

Chapter 6

(Draft 7-26-10)

Creating and using the USDOL Adjustment Model in Romania, Bulgaria, Macedonia and Ukraine

Part 3: Macedonia

(7-22-10 draft)

1. Genesis and design of the Macedonia project.

The first inkling I had that the USDOL was interested in starting a project in Macedonia came from an email I received from Sydney Smith on February 2, 1999. In that email, Sydney informed me that she had just received a query from Brad Fujimoto, a USAID program officer who had just been transferred to Skopje from Bulgaria. He liked what we were doing with our PLEDGE project in Bulgaria and wanted to talk to us about starting an LED project in Macedonia as well as the possibility of having one in Kosovo. Sydney also said that she would follow up with me on February 5.

Since I was the expert on LED projects, Sydney wanted me to talk with Bruce Grogan, a consultant to the USAID in the CEE Region. I tried to contact him via email to let him know that Sydney had said that I should talk to him. Unfortunately, I was unable to get a live email address, and so was unable to reach him.

Two days later, February 5, 1999, Sydney sent me an email asking if I could come to Skopje before or after my next scheduled trip to Bulgaria, so we could talk to Brad Fujimoto. She said that she had already sent him some of my papers about the USDOL model and our LED component project design document. A couple of days later she sent me another email saying she would go to Skopje and talk to Brad alone, instead of having Jane and me there. Brad felt that the AID staff in Skopje needed a little hand holding before all of us showed up at one time. Also, they were not yet sure what resources they would have to start another project.

February 25, 1999, Sydney Smith sent me a copy of a memo she had sent to John Tennet, Deputy Assistant Administrator of USAID, that outlined our USDOL Adjustment model. She said she had previously thought that Macedonia was only interested in QuickStart, but had learned from Bruce Grogan that USAID was interested in all of model components. She had sent the memo to Tennet to explain what the model included and to answer the questions that had been raised. (Memo from Sydney Smith to John Tennet, Deputy Assistant Administrator for USAID, Feb. 25, 1999)

March 3, 1999, I had a conference call with Sydney and Jane in Sofia to discuss the status of the Macedonia project. Sydney was optimistic, and said that she would ask for \$2 million for

conference call that Sydney, Virginia Stacey, Jane Daly and I had on April 22, 1999. In a follow up email on April 23, 1999, she mentioned the name of Aaron Bornstein as a possible director for Macedonia and considered bringing him to Skopje shortly after our design mission in May. She expected that USAID would want to immediately implement the Macedonia project once it was approved. (email from Sydney Smith to GBH April 23, 1999)

April 27, 1999, Sydney sent me an email saying that she had reserved rooms for Ed Musselwhite and myself at the Residence Hotel in Skopje, and that she would be leaving for Skopje on May 3, 1999. The next day I received an email from Ed, indicating that he knew the hotel and suggested that after our arrival (by air) we should plan on traveling to the hotel by taxi.

April 29, 1999, I had a conference call with Sydney Smith, Virginia Stacey and Jane Daly that lasted for one hour and 20 minutes. Sydney informed us that a missile fired by NATO forces during the Kosovo War had landed in Bulgaria the previous evening. Sydney also said she had made a presentation to USAID about our project and reviewed their thinking concerning our Macedonia project and the importance of addressing the issues of employment and unemployment, social sector reform, reducing poverty through job creation and improved labor market functioning. She said that Bruce Grogan and Pamela Baldwin from USAID would write a strategic document to guide the social sector work in the region.

The next day, April 29, 1999, I received an email from Sydney Smith stating that because of the war in Kosovo, Swissair had canceled its flights in and out of Skopje. Although another local Macedonian airline was still flying, she suggested that we consider other alternatives, like driving from Sofia to Skopje.

The drive from Sofia, I'm told, isn't necessarily unsafe. It's just close enough to the Kosovo border that the RSO wants you registered, just in case. It's your call to choose. If you choose to fly in, just let me know and I will collect you at the airport." She also suggested that we use a taxi to get from the airport to our hotel because of the anti-American sentiment that might exist. (email from Sydney Smith to GBH, April 29, 1999)

That same day, April 29, 1999, an article on the Reuters Internet site talked about a bomb hitting a house in Bulgaria.

Top World News
NATO confirms stray missile hit house in Bulgaria
By Gdes Elgood

BRUSSELS, April 29 (Reuters) - NATO confirmed on Thursday that a stray missile which wrecked a house in Bulgaria had been fired by one of its warplanes.

NATO spokesman Jamie Shea told reporters the missile had gone off course on Wednesday night after being fired in response to a threat from a Yugoslav surface-to-air missile system.

"I can tell you that in operations yesterday a NATO aircraft was illuminated by a Serb air defence radar. A missile was fired in self-defence after this threat from a surface-to-air missile" he said at NATO headquarters in Brussels.

"After the ground radar was turned off, the missile strayed from its target and

unintentionally landed in Bulgaria. We have no indication that there were any injuries on the ground,”

Shea said NATO commanders were reviewing the incident and would consider how to reduce the possibility of such events happening in future. He understood that military officials in Bulgaria had confirmed that it was a HARM missile.

The missile wrecked a house in a suburb of Sofia, five km (three miles) from the centre of the capital and 60 km (40 miles) east of the border with Yugoslavia. No one was hurt.

“Obviously, this was not intended,” said NATO military spokesman General Giuseppe Marani. “We regret any damage that this may have caused.”

He said that while NATO carried~ out a review whenever weapons malfunctioned, the faults experienced so far .had been far fewer than expected.

NATO officials said the alliance was working with Bulgaria in an atmosphere of “cooperation and transparency”. NATO Secretary General Javier Solana had discussed the matter with Bulgaria’s ambassador to NATO, Boyko Noev.

Bulgaria, which hopes to join NATO, was being very supportive, alliance officials said.

In Sofia, Colonel Tomirko Tomanov, a Bulgarian air force weapons specialist, told a news conference the missile was an “air-to-surface type, AGM 88 HARM, or a high-speed anti-radar missile which could be carried by NATO’s F-16 fighters”.

Three other missiles have fallen on Bulgarian territory, causing no damage, since NATO began its air strikes against Yugoslavia on

The Russian Foreign Ministry said it was extremely concerned that a series of NATO missiles had caused damage in neighbouring countries after missing their targets in Yugoslavia.

Such incidents could end in disaster, the ministry said in a statement released in Moscow.

“The systematic, so-called accidental landing of NATO missiles on the territory of neighbouring countries is a matter of extreme concern,” the ministry said.

The latest incident has inflamed opposition among Bulgarians to the air war against the Serbs, who are Orthodox Slavs like most Bulgarians, and added to fears Bulgaria could be dragged into the Kosovo conflict.

The government on Thursday approved a document which would grant NATO the right to use Bulgarian air space for strikes against Yugoslavia in return for security guarantees. It is likely to be approved by parliament next week.

April 30, 1999, I received two emails from Sydney Smith providing more information about where she would be staying and about a second person who might be a potential Director for our proposed Macedonia project. Sydney also faxed me a copy of that person’s resume and a letter of reference that she had written for him (and signed by John Ferch, former Director of OFR).

While I was in Bucharest, on May 6, 1999, I sent Sydney an email saying that the latest word we were getting was that Swissair was still flying to Skopje, but not until May 11.

Macedonian Air said they were still flying and my reservation from Bucharest to Skopje for May 9 was still viable. “So, I will keep monitoring the situation, and keep you informed.” (email from GBH to Sydney Smith, May 6, 1999)

I received an email from Sydney a short time later saying she needed me in Skopje on Sunday, therefore the May 11 Swissair flight was *not* an option, and asking me to call her as soon as possible.

I don't know whom to believe—we're being told here all flights in are canceled. Last night late (10-11 pm) I heard lots of planes taking off but they might have been fighters. Since I'm already setting up transportation for Ed on Sunday from Sofia, is there any way you could get to Sofia by Saturday night or first thing Sunday morning, and proceed that way? It seems more reliable at this point. (email from Sydney Smith to GBH, May 6, 1999)

The same day, May 6, while I was in Bucharest trying to figure out how to get to Skopje, I received an email from Virginia Stacey with news that she had talked to Teresa Holdren, an experienced Worker Adjustment Specialist from Ohio that she and I had been considering as a possible project director for Macedonia. Virginia had good news for me about Teresa.

As it turned out, May 8, I flew from Bucharest to Sofia and stayed overnight at the Sheraton Sofia Hotel. The following morning the driver of a yellow Mercedes car arrived at the Hotel about 9:30 AM to pick me up and drive me to Skopje, Macedonia. As I recall, the trip was uneventful, but somewhat unnerving because of the Kosovo War going on nearby. The trip lasted four or five hours, with one stop to buy a sandwich and drink and a rest stop. There was little traffic on the road. The most unnerving part of the trip was when we reached the Macedonian border. The driver stopped at the Border control post, took my passport, went inside and talked with the Bulgarian officials. About twenty minutes later, he returned and we drove several blocks to the Macedonian Border station. Once again he took my passport and went inside. He was inside for about thirty or forty minutes before he returned and said that everything was in order. I wondered if he had had to pay any bribes to get us through customs, etc. We drove on to Skopje, he dropped me off at the Continental Hotel, and then departed for his return trip to Sofia.

The city was very tense, and there was lots of activity going on throughout the area, with everyone looking for suspicious activities or individuals. Consequently, we were very careful traveling about the city, and we did not stray too far from the commercial areas.

My Skopje trip report and emails I sent to my family while there provide a good account of what happened to me during my stay in Skopje.

May 8, stayed at the Sheraton Sofia. Met with USAID staff and then went out to make the rounds of the Government ministries. Supposed to fly to Skopje but Swissair flights to Skopje were cancelled due to the outbreak of the NATO war in Kosovo. It was kind of surreal watching TV to see what was happening in Kosovo. Flew TAROM air to Sofia, and Sydney arranged for a driver to take me from Sofia to Skopje.

May 9, stayed at the Hotel Continental in Skopje because a congressional delegation came to town and bumped some of us out the hotel where we were scheduled to stay in.

The Continental was the site of the NATO press center, so there were lots of military and reporters wandering around. May 10-15 stayed at the Protea Residence Hotel in Skopje.

The hotel I stayed in last night (Continental) is the home of the NATO Press Center. Consequently, there are dozens of correspondents and news media types staying there. The talk was always where they had been and what they had seen that day, and where they would go the next. It is kind of surreal, you have to watch TV to see what is happening in Kosovo. I don't think the correspondents are getting much news, One photographer, who was riding down the elevator with me, said he worked for the Daily Express in London. I asked him if he had gotten any good pictures. He said, "No," he had only been here two weeks. Those who were here for six weeks had got some good photos early on, but he would have to wait until the final push to get some. Looks pretty boring.

Had meetings every day at the USAID office. They now have money coming out the ears (the bribe to keep the country happy and accepting [Kosovo War] refugees). The problem is there are too many different projects that will be tripping all over each other. "Oh yes, we heard today that Hillary Clinton will be coming on Friday, so they want something for her to announce. So we are supposed to get our proposal ready in case she can announce it as one of the initiatives that the U.S. will be taking to help Macedonia. The AID person from Washington wrote a PR release that Hillary could use. It even mentions our worker adjustment component as one of the important parts of the U.S. program in Macedonia.

Drove out in the countryside to Stip to look at the local employment service office and talk to officials, then went on to another city to see an NGO business incubator. Had lunch at a local restaurant and returned to Skopje. The next day was not too productive, "because the Washington AID folks have already made up their mind about what they want to do." If I had known the situation before I came, I would not have come. The only thing keeping me here is that I am too polite to tell them to go to hell and leave.

Poor Sydney is stifling her frustration and groveling before them because she wants the project (for personal reasons related to her family situation—future husband.). The political machinations continued with Sydney and the Dragon Lady (Pamela Baldwin) from USAID Washington fighting over whose project would be approved. The air is hot and humid—like being in a sweat box. "What a week!! It is like being in a tennis or ping pong game. One minute we have one set of instructions or agreement. The next hour it all reverses. It has been going on this way for five full days. Each time we think the decision has been made they change or reinterpret the rules and try to get their way again. Poor Sydney is going bananas. Ed is laid back and not fully engaged since he is going back to Juneau to take a job with the State of Alaska, and I am counting the hours until I can leave town." Anyway, we will spend part of tomorrow, Saturday, trying to finish our document. Then Sydney and Ed can fight the battle some more next week after I am long gone.

My May 14, 1999 email to my family gave a candid assessment from my perspective:

Last night between 2:30 and 4:30AM I came up with the solution to the dilemma we have been facing all week. I wrote a brief memo setting out my solution when we came to the office this morning and then gave it to Sydney and Ed. She said I was too pessimistic. I still think it is what will happen anyway. My position -- they will get what they want, so we could save a lot of frustration by giving it to them now -- is where we ended the day 30 minutes ago.

Sydney even said, rather bitterly (before she left with Ed a few minutes ago to go

back to the hotel for another meeting with some lady who is an official with the National Employment Bureau), that my position would probably be the one adopted in the end. All of this despite the fact that we had a meeting with the Mission Director at 11 AM this morning, and he agreed to our position. By 3:00 PM this afternoon they (the opposing team) had prepared a draft document which again subtly reverted back to their position, and said this was what the Mission Director had said, revised to suit their nefarious ends. It is all rather bizarre.

Upon arriving home on May 18, 1989, I sent Sydney Smith an email letting her know that I had arrived home safely. On May 19, 1999, Sydney responded with the following email.

I finally got to talk to Brad [Fujimoto at USAID] one-on-one and understand his concerns a lot better. His problem is that he doesn't think community partners are ready to engage in the LED process. So that's what he's trying to make sure is included in the plan.

God knows where this is going, since of course substance is only a minuscule part of what drives the decision making here. However, I have the beginnings of an implementation plan for Phase I that I am going over with the NEB Director tomorrow; Friday is the interagency group to work out selection criteria; next Thursday is the first meeting of the USAID coordinating committee. I'm moving fast, getting things done, and making progress. But of course USDOL can't implement projects.

My experience getting a flight out of Skopje was almost as daunting as the drive to Skopje. I recounted my experience in a May 25, 1999 email I sent to Ed Musselwhite .

Getting out of Skopje was quite an experience for me. I got to the airport about 6:20AM, and it was a madhouse. Hundreds of people milling around trying to check in, and no lines or queues. After finally getting checked in, there was an even greater problem trying to get through passport control. Sixty or 70 people were milling around trying to get to a window to have their papers checked. After waiting for 30 minutes without any movement in the crowd, I concluded that I would never catch my plane without a new strategy. Just then a man and woman came along. He saw the chaos and immediately went away, leaving his wife waiting behind me. When he returned, he had an official with him. The three of them went around the mob and through a door. When the official returned through the door, I accosted him and pleaded my case. The man told me to put away my boarding pass, take out my passport and follow him. He took me around the mob and through the door where they merely looked at my passport and seeing I was an American waved me through. After waiting with several hundred people in a room (the gate) that accommodated half that number, my flight was finally called. We went out and got on an old DC9 and away we went.

I was able to fly Macedonian Air back to Zurich. From Zurich, I picked up my original schedule and flew to Frankfurt. May 16, I stayed overnight at the Frankfurt Airport Sheraton, and flew home the next day.

Ed responded to my email with his take on the situation after I had left Skopje. He had also encountered some difficulties getting home from Skopje, having to spend the night in London after having a 3 hour delay in his flight out of Macedonia. More importantly, his response about his last week in Skopje was also insightful:

I suggest you get the official position from Sydney, but here is my version. Sydney and Brad came to an understanding ... mainly Brad's concern that there was just no local capacity in most places to participate well in LED. Much more work is needed to build

that. But DOL will do all components during the pilot and may do LED during the second phase, or work with another contractor that is working on community development.

Regarding the NEB, it seems to be the place to put the project, at least for now. The Director is weak in my opinion (an old party hack) and they are replacing all their experienced I.O. directors, but I think the foundation is still there to build on. The NEB was included on the national advisory board, but the man from the Min. of Labor wants 2 people from each entity, so maybe Nikolina will be there. The woman in charge of Training & Retraining for the NEB is pretty good, and I think Sydney feels comfortable with her. We did tour a site where they had arranged training for 120 sewing machine operators for a company that is reopening a firm. ...

That second week was sure long...the desk clerk said, "You miss Mr. Hansen, don't you." I must admit I enjoyed your company. Glad you got home safely.

May 23, 1999, I received a copy of an email from Sydney Smith to Teresa Holdren. The email acknowledged that Teresa had been selected to be the Macedonia Project Director. Sydney was bringing her up to date on what was happening in Skopje subsequent to our design mission and providing Teresa with some essential information prior to taking her first trip to Skopje. The expectation was that Teresa, a worker adjustment specialist in Ohio, would start out to implement the Rapid Response Worker Adjustment Component once the Macedonian Project was launched. The LED and enterprise competitiveness components would be started at a later date. (Email from Sydney Smith to Teresa Holdren, May 23, 1999.)

2. Launching and working on the PRiSMa Project

The email traffic among Sydney, Teresa, Virginia Stacey and me during June, July and August 1999 was extensive. I informed Sydney that I was available to help her make any needed changes in the design, budget or work plan, knowing how busy she was and that Teresa would be trying to get the project up and running as soon as possible.

My files in the USU Archives contain copies of Teresa Holdren's timeline for the next 18 months, a copy of her report for the period May 29, 1999-June 3, 1999, and a copy of the budget for the coming year. In addition, there are several drafts of documents I had prepared as part of the design mission in May 1999.

My May 1999 billing statement to Worldwide Strategies contains the following description of my work on the Macedonia project during May:

Work performed this month [on the Macedonia project] consisted of: preparing for and traveling to Skopje, Macedonia, to participate as a member of a USDOL/USAID design team assembled to write a proposal for a Labor Redeployment Program and Local Economic Development Project in Macedonia. The work in Macedonia was carried out during the period May 9-15, 1999. During the week we met with officials of the Macedonian national government, National and Local Employment Bureaus, Ministry of Economy, PHARE, trade unions, and several international-run projects including a business incubator and Management Training Resource Center. We also visited a refugee camp housing some 6500 Kosovar refugees. After days of difficult negotiations with the USAID counterpart staff, who appeared to have a different agenda, we prepared

a concept paper outlining our (USDOL) proposal and a framework for a work plan to implement such a project. Upon returning home on May 17, I carried out some additional work to revise the concept paper and communicate with Sydney and others concerning the further development of this project.

Throughout the summer of 1999 I continued to provide consulting assistance to Sydney, Teresa, and Virginia Stacey concerning the design and implementation of the Macedonian Project. My files are full of emails going back and forth during this period of time, plus my notes of conference calls during which the Macedonia project was discussed.

Because the first component of the project involved training “the National Team,” including people from the National Employment Bureau and other agencies, they needed training materials for that workshop. As I recall, the training for the National Team was to start on June 30, 1999. That was to be followed by the implementation of the worker adjustment component. Teresa was an experienced worker adjustment specialist so I saw no need to become directly involved in the IA specialist training for the implementation of that component.

My only involvement at that point was to send her copies of my Industrial Adjustment Specialist training manual and materials, offer her copies of the worker adjustment manuals that we developed for Romania to consider using them in Macedonia if she choose not to use the ones she had used in Ohio. I also sent her the updated versions of my LED Guide so that it could be translated for use in Macedonia before the implementation of that component was started. There was considerable correspondence over sending these training materials throughout the summer of 1999.

Although I had intended to go to Macedonia for the training of the National Team, as well as conduct some training in Romania and Bulgaria, an event occurred that made it impossible for me to go. On June 14, 1999, after my morning exercise walk, I experienced a retinal detachment in my right eye that required eye surgery to reattach my detached retina that evening at a Salt Lake City hospital. As a result, I was unable to travel for over a month and had to cancel a scheduled trip to Eastern Europe.

As soon as I could, I emailed Jim Perlmutter at OFR, Virginia, Sydney and the project directors in Romania, Bulgaria and Macedonia to tell them not to expect much activity or travel from me until my eye healed. (Email from GBH to Jim Perlmutter, Sydney Smith, Virginia Stacey, et al.) After a few weeks of recovery, I was able to resume my work of consulting with Sydney, Teresa, and Virginia Stacey on the Macedonia and other projects via email and telephone. In my June 1999 billing statement I reported that I had carried out the following activities for the Macedonian project:

Work performed this month consisted of: participating in several conference calls concerning the work plan for this project and planning the first training programs to be conducted in July; assessing the proposed budget for the project; updating and printing copies of the LED Guide and Industrial Adjustment Specialist manual and mailing copies to Sydney, Teresa and Virginia; faxing Chapters 15 and 17 of LED Guide to Goran in Skopje for translation; and communicating with Sydney Smith, Teresa Holdren and others concerning the further development of this project.

While setting up the project office, Teresa Holdren and her newly hired staff came up with a catchy name for the new project, the acronym PRiSMa, Partners For Economic Development in Macedonia.

July through September 1999, I performed the following tasks on the Macedonia Project: as reported in my billing letter to WSI.

July: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, and beginning to plan the CER TOF training session for this project.

August: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, and communicating with Teresa Holdren about the CER TOF training session for this project.

September: Work performed this month consisted of: participating in conference calls concerning conflicts in the scheduled dates for CER workshops in Macedonia and several other countries, communicating with Marion Bentley and Teresa Holdren about the CER TOF session, and preparing and sending training materials for this workshop to Macedonia for translation and reproduction in preparation for this workshop, scheduled to be held on October 12-15, 1999.

October 9 – 16, 1999, I traveled to Skopje, where Marion Bentley and I conducted a one-week Training of Facilitators (TOF) workshop for the Industrial Adjustment Specialists.

October: Work performed this month consisted of: communicating with Marion Bentley and Teresa Holdren about the CER TOF session, and preparing for and conducting the TOF workshop held October 12-15, 1999, in Skopje.

An email I sent to Theresa Holdren on September 10, 1999, illustrates the complexity of preparing for the TOF workshop in Macedonia.

After returning home from Poland, where we conducted the CER TOF workshop for 30 people on September 7, I talked to Sydney and Virginia about who I should check with about the status of the translation of materials and other matters relating to the CER TOF session scheduled for October in Macedonia. Sydney said to check with you and to send any additional material to you to have it translated.

As I recall, I sent some of the material from the LED Guide to Goren for translation for use in the earlier "Overview workshops." My recollection is that Chapters 1, 2, 3, 6, 15, and 17 of the LED Guide were translated for those workshops. The remainder of the chapters from the LED Guide were supposed to have been taken to Macedonia by Sydney or Virginia.

Also, I think you may have had the earlier version of the IAS RRDWA Manual (the one I originally prepared for use in Katowice, Poland) translated as well for use in the RRDWA training in Macedonia. (I have made some changes and additions to the Original Polish version for subsequent use in some RRDWA IAS refresher training we conducted in Romania, and I imagine that you have added material to it as well.)

Anyway, we will need the remaining chapters of the LED Guide translated for use in the CER TOF workshops in October. In short, we will need the complete LED Guide translated into Macedonian for use in this workshop. So, if they have not yet been translated. i.e., Chapters 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, and 16, they will need to be

translated and copies of the complete LED Guide printed for use by the Oct. CER workshop participants.

Also, were the overheads in the IAS RRDWA manual translated into Macedonian? (These were the ones in the IAS RRDWA manual that outlined the components of the US DOL adjustment model) If these OHs were not translated earlier, they should be translated so that I can use them. I will send several additional OHs and handouts that Marlon and I will be using in the CER TOF workshop as well.

Finally, I will send you a copy of the agenda for the Workshop and a list of the other materials that will be needed.

Teresa sent me an email confirming that she had received all of the materials, and that the task of translating those items that had not yet been translated was well under way. (email from Teresa Holdren to GBH, Sept. 23, 1999.) She sent another email on Sept. 28, 1999, to inform me that the materials were almost ready and also confirmed that the TOF training would take place in Skopje since it was the only city with a hotel having suitable rooms for conducting the training. She also said the IA Specialists who had been to Hungary to observe our LED program there were very excited and anxious to participate in the TOF training.

In addition to Marion and myself, I also invited Hanna came to Skopje and participate with Marion and myself, and she did a good job. Subsequently, I learned that Jane Daly, our project director in Bulgaria, did not like Hanna and made her feelings known to Virginia or Sydney. Jane did not want to work with Hanna or have WSI use her. She must have also communicated her dislike to Virginia Stacey. I concluded that it was a difference of personality or age, or, more likely, Jane felt threatened in some way by Hanna. I was sorry to see that, because I liked both of them. Hanna was very competent and would have done a good job for WSI. Later, Hanna met a British consultant working on agricultural projects in Bulgaria. They subsequently got married and started a family. The last time I had contact with her, Hanna and her family may have moved back to Britain.

My second and last trip to Macedonia occurred in October 1999. During the week of October 9-16, Marion Bentley and I went to Skopje, to conduct a week long LED TOF program for the Macedonian Industrial Adjustment Specialists. My recollection is that the workshop went very well. Teresa and her staff were well organized, and the materials and equipment were ready for our use. The only problem we had was that the Hotel where we held the workshop, which was a much better one than the Continental Hotel, had given us too small a room to hold the large group of trainees at our first session. We had to get the hotel to give us a larger room. After the TOF workshop was completed, Teresa and her staff began scheduling CER workshops in the pilot communities, and Marion Bentley conducted the four community-level workshops.

Upon the completion of our CER workshop in Skopje, Marion and I flew from Skopje to Bucharest to attend a regional meeting of the USDOL/WSI project directors and their staffs held at the Bucharest Hilton Hotel on October 21-22, 1999. One of the highlights of the Regional meeting was hearing the reports from each of the project directors. Other items that I brought back included (1) a handout describing who one of the key individuals from abroad was—me; (2) a copy of a very full Agenda for the Regional Meeting in Bucharest; and (3) a copy of the

report presented by Teresa Holdren about the Macedonian PRiSMa project. One and three of these items are reproduced below:

GBHansen
10/19/99

Dr. Gary B. Hansen, Senior Advisor and Consultant to OFR/USDOL 1994-1999

Range of activities carried out for the USDOL/OFR and WSI on projects in the CEE Region:

- Provide advice and technical assistance to OFR director, project managers and WSI director
- Market USDOL services and Adjustment Model to USAID, international agencies and foreign governments
- Participate in project design missions (Romania, Bulgaria, Poland, and Macedonia)
- Write project proposals (Bulgaria, Poland, Romania, and Macedonia)
- Negotiate projects with foreign governments (Bulgaria, Poland, Macedonia and Romania)
- Help recruit and select international staff and trainers for projects (LMR, CER, RR/WA, EC) for projects
- Prepare training manuals and other materials for projects (LMR, CER, RR/WA, EC)
- Review and evaluate projects
- Prepare papers and make presentations of project results at international meetings and facilitate their publication
- Conduct CER TOF workshops for IA specialists in all five countries
- Conduct RR/WA TOF workshops for IA specialists in Poland and Romania
- Conduct CER workshops for community groups in Hungary
- Conduct EC workshops in Hungary and Poland
- Document selected USDOL projects in CEE region (completed: FSO LMR Project in Poland and first article on RR project Hungary; in process: second article summarizing results of Hungary RR project, and article on Huta Ostrowiec in Poland; planned: PLEDGE, PRiSMa, Romanian LRP, Poland WDP, and possibly Lodz, Gdansk, and Warsaw Training Centers?, Hungary Mediation and Arbitration Service?, Poland ES vocational guidance and counseling?,)
- Provide advice and assistance to all in-country project coordinators and their staffs
- Helped organize (with ILO) and served as US team leader and co-host of the national labor law and dispute resolution seminars held in Hungary and Poland
- Review USAID and OFR documents and providing critical input to OFR on their improvement
- Write short papers and concept documents for use in marketing and explaining USDOL Model

Macedonia - Teresa Holdren-Applegarth

Teresa distributed a project timeline that described the overall activities and accomplishments to date. She emphasized the following points:

Project is on a fast-track for implementation through the National Employment Bureau.

Began in June setting up national team structure, study tour to US in July, completed a study tour to Bulgaria and Hungary in September.

Six initial pilot projects with 3 communities focused on LED and 3 focused on Worker Adjustment. Just completed training of LED facilitators with new US Ambassador in attendance.

Biggest challenge in worker adjustment is 42% unemployment rate, labor strikes and

current presidential election hampering progress. Will work with union reps to set up LMACs.

Enterprise Competitiveness component will be demand driven activity.

Began public affairs training to coach and train Macedonians on marketing project.

Kosovo conflict strained country's infrastructure. Email works 15% of the time, phone 20%.

Sydney noted that DOL started in Eastern Europe 8 years ago on Employment Service reform when the term "layoff" couldn't be used. She pointed out the significance of AID approaching Jane to participate in the Danube River initiative. This demonstrated how the [USDOL]model was receiving high visibility in DC and how it supports AID's Southeast Europe Initiative. She pointed out that Macedonia is the first country where all components of the model are being implemented at the same time. She applauded everyone's efforts for the impressive results being achieved despite obstacles.

Overview of the Enterprise Competitiveness Component

Gary Hansen distributed several handouts describing the training and technical assistance modules available under this component. (Please contact Laura Buffo for copies of any of these documents.) Gary described the four internal and external dimensions of an effective economic adjustment program:

4. Results achieved by the PRiSMa project

The Final Report of the Macedonia PRiSMa project, sets out the official, after the fact, version of the project's design and funding. That report was completed in March 2004 by a contractor hired by USDOL to evaluate the project some five years after the start of the project and one year after it had ended. The Country Background and Project History in the body of the Report, and the Executive Summary of the Final Report provide a succinct account of the project design, results and sustainability.

A. Project Design and Funding (pp. 8-9)

The PRiSMa Project officially began in 1999 with USAID's decision to respond to a request from the Government of Macedonia to address labor redeployment issues with an initial investment of \$1.5 million for project start-up and Local economic Development (LED) and Rapid Response/Worker Adjustment (RR/WA) in 6 pilot sites. This was followed by a two-year budget of \$1.25 million for expansion to 12 more sites, as well as a pilot of the Enterprise Competitiveness Quick Start (QS) training method at 4 sites. Local partners were given to understand that, pending pilot and expanded round success, all 30 NEB local office sites would receive training in the three components of the ICDP. The LED and RR/WA pilots and the first expansion were considered successful and an additional \$1.7 was approved for FY 2002 to provide continued technical support to the first 18 communities, expansion to 12 new communities to establish the ICDP in the 30 key cities, and extension of QS into the remainder of the 18 communities where LED and RR/WA had been introduced. A final \$1.4 million was allocated in FY 2003 and a no-cost time extension was approved through March 31, 2004 to complete project implementation, monitoring and evaluation of the community projects and to move the communities into regional resource units able to mutually support sustainability of the ICDP. A total of \$5.9 million was allocated for the PRiSMa project.

The Steering Committee and USAID selected the six pilot sites in July 1999 with attention to geographic distribution and a balance of socioeconomic issues. The LED component

was first to be introduced in Kriva Palanka, Ohrid and Stip. The first phase of activity, the workshop series, began in November 1999 and went through March 2000. The RR/WA component was to be simultaneously introduced in Tetovo, Probistip and Kisela Voda. Under RR/WA, Labor Management Adjustment Committees (LMACs) were organized in February 2000 and completed their action plans by September 2000. The QS pilot was organized in July 2000 with pilot sites chosen based upon responses to public tenders. Sites in Skopje, Struga, and Ohrid were selected according to criteria based on potential for benefit.

Local PRiSMa core teams, usually composed of five representatives of the national partners, were established in each community and trained on the entire ICDP to serve a coordinating function between the LED, RR/WA and EC activities. An Industrial Adjustment Specialist (IAS) was selected by a partner agency, usually the NEB, to receive additional training, to take coordinating responsibility, and to oversee implementation of project activities in the community.

The groups of communities in the pilot round (6), and then the first expansion round (12) and the subsequent second expansion round (12) began activity by learning and applying the process for either LED or RR/WA. Half of the communities in each group were to implement LED while the other half implemented RR/WA. After a six-to nine-month period, the sites would "flip," i.e. the sites implementing LED would initiate their RR/WA process while those having implemented RR/WA would begin the LED process. In this way, each local team could focus on learning the new methods of each component separately, with the expectation that methods could be applied as needed in the future. QS followed the first two components.

In April 2000 an additional nine communities (Tetovo, Probisip, Kisela Voda, Sveti Nikole, Strumica, Debar, Krusevo, Kavadarci and Struga) started the series of LED workshops. In February 2001 another six communities were included (Delcevo, Bitola, Veles, Gostivar, Kumanovo, Radovis) and in November 2001 another 12 (Demir Hisar, Gevgelija, Kicevo, Kratovo, Makedonski Brod, Negotino, Berovo, Kocani, Prilep, Resen, Valandovo, Vinica), for a total of 30 communities. About 16 LED project ideas were generated in each community and one funded with PRiSMa funds based on a consensus decision-making process.

In September 2000, enterprises in Kriva Palanka, Ohrid, Stip, Bitola, Kumanovo, Veles, Radovis, Gostivar and Delcevo were included in the process of pre-lay off services included under the RR/WA component. In February 2001, the communities Sv. Nikole, Strumica, Struga, Krusevo, Kavadarci and Debar joined in. The last round starting November 2001 included communities Demir Hisar, Berovo, Gevgelija, Kocani, Kicevo, Prilep, Kratovo, Resen, Makedonski Brod, Valandovo, Negotino and Vinica. These communities turned their attention to LED in September 2002, at the same time Demir Hisar, Gevgelija, Kicevo, Kratovo, Makedonski Brod; Negotino turned their attention to RR/WA.

In September 2001, PRiSMa began implementing the EC component in 15 sites. These are the communities not involved in the EC Pilot that had completed a round of LED and RR/WA. The EC teams are made up of representatives of public vocational schools, the NEB and NEPA where it is present. In September 2002, the remaining 12 communities were brought into the EC program.

In March 2003, preliminary organization of regional institutionalization units began as part of the regular quarterly meeting/network day monitoring activity. By September 2003, each of four regions had developed a plan for action to further stimulate employment opportunities on a sustained basis in their regions. In each case, the vehicle selected

was support of a business cluster deemed mutually promising and ready to organize for mutual benefit.

The table in Appendix I of the Final Report (available on the Internet through WSI. Com) sets forth the order in which the three components were introduced in the respective communities.

B. Results (pp. 6-7)

Over the 4.5 years of project activity the GOM moved from accepting a donor-driven intervention aimed at addressing the problem of unemployment to initiating strategies to adopt and perpetuate the methods learned through the PRiSMa project. In general, the 3,000 active partners, who were involved variously in the three components of the ICDP in 46 communities saw concrete results in the form of more than 5,000 jobs created or retained. As they became involved in the processes introduced by PRiSMa, they had experiences that opened their eyes to cooperation, planning, and implementation possibilities not previously envisioned.

By the end of the project, there had been real progress in GOM policy change to support the lessons learned in PRiSMa and there were informal regional structures for carrying on the positive collaborations to improve the economic prospects for Macedonia.

C. Sustainability (pp. 5-6)

Training and facilitation provided by PRiSMa established a set of institutional capacities and assured their distribution throughout the 30 service center communities of Macedonia. Unprecedented multi-sector collaboration was instituted. Direct experience on the part of beneficiaries of demonstration activities created a broader base of popular support. Each of these communities developed a core team of representatives from the local Employment Office, the Ministry of Economy, The Union Federation, the Vocational Schools and the Private Sector. They had learned the steps of specific economic development and labor redeployment programs. Their cross sector cooperation was a new but rewarding experience resulting in the establishment of functioning partnerships.

All partners demonstrated commitment to the terms of the original] 999 Charter of Cooperation insofar as they supported continued implementation and promotion of the ICDP in Macedonia.

In the last year of the project, significant progress had been made to institutionalize its practices.