

**EVALUATION OF USDOL/USAID
PRISMA PROJECT IN MACEDONIA:**

**PARTNERS FOR ECONOMIC DEVELOPMENT IN
MACEDONIA**

*COMMUNITY, WORKER AND ENTERPRISE ADJUSTMENT
IN TRANSITION ECONOMIES*

February 18 – March 18, 2002

Thomas J. Cook
Karen Lippold
Deborah M. Orsini

Management Systems International
600 Water St. S.W.
Washington, D.C. 20024

TABLE OF CONTENTS

Executive Summary	ii
I. Introduction.....	1
II. Purpose and Methodology of the Evaluation.....	3
III. Evaluation Findings and Conclusions.....	4
A. Project Design	4
B. Project Management and Coordination.....	8
C. Project Implementation	11
D. Project Impact	28
IV. Evaluation Recommendations	36
A. Launch LED Phase 3 for graduated communities.....	36
B. Establish Community Team Role in Local Self Governance Law	37
C. Increase Networking, Encourage Advocacy and Ensure Public Relations.....	38
D. Expand Outreach to Rural/Mixed Communities for LED.....	38
E. Implement Rapid Response in Pilot Loss Maker	39
F. Integrate Quick Start in Prisma Rounds	39
G. Enhance Program Sustainability	39

TABLES

Table 1: Project Implementation in LED Sites Visited.....	15
Table 2: LED project types	16
Table 3: LMAC Sites Visited	19
Table 4: Quick Start Pilot Activities	26
Table 5: LED, RR and QS Job Creation and Retention- Pilot and Expansion 1 Phases	29
Table 6: Average estimated component cost per community	31
Table 7: Economic Return on Prisma Job Creation Investments	32

APPENDICES

Appendix A Scope of Work	43
Appendix B Stakeholders Interviewed.....	51
Appendix C Reference Material.....	56
Appendix D Field Data Collection Protocol.....	57
Appendix E Revised Charter.....	60
Appendix F Prisma Community Ethnic Representation	63
Appendix G LED Communities: Pilot and Expansion 1	65
Appendix H Rapid Response Sites	69
Appendix I Rapid Response/Worker Adjustment Program for Loss Makers.....	74
Appendix J Performance Monitoring Strategic Framework	77

EXECUTIVE SUMMARY

This report presents the findings, conclusions and recommendations from an evaluation of the U.S. Department of Labor (USDOL) *Partners for Economic Development in Macedonia (PRISMA)* program, based on its operation from 1999 to 2002. This program is funded by USAID under the Support for East European Democracy (SEED) Act and is implemented as a 632(b) Inter-Agency Agreement between USAID and USDOL. The USDOL contractor is Worldwide Strategies Inc. (WSI). A three-person team carried out an interim evaluation in Macedonia from February 25 to March 9, 2002 for the purpose of summarizing progress to date and making recommendations for future improvement. Data was collected at ten project sites throughout Macedonia, from the central Prisma project office in Skopje, and from interviews with stakeholders in the U.S. and Macedonia.

Of the six USDOL Central and Eastern European (CEE) adjustment programs, the Prisma project is the only one since the pilot in Hungary (1994-1999) in which all three components of the “USDOL Integrated Adjustment Model” have been implemented. Those components include Local Economic Development (LED), Rapid Response/Worker Adjustment (RR) and Enterprise Competitiveness (EC). Experience in Macedonia demonstrates the advantages of implementing the model as a coordinated whole in transition economies experiencing massive layoffs. However, program components can, and in some instances should, be implemented as stand alone interventions, depending on local circumstances and demand for specific types of interventions. While each component makes its own intrinsic contribution to the adjustment process, of the three, Local Economic Development (LED), particularly as implemented in Macedonia, appears to provide the greatest value added for transition economies, given its proven ability to (1) create new jobs in a cost effective manner; (2) change attitudes within communities so citizens believe they can assume responsibility for their own economic development, and (3) build capacity within community teams to enable them to leverage additional funding for local economic development.

Based on the team’s knowledge of the other currently implemented USDOL CEE adjustment programs (Bulgaria, Romania and Ukraine), the evaluators concluded that *Prisma, working under very difficult circumstances (e.g., economic and political instability and serious civil disturbances), has created more jobs in less time at a significantly lower cost than any of those three programs.* In its first 2-1/2 years of activity, in 15 of the first 18 communities served, Prisma has helped to create 1100 permanent and temporary jobs through LED and to retain or reemploy 900 workers through RR. When the last three of the first 18 communities complete their projects by June 2002, those numbers are expected to increase to 2000 new LED-generated jobs and 1200 workers retained or reemployed under RR. Quick Start training under the Enterprise Competitiveness component has contributed indirectly to the creation of another 237 jobs. Thus, the total projected number of jobs created or retained for Prisma’s first 18 communities and three pilot Quick Start programs is **3,437**. Total estimated costs for the related timeframe are \$2,000,000. *This represents a cost of \$582 per job created or retained. This figure is significantly lower than average per job costs for job creation or retention among other donor initiatives and represents estimated annual savings to the state in unemployment benefits for the 3,437 individuals involved of more than \$4 million.*

The evaluators reached the following key conclusions regarding the strategy, impact, partnerships, synergies and model integration of the Prisma project in Macedonia:

1. Local economic development (LED) strategy: Prisma pursued its objective aggressively, encouraging community teams to identify viable local private sector businesses or start-up opportunities which could utilize the Prisma seed funding to create permanent jobs. In retrospect and given the harsh socioeconomic conditions, political instability and climate of crisis in Macedonia, this enterprise-focused strategy appears to have been the most effective and cost-efficient choice among available options.
2. Rapid Response (RR) strategy: Prisma helped communities to provide adjustment services to workers at risk of being laid off in local firms facing restructuring. The creation of labor/management adjustment committees within the target firms served to alleviate tensions and promote constructive dialogue. An unplanned aspect of RR in Macedonia was that most of the target firms discovered during the RR process that their at-risk workers could be transferred to other jobs in the company where they could make productive use of the new skills acquired through RR training. RR in Macedonia has therefore been used primarily for job retention within the parent firm, as opposed to job transition to work outside the firm. Given the dearth of job opportunities for laid off workers in the current economy in Macedonia, the strategy which evolved from Prisma's RR interventions has certainly served to enhance employment, but not as RR was originally designed to do. This shift in strategy in Macedonia provides an interesting opportunity to integrate Quick Start training into the RR process in future programs.
3. Quick Start (Enterprise Competitiveness) strategy: The three Quick Start pilots carried out to date demonstrated the training methodology's ability to assist firms to increase productivity and enhance competitiveness through cost effective, job specific technical training for target employees. However, expansion of QS implementation in Prisma communities was delayed until October 2002. That decision was unfortunate for two reasons: (1) QS training is well adapted to the needs of new or expansion projects under LED and to the retraining focus of RR as implemented in Macedonia; and (2) using QS for LED and RR would have helped to demonstrate its effectiveness to a critical mass of local firms and to the NEB. This demonstration, in turn, could have contributed to greater willingness within NEB to institutionalize Quick Start.
4. Long-term impact: In addition to substantial achievements in job creation and retention, Prisma contributed to a significant change in attitude and behavior within the communities and enterprises served. Citizens realized that they have the ability to utilize a democratic and transparent process of consensus decision making to pursue local economic development and worker adjustment initiatives.
5. Partnerships: Prisma has developed strong and constructive partnerships with eight national institutions and over 800 local partners.
6. Synergies with other USAID projects: A practical, problem-focused approach to joint project activities has resulted in productive synergies among three USAID projects (Prisma, LGRP and CSHI) where expertise, capacity and funding are leveraged for mutual benefit. The same

synergies should be pursued with other USAID projects, particularly ISC (DemNet) and the upcoming Macedonia Competitiveness Activity (MCA).

7. USDOL community, worker and enterprise integrated adjustment model: the USDOL model can achieve significant impact in transition economies suffering massive layoffs and social unrest, but benefits are enhanced when there is true integration and blending of the three components under a strategy that allows for concurrent rather than successive implementation of the components.

Recommended future priorities identified by the evaluators include:

- **Launch LED Phase 3:** LED communities having completed their Prisma project require continued technical assistance and training to consolidate their skills and find ways of working with new partners and funding sources to pursue other local economic development initiatives. This support should be provided as quickly as possible through a LED Phase 3 component including training in community development, long range economic planning, models of cooperation with municipal authorities and advocacy. LED communities should evaluate the feasibility of creating a “pay it forward” program that would encourage successful Prisma grantees to work with the community team to stimulate more LED through options such as a LED fund, mentoring of other SMEs, or subcontracting to local enterprises.
- **Facilitate LED Community Team Role in Local Self Governance Law:** Article 22 of the new Local Self Governance Law provides for the creation of a local network and partnerships to promote LED. Prisma should act proactively to define with its community teams how such a local economic development partnership should function and work with its national partners to encourage adoption of the proposed strategy.
- **Improve Networking, Advocacy and Public Relations:** Local teams have benefited from networking with each other but recent security concerns hamper national networking meetings. Prisma should seek other physical and virtual means to maintain contact such as regional meetings, quarterly newsletters and internet bulletins. LED team leaders should meet together at least every six months to discuss achievements and possible advocacy for community development initiatives. Prisma should work with national partners and USAID to publicize LED, RR and QS success stories.
- **Expand outreach to rural/mixed communities for LED:** Given the positive feedback from rural/mixed community teams and in view of the continuing socio-economic difficulties in Macedonia, Prisma should expand its rural/mixed community outreach program to include an additional 16 communities in 2003. Prisma should continue to work with its growing network of national trainers in this effort and to draw on lessons learned from its 2002 rural/mixed outreach program.
- **Implement Rapid Response in a Pilot Loss Maker:** Provided the Ministry of Economy meets the implementation conditions set forth by Prisma in its memorandum of January 2002, Prisma should work with national partners and the relevant GOM ministries to implement a pilot RR program in one of the major loss making firms facing shutdown. This type of RR initiative more closely parallels the Rapid Response programs in the U.S. and

Canada and offers an opportunity to evaluate its applicability for job transition in Macedonia, as compared to the job retention focus of the RR initiatives to date in Macedonia.

- **Integrate Quick Start in Prisma Rounds:** given its proven efficiency and cost effectiveness, Quick Start should be fully integrated into all future Prisma program activities.
- **Institutionalize Rapid Response and Quick Start within NEB:** NEB should assume the coordination role for the provision of pre-layoff services to dislocated workers and for QS custom fit training for employers hiring new employees or seeking to improve their firms' competitiveness. NEB should create a SWAT team(s) for such services which should work with Prisma to develop operational manuals and build team member skills. Prisma could also provide support for drafting labor regulations or legislation related to the provision of pre-layoff services and customized short term training.

In sum, given the continuing unrest in Macedonia due to mass layoffs, security concerns and economic decline, Prisma has a critical role to play in supporting communities throughout the country to achieve community, worker and enterprise adjustment. The new law on Local Self Governance provides a unique opportunity to enhance the sustainability of Prisma's local teams. These local teams are a pool of competent role models and trainers who can assist in achieving a significant multiplier effect for the project, especially if a means is found of leveraging additional donor and private investment.

For the reasons cited above, Prisma is and should remain a critical part of the USAID Macedonia Mission Strategy. Prisma has developed and applied an effective methodology for "getting Macedonia back to work." The staff has established very effective working relationships with community officials and other local and national stakeholders to focus available resources and expertise on the key problems of local economic development, worker adjustment and enterprise competitiveness. Its activities align directly with the new USAID SO 3.4 aimed at further strengthening Macedonia's capacity to deal with its daunting economic challenges. Moreover, Prisma is building productive synergies with complementary USAID projects to advance the Mission's overall strategy.

Prisma's current obligations will keep project staff fully engaged through the end of FY 2003. It is likely that the gradual phase out of project activities, with transfer of responsibility to Macedonian institutions and communities, will require that the project continue through FY 2004.

I. INTRODUCTION

Since mid-1999, the United States Department of Labor (USDOL) has supported a program of community, worker and enterprise adjustment initiatives in 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. The program in Macedonia is known as *Partners for Economic Development in Macedonia* (Prisma). Prisma builds on prior USDOL experience in Hungary, Poland, Bulgaria and Romania, and is based on an integrated adjustment model for transition economies. The stated objective of the Prisma project in Macedonia is to “train local community teams throughout Macedonia in methods and strategies that stimulate labor force flexibility and market responsiveness, resulting in new and resuscitated jobs.”¹

Macedonia has provided an extremely difficult environment for the implementation of the Prisma project. The project has tried to help “get Macedonia back to work” under conditions of a chronically weak economy, political instability, and enduring social tensions. These challenges clearly exceeded the obstacles confronting the USDOL Adjustment projects in other Eastern European countries.²

Macedonia unemployment is in the 40%-45% range, with local joblessness in many communities reportedly much worse. A plethora of loss making enterprises, that put thousands of jobs at risk, has exacerbated the problem. The recent armed conflict in Macedonia created an unstable security climate that persists in some parts of the country, to the point of disrupting factory production and business activities. This unstable condition can also be seen in the social tensions evidenced in periodic flare-ups between Macedonians and ethnic Albanians. Mutual distrust limits effective collaboration aimed at improving local economic conditions.

Macedonia also lacks the institutional capacity to address the critical unemployment situation. National agencies are unprepared to develop a labor exchange system that might respond efficiently to labor demand. There is no national strategy in place to create new jobs or train the future workforce to meet the requirements of the market. Prisma’s focus on job creation, job transition and job retention through an integrated approach to community, worker and enterprise adjustment has provided a much-needed example of what can be achieved, despite limited resources, when communities, labor, management and training institutes are mobilized to solve problems at the local level.

Despite the very difficult circumstances in Macedonia, the Prisma team of six full-time Macedonian professional staff (four regional representatives, one EC coordinator and one public relations coordinator), plus the expatriate WSI country director, has aggressively pursued its objective of getting “Macedonia Back to Work” over the past 2-1/2 years. Building on an earlier program with the Government of Macedonia for technical and hardware support to the

¹ Prisma Workplan Narrative, FY 2002

² Cook, Tom and Deborah Orsini, “Evaluation of USDOL/USAID Worker Adjustment Initiatives in Romania and Bulgaria,” Management Systems International, March 2001.

National Employment Bureau, USDOL began implementation of the community, worker and enterprise adjustment model in October 1999. This integrated model, developed from experience in other transition economies in Eastern Europe, was designed to provide three complementary components geared to helping distressed communities, dislocated workers and struggling enterprises face the challenges of a market economy. Those components are:

- **Local economic development (LED)**- a structured process involving six workshops and extensive analysis by community teams leading to the selection of a local economic development project designed to generate new jobs in communities impacted by enterprise restructuring or closure.
- **Rapid response worker adjustment (RR)**- an initiative to provide training and retraining to workers at risk of being laid off and involving the creation of a labor-management adjustment committee (LMAC) to promote worker transition to new jobs outside the company or to new jobs within the company. RR is modeled after successful worker adjustment programs in the U.S. and Canada whose concepts were incorporated by the U.S. Congress in the 1988 Economic Dislocation and Worker Adjustment Assistance Act.
- **Enterprise competitiveness (EC)**- a program of support services to strengthen surviving enterprises and preserve jobs, of which only “custom fit” training, also known as Quick Start (QS), has been implemented to date in Macedonia. QS is based on job-specific task analysis as the basis for the design of practical, short-term training to increase employee productivity and skills.

Prisma’s goal when the project was launched at the beginning of FY 2000 was to implement LED and RR activities in the 30 Macedonian market towns where the National Employment Bureau (NEB) had offices. This strategy would allow Prisma to train local Industrial Adjustment Specialists (IAS) to work with Prisma staff to implement the community and worker adjustment programs and would facilitate the long term sustainability of the programs in Macedonia. A limited number of Quick Start training pilots was also planned. Each of the program components was to be institutionalized over a 3-4 year timeframe, working in close cooperation with the National Employment Bureau.

During its first two years of operation (September 1999 to September 2001), on a budget of \$1.2 million, and despite civil unrest and the evacuation of USAID contract personnel for three months, Prisma kept its implementation schedule on track in all 18 of its target communities in the Pilot and Expansion 1 phases. Since each community was implementing two major programs, LED and RR, this meant that each of the four regional representatives was managing nine different programs with combined budgets for LED implementation and RR training of around \$400,000. The staff’s ability to maintain momentum, produce results and manage multiple contracts and teams under very difficult and, at times, dangerous, circumstances, is testimony to its professionalism and dedication.

Prisma’s energy and ability to innovate are further demonstrated in its response to new demands arising from the civil unrest in 2001. In response to a request from USAID for increased focus on the rural sector and ethnically diverse communities where unemployment was particularly critical and the pervading attitude of hopelessness contributed to armed conflict, Prisma

expanded its workload in FY 2002 to include 16 new LED sites which target these high priority populations. Prisma is working with CSHI (Community Self-Help Initiative) to implement the LED activities in these 16 new rural/mixed communities. CSHI provides the funding while Prisma provides technical assistance and training materials.

Another Prisma innovation is its work with LGRP (Local Government Reform Project) on means of sustaining the local economic development teams created by Prisma . In twelve municipalities, LED teams have been recognized through a formal agreement with municipal leaders as the official municipal Economic Development Board to address local economic development issues. Based on the results from this pilot initiative in twelve communities, Prisma and LGRP could cooperate to expand their joint efforts to all municipalities in Macedonia.

II. PURPOSE AND METHODOLOGY OF THE EVALUATION

To assess the progress of the Prisma community, worker and enterprise adjustment initiatives to date, USDOL prepared a Statement of Work for an interim evaluation (Appendix A) and contracted with Management Systems International, Inc. (MSI) to carry it out.

The primary objectives of the evaluation were (1) to assess progress towards achieving a decentralized decision making process for designing, implementing and evaluating a variety of labor market initiatives based on the integrated USDOL adjustment model; and (2) to assess the extent to which the Macedonia project contributes to the USAID Macedonia Strategic Plan and suggest ways in which Prisma could further contribute to the strategic plan during the second phase of the project.

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 carried out background interviews in person with representatives from USAID, USDOL and WSI. Using this information and given its prior experience with the mid-term evaluation of the USDOL adjustment programs in Bulgaria and Romania, the team drafted a field data collection protocol which served as the basis of its interviews with focus groups at the Prisma project sites (Appendix D). These interviews were conducted with representatives of the core local team, the LED team, the RR team and, where possible, Quick Start trainers or companies having received QS training. The interviews assessed the following for each project component at each site:

- Factors which contributed positively or negatively to project implementation
- Preliminary indications of progress in meeting project objectives
- Estimated project impact
- Degree of local ownership
- Other indicators of sustainability
- Activity completion by site

The team met with representatives from ten Prisma project sites. The sites were selected by the WSI country director, in consultation with USDOL, to represent the most fully implemented of

the existing Prisma project activities and to provide a perspective on project implementation strategy changes in subsequent rounds. Field visits were organized for eight sites. Given the continuing security concerns, representatives from two other sites traveled to Skopje to meet with the team. The evaluators also interviewed key informants from each of the eight national partners who make up the Prisma Steering Committee. The representative of the most critical of those partners, the National Employment Bureau (NEB), was replaced the day before the team's departure from Macedonia. This individual was recognized by all other strategic partners as an obstruction to the implementation of Prisma's programs in Macedonia. The team was able to interview members of the original NEB National Team who had participated in the pre-project study tour and in planning and implementation of Prisma's first year activities, and with the newly appointed head of the NEB. It was obviously too soon to tell if the change in management would produce a more cooperative relationship with the NEB than had been possible under the previous manager.

The evaluators met on several occasions in Skopje with the WSI country director and Prisma project staff, who were very 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.

A detailed transcript of respondents' answers and comments was maintained throughout the trip.

III. EVALUATION FINDINGS AND CONCLUSIONS

A. PROJECT DESIGN

Findings

Gary Hansen³ is recognized as the architect of the USDOL integrated model for community, worker and enterprise adjustment in CEE countries. The concept derived from Hansen's review of adjustment programs carried out in the U.S. and Canada over the past 20 years and from his participation in technical assistance activities carried out by USDOL and ILO in several CEE countries during the early days of their economic transition. Hansen concluded that "a comprehensive strategy, rather than narrowly focused or piecemeal adjustment approaches, could achieve more successful worker, community and enterprise adjustments in CEE countries undergoing economic restructuring and privatization- and lay the foundation for a permanent adjustment mechanism to deal with these issues in the future."⁴ The model is comprised of three components of technical assistance, implemented with financial support from USDOL:

³ Gary Hansen was Professor of Economics and of Management and Human Resources at Utah State University until 1998. He also served as Director of International Programs, College of Business, from 1992 – 1998. From 1998 to the present he has been a Senior Advisor with WSI.

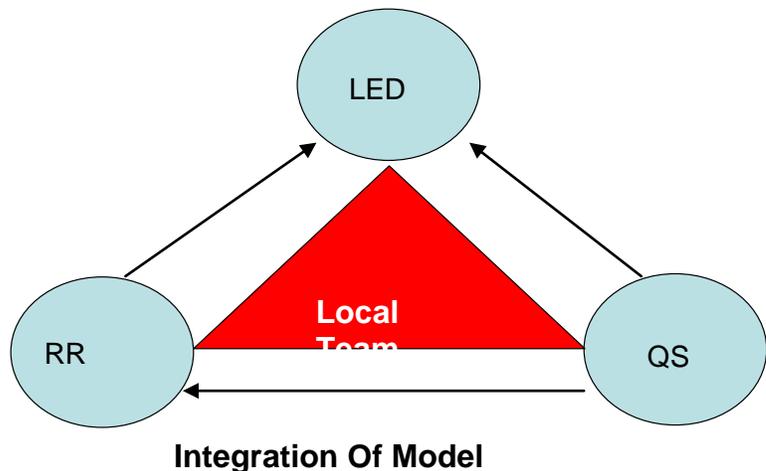
⁴ Hansen, Gary, "Evolution of the USDOL/WSI Adjustment Model," excerpted from a paper presented at the 5th European Congress on Industrial Relations, Dublin, Ireland, August 1977, p. 1

- Local Economic Development (also known as “Economic Renewal”) – promotes economic revitalization in communities severely impacted by economic dislocation.
- 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.
- Enterprise Competitiveness- provides training to workers in new technologies in order to assist firms 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 as “Quick Start” (also as “Custom Fit Training”).

Proponents of the model emphasize the advantages of implementing it as an integrated whole. Hansen states that the ultimate efficacy of the model depends on its implementation in “...a systematic and integrated way with other labor market measures...”⁵ To date, all three of the model’s components have been implemented only in Hungary, the USDOL pilot adjustment country, and in Macedonia, despite efforts to obtain a commitment from the governments of Poland, Romania and Ukraine to implement the full model.

In Macedonia, interviews with project staff, representatives from local teams which oversaw the broader program of Prisma community activities, and representatives from national partners, revealed a strong belief that each component of the model plays a critical role in the overall adjustment challenge faced by transition economies. Their reasoning can be summarized as follows: transition economies require a focus *on local level measures* to help communities assume responsibility for (1) creating or expanding new enterprises and jobs by building on local assets; (2) facilitating the transition of at risk workers into new jobs within or outside their company through training; (3) providing job specific training to help jump start stagnant or traditional firms into more competitive production with a skilled workforce.

The effectiveness of the integrated model relies on the demand characteristics of local economies. Those communities with the greatest adjustment challenges are those where the integrated model as a whole has the best “fit”. It is most appropriate to conditions of extreme joblessness or the threat of significant job loss.



⁵ 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.

The diagram "Integration of Model" on the preceding page demonstrates the relationships of the model's components. In order to achieve maximum benefit from the three components, two factors are important: (1) all three components should be implemented concurrently (this was not the case in Macedonia although LED and RR were implemented in rapid succession); and (2) a central coordinating body is needed so that the LED team is aware of possible dislocations in local factories; RR teams are aware of possible employment opportunities from LED projects and of QS training resources; local enterprises undergoing restructuring are aware of QS training resources; and local QS training institutes are aware of training needs within local firms.

In Macedonia, Prisma's local teams have served this coordinating function between the LED and RR activities. (Unfortunately, Quick Start was not implemented concurrently with those components in the pilot and expansion 1 phases). If synergies are to continue in Prisma communities, this role should be maintained, possibly through the new municipal Economic Development Boards being set up in the municipalities which are working jointly with LGRP and Prisma on LED initiatives.

In communities where the model is implemented with true integration of its components:

- LED generates job for RR dislocated workers
- RR assists workers to gain new, marketable skills
- LED and RR use QS training methodology
- QS retrains RR workers to seek employment outside of their firms or to transfer to new jobs within their firms
- QS trains workers for LED-generated jobs

In situations where the full range of Enterprise Competitiveness (EC) initiatives are implemented, assisted firms would likely increase productivity, opening up new opportunities for economic growth, job creation and job transition.⁶

The Prisma country director noted that "the best situation is where there is a connection between LED and RR with EC/QS feeding directly into action for job creation and job transition. When the boundaries start to blur on the triangle, the model is truly working."

In situations where financial resources are scarce, it would appear that the greatest value added among the model's components is achieved through LED, given its proven ability to (1) create new jobs; (2) change attitudes within communities so that they believe they can assume responsibility for their own economic development; and (3) build capacity within community teams to enable them to seek additional funding for LED, at a per job cost which is significantly lower than that of most other job creation programs.

⁶ It is possible that elements of the Enterprise Competitiveness portfolio could be provided by service providers which are not part of the "Model", e.g. human resource or competitiveness consulting firms or projects, business centers or incubators, etc.

The Macedonia design relied on a staff of four professional regional representatives recruited, trained and remunerated by WSI, who serve as the management team for the field work. A separate EC coordinator was recruited in 2000. Public relations are handled by a special coordinator. The support staff, including a financial assistant and two logistics managers, are also closely involved in day-to-day operations. A strong feature of the Prisma project is its network of some 30 Industrial Adjustment Specialists who have been specially trained to work with local communities. They are directly responsible for monitoring and providing technical assistance to the individual LED community teams which receive \$25,000 each in LED grant money, and to the Rapid Response Labor/Management Adjustment Committees which manage up to \$20,000 in training funds.

A two-year SEED-funded budget of \$1.2 million was allocated for LED and Rapid Response, designed to serve 18 communities with local economic development and worker adjustment. An additional \$1,700,000 was approved for FY 2002 to provide (1) continued support to the first 18 communities and expansion to 12 new communities; and (2) technical assistance for outreach to 16 rural/mixed communities, working in partnership with CSHI. As of the date of the evaluation, approximately \$2,000,000 had been expended for LED and RR in the first 18 communities and for three pilot QS training programs.

The design of the Prisma project provided for the selection of a local team working with the IAS to oversee implementation of two project activities- a LED project and a Rapid Response/LMAC project. Each group of communities (Pilot- 6 communities; Expansion 1- 12 communities and Expansion 2- 12 communities) was organized in two subgroups. Half of the communities in each group implemented LED while the other half implemented RR. After a six-month period of implementation, the sites would “flip,” i.e. the sites implementing LED would initiate their RR project while those having implemented RR would begin the LED project. The local team, usually composed of 5 persons drawn from the local employment bureau, the local Ministry of Economy office, the labor unions and the local private sector, provided continuity and oversight of the “model.” Although the system makes for a numbering nightmare for “rounds,” the concept appears to have worked well on the whole. Most communities request LED as their first activity, but project staff stressed that once the teams see the benefits of Rapid Response programs, they are fully convinced of its relevance and importance and “derive even greater hope for the future from the process.”

It is unfortunate that funding and human resources did not allow for implementation of Quick Start at the same time as RR and LED. The unique training technology which QS provides would have been useful to the LED and RR teams as implementation was going forward.

Conclusions

Given the dramatic impact of restructuring and downsizing on many communities throughout Macedonia, and the relative lack of programs to date supporting local level community, worker and enterprise adjustment programs, the implementation of the USDOL model appears to have been well justified and certainly well received by communities, employment bureau professionals and national partners.

The organization of project activities (“flips”) and the recruitment and training of a highly motivated staff and IAS appear also to have contributed to the success of the Prisma project. In new communities, it would be useful to integrate QS training into LED and RR implementation.

As a cost effective, customized training methodology, Quick Start can play a pivotal role in enhancing the model’s overall efficiency.

B. PROJECT MANAGEMENT AND COORDINATION

Findings

1. Project Management

Project management in this report refers to the execution of project roles and responsibilities by several principal stakeholders: USDOL, USAID, WSI and the Prisma country team. Findings are based on interviews with each of these groups and on 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
- Accountability for results and reporting requirements

Shared understanding of project purpose

The evaluators found that the crisis situation in Macedonia, and USAID’s focus on community-level projects within its portfolio, contributed in the last year to a significant improvement in the level of shared understanding of project purpose. Prisma appears to be increasingly regarded as a linchpin for many of the local level initiatives undertaken by other USAID projects such as LGRP and CSHI (see “USAID project synergies”, below). As has been demonstrated through the Prisma cooperation with LGRP and CSHI, the existence of competent local teams in over two-thirds of Macedonia’s market towns at this point can help other community-focused projects to get quickly off the ground.

The recent assignment of a USAID project manager for the Prisma project within the USAID mission will certainly strengthen coordination as the project moves into its Expansion 2 phase. As Prisma communities “graduate” from the LED implementation phase, it will be useful for the local teams to seek synergies with the mission’s private sector projects, including the Moznosti Fund and the new Macedonia Competitiveness Activity (MCA).

Well-defined roles and responsibilities among stakeholders

The working relationship between WSI and USDOL appears to be efficient and professional, with well-defined responsibilities as regards project management. There are opportunities for USDOL networking in support of Prisma activities in the U.S. with strategic partners such as the World Bank and the Department of State. To make the most out of these opportunities, regular updates on project accomplishments and any unforeseen change in strategy or partners is

necessary. The quarterly reporting system and periodic USDOL visits reportedly provide adequate information flow.

Open and timely communication

Communications among strategic partners appears to have improved considerably over the last year, here again in part due to the crisis situation. More forward planning is taking place in regards to schedules and travel clearances for reporting, regional conferences and periodic monitoring visits.

Results accountability and reporting requirements

The establishment of a performance monitoring system based on results accountability and streamlined periodic status and technical progress reporting has contributed to the improved understanding of project purpose referenced above. USAID Macedonia was particularly pleased with the recently finalized Prisma performance monitoring framework, matrix, plan and data tracking table.

2. Synergies among USAID Projects

Several USAID projects have begun active collaboration in the local economic development sector. The local Government Reform Project (LGRP), the Community Self Help Initiative (CSHI) Project and the Prisma project have joined together in a number of new ventures, each bringing their unique resources and expertise to the partnership. LGRP and Prisma, for example, have recently formed a Local Economic Development Partnership, to help municipalities create strategic plans for their respective economic futures and implement them. LGRP brings its strong working relationships with mayors, and other municipal officials and offices to the effort; Prisma brings its extensive field experience and training expertise in local economic development, as well as the ability to interface with the local teams responsible for implementing the LED and RR activities. In the 12 pilot communities where LGRP is working in cooperation with Prisma, the municipalities have signed formal agreements to recognize Prisma's local team as their official Municipal Economic Development Board. This promotes sustainability of the local team and ensures a collaborative effort with the municipal government to continue what Prisma has begun.

CSHI is working with Prisma in sixteen rural/mixed communities. In line with its mandate to assist such communities to deal with infrastructure and quality of life issues, CSHI is funding LED projects in these communities and Prisma provides technical assistance for training in local economic development. In two existing Prisma communities, CSHI has committed to providing funding to help meet infrastructure needs. In Krusevo, this support enabled the community LED team to allocate Prisma funds to the second project idea identified, a briquette factory which would create jobs, while CSHI funded the first project idea, which was a snow plow to enable the community to continue business operations during the harsh winter months. In Ohrid, CSHI is examining means of providing financial support to the community so it can acquire the hardware required to set up a tourism association whose seed grant came from Prisma.

The newly announced Macedonia Competitiveness Activity (MCA) will provide another opportunity for cooperation among USAID projects. The technical assistance, training and

networking envisioned under this activity for clusters of target industries could buttress the LED firms already receiving seed funding under Prisma. The local level analyses of community assets and constraints to private sector development which the Prisma LED teams have carried out could be useful to the MCA project as well as to other USAID private sector projects.

USAID's Democracy Network (DemNet), also known as the Institute for Sustainable Communities (ISC) is another USAID project which offers possibilities for local level synergies. The Prisma teams interested in establishing an NGO to pursue their LED activities (e.g., the Stip local team) could benefit from DemNet's experience in working with NGO's to mobilize citizen participation in community decision making. DemNet's CAP and LEAP projects provide good models for widespread community participation in community development.

Building this capacity into collaboration with Prisma, LGRP and CSHI expertise and resources completes the picture for effective local economic development. LGRP provides essential local government input; CSHI provides small infrastructure improvements to support business development; DemNet brings widespread public participation to the process; and, Prisma brings its RR Model and LED local implementation experience. The potential synergy from this collaboration is just beginning, and needs further encouragement to realize its full potential to help communities achieve their economic development goals. As communities gain confidence and success stories emerge, these local level initiatives may well evolve into regional economic development schemes where communities co-sponsor major initiatives such as road or railroad construction. A focus on projects of this type would concentrate energies on much-needed demand driven improvements in towns and regions.

Interviews with the respective project leaders revealed a desire to expand this collaboration as opportunities arise. The groundwork laid thus far by the Prisma/LGRP/CSHI "consortium" is impressive. The next six months will reveal to what extent project staffs and directors can forge enduring collaborative teams that focus and apply their respective assets to solving important community problems. As one of the "consortium" members noted, "Given the challenges in Macedonia, we shouldn't be congratulated on working together, but punished if we don't."

Conclusions

Prisma has successfully created a project management and coordination environment that enables the project to realize its overall goals and objectives. Participants share a common understanding of the project purpose and have assumed the key roles and responsibilities to reach it. Communication is frequent and constructive. Staff appreciates the importance of routinely collecting performance information to guide project management. Especially noteworthy is the emerging collaboration between Prisma and other USAID projects, joining together to help communities improve their LED prospects.

C. PROJECT IMPLEMENTATION

Findings

The following general attributes of the Prisma project and its national and local partners contributed positively to implementation of all project activities, particularly when comparisons are drawn with other donor-financed community, worker and enterprise adjustment initiatives:

- Dedicated and energetic project leadership and staff
- Motivation of Prisma staff and IAS through study tours to model programs in the U.S., Hungary and Bulgaria
- Ability to operate outside government bureaucracy for project approvals and funds disbursement
- Dedicated national partners with most Steering Committee members providing useful input and support
- Strong team spirit among local team members
- Flexibility of process (particularly as compared to EU economic development initiatives), especially adaptability of project criteria (e.g. change in LED team composition to emphasize private sector, include youth and reflect ethnic mix)
- Sensitivity to the need for project and community public relations

1. National Partners

A strong team of five national partners was forged at the outset of the project. That team served to provide valuable insights and advice to the Prisma project director regarding strategic planning for project implementation and longer term institutionalization. Despite serious obstacles (e.g., administrative approvals for training, travel or funding withheld) encountered from February 2001 to March 2002 due to a hostile National Employment Bureau manager Prisma was able to stay on track and has proposed a revised charter for its steering committee (Appendix E) which would move the project towards institutionalization of its various components.

The original national partners included representatives from the National Employment Bureau, the Confederation of Trade Unions, the Ministry of Economy, the Ministry of Labor and Social Policy, and the Economic Chamber. As Prisma's goals broadened to include Quick Start training and in the context of the new Law on Local Self Governance, the Steering Committee was enlarged to include the Ministry of Education, the National Enterprise Promotion Agency (NEPA) and the Association of Local Self-Government Units (ZELLS).

Prisma has developed a revised charter which specifically assigns responsibilities to each of the Steering Committee members, thereby establishing a clear strategy for sustainability, as follows:

Institution	Responsibility
Ministry of Labor and Social Policy	Development of national policy to support active labor market measures as introduced by Prisma at the local level in Macedonia, especially market-driven training, focus on special and vulnerable populations, use of LED teams in cooperation with other ministries
Ministry of Education	Provision of vocational training for young people and adults with focus on market-driven post-secondary courses for adults using Quick Start methodology from the Prisma model
Ministry of Economy	Leading future local economic development initiatives in communities in line with its focus on SME development, and support for provision of transition services to employees of loss-making enterprises
National Employment Bureau (NEB)	Commitment of local level staff to participate on Prisma teams and to serve as active measures specialists over the long term, with focus on institutionalization of the Rapid Response component of the Prisma program and cooperation with the Ministry of Education to optimize resources for lifelong learning
National Enterprise Promotion Agency (NEPA)	Definition of services that promote enterprise competitiveness and to institutionalize appropriate services within NEPA regional offices
Association of Units of Local Self-Government (ZELLS)	Promotion of municipal involvement in LED and active measures programs with training for local economic development officers committed to working with Prisma LED teams
Confederation of Trade Unions	Support for use of labor/management adjustment committees to deal with problems of worker dislocation
Chamber of Economy	Promotion of private sector involvement in the project and support for RR and enterprise competitiveness initiatives

One concrete result of Prisma’s close work with its Steering Committee partners is the adoption of a national policy statement by the Ministry of Economy regarding economic development in Macedonia which makes specific reference to Prisma’s LED projects: “The USAID Prisma Project will continue with the implementation of its program which provides for local economic development and inclusion of the unemployed in programs to enhance job transitions.”⁷ At Prisma’s urging the policy paper also states “the financial funds supporting passive employment policy will be decreased in favor of active employment policy (development of local communities, training programs and job creation).”⁸

The close working relationship between Prisma and its national partners also resulted in a specific request from the Ministry of Labor and the Ministry of Foreign Affairs to provide them

⁷ Official Journal of the Republic of Macedonia, December 2001, Policy Regarding Formal Sector, p.2

⁸ Op. cit, p. 3

with a list of 25 illustrative project ideas resulting from the Pilot and Expansion 1 LED communities. This list was presented by the Government of Macedonia at the Macedonia Donors' Conference on March 12, 2002, in Brussels, as examples of potential local-level projects which might be readily implemented by trained LED teams. The general environment of increased donor interest evidenced at the conference raises hopes that further funding will become available to local teams for new LED projects.

2. Site Selection

Site selection in Macedonia was based on a decision by the Steering Committee to implement the USDOL model in each of the market towns in Macedonia with a local office of the National Employment Bureau. Of those 30 towns, the first pilot group of communities was selected based on unemployment levels, the presence of loss makers in the community and geographic dispersion throughout Macedonia. Most communities had populations over 25,000 inhabitants, with the smallest being 10,500 persons and the largest 172,000 persons. One-third of the communities had sizeable non-Macedonian populations, i.e. more than 25% of total population. (see Appendix F for Prisma community ethnic representation). Communities for the Expansion 1 phase were selected based on the quality of the applications received. Prisma staff indicated that the project might have benefited from a more competitive approach to site selection among the municipalities in Macedonia.

3. Local Economic Development (LED) project implementation

a) Background

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”⁹ 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.”¹⁰ 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.

After LED communities are selected, a series of six LED 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 and does teambuilding. 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-

⁹ IAA Annex A, Labor Market Transition Assistance for Central and Eastern Europe, Project No. 180-0033, June 1999, p. 4

¹⁰ Ibid

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 team in project implementation and management. The LED grant of \$25,000 is then disbursed progressively according to a pre-established action plan, with quarterly expense accounting.

Communities schedule project activities usually over a one-year period during which time the IAS follow up on progress and report back to the regional representative, who also makes periodic monitoring visits to the sites. Total elapsed time for project implementation from beginning of workshops to final disbursement of grant is usually 18 months.

At the time of the evaluation, PRISMA had assisted 18 communities to implement their LED project and had begun LED workshops in another 6 communities. The last six communities will begin LED workshops by November 2002 and are expected to complete LED project implementation by September 2003. Prisma is also working with CSHI to implement LED programs in 16 new communities which were jointly identified as priority given their rural and/or mixed ethnicity attributes. Appendix G provides an overview of the first 18 projects, per statistics maintained by Prisma and as reviewed with the LED teams at sites visited during the evaluation.

The evaluation team met with representatives from six pilot phase sites, one Expansion 1 site and two Expansion 2 sites, along with one site from the newly initiated rural/mixed communities program being implemented jointly with CSHI (see Table 1 below).

The extended period of civil unrest in 2001 was a particularly challenging environment for the Prisma staff and local teams. While project implementation stayed on track, as one observer pointed out, “the persistent state of crisis has made a difference in how people move forward. While the projects were implemented on time, many communities have adopted a survival mentality and will require additional support to continue to effectively apply the lessons learned from their LED experience.”

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

Table 1: Project Implementation in LED Sites Visited

Site/LED Round	Type	Population	Team	Mix	Budget	Special Attributes	Jobs to date	Projected Jobs	Status
Kisela Voda Pilot – LED R2	Expansion of printing company	146,750	26	81% Macedonian 15% Serb 4% Turkish	\$25,000 Prisma \$42,000 LED company	Support to sheltering company employing disabled workers; Strong team solidarity	10 retained	10 new	Complete
Kriva Palanka Pilot – LED R1	Start up of milk and dairy company	25,130	32	100% Macedonian	\$25,000 Prisma \$65,000 LED company	Strong support from mayor–possible Prisma/ LGRP model	12 new 14 retained	4 new	Complete
Kumanovo Expansion 1 LED Round 3	Expansion of shoe sole production	127,815	24	67% Macedonian 9% Albanian 20% Serb 4% Roma	\$25,000 Prisma \$22,000 LED company (construction)	Extremely high unemployment; mixed community	40 new		Complete (earlier than some pilot sites)
Ohrid Pilot LED R1	Creation of tourism promotion association	60,765	34	97% Macedonian 3% Turkish	\$25,000 planned with match from assn	CSHI to assist with hardware procurement and business plan	2 new	2 new 8 seasonal	80% (registration delays)
Probestip Pilot LED R2	Expansion of shoe factory	16,650	30	100% Macedonian	\$25,000 Prisma \$90,000 LED company	Expansion of factory to neighboring community	110 new	10 new	Complete
Stip Pilot LED R1	Expansion of garment manufacturer	50,715	30	97% Maceodnian 3% Vlach	\$25,000 Prisma \$100,000 LED company	Strong local team; 4 other LED proposals funded	235 new (surpassed projections)		Complete
Struga Expansion 1 LED Round 2	Start up of public company – funeral parlor	62,680	32	81% Macedonian 19% Albanian	\$25,000 Prisma \$15,000 municipality	Strong potential for Prisma/LGRP cooperation	2 new 20 seasonal	2 new	70% (under construction)
Tetovo I Pilot LED R2	Start-up of fish pond	172,170	30	63% Macedonian 30% Albanian 7% Serb	\$25,000 Prisma \$95,000 from LED company	Mixed team worked together; fighting prevented completion	1 new 20 seasonal	5 new	50% (civil unrest)
Veles Expansion 1 LED Round 3	Expansion of textile manufacturing facility	65,940	28	93% Macedonian 7% Serb	\$25,000 Prisma \$25,000 LED company	\$25,000 already paid to municipality in taxes, LED team working closely with mayor	80 new	40 new	90% complete
Tetovo II NEW Rural/Mixed	To be determined	67,000	8	25% Macedonian 75% Albanian	\$25,000 Prisma	Four smaller communities working together in LED process		Up to 200 new jobs in 4 communities	10% (LED project not yet selected)

LED projects in Macedonia fall into three broad categories, business expansions, business start ups and restarts of previously existing firms. In addition, there is one public company and one association. Table 2 provides an overview of LED project types to date. Of note is the frequency with which existing firms are selected by communities for seed funding. Participants note that this often appears to be the surest way of creating sustainable jobs in their communities.

Table 2: LED project types

Project type	Pilot Sites Total: 6	Expansion 1 Sites Total: 12	Grand Total
Start-up firms:	2	3	5 (28%)
Expansion firms:	3	6	9 (50%)
Restart firm:		2	2 (11%)
Association:	1		1 (5.5%)
Public company		1	1 (5.5%)
Total	6	12	18

b) Positive Factors in LED Project Implementation

The evaluators interviewed Prisma project staff, IAS, LED, RR and local teams concerning their views on what factors affect project implementation. The following list summarizes the team's findings regarding factors which contributed positively to LED 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

- Proper assessment of which component to implement first
- Balanced composition of the LED team
- Use of IAS facilitators from other communities
- Team building training
- Private sector participation- increase from 30 to 50% in Expansion 1 and 2
- Consistent number of dedicated participants in the full series of training workshops
- Quality of analyses conducted for workshops (Need to Know assignments)
- Quality of project proposals (objectives, activities, plan)

A very important factor in LED start-up success was the active involvement of a large number of private sector representatives on the LED team. This attribute appeared so important to success that Prisma increased its target quota of private sector representation on LED from 30% to 50% by the Expansion 1 phase. Private sector representatives contributed to the quality of assessment of the potential for sustainable job creation within existing or start-up enterprises.

Project Implementation- factors contributing to success

Transparency of process, especially the structured voting process
Team's ability to take charge of project implementation
Consensus decision making
Flexibility in schedule and disbursements
Leveraging of local resources
Broadened base for implementation team to ensure that all needed qualifications were present
Public relations within community
Ability to network with other LED project teams in their round and in the country

An important criterion for success during project implementation appears to be the management capacity of the LED team, specifically its ability to take charge of the project and run it in a business-like manner.

Project Sustainability- factors contributing to success

Continuing involvement of LED team in LED fora
Regional network meetings to obtain feedback on additional needs
National network day to promote public relations and linkages
Ability to attract other grants for project
Information sharing via website and newsletters
Forum for national stakeholders to meet and discuss cross cutting issues
Commitment to financing for alternative project ideas

The biggest challenge to the LED teams is to make the transition from implementing the Prisma-funded LED project to a sustainable role in LED within the municipality, particularly in the context of the new Law on Local Self-Government. Prisma has an important role to play in facilitating this transition.

c) Negative factors in LED implementation

The most negative factor in LED implementation has been the **crisis** and its residual effects on the population's faith in the future. Despite the Prisma team's ability to maintain the schedule of activity, there is a sentiment of discouragement present in certain communities which Phase 3 could help assuage. As compared to the LED community teams in Bulgaria and Romania, most LED teams in Macedonia are less confident of their ability to continue to identify and fund LED projects.

Other factors which had a negative impact on implementation included:

- Complicated bureaucratic procedures (e.g. approvals related to registration of the Tourism Promotion Association in Ohrid)
- Changes in leadership (e.g. reassignments of local level NEB staff)

- Obstructionist attitude of NEB manager (e.g. refusal to approve NEB training for new hires by LED projects)
- Lack of initial understanding by USAID of project purpose
- Uncertainty of project duration (e.g. inability to commit to communities beyond current year funding)
- Delays in developing and implementing LED Phase 3.

4. Rapid Response Implementation

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.¹¹ The process 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 (see Appendix H for Prisma Rapid Response site information). The following factors are examined in order to decide if specific firms are good candidates for RR interventions:

- Type of firm
- Labor force information (number/types of employees, gender breakdown, work history, age)
- Information on projected layoff (scheduling, numbers affected)
- Level of existing cooperation between management and labor (e.g., prior history of joint committees)
- Existing training resources (human resources department, infrastructure, community resources)
- Openness of management to labor/management cooperation

When Prisma began, Rapid Response, which has proven its effectiveness in combating serious dislocation among workers in the U.S. and Canada, was intended to be used to assist Macedonia’s major loss makers. However, given the government’s refusal to name specific firms for such action, Prisma decided to entrust local teams with the responsibility for selecting Rapid Response recipients firms. While the local teams selected firms of differing size for the pilot RR initiatives, all RR firms demonstrated:

¹¹ Hansen, Gary: “The USDOL Adjustment Model: An integrated approach to help workers, enterprises and communities impacted by economic restructuring”, p. 12.

- Tense relations between labor and management over the uncertain future of many workers
- Willingness to establish a labor/management adjustment committee
- Interest in retraining certain workers to assume new jobs within the company

Table 3: RR Sites Visited

<i>Community</i>	<i>RR Firm</i>	<i>Employees</i>	<i>Layoffs</i>	<i>Services/Cost</i>	<i>Retained within co.</i>	<i>Reemployed outside</i>	<i>Total/ Percent</i>
Kisela Voda	Electronic Appliances	74	74	Computers, business start-up, truck driving, counseling \$18,000	38	11	49 66%
Kriva Palanka	2 firms: Mining Construction	461 (total from both firms)	146 (from both firms)	Software, machine operations, truck driving, electrician, accounting, steam boiler oper. \$17,000	138	8	146 100%
Kumanovo	Steel fabrication	560	50	Argon welding, autocad, computers, computerized accounting, English, German \$14,000	50		50 100%
Ohrid	Marble/stone cutting	110	63	Computers, English truck driving \$8,000	61	2	63 100%
Probestip	Mining	1200	300	Computers, electronic \$3,500	108		108 36%
Stip	Metal Working	161	101	Metalworking, heating, metal processing, welding \$21,500	98	3	101 100%
Struga	Bakery	85	35	Computers, truck driving \$4,000	25	10	35 100%
Tetovo I	Marble Cutting	127	60	Software, stone cutting, English, accounting \$4,000	20	1	21 35%
Veles	Leather products	415	50	English, computers, sewing, driving \$13,000	50		50 100%
Total			879	\$103,000	588 -67%	35 - 4%	623 - 71%

As can be seen from Table 3, in two-thirds of the RR firms visited during the evaluation, 100% of the employees were retained or reemployed after RR. In the nine companies interviewed, 623 of 879 of the at risk employees (71%) either retained their job in their parent company or were reemployed outside of the company. The percentage of those employees retaining their jobs far outweighs those who were reemployed at another firm (94% vs. 6%).

In interviews with LMAC committee members in the firms having participated in Rapid Response, it became clear that most of the target firms discovered *during* the RR process that their at-risk workers could be transferred to other jobs in the company where they could make productive use of the new skills acquired through RR training.

RR in Macedonia has therefore been used primarily for job retention within the parent firm, as opposed to job transition to work outside the firm. Given the dearth of job opportunities for laid off workers in the current economy in Macedonia, the strategy which evolved from Prisma's RR interventions has certainly served to enhance employment, but not as RR was originally designed to do. This particular aspect of RR in Macedonia reinforces the need for integrating Quick Start training into Prisma community programs from the outset so that this job specific and cost efficient training methodology could be used as appropriate for RR situations where workers will be transferred to new jobs within their companies. Other types of EC interventions would also be useful to RR firms and their LMACs as they face issues of low productivity and antiquated technology. The EC-type services could be provided either through Prisma or by other organizations or projects providing such services.

Continuing issues regarding sustainability of RR include:

1. Availability of funding for training purposes
2. Support for such active measures from NEB
3. Enactment of legislation to support/require Rapid Response programs
4. Creation of a task force within NEB to provide technical assistance to firms requesting support
5. Review and revision of the unemployment benefit/training subsidy to firms

b) Positive Factors affecting RR implementation:

- **Prisma established early rapport with Unions.** Prisma was successful in stimulating union interest and support for the Rapid Response (RR) intervention. The purpose of the RR activity was carefully explained, and the benefits to workers clearly articulated, so that union leaders in the affected enterprises could quickly grasp the incentives for participation. Early union support paved the way for worker acceptance by conferring a necessary credibility to the RR process, thereby encouraging worker participation.
- **The RR intervention promised and delivered concrete benefits to workers.** Prisma provided "at risk" workers with services, such as training and psychological counseling, that they otherwise would not have received. The local team did a good job of explaining this to

the union leaders and, through them, the workers, so that both could foresee the concrete benefits (e.g., acquiring the skills necessary for a new job) that workers would receive if they got involved.

- **Management participated in the RR process from the start.** As it did with union leaders and workers, Prisma worked with enterprise managers to prepare them for participation. Evaluation field interviews revealed a high level of management support for the process (in fact, some of the managers received training, as well). They appreciated that many of the RR benefits to the enterprise (e.g., training for ‘at risk’ workers) would otherwise have been unavailable. They reported that the RR process lessened the tensions often associated with possible worker layoffs.
- **Prisma emphasized to workers and management that the workers (for the most part) would decide the RR training and services to be provided.** Workers reported that, for the first time, they were directly involved in deciding their fate. They felt empowered. This efficacy sensation fueled their active participation in the RR process; moreover, many reported sharing their positive RR experiences with workers in other enterprises. The only real limit to the training classes provided was the requirement of a minimum enrollment (e.g., 5 trainees).
- **Selection of the factory for RR was a transparent, local team decision.** The local team led the process for selection of the enterprise to receive the RR services, which served to promote capacity building in solving their community’s economic development problems. The credibility of the process was enhanced through an open dialogue process, secret ballots, etc., all intended to promote transparency. People interviewed felt that the process was transparent and that this openness boosted participation in the process.
- **Use of Neutral Chairs and LMAC members (workers and management) to introduce and explain RR in new firms.** Prisma has used neutral chairs and labor and management representatives from prior RR implementations to introduce the concept at new RR sites. This lessens apprehensions over the purpose of the program.

The Ministry of Economy of the Government of Macedonia has approached Prisma regarding the possibility of implementing a Rapid Response type initiative for the country’s major loss makers (see Appendix I for Prisma’s response to this overture). Given the proven efficiency of the Rapid Response/LMAC approach in the United States and Canada for just such situations, it would be a useful application of Prisma technology to undertake a pilot implementation, provided adequate resources and professional staff, both expatriate and local, were available.

c) Negative factors affecting RR implementation

- **Privatization process does not allow for clear process of layoffs and retentions.** Prisma has been reluctant or unable to intervene in certain instances given that issues related to ownership, bankruptcy or worker redundancy were not resolved. This is especially true for the case of the major loss makers in the country.

- **Lack of coordination/concurrent implementation with Quick Start.** QS training methodology is especially well adapted for job retention requirements in target RR firms.
- **Lack of coordination/concurrent implementation with LED.** A more direct linkage with LED could have fostered transfer of laid-off RR workers to the LED projects.
- **Uncertainty of Prisma funding.** Lack of confirmed carry over funding from year to year has made it difficult to confirm promised interventions in certain communities.
- **Inability to meet demand for transition services.** The success of RR in the 18 firms from the Pilot and Expansion 1 phases resulted in high demand for such services from other firms experiencing restructuring and downsizing. Interviewees estimated that for every firm receiving RR worker adjustment services, at least another 3 firms have requested similar services, so that at best only 25% of firm-level demand is being met. NEB representatives confirmed that they have been contacted by firms outside of the Prisma communities which have heard about RR and are asking for support.
- **Lack of NEB commitment of staff and resources for current and post-project implementation of pre-layoff services.** Prisma stakeholders and national partners should carefully consider this negative factor in mapping future Prisma strategy.

5. Quick Start

a) Background

The Enterprise Competitiveness (EC) component of the USDOL integrated adjustment model focuses on the job retention dimension of the job creation, transition and retention labor market equation. The EC component strives to assist enterprises undergoing restructuring and downsizing to become more productive and competitive in the global economy. It is comprised of 5 elements:

1. Upgrading workers' skills by performance-based training through the "Quick Start" customized process based upon a systematic job analysis;
2. Improving labor-management relations by providing interest-based problem solving and "training for partnership" workshops that teach managers, workers, and union officials in affected enterprises and communities techniques that can be used to solve problems, build cooperative partnerships, and generate high-performance workplaces;
3. Improving human resource utilization by helping restructuring enterprises to develop and implement strategies that improve human resource utilization to preserve jobs;
4. Increasing productivity and reducing costs by helping restructuring enterprise managers and their unions establish plant-level productivity improvement and cost saving projects; and
5. Maximizing the joint competitive advantage of small enterprises by assessing the need and opportunity for inter-firm cooperation and collaborative networks of small companies in communities or regions.

Macedonia followed in Hungary and Bulgaria's footsteps by focusing on Quick Start (QS) among the various EC components. Plans to expand EC activities beyond Quick Start have begun but are still in a nascent stage.

Quick Start's 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."¹² 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.

b) Quick Start Implementation

Quick Start got off to a late start in Macedonia and is still playing catch-up with LED and RR. Although there were funds for QS in the 1999 start-up budget, an ambitious program involving implementation of the larger, more management-intensive LED and RR components forced a delay in QS implementation until a Prisma EC coordinator was hired in April 2000. In May 2000 a public notice was posted soliciting proposals from firms throughout Macedonia interested in participating in the QS pilot. In late May a WSI consultant assisted in the selection of the pilot firms. Thirteen firms from around Macedonia expressed interest in the pilot. All were visited and several were determined to be good candidates for QS training. Among criteria for selection of the pilot companies was the preference for:

- firms from communities where LED and RR teams had already been formed;
- at least one textile pilot as it is a major industry in Macedonia;
- a firm requiring retraining to show QS ability to retool the workforce to respond to changing employer needs; and
- financially solvent enterprises to enable Prisma to showcase success with the pilot activities.

QS activities were launched with a five-day Training of Trainers (TOT) in September 2000 conducted by two WSI consultants. The intent of starting with a TOT was to include all groups that might become partners and contribute to sustainability. The TOT was attended by representatives from the NEB, Workers University, Motiva Consulting, National Customs, Vest Newspaper, Zastava (Ohrid), Kimico (Struga); and Svestlost Grafik (Skopje).

After the TOT, QS instructors were required to develop detailed training plans describing the training services and schedule to be used to teach the job skills and knowledge required by employers. Job analysis was conducted at four sites. Only three completed the job training.

The evaluators visited the three QS pilot sites in Skopje, Ohrid and Struga. Without exception, the employers credited QS with allowing them to respond rapidly to very specific training needs which ultimately improved their company's competitiveness and helped create more jobs. Details on the three Quick Start pilot activities can be found in Table 4.

¹² op. cit., p. 12

In October 2001, Quick Start charted a new course. Following the successful pilots, the Prisma country director and EC Coordinator decided to develop a plan for QS to become operational at the local level. Instead of attempting to institutionalize QS training within Macedonia's NEB where support had not been forthcoming, the Prisma office partnered with the Ministry of Education in the hopes of institutionalizing QS within local and regional vocational training centers which were undergoing reform under the PHARE program. The idea was to create a partnership among the local employment bureau, local businesses and vocational training centers in order to respond rapidly to the specific training needs of companies undergoing restructuring and privatization. This new EC partnership model is founded on the premise that vocational educators will be able to change gears and update their curricula based on market information from the local employment bureau. In the past, vocational educators have typically provided stale, market-irrelevant training, while employment bureaus failed to act as brokers between local businesses and the vocational schools.

A two-day TOT workshop was held in October 2001, conducted by the Prisma EC coordinator for the local specialists and PHARE coordinators from the 15 communities participating in Quick Start's Round 2. The workshop focused on the USDOL Integrated Model and on job analysis as an essential condition to develop training curricula. Community representatives were tasked with forming a local EC team of 4-6 persons representing the local vocational schools and employment bureau in addition to the local specialist. Having the local specialist involved was deemed critical because of his/her previous experience with LED and RR components.

A one-day workshop was given in Skopje in February 2002 for the 15 local EC teams to explain the integrated model, QS training and the new partnership between NEB and the Ministry of Education. Each team was tasked with working on a "Quick Start" Action Plan to be submitted to the Prisma office by March 11. Given the timing of the evaluation, the evaluators were unable to assess the quality of the QS action plans.

Quick Start is but one element of the Enterprise Competitiveness component. In an attempt to determine whether businesses are interested in assistance related to the other four EC components, the EC coordinator developed a questionnaire that has been distributed to all 30 LED teams. Once the questionnaires have been collected and analyzed by the EC coordinator, a strategy will be developed for responding to the needs specified by the local businesses.

c) Positive Factors in Quick Start Project Implementation

- **Cost effective and time efficient method of training.** One of Quick Start's most attractive aspects is that the training methodology is not labor or time intensive to implement. Quick Start focuses on customized analysis of the job to be performed and structures short-term, practical training to meet specific needs. Increased training efficiency and effectiveness are valuable attributes to firms seeking to quickly increase their competitive edge in the market.
- **Selection of target firms** contributes to success of the program. In the case of the three pilot firms, management was prepared to make the necessary investment in capital equipment for the newly trained workers and to commit to providing permanent jobs for them, in return for customized training which would enable the workers to rapidly enhance the firm's productivity and competitiveness.

- **Selection of appropriate trainers** within the firms is also important to the success of Quick Start. The trainers selected were technical specialists in their fields, but were also receptive to the methodology's job analysis techniques for training program design.
- **Ease of replication.** Quick Start can be easily grasped and applied by firms on their own after an initial introduction to the methodology. Quick Start-type training has been continued in the pilot firms and by the training providers for the pilots (Motiva and Workers University).

d) **Negative Factors in Quick Start Implementation:**

- **Lack of integration of Quick Start with RR and LED.** Had Quick Start been integrated from the start with the other model components, the training technology could have been used and validated in each of the LED projects and in many of the RR companies, with two key benefits: a more customized and practical approach to training and a clear demonstration effect for national partners, especially the NEB, as to its value and impact. This could have lead early on to the creation of a NEB SWAT team to promote use of Quick Start training for all companies applying for skills training in Macedonia, at considerable cost savings to NEB.
- **Lack of policy and institutional commitment to sustain the implementation of Quick Start.** The lack of a clear national policy and dedicated human and financial resources to sustain Quick Start training for local enterprises through the NEB or vocational technical schools will handicap expansion of the program.

e) **Institutionalization Strategy within the Ministry of Education**

Given the reticence of the former NEB manager to champion Quick Start, Prisma opted for a strategy aiming at institutionalizing QS training within the local and regional vocational schools. The latter are undergoing reform and appear eager to adapt their training curricula to fit the needs of local businesses. In addition, local employment bureau representatives seem keen to broker the relationship between the local vocational schools and businesses interested in QS training.

In anticipation of time it will take vocational schools to get up to speed on QS training, however, it is necessary for Prisma to cast the training net wider and conduct TOT for trainers from other private training institutions than the two that participated in the first QS TOT (Workers University and Motiva). A possible starting point is the National Enterprise Promotion Agency's (NEPA) regional training centers located throughout Macedonia. Workers University and Motiva could assist with the TOT.

The new partnership model based on cooperation among local employment bureaus, business enterprises and vocational training centers will need to be evaluated for possible modification once QS training has been completed in the 15 communities in Round 2.

Table 4 presents results from the three Quick Start pilots. Direct training costs averaged less than \$100 per person, exclusive of Prisma support. Beyond the 88 persons trained in the pilot QS programs, the increased competitiveness and resulting increase in contracts from QS training allowed two firms to hire additional employees. Zatava hired an additional 100 persons when a new contract was obtained. Kimico was able to hire 137 new employees due to increased production demands. All the new employees have been trained using Quick Start methodology.

Table 4: Quick Start Pilot Activities

Municipality	Industry	Type of Training	Duration	# Trained F/M	Training Cost	Training Cost/Trainee	Subsequent New Hires
1. Skopje	Newspaper	Editor/Journalist/ Page layout	2 weeks (20 hrs)	28 total (19 F/ 9 M)	\$3,106.48	\$110.95	--
<p><i>Narrative: Vest newspaper is a private newspaper that started up in June 2000 with a staff of 40. The founder was a prominent journalist who wanted to establish a paper independent of political influence – hence the name, Vest, which means “Independent”. In an effort to streamline and create a more efficient and cost-effective production process, staff journalists and editors were trained in Photo Shop and Quark computer programs. Motiva, one of Prisma’s training partners who participated in the first TOT, conducted the training.</i></p> <p><i>Impact: Ranked the third most widely read daily in Macedonia today, Vest is quickly closing in on the #1 and #2 ranking daily papers and credits the Quick Start training for much of its success. Through Quick Start, Vest was able to save time and money during the crucial start-up period, in addition to the fact that now it is able to run a much more efficient shop due to the staff’s computer graphic training.</i></p>							
2. Ohrid	Auto Parts/ Seat belts	Autocad Software for Engineers	34 hours	14 total (2 F / 12M)	\$587.30	\$41.95	100
<p><i>Narrative: Zastava presented an interesting case as it was originally identified as an LMAC site. Founded in 1961, the company was one of the original 25 loss-makers and then was split up into a number of smaller factories in 1994. At the time Prisma was marketing their LED and RR components, Zastava seemed to be a fit for LMAC as they were contemplating firing 150 employees. At the same time, however, Zastava received an order from Italy for seat belts that they felt they could fill if the engineers had training in Autocad software. Zastava switched from RR to become the Quick Start site. Prior to the Quick Start training, all drawings were done manually.</i></p> <p><i>Impact: Due to the increased efficiency of the design center (employees cited they have become five times more efficient), and the subsequent need to add to the production workforce, Zastava has hired an additional 100 workers.</i></p>							
3. Struga	Textiles	Sewing Machine Operation	80 hours (2 weeks)	46 (36F / 10M)	\$4,315.76	\$60.79	137
<p><i>Narrative: Kimico was founded in 1992 and started out with 50 employees. Now the export-oriented (to Germany and the U.S.) company is one of the most well-known textile factories in Macedonia and has over 600 employees. Quick Start came along at an ideal time for Kimico – they had just received a big order from Germany and wanted to hire 200 new employees and train them on three different sewing machines. Workers University, one of Prisma’s training partners, helped deliver the Quick Start training.</i></p> <p><i>Impact: After the initial Quick Start training, Kimico conducted another Quick Start training for 25 new employees with assistance from just one trainer from Workers University. An additional 112 new employees have since been hired by Kimico – all having been trained with the Quick Start methodology. For these subsequent trainings, Kimico conducted the training themselves and hasn’t needed any assistance from Workers University.</i></p>							

Conclusions- Project Implementation

Local Economic Development (LED): Prisma pursued its objective aggressively, encouraging communities to identify viable local private sector businesses or start-up opportunities which could create permanent jobs. In retrospect and given the harsh socioeconomic conditions, political instability and climate of crisis in Macedonia, that strategy appears to have been the most effective and cost efficient choice among available options. The LED component relies on a strong connection between the community team and the business sector. It is noteworthy that 50% of the 18 LED community projects to date involve existing enterprises and that Prisma requires that 50% of the LED community team be from the private sector.

Rapid Response (RR): Prisma helped communities to select firms with planned layoffs in order to provide adjustment services to at-risk workers. An unplanned aspect of RR in Macedonia was that most RR firms discovered during the RR process that their at-risk workers could be moved to other jobs in the company where they could use the new skills acquired through RR retraining. RR in Macedonia has therefore been used more for job retention than job transition. Given the dearth of job opportunities in the current economy for laid off workers, the strategy which evolved from Prisma's RR interventions appears to have been well advised. The focus on job retention under RR reinforces the need for linkages with QS.

Quick Start (Enterprise Competitiveness): In its pilot implementations, Quick Start has proven to be a cost effective and efficient job-specific training tool. It was unfortunate that Quick Start implementation was delayed until two years after LED and RR initiatives started. Full integration of Quick Start would have been beneficial for two reasons: (1) QS training methodology is well adapted to the needs of new or expansion projects under LED and to the retraining focus of RR as implemented in Macedonia; and (2) using QS for LED and RR would have provided a platform to demonstrate its effectiveness to other local firms and the local NEB offices; this expanded demonstration effect could have more quickly convinced NEB of the need for institutionalization.

Prisma has developed strong and constructive partnerships with eight national institutions and over 800 local partners.

Given the continuing unrest in Macedonia due to mass layoffs, security concerns and economic decline, Prisma has a critical role to play in supporting communities throughout the country to achieve community, worker and enterprise adjustment. The new law on Local Self Governance provides a unique opportunity to enhance the sustainability of Prisma's local teams. These local teams are a pool of competent trainers and role models who can assist in achieving a significant multiplier effect for the project, especially if a means is found of leveraging additional donor funds or private investment.

Better integration and blending of the three model components should enhance benefits. This requires an implementation strategy that allows for concurrent rather than successive implementation of the components. Consideration should also be given to allowing communities to select which of the model components are most appropriate for their local economic conditions.

D. PROJECT IMPACT

Findings

According to the recently finalized Performance Monitoring Strategic Framework for Prisma (see Appendix J), project impact is measured through indicators established for one overarching development objective (DO), three immediate objectives (IOs) and six sub-immediate objectives (Sub IOs). At the time of the evaluation, the data table for this performance monitoring system had not been completed. Estimated results are listed in Table 5 below. Impact to date as measured by job creation and retention, attitudinal change and sustainability is discussed in the following section, based on feedback from Prisma staff and the Prisma communities visited.

Table 5: Performance Monitoring Indicators/Estimated Results to Date

Objective	Indicators/Estimated Results from 18 communities
DO: increased employment of workforce in target areas	1- Number of permanent, temporary and seasonal jobs created: 2000 direct; 237 indirect 2- Number of at risk workers retained: 1200
IO1: improved business sector activity in target areas	1- Number of new business starts: 6 of 18 LED plus 4 RR 2- Number/percent of firms which have expanded business over past year 11 of 18 3- Value/percent of new investment leveraged by LED communities \$950,000 approximate total with new investment leveraged in 100% of communities (\$53,000/community average; 2:1 average leverage)
IO2: increased worker participation in adjustment services in target areas	1- Number of workers participating in adjustment services in target areas: 1400 2- Number of firms receiving adjustment services: 18 3- Percent of demand met for adjustment services: less than 25%
IO3: institutionalization of integrated model components in target areas	1- Number of public and private institutions implementing integrated model components: 7 to date including NEB, MOE, MOEd, Workers University, Motiva Consulting, CSHI and LGRP 2- Number of trained and designated staff assigned to integrated model components: approximately 75 (40 NEB; 15 MOE; 20 MOEd) 3- Number of new policies or regulations proposed and subsequently enacted that are supportive of integrated model components: 3 (National Economic Policy Statement, Law on Local Self Governance, MOFA Policy for Donor Support to Macedonian Communities)
Sub IO1: increased capacity of target areas to identify and pursue post-project LED, RR or EC opportunities	1- Number/percent of communities with continuing economic development fora: none to date 2- Number/percent of communities with new LED, LMAC or EC initiatives: 1 to date (3 alternative projects in Stip were self-financed) 3- Number/percent of communities with LT economic development plans operational: none to date- discussions beginning in 12 Prisma/LGRP sites

Sub IO2: improved production, management, labor/management relations in target areas or firms	1- number/percent of firms assisted that implement new production, management or labor/management relations processes: 36 (18 LED, 18 RR)
Sub IO3: improved business climate in target areas	1- number of project-related local level business climate improvements: unable to estimate
Sub IO4: demonstrated efficiency in delivery of integrated model components	1- cost per job created as compared to other program standards: \$582 average cost per job created/retained
Sub IO5: increased partner and community acceptance of responsibility for pursuit of economic opportunities	1- percent of target area community team members who accept responsibility for economic renewal of their community: survey under design
Sub IO6: Maintain/strengthen local partnerships for LED opportunities	1- Number of LED partners: 841 per Prisma LED statistics 2- Average number and value of hours committed by community team members: average- 1225 hours for LED training alone, valued at \$1100 3- Number/percent of LED communities whose partners contribute at least 50% of LED project costs: 9/18 = 50%

1. Job creation and retention

Numbers of jobs created and numbers of at risk workers retained in their jobs are the indicators for the Prisma Development Objective. Results as reported by Prisma staff and validated directly in the ten communities visited by local teams are reported in Table 6 below for the first 18 communities (see Appendices G and H for details on specific LED and RR sites).

Table 6: LED, RR and QS Job Creation and Retention- Pilot and Expansion 1 Phases

	Jobs Created (permanent, temporary and seasonal)		At-Risk Jobs Retained (permanent)		TOTAL
	Actual	Additional Projected	Actual	Additional Projected	
LED	1075	900	25		2000
RR			900	300	1200
QS	237				237
Total	1312	900	925	300	3437

Among the 15 of 18 Pilot and Expansion 1 communities whose LED project has been fully implemented, Prisma has helped to create or retain 1100 permanent and temporary jobs. This number is projected to increase to 2000 new jobs within the next three months, once the remaining Pilot and Expansion 1 communities have completed their LED projects. Among the same number of Pilot and Expansion 1 communities having implemented Rapid Response,

Prisma interventions have served to retain or reemploy a total of 900 workers. That number is expected to increase to 1200 workers retained or re-employed within the next three months. Quick Start helped indirectly to create 237 new jobs in response to increased markets for QS pilot firms. The total projected number of jobs created or retained for Prisma's 18 Pilot and Expansion 1 communities and three QS pilot firms is therefore 3,437.

Per job cost calculations

The estimated total Prisma expenditures for the implementation of the 18 Pilot and Expansion 1 LED and RR interventions and QS pilots were \$2,000,000. This represents a cost of **\$582 per job for the 3,437 jobs created or retained to date**. This figure is significantly lower than average per job costs for job creation or retention among other donor initiatives and represents estimated annual savings to the state in unemployment benefits for the 3,437 individuals involved of more than \$4 million, assuming an average unemployment/social benefit per worker of \$100 per month.

Using job creation/retention figures to date and the estimated component costs in Table 7, the following figures regarding future job creation/retention and costs can be extrapolated:

1. **LED:** If the 12 Expansion 2 communities created the same numbers of jobs as in the 18 pilot and Expansion 1 communities, total LED job creation would be upwards of 3,300 (2000 jobs divided by 18 sites x 30 total sites = 111 x 30 or 3,333 jobs). Total project costs for all four fiscal years of operation is \$2.9 million. If sixty percent of that budget (see Table 7) is assumed to be allocated to LED, the per job cost of each LED job created would be **\$527** (60% of \$2,900,000 = \$1,740,000 divided by 3300 jobs). This is a very reasonable figure for such program and is considerably lower than comparable costs for job creation programs of other similar efforts in the region.¹³ Critics could argue that a total of 3300 jobs created in four years seems slight in comparison to the massive layoffs which have taken place and will most likely accelerate in Macedonia. However, as an Employment Bureau representative in Probestip pointed out, "In our economy, with such high unemployment, every single job, whether it is a job created, retained or transformed, is important. Prisma has helped us tackle the unemployment problem on many fronts."

2. **RR:** In the first 18 communities, job retention/reemployment under RR has averaged 67 workers per site (1200 jobs retained in 18 sites). If the same number of jobs are retained in the 12 Expansion 2 communities, total RR job retention/reemployment will be 2010. If 30% of the total \$2.9 million budget is allocated to RR, the average per job cost for job retention under RR would be **\$433** (30% of \$2.9 million = \$870,00 divided by 2010 jobs).

¹³ In 2001, the European Union calculated an average cost for new job creation under its Phare programs in Eastern Europe (ANDR and RICOP) of 2,700 euro (approximately **US \$2400**), with maximum of 5,000 euros (approximately US \$4435). Figures from European Union RICOP project document (Enterprise Restructuring and Employment Conversion Program) for a program which aims to serve 60,000 displaced workers through "active measures in 17 counties in Romania that are heavily affected by layoffs or are economically disadvantaged or monoindustry zones."

3. **QS:** It is too early to know how many trainees will be involved in QS training in the 15 Prisma communities targeted for QS programs. However, if a hypothetical number of 30 trainees per site is used, the total estimated number of trainees for the Prisma communities would be 450 (30 x 15), plus the 88 trainees from the three pilots, for a total of 538 persons. Assuming that one-third of the 15 firms assisted are able to expand operations due to increased productivity, resulting in the creation of another 30 jobs per site, or a total of 150 additional jobs (30 x 5 firms), the total QS-assisted jobs over the life of the project would be 688. If up to 10% of project costs are allocated to Quick Start over the life of the project (see Table 7), the total QS budget allocation would be \$290,000. This very approximate calculation provides a per trainee cost of **\$422** (10% of \$2.9 million = \$290,000 divided by 688 trainees).

Other potential project benefits beyond job creation and job retention 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.

Cost per component

The following table provides a very rough estimate of allocation of specific **direct project costs** (i.e., project overhead, staff salaries and travel, LED/RR/QS meetings/training session costs, RR training service provider fees, public relations, translation, etc.) for each project component, per phase (Pilot, Expansion 1 and Expansion 2). At the time of the evaluation, Quick Start had only been implemented in three pilot sites. Cost shown for QS under Expansion 1 and 2 are estimated assuming QS implementation and related consultant expenses in 15 total communities, working with vocational educational schools.

The significant decrease in costs per component over time is due to two factors: elimination of the need for foreign technical assistance to conduct LED and RR training after the pilot phase and cost efficiencies due to larger numbers of communities participating and use of local facilitators from NEB and CSHI to assist with workshop implementation.

Table 7: Average estimated component cost per community by phase

Component	Pilot	Expansion 1	Expansion 2
LED	\$57,000 (59%)	\$37,000 (60%)	\$30,800 (62%)
RR/LMAC	\$28,200 (29%)	\$18,800 (31%)	\$14,800 (30%)
Quick Start	\$10,800 (11%)	\$5,400 (9%)	\$3,750 (8%)
Total/Community	\$96,000	\$60,200	\$49,350

2. Prisma Return on Investment (LED)

One means of calculating the return on the Prisma investment is to calculate the benefit/cost ratio, in which the benefits are defined as the wages earned by new workers divided by the Prisma costs. This will show the dollar return in wages per dollar invested in Prisma. Table 8 below displays the results of the calculation. The table reveals that one dollar investment in

Prisma produced a \$1.71 return in worker wages. In economic terms, this results supports the conclusion that Prisma is economically justified.

Table 8: Economic Return on Prisma Job Creation Investment

New Jobs (LED)	Average Wages*	Total Wages (Benefit)	Per Job Costs	Total Job Costs (Cost)	B/C Ratio-New Jobs
2000	\$1,710.00	\$3,420,000	\$1,000	\$2,000.000	\$1.71

* GNI per capita, World Bank FYR Social Indicators, 2000

3. Attitudinal changes

The recurrent assessment of Prisma from people participating in the process is that it changed the way they think about themselves and what they are capable of doing. For the first time, they felt empowered. Through the Rapid Response process, workers began to see ways they could do something positive to prepare for a possible layoff, instead of just suffering silently and alone as in the past. They learned how to join with other workers to decide what types of training and other assistance they wanted, and how to communicate these needs to management. Management learned that there were options, other than just laying off people, for dealing with worker redundancy. Both workers and management learned that it was feasible, and mutually beneficial, for them to cooperate with each other. The LED process convinced community members – local employment bureau and government, businesses leaders and citizen groups – that they could come together to plan and implement a LED initiative. The key lesson for the community was that it should be more self-reliant, that it could proactively mobilize itself to decide its future.

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 Prisma activities cited by participants was the creation of a community partnership which focused team members' attention on local economic development needs or worker adjustment requirements. 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.

To obtain a better quantitative measure of attitudinal changes and empowerment, the Prisma team is currently in the process of designing a mini-survey which would enable them to gauge progress towards Sub IO5, *Increased Partner and Community Acceptance of Responsibility for the Proactive Pursuit of Economic Opportunities*. Pending that survey, a series of testimonials are provided in the chart below from persons interviewed during the evaluation.

COMMENTS FROM PRISMA PARTNERS AND COMMUNITY TEAM MEMBERS

National Solidarity Center: *“Macedonia has no social transition programs for workers. No one has ever given workers alternatives. They fight any factory closing because they are afraid. Prisma gives them new hope.”*

Association of Municipalities/Zells: *“Prisma is probably the only project in Macedonia with local teams. These teams should be the core of future community boards that should work on local strategy for community development. This is especially critical since we have managed in the Local Self Government Law to have a full section on local economic development. We welcome the opportunity to work with Prisma on this issue.”*

National Employment Bureau/National Team: *“Prisma must not simply disappear. This is a critical chess game in which you take the pawns first and then use a well-developed strategy to win. Prisma must continue to operate in Macedonia, releasing activities little by little to partners among all the Ministries.”*

Stip NEB Representative: *“With Prisma tools, our local team got the whole picture of our community and was better able to determine what would help us achieve faster growth.”*

Stip Worker Representative (RR): *“After Rapid Response, we are workers with new skills. I feel as if I have four hands now. There are administrative workers on the production floor. Our firm is able to function as a professional soccer team, with offense playing defense and vice versa. This is Prisma’s contribution.”*

Stip Management Representative (RR): *“Employees were very suspicious of Rapid Response, but we have now built confidence with them. There is an entirely different attitude today. Before Prisma, we were at war with the workers. Production had stopped from strikes. After Prisma, we have had no more strikes. We have trust.”*

Kisela Voda Employment Bureau: *“We must fight for the institutionalization of Rapid Response at a higher level. Money is better spent on retraining for redundant employees than on welfare payments. The Worker Relations Law should regulate this.”*

Tetovo II Rural/Mixed Community Representative: *“Unemployment is over 30% and many workers will lose their jobs from Jugochrom. Our youth are leaving. We survive from remittances. Prisma is a welcome new process which will help relieve tensions. We need more of this type of initiative.”*

Workers University Representative (Quick Start training partner): *“Before our Quick Start job analysis training, we used to sit around a big table and create curricula in a vacuum. Training was always theoretical and never practical. Prisma has redefined how we create our training programs.”*

4. Sustainability

Fewer than 50% of the 30 Prisma community projects in Macedonia are completely funded at this point (17 of 30 LED; 15 of 30 RR and 3 of 18 QS). 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 indicators

from the Prisma strategic framework (see Appendix J) appear to be the best predictors for long term sustainability and ultimate institutionalization:

Sub-Immediate Objective 1: increased capacity of communities to identify and purpose post-project LED, RR or EC opportunities

Indicators:

Communities with continuing economic development fora: Prisma has recognized the need to continue to provide assistance to the “graduated” communities, i.e. those having completed their LED project, to enable them to develop new LED proposals and to identify new sources of financing. This technical assistance will be an integral part of the LED Phase 3 activity, currently under design by WSI, in cooperation with Prisma staff. Several LED teams indicated strong interest in creating their own NGO or in pursuing the overtures from the mayor’s office to establish a Local Economic Development Board (e.g. Stip, Probetip, Struga). However, interviews in all communities revealed a general lack of confidence as to how to take the next steps. Prisma has an important and urgent role to play in this regard to prevent communities from losing momentum and resolve in the face of a continuing environment of uncertainty.

Number/percent of communities with new LED, RR or EC initiatives:

Despite their proven ability to attract new, private investment for the LED projects in their communities (the first 18 communities were able to leverage more than \$950,000 with the \$450,000 of Prisma funds invested in LED), only one community, Stip, has implemented new LED projects. (Stip’s LED team has worked together to implement the three other proposals identified during the LED workshops). Despite high demand for additional RR programs, none of the communities has developed an action plan to address that demand. QS is only now beginning, but vocational educational institutes could become strong partners with NEB in meeting job-specific training requirements. Prisma has an important role to play here to encourage communities to take initiative to assess needs, develop proposals and seek funding for viable LED projects or worker/enterprise adjustment programs. Donors pledged a total of \$515 million dollars to assist Macedonia at the March 2002 meeting in Brussels. This amount is nearly twice what the government of Macedonia had requested. Prisma could help facilitate the identification of new resources from donors willing to assist in community, worker or enterprise adjustment.

Number/percent of communities with long term economic development plans operational

This is an indicator where little progress has been made. The highly centralized Macedonian administration left little room for local LED initiative but the passage of the new Law on Local Self Governance opens the door for a meaningful role for the LED teams, especially those able to work in cooperation with municipal LED officers receiving technical assistance from LGRP.

Immediate Objective 3: Institutionalization of Prisma model components in target areas

Indicators:

Number of public and private institutions implementing integrated model components

Prisma has worked hard to establish solid partnerships with its steering committee members and has recently made significant headway towards institutionalization of the integrated model components with the signature of its revised charter (see Appendix E). Under this charter, institutional responsibilities for each of the integrated model's components are assigned to specific institutions. To date, seven different institutions have accepted some form of responsibility for Prisma components- these include:

LED: Ministry of Economy, CSHI and LGRP

RR: NEB (the Ministry of Economy has interests here also for loss makers)

QS: Ministry of Education, Workers University, Motiva Consulting (NEB has interests here too)

While Prisma had originally hoped that NEB would play a strong coordinating role, it was obliged to regroup given the obstructionist attitude of the former NEB head. Since the change in management in early March, there are signs that NEB may once again assume a constructive leadership role in institutionalizing the integrated model components.

When the project was launched in mid-1999, a 16-person "national team" was created within NEB. Prisma had assumed that this team had dissolved, given the fierce opposition to Prisma interventions on the part of the former NEB head. However, this team has resurfaced and appears to have maintained a strong sense of identity. A national team member stated firmly during the evaluators' exit interview with NEB, in the presence of the newly appointed NEB head:

"All three of the model's components- LED, RR and EC- are needed in Macedonia. NEB has helped Prisma to get started. The Ministry of Labor and the Ministry of Economy are also supportive. We need a good balance of institutional support for Prisma activities to continue. NEB alone as an institution cannot ensure the institutionalization of the components. We need legislation and funds to solve the unemployment problem in Macedonia. We must all work together to make sure that the institutional base is created to sustain the Prisma programs."

Number of trained and designated staff assigned to integrated model components

The evaluators estimate that some 75 trained and designated government agency staff have been assigned at least part time thus far to assist in implementing or overseeing Prisma activities: 40 within the NEB, including 30 NEB representatives on the local level; 15 Ministry of Economy officials, including 12 at the local level; 20 Ministry of Education officials, including 15 vocational educational directors or trainers at the local level.

It would be helpful if the sixteen-person NEB national team could become a SWAT team, or specialized task force, for the integrated model, and especially for RR and QS, within the NEB. This team could serve as a highly trained support resource for local Employment Bureau representatives interested in implementing RR or QS in their communities.

Number of new policies or regulations proposed and subsequently enacted that are supportive of integrated model components

Three major policy statements have been issued which buttress Prisma's objectives and to which Prisma contributed either directly or indirectly:

- National Economic Policy Statement (Ministry of Economy- December 2001)
- Law on Local Self Governance (Ministry of Self Governance -January 2002)
- Policy for Donor Support to Macedonian Communities (Ministry of Foreign Affairs- March 2002)

Prisma continues to work with its national partners and its local teams to broaden the policy debate regarding active measures and, in particular, worker adjustment initiatives which, most parties agree, require specific legislation to be implemented in a meaningful fashion.

Conclusions on impact

In 2-1/2 years of operation in 18 pilot and expansion 1 communities, Prisma can claim significant impact from the standpoint of:

- job creation and retention (3437 jobs created or retained)
- cost efficiency of its job creation/retention programs (\$582/job)
- funds leveraged by LED projects (>2:1 with \$950,000 in private investment leveraged)
- policy influence (contribution to three major policy statements)
- number of institutions implementing Prisma projects (7 including 5 public and 2 private)

To consolidate its achievements, Prisma needs to continue its outreach to graduated LED communities, to seek ways of meeting unmet demand for RR, to integrate QS into new LED and RR interventions and to expand institutional commitments to the integrated model components.

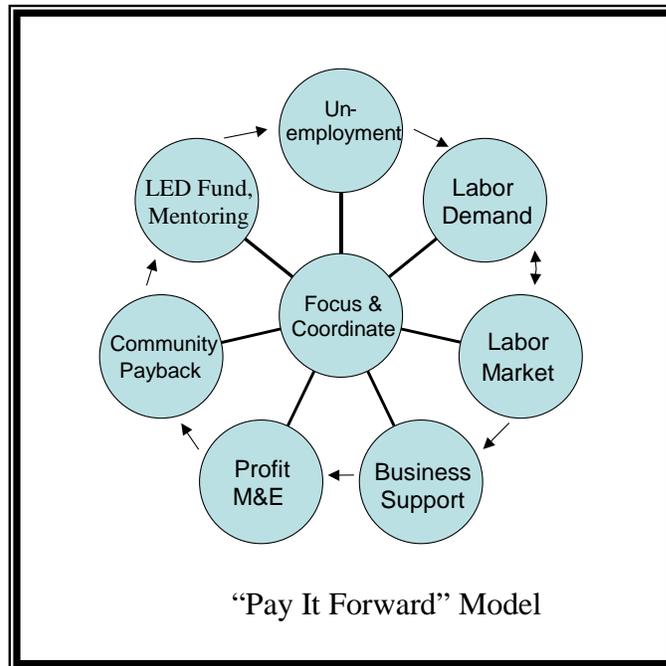
IV. EVALUATION RECOMMENDATIONS

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

A. LAUNCH LED PHASE 3 FOR GRADUATED COMMUNITIES

The LED "graduated communities" are those having completed implementation of their Prisma-financed LED project. These communities continue to require support from the Prisma team to ensure their long term capacity to identify, finance and implement new local economic development initiatives. LED Phase 3 is intended to provide additional technical assistance to these communities to enable them to continue the LED process. Given the high level of political and economic instability in Macedonia, it is critical that such support services be organized as soon as possible so that communities do not lose momentum. Beyond training in community development long rang economic planning, advocacy and work with municipal authorities on possible new initiatives, the evaluators recommend that Prisma work with the communities to

develop a “pay it forward” strategy. The idea behind this approach is simple: successful Prisma grantees (i.e. those that have reached profitability) would give back to their communities, in a way that stimulates more LED. Since Prisma grantees are not contractually required to *pay back* their Prisma funding, they should be encouraged to *pay forward* (an expression derived from a recent movie of the same name) a portion of their profits or capacity to assist local businesses that show solid promise of being successful (i.e., reaching profitability). These “LED Funds” (see graphic below) could be maintained in a community economic development fund (administered by a local governing board that includes responsible government and non-government LED stakeholders), and be available (perhaps via a revolving loan scheme) to promising existing or new enterprises to help them develop towards profitability. Other



“payment” mechanisms from the LED grant recipients could include mentoring or subcontracting with other promising existing or start-up firms. These new “grantees,” in turn, would be encouraged to pay forward a portion of their profits to promote more LED. The Local Board would be responsible for monitoring company profitability and for encouraging continuation of the pay it forward process.

B. ESTABLISH COMMUNITY TEAM ROLE IN LOCAL SELF GOVERNANCE LAW

Law on Local Self-Government

Article 22: Local Economic Development

Local economic development planning; determining development and structural priorities; running of local economic policy; support of the development of small and medium size enterprises and entrepreneurship at the local level; and in that context, participation in the establishment and development of a local network of institutions and agencies; promotion of partnership.

The new Macedonia Local Self-Government Law presents an excellent opportunity for Prisma to help shape the future of LED in Macedonia. Article 22 outlines the general concept of LED in municipalities. Much more detail is needed, however, to make the LED component fully operational. This is where Prisma can play a key role. It is uniquely

positioned, based on LED expertise and local level experience, to lead the dialogue on how an LED office should be set up and operated.

Prisma should act proactively to define the mission of the LED office, identify the essential components (i.e., mission, staffing and organization) of an effective office, the services it should provide and how they should be provided. This detailed model of an effective LED operation should be prepared as a succinct, engaging position paper, and disseminated to opinion leaders in the public and private sectors. The intent of the paper is to influence the ultimate organization and operation of LED offices in municipalities throughout Macedonia.

C. INCREASE NETWORKING, ENCOURAGE ADVOCACY AND ENSURE PUBLIC RELATIONS

Increase national/regional networking and develop an advocacy capacity within local teams.

Local teams are anxious to remain in touch with other Prisma communities, to share experiences and learn from each other. Recent security concerns have hampered national networking efforts. Prisma should seek alternative networking opportunities (physical and virtual) to keep local teams in touch with each other. Regional networking should continue, as a minimum, with regular updates provided to local teams via a renewed and expanded newsletter and regular internet bulletins, along with training in use of the internet for communications purposes. Leaders from the increasing number of “graduated” LED teams should meet at least every six months in some forum to discuss Phase 3 issues and concerns. These meetings could evolve into a forum for advocacy of community development issues with national/regional public entities; Prisma should examine the possibility of providing training in advocacy to their local teams.

Increase community project public relations: With increased interest in economic development in Macedonia, Prisma should ensure regular promotion of its project components in communities and on the national level. This will assist in getting the message out regarding success stories in LED, RR and QS, and in raising awareness of the reservoir of LED proposals which Prisma communities have prepared.

D. EXPAND OUTREACH TO RURAL/MIXED COMMUNITIES FOR LED

Prisma was originally planned for 30 market town communities in Macedonia. Selection of sites was based on the presence of MOE/NEB offices. Following the recent crisis in Macedonia, USAID requested that Prisma expand its program to include 16 new rural/mixed communities where unemployment is especially serious and where hopelessness has contributed to armed conflict. The reorientation involved working with CSHI to target mixed and/or rural communities and, in the 12 regularly scheduled Round 3 communities, focusing on getting more youth on the local teams (since youth are a very high jobless group), and requiring local team composition to more closely reflect the ethnic mix in communities. Reports from the field indicate that the reorientation effort is going well.

Favorable results from the joint CSHI/Prisma program to date suggest the potential for further expansion in FY 2003, especially in communities expressing a strong interest in participating. The expansion strategy could use IAS trainers from neighboring communities to hold down costs. The Prisma methodology is field tested and the implementation mechanisms are in place. With a relatively small amount of additional funding, Prisma’s coverage could be provided to

another 16 rural/mixed sites in FY 2003. Prisma should organize an internal assessment of preliminary results from the rural/mixed community outreach in 2002 in order to validate accomplishments, identify lessons learned and draw conclusions for the design of the recommended follow-on round of 16 additional rural/mixed communities.

E. IMPLEMENT RAPID RESPONSE IN PILOT LOSS MAKER

The Ministry of Economy of the Government of Macedonia has approached Prisma regarding the possibility of implementing a Rapid Response type initiative for the country's major loss makers. Given the proven efficiency of the Rapid Response/LMAC approach in the United States and Canada for just such situations, it would be a useful application of Prisma technology to undertake a pilot implementation, provided adequate resources and professional staff, both expatriate and local, were available. It is recommended that Prisma's U.S. stakeholders, USDOL, USAID and WSI, discuss with the Ministry of Economy the specific conditions for implementing a pilot Rapid Response initiative in a major Macedonian loss maker. This would also be an opportunity to consolidate a Rapid Response SWAT team within NEB.

F. INTEGRATE QUICK START IN PRISMA ROUNDS

Quick Start should be introduced to communities at the same time they initiate LED or RR programs. The success of the Quick Start pilot activities proved that short-term, customized training can very effectively improve the competitiveness of enterprises and ultimately result in job retention and job creation.

In Quick Start's Round 2 of 15 communities, Prisma is working with LED and RR communities from its Pilot and Expansion 1 phases. As possible, Quick Start should be integrated into these communities at the same time as LED or RR so that training needs from these programs are met using the low-cost and job-specific QS training methodology.

G. ENHANCE PROGRAM SUSTAINABILITY

The following recommendations are made to increase the potential for long term sustainability of the USDOL community, worker and enterprise adjustment initiatives:

1. ***Institutionalize Rapid Response and Quick Start within NEB:*** NEB should assume the coordination role for the provision of pre-layoff services to dislocated workers and for custom fit training for employers hiring new employees or seeking to improve their firms' competitiveness. NEB must create a SWAT team(s) for such services which should work with Prisma to develop operational manuals and enhance SWAT team member skills. Prisma could also provide support for drafting supporting regulations and legislation for the provision of pre-layoff services and customized short term training.
2. ***Continue regional information sharing on sustainability strategies:*** facilitate sharing of experience among USDOL former and current projects regarding sustainability mechanisms, most notably with the various institutions in Hungary responsible for continued implementation of USDOL integrated model components; as useful, promote contact between Hungarian and Macedonian counterparts;

3. ***Use performance monitoring system to bolster national-level support for USDOL initiatives:*** monitor, evaluate and report semi-annually to national partners on achievements of USDOL initiatives, using the performance monitoring system just finalized; organize regular briefings with USAID and the community initiatives consortium on these same results.
4. ***Promote national labor/employment policy and legislative reform:*** ensure that Prisma's community, worker and enterprise adjustment measures are written into the long-term National Employment Bureau strategy and that necessary legislation is adopted and resources assigned to implement dislocated worker programs.
5. ***Prepare communities and national agencies to develop and maintain their own monitoring and evaluation systems.*** Portions of the Prisma performance monitoring system should be assigned to the graduated communities and their IAS 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 should continue beyond the end of donor funding. It is recommended that Prisma institute a system to track performance in its communities for at least two years after the community "graduates," and to ensure that data collection continues in some form for every site for two years post graduation.
6. ***Develop an Exit Strategy:*** As indicated by one of the NEB national team members, Prisma needs to "plan skillful chess moves" to ensure that its programs will be sustained in Macedonia after the project ends. A Prisma staff member put it another way, "the Prisma exit strategy should not be an escape strategy; a plan is required to transfer responsibilities to competent local institutions." Beyond the provisions of the revised Prisma charter with its national partners, components of an exit strategy which might be considered include:
 - Create a legislative/policy forum involving national and local partners to present legislation/regulation options in the US and elsewhere;
 - Identify options for reallocation of funds from indigenous resources (e.g., NEB or other agencies, such as the MOE) to support Prisma initiatives, over and beyond donor funds, so as to decrease donor dependency (possible reallocation of training funds from welfare/unemployment benefits);
 - Prepare and disseminate a position paper, followed up by forums for its discussion, on the establishment and operation of LED municipal offices under the new Local Self-Government Law. Adoption of the Prisma LED municipal office recommended in the paper would serve to institutionalize the process.
 - Use an electronic bulletin board as a nationwide "LED network-building" tool. For example, the current well organized and attractive Prisma website would be a feasible venue for conveying Prisma principles and methods to wider audiences. It should be carried on following Prisma's exit, by the Prisma communities should they opt to organize themselves, or by a national agency.

- Prepare succinct, written guidance for implementation of the Prisma integrated model components (LED, RR and QS). This guidance should be available in both hard copy and electronic format. The Prisma website would provide a handy access point.
- Work with other USAID community-focused projects, such as LGRP and CSHI, to jointly plan for sustainability (e.g., through a USAID sustainability working group). Project staff should explore what steps they could take together to promote the sustainability of their shared community development activities. The work of the new USAID competitiveness project should be included in this planning. Their deliberations should be incorporated in a sustainability strategy paper that would be vetted with relevant national and local stakeholders.
- In the same vein, take into account the work of other donors. The recent Macedonia donor conference decided to provide additional support of about \$500 million. The sustainability working group should assess the potential application of a portion of this funding towards developing a promising sustainability (i.e., exit) strategy.

Prisma's current obligations will keep project staff fully engaged through the end of FY 2003. It is likely that the gradual phase out of project activities, with transfer of responsibility to Macedonian institutions and communities, will require that the project continue through the end of FY 2004.

APPENDICES

APPENDIX A

SCOPE OF WORK

FOR EVALUATION OF THE USDOL WORKER READJUSTMENT MODEL IN MACEDONIA

I. PURPOSE & OBJECTIVE:

A. INTRODUCTION

The United States Department of Labor (DOL) 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. DOL 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 DOL and to articulate the cooperative relationship of these two agencies in this endeavor. One of the requirements of this agreement is that DOL 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 activities on program objectives.

B. PURPOSE

The evaluation to be performed under this contract is formative in nature. In examining the required items above, it will more broadly 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, monitoring, evaluation and sustainability of future program activities in Macedonia. It will complement and may, if appropriate, refer to the evaluation of the Romania and Bulgaria projects, which occurred in spring 2001.

The Macedonia evaluation, in tandem with the 2001 evaluation of the Romania and Bulgaria projects, will also serve as input into a regional assessment of the SEED-funded USDOL projects in Eastern Europe. This assessment will aim to provide a sense of regional performance and impact, as well as a discussion of lessons learned with regard to the worker adjustment "model."

C. OBJECTIVES

To meet the above purposes, the specific objectives of the evaluation are two-fold. First, the evaluation will assess the progress of the project towards achieving a decentralized decision making process for designing, implementing and evaluating a variety of labor market initiatives as demonstrated through activities based on the integrated USDOL worker adjustment model. Second, this evaluation will assess the extent to which the Macedonia project contributes to the new USAID/Macedonia Strategic Plan, and will suggest potential ways in which the Macedonia project could further contribute to the Strategic Plan through new initiatives or activities during the second phase of the project. To achieve these objectives, the evaluators will focus on assessing the following:

- Degree to which the program activities are meeting the expectations of the various stakeholders;
- Degree of local and national ownership of each type of program activity being implemented;
- Degree of local and national commitment toward long-term institutionalization or sustainability of each type of program activity;
- Following from the preceding bullet, the extent to which an "exit strategy" for USDOL and USAID support has been defined, looking at each component area (LMAC, LED, etc.) separately;
- Factors that have contributed positively or negatively to each activity's implementation;
- Quality of existing monitoring, evaluation and reporting systems;
- Cost allocations by activity;
- Degree to which target or sub-populations (youth, women, ethnic minorities, disabled) benefit from program activities;

- Degree to which ethnicity, geographic context or other population characteristics have impacted, or may necessitate enhanced attention by, program activities.

II. PROJECT DESCRIPTION

During the last ten years, the U.S. Department of Labor (DOL) 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 through Labor-Management Adjustment Committees (LMACs) at 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 “Quick Start” training to workers in new technologies in order to assist enterprises in adjusting to smaller workforces while maintaining productivity.

III. PROJECT FRAMEWORK

A. GOALS

The DOL 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:

- Increase the employment of the workforce
- Improve business sector activity
- Increase worker participation in transition services
- Widen a consensus for reform toward institutionalization of components

B. ACTIVITIES

Labor-Management Adjustment Committees (LMACs)

These groups/teams 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. DOL 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. DOL 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, DOL funds community projects for up to \$25,000. 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. Project staff informs 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 only implemented in its entirety in Macedonia. In Macedonia, the effort is limited to developing LED and assisting the Ministry of Labor in implementing Quick Start projects. Macedonia too is concerned with LED but also makes a significant effort in developing capacity within the Ministry of Labor to implement active measures programs.

IV. 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 Worldwide Strategies, Inc. (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 project in Macedonia staffs 9 full-time employees, all of whom are WSI employees.

OFR is located six time zones away from the project while WSI is located eight time zones away. As a result, the OFR project manager often deals directly with the project director rather than sending requests for information through the WSI office in Idaho, which would delay receiving the information by at least 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 the project director should be included in the evaluation.

V. EVALUATION METHODOLOGY

A. REVIEW OF PROJECT MATERIALS

Materials describing the Model and its development were made available to evaluators in Spring 2001, and will be available again upon the evaluators’ request for this evaluation. 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 Matrix, Workplan, Technical Reports and Budget, FY2001

The following new documents will be provided to evaluators for review prior to the evaluators’ field visit:

USAID/Macedonia Amended Strategic Plan: FY 2001-2004 (USAID/Macedonia, July 2001)

Project Matrix, Workplan, Technical Reports and Budget, FY2002.

B. INTERVIEWS

Following the review of documents relevant to the Model and the project in Macedonia, interviews may 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 USAID, the funding source of the program.

A list of appropriate people to contact for this purpose was provided in Spring 2001 for the evaluation of the Romania and Bulgaria projects, most of whom are provided again below in case the evaluators deem that additional contact with them is necessary. Names, telephone numbers, E-mail addresses and other contact information may again be provided as needed once a contract has been issued.

People Who Contributed To Design of the DOL Model:

Sydney Smith, Former DOL 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)

Representatives of Funding Organizations

Elizabeth McKeon, USAID
 Stacia George, USAID (Desk Officer)
 Caroline Brearley, USAID (former USAID COTR for Prisma)
 Stephen Gonyea, USAID
 Elizabeth Markovik, USAID (current USAID Activity Manager of Prisma)

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;
- enterprise-based job assistance centers (or whatever facility particular LMACs may have established to assist dislocated workers);
- USAID missions (to obtain a customer’s viewpoint); and
- The Ministry of Labor, Ministry of the Economy, Ministry of Education, employment bureaus, training institutions, and other entities that may be recipients of DOL technical assistance provided through the model.

The table below summarizes the number and status of project activities in Macedonia. DOL and USAID staff will determine with evaluators the list of specific, appropriate sites to visit in field. This list will be derived through a process to ensure that a representative mix of communities are visited and assessed.

	Worker Adjustment/Rapid Response			Local Economic Development			Enterprise Competitiveness	
	In Training	Action Plans/Services In Progress	Fully Implemented	In Training	Projects in progress	Projects fully Implemented	Sites Selected	Training Delivered
Number of Sites	6	10	8	6	13	5	13	5

D. GATHERING INFORMATION

In order to collect the necessary data and information for the objectives of the evaluation, at least five communities will be visited. In general, the most “mature” of the existing project activities will be visited, with emphasis placed

on communities with at least two types of project activities, and where teams have had significant time to progress towards achievement of their goals. However, the team should also consider visiting one or two comparatively new project sites in order to better gauge the extent to which improvements and lessons learned regarding the model are being used by "new" communities. The evaluators will interview key informants from key stakeholder groups (USAID, USDOL, national and local government agencies, communities, enterprises and workers) and will organize focus groups involving 8-10 participants involved in the various activities at each site.

Time frame under evaluation: 1999-2001.

A description is provided below about the degree to which components of the Project are being implemented. Questions that could be addressed by the evaluators (if and where feasible) as they gather information are also suggested below for their consideration.

1. LED

LED is the most costly of the three components to implement. Community teams receive at least six weeks of training that is provided by American consultants until local staff acquires 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 \$25,000. Once projects are funded, they need to be monitored on a frequent basis. Per the new Performance Monitoring Plan, more thorough and systematic monitoring will begin in coming months.

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; and 2.) an LED activity may 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 project countries under the IAA, LED is implemented or in the process of being implemented in all three. As a result, much of DOL's financial resources and efforts are currently invested in LED implementation and thus, this component warrants a considerable examination in the evaluation.

Potential Questions Regarding The LED Component

- (1) 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 that the LED projects would not have occurred without the intervention?
- (2) Is there indication that these communities will be better off in the future because of the intervention? 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?
- (3) Do the funds (in-cash or in-kind) leveraged by the communities reflect investments that would not have occurred without the project intervention?
- (4) Are project funds targeted to off-set costs of activities that would not have occurred otherwise and which maximize the potential of a project, or do they substitute funds that other sources could have provided (especially in the case of projects that benefit a pre-existing enterprise), thus minimizing the full extent of a project's scope and impact?
- (5) 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?
- (6) To what extent do LED projects, directly and indirectly, create jobs?
- (7) To what extent do LED projects create or expand business?
- (8) 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?

- (9) Are LED projects sufficiently building local capacity to help insure that project improvements are sustained? What process is used for building local capacity, and is it systematically applied across all projects?
- (10) Are LED projects based on designs borne by the LED training process per se, or had they in fact been envisioned by one or more committee members before the LED intervention?
- (11) Are the current set of local partners the right institutions to continue the work of Prisma as USAID and USDOL withdraw? At all levels, from the national to the community level, do the organizations currently being targeted for institutionalization have the required capacity and resilience to continue with PRISMA's work? If not, what other institutions should assume this role and how?
- (12) What are the likely advantages and disadvantages to increasing the ceiling value of seed funding provided for LED projects beyond the current level of \$25,000? What are the likely advantages and disadvantages to permitting multiple "awards" to a single LED community?

2. *LMAC*

Among the three components of the Project, Worker Adjustment/Rapid Response 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.

Potential Questions

- (1) Are dislocated workers who participate in LMAC activities more likely to find jobs in a shorter timeframe than those who do not?
- (2) Is there evidence to suggest that workers participating in the LMAC are better prepared to face the challenges of unemployment than those who do not participate?
- (3) To what extent do Rapid Response/LMAC activities improve management and labor-management relations in target firms and their communities?
- (4) To what extent are Rapid Response/LMAC activities being institutionalized in the government's employment services organization (looking at both the local and national levels)?

3. *ENTERPRISE COMPETITIVENESS*

Macedonia completed 3 Quick Start projects in FY2001, which led to the development of a broader, curricula-based training-of-trainers program to achieve institutionalization in the country. Only the former will be able to be evaluated, but the rationale for moving toward the institutionalization phase is of interest as well.

Potential Questions

- (1) What is the return on the investment in these projects generally, and what is the rate of return, i.e., do the returns justify the costs?
- (2) Are there clear indications that enterprises that have participated in this component are better off economically and in other ways than they were before a project was implemented and/or may be better off in the future because of the intervention?
- (3) To what extent do projects, directly or indirectly, create jobs?
- (4) Are enterprises, employers and/or managers who participate in these activities more likely to stay in business by expanding their product line, improving their productivity, etc.? To what extent do participating enterprises create or expand business?

- (5) To what extent do projects create new partnerships for networking that promise to serve the enterprises and community in the long run, and create continued economic opportunity after the country graduates from USAID assistance?
- (6) To what extent do the completed projects point to a justification for the Quick Start activities to move towards the institutionalization phase through training-of-trainers in the manner that has been developed (rather than, for example, first implementing more pilots utilizing other Enterprise Competitiveness methods, or more formally evaluating past projects prior to beginning the institutionalization phase?)

4. FIELD STRUCTURE & PROCURED SERVICES

Potential Questions

- (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 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?
- (4) Is the current type of labor and time contracted the most effective way to deliver technical services? If not, what type of procurement instrument could be used and why?
- (5) What changes might be needed to improve task orders with the contractor?

E. CONSIDERATIONS

The evaluation is necessarily limited in scope by time, data collection logistics and the complexity and variety of activities being implemented. In brief, the evaluators will focus on the implementation to date of the process-oriented approach for each specific type of activity, and to what extent the process results in the desired impacts per the project matrix. At the request of USAID, the evaluators will also comment on the extent to which program activities coincide with previous (existing at the time of implementation, 1999-2001) and new USAID/Macedonia strategic objectives (for FY 2001-2004).

Finally, if feasible within the constraints of the rest of this Scope of Work, DOL would be interested in the extent to which improved access to labor market information could help the success and sustainability of the project.

F. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Per the objectives of the evaluation, the evaluators should, in general, address in their final report the impact of activities carried out within the context of the Project. To this end, it is important that the evaluation team also assess and report on the procurement vehicle used to implement the project; the degree to which *customers*, such as USAID as well as host governments, and *clients* such as workers served and target enterprises and communities, share a common perception of the purpose of the Model, its specific components, and project impacts; the degree to which successes are understood and perceived to be relevant to the improvement of the community, the enterprise, the welfare of workers, and the USAID strategic objectives; and, the degree to which there is a desire among partners to replicate one or more of the model's components. Where possible, the evaluators will also comment on the dynamics, significance, and/or degree of integration of the model activities.

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

1. Means of improving monitoring, evaluation and reporting to stakeholders;
2. Means of improving progress toward achieving project objectives in a more cost-effective manner;
3. Measures to enhance program outcomes and program sustainability;

4. Measures to enhance the program's contribution to the USAID/Macedonia Strategic Plan;
5. Options for USAID and USDOL exit;
6. Application and utility of the worker adjustment model;
7. Relevant and important lessons learned ("dos and don'ts"); and,
8. Other pertinent recommendations that may result from evaluation findings.

G. DURATION AND MILESTONES OF EVALUATION

DOL wants to begin an evaluation of its program in Macedonia no later than February 25, 2002. The evaluation team should consist of three members, preferably including the same individuals who conducted the evaluation of Macedonia and Macedonia projects. The following is a schedule of tasks and anticipated (approximate) due dates – the work days listed reflect total work days (i.e., not per individual).

H. DELIVERABLES

- A ***Preliminary Draft Report*** shall be submitted that outlines general findings within 10 workdays of completion of fieldwork.
- An ***Evaluation Briefing*** will be scheduled within 10 workdays of completion of fieldwork.
- The ***Final Evaluation Report*** (an original plus 10 copies), including an Executive Summary, will be submitted within 5 days of receiving final comments from USDOL.
- The ***Regional Report*** (an original plus 15 copies), including an Executive Summary, will be submitted one month after the ***Final Evaluation Report*** is submitted.

Appendix B

Stakeholders Interviewed

USDOL Representative:

Theresa Esquiibel, Program Manager

USAID Representatives

Elizabeth McKeon, USAID SEED Coordinator
Caroline Brearley, former USAID Macedonia Program Officer
Elisabeth Markovik, USAID Macedonia Project Management Specialist
Diane Ponasik, USAID General Development Officer

WSI Representatives:

Gary Hansen, Senior Advisor (interviewed for Bulgaria and Romania evaluation)
Virginia Stacey, Executive Director (interviewed for Bulgaria and Romania evaluation)

PRISMA Project Staff:

Amy Ramm, Country Director
Goran Ivanov, Regional Representative
Filip Pashu, Regional Representative
Agron Alimi, Regional Representative
Maja Jakimovska, Regional Representative
Lence Cadlovska, Special Projects Coordinator
Romela Trajkova, EC Coordinator
Nevenka Rosomanova, Administration

Louis Berger/CSHI:

Michael Wallace, Chief of Party

DAI/LGRP:

Lawrence Birch, Chief of Party
William Althaus, Deputy Chief of Party

Solidarity Center:

Robert Pajkovski, Country Program Director
Natalia Kunovoska, Program Assistant

Ministry of Labor:

Mr. Tryanov, Deputy Minister of Labor

Ministry of Economy:

Marija Zarezankova Potevska, Head of Dept. for Small and Medium Scale Enterprises

National Employment Bureau:

Svetlana Jakinovska – former Deputy Manager- probable new manager
Aco Preskaanulev- Manager for Employment Mediation
Valentina Georgievska- National Team- Mediation
Biljana Brankovic- National Team- Associate for Normative and Legislature Measures
Viloeta Dimitrieva- Skopje Employment Office- Macedonia study tour; Skopje team for LED
Jancev Lazar- Skopje Employment Office- Work preparation

Economic Chamber of Macedonia

Aco Spasovski, Secretary General

ZELLS (Association of the Units of Local SelfGovernment of Macedonia)

Goran Angelov, President

Ministry of Education

Margareta Nikolovska, Vocational Education

NEPA (National Enterprise Promotion Agency)

Ljubisa Nikolovski, Director

Site visits:

Skopje Quick Start:

Beti Timcovska, Vest Newspaper
Lazar Angjusev, Trainer, Worker's University
Mira Pejcinovska, Trainer, Worker's University
Mile Stojanovski, Trainer, Worker's University
Zoran Kostovski, Founder and Principle Trainer, Motiva Consulting

Ohrid Quick Start

Cvetko Spiroski, Engineer, Zastava AGP
Pavel Kovaceski, Machinery Engineer, Zastava AGP
Stojan Cvetanoski, Union President, Zastava AGP

Struga Quick Start:

Tena Dimitrieska, Engineer, Kimiko
Slavica Miladinova, Owner, Kimiko
Stefan Golaboski, Prisma Local Specialist, Local Employment Office

Veles Quick Start:

Ljubomir Todorovski, School Coordinator, Kole Nedelkovski School

Kriva Palanka Quick Start:

Dimitar Shukovski, Head, G Petrov School
Rade Davitkovski, Local Representative, Ministry of Economy

Probestip Quick Start:

Strasko Georgievski, Biro Probestip
Blazo Gavrilov, SNUC N. Naumovski School
Cedonir Krstev, SNUC N. Naumovski School
Stojan Naskovski, Biro Probestip Specialist
Milivoj Milosavljevski, Head of NGO

Stip Quick Start:

Lena Taskova, Biro Stip Specialist
Katerina Hadzi-Vasileva, DSTU Dimitar Mirasciev School
Pero Arsov, USSO Iskra School (School for Handicaped)
Vilma Jovanova, DSTU Dimitar Mirasciev School

Kisela Voda:

RR:

Irena Popovska, NEB Coordinator
Dragica Pandilovska, IAS
Aco Spasovski, Rade Koncor

Erol Solejmanovski, Rade Koncor
Vojo Risteovski, Union representative
Zlazko Radosavljevic, Ministry of Economy
Azanes Ounadski, Private Sector

Kriva Palanka

Mayor's office:
Dr. Ljupco Petrkovski, Mayor

LED:
Rade Davitkovski, Ministry of Economy
Velkovska Rajna, Lawyer
Kolevski Goranco, Physician
Milkovski, Pero Treasurer
Apostolovska, Katerina, Technical Secretary

Kumanovo (LED and RR):

Mladena Jakimouska, Employment Office
Milha Georgievska, IAS
Mile Stojmenovic, Employment Office
Sedjan Hristovski, LMAC Iskra (Management)
Zevzdana Arsovska, LMAC Management
Branko Mizmanovic, LMAC Management
Zoran Dimitrievski, LMAC Labor
Liljana Dimitroevska, LMAC Management

Ohrid:

RR:
Natasja Paloska, Neutral Chair
Vele Todoroski, Management representative, LMAC
Goce Andreski, Management representative, LMAC
Klinie Vankoski, Labor representative, LMAC
Klementina Chingoska, Labor representative, LMAC
Riste Mitreski, Labor representative LMAC
Naum Canoski, Director Ezekra

LED:
Jovan Batkovski, NEB local representative
Fiat Salieski, Ohrid Airport Engineer
Zlate Risteski, Lawyer
Zoran Temovski, Hotel owner
Agron Destani, CSHI representative
Arta Emus, ISC representative

Probestip:

RR:
Jordan Stojanovski
Left Stojanovska
Blagoi Mitrov
Mito Slavevski
Slobodan Petrov
Lazo Todorov

LED:

Sransko Georgievski, NEB local representative
Stojan Naskovski, nEB
Bore Spasovski, MOE
Vanco Trajceovski, Union president
Ivan Manov
Blagoi Mitrov
Svetlana Maksimovska

Stip:

RR:

Danka Nakova
Vencislav Panev
Trajce Eftinov

LED:

Snezana Marolova
Lence Taskova
Biljana Popovska
Riste Jankov
Andon Majhosev
Vlasta Paneva
Vesna Mileva
Beti Saneva, Manager, BEAS-S Company

Struga:

Mayor Romeo Dereban

LED:

Lazim Kaba, NEB
Golaboski Stefan, Local specialist
Mileski Lamb, Neutral Chair
Rasim Davti- Public utilities enterprise
Radovan Ivanoski, Union president
Meratip Loga, MOF rep

RR:

Mileski Lamb, Neutral Chair
Josif Spaseski, LMAC management
Gordana Kukunesoska, LMAC Management
Zlatan Joldeski, LMAC Management
Borka Petroska, LMAC Labor
Svetozar Miloseski, LMAC Labor
Valentina Kalajotieska, LMAC Labor

Tetovo I

Svetlana Vapska, IAS
Vladimir Nastovski, LED Team
Nebojsa Ikičervski, Neutral Chair and LED Team
Vladimir Apoktalski, LED Manager
Amica Bjeska, LED Team

Tetovo II

Alush Zheladini, IAS for Zhelina
Aki Mislii, IAS for Brvenica
Vojislav Antovski, IAS for Jegunouce

Veles

RR and Local Team
Miodrag Markovic, LEB Manager
Todorka Petkovska, LEB IAS
Elena Karamanova, Local Team
Blagoj Spotrajanov, LMAC Management
Suzana Coeva, LMAC Management
Vesna Jovanovska, LMAC Labor
Petre Ordevski, LMAC Labor
Filip Kamcev, LMAC Labor

LED Team
Goran Iljovski, LED Company Owner
Lidija Koanackovic, Court Judge

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)

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 Macedonia, 2002-2004, USAID/Macedonia, January 2002

Project Strategic Framework, Matrices and PMP, Macedonia Worker Adjustment Program, December 2001

Inter-Agency Agreement with USAID for Macedonia

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 Macedonia has been 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, 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
- Coordination among USAID projects
- Donor coordination

Project Financial Data (Staff):

- Estimated per site expenditures
- Project transactions (FY 2000, 2001 and 2002)

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

Project Monitoring and Evaluation M/E (Staff)

- System for regular monitoring of activity implementation
- Specification of performance indicators
- System for collecting results data
- 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

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 Macedonia/Macedonia) 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?

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 Macedonia/Macedonia) 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?

6. Local level stakeholders focus group – Quick Start

Focus Group Guide: Local Businesses Participating in Quick Start

- Please give me background on your company. (When founded? How many employees? Public/private?)
- How was your firm recruited to participate in Quick Start? Was the process used effective and transparent?
- Who from the firm participated in the job analysis TOT in Skopje? How were those people recruited?
- What did you think of training? Was it different from other trainings you had participated in? How?
- Who was involved in developing the job analysis for the QS training?
- How many job analyses were done and for what jobs?

- Who conducted the technical training? How long did the training last?
- Who participated in the training? How many men/women? Age of participants?
- How many trainees were retained after training?
- Have you used Quick Start training since the initial training? If so, how many new employees have you trained with QS? How many employees have been re-trained with Quick Start?
- What has been the overall impact of the QS training on the firm?
- How might Quick Start be institutionalized?

Focus Group Guide: Quick Start 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?
- 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?
- Was the QS training different from any other training you had received? If so, explain.

Focus Group Guide: Vocational Teachers (local level)

- Please give me a background of the vocational school system in this community: (How many vocational schools are there in this community? What types? How many students?)
- What do students do after graduation – where do they go?
- What are your positions?
- How did you first hear of Prisma? What are the goals of the Prisma project?
- What training have you received from Prisma on Quick Start??
- What do you see as the goal of Quick Start?
- What is the value-added of Quick Start training? How could it benefit the community?
- What plans do you have for QS here in the community?
- Do you foresee any complications in working with the Local Employment Bureau on QS activities?
- How do think QS could be institutionalized within the local vocational school system?

7. 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? Priority issues to address?
- Are there any factors regarding the implementation of the project (in Macedonia/Macedonia) 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 Macedonia/Macedonia) 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 Macedonia/Macedonia), 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?

Appendix E

Revised Charter of the Prisma National Steering Committee

Introduction

This charter lays out terms of reference for the Steering Committee of Prisma, Partners for Economic Development In Macedonia. Prisma is a technical cooperation program initiated in July 1999 to bring United States know how and resources to strengthen the capacity within Macedonia for local economic development, worker adjustment and enterprise competitiveness. The activities of the partnership to date have been based on a charter signed by the original Macedonian and United States partners in July 1999.

Previous Charter

In that agreement The United States Department of Labor, with the sponsorship of the United States Agency for International Development, agreed to introduce an integrated worker adjustment model through the Prisma project. Project implementation was to have been accomplished through the National Employment Bureau and its network of local offices with advice and training from the Prisma project staff.

Members of the Steering Committee, then termed the Advisory Commission, signing the original charter were: The United States Department of Labor, The Ministry of Labor and Social Policy of Macedonia, The Ministry of Economy of Macedonia, The National Employment Bureau of Macedonia, The Confederation of Trade Unions of Macedonia, and the Chamber of Economy of Macedonia.

The partners agreed to provide national-level leadership and support for the Prisma initiative. To accomplish this, the Steering Committee agreed to review reports of progress, participate in meetings, produce recommendations to solve problems in implementation, and assist developing and disseminating public information regarding the project.

The Project office agreed to organize and convene regular meetings of the steering committee, produce reports of progress, develop the agenda, inform the committee of issues encountered in implementation, advise the committee regarding policy and funding issues related to implementation, utilize the committee's expertise in developing an implementation strategy, support public relations activities. No funds were obligated on either side through this agreement.

Expanded Steering Committee

By 2001 it had become clear that additional partners would be necessary for the integrated worker adjustment model to be institutionalized in Macedonia. The National Employment Bureau could not carry the entire responsibility. Over some months additional members were included on the Steering Committee and the components of the integrated model showed to be within the sphere of control and interest of the several partners in various ways.

The Macedonian partners as of 1 January 2002 are:

- The Ministry of Labor and Social Policy
- The Ministry of Economy
- The Ministry of Education
- The National Employment Bureau
- The National Enterprise Promotion Agency
- The Association of Local Self-Government Unit
- The Confederation of Trade Unions of Macedonia
- The Chamber of Economy of Macedonia

The American partners as of 1 January 2002 are the United States Agency for International Development and the United States Department of Labor, as represented by the Partners for Economic Development in Macedonia (Prisma) Project of Worldwide Strategies, Inc.

In January 2002 each partner defined its sphere of responsibility in institutionalizing the integrated worker Adjustment model.

Current Commitments

All partners confirmed commitment to the terms of the original charter insofar as they supported continued implementation and promotion of the integrated worker adjustment model in Macedonia. They cite positive results from the three program components, the building of partnerships, the training of local and national experts, and cost effectiveness as important positive effects. They note a need to coordinate efforts among many national partners to adopt the integrated model.

Each national partner is able at this time to describe a sphere of responsibility it will concentrate on in the near future as the partners further refine their respective long- term responsibilities for institutionalization.

The Ministry of Labor and Social Policy is committed to developing national policy that will concretely implement active labor market measures, as introduced by the integrated model of Prisma, at the local level throughout Macedonia. This includes continuous job creation and job transition activities in the offices of the National Employment Bureau (NEB), providing market-driven training, and developing action plans including special and vulnerable populations according to local needs, utilizing local economic development teams, in cooperation with other relevant ministries.

The Ministry of Education will concentrate on vocational training for young people and adults. It will seek to develop market driven post-secondary courses for adults in the formal and informal labor market. In this regard it will utilize curriculum design methods from the Custom Fit/Quick Start portion of the Enterprise Competitiveness component of the Prisma model. It will continue to seek ways to collaborate with the National Employment Bureau to provide training, and to maximize training capacity in Macedonia using all available resources.

The Ministry of Economy is committed to implementing the integrated model throughout Macedonia. It has taken specific responsibility for leading future Local Economic Development in communities. It is also committed to contributing to the Rapid Response/Worker Adjustment component's implementation, with special emphasis on transition services for employees of loss-making enterprises threatened with dislocation. As a principal agent for encouraging small and medium enterprise development in Macedonia it is committed to institutionalization of enterprise competitiveness initiatives, as well.

The National Employment Bureau (NEB) commits its staff at the local office level to participate on local Prisma teams, to serve as specialists on those teams and to be trained to take those responsibilities over the long term in all components. It will focus national capacity building on the Rapid Response/Worker Adjustment component. It will continue to develop active measure interventions like the job clubs it now operates, and increasingly efficient short term requalification training for unemployed members of the labor force moving into new jobs. It will explore methods like the Quick Start training method to improve training cost effectiveness and will collaborate with the Ministry of Education to optimize use of resources for lifelong learning.

The National Enterprise Promotion Agency (NEPA) is committed to supporting development of small and medium enterprises in Macedonia through its regional offices. It will cooperate with Prisma to mutually define services that promote enterprise competitiveness and to institutionalize those appropriate for delivery through the regional NEPA offices. Prisma will provide technical support and input on concrete needs through its network of local economic development teams.

The Association of Units of Local Self-Government agrees to promote professional municipal involvement in local economic development and active labor market measures. It will move toward providing an ongoing training and coordination of a network of professional economic development officers committed to working cooperatively with local citizen economic development bodies. It will promote integration of workforce development and active labor market measures into the local economic development strategic plans of municipalities throughout Macedonia.

The Confederation of Trade Unions of Macedonia commits to continue its work on behalf of organized labor in Macedonia while supporting use of techniques of labor/management cooperation in dealing with problems of worker dislocation. It will assign staff trained in these techniques to lead and facilitate organization of labor/management committees to provide rapid response/early intervention and worker transition centers where dislocation of workers is threatened.

The Chamber of Economy of Macedonia will continue to represent the interests of the private sector. It agrees to include in this function attention to informing the private sector of the benefits of constructive labor management relations and the cost effectiveness of using enterprise competitiveness methods that upgrade the value added by labor through efficient skill improvement.

All partners recognize that they have entered into an agreement that will depend upon the good faith contribution of each toward the common end to *Get Macedonia Back to Work*.

Signed this _____ day of _____, 2002

Appendix F

PRISMA COMMUNITY TEAMS- ETHNIC REPRESENTATION

October 2001

	Community	Population Total	Prisma Team	Macedonian		Albanian		Serb		Turkish		Roma		Vlach	
				Local %	Team %	Local %	Team %	Local %	Team %	Local %	Team%	Local %	Team %	Local %	Team%
1	Bitola	108.203	29	91.0	96.55	3.7	3.45	0.6		1.8		1.6		0.9	
2	Veles	65.942	28	82.9	92.86	6.7		1.0	7.14	3.6		0.8		0.5	
3	Gostivar	108.181	30	18.6	26.0	63.7	74.0	0.3		12.7		2.0			
4	Debar	25.452	26	21.1	11.0	44.4	89.0	0.1		26.3		4.4			
5	Delcevo	25.287	25	86.4	96.0			0.3	4.0	0.6		2.5			
6	Kavadarci	41.937	33	95.8	100			2.0		0.4		1.1			
7	Kisela Voda	146.746	26	78.5	80.77	10.2		3.4	11.0	2.9	3.85	0.9		0.6	
8	Kriva Palanka	25.129	32	96.9	100.0			0.5				2.2			
9	Krusevo	12.005	28	55.8	78.57	22.9	3.57	0.3		5.5	7.14	0.2		7.4	10.71
10	Kumanovo	127.814	24	50.5	66.67	36.9	8.33	9.1	20.0	0.3		2.4	4.0	0.1	
11	Ohrid	60.763	34	86.4	97	4.7		0.7		3.9	3.0	0.1		0.4	
12	Probistip	16.650	30	98.6	100			0.6		0.1		0.1		0.2	
13	Radovis	30.525	25	85.3	96.0			0.3		14.0	4.0	0.1		0.1	
14	Strumica	91.047	25	92.9	92.0			0.3		6.4		0.3	4.0		4.0
15	Struga	62.679	32	44.4	81.25	45.2	18.75	0.2		5.3		0.9		0.9	
16	Sveti Nikole	21.444	30	96.0	93.33	0.3		0.5		1.0		0.2	3.30	1.6	3.30
17	Tetovo	172.171	30	20.8	63.3	74.4	30.0	0.7	6.67	2.3		1.4			
18	Stip	50.714	30	87.4	96.67			0.6		4.1		2.9		4.4	3.33
19	Gevgelija	34.817		93.8		0.2		3.1		2.0		0.2		0.4	
20	Demir Hisar	10.524		96.7		2.0		0.1		0.3					
21	Kicevo	52.958		39.7		49.2		0.2		7.2		2.6			
22	Kratovo	10.898		98.3				0.2		0.1		1.2			
23	Maked. Brod	11.022		68.7		0.2		0.1		30.8					
24	Negotino WA	23.156		92.0		0.1		3.9		2.7		0.6		0.1	
25	Berovo WA	19.829		93.9				0.2		2.3					
26	Valandovo WA	12.092		81.9		0.1		5.2		12.1		0.2			
27	Vinica WA	19.063		92.9				0.2		1.3		4.6		0.8	
28	Kocani WA	48.538		95.7				0.2		1.1		2.3		0.5	

	Community	Population	Prisma	Macedonian		Albanian		Serb		Turkish		Roma		Vlach	
				Local %	Team %	Local %	Team %	Local %	Team %	Local %	Team %	Local %	Team %		
		Total	Team												
29	Prilep WA	94.183		88.1		1.7		0.2		4.2		3.8			
30	Resen WA	17.681		76.1		9.8		0.5		10.6		0.6		0.2	
	Macedonia Overall	Nation. Total 1.945.932	517	66.5		22.27		2.1		4.0		2.2		0.4	

Prisma Community Teams in Rural and Mixed Communities outreach program
Local population and team ethnic representation by community

	Community	Population	Prisma	Macedonian		Albanian		Serb		Turkish		Roma		Vlach	
				Local %	Team %	Local %	Team %	Local %	Team %	Local %	Team %	Local %	Team %		
		Total	Team												
31	Tetovo 2	67,000	8	20.8	25.0	74.4	75.0	0.7		2.3		1.4			
32	Brvenica.	18,700	8	40.0	37.5	60.0	62.5								
33	Jegunovce	6,651	8	75.0	75.0	25.0	25.0								
34	Zelino	23,000	8	5.0	0.0	95.0	100.0								
	Macedonia Overall	Nation. total 1.945.932		66.5		22.7		2.1		4.0		2.2		0.4	

Appendix G

LED Communities- Pilot and Expansion 1 Phases

PILOT LED COMMUNITIES

Community	Kriva Palanka1						Ohrid						Stip					
Selected project idea	Milk and Dairy Production- Males Company- Start up						Tourism Promotional Center- Association creation						BEAS-S Textile Company Expansion					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	10/111 999	7/12 1999	20/01 2000	15/02 2000	13/032 000	09/05 2000	10/11 1999	9/12 1999	18/01 2000	16/02 2000	16/03 2000	9/05 2000	9/11 1999	18/12 1999	19/01 2000	17/02 2000	15/032 000	9/05 2000
# Team members	38	38	29	29	32	8	25	34	34	34	34	10	33	30	30	29	33	8
# Men	28	28	21	21	23	7	18	22	22	22	22	6	19	18	18	17	19	5
# Women	10	10	8	8	9	1	7	12	12	12	12	4	14	12	12	12	14	3
Team Inkind Hrs.	228	252	198	198	252	111	150	215	215	215	215	110	198	240	240	254	288	128
\$ Value (MKmin)	\$ 205	\$227	\$ 178	\$ 178	\$ 227	\$ 100	\$ 135	\$194	\$ 194	\$ 194	\$ 194	\$ 99	\$178	\$ 216	\$ 216	\$229	\$ 259	\$ 115
Project entity Contribution	130,000 DM from Males Company												200,000 DM own funds					
USDOL funds	\$ 12,989.38 11/00; \$ 12,010 12/01						\$ 9,462.19						\$ 25,075					
Comm. contributions	Two rooms and community yard												Community land					
Other Contributions													NEB, NEPA training subsidies					
Collateral Community Benefit	New employment, Cooperation, Plug the leaks						Tourist industry and association enterprises, increased economic activity, cooperatopn and partnership						New employment, Cooperation on future development community projects					
Jobs created	12 actual (4 full time, 8 seasonal); 15 jobs retained; 2 additional new jobs projected						2 actual ; 8 seasonal projected						235 full time (130 original estimate)					

FLIP PILOT LED COMMUNITIES

Community	Tetovo						Probistip						Kisela Voda					
Selected project idea	Fish Pond Construction- Start up						Shoe Industry, MAKO Still - Expansion						Graphic Industry, Svetlost Grafika- Expansion					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	27/04 2000	23/05 2000	29/06 2000	22/09 2000	20/10 2000	30/11 2000	25/04 2000	25/05 2000	28/06 2000	21/09 2000	20/10 2000	29/112 000	4/04 2000	22/052 000	27/06 2000	18/09 2000	17/10 2000	28/112 000
# People in teams	42	30	33	32	25	10	40	30	22	18	20	10	39	32	20	20	26	9
# Men	36	23	26	25	18	8	30	23	17	14	15	8	27	21	13	13	17	6
# Women	6	7	7	7	7	2	10	7	5	4	5	2	12	11	7	7	9	3
Team Inkind Hrs	225	210	225	220	205	130	240	240	202	198	200	140	234	252	180	200	226	134
\$Value (Mkmin)	\$ 226	\$189.	\$203	\$198	\$185	\$117	\$ 216	\$ 216	\$ 182	\$ 178	\$ 180	\$ 126	\$ 210	\$ 227	\$ 162	\$ 180	\$ 203	\$ 121
Project Entity Contribution	210,000 DM from Phoenix Private Company						166,000 DM						32,000 DM from Svetlost Grafika					
Comm. contributions	Construction land						Business space from TIPO Department Store						Gazi Baba Community offices					

USDOL Funds	\$ 25,130.43	\$ 25,000.00	\$ 25,025.42
Other Contributions			
Collateral Community Benefit	New employment, cooperation on future LED projects	Plug the leaks, New employment, Cooperation	New employment, Cooperation
Jobs created	1 permanent, 19 seasonal actual; 5 additional projected)	110	10 jobs retained; 10 new projected

FIRST EXPANSION LED COMMUNITIES

Community	Sveti Nikole						Strumica						Debar					
Selected project idea	LION Chocolate and Candy Producer Expansion						Kemadono Textiles Expansion						Carpet Plant at Novost Company Restart of closed factory					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	26/04 2000	26/052 000	26/06 2000	19/09 2000	18/10 2000	29/112 000	27/04 2000	26/05 2000	29/06 2000	22/09 2000	19/10 2000	29/112 000	25/04 2000	25/05 2000	30/06 2000	21/10 2000	13Oc 2000	30No 2000
# People in teams	40	29	26	25	32	10	39	24	20	20	19	10	26	26	22	24	22	7
# Men	26	19	17	17	21	5	27	16	14	14	13	7	24	22	18	20	18	5
# Women	14	10	9	8	11	5	12	8	6	6	6	3	2	4	4	4	4	2
Team Inkind Hrs	240	234	221	246	272	140	234	284	144	210	204	150	156	190	170	180	125	110
\$ Value(MK min)	\$ 216	\$ 211	\$ 199	\$ 221	\$ 245	\$ 126	\$210	\$184	\$127	\$189	\$184	\$135	\$ 140	\$ 171	\$ 153	\$ 162	\$122	\$ 99
Project Entity Contribution	52,000 DM own funds						22,200 DM						39.000 DM own funds					
USDOL Funds	\$ 25,075						25,059.70						\$ 10,661.50					
Other contributions																		
Comm. contributions							Jugopromet Company business space											
Collateral Community Benefit	New employment Cooperation						New employment ; cooperation						Plug leaks, New employment, Cooperation					
Jobs created	20 new jobs: 10 direct full time; 10 indirect full time (small suppliers)						60 actual full time						14 actual full time					

FIRST EXPANSION LED COMMUNITIES

Community	Krusevo						Kavadarci						Struga					
Selected project idea	Briquette Factory – Start up Snow Plough (funded by CSHI)						Center for growing vine stems Start up						Town Funeral Parlor City owned					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	26/04 2000	23/052 000	26/06 2000	20/09 2000	18/10 2000	28/112 000	25/04 2000	24/052 000	27/06 2000	21/09 2000	17/10 2000	28/112 000	04/042 000	24/052 000	28/06 2000	20/09 2000	20Oct 2000	30No 2000
# People in teams	28	28	28	28	28	8	33	33	33	33	33	10	36	37	32	30	26	12
# Men	25	22	22	22	22	6	18	17	17	17	17	6	25	27	22	20	16	10
# Women	3	6	6	6	6	2	15	16	16	16	16	4	11	10	10	10	10	2
Team Inkind Hrs	168	185	190	189	185	100	198	90	210	210	210	115	216	235	210	200	205	135
\$ Value (Mkmin)	\$ 151	\$167	\$171	\$167	\$167	\$90	\$178	\$81	\$189	\$189	\$189	\$104	\$194	\$ 212	\$ 189	\$ 180	\$ 185	\$ 122
Project Entity Contribution	Building , land, raw materials						\$ 4,100 Land, Building						171,000 DM from the Communal Enterprise					

USDOL funds	\$ 10,083.68, \$ 8,500, \$ 6.050	\$ 16, 858.62	\$ 10,123.46
Other contributions			Struga Council-49,000 DM; Others-28,000 DM
Community contributions	Increased economic activity Decrease community leaks		Construction land
Collateral Community Benefit	Improved living and working conditions Team involved in municipal decisions	Stop leaks of funds on importing such materials Cooperation, new community leaders	Improve Tourism
Jobs created	8 full time + 200 part time seasonal actual jobs	15 full time + 150 part time seasonal actual jobs	2 full time; 20 seasonal actual jobs; 2 additional projected jobs

FLIP FIRST EXPANSION LED COMMUNITIES

Community	Delcevo						Bitola						Veles					
Selected project idea	Knitwear production facility Expansion						Graphic Industry production facility Restart						Mi-Goteks textile producer Expansion					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	23/02 2001	22/03 2001	26/04 2001	29/05 2001	06/07 2001	20/09 2001	21/02 2001	21/03 2001	25/04 2001	30/05 2001	4/06 2001	12/09/2 001	20/02 2001	20/03 2001	24/04 2001	29/05 2001	28/06 2001	11/09 2001
# People in teams	33	20	20	27	23	12	29	25	21	20	19	8	28	30	20	25	23	9
# Men	22	13	13	18	16	6	12	10	6	9	8	6	11	15	9	11	13	6
# Women	11	7	7	9	7	6	17	15	15	11	11	2	17	15	11	14	10	3
Team Inkind Hrs	198	120	120	162	138	72	174	150	126	120	114	48	168	180	120	130	138	54
\$ Value (MKmin)	\$178	\$108	\$108	\$145	\$124	\$ 64	\$156	\$135	\$113	\$108	\$102	\$43	\$151	\$162	\$108	\$135	\$124	\$ 48
Project Entity Cont							Building, equipment						Building, equipment					
Comm. contributions																		
USDOL funds	\$ 25,000												\$ 14,750					
Other Contributions																		
Collateral CommBenefit																		
Jobs created	35 actual jobs						60 new projected jobs						80 actual jobs; 40 new projected jobs					

FLIP FIRST EXPANSION LED COMMUNITIES

Community	Gostivar						Kumanovo						Radovis					
Selected project idea	Wood processing and furniture production. Expansion						Shoe Production Line for soles and heels at Tusevski Company- Expansion						Ethereic oil production from forest plants Start up					
Workshops	0	A	B	C	D	E	0	A	B	C	D	E	0	A	B	C	D	E
Date	22/02 2001	22/03 2001	24/04 2001	31/05 2001	26/06 2001	13/09 2001	28/02 2001	21/03 2001	25/04 2001	31/05 2001	27/06 2001	20/09/2 001	20/02 2001	20/03 2001	24/04 2001	25/05 2001	05/07 2001	20/09 2001
# People in teams	27	30	21	22	24	8	28	25	23	22	24	10	30	25	21	20	23	10
# Men	21	22	17	18	20	8	16	10	13	11	13	6	20	10	11	10	13	5
# Women	6	8	4	4	4	0	12	15	10	11	11	4	10	15	10	10	10	5
Team Inkind Hrs	162	180	126	132	144	48	168	150	138	132	144	60	180	150	126	120	138	60
\$Value (MKmin)	\$145	\$162	\$113	\$118	\$129	\$ 43	\$151	\$135	\$124	\$118	\$129	\$54	\$162	\$135	\$113	\$108	\$124	\$54
Project Entity							\$22,000 in construction costs											

Contribution			
Comm. contributions			
USDOL funds	\$ 25,000	\$ 25,000	\$ 24,194.83
Other Contributions			
Collateral Community Benefit			
Jobs created	115 full time + 180 seasonal projected jobs	40 actual	25 full time + 25 seasonal actual jobs 450 seasonal projected

APPENDIX H

RAPID RESPONSE SITES

RAPID RESPONSE COMMUNITIES

PILOT COMMUNITIES

COMMUNITY	Probistip - pilot	Tetovo – pilot	Kisela Voda-pilot
Enterprise	Zletovo Mines	Nemetali, Tetovo	Rade Koncar,AT
Industry	Lead and zinc	Marble/stone cutting	Electrical appliances
# Employees	1.200	127	78
# Possible layoffs	300	60	35 + 43
Team Build.	27 Jan, 2000	28 Jan., 2000	17 Jan, 2000
Est. inkind contribution	\$ 800	\$ 800	\$ 800
LMAC Mgmt/Workers	4:4	5:5	4:4
Date of survey	2 March 2000	4 February 2000	1 February 2000
# Surveyed	290	78	53
Plan date	27 March, 2001	26 April, 2000	22 Feb. 2000
Services, #	Software for 108	Accounting 15 Stone cutting 15 Software 15	Software 43 Small Business 25 English 9
Other services	Peer Support	Peer Support	Counselling
Training costs	Computer course (108) \$ 3,426.33	Accounting (13) \$ 1,253.70 Stone cutting (15) \$ 2,230.88 Software (15) \$ 603,78	Basic computer skills (43) \$ 3,902,49 Small Business (25) \$ 6,80482 English (9) \$ 1,001.48 Excell & Word (11) \$ 837.08
Estimated # working	108	21 (20 in company; 1 new business)	49 (41 + 8)

FLIP PILOT COMMUNITIES

COMMUNITY	Stip	Kriva Palanka	Ohrid
Enterprise	Metalna	Bentomak Pelagonija	Ezerka
Industry	Heavy equipment	Mining, construction	Marble/stone cutting
# Employees	161	121 + 340 = 461	140
# Possible layoffs	100	85 + 61=146	63
Team Build.	18 May, 2000	17 May, 2000	16 May, 2000
Est. inkind contribution	\$ 800	\$ 800	\$ 800
LMAC Mgmt/Workers	4:4	4:4	3:3
Date of survey	11 Sep.2000	12 September2000	1 Feb. 2001
# Surveyed	130	88 + 197 = 285	72
Plan date	1 November, 2000	25 October, 2000	6 March, 2000

Services provided, #	Metal workers 63 Heating servier 14 Metal processing 17 Welders 11 Metalcutters 7 Fork lift4 Electricians10	Software 87 Cran operators 20	Software 1 16 Bakers 3 English lang. 9 Drivers 26 Heating 3
Other services	Peer Support		Peer Support
Training costs	Metal workers (73) \$ 15,157.58 Painters (8), Electricians (10) Welders (10) \$ 6,420.90	Software manuals \$ 865.06 Software 82 \$ 5,290.36 Constr. Mach.oper. 20 \$ 2,671.33 Electricians 20 \$ 2,439.73 Drivers 24 \$ 3,035.23 Computer Acc. 15 \$ 1,576.12 Steam boiler oper. 13 \$ 1,763.48	Compjuter soft. (25) \$ 629.42 Drivers (38) \$ 7,306.21
Estimated # working	101	146	63

FIRST EXPANSION COMMUNITIES

COMMUNITY	Delcevo	Radovis	Gostivar
Enterprise	Frotirka & Godel	Beton, AD	OHIS-GES
Industry	Textiles	Construction	Chemicals
# Employees	520 + 330 = 850 total both comp.	152	317
# Possible layoffs	154 + 53 = 207	40	60
Team Build.	18 May, 2000	18 May, 2000	17 May
Est. inkind contribution	\$ 800	\$ 800	\$ 800
LMAC Mgmt/Workers	4:4	4:4	3:3
Date of survey	5-6 Nov. 2000	10 Nov. 2000	6 Nov. 2000
# Surveyed	69 + 61 = 130	106	46
Plan date	31 October, 2000	10 October, 2000	12 Jan. 2001
Services provided, #	Safety Shoes Production Courses 30	Welders 12 Software 14 Drivers 33 Tile fixers 16	Driving 22 Hairdressers 8 Accounting 7 Electrical servicing 6 TV repairing 3 Cooking 1 Brick laying 2 Fabric cutting 9 Software 49
Other services		Peer Support	
Training costs (# trainees)	Shoe production (30) \$ 6,917.45	Metal workers (12) \$ 1,252.12 Drivers (33) \$ 931.15 Tile fixers (16) \$ 1,397.48 Driving (30) \$ 3,800.19 Administration (11) \$ 1,024.66	Driving (26) \$ 4,793.64 Misc (33) \$ 3,272.11 English (26) \$ 2,554.51 Hairdress., tailor, bricklayers (20) \$ 2,272.73 IT; household appar. (54) \$ 3,544.45

Estimated # working	60 + 25 = 85	40	80 trained and replaced in the same company 15 found jobs in the private sector
----------------------------	--------------	----	--

FIRST EXPANSION COMMUNITIES

COMMUNITY	Bitola	Veles	Kumanovo
Enterprise	Plam Bit	Dimko Mitrev	Iskra, A.D.
Industry	Metal fabrication	Leather & fur	Steel fabrication
# Employees	260	450	560
# Possible layoffs	100	50	50
Team Build.	16 May, 2000	16 May, 2000	17 May, 2000
Est. inkind contribution	\$ 800	\$ 800	\$ 800
LMAC Mgmt/Workers	4:4	3:3	4:4
Date of survey	10 September 2000	4 October 2000	29 Sept. 2000
# Surveyed	212	265	270
Plan date	16 October, 2000	12 October, 2000	13 November, 2000
Services, #	Software courses 35 Servicing, sewing 30 Arrangement 5 Hairdressing and cosmetics 5 English lang. 27 Accounting 8 Greek 4 German 3 Fabric cutting 5	Driving courses 67 Software courses 52 English Lang. 25 Sewing courses 54 Total 198	Accounting 11 Autocad 9 English 17 German 5 Software 36 Agron welding 29
Other services			Peer support
Training costs	Software (30) \$ 5,570.62 Misc. (31) \$ 3,002.90 English (17) \$ 1,135.72 Accounting (10), excel (14), internet (4), comp.design (5) \$ 7,331.20	English (19) \$ 1,112.91 Software (49) \$ 2,750.85 Drivers (87) \$ 7,093.18 Cutting & sewing (13) \$ 1,064.22 Sewing (advanced) (13) \$ 1,139.44	Argon welding (29) \$ 9,283.79 Autocad (13) \$ 1,774.31 Software (36) \$ 1,721.03 Computer accounting (9) \$ 356.25 Forwarding (10) \$ 932.89
Estimated # working	80	50	50

FLIP OF FIRST EXPANSION COMMUNITIES (Cohort 3)

COMMUNITY	Debar	Struga	Strumica
Enterprise	Deplast	Zito Struga	DO Edinstvo
Industry	Plastic windows		Textile
# Employees	123	85	335
# Possible layoffs	82	35	40
Team Build.	20 March, 2001		18 May, 2001
Est. inkind contribution	\$ 800	\$ 800	\$ 800
LMAC Mgmt/Workers	4:4	4:4	4:4

Date of survey	17.10.2001	25.09.2001	16.07.2001
# Surveyed	65	58	45
Plan date			
Services, #	Computers Professional driving PVC carpenters Fabric cutters	Computers Computer programmers Professional driving Hair dressing	Foreign lang. (English, German Greek) Accounting Forwarding agents Machine pool maintenance Marketing mgrs Fire fighters Electricians QC Designers
Other services			
Training costs		Drivers (19) \$ 3,455.74 Computers (13) \$ 294.37	Misc. (26) \$ 7,047.34
Estimated # working	60 projected	35 projected	37 projected

FLIP FIRST EXPANSION COMMUNITIES (Cohort 3)

FLIP EXP. COMMUNITIES	Kavadarci	Krusevo	Sveti Nikole
Enterprise	Metaleks	Hotel Montana	14 Septemvri
Industry	Metal production	Tourism	Agriculture
# Employees	199	42	258
# Possible layoffs	20	42	40
Team Build.	17 April, 2001	5 April, 2001	16 May, 2001
Est. inkind contribution			
LMAC Mgmt/Workers	3:3	3:3	4:4
Date of survey	14.09.2001	05.07.2001	12.09.2001
# Surveyed	116	45	124
Plan date			07.11.2001
Services, #	For. languages 41 Software courses 23 Professional driving 36	English 32 Software courses 26 Electricians 5 Professional driving 20	Foreign languages Software training Security/ guards Professional driving
Other services			
Training costs	Comp. Software (18) \$ 2,030.01 Drivers (36) \$ 6,281.10 Household appar. (3) \$ 300.67	Drivers (20) \$ 2,586.2	Driving (69) \$ 10,503.18 Computer soft. (22) \$ 393.91 English (12) \$ 931.76
Estimated # working	20 projected	40 projected	40 projected

SECOND FIRST EXPANSION COMMUNITIES (Cohort 3)

FLIP EXPANSION COMMUNITIES	Berovo	Kocani	Prilep
Enterprise	Ishrana, Berovo/Mleko Mes, Pehcevo	Ruen, Kocani	Makstoun, Metalec, Nemetali

Industry	Food industry	Meat industry	Metal industry
# Employees	66 +30 = 96	1400	500
# Possible layoffs	21 + 10 = 31	50	100
Team Build.	21.12.2001		15.01.2002
Est. inkind contribution			\$ 800
LMAC mgmt/workers	4:4	5:5	3:3
Date of survey			
# Surveyed			
Plan date			
Services, #			
Other services	Peer Support		
Training costs			
Estimated # working	31 projected	50 projected	100 projected

Appendix I

Rapid Response/Worker Adjustment Program for Loss Makers

A Concept Paper- Presented by Prisma Macedonia

January 30, 2002

Persistent Unemployment in Loss Maker Industries

Macedonia is plagued by a few industrial albatross companies that have held onto false hopes and too many workers until their drain on the economy has become intolerable. As the nation tries to face up seriously to the challenges of transition, mass layoffs cannot be avoided. Macedonia has very few placement or training services for workers seeking new places in the economy. It continues to provide, or at least promise, transfer payments that perpetuate dependency among frightened workers facing transition.

Background : Prisma, Partners for Economic Development in Macedonia, began to implement Rapid Response / Worker Adjustment activities in Macedonia in late 1999 as a USAID project using methods from the US Department of Labor. Addressing the Loss maker issue was an important reason to bring the project to Macedonia. At that time the Macedonian national partners warned of possible political consequences if the American model were not adjusted to local conditions. This led to a delay of 6 months anticipating the publication on of the "final list of loss-making companies."

When the list was published, some of the national partners used the existence of such a list as a reason to further postpone implementation of Worker Adjustment Component, presumably awaiting decisive national action. At the local level teams were threatened by the mass proportions and the complexity of the problems accompanying the loss making companies. Uncertainty about the potential course of Government direction was an additional factor causing local Prisma teams to approach loss makers cautiously. Therefore, most of them began their work by targeting small to medium sized local companies for implementing Rapid Response/Worker Adjustment measures, leaving most of the larger loss-making companies outside the picture (with a few exceptions). The average number of workers threatened by possible layoff ranged from 50 to 150 in the firms local teams tended to select, while in the case of the leading loss-makers the average figure is in the thousands.

This decision did permit local teams to learn Rapid Response/Worker Adjustment approaches in a manageable context. However the huge problem of mass-layoffs in the leading loss-making companies remains a festering national issue. Prisma has developed a satisfactory level of local expertise at using the USDOL Adjustment Model. This expertise should now be utilized exactly for the purposes of addressing massive worker dislocation.

Furthermore, national partners, primarily the Ministry of Labor, the National Employment Bureau and the Ministry of Economy must now engage their own mechanisms and funds and decide whether they wish to address a problem that under normal circumstances would be considered under their jurisdiction. Should they decide so, Prisma can then help establish the support network and offer additional technical assistance needed for the proportion of the problem. It will share the burden of such an effort with both national and local partners and make the best use of its model by relying on experience and skills already established in local Prisma teams.

Critical assumptions:

1. National partners assume full responsibility for the program, decide the scope of work and use Prisma to help them plan and coordinate programs for dislocated workers in one or more loss-making companies (as determined in the scope of work)
2. National partners like, particularly MOL, MOE, NEB and the Unions commit staff who are willing and able to take the experience from the Prisma process and responsibility to implement such a program bearing in mind its complexity and extensiveness, dictated by the specific on-site circumstances.

3. Participation of local IAS and local support teams in the effort. Teams and IAS's from neighboring communities should be encouraged to participate too.
4. Partners commit time and resources (The size of the particular company / companies and/or the type of industry should be considered as a parameter when identifying budget needs.)
5. National partners and Prisma set clear guidance for the implementing teams as well as the standards of performance (for example, decide what would the targeted re-employment percentage rate be?). They need to define the monitoring procedure and how will the success of the program be measured
6. Memorandum of understanding signed, explaining each partner's responsibilities, involvement etc. (examples: "No organized strikes during the period of intervention, coordination", or "moratorium on voluntary statements for the media during certain periods by all partners involved", or "coordinated public relations campaign")
7. Prisma assumes responsibility for assisting, monitoring IASs and local teams' work in the process of implementing the Worker Adjustment component in target company / companies and reports back to partners proposing further modifications and recommendations for process improvement
8. Prisma invites donors, or organizations that have programmatic capacity and interest in helping the effort and encourages partners to do the same with local supporters and the Government of Macedonia as well.
9. Prisma recommends the steps needed to develop the support network, its tasks and the coordination of the whole program.

Factors in support of the effort:

- * Government of Macedonia is keen to resolve a "burning issue" that has direct impact on the future of its further arrangements with the World Bank and IMF
- * National and local partners understand the high priority of the issue
- * Sufficient level of local expertise to conduct programs for dislocated workers
- * MOL, MOE, NEB and Unions flexible
- * Absence of key legislation compensated by good faith and understanding for reform
- * Improved understanding about market economy and layoffs (associated with it)
- * Unions involvement
- * Other donors interested to help such effort
- * Common agreement among Prisma partners about the need for change
- * Prisma's focus on building local capacities

Possible Impediments to the efforts:

- * Permanent tensions in the companies and workers' frustration
- * Severe strikes, workers anxiety and resentment
- * Confusion and rumours

- * Informal union leadership structures
- * Media attention
- * Political impediments
- * Political implications or connotations (in certain areas of the country)
- * Extremely small number of jobs currently available on the local market
- * Underdeveloped social support mechanisms at the local level
- * National agencies and the Government inertia
- * Pension / retirement issues in most cases are not properly regulated
- * Absence of key legislation to support assistance to dislocated workers

Steps:

1. Obtain commitment from national partners to undertake project.
2. Decide the scope of the effort, possible political implications and commitment of staff and resources (involve the government officials if needed!)
3. Get clear, written commitment by national partners, describing their contribution and recommendations
4. Decide which company/companies should be targeted?
5. Set ground rules and agree upon public relations strategy
6. Propose reasonable program (containing timeline of activities, coordination scheme, types of activities, areas of responsibility by partners - both national and local etc.)
7. Set realistic deadlines
8. Define budget needs
9. Identify sources of financing (both national partners and Prisma fully involved)
10. Conduct refresher Rapid Response and USDOL Model training for IAS's, Support Teams and former LMAC members (from the particular area) and training in Peer support techniques
11. Provide ToT for a reasonable number of targeted workers in the target loss-making companies who would later implement the very same program with their peers - monitored by the IASs and Prisma.
12. Create a Rapid Response Unit composed of all those individuals and specialists capable to cope with the challenges of such an enormous effort, guaranteeing success of the program.

Once all critical assumptions have been met and training completed the program should be conducted according to the Worker Adjustment Manual based on the USDOL Adjustment Model and the Peer Support Manual, recently developed. The program would consist of Rapid Response / Worker Adjustment activities combined with Peer Counseling and Peer Support, re-employment support activities and community response, coordination with labor and management officials etc.

Appendix J

Performance Monitoring Strategic Framework

