

**EVALUATION OF USDOL/USAID  
WORKER ADJUSTMENT INITIATIVES  
IN ROMANIA AND BULGARIA**

March 12 – April 20, 2001

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## EXECUTIVE SUMMARY

This report presents the findings and recommendations from an evaluation of the U.S. Department of Labor (USDOL) program of worker adjustment initiatives in Bulgaria and Romania from 1998 to 2001. These initiatives are funded under the Support for East European Democracy (SEED) Act and are implemented as a 632(b) Inter-Agency Agreement between USAID and USDOL. The USDOL contractor is Worldwide Strategies Inc (WSI). A team of two evaluators conducted the evaluation from March 12–April 6, 2001. The evaluation was designed and executed as an interim evaluation for the purpose of summarizing progress to date and making recommendations for future improvement. Recommended performance indicators were also developed. Data collection was conducted in multiple sites and at the central WSI project office in both countries. In addition to interviews and focus groups, the evaluators reviewed project records and obtained detailed information on project implementation and results.

As a practical matter, the USDOL initiatives in Romania and Bulgaria are principally local economic development (LED) programs, rather than labor adjustment programs. The SEED-funded USDOL activities in Romania (Rapid Response) and in Bulgaria (Quick Start) which specifically address labor adjustment have been institutionalized within the National Employment Services and represent only a small fraction of the human and financial resources of the USDOL programs in each country. The evaluation focused therefore on LED Round 1 sites in the countries visited.

It should be remembered that the project is newly implemented and thus early in the process of producing results. Nonetheless, the LED programs have achieved noteworthy results to date in terms of **community empowerment** through use of the LED process as established under the USDOL Worker Adjustment Model. Many communities visited were working for the first time as a team to boost local economic development. Their empowerment has extended to shared decision making on community goals and on the formulation of a unified strategy for moving the community forward. The communities felt that a collaborative process has taken root that will be useful in future action to advance local economic development.

Good results have also been achieved in terms of **local economic growth**, as measured by current and projected job creation (direct, indirect, permanent and temporary), new business starts and expansions. The estimated per job cost of the 21 jobs expected to be created on average at individual LED sites in Romania and Bulgaria is \$1,810 (Rounds 1 and 2). This compares favorably with the European Union's target cost of new job creation in its Phare initiatives in the Southeast European region of 2700 euro (approximately \$2,400). The project has also produced savings in unemployment compensation and created an economic multiplier effect from new wages earned and expanded business production.

While it is too early to tell whether these results can be sustained over time, certain types of projects (agriculture, revolving loan funds, infrastructure) may have higher sustainability potential than others, given their faster pace of project implementation, relatively higher degree of community solidarity and ability to attract additional funding from local and external sources.

The evaluation concludes that a high priority for the project is for stakeholders and implementers to agree on standardized performance indicators and a reasonable reporting format and frequency which will meet the monitoring and evaluation requirements of all parties and which will enhance project management. The report presents a recommended set of performance indicators for monitoring the main project activities, based on the evaluators' assessment of available data, the potential capacity of project staff to collect and analyze credible performance data and the need for objective measures to assess each project's progress in realizing its purpose.

Other important needs identified in the evaluation include improved communication and coordination among project stakeholders (USDOL, USAID and WSI); development of an exit strategy for the project that specifies what processes and institutions will be in place to sustain project activities when donor funding departs; and increased national and regional networking, partnerships, promotion and advocacy.

The evaluators wish to stress that the evaluation was not designed to be explicitly comparative. Comparisons drawn in the report between the projects in Romania and Bulgaria were done so for learning and improvement.

## I. INTRODUCTION

Since 1998, the United States Department of Labor (USDOL) has supported a program of worker adjustment initiatives in Bulgaria, Romania and Macedonia, through a contract with Worldwide Strategies Inc. (WSI), funded through a 632(b) Inter-Agency Agreement with the United States Agency for International Development (USAID). The funds are provided under the provisions of the SEED Act. To assess the progress of these initiatives to date, USDOL prepared a Statement of Work for an evaluation (Appendix A) and contracted with Management Systems International, Inc. (MSI) to carry it out.

The evaluation team reviewed the SOW for the evaluation and discussed its purpose and scope at a March 12, 2001 kick-off meeting with USDOL and USAID staff. The team also reviewed written material on the program that discussed its current implementation status and indicated interim results from project activities. To further prepare for the field data collection, the team interviewed in Washington, D.C. key informants identified by USDOL and USAID as either current participants in the management and implementation of the program or individuals who had direct experience with the program as it was implemented in various countries in Eastern Europe (Appendix B).

Based on this preparatory information, the team concluded that an interim, formative evaluation approach was most appropriate in light of the current stage of project implementation in the countries to be visited and stakeholder information needs. It was also clear from the interviews in Washington that the full USDOL “Worker Adjustment Model”<sup>1</sup> has not been implemented as an integrated strategy in either Bulgaria or Romania.<sup>2</sup> Rather, components of the model were selected and adapted based on prior USDOL technical assistance in each country and in accordance with USAID priorities and available budgets. The evaluators proposed therefore that given the constraints of time, data collection logistics and the variety, complexity and lack of uniformity among activities implemented in the countries to be visited, it would be most appropriate to focus the evaluation on the Local Economic Development (LED) sites within Round 1 (Pilot Round) of the LED projects in Romania and Bulgaria, with the goal of providing information useful for improving project implementation. This recommended approach was approved by USDOL.

Two additional decisions shaped the evaluation focus and scope. Stakeholders felt that the evaluation should concentrate on the period of implementation of the current IAA between USAID and USDOL, i.e. 1998-2001. Security concerns in some of the areas to be visited in Macedonia led to the decision to limit fieldwork to Romania and Bulgaria; program activities in Macedonia will be evaluated on a separate trip when security is more assured.

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<sup>1</sup> Hansen, Gary, “USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring.”

<sup>2</sup> The full USDOL model is being implemented as an integrated strategy in Macedonia, as of 2000.

## **II. PURPOSE OF THE EVALUATION**

The evaluation is formative in nature. It is intended to assess mid-term progress under the current IAA between USAID and USDOL for the purpose of informing decision making on ways to improve the implementation of future program activities and on appropriate performance indicators for the various program activities.

The primary objective of the evaluation is to assess progress in each country towards achieving a decentralized decision making process for designing, implementing and evaluating local economic development (LED) projects.

To achieve this objective, the evaluators assessed the following at the LED Round 1 sites visited:

- Factors which contributed positively or negatively to implementation
- Preliminary indications of progress in meeting project objectives
- Estimated project impact
- Degree of local ownership
- Other indicators of sustainability
- Quality of existing monitoring, evaluation and reporting systems
- Activity completion by site
- Project coordination and management

The team conducted a summary assessment of a pre-layoff services pilot project in Romania and of Quick Start training in Bulgaria.

The team also assessed project management, communications and coordination among the various institutional stakeholders (USDOL, USAID, WSI, National Employment Services).

## **III. METHODOLOGY**

The evaluation team reviewed written background material on the project (Appendix C) to gain a sense of its origins, focus and current implementation status in the countries to be visited. The team held an initial meeting at MSI on March 12, 2001, with two representatives from USDOL and one from USAID, to review the SOW and identify priority evaluation issues. The team carried out additional background interviews in person or via telephone with two representatives each from USAID, USDOL and WSI. Based on the information from these various sources, and a consideration of the anticipated logistical constraints of the field data collection, the team prepared a recommended evaluation focus that was accepted by USDOL and included with the original SOW to guide the field data collection and analysis. The recommended focus shaped the development of the field data collection protocol (Appendix D).

Four LED project sites were visited in Romania and five in Bulgaria. The sites were selected by the WSI country project teams, in consultation with USDOL, to represent the most fully implemented of the existing LED project activities. This meant that all of the sites visited were from the Round 1, or Pilot Sites, launched in 1999. Site location was also a selection consideration. The geographic dispersal of the sites in both countries meant that travel time by

van between sites, which most often ran from two to three hours, had to be factored into the data collection planning. In addition to the LED sites, one Rapid Response site was visited in Romania and one Quick Start site was visited in Bulgaria.

The evaluators interviewed key informants from the main stakeholder groups in each country (USAID, national and local employment agencies and community action teams) and conducted focus groups involving 8-10 participants in the training programs implemented under the LED program. Both evaluators were present at all interviews and focus groups. A detailed transcript of respondents' answers and comments was maintained.

The evaluators met with the WSI project director and staff in Bucharest and Sofia to receive information requested in anticipation of the visit (e.g., project results and budget, site descriptions) as well as to discuss the full range of additional information needed. Both offices were extremely cooperative in providing the information requested. The team also collected information at individual sites visited that provided detailed locale-specific data useful for a richer understanding of the project implementation process.

## **IV. PRELIMINARY EVALUATION FINDINGS**

### **A. PROJECT DESIGN**

The original SOW describes the project design in terms of a "...single Model of integrated services... (that) consists of three components of assistance":<sup>3</sup>

- Worker Adjustment (also known as "Rapid Response") - promotes cooperative relationships among labor and management representatives of downsizing enterprises in order to address the employment needs of redundant workers.
- Local Economic Development – promotes economic revitalization in communities severely impacted by economic dislocation.
- Enterprise Competitiveness- provides training to workers in new technologies in order to assist enterprises in adjusting to smaller workforces while maintaining productivity; one of the six activities under this component is worker training/retraining using job site analysis, known in Bulgaria as "Quick Start."

Proponents of the Model emphasize the requirement of implementing it as an integrated whole. Gary Hansen, the acknowledged architect of the "Model" states that the ultimate efficacy of the model depends on its implementation in "...a systematic and integrated way with other labor market measures..."<sup>4</sup> Presumably the efficacy of the model hinges on the synergies among its elements rather than the individual elements themselves. In a telephone discussion with the

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<sup>3</sup> Gary B. Hansen, Evolution of the USDOL/WSI Adjustment Model, excerpt from paper presented at 5<sup>th</sup> European Congress on Industrial Relations, Dublin, Ireland, August 26-29, 1997

<sup>4</sup> Gary B. Hansen, The USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring, Mimeo, US Department of Labor, n.d.

evaluation team, Hansen acknowledged, however, that the model had not been implemented as an integrated approach in either Romania or Bulgaria. According to Hansen, “Each country has its own genesis and particular route from start to finish.”<sup>5</sup> Interviews with other stakeholders and the evaluation fieldwork confirmed that circumstances in each country dictated which elements of the Model were selected for implementation and that the elements selected were subsequently adapted to fit local needs and conditions.

The project in Romania evolved from a \$14 million World Bank loan to the Government of Romania (GOR) in 1997 to provide training to dislocated workers under a “Labor Redeployment Program” (LRP). USDOL was asked to manage program implementation. To complement funding from the World Bank loan for technical and programmatic aspects, SEED funds from USAID were allocated to finance the administrative aspects of the project, including an office and local staff responsible for contract oversight for a wide variety of Active Measures programs to assist dislocated workers. In 1999, a USAID SEED-financed Local Economic Development (LED) activity was added. A staff of seven professional regional representatives recruited, trained and remunerated by WSI serve as Industrial Adjustment Specialists, per the Hansen model. They are directly responsible for monitoring and providing technical assistance to the individual LED community action teams which receive \$30,000 each in LED grant money.

In all, a 20-person Bucharest office directs the countrywide activities of LRP which include Active Measures, LED and Rapid Response. A two-year SEED-funded budget of \$1.65 million was allocated for LED and Rapid Response, designed to serve 35 LED sites and to support pilot efforts to provide pre-layoff services. Since USAID funding was provided as a complement to the World Bank loan, the USAID-funded LRP activities were not considered as central an element of the USAID portfolio as were the larger bilateral programs. The project was assigned to the USAID “cross-cutting” strategic objective. Annual progress reports were provided during the R4 process.

The genesis of the project in Bulgaria was quite different. The project was fully funded by USAID from the start and built on several years of USDOL short-term technical assistance, including work on a Rapid Response program and a Quick Start program. The PLEDGE Program (Partners in Local Economic Development and Government Effectiveness) was proposed to USAID in FY 1998 as a way of pulling together various USDOL initiatives. In FY 99, USAID agreed to fund PLEDGE with a ceiling budget of \$600,000 per year for two years, including all labor, travel and other direct costs. The community action teams in Bulgaria receive an LED grant of \$20,000.

To ensure integration of PLEDGE with its other projects, USAID requested that the project be housed with its Local Government Initiative (LGI) project and work through an Advisory Committee composed of USAID, LGI and Bulgarian NGO representatives. USAID included PLEDGE under its Democracy and Government Strategic Objective (SO) and encouraged project staff to interact regularly with USAID staff.

In contrast to Romania, with its staff-level professional IAS cadre, the Bulgarian PLEDGE project has relied on “volunteer partners” in communities to implement and monitor the project.

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<sup>5</sup> Telephone interview with evaluators, March 14, 2001.

The seven-person central PLEDGE staff, including a director, three program officers, a finance officer and 2 support staff, relies on community volunteers recruited at the project sites to monitor and evaluate project implementation after the process training workshops are completed.

The PLEDGE project also provides support to the National Employment Services' Quick Start initiative. PLEDGE financed training for 122 Quick Start experts throughout Bulgaria. A small annual budget (approximately \$30,000) is allocated for continuing education for the Quick Start specialists and for implementation of Quick Start training programs, with priority given to PLEDGE LED sites.

While the projects in both Romania and Bulgaria benefited from dedicated and responsible management, funding limits in Bulgaria placed considerable pressure on the small central staff during training workshop implementation (two weeks out of four on travel for at least nine months of the year) and fewer resources were available for promotion, documentation, monitoring and evaluation.

## **B. PROJECT MANAGEMENT/COMMUNICATIONS/COORDINATION**

Project management in this report refers to the execution of project roles and responsibilities by several principal stakeholders: USDOL, USAID, WSI, and the country project offices. Findings are based on interviews with each of these groups and field observations.

The team assessed project management in relation to several standards:

- Shared understanding of and support for the project purpose
- Well defined roles and responsibilities
- Open and timely communication
- Clear accountability for results
- Unambiguous and cost-efficient reporting requirements
- Funds authorization

### ***Shared understanding of project purpose***

A persistent concern of the WSI project staff has been the need to develop and sustain a consistent understanding of the project purpose among the stakeholders. Interviews revealed dissimilar perceptions of what the project is seeking to achieve – job creation vs. process development vs. improved labor-management relations, etc. High turnover in the USDOL project staff, for example, has required extensive “re-learning” of the project purpose and implementation details by new USDOL project staff. Questions were raised by several of those interviewed as to the extent and depth to which USDOL management and staff shared a consistent understanding of the project purpose.

The same issue applies to a lesser degree to USAID. USAID/Romania included the project as a “cross-cutting” component of its strategy largely because there were no results indicators that related specifically to USAID/Romania country strategy. The Mission did work with WSI



project staff to develop a two-year plan to give the project a measure of security in implementation and to identify synergies with Mission goals and objectives. However, there was little ongoing contact between WSI and USAID staff during project implementation.

In Bulgaria, given the fact that USAID SEED funds finance the entire PLEDGE project, there is much closer cooperation with the USAID/Bulgaria Mission. PLEDGE has been included as an integral part of the Mission's democracy and local governance strategy and there is a clear, shared understanding of project purpose with DG staff. The Mission is kept up to date through regular meetings of the PLEDGE Advisory Committee on which USAID sits and by quarterly narrative updates provided to USAID by the PLEDGE country director. PLEDGE has had limited exposure, however, to the Mission's other related Strategic Objective (SO) teams, such as Economic Growth.

### ***Well-defined roles and responsibilities***

Unclear roles and responsibilities between WSI and USDOL, particularly concerning decisions on project implementation and regional strategy, were also cited as an important management concern by WSI central and field staff. WSI project staff pointed to ambiguous boundaries between their roles and responsibilities and those of USDOL as a source of distracted project management and implementation inefficiencies. Several interviewees urged more consistent and explicit communication between WSI and USDOL to avoid these misunderstandings..

A particular area of concern is the division of responsibility between USDOL and WSI for regional-level networking and support. There is much to be gained by greater cooperation among the WSI country teams in the region. WSI asked specifically that the USDOL role in promoting regional-level teams be clearly defined so that it not subordinate the role of in-country project directors. WSI also asked for USDOL support for the role of the WSI Regional Supervisor and funds for WSI project oversight beyond those allocated for attendance at the regional meetings. USDOL has taken note of this request and has agreed to discuss these issues at the next regional conference in June 2001.

### ***Open and timely communication***

The quality and timeliness of communications among stakeholders were identified as serious issues with all parties interviewed. Several interviewees voiced an impression of inadequate prior planning on the part of USDOL, resulting in "crisis mode" communications related to event scheduling and organization, country clearances and reporting for quarterly reports. Concern was voiced by USDOL regarding apparent breakdowns in communications between USAID missions and USAID/Washington, specifically as regards budgetary and strategic planning priorities and agreements which are reached in the field. WSI has stressed that the timing of requests for information should be better organized and more clearly communicated. While some of the communications issues can be attributed to staff turn over within USDOL and USAID/Washington and to the number of players involved in project funding, implementation and oversight, communications is a management concern which needs to be openly and constructively addressed by all parties. USDOL, USAID and WSI all expressed willingness to work together to solve communications problems and view the June 2001 regional conference as an opportunity to make meaningful progress in this area.

### ***Results accountability and reporting requirements***

The projects in Romania and Bulgaria recognize the need for results accountability and attempt to provide requested performance information in a timely and thorough manner. The concern expressed by several in this regard was the inconsistent and often ad hoc nature of the project reporting process. Different offices (e.g., USDOL and USAID) required different types of information, which meant that the project field offices had to prepare (sometimes) similar yet unique reports for each office.

The most frustrating issue cited, however, was the irregular ad hoc USDOL request to WSI to produce new types of reports with little if any advance notice or explanation. This was viewed as an inefficient use of project management resources that could be avoided through mutual agreement on a finite, explicit and planned reporting system.

USDOL recognizes that shifts in reporting requirements have been frustrating for the WSI country offices and is sympathetic to their concerns. It also acknowledges that the country offices have not had enough information to do quality monitoring and evaluation. At the same time, USDOL feels it did not have enough credible information to report to Congress. Progress reports were difficult to understand and lacked convincing data. This prompted USDOL to push for more quantitative results measures (e.g., LED job creations). Also, the reorganization in the USDOL Office of Foreign Relations led to the call for a different reporting format and more quantitative information. WSI feels that the USDOL need for quantitative results measures have shifted the focus of the LED projects from process development to job creation.

### ***Funds authorization***

Better procedures would also help ameliorate the issue raised concerning the USDOL time period for authorizing project funding modifications. Lengthy delays in modification approvals have reportedly been disruptive to WSI's cash flow, project scheduling and timely expenditure of funds. This appears to be an issue within the USDOL contracts office as regards turnaround on labor modifications especially (e.g. addition of new personnel) and ILAB policy to authorize funds only for very short time frames (3-4 months).

USDOL acknowledges that the relatively short three to four month time frames were a departure from prior years. It points out, however, that the change was viewed as necessary in order to obtain greater clarity on task orders, many of which were not well defined. USDOL wanted to make sure that the task orders were appropriate to the project purpose. They are exploring the possibility of extending the funding time frame for future authorizations.

## **C. PROJECT IMPLEMENTATION**

Three types of project activities have been implemented under the current IAA: Local Economic Development in Romania and Bulgaria; Rapid Response (also called Pre-layoff Services) in Romania and Quick Start in Bulgaria. The team focused its efforts almost entirely on the Local Economic Development activities, with only one visit to a Rapid Response site in Romania and to a Quick Start site in Bulgaria. A timeline of project implementation status for each of these activities is provided in Annex E.

The following attributes of the project offices and their national-level contacts contributed positively to implementation of all project activities, particularly when comparisons are drawn with other donor-financed enterprise development initiatives:

- Dedicated and energetic project leadership
- Ability to operate outside government bureaucracy for project approval and funds disbursement
- Strong local partners and Advisory Committee providing useful input and cooperation (Bulgaria)
- Strong team spirit among core project staff
- Adequate remuneration of core project staff
- Flexibility of process (particularly as compared to EU economic development initiatives)
- Adaptation of project materials based on lessons from pilot initiatives (additional LED training workshops in Romania; modified LED balloting system for project selection in Bulgaria, design of special pre-layoff service manual in Romania)
- Adoption of standardized forms for local project monitoring and reporting
- Well designed database to capture results and monitor progress (Romania)
- Progressive increase in commitment of national government to decentralization and local initiative
- Promotion and media coverage for projects

#### 1. **Local Economic Development (LED) project implementation**

LED projects are process-oriented approaches to creating community partnerships to promote local economic development. Under the USDOL model, LED (also called Community Economic Renewal) programs are intended to help “communities and regions experiencing restructuring, downsizing or enterprise closures to develop and use a systematic business growth and job creation strategy to begin or expand local economic development efforts”<sup>6</sup> Under this model, Industrial Adjustment Specialists (IAS) work with government, business and labor leaders in communities undergoing economic restructuring and privatization to understand and adopt measures “to revitalize their economies and create a sense of community in the face of serious economic threats.”<sup>7</sup> The focus of the Model is on the creation of a grassroots capacity for decentralized decision making through community ownership of services and problems and broad-based citizen participation in community assessment, planning and implementation of economic renewal strategies. The Model utilizes a series of four workshops (Factor Analyses, Economic Renewal Analysis, Generating Project Ideas and Evaluating Project Ideas) to promote community solidarity and to develop a common economic development strategy. To assist in project implementation, USDOL provides a seed grant to the community (\$30,000 in Romania; \$20,000 in Bulgaria).

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<sup>6</sup> IAA Annex A, Labor Market Transition Assistance for Central and Eastern Europe, Project No. 180-0033, June 1999, p. 4

<sup>7</sup> Ibid

The LED process in both Romania and Bulgaria is essentially the same:

***Step 1: Marketing- one month***

Information on the LED program is distributed country-wide. Communities which meet LED criteria (see list below) apply through a letter of intent/proposal in which the community team (signatures of team members and their affiliations are required) commits to participating in a series of training workshops to develop a LED project which will be supported by a grant.

Specific criteria for selection of project sites were determined in each country, as follows:

<b>Romania</b>	<b>Bulgaria (targets- not absolutes)</b>
<50,000 population	<15,000 population targeted
Higher than average national unemployment rate	High unemployment
Massive layoffs	Large ethnic populations
Current or former dependency on mono industry	Limited donor support to community

***Step 2- Site selection- one month***

Letters of intent are evaluated and sites are visited for verification.

***Step 3- Training workshop implementation- four to six months***

A total of six workshops are implemented at one-month intervals with “Need to Know” assignments given to the participants at the end of each workshop for completion before the next. Workshop 0 introduces the LED concept. Workshops A, B and C assist the community to identify its strengths, weaknesses and possible solutions for economic development. Workshop D involves selection of a grant-financed LED project to enhance local economic development and of a community action team to oversee implementation. Workshop E, the final workshop, provides training to the community action team in project implementation and management. The LED grant (\$30,000 in Romania; \$20,000 in Bulgaria) is then disbursed progressively according to a pre-established action plan, with quarterly expense accounting.

***Step 4- Project implementation with ongoing monitoring- twelve months***

Communities schedule project activities usually over a one-year period during which time the IAS follow up on progress and report back to the LED project director.

Total elapsed time for project implementation: usually 18 months.

LED Romania has assisted 35 communities throughout the country, in three rounds (Round 1- 7 sites; Round 2- 14 sites; Round 3-14 sites). Seven “regional representatives” (IAS) backstop these projects. The LED training for communities in Round 1 was conducted by the regional representatives in tandem with Marion Bentley of WSI. Training for Rounds 2 and 3 was conducted by the regional representatives. Training for Round 3 has been implemented in partnership with the newly-created LED Task Force within the National Employment Agency.

PLEDGE Bulgaria has assisted 29 communities in three rounds (Round 1- 9 communities in South Central Bulgaria; Round 2- 10 communities in Northwest Bulgaria; Round 3- 10 communities in Northeast Bulgaria). Two volunteer IAS specially trained by PLEDGE are responsible for backstopping and monitoring each project locally. Training in all three rounds was conducted jointly by Marion Bentley and the PLEDGE project director, Jane Daly. In Rounds 2 and 3, the three PLEDGE project officers have also assisted in training. .

The pilot round in each country, known as Round 1, was implemented on an experimental basis to test the training materials and allow for adaptation to local conditions for subsequent rounds. LED Romania opted to create a special introductory workshop to explain the LED concept and expectations (Workshop 0) and a sixth workshop on project implementation (Workshop E) for the project action team. This approach was adopted subsequently by Bulgaria as well.

The evaluation team visited four LED sites in Romania and five in Bulgaria, all from Round 1 (see Table 1 below). The evaluation team asked to visit sites which represented the more mature and successful of the LED projects. It was specifically requested that one site also be included which had experienced some degree of difficulty in implementing its chosen project.

In general, project staffs in both countries have done a commendable job of implementing LED programs under relatively difficult circumstances related to time frames for start up, prior experience or training in LED and the pace of implementation.

### ***Time frames for start-up***

Both projects were expected to move rapidly to get the Round 1 pilot projects off the ground. Each project sought to quickly and efficiently select “winners” for demonstration effect for subsequent rounds. Romania spent two months to market and select seven sites throughout the country. Fortunately, the LRP team in Romania was able to build on its contacts from its World Bank Active Measures programs and worked from a pre-established office. In five months time, PLEDGE was able to establish an office, recruit central project staff, set up procedures and market the program in the South Central region of the country. PLEDGE staff benefited from start-up recommendations from its six partner institutions and vetted proposals with its Advisory Committee as concerned local IAS recruitment and site selection. Both projects learned that getting site selection criteria and the marketing approach right takes time and experience. They also learned that it is critical to cast a net as wide as possible during the marketing phase in order to select sites from the largest possible qualified pool.<sup>8</sup>

### ***Prior experience with LED***

Although project staff from both countries were trained by WSI experts in the LED process, most staff had no prior experience in community economic development. Romania staff had worked with Active Measures for displaced workers. Bulgaria staff and a core group of 14 IAS

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<sup>8</sup> In a few cases, sites have been selected based on USAID/USDOL political imperatives, regardless of project site selection criteria or marketing results.

visited Hungary on a 10 day study tour. There was little information available to them on profiles of successful LED projects or lessons learned from implementation in Hungary and Poland. Procedures for information dissemination, letters of intent and logistical arrangements for each country were developed on the ground and adapted progressively to fit local conditions.

### ***Pace of implementation***

The project team in Bulgaria in particular was faced with a daunting schedule once project sites were selected and training workshops began. The director and a project officer worked with WSI expert Marion Bentley to provide one day training programs at nine sites with a one month interval between each of the four workshops. This meant that the team was on the road for a full week, traveling to five sites with up to four hours driving time per day, returning to Sofia for the weekend and traveling again the following week with the same schedule to cover the additional sites. They returned for two weeks to the office and then left again for the next series of workshops. This continued for four months. After the site projects began, the volunteer IAS monitored the local implementation, with quarterly meetings of project representatives in Sofia. As one round of training ended, a second round began, meaning that the project teams were on the road for 50% of their time over at least nine months of the year.

In Romania, the pilot round pace was not as intense since each regional representative covered one pilot site. However, as Round 2 and 3 were added, each regional representative was responsible for monitoring and coaching five sites, in addition to his or her ongoing responsibilities for the World Bank Active Measures programs.

Given the circumstances, both teams are to be commended on doing a very good job in the pilot and subsequent rounds to select the most promising communities and to guide them through the workshop series to project identification with few serious problems.

The following table provides implementation data on the nine projects visited during the evaluation trip.

**Table 1: Project Implementation in Sites Visited**

<b>Romania</b>	<b>Type</b>	<b>Pop/ unemp</b>	<b>#Trained</b>	<b>Team</b>	<b>Budget</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Jobs to Date</b>	<b>Implement. Status</b>
Medgidia	Revolving Loan Fund	47,100 13%	47	Good tripartite balance	\$25,000 credits \$5,000 admin \$21,000 local funds	Strong, involved mayor Private sector focus Addtl funds leveraged Support to local SMEs	Fund management not local at outset Interest rate not market-based	22	Phase 1 loans in place (six loans)
Campulung	Community Infrastructure (park rehab)	44,600 18%	45	Local gov't dominates	\$8,000 arch study \$17,000 rink constr. \$5,000 office equip. \$210,000 local funds	Significant local contribution (land) Traditional ties of community to park	Lack of broad community involvement Lack of bus. plan	2	Rink construction 90% completed
Busteni	RLF and OJT	12,300 20%	30	Excellent balance	\$21,300 leased equip \$8,700 personnel \$14,000 local funds	Strong group solidarity Focus on existing SMEs and job creation Revolving loan	Lack of LT plan Interest rate not market-based	44	Phase 1 leases/ OJT completed (5)
Cisnadia	Local Economic Development Center	17,100 50%	45	Conflictual	\$13,000 NGO equip \$10,000 NGO salaries \$5,000 PR/supplies \$17,200 local funds	First pub/priv dialogue Pr sector assn created Bus. info database	Project run by non-local NGO; elections disruptive Partners conflictual	0	Little concrete progress
<b>Bulgaria</b>	<b>Type</b>	<b>Unempl</b>	<b>#Trained</b>	<b>Team</b>	<b>Budget</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Jobs</b>	
Rakitovo	Agriculture	17,000 40%	27	Strong but needs priv sector rep	\$20,000 seedlings and planting \$10,000 local funds	Reclaimed waste land Leveraged other funds Roma job creation	Need business representation on Implemen. Team	27 (82 for planting)	Phase 1 plantings on schedule
Smolyan	Traditional Crafts Center	48,200 21%	30	Good tripartite balance	\$17,000 shop constr. \$3,000 arch. study No local funds	Creation of NGO Leveraged other funds Municipal contribution	Bureaucracy Lack of bus. plan No paid staff	0	Behind schedule due to land issues
Dimitrovgrad	Development Info. Center	70,000 16%	35	Good tripartite balance	\$23,000 renovation/ equipment \$3,500 local funds	First pub/priv dialogue, 2 <sup>nd</sup> local NGO; grants sought for 23 projects	Lack of focus Dependent on donor funding	23 (20 Roma)	On schedule
Stara Zagora	Academic major	173,200 15%	21	No private sector	\$6,000 curric. devel. No local contribution	Rural agricultural focus	Bureaucracy for educ. reforms No private sector	0	Behind schedule - bureaucracy
Nova Zagora	Infrastructure (Water, sewage)	48,600 25%	26	Good balance	\$10,000 arch. study \$10,000 installation \$10,000 local/in kind	Strong, active mayor Local donations Dynamic IAS 2 grants attracted	\$300,000 must be financed for sewerage system	0	On schedule for water system

Different types of LED projects are implemented in Romania and Bulgaria, although there are some similarities. Tables 2 and 3 reflect the classifications according to project records. Of note is the number of revolving loan funds in Romania and of agricultural projects in Bulgaria. Interestingly, these dominant types of projects were ranked as having stronger sustainability potential by project staff.

**Table 2: Romania project types**

	<b>Round 1 (Pilot) 7 sites *</b>	<b>Round 2 14 sites *</b>
Revolving Loan Fund	2	3
Training Center	1	1
LED Center	1	
Handicrafts Center	1	
Business Services	1	4
Tourism Center	1	1
Community Park	1	2
Dairy		1
Community-owned firm		2
Hydrocarbon waste processing		1

\* where projects include two functions, both are listed (e.g. revolving fund/business services)

**Table 3: Bulgaria project types**

	<b>Round 1 (Pilot)</b>	<b>Round 2</b>	<b>Round 3</b>
Agricultural: 10	2 (Lavender for essences; vineyard)	5 (grain market, 2 vineyards, 2 organic farming projects)	3 (herb cultivation, fruit trees, apricot orchard)
Centers: 10	3 (2 business, 1 information center)	3 (2 business information, 1 agribusiness center)	4 (2 business, 1 agribusiness, 1 public information center)
Infrastructure: 5	3 (water/sewage, telecoms)	2 (covered market, other)	1 (land fertility improvement)
Food processing: 1			Briquette production
Collateral fund: 1			1
Miscellaneous: 2	2 (Craft workshops, new academic major)		



### a) **Positive Factors in LED Project Implementation**

The evaluators interviewed central project staff, IAS, training participants, community action teams and local government officials concerning their views on what factors affect project implementation. The following list summarizes the team's findings from projects in both countries regarding factors which contributed positively to project start-up, implementation and sustainability. **Note:** These factors were characteristic of the more successful project sites. The list does not imply that they were present at every site.

#### **Project start-up- factors contributing to success**

- Quality of the letter of intent (number of projects listed, number of signatures)
- Balanced composition of the community action team
- Local contribution to logistics- invitations, venue, etc.
- Consistent number of dedicated participants in the full series of training workshops
- Low turnover among action team members
- Quality of analyses conducted for workshops (Need to Know assignments)
- Quality of project proposals (objectives, activities, plan)
- Degree of dialogue between local government and business community
- Previous project experience- deemed useful but not essential

The single most important criterion for success appears to be **the composition of the community action team**, specifically the balance among the three interest groups (local government officials, non-governmental organizations and private sector). The communities whose local small and medium-scale enterprises (SMEs) are actively involved from the outset are generally considered to have performed more productively with a greater emphasis on job creation, enterprise expansion and employee training.

#### **Project Implementation- factors contributing to success**

- Supplemental training in project management for the action team
- Ability to leverage additional resources to support the project
- Clear, written working procedures
- Adherence to schedule and activities within the action plan; timely submission of reports
- Willingness to make local financial contribution
- Flexibility in decision making (community and LED regional reps)
- Ability to raise funds for the project activity during implementation
- Quality of implementation team (composition, dedication, interaction, skills, experience)
- Number of active SMEs on the project implementation team
- Business-like approach of community team
- Proactive attitude towards problem solving
- Ability to network with other LED project teams in their round and in the country

The **most important criterion for success during project implementation appears to be the management capacity of the community action team**, specifically its ability to take charge of the project and run it in a business-like fashion. The project staff in Romania felt so strongly about the need to strengthen this management capacity that they requested WSI assistance in

designing a special training workshop (Workshop E) on project implementation, cost accounting and reporting in which all community action teams must now participate in both Romania and Bulgaria. All of the community action teams interviewed during the evaluation were very positive about the benefits of this workshop.

### **Project Sustainability- factors contributing to success**

- Continuing availability of core team and project personnel for implementation
- Medium term/long term planning perspective with detailed business plans and cash flow projections
- Ability to attract other grants for project
- Ability to develop other activities/services which generate income for the project
- Use of LED/Pledge process tools to develop and implement other community projects
- Continuing opportunity to share information via networking with other LED projects in the country and the SEE region
- Desire to surpass expected project results
- Ability to produce results in new job creation, new services, new investments and profit generation in order to enhance community image and credibility

The **biggest challenge to the LED community action teams is to make the transition from the requirements of the one-year implementation phase to the medium and long term business planning perspective necessary for the project sustainability.** Many sites had detailed implementation plans but had given little thought to the longer term requirements for making the project work as a business (detailed business plan, cash flow and profit and loss projections). This is an area where the partners implementing USAID's Economic Growth portfolio could create useful synergies, particularly for projects involving revolving loan funds, leasing and agricultural production.<sup>9</sup>

The profiles of one project from Romania and one from Bulgaria are provided here to illustrate efficient project implementation which should result in productive outcomes.

### ***Busteni, Romania***

Busteni is a small community (12,300 inhabitants) located at the main road between Buc and Brashov, at the foothills of the Carpathian mountains. The community depended to a large extent on the local cellulose and paper plant whose production declined sharply. Nearly 1,000 workers were dislocated from this and other companies in the area. Unemployment now runs close to 20%. Recognizing the seriousness of the economic crisis, the community created its own Local Development Consortium in 1997 and drafted a local economic development

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<sup>9</sup> In Romania, there are four communities which have used their \$30,000 grant to create a revolving loan fund. (Note: Legislation in Romania allows registered NGOs to sponsor such funds. The evaluators examined the legal documentation for the creation of the two funds and the legal contracts which bind the borrowers and the leaseholders to the lending institution). There are USAID microfinance and community housing finance projects in the USAID EG portfolio which could provide useful advice on operating procedures and selection criteria. Such synergies would also ensure that USAID policy regarding matters such as market-based interest rates are respected by all USAID-financed activities.

strategy. The consortium has implemented several other development projects, with active partnership among local government, NGOs and private sector firms.

The Consortium was immediately receptive to the USDOL LED program. The LED training program was well attended, with very active participation and a strong focus on problem solving to strengthen local firms and create jobs.

Two major problems were identified during the workshops: vocational training programs did not match the demands of the job market and local firms needed capital equipment to expand and create jobs. The innovative two-part solution adopted by the community team using the \$30,000 LED grant was to (1) create a local leasing company to help local firms obtain required equipment and (2) develop a training program working with the Busteni Center of Training and Specialization (CTS) to combine theoretical and practical training to develop the skills required by local firms to expand their operations. As needed, synergies would be developed to help the local companies acquire equipment from the leasing company and subsequently train workers to use that equipment.

The project required close partnership between the Local Development Consortium which operates the leasing company, the CTS training center and the participating private firms. The Consortium carried out a survey of local firms with expansion potential to determine their needs for labor over the next 4 years and their requirements for capital equipment. The training center assisted in identifying the skills requirements and the tools and materials needed for training. The Local Employment Agency assisted in recruiting trainees. The Local Development Consortium registered the leasing company and prepared the legal documentation for the leasing agreements. The USAID contribution of \$30,000 leveraged \$14,100 in local contributions. The repayment of the leases ensures that funds will continue to be available for new leases. The project surpassed in almost every category its expected results for the first twelve months,

**Table 4: Busteni, Romania Project Results**

Category	Expected results (12 months)	Actual results (12 months)
Number of businesses served	4	5
Trainees	47	62
New jobs (direct)	5	5
New jobs (indirect)	31	39
New business opportunities	0	2

**Observations:** The strength of this project was its very strong community action team with prior project implementation experience. Members agreed from the outset that their focus should be on assisting local private enterprises. In addition to job creation, the project provides for an ongoing capacity to lease capital equipment to local businesses in response to their needs, which enhances likelihood of sustainability. The consortium projects that the project will continue to train 40 persons per year and to lease equipment to at least four companies per year.

## ***Rakitovo, Bulgaria***

Rakitovo is a community of 17,000 people. The unemployment rate is over 40%. Most economic activity revolves around the timber and wood processing industries. There is a very large Roma population which is well integrated into the community but has very high unemployment.

There had never been a community partnership activity in Rakitovo prior to PLEDGE. There was little local knowledge of development initiatives and the municipality was largely ignored by the donor community. The PLEDGE process served to forge a unique partnership among representatives from local government, the local employment agency, two NGOs and a private processing company.

Participants in the PLEDGE workshops decided that the large amount of fallow land around Rakitovo was an unexploited resource. They made contact with Bulgarian Rose, the largest rose oil producer in Europe, regarding the possibility of using the fallow land to grow lavender for oil. Bulgarian Rose was interested, agreed to run tests on the soil and to train workers to plant the first 120 decahectares (dca), in exchange for which it would receive rights to cultivate the lavender for 15 years. Landowners of the 120 dca authorized Bulgarian Rose to utilize the land in exchange for a nominal leasing fee. In addition to the terms of its original agreement, Bulgarian Rose also agreed to replant 30 dca which were lost to summer drought last year.

Of the 80 persons employed on a temporary basis to plant the seedlings purchased with the USAID grant, a workforce of 27 mainly Roma women was kept on to maintain the seedlings. Three years are required for the seedlings to mature, but the demonstration effect from the first year's experience with planting has convinced a group of private landowners to plant another 180 dca alongside the original plot. Financial support for this initiative was obtained from the EU-financed Regional Initiative Fund.

The community action team includes a dedicated group of dynamic individuals with a strong commitment to assisting the Roma population to find jobs. The action team includes representatives from the mayor's office, two local NGOs working with ROMA and the local labor office, with support provided from two very dedicated IAS, one from the Regional Association of Municipalities and the other from the labor union. Results from the project to date are illustrated in the table below.

**Table 5: Rakitovo, Bulgaria Project Results**

<b>Category</b>	<b>Expected results</b>	<b>Actual results</b>
Jobs created	80 including 27 full time	180 including 50 full time
Fallow land utilization	120 dca	300 dca
Project ideas	1 – lavender oil	2 – lavender oil; honey
Seed funding	\$20,000 USAID	\$20,000 USAID + \$30,000 from Regional Initiative Fund

**Observations:** the strength of this project was the team’s ability to think “outside the box” about potential resources which had been heretofore neglected. By capitalizing on available fallow land and making a convincing argument to a major industrial concern, the Rakitovo project will not only create jobs, but will also diversify the economy and attract additional investment from private (Bulgarian Rose) and public (Regional Initiative Fund) sources. The achievement is the more impressive given the severe economic depression in the area and the lack of interest to date from any other external donor. If the lavender fields meet production expectations, Bulgarian Rose has indicated that it could reopen its oil processing factory in Batak which would create yet more jobs, many of which would be filled by Roma.

#### **b) Negative factors in LED implementation**

Several factors have impacted negatively on project implementation, primarily because they generated unforeseen delays. During **election periods**, municipal offices shut down for at least one month. In the event of a municipal turnover, key project supporters may be lost. In one instance, the new municipal government required a full audit of the project because it had been championed by the former mayor.

**Highly centralized administrative procedures** have also caused lengthy delays. This was particularly true in Bulgaria when property rights to land had to be validated (Smolyan) and when approval for a new academic major was required from the Ministry of Education (Stara Zagora).

Another factor which negatively affected implementation in Romania was the involvement in community action teams of **decision makers who were not part of the immediate project community**. This was the case in Cisanadie where the project was directed by a local development NGO based in the county capital. It appeared that the NGO had been the largest beneficiary of the grant, as opposed to the community itself. The \$30,000 grant included \$10,000 for salaries of four persons from the NGO and \$13,000 for equipment which was located at the NGO’s office in Sibieu. In Medgidia, the local employment agency representative responsible for disbursements under the revolving fund was based in Constanza, which resulted in processing delays, according to loan recipients. The community action team has taken steps to create a disbursement mechanism in Medgidia.

As mentioned earlier, the **lack of a medium and long term business planning perspective** for the community projects is a critical weakness of the current process. The focus to date has been on short-term implementation. Community action teams must now develop detailed business plans and cash flow and profit and loss projections for their initiatives. As necessary, additional technical assistance from the LED staff or from the partners implementing USAID’s Economic Growth portfolio is needed to increase the chances of long term sustainability.

## **2. Rapid Response Implementation in Romania**

### **a) Background**

The USDOL Model's Rapid Response Worker Adjustment Component is intended to facilitate the transition of workers to new jobs and careers and to reduce unemployment. The process<sup>10</sup> involves IAS specialists working with enterprise managers, workers and community leaders to assess the adjustment needs of workers, develop a strategy and plan to provide transition services and mobilize resources and service providers to deliver them.

In Romania, USDOL consultants had worked with the National Employment Service as early as 1997 to encourage use of Rapid Response mechanisms to facilitate worker redeployment in the event of massive layoffs. However, at that time, the National Employment Agency's preoccupation was with unemployment benefits. Further, there was no ordinance which required companies to provide any services to laid off workers and the Employment Agency felt it could not force firms to do so. In 1999, a new ordinance was passed which required that firms give advance notice of layoffs. LRP proposed organizing a national taskforce in order to transfer technical know-how in this area to a core group of employment professionals. The eight-person taskforce, in consultation with the local employment agencies, developed a procedures manual for pre-layoff services which included specially designed components such as a Psychological Guide for Displaced Workers, promotional materials for workers to help them understand the resources, services and assistance available to them upon layoff, a proposed database system for tracking clients to determine the net impact of the program, presentation materials for social partners (unions, political parties, workers, other government agencies, enterprises, international donors) to gain support for pre-layoff services.

A country-wide training program was implemented for all 42 counties in Romania in January 2000 during which 84 persons were trained. A second group of 35 staff were trained specifically in outplacement services in June 2000. In August 2000, LRP and the local employment agency in Galati worked in partnership with ICMRS, Romania's primary steel construction firm, to implement a Rapid Response/Pre-layoff program for a group of 200 employees to be laid off by ICMRS (ICMRS had reduced its workforce in 3 years from 10,000 to 4,100). A transition center for these dislocated workers was set up on ICMRS premises. LRP and the local employment agency trained ICMRS human resources personnel to provide customized job counseling services, based on questionnaires regarding worker skills, aptitudes, interests and options. The project received considerable press coverage. Human resources departments from other companies faced with layoffs have asked subsequently for information. The Center provided services to 116 persons, of which 16 found new jobs and 3 created new enterprises. The task force plans to publicize this program in the hopes that it will inspire other companies to offer similar services, especially as privatization moves forward. (Romania's largest company and primary steel mill, Sidex, is slated to be privatized. It is estimated that up to 75% of the 28,000 Sidex employees could face layoffs). The Director General of ICMRS noted that the pre-layoff services had had a strong mitigating effect on labor unrest. He also confirmed that timely transition services are key to redeploying workers with good skills but no knowledge of how to

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<sup>10</sup> Hansen, Gary: "The USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring", p. 12.

approach the job market. He stressed that any such program should follow-up the laid-off workers to find out what happened to them and regretted that this was not done in Galati.<sup>11</sup>

**b) Factors affecting implementation:**

*Awareness of pre-layoff services within firms facing layoffs*

Despite the national ordinance requiring pre-layoff services in firms which are restructuring, most companies are not aware of support available from the local employment agencies to assist them in organizing more than just a minimal information service regarding unemployment benefits and possible severance. Positive experiences like that in Galati are not yet widely known.

Peer counseling from workers having resolved the challenge of dislocation is not being utilized.

**3. Quick Start/Bulgaria:**

**a) Background**

Quick Start is part of the USDOL Worker Adjustment Model's Enterprise Competitiveness Component whose broad objective is to "build labor-management and employer-vocational training center partnerships to strengthen the competitiveness of restructuring enterprises to preserve and create jobs."<sup>12</sup> Quick Start itself is a program designed to assist small, private businesses to carry out job analysis in order to design very practical skills training courses to achieve greater competitiveness through employee retraining. In Hungary and Poland the program contributed to a change in thinking on the methodology and time necessary to retrain employees. In those countries, using the USDOL Model, short, practical training programs lasting 3-6 months were implemented to retrain workers in critical skills. In exchange for the training paid for by the National Employment Service, the employer agreed to hiring and paying the trainees for 8 to 12 months after completion of training.

USDOL began discussing this program with the National Employment Services in Bulgaria in 1997. In 1998, a USDOL consultant trained workers in five sites as a pilot Quick Start initiative, to demonstrate the effectiveness of the program. Sixteen experts within NES were trained with PLEDGE funding (approximately \$13,000) in two sessions, one in June 1999 and one in February 2000. In July 2000, PLEDGE also financed (\$11,500) the subsequent training by the core group of 122 local labor experts in Quick Start technology of job analysis. From 1998 to March 2001, 24 training courses using the Quick Start methodology were conducted in Bulgaria (see table of Quick Start training courses below). Three of those courses (12%) were financed by the National Employment Services from the National Training and Retraining Fund. PLEDGE financed the other 21 courses (88%). The approximate cost per trainee was \$100. This represents a considerable savings over the normal cost of vocational training, since the USDOL Quick Start methodology provides for training at the workplace, with materials

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<sup>11</sup> WSI has offered to assist NEA to create an automated program to follow-up on laid-off workers but it has not yet been implemented.

<sup>12</sup> op. cit., p. 12

provided by the company and often with trainers from the company as well. Per WSI records, a total of 370 workers have been trained; their employers retained 350 of that number after training was completed. Less than 20% of these workers were existing company employees whose skills were upgraded; the balance 80% were new hires.

Quick Start has been fully institutionalized within the National Employment Service. The only continuing direct support to the program is a budgetary allocation over the next two years of \$30,000 per annum from PLEDGE to ensure that Quick Start is available as needed to assist companies at PLEDGE sites. This amount should allow 15 companies at Pledge sites to train up to 20 persons each using the Quick Start methodology. Pledge has also committed to training trainers at three technical training institutes, to support the efforts of NES (May 2001).

The evaluation team visited a Quick Start site in Sofia where eight workers were being retrained to provide care to sick, elderly and disabled people in line with the new Health Care reform recently announced by the government. The Social Work Agency Kalina 12 had requested training from the National Employment Services for the eight women (31 days, 6 hours per day, carried out by lecturers from the Sofia Medical Academy). The company has hired the new employees (7 of the 8 were previously unemployed) for a 10-bed hospice they are opening. The company has guaranteed employment to the women for at least 9 months after training.

According to the NES Quick Start coordinator, the Quick Start program in Bulgaria is aimed at moving low-skilled, manual laborers off unemployment into jobs that last or will transfer. The program is designed in close coordination with the employers whose feedback on the programs implemented to date has been extremely positive. Companies learn about the availability of training from their local labor offices. Many of the companies having requested Quick Start training are Bulgarian firms working for European companies who export their goods. Many of these European partner companies have also commented on the quality of the training provided by Quick Start.



**TABLE 6: QUICK START TRAINING COURSES DELIVERED IN BULGARIA** Source: C. Smileva, Quick Start National Coordinator for Bulgaria

Municipality	Industry	Company	Training	Duration	# Trained	# Hired	# Retained Jobs	Training Costs	Date
1. Bourgas	Knitted wear	ET "Atan" At. Zhelev	Knitting machine	45 days	10	10	8	156 BGN	1998
2. Varna	Dress-making firm	"Drujba – Stil"	Seamstresses	60 days	20	18	16	152 BGN	1998
3. Varna	Dress-making firm	AD "Drujba – Stil"	Seamstresses	45 days	15	15	10	152 BGN	1998
4. Vetrino	Dress-making firm	Shop in Belogradets	Seamstresses	50 days	11	8	8	152 BGN	1998
5. Varna	Dress-making firm	AD "Drujba – Stil"	Seamstresses	45 days	10	9	8	152 BGN	1998
6. Varna	Dress-making firm	Shop in Belogradets	Seamstresses	40 days	15	14	14	152 BGN	1998
7. Varna	Printing Industry	AD "Chaika"	Offset machine	60 days	10	9	8	203 BGN	1998
8. Ruse	Production of wire and nails	AD "Jiti"	Automatic nail machine	45 days	11	10	No data	200 BGN	1998
9. Ruse	Production of wadding	AD "Uta"	Wadding machine	35 days	10	10	9	206 BGN	1998
10. Karlovo	Dress-making	EOOD "Duga– TSA"	Seamstresses	20 days	20	20	18	180 BGN	1999
11. Stara Zagora	Automobile Company	EOOD "Autotex"	Automechanic	20 days	12	12	8	160 BGN	1999
12. Karlovo	Dress-making firm	"E. Walters Bulgaria"	Seamstresses	25 days	20	20	20	180 BGN	1999
13. Velingrad	Dress-making	"Sutex" OOD	Seamstresses	20 days	21	19	18	50 BGN	2000
14. Sofia	Dress-making	"Vitosha" AD	Seamstresses	20 days	20	18	18	50 BGN	2000
15. Pleven	Construction Works	"BGOС"	Ceramics	20 days	8	5	No data	30 BGN	2000
16. Yambol	Shoe Manufacturing	PK "Damyanov"	Shoemakers	20 days	10	9	No data	43 BGN	2000
17. Varna	Dress-making	"Drujba – Stil"	Seamstresses	20 days	20	18	No data	50 BGN	2000
18. Lukovit	Dress-making	"Vitavel" EOOD	Seamstresses	25 days	30	30	30	100 BGN	2000
19. Lukovit	Dress-making	"New Chance"	Seamstresses	30 days	20	20	No data	50 BGN	2000
20. Sofia	Dress-making	"Kozmos Textile"	Sewing machine	30 days	25	25	18	154 BGN	2000
21. Pernik	Herb pickers	Municipality of Dren	Herb pickers	35 days	16	Self-employed		198 BGN	2001
22. Pernik	Herb pickers	Dolni Dabnik Municipality	Herb pickers	25 days	4	Self employed		198 BGN	2001
23. Sofia	Social activities	"Kalina" Agency	Social workers	22 days	8	8	8	198 BGN	2001
24. Sofia	Pension fund	POK "Suglasie"	Insurance agents	25 days	12	12	12	200 BGN	2001

## **b) Factors affecting implementation:**

### *Availability of funds from the National Training/Retraining Fund*

Employers who are not located at Pledge sites are dependent on funding from the National Training/Retraining Fund. This fund is constituted from fees paid by companies on profits and is intended to benefit employers with training or retraining needs. However, this fund has been used in the past to pay for pensions. Although the Ministry of Labor has affirmed that the fund will be utilized henceforth as originally intended, there is concern that this may take time. In fact, during the evaluators' trip to Bulgaria, it was unexpectedly announced that disbursements for training and retraining programs under the Fund had been suspended indefinitely.

### *Lack of follow-up to determine retention rate of trainees after the mandatory employment period*

There has been no assessment to date to determine how many of the 350 employed and unemployed persons trained under Quick Start have been retained in their jobs beyond the mandatory period of employment agreed to by their employer (usually 8 to 12 months).<sup>13</sup> It would be useful to carry out such an assessment which should also evaluate the quality of the training and suggestions for improvement, in order to better understand what works best with different types of trainees and skills requirements.

## **D. PROJECT IMPACT**

### **1. Community Empowerment**

As a process-oriented objective, community empowerment is difficult to measure quantitatively, as compared to economic growth objectives whose impact can be gauged in terms of numbers of new jobs, new business starts, business expansions, etc. Nonetheless, in every community team meeting and at every focus group, the first and most significant benefit of the LED/PLEDGE activities cited by participants was the creation of a community partnership which focused their attention on local economic development needs. For most communities, it was the first time that such a diverse group of local government, private sector and NGO representatives had come together to discuss ways of strengthening their community. In eight of the nine sites visited, that cooperation had been extremely productive and there was clear commitment to continuing to work as a team. Even in the ninth site (Cisnadie, Romania) where relations between the municipality and the business sector were very tense, both parties recognized the importance of meeting together to better understand each other's perspective.

Community empowerment is best understood as the ability to utilize effectively and successfully the local economic development tools and analytical process prescribed in the four LED workshops implemented under the project. To date, the projects in Romania and Bulgaria do not have standardized performance indicators to track community empowerment. One of the objectives of this evaluation is to provide recommendations which would feed into ongoing

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<sup>13</sup> The U.S. Job Training Partnership Act (JTPA) requires an even shorter retention period than the 8-12 months required in Bulgaria. In certain situations in the U.S., the mandatory retention period is as short as 90 days after training.

USDOL efforts to design a comprehensive performance measurement system for its international programs. Project staff currently track LED capacity building results in terms of outputs, i.e. number of training workshops, number of project proposals completed and funded, number of project ideas generated and number of project partners. Tables 7 and 8 present this data for Round 1 sites and for subsequent rounds as available.

**Table 7: Implementation Outputs, Round 1**

Country	Round 1 Sites	# trained in LED process	# task forces created for LED	# project ideas generated	# of project partners
Romania	7	201	7 including four new NGOs	35	23
Bulgaria	9	232	9 including 4 new NGOs	40	107

**Table 8: Implementation Outputs, Round 1-3 as available**

Country	Number of sites	# trained in LED process	# project ideas generated	# project partners	Volunteer assistance
Romania	35	1,350	120 (Rounds 1 and 2 only)	67 (R 1 and 2 only)	26 local employment agency staff work w/projects
Bulgaria	29	748	120 (Rounds 1-3)	249 <i>thus far</i>	58 IAS volunteers from public, private and NGO sectors

Beyond this project implementation output data, the evaluation team took note that in most instances, the project action teams are well balanced (tripartite representation- local government, private sector and NGOs), participation is stable among action team members (continuity), local ownership is taking root (communities are making decisions on their own and filing regular monitoring reports and keeping accurate books), and that the community is using the LED tools to develop other projects and pursue other funding (second tier projects are being marketed and funds from other multilateral and bilateral donors and certain private business concerns have been requested and, in some instances, received). This information should be part of the new performance monitoring system now under discussion (see Section V.B below).

The following statements from persons interviewed at the sites visited testifies to the broad-based and strong enthusiasm for the LED community empowerment process:

## Romania:

### Medgidia-

Revolving loan fund financed 6 enterprises creating 22 new jobs and 1 new firm during its first phase.

*“This project has contributed to the maturity of the social partners in our community; we learned that to find solutions to our problems, we must have real involvement.”*

### Campulung-

Construction of a ice/roller skating rink as the first phase of a major rehabilitation of a community recreation center including income generating concessions.

*“Everyone in the community is interested in this project.”*

### Busteni-

Revolving loan fund allowed 4 local SMEs to lease/purchase equipment used for OJT training for 62 persons and creating 39 new jobs during its first phase of leasing.

*“This is the first time our community came together to analyze its own situation and to develop its own solutions.”*

### Cisnadia-

Creation of information center to support additional LED projects, after much contention.

*“The LED training experience helped us shape a plan for the community..we had never tried this approach before. It is good for the entire community. We must find strategies where the partnership is strongest between the local government and the private sector. The LED training served to bring these two groups together.”*

## **Bulgaria:**

### **Rakitovo:**

Planting of 30 acres of uncultivated land with oil-yielding lavender plants

*“When you discuss the goal of PLEDGE, you must focus on the PLEDGE philosophy...you could consider PLEDGE as a grant of \$20,000 to plant lavender on 20 dka of land, but PLEDGE was much more- it gave us a new view of problem solving for local economic development. It changed our way of thinking.”*

### **Smolyan:**

Restoration of traditional craftsmen’s center with artisan workshops

*“The process helped us design something that is more than a simple restoration; it is a project to help fulfill young people from our region- it is a link between tradition and the future. The community really wants to make this special. Life is difficult here but we are optimistic. Many people want to help promote and publicize this project. It will be something truly unique in Southern Bulgaria.”*

### **Dimitrovgrad:**

Creation of business information center to promote SME development

*“We were pessimistic at the outset but after the first workshop we had team spirit within a very mixed group of labor unions, municipal representatives, SMEs, banking officials, school teachers, employment agency staff. That group generated 24 project ideas and then agreed on one. That one will help us implement the other 23.”*

### **Stara Zagora:**

Creation of new academic major within local university

*“I had never before participated in such a group; the methodology was totally new. I have used it other working groups which focus on regional economic development.”*

### **Nova Zagora:**

Provision of fresh water and sewage disposal system in agricultural complex

*“I believe that when people are put in a position to make decisions that they must defend, it helps them break down stereotypes. Pledge helped us move away from old ways of thinking. We learned to bring all our ideas and then work together for the best ones. We have all learned a great deal.”*

Institutional stakeholders also had strong feelings about the value of the LED process:

**National Employment Agency/Romania:**

*“The most effective part of the LED program in Romania is the process training through workshops. Many other communities have ideas but they are not able to put them into operation...we want to have one person in every local employment agency throughout Romania trained in the LED process.”*

**USAID/Bulgaria:**

*“This project is the only program that goes to the most underdeveloped communities to try to promote community development in areas which have been marginalized in both former and present systems.”*

**Minister of Labor/Bulgaria:**

*“Pledge does two things in the communities it works in: it encourages the community to select a project which will generate employment and it brings together individuals, institutions and agencies as partners. Pledge builds capacity in the community. Many other projects bring their experts and when they leave, nothing remains. It is often more important that capacity building take place than the project activity itself. Another uniqueness of PLEDGE is that it can be replicated in every small town in Bulgaria.”*

**2. Local Economic Development**

**a) Economic Growth**

Some of the stakeholders interviewed weighed the potential value of the project solely in terms of job creation and new business development. Round 1 actual results to date in Table 9 suggest that the project has served to create new jobs (19.7 per Round 1 site in Romania; 16.8 per Round 1 site in Bulgaria) and to contribute to new business development. In the case of Romania, project data indicates that the project to date has surpassed its planned results on two of the three measures of economic growth on which they report data.

**Table 9. Round 1: Economic Growth: preliminary findings**

	<b>New Jobs* (direct, indirect)</b>	<b>Temporary Jobs</b>	<b>New Business Starts</b>	<b>Business Expansion</b>
Romania	138	12	7	
Bulgaria	151		2	1
Total	289	12	9	1

\* actual jobs created to date

**TABLE 10. Planned vs. Achieved Results – Romania Round 1**

<b>ROMANIA</b>	<b>Expected results</b>	<b>Achieved results*</b>
New Jobs (direct and indirect)	116	138
Temporary jobs	10	12
New business starts	8	7
Business expansions	No data reported	No data reported

\* **results achieved to date**

Another way to value the project’s economic growth impact is to look at the additional economic gains resulting from investments in job creation, where the gains are defined as averted unemployment compensation. Unemployment compensation in Romania is approximately \$480/year per person; in Bulgaria it is approximately to \$450/year per person.<sup>14</sup> As will be discussed in the “Return on Investment” section of the report below, the average cost of each new job in Round 1 was \$3,208 for Romania and \$2,353 for Bulgaria. If the unemployment compensation per person is divided by the cost of getting one person a job (e.g., \$480/\$3,208 in Romania), the average dollar savings in unemployment costs per dollar spent to get a person a job is obtained. For Romania that figure is \$.15; for Bulgaria it is \$.19; the average for both countries is \$.17. In addition to pumping wages earned by each new employee into the local economy to stimulate further economic growth, the data suggest that each dollar spent to create a new job had the additional benefit of saving money that otherwise would be spent on unemployment compensation.

Other potential project benefits are the multiplier effects of the new wages from the new jobs on the local economy. Each dollar earned can be expected to stimulate local economic activity in the form of new or expanded goods and services. These new wages also will potentially boost local tax revenues, thus enhancing the community’s resource base for new social investments.

It is evident that a larger strategic question which is outside the scope of work of this evaluation is whether the impact in terms of numbers of jobs created is adequate to meet the economic growth expectations of USDOL and USAID, in return for the funds invested. Estimations of total job creation in the 35 sites served in Romania are approximately 600 jobs, while estimations for the 29 sites served in Bulgaria are approximately 970 jobs. Total projects costs for both sites under the current IAA are some \$2.85 million, of which at least 10% could be assumed to be allocated to the non-LED SEED-funded labor adjustment initiatives. While the per job cost thus obtained for LED (\$1634) is reasonable and even lower than that of other similar efforts in the region (see below), it might also be argued that a total of 1570 jobs created seems slight in comparison to the massive layoffs which have taken place and will most likely accelerate in both Romania and Bulgaria.

<sup>14</sup> Unemployment benefits are only paid for one year after layoffs.

**b) Project Return on Investment**

The LED project is labor intensive in general. Round 1 total expenditures per site were particularly high because of the cost of expatriate technical assistance for workshop implementation. Per data provided by project staff, Round 1 per site costs were approximately \$77,000 in Romania and \$40,000 in Bulgaria. The cost differential is due to the lower overhead costs in Bulgaria and the smaller size of the per-site grant. Per site costs fell to \$48,000 in Romania and to \$28,000 in Bulgaria in Round 2 once local capacity for training was installed. Using Round 1 and Round 2 figures, the following return on investment is obtained in terms of cost per job based on the *average estimated numbers of jobs to be created* (Table 11):

**Table 11: Return on investment (average per job cost- Rounds 1 and 2)<sup>15</sup>**

Country	Average # of new jobs per site, Round 1*	Average per site project costs, Round 1	Average cost per new job, Round 1	Average # of new jobs per site, Round 2*	Average per site project costs, Round 2	Average cost per new job, Round 2	Average cost of new job, Rounds 1, 2
Romania	24	\$77,000	\$3,208	22	\$48,000	\$2,182	\$2,695
Bulgaria	17	\$40,000	\$2,353	20	\$28,000	\$1,400	\$1,877
Average	21	\$58,500	\$2,786	21	\$38,000	\$1,810	\$2,298

\* *average estimated number of new jobs to be created per round*

***Projected total job creation- Rounds 1- 3***

Estimates of total long term job creation in the 35 sites served in Romania are 600 jobs, while estimates for the 29 sites served in Bulgaria are 970 jobs.<sup>16</sup> Total projects costs for both sites under the current IAA, inclusive of the other labor adjustment components financed by SEED, are \$2.85 million (\$1.65 million for Romania; \$1.2 million for Bulgaria). If 10% of total projects costs are assumed for non-LED labor adjustment activities (Rapid Response and Quick Start), **the estimated per job cost thus obtained for all three rounds is \$1,634** (\$2,565,000 divided by 1570 jobs) .

The European Union calculates an average cost for new job creation under its Phare programs (ANDR and RICOP) of 2,700 euro (*approximately US \$2400*), with a maximum of 5,000 euros

<sup>15</sup> The lower average cost per job created in Bulgaria as compared to Romania does not necessarily imply greater program efficiency. Per site costs in Romania are \$10,000 higher than in Bulgaria due to the size of its LED grant (\$30,000 vs. \$20,000 in Bulgaria). Costs are also higher in Romania due to the professional, paid IAS staff which provides substantial post-workshop monitoring and technical assistance to each LED site. The evaluation timeframe did not permit the evaluators to assess the relative quality or impact of services provided by the professional IAS staff in Romania as compared to the volunteer staff in Bulgaria, nor was this part of the scope of work. This is an element of program design which USDOL might wish to evaluate more closely in order to inform the LED process in other countries.

<sup>16</sup> Pledge estimates that up to 240 additional jobs may be created over time from Round 1 alternative project proposals that may find funding.



(approximately US \$4,435).<sup>17</sup> On this basis, the LED initiatives *on average* have achieved an acceptable return on investment from the standpoint of cost of job creation. This is exclusive of the more subjective benefit of community empowerment which most project participants cite as more important than job creation. Given that most communities believe they will continue to utilize the LED process to identify and fund new projects, create new jobs and attract more external investment, the relative return on investment would be even higher over time.

Measures to lower the cost of per site training implementation and monitoring would increase the return on investment, which could free up additional resources to allow more new communities to take part in the program. However, lower per job costs per site do not necessarily imply greater implementation efficiency since the LED projects do require ongoing monitoring and technical assistance, as noted earlier and in footnote 15.

Targeting a minimum number of jobs created per site (15 to 20) would help to maintain a competitive cost of new job creation (at least when compared with local EU programs). Project staff may wish to encourage communities to consider this factor in evaluating community proposals. (Projects under the current LED rounds which fall below the 15-20 jobs created range are those involving business or information centers.)<sup>18</sup>

### **3. Sustainability**

#### **a) Project sustainability**

Fewer than 25% the LED projects in Romania or Bulgaria are completely funded at this point. It is therefore difficult and premature to speak of long term sustainability. Even the projects which appear to be the most promising at this stage are still subject to unpredictable downturns. Nonetheless, the following four factors appear to be the best predictors for long term sustainability and a high level of local ownership:

- Formal associations created by community partners
- Private investment in community project
- Local government investment in community project
- Attraction of external funding to the project or to new projects

While this data is not currently collected in detail for every project, the team did obtain information about general trends. Of the four sites visited in Romania, all have some degree of private and local government direct investment in the LED projects; three have created formal

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<sup>17</sup> Figures from European Union RICOP project document (Enterprise Restructuring and Employment Conversion Program) which aims to serve 60,000 displaced workers through “active measures programs in 17 counties in Romania that are heavily affected by layoffs or are economically disadvantaged or monoindustry zones.”

<sup>18</sup> Both WSI and USAID/Bulgaria objected to setting minimum job creation targets “given the broader project objective of learning a development process and instilling local initiative.”

associations to implement the project and three have attracted external funding to their projects. Of the five sites visited in Bulgaria, all have attracted some level of private and local investment in the LED projects, two have created formal associations for implementation and four have attracted additional external funding.<sup>19</sup> These are noteworthy results, at this early stage of project development.

Although the ability to attract additional external funding to the projects or new projects was identified as an indicator of project sustainability, the team felt that a cautionary note should be raised regarding projects whose primary objective is attracting external funding. In one instance in particular (Cisnădie, Romania), the project objective was to create an Information Center whose function was to seek donor support for a long list of other projects. Given that the community is very small and faces serious economic difficulties, the Center may have difficulty achieving this objective. It is suggested also that business/information center projects might be better adapted for larger communities, while smaller communities might benefit from more practical and focused initiatives, e.g. strengthening of local production or agricultural SMEs.

#### **b) Institutionalization of the LED process**

Another measure of LED sustainability is the degree of institutionalization of the LED process within local counterpart agencies (public or private) in each country.<sup>20</sup> The team found the following indications of institutionalization in each country:

**Romania:** The National Employment Agency (NEA) has created three formal task forces to ensure the creation of local capacity to implement Active Measures (World Bank project), Pre-layoff Services and LED. According to testimony from LRP project staff, the NEA attitude has changed dramatically from a single focus on unemployment services to a more open and proactive approach to labor redeployment. In the case of Active Measures, funded under the World Bank project, the GOR voluntarily increased its budget allocation in 2 years from 2 to 13%. For Pre-layoff Services and LED, the government has allocated human resources at the present time to the task forces (8 and 19 members respectively).

NEA institutional support for LED is very recent but this may be explained in part by the recent change in government with the resultant shuffle in senior ministry officials who needed time to develop their own strategy. Although the NEA Deputy Director did indicate to the LRP project director on March 26 that NEA intends to integrate the LED program into their active measures

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<sup>19</sup> . The total amount of additional external grants obtained by the Round 1 communities in Bulgaria to date is \$52,000. This means that Round 1 sites have leveraged nearly 30% of the total amount of their original grants (\$180,000) and have recovered nearly 15% of total LED project expenditures (\$360,000) within one year of the start date of project implementation.

<sup>20</sup> . Most community economic development programs in the United States are not federalized. They are designed and implemented primarily by local or regional NGOs, although the latter often seek federal and/or state funding. The USDOL LED program, as a grass-roots, community level activity, can be an important complement to national level economic development or policy reform programs. This is the case for certain U.S. federal programs, such as the Department of Housing and Urban Development's Enterprise Zone project, the Department of Commerce's Economic Development Administration and certain community-level programs launched by the Small Business Administration.

initiatives so that funding will continue to be available for new programs, this strategy has not yet been confirmed in writing.

The task force members within NEA have high praise for their LRP counterparts and their programs. One Pre-layoff Services task force member stated: “Every technical assistance program we have participated in with LRP has given us new ideas which we are eager to assimilate. These experiences makes us feel one to two steps ahead of others involved in employment programs.”

**Bulgaria:** PLEDGE is slated to continue as an independent project for the next two years, with USAID SEED funding. However, the Ministry of Labor has asked to work in partnership with PLEDGE to utilize resources under the National Solidarity Fund for strategic community economic development projects. A core team of 58 IAS in Bulgaria has also been trained in the PLEDGE process and is already carrying out ongoing project monitoring at the sites which they backstop. (Note: The evaluation did not assess the effectiveness of the monitoring and technical assistance services provided by the team of volunteer IAS in Bulgaria. It would be very useful to evaluate their services in order to determine needs for additional training and for coordination with NES or other NGOs).

As regards Quick Start, PLEDGE has achieved a significant degree of institutionalization within the National Employment Services through the training of 122 Quick Start job analysis experts. NES readily acknowledges that this represents a significant change in mentality in Bulgaria where previously employment services considered that longer and more formal job training programs were required to bring employees up to speed for new technologies or skills.

#### **4. Other impacts**

##### ***Decentralization:***

The USDOL projects in Romania and Bulgaria have made a significant contribution to the process of decentralization of employment services to the local level. By focusing their efforts from the very beginning on training and involving representatives from the local employment agencies in their projects, the USDOL initiatives have helped convince national level agencies that services can be decentralized and that local staff can provide valuable feedback regarding program implementation and effectiveness.

The creation of three task forces in Romania, made up of local employment agency representatives who advise the national agency on employment issues and programs, has done much to reinforce the partnerships between local and national staff. A key achievement was the drafting and adoption of a complete Pre-layoff Services Manual by local staff.

In Bulgaria, the skills transfer for the implementation of the Quick Start program to 122 local employment services staff throughout the country is another example of the USDOL project’s meaningful contribution to decentralization of employment services.

## 5. Project impact in Hungary

The evaluation team did not collect data on the Hungary Project but felt that the experience there offered some interesting observations. The following information on the Hungary LED Project (known as the Community Economic Renewal Component, CER), is provided here for comparison purpose.<sup>21</sup>

Project timeframe:	3 years
Communities assisted:	36 (ranging in size from 3,500 to 80,000)
Economic growth indicators:	867 workers obtained new jobs 156 workers retained their jobs 781 workers received training 92 entrepreneurs started new businesses
Community empowerment:	56 local economic development projects undertaken  12 times the amount of US financial support leveraged from other sources <sup>22</sup> , including mayor's offices, county development councils, Phare, National Employment Foundation, Ministry of Agricultural and Rural Development, Telecottage Foundation
Sustainability:	Launch in late 1998 of centrally funded LED program administered by the National Employment Foundation (100 million forint)

The LED projects in Romania and Bulgaria have been underway for only 18 to 24 months, as compared to the three year period of experience with the Hungary project when it was evaluated. The only indicator which can be compared across projects at this stage is the figure on jobs created. The figure of 867 workers having obtained new jobs in Hungary in 36 projects after three years compares reasonably well with the current projections of 600 jobs in Romania and 970 in Bulgaria, particularly when the economic dynamism of Hungary is factored in (as compared to the slower and more traditional economies of Romania and Bulgaria).

**It would be very useful for the project staff and IAS in Romania and Bulgaria to have more information about the characteristics, achievements and sustainability of the 56 LED projects in Hungary.** Such information could assist them to better select project sites and to better advise the LED community action teams.

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<sup>21</sup> Hansen, Gary, "Results of the Hungary Rapid Response Project, 1994-1999, USDOL/WS, 8/22/99.

<sup>22</sup> The evaluation cited did not specify whether the amount of support leveraged was in cash or in kind. Figures for in-kind contributions of time from volunteer IAS in Bulgaria and its value on the job market do exist and will be useful in calculating the capacity for leveraging additional support for LED programs under the PLEDGE project.

## **E. MONITORING AND EVALUATION PROCESSES BY COUNTRY AND BY SITE**

Both the Romania and Bulgaria project offices have developed procedures to monitor the implementation of their activities and report on progress in meeting target results. Romania in particular has set up a detailed database for monitoring and evaluation. It is obvious that monitoring and evaluation is an important priority; a staff member trained in Excel database development and analysis is assigned to the task. The trained regional representatives/IAS facilitate the process in their communities and report monitoring and results data to the project office where it is organized in the project database and incorporated into progress reporting.

The Romanian project tracks project costs by a number of categories: overhead expenses (salaries, rent, etc.); training workshop expenses; grants to communities; monitoring costs; miscellaneous expenses; and foreign technical assistance. These costs are tracked by site and for the entire project. In addition, project results are tracked by planned vs. realized outcomes according to various categories, such as job creation, new business starts, project activities in each community, materials prepared, local development projects, revolving loan procedures in place, etc. Every project activity and its expected result is monitored. The information from the process is reported in an easily digestible format for use by management and for reporting.

Local capacity in Bulgaria project sites to monitor and evaluate activities is uneven. The IAS corps has performed this role to date. Most sites say they will monitor the expected results contained in their business or action plans but so far lack a systematic process for data collection and analysis. This weakness is acknowledged in the PLEDGE project office. Plans to provide monitoring and evaluation TA to assist the local projects were discussed. The project director stated that expanding this capacity is part of her eventual exit strategy.

While project management in the Bulgaria project office acknowledges the need for systematic monitoring and evaluation, the technical capacity evident in Romania is not present to the same degree in Bulgaria. Much of the same information is available, but in a less organized, less readily available and easily comprehensible format. The evaluators had the impression that the project had the requisite information, because they report it in the numerous progress reports they prepare, but that it was not archived and formatted for easy retrieval and reporting. Project management recognizes that monitoring and evaluation is an area which needs strengthening.

The concerns expressed for local monitoring and evaluation in Romania apply with equal force in Bulgaria. The problem is more acute in Bulgaria because of the reliance on local IAS volunteers. Our field visits confirmed that not all sites were equally endowed with the same level of volunteer commitment and capacity. In fact, volunteer turnover or non-performance was mentioned as a serious problem in at least one of the Bulgaria sites visited.

The evaluators did not assess in detail financial monitoring and reporting systems in the two countries. A cursory review of financial reports as prepared by the community action teams and as tracked by project offices was carried out. The systems in place appeared adequate to ensure that costs are both allowable and authorized.

## V. EVALUATION RECOMMENDATIONS

The recommendations made by the evaluation team are listed here in order of relative priority.

### A. IMPROVE PROJECT MONITORING, EVALUATION AND REPORTING

All project stakeholders and participants should recognize that monitoring and evaluation systems are a priority for project sustainability because they lead to **better overall management** (financial, implementation, etc.) and, *inter alia*, they allow project managers to better communicate project content, intent and performance. Better communication of these elements in turn enhances prospects for achieving greater credibility and attracting additional funding. For these reasons, improved project monitoring, evaluation and reporting is ranked as a high priority by the evaluation team.

#### 1. Performance monitoring process

It is recommended that the Romania and Bulgaria project offices reach agreement in consultation with USDOL and USAID on a **common set of performance indicators** for similarly labeled project activities such as LED. This would enable more credible performance comparisons across projects in order to identify effective action and use of this information to strengthen implementation at other project sites. The results matrix approach developed by the Romania project office provides a good a good starting point for this recommendation. It includes measures in three broad performance categories:

- Community empowerment: establishment of participatory processes for community problem definition and decision making on appropriate community actions to advance local economic growth;
- Local economic growth: strategic planning for new job creation, new business development and business expansion;
- Sustainability: national and local ownership and institutionalization of community empowerment processes.

Each project office should establish a **monitoring and evaluation database**, with a person assigned to its maintenance, which organizes performance data on project activities for easy retrieval and reporting. The Romania project has developed such a database; the Bulgaria office is working on its own version. Approaches should be compared and standardized in line with the common performance indicators. Project staff should be trained to maintain the database.

USDOL, USAID and WSI should jointly decide on a **progress-reporting scheme that clarifies necessary information channels** to ensure that principal stakeholders have ready access to the same basic performance information. This would minimize unnecessary reporting duplication and help conserve project management resources. Ideally this plan would also specify the minimum-essential information to be reported, a set reporting schedule and a timely feedback process to the projects so they can benefit from the oversight and make appropriate implementation adjustments. A stipulation to the plan should be that any modifications to the reporting plan (e.g., new or additional reporting requirements) would be made on an annual basis through suitable dialogue involving the principal stakeholders.

Movement towards sustainability should begin by a concerted effort to **prepare communities and national agencies to develop and maintain their own monitoring and evaluation systems**. Appropriate technical assistance should be provided to project offices and IAS in both countries so they can generate the minimally-essential performance data for a national database and begin to build up their own monitoring and evaluation capacity that will continue beyond the end of donor funding in order to support project sustainability. Both countries need this assistance, but especially Bulgaria. National agencies (e.g., National Employment Service) should be included in this capacity-building endeavor, especially if they are to become the data repository for performance information pertaining to the project activities (e.g., local economic growth, laid-off worker assistance) following donor departure.

Project staff lamented the fact that they have to prepare different progress reports for different donors, which they view as an inefficient use of project management resources. Much of the difference relates to the formats of the reports, rather than substance, which should be relatively easy to synchronize into a standardized reporting document. The team recommends that USAID and USDOL develop a standardized reporting procedure that minimizes reporting inefficiencies while ensuring that both parties receive the information they need to oversee the project.

## **2. Recommended Performance Indicators for Each Type of Activity**

### **a) Local Economic Development (LED)**

As suggested earlier, an issue relevant to recommending performance indicators is the fact that different stakeholders view the project from dissimilar performance expectations. Some see the project solely as a job creation effort, so they tend to define results as new jobs created. Others view the project as developing the means that will eventually produce new jobs, so they look for evidence that new community dialogue processes have been installed. In this section the team recommends indicators that respond to the need for a performance measurement strategy that meets both types of information needs.

The last section mentioned three categories of project activity – community empowerment; local economic growth; and sustainability. During the site visits the team asked project management and staff for suggestions on suitable performance indicators for the project. The team also reflected on its own field observations, reviewed the SOW for the evaluation and checked literature on the topic to develop the recommended measures presented below. The team has restricted recommendations to the *minimum-essential set of indicators* to track performance without imposing an unnecessary load on project management. Recommended indicators are arranged according to the three categories and presented in Tables 12, 13 and 14. Appendix F provides a more detailed discussion of indicator definitions, issues and rationale.

The team has not included in this report specific monitoring instruments due to the fact that planning and monitoring and evaluation tools are currently under development at USDOL, with external assistance. The suggested indicators, once reviewed and amended as needed by project staff, could be included in the new USDOL tools (revised project matrix, performance monitoring plan) An initial USDOL M&E workshop was held in Washington in April for all USDOL/ILAB projects. Work with project staff will continue through August 2001.

**Table 12: Recommended LED Performance Indicators** <sup>23</sup>

<b>Performance Category</b>	<b>Performance Indicators</b>
<b>Community Empowerment</b>	<ul style="list-style-type: none"> <li>✓ Community establishes continuing forum for community development based on project principles (yes/no)</li> <li>✓ # proposals generated by community using LED processto boost local economic growth</li> <li>✓ # / % proposals generated which are funded and implemented</li> </ul>
<b>Local Economic Growth</b>	<ul style="list-style-type: none"> <li>✓ # new jobs– full and part-time– created as result of project activities</li> <li>✓ # new temporary jobs created</li> <li>✓ # new business start-ups</li> <li>✓ #/% of firms assisted experiencing at least 10% growth in annual turnover</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>✓ Formal associations created by community partners for implementation (yes/no)</li> <li>✓ Value/% of total funding of local government contribution (financial and in kind)</li> <li>✓ Value/% of total funding of local private investment (financial and in kind)</li> <li>✓ Value/% of total of funds attracted from other sources to continue project initiatives.</li> </ul>

<sup>23</sup> WSI suggested an additional indicator for Local Economic Growth to measure the number of jobs and businesses preserved through the LED intervention. This indicator poses the challenge of determining objectively which jobs/businesses were preserved through LED as opposed to other forms of support and as compared to non-assisted firms. If this indicator were added, one means of measurement would be to interview each assisted firm’s owner at the end of the project implementation period (usually one year) to determine whether he/she regarded LED as a significant factor in preserving his/her firm and to assess how many jobs were saved through the LED intervention. A simpler, though less sensitive measure, would be to track the number of businesses in a community that fail or close. Over time, one would expect to see fewer closures, i.e., better retention of businesses.



### 3. Rapid Response Indicators

**Table 13: Recommended Rapid Response Indicators**

<b>Performance Category</b>	<b>Performance Indicators</b>
<b>Increase employment and employability of target workforce</b>	<p>#/% of firms facing downsizing or restructuring that used RR/Pre-layoff Program mechanisms/services, per year</p> <p>#/% of displaced workers receiving RR/Pre-layoff Program services, per year and site</p> <p>#/% of displaced workers who received RR/Pre-layoff Program services that subsequently obtained new (non-temporary) full or part-time job, per year and site</p> <p>#/% of displaced workers who received RR/Pre-layoff Program services who started their own businesses, per year and site</p>

*\*RR/Pre-layoff Program* refers to the LRP services provided in collaboration with local employment agencies, as discussed earlier in this report

### 4. Quick Start (QS) Indicators

**Table 14: Recommended Quick Start Indicators**

<b>Performance Category</b>	<b>Performance Indicators</b>
<b>Strengthen business competitiveness</b>	<p># of workers retrained using QS technology, per year by site</p> <p># of QS-trained workers retained by employers beyond required timeframe per year by site</p> <p># months retained beyond required timeframe per year by site</p>

## **B. INCREASE COORDINATION AMONG USDOL, USAID AND WSI**

The following recommendations are made to improve project management communications and coordination among USDOL, USAID and WSI:

### ***1. Integrate USDOL programs into USAID strategic objectives and increase information exchange with relevant USAID SO teams***

It appears that substantial benefits derive from integrating the USDOL-implemented projects into USAID country strategies and portfolios. The evaluators recommend that WSI, USDOL and

USAID/Romania work together to integrate the project explicitly within the Mission country strategy which should help to enhance active coordination with other Mission SO activities, such as LGI and CHF. It is also recommended that a LRP Advisory Committee be created in which USAID/Romania would take a lead role.

In both countries, it is recommended that USAID EG, LGI and DG advisors meet with LED project staff at regular intervals in order to cross-fertilize, provide additional technical expertise and ensure conformity with USAID policy.

## ***2. Ensure open and timely communications***

A schedule which respects minimum lead times should be established annually for recurrent project activities (SEED funding proposals, conferences, reports) to ensure that planning begins in a timely fashion and that all parties are aware of deadlines well in advance. USDOL should continue the process begun this year of consultations with WSI project directors on proposed SEED proposals, utilizing standardized formats and budget categories to streamline the process.

A protocol should be established among USDOL and WSI in particular regarding responsibilities and communications lines with project staff in the field.

More regular communications would be helpful between USAID/Washington and USAID Missions regarding budgetary and strategic planning priorities and agreements made with project directors in the field.

## ***3. Invite USAID to participate in all USDOL regional meetings.***

This will increase the flow of communications and improve the shared understanding of project purpose and implementation issues. This is particularly critical for the formulation of an exit strategy that ensures future sustainability.

## **C. IMPROVE PROGRAM IMPLEMENTATION**

Although project implementation has generally produced good results to date, the following recommendations on ways to improve implementation are offered based on suggestions from the field and the team's own experience with local economic and private sector development initiatives. The seven measures below are rank ordered according to priority. Work has already begun on certain of these recommendations.

- 1. Increase national networking and develop an advocacy capacity:*** create networking opportunities (physical/virtual) among sites in each country; bring the leadership of LED projects together countrywide at least every six months; create a forum for advocacy of community development issues with national/regional public entities; provide training in advocacy to the forum.
- 2. Ensure medium and long term community project planning:*** require that community business plans include cash flow projections for first 3-5 years of operation to ensure that assumptions regarding revenue generation or additional external funding are realistic; this is

particularly critical for project types such as business centers in smaller communities given their lower potential for direct job creation and the inherent difficulty in generating adequate fees for services to cover operating costs.

3. ***Increase community project public relations (promotion)***: ensure regular promotion of project in community; including media coverage on local/national level; consider awarding an annual prize to the outstanding LED community in each country; develop a guide for project public relations to be distributed to all new LED sites.
4. ***Create a LED virtual information center***: design an on-line LED project database, including standardized information on community project profiles, drawing from LED success stories in the region (e.g. revolving loan funds), and adding interesting and relevant examples from other countries, including the U.S. (e.g. tourism initiatives). This on-line database should be available to all interested parties- project staff, community action teams, national agencies, NGOs, etc.
5. ***Expand regional networking and use of resources***: (a) organize regional meetings every six months to promote cross fertilization among LED projects, with the agenda proposed to DOL by field staff in order to report on accomplishments, showcase best practices/systems (e.g. Bulgaria's partnership practices; Romania's systems), organize technical sessions for specialized projects (e.g. revolving loan funds in Romania); (b) make greater use of regional resources, particularly Jane Daly as regional advisor; identify a regional monitoring and evaluation advisor to assist projects with monitoring and evaluation requirements and reporting. As necessary, adjust workloads or increase staff to make up for time dedicated to these regional advisory roles.
6. ***Review/revise site selection and community action team criteria***: (a) based on experience from Rounds 1-3, review, revise and rank order the list of site selection criteria considered good predictors for project success (e.g. community size, economic/political characteristics, previous project implementation experience, composition of action team, level of support from local government and private sector); use these criteria as guidelines for site selection for future projects and include in procedures manuals for agencies or NGOs which might assume responsibility for future LED projects; include as reference for other LED programs in the region; (b) require tripartite balance among stakeholders groups in the project action team (local government/private sector/NGOs).
7. ***Improve project financing procedures***: shorten time frame from proposal approval to disbursement of the first tranche of grant funding, in order to maintain enthusiasm and momentum; disburse funds to project sites in dollars where possible to provide hedge against high inflation of the local currencies.

#### **D. ENHANCE PROGRAM SUSTAINABILITY**

The following recommendations are made to increase the potential for long term sustainability of the USDOL initiatives:

1. ***Promote regional information sharing on process sustainability strategies:*** (a) share experiences at regional meetings regarding creation of process-oriented NGOs to continue LED activities, notably the experience in Poland; (b) monitor and evaluate how well former USDOL programs performed in Hungary after their institutionalization within the National Employment Foundation, beginning in late 1998; (c) consider creation of a Community Development Foundation in each country to serve as a repository for LED process capacity and as a catalyst to create an endowment for community LED projects.
2. ***Use performance measurement system to bolster national-level support for USDOL initiatives:*** monitor, evaluate and report to national ministries on achievements of USDOL initiatives, to make the case for increased funding and policy support.
3. ***Promote national labor/employment policy reform:*** ensure that successful USDOL labor adjustment and local economic development programs are written into the long-term National Employment Services strategy.

## **E. DEVELOP AN EXIT STRATEGY**

At the present time, neither project has developed an exit strategy for its LED component. USAID specifically asked that the evaluators consider this issue during the evaluation. The evaluators' initial recommendation, in line with earlier recommendations, is that USAID and USDOL act proactively to initiate constructive dialogue on the topic. After all, they are the IAA partners in this venture and whatever happens, they are responsible for the project's ultimate sustainability. Shaping an effective and durable exit strategy is an obvious opportunity for coordination in strategy formulation. An exit strategy development forum involving USAID, USDOL and WSI should be set up very soon to begin the undertaking. Several action options are listed here for consideration by the stakeholders.

**Romania:** The existing World Bank project is slated to end in June 2001, with a follow-on \$50 million World Bank labor redeployment project under negotiation with the Government of Romania. It was assumed that the follow-on project would continue to involve an external LRP professional team to support the Ministry of Labor and the National Employment Agency on implementation of Active Measures, as under the prior program. This project would include also Local Economic Development and Rapid Response/Pre-layoff Services initiatives.

USAID's current SEED-funded contribution to LRP is scheduled to end in September 2001.

LRP staff felt that continued USAID funding in FY 02 and 03 is needed to ensure ongoing field assistance by the regional representatives to the 35 LED projects of Rounds 1, 2 and 3. The evaluation team agrees that this field assistance serves to increase the likelihood of project sustainability and to enhance the learning process for the SEED-funded LED initiatives in the region.

The evaluation team recommends that SEED funds be allocated for FY 02-03 to ensure that each of the three LED rounds receives monthly field assistance support during its first year of project implementation and on a quarterly basis during the second year. The individual community

action teams should be trained in and be responsible for ongoing project monitoring and reporting. Copies of those reports should be submitted to the LRP project staff and to the NEA.

The issue of institutionalization of the LED process capacity (training, grant supervision, technical assistance) should be discussed among the key stakeholders in Romania to determine interest in continuing to expand LED rounds in Romania. The NEA, in the evaluators' exit meeting, indicated that it wants to include LED as a component under their Active Measures program. Should new LED rounds be implemented through the NEA, it is suggested that stakeholders pay careful attention to the **need for flexibility in LED project implementation**, particularly as concerns project review and approval, grant disbursements and decisions affecting the project schedule. According to project staff and project participants at all the sites visited, this flexibility has been the hallmark and a key factor in the success of the LED programs to date. If NEA bureaucratic restrictions preclude this degree of flexibility, stakeholders may wish to continue working through an external mechanism (e.g. LRP or a national NGO or Community Development Foundation) to ensure the necessary degree of implementation flexibility.

Rapid Response/Pre-layoff Services: capacity for implementing this project component has been institutionalized within the NEA task force. Should the privatization program move forward in Romania, the procedures and protocols developed by the NEA task force would be very valuable tools for the Romanian government and donor-funded support programs.

**Bulgaria:** A SEED-funded extension of the PLEDGE project has been negotiated between USAID and USDOL for FY 02-03, to cover expansion into 12 new sites, including two experimental projects, one focusing on Roma and the other on women. The expanded PLEDGE program will also seek to build new partnerships with the military and energy sector dislocations and will undertake a cross-border initiative with Macedonia.

To achieve these project objectives in addition to ongoing monitoring and support of the 29 Round 1-3 sites, there is a critical requirement, recognized by the PLEDGE director, for a major effort in staff development to enable the three program assistants to assume expanded management responsibilities. Another immediate project need is the development of a strong monitoring and evaluation and reporting capacity to track and report on progress. Additional promotional materials, including case studies and a website, are other important project tools.

As regards the institutionalization of the LED process capacity in Bulgaria, the team recommends that the project examine options with its Advisory Committee and the core group of IAS already trained in the LED process, so that the transfer takes place in a timely manner before expatriate technical assistance is withdrawn. Options include, among others, transfer of LED process know-how to a new or existing NGO, creation of a Community Development Foundation which might seek an endowment from SEED funds or other donors to continue community development initiatives, or creation of some form of specialized agency.

# APPENDICES

## Appendix A

### USDOL Statement of Work

#### 1. PURPOSE & OBJECTIVE

##### A. Introduction

The United States Department of Labor (USDOL) operates USAID-funded programs in Eastern Europe that address problems created by massive economic dislocation. These projects are based on a common design and implementation strategy. USDOL finances these activities through funding provided by USAID under Support for East European Democracy (SEED) Act appropriations. An Interagency Agreement is established for transferring funding obligations from USAID to USDOL and to articulate the cooperative relationship of these two agencies in this endeavor. One of the requirements of this agreement is that USDOL will conduct a third party evaluation of these programs that examines:

- Evaluation of progress toward attainment of the objectives of the Program;
- Identification and evaluation of problem areas of constraints which may inhibit such attainment;
- Assessment of how such information may be used to help overcome such problems; and
- Evaluation of the overall impact of the program on program objectives.

##### B. Purpose

The evaluation to be performed under this contract is formative in nature. It will assess mid-term progress under the current IAA between USAID and USDOL for the purpose of informing decision making on ways to improve the implementation of future program activities and on appropriate performance indicators for the second phase of the program in Bulgaria and Romania.

##### C. Objective

The specific objective of the evaluation is to assess progress in each country towards achieving a decentralized decision making process for designing, implementing and evaluating worker readjustment initiatives. To achieve this objective, the evaluators will assess the following:

- Degree of local ownership of each type of program activity being implemented
- Factors which have contributed positively or negatively to each activity's implementation
- Quality of existing monitoring, evaluation and reporting systems
- Cost allocations by activity and site.

#### 2. PROJECT DESCRIPTION

During the last ten years, the U.S. Department of Labor (USDOL) has managed technical assistance programs in Central and Eastern Europe having goals to minimize the effects of large-scale economic dislocation endemic in transitional economies. A variety of strategies and programs were used during this period from which a single Model of integrated services evolved. This Model consists of three components of assistance:

- *Worker Adjustment* – also known as “Rapid Response” is designed to promote cooperative relationships among labor and management representatives of downsizing enterprises in order to address the employment needs of redundant workers.
- *Local Economic Development* - promotes economic revitalization in communities severely impacted by economic dislocation and
- *Enterprise Competitiveness* – provides training to workers in new technologies in order to assist enterprises in adjusting to smaller workforces while maintaining productivity.

### 3. PROJECT FRAMEWORK

#### A. Goals

The USDOL Model was developed to mutually benefit dislocated workers, their communities and downsized enterprises. Each component of the Model addresses two or more of these targets. Taken together, the three components of the Model serve four general objectives:

- Improve workforce development
- Increase enterprise competitiveness
- Enhance local economic development
- Widen a consensus for reform

#### B. Indicators

A sample of potential project indicators that have been initially contemplated to measure USDOL’s performance in achieving these goals through the Model are provided below for the evaluators as they consider which indicators to recommend in their final report:

<i>Objectives</i>	<i>Indicators</i>
<b><i>Workforce development</i></b>	Period of time spent unemployed Willingness to participate in services Degree of anxiety associated with mass layoff Optimism and skills for job search Degree of labor-management cooperation or conflict Placement into retraining and/or new jobs
<b><i>Enterprise Competitiveness</i></b>	Retooled/new production enabled Layoffs averted Profitability sustained or increased Skills training more efficient (shorter period, cheaper) and effective (tailored to employer needs) Degree of labor-management cooperation or conflict Enterprise management more willing to participate in cooperative problem-solving with community and labor Labor more willing to participate in cooperative problem-solving with management and community
<b><i>Local Economic Development</i></b>	Community projects provide job creation and/or economic development opportunity Degree and base of participation in community economic decision making Change from passive to active posture in problem solving for community development Leadership held accountable for community development Diversification of involvement and resource allocation (women’s, minority groups) More resources flowing into community Fewer resources “leaking” from community
<b><i>Consensus for Reform</i></b>	Social strife averted during mass layoff Willingness to participate in community and/or enterprise-based initiatives Decentralized problem-solving, and better cooperation among national, regional and local organizations (greater degree of comfort w/ decentralized decision making) Greater willingness to have local SOEs restructure and/or privatize Openness to alternative forms of development (and away from central state subsidies)

#### C. Activities

##### ***Labor-Management Adjustment Teams (LMATs)***

Also called Labor Management Adjustment Committees (LMACs), these groups plan, organize, and facilitate the transition of workers from layoffs to new jobs. Activities are company-specific and are organized by an *ad hoc* in-plant team usually comprised of labor, management and sometimes community representatives. USDOL trains these teams in problem-solving methods or dispute resolution skills as needed. Most teams consist of representatives who have never engaged in democratic forms of dialogue before, and activities expose participants and stakeholders to innovative forms of communication and personnel management.



### ***Local Economic Development***

This form of assistance helps communities implement small-scale economic development projects. Communities selected for assistance are those that have been traditionally dependent on state owned enterprises but then suffer economically and socially when they are beset with sudden and massive unemployment as a result of restructuring, downsizing or closure of these concerns. In the LED process, teams (or committees) are formed consisting of a cross-section of community leadership that includes civic, business and bureaucratic representatives. USDOL staff provides the teams with training in the fundamentals of economic development. In this process, communities acquire a basic understanding for elements in business development, decision-making, planning and project management. After communities complete this training, they are encouraged to propose and submit economic development projects for start-up funding. Depending on the country, USDOL funds community projects for amounts ranging from \$20,000 to \$30,000. Philosophically, this component encourages the formation of new partnerships within communities that work to promote greater self-reliance and less dependence on centrist government assistance.

***Enterprise Competitiveness*** training helps strengthen surviving state-owned as well as private enterprises undergoing restructuring and downsizing, and helps other targeted businesses become more productive and competitive. USDOL staff inform stakeholders of techniques for increasing productivity and reducing costs, improving human resource utilization, updating or upgrading worker skills, improving workforce-management relations, and maximizing joint competitive advantage of small enterprises. Most activities include customized employer training for businesses that are starting, expanding or changing their product lines (called Quick Start programs).

While the “Model” is conceptually an integrated approach that employs the three types of assistance described above, currently it is not implemented in its entirety in either Romania or Bulgaria. In Bulgaria, the effort is limited to developing LED and Enterprise Development projects. Romania too is concerned with LED but also makes a significant effort in developing capacity within the Ministry of Labor to implement Worker Adjustment programs.

## **4. PROJECT IMPLEMENTATION STRUCTURE**

While East European programs are managed from the Office of Foreign Relations in Washington, D.C., project implementation is carried out through a contract with WSI located in Boise, Idaho. WSI hires expatriate managers to implement components of the Model in each of the countries in the Region. These managers also hire local staff to provide both administrative support and technical assistance. The staff are WSI employees and the staffing of the projects vary by country: the project in Romania employs 20 while Bulgaria employs 7.

OFR is located six to seven time zones away from projects while WSI is located eight to nine time zones away. As a result, OFR project managers often deal directly with project managers rather than sending requests for information through the WSI office in Idaho, which would delay receiving the information by about a day. This practice can create confusion in authority, when and whom project staff should speak to, etc. Recommendations to improve the communication protocols between OFR, the contractor and project directors should be included in the evaluation.

## **5. EVALUATION METHODOLOGY**

### ***A. Review of Project Materials***

Materials describing the Model and its development will be made available to evaluators. These include the following documents:

*Evolution of the USDOL/WSI Adjustment Model*

*The USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring*

*A Guide to Rapid Response Worker Adjustment: RRWA Handbook for Industrial Adjustment Specialists, Second Edition Revised, September 2000*

*A Guide to Community Economic Renewal: Part I: CERT Participant Workbook and Part II: CERT Resource Handbook, Third Edition Revised, September 2000.*

*PRISMA's Draft Pilot Report (June 1, 1999 – March 31, 2000) and Draft Expansion Report (April 1, 2000 – June 30, 2000*

*Project Matrices, Workplans, Technical Reports and Budgets*

### ***B. Interviews with contributors to the design and implementation of the USDOL Model:***

Following a review of documents relevant to the Model, interviews will need to be conducted with people who contributed to the design of the Model as well as those responsible for implementing the Model. Evaluators will also need to consult with representatives of organizations that funded services provided through the Model such as USAID and the World Bank.

An initial list of appropriate people to contact for this purpose is provided below. Additional names, telephone numbers, E-mail addresses and other contact information will be provided once a contract has been issued.

#### People Who Contributed To Design of the USDOL Model:

James Perlmutter, Director OFR, ILAB  
Sydney Smith, Former USDOL SEED Coordinator & Deputy Director, OFR, ILAB  
Gary Hansen, Utah State University & author of Model documentation

#### Implementation of the Model

Virginia Stacey, Worldwide Strategies, Inc. (WSI)  
Steve Marler, OFR

#### Representatives of Funding Organizations

David Fretwell, World Bank  
John Tennant, USAID (Former mission director, Bulgaria)  
David Cowles, USAID (Former mission director, Hungary)

### ***C Site Visits***

Evaluators should ensure that they visit the following kinds of sites to the extent possible:

- project sites created by the LED process;
- enterprises that participated in Quick Start (in Bulgaria only);
- enterprise-based job assistance centers (or whatever facility particular LMATs may have established to assist dislocated workers);
- USAID missions (to obtain a customer's viewpoint); and
- Ministries of Labor, employment bureaus or other institutions that may be recipients of USDOL technical assistance provided through the mode.

Names of appropriate people to contact at these sites will be provided by USDOL.

#### USDOL Project Implementation In Eastern Europe

The table below summarizes the status of project development in the East European region. USDOL staff will provide evaluators with a list of appropriate sites to visit that are taken from this table. This list will be derived through a process to ensure that a representative mix of communities are visited and assessed.

	Labor Management Adjustment Teams		Local Economic Development			Enterprise Competitiveness		
	In Training	Fully Implemented	Sites Being Selected	Committees In Training	Projects Implemented	Sites Selected	Analysis Completed	Training Delivered
Bulgaria	TBD	TBD	10	10	9			16
Romania			14	14	7			
Totals			24	24	16	0	0	16

#### ***D Gathering Information from Customers and Clients***

USDOL would like to know the degree to which *customers*, such as USAID as well as host governments, and *clients* such as dislocated workers and communities, may share a common perception of the purpose of the Model and its impact. For example, do both partners and recipients all understand the goals of the various components of the Model? Where successes are achieved are these understood and perceived to be relevant to the improvement of the community and the welfare of dislocated workers? Data to inform these questions will be collected through individual and group interviews.

#### Data Collection Approach

Five sites in each country will be visited, involving the most “mature” of the existing project activities. The evaluators will interview key informants from key stakeholder groups (USAID, USDOL, national and local government agencies, communities and workers) and will organize focus groups involving 8-10 participants in the various training programs implemented under the program. The main objective of these meetings is to determine to what degree the program activities are meeting the expectations of the various stakeholders, to what degree local ownership is beginning to take hold and the relative prognosis for program sustainability once USDOL assistance is ended.

Time frame under evaluation: 1998-2001 (period of current IAA).

#### ***E. Considerations***

The evaluation is necessarily limited in scope by time, data collection logistics and the complexity, variety and lack of uniformity among activities being implemented in the two countries to be visited at this time. It is therefore not feasible in this evaluation to evaluate the full “worker readjustment model.” The evaluators will focus on the implementation to date of the process-oriented approach for each specific type of activity.

At the request of USAID, the evaluators will comment on the extent to which program activities coincide with USAID mission strategic objectives and will map as far as data is available the program’s activities per site.

### **6. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

USDOL wants to evaluate the impact of activities carried out within the context of the Project and also receive recommendations for improvements that can be made for achieving project objectives in a more cost-effective manner. To this end, it is important that the evaluation team also assess the procurement vehicle used to implement the project. Finally, if feasible within the constraints of the rest of this Scope of Work, USDOL would be interested in the extent to which improved access to labor market information could help the success and sustainability of the project in each country.

Recommendations: The evaluation will provide recommendations on the following specific areas of concern to program stakeholders:

1. Means of improving monitoring, evaluation and reporting to stakeholders
2. Proposed performance indicators for each type of activity
3. Measures to enhance program sustainability
4. Other pertinent recommendations that may result from evaluation findings

A description is provided below about the degree to which components of the Project are being implemented in the East European region. Questions that could be addressed by the evaluators (if and where feasible) regarding such implementation are also suggested below for their consideration.

### **A. LED**

LED is the most costly of the three components to implement. Community teams may receive as much as six weeks of training that is usually provided by American consultants until local staff acquire the skills needed to become expert in this role. The cost for American consultants to deliver this training approximates \$70,000. In addition, the community receives project funding averaging about \$25,000. Once projects are funded, they need to be monitored on a frequent basis. In Romania they are closely monitored at least on a monthly basis and in Bulgaria at least quarterly.

In addition to being costly, LEDs are typically slow performers in the sense that:

- (1) It may take 18 months from the time a committee is formed, trained and a project funded.
- (2) It is not uncommon for a LED activity to have performance milestones projected two to three years into the future.

While other components of the Project may not be employed in some of the countries, LED is implemented or in the process of being implemented in all four. As a result, much of USDOL's financial resources and efforts are currently invested in LED implementation and thus, this component warrants a considerable examination in the evaluation. The number and location of communities that have been trained and received funding in the region to implement LED projects are listed accordingly:

#### ***Bulgaria:***

Projects in 9 communities were funded in FY 2000. These are: Rakitovo, Smolyan, Dimitrigrad, Minilerai-Bani, Stara Zagora, Nova Zagora, Nikaliavo, Topolograd, Karlovo. Ten more communities are being trained and some of these may be funded before the end of the FY.

#### ***Romania:***

Projects in 7 communities were funded in FY 2000. These are: Medgidia, Brad, Campulung, Cismadie, Viseu de Sus, Targu Neamt, and Busteni. In early FY 2001 and before an evaluation is likely, 14 additional projects will be funded in Sulina, Ramnacu Sarat, Tecuci, Pucioasa, Aghiresu, Giurgeni, Aiud, Margina, Ronnan, Mioveni, Falticeui, Odorheu Secwiesc, Berezeni, and Orastiea. Another 14 communities will be selected for training and among, these, some may be funded before the end of the FY.

#### **LED Revolving Funds**

Five of the LED projects employ revolving funds (four in Romania and one in Bulgaria). The best example of this is likely found in Busteni, Romania where a LED committee has been given a start-up award of \$20,000. This money is managed in a bank account from which a withdrawal is made for the purchase of equipment that is then leased to local businesses for a small annual interest ranging from one to three percent. Participating businesses (lessees) are obliged to (1) pay off the total lease amount within a fixed, relatively short-term period and (2) train people in using the equipment from among whom a given percentage will be hired by the firm to operate the equipment. In Busteni, within a year, this design proved to be highly effective in creating about 40 new jobs. However, USDOL has concerns about the legality of this design and that is, can Federal grant monies be used to generate interest income in a foreign country?

#### **Potential Questions Regarding The LED Component**

- (1) Is there precedence in other countries where revolving funds have been established in the manner described above either funded through SEED or another Federal appropriation?
- (2) The on-going cost to train, fund and monitor a LED project could conceivably grow to \$100,000. What is the return on this investment generally, and what is the rate of return, i.e., do the returns justify the costs?
- (3) Are there clear indications that communities that have participated in LED, are better off economically and in other ways than they were before a project was implemented, and/or is there indication, that these communities will be better off in the future because of the intervention?

- (4) To what extent do LED projects, directly or indirectly, create jobs?
- (5) To what extent do LED projects create or expand business?
- (6) To what extent do LED projects create new partnerships that promise to serve the community in the long run and create continued economic opportunity after the country graduates from USAID assistance?
- (7) What is the continuity or cohesiveness of LED committee membership, e.g., of the original people trained, how many remain participating in committee functions and decision-making?
- (8) Are LED projects building local capacity to help insure that project improvements are sustained?

## ***B. LMAT***

There are no fully implemented LMATs in Romania; Bulgaria is in the training/implementation stages of these activities. Through its Active Measures contract with the Romanian government, USDOL is building capacity within the Ministry of Labor to implement LMATs but this is not being done within the framework of the Project. Among the three components of the Project, Worker Adjustment most clearly has outcomes and impacts that are based on employment generation. But, there are political and social dimensions as well. Enterprise downsizing in a society where people grew to expect lifetime employment generates trauma and anxiety throughout the local culture. The extent to which LMATs may reduce turmoil and dysfunction in communities beset by economic dislocation should be considered in the evaluation as well.

### Potential Questions Regarding The LMAT Component

- (1) Are dislocated workers who participate in LMAT more likely to find jobs sooner than those who do not?
- (2) Is there evidence to suggest that workers participating in the LMAT are better prepared to face the challenges of unemployment than those who do not participate?

### Potential Questions Regarding The Adequacy Of Field Structure & Procured Services

#### ***A. Field Structure***

- (1) Is the administrative structure of field operations the most cost-effective way to implement the project?
- (2) Is the capacity of project staff and the number of staff sufficient to deliver services, technical assistance and adequately monitor project activities?
- (3) Do the staff and organization in each country demonstrate the capacity to meet their project milestones, adequately monitor projects, deliver services and assistance, and submit all financial and performance reports in a timely fashion?

#### ***B. Procured Services***

- (1) Is the current type of labor and time contract the most effective way to deliver technical services? If not, what type of procurement instrument could be used and why?
- (2) Should the duration of the current contract with WSI be revised?
- (3) Are task orders for the contractor done appropriately and/or most effectively?
- (4) If no to question #3, what changes are needed to improve the task orders?

#### ***C. Enterprise Competitiveness***

Bulgaria has engaged in work for this component, but little is known about the progress and effectiveness of these projects, most of which are “Quick Start” projects.

### Potential Questions Regarding The Enterprise Competitiveness Component

- (1) What is the return on the investment and rate of return in these projects generally: do the returns justify costs?
- (2) Are there clear indications that enterprises having participated in this component are better off economically and in other ways than before project was implemented or may be better off in the future due to intervention?
- (3) To what extent do projects, directly or indirectly, create jobs?
- (4) Are enterprises, employers or managers who participate in these activities more likely to stay in business and expand or improve their productivity? To what extent do participating enterprises create or expand business?
- (5) To what extent do projects create new partnerships for networking that can serve the enterprises and community in the long run, and create continued economic opportunity after country graduates from USAID assistance?

## **Appendix B**

### **Stakeholders Interviewed**

#### Design of the USDOL Model:

James Perlmutter, Director OFR, ILAB  
Sydney Smith, Former USDOL SEED Coordinator & Deputy Director, OFR, ILAB  
Gary Hansen, Worldwide Strategies Inc. (WSI) and author of Model documentation

#### Implementation of the Model

Virginia Stacey, Worldwide Strategies, Inc. (WSI)

#### Representatives of Funding Organizations

David Cowles, USAID (Former mission director, Hungary)  
Edward Landau, USAID (Former program officer, Romania)

#### Persons interviewed in the field

##### **Project personnel/Romania:**

Julie Hillebrand, Project Director, WSI Romania  
Marcel Chiranov, Deputy Director  
Mariana Bucovanu, Regional Representative  
Sorin Dumitru, Regional Representative  
Marius Haulica, Regional Representative  
Anca Socolovschi, Regional Representative  
Ana Zsok, Regional Representative  
Mihaela Balan, Regional Representative  
Bogdan Samlomia, Regional Representative

##### **USAID/Romania**

Denny Robertson, Mission Director  
Tom Mehen, Program Development Advisor  
Cati Vasile, LRP Oversight  
June Suhling, Labor Policy Advisor

##### **National Employment Services**

Elena Baboi - Coordinator Active Measures Dept.

##### **Site visits/Romania:**

##### ***Medgidia:***

Marian Iordache, Deputy Mayor (Implementation team and workshop participant)  
Rodica Marinica, Director of Local Employment Agency (Implementation team and workshop participant)  
Luminita Cojocaru, Inspector for Local Employment Agency (Implementation team- Secretary of RLF)  
Cristea Constantin, Economic Director of the Chamber of Commerce (Implementation Team)  
Magda Mocanu, Local advisor of the Chamber of Commerce (Implementation team and workshop participant)  
Moise Virgil, Program Director, Foundation for Assistance to the Disadvantaged (Implementation team, workshop participant)  
Gheorghie Nicolae, Director, Foundation for Assistance to the Disadvantaged (Workshop participant)

Fuzi Ismail, Director, Sultanpro (Loan recipient)  
Costel Marinica, Director, Spicul Soarelui (loan recipient)  
Calil Altanai, Director POP (loan recipient)  
Catalin Popescu, Director Alfacom (loan recipient)  
Boboc, Maria, Director Mevila SRL (loan recipient)  
Chirita, Liviu, Trade union IMU (workshop participant)

***Busteni:***

Mayor Ilie Ilinca  
Ion Vasilescu, President Local Development Consortia  
Dragos Coza, Financial Manager ARI Electronic  
Maria Anghel, Accountant Local Development Consortia  
Gica Alexandru, General Manager, SC Silva SRL  
Marius Seceleanu, Commercial Manager, SC Silva SRL  
Visit to OJT Center for electronic subassemblies, ARI Electronic  
Visit to OJT Center for wood products, Cordos Busteni

***Campulung***

Paul Petrescu, Local Employment Agency  
Gheorghita Nestor, Economic Director, Municipality of Campulung

***Cisnadie***

Vasile Moga - Director, Local Development Consortia  
Ovidiu Verdes - Consultant, Local Development Consortia  
Constantin Ciocoiu - Deputy Mayor Cisnadie  
Octavian Popa - Entrepreneur  
Mircea Schiopoai - Entrepreneur  
Vasile Mihalcea - Entrepreneur  
Vasile Polgar - Entrepreneur  
Mircea Musat - Entrepreneur  
Gabriel Somilea - Entrepreneur  
Gheorghe Mihai - Entrepreneur  
Ioan Stroila - Entrepreneur  
Stela Carstea - Inspector, Cisnadie City Hall  
Emilia Matei - Dept Manager, Cisnadie City Hall  
Elena Ionascu - Cisnadie City Hall

***Galati***

Ing. Anton Adrian Coman, Director General, ICMRS  
Ec. Eugen Doru Szekely, Human Resources Manager, ICMRS  
Toader Tebriu - President ICMR Trade Union  
Virgil Serea - Vicepresident ICMR Trade Union  
Valentin Tudose - Vicepresident Metal Trade Union

**Project personnel/Bulgaria**

Jane Daly, Project Director, WSI Bulgaria  
Cvetomira Victorova- field coordinator, Northern communities  
Krassimir Petrov- field coordinator, Northern communities  
Ivo Dimitov- administrative assistant (part-time)

Ivette Jablyanova- Program Operations  
Vessela Bozhidarova- Program Coordinator  
Kaloyan Stoilov, Driver/assistant

**USAID/Bulgaria**

Nadereh Lee, Chief, Democracy and Local Governance Office  
Kiril Kiryakov, Local Government Advisor  
Thomas Potocki, Senior Local Government Advisor

**Solidarity Bulgaria:**

Robert J. Wayss, Country Program Director

**Ministry of Labor:**

Minister Ivan Neikov  
Rumiana Panova, Head, Labor Bureau

**National Employment Agency:**

Ivailo Mesechkov, Deputy Director  
Tzvetanka Smileva, Quick Start Specialist

**Site visits/Bulgaria:**

***Rakitovo:***

Krum Krumov, Project manager and representative of Rakitovo Municipality  
Stamen Krevoshiev, PLEDGE facilitator and labor union representative  
Stiliana Savova, representative of the Association of Rhodopi Municipalities  
Georgi Popchev, participant in the workshops (former mayor of Eakitovo Municipality), teacher at present  
Nevena Marina, participant in the workshops and representative of the implementing team  
Six women workers, who participated in the planting of the plants under the project  
Katya Barakova, participant in the workshops and representative of the Labor Office in Velingrad  
Sashka Gencheva, participant in the workshops and director of the Unified Kindergarten "Mitko Palauzov"  
Rossitza Nakova - participant in the workshops and representative of the Unified Kindergarten "Malina Todorova"

***Smolyan:***

Georgi Pamporov, President, Rhodopes Hotel Assn  
Tanya Mareva - Director of Museum of History, Smolyan  
Dimitar Sevov - Head of State Archive, Smolyan  
Dicho Kapushev - Deputy headmaster of the Arts School, Smolyan  
Vessela Dimitrova – weaver  
Georgy Chilingirov - Chair of the control board of Foundation "Values of the Rodope mountains"  
Rositza Primovska – NGO  
Galina Ganova – knitter  
Luybomira Karanlakova - Labor office Smolyan

***Dimitrovgrad:***

Nikolay Yanev - "SKAT" television  
Rosen Kuzev - Dep. mayor of Dimitrovgrad municipality  
Antonya Tyuilieva - chief of Labor office Maria Trendafilova - Labor office  
Ivan Vanchev - "Darina 91", private firm  
Teodora Stoyanova - Chief of department in the municipal administration  
Lina Nedeva - Chamber of Commerce and Industry



Nela Mihaylova - municipal administration  
Bistra Zhekova - Radiostation Dimitrovgrad  
Angel Dimitrov - Chair of Confederation of Independent Trade Unions in Bulgaria  
Dimitar Petrov - Executive Director of the Development Information Center (DIC)  
Ivan Karaivanov - Program assistant at DIC  
Aneta Minovska - municipal administration  
Zhilyanka Teneva - employee at municipal infrastructure  
Boyana Boneva - Chair of "Podkrepa"  
Kircho Kirev - Cable television Dimitrovgrad  
Nikolay Borisov - Private business  
Hristo Iliev - municipal administration  
Valentin Hristov - Headmaster of "Lyuben Karavelov" School  
Elena Georgieva - Museum of History, Dimitrovgrad  
Maria Zhuteva - Chief of department in the municipal administration  
Mihail Georgiev - Chief of department in the municipal administration  
Georgi Stanchev - Chair of the Board of Directors, Chamber of Commerce and Industry  
Panka Slavcheva - Chief of department in the municipal administration\  
Gospodin Georgiev - Chair of the Municipal Council Dimitrovgrad  
Tatyana Georgieva - assistant at DIC  
Zoya Asenova - assistant at DIC  
Tanya Zhekova - assistant at DIC

***Stara Zagora:***

Dr. Ivan Bojkov, Chair of City Council  
Ivan Varlyakov, Executive Director, Regional Association of Municipalities  
Prof. Atanas Bliznakov, Director, Environmental Science Dept., New Bulgarian University ??  
Prof. Dimitar Dinev, Vice Rector, Thracian University,  
Gospodin Nikolov, Project Manager. Trid 97 Ltd.

***Nova Zagora:***

Velyo Kirilov, former Mayor  
Gincho Petrov, former Vice Mayor  
Nikolin Petkov, Director of Mechanical School  
Dodka Markova, Director of Agricultural School  
Dr. Todor Todorov, Chair of Nova Zagora Community Foundation  
Encho Kosev, Executive Director, Textile Company Irida Ltd.  
Lambrina Stoyanova, CEO, Retra Company  
Zhelyazko Milev, Mayor, Nova Zagora Municipality  
Kiril Avramov, Head of Common Administration Dept, Nova Zagora Municipality  
Veselina Popova, Chief Architect, Nova Zagora Municipality  
Diana Zlatarova, Senior Expert, Regional Development Dept, Nova Zagora Municipality  
Dilyana Momchilova, PLEDGE Coordinator  
Nikolaii Dinev, Manager, Geo Consult  
Ivan Velikov, Land owner  
Dimitar Tanev, Land owner  
Mitko Petrov, Head of Labor Bureau  
Victor Filimonov, Water Sewage and Supply Co, Sliven  
Petar Chernev - land owner  
Slav Stanev - ex Chief Economist, Nova Zagora Municipality  
Assen Debreliev - ex mayor, Quarter 6  
Zdravka Goranova - Club "Friends of St Cyril & Methodius Foundation"

## Appendix C

### Reference Material

#### Manuals:

A Guide to Rapid Response Worker Adjustment: RRWA Handbook for Industrial Adjustment Specialists, Second Edition Revised, September 2000

A Guide to Entrepreneurial Initiatives for Local Economic Development: Part I: Planning, organizing and implementing local economic development programmes (Draft) Second Edition Revised, October 1998

A Guide to Community Economic Renewal: Part I: CERT Participant Workbook

A Guide to Community Economic Renewal: Part II: CERT Resource Handbook, Third Edition Revised, September 2000

#### Articles and Evaluations:

PRISMA's Draft Pilot Report (June 1, 1999- March 31, 2000) and Draft Expansion Report (April 1, 2000 – June 30, 2000)

Evaluating the Effectiveness of Active Labor Programs in Policy, Draft, Feb. 1998

Evaluation the Effectiveness of Active Labor Programs in Hungary, Draft, Feb. 1998

Evolution of the USDOL/WSI Adjustment Model

Hansen, Gary, The USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring, USDOL/OFR August 1999

Hansen, Gary, Implementing the US Department of Labor Adjustment Model in Central and Eastern Europe: The Hungary Rapid Response Project, 1994-1999 (Draft)

Hansen, Gary, Results of the Hungary Rapid Response Project, 1994-1999, USDOL/WS, 8/22/99

Labor Market Transition Assistance for Central and Eastern Europe, Project Number 1980-0033, FY 1999 Budget

Strategic Plan for Assistance to Romania, 1998-2000. USAID/Romania, May 1997

Bulgaria Strategic Plan, 1998-2000, USAID/Bulgaria, November 1997

Project Matrices, Bulgaria, Romania

Inter-Agency Agreement with USAID for Romania and Bulgaria

## Appendix D

### Field Data Collection Protocol

#### 1. Questions for DC interviews: Ask Prior to Entry to Field

1. What do you think should be the main goal(s)/objective(s) of this evaluation?
2. Who are the main stakeholders for evaluation results; what are their most important information needs?
3. What do you see as the priority issues or questions that the evaluation should address?
4. Are there any factors regarding the implementation of the Adjustment Model (in any of the three countries) that we should be aware of because they might have affected the effectiveness of the model?
5. Are you aware of any good data sources that we should access for the evaluation?
6. In what ways do you think the model as implemented in Romania or Bulgaria has been the most effective? Least effective?
7. Do you have any recommendations on how implementation of the model could be improved?
8. Are there any country or community-level factors or conditions we should be aware of because they could limit the effectiveness of the model in achieving its intended results?

#### 2. Site Visit Data Collection Protocol (Data Sources)

##### Socio-economic-political data on community (Staff):

- Demographic profile: population size and growth/decline, age distribution, gender, geography
- Economic profile: major economic enterprises, employment patterns
- Political profile: process of governance, electoral, civil society, community participation activity

##### Project Organization and Administration (Staff):

- Organization of project across country
- Staffing and responsibilities (paid and non-paid)
- Staff skills and capacity
- Staff tenure, turnover and pay by position
- Donor coordination

##### Project Financial Data (Staff):

- Funding received by source and date
- Major project cost/expenditure centers:
- Romania: LED, Rapid Response, Project Office
- Bulgaria: LED, Quick Start, Project Office
- System for tracking and reporting project expenditures (link to M/E)

##### Project Activity Data (Staff, FG participants):

- History of activity start-up
- Key implementation components
- Activity staffing
- Continuity and/or changes in activity implementation; impact of changes
- Major factors/events impacting (positive/negative) activity implementation
- Assessment of implementation success to date
- Recommendations for improving activity implementation

##### Local Ownership (Staff, FG participants)

- Process (actually used) for building local ownership
- Evidence of local ownership
- Recommendations to improve local ownership

##### Project Monitoring and Evaluation M/E (Staff)

- System for regular monitoring of activity implementation; examples
- Specification of activity results (performance) indicators; examples

- System for collecting results data; get results data if available
- System for using results data for project management; examples
- System for reporting results data to stakeholders; examples
- Recommendations for improving project monitoring and evaluation

#### Project Sustainability: (Staff, FG Participants)

- Awareness of importance of sustainability
- Overall plan for sustainability including time table; get plan if available
- Specific actions to promote sustainability; examples
- Recommendations to improve likelihood of sustainability

### **3. Key Informant Interview Guide: Local Level Stakeholders**

- What has been your involvement with the project? \*\*\*
  - What do you see as the main goal(s) of the project?
  - What do you think should be the main goal(s)/objective(s) of this evaluation?
  - Are there any factors regarding the implementation of the project (in Romania/Bulgaria) that we should be aware of because they might have affected the effectiveness of the model?
  - In what ways do you think the project (as implemented in Romania/Bulgaria) has been the most effective? Least effective? What has/has not worked?
  - Do you have any recommendations on how the implementation of the project could be improved in order to make it more effective?
  - Do you have comments/recommendations on the management of the project? On how it is organized or on the relationships among the various stakeholders such as the local government, project staff, community groups, other similar project, etc.? Could project management be improved? How?
- \*\*\* Project refers to the “adjustment model” however the country has reinvented and/or labeled it.

### **4. Focus Group Guide: Project Staff**

- Did you need special training to do your job with the project? If yes, did you get the training you needed and in time? Was it formal training or more “on the job” type training?
  - What do you see as the main goal(s) of the project?
  - What do you think should be the main goal(s)/objective(s) of this evaluation?
  - What do you think were the major challenges (or barriers) that the project faced in its start-up phase? How did it deal with them and was it effective?
  - Are there any national or community-level factors, or conditions, we should be aware of because they could impact project implementation and limit its ultimate effectiveness?
  - In what ways do you think the project (as implemented in Romania/Bulgaria) has been the most effective? Least effective? What have been the most/least effective parts or components of project implementation?
  - Do you have any recommendations on how the implementation of the project could be improved to make it more effective?
  - How do you know if the project is performing well? What do you look at and how? How do you use this information to improve the project?
  - Do you have any comments/recommendations specifically on the management of the project? On how it is organized? On project staffing and supervision? On salaries? On the monitoring and evaluation of project implementation and results? Do you think that project management needs improvement? What are the most important management improvement needs?
  - Will project activities (e.g., LMAT, LED), or any changes it has brought about, last beyond the period of project funding? What are the lasting impacts or changes? What specifically is being done to ensure sustainability? What more is planned (or should be done) to promote sustainability?
- \*\*\* Project refers to the “adjustment model” however the country has reinvented and/or labeled it.

### **5. Local Level Stakeholders Focus Group Guide**

- What has been your involvement with the project? \*\*\*

- What do you see as the main goal(s) of the project?
  - What do you think should be the main goal(s)/objective(s) of this evaluation?
  - What do you see as the priority issues or questions that the evaluation should address?
  - In what ways do you think the project (as implemented in Romania/Bulgaria) has been the most effective? Least effective?
  - More specifically, what have been the major impacts of the project on this community? What specific changes have occurred that can be attributed to the project?
  - Do you think these changes will last after the project funding ends? Why or why not? What has been done to ensure that the changes will last? What else should be done?
  - Do you have any recommendations on how the project could be improved?
  - Are there any national or community-level factors or conditions we should be aware of because they could limit the effectiveness of the project in achieving its intended results?
  - Any other observations or comments you want to offer?
- \*\*\* Project refers to the “adjustment model” however the country has reinvented and/or labeled it.

## 6. Key Informant Interview Guide: National Level Stakeholders

- What has been your involvement with the project? \*\*\*
  - What do you see as the main goal(s) of the project?
  - What do you think should be the main goal(s)/objective(s) of this evaluation?
  - What do you see as the priority issues or questions that the evaluation should address?
  - Are there any factors regarding the implementation of the project (in Romania/Bulgaria) that we should be aware of because they might have affected the effectiveness of the model?
  - In what ways do you think the project (as implemented in Romania/Bulgaria) has been the most effective? Least effective?
  - Do you have any recommendations on how the implementation of the project could be improved?
  - Do you have any comments/recommendations specifically on the management/administration of the project? On how it is organized? How it conducts its business? On the relationships among the various stakeholders such as the Government (of Romania/Bulgaria), USDOL, USAID, other donors, etc.? Do you think project management should be improved? How?
  - Are there any country or community-level factors or conditions we should be aware of because they could limit the effectiveness of the model in achieving its intended results?
  - Do you think that the project has had (or will have) a lasting impact? What do you think it will be? Is anything being done to ensure the sustainability of the project’s impact or the changes it brought about? What else needs to be done?
- \*\*\* Project refers to the “adjustment model” however the country has reinvented and/or labeled it.

## 7. Focus Group Guide: Project Trainees

- What do think is the main goal/purpose of the project (that provided the training for you)?
- What do you think was the main purpose of the training you received?
- Do you think the training met your expectations? Or did not meet them?
- In what ways did it meet them (or not meet them)?
- What specific part of the training did you get the most/least out of?
- Were the materials used in the training easy to understand and useful?
- Do you think the content of the training was presented in the most effective way?
- What was the length of time for your training? Was that amount of time for the training sufficient for you? Not enough; too much?
- What did you learn (about LED, LMAT, IAS, etc.) that you did not already know before the training?
- Was the time (and effort) you put into the training worth it?
- Has the training been of practical use for you? In what specific ways have you actually used the training? How has it been most/least useful?
- In what specific ways could the training (e.g., clearer materials, different mode of presentation, longer length of time) have been improved so it would have been more useful for you? Were you asked to evaluate the training?

## Appendix E

### Estimated Project Activity Completion Status Per Country

Country	Project Activity	Round/Sites	Start Date	Estimated Level of Completion	Grants Disbursed to Date
Romania	LED	Round 1- 7 sites	15 July 1999	90%	\$210,878
		Round 2- 14 sites	1 Mar 2000	40%	\$863,366
Round 3- 14 sites		15 Jan 2001	25%	0	
	Rapid Response	Ongoing	July 1999	Continuous	0 (no grants or direct costs)
Bulgaria	LED	Round 1- 9 sites	15 Aug 1999	70%	\$112,000
		Round 2- 10 sites	15 Apr 2000	35%	\$ 53,000
		Round 3- 10 sites	15 Jan 2001	10%	\$ 7,200
	Quick Start	Phase 1: 24 courses	July 2000	100%	\$25,000
		NES/voc tech capacity building	May 2001	100%	\$10,000
	Phase 2: 15 courses	October 2001	0%	(\$20,000 budgeted)	

## Appendix F

### Recommended Performance Indicators

Performance Domain	Indicator	Issue/Rationale	Data Sources
LED: Community Empowerment	Community establishes continuing forum for community development based on project principles (yes/no), per community	Is there an institutional basis for continuation (beyond donor funding) of the community dialogue/ collaboration processes initiated and promoted by the project?	Project files; interviews with forum members
	# Proposals generated by community using LED process to boost local economic growth, per community	Has the LED process continued to stimulate the submission of proposals aimed at local economic growth?	Project files
	# / % Proposals submitted which are funded	Are the proposals submitted worthy of being funded?	Project files
	# / % Proposals generated which are fully implemented	Do the proposals funded eventually reach full implementation?	Project files; interviews with funded projects
LED: Economic Growth	# New jobs – full and part-time – created as result of project activities	Does the project (eventually) produce new jobs?	Project files; local employment service
	# New temporary jobs created	How many of the new jobs are temporary?	Project files; local employment service
	# New business start-ups	Has the project stimulated new business start-ups?	Project files; interviews with new businesses
	# Business expansions that create at least 1 new job	Has there been business expansion resulting new jobs?	Project files; interviews with new businesses
Sustainability	Formal associations created by community partners for implementation (yes/no)	Have the community partners formalized their operation so as to promote sustainability?	Project files; interviews with community partners
	Value of local government contribution (financial and in kind)	Has the local government contributed towards future sustainability of the project?	Project files; interviews with local government officials
	Value of local private investment (financial and in kind)	Has the private sector contributed towards future sustainability of the project?	Project files; interviews with local private sector donors
	Value of funds attracted from other sources to continue project initiatives	Has the project or community been able to attract other resources to promote future sustainability of the project?	Project files; interviews with community partners

Rapid Response	# of people trained to provide Rapid Response/Pre-layoff Program* services to displaced workers, per year and site	What is the resource pool of people trained to provide RR/Pre-layoff services in each community? Has the resource base grown each year?	Project files
	# of firms that used RR/Pre-layoff Program mechanisms/services, per year and site	Are firms actually using RR/Pre-layoff services to deal with the problem of displaced workers? Are more firms using the services each year?	Project files; interviews with firms using RR/Pre-layoff services
	# of displaced workers receiving RR/Pre-layoff Program services, per year and site	How many displaced workers are actually getting the RR/Pre-layoff services? Are more displaced workers using the services each year?	Project files; interviews with displaced workers who received RR/pre-layoff services
	# of displaced workers who received RR/Pre-layoff Program services and subsequently obtained new (non-temporary) a full or part-time job, per year and site	Do the workers who get the services find new employment? Is new job attainment growing each year?	Project files; interviews with firms using services; interviews with displaced workers
	Estimated # of displaced workers, per year and site	What is the extent of the problem of displaced workers? Essential for assessing the extent to which the RR/Pre-layoff Program is reaching the displaced workers. Is the number of displaced workers growing each year?	Firms having displaced workers; local employment service; project files
Quick Start	# of local labor experts trained in QS technology, per year by site	What is the resource pool of people trained to provide QS training? Is the pool growing each year?	Project files
	# of QS training courses, per year by site	How frequently is the QS training provided? Is it being provided more frequently each year?	Firms receiving QS services; project files
	# of retrained workers using the QS technology, per year by site	How many workers are being retrained using QS technology? Is the number growing?	Firms receiving QS services; project files
	# of workers retrained using QS technology, per year by site	How many workers are being retrained using the QS technology, per year by site? Is this number increasing?	Firms receiving QS services; project files
	# of QS-retrained workers retained by employers, per year by site	Are the retrained workers being retained by their employers? Is the % of retained increasing?	Firms receiving QS services; project files