

# **POLAND WORKFORCE DEVELOPMENT PROJECT FINAL TECHNICAL REPORT**

## **EXECUTIVE SUMMARY**

The Poland Workforce Development Project was an initiative sponsored by the U. S. Department of Labor and funded by the U. S. Agency for International Development to facilitate restructuring in Poland's coal and steel sectors. This project was initially developed with the Ministry of Labor and Social Policy and later defined as a regional project focused in Silesia through an agreement with Marek Kempinski, then-President of the Regional Board of Solidarity Union and later appointed Governor of Silesia. As a result, although it was designed in 1997, the project did not start until October 1998. It was initially scheduled to close in June 2000 but was later extended to September 2000, and then given a final closing date of December 31, 2000, to allow Local Economic Development community projects to be implemented and money expended.

The Project faced several challenges:

1. Lack of time to fully implement the project, learn from pilot site experiences, and develop sustainability among government partners;
2. Administrative restructuring of participating local authorities obscured the identification of a primary project partner;
3. Lack of perceived need for project activities by local authorities due to delayed impact of economic restructuring;
4. Political histories and shifting alliances hampered not only cooperation between project partners but also project efforts to transfer ownership;
5. Although the Ministry of Labor and Social Policy was the project's official partner, the designation of Silesia as the primary area of activity created false expectations for funding control from the Regional Labor Office, Governor's Office, Mining Labor Agency, and Regional Development Agency.
6. Designation of Silesia as the focus of activity restricted development in other regions that were more receptive.

The experience of implementing this project led to several adaptations to Polish conditions. For example, when enterprise-based Labor Management Adjustment Teams could not be established, a county level team emerged that included several enterprises and local government. This team ultimately absorbed the economic development activities, an innovation described in a separate case study of Chrzanów.

Challenges to implementation created opportunities to develop contacts and initiate programs on a grassroots level. Ultimately, it was this approach and the commitment of communities that produced a very successful project. Much of the success of the project cannot be summarized statistically, including changing attitudes and the increased capacity to manage the change process that will continue long after the project. In addition, certain success in capacity building will be apparent only in the future.

## **SILESIA BACKGROUND INFORMATION**

Although comparatively small with less than 4% of Poland's territory, Silesia is densely populated with almost 5 million inhabitants, approximately 13% of the total population and

more than four times the national average for population density. In 1989, this area hosted 520 state-owned enterprises, including 65 coalmines, 13 power plants and 19 steel works. The region accounted for 25% of Poland's gross national product and 20% of all exports.

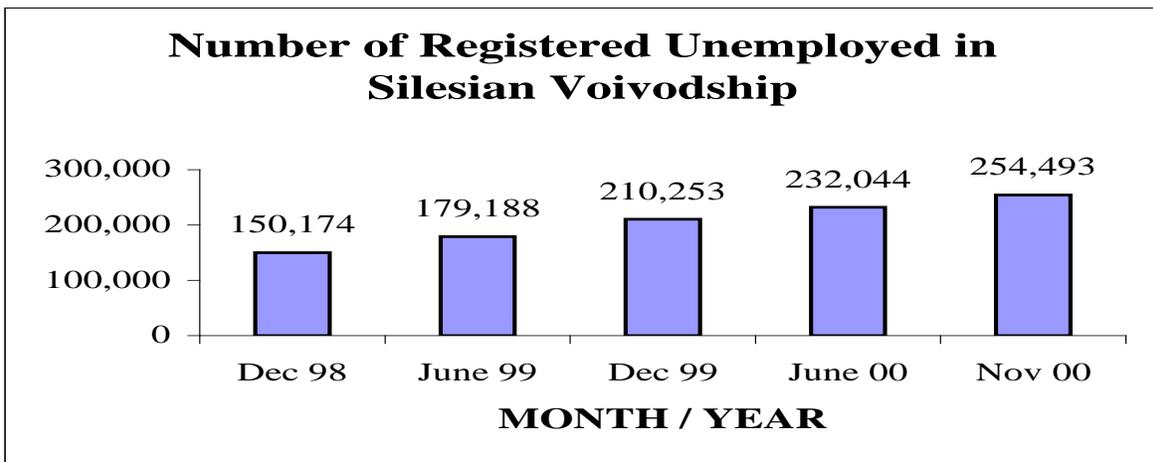
### **IMPACT OF JOB LOSS IN THE INDUSTRIAL SECTOR**

Silesia was protected from enterprise restructuring in the early 1990's and as a result, was not prepared for the effects of restructuring that began in 1998. Throughout the 1970's and 1980's, wages, coal production, and housing availability remained stable attracting many workers to Silesia. Over 400,000 people were employed in the mining sector and it has been projected that by 2002, almost 140,000 will be laid off. Because of the over-reliance on heavy industry employment, the region employed a large percentage of low-skilled workers. As a result, there was little demand for educational institutions to provide complex skills and thus, Silesia's educational level is ranked in the lowest 10% of the country. This educational deficit creates additional stress and difficulty to worker dislocation and will require strong retraining programs than presently exists to address the special needs of workers and employers in Silesia.

To worsen the social conditions further in the region, a special social benefits package was developed for miners and steel workers in the form of lump sum and early retirement payments that minimized their reliance on the employment system for assistance. The full impact of the dislocation will be felt most directly within communities as these benefits run out and large numbers of these workers become chronically unemployed.

### **IMPACT OF JOB LOSS IN THE NON-INDUSTRIAL SECTOR**

Non-industrial jobs in the mining sector, suppliers and small manufacturers, as well as health care workers were directly impacted by restructuring and did not receive special assistance. During the last three quarters of 2000, Local Labor Offices were being notified of 1,305 workers threatened with dislocation and that a total of 16,000 workers would be laid off. At a time when services would be desperately needed, as indicated in the chart below, there is a reduced ability of the system to respond.



Women and youth have been greatly affected. Of the total group of registered unemployed persons reflected in the preceding chart, almost 60% were women, 32% were youth under the age of 24, and 38% were long term (over one year) unemployed. With the loss of the family

income from the mine, many spouses are entering the labor market for the first time. The mines no longer offer a future of employment to the children of miners, increasing the rate of unemployment among this group.

**CHANGES IN UNEMPLOYMENT SERVICES DELIVERY**

During 1998-2000, Poland’s governmental structure was decentralized to increase local control. The implementation of unemployment policies shifted to Voivodships (regions) and responsibility for service delivery delegated to Powiats (counties). As a result, responsibility for Local Labor Offices transferred from Regional Labor Offices to Starosta (county administrator) offices.

**INCREASED NEED FOR SERVICES**

As a result of these administrative reforms, the Silesian Voivodship was enlarged to include vast areas of the former Katowice, Bielsko and Czostochowa Voivodships. Industrial areas remained inside the region and incorporated poorer rural, agricultural areas that were economically depressed and required greater resources to maintain. While rural areas have potential for developing a tourism industry, a critical factor will be whether resources are focused on economic development in these areas.

**MALOPOLSKA**

Malopolska is an adjoining rural region to the south of Silesia with coal mining communities in the Silesian border area, and steel and manufacturing in the Krakow area. Administrative restructuring redefined several border areas and because the Regional Labor Office in Malopolska expressed great interest, these areas were later included in project activities.

**SUMMARY RESULTS**

- 17 Labor Management Adjustment Teams formed
- 13 Local Economic Development projects developed
- 86 people trained to replicate the model
- 1,914 community participants trained
- 2,327 placed in new jobs as a result of project activities

<b>Total Number of Participants in Project Training:</b>	<b>1,914</b>
I. Component – Rapid Response	1,171
II. Component – Local Economic Development	686
III. Component – Quick Start Training	57

<b>Labor Management Adjustment Teams (LMAT) Activity Summary</b>	
- Active LMATs	17
- People Serving on LMATs	241
- Employees Leaving Enterprises during LMATs Operation	14,772
- Workers with Stable Financial Subsistence Situation	8,517
- Active Job Seekers	2,978
- Estimated Number of Active Job Seekers Placed in New Employment	1,672

- Participants in Job Fairs organized by LMATs	13,220
- Workers Participating in Meetings held by LMATs	2,698
- Workers Receiving Vocational Training sponsored by LMATs	1,066
- Active Peer Counselors	108
- Estimated Number of Workers Served by Peers	5,249
<b>Total Jobs Created/ Retained as a Result of LMAT Activities</b>	<b>564</b>
- Jobs Created (including self-employment)	478
- Jobs Retained through retraining or otherwise	86
<b>Worker Assistance Resource Centers</b>	
- Centers Created	4
- Clients Served since Opening	2,784
- Estimated Number Placed in New Jobs	569
- Estimated Number Referred to Other Institutions	348

### Local Economic Development (LED) Component Activity Summary

LED SITE	PARTICIPANTS	PROJECTS	START UP FUNDS	MATCHING FUNDS (PLN Converted to USD)	PROJECTED JOBS 2000-2005
Bedzin	27	1	\$25,000	\$4,750	30
Bytom	25	1	\$25,000	\$25,000	100
Bierun	26	2	\$25,000	-	50
Chrzanow	65	1	\$25,000	\$37,145	50
Dabrowa	25	1	\$25,000	\$4,750	30
Gorlice	34	1	\$25,000	\$30,500	100
Jastrzebie	18	1	\$25,000	\$28,850	200
Jaworzno	34	1	\$25,000	\$3,450	30
M. Wola	32	1	\$25,000	\$3,750	100
Oswiecim	42	1	\$25,000	\$150,000	100
Piekary Slaska	25	1	\$25,000	\$36,400	200
Ruda Slaska	34	1	\$25,000	\$12,350	120
Tarnowskie Gory	26	1	\$25,000	\$12,350	100
<b>TOTAL</b>	<b>413</b>	<b>14</b>	<b>\$325,000</b>	<b>\$349,295</b>	<b>1,210</b>

### Enterprise Competitiveness Activity Summary

Number Trained using Quick Start (QS) Training Program Methodology	385
Jobs Retained (Layoff averted as a result QS retraining)	32
Number Trained as Trainers	15

<b>Jobs Created or Retained as a result of LMAT, LED and QS Activities</b>	<b>4,337</b>
Jobs Created: (New jobs developed through the efforts of an LMAT or LED activity)	720
Jobs Retained (Layoff averted as a result of LMAT activity or QS retraining)	3,617*
*Includes 2,832 from LMAT-initiated merger of two mines.	

## **SUSTAINABILITY**

The Workforce Development Project leaves in place a multileveled structure to continue and replicate its activities in providing support and assistance during the further restructuring of Poland's economy. As the project ended, a new round of closures and layoffs was taking place and the number of unemployed workers growing rapidly. The economic renewal of Silesia will depend on its ability to keep human capital (youth) in the region and to develop training opportunities to upgrade the skills of the workforce. Companies and institutions will require restructuring to remain competitive. The region also requires technical training and financial resources to upgrade transportation and telecommunications infrastructure.

The following represents the capacity within Silesia and Malopolska to maintain existing projects and to expand the model within these regions:

- A core group of 86 trainers developed from a series of Training for Trainers in all components of the USDOL Adjustment Model. These trainers represent municipalities, counties, labor offices, trade unions and management staff.
- 35 Industrial Adjustment Specialists from new NGO's, the Mining Labor Agency, Local Labor Offices and Solidarity recruited and trained.

## **IDENTIFIED PARTNERS**

**Silesia Marshall's Office and Board of the Silesian Voivodship** are responsible for unemployment policies and practices in Silesia. The Marshall signed an Agreement to Cooperate at the end of September 2000 to coordinate the activities of all project partners engaged in services and policies for the unemployed in Silesia.

**National Labor Office** signed a Letter of Intent to assume responsibility to replicate the Polish Workforce Adjustment Model throughout Poland. It will promote the model in other regions of Poland and approach Parliament for funds to include these activities in its budget. It will work closely with the Starosta offices and labor offices in cooperation with other project partners

In addition to the **Mining Labor Agency**, four additional partners are engaged in day-to-day project activities and hold the knowledge and skills to maintain and continue the development of new activities.

**The Institute for Local Partnership and Cooperation** is a new NGO that includes former Workforce Development Project staff members and a core of trainers who have worked with all project components.

**The Workforce Development Association** is another NGO built upon membership of 124 participants in most of the project's activities.

**The Polish Powiat Association** comprises 295 Powiats or 95% of all Starostas in Poland. Each Powiat designated an employee to receive training to function as an Industrial

Adjustment Specialist. This organization influences policy development and is committed to introducing legislation to institutionalize aspects of the Polish model.

**The Regional Board of Solidarity Union** has incorporated the Peer Support Program into the regional structure of the union with regularly scheduled trainings through the Solidarity Training Center. The board also created a new position to coordinate all Rapid Response activities within the union.

The USDOL Adjustment Model has been adapted to the conditions and culture of Poland under a new program called the Polish Workforce Adjustment Model. The successful demonstration of the effectiveness of this model has been recognized and is now in demand throughout Silesia as well as other regions of Poland. All Workforce Development Project partners intend to promote, develop and enrich the Polish model by expanding its reach on a regional and national level beginning in 2001.