

# Executive Summary

What did the government's 1.2 billion dollars accomplish in forest communities hard hit by a declining timber industry and timber harvests? This study by Forest Community Research of the six-year Northwest Economic Adjustment Initiative answers this question.

The Northwest Economic Adjustment Initiative, established in 1993, is the socioeconomic assistance program designed to offset the impacts of reduced timber harvests. This program was developed out of the high profile, high stakes 1993 Portland Forest Summit, which was led by then President Clinton, Vice-President Gore, and cabinet secretaries. The Northwest Economic Adjustment Initiative (NEAI) is the socioeconomic companion plan to President Clinton's 1993 Northwest (Option 9) Forest Plan. The NEAI was heralded as an innovative approach to reinventing government and dealing with administrative gridlock. It promised new forms of economic assistance to support economic adjustment and diversification in rural, timber-dependent communities, including training for displaced Northwest timber workers.

Until three years ago, no comprehensive assessment of the initiative had been undertaken. In the belief that the Initiative's innovative mandate (to both reinvent government and jumpstart rural economies throughout the region) had created unique opportunities to learn about government effectiveness and how to best support community development, Forest Community Research, an independent forestry and rural policy research organization, launched this study. Forest Community Research secured support from a variety of foundation, state, and federal partners to conduct this two and a half year, \$600,000 study to examine the effectiveness of the Northwest Economic Adjustment Initiative.

The purpose of this study is to understand what worked and what didn't with the Northwest Economic Adjustment Initiative. What we have learned is that lessons from the NEAI extend far beyond the

timber industry and rural community and resource policy in the Northwest and to community development and rural community and worker health broadly. They extend also to interagency collaboration and implementation of local, state, and regional programs. And the lessons improve our understanding of the connection between resource-related jobs and community well-being, thereby aiding the effort to develop more socially and environmentally responsive natural resource policy and community development practices.

A novel two part approach was developed for the study. One part consisted of an analysis of the federal, state, and regional agencies and institutions responsible for implementing the initiative. The second part involved a thirty-one case studies involving 35 communities in the three-state NEAI area. Fourteen case studies were conducted in Oregon, ten in Washington, and seven in California—a distribution that roughly corresponds to the total Initiative dollars spent in each state. Six case studies involved Native American tribes. Eschewing the more common evaluation techniques of examining aggregated data at the county or regional level to assess program effectiveness, Forest Community Research researchers fanned out across the region to talk to real people to assess the effectiveness of projects individually and collectively in communities where the "rubber met the road." Interviews, review of existing and historical documentation, and community-level trends were used to understand the overall short- and long-term effects of NEAI programs and projects on workers and communities. Set within broad regional and historical contexts, initiative projects were examined in terms of how they affect five dimensions of community capacity: (1) physical capital, (2) financial capital, (3) human capital, (4) cultural capital, and (5) social capital.

To understand the effects of the diverse community development approaches employed in NEAI, Forest Community Research examined NEAI proj-

ects collectively in the following categories: workforce development/training (unique because of the effort to link training to ecosystem work), leadership development/human capacity-building or soft infrastructure development, and industrial development and small business loan programs. This classification of types of government interventions facilitated examination of particular patterns of community development support and their effectiveness. The effectiveness of each of these development approaches (as well as the integration of these approaches) and the factors that contributed to project success or failure were then assessed.

A variety of lessons learned and policy recommendations were developed from the institutional and community case studies of the Initiative. The report identifies 14 major lessons learned and develops some 50 policy recommendations. Some of the lessons learned have been grouped into four headings, and a sampling of lessons and policy recommendations is provided below under each heading.

## I. Reinventing Government Structures: Institutionalizing Partnerships and Inter-agency Collaboration

### Lessons:

1. The Northwest Economic Adjustment Initiative created effective new institutional and intergovernmental partnerships, an environment of collaboration, and a new way of doing business that improved service delivery in the region.
2. The Initiative initiated, stimulated, and advanced remarkable local collaborations, as well as a high degree of collaboration between the three states.
3. The Initiative facilitated the development of important state and regional level institutional changes. Changes at the Washington D.C. level, however, have been shallower, and much slower; this may hinder the success of this work in the future in the Northwest or for similar initiatives in other parts of the United States.
4. To a very large extent, NEAI succeeded—at least in the short-term—in its goal of changing

the culture of federal and state agencies in their approach to economic development—that is, shifting from program-driven priorities to a holistic problem-solving approach for communities.

### Some Policy Recommendations:

1. The creation of intergovernmental partnerships and collaboration requires delegation of real authority, financial support, and a positive reward and incentive system.
2. Partnerships and collaborative efforts, both among government agencies and between them and communities do not ensure that everyone benefits: attentiveness and safeguards are needed to assure that underrepresented and lower capacity communities and groups are included.
3. Strong and on-going support from the higher echelons of federal government is equally critical to the long-term success of economic adjustment initiatives. Development of such support is likely to require substantial changes in the ways in which federal agencies reward upper-level administrators.
4. Diverse forms of support, for example, staffing, financial, evaluative, and incentive systems, is required to encourage and reward holistic/integrative problem-solving approaches.

## II. Reinventing Community-Scale Government Interventions: Strategic Integration of Hard and Soft Infrastructure Development

### Lessons:

1. Social and human capacity building (“soft infrastructure”) are key elements in reaching affected communities and improving well-being.
2. Investment in “hard” community (physical) infrastructure such as water and sewer systems and community centers proved vital for many rural communities.
3. Industrial Recruitment/Expansion strategies were marginally successful; successful

projects more often than not involved far more than investment in industrial development projects.

4. The rationales behind a program of economic assistance, the theories of community development and policy guiding assistance, and the boundaries within which agencies and administrators must work, need to be clearly and realistically communicated so that public expectations do not exceed realities.

Policy Recommendations:

1. Soft infrastructure development needs to be closely integrated with hard infrastructure development, rather than being treated as a separate strategy. Support for soft infrastructure development needs to be long-term and ongoing in nature, aimed at continuous capacity building and enhancement. Agencies and scientists need to develop methods for assessing how soft infrastructure development contributes toward job creation and retention.

2. Soft-infrastructure support through programs like the Economic Action Program/Rural Community Assistance Program of the Forest Service and through the Economic Development Administration are unique and need to be maintained and funded.

3. Development planning and implementation needs to be structured in ways that facilitate broad and on-going community involvement.

4. New financing tools beyond traditional loans for water, sewer, and community facilities need to be developed in order to mitigate local indebtedness. This is particularly important for lower capacity communities.

5. Industrial expansion strategies require a large number of conditions to be met in order to be successful (see full report for discussion).

6. Initiatives at the scale of NEAI require a coordinated communications strategy to inform the public and the agencies what the program is and is not, in order to help avoid generating unrealistic expectations.

III. Worker Assistance: The NEAI Track Record and Elements of Successful Approaches

Lessons:

1. Many of the timber industry-related dislocations and economic effects that the Initiative was designed to address had taken place long before the Northwest Forest Plan and the Initiative were launched.

2. In light of the very public commitment by the administration to serve workers and families, one of the most significant failures of the Northwest Economic Adjustment Initiative was its inability to serve many of the workers who needed assistance.

3. The Jobs-in-the-Woods program promised workers that they would be the cornerstone of the newly emerging ecosystem worker or restoration industry. However, the restoration industry, which was to focus on long-term quality jobs, did not move beyond pilot projects.

4. Ecosystem management requires linkages between the biophysical and the socioeconomic components of plan implementation to be successful.

Policy Recommendations:

1. A natural resource policy that clearly links sustainable forest and land management to rural community health and well-being needs to be developed.

2. Displaced and unemployed workers require comprehensive support including, among others things, basic job skills, Health and Human Services support, educational, and retraining opportunities. Eligibility requirements for these forms of support and opportunities need to address secondary and tertiary worker needs and overall community health.

3. The elements that contributed to the success of tribal worker re-training and ecosystem workforce development programs have applicability in non-tribal contexts.

4. Alternative contracting mechanisms, such as best value and stewardship contracting,

need further development and institutionalization to better serve workers and ecosystems.

#### IV. Adaptive Management: How to Institutionalize Learning at Federal and State Levels

##### Lessons:

1. Evaluation mechanisms and feedback loops need to be built into policy design if adaptive learning and management is to occur programmatically within NEAI; NEAI lacked substantive, large-scale “adaptations” or mid-course corrections because people in communities and subsequently the state and regional Community Economic Revitalization Teams wanted to assure that all project dollars went to workers and communities.
2. State and federal Initiative record keeping differed from agency to agency and between states and state CERT project information was often incomplete. This made it difficult to access information about investments and monitor Initiative projects and to facilitate adaptive improvement.
3. Establishing a separate fund for monitoring and developing a third party and participatory research strategy that engaged locals in the evaluation would have lessened resistance to monitoring and assessment.

##### Policy Recommendations:

1. Initiatives and programs like NEAI require both established mechanisms and funding to assure that systematic and programmatic eval-

uations are conducted. A funded and staffed clearing house is needed to accurately track programs and outcomes.

2. Socioeconomic and program assessment methods need to be improved to reduce conflicts associated with obtaining commitments to support assessments and conducting them.

3. Program monitoring and assessment need to link initial objectives to program implementation and on-the-ground (and in community) quantitatively and qualitatively assessed outcomes.

#### V. Rural Community Development Takes Time

##### Lesson:

1. The Initiative represents a start relative to overall community need in the region. Just as the crises in rural communities dependent on natural resources and resource industries did not start with the spotted owl crises, developing over decades, rebuilding community capacity and healthy economies will not be accomplished in the span of the Northwest Economic Adjustment Initiative.

The lessons learned and policy recommendations developed from this study (please refer to full report for more comprehensive discussion of both) are useful for developing more effective and efficient programs to improve worker and community well-being. They provide lessons for communities elsewhere that are facing similar economic and social transitions, conditions of decline and under-investment, or looking for ways to improve well-being.