

UNITED STATES GOVERNMENT ASSISTANCE PROGRAM



STATUS OF PROJECTS

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Telephone (36)(1) 269 7860
Fax (36)(1) 251 1981

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DEMOCRATIC INITIATIVES

PROJECT NAME: Support of Democratic Initiatives

PROJECT NUMBER: 180-0003

OBLIGATED FOR HUNGARY: \$ 2,490,000

PROJECT ELEMENTS:

.01 State University of New York (SUNY)	\$ 550,000
.02 National Endowment for Democracy (NED)	\$ 1,317,000
.03 USIA	\$ 623,000

PROJECT DESCRIPTION: This project provided grants to strengthen democratic groups and institutions in Central and Eastern Europe. U.S. private sector groups provide technical assistance and administrative support to nascent political organizations throughout the region. The National Endowment for Democracy (NED) awarded and managed subgrants to Central and Eastern European groups seeking support and/or to U.S. groups who had established associations with organizations throughout the region.

.01 ELEMENT IMPLEMENTATION STATUS: COMPLETED

USAID also granted the State University of New York (SUNY) for \$549,700 to create the Center for Parliamentary Management and to assist in the selection of computers and books for the Hungarian Parliament, and in related training. The Center conducts training on public policy analysis and is now financed by non-U.S.G. resources.

LOCAL COUNTERPART: Center for Parliamentary Management
Szechenyi Rakpart 19
Budapest, Hungary
Tel: (36-1) 131-9500

US COUNTERPARTS: Ms. Lisa McLean
Europe Program Coordinator
National Democratic Institute
Suite 503, 1717 Mass. Ave., NW
Washington DC 20036
Tel: (202) 328-3136
Fax: (202) 939-3166

American Federation of Teachers (AFT)

DEMOCRATIC INITIATIVES

National Endowment for Democracy (NED)
(details to be provided by USIS)

Free Trade Union Institute (FTUI)
815 16th St., NW
Washington, DC 20006
Tel: (202) 637-5332
Fax: (202) 637-5263

.02 ELEMENT IMPLEMENTATION STATUS: COMPLETED

USAID awarded grants to the National Endowment for Democracy to assist Hungarian organizations, such as the associations of entrepreneurs and trade craftsmen (VOSZ and IPOSZ), and others to promote development of democratic forces. Independent cultural and publishing groups also received assistance prior to the first free and fair elections in the region in over four decades.

Subgrants were made to the National Republican Institute for International Affairs (NRI) for \$75,000, the National Democratic Institute for International Affairs (NDI) for \$65,000, the Free Trade Union Institute (FTUI) for \$30,000, the American Federation of Teachers (\$15,000) and the Center for International Private Enterprise (\$35,000).

LOCAL COUNTERPARTS: at VOSZ, IPOSZ, Parliament, publishers

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

USIA activities were initiated under this project in 1990. In the years since 1990, USIA activities have been funded under Project 180-0017, 180-0019, and 180-0021. Please see these projects for additional information.

DEMOCRATIC INITIATIVES

PROJECT NAME: Political Process and Governance

PROJECT NUMBER: 180-0017

OBLIGATED FOR HUNGARY FY 90-92: \$ 1,226,000

PROJECT ELEMENTS:

.01 Political Orgs (incl. election assistance)	\$ 170,000
.03 Citizens' Networks (USIA)	\$ 663,000
.04 Independent Labor Unions	\$ 393,000

PROJECT DESCRIPTION: The Political Process and Governance Project contributed to the development of the political infrastructure necessary for a pluralistic, multi-party political system. It sought to promote the skills of political parties and non-governmental organizations (NGOs) in contributing to community self-help efforts. This project was combined with 180-0021 in 1992. 1993 activities are included in 180-0021. The project was divided into several components:

- Support the conduct of free, fair, and open elections at the national and sub-national levels to promote the transition to democracy;
- Assistance in the training and organization of a network of indigenous NGOs throughout Hungary.

.01 ELEMENT IMPLEMENTATION STATUS: COMPLETED

.01a Elections: The U.S. National Republican Institute (NRI) and National Democratic Institute (NDI) assisted in the organization of and monitored the execution of local and national elections in April 1990 in Hungary. NRI and NDI furnished equipment and materials to opposition political parties prior to elections with grants from USAID for \$250,000 and \$287,000, respectively.

LOCAL COUNTERPARTS: Dr. Zoltán Tóth
Head of Election Bureau
General Secretary of
Foundation for the Elections

DEMOCRATIC INITIATIVES

US COUNTERPART: Ms. Lisa McLean
Eastern Europe Program Coordinator
National Democratic Institute
Suite 503, 1717 Mass. Ave., NW
Washington, DC 20036
Tel: (202) 328-3136
Fax: (202) 939-3166

.01b Elections and Democracy: USIS sponsored seminars in 1991, 1992, and 1993 and provided curriculum materials to secondary schools on the role of the citizen in a democratic state. USIS also supported the development of a curriculum in civics for secondary schools.

LOCAL COUNTERPARTS: Dr. Joseph Julian and Dr. Tamás Kozma
Joint Eastern European Center
P.O. Box 427
Victor Hugo u. 18-22
1395 Budapest, Hungary
Tel: (36-1) 129-7639
Fax: (36-1) 129-7639

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122
Fax: (36-1) 153-4274

.01c Grants for Political Organizations: USIA sent a legislative expert to Hungary to study the organizational and technical needs of the Parliament. The result was the Center for Parliamentary Democracy, funded originally by USIA and subsequently by USAID through a grant to the State University of New York (SUNY). During 1991-92, the Center organized seminars for Hungarian officials and politicians.

LOCAL COUNTERPART: Center for Parliamentary Management
Széchenyi Rakpart 19
Budapest, Hungary
Tel: (36-1) 131-9500

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

.03a The Environmental Law Institute "Central European Environmental Dialogue" is intended to support activities

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which reinforce ties between U.S. environmental professionals and their counterparts in Hungary.

.03b Goodwill Industries of America, Inc. is working in rural areas of Hungary to establish model programs for community-based rehabilitation care. Begun in 1991.

LOCAL COUNTERPART: Dr. Gyúla Bandy
Hungarian Lawyers' Association
Szemere u. 19
1054 Budapest, Hungary
Tel: (36-1) 131-4574
Fax: (36-1) 111-4013

US EMBASSY CONTACT: Ms. Judith Greenspan
Assistant Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122
Fax: (36-1) 153-4274

LOCAL COUNTERPART: Mrs. Miklós Angyal
Nagy Lajos Király u. 8/a
Pécs, Hungary
Tel: (36-72) 319-484
Fax: (36-72) 319-484

US EMBASSY CONTACT: Ms. Donna Culpepper
Counselor for Press and Culture
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122
Fax: (36-1) 153-4274

.03c The International Development Exchange "Public Forum as a Platform for Citizen Participant" conducts public fora to promote volunteerism. Participants will be expected to organize into independent, self-sustaining, nonprofit networks and organizations. Begun in 1990.

.03d The University of Tennessee "Building and Developing Volunteer Association Capacity in Central and Eastern Europe" has established five volunteer association

DEMOCRATIC INITIATIVES

development (VAD) centers at universities in Hungary. The program consists of workshops at university centers in the region. In 1991 and 1992, 12 internships were arranged for Hungarians in the U.S. for future VAD center staff.

LOCAL COUNTERPARTS: Katalin Veress
Semmelweis University
Institute of Hygiene & Epidemiology
Nagyvárad tér 3
Budapest, Hungary
Tel: (36-1) 113-7070
Fax: (36-1) 113-8090

.04 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

The U.S. Free Trade Union Institute (FTUI) assists emerging independent trade unions in organization development and membership recruitment, and in campaigning, and conducting union leadership elections slated to be held in Autumn of 1992. FTUI has been working closely with a range of new unions in Hungary, including the railway workers and teachers.

LOCAL COUNTERPARTS: (to be provided)

US COUNTERPART: Free Trade Union Institute
815 16th Street, N.W.
Washington, DC 20006
Tel: (202) 637-5332
Fax: (202) 637-5263

US EMBASSY CONTACT: Mr. Brian Aggeler, Labor Officer
U.S. Embassy
Szabadság tér 12.
1054 Budapest, Hungary
Tel: (36-1) 112-6450
Fax: (36-1) 132-8934

DEMOCRATIC INITIATIVES

PROJECT NAME: Local Government and Public Administration
PROJECT NUMBER: 180-0018
OBLIGATED FOR HUNGARY: \$ 750,000
PROJECT ELEMENTS:
.01 Grant Competitions - Univ. So. Calif. \$ 750,000
.02 Public Management (USIA Funds) --

PROJECT DESCRIPTION: The Local Government and Public Administration Project trained and advised freely-elected officials in public administration. Training activities center on the basic skills necessary for effective local government and accountable public administration such as budgeting and finance; contracting and procurement; personnel; organizational management; and the provision of public services such as health, housing, and education.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: COMPLETED
USAID awarded a \$750,000 grant to the University of Southern California to develop public administration skills at the local government level. Three technical advisors provided assistance to the City of Szekesfehervar during January-September 1992. The advisors assisted the city council and the Mayor in improving public administration skills in areas such as asset management and public budgeting. Completed in 1992.

LOCAL COUNTERPART: Mr. Istvan Lajos Kovacs
Deputy Mayor
Varoshaz ter 1
8000 Szekesfehervar, Hungary
Tel: (36) 22-16390
Fax: (36) 22-14262

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93
USAID transferred SEED funds to supplement USIA's budget and conducted the following activities:

DEMOCRATIC INITIATIVES

- The Hubert Humphrey Fellowship North-South Program, which began in 1991, sends Hungarians from government and the private sector to the United States for a year of study and related practical professional experience in public policy.
- The John Marshall Fellowship Program will provide 6 scholarships in 1992-93 and in subsequent years for study in the United States in public administration and law. In addition, the John Marshall Chair at Budapest University of Economics (BUES) began work in January of 1991 and continues to function.
- Assistance has been given for translation of textbooks and other materials as well as exchange activities with U.S. institutions to the Center for Public Management & Public Policy at BUES.
- USIA sent the Parliamentary Committee on Local Government and other local officials to the United States to learn about local government in 1990.
- USIA brought local government experts from the U.S. to consult with officials in Debrecen, Szeged, Pecs, and Budapest in 1990-1993 on public administration topics, and continues to do so.
- Funded internships and study tours in the U.S. for local government officials through the International Visitor Program. Two group projects, for city officials and for economic advisers, went to the U.S. in summer 1992, and related projects continue in 1993-94.
- USIA provided a grant to the U.S. Council of Governors' Policy Advisors to conduct a three-part series of seminars for local officials. Seminars on strategic planning were conducted in March 1992, and on economic development in May 1992, in Pecs, Debrecen, and Szeged. Similar programs will be conducted in 1993-94.
- USIA, in conjunction with other organizations, also works to promote the development of a free-market economy, particularly in the area of small business development. USIA funded the translation of materials about entrepreneurship, and sponsored entrepreneurship seminars.

DEMOCRATIC INITIATIVES

- An Alexander Hamilton chair at the SEED Foundation (Budapest-based foundation for Small Enterprise Economic Development). Established in 1990, the chair is occupied by an American specialist who assists the indigenous SEED Foundation to provide services to entrepreneurs. It continues in operation.

LOCAL COUNTERPARTS: Ms Aniko Soltesz, Director
SEED Foundation
Andor utca 47-49
1119, Budapest, Hungary
Tel: (36-1) 185-3387
Fax: (36-1) 161-2830

Mayors of Debrecen, Pecs, Szeged, Veszprém
Parliamentary Commission on Local Government
John Marshall Fellowship
University of Budapest School of Economics
Hubert Humphrey Fellowship

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122
Fax: (36-1) 153-4274

DEMOCRATIC INITIATIVES

PROJECT NAME: Democratic Governance and Public Administration

PROJECT NUMBER: 180-0019

OBLIGATED FOR HUNGARY: \$ 2,449,000

PROJECT ELEMENTS:

.01 Assistance to Parliament (FROST)	\$ 1,994,000
.03 North Atlantic Assembly	\$ 64,000
.04 Public Management (National-level)	\$ 165,000
.07 Public Administration - IESC	\$ 226,000

PROJECT DESCRIPTION: The National Legislatures Project provides commodities and technical assistance to the Parliament of Hungary. Assistance was provided in cultivating parliamentary procedures to enhance the effectiveness of a governing body where all parties have a representative voice. The project also helps establish effective research and communication systems, parliamentary committee structures, and party caucuses.

.01 ELEMENT IMPLEMENTATION STATUS: COMPLETED

USAID, through the U.S. Library of Congress, transferred funds to Congressional institutions such as the Secretary of the Senate, the Congressional Research Service, and the House Information System. USAID also transferred money to USIA to finance a long-term, American legislative advisor to the Hungarian Parliament.

The project was managed by the House of Representatives Special Task Force on the Development of the Parliamentary Institutions in Eastern Europe (the "Frost Committee") appointed by Speaker Foley and by the Office of the Secretary of the Senate.

By July 1993, the Congressional Research Service had carried out training in library services and automatic data processing systems, and completed installation of 85 computer work stations, 12 printers, copiers, and related equipment. C.R.S. also arranged the donation of reference materials, including subscriptions to U.S. periodicals, requested by the Parliament. The formal dedication of the information center occurred in July 1993 during the visit of a delegation lead by Rep. Martin Frost.

DEMOCRATIC INITIATIVES

LOCAL COUNTERPART: Mr. Laszlo Barbarty
Information Division
Library of the Hungarian Parliament
Kossuth Lajos Ter 1-3
H-1357 Budapest
Tel: (36-1) 131-4199
Fax: (36-1) 131-5361

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

North Atlantic Assembly: USAID transfers funds to support the travel of Hungarian Parliamentarians and legislators from elsewhere in Central and Eastern Europe to join their U.S. and Western European counterparts at North Atlantic Assembly conferences in Brussels, Belgium.

US EMBASSY CONTACT: Ms. Mary Tracy
Political Officer
U.S. Embassy
Szabadsag ter 12
1054 Budapest, Hungary
Tel: (36-1) 112-6450
Fax: (36-1) 132-8934

.04 ELEMENT IMPLEMENTATION STATUS: COMPLETED

Public Management (National level): USAID supplemented funding to the International Executive Service Corps (IESC) to provide U.S. volunteers in public administration to institutions in Hungary and the region to improve public policy skills.

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
U.S. Embassy
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

DEMOCRATIC INITIATIVES

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

Public Administration: USAID entered into a cooperative agreement with the International Executive Service Corps (IESC) to provide volunteer executives for up to six months to deliver technical assistance in public administration to government at the national, regional and local level. Volunteers traveling to Hungary focus on establishing City Managers in the central region of the country. Their efforts involve small city and village associations in this region. An additional focus of the project is assisting three educational institutions in the development of public administration curriculae. We expect experiences under this project to provide valuable lessons learned for future public administration activities in Hungary.

LOCAL COUNTERPARTS: Ms. Agnes Budai, Country Director
Iskola u. 8.
1011 Budapest, Hungary
Tel: (36-1) 201-7082, 201-7691, 201-8080
Fax: (36-1) 201-6052

Mr. E. Ross Sawtelle
Regional Representative
IESC
Donáti u. 35-45
1015 Budapest, Hungary
Tel: (36-1) 201-7082, 201-7691
Fax: (36-1) 201-6052

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
U.S. Embassy
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

DEMOCRATIC INITIATIVES

PROJECT NAME: Rule of Law

PROJECT NUMBER: 180-0020

OBLIGATED FOR HUNGARY: \$ 210,000

PROJECT ELEMENTS:

.01	USIA	\$	142,000
.02	ABA-CEELI	\$	68,000

PROJECT DESCRIPTION: The Rule of Law Project furnishes training to strengthen laws, regulations, legal practices and policies, and legal institutions (particularly the development of an independent judiciary) in order to enforce political and other human rights and fundamental freedoms.

The Rule of Law Project is administered by USIA with the concurrence of the Bureau of Human Rights and Humanitarian Affairs, Department of State.

.01 ELEMENT IMPLEMENTATION STATUS: COMPLETED

Drafters of the Hungarian Constitution went to the United States in 1991 to learn about the U.S. and state constitutions. USIA also sent a number of Hungarian judges in 1991 and 1992 to the National Judicial Training Center in Nevada to participate in seminars about the U.S. judicial system and legal education. A separate group of judges and legal professionals participated in a four week study tour of the American courts in the U.S. in Spring 1992.

In addition, USIA sponsored two mock trials in Budapest at which U.S. judges and lawyers and their Hungarian counterparts conducted trials to illustrate points of law and procedure. Under a grant to Columbia University a small legal advisory service has been established at the Ministry of Justice. USIA also worked with the Central and East European Law Institute (CEELI) on issues of law school reform.

LOCAL COUNTERPART: Mr. Gabor Halmai
Constitutional Court
Vaci ut 71
1139 Budapest, Hungary
Tel: (36-1) 160-0333
Fax: (36-1) 149-7747

DEMOCRATIC INITIATIVES

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

.02 ELEMENT IMPLEMENTATION STATUS, AS OF: 1/18/94
ABA-CEELI provides assistance through technical assistance workshops, assessments of draft legislation, and long-term training. To date, three workshops have been conducted, the most recent being one on judicial ethics and independence of the judiciary, from November 29-30, 1993. A long-term advisor, Mr. David Gustafson, has been assigned to the Chief Public Prosecutor's Office of Hungary.

LOCAL COUNTERPART: Mr. David Gustafson, Attorney (through 1/94)
(Chief Public Prosecutor's Office)
Andrassy ut 117. I/7.
Budapest, Hungary
Tel: (36-1) 121-7655

US COUNTERPART: Mr. Mark Ellis
CEELI Executive Director
ABA, Suite 450
1800 M St., NW
Washington, DC 20036-5886
Tel: (202) 331-2619
Fax: (202) 457-1163

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körut 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

DEMOCRATIC INITIATIVES

PROJECT NAME: Social Processes and Cultural Pluralism

PROJECT NUMBER: 180-0021

OBLIGATED FOR HUNGARY: \$ 1,585,000

PROJECT ELEMENTS:

.01 Educational Reform (USIA)	\$ 652,000
.02 Books for Democracy (USIA)	\$ 671,000
.05 Political Organizations (see 180-0017)	\$ 10,000
.08 AFL-CIO (see 180-0017)	\$ 252,000

PROJECT DESCRIPTION: The Social Processes and Cultural Pluralism Project is being executed by USIA to teach democratic principles in Central and Eastern Europe on the university and secondary education levels. Educational Reform is divided into six programs: educational reform lecturers; educational reform specialists (for shorter programs); summer institutes; U.S.-based study programs; teacher exchanges (secondary education); and the small grants program.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

Education reform lecturers and specialists have been assigned to Hungarian institutions. USIA receives USAID monies to supplement its own budget for Fulbright scholarships in the U.S. and Hungary. Status: applied in 1990, 1991, 1992 and 1993.

Teacher exchanges: 40 Hungarian and American teachers exchanged for academic years 1992-1992 and 1992-1993.

LOCAL COUNTERPARTS: Mr. Gabor Dunai
Ministry of Culture and Education
Szalai utca 10/14
Budapest, Hungary
Tel: (36-1) 156-0600

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

DEMOCRATIC INITIATIVES

OTHER: Dr. Huba Bruckner
Fulbright Commission
Ajtosi Durer sor 19/21
Budapest, Hungary
Tel: (36-1) 183-7777

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

.02a The Books for Democracy program supplies books and textbooks, periodical subscriptions, and pamphlets, and manages the distribution of donated books to schools, libraries, and other institutions throughout Hungary to support pro-democratic curricula and the teaching of democratic pluralism.

.02b Books for Fulbright Scholars: Each U.S. Fulbright teacher receives \$1000 for book purchases. (There have been an average of 50 scholars a year since autumn 1991.)

.02c Assistance to publishers: Grants are provided to Hungarian publishers to secure local rights and to subsidize the translation and publication of selected American books (including textbooks) on democratic institutions, market economics, political science, and related subjects.

US EMBASSY CONTACT: Mr. James Nealon
Press Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

DEMOCRATIC INITIATIVES

PROJECT NAME: Independent Media

PROJECT NUMBER: 180-0022

OBLIGATED FOR HUNGARY: \$ 1,451,000

PROJECT ELEMENTS:

.01 International Media Fund	\$ 1,373,000
.02 USIA Media Training	\$ 78,000

PROJECT DESCRIPTION: The Independent Media Project promotes the establishment of independent radio and TV stations, newspapers and journals, and trains independent journalists committed to the highest professional standards. Once established in the context of a free-market economy, U.S. government assistance to independent media will diminish and ultimately disappear.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

The International Media Fund established the American Journalism Center of Budapest through a grant to the University of Maryland. The Center, located at Nap TV, works closely with ELTE University to train its journalism students, using equipment donated by IMF to Nap TV. The IMF has donated equipment to other Hungarian broadcasters and production companies, including Black Box and Radio 11.

US EMBASSY CONTACT: Mr. James Nealon

Press Attache

U.S. Information Service (USIS)

Bajza utca 31

1062 Budapest, Hungary

Tel: (36-1) 142-4122, 142-3156

Fax: (36-1) 153-4274

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

USIA Media Training has encompassed production techniques; budgeting and sales; marketing and advertising; the use of computers in editing and broadcasting; personnel and management, particularly how journalists become managers; and the organization of news teams. During 1991-92, USIA has:

- Conducted a workshop on frequency allocation and regulation of electronic media in cooperation with the Department of Commerce, the Federal Communications Commission, Budapest's

DEMOCRATIC INITIATIVES

Institute for Public Opinion Research and the Center for Parliamentary Management;

- Funded a two-week visit to Hungary by an American professor of journalism to consult on the establishment of an effective program of journalistic training;
- Sent eight Hungarian journalists to the United States on internships to work in major U.S. publications to learn about both the editorial and business aspects of American journalism;
- Sent senior executives from the U.S. television industry to Hungary for consultations on media management and training;
- Sponsored a two-day seminar on press and government relations with the Association of Hungarian Journalists and the International Media Fund. In May 1991, the Association and the Fund announced the creation of the American Journalism Center in Budapest's ELTE University.

LOCAL COUNTERPARTS: Nap TV

Angol utca 13
Budapest XIV, Hungary
Tel: (36-1) 121-5889

Black Box
Karoly korut 24.1
Budapest V, Hungary
Tel: (36-1) 118-9486

American Journalism Center
c/o Nap TV
Angol utca 13
Budapest XIV, Hungary
Tel: (36-1) 121-5889

US EMBASSY CONTACT: Mr. James Nealon

Press Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

ECONOMIC RESTRUCTURING

PROJECT NAME: Energy Sector Grant
PROJECT NUMBER: 180-0036
REGIONAL OR HUNGARY SPECIFIC: Hungary
OBLIGATED FOR HUNGARY: \$10,000,000

PROJECT DESCRIPTION: The United States announced a \$10 million grant to the Government of Hungary in September 1991 to promote policy reforms in the energy sector. The USAID grant provided the Government of Hungary balance of payments support. The U.S. grant enabled the Government of Hungary to generate the counterpart local currency equivalent for use by the Social Insurance Administration while remaining within national budget conditions set in Hungary's stand-by agreement with the International Monetary Fund. The Social Insurance Administration was thus able to provide the one-time subsidy to a broader population of low-income energy consumers.

PROJECT IMPLEMENTATION STATUS: COMPLETED

Disbursement of the USAID grant was completed in April 1992. The Government of Hungary distributed the one-time subsidy to low-income families and low income pensioners during October-November of 1991-1992 to reduce the impact of large energy price increases.

LOCAL COUNTERPARTS: Dr. Tibor Erhart
Foreign Economic Department, Rm 212
Ministry of Finance
József Nádor ter 2-3
1054 Budapest, Hungary
Tel: (36-1) 118-5909

Mr. Gyorgy Ries, Financial Director
Ms. Attilane Balint, Director
Pension Disbursement Office, 4 Em.
Social Security Administration
Sas ut. 10
1051 Budapest, Hungary
Tel: (36-1) 131-4750

ECONOMIC RESTRUCTURING

US EMBASSY CONTACT: Mr. Zoltan Varkonyi, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Privatization and Enterprise Restructuring

PROJECT NUMBER: 180-0014

OBLIGATED FOR HUNGARY: \$ 12,191,000

PROJECT ELEMENTS:

Privatization Contracts: various

PROJECT DESCRIPTION: The Privatization and Enterprise Restructuring Project provides technical assistance for enterprise restructuring, privatization, and promotes market-oriented skills in business. The secondary purpose is to train local experts in business consulting through strong ties to the United States. The project consists of a multifaceted program of technical assistance, including financial and legal services linked to related commodity procurement, to accelerate policy decisions and implementation procedures for privatization.

PROJECT IMPLEMENTATION STATUS AS OF: 10/30/93

Indefinite Quantity Contracts (IQC). In June 1991, USAID signed long-term contracts with three consortia, headed respectively by Coopers and Lybrand, Deloitte & Touche (DRT), and KPMG-Peat Marwick to provide expert services quickly to Hungarian officials and to firms in various technical fields to assist the privatization process. These contracts encompass a wide range of services including accounting and auditing, capital market development, law, financial planning and management, industrial engineering, marketing, and export promotion.

In Hungary, USAID is funding numerous projects under individual or IQC contract mechanisms. Projects have included:

- Under an individual contract with Deloitte and Touche, a long-term resident advisor has been assigned from March 1990 to the present to the State Property Agency (SPA - AVU) to assist in the establishment of operational and managerial systems. DRT also assisted in the setup of PRI-MAN, a separate unit to manage the self-privatization process. DRT is also working with the SPA to institute a process for execution of the new warrant compensation system. Began March 1990 and will end February 28, 1994.
- Under the same contract, Deloitte and Touche assisted the SPA in the selection and installation of an extensive computer systems network (more than 80 work stations) and

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the design of related software to maintain records and conduct statistical analysis of the privatization process. Begun 1991 and ongoing.

- Under the IAC mechanism, Coopers and Lybrand, working with Chemonics Inc., completed in Spring 1992 a policy analysis on procedures related to the privatization effort of the Monor State Farm.
- Deloitte & Touche and East Europe Law worked through June 1993 on a franchising project to increase the understanding of franchising in Hungary as a vehicle for the distribution of consumer goods and as a spur to entrepreneurship.
- Coopers and Lybrand/Chemonics Inc. provided technical assistance in the elaboration of techniques and instruments for privatization to the Minister of Privatization through the COMPASS (Consulting to the Office of the Minister for Privatization -- Agricultural Sector Support) project. Began Fall 1992 and scope was modified in January 1993 to respond to new GOH Decree to speed up privatization. The project will help the SPA develop and sell companies using tools such as leasing and various other kinds of secured financing. A follow-on activity, IMPACT (Improving Methods of Privatization to Accelerate the Closing of Transactions Project) has been developed and will be implemented.
- IQC contractor Coopers & Lybrand/Chemonics provided technical assistance to the Minister for Privatization on implementation procedures for new legislation allowing Employee Stock Ownership Plans (ESOPS). Begun Spring 1992, and completed in Spring 1993. Additional follow-on ESOP activities under IMPACT (see below).
- Coopers and Lybrand, working with Chemonics Inc., provides technical assistance in the elaboration of techniques and instruments for privatization to the Minister for Privatization through the IMPACT ("Improving Methods of Privatization to Accelerate the Closing of Transactions") project. The new contract (\$900,000) began in fall 1993. The project will help the SPA develop and sell companies using tools such as leasing and various other kinds of asset based financing.
- KPMG-Peat Marwick is assisting the Office of the Minister for Privatization in the development of strategies for

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financial sector reform, especially relating to bank privatization. Began Fall 1992, and ongoing.

- A contract (\$3.5 million) was signed for Deloitte and Touche to begin providing investment banking and transaction support services to assist the State Property Agency increase the speed and transparency of privatization transactions. Advisors were in place as of October 1993.

LOCAL COUNTERPARTS: Mr. Erno Racz
State Property Agency
Poszonyi u. 56
1138 Budapest, Hungary
Tel: (36-1) 129-4650
Fax: (36-1) 118-7115

Deloitte & Touche
Mr. Charles Twyman
Privatization Advisor
State Property Agency
Poszonyi u. 56
1138 Budapest
Tel: (36-1) 118-5411
Fax: (36-1) 149-5741

Janos Lukacs, Director (ESOPS)
Share Participation Foundation
Vajda Peter u. 43.II/25.
1089 Budapest
Tel and Fax: (36-1) 210-2860
Tel: (36-1) 210-2854

Deloitte & Touche
Mr. Charles Stamm
Project Manager
SPA Transactions
Advisor Project
State Property Agency
Poszonyi u. 56
1138 Budapest
Tel: (36-1) 267-2062
Fax: (36-1) 267-4182

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Chemonics Inc.
Mr. Vincent Morabito
Mr. Itil Asmon
Rumbach Sebestyn u.14
1075 Budapest, Hungary
Tel: (36-1) 141-5515
Fax: (36-1) 141-5514

Mr. György Lajtai
Director
State Property Agency
Poszonyi u. 56
1138 Budapest
Tel: (36-1) 149-4173
Fax: (36-1) 149-4165

US COUNTERPARTS:

Coopers and Lybrand
Mr. Robert Rourke
1530 Wilson Boulevard
Arlington, VA 22209
Tel: (703) 908-1500
Fax: (703) 908-1695

Deloitte and Touche
Mr. Ronald J. Ivey
Suite 350N
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2594
Tel: (202) 879-5600
Fax: (202) 879-5309

KPMG-Peat Marwick
Mr. Don Billings
Policy Economics Group
2001 M Street, N.W.
Washington, D.C. 20036
Tel: (202) 467-3333
Fax: (202) 728-0546

US EMBASSY CONTACT: Ms. Alexandra Hendrickson
Project Specialist
Office of the USAID Representative to Hungary
Károly körút 1:
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Technical Assistance to Enterprises

PROJECT NUMBER: 180-0023

OBLIGATED FOR HUNGARY: \$ 4,151,000

PROJECT ELEMENTS:

.01 International Executive Service Corps	\$ 2,521,000
.03 Center for International Private Enterprise (CIPE)	\$ 1,000,000
.05 MBA Enterprise Corps Keenan Institute	\$ 492,000
.08 Peace Corps	\$ 138,000

PROJECT DESCRIPTION: The purpose of the project is to provide managerial, professional, legislative and regulatory assistance for Hungarian enterprises through grants to not-for profit organizations. Currently there are three separate activities under the umbrella of the project: The International Executive Service Corps (IESC) volunteer program; the MBA Enterprise corps program, and the Legal and Regulatory Reform Project of the Center For International Private Enterprise (CIPE).

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94
The International Executive Service Corps (IESC) has offices throughout Central and Eastern Europe and the Baltic nations to supply managerial and professional assistance to individual business entities. Volunteers work on specific projects for periods ranging from two weeks to three months. The Trade and Investment Services Section of IESC performs in-depth surveys of business sectors to determine their ability to compete in the world market in terms of quality, price, and deliverability. Production techniques, raw materials sourcing, and marketing are also analyzed. IESC volunteers also assist firms in developing ventures with U.S. companies.

IESC, in its three years of operation in Hungary, has assigned executive volunteers to more than 190 projects in over 70 enterprises throughout the country. Some volunteers have conducted several projects. During the first two years, IESC volunteers worked within enterprises in more than 10 sectors, including finance, marketing, agribusiness, publishing, health services, manufacturing, the chemical industry, and services. In 1992, IESC expanded its role to providing assistance on public

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administration to governmental and other institutions and by end of 1993, IESC worked on 6 public administration project in education, municipal economic development and municipal government. In 1993, IESC significantly expanded the executive volunteer program, providing volunteers to new sectors, such as software industry, securities, advertising, and editing.

LOCAL COUNTERPARTS: Ms. Agnes Budai
Country Director
Ms. Csilla Molnar, Assistant
Frankel Leo u. 30-34
1027 Budapest, Hungary
Tel: (36-1) 135-3154, 135-3155, 115-3298
Fax: (36-1) 115-3299

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

The Center for International Private Enterprise, an affiliate of the U.S. Chamber of Commerce, was established in 1983 to assist the newly emerging democratic nations in their transitions to an entrepreneurial and open-market economy. In July of 1992, CIPE received two 18-month grants from USAID (a \$1,000,000 grant for Hungary and a \$500,000 grant for the Baltics) to address legal and regulatory impediments to small and medium private business formation and growth.

As a principal participant in the National Endowment for Democracy, CIPE provides support to local associations and leaders through private sector research and advocacy, economic analysis, business and economic analysis, business and economic education, business association development programs, and privatization packages. Under its mandate, CIPE is implementing an interactive Hungarian legal and regulatory reform program by providing administrative assistance to distinguished Hungarian organizations and individuals involved with the Hungarian reform process.

CIPE is identifying issues in the area of legal and regulatory reform which are impeding private business development in Hungary, as well as identifying local organizations to receive sub-grants for projects focused on these issues. Among the recipients of CIPE-grants have been such organizations as IPOSZ (the National Association of Federations of Craftsman), Financial Research, Inc., Budapest University of Economic Sciences, the Public Policy Institute, and the Foundation for Market Economy.

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The CIPE Budapest office coordinates the activities of a Hungarian Advisory Board, which meet on a monthly basis to discuss project issues and host foreign experts in the area of legal and regulatory reform, and publishes a bilingual monthly newsletter. CIPE has set up an advisory board which includes representatives of various Hungarian entrepreneurial and public policy organizations, Chamber of Commerce, international and Hungarian financial institutions, press and media. Through their board meetings, CIPE has encouraged and facilitated an open dialogue among government leaders, indigenous grass-roots organizations, and other participants. In 1993, CIPE invited illuminary speakers and leaders of various political parties including Dr. Ivan Szabo, the Minister of Finance.

LOCAL CONTACT: Mr. Eric Johnson, Director
Center For International Private Enterprise
Szent István körút 10 1/1
1137 Budapest, Hungary
Tel/Fax: (36-1) 111-3372

.05 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

The MBA Enterprise Corps is comprised of recent graduates with Masters of Business Administration degrees (MBAs) who have at least three years of working experience. The MBAs advise private companies that are both wholly- and partially-owned by Hungarians on a range of finance, marketing and production issues. Volunteers are paid a Hungarian managerial salary and host firms assist with housing. MBA Corps members agree to assignments of a minimum length of one-year, and have an option to extend for a second year. The MBA Corps of the Keenan Institute also receives grant funding support from U.S. corporations and other sources.

Since 1990, MBA volunteers have worked in more than 40 Hungarian firms and institutions. Eight new MBA volunteers were assigned to firms in September 1993, two of whom work directly through the International Management Center (IMC). The Hungarian-American Enterprise Fund has used MBA volunteers to supplement its investment analysis staff.

LOCAL COUNTERPART: Mr. Dezso Horvath
International Management Center
H-1221 Budapest
Anna u. 1-3.
Tel: (36-1)-226-1206
Fax: (36-1)-226-5340

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.08 ELEMENT IMPLEMENTATION STATUS AS OF: 1/31/94

The purpose of the project is to promote economic development through self-sustaining, income generating activities and employment. By capitalizing on Peace Corps' strengths of promoting self-help and the ability to work in the Hungarian language and culture, Peace Corps Volunteers will provide expertise and business management and business education with a two-year minimum commitment.

Ten volunteers started their assignments in early December 1993. The volunteers work in a small business program development and advisory assignment which offer a variety of opportunities to use their skills and experience depending upon the site: a local enterprise agency, a private foundation or a business association. Eight of the ten volunteers are assigned outside Budapest, to a larger town in one of Hungary's 19 counties.

They work closely, one-on-one, with a Hungarian counterpart to develop skill and capacity and the ability of all the staff of a number of small business development institutions to serve an increased number of targeted clients, with higher quality services.

Volunteers have work experience in Small Business Consulting/Management, Cooperative Business Management, Business Information Systems, Marketing, International Trade, Finance/Accounting, Banking/Credit Programs, Venture Capital, Business Training/Education, Agribusiness, Tourism, and Small Manufacturing. They help their host institution to develop and organize information resource services, provide on-going, one-on-one technical extension assistance, and conduct practical, short courses to entrepreneurs.

LOCAL COUNTERPARTS: Larry Bartlett
Associate Director/ Small Business
Peace Corps
Attila út 13
Budapest 1013
Tel: (36-1) 201-9014
Fax: (36-1) 201-9049

US EMBASSY CONTACT: Mr. Zoltan Varkonyi, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Competition Policy, Laws and Regulations

PROJECT NUMBER: 180-0026

OBLIGATED FOR HUNGARY: \$ 1,794,000

PROJECT ELEMENTS:

.01 Tax Policy and Administration	\$ 265,000
.02 Anti-trust Law - U.S. Dept. Justice and Federal Trade Commission	\$ 650,000
.03 OECD-Transition to World Markets Partners in Transition Program	N/A
.04 Telecommunications Policy - State Dept.	\$ 111,000
.05 Commerce Dept.- Government to Government Assistance	N/A
.06 International Development Law Inst.	\$ 293,000
.07 American Bar Association (CEELI) Grants to Business Organizations	\$ 29,000
-- evaluation allocation --	N/A
-- U.S. Office of Management and Budget (OMB)	N/A
.11 TDA Telecommunications-Hungary	\$ 270,000
.12 Telecommunications - USAID supplemental to (.04) above	\$ 176,000

PROJECT DESCRIPTION: The Competition Policy, Laws and Regulations Project encompasses several disparate government activities to promote the establishment of a legal and regulatory framework for a functioning market economy. Activities involve training and advice in anti-monopoly laws, tax policy and administration, telecommunication regulations, and general commercial laws and regulations.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

Tax Policy and Administration assistance has been provided by the U.S. Department of Treasury and the Internal Revenue Service (IRS). U.S. Treasury and IRS staff from regional offices in Paris and Rome have also traveled to Hungary in 1991, and April 1992 to consult with Hungarian officials.

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

Anti-Trust Law Advice is provided by the U.S. Department of Justice (DOJ) and the Federal Trade Commission (FTC) which send short-term and medium-term experts on competition policy, anti-monopoly regulation, and consumer protection standards, and arbitration to assist government officials in defining, implementing, and enforcing new regulations. The FTC and DOJ

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assigned a resident U.S. lawyer and economist for three-month periods each to the Hungarian Competition Office in August 1992 and September 1993 for approximately 90 days. DOJ and FTC also provide training to Hungarian officials and their colleagues in Central and Eastern Europe. A first training seminar was held in Vienna in March 1992 over three days. In November of 1992, two Hungarian officials traveled to Washington, D.C., to work as interns for six weeks; and others will continue to serve as interns in the DOJ or FTC for 4-6 week periods. Two advisors, Phyliss Altrogge (FTC) and Jim Griffin (DOJ), arrived in September 1993 to continue assistance in the Hungarian Competition Office.

LOCAL COUNTERPARTS: Mr. Ferenc Vissi, President
Competition Agency
Roosevelt tér 7-8
1051 Budapest, Hungary
Tel: (36-1) 132-7179, 132-2100, 131-1517
Fax: (36-1) 132-2125

Phyliss Altrogge and Jim Griffin
Roosevelt tér 7-8
1051 Budapest, Hungary
Tel: (36-1) 132-7179
Fax: (36-1) 132-2125

US COUNTERPART: Mr. Bill Spencer
Department of Justice
Washington, DC 20530
Tel: (202) 616-0051
Fax: (202) 514-0580

US EMBASSY CONTACT: James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93
OECD Transition to World Markets: In December 1990, USAID provided \$1.5 million of a total \$2 million grant to the Organization for Economic Cooperation and Development (OECD) to conduct programs and seminars for Central and Eastern European policy makers. The grant assisted with expenses for the OECD Center for Cooperation with European Economies in Transition, and

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the "Partners in Transition" Program. The two programs involved a wide array of activities to develop the skills of mid- and senior level officials from Hungary and the region in policy analysis and formulation.

Activities at the OECD/Paris and in the region (e.g. a seminar in Prague in May 1992 and a seminar in Vienna in July 1993) included internships, conferences, workshops, information exchange, and coordinated technical assistance and training. Fields covered were statistics, economic structural adjustment, tax reform, investment promotion, competition policy, banking and financial systems, environment policy and planning, labor market and social policy, education, trade, agriculture, energy, and science and industry. OECD conducted an evaluation of its activities in May 1993.

LOCAL COUNTERPARTS: Not applicable.

US EMBASSY CONTACT: Mr. Howard Clark, Economic Officer
U.S. Embassy
Szabadság tér 12
1054 Budapest, Hungary
Tel: (36-1) 112-6450/ext.474
Fax: (36-1) 132-8934

.04 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

Telecommunications Policy assistance is provided through the U.S. State Department, Bureau for Communications and Information Policy (CIP), to promote establishment of a legal and regulatory framework favorable to competition in the telecommunications sector. With USAID funding, CIP sent Hungarian legislators and regulators to the U.S. in early 1992 for consultations with U.S. as preparation for the drafting of new Hungarian laws and regulations. CIP also contracted for policy workshop seminars in Hungary 1991 and 1992. A week long interconnect seminar is scheduled for February 1994.

LOCAL COUNTERPARTS: (ECON to provide)

US EMBASSY CONTACT: Mr. Howard Clark, Economic Officer
U.S. Embassy
Szabadság tér 12
1054 Budapest, Hungary
Tel: (36-1) 112-6450/ext.474
Fax: (36-1) 132-8934

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.05 ELEMENT IMPLEMENTATION STATUS AS OF: 12/31/92

The U.S. Commerce Department will assist Central and Eastern European governments to improve their laws, regulations, policies and administrative framework in the areas of foreign and domestic investment, dispute resolution, intellectual property rights, and government procurement.

US EMBASSY CONTACT: Mr. Patrick Hughes
Foreign Commercial Officer
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

.06 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

In April 1992, USAID awarded \$1 million to the International Development Law Institute (IDLI) to provide technical assistance to Hungarian business organizations and entrepreneurial associations to assist their efforts in the promotion of a legal and regulatory structure conducive to the private sector. IDLI began its technical assistance and training for Hungarians in September 1992. Hungarian lawyers have participated in three seminars to date, the most recent of which was held in early October of 1993 and was titled "Negotiation of the Sale of State-Owned Enterprises". IDLI intends to conduct two seminars in 1994.

LOCAL COUNTERPART: Dr. Orsolya Szeiberg
Ministry of Justice
Civil Law Department
Szalay utca 16
1055 Budapest, Hungary
Tel: (36-1) 132-6170, ext. 143
Fax: (36-1) 112-2069

IDLI COUNTERPART: Mr. William Loris
IDLI
Via Paolo Frisi 23
00197 Rome, Italy
Tel: 807-2378
Fax: 807-0333

ECONOMIC RESTRUCTURING

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

The American Bar Association (ABA) through the Central and East European Law Institute (CEELI) program began a regional training and technical assistance program in 1990 to promote implementation of a regulatory climate conducive to growth of the private sector. CEELI will provide a long-term legal specialist to assist the General Counsel of the State Property Agency.

LOCAL COUNTERPART: Mr. David Gustafson, Attorney (through 1/94)
(Chief Public Prosecutor's Office)
Andrassy ut 117. I/7.
Budapest, Hungary
Tel: (36-1) 121-7655,

US COUNTERPART: Mr. Mark Ellis
CEELI Executive Director
ABA, Suite 450
1800 M St., NW
Washington, DC 20036-5886
Tel: (202) 331-2619
Fax: (202) 457-1163

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

.11 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

The U.S. Trade and Development Agency (TDA), with supplemental funding from USAID, contracted in June 1992 with Investment Decisions Inc. to help develop an information system for the Office of the Prime Minister.

LOCAL COUNTERPART: Office of the Prime Minister

ECONOMIC RESTRUCTURING

US EMBASSY CONTACT: Mr. Patrick Hughes
Foreign Commercial Officer
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

.12 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93
Supplementing the telecommunications activities of the State Dept. CIP Bureau (component 4 above), USAID finances technical assistance and training by financing studies through the U.S. Telecommunications Technology Institute (USTTI). On September 30, 1993, USAID signed an inter-agency agreement with the Department of State's Bureau of International Communication and Information Policy (CIP) to develop and coordinate telecommunications training seminars in Eastern Europe and specifically Hungary. The first of these training activities for the 1993 Agreement started in December.

LOCAL COUNTERPARTS: (to be provided by Economic Section)

US EMBASSY CONTACT: Nedra Huggins-Williams, Program Officer
Office of the USAID Representative to Hungary
Károly Körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

Mr. Howard Clark, Economic Officer
U.S. Embassy
Szabadság tér 12
1054 Budapest, Hungary
Tel: (36-1) 112-6450
Fax: (36-1) 132-8934

ECONOMIC RESTRUCTURING

PROJECT NAME: Business Services

PROJECT NUMBER: 180-0027

OBLIGATED FOR HUNGARY: \$4,869,000

PROJECT ELEMENTS:

.01 Financial Sector Advisors	\$4,669,000
.02 Financial Services Volunteer Corps (FSVC)	\$ 200,000

PROJECT DESCRIPTION: The success of the transformation of the economies of Central and Eastern Europe is conditioned upon the development of financial institutions of the free-market. Under the Business Services Project, activities promote this formation with technical assistance.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

Financial Sector Experts are assigned by the U.S. Department of the Treasury as resident advisors to government and commercial institutions in the financial sector in Hungary.

(a) Mr. William Dewey is a senior advisor to the Minister for Privatization and works in developing strategies for commercial bank privatization and the restructuring of the financial system.

(b) Mr. Louis Stettler, assigned to the Finance Ministry since February 1993, provides guidance to policy-level officials on issues such as credit policy and national and regional budgeting and planning.

(c) Two senior credit advisors, Mr. Jerry Steel and Mr. Mark Fitzpatrick, work in the Kereskedelmi Bank and the Magyar Hitel Bank, respectively. They provide assistance on basic credit analysis, credit and accounting training programs, internal credit rating systems, credit approval processes, and credit administration. A third credit advisor at Budapest Bank, Gerald Thompson, will complete his assignment at the end of January 1994.

LOCAL COUNTERPARTS: Mr. Ivan Szabo
Minister of Finance
Jozsef Nador tér 2-4
1369 Budapest
Tel: (36-1) 118-6924
Fax: (36-1) 118-0738

ECONOMIC RESTRUCTURING

Mr. Tamas Szabo
Minister without Portfolio for Privatization
Poszonyi ut 56
1133 Budapest
Tel: (36-1) 149-5308

Mr. William Dewey, Advisor to
Minister for Privatization
Poszonyi utca 56
1133 Budapest, Hungary
Tel/fax: (36-1) 149-4366

Mr. Louis Stettler
Advisor to the Ministry of Finance
Roosevelt tér 7-8
1051 Budapest, Hungary
Tel/fax: (36-1) 131-6906

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

The Financial Services Volunteers Corps (FSVC) is a U.S. non-profit organization comprised of professionals from leading investment banks, law and accounting firms, and commercial firms who provide services on a volunteer basis to promote the development of financial markets. FSVC recruits short-term U.S. experts to meet specific requests for problem-solving and technical assistance from officials of the Budapest Stock Exchange, the State Securities Agency on securities markets, the commercial bankers association, and other financial entities.

In September 1992, FSVC brought a team of senior American bankers to Budapest to conduct a week-long training course for the Hungarian Bankers' Association. FSVC also sent a team of Hungarian financial specialists for consultations in the U.S. in September 1992. In May 1993, FSVC provided a loan workout specialist to Hitel Bank for assistance in evaluating a specialized loan portfolio. In fall 1994, FSVC provided short-term advisors to the Budapest Stock Exchange, the Share Participation Foundation for ESOPS, and the National Bank of Hungary.

LOCAL COUNTERPARTS: Mr. Gyorgy Fodor
Bankers Association
Roosevelt ter 7-8
1370 Budapest, Hungary
Tel: (36-1) 112-5826

ECONOMIC RESTRUCTURING

Mr. Jozsef Rotyis, Managing Director
Budapest Stock Exchange
Deak Ferenc u. 5
1052 Budapest, Hungary
Tel: (36-1) 117-5226
Fax: (36-1) 118- 1737

Mr. Christopher E. Black
Regional Representative, FSVC
Rózsa u. 21
2092 Budakeszi
Tel/Fax: (36-1) 138-6271

US COUNTERPART:

Mr. Andrew Spindler
Mr. Dana Chasin
Financial Services Volunteer Corps
425 Lexington Ave. 11 Floor
New York, NY 10017-3909
Tel: (212) 455-3549
Fax: (212) 455-2502

US EMBASSY CONTACT: Ms. Alexandra Hendrickson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Bank Training

PROJECT NUMBER: 180-0035

OBLIGATED FOR HUNGARY: \$ 2,148,000

PROJECT DESCRIPTION: The Bank Training Project is being managed by the U.S. Department of the Treasury. It aims to promote reforms in the Central and Eastern European financial sector by helping regional bank training institutes in institutional development, and by providing training for middle and senior level managers. The project is also contributing to a library/resource center and is coordinating internships at U.S. financial institutions and participation in U.S. banking and finance educational programs for Hungarians.

IMPLEMENTATION STATUS AS OF: 10/30/93

Treasury has coordinated varied short-term assistance from the U.S. Federal Reserve, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency since 1990. The U.S. Federal Reserve has also provided periodical short-term advisors to assist in the modernization of Hungary's bank clearing and payments system (supplementing the resident advisor named in Project 180-0027.) In May 1992, Treasury awarded a contract to KPMG-Peat Marwick to provide a bank training program to Hungary and other countries in the region.

In addition, through KPMG-Peat Marwick the Department of the Treasury provided to the International Training Center for Bankers (ITCB) in Budapest software and other curriculum materials for a bankers' training course (BancExec). Training sessions were held at ITCB in October 1992 and May 1993. Additional courses in six areas such as Mortgage Finance and Foreign Exchange were offered in November 1993.

LOCAL COUNTERPART: Ms. Erzsebet Könczöl, Director
International Training Center for Bankers
Csopaki utca. 6
Budapest, Hungary
Tel: (36-1) 202-7488
Fax: (36-1) 201-1330

ECONOMIC RESTRUCTURING

US COUNTERPART: Mr. Cliff Lewis / Ms. Gwen Chandler
KMPG - PEAT MARWICK
2001 M St. NW
Washington, DC 20036
Tel: (202) 467-3841
Fax: (202) 728-0546

US EMBASSY CONTACT: Ms. Alexandra Hendrickson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Hungarian Enterprise Fund

PROJECT NUMBER:

180-0010

OBLIGATED FOR HUNGARY:

\$54,462,000

PROJECT DESCRIPTION: The Hungarian-American Enterprise Fund (the "Fund") is a not-for-profit corporation established by the Support for East European Democracy Act of 1989 to promote development of the Hungarian private sector. The United States Congress capitalized the Fund at a level of \$60 million, to be disbursed over three years through USAID and provided for technical assistance monies to be administered by the Fund. Policy, investment, and loan decisions of the Fund are made by an independent Board of Directors, which includes both Hungarian and American representation.

The Fund conducts a broad investment program to finance small, medium, and large scale businesses, while introducing Western business and legal practices, technical expertise, management tools, and free market economic concepts to influence business activity on a wide scale. Through its investments in Hungary's private sector, the Fund seeks to generate profits that will further support its own activities and attract the investment capital of others. The Fund also operates a Small Business Development Program (SBDP) which represents a \$5 million investment in the future of small business enterprise in Hungary. The SBDP loan program provides \$ 10,000 to \$ 100,000, 3-5 year term loan facilities, in cooperation with two Hungarian commercial banks to extend financing on favorable terms for small and medium sized businesses. The Fund also administers technical assistance funds to promote the growth of the private sector.

PROJECT IMPLEMENTATION STATUS AS OF: 1/10/94:

The Fund has financed 168 projects through five primary channels: (1) Direct portfolio equity investments; (2) Loans to portfolio companies; (3) A small loan program; (4) A micro-lending program; and (5) Technical cooperation grants.

Direct portfolio investments and loans comprise 28 investments totaling \$30.6 million and loans of \$3.3 million. The investments range in size from \$95,000 to \$4 million, with an average investment of \$1.2 million. The distribution of the portfolio is approximately 34% in trade, 28% in manufacturing, 14% in

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telecommunications and electronics (hardware & software), 12% financial services, and 12% in other service industries.

HAEF's Small Loan Program has invested over \$5 million in 109 private Hungarian businesses through long-term loans ranging from \$10,000 to \$100,000. HAEF's Micro-loan Program provides \$1,000 to \$10,000 loans, to encourage start-up businesses and to finance physicians converting to private practice.

HAEF is exploring plans to organize a limited partnership in the U.S. under the Danubius Fund with the objective of providing investors with an opportunity to invest in a professionally-managed portfolio of equity investment in small and medium sized private Hungarian companies. In December 1993, EBRD has expressed interest in collaborating with HAEF on the Danubius Fund and has approved HAEF as a fund manager for possible activities.

The Fund's Technical Cooperation Program has committed \$6.2 million to 31 projects designed to develop Hungary's business infrastructure and capital markets, and to increase the public's understanding of private enterprise and free market economies. Under the Technical Cooperation Program, HAEF funded technical assistance to accelerate and simplify company registration procedures; established visitors center in Budapest Stock Exchange; and developed a training program, "Business az Buznisz", to educate entrepreneurs. The World Bank has expressed interest in the video training material and has committed to purchasing 1000 copies. For the latest project, HAEF, in conjunction with the International Management Center (IMC) conducted a pilot program in Corporate Governance and Responsibility. The pilot seminar, was developed to provide guidelines for HAEF investees and to introduce corporate governance policy and common practices of western companies to ensure that the board members understand their role and responsibilities in corporate success.

LOCAL COUNTERPART: Mr. Charles Huebner, Director
Hungarian-American Enterprise Fund
East-West Business Center
Rakoczi ut. 1-3
1088 Budapest
Tel: (36-1) 251-7175
Fax: (36-1) 251-7086

ECONOMIC RESTRUCTURING

US EMBASSY CONTACT: Ms. Linda Chung, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: American Business Initiative and Private Development

PROJECT NUMBER: 180-0028

OBLIGATED FOR HUNGARY: \$ 1,897,000

PROJECT ELEMENTS:

.01 Capital Development Initiative (contracts)	\$ 152,000
.02 Capital Development Initiative (grants)	209,000
.03 Eastern European Business Information Center (regional only)	
.03 Consortia of American Businesses (CABEE)	
.04 U.S. Trade & Development Agency (TDA) -- Feasibility Studies	\$ 1,427,000
.06 OPIC Equity Investment Capital	
.06 OPIC Feasibility Studies	\$ 109,000

PROJECT DESCRIPTION: The purpose of the American Business Initiative and Private Development Project (ABI) is to facilitate the transfer of U.S. technology and the flow of U.S. capital to Central and Eastern Europe, and to stimulate the involvement of small and medium-sized American firms in that market. Primary emphasis is on five sectors: agriculture and agribusiness, energy, environment, telecommunications, and housing. The ABI has several components.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/31/94

The Capital Development Initiative's (CDI) objective was to involve U.S. industries in the development of infrastructure in Hungary and the region, either as contractors to Central and Eastern European governments in public sector investments, or as direct investors in infrastructure projects being undertaken by the private sector. The CDI focused on three activities:

- Project Opportunity Definition to identify, analyze, and market infrastructure projects and other opportunities for financing and U.S. private sector investment or contracts;
- Promotion of Investment and Trade, Joint Ventures and Co-Ventures contributes direct financial support up-front for infrastructure development costs and for proposed joint ventures between U.S. and Central and Eastern European enterprises; and

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- Project Packaging and Marketing assists with the last stages of project development, the arrangement of financing and completing final technical work.

Contracts were awarded in Spring 1992 to U.S. firms in five sectors: agriculture, telecommunications, energy, environment, and housing. In Hungary, through the environmental contract, Sanders International hired Ms. Erzsebet Strebely as Country Business Development Advisor (CBDA) in March 1993. Since then Sanders assisted several U.S. companies, like Tighe and Bond, Culligan Inc., in establishing commercial ventures in Hungary. Activities provided through these contracts were completed on December 31, 1993.

For 1994, only the services of the Financial Services Regional Business Development Officer (RBDO) will be continued in Hungary. His initial task will be to develop a directory and guide for access to financial services for small and medium enterprises.

.02 ELEMENT IMPLEMENTATION STATUS: COMPLETED

The grants component of this project, the Development Cost Support Fund (DCSF), was designed to help rebuild infrastructure by offering grant funding to U.S. firms or consortia for up to fifty percent of the costs associated with the design of agriculture/agribusiness, energy, environment, housing, and telecommunications projects. The grants ranged from \$100,000 to slightly more than \$500,000.

In October 1992, grants were awarded to support feasibility studies in telecommunications and environment. And, in January of 1994, the final grant was awarded in telecommunications.

Environmental grant: A \$536,000 grant was awarded to Future Water International to work on waste water reclamation and reuse projects in Hungary and Poland. \$150,000 of the grant money is being used in Hungary to work in Dunavarsany and in a few adjacent villages to develop a waste water reclamation and reuse (for agricultural and irrigation purposes) model.

Telecommunications grants: The first grant was awarded to US West, Inc., in the amount of \$208,802 to defray the cost of preparing its bid proposal for participating in the privatization of the Hungarian Telephone Company (HTC). The second grant was awarded on January 18, 1994, to FAIL, Inc. to assist FAIL in its grant application to provide telecommunications and cable TV

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services to five rural regions in Hungary. The FAIL grant totaled \$489,101.

LOCAL COUNTERPARTS: Mr. Mark Raczynski
Vice President, Europe
Sanders International for Environmental
Sector
Al. Szucha 9 p. 410
00-580 Warsaw, Poland
Tel: (48-22) 213-364
Fax: (48-22) 299-705

Mr. F. John Paul "Scotty" Andrews
CDI - Financial Services Office
22, Fort Wola Street
00-961 Warsaw, Poland
Tel: (48-22) 36 85 03
Fax: (48-22) 36 85 55

US EMBASSY CONTACT: James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 12/31/92

The Eastern European Business Information Center of the U.S. Department of Commerce (EEBIC) was established in January 1990. In 1991, its first year of operation, EEBIC replied to more than 30,000 requests for information from the American business community, and built a database exceeding 6,000 companies interested in joint ventures, trade, and investment in the region. EEBIC constantly updates the databank and supplies information upon the request of individual members of the public routed from U.S. Foreign and Domestic Commercial offices.

USAID funds are used (a) to reduce the cost to Hungarian and other Eastern European firms to access EEBIC's U.S. database; (b) to build a counterpart regional database which will then become available to U.S. firms; (c) to install a computerized system to match potential business partners; (d) to expand circulation of EEBIC's bimonthly Eastern European Business Bulletin; and (e) to conduct business promotion seminars in Central and Eastern Europe.

ECONOMIC RESTRUCTURING

US COUNTERPART: EEBIC
U.S. Dept. of Commerce
Washington, DC 20230
Tel: (202) 377-2645
Fax: (202) 377-4473

US EMBASSY CONTACT: Mr. Attila Romvári
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

The Consortia of American Businesses (CABEE) component is an initiative to encourage American firms to open offices and establish a commercial presence in Central and Eastern Europe. Consortia have been organized in the following sectors: Housing, Telecommunications, Environment, and Agriculture. The Telecommunications and Environment consortia have located offices in Prague and Warsaw to conduct regional activity. The Housing Consortium opened a regional office in Budapest in early 1992.

Each consortium represents a U.S. trade or business association comprising 10-20 small and medium-size companies, and will assist member companies in developing business relationships. The regional offices will seek to identify or create at least one counterpart trade or business association in the region with which the consortium members will interact. The Department of Commerce awarded grants to the consortia through a competitive process, the maximum grant being \$500,000 per consortium.

LOCAL COUNTERPART: Mr. Terence W. Dittrich
International Business Resources, Inc.
Endrödi Sándor u. 39/b.
1022 Budapest, Hungary
Tel/Fax: (36-1) 116-7540

US EMBASSY CONTACT: Mr. Patrick Hughes
Foreign Commercial Officer
Mr. Attila Romvári
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

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.04 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

The U.S. Trade and Development Agency, an independent U.S. Government agency, promotes economic development by funding feasibility studies, consultancies, training programs, and other development project planning services. TDA assists firms by identifying major development projects which offer large export potential and by helping to fund U.S. private sector involvement in project planning.

From 1990 through August 1992, TDA has financed more than \$ 5 million worth of feasibility studies, market surveys, and training involving 16 projects in Hungary in a wide range of areas. For example, TDA helped to develop the Budapest Commodities Exchange; to modernize the computer and communications system for the Hungarian Social Security Network; to determine the telecommunications needs of Hungary's electricity network; to study commercialization of city sanitation systems; and to study alternative sources of natural gas by linking Hungary's natural gas pipeline with the West. (See also Project 180-0026 for TDA activity.)

LOCAL COUNTERPARTS: N/A

US COUNTERPART: Mr. Geoffrey Jackson, Regional Director
Mr. Scott Contino, Officer for Hungary
U.S. Trade and Development Agency (TDA)
SA-16 Room 309
Washington DC 20523-1602
Tel: (703) 875-4357
Fax: (703) 875-4009

US EMBASSY CONTACT: Mr. Patrick Hughes,
Foreign Commercial Officer
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

.06 ELEMENT IMPLEMENTATION STATUS AS OF: 7/15/93

OPIC Programs - OPIC can provide eligible U.S. investors with up to 50 percent (75 percent for small companies) of the costs of conducting feasibility studies, market entry strategy studies, business plan development, prototype "pilot" projects, and other pre-investment analyses necessary to develop bankable private sector projects in the region. OPIC's maximum contribution to

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any one project is \$150,000, and is made on a cost-reimbursable basis directly to the U.S. company that is considering investment. Should an investment proceed based on the preliminary efforts funded by OPIC, the U.S. sponsor is required to pay OPIC a fee (i.e., 100 percent of the principal amount, paid to OPIC when the investor receives a commitment for financing).

US EMBASSY CONTACT: Mr. Patrick Hughes,
Foreign Commercial Officer
U.S. Foreign Commercial Service
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 122-1217
Fax: (36-1) 142-2529

US COUNTERPART: Ms. Barbara Brereton
1100 New York Ave., N.W.
Washington, DC 20527
Tel: 202-862-6253
Fax: 202-862-6399

ECONOMIC RESTRUCTURING

PROJECT NAME: Regional Human Resources

PROJECT NUMBER: 180-0002

OBLIGATED FOR HUNGARY: \$ 3,661,000

PROJECT ELEMENTS:

.02 Deloitte Touche (long-term advisor)	\$ 500,000
.03 USIA Support to Fulbright Scholars	\$ 1,000,000
.04 Dept. Agriculture Cochrane Scholars	
.05 Credit Union National Association	\$ 80,000
.06 IESC	(transferred)
.07 Georgetown University International Student Exchange Program	\$ 1,000,000
Title VIII Program/U.S. State Department	-- n/a --
.09 USIA for English teaching	\$ 786,000
.10 Bureau Labor Statistics	\$ 295,000
.11 U.S. Department of Treasury (details to be provided)	

PROJECT DESCRIPTION: The Regional Human Resources Program consists of numerous components designed to improve the human resource base of Central and Eastern European countries.

.02 ELEMENT IMPLEMENTATION STATUS: COMPLETED

To supplement the Trade and Investment Promotion Projects (180-0010 and 180-0028), USAID contracted Deloitte & Touche for a long-term advisor to assist the official Trade and Investment Promotion Agency of the Hungarian Ministry of International Economic Relations. The long-term advisor began a one-year assignment to the Agency in March 1992.

The long-term advisor assisted the national and regional government officials in development investment policies, laws, regulations, conditions, and procedures that will make business opportunities in Hungary attractive to foreign investors and traders. He assisted the Agency in marketing campaigns for use in Hungary and overseas. He also advised selected Hungarian firms in developing business presentations to attract foreign partners, and assisted the Agency in organizing an investment mission to three major U.S. cities.

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

USIA receives USAID funds to supplement its own budget for Fulbright scholarships in the U.S. and Hungary. Status: applied in 1990, 1991, 1992, 1993, and projected for 1994.

ECONOMIC RESTRUCTURING

LOCAL COUNTERPART: Dr. Huba Bruckner
Executive Director
Fulbright Commission
Ajtosi durer sor 19/21
1146 Budapest, Hungary
Tel: (36-1) 183-7777
Fax: (36-1) 252-0266

US EMBASSY CONTACT: Mr. Daniel Spikes, Cultural Attache
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122
Fax: (36-1) 153-4274

.04 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

The U.S. Dept. of Agriculture offers Cochrane Scholarships for individuals from selected Eastern European countries to study in the U.S. in the areas of agricultural production, marketing and agricultural finance. 37 Hungarian participants were selected to this short-term training using SEED funding in FY 1993.

U.S. COUNTERPART: George Laidig
U.S. Department of Agriculture
Office of International Cooperation and
Development
Cochrane Program
Washington, D.C. 20250
Tel: (202) 690-1983
Fax: (202) 690-3982

LOCAL COUNTERPART: Dr. Ferenc Nemes, Agricultural Specialist
U.S. Foreign Agricultural Service (FAS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4160
Fax: (36-1) 142-2529

.05 ELEMENT IMPLEMENTATION STATUS: COMPLETED

The Credit Union National Association in 1991-92 provided technical assistance and arranged study tours for Hungarian credit union officials.

.06 ELEMENT IMPLEMENTATION STATUS: COMPLETED

IESC activities transferred to another project account, 180-0023.

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.07 ELEMENT IMPLEMENTATION STATUS AS OF: 12/31/94

Georgetown received a grant from USAID which was extended to June 10, 1995. Georgetown University's East-Central European Scholarship Program assists rural agrarian leaders to develop a strong, market oriented private agrarian sector through training these individuals in the United States in subjects critical to the development of the private sector, such as economics, management, accounting, and marketing. Twenty-nine Hungarian undergraduate students were the beneficiaries of scholarships during academic years 1990-91 and 1991-1992. The project also involves a one year teacher training component and a six-month senior managers and public administrators program. There have been 57 participants from Hungary and 15 of them have completed the program.

LOCAL COUNTERPART: Ms. Zsuzsanna Bihari
Hungarian Academy of Sciences
Centre for Regional Studies
I. Orszaghaz u. 9.
Mailing address:
H-1538 Budapest 114 P.O.Box 527
Tel/Fax: (36-1)-155-2856

US COUNTERPART: Dr. Maria O. Pryshlak
Director
East Central Europe Scholarship Program
University PO Box 2298
Washington, DC 20057-1011
Tel: (202) 298-0233
Fax: (202) 338-0608

The Title VIII program transferred funds to the U.S. State Department Bureau of Intelligence and Research to conduct academic research to enhance our understanding of Central and Eastern Europe and the Soviet Union. Status: funds transfer completed.

.09 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

English language teacher training is conducted by USIA. The program differs from the Peace Corps English language program in that the emphasis of USIA is on training teachers and improving English language teaching capacity.

-- Seven USIA EFL Fellows are in Hungary annually to teach in institutions of higher education.

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-- For three consecutive summers, USIA and the Ministry of Education here jointly organize seminars for Hungarian secondary school English teachers at which visiting U.S. experts spend several weeks working with Hungarian counterparts. In 1993, USIA sponsored two seminars for English for Special Purposes (ESP) at both the university and secondary levels, and a third seminar for general English teachers from secondary schools.

.10 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

The Bureau of Labor Statistics (BLS) of the U.S. Labor Department provided during 1991 technical assistance to the Ministry of Labor in the fields of labor statistics and finance. A conference, entitled "Economic Statistics for Economies in Transition", was held in Washington, D.C., in February 1991, jointly sponsored by Department of Labor and the European Communities' Statistical Office (Eurostat). The conference was attended by more than 200 participants, including statistical agency representatives and other experts. The purpose of the conference was to transfer to Central and Eastern Europeans information that will assist them in creating statistical systems to support their emerging market economies. In Spring 1991, a B.L.S. expert was assigned to Hungary to assist in the development of a statistical record-keeping system at the Baranya County Labor Center. In May of 1992, BLS entered into a contract with the World Bank to provide assistance to the Central Statistics Office and the National Labor Market Center. BLS conducted another training seminar in September 1993 and has invited Ministry of Labor officials to the U.S. for additional training.

.11 ELEMENT IMPLEMENTATION STATUS: COMPLETED

USAID transferred funds to the Department of the Treasury to cover travel costs of experts from various U.S. government agencies providing technical assistance in the financial sector.

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Management Training and Market Economics Education

PROJECT NUMBER: 180-0029

OBLIGATED FOR HUNGARY: \$ 7,783,000

PROJECT ELEMENTS:

- | | | |
|-----|--|--------------|
| .01 | Large grants competition (USAID)
Mid-West Universities Consortium for
International Activities (MUCIA)
State Univ. of New York (SUNY)
Univ. of Wisconsin-Mantree | \$ 6,825,000 |
| .02 | Small grants competition (USIA)
University of Pittsburgh
University of Tulsa | \$ 958,000 |

PROJECT DESCRIPTION: The purpose of the Management Training and Market Economics Education Project is to develop the technical, management, and economics skills necessary to restructure Central and Eastern European economies and develop competitive markets and businesses. The project targets mid-level managers, both in the large state enterprises slated to be restructured or privatized and in private businesses of all sizes, for training in basic skills of market economics.

Large Grants, awarded by USAID, funded training during 1991 and 1992, conducted by the Midwestern Universities Consortium for International Activities (MUCIA) led by the Indiana University School of Business, the University of Wisconsin-Madison, and the State University of New York (SUNY). SUNY and MUCIA was also funded for 1993, while University of Wisconsin-Madison project was completed.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

Since 1991, SUNY's Center for Private Enterprise Development (CPED) has acted as a hub of in-country activities, to include the following:

- more than 40 small business seminars nationwide, with almost 700 attendees;
- production of a series of 15 videos on accounting for small businesses;

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- three executive development courses and twelve curriculum development workshops for Hungarian universities and colleges in Miskolc, Pecs, Kaposvar, Gyor, Budapest, Szekszard;
- the completion in 1993 of the executive development program offered three training courses in Szekesfehervar, Fuzesgyarmat and the last two-week long course in Babolna in October 1993;
- the design of a training program at SUNY in MBA curriculum development for three professors from the University of Miskolc, including the dean of the business school;
- SUNY Buffalo and CPED's development and translation of a handbook on total quality management (TQM) for use by participants in CPED-sponsored TQM activities;
- the receipt by SUNY in early summer of 1993, of a USD 1 million grant from USAID to establish a Center of Excellence in Total Quality Management (TQM) at the Technical University of Budapest. SUNY's TQM Center was officially opened on December 15, 1993.;
- preparation by SUNY/OIP and the CPED of a handbook on food exports to the US for use by small business clients and participants in a food industry conference co-sponsored by the CPED;
- three courses in finance for non-financial managers held at three different locations;
- support services, such as consulting, research;
- the establishment of the CPED as a separate Hungarian entity with a mission to provide training and information for Hungary's developing private sector;
- establishment of management foundations to bring together government, business and the academic community in order to support small businesses. (The first foundation was established in Gyor, and two others are expected to be set up in Gyongyos and Nyiregyhaza.)
- **MUCIA** delivered, in conjunction with its Hungarian counterpart, the Budapest University of Economic Sciences, a

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series of eight 2 1/2 days executive education modules between March and June of 1992. Subject areas included: business economics, marketing, production, logistics, accounting, finance, strategy, and human resource management. Thirty people attended the modules, including three trainers, three business owners, and 18 business managers. Using remaining funds, MUCIA held another workshop on accounting for non-financial managers in December 1992.

- Between March and June of 1993, MUCIA repeated its series of executive modules program at the University of Economic Sciences, with the participation of 26 people. Similarly to last year, MUCIA also organized a stand-alone module in November, this time the topic was International Marketing. 38 people participated in the training course, mainly managers from JVs or newly privatized companies.
- Beginning in November 1991, the University of Wisconsin-Madison held six short training courses for managers of Hungarian companies. Areas included: strategic management, market-driven business management, marketing to the U.S., etc. This activity was discontinued because of certain management problems and the lack of appropriate impact.

LOCAL COUNTERPART: Mr. Arpad Kezdi, Director
Center for Private Enterprise Development
Vorosmarty ter 1, 9 Em. (SUNY)
1364 Budapest, Hungary
Tel: (36-1) 117-5185, 117-6222/ 121, 211
Fax: (36-1) 118-4251

Dr. Gyorgy Bogel
Academic Coordinator (MUCIA)
Budapest University of Economic Sciences
Fovam ter u. 9.
1092 Budapest, Hungary
Tel: (36-1) 1186-855 or 210-0166

US EMBASSY CONTACT: Dr. Ferenc Melykuti, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 12/31/92

Since 1991, USIA has awarded small grants to the University of Pittsburgh, University of Arizona, Baker University, and the University of Tulsa to provide scholarship support for trainees from Hungary and elsewhere in the region.

LOCAL COUNTERPARTS: Dr. Julie Rowney, Dean
International Management Center
Anna u. 1-3 (for Univ. of Pittsburgh program)
1221 Budapest, Hungary
Tel: (36-1) 226-0755
Fax: (36-1) 226-5340

US EMBASSY CONTACT: Mr. Daniel Spikes
U.S. Information Service (USIS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4122, 142-3156
Fax: (36-1) 153-4274

ECONOMIC RESTRUCTURING

PROJECT NAME: Participant Training

PROJECT NUMBER: 180-0045

OBLIGATED FOR HUNGARY: \$ 785,000

PROJECT ELEMENTS:

.01 Participant Training Project for Europe \$ 477,000
Thomas Jefferson Fellowships
Cooperative Agreements:
Cooperative Housing Foundation
Council of International Programs
Goodwill Industries of America, Inc.
Harvard University
Institute for International Education
The Johns Hopkins University
Thomas Jefferson University Hospital
USTTI
The William Davidson Institute

.02 USIA top-up grants \$ 308,000

.03 Salzburg Seminar

PROJECT DESCRIPTION: The Participant Training Project for Europe provides a flexible means to support short-term academic education/training and internships in the United States or in U.S. institutions abroad. The project's purpose is to equip a broad base of leaders and professionals in Hungary with specialized skills and practical knowledge in order to develop and support democratic processes, a free enterprise economy and an improved quality of life.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 12/30/93

The Participant Training program in Hungary serves the needs of the ongoing assistance activities by supplementing existing training programs and by addressing additional training requirements as they arise. The Thomas Jefferson Fellowships began in early 1993 and thus far 24 persons have completed internships in the U.S. An additional eight approved participants are awaiting finalization of their programs. The focus sectors for training are: privatization, banking and finance, investment promotion, direct assistance to enterprises, telecommunications, and legal and regulatory reform. In an effort to promote long-term benefits, special consideration is given to applicants that

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are women, that located outside of Budapest, and are not politically appointed.

LOCAL COUNTERPART: Mr. Chris Bramwell
PTPE Hungary Country Director
Katona József u. 28. IV.24.
1137 Budapest
Tel/Fax: (36-1) 269-2728

US COUNTERPART: Mr. John Batelle, Project Officer
Office of Development Resources
Agency for International Development
320 21st St. N.W. Room 4440 NS
Washington, D.C. 20523-0053
Tel: (202) 647-6982
Fax: (202) 647-6962

US EMBASSY CONTACT: Mr. David Molnar, Project Specialist
Office of the USAID Representative to Hungary
Károly Körút 11 - Europa Center
1075 Budapest
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

Cooperative Agreements. Cooperative Agreements are an annual competition conducted by Partners in International Education and Training on behalf of USAID. USAID will provide co-financing to a wide range of U.S. institutions, including corporations, universities, non-profits, and various consortia, for academic and internship training on the basis of competitive selection. These are regional programs that accept participants from other Central/East European countries.

COOPERATIVE HOUSING FOUNDATION

The project is targeted at the officials and the key planning staff of local administrations. Through four week internships six participants from Hungary will receive practical exposure to US approaches to housing delivery at the state, city, and local level. Participants will develop an understanding of different approaches, policy trade-offs to housing delivery issues in developed free market housing conditions. Each participant will develop an action plan for a priority issue to be implemented upon their return to Hungary.

ECONOMIC RESTRUCTURING

US COUNTERPART: Dr. Judith A. Hermanson
Executive VP for International Programs
Cooperative Housing Foundation
P.O. Box 91280
Washington, DC 20090-1280
Tel: (301) 587-4700
Fax: (301) 587-2626

THE COUNCIL OF INTERNATIONAL PROGRAMS (CIP)
The cooperative agreement with CIP was signed in late September 1993. CIP and the Soros Foundation jointly propose a program of 9 four-month training internships in the US for mid-career professionals in two SEED priority areas: economic restructuring and quality of life. Participants will learn practical managerial skills while also discovering how public organizations work in a market economy with democratic institutions. Candidates have been nominated from Hungary, the final decision rests with CIP in the United States.

LOCAL COUNTERPART: Katalin Böszörményi-Nagy
Program Coordinator
Soros Foundation
Országház str. 9.
1014 Budapest
Tel: (36-1) 202-6211
Fax: (36-1) 175-7767

US COUNTERPART: Mr. Glen Shive
Secretary General
Council of International Programs
500 Twenty Third St. N.W.
Suite B-902
Washington, DC 20037
Tel: (202) 429-4351
Fax: (202) 429-4354

GOODWILL INDUSTRIES OF AMERICA, INC.
The project will assist in the development of a corps of NGO executives and professional managers in the field of vocational rehabilitation. Through a step-by-step curriculum offered at local Goodwill sites in North America, trainees will be introduced to the techniques of operating and staffing vocational rehabilitation/contracting and retail sales organization. The project primarily focuses on improving the quality of life of hundreds, and potentially thousands of people with disabilities and others in the community.

ECONOMIC RESTRUCTURING

US COUNTERPART: Elizabeth Scott
Director International Affairs
Goodwill Industries of America, Inc.
9200 Wisconsin Avenue
Bethesda, MD 20814
Tel: (301) 530-6500
Fax: (301) 530-1516

HARVARD UNIVERSITY

The Central and Eastern European Teachers Program (CEETP) sponsored by business schools at Harvard, MIT, Northwestern, Stanford, and Wharton will help management institutions develop their programs and faculty meet the managerial needs of the newly emerging market economies. USAID will underwrite the participation costs of 25 teachers during the Special Field Programs during the summer of 1993 that provide depth of knowledge, connect theory and practice, connect the special field to strategy, and teach curriculum design.

US COUNTERPART: Ms. Constance Galanis
Assistant director
Office of Sponsored Research
Holyoke Center 440
Cambridge, MA 02138
Tel: (617) 495-5501
Fax: (617) 495-2900

INSTITUTE FOR INTERNATIONAL EDUCATION (IIE)

IIE signed their cooperative agreement in mid-October 1993. Mid-level public and private sector managers, entrepreneurs, and key teaching staff of management training institutions come to the US for one year of intensive academic and practical training in business and economics.

LOCAL COUNTERPART: Ms. Mary E. Kirk
Director
Institute of International Education
1051 Budapest
Vigyázó F. utca 4. II/2.
Tel: (36-1) 132-9093
Fax: (36-1) 269-5436

ECONOMIC RESTRUCTURING

US COUNTERPART: Ms. Susan Karp
Assistant Director
Institute of International Education
809 United Nations Plaza
New York, NY 10017
Tel: (212) 984-5314
Fax: (212) 984-5452

THE JOHNS HOPKINS UNIVERSITY

The project will help equip the relevant personnel and institutions in Central and Eastern Europe with the knowledge and skills needed to implement effective democratic reform through local self-government and NGOs, to understand the role these organizations can play in local and national life, and to pass on to others these skills and perspectives. The project consists of the following four distinct programs: a six-week internship program in local government administration; a six-week training program for trainers in the management of NGO; two nine-month junior fellowship for young leaders in local government administration including the development of technical assistance materials for use at home; two four-month senior fellowships for senior administrators including the development of technical assistance materials.

US COUNTERPART: Mr. Robert Seidel
The Johns Hopkins University
Shriver Hall
Charles & 34th Streets
Baltimore, MD 21218
Tel: (410) 516-7174
Fax: (410) 516-8233

THOMAS JEFFERSON UNIVERSITY HOSPITAL

The intensive three-month diagnostic medical ultrasound training program will prepare trainees to introduce the use of relatively inexpensive diagnostic ultrasound in general medical care.

US COUNTERPART: Barry B. Goldberg, M.D., Director
Jefferson Ultrasound Research & Educational
Institute
763 F Main Building
132 South 10th Street
Philadelphia, PA 19107
Tel: (215) 955-6227
Fax: (215) 955-8549

ECONOMIC RESTRUCTURING

UNITED STATES TELECOMMUNICATIONS TRAINING INSTITUTE

The project will provide trainees with the skills necessary to operate, maintain, update, and expand their telephone and broadcast facilities, and to meet their domestic communications requirements. Many courses address the issue of privatizing a publicly held communications infrastructure and efficient communications.

US COUNTERPART: Mr. Wade Warren
Special Projects Coordinator, USTTI
1150 Connecticut Avenue, NW suite 702
Washington, DC 20036
Tel: (202) 785-7373
Fax: (202) 785-1930

THE WILLIAM DAVIDSON INSTITUTE

The cooperative agreement with The William Davidson Institute of the University of Michigan was signed in early October 1993. The program will train five to seven Hungarians over a three and a half week period, broken down into three components: Basic Instruction in Managerial Functions, Executive Skills Development, and Analysis of Major Business Problems facing firms in transitional economies. The goals of the course are to provide managers in transitional economies with the necessary educational background and skills to enable them to restructure their firms into competitive business units.

US COUNTERPART: Mr. Hans Brechbuhl
Director of Operations
The William Davidson Institute
University of Michigan School of Business
701 Tappan Street, 9th floor
Ann Arbor, MI 48109-1234
Tel: (313) 763-5020
Fax: (313) 763-5850

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

USIA provides grants to students from Central and Eastern Europe to study in the United States. Students must have received substantial fellowships or tuition waivers in order to qualify for assistance under USIA's program, which will be focused on the two years of undergraduate study or two years of graduate work. Support will not exceed \$10,000 per student. Grants will be limited to students applying for assistance for academic year 1993-94. Fields of study will include all SEED supported fields,

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i.e. democratic institutions, economic restructuring and quality of life.

.03 ELEMENT IMPLEMENTATION STATUS: COMPLETED

The Salzburg Seminar was established in 1947 as a means of bringing together young intellectuals from nations recently at war to discuss topics of mutual interest. The Salzburg Seminar received a \$ 125,000 grant from USAID in FY 92. The Salzburg Seminar will provide fifteen one-week and sixteen two-week sessions for fellows from Central and Eastern European countries. Five Hungarians participated in the following sessions: Economies in Transition; Ethnicity, Cultures and the Making of Nations; Perspectives on Federalism. The project ended on September 29, 1993.

US COUNTERPART:

Mr. John Batelle, Project Officer
Office of Development Resources
Agency for International Development
320 21st St. N.W. Room 4440 NS
Washington, D.C. 20523-0053
Tel: (202) 647-6982
Fax: (202) 647-6962

ECONOMIC RESTRUCTURING

PROJECT NAME: Removal of Impediments to Trade Expansion

PROJECT NUMBER: 180-0047

OBLIGATED FOR HUNGARY: \$ 342,000

PROJECT DESCRIPTION:

The Removal of Impediments to Trade Expansion (RITE) Project helps small and medium scale enterprises in Central and Eastern European countries (Cokes) enhance their capacity to thrive and grow in an open market economy with the assistance and cooperation of the U.S. private sector. This project will provide entrepreneurial management and executive development (EMED) training to CEEC individuals to help in transforming local economies.

The program will emphasize skills development in the areas of marketing, general and export management, quality control and human resource development with a basic goal of providing overall exposure to a free market economic system. Developing professional and commercial contacts will be central to placements. As appropriate, EMED will be offered to both individuals and small groups.

IMPLEMENTATION STATUS AS OF: 9/30/93

In 1994, the EMED activity will provide practical on-the-job management and executive development training experiences for approximately 30-35 owners and mid to senior level managers of CEEC small and medium size enterprises (SMEs). Eleven participants traveled to the U.S. and completed their training in 1993.

LOCAL CONTACTS: Gábor Gécz
PIET/Budapest
Katona József u. 28. IV. 24
Budapest 1137, Hungary

US EMBASSY CONTACT: Mr. David Molnar, Project Specialist
Office of the USAID Representative to Hungary
Károly Körút 11 - Europa Center
1075 Budapest
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Restructuring Agriculture and Agribusiness

PROJECT NUMBER: 180-0024

OBLIGATED FOR HUNGARY: \$ 5,683,000

PROJECT ELEMENTS:

.01	Volunteers Overseas Cooperative Assistance (VOCA)	\$ 750,000
.02	Agricultural Input Marketing Support (AIMS, ACDI)	\$ 403,000
.03	National Cooperative Business Association (NCBA)	\$ 650,000
.04	Restructuring Agriculture and Agribusiness Program Support (RAAPS Project, ACDI)	\$ 2,532,000
.05	U.S. Dept. of Agriculture	\$ 590,000
.07	Agribusiness Training - Land O'Lakes	\$ 758,000

PROJECT DESCRIPTION: The Restructuring Agriculture and Agribusiness Project assists in the transformation to an open-market system in the agricultural sector through technical assistance and training to private cooperatives, private agribusinesses, and government agencies needed to facilitate private business in a free-market. In addition, it backs public and private sector organizations to bolster ties between local research organizations and the end users of the information.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

Volunteers in Overseas Cooperative Assistance (VOCA) provides technical assistance to farmers and agricultural organizations-- in both the private and public sector -- to promote adjustment to a market economy. VOCA receives applications for assistance from the farmers, agricultural cooperatives, extension services, local governments, cooperative banks, state farms and private and state food processing enterprises. It then recruits experienced U.S. volunteers to work within the organizations. VOCA brings about 25 volunteers from the U.S. annually. An external evaluation of the project was carried out in November 1993.

LOCAL COUNTERPARTS: Ms. Rosemary Mahoney
VOCA Regional Representative
Blanicka 28, Room 105
120 61 Prague
Czech Republic
Tel: (36-1) 250-777
Fax: (36-1) 251-278

ECONOMIC RESTRUCTURING

Mr. István Mikus, Manager
VOCA Hungary
Balassi B. u. 7. III/1.
1055 Budapest, Hungary
Tel: (36-1) 153-3106 or 153-3175
Fax: (36-1) 269-0843

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

ACDI is also implementing a separate project in Hungary: The Agricultural Input Marketing Support Project. The program has concluded at selected seed firms and continued to provide technical assistance and marketing expertise to companies which requested follow-up assistance.

LOCAL COUNTERPART: Mr. Rifat Barokas
AIMS Office
Fehérló u. 5
1115 Budapest, Hungary
Tel/Fax: (36-1) 165-6961

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

National Cooperative Business Association (NCBA) combines efforts with Land O'Lakes, Nationwide Insurance, the Indiana Farm Bureau, World Wide Sires, and AgWay to provide training and technical assistance for cooperatives in order to improve production methods and to improve business efficiency. USAID awarded a grant to NCBA in late August 1991. In 1992, NCBA established the Agricultural Cooperative Enterprise (ACE) Center with headquarters in Prague and a representative office in Hungary. ACE presently is working on a feed manufacturing and distributing project involving twelve Hungarian cooperatives from Baranya county in southern Hungary and AGP, the third largest U.S. soybean processing company; and is preparing a feasibility study for a greenhouse vegetable project in Szentes region.

LOCAL COUNTERPARTS: Mr. Gergely Sikuta
ACE Center c/o Rákosmezeje Rt.
Pesti ut 237.
1173 Budapest, Hungary
Tel: (36-1) 158-6133 or 158-6109 or 158-6309
158-6509 or 158-6709, extensions 150,151,152
and 153
Fax: (36-1) 158-7595

ECONOMIC RESTRUCTURING

Mr. Peter Mishek
16 ul. Psohlavcu
Branik 140 00, Praha 4
Czech Republic
Tel: (42-2)-472 86 59
Fax: (42-2)-472 35 88

.04 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

Agricultural Cooperative Development International (ACDI) is implementing the Restructuring Agriculture and Agribusiness - Private Sector (RAAPS) program in Hungary. Activities started in October 1992. The purpose of the activity is to help Hungarian agribusinesses and agro-industrial firms (altogether 60 companies) to survive in the transition period through training, technical assistance, and development of business relationships with U.S. companies. For the first round, 25 Hungarian companies were selected. Managers and top executives of these firms were trained in Hungary and at the headquarters of the American partners. In July, ACDI organized a workshop for participating companies aiming to share experiences and lessons learned. Workplan for rounds 2 and 3 is under consideration.

LOCAL COUNTERPART: Mr. Rifat Barokas
ACDI Representative
RAAPS Office 2nd floor. room 224
Budapest University of Economics
1093 Budapest, Hungary
Tel: (36-1) 117-0410
Fax: (36-1) 117-5068

US COUNTERPART: Mr. Jason Brown, Vice President
ACDI, 50 F St., NW
Washington DC 20001
Tel: (202) 638-4461
Fax: (202) 626-8726

.05 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

The U.S. Department of Agriculture (USDA) Technical Assistance Program promotes a stable, market-oriented agricultural economy in Hungary. USDA reported that \$160,000 of the FY 90-91 funds were spent in programs in Hungary, which included three ongoing long-term, joint projects in extension services, marketing and economics, and research. USDA's Office of International Cooperation and Development (OICD) funds short-term training in the United States for senior and mid-level foreign specialists involved in agriculture and agribusiness. In 1991, more than 20

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fellowships were awarded to Hungarian participants recruited from research institutes, state farms, and extension centers for training in management, marketing, food processing, plant and animal research, and banking.

.05a Extension Service Project: The extension service component provides technical assistance to the Ministry of Agriculture, to universities, and other entities to establish a system of services to assist the restructuring and revitalization of farms and agribusiness. In cooperation with VOCA, U.S. agribusinesses, and U.S. universities, USDA provided specialists to work with their Hungarian counterparts during 1991-92, e.g. at the Ministry of Agriculture and Gödöllő University.

.05b Marketing/Economics Project: During 1990-92, USDA's Economic Research Service worked with public institutions in Hungary to develop the economic information and analysis system needed by a well functioning market economy. Project goals were to:

- produce regular reports and assessments for commodity and input markets;
- respond to Ministry requests for analysis or urgent agricultural policy questions; and
- access and develop databases needed to support the first two activities.

.05c Research Projects: This component supplemented USDA's traditional, global program to support research. This new effort, however, focused on research in strategic planning in the Hungarian agricultural research system in order to promote privatization and improve coordination. The goal of the project was to achieve rapid technology transfer between research institutions and the private farmer. Hungarian officials and scientists participated in short-term training in the United States during 1991-92. In addition, the Hungarian Academy of Sciences Soil Science Research Institute received technical assistance from the University of Minnesota in environmental research and advanced training during seminars held at Godollo University and at Hungary's Soil Science Institute in April 1992.

ECONOMIC RESTRUCTURING

LOCAL COUNTERPART: Ms. Bea Elekné-Soós
USA Desk - Donor Coordination
Kossuth Lajos tér 11
1055 Budapest, Hungary
Tel: (36-1) 153-3000
Fax: (36-1) 153-0518

US COUNTERPARTS: Ms. Maria Nemeth
OICD-Central and Eastern Europe
U.S. Dept. of Agriculture
Washington, DC 20250
Tel: (202) 690-1983
Fax: (202) 690-0349

for USDA Dr. Ferenc Nemes, Agricultural Specialist
U.S. Foreign Agricultural Service (FAS)
Bajza utca 31
1062 Budapest, Hungary
Tel: (36-1) 142-4160
Fax: (36-1) 142-2529

for research Program Leader
Research and Scientific Exchanges Division
OICD-Central and Eastern Europe
U.S. Department of Agriculture
Washington, DC 20520
Tel: (202) 720-8877
Fax: (202) 690-0892

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 1/10/94

Management Training in Agribusiness has been provided by the U.S. firm Land-O-Lakes through week-long seminars in Hungary for mid-level managers of cooperatives and agribusiness. Land O'Lakes began its schedule of in-country seminars and short courses on agribusiness management, rural finance, training of trainers, and technical areas such as warehousing and distribution. During the life of the project altogether 22 seminars were held. In addition, 38 expert/days were completed as the project brought over extension workers in response to specific requests from farmers. In November 1993 5 trainees were being sent to the US for a short course on Dairy Processing and Manufacturing. At the end of 1993 the grant concluded its activities in Hungary.

ECONOMIC RESTRUCTURING

LOCAL COUNTERPART: Mr. Endre Kovács
Vértesszőlösi u. 92.
Tata, H-2890
Tel/Fax: (36)-34-83-869

US EMBASSY CONTACT: Ms. Katalin Bábosik, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Emergency Energy Program

PROJECT NUMBER: 180-0015

OBLIGATED FOR HUNGARY: \$1,173,000

Industrial Energy Efficiency
Refinery Energy Efficiency
Oil Procurement Training and Assistance
Energy Price Reform

PROJECT DESCRIPTION: The Emergency Energy program provides quick-impact, low cost assistance to improve energy efficiency, reduce oil import costs, and promote energy rationalization.

The Emergency Energy Program was phased out during the Summer of 1992, with the exception of a single contract extension for industrial energy efficiency.

PROJECT IMPLEMENTATION STATUS AS OF: 10/30/93

Industrial Energy Efficiency: Extended May 1992. U.S. energy audit teams and a Hungarian sub-contractor, EGI Contracting and Engineering Kft., conducted energy audits of eight Hungarian companies during 1991: Buszesz-Budafok Yeast and Alcohol Factory; Csepel Metal Works in Budapest; Hungalu Motim Alumina Plant in Mosonmagyaróvár; P.V. Budafoki Papirgyár; Budapesti Chemical Works; Fovárosi Sütőipari Vállalat Bakery in Budapest; Fovárosi Távfüto Művek-Fotav; and Pannonglas Kft. in Orosháza.

After the audits, measuring equipment was installed in the eight companies. Approximately US \$ 283,000 worth of energy-saving equipment and/or measurement devices were installed to demonstrate the benefits of no-cost and low-cost energy saving methods. The investment of \$283,000 yielded annual energy savings of \$3,500,000 for the eight companies.

The experience of the eight firms was disseminated at a February 1992 conference in Budapest which was attended by financial and engineering directors of the 200 enterprises in Hungary which are the highest industrial energy consumers.

In May 1992, USAID extended a contract for the U.S. firm RCG/Hagler Bailly Inc. with \$641,000 of FY92 funds transferred from contracts curtailed in Yugoslavia. This new component stimulates establishment of private firms in Hungary for energy-auditing. Hagler Bailly conducted audits with prospective entrepreneurs. Viable candidates in the energy consulting field

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will be granted measuring equipment. The project aimed to establish numerous new energy auditing firms in order to promote commercial competition in this sector. For further details see project 180-0030 Energy Industry Contracts (b).

Refinery Energy Efficiency: U.S. experts conducted audits of oil refineries during 1991. The finalized audit reports were provided to the refineries and U.S. advisors assisted in the implementation of recommendations to improve energy efficiency.

Oil Procurement Training and Assistance: A seminar was held in Washington, DC in June 1991, attended by participants from Hungarian and other regional state-owned and private oil companies. Seminar participants studied oil pricing issues and ideas for privatization of petroleum retail trade. In March and May 1992, U.S. experts also provided advisory assistance on procurement strategies to Mineralimpex, MOL (the former Hungarian Oil and Gas Trust), and the Danube Oil Refinery (DKV).

Energy Price Reform: U.S. technical assistance in fields such as energy pricing analysis, procurement and trading (hedging, swaps, etc.) basic risk management, and pricing models was provided in Hungary from March 1991 through May 1992 to government officials, industry representatives, and commercial bankers. Two Hungarian industry representatives visited the U.S. for internships in counterpart firms in Houston and New York in September 1991.

Hungary is the first Central and Eastern European country to liberalize energy prices. Effective March 1992, Hungary decontrolled fuel prices (except power station coal).

LOCAL COUNTERPART: Dr. Arpad Bajkay
Head of Department
Directorate-General for Energy Policy
Ministry of Industry and Trade, Pf. 96
1525 Budapest, Hungary
Tel: (361) 155-8372
Fax: (361) 175-0219

US COUNTERPART: Mr. David Keith
RCG/Hagler Bailly Inc
Suite 900
1530 Wilson Blvd
Arlington, VA 22209-2406
Tel: (703) 351-0300
Fax: (703) 351-0342

ECONOMIC RESTRUCTURING

US EMBASSY CONTACT: Mr. Zoltan Varkonyi, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

ECONOMIC RESTRUCTURING

PROJECT NAME: Regional Energy Efficiency

PROJECT NUMBER: 180-0030

OBLIGATED FOR HUNGARY: \$ 4,374,000

PROJECT ELEMENTS:

.01	World Bank Parallel Financing - Industry contracts	\$ 1,207,000
.02	Technical Assistance from U.S. Department of Energy	\$ 1,250,000
.03	Energy Information Systems	
.04	Grant to U.S. Energy Association	\$ 965,000
.05	Technical Assistance from U.S. Nuclear Regulatory Commission (NRC)	\$ 792,000
.06	Poland sub-component	
.07	Grant to International Energy Agency (IEA)	
.08	U.S. Department of the Interior	\$ 160,000

Energy Industry Contracts

- (a) Oil and Gas Systems - Bechtel
- (b) Energy Pricing, Energy Efficiency, and
Energy Sector Restructuring -
- (c) Electric Power Systems and Related
Fuel Supply - Electrotek Concepts, Inc.

PROJECT DESCRIPTION: The Regional Energy Efficiency Project for Central and Eastern Europe aims to accelerate reform in the energy sector and to encourage private investment in energy production by increasing efficiency of production, distribution, and consumption through a policy and legal framework conducive to energy investment. Greater energy efficiency also will help reduce energy-related environmental damage. The project is coordinated with the World Bank, the European Community (EC), and the OECD. The Regional Energy Efficiency project is a follow-up to the Emergency Energy Project (180-0015), but encompasses a wider range of areas for assistance.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

USAID funds are supporting World Bank financing of six contracts with U.S. industry consortia which have been providing, during 1991-93, technical assistance in pricing, energy efficiency, and restructuring of the energy sector, including electric power systems, fuel supplies, and oil and gas systems.

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.02 & .05 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

USAID co-funds costs of short-term technical assistance to Hungarian policy officials and energy suppliers from the U.S. Nuclear Regulatory Commission (NRC) and the U.S. Department of Energy, in the fields of clean coal technologies, energy efficiency, renewable energy, and nuclear safety. A regional conference on improved efficiency in the use of low-rank coal was held in Hungary during February 24-26, 1992 with more than 200 representatives of government and industry from Central and Eastern Europe, the Baltics, the EC, and the U.S.

.02 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

USAID is funding DOE's operational nuclear safety programs under a Participating Agency Service Agreement (PASA) with the DOE. In 1992, DOE organized various workshops in Washington, D.C. for representatives of CEE nuclear power plants, regulatory and research organizations, and a Regional Electric Technology Conference in Prague. In September 1993, Budapest hosted the second Electrical Power Technologies Conference which was co-sponsored by the Trade and Development Agency.

The Brookhaven National Laboratories (BNL) will be working on two country-specific operational safety programs under a contract with DOE:

- An Analysis of Root-Causes of Possible System failures: the objective of this work is to improve capabilities and Management Systems for analyzing and responding to root-causes of system failures and accidents at the Paks Nuclear Power Plant (PNPP).
- the DOE Operational Safety Initiative: development of Symptom-based, Emergency Operating Instructions, systematic approach to training, and management and operational controls for the Paks Nuclear Power Plant.

In October, 1993 a DOE/BNL technical assistance team, headed by Ken Horton of DOE, met with nuclear power experts and officials of the Hungarian Atomic Energy Commission to further refine the above action plan and to set a list of priorities for the DOE assistance program for 1993 and 1994.

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

In July 1992, Dr. Michael Stamatelatos, of Scientech Inc., met with electric power and nuclear safety experts throughout Hungary

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in order to prepare the program for a workshop. The workshop, "Nuclear Safety and Power Sector Reform in Eastern and Central Europe," was held in Washington, D.C., September 9-11, 1992, in cooperation with the U.S. Energy Association, the U.S. Council for Energy Awareness, the American Nuclear Society, the Edison Electric Institute, and the Electric Power Research Institute. The main purpose of the workshop was to improve and focus US assistance and business support programs in nuclear safety through concrete discussions with key officials and managers of electric companies and nuclear power plants of the CEE countries and the US nuclear safety industry.

.04 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

The U.S. Energy Association (USEA), the Edison Electric Institute, and the Electric Power Research Institute were advising Hungarian counterparts during 1991-92. A U.S.-Hungarian electric utility exchange program, financed by this project, matches the Hungarian Electricity Board (MVMRT) with the New England Electric System (NEES). Since April 1992, the partners have been exchanging expertise on power pricing, legal and management issues, upgrading/ expanding existing generation capacities, environmental aspects of energy use and nuclear safety, and the promotion of energy efficiency in industry and district heating, and U.S. counterparts have conducted training seminars on demand side management, customer relations, customer services, generation-distribution management, and regulatory issues. The partnership program also provided an opportunity for senior power sector executives to participate in the POWERGEN conference in Orlando, Florida during November 17-19, 1992.

In June 1993 representatives of MVMRT participated in the Edison Electric Institute Annual Convention in Charlotte, North Carolina, and subsequently in the Responsive Energy Technology Symposium and International Exchange in San Diego, California.

.05 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

USAID is funding NRC's nuclear safety cooperation with East European countries under a Participating Agency Services Agreement (PASA) with the NRC. The cooperation has two separate tasks: (a) to improve plant operation/maintenance; and (b) to improve regulatory and inspection systems.

After a December 1991 visit to the NRC by Hungarian Atomic Energy Commission (HAEC) officials, NRC safety specialists paid visits to the Paks Nuclear Power Plant in 1992. Officials of the HAEC

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received several month-assignments in the U.S. to study regulatory/safety Systems at U.S. nuclear power plants.

Officials from the HAEC and the Atomic Energy Research Institute participated in a nuclear safety workshop held in Washington, D.C., September 9-11, 1992. See (.03) Energy information Scientech.

.06 (component in Poland only)

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

An USAID grant in 1991 to the International Energy Agency (IEA) in Paris helps fund the work of the IEA Non-Member Country Program for Eastern Europe in energy policy. Under this component, a comprehensive energy position study of Hungary was prepared in late 1991, and translated into Hungarian in 1992.

.08 ELEMENT IMPLEMENTATION STATUS AS OF: 1/14/94

The U.S. Department of Interior has assigned a resident specialist on resource policy to assist the Ministry of Industry and Trade.

Energy Industry Contracts

(a) The Oil and Gas Systems contract was awarded to a team headed by Bechtel. The contract provides technical assistance and training support to companies in both upstream and downstream oil and gas sectors. Special emphasis is placed on regional refinery rationalization, privatization of oil and gas companies, development of a policy and institutional framework to encourage private investment in oil and gas resource exploration, and development and production.

In November 1992, Bechtel Corp. organized a regional refinery study/workshop in Budapest to address relevant issues of pipeline and oil and gas transportation systems for linking Eastern and Western Europe and the new NIS states. As a follow-up to the study, a workshop meeting is scheduled to be held in Washington, D.C. in November, 1993.

Sub-contractor Chem Systems completed a paper on energy/ economic forecasts and is analyzing compiled detailed petroleum consumption data and broader European supply and market information. They are in the process of collecting data on recent consumption patterns.

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During April and May 1993 Bechtel representatives visited major refineries and reviewed modeling and data availability issues as well as environmental concerns and technology/equipment needs.

In June 1993 representatives of the Mining Bureau of Hungary and MOL Oil Co. participated in the Refinery Economics/PIMS seminar in Houston, Texas.

(b) The energy pricing, energy efficiency, and energy sector restructuring contract is headed by RCG/Hagler, Bailly. The contract provides technical assistance, training, and low cost energy efficiency equipment to energy service companies. Special emphasis will be on helping to establish energy price and regulatory frameworks to further competition in energy markets, encourage private investment, and stimulate energy efficiency and the development of private energy service and equipment supply companies linked with U.S. companies.

The first phase of the program has been completed: RCG/Hagler Bailly has trained eight Certified Energy Managers (CEM). As part of Phase II, ten local energy audit projects will be identified where the freshly trained CEMs will sell their services to industrial energy consumers at market rates.

(c) The electric power systems and related fuel supply contract was awarded to a team headed by Electrotek Concepts, Inc. The contract will provide technical assistance and training support to Hungarian Electricity Board in the management of electric generation, transmission and distribution systems. Examples of technical assistance to be provided are the following: feasibility studies for efficient improvement/rehabilitation of power plants or the addition of new capacity; economic and financial systems development; environmental control and nuclear safety technologies; and fuel supply systems.

LOCAL COUNTERPARTS: Dr. Arpad Bajkay
Head of Department
Directorate-General for Energy Policy
Ministry of Industry and Trade, Pf. 96
1525 Budapest, Hungary
Tel: (36-1) 155-8372
Fax: (36-1) 175-0219

ECONOMIC RESTRUCTURING

Dr.T. Jaszay, President
Hungarian Energy Association
Muegyetem rkp. 9
1111 Budapest, Hungary
Tel: (36-1) 181-3195
Fax: (36-1) 166-6508

Dr. Jozsef Gergely
Head of Safety Review Group
Paks Nuclear Power Plant
P.O.B. 71
7031 Paks, Hungary
Tel: (36-75) 17-917
Fax: (36-1) 175-6852

US COUNTERPART: Mr. Robert Price Jr., Director
International Organizations and Policy
Office of International Affairs, IE-141
U.S. Department of Energy
Washington, D.C. 20585
Tel: (202) 585-6383
Fax: (202) 586-6148

US EMBASSY CONTACT: Mr. Zoltan Varkonyi, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Emergency Medical Supplies

PROJECT NUMBER: 180-0016

OBLIGATED FOR HUNGARY: \$ 318,000

PROJECT DESCRIPTION: Health standards in Central and Eastern Europe have deteriorated rapidly in the last 30 years. Death rates are rising and life expectancy is falling. The objective of the Emergency Medical Supply Project is to have an immediate impact on reversing the downward trends or at least stabilizing them, so that health standards do not deteriorate further.

The project provides a quick, highly visible response to help reduce the number of deaths due to influenza, pneumonia, and other treatable illness and to improve the capability of medical systems to respond to emergency conditions by donating pharmaceutical, medical equipment and supplies for distribution to target populations.

PROJECT IMPLEMENTATION STATUS AS OF: COMPLETED

USAID, through a grant to Project HOPE, developed an influenza early warning system and provided 80,000 doses of influenza vaccines and antibiotics for children in November 1991. In April 1992, Project HOPE also coordinated with the St. László Hospital in Budapest the distribution of excess U.S. Defense Department medical supplies to medical centers in Somogy, Baranya, Hajdu counties and in Budapest, to support institutions which have dealt with an increased patient workload due to the influx of refugees from Yugoslavia and Romania.

LOCAL COUNTERPARTS: Dr. Adám Vass
Ministry of Welfare
Arany János u. 6-8
1051 Budapest, Hungary
Tel: (36-1) 112-6889
Fax: (36-1) 153-4995

Dr. Timothy M. Empkie
Program Director, Central and Eastern Europe
Project HOPE Regional Office
Limbova 12
8333 03 Bratislava, Slovakia
Tel and Fax: 374-587

QUALITY OF LIFE

US EMBASSY CONTACT: Ms. Katalin Bábosik, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Private Sector Humanitarian Initiatives

PROJECT NUMBER: 180-0032

OBLIGATED FOR HUNGARY: \$ 3,617,000

PROJECT ELEMENTS:

.03 Citizens Democracy Corps (CDC)	\$ 718,000
.07 AID to ARTISANS	\$ 400,000
.07 BROTHERS' BROTHER	\$ 450,000
.07 American Joint Jewish Distribution Committee (JJDC)	\$ 749,000
.07 Young Men's Christian Assoc.(YMCA)	\$ 500,000
.07 Project HOPE	\$ 1,129,000

PROJECT DESCRIPTION: The Private Sector Humanitarian Initiative and Citizens Democracy Corps Project assures maximum effective use of the resources of non-governmental organizations (NGOs) and private voluntary organizations (PVOs) in assisting Central and Eastern Europe. In April 1991, USAID awarded grants to the six organizations to conduct this short--term project. The project objective is to bolster humanitarian and development initiatives while countries in the region undergo the difficult period of economic and political restructuring.

.03 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

The Citizens Democracy Corps (CDC) opened offices in Budapest in April of 1991. Due to funding difficulties at headquarters, the Budapest CDC office will close at the end of January 1994. CDC engaged in activities in three general categories: acting as a clearinghouse both for American and Hungarian organizations and individuals; soliciting and expediting requests for technical assistance; and conducting larger scale projects in a number of sectors.

-- **Clearinghouse Activities:** The Washington office of the CDC maintains a large data bank of organizations and individuals involved in voluntary activities. CDC-Hungary Budapest can access this database and make the information available to Hungarian public (schools, hospitals, foundations, etc.) which seeks volunteer or low-cost assistance from the U.S. For example, CDC met the request of a camp outside of Debrecen for five young Americans to run the camp and assist in English language training in the summer of 1991.

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- Technical Assistance Programs: In February 1992, CDC began a Business Entrepreneur mentoring program to bring the experience of volunteer U.S. executives to emerging small and medium-sized Hungarian businesses. The U.S. businesses share technical expertise with their Hungarian partners through on-site short-term assignments and correspondence from the U.S.
- Projects: The CDC contacted U.S. organizations to help in specific assistance needs which were not being met by the U.S. Government or other donors. CDC sponsored the travel of U.S. medical personnel to six Hungarian medical institutions to advise on improved procedures ranging from institutional management to patient treatment, and also provided a range of technical and educational materials. CDC coordinated a November 1991 visit of a team of prominent U.S. educators, led by former Harvard President Derek Bok, to advise Hungarian counterparts on curricula reform and reorganization of the universities system under a proposed new Education Law. The Bok team has continued its cooperation with Hungarian educators, and has arranged the translation of American texts and made donations of additional publications to various faculties.

LOCAL COUNTERPART: Dr. Steven Benko, Regional Coordinator
Citizens Democracy Corps
Em. III
Ostrom u. 23
1015 Budapest, Hungary
Tel: (36-1) 156-4520
Fax: (36-1) 175-1330
Telex 22-3476

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94
Aid to Artisans (ATA) is a non-profit U.S. organization which aims to enhance the commercial skills and market competitiveness of artisans and artists. A two-year USAID grant of \$400,000 plus a one year extension for FY 1994 for Hungary is financing a series of consultancies and training workshops for more than 20 artisan cooperatives throughout Hungary, as well as numerous artists (e.g. master potters). ATA provides technical assistance through workshops, seminars, and by individual consultancies in areas of business planning, product development and design, marketing, and export promotion. ATA coordinated

QUALITY OF LIFE

exhibits of Hungarian crafts at the New York Gift Show, a major U.S. handicraft trade fair, in August 1991 and 1992, and in February 1992. ATA has assisted in the major procurement of Hungarian products (textiles, pottery, woodwork, dolls, etc.) in prominent U.S. department stores, and in boutique and catalog sales outlets. In June 1993, ATA organized a successful folk pottery show and sale at the U.S. Ambassador's residence.

In October 1993, ATA held an Export Seminar for the Association of Handicraft Co-operatives. The seminar covered such topics as business planning, product development, marketing, pricing, packing and packaging.

LOCAL COUNTERPARTS: None

The **BROTHERS' BROTHER** foundation received a USAID grant of \$500,000 for two years to support the expenses of delivering donations of medical equipment and supplies to Hungary. Since the Fall of 1991, **BROTHER'S BROTHER** has coordinated the delivery of donations exceeding \$8,000,000 in medical goods critically needed by institutions in Hungary.

LOCAL COUNTERPARTS: None

American Jewish Joint Distribution Committee (AJJDC). COMPLETED AJJDC received a USAID grant of \$1,649,000 to supplement its own resources applied to a program of teaching skills for the care of disadvantaged senior citizens. In the Fall of 1991, AJJDC initiated an innovative comprehensive training program for home-health care in the 8th District, one of the poorest districts of Budapest. The demonstration-model program trained medical personnel to provide physical therapy and rehabilitation services for the elderly in their homes, and restructured four local elderly day-care centers. The project received a no-cost extension through September 1993 to conduct two activities: a three-week training course on the Bobath-method of rehabilitation for the School of Physiotherapy and the preparation of a monitoring report on AJJDC's performance.

LOCAL COUNTERPARTS: None

QUALITY OF LIFE

YMCA-USA received a three year USAID grant which is supplements funding from Western European sources, and from the Hungarian and other Eastern European YMCA's. The project aims to rebuild the YMCA community service structure and especially the leadership capabilities of youth so that they may address problems of social, environmental, and economic concern.

YMCA conducted training seminars in Nyíregyháza, Hungary in March and August 1992 with trainers and trainees attending from more than 19 countries. Unemployment and social services counseling were among the topics covered in the training. In 1992, YMCA also expanded youth programs conducted by the YMCA's of the cities of Pecs, Debrecen, and Budapest in Hungary. In 1993, YMCA continued its programs and training seminars reaching out to 540 participants also in Tata and Bekescsaba.

LOCAL COUNTERPART: Mr. János Szerényi
1114 Budapest
Eszék u. 10.
Tel and Fax: (36-1) 185-5246

Project HOPE received a grant of \$ 800,000 for Hungary to improve health services capabilities through nursing education, improved care of high risk newborn infants, improved preventative health care and increased capabilities in medical equipment repair and maintenance. Women and children are the primary beneficiaries of these improved health services. Project HOPE conducted training seminars and workshops throughout Hungary since Fall 1991, and has sent physicians and nurses to the U.S. for short-term training. Its objectives were to:

- strengthen the capabilities of health policy officials and health care professionals in their policy-making roles;
- create centers of excellence for the training and practice of health care and health administration;
- replicate effective treatment methodologies in Hungary;
- share lessons learned among the countries of the region to stimulate a continuing process of development.

QUALITY OF LIFE

LOCAL COUNTERPARTS: Ms. Ildikó Huhn, Office Manager
Project Hope
Ministry of Welfare
Arany János u. 6-8
1051 Budapest, Hungary
Tel: (36-1) 111-4995
Fax: (36-1) 132-3100

Dr. Timothy M. Empkie
Program Director, Central and Eastern Europe
Project HOPE Regional Office
Limbova 12
03 Bratislava,
Slovakia
Tel and Fax: 42-7-374-587

US EMBASSY CONTACT: Mr. Zoltán Várkonyi, Project Specialist (ATA)
Ms. Katalin Bábosik, Project Specialist
(Project Hope, Brother's Brother)
Mr. James Watson, Project Specialist
(CDC, YMCA)
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Labor Market Transition

PROJECT NUMBER: 180-0033

OBLIGATED FOR HUNGARY: \$2,827,000

ELEMENTS:

U.S. Department of Labor
PACE Training-Ohio State Univ.

PROJECT DESCRIPTION: The Department of Labor administers the Labor Market Transition Project which is intended to:

- assist individuals adversely affected by economic reforms by helping to create a social safety net;
- help empower individuals to participate in a market economy through employment re-training, training for entrepreneurs and improved access to economic information; and
- assist in the reform of employment services, unemployment compensation payment systems and private sector institutions.

PROJECT IMPLEMENTATION STATUS AS OF: 1/18/94

U.S. Department of Labor

Activities conducted during 1990, 1991, 1992, and 1993 include:

- Public Employment Services to help Hungarian employment offices meet the needs of private employers and job seekers. A model Public Employment Services office was set up in Baranya to train office workers how to direct workers to job vacancies and teach job search skills. Completed.
- Dislocated Worker Program advises and trains national and local officials on how to deal with problems of mass unemployment. Demonstration projects in Baranya and the cities of Budapest, Kisvarda, and Hajdubozormeny help create options for anticipated mass layoffs in the coal mining industry.
- Worker and Family Counselling was made available in Baranya for displaced workers, in cooperation with AFL-CIO's

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- Community Services Department and United Way International. Completed.
- Economic Education for Workers Program provides training materials that explain how a market economy works, especially the relationship between labor productivity and company profitability and its effect on wages and employment. Completed.
 - A Labor Management Relations Program trains potential mediators from government, business and labor in labor management and resolution dispute techniques. U.S. labor and management organizations will work with the Hungarian Ministry of Labor, the tripartite National Labor Committee and other relevant players.
 - Labor Statistics training provided by the U.S. Bureau of Labor Statistics (BLS) (see also Project 180-0002) was augmented by this project. In September 1993, BLS conducted a training seminar for Hungarian statisticians.
 - In March 1991, IBM announced that it would donate \$1 million worth of computer equipment and related technical services to the Department of Labor for employment service projects in Poland and Hungary. Completed.
 - In December 1993, DOL organized and sponsored a conference on the emerging roles of labor, management, and government in Hungary's transition to a market economy.

PACE Training - Ohio State University

The U.S. Labor Department contracted in late 1991 with Ohio State University to conduct a training program in Hungary for displaced workers. The program will allow laid-off employees to conduct a self-evaluation to determine if they are suited to become entrepreneurs. Additional training will teach business skills to nascent entrepreneurs. Ohio State University staff conducted an in-country assessment in July 1992 to identify local counterparts and an initial training facility. Training materials were designed and pilot tests conducted in February 1993. Training began in September 1993.

QUALITY OF LIFE

LOCAL COUNTERPARTS: Dr. Istvan Zlinszky
Department of International Programs
Ministry of Labor
Roosevelt ter 7-8
1373 Budapest, Hungary
Tel: (36-1) 132-2100
Fax: (36-1) 131-1391

US COUNTERPART: Ambassador John Ferch, Director
International Labor Affairs Bureau (ILAB)
U.S. Dept. of Labor
Washington DC 20210
Tel: (202) 523-7616
Fax: (202) 523-9613

Ms. Catherine Ashmore
Center on Education and Training for
Employment
Ohio State University
1900 Kenny Rd.
Columbus, OH 43210
Tel: (614) 292-4353
Fax: (614) 292-1260

US EMBASSY CONTACT: James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Housing Sector Assistance

PROJECT NUMBER: 180-0034

OBLIGATED FOR HUNGARY: \$ 2,966,000

PROJECT ELEMENTS:

ICMA: Local Gov't. & Housing Privatization
Urban Institute: Housing Policy & Finance
PADCO: Private Development of Housing &
Construction Industry
EERPF

PROJECT DESCRIPTION: The housing sector project aims to increase the supply of affordable housing and to enhance the role of the private sector in establishing a strong private real estate market. Assistance efforts are being structured at both the national level, where policies are set, and the local government level which is assuming a greater role as part of political decentralization. Aspects of the project include:

- the decentralization of housing responsibilities to the municipal level;
- privatization of existing public housing;
- increased production of affordable housing by private developers and builders;
- the development of a viable system for construction and mortgage financing; and,
- the development of private sector, market oriented, real estate institutions.

PROJECT IMPLEMENTATION STATUS AS OF: 1/18/94

The International City/County Management Association (ICMA) and its subcontractor the Urban Institute aid municipalities in formulating and implementing programs to deal with the management and divestiture of public housing. Such programs will improve the capacity and performance of local authorities in providing land and infrastructure for shelter and in performing regulatory functions affecting the private developers and builders. Assistance has included districts of Budapest, the Office of the Head Mayor of Budapest, and the cities of Kecskemet and Szolnok.

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The Urban Institute works with the Ministry of Finance, the National Bank of Hungary, and other financial institutions in Hungary to develop financial instruments for the housing sector. The work includes such issues as the roles of private and public sectors in housing finance, the establishment of effective market-oriented lending institutions, financial instruments and regulatory framework, and the problems of housing affordability and subsidies. This activity is also intended to lead into a larger Housing Guarantee program.

Planning and Development Cooperative (PADCO) provides technical assistance and training at the municipal level and in the development of the private sector housing production industries. It also provides advisory assistance at the national policy and institutional level as these impact on the housing sector.

The Eastern Europe Real Property Foundation (EERPF) aims to create a well structured, ethical, and educated real estate profession which is committed to the protection of the public, promotion of home ownership, the establishment and preservation of private property, efficient and equitable real estate markets, and the creation of a legal environment supportive of these objectives. In September 1993, EERPF signed a protocol agreement with the Hungarian counterpart chamber.

LOCAL COUNTERPARTS: Mr. Jozsef Hegedus
Metropolitan Research Institute
Barat u. 8, IV.2.
1074 Budapest, Hungary
Tel: (36-1) 141-6275
Fax: (36-1) 131-4490

Ms. Agnes Balazs
Housing Finance Officer
OTP Bank
Vador u. 16
1051 Budapest, Hungary
Tel: (36-1) 153-1444

QUALITY OF LIFE

Ms. Agnes Kerekes
Senior Deputy General Manager
Monetary Policy Dept.
National Bank of Hungary
Szabadsag ter 8-9
1054 Budapest, Hungary
Tel: (36-1) 153-2600 ext. 1377; 132-8918
Fax: (36-1) 131-3941

Mr. Pal Cseh, Senior Advisor
Ministry of Finance
Jozsef Nador ter 2-4
1031 Budapest, Hungary
Tel: (36-1) 118-5665
Fax: (36-1) 118-6883

US COUNTERPARTS:

Mr. Jeff Tolgarsky
Ms. Katherine Mark*
The Urban Institute
2100 M St., NW
Washington DC 20037
Tel: (202) 857-8741
Fax: (202) 223-3043
*Ms. Mark can be reached in
Budapest at: 217-9041

Mr. Howard (Hank) Henward
Planning and Development Collaborative Int'l.
(PADCO)
1012 N St., NW
Washington DC 20001-4927
Tel: (202) 789-1140
Fax: (202) 789-4297

ICMA (details to be provided)

Ms. Beth Marcus
Director of International Finance
Federal National Mortgage Assoc.-FANNIE MAE
3900 Wisconsin Ave., NW
Washington, DC 200156-2899
Tel: (202) 752-7888
Fax: (202) 752-3353

QUALITY OF LIFE

US EMBASSY CONTACT: Mr. James Watson, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

and Ms. Sonia Hammam
Regional Housing Officer
Office of the USAID Representative to Poland
U.S. Embassy
Aleje Ujazdowskie 29/31
Warsaw, Poland
Tel: (4822) 625-0060
Fax: (4822) 628-7486

QUALITY OF LIFE

PROJECT NAME: Housing Loan Guarantee

PROJECT NUMBER: HG-001

OBLIGATED FOR HUNGARY: \$15,000,000

PROJECT ELEMENTS:
Guarantee Program
Technical Assistance

PROJECT DESCRIPTION: The principal goal of this Program (HG-001) is to lay the foundation for a stronger, more efficient, and more market-based housing finance system through a substantial ongoing U.S. effort to assist the Government of Hungary's effort to restructure the housing finance system. To achieve this goal, the Program will support the following objectives:

- to reduce and rationalize housing finance subsidies,
- remove or mitigate legal and regulatory impediments to the development of a more responsive and competitive housing finance system, and
- to integrate housing finance into the financial and capital markets.

To achieve these objectives, the program sets out a phased, interrelated process of reforms in each aspect of the housing finance sector, including loan repayment structure, subsidy provision, credit risk management, liquidity risk management, competition in origination and servicing, and expansion of the funding base.

Benefits to the household sector include an increase in the affordability of housing, particularly for young first time home buyers, greater ease of mobility as housing markets become more efficient through the introduction of viable and more competitive housing credit system, improved quality of the stock of housing through financing of rehabilitation and housing-related infrastructure and increased competition in the housing market which over the long run should increase efficiency and reduce housing prices.

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PROJECT IMPLEMENTATION STATUS AS OF: 10/30/93

In FY 1994, the Hungary HG-001 will make available up to \$10 million in Housing Guaranty Resources to the Ministry of Finance ("MOF") to support implementation of policy reforms and programs designed to improve the efficiency and effectiveness of the Hungarian housing finance system. These policy reforms, some of which have been realized, include the reduction in mortgage subsidies (facilitated by the introduction of a new mortgage instrument), the reduction and better management of credit risk, and the development of access to long-term investor resources.

The Program will be supported by \$5 million in technical assistance (1) to the government to design and implement effective financing structures for the housing sector and to evaluate approaches to targeting and reducing subsidies and (2) to financial institutions to assist in the implementation of a new mortgage instrument and in the development of more effective loan underwriting and servicing systems and procedures to control and manage risk.

QUALITY OF LIFE

PROJECT NAME: Partnerships in Health Care

PROJECT NUMBER: 180-0037

OBLIGATED FOR HUNGARY: \$ 2,943,000

ELEMENTS:

Pediatric Oncology Outreach in Hungary (POOH)
Cardiovascular Disease Treatment

PROJECT DESCRIPTION: The purpose of the Partnerships in Health Care Project is to facilitate the exchange of medical knowledge and technology, particularly for diseases which are the leading causes of death in Central and Eastern Europe by establishing close partnerships between U.S. and Hungarian medical institutions.

The Partnership in Health Project held its annual meeting in Warsaw, October 1-3, 1993. Some 90 medical leaders and health care administrators from Central and Eastern Europe and the United States attended representing 15 U.S. medical centers and universities, their European partners (17 medical centers and universities in 6 countries), staff from the offices of USAID representatives in 5 countries, and participants representing medical partnerships in the Ukraine and Moldova. The purpose of the meeting was to share lessons learned from partnerships to date, to document the impact of project activities, and to stimulate the exchange of information among Central and Eastern European partners.

PROJECT IMPLEMENTATION STATUS AS OF: 1/10/94

POOH. USAID is providing a three-year grant to the University of Kansas Medical Center, Kansas City, in partnership with the Semmelweis Medical University and National Institute of Neurosurgery in Budapest to work together on treatment and patient-profiling as a comprehensive system of pediatric oncology outreach. Implementation began in February 1992 with an assessment of areas for clinical cooperations and the identification of Hungarian physicians, nurses, and medical equipment technologists to train in the U.S. Training began in April 1992. A Kansas medical team visited Hungary in August 1992 to conduct a week-long training seminar.

One data manager was hired and three personal computers with two printers and modems were purchases for the creation of a statistical unit for Registration, Diagnosis and Follow-Up. The

QUALITY OF LIFE

data manager studied basic aspects of pediatric oncology data management at the Kansas University Medical Center. On the basis of this experience, a sample pediatric oncology database was created.

During 1992, two pediatric oncology nurses spent 3 months at the Kansas University Medical Center where they received specialized training from nurse clinicians and pediatric oncologists.

Books have been purchased and distributed at the Second Department of Pediatrics, Budapest, and other pediatric oncology centers in Hungary. Subscription was made to Current Contents on Disks with Abstracts, and every month a search is being made on key words specific for pediatric oncology. In addition, on August 20, 1992, the latest technology ATL Ultramark 9 HDI type sonogram equipment was installed.

On June 22, 1993, the Kansas Medical Center held a ribbon-cutting ceremony at the clinic to present a new ambulance and to honor the nurses who had completed the training program. The Peace Corps provided English language training for three nurses prior to their technical training in the U.S. In connection with this project, OAR/Budapest ordered four infusion pumps. In the fall investigation and purchase of equipment to the Hungarian partners have continued. Also the translation of the nursing syllabus have continued.

LOCAL COUNTERPARTS: Dr. Dezső Schuler
2nd Pediatric Department
Semmelweis Medical University
Tüzoltó u. 7-9
1094 Budapest, Hungary
Tel: (36-1) 215-1985
Fax: (36-1) 138-4149

Dr. István Nyári
Dr. Ervin Paraicz
National Institute of Neurosurgery
Amerikai u. 57
1145 Budapest, Hungary
Tel: (36-1) 251-2999
Fax: (36-1) 251-5678

QUALITY OF LIFE

Cardiovascular Disease Treatment

USAID also provided a two-year grant to INOVA Health Systems in cooperation with Prince William Hospital, both of Fairfax, Virginia, to develop a partnership with St. Francis Hospital, St. John Hospital, and Semmelweis Medical University of Hungary to transfer U.S. treatment methods for cardiovascular disease. Professional exchanges and training of Hungarian doctors, nurses, and technicians in the U.S. and in Hungary began in Spring 1992. In September 1993, INOVA held a conference of leading cardiologists and health administrators to discuss advances in the treatment of cardiovascular disease.

LOCAL COUNTERPARTS: Dr. Gábor Andrásy or Dr. György Kozma
St. Ferenc Hospital
Széher u. 71-73.
Budapest, Hungary
Tel: (36-1)-176-0133
Tel/Fax:: (36-1)-175-3801

US EMBASSY CONTACT: Ms. Katalin Bábosik, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Health Care Financing

PROJECT NUMBER: 180-0038

OBLIGATED FOR HUNGARY: \$ 1,033,000

PROJECT DESCRIPTION: Centralized Central and Eastern European health systems have not responded well to preventable deaths, but the governments of the region recognize the need to make quality health care available to their citizens. The objective of the Health Care Financing Project is to develop the health care marketplace through a public policy which encourages privatization, ensures quality, and yet keeps costs low.

Drawing from its central budget, USAID has co-financed with the World Bank technical assistance to Hungarian government officials to prepare for implementation of this project. Technical assistance to promote a legal and regulatory environment favorable to private sector medical services delivery has been provided since Fall of 1991.

From Fiscal Year (FY) 1993 funding, USAID will award competitive contracts to pilot projects to demonstrate alternative financing and management techniques such as prepaid health insurance plans or hospital cost containment practices. In addition, the project will finance feasibility studies and the development of business plans to encourage the growth of private businesses providing health care related services.

PROJECT IMPLEMENTATION STATUS AS OF: 1/10/94

From non-SEED accounts, USAID co-financed technical assistance in cooperation with the World Bank to develop this project, under a contract with the U.S. firm Healthcare Enterprise International Inc. (HEI). HEI provides short-term experts on privatization policy and health care cost analysis to the Ministry of Welfare on a periodic basis. HEI also coordinated a USAID-financed visit of representatives of the Hungarian Welfare Ministry to Santiago de Chile in April 1992 to consult on Chile's health care privatization experience. USAID also sponsored a November 1991 investment mission to Hungary of U.S. firms in the health industry. In 1993 besides organizing seminars on group practice (3), on quality assurance (1) and managed care (2) HEI conducted consultancies on the Diagnostic Related Group (DRG) based reimbursement system and on coordinated care system demonstration. HEI is currently constructing a strategy to

QUALITY OF LIFE

provide assistance in the area of health quality standards and to physician group practices.

LOCAL COUNTERPART: Dr. Imre Vida, Project Manager
World Bank Project Management Unit
Ministry of Welfare
Arany János utca. 6-8
1054 Budapest, Hungary
Tel: (36-1) 131-6714
Fax: (36-1) 153-4955

US COUNTERPART: Mr. James Janeski, Vice President
HEI, Suite 410
30 West Gude Dr.
Rockville, MD 20850
Tel: (301) 738-7400
Fax: (301) 251-0843

US EMBASSY CONTACT: Ms. Katalin Bábosik, Project Specialist
Office of the USAID Representative to Hungary
U.S. Embassy
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

QUALITY OF LIFE

PROJECT NAME: Environmental Initiatives

PROJECT NUMBER: 180-0004

OBLIGATED FOR HUNGARY: \$ 2,296,000

PROJECT ELEMENTS:

.01 World Environmental Center	\$ 1,714,000
.02 World Wildlife Fund	\$ 50,000
.06 EPA-Regional Environmental Center*	\$ 532,000 *

(* This is a multi-country project, headquartered in Hungary.)

PROJECT DESCRIPTION: Environmental programs in Central and Eastern Europe respond to the profound changes taking place in the region; they are an integral part of the overall U.S. assistance program. In cooperation with the Department of Energy and the Environmental Protection Agency (E.P.A.), USAID has undertaken several activities as a direct result of the East European Environmental Initiative announced by President Bush in May 1989.

Among these activities are the establishment of the Regional Environmental Center for Central and Eastern Europe in Budapest and a series of projects in Kraków to reduce industrial pollution, improve drinking water quality and set up an air monitoring network. The World Environmental Center (WEC) is assisting Eastern Europe's emerging private sector in reducing industrial pollution and increasing energy efficiency.

.01 ELEMENT IMPLEMENTATION STATUS AS OF: 12/31/94

Since WEC started its projects in December 1990, the following have been accomplished:

- A U.S. environmental expert, Samuel Hale, was assigned as part-time advisor to the MERP. He was working on a variety of environmental economic analyses and strategic planning. His assignment ended in October 1993;
- Fifteen facilities were assessed by U.S. experts who made recommendations for no or low cost solutions to environmental problems;
- Twenty-seven government and industry officials received training;

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- Three Hungarian hazardous waste professionals from Aszod Landfill Operating Company visited U.S. remediation sites, landfills, and waste treatment facilities;
- Based on a WEC-sponsored study, a tax on leaded gasoline in Budapest has been enacted into law;
- Drafting teams from the Environmental Law Institute are working with local counterparts to formulate legal restructuring of Hungary's environmental legislation. ELI also conducted a one-day workshop on the environmental impact assessment and civil liability section of the draft law and organized a ten-day study tour for five leading Hungarian environmental experts. ELI hosted an international round table discussion on "Practical Approaches to Implementing Environmental Laws" on March 24-26, 1993;
- WEC organized a workshop entitled "How to Conduct an Environmental Assessment/Train-the-Trainer" for 31 industrial managers in May 1992;
- WEC is launching an industrial waste minimization and pollution prevention project and selected Perion Battery, BHG Telecommunications and Hungarian Viscose Factory as pilot sites. This program will include technical assistance for environmental reviews, workshops and training, and waste minimization demonstrations (including equipment for monitoring and pollution reduction).

.02 ELEMENT IMPLEMENTATION STATUS: COMPLETED

WWF provided training for environmental NGOs. Activity is completed.

.06 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94

The Regional Environmental Center for Central and Eastern Europe (REC) in Budapest opened its doors in September 1990. Since then, it has been collecting and disseminating information and issuing grants, primarily to environmental NGO's through central and eastern Europe. Over 300 grants have been awarded through mid-1993. While initially biased to Hungarian NGO's, the Center's grant issuance during 1992-3 has been fairly evenly distributed throughout the region.

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Sponsored initially by the U.S., the EC, and Hungary, the REC currently receives contributions from a variety of western donors, including Japan, Canada, Denmark, Finland, etc. A new Foundation Charter was agreed to by the existing 15-member Board of Trustees in March 1993. The Board then disbanded and a new seven member Board was created. Also established under the Charter, the general assembly consists of nine nominees from each of the donor countries, ten nominees from among the recipient countries, and nine experts and NGOs. They are set to meet the first week of December 1993 to discuss membership and organization of the new body and review various mechanisms for financing environmental protection.

At the center's first press conference, USD 1.5 million was announced for the earmarked and local grants schemes. The earmarked grants program gives financial assistance to NGOs on a competitive basis for their work in selected categories announced every year by the REC. Five topics were selected on the basis of results of a survey of NGOs: nature conservation, pollution prevention/clean technology, sustainable agriculture, environmental institutional development, and environmental education. Applications are accepted in English and adjudicated by the REC's local representatives in the local language.

The REC's new strategic direction includes a financial sustainability plan which relies increasingly on regional contributions in the form of CEE government assistance and less heavily on donor government support. Local currency donations to the center will, in effect, return to the country in the form of local grants.

The Center is also commissioning small expert teams to tackle the issue of the environmental consequences of transition. NGO teams in Hungary and the Czech Republic will target environmental education while others in the Czech Republic, Poland, and Romania will evaluate 'untouched lands', including nature reserves.

In December 1993, a symposium was held at the Center on the region's existing environmental funds, bringing together heads and deputy heads of these funds and focusing on the income rather than the expenditure side.

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LOCAL COUNTERPARTS: Ms. Zsuzsanna Dorko
Coordinator for Hungary
World Environment Center
Rajk L. u. 28
2000 Szentendre, Hungary
Tel: (36-26) 311-547

Ms. Eszter Szovenyi
International Relations Dept.
Ministry for Environment and Regional Policy
Fo ut. 44-50
1394 Budapest, Hungary
Tel: (36-1) 201-3843
Fax: (36-1) 201-2846

Mr. Stanislaw Sitnicki, Executive Director
Regional Environmental Center (REC)
Miklos ter 1
1035 Budapest, Hungary
Tel: (36-1) 250-3401
Fax: (36-1) 250-3403

US EMBASSY CONTACT: Dr. Ferenc Melykuti, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

Mr. Lawrence Cohen, Science Attache
U.S. Embassy
Szabadság tér 12
1054 Budapest, Hungary
Tel: (36-1) 112-6450
Fax: (36-1) 132-8984

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PROJECT NAME: Improved Public Environmental Services

PROJECT NUMBER: 180-0039

OBLIGATED FOR HUNGARY: \$ 5,147,000

PROJECT ELEMENTS:

.01	U.S. Environmental Protection Agency	\$ 2,605,000
.04	Nature Conservation/NPS	\$ 100,000
.05	USDA	\$ 104,000
.06	Decentralization & Local Government Environmental Management (DELGEM)/RTI	\$ 1,422,000
.07	Danube River Basin Environmental Program WASH-DEMDESP project	\$ 916,000

PROJECT DESCRIPTION: The Improved Public Environmental Services Project is administered primarily by the U.S. Environmental Protection Agency (E.P.A.) with the aim of addressing common environmental problems of the Central and Eastern European countries. The project builds on activities already begun under the Regional Environmental Initiatives Project (180-0004). Basic components of the project are:

-- Institutional Development: A joint effort by USAID and E.P.A. to help build and strengthen public and non-governmental organizations by providing information and tools for environmental assessments and pollution mitigation and prevention. The key areas of emphasis are:

(a) "twinning" U.S. environmental specialists and organizations with Central and Eastern European counterparts to strengthen local administration and management;

(b) training in conducting environmental impact assessments and enforcement;

(c) public education to promote constructive citizen participation in environmental decision making;

(d) training in environmental risk assessment to provide policy makers and regulators with credible, scientific methods for setting priorities;

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- (e) assistance in the development of pragmatic environmental protection legislation with effective enforcement measures;
 - (f) improvement of energy efficiency, emergency response, and monitoring and information systems capabilities; and
 - (g) raising revenue for environmental management through a variety of market mechanisms, such as compliance fees, taxes and licensing.
- Direct Technical Assistance: E.P.A. and USAID activities address high priority environmental issues in geographic locations where large populations are at high risk from exposure to pollutants or where unique natural resources are threatened. Demonstration of proven and cost-effective technologies as well as innovative management approaches are reflected in such activities as the constructed wetlands demonstration project.
 - Regional Projects: E.P.A. and USAID are focusing on trans-boundary pollution or environmental problems common to the region through support to the Regional Environmental Center in Budapest.
- .01 ELEMENT IMPLEMENTATION STATUS AS OF: 1/18/94**
- In September and October 1992 two courses were held for Hungarian officials: the first on principles of enforcement, the second on hazardous site ranking.
 - In May 1992, E.P.A. held a training workshop on Information Resource Management for approximately 40 people from ministries and other government agencies.
 - E.P.A. and Tennessee Valley Authority experts are helping develop a wetlands pilot project for waste water treatment at Lake Tata. U.S. experts finished the project's feasibility study and Hungarian experts and government officials are weighing the next steps to be taken towards implementation. EPA is widening this activity into the Altaler Watershed Protection project, which will demonstrate cost-effective U.S. environmental technology and a collaborative inter-community approach to solving water pollution. The project includes involvement of the regional inspectorates, local governments and associations, and NGOs.

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- In May 1992, E.P.A. experts held two training courses on emergency response with hazardous materials for more than 40 participants from the Ministries of Environment and Interior and regional environmental inspectorates.
- Also in May 1992, an enforcement workshop was held for representatives from ministries, industry, local governments, universities and NGOs. It was followed by a major international conference on environmental enforcement in Budapest on September 22-25, attended by senior E.P.A. staff.
- In March 1992, Hungarian experts visited the U.S. to study programs on environmental education. E.P.A. is supporting the elaboration of environmental curriculum for primary schools. This program is carried out by the Institute of Sustainable Communities.
- On November 30, 1993, E.P.A., the Ministry of Environment Regional Policy, the Regional Environmental Center, the Institute for Sustainable Communities and the University of Horticulture (UOH) signed the Terms of Reference for establishing an Environmental Management Training Center (EMTC) at UOH. The purpose is to adapt and deliver E.P.A. training modules on key environmental issues, like Environmental Auditing, Environmental Enforcement, Environmental Policy etc.

.04 ELEMENT IMPLEMENTATION STATUS: COMPLETED

Upon the request of the Minister of Environment, a National Park Service delegation visited Hungary in the fall of 1992 to meet with GOH officials in order to discuss issues of nature conservation and ecotourism. Activity is completed.

.05 ELEMENT IMPLEMENTATION STATUS: COMPLETED

Control convened a series of workshops dealing with integrated pest management and agriculture-based water pollution. This activity is completed.

.06 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93

(Previously DELGEM) Local Environmental Management (LEM)

Contractor: Research Triangle Institute (RTI)

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Subcontractors: International City Management Association
(ICMA)
Eastern Research Group (ERG)

Project Objectives:

- Assist host countries to address specific technical, institutional, managerial, and financial problems related to the environment.
- Provide training, technical assistance, equipment and supplies to governments (provincial, district, county, and local levels) suffering from critical environmental problems.
- Assess provincial, district, or city level needs for environmental management and pollution mitigation.
- Assist with the decentralization of environmental management responsibilities and the strengthening of local capacity to manage environmental problems.

The following four settlements were identified to participate as pilot cities in the project: Ozd, Sajoszentpeter and Edeleny in Borsod County, and Gyor in Gyor-Sopron County. The main focus of the project is municipal waste, except in Sajoszentpeter, where it will concentrate on hazardous waste.

In May and June, 1993, LEM technical assistance teams arrived to their respective communities to assess municipal/hazardous waste situation and advise municipalities on how to manage their landfill/hazardous waste problems.

Local Environmental Management Project held a three-day workshop in the Malyi training center in the vicinity of Miskolc, in September 1993. All in all, some 70 participants attended the workshop. More than 40 of them represented local communities, environmental authorities and businesses while the national level was also represented by officials from the Ministry of Environment and Regional Policy and the Ministry of Industry and Trade and other relevant institutions, as well.

Workshop participants discussed and reviewed the technical reports that had been prepared by LEM consultants. Through presentations by local, regional and national government

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officials and experts, participants also reviewed issues related to municipal environmental management, like realities of recycling and the tendering process.

A video was also presented by the Director of the Gyor City Management Company. This firm operates the landfill in Gyor which serves not only the city but a number of surrounding communities, as well. The video demonstrated that the Gyor City Management Company was able to improve significantly its landfill operation and maintenance by relying the recommendations of the LEM TA team.

During the last day discussions were aimed at defining the future needs for technical assistance and training and identified the following areas in general: waste measurement, budgeting, accounting, landfill demonstration, operation and maintenance and a regional workshop on waste management.

.07 ELEMENT IMPLEMENTATION STATUS AS OF: 10/30/93
Danube River Basin Environmental Program/DEMDESP (Danube Emissions Management Decision Support Project):

A regional Danube River Environmental Program was jointly established by the riparian states of the Danube in September 1991. Its purpose was to develop a strategic action plan and carry out institutional strengthening and human resource development activities that establish a foundation for future cooperation among the basin countries.

The goal of this USAID-funded project is to build on a larger regional initiative to improve environmental quality and provide sustainable development in the Danube Basin (this includes the Republic of Slovakia, Hungary, Bulgaria, and Romania). This project is divided into two phases.

The first phase, begun in September 1991, collected data relevant to the establishment of a management program for the Basin and conducted an inventory of point source pollution discharges and municipal government and finance authorities in the riparian countries of the Danube River.

The first phase of the project ended in June 1992. To date, the accomplishments include: 1) preparation of an initial computer-based system and user manual for decision makers to manage data on point-source waste water emissions -- emitters are thus

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encouraged to reduce their pollution of the Danube basin; 2) demonstration of the utility of the system in one or more pilot river basins within the Danube basin; 3) identification of high-priority, immediate investment needs for which pre-investment studies might be funded by international donors and funding agencies; and 4) evaluation of institutional conditions and needs to support the system and implementation of waste water emissions control programs.

The second phase of activities undertakes pre-feasibility activities in selected tributary rivers of the Danube Basin to identify immediately bankable projects in high priority areas. The pre-feasibility activities will take place in the Hernad River in the Slovak Republic, one river basin in Borsod County in Hungary (probably the Sajó River), the Yantra and Arges Rivers in Bulgaria.

The second phase of activities began in early September 1992. The participating countries held a follow-up meeting in December 1992 and January 1993 to set 1993 targets. Detailed technical and financial analyses will be completed in the Sajó River basin and the lower third of the Hernad River basin as a part of the Hungarian national investment plan under the Danube River Environment Program. These efforts are coordinated with the EBRD, the IBRD, and the EC.

On May 19, 1993, USAID sponsored a one-day workshop to present findings of the project to date, solicit advice and comments regarding those findings, and discuss immediate steps for developing bankable projects and securing necessary financing. The project would involve construction of a sewage collection system for ten communities with the flows being directed to the Miskolc waste water treatment facility. The remaining seven communities would be connected to the upgraded Miskolc facility in a second phase.

LOCAL COUNTERPARTS: Mr. Istvan Tokes
Head of Dept. for International Cooperation
and Information
Ministry for Environment and Regional Policy
Fó u. 44-50
1011 Budapest, Hungary
Tel: (361) 201-3843
Fax: (361) 201-2846

QUALITY OF LIFE

US EMBASSY CONTACT: Dr. Ferenc Melykuti, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

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PROJECT NAME: Environmental Training

PROJECT NUMBER: 180-0041

OBLIGATED FOR HUNGARY: \$ 1,166,000

PROJECT ELEMENTS:

Cooperative Agreement with
University of Minnesota Consortium
Grant to Duke University
for Environmental Economics

PROJECT DESCRIPTION: The Environmental Training Project focuses on environmental economics, finance, management, and administration for businesses, NGOs, and industrial sector personnel working on environmental problems. Democratic principles to hold government accountable and public participation in government policy making are vital aspects which are stressed in the project. In addition, technical assistance is provided in natural resources management and conservation, environmental policy, and scientific research. The components of the project are as follows:

- Environmental economics and finance training to address the problems of the region and create ties with leading U.S. environmental economists;
- Environmental business management training for new private sector environmental service companies, industries undergoing transformation, and U.S. joint ventures to improve environmental skills;
- Public participation and outreach helps generate an institutional and legal framework to encourage government accountability and public participation in environmental policy making and improves access to information and public consultation;
- Natural resources management to create innovative approaches to public sector administration of agricultural lands, forests, and parks;
- Training in selected universities in the region in scientific research and technical skills;

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- Environmental policy, planning and management to advance indigenous capabilities in environmental policy analysis, planning and management.

The Environmental Training Project (ETP) is a Consortium led by the Hubert H. Humphrey Institute for Public Affairs at the University of Minnesota. The Consortium is comprised of the Center of Hazardous Materials Research (CHMR), the World Wildlife Fund-US (WWF-US), and the Institute for Sustainable Communities (ISC) based at the Vermont Law School.

Training activities include workshops, internships, and university training, which enable in-country trainees as well as sub-grantees to carry out subsequent training activities themselves.

The Consortium's long-term goal is to improve indigenous capabilities to identify, assess, prioritize and address environmental problems, taking into account the efficient use of natural resources and pollution reduction and prevention. In the first year of the project, the focus will be on the private sector and NGOs. ETP offers training to strengthen the environmental and business management skills of existing and emerging private sector environmental businesses and to improve the capacity of NGOs, businesses, universities, and local governments to address local economic restructuring and environmental issues.

PROJECT IMPLEMENTATION STATUS AS OF: 12/31/93

ETP concentrates on the Borsod-Miskolc area. In year one ETP conducted the following three training courses:

- Environmental management for environmental service companies;
- Strategic planning for integrated environmental management in the Miskolc Region;
- Environmental conflict resolution.

In addition to the Borsod County activities, on June 8-9, 1993, ETP held a two-day workshop on Environmental Liability for the State Property Agency. Directors and officers of the SPA's legal, valuation, and privatization departments as well as some outside parties (representatives of valuation and law firms) attended.

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The workshop addressed the challenges in valuing environmental liabilities, the role of audits in valuation of environmental liabilities, and considerations in managing environmental audits. It also covered public policy and contractual issues including clean-up goals and standards, compliance obligations, and considerations for government in allocating environmental liabilities in privatization.

ETP held a five-day training course titled Financial Management for Environmental Businesses: Business Plan and Financing Proposal in Miskolc September 6-10, 1993. 31 participants took part in the training course including mostly entrepreneurs, or potential entrepreneurs, but also local government officials, environmental experts and faculty members of the University of Miskolc. Three Hungarian facilitators assisted the US instructor with a view of holding similar sessions in the future in Hungary.

ETP sponsored a curricula development workshop in Dobogoko on November 15 - 16, 1993 for participants from eight universities throughout Hungary as well as from senior levels in the Ministry of Environment. Participants agreed to coordinate on a plan for future action in harmonizing environmental coursework and credits at universities. The representative of the Ministry of Environment expressed the ministry's interest in co-sponsoring a compendium of materials on environmental economics education. Participants would also work on the standardization of the curriculum on environmental economics, a major goal of ETP-Hungarian cooperation.

A community organizing ETP workshop was held in Malyi, on November 19-21 for 24 people from 14 NGOs. The topics covered included: analyzing your organization, campaign-strategy and fund raising.

Duke University provided assistance to the Ministry of Environment and Regional Policy on environmental economics. Activity was completed in 1992.

LOCAL COUNTERPARTS: Dr. Vilma Eri
In-country Coordinator
1092 Budapest
Kinizsi u. 1-7. I/165
Tel/Fax (361) 215-9234

QUALITY OF LIFE

Ms. Eszter Szovenyi
International Relations Dept.
Ministry for Environment and Regional Policy
Fó ut. 44-50
1394 Budapest, Hungary
Tel (361) 201-3843
FAX (361) 201-2846

Dr. Jozsef Varga
Institute for Environment Management
Alkotmány u. 29
1054 Budapest, Hungary
Tel. (361) 209-1003
FAX (361) 209-1002

US EMBASSY CONTACT: Dr. Ferenc Melykúti, Project Specialist
Office of the USAID Representative to Hungary
Károly körút 11
1075 Budapest, Hungary
Tel: (36-1) 269-7860
Fax: (36-1) 251-1981

NON-SEED FUNDED ACTIVITIES

While the majority of the OAR's program activities are funded under the Support for Eastern Europe Development (SEED ACT), there are a few activities that are non-SEED funded. These include:

GLOBAL FARMER-TO-FARMER (FTF)

The activity provides short term technical expertise to private farmers and agribusiness or those that are attempting to privatize. This three year program's total amount of obligation for Hungary is \$ 220,000.

NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES (NASDA)

A five-year Cooperative Agreement between the Bureau for Private Enterprise of USAID, and the National Association of State Development Agencies (NASDA) a private, non-profit trade association. The NASDA fund was established in 1988 to encourage state development agencies and other intermediary organizations to undertake innovative projects that promote business activity with firms in developing countries in Eastern Europe. Amount for Hungary \$ 106,500.

PRIVATIZATION OF AGRICULTURAL AND URBAN LANDS (PAUL)

Proposed to strengthen and institutionalize the nascent development of comprehensive private real property registration and marketing system throughout the countries of Central and Eastern Europe. The proposed funding for the region \$ 25 million. (New activity not yet in the implementing stage.)

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The Centers have two main objectives:

1. Co-ordinating the operations of organizations interested in small business development in the region, to avoid unnecessary duplication.
2. Developing direct connections between the Center and small business owners through services offered by the Center.

The SBDC also provides business consultancy services as well as short-term seminars to local entrepreneurs on topics such as basic management and business finance. In addition to working with local entrepreneurs, the center has actively integrated its services with the area's regional business development activities. The SBDC's are funded by congress. Public access is a profit organization which is a full service international public affairs consulting firm specializing in trade facilitation, small business development and communications, is the implementing agent.

In FY 92/93 the Centers were funded at \$ 150,000 year (per Center), in FY94 each Center will receive \$90,000.