

Chapter 9

My last consulting jobs

(July 21, 2010 Draft)

I, Writing Guides for USAID/USDOL

Introduction: Efforts to document USDOL's Projects in CEE countries

February 27, 1996, I wrote a letter to Ambassador John Ferch, Director of USDOL's Office of Foreign Relations (OFR), outlining a writing project I had been doing for the ILO in the CEE Region. My letter also contained short accounts of several of the USDOL Projects in the *Guide to Community Economic Renewal* that I wrote for the ILO, including one about the USDOL's Rapid Response Project in Hungary. I suggested that it might be helpful to build on my initial efforts and document some of the other significant USDOL projects, and perhaps even prepare a USDOL version of this "Guide" if sufficient interest and resources were available to carry out such a venture. (Feb. 27, 1996 letter from GBH to John Ferch) While Ferch was supportive of what I proposed, OFR never agreed to have any documentation work done. In later years, there was some discussion about having documentation work done under the direction of Sydney Smith, but that activity was left to what was included in the final report for each project.

The OFR did not pick up on my other suggestion -- to create a "how to" or "getting started" guide for USDOL Projects that had been or were being carried out in the CEE region. However, that activity came about as one of the final projects carried out near the end of the USDOL's Labor Market Transition Program in Central and Eastern Europe. In December 1999, some four years later, USAID agreed to fund a CEE Regional Project that subsequently enabled me to write, with the able assistance of Julie Hillebrand, Virginia Stacey and Marion Bentley, a "Project Director's Handbook," that could be used for that purpose. This chapter describes how the Project Director's handbook and several others came to be written along with my experiences in the writing or updating of many of the other guides.

Writing Guides for USDOL's Projects in Central and Eastern Europe

From 1995 to 2004, much of my work in Central and Eastern Europe was directly for the ILO and then USDOL's OFR. Subsequently, it came to be done indirectly for them and USAID through their implementation contractor WSI. My work included designing projects and writing training manuals and "guides" for use in many of the USDOL SEED-funded projects. It started with the two volume "*Guide to Community Economic Renewal*" (called the CER Guide) that I originally wrote for the ILO in 1995-96, but made available in June 1996 to the USDOL for use in the Hungary RRDWA project directed by Maria Heidkamp.

The CER Guide was the “crown jewel” and most widely used of all the guides that I wrote. That two-volume guide became the basic set of training materials for the LED components of projects carried out by the USDOL in Hungary, Poland, Bulgaria, Romania, Macedonia and Ukraine and the heart of the USDOL Adjustment Model (or ICAP as it was later called by Worldwide Strategies Incorporated) discussed in Chapters 7 and 8.

Eventually five editions of the CER Guide were written from 1995 to 2003 during our consulting years in the CEE region. In 2003, two things happened under the aegis of a project called the USDOL/USAID Regional Initiative for Central and Eastern Europe:

1. Because all five editions of the CER Guide up to that point had been prepared using Framemaker software and the USAID now wanted to have an electronic version in Word software as part of the “deliverables” for the CEE Regional project they had funded, a new version had to be prepared for future circulation in the CEE region or wherever USAID wanted to use it.
2. The new edition needed to be streamlined and some changes made to reflect the wider audience for whom it was being prepared.

Consequently, after completing the 5th edition of the CER Guide using **Framemaker** software in July 2003, I prepared a new 1st edition of what I called ***Guide to Local Economic Development*** (LED Guide) using **Word** software. I changed the name from CER to LED to distinguish it from the previous editions, and because USAID and others were more familiar with this term. I spent 25 to 30 hours converting the Framemaker software files to Word software files. That task had not been in the budget and used up the remaining funds in the Task Order to pay for my work.

The forwards in the five editions of the CER Guide (originally called ***A Guide to Community Economic Renewal***), more than any other guide I wrote, reflect the evolution of USDOL’s technical assistance work in local economic development (LED) carried out in Central and Eastern Europe under the SEED Act. That evolutionary process can best be understood by reading the Forwards to each edition, culminating with the 5th edition.

Forward to First Edition, March 1996

This guide could not have been written without the help and contributions of many people. Although it is impossible to mention all of them by name, or to formally acknowledge the contributions of those whose previous work provided much of the information and material used in this guide, several persons made unique contributions to the project or provided materials specifically for use in this publication. They deserve special recognition.

First, and most important, are Dorthe Nielsen, Chief Technical Advisor, and Angel L. Vidal-Alonso, of the ILO Cooperative Branch, Enterprise Department, who saw the urgent need for resource materials on local economic development and were willing to initiate a project in the early 1990s to develop them. Their guidance and assistance has been invaluable. The enthusiasm shown for obtaining the product of this project by Maria Heidkamp and Hanna Ruszczyk, two local economic development practitioners working in Eastern Europe, helped demonstrate the need for this guide and provided encouragement to me along the way. Those individuals who directly or indirectly contributed to the project or who gave me the benefit of their experience included: Francisco Arango, Marion Bentley, Bobbie Coray, Harold Fossum, Maria Heidkamp, Dawn W. Lay, Mark Madsen, Linda Merrill, Gil Miller, Jim Permuter, Hanna Ruszczyk,

Cindi Sagers, Leona Sibelman, Vernoique Verbruggen, James Watson, Gedeon Werner, Edward Wiszniewski, and Bill Wrigley.

Finally, the *Guide* could not have been completed without the editorial assistance and the layout and typographical contributions of Karen Hansen and Joel Hatch of Wolfpack Typography.

This publication is the test edition of the guide. We would appreciate any input or suggestions for improvement based on the uses made of these materials.

Forward to Second Edition, October 1998

Unfortunately, the ILO/UNDP project under which the first edition of the guide was prepared ended before it could be used [other than being used as part of courses being conducted by the ILO's International Training Center in Turin, Italy]. Subsequently, the guide was offered by the author to the United States Department of Labor (USDOL) for use in a Labor Market Transition Project in Hungary, funded by the United States Agency for International Development. It was translated into Hungarian and introduced at a series of workshops conducted by the author and Marion T. Bentley, [beginning] in June 1996.

The success achieved by the Hungary Rapid Response Project of the USDOL in using the first edition of this guide to conduct LED workshops throughout Hungary demonstrated its value and usefulness. (The Hungary project is briefly reported on in Chapter 4.) Based on that initial success, and the desire of USDOL to use the guide as part of an LED project being started in the fall of 1998 in Bulgaria, and as part of the economic renewal component of a coal sector restructuring project starting in Upper Silesia in Poland in September 1998, it was deemed important to update the guide based on the experience gained in Hungary, and to include new material that had become available since the first edition was published in March 1996.

The assistance provided by James Perlmutter, Acting Director of the Office of Foreign Relations, Bureau of International Labor Affairs, U. S. Department of Labor, is especially appreciated in facilitating the preparation and publication of the second edition.

The revised second edition includes more examples, several new "Getting Started" sections, and several sections using new material not previously available. The format for the workshop material in Chapter 6 has also been revised to make it easier to use.

Forward to Third Edition, Spring 2000

Two editions of this Guide have now been used by the United States Department of Labor over a four year period to implement community economic renewal (CER) projects in Bulgaria, Poland, Romania and Macedonia, in addition to Hungary. In each country the CER Component, as it is now called, and the USDOL Adjustment Model of which it is an integral part, have demonstrated their value in assisting workers and communities experiencing the adverse impacts of economic restructuring.

In the spring of 2000 it was deemed important by the author to once again update and revise the guide to reflect the experience gained and the emerging needs of the countries where the guide has been and will be used. In addition to adding new material that has become available since the second edition was published in October 1998, several additional changes have been made in the third edition. First, the title of the guide has been changed to reflect the development and implementation of the USDOL Adjustment Model and the specific emphasis of this component--community economic renewal--in the USDOL's four component model. Second, instead of having just two parts, as was the case in the first two editions, the third edition has been divided into six separate documents: CER Participant Workbook, CER Business Opportunities Handbook, CER

Workshops A-D Participant Worksheets, CER Workshop E Participant Worksheets, CER Workshop Facilitators Guide, and CER Teambuilding Guide. Also, some of the chapters in Part II of the earlier editions have been deleted from this edition and placed in the guides for the other two components of the USDOL Adjustment Model.

The assistance provided by James Perlmutter, Director of the Office of Foreign Relations, Bureau of International Labor Affairs, U. S. Department of Labor, and Virginia Stacey, Executive Director of Worldwide Strategies, Inc., the USDOL's Implementation Contractor, are especially appreciated in facilitating the preparation of this new edition. In addition, special thanks go to Marion Bentley, colleague and friend, for his significant contributions and suggestions made while helping implement the CER component in five countries during the past four years, and to the country project directors who have used the guide in the CEE region: Maria Heidkamp, Jane Daly, Julie Hillebrand, Alison Smith, Lee Schore, and Teresa Holdren.

Forward to Fourth Edition, 2001

Since 1996, the three editions of this guide have been used in six countries in Central and Eastern Europe by thousands of people and hundreds of communities in organized efforts to renew and strengthen their economies. Because of the success achieved by the citizen teams in these communities and countries, and the continuing need for economic adjustment assistance by workers, communities and enterprises throughout the region, in 2001 the CEE regional staff of USAID agreed to provide resources to USDOL and WSI that could be used to develop a project to further this important adjustment work on a regional basis. Some of these financial resources have been used to make changes in the CER process and manuals, primarily adding a Phase III to the CER Component--set out in Chapter 8 of Part I of the CER Guide. Other changes include developing a managing and monitoring plan, emphasizing the sustainability of the CER process and developing workshop materials for revitalizing the community team so that it can continue its ER efforts on a permanent basis.

Part II of the CER Guide has been renamed *CER Resource Handbook*, to more accurately reflect its contents and purpose--to provide a variety of additional tools and resources that communities seeking to strengthen and grow their economies can use after they have completed the first two phases of the CER process. Subsequent to the first printing of the third edition of Part II, a chapter on conducting a community workforce development audit has been added, as well as a chapter on assessing the viability of promoting tourism as part of community economic renewal.

Additional resources from the USAID-funded regional project have been used by WSI to complete or update training materials for the other two operational components (Rapid Response Displaced Worker Assistance, and Enterprise Strengthening and Competitiveness) of what is now called the Integrated Community Adjustment Program (ICAP) model, preparing a *Project Director's Handbook*, and writing a *Guide to Enterprise Strengthening and Competitiveness*.

The considerable assistance provided by Marion Bentley and other WSI staff in the preparation of this new edition is gratefully acknowledged.

Forward to Fifth Edition, 2003

Although the fifth edition of the CER Guide is quite similar to the fourth edition, it does include some changes. For example, some outdated examples of LED projects in Poland and Central America, contained in Chapter 4 of Part I, have been replaced with a new example describing the CER Component of the Romanian LRP--a project that was completed by USDOL/WSI in June 2002. Also, a number of corrections and minor changes have been made in Parts I and II, such as updating Chart 6.1 in Chapter 6 of Part I, to more accurately reflect the three phases of the CER Component. Some

additions have also been made to Chapter 2 on creating business incubators in Part II, and the Section on “Steps to achieve community economic renewal” in Part IV has been significantly revised and expanded. The fifth edition also includes a new Part V, providing training materials for Teambuilding, a skill that is critical to the success of CER Teams at the local level. Dr. Gary B. Hansen, North Logan, Utah, July 2003

Over the next eight years, I wrote a plethora of guides, proposals, concept papers, think pieces and “how to” documents.

Background of USDOL’s Regional Initiative for Central and Eastern Europe

Beginning in 1999, USDOL/USAID hired MSI, a Washington, D.C., consulting firm (known to us as “a beltway bandit”), to conduct evaluations of some of their technical assistance projects carried out under the SEED Act in Central and Eastern Europe, especially in Hungary and Poland. The MSI evaluation teams had some sporadic interaction with WSI, the contractor USDOL hired to take over the implementation work on other DOL projects in Bulgaria, Romania, Macedonia and Ukraine.

According to the WSI CEE Regional Initiative *Final Report*, WSI involvement in the Regional Initiative came about as follows:

WSI first became involved in the CEE Regional Initiative starting in December 1999 by providing intermittent advice and consultation on adjustment strategies to DOL/ILAB staff and short-term technical assistant for post-assessments of the Hungary and Poland projects. These activities were in preparation for a planned best practices conference to be held in November 2000 that was later cancelled. WSI's sporadic activity in the CEE Regional Initiative culminated in June 2001 when the first CEE Partners' conference was held in Bucharest. During this conference, USAID, USDOL and WSI partners recognized each other's role as stakeholders in this initiative and agreed to work cooperatively to incorporate program improvements.

The scope of work for the CEE Regional Initiative was outlined in Idaho in August 2001 during a performance monitoring system development session with the stakeholders. Subsequently, based on WSI's assessment of MSI's program recommendations and country programs' management and programmatic needs, WSI prepared annual workplans with supporting budgets for the next two years to accomplish all activities before the IAA [Inter-Agency Agreement] was scheduled to expire on September 30, 2003. However, delays in project implementation arose as a result of USDOL's administrative difficulties during periods of continuing resolution budgets. The delays produced a “hurry up and wait” implementation environment that in the end required accelerated implementation at nearly unsustainable levels. Specifically, the task order outlining the full scope of regional activities was obligated on November 1, 2001 but implementation was delayed due to USDOL's continuing budget resolution which permitted only \$150,000 of the \$1.02 million to be obligated. Remaining funding did not become available until March 2002 and then DOL required that \$350K be deobligated in August 2002 due to a spending authority shortfall. This amount was not reobligated until January 2003. Finally, it was not until May 2003 that WSI received FY03 funds of \$400k to complete implementation.

Nevertheless, WSI managed implementation starts and stops through a process of close consultation with USDOL and USAID. Stakeholders meetings were held periodically to

review and approve workplan adjustments and to share strategies for ICDP [Integrated Community Development Program] sustainability throughout the region. In addition, another Partners Conference was held in Poland in February 2002, concluding with a Final Conference held in Budapest in September 2003. (*Central & Eastern Europe Regional Initiative Final Report, 1999-2003*, December 2003, pages 5-6)

Making a “silk purse” out of a disparate collection of sows’ ears.

Given the complexities and difficulties of the Regional Initiative funding situation, WSI used a “team approach” to project implementation “in order to maximize resources and impact.” The WSI Final Report is a classic example of taking a variety of disparate and loosely related projects in several countries and, then, through a “regional initiative” project created late in the game, try to tie them together and make some sense out of what had gone before by coming up with a carefully crafted final report ably prepared by Sydney Smith Heimbrock and Virginia Stacey. The final report was entitled: *Central & Eastern Europe Regional Initiative Final Report, 1999-2003*, December 2003, which was 22 pages in length.

The CEE Regional Initiative project had a substantial number of “deliverables enabling individual countries to improve the implementation and sustainability of the ICDP.” The ICDP (Integrated Community Development Program as it was now called), was the new title for the USDOL Adjustment Model I had developed some years earlier. WSI provided a new name and acronym to the model, as part of their strategy to use the model to generate more consulting business now that the USDOL projects and funding were coming to an end. The following deliverables were included as part of the (CEE Regional Initiative: Final Report, pp. 3-4)

- Office Manual and training for local administrative and finance staff. Design and implementation of a uniform performance monitoring system for all country projects.
- Sustainability plans for all country projects, following a regionalized blueprint.
- Public Relations and Advocacy component for the ICDP, including manuals and training materials for local staff implementation.
- Best Practices studies for all USDOL activities undertaken in CEE through the USAID-funded labor market transition assistance program.
- Regional conferences for local staff and partners to share best practices and lessons learned in implementing the ICDP.
- A certification system for local industrial adjustment specialists (now called Labor Transition Consultants) trained through the ICDP.
- Regional Advisor activities to assess common needs across country programs, and to plan and supervise follow-up technical cooperation to assure successful implementation of specific ICDP components.
- Training and assistance to local staff in business incubator assistance, revolving loan fund implementation, LED clusters development, and O*NET occupational information.
- A revised LED process to include training (Workshop F) to community partners to design and implement long-term strategies for community sustainability.
- Revised manual and re-titled Enterprise Competitiveness component to Enterprise Restructuring and Competitiveness.
- Repository knowledge management through the design and maintenance of a regional website housed at www.w-s-i.net/cee through which country staff can continue to share best practices and lessons learned in implementing the ICDP.
- More effective central office management of country projects through field visits and adoption of uniform administrative procedures supported by a Field

My job turned out to be a significant part of the CEE Regional Initiative project. With the help of Marion Bentley and several others, my assignment was basically to carry out five activities:

1. Revise the CER process to include Workshop F, training community partners to design and implement long-term strategies for community sustainability;
2. Revise the Enterprise Competitiveness guide and re-title the EC component in the ICDP version to be called “Enterprise Restructuring and Competitiveness”;
3. Design a uniform performance monitoring system;
4. Design a certification system for local industrial adjustment specialists (now called Labor Transition Consultants) who could be trained through the ICDP; and
5. Help prepare a Project Director’s Handbook.

Excerpts from two emails I received from Sydney Smith Heimbrock near the end of and after the completion of the Regional Initiative project reflect on the extent of my work during 2003. The first excerpt is from an email Sydney Smith Heimbrock sent to me on September 23, one week before the final report was to be delivered to USDOL/USAID on September 30:

2. CEE deliverables: Julie and I have just gone through the CEE project deliverables, all of which are due to DOL on September 30. It appears you have submitted everything except the IAS Certification document. Can you let me know when this will be ready? It would be helpful for Katrina Hoff to receive it in electronic form by this Friday at the very latest, so she can get the CD to DOL next week. (Sept. 23, 2003 email from Sydney Smith Heimbrock to GBH)

While writing this Chapter for my memoir, I went through the “Close out CD” prepared by WSI as part of the USDOL/USAID CEE Regional Initiative project. I was surprised at how many of the “deliverables” I had had a major part in writing, revising and delivering as part of that project.

The second excerpt is from an email Sydney sent to me on October 1, 2003, the day after the closeout CD had been delivered to USDOL and USAID:

Gary, first of all, thanks for all your work on the CEE deliverables – everything looks excellent, and we have you to thank for very positive feedback from DOL and USAID...Thanks, and sorry for any confusion--I’m into four months of sleep deprivation and I’m afraid it is REALLY starting to show. Sydney (October 1, 2003 email from Sydney Smith Heimbrock to GBH)

Sydney’s October 1, 2003 email to me also included an invitation to participate in one more project for WSI, which I did. They needed “someone to provide overall design and document preparation, for which we all agree you’ll be ideal. If you prefer not to travel, we’ll work with you from your home base.” (October 1, 2003 email from Sydney Smith Heimbrock to GBH) The confusion Sydney referred to in her email was that WSI was in the process of writing their first post-USDOL proposal to the World Bank and Government of Serbia to bid on a dislocated worker project to be carried out in Serbia and Montenegro. My work on that World Bank/Government of Serbia project is covered in Part 4 of this chapter.

Preparing a new Word edition of the LED Guide

The first task Sydney Smith Heimbrock assigned to me as part of the Regional Initiative was to revise the **LED (formerly called CER) process** to include Workshop F, training community partners to design and implement long-term strategies for community sustainability

Marion Bentley and I added a Phase III to the new Chapter Seven in the renamed LED Guide (*Guide to Local Economic Development*). Phase III included four new appendices and added nearly 50 pages to Part I of the LED Guide. Changes in Phase III included an introduction, and four steps to build the capacity and skills to continue LED in the community:

- Step 1. Conduct sustainability analysis;
- Step 2. Update Strategic Plan;
- Step 3. Develop project proposals;
- Step 4. Obtain needed skills training;

In addition to adding the new Chapter 7, I deleted Chapter 5 from the previous version to shorten the guide used by participants so as not to overwhelm them.

I completed the new Word software version of what was now called the “LED Guide” in August 2003 and sent an electronic version to WSI at that time. The Forward for the new 1st edition of the *Guide to Local Economic Development* and the Table of Contents for the Participants Workbook and Resource Handbook are presented below:

Forward, 2003 1st Edition, Guide to Local Economic Development

The *WSI Guide to local economic development* is an integrated set of materials that include a resource handbook and participant workbook that provide practical ideas, tools and techniques to local government officials and business leaders in Central and Eastern Europe who are seeking to improve the economic conditions of people and businesses in their communities. It is one component of the “USDOL/WSI Integrated Adjustment Program,” an innovative approach to assist workers, enterprises and communities impacted by economic restructuring in Central and Eastern Europe. (The other two operational components of the USDOL/WSI Integrated Adjustment Program are a Rapid Response Worker Adjustment Component and an Enterprise Restructuring and Competitiveness Component.).

The local economic development component was developed in the mid-1990’s by Dr. Gary B. Hansen, first as part of a project for the International Labor Office, and, subsequently, made available to the United States Department of Labor’s Hungary Rapid Response Project. The original Guide was designed to facilitate the successful economic adjustment of communities transitioning from command to market economies.

Beginning with its first use in Hungary in June 1996, four editions of the predecessor guide, *A Guide to Community Economic Renewal*, were written, translated and widely used during the ensuing eight years to assist leaders, citizens and communities in six Central and Eastern European countries to undertake local economic renewal and development, strengthen enterprises and create jobs. These countries are: Hungary, Romania, Poland, Bulgaria, Macedonia and Ukraine.

Thanks to the efforts and support of USAID and USDOL, it has been possible in the Spring of 2003 to prepare a new version of the Guide that could be used in the future by others in the Central and Eastern European Region. This new version of Guide has been specifically designed to assist those national and local leaders in other CEE countries that may want to undertake local economic development efforts. Although shorter in length, it contains much of the material in the earlier versions, plus some new material and some additional examples from the completed and ongoing USDOL/WSI adjustment projects.

The contents of this new version of WSI Guide--*Participant Workbook* and *Resource Handbook*--are presented in non-technical language and in a step-by-step format, outlining how to implement the concepts and techniques discussed. It combines basic information about planning and organizing for local economic development with successful examples and practical techniques that have been developed and used by leaders and communities in Central Europe and North America faced with economic decline and structural changes.

The *WSI Guide to local economic development: Participant Workbook*, introduces workshop participants to the principles and concepts of local economic development, or community economic renewal as it is called in this guide. It outlines the assessment, organization, and strategic planning process needed to undertake renewal, describes how community workshops can be used to plan economic renewal, explains some innovative institutional structures to promote economic development, and provides examples of how these innovative approaches have been carried out in North America, and, more recently, in Central and Eastern Europe.

The companion *WSI Guide to Local Economic Development: Resource Handbook*, presents selected examples of successful "business-oriented" approaches, institutions, and innovative techniques being used to generate employment and economic growth in a number of countries, including western and central Europe, North America and Asia. It also contains "Getting Started" sections that spell out "step-by-step" how to implement or these approaches and establish these facilitative institutions.

In addition to the two primary components of the WSI Guide, three other resource items have been prepared to facilitate the successful implementation of economic renewal and development efforts at the community level. These are:

1. A *Workshop Facilitator training manual* contains the tools and techniques that are used by workshop facilitators selected to help the LED workshop participants more effectively carry out their community assessment, planning and project development work during Phase I.
2. The document *Tools and tips to build successful programs*, contains tools and techniques that can be used by communities to achieve more successful economic development programs. One important tool is getting the word out and building support in the community for economic renewal and development. Section 3 in this guide provides guidance in communicating more effectively with the community through the local media.
3. Finally, a *Teambuilding training manual*, contains workshop and other materials needed to train community economic development teams and project implementation teams so that they can function more efficiently and effectively when participating in the LED process, and when implementing their projects and sustaining their LED activities on a continuing basis.

I told them that I would now turn my full attention to the Teambuilding training manual (Part V) and the generic certification question—assuming there would be sufficient funds to pay for my work on those tasks. (August 4, 2003 email from GBH to Julie Hillebrand, Katrina Hoff and Virginia Stacey)

Revising the Enterprise Competitiveness Guide

The second task I undertook as part of the Regional Initiative was to revise the Enterprise Competitiveness (EC) Guide I had written somewhat earlier. I renamed it the *Guide to Enterprise Restructuring and Competitiveness (ERAC): A Labor and Human Resource Approach* and completed that task in January 2003.

Two elements of the ERAC component were implemented and pilot tested in the DOL's Labor Market Transition Program in Hungary, Bulgaria and Poland: 1. The Labor-Management Relations (LMR) element in Hungary and Poland; and 2. The Quickstart vocational training element in all three countries. The LMR element, emphasizing interest-based negotiations (IBN), had been introduced in Poland several years earlier (covered in Chapter 5 of this memoir). Quickstart training had been introduced successfully in Hungary, and subsequently used in Bulgaria in a modest way in parallel with the CER component. An attempt had also been made to introduce Quickstart training in Poland in parallel with the RRDWA component in the Coal Restructuring Project in that country.

January 7-11, 2003, I attended a WSI Project Director's meeting with USDOL staff and several consultants from MSI, in Washington, D.C., at Jury's Hotel. As noted earlier, the USDOL had hired MSI to evaluate the DOL projects in Bulgaria and several other countries. After several MSI staffers made their presentations, I discussed the new ERAC guide and circulated copies to the WSI and DOL participants in attendance.

Unfortunately, most of the projects carried out by WSI for the USDOL had been completed or were winding down before the newly published ERAC guide became available.

The new ERAC guide came too late to make a difference and was basically a deliverable to be submitted to the USAID as part of the Regional Initiative—unless somebody picked up on it through the USAID network. From my perspective, the lack of an opportunity to introduce and fully implement the ERAC component in a systematic and comprehensive way was one of the most unfortunate aspects of the whole USDOL Labor Market Transition Program activity carried out in the CEE Region.

The Forward and Table of Contents for the January 2003 edition of the ERAC Guide follows to give the reader an idea of what they contained.

Guide to Enterprise Restructuring and Competitiveness: A Labor and Human Resource Approach

FORWARD

The purpose of this guide is to set forth some of the tools and strategies that successful USDOL and WSI adjustment projects have introduced and used in CEE countries.

Beginning in 1991, USDOL professional staff and consultants, including this author, began using a variety of enterprise restructuring and competitiveness (ERAC) enhancing tools and techniques developed in the United States to facilitate recently privatized state-owned enterprises in Poland and Hungary. It soon became clear that competitiveness in many businesses enterprises had to be strengthened to preserve jobs and enable them to make a successful transition to a market economy. The continued need and demand for these services subsequently led to the recognition that ERAC should be an important component of the USDOL/WSI Integrated EWC Adjustment Program developed in 1997.

While most of the original USDOL/WSI projects have been completed, this author believes that many of the tools contained in this guide have application or use in future restructuring projects in Central and Eastern Europe, and other areas of the world where economic or enterprise restructuring is occurring, and perhaps even in North America.

Why a labor and human resource approach to restructuring? As the subtitle of this guide indicates, it focuses on labor and human resource approaches to restructuring and competitiveness for two reasons: (a) successful USDOL projects have emphasized these approaches; and (b) almost all USAID restructuring programs and technical assistance efforts and other international funding agencies have focused almost entirely on the financial and/or legal aspects of restructuring at the enterprise level without addressing the labor and human resource dimensions of enterprise restructuring in a significant way. During his eight years of working in six CEE countries, this author found that, except for ILO projects and a handful of USDOL projects, most other projects either ignored the labor and human resource dimensions of enterprise restructuring or gave them only a cursory glance.

What is the genesis of ERAC tools in this guide? Some years ago, under the auspices of the SEED program passed by the U. S. Congress in 1989, the U.S. Department of Labor began providing a variety of labor market related training and technical assistance activities to several Central and Eastern European countries seeking to restructure their economies. One of the objectives of their Labor Market Transition Program was to help managers and labor leaders in state-owned and other enterprises mitigate the impacts of economic restructuring on enterprises and workers. To accomplish this objective it drew on the experiences of the USDOL's Bureau of Labor-Management Relations and Cooperative Programs (BLMRCP) staff--John Fiscella, Bob Johnson, Larry Adams and James Perlmutter--who helped pilot test some of the labor-management tools in Poland and Hungary during the mid-1990s. It also drew on the experiences of private industry in the United States during the same period.

This guide could not have been written without the help and contributions of many people, including those mentioned above. It is impossible to mention all of them by name, or to formally acknowledge the contributions of those whose previous work provided much of the information and material used in this guide, but several people who made unique contributions to the project or provided materials specifically for use in this publication deserve special mention. First and foremost, Maria Heidkamp, USDOL 1994-99 Rapid Response Project Director in Hungary; and Virginia Stacey, Executive Director of WSI . Also deserving special mention for their contributions to this guide and especially to Chapters 3 and 9 are my good friends and colleagues, Marion T. Bentley and Frank T. Adams.

Other people who shared their valuable experiences and knowledge with me include present or former USDOL personnel Leona Sibelman, Kate Dorrell and William Batt, Jr.; and Utah State University faculty Gary Stewardson and Kirt Becker. Several people at the ILO, including Jim Windell and Michael Henriques, made it possible for me to carry out related work that contributed to this guide directly and indirectly, as did Arvind Nande whose work in Bulgaria contributed to Chapter 10.

Continuing support and opportunities to pilot test some of the tools in this guide were provided by James Perlmutter, first as USDOL's Deputy Director and subsequently as Director of the Office of Foreign Relations (OFR), Steve Marler, an OFR CEE program manager, Gedeon Werner and Sydney Smith Heimbrock, former OFR CEE program managers in the early 1990s and now associated with WSI.

It is my sincere hope that the USDOL, USAID, ILO, and other major international development agencies will continue to provide leadership and funding so that this guide can be used in future restructuring and adjustment projects around the world.

Dr. Gary B. Hansen
North Logan, Utah
January 2003

Designing a uniform performance monitoring system;

The third task Sydney Smith Heimbrock assigned to Marion Bentley and me as part of the Regional Initiative was to develop a uniform performance monitoring system. I wondered whether it was merely an academic exercise as all of our DOL/USAID projects were coming to an end. Therefore, anything we developed was unlikely to be used in any new projects carried out by USDOL in the CEE region. Such is the way those kinds of projects seem to work out. I had no reason to believe anything would be different about that assignment—unless some years down the road somebody takes this document off a dusty shelf, peruses this section looking for information about performance monitoring and, perhaps, learns a few ideas that could be used in a new project.

Anyway, we took our assignment seriously and set about developing what I thought were some creative ideas that might suffice to satisfy Sydney and the USDOL/USAID folks. In the process of our work, I used some graphics to illustrate what we were doing. Some of our documents are presented below. After we submitted our deliverables to Sydney, they were placed in the *Project Director's Handbook* as part of Section III, pages 94-109

Designing a certification system for local industrial adjustment specialists (now called Labor Transition Consultants) trained through the ICDP

The fourth task Sydney Smith Heimbrock assigned to Marion Bentley and me was to design a certification system for local IA specialists. To carry out that assignment, I obtained all the information I could find about certification programs for economic development specialists in the United States and then drafted a document outlining some of the options. After Marion went over the options, we crafted a basic certification program and tried it out in several countries where we had had CER projects. Based on our experience, we revised the document and submitted it to Sydney Smith Heimbrock on September 30, 2003. Our material was then incorporated into the Project Directors Handbook as Section VII.

Writing a Project Director's Handbook

The fifth task Sydney Smith Heimbrock assigned to me as part of the Regional Initiative was to help prepare a *Project Director's Handbook*. At some point, Virginia Stacey and I had discussed the need for a formal "handbook." During the preceding years, I had written numerous documents, concept papers and "how to" materials to help project directors carry out their work in the various projects on my own volition and with the help of Marion Bentley. Julie Hillebrand had prepared some material on public communications for the handbook that was used in the Romania Project. Virginia Stacey and her WSI staff in Boise had prepared some financial and administrative materials for the project directors.

The USAID-funded Regional Initiative project provided an opportunity to incorporate all that information into a formal **Project Directors Handbook** as a deliverable. Julie Hillebrand was given the job of coordinating that task and assembling the material. I think Julie, Virginia Stacey, and several other project directors developed Section I on starting a project. Julie Hillebrand developed Section VI on public communications. Virginia Stacey or someone on her staff at WSI supplied the material for Section VIII on administrative and financial reporting. Marion Bentley helped me develop Section III on the CER Component, Section V on sustainability plans, and Section VII on the IA Certification Program. I supplied much of the material for Sections II, and IV of the handbook. The task of writing the *Project Directors Handbook* was completed in December 2002.

The Executive Summary in *the Final Report of the Regional Initiative project, 1999-2003*, dated December 2003, provides a good summary of the results we (those of us working for WSI) achieved in carrying out USDOL's objectives for the CEE region through the USAID-funded Regional Initiative project:

Executive Summary

Summary Project Description

The U.S. Department of Labor (USDOL)'s Regional Initiative for Central and Eastern Europe (CEE) was funded through an Inter-Agency Agreement (IAA) with the U.S. Agency for International Development (USAID) and implemented by Worldwide Strategies, Inc. (WSI). The purpose of the CEE Regional Initiative was to enhance implementation of the Integrated Community Development Program (ICDP) throughout the region by facilitating cross-fertilization of best practices and lessons learned among countries implementing the program.

The ICDP is an innovative approach to the transition challenges of post-communist countries seeking to address the combined problems of unemployment, local governance, and business development for job creation. Weak infrastructure for employment and training services, lack of experience in decentralized economic decision making, and barriers to small business creation and sustainability combined to prevent the labor market from creating the jobs required to absorb a labor force made redundant by the closure or restructuring of state-owned enterprises. The ICDP works at the community level to simultaneously reform publicly funded employment and training programs, increase local governments' capacity to cooperate with community partners to design viable economic development strategies, and stimulate business creation and expansion through credit, training and support initiatives. The ICDP also trains and

assists national government and non-governmental leaders to gather and analyze community information on barriers to effective business and workforce development in order to create an enabling legislative and regulatory environment for sustainable job creation.

Project Results

The CEE Regional Initiative produced a significant number of deliverables targeted to enabling individual countries to improve the implementation and sustainability of the ICDP. As a result of the CEE Regional Initiatives, the following results were achieved:

- Design and implementation of a uniform performance monitoring system for all country projects.
- Sustainability plans for all country projects, following a regionalized blueprint.
- Public Relations and Advocacy component for the ICDP, including manuals and training materials for local staff implementation.
- Best Practices studies for all USDOL activities undertaken in CEE through the USAID-funded labor market transition assistance program.
- Regional conferences for local staff and partners to share best practices and lessons learned in implementing the ICDP.
- A certification system for local industrial adjustment specialists (now called Labor Transition Consultants) trained through the ICDP.
- Regional Advisor activities to assess common needs across country programs, and to plan and supervise followup technical cooperation to assure successful implementation of specific ICDP components.
- Training and assistance to local staff in business incubator assistance, revolving loan fund implementation, LED clusters development, and O*NET occupational information.
- A revised LED process to include training (Workshop F) to community partners to design and implement long-term strategies for community sustainability.
- Revised manual and re-titled Enterprise Competitiveness component to Enterprise Restructuring and Competitiveness.
- Repository knowledge management through the design and maintenance of a regional website housed at www.w-s-i.net/cee through which country staff can continue to share best practices and lessons learned in implementing the ICDP.
- More effective central office management of country projects through field visits and adoption of uniform administrative procedures supported by a Field Office Manual and training for local administrative and finance staff.

Sustainability

A central aim of the CEE Regional Initiative was to assure sustainability of each country program following the termination of USDOL funding for the ICDP. As a result of regional activities, all countries have designed a viable sustainability plan, and are currently implementing the activities under each plan. Country sustainability plans have identified local partners capable of institutionalizing the ICDP components, and projects have planned training and assistance activities to assure local partners have the skills and knowledge they need for successful institutionalization. Sustainability plans also identify indigenous financial resources needed to maintain program implementation, and project staff are working with local partners to assure government budgets reflect ICDP needs.

The CEE Regional Initiative also instigated sustainability of local staff's continued contribution to ICDP implementation by creating a regional network comprising all local staff from each country project. This network is designed to promote the sharing of information regarding best practices and lessons learned. As a platform through which to maintain the regional network, an ICDP website for CEE has been created to include a

repository of key program documents, and communication access among local staff in the region, and between local staff and WSI program management. The Regional Task Force has been developed to play a leadership role in promoting and maintaining the vitality of the regional network, and will continue to ensure the network's sustainability.

The only thing WSI (from my perspective) failed to include in the USAID CEE Regional Initiative completed in 2003 was the final document that described the use of the USDOL/WSI ICAP model in the CEE region during the previous eight years and the achievements in the countries where it had been used. I have included a copy of my October 13, 2003 email to Liz Mckeeon, the person at USAID who had overseen the Regional Initiative project, suggesting to her the need for writing of such a document. As I recall, she did not respond to my email.

Oct. 13, 2003
Liz Mckeeon, USAID
Liz,

It occurred to me, after completing the Certification paper for the CEE regional project for WSI, that what the USAID, USDOL and WSI really needed was a final "document" about the worker, community and enterprise adjustment model developed and implemented over the past 8 years. Such a document is needed to disseminate essential information about the ICAP model and its successful use in six CEE countries — to other countries in the region (and elsewhere). With hindsight, I think this is what you were probably getting at when the certification deliverable was originally discussed with Virginia and WSI. Unfortunately, I was not a party to those discussions and did not see the broader picture or possibilities.

In my judgment, what is really needed is a short, concise document that provides a framework and sufficient information to underpin a systematic dissemination effort of the ICAP adjustment approach. It should include: (1) some background information about the industrial adjustment problems and needs in the region prior to the DOL SEED projects beginning in the early 1990s, (2) information about the genesis of the USDOL/WSI ICAP adjustment model and its initial introduction into the region to address these problems and needs, (3) the subsequent evolution and implementation of the three model components in six CEE countries, (4) short summaries of the results achieved in each of the countries where components of the model have been implemented, (5) sufficient narrative to highlight the focus of the approach -- organizing and addressing adjustment problems at the local community and enterprise level -- and the important role of supportive government agencies and skilled industrial adjustment specialists in achieving the resulting adjustment successes, (6) a summary of the fully developed ICAP model as it now exists, (7) a list of the specialized training materials and TA [?] available that can be used to implement the model, (8) possible implementation strategies that can be considered by leaders in other countries experiencing serious adjustment problems -- and who want to systematically address them using the ICAP methodology and technologies, (9) a training and certification process for preparing and maintaining a cadre of qualified IA Specialists to facilitate the implementation process over time, and (10) TA options that could be used to facilitate the successful adoption of the ICAP economic adjustment and development process.

If such a document were available it could be circulated by USDOL, USAID and WSI to government agencies in other countries and prospective donors working in the CEE region. It could also be circulated to interested parties in other parts of the world. It would make a nice document for USAID and the USDOL to demonstrate the value of their work in the CEE region, and a nice document that could be used to promote this adjustment approach in the future. Best regards, Gary

That email was my last formal consulting involvement with USDOL and USAID. Nothing more was ever done by USDOL or USAID to summarize and highlight in one document the results achieved in all six CEE countries or to market the ICDP model other than what Virginia Stacey and her colleagues at WSI may have done in the years after the completion of the Regional Initiative contract in 2003. I suppose that is why I took the time to write Chapters 5, 6, 7, and 8 in my memoir—to give those who come across it in the USU archive or through some other means, such as reading my memoir, an opportunity to read it and gain some insights or feel for the work that occupied a decade of my life and the lives of others who also contributed a good deal of their time and energy to helping the people of the CEE region make a successful transition to democracy and the market economic system.

2. Writing a worker displacement guide for the ILO

In the summer of 2000 I stopped in Geneva before attending the meeting of WSI/USDOL Project Directors in Budapest, Hungary. While in Geneva I talked with a number of my friends at the ILO, and discussed a variety of topics and issues. One of the people I talked with was Ms. Nesporova, a woman whom I had met some years earlier when she had worked at the ILO CEET office in Budapest. She knew about my earlier work for the USDOL on worker displacement in Hungary and the CEE region. Apparently, when Jim Windell, an ILO Specialist, came to the ILO headquarters in Geneva after a five-year stint in Russia, she had recommended me to him as someone who could do some work for them on the subject of worker displacement. Later in the summer, I received a request from Jim Windell asking if I would be willing to take on an assignment for them to write “a guide to worker displacement.” Unfortunately, that request came just before we had to deal with the month long hospitalization and death of my wife’s mother as a result of heart surgery and her father’s terminal cancer. Consequently, I was unable to respond to the ILO request for nearly a month.

September 29, 2000, I sent Jim Windell an email informing him of my availability and interest in pursuing the writing project he had proposed. Although I did not know Jim Windell, I learned that he was an American and was now back working for the Skills Department at the ILO headquarters in Geneva, Switzerland. October 2, 2000, Jim responded to my email and suggested that once I signed an excol contract I should come to Geneva for a week to consult with him about what they wanted me to do for them and to get started on the project before leaving Geneva. He said that the output of my mission was to be a 2-3 page outline of the manual followed by “a detailed outline for the manual on policies or programmes for retrenched workers, roughly 10 pages.” “Our intention is that an additional contract would then be prepared for the preparation of the manual.” I had also informed him that I could come to Geneva in late October if he wanted to get started ASAP. Jim responded in the affirmative to having me carry out the project, but he preferred that we delay my trip until November, which would be better for him. (Oct. 2, 2000 email from Jim Windell to GBH)

Before an excol contract could be prepared and signed, I knew that Jim Windell needed to know that I was almost 65 years old. (October 2, 2000 email from GBH to Jim Windell) Three years earlier, the issue of my age arose after Michael Henriques, then head of the Enterprise Department, had hired me to work on the Asian Financial Crisis without requesting

permission to wave the age rule and had gotten into trouble with the ILO bureaucracy. Based on that experience, my understanding was that the ILO could not hire anyone over age 60 to work for them using RBTC (Regular Budget Technical Cooperation) funds. The hiring unit in the ILO (Employment Dept) would need special approval to get around this rule. I did not want Jim Windell to have problems. Jim responded that the delay in my coming to Geneva would give him time to seek approval for using RBTC funding for the project. (Oct. 3, 2000 email from Jim Windell to GBH)

October 16, Jim sent me a draft excol contract that had been submitted for approval and wanted me to sign it and fax it back to Geneva, which I did. (Oct. 16, 2000 email from Jim Windell to GBH) Once it was approved, they sent me a final copy. That was accomplished the following week with a series of emails and faxes with Christine Shaw, one of the ILO Administrative staff in Geneva. My first contract called for the submission of a 2-3 page outline of the manual before leaving Geneva after my visit in November, and the submission of a 10-15 page detailed outline of the manual by December 15, 2000. (Oct. 20, 2000 ILO fax of GBH excol contract)

November 11, I flew to Geneva and spent the week working on the draft outline for the displaced worker manual. While working at the ILO in Geneva, I stayed at my usual haunt, the Citadines Residence Hotel in Ferney-Voltaire, France. After talking with Jim Windell and others to get an idea of their expectations for the manual, I began drafting a rough outline. According to Jim and the others in the Skills Department with whom I talked, the manual was to be geared towards national policymakers and programming staff in government agencies such as employment services offices and focus on the needs of developing and transition countries.

In my November 16 email to my family, I wrote the following about my week in Geneva: “Today, I am making the rounds, having a meeting with 4 more people. I woke up at 4:30AM and wrote down the two-page outline for them. This means that I have completed my assignment for this trip before I leave. Not much else to report.” (Nov. 16, 2000 email from GBH to family)

The following day, Nov. 17, 2000, I sent another email to my family. It said that I had met with Jim Windell and his boss Georgy (I cannot remember his last name) to talk about the remainder of the contract—writing the larger outline and getting paid for my travel expenses. I also packed some resource materials the ILO would send to me to use when writing the guide, returned documents that others had loaned to me during my visit, and said my goodbyes. (Nov. 17, 2000 email from GBH to family) I flew home on November 18.

November 24, I sent Jim Windell an email updating him on events subsequent to my departure from Geneva. (Nov. 24, 2000 email from GBH to Jim Windell,)

Thanks for the email. My return home was uneventful--except for the delay in leaving Zurich and, subsequently, missing the slot across the Atlantic and as a result arriving late and missing my connecting flight in Atlanta. The upshot was that I arrived home six hours late--at 5AM Sunday morning. Just a harbinger of things to come.

[The email goes on to describe the next set of problems we experienced when trying to travel to Maryland to spend Thanksgiving with our daughter Janet and her family. The trip

had to be cancelled because of airline scheduling foul ups.]

The good news (from your [ILO] perspective anyway) is that by staying home I have been able to complete a revised and expanded draft of the outline for the ILO project that we have been working on. It reflects the suggestions made during our last meeting in Georgy's office on Friday morning, plus some additional thought on my part. I am attaching a file to this email that contains a copy of the 2nd draft of the outline for your review and consideration.

I hope this will meet your need per the contract. If not, let me know and I'll continue working on it. If it does, then I will await further instructions (and a new contract) before moving ahead.

Jim Windell responded that he was ready to proceed with my next excol contract to write the guide. If his boss, Georgy, agreed, they would proceed as soon as possible to the final stage—actually writing a draft, and not try to obtain any statistical information that they had talked about earlier since little was available. (Nov. 27, 2000 email from GBH to Jim Windell; Nov. 29, 2000 email from GBH to Jim Windell)

Jim had a new contract prepared and sent it to me on December 15, 2000. According to the new contract, I agreed to prepare a manual on policies and programs to assist in the reemployment of displaced workers, particularly those impacted by large-scale lay-offs. Drawing largely on OECD experiences, the manual would target practitioners designing labor market reintegration measures in transition economies and in developing countries that had a significant formal sector. The manual was to be prepared in British English, was to be an easy-to-read guide with much of the detailed information footnoted for more in-depth reference by users, and was to be approximately 50-70 pages in length, following the approved outline. Finally, the Project was to be completed by 15 April 2001. Partial payment would be made on submission of the first draft and the remainder upon completion of the work to the satisfaction of the ILO.

In early March 2001, I completed a draft of the manual and sent it to Jim Windell. He sent it out within the ILO "house," as it was called, with the following letter dated March 7, 2001, to elicit some review and comment. On April 3, 2001, he emailed that he had received only one comment so far from within the ILO.

Many of you met with Gary Hansen at the end of last year who has prepared the above "Guide to worker displacement some tools for reducing the impact on workers, communities and enterprises". For your information, attached is the draft document.

The text is very close to our original intentions. That is, a basic manual for local community leaders, administrators, trade unionists and employers who must deal with the immediate impacts of planned or on-going mass-layoffs. It is perhaps a little too long so we will be looking at ways some of the information can be consolidated. Additionally, it is also heavily weighted with examples from the US so we will be seeking to balance with references to the experience of other countries.

Any comments on the text would be most appreciated. If references should be made to other ILO publications or experience, that information would also be very useful. We have told Gary that our comments would be forwarded to him by early April with a view towards a semi-final product by early May.

Several weeks later, after Jim Windell had returned from a trip to Kazakhstan, he wrote me that the pressure to get the final product finished had lessened because Georgy, his boss, wanted more time to review it and the pressure from the South African ILO Office had diminished since they wanted to postpone testing the manual in that country. Jim said that information meant that they probably no longer wanted to use the manual. He further said this was a good thing since retrenchment in a big mining operation was probably not a good test anyway. Jim went on to say that he might find a site in Russia later in the year to test the guide, but did not know for sure.

All in all, Jim said that these events probably reduced the pressure to make any revisions in the guide. However, he still wanted to have its length shortened some, if possible. I made some changes in the draft guide in early April 2001, per Jim Windell's request, and sent the shortened draft to him. At that point, he informed me that the contract for the guide was supposed to end on April 15, not May 15 as he had originally thought. This meant that my contract had been fulfilled with the new shorter draft.

I sent Jim Windell an email indicating that the COOP Branch had asked me to come to Geneva in early May 2001 to discuss another project, so we would be able to meet and discuss the completion of the Worker Displacement Guide at that time. Jim responded with an email indicating that he looked forward to seeing me. Furthermore, he had read the second draft of the guide and liked the new shorter version. "It is a much more manageable size," and that they were now ready to make the last payment to me for my work. (April 26, 2001 email from Jim Windell to GBH)

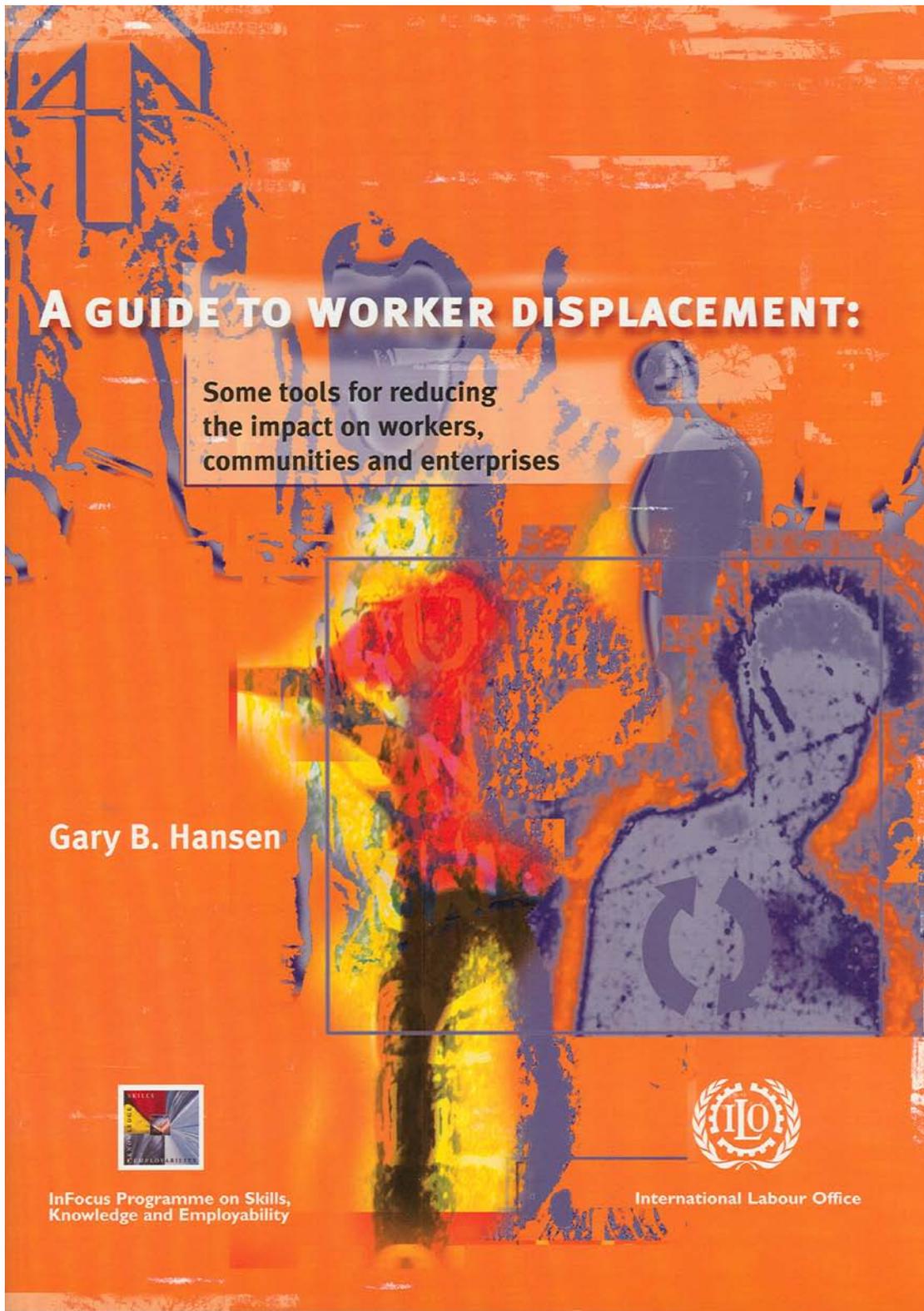
May 5, 2001, I flew to Geneva to meet with Jurgen Swettmann, head of the COOP Branch. While there, I met with Jim Windell, received the official approval for the Guide I had written for them and the payment for my work.

June 1, 2001, the ILO was supposed to publish an English version of "A Guide to Worker Displacement" that I had written for them. That did not happen for another six months because of budget problems at the ILO. June 14, 2001, I received an email from Jim Windell in which he said that he was preparing for the translation of the "Guide" into Russian, and was hoping to hold a workshop in St. Petersburg in October to introduce it in that country. He also indicated that he wanted me to attend that workshop if it was held.

My next correspondence with Jim Windell was an email on Sept. 21, 2001. Jim indicated that the ILO was now planning to issue a CD with the worker displacement guide by the end of the year, and also post it on the Internet—which they did. However, because of the above-mentioned budget constraints they put off publishing it in English until 2002. He also said that, unfortunately, "the higher ups" at the ILO had decided that although the St. Petersburg conference was "still on," he had not received enough money to pay me to come and participate.

Because of Jim's frustration with the financial problems preventing publication of the Guide at that time, in a subsequent email he wrote: "If worse comes to worse, I will publish it myself, (i.e., standing at the xerox machine), and send you some copies." (Nov. 8, 2001 email from Jim Windell to GBH) He also included a copy of the Forward to the Guide that had been

prepared by Pekka Aro, Director of the InFocus Programme. The cover [insert the cover] of the published guide and Pekka Aro's preface follow:



FORWARD

World events often overtake the results and dissemination of research. Such is the case in the recent work of the ILO's InFocus Programme on Skills, Knowledge and Employability in the field of policies and programmes to assist in the re-employment of retrenched workers. This publication "*A guide to worker displacement: Some tools for reducing the impact on workers, communities and enterprises*" is intended to provide practitioners in the labour and social field with concrete examples of how to effectively deal with anticipated or on-going mass worker layoffs in their communities. At the outset of preparing this publication, growing numbers of worker retrenchments were already apparent around the world. The tragic events in the United States in September 2001 have unfortunately hastened this process, with workers in the travel and tourism industries for example being among the hardest hit by the subsequent economic downturn.

Dr. Gary Hansen is a Professor of Economics at Utah State University, has served as a Senior Advisor to the U.S. Department of Labor and worked closely with the ILO in a number of employment-related programmes. This publication outlines a wealth of experience in the United States and Eastern Europe in the design and implementation of rapid response measures within communities to deal with the problems of mass worker dislocations. A wide range of activities is described to facilitate the re-employment of such workers, making systematic use of community and governmental resources. While much of the publication is based on the experience of the United States, we believe the lessons learned have important implications in less industrialized countries experiencing similar problems. Dr. Hansen describes the case of Hungary as an example of how a transition economy dealt with mass layoffs in a variety of very different community contexts.

This work builds on a diverse programme at the ILO on matters concerning local economic development and employment promotion. It should thus be seen as complementary to much of the work of the ILO's Employment Sector. Within our own programme, ongoing efforts in improving the impact of national employment services and vocational training systems have direct relevance to those trying to help workers who lose their jobs. Similarly, work throughout the Employment Sector in promoting small business development, in microcrediting and developing policy responses to crisis situations can also serve as tools for community leaders, enterprise managers and trade unionists who are on the front lines for dealing with such matters. Our hope is that the Guide will serve as a useful reference to a range of community actors in a variety of contexts. We welcome any comments or suggestions concerning the document, particularly from practitioners in the field who may wish to use elements in their own work or who seek to improve upon it.

Pekka Aro, Director, InFocus Programme on Skills, Knowledge and Employment

Finally, on January 28, 2002, I received an email from Jim Windell announcing the publication of the Guide. He also informed me that the Russians were now interested in obtaining the Guide, as a result of the workshop (Experts Meeting on Development of Integrated Training and Employment Promotion Approaches for the Unemployed at the Local Level) that had been held in St. Petersburg on December 11-12, 2001. Jim also sent me a copy of the mission report that had been written upon the completion of that meeting. The following excerpts from that mission report help to explain the purpose of that meeting and what was concluded about the need for a guide like the one that I had written:

1. The countries of Eastern Europe and Central Asia have had a long and difficult transition process. Employment and training matters are at the top of the social agenda,

yet very little work has been done on reviewing and comparing the wealth of information and experience in these countries on training and employment promotion, particularly as concerns practical actions by local communities to alleviate unemployment. The Experts Meeting held in St. Petersburg, 10-11 December 2001, was to solicit views from a wide range of national specialists from the region concerning the information needs of local practitioners dealing with unemployment in their communities. The need for some sort of guide, handbook or combination of tools and experiences for employment promotion had been indicated to a number of ILO officials in a variety of contexts during recent years. The main purpose of this mission was to confirm its desirability and to examine the general form and content that such a guide or handbook might take for the Russian-speaking countries of Eastern Europe and Central Asia.

2. The meeting brought together experts from the Russian Federation, Belarus and Kazakhstan for what turned out to be a lively discussion on the information needs of local communities in the implementation of training and employment programmes. Participants were drawn from national employment services offices, vocational training institutions, academic institutes and agencies for local community development (see list of participants). Discussions on Day 1 focused on the Experience of these agencies in training and employment promotion for the Unemployed, followed by brief presentations on some ILO employment programmes and methodologies implemented in the Russian-speaking transition countries during the past 10 years: Community-Based-Training for Employment (CST), Modular Employable Skills (MES) and Start-and Improve Your Business (SIYB).

3. The strong consensus of the group was that a comprehensive handbook to guide local community leaders and officials in the range of issues related to training and employment promotion is very much needed...

January 30, 2002, Jim Windell sent me an email indicating that he hoped to obtain sufficient funds, \$80,000, either internally from ILO or from external donors, to pilot test the approach set out in the guide in the three countries that had attended the ILO-sponsored meeting in St. Petersburg. (January 30, 2002 email from Jim Windell to GBH)

Unfortunately, I have no further correspondence in my files indicating whether Jim Windell and ILO were able to obtain the needed funds to launch any worker displacement pilots or other such projects in Russia or in the other countries that participated in the St. Petersburg meeting in December 2001. I soon became involved in other projects for the ILO and USDOL, and had no further contact with Jim Windell.

Postscript: A voice from the past

While I had no further involvement with the ILO on worker displacement projects, the reality and importance of Pekka Aro's Preface to the first edition of the Guide, and its impact worldwide were subsequently borne out rather dramatically in the summer of 2009. On June 20, 2009, I was looking up some information for my memoir on Google, and came across a surprising reference to the ILO and myself -- in March 2009, the ILO published an updated edition of the guide to worker displacement and some tools for reducing the impact on workers, communities and enterprises. This new 2009 edition of the guide that I wrote for them in 2001 is now available free on the Internet in pdf format and could be downloaded. (http://www.ilo.org/skills/what/pubs/lang--en/docName--WCMS_103594/index.htm) The cover on the new edition is also very attractive.



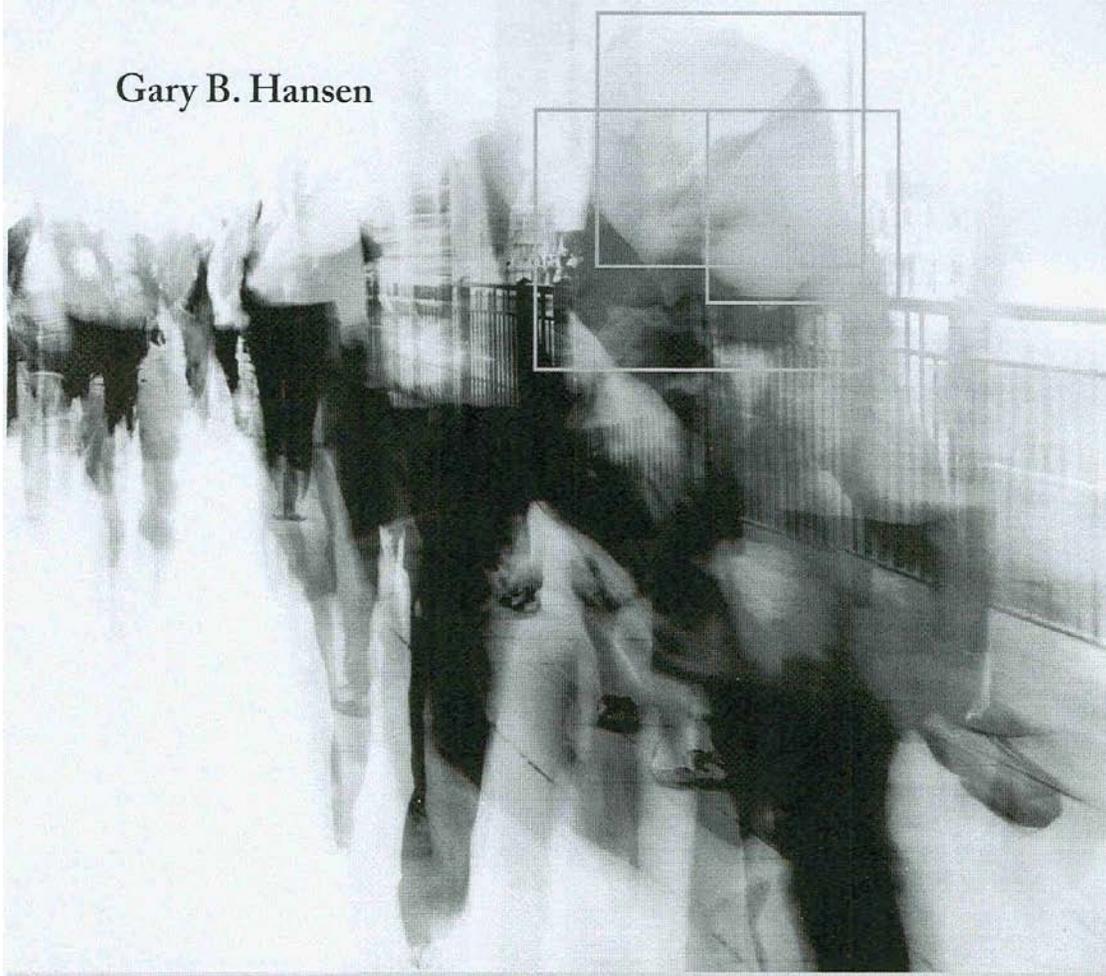
International
Labour
Office

A guide to worker displacement:

Some tools for reducing the impact
on workers, communities and enterprises

update 2009

Gary B. Hansen



The preface to the updated edition says the following about the ILO's reasons for publishing an updated edition at this time.

PREFACE

A guide to worker displacement: Some tools for reducing the impact on workers, communities and enterprises, (Geneva: International Labor Organization, 2nd edition, March 2009)

The following Guide to Worker Displacement by Gary B. Hansen, originally published in 2001, was in part a response to the financial crisis that gripped much of Asia in 1997 with severe impacts in terms of worker retrenchments and rising unemployment. The Guide, drawing on a wealth of experience primarily in North America and during the transition process in Central and Eastern Europe, sought to demonstrate the wide range of possible responses by enterprises, communities and workers to economic downturns and how to reduce potential job losses.

In 2008 it became readily apparent that countries around the world were facing a new financial crisis with impacts that seem to surpass in severity those experienced in the late-1990s. While the examples provided in the Guide generally date from this period, they are illustrative of the rising worker retrenchments currently underway world-wide and the likely policy responses that can reduce the economic and social impacts of the downturn. In an effort to assist policy-makers, enterprise managements and community leaders to consider alternatives to worker retrenchment and responses to mass lay-offs, the ILO's Skills and Employability Department has reissued this publication with minor revisions to the original text and additional information on work-sharing as one supplementary action that can be considered as an alternative to retrenchment.

It is nice to know that one of my publications on worker displacement is still available, and perhaps will be of some use and value to those throughout the world who are trying to cope with the employment and economic crises that all nations are currently experiencing

3. Writing training modules for the ILO International Training Center in Turin, Italy

During my trip to Geneva during the week of May 11-15, 2001, I met with Art Tolentino, who worked in the MAN/DEV Branch at ILO. He had seen my worker displacement guide and was interested in getting some materials like that to use as part of a training program they were hoping to develop. As I recall, I had lunch with Art, and he wanted me to talk with two other people who were working with the ILO's International Training Center (ITC) in Turin on that project to see if I could help in some way. Subsequently, I met with Victor Veznossikov and Alex Louzine. They wanted to know if I would be willing to write three modules that they could use for training purposes at the ILO's International Training Center in Turin, Italy. They were aware of the work that I was doing for the ILO in writing a guide for worker displacement and were interested in using some of these materials as part of a training package at the ITC.

After some discussions with these two individuals, I agreed to spend a few days working on their project. I told them that I was willing to undertake the assignment if I could merely modify several of the existing sets of materials that I had already written to meet their needs. Consequently, while I was in Geneva they prepared an Excol contract based on a TOR (Terms of Reference) dated May 25, 2001, that called for me to "submit modifications and additions to three modules of the Socially Responsible Enterprise Restructuring modular training package --

worker-management cooperation; workers retention and social sensitive displacement; and local economic development.” The work was to be carried out and products delivered by June 30, 2001. That was supposed to be the first part of a larger and more extensive project of training materials.

After returning home from Geneva, I completed drafts of those three modules (25-30 pages in length), based on my understanding of what was wanted, and sent the drafts to Victor and Art. Unfortunately, the original budget for the project was severely cut so they were unable to carry out the larger and more elaborate project they had anticipated, or might have been possible if the original funding had not been cut.

They still wanted a Cadillac version of the modules, but had only an economy version budget. The following correspondence illustrates the misunderstanding that resulted. The first two items were contained in an email I sent to Alex Louzine. It is followed by the second item in an email I sent to Victor Veznossikov :

Email sent to Alex Louzine

I'm sorry to hear that your financial situation has deteriorated and will not allow the proposed work plan to be undertaken.

Given your budget limitations and comments in the email, I suggest that the following work can be accomplished for the reduced amount you indicated in your email today.

1. A module on worker-management cooperation that would include the two British case studies (3M and Vertex Data Sciences). The module will be about 20-25 pages in length plus the 2 British case studies. It will provide an overview of L-M cooperation and emphasize the American version of "partnership" rather than the British version. It will not be in the Gregory format or use his material, but rather it will be written in a training guide format. The two case studies will have to provide the British flavor of partnership.

2. A module on worker retention and socially sensitive displacement. This will be the Chapter 2 in the 1st draft of my Manual for IFP/SKILLS. I will review the Auer and Ishida material you gave me and add any items that are not already covered in the original material in this chapter, but no additional work will be undertaken.

3. A module on local economic development. This will be the Chapter 7 in the 1st draft of my Manual for IFP/SKILLS. I will review this chapter and add a paragraph or two about restructuring as a lead in if needed. Otherwise, it will be pretty much as is.

The worker enterprise buyout module will not be completed, since it will take more time and money to prepare this module than available in your maximum funding limit. Perhaps it can be completed at a later date when you can find some additional resources.

Given the differing expectations that you have concerning the project and content of the modules, and the extensive changes you are now proposing and the amount of time and effort it would take to accomplish them -- beyond the work already done -- it may be best to cancel the contract at this point and free up the money so that you can obtain a set of modules from some other source that more closely meets your needs. .

The money provided in the present contract will not cover the additional work required to

completely rewrite the module on workers retention and socially sensitive displacement with the focus you propose, and especially with the additional training items you would like to have included (i.e., glossaries, learning points, recommendations for trainer on how to organize the case study presentation and discussion, and slides). I was under the impression that some of these last items were normally added by the training specialists at the ITC.

Email to Victor

Thank you for your email discussing the modules that I sent to Alex and Art at the end of June.

It appears that part of the problem you are experiencing with the modules is based on an apparent misunderstanding that occurred between what I communicated to Alex concerning the work I was prepared to do for MAN/DEV for the resources available, and what he communicated to you and you wrote into the TOR.

I have included a copy of the email I sent to Alex that outlined the work I was prepared to complete for him based on the money available.

As I recall, the retirement of Victor Veznossikov, and the loss of funds for the larger program that he and Alex had tried to launch, ended that project. The ITC accepted the three modules that I had written for them and made the necessary changes so they could be used as part of their training activities at the Turin Center.

4. My last consulting job: Working on a WSI Project for the World Bank and Government of Serbia

Background of the World Bank project in Serbia

Just as we were finishing up the WSI's CEE Regional Project for USAID/USDOL, September 23, 2003, Sydney Smith Heimbrock sent an email informing me that WSI would be submitting a proposal for a World Bank-funded project in Serbia and inquiring whether I would be interested in working with them if they received the contract.

1. Serbia-Montenegro: We are currently preparing a Letter of Interest in response to a World Bank solicitation for implementing a Romania-style Labor Redeployment Program in Serbia-Montenegro. The program has a number of components including LRP, Employment Service and small business development. Based on our reputation in the Balkans with LRP, our work in Macedonia (which you helped design) and the fact that the model we have developed fits this SOW [spell out] quite nicely, we think we have a good shot at this. We would be very interested in including you in our bid as a consultant to help with the sub-component: "identification and assessment of administrative structures for LRP," which we are interpreting as a design component. I understand that you may not be able to travel as extensively as previously, but we believe that much of this design work could be done from your home base. If you agree to being included in our bid, I would appreciate your sending your CV to Christina Thomas in our DC office so we can create a "personnel blurb" for inclusion in the LOI. (Sept. 23, 2003 email from Sydney Smith Heimbrock to GBH,

On October 6, 2003 (I had just turned 68), I responded to her email that I would be willing to participate under certain conditions.

Are you (WSI) bidding as a contractor or sub to someone else? What is the nature of the project WB is putting out on bid? I would be willing to help out, but only if it is not too demanding and lengthy a design job. As you know, I am semi-retired (which means spending my time enjoying grandchildren and other leisurely pursuits) and do not want to become too involved in demanding, short deadline projects. And, yes, I do not prefer to do much travel--except to see grandchildren. I will send my CV to Christina in DC this afternoon. (October 1, 2003 email from GBH to Sydney Smith Heimbrock,)

Sydney responded to my email indicating that they would be willing to meet my conditions and wanted me to participate.

Thanks so much, Gary, I'm delighted you are interested in joining us on this bid -- your CV is very impressive.

WSI is bidding as prime on a World Bank-funded labor redeployment program, similar to Romania, but including employment service reform and small business assistance. We will have a full team (to include Julie, Jane, Amy and Tom Ivory among others) but would like to include you for advisory services related to design and, if you wish, assessment of the program.

I fully understand (and envy!) your desire to limit travel and work hours, and we can definitely work around your requirements. I was envisioning your being available to advise the WSI team on design. If you wish to travel, you could, but otherwise you can provide advisory services to WSI via e-mail and phone. We would simply build in hours for design and (if you wish) some mid-term assessment activities. Managed correctly and barring unforeseen demands by our clients, the project should not impose impossible deadlines on you. We would be able to schedule all of your work well in advance so you can plan your other activities around the project

Unless I hear from you otherwise, I will assume that you agree to have us include your resume. I have to get the final documents out to the field COB Thursday. (Oct. 7, 2003, email from Sydney S. Heimbrock to GBH)

About the same time that I responded to Sydney about the Serbia proposal, I had sent an email to Virginia and Sydney suggesting that if WSI was bidding on some projects that required a RRDWA component it might be useful to make an updated edition of the RRDWA guide that I had prepared for the Poland Project back in 1998. Sydney had informed me that rather than use scarce resources from the CEE Regional Project for such a purpose and the DOLs lack of interest in doing any further work in that area, it would be better to hold off on the update and perhaps get a chance to do so as part of a future project, such as in Serbia. (Sept. 23, 2003 email from Sydney S Heimbrock to GBH)

3. Rapid Response: Virginia and I have discussed your thoughts about the DWRR manual and the history of our CEE project. We recalled that early on in the process of designing and negotiating the CEE initiative, we made a conscious decision not to make changes to the DWRR manual because of the combination of scarce CEE resources and DOL's lack of interest in doing any further work in the dislocated worker area. While it would have been useful for WSI's purposes to revise your document, our other priorities and our need to pick our battles with DOL precluded our doing any further work in this area. Since DOL is not expecting a revised DWRR manual as part of the CEE initiative,

we do not anticipate any problems with them on this issue. Unfortunately, we no longer have access to the funding we would need for a document revision, so we will have to hold off until another opportunity presents itself for funding a fine-tuning of the documentation. Perhaps Serbia?

Like all contracts, the Serbia project was very slow in materializing. Although the Proposal had been submitted in the fall of 2003, and a revised proposal submitted in February 2004, it took another five months to hear what happened. Apparently, a number of mass layoffs in Serbia had helped to get the project finally underway.

It should also be mentioned at this point that I experienced several significant health problems in the period between October 2003 and July 2004. These unexpected events made it much more difficult for me to work and travel, from that time onward. On November 5, 2003, an event occurred that made it even less desirable for me to travel. On that day I fell on our garage stairs and broke my upper right arm, requiring orthopedic surgery and a significant recovery time. On July 9, 2004, while taking my morning walk, I had completed my walk and returning home when I fell down and could not get up. Fortunately, a neighbor was out getting his morning paper and saw me sitting on the curb. He came to my rescue and helped me get back home ok. After going to the doctor and undergoing extensive tests at the Logan Regional Hospital and the University of Utah Medical Center in Salt Lake City, the doctors concluded that I had a disease called Inclusion Body Myositis (IBM), a disease of unknown causes and no cure. This diagnosis changed my life style and activities from that point on.

July 30, 2004, I received an email from Christina Thomas at the WSI Washington office indicating that WSI was the lead bidder on the Serbia Employment Promotion Project and that Julie Hillebrand had traveled to Belgrade to open negotiations with the Serbian Government. Christina said the Serbs had raised a number of questions and WSI was now going over the proposal to answer them. The answers needed to be provided by August 10, 2004. (July 30, 2004 email from Christina Thomas to GBH)

The next email I received was from Jane Daly on August 22, 2004, with the good news that the negotiations had been successfully concluded and WSI had won the contract. Jane said she was in Boise reviewing the final proposal and preparing to close down the Bulgaria project in September and move to Belgrade to start the new Serbia project on October 1, 2004.

In addition to their contract with WSI, the Serbian government made two additional contracts -- one with the Swedes and another with the European Union for other pieces of the overall project. According to Jane, the expectations and time frames for all three projects were completely unrealistic. (August 22, 2004 email from Jane Daly to GBH) Clearly, that project was going to be a difficult one for Jane, as project manager, and for WSI as a contractor. The Serbs had already selected the pilot sites.

October 7, 2004, the WSI team received an email from Virginia Stacey outlining the nature of the Serbia contract (fixed fee, performance-based and activity-based contract) with detailed reports to be filed by all WSI employees. Virginia apologized for the stern tone of her email, but she was feeling the pressure of working under the very rigid and bureaucratic World Bank/Government of Serbia arrangement. (Oct. 7, 2004 email from Virginia Stacey to GBH)

October 8, 2004, Virginia Stacey sent an email to the WSI team stating that Jane and Julie would have email access the following week, and that some of us would need to begin work during Month 1, starting on October 1. That included Miche Grant, Gary Hansen, and Marion Bentley. (Oct. 8, 2004 email from Virginia Stacey to GBH)

My comments in a note in my files aptly summarize what the new contract would mean for WSI.

This is a new project initiated by the Serbian Ministry of Labor with World Bank funds. WSI won this contract in competitive bidding with several other international bidders. I had been asked by both WSI and a British group to let them use my name on their proposals. Since I went with the American group, instead of the British, WSI won!! The contract was awarded in September 2004 after lengthy negotiations between WSI and the Serbs. Unfortunately, it is a poor contract with too little money and tight constraints—such as no payments until products are delivered. Virginia Stacey had to put her house up as collateral to obtain a line of credit to finance the ongoing activities.

During this period my work consisted of assembling materials and writing drafts of training manuals for developing and implementing enterprise social plans (ESPs) that can be used by employers and LRP specialists to help displaced Serbian workers find new jobs. The first drafts of these materials were sent to Jane Daly and Miche Grant for them to use while visiting the 4 pilot sites in Serbia in late November, and to Marion Bentley for his review and use while working on the draft ESP guide.

Frustrations of writing manuals for the Serbian MOL

During October and November I worked 72 hours on the various writing projects assigned to me. It was very difficult for Marion Bentley and me to fathom what the Serbs wanted, and to make sense out of their requests. Clearly, they were being influenced by other (probably European-based) projects or consultants. It was very difficult for us to put what the Serbs wanted in an American context, let alone a Serbian context. Jane's emails to Marion or me indicated that the MOL was not being very helpful, and things were moving very slowly. Four weeks into the project, and they still did not have any computers in their Belgrade office. (Oct. 25, 2004 emails from Jane Daly to Marion Bentley that he forwarded to me; Oct. 27, 2004 email from Jane Daly to GBH)

Oct. 26, I emailed Jane and asked her the following questions:

My basic questions are: (1) What do the Serbians mean when they use the term "Enterprise Social Plan"? Do they want the same thing that we developed for use in other countries in the region, or something entirely different? Who is the plan intended for--the restructuring company's management, worker representatives, or the local employment service office? Do they want a training guide like the one we developed for Poland, with the materials for training LMACs and conducting surveys, setting up a worker assistance resource center, etc.? (2) Is the ESP supposed to be a cookbook, or a guide to establishing an LMAC or a guide for an LMAC to use when organizing and carrying out a displaced worker program? (3) Do they want an updated version of our RRDWA handbook [I had wanted to prepare a new version of that guide as part of the CEE Regional Project, but never received authorization to complete it.] (4) Do the Serbs want a handbook that can be used by community's leaders to address the impacts of enterprise restructuring and layoffs? Something like the guide I prepared for the ILO in

2001?

Basically, it seems to me that what they need is a repackaging of some of our existing materials. Is this the way you read the situation?

I cannot proceed to develop an ESP document(s?) until I have a pretty good idea of who it is for, what it will be used for.

Jane's response to me in her October 27 email was very enlightening and demonstrated just how difficult it was to work with the Serbs:

Let me quickly answer your questions.

ESP is enterprise based plans to transition their workers, The Plan must be simple, practical and low, low cost for everyone, as Serbia has no money and I mean that in the real sense. They have blown through their donor gift/loan without good results, Miche and I think that in our nine-month design (just terribly unrealistic) we have to do a modified LMAC, there is no time to train the LO on that extensive a program. My hope is that we meet the TOR and timeframes well enough that by February, when the Government will fall, we can approach the WB and get more money, and extension,

I read it that we need a simpler version of our materials, putting in the basic, most basic program for a poor huge enterprise to find useful. A menu approach for the LO will be necessary, but a worker survey, which Miche will talk to you about is necessary. Then what to do with that survey, how to tack [?] and support the workers? (Oct. 27, 2004 email from Jane Daly to GBH)

October 29, 2004, Marion and I had a conference call with Miche Grant to discuss what she had learned during her site visits and how we should proceed to prepare whatever training materials would be needed for the first workshops. After reviewing what she found during her site visits, one of which included a metal fabricating company that would be shrinking from 7,000 to 5,000 employees, and would entail 350-400 redundancies, we discussed the beginning steps. The steps would include: (1) early warning and detection, followed by evaluating the company situation and needs; (2) identifying and prioritizing the services available and establishing a framework for determining costs, including developing a questionnaire to conduct a survey of the workers and templates for developing a social plan. (Oct. 29, 2004 telecon with Marion Bentley and Miche Grant)

October 30, I sent Miche Grant an email with several attachments that I thought she might find of interest or use in planning for her work in Serbia.

Yesterday, I mailed you a copy of the guide that I prepared for the ILO several years ago. I used a community approach in this ILO document, and emphasized a business retention/layoff aversion (BR/LA) approach to the restructuring problem, since they gave me a free hand in developing the guide. I have attached two files containing another version of the BR/LA approach that I had hoped we (USDOL/WSI) could try out in some CEE country, based on our earlier experience in the region. Unfortunately, we never got the chance to conduct a pilot project using this more innovative approach. Based on some of your comments yesterday, I thought you might find this BR/LA document of some interest. (Oct. 30, 2004 email from GBH to Miche Grant,)

The next day I received an email with attachments from Miche Grant, including material on early detection and the initial on-site meeting agendas with a restructuring enterprise. In another email on November 4 she commented about the ILO document I had sent to her.

Your Guide to Worker Displacement is really a good piece of work. I think you have much of the work done for Serbia. I think Chapter 4 might be the right front end stuff. We probably still have work to do on worker needs survey and how that sets the stage for prioritizing adjustment services offered to workers.

Have you considered a US version of this handbook? Maybe as a joint project with someone else who might have a professional interest?? (Nov. 4, 2004 email from Miche Grant to GBH)

It was clear by now that Jane Daly was really under the gun. Two weeks later, on Nov. 17, 2004, I received an email from her in which she asked that we send her all of the materials that Miche Grant and I had assembled—ASAP. The same day I sent an email to Miche Grant and Jane Daly letting them know that I would be completing a draft of the new guide for the ESP in Serbia that very day, and asking whether Miche needed a copy to take with her to Serbia, and whether she could give me some feedback before she left to go there. Miche Grant responded immediately and wanted me to send her an electronic copy to review and said that she expected to use the materials within 30 days, or at the latest in January 2005. (Nov. 17, 2004 emails from GBH to Jane Daly & Miche Grant; and from Jane Daly to GBH, and from Miche Grant to GBH)

At 6:30 PM on Nov. 17, 2004, I finished the draft as promised and sent a copy to Miche, Jane and Marion.

Well, here it is. In addition to power failures and other problems. I prevailed and finally got something out of the computer. It should give you an idea of what I am trying to do at this point.

Attached is a file containing a very rough 1st draft of the RRDWA guide that I have prepared for Serbia. It incorporates much of the material that you sent last week. However, I still have a few more forms to add, when I can find the file that contains them. I have too many different places on my computers that I have put such files, and then when I want them I cannot find the one I need.

I did not include any material on layoff aversion, since it was not part of the Serbia work plan, plus I thought their primary concern was addressing worker displacement at this point, and I don't want to confuse them with too much material on other topics at this point. Any thoughts that you or Jane or Marion may have on this issue are welcome (email from GBH to MTB, Miche Grant & Jane Daly, Nov. 17, 2004.)

The following day I received an email from Miche Grant with her comments and suggestions for improving the draft. On my printout of her email I noted the changes that I made in the draft.

During the following week it became apparent that Jane Daly was having serious communication problems with the rest of us and was under the gun to make progress on the project, come hell or high water. November 24, we all received an email from her that expressed her thoughts about trying to work with the Serbian MOL and provide better organization and direction to the project. The project was clearly causing her much frustration and angst.

Dear Marion, Gary, Miche, Virginia,
Several issues have emerged, some even have been costly and painful, for which I am a partner and for which I feel badly about in all aspects, truly. Good follow up to communication and clearing up of assumption based on our past relationships are at the root of some of these issues, thus I will try to lay out where we are today regarding Enterprise Social Plan work, LED community planning processes per the proposal design. I will offer guidance to Gary on material status, and to Miche and Marion on next steps for ESP, as well as Marion on LED plans. (Nov. 24, 2004 email from Jane Daly,)

Marion's November 24 calm and diplomatic email to Jane, helped to pour a little balm on Jane's frustrations.

I think we can make the adjustments indicated in Jane's message, although questions remain regarding audience, focus and terminology that perhaps get answered as we move forward. We currently have (1) the materials that Gary has developed that need to be modified and adapted for NES and/or pilot enterprise use, and (2) the draft ESP Guide materials (currently a 15 page guide) that I have developed that also need to be modified for pilot enterprise and/or NES use. The loss of the opportunity to further test and develop these materials on site is significant. However, I will wait for Miche's return to coordinate the revisions and applications of our materials under development, and to work them into the revisions and guidelines indicated by Jane. Regards to all, hope everything is going well. Marion. (Nov. 24, 2004 email from MTB to GBH)

November 25, Jane sent Marion an email responding positively to his previous day's email, and indicated that Miche had arrived and things seemed to be going more smoothly. They were in the field "checking, modifying, and gathering the whole range of information," and would return to Belgrade the following week to complete their work and make arrangements for the January workshops being planned for Marion to commence the LED work. (Nov. 25, 2004 email from Jane Daly to GBH)

The next day, Nov. 26, 2004, Jane emailed Marion a lengthy missive discussing the ESP development that Marion was working on. Miche had gathered data from the pilot companies that could be used to test the basic elements of the plan design. Afterwards, Marion sent me an email wondering just what Jane had meant in her email.

Hi Gary, I don't know what you think about this; I don't know what to think other than Jane wants some thought and input on LED. Do we finish the ESP stuff? I guess I'll think some more about it and decide what to do. Marion (Nov. 26, 2004 email from MTB to GBH)

My response to Marion follows:

Marion, I was just sending my response to you concerning Jane's lengthy missive that came a little while ago. The new one she sent to you is equally baffling. Jane must be really stressed out these days.

It sounds like she now wants you to work on the LED planning process. What does this mean—is it planning for CER workshops in the pilot communities? or determining how to have the communities put together proposals to win some LED grants from the WB pot? or how to start business incubators or SBDCs? Once again, Jane doesn't seem to be functioning on all cylinders.

When the Serbs were giving the displaced workers severance pay did they also provide them with entrepreneurship training workshops to teach them what the business development process is all about and how to get started?

My suggestion is that you spend a little time on LED right now, and then let's talk with Miche when she returns and see where she sees the ESP going before you move forward on that effort. Gary (Nov. 26, 2004 email from GBH to MTB)

Marion's reply to my email was short and to the point:

Gary. I agree with your assessment and conclusions. I guess I'll look at the LED component again and see what sense I can make of it—again it seems like the cart is in place before the horse has been hooked up. I know June has already been on site talking about incubators, but I don't know whether LED is another component, or an umbrella for a basket of business and economic and business development strategies. Meanwhile, I'll finish the draft of the ESP material, send it on, and then we'll wait for Miche's return. I'll talk to you Monday and we'll see where the latest episode of this soap opera has taken us. Talk to you soon. Marion (Nov. 27, 2004 email from MTB to GBH)

During the month of December 2004, I worked 38 hours for WSI on the Serbia Employment Promotion Project. My work consisted of revising the first drafts of the training manuals for developing and implementing action plans that could be used by employers and LRP (new name for IA) specialists to help displaced Serbian workers find new jobs. After the draft was sent to Miche Grant and Marion Bentley on December 14 for them to review, some additional material was added to Chapter 4, and that version was taken to Belgrade to be used in training sessions planned for January 2005. The third drafts were sent to Marion, Miche and Jane on January 4, 2005.

Rereading Jane's emails to Miche and the rest of us during November and December 2004 brought to mind the difficulties that she was having trying to harmonize the materials we were preparing for use in the project with the demands and desires of the Serbian MOL. It was proving very difficult to reconcile the two positions. It was especially difficult for Marion and Miche Grant, and other trainers that WSI was planning to use, to begin the training activities while there were still significant differences between the Serbian MOL, WSI and their respective staffs about what the project should be doing.

It finally got so bad that I sent Virginia Stacey an email on December 9, 2004, outlining my concerns. My email and her response are included to provide some sense of the magnitude of difficulties that we were experiencing at this time.

I am becoming concerned over the progress of the RRDWA work in Serbia. During the past week we have been receiving frantic emails from Jane saying that she is behind and some products are overdue. She was also giving one set of instructions to Marion to work on the ESP and then reversing herself shortly thereafter and telling him to drop everything and work on the LED. She indicated that the materials that I had sent included what was needed, but gave no instructions about what else needed to be done. I have also been trying to communicate with Miche since her return from Serbia, but have not received any response for a week. Marion has also been trying to reach her by phone without any luck. He sent her a draft of the ESP while she was in Serbia, but has not received any feedback either. In one of her emails last weekend Jane alluded to the fact

that Miche was ill at the time she left Belgrade to return home.

My concern is twofold: (1) I sent the drafts of my work to Jane, Miche and Marion some three or more weeks ago, asking for input and changes that needed to be made before the final product was to be completed by Nov. 30. Marion sent his draft of the ESP to Miche as well. My expectation was that they would have these materials in time for all three of them (including Marion) to use when they made the trip to the pilot sites. After seeing the situation on the ground they could make the needed revisions-or let us know what changes were needed. Then at least I could make the changes in my materials -- in time to meet the Nov. 30 deadline. Marion could make his changes over there, or when he returned. Unfortunately, nothing has been received by either of us since the site visits were made without Marion present, and no communications have been received from Miche for over a week. (2) Jane appears to be so busy that she is unable to give any useful input to the materials development process. Her communications have been disjointed and not helpful. Without Marion having had a chance to visit the sites and Miche apparently out of commission, there is no way for either of us to respond rapidly and effectively to the requests being made by Jane for the overdue products. Do you have any suggestions as to what the situation is and what should be done?

In the absence of any communication, I have two choices: (1) I can finish making my revisions of the manual and other materials, and then send the completed version to you. (2) I can stop work until Miche comes back to life or someone provides some communication about where we are and what is the next step, -- and timetable for the project. (Dec. 9, 2004 email from GBH to VS)

Virginia Stacey's response:

Thanks for the information Gary. I'm sorry I wasn't able to return your call. I have been on the phone all day and in fact have a call starting in 45 minutes with China and another at 7 am tomorrow with Croatia so it has been crazy. Jane will be on the call tomorrow so I'll find out what is happening with this. In the meantime, I would simply stop work until you get more direction. I think your assessment of the situation is right on target. Jane is overwhelmed right now -- when we planned the project the expectation was that Julie would be there full time for the first three months and with her pregnancy that couldn't happen so Jane is trying to cover all bases and not doing it very well. I'll see what I can do and appreciate the heads up. Vs (Dec. 9, 2004 email from VS to GBH,)

December 12, 2004, we received an email from Jane Daly acknowledging some of the problems (by noting that I had called Virginia Stacey) and indicated that Miche Grant had left Belgrade with some bug, which explained why she was out of action and had not responded to our calls and emails. Jane also said they she would be in the field, and then back in the States on home leave until January 10, 2005. (Dec. 12, 2004 email from Jane Daly to GBH)

Jane followed up with a much longer email on December 13, 2004, that discussed the LED training that Marion and Barbara A. (an extension specialist from Montana State U. that Marion had recruited) would be carrying out in January. She also noted that Miche had the information needed to move ahead on the DWA work. (Dec. 13, 2004 email from JD to GBH)

After receiving Jane's email I sent one to Miche Grant saying that Jane had informed me that Miche had "the concept and paperwork in hand" concerning the Dislocated Worker Adjustment work, so it was imperative that we (Marion, Miche and I) make contact ASAP so

that we know what you learned, what you are thinking and what still needs to be done to meet the deliverable deadlines that Jane keeps talking about.

When you are ready to proceed with the finalization of deliverables, per Jane's instructions, I can send you the latest (2nd draft) of the Serbia LRP Specialists guide to look at and make any changes based on your recent work in Serbia. For example, do you still think we should delete Chapter 2? Or any reference to early warning? Now that you have been over and talked with the locals do you still think we should break the guide up into small pieces rather than having a comprehensive guide for the LRP Specialist training workshops, and for their use after they complete the workshop and begin working? (Dec. 13, 2004 email from GBH to Miche Grant)

On Dec. 13, 2004, we all received an email from Miche Grant explaining why she had been incommunicado for so long:

I am among the living again, and just today felt pretty stable for the entire day. I left Serbia Friday morning and did not make it home until Sunday late -- it took me two days due to rescheduling, fog, cancellations, and over bookings. (Two days was unreal, not to mention challenging) I saw three countries and all the while wishing they could just send me home in a body bag.

I went immediately on the road last week and finally got into the doctor late in the week. After a week of really poor health it was time. The diagnosis was a bacterial infection, most likely ingested, that will have to run its course. So beyond regular work, I've been worthless. (Dec. 13, 2004 email from Miche Grant to all of us)

During the following weeks, we carried on an extensive communications via email, trying to figure out just what the terms Enterprise Social Plan, Action Plan, and other terms being used meant. I concluded that the Serbians were using ESP to mean an Active Measures Guide like the World Bank had used in Romania. This covered the use of funds provided for retraining and other services provided to workers, and not an "action plan" like we had used in our RRDWA projects in Hungary and other countries—which denoted the plan created by a Labor-Management Adjustment Committee to provide services to displaced workers in a restructuring enterprise. If this was the case, I suggested that Julie Hillebrand be assigned to help design such a guide, as she had developed an Active Measures Guide for Romania as part of our World Bank-funded project in that country.

Subsequently, when Miche Grant was back in service I wrote her an email explaining my thinking about what we were trying to do.

Miche. It is good to hear from you. We were beginning to worry about you. I am glad that you have finally turned the corner and are recovering from the bug you picked up in Serbia.

It has been very frustrating trying to make sense out of the situation in Serbia and to write up an LMAC-directed RRDWA approach for them. The term ESP has been a real stumbling block for me. All of my experience in the U.S. and other countries of the region is based on the notion that the LMAC is the group that prepares an action plan to provide services and assistance to displaced workers in their enterprise. They may use the assistance or leadership or an IA specialist to help them develop and/or implement their

plan—but it is their plan, and not a formal document, created and/or directed by someone else—before the LMAC is even organized. The LMAC is (or should be?) the driving force in trying to help their fellow workers find new jobs or obtain the training and other services that they need to facilitate their reemployment. The action plan they develop is more of an ad hoc document that helps them answer the basic questions that they need to answer (e.g., like some of those I put down in the Action Module set out in Ch 4 of the Serbian RRDWA Guide), and then serve as guides for them in obtaining the needed services and ultimately achieving their objective of finding new employment..

In the absence of your input or Marion's, gained from walking and talking to those MOL or other Serbs involved in the LRP, it sounds (on paper) more like they want a formal top-down approach--directed by a document (called an ESP) that must be prepared by a government official or someone of like status (the LRP Specialist?) in consultation with the employer—one that is prepared well before any LMAC is established—and without their (LMAC) input and involvement in developing the ESP. The verbiage in the TOR implies that the formal ESP, with detailed budgets, costs, etc., etc., is then formally approved by someone in the government and funded through the EPP. At that point it is implemented—by whom?? contractors?? There appears to be little or no role or place for an LMAC in this scenario.

After reading the above, I think that you will now see what my problem is. Without any communication from you or Jane that addresses these issues and answers these questions, it is nearly impossible for me to make any headway on completing the Serbian RRDWA Guide or for Marion to do any more on the ESP than he has already provided to you. (Dec. 14, 2004 email from GBH to MG.)

Miche Grant responded to my email on the same day, and provided some input on the issues that I had raised from her perspective.

Here is a missing piece that might help. There are two different references within Serbia (and this project) to Social Plans. One is a formal government type process that an enterprise uses to build a case for its need to 'lean out' labor force generally in preparation for privatization, (and in some cases the government requires .m [?] enterprise to prepare this plan) and how they hope to salvage the enterprise from complete closure. Some of the driving force behind this social Plan is to get government funds, support or other, to assist with activities. This "Social Planning" is not brand new with the implementation of this project and I have found references to these dating back several years.

The second term, which we (ESP) call the *Enterprise Social Plan* and is more the result of a LMAT, or similar enterprise based planning group, under the facilitation and consultation of a Specialist. Who the specialist is --government or non -- is not defined. Right now the Specialist, during this project's implementing phase, is connected to the EPP [ESP?]. Actually they are employed by EPP [?]. We hope to then train other yet-to-be-determined persons in this role who, may or may not be government.

Their role is to guide, consult, counsel, and facilitate labor and management workgroups (and if time permits full blown LMAT's) into the development of a customized plan that directly relates to the circumstances of the company. Since it is customized the input comes from the labor/management team (or if the group is less structured we call it a workgroup). The Specialist must have the guide, templates, and SOP's to make sure that all necessary information and data is collected and put into an organized fashion. They do not necessarily DO the plan but nurture the process at a minimum. I play this type of scenario out here in Indiana time and time again and never do I create the answers but

facilitate and advise the internal workgroup (or if formalized LMA T) as needed. Yet, with all my experiences I still need a guide and guidance to make sure that I don't forget to collect information and create some consistency (equality) between companies I am working with.

The role is more a consulting and facilitation role than decision making, the team gets to make recommendations. The Specialist might end up being a support person or a lead person depending on the willingness and sophistication (and training) of the team. Lastly, the ESP may become the basis for the Government "Social Plan", or it might not - again We would promote that they be equal but....(Dec. 14, 2004 email from MG to GBH)

On Dec. 16, 2004 I responded with another email to Miche Grant:

Thanks for your effort to distinguish between the two types of enterprise social plan in order to prevent the continuing confusion between them, especially in my mind if in no one else's, I have changed the term used in the RRDWA guide. to "action plan." I will no longer put the ESP term in any of these materials. Henceforth the ESP term will only be used in the ESP document and deliverable that Marion and you have been working on.

I am enclosing a copy of the 3rd draft of the RRDWA guide (without the offending ESP word) so you can look at it. It conforms to your second definition of what a LRP Specialist and LMAC are involved with--organizing to provide services to displaced workers and, most importantly, help them find new jobs. Their work is to develop and implement an action plan to accomplish these objectives.

Please look over this 3rd draft version of the RRDWA guide and see what additional material, templates, and SOP's you think need to be added to make sure that "all necessary information and data is collected and put into an organized fashion" (the action plan) as you suggest in your email, Either make the additions in the file and return it to me, or send the material along and I will add it where you want it placed. Since you are going to be implementing this component in Serbia, the guide needs to include what you want included.

Hopefully, you will have sufficient Knowledge about what needs to be included in the other document--the formal ESP document that the Serbs seem to want and that Jane has now been able to define and name, the severance package or golden parachute that restructuring enterprises must negotiate with their unions (or whatever process their legislation spells out) and provide to their displaced workers, Someone with a good knowledge of their system will have to address this document unless you were able to learn what it is supposed to include (severance pay, health insurance, disposition of recreational facilities, or whatever) and who is supposed to negotiate or prepare it. The main thing is to keep that document (ESP) completely separate from and not intertwined with the RRDWA guide and displaced worker assistance process--with its LMAC, action or implementation planning process, RWAC and other displaced worker services. In my judgment these voluntary, cooperative activities should not be linked to or confused with the formal severance package issues that probably should be negotiated between the parties or dictated by the government. (Dec. 16, 2004 email from GBH to MG)

On Dec. 17, 2004, Jane Daly weighed in with an email in which she argued that the ESP was enterprise focused but more than a LMAC because the government funds the plan, unlike our LMAC work.

So, I am saying again, that ESP is more than LMAC in that enterprise management is more engaged as it is the funder, needs to apply and get those funds as a test of our

work. The LMAC structure can trigger the services and be how the management gets the data, information for needs and wants of workers. The timelines are for all this to have been designed by now, and we are preparing the materials, of course [course?] this is a huge stress and concern, as time is ebbing and there is LED and Active measures going on at the same time... help!

Later the same day Jane sent a second email responding to my Dec. 15, 2004, email to her.

Sorry for redundancy in comments, I am working my way up the chain of messages. Gary you GOT IT!!!

The law and practice for Serbia today requires a min. of 6,000 dinars paid out per year of employment up to a limit or a set cap, don't know the cap, but it's low as there is limited money. Our ESP is funded by that 1 million fund set aside to fund our creative options, we can work with up to 10 enterprises. I say we work with the 8 we will be mandated to work with and not one more, as this is a huge mouth full to manage. (Dec. 17, 2004 email from Jane Daly to GBH)

The numerous emails traveling back and forth between Marion, myself, Miche and Jane during the latter part of December and first part of January were full of questions and changes we were trying to make in the various documents and manuals to finalize them before the actual training would be started in Serbia in the latter part of January. A paragraph from my email to Miche Grant on January 11, 2005, is illustrative of the dozen or so emails that we exchanged during that period of time.

Since I have not heard from you since I sent the "How to..." material on conducting worker surveys, I have incorporated it into Chapter 4, I put them in different type faces and margins, and also put black lines at the beginning and end of the How to material to set it apart from the other material in the chapter. The only thing I have not done yet is to update the Table of Contents to reflect the new pagination the added material will require for the remainder of the manual. I have not done this yet so you may be adding other material as well, and I do not have a copy of your latest changes to update my master copy.

I am sending you a file containing a copy of the latest version that I have with the above changes included. It is dated 1-11.2005. I sent a copy of this file to Marion as well.

Training begins in Serbia

Marion left on January 15, 2005 to go to Belgrade and begin the training sessions. I gave him a printed copy of the latest draft of the RRDWA manual to take along. On January 14, 2005, Jane had sent him a translated copy of the Serbian government's Social Program to look at that she had just received. She also said that Nebojsa, the MOL counterpart, is "the boss who you will learn is micro managing at all the wrong points, the program." (Jan. 14, 2005, email from Jane Daly to MTB)

Two weeks later, January 31, 2005, Jane sent all of us an email in which she thanked Marion for delivering the LED framework and making the MOL people happy since they were able to deliver it to the World Bank on schedule. As Jane said, "it reduced the pressure loads." She then said that Marion should flesh out the ESP document, and that would keep us on schedule. Jane concluded, "I think you have it close, just need to add more details, taken from

other work already created, tying or harmonizing with ESP.” On January 27, 2005, Marion sent Miche and me a copy of his latest version of the ESP based on what he had done and learned in Belgrade. On January 31, 2005, he sent us an email asking to have a conference call on the ESP. That was subsequently scheduled for the following week.

On February 4, 2005, Marion sent us an email and a draft version of what we were now calling the ESP (Enterprise Social Plan) Guide. We made a few changes and then sent it on to Jane in Belgrade. Her response was refreshing.

Thanks so much for working on this very quickly. Miche you review, when you can, consider this a work in progress., I will review it on Sunday for terms, push it for translation, so that we can have a deliverable and get money, then all of us can continue to upgrade, work on it to be sure everything is harmonized and as professional as WSI name represents. We can continue to work, review, and adjust the next many weeks or by the end of March. Super work and super to have the guide in paper form as proof we are doing something, as you know I was told we are doing nothing!

In truth things are a bit better, these past two weeks; Nebojsa has been on others or has given up on me. I know he has been yelling at his staff. I walked into their staff office yesterday to deliver the report, to find only the financial person, Melina, (two are sick and the other was attending a meeting with Nebojsa) sitting there, when I asked her how she was, she started to cry. She is verbally abused by Nabojisa and can't take it. I propped her up with kind and true words and left. Sad, for me to see him get to people. I am fighting his behavior by getting more paper work in, being sure there is nothing for him to be displeased about, which is never the case, but I am working for the position of being sure our paperwork is in order, our reports are in front of any timeframe and as perfect as possible. (Feb. 5, 2005 email from Jane Daly to GBH et al.)

In Jane Daly's February 10, 2005 email to Virginia Stacey and the rest of us, she noted how difficult it was to satisfy the Serbs, and how slow and arduous the process of making changes, getting them translated and then getting a final version for delivery. As a result, she said that only the final documents should go through Christina, not the drafts, as Virginia had suggested. We followed that process in the coming weeks as we made changes in the ESP Guide and other documents.

On February 27, 2005, we received a lengthy email from Jane reporting on the RRDWA workshops she and Miche Grant had conducted and providing feedback on our materials development work. Jane was ecstatic about how well things went.

Miche and I spent three days last week and one day the week before in a formal training mode. One whole day was on the stress of the dislocated worker, which was a request from the NES, once they saw some initial stress information tucked into a job search manual. It was an important piece because the implementers here do not know, or deal with such characteristics plus all our work is synced [?] to when a dislocated worker can function and at which stage of guidance certain tools best apply in these stages and characteristics.

Then last week, three days were spent on the LRP and ESP/WTC design. You can see names are shifting, because we are not doing the classic LMAC structure, yes we have teams, but they are titled transition teams, who start the process with the employment LRP teams for a WTC not the classic LMAC. In each of the enterprises there are two pieces, the ESP which starts with management to design and seeking the funding for

their ESP. The delivery mechanism for lots of those ESP programs is the WTC (worker Transition Center) -- at least in our design. I picked WTC as the title, to avoid the redundant or dissociated stigma so that all workers in the enterprise being privatized can access the center, seek information, talk as all are in a transition, even if they don't lose their jobs, their status and even their function may be shifting.

Anyway, the three days were super great. Because of our past fast track work, we had 6 enterprises (Marion one is from Panceveo and the other is from Lazarevac) and their teams, employment staff from the local offices, regional (where applicable) and national as well as one from the Ministry who oversees our project. There were 70+ in the room, we grouped them from the second day onward by enterprise, putting the employment and our staff coordinators with the enterprises so we had a mirror of what and who will be implementing our program in the pilot's sites.

For the first time, management, labor and employment people sat and worked while talking together, it was a super structure and experience for us all. They raved about the three days. They accepted the design, our manuals, knowing that the LRP or RR manual needs some adjustments in wording. More information put into it from our other work, less use of LMAC, etc. Last is more editing and harmonizing not our design, putting some examples, say from Romania's WTC's, etc. (Feb.27, 2005 email from JD to GBH)

After Miche Grant returned from Serbia, we had a telecon on March 9, 2005 to discuss what she had learned and what changes still needed to be made in the various manuals and documents. According to Miche, Jane's staff in Belgrade needed to update the forms and ESP application that Miche has given to her and make sure that the new material was incorporated into the translated versions being used.

Preparing a Final Report on the Serbia Project

On March 21, 2005, we received an email from Jane telling us that the time had come to prepare a final report of our work as consultants. She provided us with the format and information about what we needed to prepare. That was okay with me, and I was prepared to complete that for Jane. However, Jane had been requesting some additional changes in the ESP document that created some problems for Marion and Miche.

Soon the emails were flying and telephone was ringing. Neither Miche, Marion or I were able to fathom just what Jane was saying or requesting. Apparently, there was a breakdown in communication between Jane, Miche and Marion about some tasks that Jane wanted them to carry out—such as making more changes in the ESP document creating an ESP proposal rating criteria and tool. Fortunately, I was not directly involved, except to commiserate with Marion when he called and sought my input, which I provided. Jane was apparently reacting and communicating with them based on her situation in Serbia and working with the MOL people. After a flurry of emails and tense moments, they were able to sort out the problems.

Marion went to Belgrade on April 3, 2005 to conduct more training. Unfortunately, there was bad weather on the day of his departure causing his plane to arrive late in New York so he missed his connection to Paris. He called me and asked me to email Jane Daly about the situation. He was able to get another flight via Milan. I communicated the information to Jane and received the following reply the same day.

On April 3, 2005 Jane Daly emailed me. First, she commented on my news about Marion's arrival. Then she gave me a report on the situation in Belgrade as the project was winding down.

As to work, we are succeeding beyond the odds, of such a design. This front loading of everyone in the first nine months is simply crazy. Crazy to implement, but that isn't the worst, the negative part is that there is no sustainability, no real skills development only lots of paper and some trainings. For ES work this is enough but for the LRP and economic pieces this is not ready.

Only because we have such expertise is WSI able to get results. We have Worker Transition Centers about to open in 5 out of 6 of our enterprises, the only reason the 6th isn't opening is that it is Serbia's largest utility, huge, powerful and the government is very worried any action on our part will cause social unrest, so they give us lip service and wait, while workers ferment and slowly get stressed, at the least.

ESPs have been the most difficult to design, because none of us has ever worked in such an environment nor done one as required here, so between us all, we are getting there, but it isn't easy nor are we finished. Sadly we don't have enough resource to do this subject justice; this is the last trip by Marion.

Economic development is almost a farce, only in that we are expected to create clusters out of nothing, so we have taken the approach of presenting TOT type trainings of which there are four, to assure communities know how complex clusters are and maybe, just maybe there is enough social capital developed to create one, after June. Yet to be known.

For me, I worry a lot about what happens after June, the staffs are not pleased to have us all leave, they ask me all the time what happens after June. Several have stated they will resign when I leave, it's not that I am indispensable, it's there is no leadership, support for them and we live next door to a monster who they fear. They are too inexperienced in our work to be just left to their own after 8 months or in some cases even less time with WSI. Virginia is coming next week to talk; I am hopeful I can swing partnerships with USAID or get EB to understand the consequences of such a design. I hope to find resources to stretch us out some, and to finish with real sustained results.

Gary, I do always thank you for your work, great thinking and support. I hope you are well and still pushing systems to be better. Jane (April 3, 2005 email from Jane Daly to GBH)

Getting paid for my work on the Serbia Project

An excerpt from my billing statement to Virginia Stacey at WSI for my February 1-April 30, 2005, work spells out what my final contributions to the project were, and that my work was now essentially completed.

During this period I worked 9 hours on the Serbia Employment Promotion Project Components 1 and 2 (Tasks 2.1-2.2). My work during February and March consisted of revising the ESP and RRDWA manuals and working with Miche and Marion to prepare other ESP implementation materials for use at the pilot sites.

My work on the ESP Manual and other ESP and RRDWA materials was completed by March 4, 2005, and electronic copies of these items were forwarded by email to Marion Bentley, Miche Grant and Jane Daly for use in their training workshops and by

participants at the 4 Pilot Sites in Serbia.

As far as I know, I have now completed all of my assigned work, and have expended all of the hours allotted to me in the WSI Serbia project budget for this purpose. Upon his recent return from Serbia, Marion informed me that the completed ESP materials had been delivered to the Serbians by Jane, and they are now being used. He also said that WSI has been paid for these deliverables as well. As you know, I have not yet received any payment from WSI for work done on the Serbian project. Consequently, I would appreciate your processing this invoice and my three previous invoices, and forwarding the payment for my WSI work, carried out from October 2004 until April 2005, at your earliest convenience. (April 30, 2005 letter from GBH to Virginia Stacey)

Jane Daly stayed on in Serbia until the fall of 2005, in part to provide assistance to the Serbian MOL as they continued the work that we had started, and in part on the expectation that WSI might be able to obtain a follow-up contract when the World Bank made another loan to Serbia. On October 5, 2005, Jane sent an email updating everyone on what had happened since WSI completed the project in June. The following excerpts from her email are a fitting conclusion to that difficult project.

Anyway, I write to stay in touch, keep you somewhat informed about the ongoing life in this fluid program. First things first, the status of the program is the same and not the same. I will be here through June as per an agreement with PIU, WSI and myself. I will be allowed to work on other WSI projects in the region which is nice. The more important reason is that there will be WSI leadership on the project to assure that our goals and results are achieved and to position ourselves to be the contractor awarded the extension. As you know this SALMI is an ALP grant, which means it is a demonstration that should lead to somewhere, getting the WB grant for replication of best practices throughout the country after June. This is what happened in Romania for WSI.

Virginia was here last week; we worked in Croatia and came back here to negotiate WSI's future. WSI and I agreed that I would stay on the condition there is an understanding that WSI will be the prime candidate for the new WB loan. All agreed that was the understanding, but you well know that words are nothing until it really happens.

We have been told that the program is the only one that has created results and is doing impressive work, so take that as a compliment to each of you. How that plays out to be more and better is my task for this coming year. There is some ignorance; maybe arrogance that the MOL can now implement our work, the belief that manuals or paper make one skilled is very strong here. The knowledge is here, even skills in the ES work and all aspects of our program have some experience, but the true ability to implement our work outside the active measure programs is still quite limited. That is not to say anything about our work; it is saying that LRP, LED work is extremely complex and a process not a series of workshops.

Jane then went on to describe how the various elements of our project had been institutionalized by the Serbian government, and that the LRP programs that we had designed and introduced were now the signature new work in Serbia,

Our materials have been written into the new legislation effective at the end of July, we have 5 functioning Worker Transition Centers, which in September provided services to 952 workers. These services included mini sessions on job seeking, basic computer, how to start your own business, build a CV, worker rights as only .01 [?] few of the services being provided. Worker referrals to real jobs have been on-going as well as neat

agreements with the LLOs for worker retraining. Of course, there are the great WTCs and average and poor ones. The ESP work is going very well, I trained the steering committee then they reviewed the plans, had many questions, held meetings with each enterprise and as of September 23, allocated funds, considerably less than expected. around 300,000 not close to the million we were told was available. Never-the-less things are being viewed as excellent by NES and the Ministry. We will open a very strong and interesting incubator in Petrochemical, with 8 new businesses working with supplies at a cut rate from Petrochemical, and bought back at market prices, the good work of June will help them expand out over the next four years and eventually employ over 800 mostly unemployed workers.

What happens from here through June? We are working to deepen the learning experiences and adapting as necessary all segments of the work. Pancevo has yet to implement a single ES program by WSI, our "lady" is now in more control, she is the deputy--there is little justice! I have a meeting scheduled next week to seek out facts and information as to why nothing has been done. The new director there is supportive of WSI but he is totally unknowing about ES Work.

There are more changes, within the Ministry there were staff shifts, for us all for the better as we now have a Ministry level working group for EPP [?] they have attended our last trainings, are supportive and very knowledgeable. I was impressed with their knowledge and supportive work on the ESPs.

Results achieved in spite of all the problems

Jane's email was the last communication that I have in my files that deals with the WSI Serbia World Bank-funded project. It appears that even after all of the problems we had in carrying out that project, we may have done a little good after all. Thus my nearly 15 years of international consulting work ended on a high note.

The Executive Summary of the final report for the Serbia Project, submitted in July 2006, verifies my above statement. It set out the final results achieved by the capacity building and two components of this project: (*Serbia Employment Promotion Project (EPP): Design of Labor Redeployment Program Piloting Reforms in Public Employment Services, Final Report by Worldwide Strategies, Inc., July 2006, pp. 3-4*)

For the 21-month period of October 2004 through June 2006, the WSI-EPP demonstration programs were constructed and implemented in four pilot municipalities. The project successfully introduced innovative active measures approaches, established pre-layoff programs via worker transition centers, and provided redundant workers new options through funding provided by enterprise social plans. WSI also established local partnership working groups focused on economic development, and organized the municipalities to promote industrial clusters and economic development strategies.

Institutional capacity-building results:

- 132 formal presentations
- 2,122 local and NES trained participants
- 19 program operational manuals adopted
- Training and manual: "The Stress of Losing a Job"
- NES staff trained in Active Measures using materials including: Job Search, Job Fairs, Employer Relations, Vulnerable Groups and Job Clubs

- NES staff trained in Small Business Development activities including Industrial Clusters, Small Business Advisory Services, Business Incubators.
- Establishment of Worker Transition Centers and Enterprise Social Plans included at least six training sessions for program partners
- A critical new program concept has been added: retraining workers to save jobs.
- Enterprise Social Plan funding now targets upgrading the workforce to meet demand occupations within Serbia.

Component I Results:

- **Nine** Worker Transition Centers (WTC)
- **11,355 workers surveyed** for needs through the WTCs. Programs were designed to meet the specified needs
- **Eight** enterprises have accepted and funded innovative social plans
- **Eight** WTC networking sessions were held with all nine WTC teams including Ministry and NES staff.
- **Ministry Steering Committee formed** to provide program oversight
- **Nine working groups formed** to provide monitoring, program accountability and funding.
- **LED Studies Framework** designed by WSI and implementation by outside consultants accepted by community local government representatives

Component II Results:

- **Ten ground-breaking job fairs** and use of employer roundtables implemented to initiate cooperation among NES, educational institutions and employers.
- **Two Job Search Sessions (minimum) per month** are proactively aiding the unemployed in 4 pilot Local Labor Offices (LLOs)
- **Job Club** equipment being procured for staff who have been trained to target vulnerable groups and redundant workers
- **NES staff trained** and provided operational manual on contracting for outsourcing to service providers
- **Ten intensive training sessions** on development of small business, entrepreneurship and incubators
- **Four established and trained industrial cluster groups** (three clusters are agricultural, one a textile cluster)
- **44 cluster training presentations**, with an average of two additional meetings per month in each pilot site.
- **Three new Agriculture Associations formed** in Lazarevac.
- **Agricultural Ministry has partnered** with WSI to fund and create Kraljevo Kajmak branding for promotion and broader market penetration.
- **One incubator** opened in July 2006.
- **WSI initiated agricultural incubator** in Lazarevac has been granted World Bank funding.