of the three institutes in the Balkan region to a wide audience, including policy-makers in each of the three countries, throughout the region, and in the west, thereby strengthening the institutes, enhancing their reputations, and enabling them to be more active participants in the democratic practice, by becoming more effective advocates of public policy change.

*Second, by showcasing their talents and abilities in this way, it will enable the institutes to raise their profiles with potential outside sources of funding, thus improving their ability to carry on their mission at the end of AID funding.

* Third, it provides them with an opportunity to increase public awareness about the need for removing some major barriers to economic growth, thus laying the groundwork for implementing solutions; and the fact that the recommendations are made by local expert economists, as well as by famous foreigners, will testify to their validity.

* Fourth, it enables the institutes to prepare an appropriate reception to and understanding of the proposed reforms by local policy-makers, who will not only attend the conferences, but will witness the positive reaction by the public and the media. This is particularly important because the chosen barriers hindering economic growth will have been largely ignored to date by policy-makers, the public, and the media. It is important for policy-makers both to "see the light" (i.e., become aware of these barriers, what they are and how they are hurting growth) and to "feel the heat" (i.e., realize that the public and the media now are also aware of what these barriers are and how they are hindering economic growth).

*Fifth, it enables the three institutes to learn from each other, and to replace hostility in the Balkans with understanding; they will increase mutual cooperation and respect, by working together toward a common goal, sharing their research, ensuring that each of the institute's work is at the same high level, and trying to understand common policy problems and to recommend consistent solutions. In particular, it reduces Albania's historical isolation from its neighbors.

** There will be increased awareness by the public of the problems caused by these hidden barriers to growth and the need for the proposed reforms. As mentioned earlier, because these barriers to growth had previously been largely ignored by policy-makers, the public had not been used to thinking about them. This increased public awareness accomplishes two outcome goals: it increases the education of the local citizenry on the project's long-run goal of making the Balkan economies more responsive to market principles, thereby increasing economic growth and opportunity and enhancing private-sector job creation; and it begins to lay the groundwork so that policy-makers will have a proper appreciation of the need for reforms in order to improve their reception toward the reforms when they are proposed.

One surrogate measure of the public's increased awareness is mention in the media (including press, radio, and t.v.) of the project. There will be at least two media appearances per country by representatives of the institutes (including the executive director, other staff, or members of their Board) about various aspects of this project during the first quarter; and at least five media appearances per country by representatives of the institutes during the subsequent three quarters.

**Both to increase the project's impact, and to demonstrate widespread support and the probability of long-term, sustainable influence, the following non-AID funds, including cash and in-kind contributions, will be generated: \$10,000 during the first quarter; and \$35,000 per quarter during the subsequent three quarters.