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**ASSESSING LOCAL JOB CREATION POLICIES
IN THE CZECH REPUBLIC**

**LEED
THE PROGRAMME ON LOCAL ECONOMIC & EMPLOYMENT DEVELOPMENT
TERRITORIAL DEVELOPMENT SERVICE**

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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FOREWORD

The LEED Programme has been active for more than a decade in the evaluation of entrepreneurship and local development policies in OECD countries. Since the fall of the Berlin wall, this experience has been shared with national and local authorities in numerous transition countries. The present report brings the experience of the LEED Programme to bear on the PALMIF Programme, an active labour market policy of the Czech Government.

The Czech Republic became a Member of the OECD in 1995 and of the LEED Programme in 1996. This accession was the culmination of a process that led from the dismantling of the planned economy to the establishment of a developed market economy. In the transition process the labour market, especially at the local level, went through many changes and, although the overall unemployment rate remained relatively low, unemployment became concentrated in particular regions and among specific social groups. As a result, the Czech authorities have increasingly tried to gear labour market policies so as to limit the social and economic consequences of these inequalities.

One such policy was the “Pro-Active Labour Market Intervention Fund” - “PALMIF” - created in 1992 within the framework of the European Union’s PHARE Programme. The objective of PALMIF was to develop locally designed and implemented active labour market policies to respond to localised employment problems. As this report makes clear, PALMIF has gone a long way towards achieving its principal objectives. The report analyses the reasons for this success and makes recommendations on how these advances can be consolidated by the Czech authorities. In addition the Programme has elements of good practice that could serve as a guide to policymakers in other transition countries. Thus, as well as being a tool for the Czech government in its assessment and enhancement of its labour market policies, this report identifies the lessons that should be learned by policymakers in other countries.

The report was drafted by a team of experts, led by the American consultant Marcia Greenberg in co-operation with Martin Forst and Jean-Pierre Pellegrin of the LEED Programme. It is based on five months of field research including a considerable number of interviews and visits, most of which were carried out at the local level. Two seminars to discuss initial findings were also organised, with the involvement of a wide range of actors. Collaboration with the Czech authorities was remarkably constructive at all levels.

This report is published on the responsibility of the Secretary-General of the OECD.

INTRODUCTION

The Labour Market Restructuring Programme

In 1992, the European Union's PHARE programme¹ created "PALMIF", the Pro-Active Labour Market Intervention Fund, as part of its Labour Market Restructuring Programme ("LMRP") in Czechoslovakia². The LMRP was to provide 8.5 million ECU to the Czech Ministry of Labour & Social Affairs and to the Ministry of Education, Youth & Sports to support "government policy in labour market restructuring in relation to the transition towards market economy"³. The European Union (EU) intended the LMRP to achieve three immediate objectives:

- to develop policy, tools and institutions to support employment and labour market efficiency;
- to support active measures of employment policy, with the aim to moderate growth of employment;
- to adapt vocational training and education of youth and adults to market economy requirements.

The LMRP was to achieve those objectives by means of eight sub-programmes:

- empirical research in Litomerice & Bruntal about economic restoration of regions at risk;
- testing Information & Counselling Centres (IPS) through pilot centres in Kolin and Louny;
- purchase of hardware and software for information systems and analysis;
- automation of the Employment Services;
- establishing a training system for Employment Service staff;
- the study and pilot testing of new vocational educational curricula;
- the study of adult education policy and programmes; and
- the establishment of PALMIF to finance selected job creation and training projects.

At the same time, the PHARE programme also supported Small & Medium Enterprise development through training, support for Business Innovation Centres (BICs) and Regional Advisory and Information Centres (RPICS), and various targeted credit programmes.

PALMIF, the Pro-Active Labour Market Intervention Fund

As is stated on the PALMIF application forms,

PALMIF acts as a catalyst supporting the new, complex and pilot approaches to the pro-active labour market activities, especially at the regional and local levels, to influence directly the needed effective employment development and to prevent the increase of unemployment . . . through the search [for] and assessment of new instruments for pro-active employment policy to be reflected in new employment legislation rules or in changes in the old ones.

In fact, beyond what was stated publicly on those forms, PALMIF's designers had three primary objectives:

- to develop new active labour market policies based on local experimentation with innovative approaches to labour market problems;
- to support projects responding to local needs through local design and implementation; and
- to help officials in the Ministry of Labour learn about a decentralised, project-based funding system⁴.

During five rounds of PALMIF funding, proposals have been submitted from nearly every part of the Czech Republic, which has resulted in project funding in 38 of 77 districts. PALMIF has supported approximately 50 local projects,⁵ contributed to creating more than 630 jobs, trained more than 3 000 workers (including those unemployed, in transition and employed), and tested more than 350 with some disability. (See Appendix 3)

Over the last four years, twelve officials in the Employment Service Administration (“ESA”) of the Ministry of Labour and Social Affairs (“the Ministry”) have served as members of the Steering Committee. They have selected the grantees and advised on ways of modifying the programme, both to improve it and to tailor it to ever-changing needs of their labour market. Perhaps the most significant change has been the addition of two new types of project funding: First, they have de-centralised the programme with “B” projects in Breclav, Decin and Pribram that are selected and monitored by the directors of those district labour offices. Second, they have added “A” projects that are designed to try out new solutions in seven selected districts to solve problems identified by the Ministry.

So far, they have sought new approaches to three issues: 1) employees dependent on public transportation having difficulty getting to work when the government cancels or privatises some bus services 2) labour offices are not authorised to subsidise retraining courses for employees slated for redundancy until after they have lost their jobs, and 3) employers have been reluctant to consider means of part-time employment or job-sharing as alternatives for women with children.

After the original funding of two MECU and supplemental funding of three MECU from the 1993-94 PHARE programmes, the PHARE Agency for Labour Market and Social Policy in the Czech Republic (hereafter the “Agency”) now faces European Union deliberations about whether to renew PALMIF's funding. Future funding depends on three factors:

- whether the Czech government will agree to make some contribution of its own to the fund;
- how the Czech government structures and apportion its COP 1997 request for PHARE funding; and
- what programmes the EU decides it wants to support.

Internal Czech discussions were to be completed by mid-October, 1996, and the final decision was to be taken by the end of the year, but the June 1996 elections, elimination of the Czech Ministry of Economy, and re-assignment of some responsibilities of the Centre for Foreign Assistance seem to have delayed the process by at least six months.

Evaluation methodology

Anticipating discussion about the programme's success and its potential for the future, the Agency asked the Organisation for Economic Co-operation and Development (the "OECD") to put together a team of experts to assess PALMIF's impact, and to make recommendations about how PALMIF might be improved or altered to meet current and future needs.

The evaluation was structured to address several basic questions:

- has PALMIF achieved its European sponsors' original objectives?
- has PALMIF accomplished other unintended or unanticipated successes?
- might the mechanisms of PALMIF continue to be a useful tool in the Czech Republic?
- how might PALMIF be improved?

To answer those questions, the team of experts interviewed key players at a number of different levels. Naturally, the investigation began with discussions with the PALMIF programme's management, namely the Agency staff⁶. Those interviews focused on both the operational aspects of PALMIF and on the Agency's view of PALMIF's purposes.

Next, since PALMIF was to support a learning process within the Ministry, it was necessary to speak with the Director of the Employment Service Administration and with Ministry officials who have served on the Steering Committee responsible for reviewing project proposals, choosing grantees and deciding programme policy⁷. These interviews addressed Ministry officials' experiences with PALMIF, what they believe they have learned from it, changes in the process and project selection criteria, and hopes for PALMIF's future.

At that point, we sought to compare the implementers' perspectives with those of two former advisors who were involved in designing PALMIF⁸.

The next level of investigation was at the local level - with district labour office directors and staff⁹, and with grantees implementing projects. The evaluation was not, however, conducted as an audit and did not assess the results of each project¹⁰. Instead, the interviews focused on local contributions to the overall PALMIF process, including the labour offices' responsibility for inviting and encouraging project proposals, screening applications and referring proposals to the Ministry. Local site-visits to more than thirty projects sought evidence of innovative projects, and of the lessons learned from them. Some

interviews were also conducted with PALMIF project beneficiaries, such as women, young Roma and families engaged in home-production.

Lastly, based on its research and preliminary conclusions, the team advised and supported the PALMIF management team on the design and implementation of a training seminar for PALMIF representatives from each of the district labour offices. In June, 1996 nearly 100 attendees - including PALMIF managers, Ministry of Labour officials, and representatives of PALMIF grantees - met in Valasske Mezirici for two days. While the primary focus of the workshop was on sharing lessons and experiences from some of the most successful projects, the workshop also aimed to build a network of people working on employment issues, to strengthen the local capacity to select and support good projects, and to sensitise participants to the need to measure results and evaluate impacts.

This report evaluates the accomplishments of the overall programme, PALMIF. Like the local projects it was supposed to support, PALMIF started as a new and innovative approach. At the time, officials at the Ministry and in the labour offices had little experience with active labour market tools. In addition, few were used to working in a government bureaucracy, to delegating authority or to disbursing funds to unknown local partners. For the European Union, it was a daring experiment to give the money to Czech (and Slovak) officials, and to permit them to make the funding decisions.

Yet not only has the Czech Ministry of Labour and Social Affairs handled the money carefully and responsibly, but PALMIF has been the basis for learning both within the Ministry and at the local level. This report seeks to explain the basis for the conclusion that PALMIF has indeed proven a useful and innovative tool, to lay the foundations for our recommendation that PALMIF be continued, and to propose some modifications to PALMIF's objectives and implementation that would account for changed circumstances and current needs in the Czech Republic.

NOTES

1. Hereafter simply the “EU”.
2. The final Labour Market Restructuring Programme financing memorandum was signed in late 1991, but PALMIF was developed in 1992 and public launched in September 1992.
3. The Monitoring & Evaluation Matrix of 11/91 requested 15 MECU for the LMRP from 1991 to 1994.
4. Based on interviews with individuals who served as foreign advisors when PALMIF was founded.
5. Not including those projects selected in June, 1996 in the fifth round.
6. Vaclav Broz and Petr Chudej. Also with Ivan Takac, former staff for the original Czechoslovak PALMIF and subsequent manager of the independent Slovak PALMIF, and with Juliana Urbanova, the current manager of the Slovak PALMIF programme.
7. The current and former directors of the Employment Service Administration, and Steering Committee members Kuzel, Kostka, Kotikova, Moravek, Englichova, Hankova, and Stritecky. Also with the Labour Office directors from Breclav, Decin and Pribram who have been participating in an advisory capacity.
8. Martin Connolly and Josef Fullenbach.
9. The evaluation included interviews with directors and staff of twenty-two of the Czech Republic’s seventy-seven district labour offices.
10. This approach came as something of a shock when people were asked to identify their mistakes and failures as well as their successes - and were warned that PALMIF’s success depended on there being some failures! Since PALMIF was supposed to fund innovative and experimental projects, which should therefore be riskier than the tried and true approaches, too much success would mean that the Steering Committee had failed to support truly innovative projects.

CHAPTER 1 HOW PALMIF BEGAN

The historical context

In 1991, representatives of the European Union designed PALMIF to address two types of needs - structural issues for the Czechoslovak labour market and institution-building at the Ministry of Labour and Social Affairs. But to understand PALMIF's design and subsequent implementation, it is important to recall several contemporaneous conditions:

First, foreign and local experts designed PALMIF at a time when they expected the economic transition to cause high levels of unemployment. They expected unemployment to rise as a result of such factors as mass lay-offs from huge state-owned companies, workers either without skills or with obsolete skills, a traditional lack of labour mobility, and workers' expectations of guaranteed employment without regard for performance or productivity. Unemployment in Czechoslovakia had been 1.0 per cent in 1990, and rose to 6.6 per cent in 1991. In 1991 there were 221 700 registered unemployed in the Czech Republic (with a population of 10 million) and 301 957 in the Slovak Republic (with a population of 5 million).

Second, at that time unemployment and long-term unemployment were beginning to pose major political and economic problems in OECD countries. By 1992, the unemployment rate was near or above 10 per cent in Australia, Canada, France, Ireland, Italy, Spain and the United Kingdom. More importantly, both the percentage of unemployed who were long-term unemployed and the duration of long-term unemployment were increasing in Western Europe, accounting, in some countries for from 5 to 10 per cent of the labour force. Expecting that Central and Eastern Europe would be threatened by similar trends, PALMIF's designers stressed the need for preventative, or pro-active labour market policies.

Third, PALMIF was originally intended to serve one country, Czechoslovakia. Although the so-called Velvet Divorce was imminent just as PALMIF was being launched (in the fall of 1992), widespread denial and incredulity meant that few planned for the country to split in two. As a programme intended for Czechoslovakia, PALMIF anticipated geographic disparities; areas already threatened by the dismantling of large, sole sources of employment, such as state-run agricultural co-operatives and large weapons factories; and growing frustration and unmet needs in areas far from Prague.

Fourth, the Employment Service Administration was a newly established system. With professional backgrounds in law, psychology, teaching and computer science, neither the Ministry officials nor the staff in the local labour offices had experience with labour and employment issues in a free market economy. In these extraordinary circumstances, it was necessary to devise a way of exposing them to practical experience quickly.

Fifth, the new employment laws authorised active labour market tools patterned on foreign experience and, perhaps, influenced by Czech decision-makers' experience in a command economy. Those tools included job creation by means of support for self-employment, subsidies for public works and "socially useful workplaces" and subsidised places for the disabled, and retraining for the registered

unemployed. It was expected that both modifications and new tools would be needed for Czechoslovakia's special social, cultural and economic conditions.

Lastly, there was little, if any, belief in decentralised decision-making or in local participation. According to one foreign advisor who was involved in planning and launching PALMIF, many at the Czech Ministry of Labour viewed the decentralisation aspects of PALMIF with passivity at first and with a mixture of wariness and resistance soon after.

PALMIF's purposes

The immediate goals of the Labour Market Restructuring Programme included "1) developing policy, tools and institutions to support employment and labour market efficiency and 2) supporting active measures of employment policy with the aim to moderate growth of unemployment"¹. Yet developing and implementing effective policies, tools, institutions and active measure of employment policy depends on the effectiveness, professionalism mentality and experience of officials in the national and local government responsible for employment issues. Yet in 1990, officials at the Ministry of Labour and Social Affairs and the staff of the district labour offices were new to their responsibilities. Most had been trained as economists (in a very different sort of system of course) or in other academic subjects. In the unusual circumstances of a society transitioning from socialism and a centrally-controlled economy to democracy and a free-market economy, the system lacked seasoned experts and relevant expertise.

Consequently, PALMIF's authors designed it to support policies, tools and instruments of employment policy through the development of staff expertise and policy within the Ministry of Labour. To do this, PALMIF was to fund projects with three characteristics: pro-active, innovative and local.

Pro-active projects were to demonstrate ways of anticipating problems and either preventing them, or addressing them before they grew to crisis proportions. In theory this meant trying out tools to reintegrate workers into the workforce before they became demoralised and long-term unemployed. It also meant identifying populations that would have trouble entering or re-entering the workforce, and improving their preparation for the workplace. In terms of job creation, it meant spotting micro-regions at risk from a large plant shutdown, and encouraging the development of new businesses.

The innovative component was to ensure experimentation with a variety of approaches. Because the Czechs and Slovaks lacked experience with unemployment in a market economy, PALMIF offered the opportunity to innovate in three ways: by testing tools from different countries and systems in local conditions, by trying out modifications of foreign tools to account for the unusual historic, cultural and socio-economic circumstances of a country-in-transition, and, of course, by designing new and original responses to employment and unemployment problems.

Lastly, local experience was a critical means of achieving PALMIF's objectives for three reasons:

Learning process

Because of the unusual circumstances of transition, officials at the Ministry had not worked their way up the ladder, after having developed experience in local labour offices or in independent programmes for the unemployed. It was all the more important, therefore, to connect policy-making officials in Prague with actual, practical experience at the local level. PALMIF was to foster greater awareness of the variety of employment problems faced from district to district and population to population; of attempts to address those problems, notably through a top-down process of implementing central measures through

locally initiated and implemented measures; of successes and frustrations at the local level with existing active labour market tools; and of new approaches being tested and developed across the country.

Testing & mainstreaming new tools

For any Ministry to respond to problems within its competence, it must develop and implement effective policies and tools. Yet theory, discussion and computer models often fail as predictors of a new policy's success. But to experiment with a new approach in real circumstances, it is usually safer and more fiscally efficient to test it in the laboratory of a local economy than nation-wide. Moreover, while such an approach may be common and advisable in any country, such a means of public policy-making seemed particularly apt for a political culture accustomed to central planning. Whereas the former system often devised plans without accounting for the availability or cost of inputs, and was often dismayed by its failure to achieve expected results, this new method of developing tools and policies would demonstrate a means of testing and preparing national policies at the local level. PALMIF was to launch small-scale, needs-driven experiments at the local level, and then use the successes as bases for new, mainstream active labour market policies.

Decentralising

The local aspects of PALMIF were also to help de-centralise innovation, thinking and decision-making for employment policy. It was expected that the best sources of innovation would be people and institutions with real, local experience. In addition, by inviting proposals from the local level, the PALMIF process would require additional communication and co-operation between the labour offices and the Ministry. While the decision-making process remained at the centre, co-operation with local partners would build confidence and working relations that are prerequisites for effective decentralisation. Through experience and example, officials at the Ministry would increasingly respect and appreciate the importance of their local partners.

Planned structure and implementation of PALMIF

Because PALMIF's objectives focused on the Ministry's learning process and on mainstream policies, the locus of PALMIF's management and selection process was at the Ministry. From the outset, the steps in the PALMIF project selection process were to:

- develop selection criteria;
- announce the first funding round and distribute applications;
- collect project proposals through the labour offices;
- get the labour office director's opinion about each proposal s/he referred for consideration;
- select the projects;
- obtain approval of the decisions from the Labour Market Advisory Committee;
- announce the grantees; and
- enter into contracts with project grantees.

The basic selection criteria were set forth as background and guidelines on the application forms:

- innovative and experimental character;
- focus on particular problems or population groups;
- project design with regard to planning, management, monitoring and evaluation;
- analysis of the expected impact, including applicability to other regions².

The first round of PALMIF funding was publicly launched at the end of September [1992]. The Agency and the district labour offices used the media to announce the tender and to invite submission of proposals with a closing date for applications of 30 October. Applications forms were made available in the district and local labour offices. Although the process was brand-new for them and they had only a month, staff at the district labour offices were designated to serve as PALMIF's local agents, with responsibility for advising prospective applicants, screening out ineligible applications, and transmitting eligible proposals to the Ministry's Steering Committee along with local input regarding approval or rejection.

Responsibility for selecting the grantees was vested in a Steering Committee at the Federal Ministry of Labour and Social Affairs. The Steering Committee was composed mainly of Department Heads from the Employment Service Administration, along with one representative from the Agency. During the first three rounds, a representative of the European Union participated as well. The Steering Committee selected projects by allocating points to each project for meeting the programme criteria, ranking the projects and voting.

Once the Steering Committee had made its choice of projects, the decision was reviewed by the Labour Market Restructuring Programme's "Labour Market Advisory Committee" (LMAC). Members of the LMAC included the director of the Employment Service Administration, Deputy Ministers and Division heads, along with representatives of the Ministry of Education, of trade unions and of employers. A representative of the European Union's Delegate to the Czech Republic also sat on the LMAC.

In that first funding round (which covered Czechoslovakia as a whole), more than 900 applications were received and evaluated³ in November 1992 - most of which did not qualify⁴. That round resulted in grants for 16 projects, 7 of which were in the Czech Republic, and disbursed a total of 437 000 ECU. The second round followed only six months later, with an application deadline of 14 May 1993. Of 174 applications, many again did not qualify. The Steering Committee recommended that 17 receive grants, with an expected commitment of 600 000 ECU (still for the Czech and Slovak Republics combined).

NOTES

1. European PHARE Programme Press Release, 23/2/95. (Emphasis added).
2. See Appendix 1 for 1992 Selection Criteria, and for changes made on applications for each subsequent round of funding.
3. Apparently, the extraordinary number of applications was caused by the Slovak Minister of Labour's requirement that each labour office submit 10 applications. In each subsequent round in the Czech Republic, the Committee has considered about 70-80 applications.
4. For several reasons, neither the number nor the poor quality of the applications should really come as a surprise: 1) this was a brand new programme, 2) it took an approach with which Czechs and Slovaks were not at all familiar, 3) funding was desperately needed and hard to come by, and 4) there were merely 30 days in which to obtain the applications, figure out what it was all about, gather resources, design proposals, complete the form, and submit the information to the district labour offices.

CHAPTER 2 HOW PALMIF EVOLVED

One of PALMIF's most noteworthy characteristics is how it has evolved over time. In fact, for two reasons the programme's flexibility has been essential to its success: First, although there was no way to anticipate it at the time, the political and economic reality developed quite differently from that expected by the project-designers. Second, insofar as the programme has achieved its goal of educating Ministry officials and labour office personnel, the programme has had to adjust to their new perspectives and objectives.

Changes rooted in unexpected economic and political circumstances

The first unexpected twist was that the programme did not continue to serve Czechoslovakia. This meant that rather than seeking local solutions for a country with extreme regional variations in unemployment - and had the Czech and Slovak Republics remained together, the country's unemployment would have ranged from nearly negative rates in Prague to as much as 25 per cent in eastern Slovakia - the highest district levels of unemployment in the Czech Republic have been only about 7 per cent (though there certainly are micro-regions facing worse conditions). Also, rather than needing a system that would enable remote areas of Slovakia to participate in employment policy decisions far away in Prague, PALMIF has instead fortified co-operation with the farther reaches of Moravia.

The second way in which reality departed from predictions is that high unemployment has yet to reach the Czech Republic. Although many in the Employment Service Administration and labour offices still expect unemployment to rise, the national rate has hovered around 3 per cent. Furthermore, precisely because unemployment has not become a major issue or crisis in the Czech Republic, the government has shown little, if any, interest in passing new employment legislation. While PALMIF was established to test new tools that might become mainstream policy through new legislation, Ministry officials bemoan that "amendments have been proposed and swept off the table twice as being unimportant." Labour office staff report that the Ministry announced initiatives for new legislation in January 1994 and 1995, but that since then the staff have stopped hearing any mention of it¹.

Insofar as both foreign assistance and national policies are most effective when responsive to actual needs, it was essential that PALMIF's management be able to modify PALMIF's purposes somewhat. As originally designed, PALMIF was to meet the needs of a labour market characterised by rising unemployment, active labour market policies proving insufficient to relocate workers or to bring down unemployment rates, and a search for new mainstream tools. But when unemployment settled around 4 per cent, the issues confronting the Ministry and the labour offices were different than expected. For example, it became increasingly apparent that there were marked regional, or micro-regional, variations in unemployment². In addition, the Ministry became concerned about long-term unemployment, and began recognising that some populations were having particular difficulty entering, re-entering or staying in the labour market³.

As a result, the Steering Committee and the Agency shifted the PALMIF focus from innovative projects aimed at new national active labour market policies to new approaches to local employment problems such as target problem groups and isolated micro-regions.

Table 2.1. Regional differentials in unemployment and vacancy rates and regional mismatchYearly averages, 76 regions¹

	1991	1992	1993 ²
Unemployment rate			
Mean	3.08	3.37	3.18
Standard deviation	1.12	1.46	1.55
Minimum	0.55	0.46	0.36
Maximum	6.35	7.15	6.75
Maximum/minimum	11.55	15.51	18.56
Coefficient of variation	0.36	0.43	0.49
Vacancy rate³			
Mean	0.70	1.38	1.21
Standard deviation	0.39	0.68	0.59
Minimum	0.11	0.24	0.27
Maximum	1.73	3.11	2.68
Maximum/minimum	15.31	12.89	9.75
Coefficient of variation	0.56	0.49	0.49
Number of unemployed per vacancy			
Mean	7.46	4.17	4.30
Standard deviation	7.26	4.13	4.30
Minimum	0.39	0.22	0.14
Maximum	42.72	25.60	24.58
Maximum/minimum	109.54	116.36	175.57
Coefficient of variation	0.97	0.99	1.00
Index of mismatch⁴	0.55	0.89	0.95

1. Administrative data.

2. Labour force Survey data used as the denominator to calculate unemployment rates.

3. Defined as the ratio of the number of vacancies to the labour force in a respective region.

4. Index of mismatch defined in the text.

Source: Czech Ministry of Labour and Social Affairs.

Table 2.2. Characteristics of the long-term unemployed in the Czech Republic, 1993-94¹

Four quarter averages in percentages

	Unemployment rate	Share in unemployment	Share in long-term unemployment	Long-term unemployment rate ²
Women	4.7	55.3	52.3	0.8
Youth	7.4	31.1	18.8	0.8
Less-educated ³	4.8	72.9	83.9	1.0
Unskilled ⁴	..	18.3	28.2	..
Total	3.9	100.0	18.2	0.7

1. Long-term unemployment is defined as unemployment for 12 months or more.

2. The long-term unemployment rate is defined as the number of long-term unemployed in each group-specific labour force.

3. Less educated persons are those at the time of the survey who have completed either some primary or vocational training.

4. Unskilled workers are those with previous experience in elementary occupations (major group 9 in ISCO-88).

Source: OECD-CCET Labour Market database.

Table 2.3. Percentage distribution of long-term unemployment by selected characteristic in the Czech Republic, Q1 1994

	Employed	Total	Unemployment for:	
			6 months or more	12 months or more
Total (000s)	5 044.7	205.9	77.9	39.3
Total (%)	100.0	100.0	100.0	100.0
Gender				
Men	53.8	43.8	38.6	42.3
Women	46.2	56.2	61.4	57.7
Age				
15-24 years	16.4	34.2	27.1	23.7
25-49 years	66.4	55.6	58.8	60.2
50-54 years	9.2	5.0	7.1	9.8
55-59 years	4.6	1.9	2.3	2.2
60 years and over	3.4	3.3	4.8	4.1
Educational attainment				
No school	0.1
Primary	13.0	29.0	37.5	47.5
Apprenticeship	38.8	39.9	32.0	27.2
Vocational	6.2	4.9	4.3	4.3
Secondary technical	1.4	1.8	2.1	2.1
Secondary general	30.0	21.2	20.8	17.8
University	10.5	3.2	3.3	1.1

Source: Czech Statistical Office.

Changes driven by PALMIF's own success

The other basis for PALMIF's evolution was its own success: First, as the Ministry participants learned from implementing PALMIF, the primary purpose was no longer to teach them about process or to prescribe a process with outside safeguards. Second, as the Ministry officials became more aware of and committed to the process, they developed their own ideas about how to maximise the utility of the programme for current needs. Several members of the Steering Committee have insisted that one of the most innovative aspects of PALMIF has been the process itself, because it allocates funding based on project proposals and because it decentralises authority. In addition, however, having seen the advantages of being pro-active, the Employment Service Administration has become more active itself. Initially, the ESA recognised the difference between passive benefits and active labour market policies, but thought that reactive responses would suffice. Over time, however, their expectations have changed. Whereas PALMIF started as a tool applied to the ESA to encourage pro-active policies, PALMIF has now become the tool of an ESA that seeks to advance its pro-active agenda⁴.

In addition, members of the Steering Committee have developed a genuine commitment to a system that requires the development, design, implementation and evaluation of projects at a local level. They take the opinions of the labour office directors very seriously - and now insist that the labour office directors may no longer simply indicate their support or rejection of a proposal, but must take the time to explain the basis for their position⁵. Most importantly, having recognised through the PALMIF process that the labour office directors have close, first-hand commitments to the welfare of the local community and workforce, the Steering Committee has allowed PALMIF to extend beyond national employment policy to more explicit attention to local needs.

One sign of PALMIF's success is that the ESA's mainstream policies and programmes increasingly resemble those supported by PALMIF. This does not, however, mean that PALMIF is no longer needed. Rather, the tension and competition between the ESA and PALMIF should prevent complacency in either organisation - keeping pressure on PALMIF to seek out the innovative and on the ESA to appreciate local experiences as essential bases for maintaining the relevance of active labour market policies.

Changes in process

Changes in project selection

For the most part, the selection process has not changed much over the course of four years. Typically, applications are due approximately two months after a new round is announced. After the first round, when there was widespread hope that PALMIF's emphasis on employment meant that it would fund just about any business with employees, the number of applications has fallen to about 80-100 each round. In some cases, proposal quality has improved - especially when a labour office initiates a project and partners with the applicant, and that labour office has made the effort to understand and take advantage of PALMIF. Yet some labour offices summarily eliminate applications that do not meet the criteria - without making the effort to re-work potentially viable proposals. There is also anecdotal evidence suggesting that many organisations have not bothered to apply, because they either do not understand the PALMIF objectives, or they expect their selection chances to be too slim to warrant the effort.

Yet the basis for selecting projects has changed in a number of ways: First, there have been explicit, publicly articulated changes evidenced by changes to the criteria listed on the application form. (See Appendix 1). For example, in 1993 PALMIF management clarified that a project's impact could not

be general, but had to be “on the labour market”, including model solutions and replicability in other areas. It also advised applicants that their projects should not distort the competitive environment - an apparent response to concern that by supporting job creation in companies, PALMIF might be unfairly subsidising businesses that should compete fairly. The 1993 form also requires evidence that a project would achieve self-sufficiency after two years. This may have arisen from fears that non-profit or nongovernmental projects that accessed PALMIF as a principle funding base might then fail either to access other sources or to develop market-based means of financing.

Second, while the main criteria may have remained constant, the weighting or prioritising seems to have changed. For example, the “innovative or experimental” character of a proposal remains an official criterion, but it is unofficially given substantially less importance than when PALMIF began. (See Appendix 2, criteria as identified in June 1996 Workshop.) Some members of the Steering Committee explain this change as inevitable because people cannot innovate endlessly. Others, however, simply admit that addressing local needs is more compelling than the process of developing new mainstream policies - particularly when the government has been unwilling to pass new employment laws.

In fact, however, innovative proposals do catch the attention and gain the support of the Steering Committee. But while they may see a couple of truly innovative ideas each year, the innovative nature of most proposals stems more from trying something new on the local scene than in trying something entirely new. One department head noted that PALMIF enables his staff to find and replicate new projects that they hear about, either abroad or as a local programme somewhere else in the Czech Republic.

But while the Steering Committee has drifted away somewhat from the “innovative” criteria, it has gradually steered the programme toward programmes located in micro-regions or catering to at-risk populations⁶. This may be partly attributed to the March 1995 Monitoring & Assessment Report of the first round of PALMIF. The report addressed project selection insofar as it concluded and recommended that:

- experimental orientation towards the neediest population groups was successful;
- attention given to young people entering the labour market proved very useful and should be considered by all employment offices;
- financing should be targeted on solving unemployment problems, leaving projects oriented towards social/health to other bodies and organisations; and
- initiation and selection of new PALMIF projects should focus on solution of employment problems in regions and the problems of the most vulnerable groups in the labour market.

In terms of particular problems or target groups, the projects selected in the next rounds of PALMIF are evidence of several shifts in priorities:

- decreased concern for programmes helping the disabled unless there is a clear emphasis on employment or on assessing residual employment capability;
- heightened concern for young people with only basic education or limited work ability;
- greater interest in creative arrangements for mothers returning to the workforce;

- deep concern for micro-regions without job opportunities; and
- growing recognition of the importance of life-long training to develop and maintain a highly skilled, globally competitive workforce in the Czech Republic.

Thus projects have been funded in micro-regions with economies based on agricultural co-operatives or on coal or uranium mining. Projects serving target or at-risk populations include projects for women unfamiliar with laws, culture, technology and practices in the “new” labour market after having been on maternity leave for the last five or six years; unskilled workers no longer guaranteed employment regardless of productivity; new school leavers with no work experience or with training no longer demanded on the labour market; and young people, including Roma, with problems of social acclimation. Workforce skills are strengthened through projects that increase productivity in textiles, teach foreign languages and offer customer-demanded courses in computer skills such as CAD and Quatro.

Increasingly pro-active

While the Czech Ministry was thankfully not overwhelmed by regional unemployment levels of 12-25 per cent, the lack of a crisis mentality has enabled its staff to think in pro-active terms. One member of the Steering Committee clearly credits PALMIF with having created a pro-active culture within the ESA. Ministry officials now recognise that it should be the district labour offices’ duty to be pro-active - to analyse the present situation, determine workforce and employer needs, and detect any stagnant or festering issues - while it is the Ministry’s role to support the labour offices. They also realise that there is not one single model for each region, and that responses should be tailored to particular populations and issues. As a result, each district labour office should look at different active labour market policy tools and choose those most suitable to its needs.

In addition, while Czechs may not refer to pro-active measures, they often refer to preventative ones. Labour office directors say that they are frustrated by legal specifications on the use of Active Labour Market Policy funds that restrict those funds for training workers only once they are unemployed. Many directors expressed their thanks for being able to use PALMIF funding to facilitate workers’ quick and easy transitions, which enables them to prevent both unemployment and long-term unemployment.⁷

Moreover, this pro-active stance has resulted in a growing awareness that employment policy ought to address more than just the unemployed. One labour office director pointed out that she runs an **employment** office, not an unemployment office. Thus there is now greater receptiveness to training and re-training programmes for members of the workforce who are not yet unemployed but who, because of declines in their industry or improving technologies, are at risk of unemployment. The primary example of this approach is in Karvina, among coal-mine employees who will soon lose their jobs. But there are also programmes to help the employed and underemployed. A programme in Straznice focuses on increasing women’s productivity in the textile industry so that they and their employers may remain competitive. A programme in Zlin provides foreign language training for employees and businesses that need to work increasingly with foreign partners, suppliers and customers.

Respecting and exploiting local expertise

PALMIF’s evolution has featured a constant increase in labour office participation. First, consistent with the PALMIF designers’ hope that Ministry officials would learn to value experience at the local level, the directors of three district labour offices (Breclav, Decin and Pribram) now sit on the Steering Committee to provide the local perspective.

In addition, the Committee has devolved further authority to the local level: While the Agency publishes a notice of a new tender in Hospadarske Noviny, it leaves all local announcements and dissemination of information to the labour offices. The labour offices are now expected not only to screen out projects that miss the point of PALMIF funding and clearly do not meet the basic criteria, but to help viable applicants strengthen their proposals. To handle these responsibilities, each labour office has designated a "PALMIF manager". To help those managers perform more effectively, the Agency has sponsored a week-long training course and a workshop focused on the exchange of PALMIF information and experience.

Lastly, but most importantly, the Steering Committee and the Agency have enhanced the local role by creating two new systems of project design and selection: PALMIF projects are now designated as "C", "B" or "A" projects. The "C" projects follow the original process. But the new "B" projects shift virtually the whole process to the local level. This process is not yet available everywhere, but has been tried in Breclav, Bruntal, Decin and Pribram. In this case, the director of the district labour office has the discretion to take a pro-active stance regarding local workforce needs. In some cases, the director identifies a need, seeks out a local partner, and works with the partner to design and implement a pro-active solution. Such an approach has been taken in Breclav, a district formerly dependent on state agriculture that is now characterised by a number of micro-regions, by an unskilled agricultural workforce, by reduced labour mobility caused by national cut-backs in public transportation, and by a lack of new local jobs. In other cases, the labour office director spots good projects in the area and has the authority give them financial support without awaiting another funding tender or the Prague-based selection process.

"A" projects are experimental approaches at the local level, but they are developed in response to the Ministry's request for help in solving national issues. So far the Ministry has invited seven districts (Bruntal, Sumperk, Novy Jicin, Vsetin, Zdar nad Sazavou, Pardubice and Karvina) to develop projects testing solutions to three employment problems: a lack of retraining assistance during employment that is slated to end soon, reductions in local transportation, and uncertainty regarding the possibility of part-time or self-employment for workers with family-care responsibilities. In one experiment, Karvina developed a programme to support retraining for coal mine employees slated for redundancy. They subsidised training and reimbursed the mine if employees' training courses took them away from their work. In another case, the labour office in Pardubice identified existing employment relationships that were threatened by cancellation of bus routes, and then worked to develop alternative transportation⁸. In Vsetin, they developed an agro-tourism training course with participants recommended by local mayors. Because "A" projects were not scheduled to end until June 1996, it is not yet possible to determine the success of this approach. It would seem, however, that there have been some false starts, some aborted experiments, and some difficulties establishing an effective methodology for assessing the new tools.

Yet both the "B" and "A" projects demonstrate the Steering Committee's increasing confidence in local expertise, recognition that certain measures may be handled more effectively at the local level, and willingness to decentralise responsibility⁹.

NOTES

1. In fact, the government's refusal to pass legislation enabling the Ministry to apply new tools to employment problems has created a new purpose for PALMIF: to pay for responses that cannot be financed from the Ministry's budgetary allocation.
2. See Table 2.1.
3. See Tables 2.2. and 2.3.
4. The change of focus is actually reflecting in changes in PHARE sponsorship as noted on the cover of the applications for each round of PALMIF funding:
 - 1992: CSFR Labour Market Restructuring Programme.
 - 1993: Labour Market Restructuring Programme.
 - 1994: Labour Market Restructuring Programme.
 - 1995: Human Resource Development Programme.
 - 1996: Labour Market Development Programme.
5. One director suggested that written comments are not enough, and that directors should be present for deliberations relating to any project in their districts.
6. The clearest evidence of these changes can be found in the changes in language on the application forms, from 1992 through 1996. Even ostensibly small modifications reflect some changes in priorities.
7. Ironically, this awareness of the central importance of "pro-active" measures cannot simply be traced to the "P" of PALMIF standing for "pro-active", because the Czech translation of PALMIF, "Fond Aktivnich Opatreni Trhu Prace", refers only to "active" labour market measures (in part because the word "pro-active" does not really exist in Czech, except by borrowing the English to say "pro-aktivni"). Appropriately, Ministry officials know the importance of pro-active approaches from their own experience rather than from the title of the programme.
8. It is important to understand that because wages are low and the cost of gasoline is high, private transportation is often not an alternative.
9. While PALMIF certainly played a major role in this process, there are always other factors involved as well. For example, because the current Director of the Employment Service Administration was formerly director of a district labour office, he presumably knows and respects the capability at that level.

CHAPTER 3 PALMIF PROJECTS

While the goals, implementation and lessons of the PALMIF programme itself are ample bases for discussion and deliberation, the individual projects funded by PALMIF offer extraordinary insights into local issues and local initiatives aimed at solving them. These projects demonstrate how unemployment and a totally new sort of labour market have been affecting individuals and communities throughout the Czech Republic. Such local responses compel one to conclude that Czech society features dedicated, creative civic initiatives that are admirable for their current accomplishments and deserving of future recognition and support.

Getting started: the first round

The first round of funding supported seven projects. While they have been evaluated in an earlier report,¹ it is important to have a general sense of them to gain a perspective on how PALMIF projects have changed over the last several years. Not surprisingly, the first round projects tended to address two issues that particularly concerned the ESA in 1992: the disabled and unskilled young people. Both groups are often referred to as “LWA” or “low working ability”. PALMIF funded the following projects²:

- Blind*³ Prague

This project sought to help blind and partially-sighted people who find it difficult to identify viable work opportunities and to get them. By means of optical ability tests, the programme aimed to estimate an individual’s possibilities on the labour market. Though 199 were tested, only 21 were placed in sheltered workshops and 10 in requalification centres. This project established the usefulness of the testing, but also exposed the need for more requalification centres or requalification programmes for the vision-impaired.

- EKOL Karvina/Cesky Tesin

This project targeted unemployed miners, often with related health problems and with skills no longer useful on the labour market. The company trained these workers in entirely new jobs - producing doors and windows for ecologically efficient homes. While 49 employees were hired, of whom 16 were registered unemployed referred by the labour office, there was high turnover. At the time, the focus of the innovation seemed to be environmental product rather than a labour-related experiment. This project may have been a basis for revising project selection criteria to require that applicants describe how the proposed innovation projects would have impact on the labour market.

- Exodus* Plzen

The aim of this project was to construct a barrier-free residential facility, requalification centre and sheltered workshop for severely handicapped people. They planned to requalify 94 people with LWA, and to have a staff of 14 workers and 3 clerks. The project was a good example of multiple

sources of finance, including the city of Plzen, the Charter 77 Foundation, Credit Bank and Kolpingwerk Augsburg. Unfortunately, however, construction took much longer than expected. Lessons learned from this project may explain why Ministry officials on the Steering Committee cite feasibility of the design and programme and “readiness to begin” as key factors in their selection process.

– Fokus*

Mlada Boleslav

This project focused on integrating severely mentally handicapped individuals into the workforce “in sheltered conditions”. They planned to run a sheltered binding workshop and a gardening shop. To its credit, it did offer a genuinely innovative approach in two ways: by its basic assumption that the severely handicapped are employable and should be recognised as unemployed, and because it sought to integrate clients into the workforce. It was, however, the basis for two key lessons: that rehabilitation and training take longer than expected and that changing peoples’ attitudes requires time as well. This project continues to be regarded more as “social work” or health-related, than as one that sought to provide employment opportunities for Czech citizens.

– HG-Group*

Kolin

This PALMIF grantee was a company that created jobs for unqualified workers to assemble bicycles. It created a total of 50 jobs for registered unemployed, including 48 women and 4 workers of LWA. It would appear, however, that although the project helped the district labour office address a population for whom it sought jobs, it was not particularly innovative. Yet it may have served as a good learning experience, because the high turnover of personnel (of 110 hired, 78 left - and they were labour office referrals) raised some questions of effectiveness. While the grantee seems to have blamed the turnover on low quality and discipline of the labour office referrals, the results suggested a need for programmes that provide something more than just a job for unqualified workers.

– VEV

Trebic

VEV is a company that produces electronic components, such as cable clothing, transformers and current converters. When the local META workshop that employed people with “lesser working ability” closed, the district labour office approached the owner of VEV for help, because 27 per cent of job applicants were unqualified or of LWA. VEV’s owner then structured his new company to utilise PALMIF support and to hire disabled workers. The workers engage in simple, repetitive tasks that would be monotonous and stressful for the normal worker, but are ideal for workers with some diminished mental capacity. The result is that they enjoy being productive and earn money, and he produces his product. This project is noteworthy for two reasons: because it was an early example of co-operation between the labour office and a local, private partner and because the company intentionally established a workplace and labour-intensive production methods that are appropriate for the disabled.

– Youth Entering the Labour Market, Akademie JAK*

Kladno

This project sought to address the problem of young people who had not completed their education, lacked work experience or skills, and came from broken families or disadvantaged groups. The Akademie offered courses that recognised the need for training on basic workplace skills and culture as a foundation for developing work discipline and integrating into a competitive workforce. During five cycles of the project, 79 young registered unemployed were trained. While the project was

viewed as a success for its participants, it seems to have failed as a success for PALMIF overall for two reasons: the course has not continued in Kladno and people now running similar projects do not seem to have benefited from this project's experience.

According to LRDP's evaluation of PALMIF's first round, "PALMIF influenced [several] important changes to the mechanism of developing and implementing state pro-active employment policy," including decentralisation by realising 85 per cent of pro-active policy through district projects, basing much of the district labour offices' financial allocations on project-specific proposals, and evaluating labour office performance by monitoring project implementation. The report's criticisms were the following:

- monitoring and control were not always carried out properly and accurately;
- information gained from the project selection procedure . . . should be considered by all employment offices;
- financing should target "solving unemployment problems, leaving projects oriented towards social/health problems (*e.g.* FOKUS project) to other bodies and organisations";
- the importance of pro-active assistance was not always properly understood; and
- fragmenting total assistance among many project weakens overall interest in PALMIF.

Then, based on the experience of the first round, it made a number of recommendations:

- projects should focus on solving unemployment problems in regions and on the most vulnerable groups in the labour market;
- more time should be reserved for project preparation (after announcing a new round);
- PALMIF should be gradually de-centralised to regions most threatened by unemployment;
- staff in the Ministry and labour offices should continue to receive training; and
- the level of PALMIF grants should be adjusted to the complexity of projects and to inflation trends in the Czech Republic.

PALMIF management and the Steering Committee clearly took the report very seriously, and implemented a number of the recommendations. Now, after five rounds of selection and completion of three rounds, it should be noted that the first round projects are evidence of a good beginning for PALMIF. In all cases, the projects responded to a population group that was having difficulty on the labour market. It seems that the process provided several important lessons: 1) that a project's innovation should relate to employment tools and policies, 2) that the review and selection process should take care that a project's proposed timing and funding will be sufficient, and 3) that a project's impact ought to relate more closely to the labour market. When viewed as a piece of a greater picture, the first round appears to have been a cautious and solid start, and a good learning experience for all who were involved.

Establishing credibility: the second round

In December 1993 the Selection Committee granted funding to eight projects⁴. It is noteworthy that a number of projects are in areas of astonishingly low unemployment, such as 1 per cent in Jablonec and 1.4 per cent in Ceske Budejovice, but focus on particular problem issues. There are two programmes for the disabled, two creating jobs, two explicitly training young people and two providing general training and re-qualification:

- Centre for Work Rehabilitation (Stredisko Rehabilitace Prace) Ostrava/Marianska Hora

This is one of the PALMIF projects that is the most experimental, grappling with one of the most intractable issues: The district labour office has 300 registered unemployed who are youngsters without education or work habits, and are deemed “socially disabled”. Without effective assistance, most face lives of perpetual unemployment, begin criminal activities before they are 18 and are not interested in earning money.

While the better ones from this group might enter existing programmes, there was nothing for the most difficult. In Ostrava, they claim they were the first to focus on this most difficult group. Yet a programme for this population could not access financial support other than PALMIF, because no one believed it would work. PALMIF was needed for the start-up process and to develop a good image and reputation. Now they receive support from other sponsors, including the Ministry of Labour, local authorities, and the City of Ostrava.

This training is intended to precede any focused skills training or requalification courses; rather it is to activate young people and give them the hope and interest in participating society through the workforce. The programme combines classroom instruction (in co-operation with Ostrava University), some of which relates to “social habits”, with short-term, supervised internships in hospital archives, libraries, gardening and elder-care. The project’s facilities are minimal - two classrooms, a clubroom and a small office - and there are six employees, including the director, four facilitator-counsellors who are responsible for up to five youngsters each, and a secretary. The youngsters are in groups of about 20 for three months of training. As of December 1995 there had been 200 participants.

While this project seems to benefit everyone, it took awhile to overcome suspicions and doubts on all sides: for the youngsters, it helps to dispel unrealistic expectations and to show them the realities of their job options; then they can make informed choices about what they would really like to do. While Ministry of Labour funds were not originally available, the Ostrava labour office found that when they simply place long-term unemployed workers without work experience in a job, they often failed. The labour office realised they were spending money on requalifying people who were not motivated while employers were less and less willing to hire such referrals. Suspicious of such troubled youth, many of whom are Roma, employers were not interested in hiring them. With experience, however, employers have come to appreciate the carefully supervised labour, and they have overcome some prejudices through seeing these difficult youngsters on the work-site and demonstrating their abilities.

In many cases, the parents were a major obstacle. At first, their children are entitled to register at the labour office and collect six months of benefits. Thereafter, however, they are entitled to a social allowance only if they are registered at and co-operating with the labour office, which means trying suitable jobs or programmes. Moreover, if one member of a family refuses employment, then all others in the family lose their right to social insurance. In the beginning, therefore, the labour office

was able to force participation in the programme. Over time, however, parents have come to trust the programme, because graduates of the programme report enthusiastically about their experience - and then go on for more training or into real jobs.

– Fortunax

Trebic & Jaromerice

This is a new company that is producing wooden stairs balustrades, solid wood panels, window and door frames at ISO-9 000 standards. The innovative aspect of this project was supposed to be the training and technology in a brand new industry. Many agricultural workers lost their jobs after the collapse of a well-established state company that made seeds. Unemployment in Jaromerice rose to 17 per cent. It has provided training and new jobs in a sophisticated, high quality work environment for 160 employees, of whom 91 were referred by the labour office. Through this company, those workers have now learned skills to work on state-of-the-art equipment.

The company has benefited the local economy as well, because it buys much of its wood from local producers and brings foreign currency to the region. While the PALMIF money itself was certainly appreciated, in this case it was more important that European Union support gave the company enhanced credibility with which to leverage commercial capital and contracts.

– MISTR training programme*

Olomouc

This project provides training courses applying German experience. Courses are to prepare low and mid-level management, such as supervisors, foremen, and operation unit technicians for jobs in SMEs and large industry. The approach is based on that of a German firm, Junkers Institute. It covers several districts facing increasing unemployment: Vsetin, Sumperk and Vyskov. Because it is authorised by a German firm to issue a German certification, it prepares workers for jobs both in the Czech Republic and in the European Union.

– RVRC-Regional Education & Requalification Centre

Jablonec nad Nisou

With glass, jewellery, and automobile-related industry, Jablonec enjoys extraordinarily low unemployment. The Centre is a prime example of opportunities for pro-active or preventative approaches instead of reactive measures or crisis-management.

The director of the RVRC recognised such opportunities because she knew the former system from working in the Czech educational and training system, saw changes focusing more on economic and management education, and gained a comparative perspective by travelling to Belgium and the Netherlands. She then had the idea to create an Education and Requalification Centre. When she began seeking funding, she learned about two PHARE programmes: PALMIF and TEMPUS. Wanting to fill educational needs that were not otherwise being met, she decided to focus on management training, *i.e.* re-training for mid and upper level executive management. By 1993, however, there was a demand from local employers for special computer trained like computer-assisted design; more recently the local companies with foreign partners have discovered the need for further training in financial accounting, and there is a need to train assistants for private doctors. What is most valuable about the project is that the scale of training is quite broad, and ever-expanding, and that all training is certified by the Ministry of Education. To ensure high quality, qualified teaching, the Centre uses external experts rather than full-time teachers.

Without the RVRC, it is likely that local firms with new skill requirements would have brought in new people and laid off current employees who lacked updated skills. This Centre has enabled local

employers to retain and re-tool their workforces. Its management emphasises that their facility can be important for preventing unemployment. They note that when they first approached the labour office with their idea and the response was, “but here we really do not have unemployed,” it was necessary for them to explain to the labour office the importance of preventative measures.

Apart from the substantive focus of training courses and their focus on management, the Centre seeks to serve three population groups: new school leavers, secondary school graduates who are bright but have decided not to continue at university, and physically disabled clients. Housed in a beautiful old building outside of the city centre, and serving about 100 students a day from 7.00 a.m. until 5.00 p.m., the RVRC got the town council to provide a public bus. The facilities are handicapped accessible and are now equipped to meet demands for another 5-10 years.

The Centre now co-operates with the Ministries of Labour, Education, Health and Trade & Industry. It also promotes its courses regionally, rather than locally. Although the business community, the labour office and others may have doubted the demand for such a Centre, PALMIF provided the opportunity to demonstrate its value.

– Sdruzeni

Ostrava

The director and two employees at Sdruzeni serve 12-15 severely disabled children. One lesson of this project has related to its staffing. It was not easy to identify the skills and personality that are required for people who can teach and support such disabled children. After several of the labour office’s referrals did not work out, the current employees seem to be doing quite well.

The programme provides some training, basic work opportunities and social activities. For work, the girls work on embroidery or sewing; the boys have a wood-shop where they make carving boards, spoons and dollhouse furniture. PALMIF has helped them launch new initiatives. They have purchased the components for marionettes, which should provide work for several years. They have also purchased some woodworking tools, a kiln for pottery and some exercise equipment.

Financial sustainability is obviously a serious concern for a civic organisation like this one. The children’s parents pay only about 30 kcs/day. Apart from PALMIF, Sdruzeni receives support from the City Magistrate, the Ministry of Labour and from private sponsors. Slowly, Sdruzeni is developing additional sponsorship from both local authorities and private businesses, such as NOVA TV and the Nova Hut and Vitkovice Steelworks. Sdruzeni generates a little income by running a small shop, from which they sell both normal household goods and the items that their children produce, and by selling their products at libraries.

– Sluzba

Ceske Budejovice

Ceske Budejovice is an area of quite low unemployment (1.4 per cent), but at the time of the second PALMIF round, the labour office was particularly concerned about people of “low work ability”, unskilled young people and young women with children. Funding in this case came from the company, from the Ministry of Finance, from active labour market policy funds and from PALMIF. The labour office believes that Sluzba probably would have progressed without PALMIF, but that PALMIF helped to accelerate implementation and raised the level of sophistication and quality. PALMIF funds helped with starting up the activities, training, requalification of workers, and some technical equipment for workplaces.

Sluzba is a co-operative that includes a residential facility of 33 units that is owned by the city, a rehabilitation centre, a store selling equipment for the disabled and a sheltered workshop where employees make approximately 50 different products and services. Sixty-four per cent of Sluzba's employees suffer from some health handicap, ranging from disabled workers to people with 20-50 per cent "reduced working ability" caused by illness or physical injury. PALMIF helped to ensure employment activity for 45 people, of whom 33 are disabled.

Beyond the direct benefits of jobs for the disabled at Sluzba, the project has been noteworthy in two ways: First, the company's great challenge is to become a viable subject in a market economy. Although employee productivity is lower than the norm, the company is concentrating on identifying new products and services that its employees may offer, and on finding new customers. Second, its employees are learning flexibility, because their tasks or work changes regularly in response to the market. Based on his experience trying to obtain contracts in the private sector, Sluzba's president hopes for regulations that will require the government to give priority to contractors who employ disabled workers.

– Snezka

Nachod

Snezka is a large textile co-operative whose sales dropped sharply after 1989 because many customers in the East were no longer able to pay. Fortunately, however, Snezka managed to gain a good order from a Belgian company, Samsonite, to make leather bags. After starting the contract, however, Samsonite asked for considerably larger output - and said that unless Snezka could manage it, the original contract would be cancelled. But for Snezka to meet the quality standards and the output demand, it needed to train new workers.

At the suggestion of the district labour office, Snezka used PALMIF to support training and jobs for registered unemployed. This project illustrates how a company's needs and those of a labour office can be harmonised. The grant differs commercial loans or SME support, because the recipient had to give priority to people registered and unregistered unemployed

Snezka's management says that it did not consider the endeavour a risky one, but found that the greatest risk factor was their new hires - some of whom wanted to stamp their time cards, but not perform up to standard. Since this was not acceptable for their western customer, Snezka's training process included a three month probation period, which for awhile resulted in about a 60 per cent turnover⁵. By now, however, it has stabilised and this workshop employees about 67 women. One work innovation has been that the women are divided into three teams that see a product from beginning to completion. This is a radical change for the co-operative, and contrast with its other workshops where a maximum of 15-20 people each know only several tasks and have problems with work sequencing. Another work innovation has been allowing some women to work part-time.

As a PALMIF grantee, Snezka has advised new PALMIF applicants. Though a retraining project applying for funding in round four is different from Snezka's production, Snezka was able to help them understand PALMIF methodology, such as goal-setting.

– SOU-Production School (Vyrobní Skola)

Pardubice

Like the Centre for Work Rehabilitation in Ostrava, this programme focuses on very problematic youth, including school drop-outs with only elementary education and Roma. The purpose is to motivate or re-motivate by helping students master practical activities and identify personal goals. Although the most successful are those who return for basic education, many at least go for

vocational training, and some go directly to jobs. The project was suggested by the Labour Office, based on a Danish Production School. Because the grantee is a school financed by the Ministry of Education, its programmes are otherwise strictly defined by that Ministry. PALMIF made the collaboration possible.

This project served 54 participants in a two-year programme. One advantage of the programme was that people could join anytime, as opposed to waiting for a new school year, because each week included one day of training with four days of practice rotating through a variety work experiences, some at school and others outside. Since it aimed at school drop-outs who are not interested in school, it focuses on practical experience. Boys were offered construction work, woodworking, metal-working, gardening, painting, whitewashing, waiting on tables, and computers. Girls could try nursing for the chronically ill, waitressing, cooking, washing, and working at a jewellery company. In the second year, participants are trained in a trade of their choice.

Unlike the SRP in Ostrava, this project's young people were deemed students rather than unemployed. Children were deemed children, and families could retain their family allowances. The key lessons were that such programmes must be different from schools, require the right staff with the right mentality and enthusiasm, and must let practical activities predominate. In addition, the school's teachers, who also work with regular students, integrated their experience into their continuing courses and now deal with young people differently.

The biggest problem with the project is funding: PALMIF support was to give the school the opportunity to demonstrate the effectiveness of the approach so that the Ministry of Education would pick up future financing. In fact, the city, the labour office and the local school office for the Ministry of Education all agreed that it was a wonderful project. But when the PALMIF funding ended in June 1995 and they were asked for money, their enthusiasm did not translate into money. Meanwhile, although the labour office appreciates the value of the project, absent amendments to the Czech Employment Law the Ministry of Labour lacks the legal authorisation to support such pre-training programmes. Whereas they may spend money on the disabled or on those who are already in trouble with the law, the Employment Law does not allow them to spend money on prophylactic, preventative measures for troubled young people. While the project's implementers say it was a great success, the project stopped after PALMIF funding for lack of financial support.

These projects show a definite improvement over the first round projects. First, they took some real chances - particularly those that tried new ways of helping very difficult populations. Second, nearly all of them tried some Western European programme or approach in Czech circumstances, sometimes through foreign technical assistance and sometimes with foreign partners. Third, whether one calls it "pro-active" or "preventative", the projects demonstrate that the Ministry and labour offices have a growing appreciation of the need to anticipate trends and needs on their labour market. In terms of the development of the PALMIF programme, the variety and reliability of these projects served as an important basis for building the confidence and trust of the Selection Committee.

Hitting its stride: the third round

Selected only six months later, in June 1994, the third round projects demonstrate the Committee's readiness and willingness to give a chance to some more unusual approaches. This round is characterised by several innovations. First, the "Fictitious or Artificial Firm" (*Fictivni* or *Cvicni Firm* in Czech) is an approach imported from Germany and Austria. Two PALMIF-funded experiments teach administration, correspondence and trade relations in a mock-setting. The project developers tried this

new approach in an effort to address a pervasive problem - that both young people and older workers leaving obsolete jobs often approach the job market with no relevant job experience.

Second, there are three projects that illustrate the labour office directors' attempt to help local economies struggling with a legacy of agriculture. In Znojmo, PALMIF supported a scheme to lease wood-working machinery to individual families in their homes. The company identified interested participants from isolated villages with little or no employment opportunities nearby and trained them both in wood-working and in basic business management skills. The company then promised to provide them with the wood, and to pick up the finished products. A different approach was offered by a new biodiesel-producing company in Louny. This company would not only provide jobs itself, but it would buy the rape-seed widely cultivated in the region - thereby keeping many local people employed on their land. In Bruntal, the labour office also sought to save existing enterprises - not through subsidies maintaining companies that were not financially viable in a competitive market, but through technical assistance. PALMIF supported the work of a private company advising companies having difficulty with privatisation - particularly due to their lack of expertise in distribution, marketing and promotion, and business planning.

Third, PALMIF now supported training or requalification centres that were either taking somewhat more interesting approaches than in the past, or providing a new service in their own community. In Zlin, the Requalification Centre focused primarily on foreign language skills - and on making training more attractive and less intimidating than traditional methods. The Centre licensed an experimental process developed by a scientist in Bulgaria, and encouraged employers to send their employees. The Regional Requalification Centre in Ceska Lipa actively promoted its training opportunities, developed courses in response to client demands and served as a referral agency for existing courses as well.

Lastly, while there are again two projects for the disabled, these both focus on employment opportunities for the disabled (rather than housing and social assistance) and, most importantly, demonstrate an increasingly common effort to shift programmes from government financing to business-oriented, market-based production. In Uherske Hradiste, the programme management started by trying to train young people with epilepsy and other disabilities for work in the market. Once they discovered that a productivity-conscious labour market was not interested in their clients, they began seeking a market-basis for in-house production. Some of their clients now produce paper flowers and decorations for folklore costumes and tourism sales, and others are engaged in dismantling old television sets for recycling. In Prague, a company helping the disabled is also training non-disabled workers to serve as daily service assistants for the disabled - which provides a service that enables the de-institutionalisation of the disabled while creating new jobs in the general workforce.

– Auxilia - Total Rehabilitation Structure

Prague

As an organisation, Auxilia has evolved from an established Christian club for the health handicapped to a humanitarian organisation in 1990. In the course of seeking financial support, they have broadened their focus. The PALMIF project of Total Rehabilitation Structure focuses on target groups at risk, including "health handicapped", socially difficult (prison leavers), mothers with small children, and graduates of "special schools".

Auxilia illustrates how organisations are learning to alter course in response to currents of change and to mistaken plans and assumptions. Three or four years ago, they prepared a business plan based on forecasts of unemployment that were very different from how conditions are in fact today. They also developed a very large, elaborate and costly complex series of services that has been streamlined

based on experience with what clients really need and use. While reality may in some cases have surprised them, they have both survived and benefited from their experience.

For example, whereas they had intended to get clients from the Social Departments of the District Office, that Office failed to be effective - and Auxilia has instead sent its clients to the District Office to see whether they are entitled to benefits. Similarly, they expected referrals from doctors, but found instead that Auxilia's own social work staff were more effective. In fact, most clients have learned of their services either from new promotional campaigns or from other nongovernmental organisations.

Another change has been a drastic cut in the range of services Auxilia offers. Originally, they offered psychologist, doctors, lawyers, social workers, teaching and professional advice and specialised advisors. They found, however, that such a sophisticated team was unnecessary, because the most important need was to help clients find out what they want. As a result, they now have three social workers who talk with clients, help them identify their needs, and refer them to other professionals if necessary. Only about one-third of these people become Auxilia's clients, because they often find that peoples' problems are not employment-related.

Auxilia's clients are not those who are dependent on such an organisation, but those who seek better positions on the labour market. Auxilia provides counselling and support for them to obtain jobs in normal workplaces. Clients are often ages forty to fifty, and want to improve their qualifications. The programme provides courses that they not only tailor to their clients' interests, but also adjust for their needs, *e.g.* if they have problems with the speed of understanding or learning. There are PC courses and follow-up with graphics programmes. For clients who need time to practice their new skills before entering a competitive work situation, Auxilia has given more than 50 clients sheltered on-the-job work experience at Auxilia.

Auxilia also runs an interesting sub-project for Personal Assistant Service, a course for healthy people to learn to assist the handicapped. They have recruited, trained and placed approximately 20 people now as personal assistants.

– Bidipo - Biodiesel production

Louny/Podborany

Because Louny is an agricultural area that has lost approximately 7 000 jobs and lacks industrial production to absorb those workers, its labour office and local leaders are struggling to develop both immediate and long-term solutions for its labour force. The PALMIF application for this project suggested this would be a model for regional solutions.

As a brand new company producing biodiesel from rape-seed, Bidipo will create 40-50 jobs (8 of 33 initial employees are working thus far) in the Podborany micro-region where many people are dependent on seasonal work. In addition, it will stabilise the economic situation of a considerable population because it will process rape-seed from 7 000 hectares, accounting for one-tenth of the agricultural land in the district. It is also hoped that Bidipo's need for supplies and services, such as transport, will spawn the creation of other new businesses.

This is a sophisticated business venture. With educational background as a chemist and 16 years of employment experience in oil, Bidipo's founder engaged in careful planning. When applying for PALMIF funding, the company had already accessed the first financial resources for investment. The PALMIF funding to help access know-how - and he has co-operated with advisory firms regarding long-term strategy, economic background, client strategies. He commissioned feasibility

studies to decide where in the Czech Republic to locate his business. Important factors for his choice included natural resources (rape-seed), the plentiful availability of labour and the land's location. Although building such a business will require further capital investment, Bidipo's founder expects that having sought and followed the counsel of advisory firms, he will be in a strong position to apply for foreign credit.

Much of the workforce will be chosen from a list of 220 provided by the labour office. Each is a potential employee who will be carefully interviewed. Already, however, 20 seem not to be genuinely interested in a real job. These jobs will require dedication and productivity.

– Dum Techniky/Fictitious Firm

Usti nad Labem

This is the first of several fictitious firms being tested through PALMIF in the Czech Republic. (Others are in Decin and Ceske Budejovice). Here there is a collaboration between an existing institution, the Dum Techniky, and ABB. from Germany. Although Dum Techniky provides space and overhead, it was the official PALMIF applicant because ABB lacked legal Czech registration. In fact, ABB runs the project by providing management and advice from a full-time German consultant. It is also collaborating with Decin and Teplice, both to share the experience and to broaden the base for participants.

This project illustrates ways in which a model from another country must be modified to fit local circumstances and ways in which grand plans may have to be pared back. Project implementers admit that this began with an "somewhat idealistic notion of how a fictitious firm would function in the Czech Republic." After proposing to offer 1, 2, and 3-year courses, PALMIF management suggested that 3-years would be too long. The implementers have had problems with the quality and quantity of labour office referrals. In terms of quality, they need participants who are not only qualified, but who are also interested in the programme. For quantity, they complain that there are time gaps, such as from April to September, when their rooms are empty and their staff lack sufficient students. In part, however, this is because they designed the project based on labour market projections anticipating lay-offs that did not happen.

The training course itself is intended to give people productive and educational activity for the time between employment and unemployment, and to give them the opportunity to learn brand new skills in an environment where they could make mistakes. Most of the participants are women who lack office skills, one group consisting of older women who were in the textile industry and another of young women without work experience. In this programme they can try two positions in the Fictitious Firm that includes three components - administration, finance and buying/selling - and receive training in computers, human resources, German and English, and accounting. It is hoped that they will gain lower level business or administrative positions in institutions such as banks, hospitals, social insurance.

Yet while the project has maintained meticulous attendance records and grades, they lack hard data about what happens to participants after they conclude the course. It is their impression, however, that "impact is mixed" because while some firms appreciate applicants who have had preparation in a fictitious firm for the new economy, others have retained their old ways and do not want employees trained to do things differently.

– Eso-Euroskola/Regional Requalification Centre

Ceska Lipa

The philosophy of this school is preventive measures. These requalification and retraining programmes are based on careful collection of information about the labour market - and tailoring course offerings to meet the market's needs. They offer good, high quality teaching that varies according to market demand. In addition, however, they support other institutions in the region by serving as a co-ordinating or referral centre for training offered elsewhere. Their training courses have ranged from accounting & finance and management, to cooking and waiting on tables, cabinet-making and electricians. There is a gradual increase in businesses, such as local banks branches, that ask the Centre to provide training for their employees in using new software, etc.

The labour office was supportive of the project because it was concerned about young people seeking work. The project began by working with young people ages 15-21, but found they had the lowest interest from that group. Instead, they have found that 70 per cent of their trainees are women, ages 30-40 with secondary education and obsolete qualifications. In addition, the Centre co-operated with the City Office, District Office and local Chamber of Commerce to identify jobs that were threatened on the labour market. As a result, they have trained nearly 800 people over the course of the project, of whom only about 15 per cent were registered unemployed.

A noteworthy feature of this Centre is how it is run and marketed like a business. One reason that so many women are taking advantage of the training resources is that the Centre recognised the wisdom of investing time and money in professional marketing. In addition to using the regional media, they printed a leaflet and hired a private firm to distribute them in each mailbox in the region. The Centre's management say that their key to their success are "price, promotion and quality" which are connected to good information about the needs of the labour market.

The one factor that worries them is price: While the private market might continue to support the Centre, the Centre's management fear that private individuals will be unable to shoulder the complete cost of courses, which PALMIF has been subsidising. Unless the law is changed in the Czech Republic, the labour offices can help with the cost of courses only if people are registered unemployed - and the end of PALMIF support will result in a rise in the prices of their courses.

– Fopody - Home based work

Znojmo

Conceptually, this is one of the most interesting projects, and the basis for very high hopes for success. It is based in an agricultural area characterised by an unskilled workforce, few employment opportunities (about 12.5 per cent known unemployment), poor infrastructure, such as roads and electricity and telecommunications, and elimination of public bus routes.

With the help of the local mayors, the Labour Office identified potential entrepreneurs. The PALMIF grantee provided training in the wood-working to make the product and in the business skills to run a small franchise. It was hoped that eventually some of the local partners would spin off their own businesses.

The project was to train and set up 14 home businesses in the first year and 18 in the second. In fact, for the first year 14 took a six-week training course. Nine actually started production and seven got their production well underway. Real problems developed, however, from two issues: First, there were some problems with the wood-working machines. The participants had been required to use lump-sum grants of 50 000 kcs from the labour office's active labour market policy funding for self-employment to make their first major instalment on leasing their machines. Monthly payments

would then come from their production revenues. But a number of workers complained that the machines were of inferior quality, because they had been re-tooled from other intended uses. Insofar as the machines limited their productivity, they also restricted their revenues. In some cases, they were able to negotiate for new machines. More importantly, however, the PALMIF-sponsored company had depended on an American contract as its primary source of demand for the home businesses' production. When this contract fell through, Fopody lacked customer contracts as a basis for ordering and purchasing the home businesses' production. Its remaining contracts are for products that take more time to produce and give the producers greatly reduced revenues for a day's work.

The result has been that only 3 home businesses are still receiving wood from Fopody and producing product, several have stopped their lease payments and have the machines sitting idle, and most are quite embittered. The second round of the project was never launched.

– Integra Stredni Skola for New School Leavers

Pribram

Faced with one of the highest unemployment rates in the Czech Republic, one-third of the Pribram labour office's activities are active labour market policies ("ALMP"). Consequently, PALMIF is only a minor supplement to the ALMP. At the same time, however, PALMIF is appreciated because it can support projects that legislation does not permit, namely preventative projects for young people who lack skills, are likely to have trouble getting jobs and may be at risk of drug abuse.

This PALMIF grantee is a school that used to provide apprenticeship training for miners. Now, as an active and progressive initiative that needs to find new markets, it is seeking new ways to sell its services. The director learned of PALMIF at a meeting organised by the Rukole Organisation in Prague for all schools training miners.

In co-operation with Pribram labour office, the School developed both this project and a "B" project. Together they identified a need for programmes that would train a labour supply of unemployed from secondary general schools, agriculture and other industries to meet the unfilled demand for administrative jobs. They shifted from an apprenticeship school for boys to a secondary school (*Stredni Skola*) that offers a wide range of educational opportunities. They not only teach some accounting, management, computers and foreign languages for trainees to become mid-level staff, but also offer training for bricklayers, painters, plumbers, carpenters, engineering mechanics, electricians, business administration, designing store window displays and cooks. They offer courses that are daily, external and evening courses that typically last four months. Though they started with young people referred by the labour office, they now have a substantial number of middle aged women coming to the School directly.

When asked about financial support from the Ministry of Education, they say that they have not, and will not, seek funding from the Ministry of Education, because they simply do not expect to get it: "Financial means from the Ministry of Education were, are and will be limited".

– Interma - home construction industry

Liberec

This company produces panels for housing construction and can serve as general contractor to organise and oversee construction. While most of the company's funding came from investment and a long-term bank loan, PALMIF funding enabled them to start new production of ceiling panels and to hire and train nearly 30 new employees. The company was referred to PALMIF by the Ministry of Industry and Trade. Opening their production facility has made a big difference for the

communities of Cesky Duv and Turnov that have considerable employment problems⁶. While they had hoped to hire the registered unemployed, they have strict standards for productivity, and have had disappointing results with many of the labour office referrals.

– Jazykovy (Language) Club “D”

Zlin

This grantee is a school that offers language classes, accounting and finance. The project is innovative in two ways: First, for language instruction the teaching methodology of a Bulgarian experimental method, “Suggestive Pedagogy,” relaxes the brain to absorb languages. Rather than using only the conscious, it uses the sub-conscious by means of electric, acoustic and optical stimulation of the right side of the brain. The license to use this method has been sold in America, Japan and Germany, and PALMIF enabled this school to buy the license from an institute in Berlin. PALMIF funds also paid for equipment, which ALMP funding could not support, and for the school to hire very good teachers.

The second innovative aspect of the project is that it has helped the school promote foreign language training. While both employees and employers may eventually recognise the value of foreign language training and pay for it themselves, this training has demonstrated both that learning languages need not be frustrating and intimidating, and that knowing them gives a company important access to know-how, information, partners and clients. As for the labour office, it originally supported this project because it wanted to speed the flow of applicants to the labour market, and to get them out of their homes and actively preparing for the future. At that time, it requires that 50 per cent of the funding be used for business and finance course. Now, however, the labour office, employers and employees all recognise more and more that knowledge of foreign languages is helpful in getting jobs, keeping jobs, and then getting better jobs.

– Mesit

Uherske Hradiste

Four aspects of this project are particularly noteworthy: it illustrates 1) the interface between schools and employment, 2) a very pro-active approach by the district labour office, 3) strong collaboration between the labour office and a local partner, and 4) the entrepreneurial challenge of identifying products and services that the disabled can provide and the market will buy.

Due to the economic transition, the government transferred responsibility for apprenticeship schools that had been financed by state enterprises to the Ministries of Education, Economy and Agriculture. This caused curriculum changes to focus on fields needed on the labour market and pressure to spend resources effectively. In 1992, most of the 3 000 primary school graduates in this district wanted to attend apprenticeship school. Yet soon after the beginning of the school year, the parents of handicapped students went to the labour office, because the apprenticeship schools would not take students who were deemed unlikely to be capable of working in the occupation for which they were receiving training. Although there were fewer than 10 students that year, the labour office recognised that this would be an important issue. Absent appropriate education, specialised job training or sheltered workshop options, some of the young people would be doomed to perpetual unemployment.

First, the labour office mapped the number of handicapped children expected to complete primary school, and worked around confidentiality problems with doctors to determine how many would be difficult to place in jobs. Of 180, 108 had limited motion or mobility, 18 had respiratory illnesses, 19 had internal problems (heart or stomach), and 7 had mental retardation or epilepsy. Surprisingly, it was the parents of the last group who were the most reluctant for help, and who hoped that their

children might eventually manage in the new system. Knowing, however, that the vocational and employment systems were already becoming less accommodating to disabled students, the labour office approached the director of a local school, MESIT. Together they developed specialised education and training.

Their first problem, however, was that with only seven students, they wanted to combine them with “special school” students (who have some behavioural problems in normal schools) and with children who had not yet completed primary school. But since Czech regulations require different schools for each group, the labour office had to negotiate with the Ministry of Education for permission to start a one-year experimental programme⁷. In the first year, they trained 15 young people to make paper products. In the second year, they opened a three-year programme for dressmakers. But the second issue was where those students might work after their specialised education. Realising that some of the students would not be employed in the labour market, the labour office and MESIT combined their respective resources and PALMIF support to open a sheltered workshop. In September 1995 they started their third year of classes and opened the workshop.

As of 1996, there are 23 employees in the sheltered workshop, most of whom graduated from MESIT’s training course. MESIT is looking for work that is suitable for people suffering from attacks like epilepsy. For example, it is dangerous for epileptics to work on machines, and some of their students cannot engage in complex tasks. Because their clients have limited abilities with regard to quality, speed and responsibility, the scale of workshop activities has decreased. At the same time, however, they found that to keep the workshop financially viable, they have to be flexible as the market changes what it will buy. The latest effort is to collect and dismantle old electronic equipment, particularly televisions, for recycling. Here again, however, they face old regulations that favour entrepreneurs more than ecology. They are also beginning a course of garden maintenance and are looking at work in healthcare and social facilities.

– Soukrome SOU/Fictitious Firm

Ceske Budejovice

Without PALMIF funding, this institution is a private secondary vocational school for business and services. It offers training in accounting, computers and foreign languages to the general public and to the registered unemployed (often women wanting to re-enter the labour market after extended maternity leaves), who receive a 20 per cent discount. People use their training either as a basis for getting better jobs, or to set up new businesses.

This project was intended to bridge the gap between theory and practice, by giving participants the opportunity to practice skills before entering the labour market.

PALMIF support is for some specialised accounting lectures and a “Fictitious Firm”. The students are often those who have attended apprenticeship school, but then realise that they needed some additional training - and volunteer for two more years. There is a high demand on the labour market for people who know business basics, but such subjects have not been offered in regular schools.

This Fictitious Firm co-operates closely with a fictitious business programme in Passau, Germany, where students will spend three days. This project’s teachers have had training both in Passau and in Vienna. There is a transfer of know-how so that they do not reinvent the wheel, but can take others’ experience and then put local energy into implementing it.

Located in Northern Bruntal on the Polish border, Bruntal has had one of the highest unemployment rates in the country. Much of its difficulty arises from three factors: First, a vast proportion of the unemployed workforce used to work in agriculture and lack any other skills. Second, there are many remote areas that are far from metropolitan areas, industry, or even good transportation infrastructure. Third, many companies in the region have new owners who purchase the business and then close it right down, terminate workers' contracts, or turn around and sell it again. For example, one company with 107 employees is located in a remote area from which commuting is very difficult. All work contracts were scheduled to end in July. Another example is a company that is on its third new owner, and the 300 employees are now at home as they await the fourth owner, who will this time be a foreigner.

Faced with such circumstances, the labour office sought business support and counselling from a consulting company, Utrin, that is a Prague-based consulting company owned by the Ministry of Industry and Trade. Having adopted the concept in 1992 of participating in regional economic development, Utrin chose to work in Bruntal because its problems relate to insufficient demand for labour, poor transportation and a thinly settled geography - but are not complicated by problems like pollution. The idea was to combine the labour office's knowledge of labour demand and supply with Utrin's assistance for entrepreneurs in an effort to increase and disperse the demand for labour. Utrin started with three scopes of work: 1) systematically collecting data about all entrepreneurs in the area, 2) helping to improve workers' skills to meet employers' needs, and 3) advising chosen entrepreneurs or business entities will apparent chance of growth and success.

Yet when the employment situation got even worse in 1994, Utrin shifted its objectives to creating a model to restructure the labour market that would reflect labour supply and demand, and to creating new jobs. Restructuring the labour market would require creating the basics that are necessary for enterprises: infrastructure, urban planning and increasing the level of enterprise culture in the district's main sectors. Thus they identified three branches, food & agriculture, wood-processing and tourism, and sought to address sales & marketing skills, financing, and problems relating to privatisation and restitution.

While they achieved three successes - establishment of a working team with close contact with the local authorities, an analysis of enterprise activities and co-operation with entrepreneurs, they encountered some problems. First, the success of many local entrepreneurs depended on local sales when the purchasing power of local residents is quite low. While Utrin would have liked to train people to think beyond local markets, many chose the easier step of liquidation and bankruptcy.

It is only at this point that the labour office and Utrin developed their PALMIF project. They established a non-profit company, Danto, to attempt turn-arounds of companies declaring bankruptcy. When the labour office identifies companies whose liquidation will cause unemployment, Utrin looks at why the company is closing. If the problem is not production but assets, then Utrin co-operates with banks to shift management and risk to Danto. Utrin also gives technical assistance to help existing companies extend their marketing and distribution, find new markets, negotiate with banks or re-train their workforce; and to provide training and counselling for new entrepreneurs. The project has prevented the loss of established institutions, the abandonment of working facilities and mass layoffs of local workers, while also improving the success of local businesses.

Examples of “B” projects (maximum 20 000 ECU) in Breclav, Bruntal, Decin and Pribram:

- Grant in Decin to **Cvicni Firma**: similar to that in Usti nad Labem, but have formal co-operation and support with the labour office in Decin.
- Grant in Decin to **KARKO** sheltered workshop: provides work opportunities for disabled workers, previously focused on book-pressing and simple tasks like gluing or stapling, but now more sophisticated electronic work with transformers.
- Grant in Decin to **GOLYA** agro-tourism project in Jiretin: agro-tourism to develop horse stables and golf course, with PALMIF paying to train people to work there.
- Grant in Breclav to **ASTRA**: an advisory company won the labour office’s tender to find and assist new entrepreneurs who would start their business in a small, isolated village on the Austrian border. One result was a gingerbread manufacturer, EDU. It is based in an old school and now employs 70 people, mostly women.
- Grant in Breclav to **PRIMA**, healthfoods company in Moravska Nova Ves: in 1991 three local men started this company with four employees to produce a health-bread. The company is in a community of 2 800 inhabitants in a micro-region of high unemployment. Nearly all employees come from that village and were registered unemployed with basic education or some handicap referred by the labour office. They now produce six different products and have sales of 15 million crowns. The philosophy of the project is that local agricultural products are processed locally by local people.
- Grant in Pribram to **Jericho**: a private metal welding company now employing 41 workers, most of whom live in neighbouring villages, used to work in the nearby uranium mines and needed full training to take these jobs.
- Grant in Pribram to **Integra Stredni Skola**: a programme offering young school drop-outs courses in bricklaying or plumbing that mix theory, math and Czech language courses with practical experience. They also tried one course for juveniles awaiting trial.
- Grant in Bruntal/Rymazov to **Ekometal**: a company that collects metal wastes and processes them. They now have 23 employees, and are expanding all the time.
- Grant in Bruntal/Jesenec to **Zlate Hory**: an entrepreneur has purchased part of a facility under liquidation and hired part of the workforce to begin making containers for agricultural waste.

Diversity of approaches: the fourth round

By the fourth round, it is clear that the PALMIF programme has reached a new level of maturity, self-confidence and creativity. This round funded fourteen projects⁸, many of which are just getting underway. While a number are businesses creating new jobs, they reflect the PALMIF Steering Committee’s concern for micro-regions with high unemployment, decreases in public transportation and unskilled workers. These projects also respond to a growing awareness of the vulnerability of women who, at the end of their maternity leaves, are returning to a dramatically new work environment for the first time since 1989.

– Agro

Breclav/Lednice

Because much of Breclav borders Austria, there was little industrial development here during Communist times. Most work was agricultural and low-skilled. It is a fertile area that produces cereals, fruits, vegetables and wine.

Rather than assuming that agriculture would have to go way to industrialisation, the labour office sought ways to improve the chances for agriculture to improve and prosper. Typically, 2-3 hectare farms were restituted to farmers who know how to work the land, but lack any business experience. As a result, they were all tending to grow and harvest the same produce on the same day, so that the peaks in supply depress prices and result in spoiled produce. At the same time, research showed that 60 per cent of the area's fruits and vegetables are imported.

Consequently, PALMIF is now supporting a firm, AgroMoravia, that is advising and organising local small-scale farmers to help them improve their revenues. The firm sets them on a planting and harvesting schedule. It also advises them on good quality seeds and fertilisers, and offers some training.

At the same time, to increase demand for onions in the area, the firm used the 20 per cent of its PALMIF grant that could be spent on equipment to purchase an onion-processing machine. There are about 12 new workplaces, mostly filled by labour office referrals. But because the work is pretty smelly, the machine is noisy, and productivity is demanding, most workers last only about 3 months - despite higher than average salaries compared with other agricultural jobs.

– Arche*

Zdar nad Sazavou./N.M. na Morave

This grantee proposed to offer complex care for the physically or partially mentally disabled. It emphasises the connection between rehabilitation and reintegration into the workforce. The innovative approach is use of ergodiagnostic examinations to determine work capacity.

– Babkova Spolecnost

Decin/Horna Poustevna

As part of their policies of hiding both the mentally retarded and people from religious orders, the Communists established a church-run institution on the northern-most edge of Decin district on the German border. Today, Babkova Spolecnost is a civic organisation working for an evolution from institutionalisation to integration - in residential, educational and vocational facilities. They are trying to change their approach entirely, striving for a community-based approach for the mentally handicapped and increasing opportunities for integration into normal life.

Having received assistance from the American Joint Distribution Committee and from a British Foundation, some efforts are focused on creating viable work opportunities in the area for the disabled. With PALMIF funding, they purchased a cow-shed and surrounding land through public auction from the state. They are engaged in basic agricultural production, plan to plant fruit trees and are pursuing possibilities of reforestation. To get started, they will raise rabbits, but ultimately intend to produce goat's cheese. The disabled will enjoy the work and being outdoors, while they will earn money to support themselves and the support services they need. Others in the community are involved, including forestry school people, a retired scout-director, an architect student interested in renovating such old buildings, and people from the village who have contributed strawberry plants.

Receiving PALMIF support has been extremely important for several reasons. First, because this approach is innovative and seeks to change old attitudes, most officials in Ministries in Prague would reject the project as either crazy or too risky. PALMIF was the only fund for a non-standard approach. But having receiving the European Union's support through PALMIF, the project has credibility as it seeks other financial assistance. It also has the opportunity to produce some results with which to counter the scepticism and doubt.

Second, this is project that is appreciated better from a local perspective than a national one. The director of the local labour office recognised that in addition to helping the disabled, the project creates employment opportunities in care-taking or nursing or teaching for people in a border area that needs new sources of jobs. (With seventy employees, the school is the largest employer in the area). It also helps in efforts to reclaim and protect land with a special micro-climate. And, he sees that as people begin working, they will both pay taxes and require less support from the state. One critical factor in the labour office's support of this project is that this is a case where the labour office knew and trusted the local leader who sought funding. Insofar as selection criteria include concern for the competence, reliability and tenacity of the applicant, the labour office had more information than written applications might offer.

Third, since PALMIF is administered by the Ministry of Labour, the project refutes common objections that care for the disabled is a social issue rather than an employment issue by demonstrating that the disabled deserve and need the chance to be productive and integral members of society⁹.

– Belet

Chomutov/Vejprty

This forklift manufacturer is in an isolated, mountainous border area with unemployment of 7.34 per cent. Belet was a state-owned enterprise that was privatised without any foreign capital or know-how. It is now run by an extraordinary team of young Czechs who have been working 12-18 hour days. Having beaten out any regional competition, they are expanding because of the quality of their products and their aggressive marketing. Belet is now taking on German, American and Japanese competition as it now exports 50 per cent of its products.

The PALMIF project developed when the company wanted to introduce a second shift and add 120 employees. But because of its exports, the company insists of skilled, productive workers, and the available local workforce lacked the requisite skills. Since the only other economic activities in the area were some agriculture and forestry, young people were typically leaving, and the population was falling. Supporting extra training therefore offered the possibility of revitalising and saving the area. Without the PALMIF assistance, the company would probably have expanded more slowly and purchased some of the products it is now producing itself. While Belet might have imported labour from elsewhere, a severe housing scarcity would probably have precluded that option¹⁰. PALMIF money enabled them to train unqualified applicants and to take a risk. At the same time, they accessed bank loans, PHARE training on ISO-9001, and a subsidy from the Ministry of Economy for regional development.

– Intepo*

Hradec Kralove

This project is a youth training centre targeting physically disabled young people. PALMIF support contributes to a special pedagogical centre that also offers psychological, social, legal and technical consultations.

– Integra Stredni Skola Technika

Most

With the 7.6 per cent unemployment, the district of Most has the highest unemployment in the country. Thus far, however, it has receiving funding for only one PALMIF project, and only the fourth round. Unemployment is attributable to decreases in coal mining, environmental damage, and a population of very difficult young people, including but not limited to Roma.

Most's PALMIF project provides training that should lead to new skills and jobs for coalminers and other unemployed workers¹¹. In 1994 a school that was formerly an apprenticeship school for nearby coal mines received certification to become a Technical Integrated Middle School, ISST. Since the Ministry of Economy provides 70 per cent of their funding, it referred them to PALMIF.

Meanwhile, part of the region's environmental clean-up has been the installation at the local electrical plant of a de-sulphurisation process that produces plaster as a by-product. Faced with an ever-increasing supply of plaster, the plant entered a joint-venture with an Austrian company, Knauf, to begin manufacturing dry-wall. Yet because it is a new building product in the Czech Republic, very few construction companies know how to install it.

The ISST has established expertise in training to build with dry-wall¹². This training is unusual because it is accessible to workers with only basic education and experience and because there is a real demand for the skills on the labour market. While they have taught the course for nearly two years, PALMIF funding started a year ago, and has enabled them to expand and improve the training. Trainees may be the unemployed referred by the Labour Office, employees of local construction companies, teachers of other apprenticeship schools or young people in the "Most" programme. In groups of 10-14 trainees, the courses vary from three to eighteen months depending on the background and needs of the trainees. From the first class, the job-placement rate for trainees was 50 per cent, but it rose to 70 per cent for the second group and to 100 per cent for ten participants in the third class. According to management, placement may have improved because they have been learning how to improve the training.

Management of the programme is eager to share its experience. In December 1995, they organised a training conference about dry-wall technologies and invited representatives from the Ministry of Labour, Ministry of Economy, TURIN ETR and PHARE Administration. They have already trained people from Poland, Slovakia and Lithuania.

– Jester

Hodonin/Straznice

Straznice is in an area of Moravia known for its textile industry, and is the home of a shirt-manufacturing factory, SUSAI, that used to employ 1 200, but now employs 400 and is on its way to bankruptcy. This project was the idea of a man who worked for the factory for 20 years, who reaching top management level, and becoming director of the affiliated apprenticeship school before they knew about PALMIF. They were looking for ways to offer young women practical experience and improved productivity for job readiness. The school had a capacity for 500, but because of lower demand from local factories and fewer school graduates starting careers in the region, their enrolment is now 400. When it became clear that some of their apprenticeship trainees could not find jobs and wanted more training, they thought of developing a more advanced school. They recognised that if the women were not efficient workers, then they would get lower wages and might lose their jobs.

Jester now has twenty employees, of whom four manage the organisation and sixteen are worker-trainees. The new and significant concept is the emphasis on increasing productivity as a means of maintaining the textile industry and the related jobs. Without this programme, women are sent to factories for practical experience while they are at apprenticeship school. But while they gladly receive payment for the trainees, the employers typically use them as cheap labour for cleaning and unskilled tasks rather than really training them. Once someone works at a factory, she tends to focus on a limited number of sewing steps.

In contrast, the women at JESTER learn to become productive, competitive workers in three ways: First, the main focus is on practical experience as a means of increasing productivity and quality. Workers receive guidance and training while they practice their skills. They must learn half of the 107 steps needed to make a shirt, which is many more than are typically used in a fixed factory position. Participants' productivity has increased from 4.5 shirts per worker per shift in September to 7.5 in June. Second, the training includes some classroom work that includes courses on modelling and designing clothes, on ISO-9 000 standards and on private entrepreneurship. Third, whereas many factories still use old technology, JESTER accessed state funding to purchase modern machines for training and production. Recognising that the ultimate goal is good employment, JESTER co-operates with local textile factories and the labour office to be aware of job vacancies becoming available for their trainees.

For now, the programme is financing mostly from selling the shirts they produce. Since the trainees are not productive at the beginning, PALMIF helps by subsidising their wages so that they can live off of them. JESTER would like to expand their training programme, but until employers understand the need for productivity or Czech products are subject to standards or foreign competition, there is little demand yet from employer-clients.

– Kredit

Vsetin/Valasske Mezirici

Founded in 1990 as a private consultancy company, Kredit offers legal, accounting and economic services to support the new entrepreneurial sector. Based on regional knowledge, their aim was to address risky groups of local residents who are having difficulty adjusting to new conditions of the labour market. With PALMIF assistance, they now offer course for four types of students: middle management, lower management like supervisors and foremen, women returning to the labour market and new entrepreneurs.

Regarding the women's course, this is meant to address the fact that as women are returning to the workforce after maternity leave, many are finding that their employer has changed or privatised and their jobs have been eliminated. Kredit's programmes help them to know the situation on the labour market. Kredit co-operates with the university in Olomouc for psychologists and social experts to teach about current conditions and options, including new social policies and laws, unemployment as a social problem, the changing environment of interpersonal relations and communications, the importance of motivation and productivity, and new technologies in the office. Then there are retraining courses in skills such as accounting or computers.

While Kredit is a private, profit-making company, they applied for PALMIF support because people in the Czech Republic are still not used to paying the full costs of education and training. Before starting the project, they met with staff from the labour office. Kredit knew that the labour office knows about women returning to the labour market after maternity leave and knows about newly privatised companies where women are at risk of losing their jobs. Kredit is in touch with the labour office, which then tells women about the Kredit programme. After only seven months of

training courses, they have trained 105. At the end of the project, they will continue with training and education, and hope to organise seminars reflecting the activities they do as a company, such as financial and tax issues or legal advice.

– Lukas*

C. Kostelec

– Navrat/Akademie Komenskeho

Decin

The labour office noticed the high percentage of unemployed women, many of whom were returning to the workforce for the first time since 1989-90. It approached the Akademie to develop a programme for women before they had completed their maternity leave. From the project designers' perspective, this was a pilot, because they did not have previous experience with this issue or context. It appeared that because of the social, economic and political changes in the Czech Republic, these women would be lost.

The Akademie designed the programme in two parts: because the changes in the last five years have been so tremendous, the first and foremost challenge and purpose of the training was to help the women re-adapt. The first part provides socio-psychological training and what they call "legal minimum" regarding changes in the labour code, family allowances, social allowances, etc. Unlike the first part, which is the same for all participants, the second part was to offer different work skills for different people. But when it turned out that everyone needed basic computer skills, they added 30 hours of computers training for all. Then each woman can choose among administrative skills, advanced computers, accounting, etc.

Designing and implementing this programme has been a rich source of experience and lessons. Realising at the start that they were doing something new, they began with a sociological survey to identify the group's issues and expectations. With about 100 women in the process, they now have various outputs and recommendations that can be used for future planning. Their general conclusion is that while they expected it to be demanding, the reality was 100 per cent worse than expected. In particular, there were logistical problems scheduling women for their re-training courses, because they had different interests and different availability constrained by childcare needs. On the one hand, it was not possible for the Akademie to offer a course without sufficient enrolment. To solve this, they have opened the Akademie's regular classes to these women - which has turned out to be better than separate classes, because the women have the opportunity to meet people who have not been isolated at home with children.

But women can not always attend whenever a course is offered because they often cannot find childcare. The Akademie found it difficult to offer childcare because of very strict health and safety rules for children under three, and the women could not take advantage of government run day-care, because the law says that if a woman is away from work and on maternity leave, then she should be caring for her child.

– Nova generace/Akademie Komenskeho

Karvina

The target population for this project are children up to 18 years old who have dropped out of school and are unable to find work. The programme seeks to return such socially disadvantaged individuals, of whom 50 per cent are Roma, to education or vocational training. Without the programme, many would stay home and collect benefits.

The PALMIF project was launched at the suggestion of the District Labour Office, based on some short-term projects that the Akademie already ran for this population¹³. They also co-operated with the District Office, the City Office (which financed reconstruction of the building), special schools and vocational schools. To keep the participants interested and active, they offer as many activities as possible, including cooking classes, artistic activities, computer access, wood and metal working. Participants are referred by the labour office, and come to an orientation session with their parents. Already they see a domino effect, because participants are referring their friends. There are approximately ten in a group, who attend six hours a day, five days a week for five months. So far 48 have participated.

This project illustrates the benefits of pilot projects followed by sharing information and experience. The project managers attended a seminar hosted by the labour office in Most about their UK funded project, and have met with people from Frydek-Mistek and Ostrava. They have also heard from Nadace Zacit Spolu that they would like to co-operation.

– Rekufoľ

Ceska Lipa/Doksy

As this area was inhabited mainly by Germans before World War II, people from around Czechoslovakia were relocated here. Consequently, there is not much traditional industry. The micro-region's economy depended on a state-owned farm until it closed in 1989.

Rekufoľ is a joint venture with a German company producing plastic bags. Having lived in Prague more than 26 years with a country house in Doksy, the owner bought a farm in the area in 1994. He started production in April 1995 with 80 employees. It was not easy, however, because the local workforce had no manufacturing tradition and local skills related only to agriculture and related machines. The company needed financial support to train locally-based employees.

Since the company's founder started in Prague and looked for various sources of funding, he found out about PALMIF from the Ministry of Labour. The Ministry referred him to the district labour office, where they were originally not very enthusiastic about the application. Other PHARE sources were not appropriate, because they tended to focus on technical assistance (which was not needed for a company joint venturing with an existing German company), on start-ups and business plans, or on re-organising large former state companies. At the same time, efforts to gain commercial loans ended in failure.

With PALMIF support, the company was able to spend a lot of money on training employees. Management are a people from the area who tried to start their own businesses after 1989, but finding that they lacked money or nerves, they were ready to take a good job. The workers are mostly women who used to work on the state farm and men who were machine workers. After the state farm closed, a number found jobs with a wood company that laid off 50 people last year. None had any requisite skills, and Rekufoľ had to teach them from scratch. The first round of more than 20 employees were sent to Germany for four months - before PALMIF funding. But PALMIF helped to finance additional places and training.

It is a big responsibility for this company that if it fails, 120 people would be without jobs. While Skoda Mlada Boleslav used to be an option, there are no longer bus lines from Doksy. In fact, because Rekufoľ operates three shifts a day, and on weekends, the company provides transportation with company cars.

– Skloplast*

Sumperk/Hanusovice

This enterprise was formed to give employment opportunities to women in an agricultural area near the mountains that has 12 per cent unemployment. The PALMIF grant helped them obtain a loan with which they started production of hand-painted glass Christmas tree ornaments. They are doing well, but face financial difficulties because their sales are so seasonal. To address this, they have started a second product, candles from beeswax.

– Sponte Sua

Zlin

The Centre is a normal rehabilitation centre for people with physical injuries or disabilities. But besides medical treatment, they use know-how to evaluate work capacity.

This project is a joint venture between the Centre and several labour offices to test people for residual work abilities so that the labour office can identify appropriate employment opportunities. This project is a reaction to legacies of a medical system that focused on unhealthy people rather than prevention.

People who were declared “disabled” by the previous system do not work, but stay home and collect state support. There are three groups: First, there are the easy cases of people who are disabled, but they learn that they are able to do some work, they co-operate 100 per cent. With the labour office, they can introduce them back into the workforce. Second, there are those who are disabled from some point of view, and have been happy to exploit social care benefits. But through medical care and assessment, we can identify particular circumstances in which they could work - if there is limited physical exertion, for example - but they are not forced to work. The last group are those who do not work, do not want to work and always have many excuses for why they cannot work. While PALMIF funded activities are already effective with the first two groups, they are working on the third group now.

This approach seeks to return as many as possible to the workforce, which means saving state money. While the programme’s founders were pioneers, the approach is now beginning in Prague, Olomouc, Pardubice and Hodonin. They have looked at German and French systems, at osteopathic assessment from the United States and at motion or mobility assessment from the Prague School.

The treatment and assessment are only the first step, however. At this centre, they are working to develop a methodology, for which they now have hundreds of records covering a control group of healthy people, a group of injured people whose progress is followed and a group of those apparently faking incapacity. The idea is to establish records and communication through which the labour office and an assessment facility can counsel and place workers who have some partial disability.

The fourth round of PALMIF projects offers several interesting lessons: First, there are a number of attempts to address high unemployment in micro-regions by also encouraging economic opportunity where the people live rather than by relying exclusively on people to travel or to move closer to the jobs. Second, two grantees received little, if any, support from their local labour offices in the application process - but have proven to be sources of learning and pride for the offices since then. Third, quite a number of projects are based in schools of some sort, including Comenius Academies and former apprenticeship schools, and illustrate activities in a free market to identify new niches, clients and services. Fourth, grantees often believe that they would have done their project without PALMIF, but it would have taken much longer to initiate and would have been accomplished with less know-how and sophistication.

Often PALMIF funds paid for some technical expertise or foreign expert. Lastly, quite a number of grantees were referred to PALMIF by the Ministries of Economy or of Trade & Industry.

Common lessons from local projects

While PALMIF has been the source of many different sorts of lessons, local project initiatives made possible by PALMIF funding have highlighted the following:

- There are dynamic people at the local level who are willing to try hard and who are learning to find their niche and role in the marketplace of services and employment support.
- As a result of the PALMIF experiments, there are many lessons to share. Particularly in the cases of similar projects or similar circumstances for new companies, there are opportunities to compare approaches.
- Many of the independent schools and organisations need help planning and providing for their future financial stability.
- Often it is those projects that promote themselves that are doing the best. Some are not yet aware of the advantages or the methods of marketing and promotion.
- The district labour offices have played critical roles in providing information and advice for the Ministry of Labour, instigating new projects to address local employment problems, and partnering with local institutions.
- With a variety of problems of employment, unemployment and local economic development, there has been a diversity of responses and approaches.
- In nearly every case, PALMIF contributed more than just money, including credibility with the community and other funders, partnership with the labour office and moral support.

NOTES

1. See report written by Vaclav Schreiber, independent expert, for Local and Regional Development Planning (LRDP) upon conclusion of the first round projects at the end of December 1994. We would like to acknowledge that a great deal of this section relies upon information provided by that report.
2. Maps that show the location of projects in each round are provided in Appendix 3.
3. While the research for this report entailed visits to many PALMIF projects, it was not possible to visit them all. In addition, the first round was evaluated previously, and the fourth round projects are still in process. To be clear about the basis for descriptions and comments, we have indicated projects for which information is second hand with an asterisk (*).
4. Funding went to only SEVEN grantees, but Sdruzeni in Ostrava ran two different projects.
5. While this was a loss to the company, the labour office was glad to see that unemployed people had received some training and work experience.
6. But, since these communities actually do not lie in Liberec district, it was a tour de force for the company to get Liberec support for a PALMIF application that would have its greatest impact in another district!
7. While PALMIF and the Ministry of Labour have not been able to achieve changes in the Employment Law, the MESIT project was part of a process that caused a liberalisation of the Ministry of Education's regulations.
8. Sixteen were selected, but two ran into difficulties - mainly coming up with the promised 25 per cent co-financing.
9. Although this may refute, in some respects, advice offered in the evaluation of PALMIF's first round.
10. There is also 60 per cent unemployment in the town directly across the river, but it is German and Belet has no interest or capacity to pay their labour costs and benefits.
11. Most also has a project to help these young people, but it receives all of its funding from the British Know-How Fund. According to the director of the labour office, it might seem easy to decide that some young people take drugs, are lazy, are disobedient - and are therefore hopeless. She believes, however, that they cannot do that, and that just ignoring them will not solve the problem. Consequently, she and her staff are deeply invested in a promising model project for young people called "Most" (not only the name of the city and district, but also the Czech word for "bridge"). Though "Most" has spawned a number of spin-off projects, it is remarkable that the labour office has not sought PALMIF support for any of them.
12. They applied to PALMIF in 1993 and 1994 before receiving funding in 1995.
13. The Akademie submitted a first proposal for PALMIF funding that was not accepted; but this one, which was quite different, succeeded.

CHAPTER 4 ASSESSING THE RESULTS

To the credit of both its designers and implementers, the PALMIF programme has proven to be an effective basis for learning and development in a variety of areas, including employment policy, public administration, project-based financing, decentralisation and local economic development. Clearly the PALMIF funding has been used carefully, conscientiously and effectively. Inevitably, however, there are always areas that ought to be strengthened. This section of our report discusses the strengths or weaknesses of some key elements of PALMIF.

PALMIF and its original mission

Much of PALMIF's success can be attributed to flexibility that was consciously built into its design. In fact, PALMIF as-implemented has differed from PALMIF as-designed in much the same way that individual PALMIF-funded projects have differed from the applicants' proposals. Consequently, PALMIF serves as a large, high profile example of how projects must begin with a rational plan that is based on assumptions and expectations, and then re-work itself in response to the realities of ever-changing circumstances. Some of PALMIF's most important lessons lie in the ways in which the reality of project implementation has differed from the plans. These lessons have included the need to encourage innovative ideas actively rather than waiting passively to receive them, the need to apply rigorous standards and procedures as a means of assessing results so that pilot projects can be viable bases for mainstream policy, and the need to attract and support good local partners for implementation.

Innovation

One **key** factor for PALMIF project selection was that projects were to be innovative and experimental¹. But there have been several complications in judging the adherence to this criterion. First, what was or is innovative in Czech circumstances differs from Western expectations. In the West, innovative means something really new - based on a wealth of standard approaches. In the Czech Republic, however, where most causes and types of unemployment have been new since 1990, nearly every approach is - to the Czechs - something innovative. Until recently, this has been a difficult criterion to apply.

Second, there has been some confusion about where the innovation should lie. For example, some projects have manufactured products, *e.g.* health foods or biodiesel, that are innovative; others have provided innovative services, such as recycling. While there is an innovative component in the funded project, the innovation has not related to developing new employment tools for the Ministry of Labour.

Third, in PALMIF's early years, it must have been difficult for Czech officials to grant money to innovative projects when the European Union was watching anxiously to ensure that moneys were being spent prudently. On the one hand, the Czechs knew how bold and controversial PALMIF was - that some who were concerned about careful use of European funds thought it inappropriate or premature to relinquish so much control to Central European beneficiaries. As a result, there was pressure to be cautious. But at the same time, PALMIF's objective was to encourage grants for innovative or experimental projects that must, by definition, be riskier than implementation of the tried-and-true. If

PALMIF's designers expected projects to attempt new and untested approaches, then they should also have expected that some would fail. In fact, if PALMIF did not fund some projects that ran into trouble or failed, then it would seem that PALMIF had failed to meet its objective of supporting truly innovative approaches.

Faced with this tension between exercising caution and taking chances, PALMIF's implementers have gradually shifted from the former to the latter. Looking at the changes in projects from the first round to the very recent (June 1996) fifth round, it is apparent that there has been an increasing willingness to take some risks. It may also be that the decision-makers, who had virtually no experience with unemployment in 1990, now have the experience and the confidence to trust their own judgement - and to justify it to any queries by the European Union.

Pilots for mainstream policy

While it was hoped and expected that PALMIF-funded projects would serve as the basis for developing new, mainstream "active labour market policies", there have been two problems with this expectation. First, in order for a project to serve as a reliable experiment, it needs to produce measurable and verifiable results. If, hypothetically, the Czech Ministry of Labour were to see an approach "work" in Southern Moravia, it ought not to apply that approach nation-wide unless it can verify a number of factors: successful outcomes, cost-effectiveness, better results than other approaches, and replicability. In fact, however, while recent rounds of funding have supported more innovative projects, there is a lack of understanding at nearly all levels - project design, project implementation and project evaluation - of how to prepare the data or evidence to answer those fundamental standards of success.

The second problem with using pilot projects as bases for new legislation is that because unemployment rates have been so low in the Czech Republic, the government has simply had no interest in considering and passing new employment legislation. Though it was certainly not the fault of PALMIF, or the Employment Service Administration, the mainstreaming process was blocked by the political context. The result has been that the lessons and experimentation must await the right political moment to serve as a basis for new mainstream policies.

It should be noted, however, that even without legislative authorisation, the ESA has been able in some cases to use active labour market policy funding either to co-finance PALMIF projects or to support some new projects that replicate PALMIF experiments.

Local partners

To maximise the value of PALMIF grant-making, projects should have been selected from a pool of innovative ideas submitted by qualified local partners. Yet this expectation presupposed four elements:

- public-spirited individuals and organisations at the local level, who
- are interested in employment-related issues;
- have the know-how to develop a winning project proposal; and
- know about and have confidence in the project selection process.

Given the socio-political past of the Czech Republic, it should have been expected that those factors would be weak at the beginning of the PALMIF programme. Their importance, however, is the basis for three questions: have the circumstances improved over time; if not, do problems with those elements undermine PALMIF's ability to support the most innovative local partners and initiatives; and if so, should PALMIF take pro-active measures to redress those weaknesses?

Regarding the existence of the organisations at the local level, many of the successful PALMIF applicants have been businesses, apprenticeship schools that are seeking alternative clients as they lose support from the state industry they were established to support (*e.g.* mining) and sheltered workshops². There have not, however, been many nongovernmental organisations. While the third sector has had a difficult time in the Czech Republic, this situation may be attributed both to the government's failure to pass acceptable legislation as a legal framework for nongovernmental organisations and to a lack of financial resources to support NGOs (except, perhaps, for environmental groups). Ironically, while the NGOs need financial sources like PALMIF, the PALMIF Steering Committee has emphasised a project's financial sustainability as an important criterion for project selection - which tends to put NGOs at a distinct disadvantage.

It is also possible to attribute the lack of NGOs working on employment issues to the fact that civic responses typically develop in response to community crises - and that unlike other countries-in-transition, Czech society does not face an employment crisis. With the exception of some micro-regions, unusually low rates of unemployment mean that the pain of unemployment is not front and centre. But while the pain has not yet been widespread or very visible, there is growing recognition of long-term threats - for example, that certain populations will face personal and family tragedies if they become permanently excluded from the workforce, or that high unemployment in micro-regions may lead to community-wide unemployment, shrinking local tax bases and the virtual abandonment of some towns and villages.

It is imperative that PALMIF seek and support outside participation of a wide variety of local actors. But if civic initiatives or nongovernmental organisations are paying more attention to unemployment, there are indications that PALMIF is failing to attract their interest. The first issue is publicity. As long as the PHARE Agency in Prague delegates responsibility to the Labour Offices, it is incumbent upon the PALMIF managers that they make strong and concerted efforts to invite proposals from new local partners. One short and uninformative newspaper notice simply does not suffice. Often the readers cannot tell from the announcement whether their particular idea or project would qualify.

Furthermore, a great deal of publicity is person-to-person through existing contacts. To some extent, this is an effective system. Each labour office has established an advisory committee with representation from businesses, labour and local authorities. But eventually there ought to be more involvement by local authorities. There are positive models in mayors in Valasske Mezirici, Vsetin and Znojmo districts who have been involved in PALMIF project development, and in City and District Offices that have helped projects like ESO Euroskola, Nova Generace and Sdruzeni. More of this involvement would help to broaden the range of PALMIF applicants.

Meanwhile, since their other labour office responsibilities tend to steer PALMIF managers toward developing strong relationships with local employers, they seem to have few contacts with civic and nongovernmental organisations. Thus they often take active measures to encourage their existing contacts to develop project ideas, while otherwise waiting passively for others to apply.

Insofar as PALMIF is functioning as a decentralised process, the diversity and richness of PALMIF applicants depends on the understanding and commitment of the labour offices. For those who

do express interest, it is critical that the local labour offices be prepared to help the viable applicants to improve their project design and to explain its objectives and implementation to meet the application criteria. This, of course, requires PALMIF managers in the labour offices who are both committed to the programme and are properly trained to exercise their responsibilities. Supporting PALMIF cannot be an incidental task added informally to the responsibilities of a labour office employee who lacks enough to do. Instead, it should be a special duty, included on the job description of staff who are appreciated and respected for being personally pro-active and innovative.

There are some very good examples of local partnerships. In some cases, the labour office recognised a need and sought a local partner with whom to develop a new response. This includes the Production School in Pardubice, Nova Generace in Karvina, VEV in Trebic, Mesit in Uherske Hradiste, and Sponte Sua in Zlin.

Yet even among the interested directors and the conscientious managers, there is evidence of real confusion within the labour offices about the ideal types of projects that PALMIF is intended to support. In a number of districts, PALMIF is supporting job-training or job-creation projects that are all right, but not very innovative, while the labour office staff know about much more interesting and experimental projects right in the local vicinity, but have not encouraged them to seek PALMIF funding. This irony exposes some real misunderstandings about PALMIF. Labour office staff seem to have understood from the Agency and Steering Committee that criteria like the number of jobs created and the financial sustainability of a project are so important, that innovative projects have little chance of success. In some cases, this impression has caused labour offices to overlook or discourage truly innovative projects.

But to the extent that such judgements stem from an accurate view of project selection, this highlights another problem: neither the potential applicant nor the labour office staff that works to support that application will make the effort unless they feel that they have a reasonable chance of selection. Why put work into a proposal if the work has little chance of leading to anything?

Although the third and fourth rounds supported eleven and sixteen project respectively, the first two rounds supported only seven projects³. Given an average funding of about 10 projects per round, many may feel that it is not worth the time and effort of applying. In light of the odds, it is not surprising that many feel discouraged.

Moreover, the odds are also related to the Selection Committee's history and priorities. But thus far potential applicants and labour offices have lacked sufficient information as a basis for assessing their chances to receive support. It is important, therefore that the Agency disseminate meaningful information about the selection results, namely explanations of what the selected proposals involve, why they were selected, and why others were not.

PALMIF and experimentation

Beginning in 1990, the Ministry of Labour found itself facing a wide range of new sorts of unemployment. The bases or causes of unemployment were new, the personnel and institutions responsible for helping the unemployed were new, and the pain and confusion of the unemployed were new. To react to and redress these problems, the Ministry's Employment Service Administration needed a variety of tools. Yet most of those tools, their "Active Labour Market Policies" ("ALMP" or "APZ" in Czech) were defined by the Czech Employment Law early in the process⁴. Experimentation was to be a valuable means of developing new ALMP.

Since then, however, several attempts to make significant changes in the law have been tabled⁵. As a result, one PALMIF benefit that has perhaps been more important than was originally intended, has been that PALMIF has enabled the ESA to launch projects that were neither authorised nor allowed by the existing Employment Law. Without PALMIF, the ESA would have been restricted to using the same limited tools in 1995 and 1996 that were set up in 1992. Instead, PALMIF has enabled the Ministry to go ahead and try out new tools and new approaches.

Of course the long-range plan remains the hope that PALMIF experimentation will ultimately lead to mainstream policy changes. But given the realities of a new democratic process - as well as the fact that unemployment has not posed any urgent issues for the Czech government - PALMIF has provided a basis for flexible responses by the Employment Service Administration while its hands are otherwise tied by an unchanging Employment Law. According to one Ministry official, “for the future, PALMIF serves as a very flexible mechanism which allows us to learn from other experience quickly and outside official circles.”

In fact, it is from such experimentation that the ESA has culled some important lessons about employment policy. For example, PALMIF projects have demonstrated the importance of REAL work-training and on-the-job experience. In the “old” system, people most often gained training through apprenticeship schools, and then moved into employment before they were productive. In the case of state-owned and run companies, it did not matter that someone received wages without the commensurate productivity. Today, however, private employers have learned very quickly that an employee must earn his or her income (and more). Through a number of PALMIF training programmes, the ESA has appreciated the importance of training programmes that not only involve “hours clocked” or “days registered”, but that also produce work-ready members of the workforce⁶.

Similarly, policy-makers have come to recognise the importance and necessity of confidence-building experiences for young people and members of the workforce who are unmotivated or difficult to place. While the Czech Employment Service developed an early awareness of the dangers of long-term unemployment, there was virtually no understanding of how best to help certain vulnerable groups into, or back into, the workforce. Having now seen PALMIF projects that work with women returning to the workforce after several years of maternity leave, with Roma, and with unskilled workers, the ESA has some evidence of the value of assistance that is more targeted and intensive than routine job mediation. They have also seen the importance of confidence-building on the side of employers when typically “unattractive” job seekers have the opportunity to engage in supervised “job-tasting” on-site.

One of the best examples of PALMIF support for a tool that is not yet authorised by law, but important to test and prepare for legal authorisation as soon as possible, is “A” project support for workers slated for redundancy to start re-training courses before they lose their jobs. Currently, the Czech Employment Law permits the labour offices to help with the cost of re-training only once a person is registered as unemployed. According to a number of labour office directors, this is foolish and dangerous, because it is better to prepare a person for a new career before the financial and emotional difficulties of unemployment set in. Such a concern is, of course, “pro-active” both in terms of the Employment Service anticipating problems before they emerge, and on an individual level in taking action in a preventative rather than reactive way. At this time, however, the Ministry cannot utilise its government allocation to pay for coal-miners in Karvina or Ostrava to prepare for new careers until they are characterised as unemployed. PALMIF funding has been used to begin testing ways to subsidise training costs while people are still employed, and to compensate their employers for training time spent away from current employment.

Yet the full and widespread value of experimentation will not be achieved until the government relies on it to develop new policies and legislation.

PALMIF and project-based financing

Before PALMIF, the Ministry allocated money to labour offices without regard to how it would be used. But while factors such as equitable apportionment, size of the workforce or the rate of unemployment may remain bases for some funding, specific project proposals are now sought for other financing. Thanks to their experience with PALMIF, both Ministry officials in the ESA and staff within the district labour offices now expect some project-based funding. Recognising that money is scarce, that priorities must be set, and that money should be used effectively and efficiently, the ESA increasingly bases its allocations on project proposals.

At the same time, PALMIF has demonstrated that project-based allocation requires an effective process: one that invites and encourages good proposals, that selects grantees on the basis of pre-established criteria and that selects projects objectively. Moreover, experience with PALMIF grantees has demonstrated the wisdom of careful project design - and the need during the selection process to question whether a project will have sufficient resources, whether the promised resources or contracts are in fact secured, and whether the goals are realistic⁷.

But the learning process continues in two dimensions - deepening for those already part of the process and extending to others, such as between and among PALMIF managers and project implementers. While the concept has not yet taken hold everywhere, there is a growing appreciation of the difference between project hopes stated on paper and project reality learned by implementation. Two very significant lessons are gaining recognition: first, in selecting projects for funding, it is important to understand that good plans or proposals are not based simply on clever or wishful thinking. Instead, they must be based on careful assessment of available resources, experience, well-defined methodology and a genuine belief that the promised results are achievable. Second, project monitoring and evaluation no longer views diversions from a proposed plan as blameworthy. In fact, PALMIF projects have demonstrated that the plans serve as best estimates and maps for reaching goals. At the same time, however, implementers must change course if circumstances change, if reality and its exigencies disprove basic assumptions and expectations, or if they identify means of improvement from experience.

A number of Ministry officials within the ESA and the Steering Committee have noted that experience about designing, running and evaluating projects PALMIF projects can be used in other areas of Active Labour Market Policies. According to one Ministry official, it “may be hard to prove that a particular projects experience became a standard practice, but on behalf of the Employment Policy Department, I can say that project experience has become part of our entire work.”

PALMIF and de-centralisation

As intended, PALMIF’s emphasis on decentralisation has been particularly noteworthy in Czech circumstances⁸. Consequently, the benefits have been on two levels: Regarding process, both PALMIF and other ESA needs-assessment, decision-making and oversight have been increasingly decentralised over the course of the programme. Regarding attitudes, the Prague-based Ministry officials in the ESA seem to hold a genuine belief in the value of decentralisation⁹.

One reason for this success may be that PALMIF has enabled the Ministry to decentralise authority gradually. Rather than forcing central authorities to let go of control while they felt anxious about their ongoing responsibility for results, the evolving PALMIF process has delegated a little

authority, seen it handled well, and then offered opportunities to delegate a little more. For example, the labour offices initially served basically as intake offices for applications. But as members of the Steering Committee realised the need for local information and input, they asked for more local input. The Steering Committee soon objected to the labour office directors' perfunctory approval or rejection of the projects they referred for consideration, and required that directors provide full explanations of the bases for their opinions.

Not only has decentralisation been gradual, but it has also evolved according to Czech design and decision-making. The major step in decentralising PALMIF, the "A" and "B" projects, was not dictated by foreign advisors. Instead, it evolved directly from the thinking and experience of Czech implementers. With these two new methods of funding and experimentation, the PALMIF project has delegated additional trust, authority, and responsibility. In this way, the Ministry has felt comfortable about handing over control, and it has done so only as it has felt confidence in the competence its local agents.

Yet an honest assessment of the decentralisation process must question whether the development of such local competence is yet complete. From district to district, local competence depends almost entirely on the interest and determination the labour office directors. Those who recognise the need to be pro-active and innovative have used PALMIF both as a learning process and as a means of addressing local employment issues. Others, however, seem to have ignored PALMIF, and repeatedly fail to take advantage of its resources. In at least two known instances, very determined applicants obtained PALMIF funding despite the lack of labour office support (or, in fact, its discouraging attitude). While we do not know how many others might have proposed and implemented good projects if they had enjoyed labour office encouragement and support, we can surmise that some good opportunities have been lost.

In addition, since the labour office director designates someone to serve as "PALMIF Manager", PALMIF success in each district also depends on whether the director selects someone with energy and interest. Much depends on whether the PALMIF Manager makes the time or effort to support the process. For example, the number and quality of project proposals is influenced by the way that a labour office announces a new round of funding. A small announcement in the local paper fails to encourage local organisations to develop their ideas and to apply to the programme. In contrast, a full article about PALMIF, its objectives and examples of funded projects may attract strong and appropriate proposals. In fact, however, at least two PALMIF managers frankly admitted that they were not eager to stir up great interest in PALMIF, because it would only increase their workload. Insofar as PALMIF allows for several levels of delegating, it is important to select, train and inspire the people who then take responsibility.

PALMIF and learning outside the Ministry

Because of the PALMIF philosophy, process and de-centralisation, the learning process has not been limited to ESA officials in the Ministry. Those outside the Ministry who have benefited the most have been some of the labour office directors. But the extent to which a director has learned from PALMIF has depended on two factors: 1) on whether he or she has appreciated that PALMIF offers the opportunity to encourage and support local initiatives, and 2) on whether a district has received PALMIF authority and funding for "B" or "A" projects¹⁰. One member of the Steering Committee suggested that the "B" projects have been a particularly effective mechanism for shifting learning to the labour offices.

Yet one weakness of PALMIF so far has been that the programme should have resulted in considerable learning from actual project experience. In theory, each PALMIF funded project should provide experience for people, organisations, institutions and labour offices who are addressing similar problems or implementing similar solutions. In some cases, particularly for members of the Steering

Committee and labour office directors, this has been the case. For example, PALMIF projects are sometimes discussed at regional meetings of labour office directors or at regional department meetings. In some cases, Steering Committee members and the labour office directors have visited particularly touted projects.

But horizontally - from region to region, among project implementers, and among the staff of labour offices - there has not been a great deal of discussion or learning about PALMIF projects. Although this is a current failing of the programme, it is quite natural at this point. In the early years, it was not possible to share lessons because the projects were just starting and had little experience to exchange. Since the first round projects ended only in December 1994 and involved only seven projects, the proliferation of lessons is a relatively new phenomenon. But now, after the completion of nearly four rounds, it is time to take advantage of the real-life experimentation. Moreover, this is not a difficult failing to redress. There is now every indication that it is well recognised in Prague, along with a concomitant determination to remedy it. In fact, with both the financial and political support of the Employment Service Administration, the PHARE Agency held a workshop in June to begin the discussion of experience between and among labour office staff and some of the more successful project implementers. Subsequently, they held additional training workshops for PALMIF managers.

At the same time that they have been bases for learning about employment and decentralisation, PALMIF projects have been catalysts for other sorts of learning relating to the process of socio-economic transition. PALMIF projects have changed the thinking and expectations of Czech citizens in their various capacities. The following is but a partial list of lessons that, according to interviewees in the course of our research, PALMIF projects have taught to project implementers, clients, employees, trainees, local authorities, neighbours and colleagues:

- quality of work and of employees determines productivity and profits;
- businesses and organisations must seek and maintain constantly updated information about market demand, changes in standards or prices, and the competition;
- employees must be prepared for their work to change, with the same employer or to another;
- the economic context is no longer local, regional or national - but global;
- lifelong training and education are of value to employers and employees;
- disabled members of society are potential workers, consumers and tax-payers;
- production may be team-based rather than linear;
- employment time may be flexible;
- labour office referrals, school drop-outs and Roma can be good employees;
- because the world keeps changing, faster and faster, it is always crucial to anticipate the next changes and challenges - and to be ready to meet them.

PALMIF and local economic development

Local employment and local economic development are two sides to the same coin. Thus while PALMIF's role in supporting local economic development may have been somewhat controversial in terms of responsibility or competency, it has proven an effective tool for local economic development.

On the one hand, local economic development falls squarely within the competence of the district labour offices. Since neither job mediation nor reductions in unemployment can proceed without sufficient labour demand, many labour offices work closely with existing employers, with local authorities and with potential new employers. Within PALMIF, these concerns have accounted for supporting some new, and somewhat riskier, businesses. For example, new businesses that produce health foods and bio-diesel in agricultural micro-regions of high unemployment not only create new jobs, but when they buy local agricultural products they also prevent the elimination of existing jobs. Businesses that are recycling metal or engaging disabled workers in dismantling and recycling parts from old television sets also help to solve environmental problems in the Czech Republic. It is not surprising that the labour office directors who grapple with high unemployment in micro-regions in border areas that the Communists excluded from industrial development, have actively encouraged new businesses to locate in those areas or have sought technical assistance for existing businesses at risk of failing.

On the other hand, however, representatives of both the European Union's delegation in Prague and the Czech Ministry of Economy have expressed concern about whether PALMIF might distort the market by replacing bank sources charging market interest rates or by financing businesses that will not survive without special assistance. For the most part, however, such concerns are not warranted because in most cases PALMIF business support has fallen into three special categories:

- businesses that were not able to qualify for bank loans, *e.g.* for lack of collateral, because they were too small to warrant the administrative costs, or because they were too risky;
- businesses that obtained market-based capital for most of their needs, but sought PALMIF financing for issues relating to workforce development, such as training a nearby but unskilled workforce¹¹; and
- businesses that offer particular employment benefits that the market does not value, such as creating jobs in a particularly isolated area of unemployment, providing extra training for an otherwise unskilled and unattractive workforce, or agreeing to hire high risk or less productive employees (such as the disabled).

In fact, there are quite a number of PALMIF grantees that were referred to PALMIF by the Ministry of Economy or the Ministry of Trade & Industry, because their programmes could not address the need and they knew that the Ministry of Labour's PALMIF programme might.

But PALMIF has played an additional role in local economic development that relates to the process of transition. First, because the Ministry of Labour's labour office directors necessarily know the needs and demands of their local business communities, they have often found that policies dictated by other Ministries have major employment impacts at the local level. Two clear instances have been transportation and education. With the elimination or reduction of many local bus routes, some employers have found that their employees have no means of getting to work - or that the employees have calculated that the new cost of transportation will take a disproportionate share of their wages. The transportation problem may be a temporary one pending new transportation funding or responsibility. But without some immediate response, a temporary transportation issue has the potential to break employment relationships

irrevocably, and to cause unnecessary dislocation. Since the active labour market policies of the 1992 Employment Law offer little help for the labour offices to solve this 1996 employment problem, PALMIF has provided critical opportunities for interim relief.

Similarly, labour offices are responsible for finding employment for the unemployed, but are saddled with some “unplaceable” workers because employers will no longer hire workers who have obsolete skills or lack work experience. In some cases, this barrier stands between new school leavers and the job market, because their recent education has not prepared them for work. But PALMIF has supported a number of requalification and education centres or “integrated middle schools” that offer training courses in skills such as computers, accounting or foreign languages, as well as basic preparation for the workplace.

In the course of transition, it is natural that some changes take place more quickly than others. In the meantime, however, both individuals and communities are at risk of irreversible harm. Until such time as the national government has decentralised responsibility for local issues like transportation and education, the local labour offices have been able to minimise local damage caused by national policies by playing a pro-active role in their local economies.

A second aspect of transition has been economic - as local economies such as Bruntal, Breclav, Doksy and Znojmo shift from agriculture to industry, as others such as Chomutov, Most or Pribram change from mining to manufacturing, and as all economies develop new service sectors. PALMIF projects have helped to weather this transition, to access foreign expertise and to make decisions based on long-term benefits for local economies rather than choosing the most expeditious short-term options. For example, some organisations or businesses have needed time to learn and to adapt. This has been particularly true for co-operatives and sheltered workshops, such as Karko, Sluzba and Snezka. While they know and accept the need to wean off of government support, they have needed time to identify new clients or products or markets. They have also needed time to understand how to function in a market economy. This has been explicitly demonstrated by Utrin’s work in Bruntal. In terms of the PALMIF grantees that offer training and requalification courses, many have noted that neither employees nor employers yet recognise the importance of training enough to pay the full cost of it. The fictitious firms, the language school in Zlin and the RVRC in Jablonec have witnessed their clients’ growing appreciation for how training can increase productivity, competitiveness and profits. PALMIF has helped the training centres as start-ups until their clients recognise the value of their product and services.

PALMIF and concrete project outcomes

The direct results that one might hope to see from the PALMIF projects themselves include the following:

- older workers re-trained for new market-demanded jobs;
- young people trained to grow and prosper in the labour market;
- workers of “Lesser Working Ability” strengthened to become valued workers on the labour market;
- school drop-outs motivated to pursue further education, training or work experience;
- market-based job creation in isolated micro-regions that lack sufficient job opportunities;

- effective assessment of residual capacity for workers with some health-based reduction in work ability;
- market-based job opportunities for individuals born with severe disabilities;
- flexible work arrangements for workers responsibility for children, sick or elderly family members;
- training facilities to support globally-competitive productivity and skills for Czech workers.

One direct project success of PALMIF is that it has in fact funded projects addressing each of those issues, needs and populations. (See Appendix 4.)

It is difficult, however, to evaluate impact or cost-effectiveness of the projects themselves. For example, it would appear that PALMIF contributed to the creation of more than 800 jobs. (See Appendix 3). Yet there are two problems with this figure. First, some of those jobs would have been created anyway, without PALMIF. A number of businesses pointed out that 50 000 ECU was a tiny proportion of their start-up costs, and agreed that they would have proceeded without PALMIF. At the same time, however, many said that PALMIF gave them the ability to hire sooner, to hire less skilled workers and train them, or to hire unqualified local workers and train them. Therefore the benefit was something more than simply “a” job created¹².

Similarly, in other cases employers created job openings that were intended for job-seekers referred by the labour office. But in fact, the success rate or the turn-over was often quite disappointing. This seems to have been true at the HG-Group from the first round, at Snezka and Sdruzeni in the second round, and at Bidipo and Interma in the third round. Yet the turnover can be attributed to inappropriate job mediation or matching, to difficult work conditions or to unmotivated workers. At the same time, however, sometimes workers have left those jobs with new skills or with work experience. If they go on to a “better” job, then the value of the PALMIF job was as a stepping stone rather than simply the position that was created. Yet when the reverse is true - that the match works and a new position is successful - then there may be questions of dead-weight: would that person have found a job somewhere else anyway?

We have similar difficulties judging the impact of training programmes. Approximately 3 500 were trained in PALMIF projects, including company-sponsored training for new jobs, educational training in foreign languages and computers, and training for the disabled and people of low working ability. But the fact that someone was trained in a fictitious firm or at an “Integrated Middle School” (ISS) does not answer critical questions such as:

- Did the person get a job after training?
- Was the job related to the training?
- Was the job guaranteed prior to training, but contingent upon it?
- Was the training necessary to get the job?

On the other hand, the benefit of training is not always getting an initial job. Training may also result in better or more productive employees, in faster promotion within an organisation or in obtaining a job sometime later.

Finally, a focus on quantities, *i.e.* the numbers employed or trained through PALMIF projects, does not establish success because it fails to recognise the quality or significance of support. Some of the most noteworthy projects are those which work with clients at risk of long-term unemployment: those who lack education or work experience, who are demoralised or unmotivated or who are unappealing to employers, such as the disabled or Roma. A programme that serves 10 such participants, but makes a life-altering difference in whether those people are integrated or marginalized, and in whether they are productive and tax-paying members of society, may have a much greater impact than a project that provides computer training to 200 people whose employers ought to pay for the benefit of increased productivity.

Thus the success of the projects themselves must be viewed in terms of quantity, quality and diversity.

NOTES

1. See the project applications, 1992-96, each of which states as criteria that projects should be innovative and experimental.
2. Many, in fact, have personal connections to the directors of the labour offices. While this is to be expected in local issues - and is in fact the whole point of giving decision-making authority to people who know the players and circumstances at that level - there are dangers of remaining satisfied with a particular pool of personal contacts.
3. Seven in the Czech Republic, of course, while also granting support to projects in Slovakia.
4. Czech employment policy is controlled by the former Czechoslovak federal law, Act No. 1/1991 on Employment, amended by No. 305/1991, 578/1991 and 231/1992; and by Czech law, Act No. 9/1991, amended by No. 64/1991, 272/1992, 84/1993, 39/1994 and 74/1994.
5. The OECD remarked in 1995 that its references to possible future legislation [were] tentative . . . and that the government's Legislative Council had rejected the option of writing a new Employment Law. "Review of the Labour Market in the Czech Republic", Center for Co-operation with the Economies in Transition, p. 77, notes 1-2. Although Social Democrat success in the June 1996 elections seems to offer new hope, until now the PALMIF role has remained the same.
6. The importance of productivity, and the failure of some employees to meet the needs and expectations of employers is the subject of a study on long-term unemployment and "repeated unemployment". See Long-term and Repeated Unemployment in the Czech Republic, Lancashire Enterprises, J. Cuhlova, Tony Edwards, E. Mickova and T. Sirovatka. The authors of this study expect to utilize PALMIF funds to test new tools to redress these problems.
7. Having gained this expertise, it would be helpful to share it more effectively with project applicants. At this time, the Steering Committee does not formally give any information about why a particular project was turned down. This would be helpful, in that some proposals might be good ones if modified. It does seem, however, that this process takes place informally - which is a laudable addition to the process.
8. The more general process of decentralisation and devolution has bogged down in the Czech Republic, and was a major issue between the Social Democrats and ODS during the June 1996 elections.
9. While PALMIF must be credited in large part for this mindset, it should be noted that other factors also encouraged decentralisation. In particular, it would seem that the ESA system of labour offices was also a factor. The labour offices were staffed with qualified directors, they were given discretion to set priorities and to set local priorities, and they were assembled and consulted by the ESA on a regular basis. Also, since many of the directors of labour offices have been in the system since its inception, they are viewed by the Ministry as genuine experts in employment issues, and are consulted and respected accordingly.
10. While the value is a positive one, it might be noted at this point that a labour office director who recognised the value of PALMIF money might also realise that were PALMIF not well monitored, it would pose a danger of serving as a basis for local patronage.
11. Note also that for businesses, PALMIF amounts are really very small (20 000 to a maximum of 50 000 ECU) with spending restrictions limiting spending on equipment to 20 per cent. Consequently most businesses have other sources of funding, and PALMIF is targeted, supplementary assistance.

12. The value of a job varies according to location. As the director of the Bruntal labour office would point out, one new job in an isolated community in the northern part of his district may be more valuable than 50 new jobs in Prague.

CHAPTER 5 RECOMMENDATIONS

From the vast range of information gathered throughout this survey, emerged a number of lessons from which these recommendations have been drawn.

The recommendations for the future of PALMIF are based on three factors: 1) experience with PALMIF to date, *i.e.* its strengths and its weaknesses, 2) current labour market needs in the Czech Republic, and 3) PALMIF as an ideal means of preparing Czech citizens for membership in the European Union.

Future objectives of PALMIF

The report recommends that the PALMIF programme continue to further six purposes:

- preparing Czech citizens and institutions to use the European Union’s Structural Funds;
- fostering continuing learning and sharing new experiences between and among the Ministry of Labour, the district labour offices and local service providers and partner organisations outside the Czech Republic;
- developing new Active Labour Market Policy tools through experimental projects that relate both to unemployment and to improving Czech workers skills and productivity¹;
- encouraging independent local initiatives relating to employment;
- searching for multi-faceted solutions to local employment issues and local economic development by co-ordinating local policies that relate to employment, *e.g.* infrastructure, supporting the growth of SME’s and improving education; and
- helping the Ministry of Labour to identify ways in which some national policies promulgated by the Ministries of Industry & Trade, of Local Development, of Transport, of Education and of Environment impact employment;

Maintaining and extending a project-based approach like that of PALMIF is the most efficient and effective means of achieving three critical objectives at the same time: innovation, pro-active measure and support of local economic development.

A new PALMIF structure

As a way of strengthening and clarifying PALMIF’s focus on innovative projects, while expanding its meaningful responses to local needs, the report recommends a bifurcated PALMIF that distinguishes between two fundamental types of projects: experimental and local. Whereas experimental projects would seek to test nationally applicable tools, the local projects would target unmet needs at the local level. PALMIF should expect innovation in local projects only insofar as they would provide new

services to a particular community - meaning that community X might propose a project that had already been developed in community Y, but would be something new for the workforce of community X.

Experimental projects

Following the conceptual basis for “A” projects, the purpose of the Experimental Projects component would be to test new active labour market tools and policies in discrete local areas before promulgating them nation-wide. But to achieve this objective more effectively, several methodological factors are essential.

First, project design must be more careful, professional and complex than that required for simple, local projects. Experimental projects would require an intensive project preparation phase, including pre-analysis reports, and preparation seminars before project implementation in order to explain and receive feedback regarding assumptions and expected difficulties.

Second, implementation must be managed to ensure quality and to control of as many variables as possible. For example, an elaborate and potentially powerful new training process might fail as a result of ineffective management or poorly trained teachers. Once any such component fails, it undermines the ability to evaluate the potential of the overall approach.

Third, evaluation is critical for the experimental approach. Clearly determined measures of success should be defined before implementation, and implementers should maintain meticulous records of those measurements. In some cases, control groups will be necessary as a means of identifying “dead-weight” assistance (what may be “nice” but tends to help people who would have helped themselves anyway) or of determining the comparative costs and benefits of one approach over another.

Fourth, having designed, implemented and evaluated the success of new active labour market tools, PALMIF must operate a system that broadly disseminates in-depth information about the experiments. An effective system should incorporate several different mechanisms, including, perhaps for each experimental project, publication of a monograph followed by the convening of a conference of academics, employment service officials and service-providers to discuss whether the experiment ought to be replicated or applied nation-wide. Because the experimental projects will meet higher standards of professionalism and provide more reliable evidence regarding new approaches than will the local projects, the analysis of experimental projects and the debate about them must be detailed and challenging.

Fifth, with the foregoing as a solid foundation, there must be acceptance and respect within the Czech government, particularly in Parliament, for the results of such experiments. This will require not only careful implementation, but also proper publication of results, and sophisticated promotion of proposed legislation.

Lastly, because such a process requires greater professionalism, expertise and expense, the Experimental Projects must be limited to only a few critical issues and projects at a time. This does not mean that projects will be larger. Rather, this should encourage depth - careful, rigorous attention to detail - instead of breadth. With regard to funding, effective implementation precludes pre-determined funding limit. Instead, each proposal would include its own specialised budget, which applicants would be required to explain and defend to the Steering Committee.

The Steering Committee would serve both as an advisory committee making recommendations about the research process and about funding, and as a selection committee. For the Steering Committee

to provide such guidance, it would have to include specialised members from the scientific or academic community².

But it will be essential that everyone involved with the Experimental component of PALMIF receive advanced training. In order to oversee the process effectively, management must comprehend the rationale for exacting standards and for rigorous procedures. In order that they gather information and monitor activities effectively, labour office staff and project implementers must understand how their information will fit into the testing process. To ensure that all who are involved with an experimental project understand it completely, PALMIF should host a workshop before the launching of each experiment. The purpose of the workshop would be for project designers to educate all who would be involved in the project's implementation, to respond to all questions about it, and to co-ordinate inter-related responsibilities.

The specific measures to implement this approach successfully include:

- careful education about the notion of experimental projects as research tools;
- involvement of an academic and scientific community in project design and implementation;
- members of the Selection Committee who have specialised experiment expertise;
- significantly higher levels of funding than in the past;
- an active professional and marketing approach to announce and explain results.

Local employment projects

The second half of an extended PALMIF would continue to support local projects, but with some changes³. First, PALMIF would no longer purport to support nationally innovative projects while in fact supporting projects that simply meet local needs. In the future, PALMIF projects would be sought and selected according to whether they provide innovative solutions to pressing employment issues within a local area. Thus the emphasis would be on multiplying local experiences with employment-related programmes, rather than on testing new national policies.

Second, in order to multiply local experiences, some changes in the programme will be required. Most importantly, PALMIF management must establish mechanisms for communication about project experience - whether a directory, a newsletter, specialised networks or quarterly regional meetings for project implementers, or resources for exchange trips. It also might be helpful for PALMIF to require that new grant recipients visit 2-3 prior grantees who have established similar programmes, *e.g.* programmes for the Roma, requalification centres, or fictitious firms. This would ensure that relevant Czech experience would be shared immediately, and that one project's lessons and successes would help a new project starting out. Alternatively, former grant recipients should host an introductory workshop for new grant recipients - at which they would share experiences with PALMIF accounting and oversight, implementation lessons and partnerships.

In addition, the lessons and information should extend beyond those with immediate interest in the programme. Information should be shared with the rank-and-file staff in all labour offices. It would also behave everyone - including the PHARE programme, the Ministry of Labour, the district labour offices and the local project implementers - to educate the public about the PALMIF projects. PALMIF projects are often interesting local initiatives that should be a source of local pride and inspiration⁴.

Third, it will be important to improve the critical mass of projects by increasing the number of qualified applications. If this side of PALMIF is intended to respond to local needs, then it will not suffice to fund projects in only 10 of 77 districts each year. Currently several factors seem to hinder the proliferation of both interesting and viable projects:

- Regarding project solicitation, labour office staff are:
 - passive and uninterested in encouraging projects; or
 - active, but focusing collaboration on institutions and individuals in the community whom they already know (and trust); or
 - tending to back “safe” projects⁵.
- Regarding small pools of applicants, disinterest or lack of confidence seem to stem from:
 - lack of full information about who or what qualifies for PALMIF support; or
 - lack of encouragement from labour office staff; or
 - justified calculation of the poor odds, given how few projects receive funding in each round.
- Regarding the quality of proposals, it is hampered by:
 - lack of experience designing projects; or
 - insufficient time between announcement of a round and submission deadlines; or
 - lack of expert guidance in designing projects or putting together applications.

With regard to the first issue, just as parents can be both proud and competitive about the accomplishments of their children, there should be competition among labour offices who originate and incubate dynamic, new projects. In some respects, greater dissemination of information about PALMIF should lead to greater pride and interest. But it is also important that labour offices give responsibility to staff who are genuinely enthusiastic about PALMIF - rather than adding it to the jobs of staff who view PALMIF as simply an additional task. Thereafter, learning about innovative projects in other districts should inspire the committed PALMIF managers to seek and support projects in their districts. This is not merely theory, because real pride in PALMIF projects is noticeable in many districts, including Ceske Budejovice, Karvina, Ostrava, Uherske Hradiste, Vsetin and Zlin. And labour offices that were not very enthusiastic or optimistic about PALMIF projects in the beginning, such as Jablonec and Hodonin, have proven happy to tout their successes.

As for attracting more organisations and individuals to the PALMIF family, both impersonal and targeted methods are necessary. The impersonal approach is to advise the public about PALMIF - through local newspaper articles or television features. As organisations see that colleagues or competitors received PALMIF funding and used it to develop a project, they will realise that their ideas might qualify as well. Similarly, businesses that are investing in increased productivity, flexibility and sophistication of their workforces may serve as an inspiration to others. The targeted approach is for labour offices and their local advisory committees to extend invitations personally to all local businesses, schools, clubs, local government offices and nongovernmental organisations that might conceivably develop a PALMIF

project⁶. This means developing an extensive list, inviting people personally to attend an informational meeting, featuring enthusiastic PALMIF grantees, labour office staff and PALMIF management, and encouraging questions and answers. The labour office should follow-up such a meeting by calling personally on the attendees to dispel scepticism, answer questions and discuss and “crazy” ideas privately that participants may have hesitated to reveal publicly. While this process would require real time and effort, it will be worthwhile if PALMIF is in a position to deliver on its promises with more money for more local projects. Increasing the number of projects funded in each round should encourage the design of more projects and more applications, because prospective qualified applicants will feel they have a real chance to obtain funding.

But if one of PALMIF’s fundamental objectives is to support learning about local employment and economic development at all levels, then PALMIF funding should not be limited to those who have developed a knack for writing proposals or already have experience with project design. Improving the quality of proposals means not only ensuring that people know how to fill out the applications form and to provide the requisite information, but also helping with the planning and design of the proposed projects. Project design is like business plans, and applications for grants are like applications for bank loans. Thus advice must be expert rather than amateur. To provide such guidance, each labour office might either offer it in-house (if such expertise genuinely exists), or might open a tender to hire an individual, a BIC or another organisation to play this role locally. One of PALMIF’s strengths is that it enhances the ESA thinking and approaches by inviting and incorporating outside perspectives and energy.

Fourth, a proliferation of projects at the local level must be accompanied by further training for both PALMIF managers and PALMIF project implementers. PALMIF managers in the labour offices need more in-depth information about existing PALMIF projects and more training relating to project design and evaluation. Both new and existing PALMIF project implementers would benefit from training in methods of self-evaluation, project promotion, fund-raising and “business”-types of financing that might improve the financial sustainability of good projects.

Fifth, it is time to review the funding requirement for grantees. A number of grantees complain about the restriction on spending no more than 20 per cent on equipment. They recognise that it was justified to ensure that PALMIF moneys would not be spent on buying computers and VCRs for all businesses and NGOs across the country. They also understand that PALMIF focuses on investments in people rather than in technology. At the same time, however, there are instances where a particular machine or modern equipment is essential to the project’s objectives. Grantees recommend that they be allowed to ask for more money for equipment (because they are now immediately disqualified), but with the possibility that the advising labour office might recommend changes or that the Selection Committee might disallow that apportionment.

Another funding issue is the maximum grant amounts of 20 or 50 thousand ECU. From the perspective of some labour office directors, the distinction between 20 for their projects and 50 for the “C” projects is no longer warranted. They suggest that as long as the Ministry is monitoring and auditing, authority that is delegated to the local level ought to include trust that the directors can manage large grants appropriately. In cases of districts that have participated actively in PALMIF, this argument has some merit. Yet while the basis for the labour office director’s complaint is largely one of trust and responsibility, it also reflects the economic realities. In 1992, 50 thousand ECU was a significant amount of money in Czechoslovakia, and 20 thousand was enough with which to accomplish something locally. But as inflation has eroded Czech wages, it has also eroded the value of PALMIF grants. Five years after the grant amounts were originally pegged to anticipated needs, it is time to reconsider their amounts⁷. There are also cases that may warrant funding for more than 18-24 months. While the system of releasing

funds in tranches or stages is an effective way to monitor expenditures, some projects might receive funding over a more extended period.

Lastly, since it is apparent that local employment needs are often inextricably linked to other local needs and issues, PALMIF cannot address local employment needs effectively unless it is permitted additional scope or breadth. PALMIF can and should differ from ESA projects by looking beyond employment issues to how they relate to the economic well-being of a community or region. PALMIF has the capacity to be multi-disciplinary.

But because PALMIF projects may extend beyond the purview of the Ministry of Labour and relate to issues covered by other local authorities or local branches of Ministries, PALMIF administration must incorporate input from such Ministries and actively encourage partnerships with district office (obecný úrad) or their departments for education or transport⁸. To encourage such co-operation, it might be necessary to require that proposals demonstrate joint project development and implementation with other local authorities.

As for those projects that involve job creation, such as self-employment and SME support, grants for such projects should be area-based. The PALMIF Steering Committee could designate special zones for micro-regions that require special support for job creation⁹. The zoning should not, however, apply when a business applicant seeks funding for specialised training that is beyond the norm or that is pro-active improvement of its workforce.

While broadening the base and participation at the local level should have immediate local impact, it should also have the long range benefit of preparing more citizens and groups to take advantage of future sources in the European Union. The more familiar people become with applications and proposals, the better they understand and engage in self-evaluation, and the more they develop contacts with EU-based programmes, the more they will be ready to participate actively in the European Union¹⁰.

The specific measures to implement this approach successfully include:

- increasing appeal and promotion to nongovernmental and independent organisations;
- increasing the number of projects receiving funding;
- paying careful attention to mechanisms for exchanging experience and information;
- disseminating more publicity about projects;
- providing additional information and training for labour office staff, and designating PALMIF managers with genuine interest in the programme;
- training project implementers about self-evaluation and about financial sustainability;
- engaging broad-based local advisory committees in project development and selection;
- strengthening the connection between employment and economic development with more inter-ministerial co-operation and by co-operating with local branches of those ministries.

Box 1. Britain: Training & Enterprise Councils (TECs)

From 1973 to 1988, Britain managed employment assistance by means of a tripartite Manpower Services Commission whose decision-making was highly centralised. But in 1988 Britain abolished the Commission and, in December, announced the establishment of Training and Enterprise Councils, known as TECs.

The TEC has to assess its local labour market, and then draw up a 3-year corporate plan and one-year business plan. Typically, TECs have 10-15 board members, of whom two-thirds must be employers at top management level, along with senior figures from local education, training and economic development, from nongovernmental organisations, from trade unions and from both large and small employers. They are also required to include at least one woman. For staffing, TECs draw from Britain's Training Agency Area Offices, so that most TEC staff are civil servants on secondment.

While they are private sector companies, TECs tend to depend overwhelmingly on public sector funding. That funding comes from transfer of 2.5 billion pounds from what used to be Training Agency expenditure on programmes for training young and adults, for supporting self-employment and for stimulating training and improved management by SMEs. The assignment of funds to TECs takes place against a contract signed by the TEC with one of the nine Employment Department Regional Offices in England and Wales. The TEC is required to remain within guidelines laid down by the Secretary of State. Spending is divided into blocks: youth (900), adult unemployed (500), SMEs (200), local initiative fund (30), and administrative (200). They have limited freedom to transfer money between programmes.

Of course TECs are also expected to raise further funding for themselves. But because of their public sector funding, the TECs are subject to oversight by public sector accountabilities Ministers and the parliamentary Public Accounts Committee. In addition, the Regional Office manages the Employment Department interface with the individual TEC and, because the Employment Department has a major stake in the TEC system, it tries to ensure that TECs play an appropriate part in meeting the Secretary of State's broader objectives. But the TECs are also required to engage in self-evaluation and monitoring. TEC contracts include the requirement for TECs to evaluate their activities, and they must publish an annual report.

In the past, the individual parts of the Training Agency in the field exercised very limited discretion and wielded almost no independent powers.

The Head Office issued guidelines and instructions to Regional Offices, who in turn passed them on the 58 Area Offices which contracted directly with training providers. Now, however, the Regional Offices are engaged with the TECs and manage the Employment Department's contracts, they play a somewhat fuzzy role in supporting the TECs and their activities. In contrast, the TECs now wield genuine power: They are independent signatories to contracts; they supply information against which their payments are made; they are building local power bases; and they actively use their "voice" to influence Ministers.

Source: OECD/GD/(92)92 - ILE Notebooks, N°. 16 (1992).

Box 2. Ireland: Area-Based Partnerships (ABPs)

Through the 1980s, Ireland had a centralised system both for social welfare provision and for disbursing funds for economic development. But by the late 1980s there were efforts to establish some form of concertation between social partners at the national level who assure macroeconomic stability and those who were responsible for securing the well-being of the most vulnerable. In addition, there was growing awareness of the inadequacies of centralisation and the costs of local administrative vacuum. At the same time, debates about national concertation on a new model suggested experimentation with a new sort of localism.

Though Ireland may have begun its decentralisation process later than countries like those in Scandinavia and the United States, by entrusting greater discretion to local participants in touch with current economic developments, the Irish may have introduced a noteworthy new model. The Irish opted to foster development and welfare through new forms of public and private local co-ordination. Beginning in 1991, they experimented with 35 Area-Based Partnerships that were created by Irish Government with support from the EU Structural Fund. (Much of this experiment started with the EU LEADER programme.)

Legally, the ABPs are independent corporations under Irish company law. Each must have a board of directors, which typically include representatives of community interests, including labour and business, and local or regional representatives relating to national social-welfare, training and economic development. The ABPs have de facto authority over an increasing share of local activities and expenditures of core agencies of the national government. They also have the right to provide services and build institutions. Much of the ABPs' activities stem from mutual dedication to an urgent, common task.

Not surprisingly, the ABPs at least a complement, and perhaps a partially substitute for, local government. Yet because of their independent legal status, they are not obliged to account for themselves to local government - and may compete with it as well. In fact, the successful implementation of pilot programmes and more general shifts in the government's policy have influenced the negotiation of Operational Programme for Local, Urban and Rural Development, 1994-99, that has been co-funded by the EC and the Irish Government.

For the future, there are several concerns about threats to this programme's continued success. First, the ABPs exercise de facto discretion over public resources without either authorisation by any precise administrative rules, or by the sanction of any direct citizen approval. This raises questions of democratic propriety, legal order and public accountability. Second, the concurrent development of various local initiatives has led to the confusing profusion of new institutions, some with overlapping jurisdiction. Third, absent some effort to generalise successes through some combination of national reform and local adaptation, public funds are contributing only to isolated and localised achievements. Lastly, since EU support will end in 1999, the financial future of these initiatives is in no way assured.

Source: OECD, Ireland - local partnerships and social innovation (1996).

Box 3. Canada: Community Futures Programme

The Canadian Futures Programme (CFP) is one of six components of Canada's "Canadian Jobs Strategy". While Canada launched the CFP in 1986, Canada began laying the foundations for local initiatives with a number of local job creation initiatives introduced and supported by Local Initiatives Programme in the late 1960s and early 1970s.

The CFPs objective is either to expand permanent job opportunities in non-metropolitan areas with economic recession, areas of single economic activity, and of chronically high unemployment, or "to assist selected communities in the assessment of their economic problems and in the development of employment opportunities through the creation of small businesses, support for entrepreneurs, training and relocation assistance". The programme gives local communities several options: They may establish a Community Futures Committee, create a Business Development Centre, launch a Self-Employment Initiative, offer relocation assistance or direct or indirect financing of training, or create a community initiatives fund.

The Community Initiatives Fund may support exceptional projects geared to solving local unemployment problems, support projects for economic growth and recovery that are recommended by a Community Futures Committee but are not eligible for other government support, help to implement worker-based adjustment measures or expand permanent private sector employment, or provide matching funds for financing available from other sources for job creation projects. While this programme accounts for about ten percent in person-years of Canadian Jobs Strategy resources and five percent of its grants and contributions, it reaches less than one percent of the total number of participants.

France: Regionalised Fund to Assist Local Employment Initiatives (FRILE)

The Regionalised Fund to Assist Local Employment Initiatives (FRILE) was established in 1988 by a Prime Ministerial circular and became operational in 1989.

Several factors about FRILE are particularly noteworthy: first, it is significant that FRILE was jointly initiated by the French Ministry of Employment and the Ministry for Regional Development and Restructuring. Second management and use of funds was completely decentralised and placed in the hands of regional prefects. Third, FRILE supported initiatives that were not eligible under other government programmes, and was in addition to measures included in budgets of Ministries. Lastly, FRILE was jointly financed by central government and by regions, by means of contracts incorporated into each region's development plan.

The funding process started with funding applications submitted to the regional or departmental authorities. Those applications were then presented by a sponsor to a series of committees, comprising representatives of various regional administrations, who meet once a month, review applications, recommend which to approve, and then monitor and evaluate projects that receive funding.

FRILE's strength was that by means of a decentralised, flexible, accessible and quick process, it was able to trigger local initiative and provide assistance for innovative projects. At the same time, however, it suffered from some weaknesses. While the concept assumed and aimed for effective co-operation between central government and the region, actual co-operation was in fact very limited. Most evidence points to separate management of the funds provided by central government and those provided by the region. Evaluators stress how difficult it can be for central government to act in partnership with local actors. In addition, information about the scheme was inadequate - which meant that methods of screening applications and decision-making differed considerably and were frequently not properly understood. It was also unfortunate that there was little follow-up on assisted projects.

Source: OECD/GD/(92)92 - ILE Notebooks, N°. 16 (1992).

PALMIF management

As is the case for any such programme, much of PALMIF's success depends on good management. To date, management has demonstrated extraordinary dedication and respect for the programme. The Agency, the Steering Committee and the Employment Service Administration have been genuinely interested in using PALMIF as effectively as possible.

But to improve the existing PALMIF and to achieve the proposed restructuring, the report recommends that attention be paid to three management issues: 1) the role and composition of the Steering Committee and the PHARE Agency PMU, 2) transparency, and 3) monitoring & reporting.

Personnel

Till now, the Ministry's Steering Committee has played two roles: that of an Advisory Council or Board of Directors to help the Agency develop new policy and approaches, and that of the Selection Committee to choose grantees. While members say that they enjoy and appreciate participation, they also complain that it requires more time and work than they can sometimes handle. Given these past issues and the proposed bifurcation of PALMIF, there is an opportunity and need to re-think the representation on the committee.

If PALMIF is effectively split into two sides, each with different objectives and focus, then there should be two Selection Committees, each composed of representatives with appropriate background. In both cases, of course, Ministry staff must be primary. But according to the focus of each side of PALMIF, Ministry members should be supplemented with specialists. For the Experimental Projects, the committee should include academic and/or scientific representation for both policy-making and the selection process. For the Local Projects, it would be helpful to have several types of complementary expertise: because of the local economic development aspects, there should be a representative from the new Ministry for Local Development (*Místní Rozvoju*). If there will be an explicit and/or enhanced focus on supporting businesses, then it would be helpful to include a representative from the Ministry of Industry & Trade or from a bank. If there continue to be training projects that overlap with apprenticeship schools or "*integra střední škola*", then a representative with educational background would be helpful. Insofar as nongovernmental organisations may be increasingly represented, it would be helpful to include someone who has had actual experience founding, managing and funding a nongovernmental organisation¹¹.

Beyond the Committee(s), it will be necessary to enhance the management capacity at the PHARE Agency. As the PALMIF programme grows larger and more sophisticated, it requires additional staff time and expertise. For the experimental component, it would be helpful to give oversight responsibility to someone with academic or scientific experience. In terms of increasing communications, such as publishing a newsletter or organising regular meetings to share information, it would be helpful to hire someone with expertise regarding publishing or public relations. Once such responsibilities were handled by specialised staff, then current management would have the time for oversight and for supporting the increase in the number of local projects.

It is critical that PALMIF staffing be sufficient to ensure effective implementation. The cost of staff may also be a financial and administrative problem. In the past, PALMIF funding was to be 95 per cent for projects and only 5 per cent for administration. Moreover, the EU delegation took the position that PALMIF should pay for only 40 per cent of salaries so that the Ministry of Labour pays the rest. Insofar as PHARE limits the amount that it will pay, and requires the Ministry of Labour to make some contribution as well, this is a reasonable way to ensure contribution from the Czech side. At the same time, however, the Ministry remains constrained by the old Employment Laws because it lacks

authorisation to pay a salary to anyone who is not actually a Ministry employee - such as PALMIF personnel. This is a critical issue, and a way that the Czech government might demonstrate its belief in, and commitment to, PALMIF. This research suggests that the Ministry of Labour and the OECD should encourage the Czech Parliament to authorise greater Ministry contributions to PALMIF - if not in direct allocations to the fund, then at least to supporting the cost of PALMIF administration.

Transparency

As a programme like PALMIF grows larger, involves more money, and attracts increasing public attention, it becomes all the more important that its procedures be transparent. A number of Ministry officials expressed concern about whether PALMIF is sufficiently transparent - even within the Ministry. In many respects, transparency is simply a matter of communication: it is important that information about PALMIF flow more effectively both within the Ministry of Labour and Social Affairs and out to all staff in the labour offices.

But it is also important that PALMIF promulgate clear information about its decision-makers and the decision-making process. This means disseminating full information about grantees (more than the name of the applicant and the district). It may also involve some notification to applicants who do NOT receive funding to explain why they were not selected¹².

Related to the issue of transparency is the problem of conflicts of interest. This is a difficult problem for three reasons: 1) The Czech Republic is a relatively small country, 2) current and former Employment Service staff are likely to remain in contact, and to be those with the proper expertise and interest to develop interesting projects for funding, and 3) local projects inevitably involve many people who know one another well in the local community. Because of these factors, disclosure may be the only way to minimise improper influence. This would mean requiring that applicants identify any potential conflict on the application form. For example, applicants should be required to state if a member of the applicant's staff has a family relationship to someone on the Committee. In such cases, the family relative would be excluded from discussions or voting on that particular application. Another example of the "appearance of impropriety" would be if a former member of the Committee, official from the Ministry, or official from the local labour office, were to hold any business stake in a corporate, profit-making applicant. In this case, transparency or openness is important as a way of avoiding later accusations of improper enrichment or influence.

Monitoring & reporting

The last management issue is that of monitoring and reporting. Monitoring should take place at both the national level by the Agency and at the local level by the labour offices. With the ever-growing number of projects, however, it is increasing difficult for a Prague-based PALMIF manager to monitor all projects effectively. To ensure the capability of monitoring effectively, increases in the numbers of projects must correspond to some enhanced monitoring capacity at the Agency.

At the local level, responsibility must be clearly assigned. In one case, labour office staff knew that a project was foundering, but let more than six months pass with no follow-up investigation. In fact, had the team not insisted on seeing the project, it is possible that they would have continued to ignore the problems. Obviously, this is not acceptable. Labour office directors must be accountable for monitoring PALMIF projects in their districts, and must ensure that the responsible staff do their jobs.

As for reporting, PALMIF management is quite conscientious and meticulous about reporting requirements. For the most part, however, reporting focuses on the grantees' use of funds. Grantees also

report results, but this most often focuses on simple information such as the number of people who attend a course or the number of jobs created. While this information is sought as a means of verifying bona fide use of the funding, it is rarely very meaningful in terms of lessons and results. If PALMIF is to focus more on sharing experience and on communication, then this reporting should be broader. Grantees should be asked to identify lessons, including:

- any and all deviations from their proposals or changes in approach;
- issues relating to the selection, attraction & maintaining of project participants or employees;
- problems regarding the selection and training of staff;
- thoughts about the optimal length of programmes relating to training or motivational support;
- lessons relating to financial issues, such as taxes, wages, etc.;
- “surprises”;
- experience with promotional activities;
- labour market impacts.

Based on that information, the PALMIF management would be in a better position to issue a Quarterly Report to all Employment Service staff in the Ministry, labour office directors, PALMIF Managers, labour office staff, and all past and present PALMIF grantees. Such information would also be welcomed by the European Union and by the OECD’s LEED programme.

NOTES

1. Capacity in terms of skills, productivity and competitiveness in a global market.
2. Particularly because so many Ministry officials had different careers before 1989, there is likelihood of scientific and academic expertise within its ranks. Such expertise will not suffice at this point, however, for two reasons: first, it is not efficient. Because those people have spent the last six or seven years developing employment expertise, their time is more valuable when using it. Second, changes have taken place in every sector and field in the Czech Republic. While Ministry officials have learned new approaches relating to government, public policy and employment, academics and scientists have also developed new approaches and expertise that should be integrated into the PALMIF process.
3. Since PALMIF has already evolved in this direction on its own, the proposed changes focus principally on bringing PALMIF's stated objectives into line with practice, and on improving some procedures relating to local projects.
4. This, of course, might be in the form of newspaper or magazine articles, or by means of television.
5. Some have admitted that they discourage the submission of applications in a round that follows one in which the district received PALMIF funding, because they assume they will not get funding in consecutive rounds.
6. Nearly all labour office directors referred to their local advisory committees, their meetings and their advice. While we lack information about how such meetings are conducted and what information is disseminated, it is fair to assume that if labour office staff have lacked in-depth information about existing PALMIF projects, the LACs do as well. For them to be effective, both in encouraging people in the community to develop projects and apply, and in advising labour office directors on project selection, it is essential that they be fully educated about PALMIF.
7. It should be noted, however, that the amounts should be set as MAXIMUMS rather than the norm, because there is an unfortunate tendency for an applicants to see the total amount available and then concoct needs and expenses by which to justify receipt of the full amount. To its credit, the Steering Committee learned quite quickly how to spot such cases, and is known to have granted less than was requested.
8. The wisdom of this approach has been demonstrated by the British Know-How Fund project in Most, where the director of the labour office has skillfully forged critical alliances with nearly all relevant local players.
9. When PALMIF moneys are used to support businesses, it is necessary to question whether PALMIF money should be in the form of a loan rather than a grant. Giving money that is not only interest-free, but also an outright gift, is justified only in special circumstances. If the PALMIF money is clearly used for extra training, or to encourage business establishments in micro-regions, then it might remain in the form of a grant. For business support in other cases, however, there is a real danger of substituting for market-priced financing. Soft loans in this context might be forgivable if the business fails, but should be paid back to the fund in case of success. Yet the problem with such a system is administration. While the PHARE PMU might want to consider this, a pay-back system should be only be instituted with a clearly defined and carefully managed process.
10. See boxes 1-3 for other examples in EU and non EU countries.

11. The OECD has been advised that for the Agency to engage participation by anyone outside of the Ministry of Labour, PALMIF would have to pay for that person's time. Given the kinds of interministerial cooperation and/or volunteer service on Boards of Directors that is characteristic in the West, this is a disappointing surprise. Participating on a PALMIF Steering Committees should provide benefits other than money: individuals and the Ministry or institution with which they are affiliated would have the opportunity to learn about active and innovative initiatives country-wide. If, however, it is truly necessary to pay the participants, then perhaps PALMIF can designate some limited funds for payment. Yet it is always preferable to engage the participation of people who have both a genuine personal commitment to the programme AND the support of their base institutions.
12. This, of course, requires great caution and tact, but would dispel the notion that decisions are either arbitrary or biased. It would be possible to note that a particular proposal was turned down for one of several reasons, *e.g.* 1) weak or ineffective project design, 2) insufficient resources, 3) not responsive to a critical local need, or 4) not as strong a proposal as a similar competing one.

CHAPTER 6 CONCLUSIONS

The Pro-Active Labour Market Intervention Fund was an unusual approach for accelerating experience-based learning for officials in the Ministry of Labour and Social Affairs. It was also an innovative means of engaging the staff of district labour offices and local actors in addressing both unemployment and employment issues.

PALMIF has been successful in many ways:

- It has provided a wealth of experiences from which the Ministry, the labour offices and local partners have learned about project design, implementation and evaluation.
- It has led to one of the most effectively decentralised systems of decision-making and programme development in the Czech Republic.
- It has contributed to job creation in areas of distress and to training for populations at risk.
- It has leveraged both local resources and foreign resources and co-operation.

However, PALMIF has been unable to affect legislative changes in employment policy and mainstream policy because, with a constantly low rate of unemployment, the Government has tended not to view unemployment as a priority and has had little interest in new ambitious employment measures. For similar reasons PALMIF has also fallen short of identifying new cost-effective labour market policies, which is a matter of gradually developing understanding and expertise that most of the OECD countries are still far from attaining.

In a situation of average low unemployment but which is highly concentrated in specific geographical areas (mostly in Moravia) and on specific groups (low skilled manufacturing workers from declining and industries under structuring, marginalised groups), employment is not a government policy priority. That is where PALMIF has proved a relevant and flexible instrument in addressing and responding to these specific situations with project-based and bottom-up implementation mechanisms. In a way, such innovative responses may have been more efficient and appropriate than heavy top-down measures in this favourable and unique situation of a country in transition. The Czech Republic has implemented an efficient Public Employment Service in the same favourable conditions. Free from the strain of managing mass unemployment, the latter was able to develop a pro-active, labour-adjustment or job creation approach in line with PALMIF.

However - according to the OECD Labour market review¹ - the favourable factors which may explain such low unemployment (*i.e.* contraction of labour supply, wage moderation and favourable conditions in the transition process) may come to an end. We think that PALMIF would be able to address such situations by 1) experimenting with some new measures that growing unemployment may require (as regards geographical mobility promotion, expanding retraining and labour schemes for long term unemployed, testing new employment opportunities for marginalised groups, etc.); and 2) promoting local initiatives and projects (in order to foster dynamics in declining local economies, rebuild their human

resources basis, promote entrepreneurship, etc.), in areas hit by an acceleration of restructuring. PALMIF is an ideal mechanism by which the local communities and local stakeholders can grasp the opportunity to learn about project development and developmental and entrepreneurial attitudes, in helping people to help themselves, and in building a more competitive economy and more cohesive or less dependant societies.

In this respect PALMIF is in line with the approach of many Community initiatives insofar as many of its features (project based, co-funding, local support networks or partnership, innovation and transfer of experiences, etc.) are promoted by these initiatives, and could be seen as a preparatory and learning process of such mechanisms in the perspective of European Union membership.

In the fall the representatives of the PHARE programme and of the Czech government will decide whether to contribute financial support for the continuation of PALMIF. Based on the impressive achievements of PALMIF and keeping in mind its potential future roles and functions, we are confident that continuing PALMIF would be an effective use of both European and Czech resources and will bring a high value for money.

NOTES

1. See OECD-CCET (1995), Review of the Labour Market in the Czech Republic.

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APPENDIX 1: CHANGES IN PALMIF SELECTION CRITERIA AS ARTICULATED ON APPLICATION FORMS 1992-96

Original Version in CZECH:

Obecna kriteria pro vyber a schvalovani projektu

1993: eliminates “obecna”

- inovacni, experimentalni charakter (navrhnout, vyzkouset a vyhodnotit nova opatreni a programy aktivni politiky zamestnanosti)

- cilova orientace na konkretni problemy nebo konkretni skupiny populace

1996: changes “populace” to “obyvatel”

- projekt musi byt vzorovy z hlediska planovani, rizeni, monitorovani, hodnoceni (jasny zamer, casovy harmonogram, vystupy, naklady a jednotkove naklady)

1993: eliminates “monitorovani”; changes “jednotkove” to “jednotlive”

adds “vstupy”

adds “vcetne zpracovani podnikatelskeho zameru v pripade vytvoreni pracovnich prilezitosti s prilozenou expertizou nezavisle organizace”

1994: changes “musi byt vzorovy” to “modelovy”

eliminates “s prilozenou expertizou nezavisle organizace”

1995: adds “zpracovani” before “planovani”

- 1993 new: nenarusovani radneho konkurencniho prostredi

- projekt musi obsahovat navrh hodnoceni predpokladaneho efektu (predem stanovena a meritelna kriteria uspechu ci neuspechu projektu)

1993: adds after efektu: “pro rozvoj trhu prace (predpokladane prinosy, modelove reseni a aplikovatelnost v dalsich regionech)”

- 1994 shift: changes location on the application form, from Financial section to earlier Criteria section, of language stating: “maximalni vyse grantu (dotace) je do vyse 75 per cent celkovych nakladu na projekt v maximalnim limitu 50 tis. ECU”

- 1994 shift: moves a sustainability expectation, which used to be at the end of the application, to the criteria section: sobestacnost projektu po uplynuti maximalne 2 let a nezavisle fungovat bez dalsich podpor.

Splneni techto kriterii bud posuzovano se zretelem na potreby prislusneho regionalniho (mistniho) trhu prace.

Basic translation into ENGLISH:

Basic criteria for the choice and approval of projects

1993: eliminates “basic”

- innovative, experimental character (design, test, and evaluate new active labour market policy measures and programs);

- focus on concrete/particular problems or population groups.

1996: changes “population” to “resident”

- the project must be designed from the point of view of planning, management, monitoring, evaluation (clear goal, time schedule, performance, costs and per unit costs).

1993: eliminates “monitoring” and adds “admissions”

adds after costs: “including a business plan in cases of creating new job opportunities, with attached review from an independent organisation”

1994: changes “project must be designed” to “model”

eliminates “with an independent expert’s attachment”

1995: adds “process” before “planning”

- 1993 new: no interference with the regular competition environment

- the project must include a proposal for evaluating the expected impact (beyond the established and measurable criteria for the success or failure of the project)

1993: adds after impact: “on the labour market (expected/assumed contribution, model solutions and applicability in other regions)”

- 1994 shift: language stating “the maximum amount of the grant is 75 per cent of the total costs of the project with a maximum limit of 50 thousand ECU” is moved upfront, from the Financial Help section to the Criteria Section of the application.

- 1994 shift: moves a sustainability expectation, which used to be at the end of the application, to the criteria section: self-sufficiency of the project after completion of two years and independent functioning without further support.

Fulfilling these criteria will be judged taking into consideration the needs corresponding to the regional or local labour market.

**APPENDIX 2: SIMULATION-BASED EVIDENCE OF
ACTUAL PALMIF SELECTION CRITERIA**

Official criteria according to application

	1992 round 1	1993 round 2	1994 round 3	1995 round 4	1996 round 5
Innovative & Experimental	yes	x	x	x	x
Target problem or group	yes				
Project design	yes				
Business plan re new jobs	no	new	yes	yes	
expert certif	no	new	no		
15 Jobs Created	no	new	yes	yes	yes
Not distort competition	no	new	yes	yes	yes
Impact	yes	yes	yes	yes	yes
on labour market	-	new	yes	yes	yes
Sustainability	no	no	new	yes	yes

**Workshop simulation
ranking of criteria**

**note: 1 = most important, or
first priority; 8 is last priority.**

	<u>Group A</u>	<u>Group B</u>	<u>Group C</u> <u>Ministry</u>
-problematic group or real need	1	1	3
-financial planning	2		
-financially viable or feasibility	3	2	4
-implementer's reliability	4		
-comprehensive approach	5	5	
-speed of implementation or ready to start	6		2
-evaluation plan	7		
-innovative, novel	8	7	6
-lawful/legal		3	
-cost-benefit of solution		4	7
-long-term usefulness		6	
-replicability		8	5
-meet application requests			1
-any follow-up?			8

**APPENDIX 3: DIRECT PROJECT RESULTS:
JOBS CREATED AND WORKERS TRAINED**

PALMIF Grantee	District in Czech Rep.	Round of PALMIF	Estimated new jobs *	Estimated trainees *
Agro	Breclav/Lednice	C4	13	
Akademie JAK	Kladno	C1		79
Arche	Zdar nad Sazavou	C4		
Astra/EDU	Breclav	B	70	
Auxilia	Prague	C3	55	550
Babkova spolec.	Decin	C4		
Belet	Chomutov/Vejprty	C4		
Bidipo	Louny	C3	8 (goal 33)	
Blind Praha	Prague	C1	21	(199 tested)
Dum Technicky(F.F.**)	Usti nad Labem	C3		24 (goal 80)
Ekol	Karvina/C'y Tesin	C1	33	
Ekometal	Bruntal	B	23	
ESO Euroskola	Ceska Lipa	C3		800
Exodus	Plzen	C1	(SW)	
Fictitious firm (FF**)	Decin			20
Fokus	Mlada Boleslav	C1	21	
Fopody	Znojmo	C3	3	14
Fortunax	Trebic/Jaromerice	C2	171	55
Golya	Decin	B		
HG Group	Kolin	C1	50	
Intepo	Hradec Kralove	C4		
Interma	Liberec	C3	34	
ISS-COP	Pribram	C3/B		
ISST	Most	C4		
Jazykovy Klub D	Zlin	C3	1	186
Jericho	Pribram	B	41	
Jestr	Hodonin/Straznice	C4		
Karko	Decin	B	25 (SW)	
Kredit	Vsetin/Val. Mezir.	C4		105
Lukas	C.Kostelec	C4		
Mesit	Uh. Hradiste	C3	25 (SW)	
Mistr Ami	Olomouc	C2	2	293
Navrat	Decin	C4		83
Nova Generace	Karvina	C4		48
Prima	Breclav	B	15	15
Rekufol	Ceska Lipa/Doksy	C4	80	
RVRC	Jablonec	C2	11	709
Sdruzeni	Ostrava	C2	3	12 (SW)
S. Rehab. Prace	Ostrava	C2	5	266
Skloplast	Sumperk	C4		
Sluzba	C. Budejovice	C2	45	33 (SW)
Snezka	Nachod	C2	77	65

PALMIF Grantee	District in Czech Rep.	Round of PALMIF	Estimated new jobs ¹	Estimated trainees ¹
SOU/Vyrobni Skola	Pardubice	C3	6	54
Soukrome SOU/FF ²	C. Budejovice	C3		
Sponte sua	Zlin	C4		(142 tested)
Stredni Podnik. Skola	Vsetin	B		
Utrin	Bruntal	C3	15	
VEV	Trebic	C1	12	
TOTALS			approx 800	approx. 3 400

1. Those in italics are fourth round projects that are too recent to tally results. Note that some third round are still in process as well.
2. FF. is fictitious firm, or artificial firm (cvicni firma in Czech); SW is sheltered workshop

APPENDIX 4: PROJECT TYPOLOGIES

<u>Project name</u>	<u>PALMIF round</u>	<u>Job creation</u> (“‘jc’”)	<u>Training</u> (“‘tr’”)	<u>Testing</u> (“‘tst’”)	<u>Local economic development</u>	<u>Disabled</u> (“‘d’”)	<u>Youth</u> (“‘y’”)	<u>Long-term unemployed</u> (“‘ltu’”)	<u>Women</u> (“‘w’”)
Agro	C4	jc			l.e.d.		y		
Akademie JAK	C1		tr						
Arche	C4			tst		d			
Astra/EDU	B/Breclav	jc			l.e.d.			ltu	
Auxilia	C3	jc	tr	tst		d		ltu	
Babkova	C4	jc			l.e.d.	d		ltu	
Belet	C4	jc							
Bidipo	C3	jc	tr		l.e.d.				
Blind Praha	C1			tst		d			
Dum Techniky	C3		tr						
Ekol	C1	jc	tr						
EkoMetal	B/Bruntal	jc							
ESO Euroskola	C3		tr				y		w
Fictitious firm	B/Decin		tr				y		
Fokus	C1	jc (SW)				d			
Fopody	C3	jc	tr		l.e.d.			ltu	
Fortunax	C2	jc	tr		l.e.d.				
Golya	B/Decin	jc	tr		l.e.d.				
HG Group	C1	jc							
Intepo	C4		tr			d	y		
Interma	C3	jc							
ISS-COP	C3/B		tr				y	ltu	
ISST/Most	C4		tr						
Jazykovy Klub	C3		tr						

<u>Project name</u>	<u>PALMIF round</u>	<u>Job creation</u> (“jc”)	<u>Training</u> (“tr”)	<u>Testing</u> (“tst”)	<u>Local economic development</u>	<u>Disabled</u> (“d”)	<u>Youth</u> (“y”)	<u>Long-term unemployed</u> (“ltu”)	<u>Women</u> (“w”)
Jericho	B	jc							
Jester	C4		tr				y		w
Karko	B/Decin	jc	tr			d			
Kredit	C4		tr				y		w
Mesit	C3	jc (SW)	tr			d		ltu	
Mistr Ami	C2		tr						
Navrat	C4		tr						w
Nova Generace	C4		tr				y	ltu	
Podnik. skola	B/Vsetin		tr				y		w
Prima	B/Breclav	jc			l.e.d.				w
Rekufol	C4	jc			l.e.d.				w
RVRC	C2		tr			d	y		w
Sdruzeni	C2	jc (SW)				d	y		
Skloplast	C4	jc			l.e.d.			ltu	w
Sluzba	C2	jc (SW)				d			w
Snezka	C2	jc							w
Soukrome SOU	C3		tr				y		
C.Budejovice									
SOU Vyrobní	C2		tr				y	ltu	w
Skola/Pardubice									
Sponte Sua	C4			tst					
Stredisko Rehab	C2		tr			d		ltu	
Prace							y	ltu	
Ostrava									
Utrin	C3	jc			l.e.d.				
VEV	C1	jc				d			

“A” projects not due to complete and submit results until 6/96:

Karvina: retraining for coal-miners before unemployed.

Pardubice: transport after cancellation of public local transport.

Vsetin: agro-tourism/self-employment retraining.

APPENDIX 5: EXAMPLES OF FUNDING/SUPPORT LEVERAGED

Source	Examples
Applicant (company or co-operative)	Akademie J.A. Komenius, Belet, Interma, Karko, Rekufol, Sluzba
Ministry of Agriculture Economy Education Environment Finance Industry & Trade	Bidipo apprenticeship schools, <i>e.g.</i> ISST, Jester middle schools, <i>e.g.</i> ISS-COP Sluzba Utrin
City or District Office	Fortunax, Nova Generace, Sdruzeni
District Labour Office/ALMP Sponte Sua	Ekometal, Fopody, Mesit, Sluzba,
Private sector donations Sdruzeni (rent, in-kind)	RVRC (computers)

Foreign advisors, models or partners

Dum Teknický	A.B.B./Germany
Eso Euroskola	Euro Schulen Organisation/Germany
ISS Pribram	German Ruhrkohle Intertraining
ISST Most	Bundesinstitut für Berufsbildung
Jazykovy Klub D	Bulgarian language teaching methods & Institut Didactika in Berlin for license
Mistr Ami	Junkers Institut GmbH
Rekufol	German Jt. Venture partner
RVRC	Belgium for training
Sluzba	UK trainer
Snezka	Samsonite/Belgium
SOU/Pardubice	Danish Production School
Soukrome SOU	Volkshochschule Passau & Linec

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**APPENDIX 7: SUMMARY OF PALMIF PROJECTS
BY ROUND AND ACTIVITY**

<i>Round I "C" projects</i>			
Project name	Location	Target population	Type of activity
Exodus*	Plzen	hard-core LWA	sheltered workshop
Fokus*	M. Boleslav	mentally ill	
Sight impaired*	Praha	sight impaired	testing for work readiness/ability
Akademie Komenskeho*	Kladno	young people	
VEV	Trebic	LWA/disabled	subsidised jobs in a company making electronic components/wires
HG-Group*	Kolin	unqualified workers	bicycle assembly
EKOL	Karvina/Cesky Tesin	miners with health problems	construct energy efficient homes

Round II
“C” projects

Project name	Location	Target population	Type of activity
SOU + UP	Pardubice	Young people, school drop-outs	alternative education, preparation for deciding next step, e.g. whether to return for further vocational education or to start a job.
MISTR AMI*	Vsetin or Olomouc		
RVRC	Jablonec n/N.	Employed/unemployed	training centre
SLUZBA	Ceske Budejovice	physically disabled, including severe and partial work limitations from injury or health problem	training/subsidised work; a variety of jobs, including terribly mindless assembly of plastic clips, designing and making hats, ANY work/contract they can find for their employees.
FORTUNAX*	Trebic	anyone	company making wooden banisters for stairs, candleholders, etc.
SNEZKA	Nachod	women/registered unemployed	stitching leather for Samsonite bags/luggage
Sdruzeni	Ostrava	rehab for mentally ill more than 16 years old	For young disabled, a sheltered workshop Work is sewing, wood-work, later will make puppets . . .
Stredisko Rehabilitace Prace	Ostrava	work readiness, preparation for school drop-outs	For lower working ability young people, life skills, prep for work, short-term supervised work experience

Round III
“C”

Project name	Location	Target population	Type of activity
Dum techniky	Usti nad Labem	young people	fictitious firm
Auxilia	Prague	disabled	
ESO-Euroscola	Ceska Lipa	women	retraining centre
Fopody	Znojmo		“domaci prace”/work at home
Utrin	Bruntal	job loss resulting from company bankruptcies.	consulting company
Interma	Liberec		new job creation/pre fab home components
Mesit	U. Hradiste	new school leavers who disabled	sheltered workshop
Bidipo	Podbrany/Louny		new job creation/bio-diesel from locally grown rape-seed
Jazykovy klub	Zlin	all	foreign language training centre
Integr. stredni skola	Pribram	new school graduates, those w/ lesser skills/difficult	retraining centre
Soukrome SOU	C. Budejovice	young people	fictitious firm, all office and other prep. Ideas for more.
HORAN*	Novy Jicin	CANCELLED	

Round III**“B” projects**

Project name	Location	Target population	Type of activity
Agro	Breclav/Urad Prace	-farmers -residents of isolated community	-advising; scheduling crop harvests -advising; locating new business in village without employment opportunities
Fictitious Firm, Golya, Karko	Decin/Urad Prace	-severely disabled -employment disabled	-artificial firm -agro-tourism
ISS-COP	Pribram/Urad Prace	-young people -difficult young people	-sheltered workshop -training & practical work
Jericho		-job seekers	-welding jobs

Round III**“A” projects**

Bruntal*	transport		
Vsetin*	training before unemployed		agro-tourism training
Pardubice*	transport		subsidies to employers for transport costs
Karvina*	training pre unemployed	employees at coal mines	subsidies for training, and to employer for work time lost

Round IV ‘C’

<u>Project name</u>	<u>Location</u>	<u>Target population</u>	<u>Type of activity</u>
Jestr	Straznice/Hodonin	school-leavers from vocational schools; young women	training for sewing and increased productivity/quality
Kredit	V.Mezitrici/Vsetin	women returning to work after maternity leave; new school leavers	course re new environment; prep for new job/profession
Lukas*	C. Kostelec		
Rekufol	Doksy/C. Lipa	local unemployed/women	job creation; manufacturing plastic bags
Arche*	Zdar	disabled	diagnostics for suitable employment
Nova Generace	Karvina	Roma young people	life skills, basic skills (sewing, wood, cooking)
Skloplast*	Hanusovice/Sumperk	housewives & women in agriculture	
Agro	Lenice/Breclav	local farmers	encourage local agric. * decrease imports
Belet	Veprty/Chomutov	local unemployed	manufacture forklifts
Integ. Skola-Teknický COP	Most	all; some unemployed	professional training centre, learning to build dry-walls with product made from waste of electric plant
Sponte Sua	Zlin	employed or unemployed with health problems	health = labour, assess health problems for appropriate job placement;
Intepo*	Hr. Kralove	disabled	
NAVRAT	Decin	women back to workforce after maternity leave	complex preparation and actual retraining
Akademie JAK	Raspenava		
Yvero*	H. Poustevna/Decin	disabled	CANCELLED could not get other financing
Babkova Spol.			whole community; focusing on agriculture and restoring a deserted village for disabled and others
Inva*	Frenstat p. Rad		CANCELLED could not get other financing

* indicates that the managers of this project were not directly interviewed.