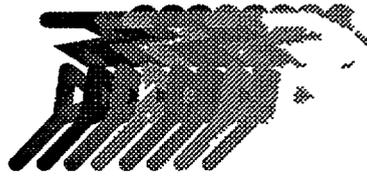


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RAPID RESPONSE



GYORS REAGÁLÁS

FINAL PROJECT REPORT 1994-1999

A JOINT INITIATIVE OF USDOL, USAID AND THE HUNGARIAN
MINISTRY OF SOCIAL AND FAMILY AFFAIRS

IN PARTNERSHIP WITH
THE MINISTRY OF ECONOMIC AFFAIRS
THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
THE PRIME MINISTER'S OFFICE / REGIONAL DEVELOPMENT SECRETARIAT
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Overview of Rapid Response Project in Hungary

The Hungary Rapid Response Project began in June 1994 as a joint initiative of the US Department of Labor (USDOL) and the Hungarian Ministry of Social and Family Affairs (until June 1998, the Ministry of Labor) The project has been supported by the US Agency for International Development (USAID)

The purpose of the Rapid Response Project has been to facilitate the emergence of a well-functioning labor market and improve the potential for economic development in Hungary by

- (1) helping the government create a system for dealing effectively with layoffs, whether they result from privatization or economic restructuring (Rapid Response Reemployment Assistance Committee),
- (2) developing a replicable local economic development (LED) model that can be used to foster economic renewal and growth (Rapid Response LED),
- (3) improving the effectiveness of vocational training and economic development by helping the government adapt a customized training model for new, expanding or restructuring companies (Quick Start) ¹

In implementing pilot projects, the Rapid Response Project has worked mainly through the County Labor Center (CLC) system, the primary providers of labor market and employment services in Hungary Quick Start's main partners have been both the CLCs and the Regional Training Centers The projects have also involved a wide range of actors from the local government, business, trade union and employee organization and NGO sectors, as well as numerous ministries and agencies, including Ministries of Economic Affairs, Education, Agriculture and Rural Development, the Prime Minister's Office Regional Development Secretariat, the National Labor Center and the National Employment Foundation

Brief Note on 1998 Ministry Reshuffling

When the new government took over in June 1998, one of its first actions was to implement a major reshuffling of the ministries This has had profound implications for the Rapid Response Project

In brief, the Ministry of Labor, the project's original partner, ceased to exist Its portfolio was split between three ministries Ministry of Social and Family Affairs, the Ministry of Economic Affairs and the Ministry of Education

The Ministry of Social and Family Affairs (SzCsM) is the legal successor to the Ministry of Labor It retains jurisdiction over the County Labor Centers and the Regional Training

¹ The Quick Start Project will be included in this report as a component of the Rapid Response Project, although in the initial years, the projects were separate

Centers It is responsible for the development of programs and services which are beneficial to the disadvantaged groups of the labor market

The Ministry of Economic Affairs (GM) was given responsibility for the development of the government's economic and employment policy and for the development of programs and services related to job creation

The Ministry of Education was given responsibility for adult and vocational training (though not for the Regional Training Centers) Social and Family Affairs, however, kept job training that is supported by labor market funds through the County Labor Centers

The Ministry of Environment and Regional Development was also split up, with the new Ministry of Agriculture and Rural Development (FVM) recently becoming an important partner for Rapid Response It has responsibility for rural and regional development issues and oversees the National Regional Development Center

A new state secretariat for Public Administration and Regional Policy was established within the Prime Minister's Office, which is also involved in regional development issues It, the Ministry of Economic Affairs, and the Ministry of Agriculture and Rural Development are considered to be the "three pillars" for economic development

The ministries have spent a considerable amount of time in the past year sorting out their own responsibilities and staffing issues Nevertheless, the Rapid Response project has forged partnerships with each of the new ministries As can be surmised from the above outline of new ministry responsibilities, interministerial cooperation has become incredibly important in the fields of economic development and employment policy, and therefore, for the Rapid Response project

The Rapid Response Reemployment Assistance Committee Model

The goal of the first component of the Rapid Response Project has been to improve the capacity of the Hungarian Government to respond to layoffs, particularly those caused by economic restructuring or privatization The project has provided training and technical assistance to County Labor Centers (CLCs) in order to adapt the pre-layoff "Rapid Response" and labor-management adjustment committee approaches to Hungarian circumstances The project's ultimate goal has been to incorporate the lessons learned from field experience into an appropriate Hungarian pre-layoff response system that is institutionalized nationwide At the same time, recognizing the difficult labor market situation in Hungary during the transition years and the need for economic renewal, a parallel component of the project has existed to develop a local economic development model to assist with long-term job creation in areas facing layoffs or elsewhere

Addressing Layoffs. Rapid Response and Early Intervention

The Rapid Response Project takes its name from a model that began to be used in the United States in the mid-1980s Each state is required by law to have a Rapid Response unit that

responds, ideally on-site, within 48 hours of receipt of a layoff notice. Rapid Response specialists verify the situation, including the size and timing for the layoffs. They may help the company and employee representatives to consider alternatives to a layoff if possible. For example, they may offer retraining or “incumbent worker training” options that may help avert the need for laying off workers by upgrading their skills. Or, they may support a feasibility study for an employee buyout. They may help companies make contact with other economic development or business support agencies that may be able to assist. These other agencies are often a part of the extended Rapid Response team. The specialists work with the company to assess the situation and plan an appropriate response, which may involve the establishment of a labor-management adjustment committee. (In Hungary, these committees are called Reemployment Assistance Committees, or RACs.)

It is not entirely incidental that the term Rapid Response sounds like a military maneuver. Layoffs, even small ones, can create sudden economic crises in a local area. To be effective, officials must have a strategy that enables them to respond to a call within a moment’s notice. Most Rapid Response units have at least an informal early warning system, through which they conduct intelligence research to keep track of industry trends, global economic indicators, local rumors and any other information that might predict where layoffs could occur. The unit must be prepared to deploy necessary resources flexibly when and where they are needed. It must also be able to count on receiving support as needed from allies at other agencies. The presence of a professional, prompt and well-coordinated response can help keep a difficult situation from getting worse. In short, a well-executed Rapid Response requires something like the precision of a practiced military exercise.

The main idea behind Rapid Response is that early intervention in a layoff situation is a key to preventing long-term unemployment. Experience in the US and other countries has shown that workers facing a layoff are more inclined to take advantage of services before they leave their present enterprise than after they become officially unemployed. Faced with the trauma of losing their livelihood, dislocated workers typically experience a range of emotions from denial to anger to depression to, ultimately, acceptance of their situation. (This cycle of emotions is similar to what individuals often experience with the loss of a loved one.) Dislocated workers generally need access to support and counseling before they drop out of the labor force. There is also evidence that the longer a person spends unemployed, the harder it becomes to get a new job, therefore increasing the person’s risk of joining the ranks of the long-term unemployed. An effective pre-layoff method should help provide the needed support in a timely fashion.

In Hungary (as in other countries), there is often a gap between when a person gets notice of layoff and when that person is eligible to register as unemployed. Effective and intensive action during this crucial period is a primary goal of Rapid Response.

Selecting the Labor-Management Adjustment Committee / Rapid Response RAC Model

In the US, individual states rely on a variety of models for conducting Rapid Response and related layoff and worker adjustment activities. One of these, the labor-management adjustment committee (LMAC) approach, was selected for use in Hungary based on

- (1) the model's flexibility,
- (2) the developing emphasis in Hungarian legislation and institutions on tripartite (government, business, labor) cooperation,
- (3) the model's success relative to other approaches in a wide range of American and Canadian cases ²

The LMAC approach was originally developed in Canada in the 1960s. It was subsequently tested in a number of states under a pilot project conducted by the National Governors' Association and USDOL. The positive results of the pilot project, evaluated by the General Accounting Office (GAO),³ led to the inclusion of the approach in the Economic Dislocation and Worker Adjustment Assistance Act of 1988. A summary of the primary findings of the GAO report, along with principles recommended in an OECD report on layoffs, can be found in Appendix 1.

World Bank Project on Layoffs

By the time the Rapid Response Project got underway, a World Bank project dealing with layoffs had been going on for several years. According to the World Bank office in Budapest, the project, which also emphasized aspects of the Canadian layoff philosophy, was fraught with problems. The project's goal seemed to be to create a system of private sector layoff consultants, which a company facing a layoff could hire as needed. It seemed the role envisioned for the CLC counselors was mainly to handle the tracking of layoffs and to assist companies in selecting a layoff consultant from an approved list, rather than to actually implement layoff responses. The CLC counselors attended roughly nine weeks of training sessions on a range of topics. The World Bank suspended the project at least once during its lifetime, and closed it altogether in 1996. World Bank office representatives welcomed the DOL initiative with layoffs, as they felt their project could only be described as unsuccessful. One problem appeared to be that implementation of the prospective system required legislative changes and appropriation of additional funds. A second problem seemed to be that rather than undertake any pilot or field work, the project organizers focused on developing administrative and procedural rules to run the system. The Rapid Response Project, by contrast, quickly became known as the place to go for actually working with concrete layoffs.

Project Structure

The Hungarian Parliament passed legislation in March 1991 to provide a legal framework for the formulation of employment policies, including a mix of passive (unemployment benefits) and active (job training, etc.) measures. As the transition progressed, privatization, economic restructuring, loss of traditionally secure Eastern markets and competition with Western goods were all contributing to labor force reductions. In the first few years, the County Labor Centers

² In the state of Ohio, for example, according to a state Rapid Response specialist, an average of 30% of dislocated workers find jobs at the end of six months, when an LMAC is used, the average goes up to 60-70%.

³ *Dislocated Workers Labor-Management Committees Enhance Reemployment Assistance*. (US General Accounting Office, Washington, DC, November 1989)

were primarily occupied with triage work—in other words, registering massive numbers of unemployment benefit recipients⁴ According to the ILO, in spite of the difficulties, Hungary, unlike most of the other Central and Eastern European countries, opted for “a more determined reduction of labor hoarding in the economy”⁵ Nevertheless, growing unemployment and widening regional differences prompted the social partners to consider the need for new employment policy strategies

In an effort to assist the Hungarian Ministry of Labor and its County Labor Centers respond to layoffs and plant closings, particularly those caused by privatization and economic restructuring, the USDOL launched the Rapid Response Project in Hungary in mid-1994 as part of a USDOL/USAID technical assistance project To participate in the project, the Hungarian government selected four pilot regions where major plant closures had occurred Baranya, Borsod and Szolnok counties and Budapest Baranya, Borsod and Szolnok counties each had higher than average unemployment rates and expectations of further mass layoffs Budapest had lower than average unemployment rates but one-fifth of the country’s population and large numbers of unemployed workers

The project began in July 1994 with a week-long training in basic rapid response and worker adjustment procedures and techniques This training was attended by both the CLC directors and the “layoff coordinators”—now called “regional employment counselors”—from the pilot counties

Immediately after the training, the initial pilot site began at a shoe factory in Szolnok County Shortly thereafter, additional sites followed at an aluminum oxide plant in Komarom County, the uranium mine in Baranya County and a steel mill in Borsod County (Although Komarom County was not one of the originally selected regions, the CLC requested that it be allowed to participate given the seriousness of the layoff at the aluminum oxide factory)

The Rapid Response Project provided technical assistance to County Labor Centers doing their first several RACs but required the CLC layoff coordinators to do the actual implementation During the course of the early sites, the CLC counselors worked to revise and adapt versions of sample US committee documents and procedures as well as develop appropriate Hungarian terminology for the projects

After the July 1994 training, the National Labor Center (NLC) requested that USDOL repeat the one-week training course for all of the CLCs, which was done in March 1995 Even in the absence of field results, the NLC felt the techniques employed in the US model were practical and useful and should be disseminated

Once the national training was conducted, other counties were given the opportunity to implement pilot projects By the end of the second year, half of the 20 counties had used the model at least once By the end of the third year, all but two counties had either used the model, or, in two cases, participated in cross-county projects The remaining two counties

⁴ Unemployment rose from 0.6% in January 1990 to 12.4% in September 1993 The number of unemployed went from 100,000 in 1991 to over 632,000 by 1994

⁵ *Hungary Employment and Sustainable Livelihoods*, (Budapest, ILO CEET, January 1997), p 10

(Heves and Vas) each made preparations to use the model with layoffs that were ultimately averted

The range of employers using the model also expanded over time. Government austerity measures resulted in a number of municipality and county government layoffs, affecting schools, libraries, social services institutions, theaters and other public offices. RACs were used to address a number of these layoffs, which involved assisting clients from as many as 65 separate institutions.⁶ Several hospitals also used Rapid Response RACs, although the mass layoffs that had been predicted in the healthcare sector have not yet occurred. A separate section addresses Army layoffs.

In the third year, the project began relying on Hungarian CLC staff who had gained sufficient experience with the model to provide technical assistance to new sites in other counties. Previously, the project's director attended all RAC meetings. Typically, a counselor must use the model several times before becoming sufficiently adept with the process.

The Rapid Response RAC Model in Practice

Table 1 shows an outline of the RAC process, which is described in more detail below.

⁶ The first of these became the subject of a graduate student's dissertation work. Six graduate students eventually did their dissertations on the RAC model, with a seventh underway.

Table 1 Process for a Typical Rapid Response RAC

Phase One Verifying Layoffs, Looking for Alternatives & Selling the RAC Concept to

- Enterprise management
- Employee representatives (trade union and works council representatives)

Phase Two RAC Inception

- Selection of RAC members (from trade union, works council, dislocated workers and management)
- Selection of neutral Chair
- Agreement between CLC, enterprise and employee representatives specifying responsibilities and procedures
- RAC Orientation (mission and overview of brainstorming, consensus decision-making)

Phase Three RAC Work

- Informing workers about RAC's existence and goals
- Conducting needs assessment survey of dislocated workers
- Analysis of needs survey
- Development and Implementation of Action Plan
 - 1 *Developing an Internal Communication plan for reaching the dislocated workers (newsletter, bulletin boards, personal contacts, letters)*
 - 2 *Developing an External Communication plan (press, community contacts)*
 - 3 *Encouraging partnerships with and accessing resources of Local Enterprise Agencies, municipalities, chambers of commerce, employers, trade unions, Job Clubs, training institutions, NGOs, the media and others,*
 - 4 *Arranging for Information Sessions on training, retirement, entrepreneurship, Job Clubs, legal questions, etc*
 - 5 *Setting up an on-site Action Center where the dislocated workers can go for peer support, information, counseling and job listings,*
 - 6 *Organizing job search skills workshops, Job Fairs with area employers and other programs,*
 - 7 *Developing employment opportunities and tapping into the "hidden labor market"*
 - 8 *Serving as advocates for the dislocated workers*
- Monitoring employee participation and adjusting RAC efforts as needed by reviewing
 - 1 *Survey completion*
 - 2 *Attendance at RAC sessions*
 - 3 *Registration for training, Job Clubs, etc*
 - 4 *Job placements*
- Fostering links with or starting up new job creation/economic development efforts (LED Projects)

Phase Four Evaluation and Wrap-up

- Chair's final report, CLC assessment, RAC members' assessment, CLC follow-up survey

After receiving notice of a layoff, the CLC Rapid Response layoff coordinator contacts the company as soon as possible to verify the situation, offer assistance and help the company consider alternatives. The CLCs, for example, can offer a job retaining subsidy in some cases or cover the cost of “preventive training,” which can be offered when the employer states that the layoff can be avoided if the skills of the potential dislocated workers are upgraded. Depending on the situation, the counselor will discuss the possibility of the company establishing a RAC.

If the company and employee representatives agree, the CLC counselor helps the parties set up a RAC. These committees, which have varied in size from six to 16 members, typically include representatives from labor (trade union and works council), management and the dislocated workers. They also include a neutral chair from the community. The chair should be someone who is well-respected and able to help with job development. Chairs have included among others retired HR managers, local elected officials, members of Parliament, teachers, professors and staff from Local Enterprise Agencies.

Hungarians often joke that the best way to obscure a problem is to create a committee. From the outset, the CLC layoff coordinator must prove to the members that this committee will be focused, pro-active and productive. At the “RAC inception meeting,” the CLC counselor brings several draft documents, including

- sample RAC agreement forms outlining each party's roles and responsibilities and what resources can be made available to assist the effort,
- RAC procedural rules,
- a description of the chair's role

This first session usually includes an orientation during which the RAC members learn about typical committees and define their own mission. They also usually receive some training to function effectively as a committee, such as how to use brainstorming and consensus decision-making techniques.

The committee typically starts its work immediately by conducting a survey of the needs and skills of the dislocated workers. Planning for this and reviewing draft surveys is often on the agenda at the initial meeting.

Based on the information they collect and analyze from the survey, supplemented by information from personal interviews, the CLC and RAC develop and implement an action plan tailored to the needs of the dislocated workers. Typical activities include

- Setting up an on-site center where the dislocated workers can go for peer support, information, counseling and job listings,
- Arranging for information sessions and workshops on training programs, entrepreneurship, legal and financial questions, job search skills, and other topics,
- Communicating with the dislocated workers and the community at large through newsletters, the press, personal interviews, small group meetings,
- Developing employment opportunities using such techniques as organizing job fairs, advertising workers' skills, contacting area employers, relying on word-of-mouth

possibilities, and trying to tap into the “hidden labor market” (i.e., identifying jobs that are not listed with the employment service),

- Serving as advocates for the dislocated worker,
- Encouraging partnerships with other agencies that may have resources that can assist the effort, such as Local Enterprise Agencies (LEAs), municipalities, chambers of commerce, non-governmental organizations (NGOs) and others, whose representatives sometimes become regularly invited guests to RAC meetings,
- Monitoring the status of individual dislocated workers, placement rates, participation rates at RAC events and other feedback and altering the RAC strategies as needed,
- Fostering links with or starting new job creation/economic development efforts

RACs generally meet one or more times per week in the initial phase of their work, and then every two to three weeks as needed. In between meetings, RAC members, the chair and the CLC and its local branch office specialists perform committee tasks and help keep the lines of communication open.

When a RAC’s work is completed, which can take anywhere from several months to several years, the RAC members and CLC coordinators assess their efforts, and the RAC chair prepares a final report. Then the RAC ceases operations or may temporarily suspend them if there is a significant time break between phases of a layoff.

Even when the committees disband, however, the partnerships formed between the RAC, the CLC and other community actors (Local Enterprise Agencies, municipalities, chambers of commerce, employers, trade unions, Job Clubs, training institutions, NGOs, the media and others) during the effort often evolve into ongoing relationships that can serve as a catalyst for local economic development.

Financing

In the first year of the Rapid Response Project, no US financial support was made available to the CLCs or to the RACs, on the presumption that most costs could be covered from existing resources. After the first few committees, however, it became clear that committee operating costs could not be readily covered by CLCs. Employers, in addition to making in-kind contributions, were in some cases willing to pay for the neutral chair. US experience had shown that the chairs have a harder time being perceived as “neutral” by both sides of the committee and by the dislocated workers if they are paid for by the company. Therefore, it was decided that a separate source of committee operating support was necessary.

From the second year of the US pilot project, RACs were eligible to apply for up to \$2,500 for operating costs, including such items as fees for a neutral chair, job fairs, newsletters, and Action Center costs. Employers and CLCs continued to make in-kind contributions to the efforts including space for meetings and staff time. Existing CLC resources are generally used to finance training, Job Clubs and other services. When the project started, however, some CLC services could not be accessed until a person was officially registered as unemployed, making the concept of early intervention difficult to achieve. With the institutionalization of the RAC model, this situation has improved, allowing RAC clients to access services while on their notice period that would not have been available earlier.

Rapid Response RAC Results

At the Year One Rapid Response Project Evaluation meeting (held in July 1995), representatives from the Ministry of Labor, the National Labor Center (NLC), USAID, County Labor Centers (CLCs) and management from the first four pilot sites concluded that the model could be adapted to Hungarian circumstances. They found that it was flexible, simple, preventive, cost-effective and client-driven. Pilot project participants claimed that the model

- Focuses existing CLC and other services, often coordinating on-site activities,
- Enhances communication (both in-house with the dislocated workers and externally with the community and the press),
- Provides needed information in a timely manner on CLC services, training, entrepreneurship and reemployment possibilities to the dislocated workers,
- Forges ongoing ties between the enterprise, the CLC and other agencies, which can serve as a catalyst to creating a permanent local economic development group,
- Increases the chances for dislocated workers to find new jobs, become self-employed or access needed training and other services,
- Provides humane support and encouragement to dislocated workers,
- Reduces tension at the workplace and the likelihood of strikes, allowing employers to maintain necessary levels of production during the layoff or closure⁷

At this meeting, it was decided that the project should undertake additional pilot sites to further adapt and refine the model to Hungarian circumstances. It was also decided that quantitative results from the pilot sites should be studied. A third recommendation was that the CLC representatives working on pilot sites should be brought together to share their experiences, which resulted in the introduction of Quarterly Meetings (See Lessons Learned)

Over the next several years, a total of 60 RACs were conducted as part of the US project. This includes projects dealing with steel mills, mines, food processing plants, bus makers, hospitals, county and city public administrations, and the Hungarian army.

Some impact indicator data from these sites follow

⁷ This was particularly appreciated by the CEO of the uranium mine, not only in 1995 but throughout the RAC's nearly four year existence. He felt certain that the RAC's presence and support helped keep the peace, enabling him to manage a difficult closure.

Table 2 Rapid Response RAC Statistics

- **Number of RACs** 60 RACs were established to work with laid-off workers from all sectors of the economy (heavy and light industry, public administration, the army)
- **Number of dislocated workers from these sites** 10,578
- **Number of active job seekers from these sites** (i.e., excluding retirees, disability pensioners, military service, maternity leave) 7,256 or 69% of the total number of dislocated workers
- **Number who participated in RAC programs** 8,115 or 77% of the total number of dislocated workers
- **Number of active job seekers who completed written surveys** 3,720 or 51% (Note that sometimes there is a reluctance to completing written surveys, some RAC clients prefer personal interviews instead)
- **Number of the active job seekers who were reemployed** 3,551 or 49% of the total
- **RAC Costs versus Unemployment Benefit Costs** In one county which undertook five pilot sites, 43% of the active job seekers found new jobs. A further 31% either found jobs or sorted out their situation primarily on their own but may have used committee services along the way. One quarter of the group ended up registered unemployed. The committees' activities were estimated at 2 million forints (which includes staff and in-kind costs of the CLC as well as a fairly small Rapid Response Project contribution for operating costs and a training project). The unemployment costs for one year for the 43% who found jobs directly due to the RAC would have been approximately 30 million forints.
- **Amount of time from notice of unemployment to new job** Impact indicator and control group data show that on average, when there is a RAC, it takes 130 days from notice of unemployment to starting a new job, when there is no RAC, the average is 265 days. The model thus greatly reduces the amount of time an individual spends unemployed. This statistic, together with the placement rate, were the keys to the government's support for institutionalizing the model.

RAC Customer Satisfaction Survey

In a customer satisfaction survey administered in several counties,

- 94% of those surveyed were aware of the RAC's services,
- 97% said they would recommend the RAC services to others in similar situations,
- 97% said they would use the services again themselves,
- 86% said the RAC provided useful services to them during their notice period,
- 73% of those who found jobs credit the RAC with helping

Hungarian Army RACs

In early 1997, a special initiative was launched as a result of a request for help from the Hungarian Army. The Army was planning several thousand military and civilian layoffs as a result of needing to restructure to meet NATO entry requirements. It had learned about Rapid Response from one of the county government layoff projects in Szolnok and wanted to try to use it for the most seriously affected bases around the country.⁸

Because it was clear that there was a need for coordination of resources and information at the national level, a "central Army RAC" was established with representatives from the Rapid Response project, several departments of the Ministry of Labor, the Army, the Regional Training Centers, the Ministry of Defense, and three trade unions. The central RAC worked to ensure necessary information reached the local actors and tried to make connections between the CLCs and the local base leadership. The Army also set up a central information office.

The Army organized a meeting for human resource managers from the local bases at which the Rapid Response RAC model was outlined. Use of the approach was strictly voluntary, however.

Several adaptations of the model were made for dealing with Army sites. For example, the idea of an external neutral RAC chair was quickly replaced by a chair coming from within the Army ranks. Also, given the hierarchical nature of the institution, CLC counselors observed that Army RAC meetings had a different feel from their civilian counterparts and required somewhat different approaches from them. Layoffs affecting the Army had been unimaginable before the NATO process started, RACs had a difficult task of dealing with the shock and disbelief that ensued.

The results from the work of 11 Army RACs included a 47% reemployment rate, based on the reemployment of 528 out of 1,118 active job seekers (1,429 total dislocated). Because of the lack of transferability between some of the military skills and the civilian job market, many of the affected individuals needed retraining programs before they could contemplate a job search.

In recognition of the work done with the Army projects, the Rapid Response Project director was presented with a First Order National Defense Medal from the Minister of Defense in August 1997. In April 1998, the USDOL Hungarian staff person, Ratvai Miklos, received a similar medal from the Minister of Defense in recognition of his role in the Army project. A new round of layoffs may be forthcoming, and Army representatives have indicated they will make use of the RAC model again. In addition, the Army projects provided an opportunity to address a sector-wide layoff, and some of the lessons learned are now being applied to the coal mine sector restructuring.

⁸ There were precedents for applying this type of model in defense sector layoffs in the US. A labor-management adjustment committee, the US equivalent of a RAC, was used in 1988 at one of the early Army base layoffs in Colorado. In 1995, the AFL-CIO's HRDI under a grant from USDOL issued a manual entitled "Responding to Defense Downsizing: A Union Guide to Labor-Management Adjustment Committees at Defense Installations."

Conclusions and Observations on Factors Influencing RAC Outcomes

The Rapid Response Project's layoff experience in Hungary has confirmed many of the lessons observed in other countries. Among the most important is that early intervention does make a difference in dealing with a layoff. Branch office staff from County Labor Centers were surprised to find out that the dislocated workers are easier to assist while they are still employed or on their notice period than they are after they have been unemployed for several months. The project's quantitative data has demonstrated that it can take substantially less time for dislocated workers to find new jobs when they have access to early intervention services, ideally delivered on-site.

The project has found that even in high unemployment areas, an active committee with on-site services can uncover job leads. In one area with a 30% unemployment rate, the CLC branch office had an average of one job listing per 100 job seekers. A local RAC was able to draw aggressively on area contacts and staffed a well-equipped on-site action center. The committee achieved a 60% placement rate for the active job seekers.

The RAC model works best when the partners are committed to the process. Motivated committee members provide moral and peer support, communicate important information and help shape the programs in such a way as to reflect the workers' needs. In some cases, all the partners are equally strong, in others, the hard work of a strong chair, a dedicated human resources manager or a determined trade union representative can compensate for less enthusiastic counterparts. In general, however, the support provided by the CLC counselors is critical in all cases, especially in the early phase of a RAC's work. This is consistent with the findings of the GAO in reviewing LMACs in the US.

The project found several factors that affect working with layoffs in an economy in transition. When the project began, unemployment was still a relatively new phenomenon for Hungary. There was little cultural understanding of coping with bouts of joblessness and often a reluctance to thinking in terms of transferable skills or occupational change. RACs try to empower individuals to help themselves, many people still expected a solution from the government. Several RAC members have said that they believed their efforts helped to highlight new realities.

Many of the firms where there have been RACs started mass layoff programs several years before the US project began. Thus anger, apathy, skepticism and tension were well-entrenched among the workers before the RAC was established, making the committee's work exceedingly difficult. Many of the formerly laid-off workers were by then in the ranks of the long-term unemployed. At the same time, individuals who were dislocated several years before often had access to more generous severance packages, more abundant training resources and more lenient early retirement provisions than are available today. Some people have suspected that the RAC was an attempt to make up for scarce resources.

Even when full-time jobs are available, there may be disincentives to taking them. In general, there is little labor force mobility due to both housing problems and traditions. Commuting, even if the cost is fully subsidized by an employer, is often an anathema. At the same time, small farms and participation in the unofficial economy combined with unemployment benefits often provide a financial alternative, at least in the short-term, to a full-time job with

the same or a new employer. In the end, jobs deemed less than desirable go unwanted at a particular factory while dislocated workers from the same factory cannot find employment.

Sustainability of the Rapid Response RAC Model

Based on the success of the Rapid Response Project's RAC model, the Hungarian Parliament modified the Employment Act in November 1997 to include support for the RAC model as one of the active labor market tools which can be used by County Labor Centers. The new tool became available for use in mid-1998. The Hungarian regulations allow for up to 1 million forints per RAC per year, roughly twice what the US project allowed. The first use of the new tool started in September 1998 at the Komlo coal mine. Other currently active committees include the Feketevolgy and Putnok coal mines and the Sajoszentpeter glass factory, all in Borsod County, and the Szigetvar Hospital, in Baranya County.

Additional efforts that have been taken in conjunction with the Ministry of Social and Family Affairs to help support sustainability include

- development of the RAC training manual/reference handbook (translation attached, Appendix 2),
- development of RAC software to track progress of the dislocated workers and compute basic committee statistics (Appendix 3),
- training for 18 CLC RAC trainers,
- training (by the trained trainers) for 389 staff from all 200 branch offices around the country during 20 sessions in May and June 1998,
- continued technical and professional support for the network of the County Labor Center regional employment counselors through Quarterly Meetings,
- development of a sample RAC brochure geared to employers anticipating layoffs

The Ministry of Social and Family Affairs (SzCsM), remains committed to the RAC model. Internal changes at the ministry have been significant and ongoing in the past year, however. The former Employment Programs Department was the main professional department involved with Rapid Response and related issues, it now belongs to the Ministry of Economic Affairs. Since the spring of 1999, the Financial Department within Social and Family Affairs has had overall responsibility for the CLCs. It has participated in some recent Rapid Response events. The Labor Market Department has responsibility for the active employment policy tools, which includes the RAC model. A new staff person within that department was assigned responsibility for the RAC tool in early July. The Personnel Development Department, which is responsible for training and development of CLC staff, has remained a steady and reliable partner, assisting with the organization of Rapid Response Quarterly Meetings and other training sessions. The International Department has likewise remained a consistent and supportive partner.

One issue remains the status of the regional employment counselors, which varies from county to county (County Labor Center directors have fairly broad discretion over staffing their centers). The Ministry's Personnel Development Department has reviewed a draft position description and may recommend a modified version of it to County Labor Center

directors. The Rapid Response project has tried to make examples of those counties which are making the best use of the position, such as Somogy and Tolna Counties. In some counties, the counselors have actually begun to refer to themselves as "Rapid Response managers." An interministerial cooperation agreement (discussed in a later chapter), may help solidify the counselors' positions. Under the agreement, they are acknowledged as experts to be involved through the Ministry of Economic Affairs in the development of economic and employment policy guidelines. The Social and Family Affairs Ministry also undertakes to encourage their involvement in providing technical assistance in RAC, LED and other related efforts, and to arrange professional and training forums for them.

While there might be some benefits to having the counselor's positions standardized to some extent, the lack of such standardization does not preclude the continued use of the layoff model or the participation of the County-level counselors in layoff work. (In the US, the equivalent Rapid Response positions vary from state to state.) Trained branch office staff will also continue to be involved in the implementation of the tool.

In addition to the numerous ministry changes, the Minister of Social and Family Affairs replaced six of the 20 CLC directors in the spring of 1999 (from Borsod, Szabolcs, Zala, Baranya, Bacs-Kiskun and Nograd Counties). In Szabolcs, Zala and Nograd Counties, the new directors have become enthusiastic project supporters and have elevated the Regional Employment Counselors to higher status than they had had previously. Borsod's new and Baranya's acting director both replace relatively active Rapid Response project predecessors (though the new Borsod director seems more supportive of her staff's in-depth involvement with these issues). In Bacs-Kiskun, the new director was formerly a regional employment counselor who had been involved with both RACs and LED. In sum, these changes bode well for the future.

Another issue will be the demand for the new tool, which will take time to assess. It will be to some extent determined by the state of the economy, and potentially by government plans to cut the unemployment benefit period from a year to six months. It will also be influenced by how easy or difficult CLCs make it for employers to access the support. One concern expressed by several CLCs is that the new tool is more bureaucratic than using the model under the Rapid Response project, due to the financial accounting procedures followed by CLCs. In several cases, large employers (Siemens, Ikarus, Heinz) have opted to use the RAC model but declined to apply for the one million forints CLC support. The Ministry of Social and Family Affairs is aware of this issue and may be able to help ameliorate the situation. Borsod and Baranya CLCs, however, both having used the new tool several times, believe once the kinks have been worked out, these problems are surmountable.

Rapid Response Local Economic Development (LED)

The second component of the Hungary Rapid Response Project emphasizes the development of a replicable local economic development model that can be used to foster economic renewal and growth. This model, which also relies on County Labor Centers (CLCs) serving as a catalyst for the process, can be initiated alongside layoff projects or in any areas facing employment problems.

In the summer of 1996, Hungary enacted legislation requiring counties to establish County Development Councils. These councils exist to develop priorities for the county as well as to distribute funds to local areas. It was clear that local areas would need practical tools to enable them to develop local strategies and specific project ideas for implementation. Many communities had hired outside consultants to develop strategies for them, these often ended up sitting on a shelf for lack of broad-based community support. It was to address this need that the Hungary Rapid Response Project geared its efforts.

Selecting the Rapid Response LED Model

In 1994-95, an initial attempt was made to launch a LED component headed by an outside consultant. DOL had hired an economist from Washington to implement this component. The consultant tried to work with the various stakeholders from the same region where the first layoff project RAC was occurring. This initial LED attempt was not successful, however, because the local actors did not feel it was their own initiative and thus the project was not sustained beyond an initial seminar. An important lesson was learned as a result: whatever model was to be used in the future, local actors had to take ownership of the project and be committed to seeing it through. Another observation was that one consultant taking one group of local actors through a seemingly improvised process would not result in a model that could be replicated across the country. Therefore, a model was needed that emphasized a basic step-by-step process for local actors to follow.

The CLC staff working on RACs were anxious to be involved in LED efforts. They believed local economic development was the only hope for improving the labor market circumstances in many of their local areas. Thus it was determined that the new LED model would involve the same CLC counselors who worked on layoff efforts as local LED facilitators. Through their work with the Rapid Response RACs, these CLC layoff coordinators were already making contacts with local employers, chambers of commerce, municipality leaders, NGOs and others who might be interested in LED. In several cases, when RACs wound up their work with the dislocated workers they actually transformed into LED associations. The CLC counselors were interested in tools that would enable them to assist these efforts.

The goal was to find a model that would not be overly theoretical and would not require the hiring of professional consultants, at least not in the early stages. A grassroots, participatory LED approach was selected based on the materials then being developed by Gary Hansen,

entitled *A Guide to Entrepreneurial Initiatives for Local Economic Development*⁹ Most importantly, the materials were organized in such a way so as to enable the local facilitators to walk through and direct the LED process themselves. The Hungary Rapid Response Project requested the opportunity to translate and pilot test the new draft materials.

The model called for County Labor Center regional employment counselors to work with government, business, labor and community leaders in areas experiencing economic restructuring and privatization to help them better understand local economic development and economic renewal principles. These principles include creating a new sense of "community" and, in particular, building confidence in the local area's ability to work together to affect change. Participatory grassroots LED efforts were not common in Hungary. Many local leaders traditionally believed that the answers to their problems would come from outside intervention, i.e., from the central government. With the decentralization of regional development funds, however, it started becoming clearer to local leaders that they needed to define their own solutions to many problems.

The goal of the process would be to help the local region find a direction in the face of serious economic threats, develop a strategic plan to guide community economic renewal and development efforts, identify suitable projects to begin the development process, and gather information needed to organize a strong local organization to promote economic development on a continuing basis.

The Rapid Response LED Model

A description of the LED model follows.

⁹ This guide was originally prepared as part of an ILO/UNDP LED project in March 1996 and designed to help community leaders and local economic development specialists in Central and Eastern Europe develop and implement LED programs. A revision of the material was made in October 1998 with support from USDOL.

Table 3 Summary of the Rapid Response LED Model

- The CLC (and other key actors) help to set up a local team consisting of mayors, Local Enterprise Agencies, NGOs, local area federations, businesses, chambers, Regional Training Centers, County Development Councils, incubator houses, entrepreneurs, banks, tourism agencies and other interested community members (teachers, cultural centers, local law enforcement, etc)
- The team participates in a series of four workshops designed to help the members craft a local development plan and generate ideas for specific projects Using brainstorming and consensus techniques, participants, working in small groups, identify problems, needs, assets, windows of opportunity and additional information that is needed In between workshops, homework is done, including the collection of needed information Special meetings or training sessions are also often organized, as are visits to other local areas to see specific initiatives (such as incubators or telecottages)
- **Workshop A Factor Analysis** The first workshop, the start of a community assessment, deals with an analysis of five business factors (1) access to capital, (2) the business environment, (3) infrastructure, (4) human resources and (5) quality of life
- **Workshop B. Analysis of Economic Renewal Principles** The second workshop considers four economic renewal principles, including ways to (1) “plug the leaks” in the local economy, (2) support existing businesses, (3) encourage new enterprises and (4) recruit compatible businesses
- **Workshop C Generating Project Ideas** The third workshops focuses on generating project ideas that address the problems, needs, opportunities and assets identified in the first two workshops It also devotes time to helping local actors develop a vision of the future for their area
- **Workshop D Analysis of Project Ideas** The fourth workshop provides mechanisms for evaluating and prioritizing project ideas, looking at their compatibility with the area’s future, their overall feasibility, the potential resources that may be available, possible obstacles that may interfere, time frames, etc

At the end of the workshop phase (Phase I), the participants will have developed a “blueprint for action,” with a basic strategy for the area and a list of concrete projects for implementation In the second phase, a strategic committee implements one or more projects

In addition to the workshop materials, the LED manual provides participants with descriptions of innovative approaches to job creation and preservation, such as networking and inter-firm cooperation, working with business incubators and establishing unique forms of entrepreneurship and business ownership

LED Project Structure

In June 1996, the Rapid Response project developed and conducted a training course for County Labor Center regional employment counselors in basic LED techniques. In the fall of 1996, all County Labor Centers were given an opportunity to submit a proposal to participate in the pilot testing of the Rapid Response LED model. The original aim had been to work with five areas, but, in the aftermath of the passage of the regional development legislation, the interest was extremely high and the CLCs requested that the project expand its scope. This was agreed, with the understanding that the CLCs and their local partners had to accept full responsibility for carrying out and organizing the workshops locally.

The Rapid Response Project provided support to defray the costs of conducting the four workshops in each community (between \$2,500-\$5,000). In addition, those local areas that successfully completed the workshops would become eligible to participate in the project's second phase, emphasizing implementation, for which further funding would be available.

Twelve counties chose to participate in the first round of pilot sites, with Tolna County proposing to work with three small separate regions at the same time. These 14 pilot regions selected by the CLCs cover from one to 42 communities and range in population from 3,500 to 80,000. They include heavy industrial areas which are in decline as well as less-developed rural and agricultural areas.

The CLC regional employment counselors were required to assess the local area's seriousness about engaging in a participatory LED effort. It was critical that the area understood that what was being offered in the project's first phase was a LED process and not a typical opportunity to apply for funds for a specific initiative. Therefore, the CLCs were required to submit letters of commitment from a range of area actors along with their proposals. While CLCs are in a good position to facilitate or be a catalyst for an LED process, they cannot undertake it alone. Such a grassroots LED effort would require considerable contributions of time and resources from a broad range of actors.

The CLCs collected letters from mayors, NGOs, local area federation representatives, county development councils, Local Enterprise Agencies, chambers and others. These letters assured that a core group of actors understood the basic parameters of the model and agreed to the minimum time commitment required. In support of the Komlo project, for example, the Baranya CLC submitted letters from the chamber of commerce and industry, the mayor of Komlo, the coal mine property utilizing company, the Baranya County Entrepreneurial Center, a non-profit company called "Work for Baranya," the Pecs Regional Training Center and the Komlo area local development agency.

The next task facing the organizers was to identify others in their communities who would be potentially interested in participating in the series of LED workshops. The CLCs worked with their core team of local actors to put together a LED mailing list. CLCs and the partner organizations contacted businesses, educators, banks, training institutions, libraries, community centers, healthcare institutions, NGOs, trade unions, tourist agencies, local artists, recreational facilities, appropriate county-level organizations and others. Most of the workshop invitation letters were signed jointly by the CLC director and at least one other local actor (typically either

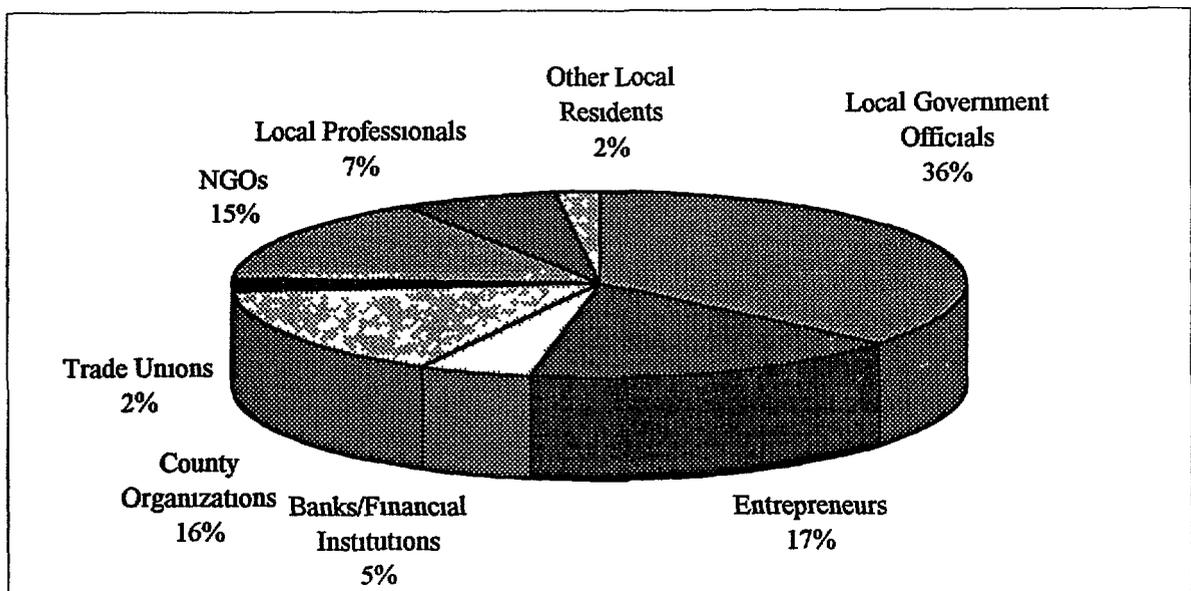
a mayor or local area federation director) Multiple signatures from different organizations helped to emphasize the collaborative nature of the model

In some cases, the organizers made special efforts to attract entrepreneurs, often phoning and personally visiting area businesses They occasionally invited a special guest speaker who would be of interest to the participants

The pilot projects all made good use of the press to get the word out about the workshops Local television, radio and print journalists were contacted before all workshops, and coverage was extensive

The following chart shows the average breakdown of LED workshop attendance from six of the local areas (In these six areas, the average workshop attendance was 42)

Table 4 Breakdown of Rapid Response LED Workshop Participants from Six Areas



Between October 1996-June 1997, all 14 local areas successfully completed the strategic plan development and project identification phase (Phase I) US consultants attended all workshops, but workshop organization and logistics were handled by the CLCs and their local partners

In September 1997, the 14 local areas, working with the CLCs, submitted proposals to implement 24 projects under the project's Phase II The proposal materials included summaries of the Phase I workshops, information on successes to date, copies of their strategic plans and vision or mission statements and details about how they would implement the specific projects Each county was eligible for \$25,000 except for Tolna County, in which each of the three local areas were eligible for \$15,000 These amounts could be used for one or more projects

LED Round One Results

From the first group of 14 areas, 24 projects were implemented with some US support The 24 projects include agriculture (3), tourism (6), business development (6), information centers/telecottages (5) and local economic development offices (4) Numerous other projects are being implemented with outside support or own local resources

These areas have successfully attracted resources from other sources totaling approximately 755 million forints (\$3 584 million US) This is 12 times the amount of direct US support, which totaled approximately 60 million forints (\$298,000 US)

As of January 1999, a total of 791 jobs have been created as a result of LED projects and spin-off activities in the 14 original areas, 75 entrepreneurs have started businesses, 83 jobs have been saved, and 512 individuals are enrolled in training for jobs in connection with LED projects

The LED Round One summary tables follow, Table 5 showing the 14 areas and their projects, Table 6 the estimated support they received from the US and other sources, and Table 7 the employment impact

Table 5 Rapid Response LED Round I / Phase II Pilot Regions and Projects

County	Local Area	Population	Unemployment Rate	Number of Municipalities	Name of Projects	Est. Amount of US Support	Est. Total Amount of Other Resources (forints)	Est Total Amount of Other Resources (\$)
Baranya	Komló	28,368	14%	13	Network of 4 telecottages	\$23,564	4,091,000	\$19,389
Békés	Gyomaendrőd	16,700	20%	4	1 LED Office 2 Tourism / create 17 km Bike path	\$14,775 \$8,407	1,560,000	\$7,393
Borsod	Ózd	80,000	23%	28	Innovation Center LED Regional PR Materials	\$6,463 \$18,537	21,000,000 900,000	\$99,526 \$4,265
Hajdu-Bihar	Hajduhadház	20,000	15%	3	Management communication improvement center	\$18,341	7,410,000	\$35,118
Heves	Hatvan	59,098	13%	13	Network of 6 tourism offices	\$23,122	9,220,000	\$43,697
Komárom	Tata	28,000	13%	10	1 Local area manager 2 Tourism/convertng an auditorium 3 Telecottage in Neszmély	\$6,848 \$9,570 \$7,549	960,000 2,240,000 500,000	\$4,550 \$10,616 \$2,370
Somogy	Zselic	18,000	16%	19	LED office	\$24,459	2,507,062	\$11,882
Szabolcs	Baktalórántháza	32,000	31%	16	Integrated Agriculture complex	\$24,287	211,000,000	\$1,000,000
Szolnok	Tiszazug	44,111	15%	14	Information Center for entrepreneurs	\$23,566	172,600	\$818

Table 5 Rapid Response LED Round I / Phase II Pilot Regions and Projects

County	Local Area	Population	Unemployment Rate	Number of Municipalities	Name of Projects	Est. Amount of US Support	Est. Total Amount of Other Resources (forints)	Est. Total Amount of Other Resources (\$)
Tolna (1)	Simontornya	7,000	20%	1	1 Industrial park planning	\$9,273	17,069,700	\$80,899
					2 Cooperative for Craftsmen	\$5,000	13,000,000	\$61,611
Tolna (2)	Iregszemcse	7,094	19%	5	1 Village tourism, folk festivals	\$2,782	590,000	\$2,796
					2 Handicrafts school	\$3,699		
					3 Agricultural center	\$4,624	750,000	\$3,555
					4 Telecottage in Magyarkeszi	\$2,775	5,414,000	\$25,659
Tolna (3)	Lengyel	3,508	14%	5	1 Dev't of NGOs Local area Federation and Fruit cooperative	\$3,637	69,910,000	\$331,327
					2 Est an NGO to conduct an ecological and agricultural survey of the area	\$10,718	34,520,000	\$163,602
Vas	Vasvár	4,829	12%	23	Hire local area manager and improve local area federation	\$23,681	344,161,000	\$1 631 095
Veszprém	Ajka	70,000	15%	42	1 Tourism / Est a computerized cultural database and area beautification project	\$17,493	7,111,000	\$33,701
					2 Set up a dressmaker's workshop in Halimba	\$6,795	2,264,000	\$10,730
12 counties	14 regions	418,708	17%	196	24 projects	\$299,965	756,350,362	\$3,584,599

Table 6 Rapid Response LED Round I / Phase II Sources of Support (as of 1/99)

Source of support	Number of areas that received support	Amount of Support (forints)
Economic Dev't Office or Local Area Federation	3	16,490,000
Mayor's Office	11	63,406,700
County Labor Center	5	1,843,000
County Dev't Council	6	200,709,531
Phare	4	198,300,000
OFA / National Employment Foundation	6	36,710,000
Chambers of Commerce, etc	2	1,819,000
Agriculture Ministry	3	49,355,000
Welfare Ministry	1	2,220,000
Soros Foundation	2	1,850,000
Industry, Trade, Tourism Ministry	1	1,000,000
Telehaz / Telecottage Federation	1	3,500,000
Other sources	18	171,197,131
Environment and Regional Dev't Ministry	2	10,750,000

Total 756,350,362 - Ft / Est. \$3,584,599

Total US Rapid Response Project support 59,796,900,- Ft. / \$298,146

Other sources include Hungarian Tourism Rt., County Agriculture Office, National Cultural Fund, MFB (Hungarian Development Bank), County Tourism Fund, an independent ecological center, user fees, own sources, ICMA

Table 7. Rapid Response LED Round I / Phase II Employment Impact

Number of created jobs	Number of saved jobs	Number of people in training	Number of new businesses
791	83	512	75

Some key results from a customer satisfaction survey conducted in six counties follow (The full survey can be found in Appendix 4)

Table 8 LED Customer Satisfaction Survey Key Results

- 97% of LED workshop attendees said the series achieved its goals
 - 63% of those who had participated in other LED efforts thought this model was better than what they had used previously
 - 96% said this LED method improved relations between local government, the business community and NGOs
-

According to participants, there have been several significant non-quantitative results of the Rapid Response LED model as well. These include

- The model helps to reduce duplication and improve the coordination of efforts, information and resources
- The model increases the efficiency of efforts. As one area explained, thanks to the joint thinking process and cooperative efforts, they felt they were able to accomplish in a year and a half what otherwise might have taken four or five years to do
- The emphasis on broad community support improves the odds for implementation of strategies and projects, rather than resulting in plans that sit on shelves. The process increases the legitimacy of the resulting strategy
- The model helps local actors realize they must take the situation into their own hands. As one area said, their earlier strategy had involved waiting and hoping for a new investor to come to town to save them. The LED process showed them that nothing was going to happen if they did not take concrete steps on their own

LED Manual Revision

It was determined after the completion of the first round of LED projects that the manuals would be revised to reflect the pilot experiences as well as the economic development realities, institutions and legislative environment in Hungary. The revised book would become the student or self-help manual, Volume I. It was also decided that a facilitator's guide would be useful, as part of the workshops' success depends on the skills and preparedness of the small group leaders. This would become Volume II. Although the original English-language manual included a separate volume of practical examples from

around the world, which was translated and made available to all project participants, the Hungarians decided a manual of primarily local case studies and resources would be preferable. This would become Volume III.¹⁰

The revision process began in late 1997, with support from the Center for Civic and Municipal Innovation. In addition to assisting with the costs of the project, CCMI hired several economists to collect case study information for the volume of practical examples.

A draft of the revised first volume was ready in January 1998. Given the demand from the counties for another opportunity to do LED projects, it was decided that a second round of sites would begin in February, 1998, providing an opportunity to test the revised manual in practice before it would be published.

As part of the adaptation process, several changes were made to the model itself. Most important among these were the introduction of the LED Strategic Committee and of what has come to be called the "Zero Meeting." The LED strategic committee consists of 5-6 local actors who agree to take on many of the main organizing tasks of the workshop phase, including possibly serving as small group facilitators, and are among the local actors likely to be involved in implementation and monitoring of specific projects as well. The "Zero Meeting" involves the CLC counselor providing an orientation to the strategic committee members and working together to make plans for carrying out the workshops.

LED Round Two

Round Two / Phase One proposals were solicited from the CLCs in early 1999. Twelve counties decided to work with 17 local areas. CLCs were given the option of working with one or more areas as they preferred, but each county was allowed a maximum of \$5,000 regardless of whether they chose to work with more than one area.

In addition to working with new manuals and using the new Strategic Committee and Zero Meeting techniques, there were several other changes between the Round One and Round Two workshop groups. One of the most significant was the decision to rely exclusively on those Hungarians who participated in the first round of projects to provide the technical assistance to the new Round Two counties. This had several advantages. It made scheduling much easier, it was less expensive, it reinforced the skills of the Hungarian counselors, and it contributed to the sense of local ownership.

The 17 areas completed their workshops between March and June 1999 (with one postponing its final workshop until September to avoid scheduling it during the summer). They began Phase Two Implementation Projects in early 1999. For this group, a total of \$5,000 was made available to each local area, considerably less than the amounts made available for the Round One sites.

¹⁰ English translations of Volume II and sections of Volume III will be forwarded to USAID and USDOL when completed.

LED Round Two Results

The second round of 17 sites implemented 20 projects, mostly a mix of telecottages, local area manager or LED offices, information centers or networks, with one tourism, one agriculture and one innovation center project

These local areas were successful in attracting over 171 million forints (est \$758,695) from mayors' offices, County Development Councils, Phare, National Employment Foundation (OFA), Agriculture and Rural Development Ministry (FVM), the Telecottage Federation and other sources. This is over nine times the 18 million forints (est \$85,000) they received from the US project. (Note that these statistics were collected three to four months after implementation started, as compared to the nine to twelve month time frame used for the first round of sites. Also, the makeup of the projects themselves is considerably different.)

As a result of the Round II / Phase II LED projects in the 17 local areas, 76 new jobs were created, 73 jobs saved, 269 people entered training programs and 17 entrepreneurs started new businesses.

The LED Round II summary tables follow, Table 9 showing the 17 areas and their projects, Table 10 the estimated support they received from the US and other sources, and Table 11 the employment impact.

Table 9 Rapid Response LED Round II / Phase II Pilot Regions and Projects

County	Local Area	Population	Unemployment Rate	Number of Municipalities	Name of Projects	Est. Amount of US Support	Est. Total Amount of Other Resources (forints)	Est Total Amount of Other Resources (\$)
Békés	Sarkad	33,500	20%	14	Local area development office	\$5,000	2,360,000	\$10,461
Békes-Csongrad	Mezőhegyes	36,000	18%	11	LED Manager's office, information database	\$5,000	7,180,000	\$31,826
Borsod	Edelény	60,000	18%	47	Organic agriculture and food processing	\$5,000	11,000,000	\$48,759
Hajdu-Bihar	Polgár	30,000	20%	8	Telecottage in Tiszacsege	\$5,000	4,790,000	\$21,232
Szolnok	Karcag	29,000	17%	3	Telecottage in Berekfürdő	\$5,000	1,000,000	\$4,433
Szolnok	Tiszafüred	14,700	15%	4	Innovation and Information Center	\$5,000	12,000	\$53
Nógrád	Cered	2,271	19%	3	Telecottage in Cered	\$5,000	1,500,000	\$6,649
Komárom	Komárom	41,000	12%	8	Telecottage in Nagyigmánd	\$5,000	2,500,000	\$11,082
Pest	Zsámbék	12,000	11%	9	Entrepreneurial information forum	\$5,000		
Pest	Nagykátai	30,000	12%	7	Information Center and Network	\$5,000	12,573,000	\$55,731
Somogy	Drávamente	6,260	20%	11	1 Foundation to help the unemployment	\$1,250	100,000	\$443
					2 To set up a local area manager's office	\$2,100	1,148,000	\$5,089
					3 PR project	\$1,650	35,055,000	\$155,386

Table 9 Rapid Response LED Round II / Phase II Pilot Regions and Projects

County	Local Area	Population	Unemployment Rate	Number of Municipalities	Name of Projects	Est. Amount of US Support	Est Total Amount of Other Resources (forints)	Est. Total Amount of Other Resources (\$)
Somogy	Surján	4,108	18%	11	Telecottage in Szentbalázs	\$5,000	4,080,000	\$18,085
Szabolcs	Nyiregyhaza	169,000	20%	15	Tourism / Event coordinator and calendar	\$5,000	8,600,000	\$38,121
Tolna	Tamási	40,000	20%	25	1 Communication and Info Management	\$2,000	8,000,000	\$35,461
					2 Innovation Center	\$3,000	69,200,000	\$306,738
Tolna	Dombóvár	41,000	18%	16	"Intelligent local area" project	\$5,000	37,499	\$166
Veszprém	Dudar	9,500	15%	10	Telecottage in Dudar	\$5,000	1,426,000	\$6,321
Veszprém	Balatonalmádi	29,000	10%	15	To set up a local area manager's office	\$5,000	600,000	\$2,660
12 Counties	17 local areas	587,339	17% (ave.)	217	20 projects	\$85,000 00	171,161,499	\$758,695

Table 10 Rapid Response LED Round II / Phase II Sources of Support

Source of support	Number of areas that received support	Amount of Support (forints)
Mayor's Office	5	3,924,000,-
County Dev't Councils	6	22,324,000,-
Phare	2	72,000,000,-
OFA / Nat'l Employment Foundation	2	1,800,000,-
FVM / Ministry of Agriculture and Rural Dev't	2	4,100,000,-
Telehaz / Telecottage Federation	9	11,500,000,-
Other Sources	12	55,513,499,-

Total: 171,161,499,- Ft. / Est. \$758,695

Total US Rapid Response Project support 18,209,554, - Ft. / Est. \$85,000

Other sources include. Member fees, Takarekbank, Hungarian Tourism Rt., Drava Museum, East Balaton Development and Municipal Society, own sources

Table 11 Rapid Response LED Round II / Phase II Employment Impact

Number of created jobs	Number of saved jobs	Number of people in training	Number of new businesses
76	73	269	17

LED Round Three

In addition to the 31 Round One and Two areas, 5 regions have completed the Phase I workshop series as part of a special Round Three. These regions include

- a subsection of Del-Dunantul region,
- the entire Del-Alföld region, the first EU-region in the country to use the model,
- two areas in Borsod County, both of which are combining RAC and LED simultaneously,
- one in Szabolcs County, which is doing LED first but will have a RAC set up shortly to deal with a mass layoff at a chemical plant in Tiszavasvári

The Del-Dunantul project came about because an “organic” region including the Hegyhát (Tolna County), Ormanság (Baranya County) and Zselic (Somogy County) local areas, had been selected to receive a significant amount of PHARE support, and the CLCs thought a joint thinking process would improve the coordination of proposals from the region. A strategic committee was set up, with representatives from all three counties. The workshops were held in 4 different locations throughout the region. With a three county project, the organizers noted that certain costs were more expensive than for the standard local area effort. This includes travel and telephone costs. In addition, the per-capita costs (lunch, materials) required a larger budget, given the size of the group. Between 50-68 people attended each workshop.

The workshops were conducted on an accelerated schedule to enable the local areas to meet the Phare proposal deadlines. The four workshops took place over the course of a month. Thus far, the following proposals have been awarded Phare support.

Table 12 Phare Support Awarded to Rapid Response LED Dél-Dunántúl Region

Project	Forints	Est \$
the “youth of Hegyhát for economic development”	14 million	\$58,333
establishing a fruit cold storage facility in Hegyhát	70 million	\$291,667
organic farming in Hegyhát	35 million	\$145,833
village hotel network in Zselic	57 million	\$233,333
South Zselic organic farming development program	56 million	\$237,500
Somogy information network	10 million	\$41,667
Total Phare Support to date	242 million	\$1,008,333

Note: Data from Baranya County areas not yet available

EU requirements have resulted in Hungary beginning to establish regional institutions representing 3-4 counties each. For regional development, this has resulted in plans for 7 large regions. The Del-Alföld region (Bekes, Bacs-Kiskun and Csongrad Counties) recently decided to have a permanent Regional Development Council president, the first in the country, and it was this president who approached the Rapid Response Project.

Sixty-eight people attended the four workshops. The first workshop session was held in Hodmezövasarhely. The regional development agency was the organizer, with assistance from the three CLCs. The other workshops took place in Szeged, Kecskemet and Bekescsaba during May and June 1999.

The leader of the newly created Regional Development Cabinet in the area claims that the LED model contributed both to the development of project ideas and the vision of the region, as well as to the improvement of the institutional system of the region. The Cabinet, which is charged with developing operational programs, will further develop the workshop project ideas. Priority projects include improving regional accessibility of capital, developing a regional information and media network, compiling a regional lobbying inventory and developing a strategy to highlight the special Hungarian features of regional products and assets. The region's president believes Phare support will be available to implement these and many of the other project initiatives.

The three other Round Three LED projects are all in one-industry crises areas, where the major employer is either closing or anticipating significant layoffs. Sajoszentpeter, for example, is losing its American-owned glass factory. This project was the first to combine Rapid Response RAC and LED simultaneously. (Several other areas have done first one and then the other.) As a result of the LED workshops, the local area created a local area foundation and forged a cooperation agreement between seven mayors. The new leaders of the foundation were exceedingly pleased by this accomplishment. They credit the model with instilling a sense of community in the region, which they say had been lacking for decades. Based on the information they collected during the course of the workshops, they published two brochures on the area, one with information geared to potential investors and the other a community assessment including workshop summaries and project ideas. One of the associations' first projects is launching a campaign to encourage local residents to devote the 1% of their taxes that may be set-aside as an NGO contribution to supporting the new association and its LED efforts.

By special arrangement with OFA, all three of these areas are expected to receive some support for implementation of projects that grow out of the Rapid Response workshops. Note that both the Borsod and Szabolcs CLC directors are new and greatly appreciated the chance to undertake a Rapid Response project before the project's close-out.

Collaboration, Partnership and Local Initiative

Two themes emerged consistently during the course of the 35 LED projects as contributing to the model's success.

1 The importance of collaboration and partnership among a broad cross-section of local actors, which helps to

- ensure planning and coordination of resources,
- avoid duplication of efforts,
- broaden the pool of creative ideas and thus improve problem-solving,
- increase the flow of information, which can result in the discovery of new opportunities,
- identify resource, knowledge or service gaps,
- enhance the likelihood of project implementation by ensuring joint ownership of projects

2 The importance of local initiative

To make LED happen, local actors must develop and implement pro-active strategies and approaches. They cannot sit back and wait for a new investor to descend on the area. Nor can they wait for answers to their local problems from the central government. Drawing on whatever resources they can, they must work together to assess their local circumstances including their strengths, assets, opportunities and weaknesses. They must use this information to develop strategies and implement projects that will improve their situation.

Even small steps can make a difference, often resulting in an improved image for an area, a renewed sense of community spirit and the momentum to continue with other needed initiatives. Over time, these results can enhance an area's attractiveness to outside investors and improve their perception of the area. By improving the local business climate, pro-active local initiatives can also create a better environment for existing and new businesses.

LED Training of Trainers and Dissemination Training Series

To help disseminate the LED model and the new manual, the Rapid Response Project, in partnership with the Social and Family Affairs Ministry, launched a dissemination training series in the spring of 1999. In addition to helping spread the model, one of the goals of the sessions was to prepare local actors for potential participation in the new National Employment Foundation (OFA) LED program, which is designed to enable local areas to undertake the Rapid Response workshop series.

First, 36 trainers were trained, including a mix of CLC regional employment counselors and various local area representatives (from federations, chambers and other agencies). This training included information on the regional and local development environment in Hungary as well as on the use of the Rapid Response LED model and manuals. Representatives from the ministries of Economic Affairs, Social and Family Affairs, Agriculture and Rural Development and the Prime Minister's Regional Development state secretariat all made presentations at the trainers' session.

Each of the trainers agreed to participate in a minimum of two sessions. Those trainers who had previously conducted Rapid Response workshops became the lead trainers, those who had not previously been involved with LED projects became assistant trainers and group leaders. In addition, as the one and a half day sessions required the participants to simulate

the four workshop series, other local actors were enlisted to serve as small group facilitators. The majority of these came from earlier Rapid Response LED projects.

The County Labor Centers were the lead organizers for the individual sessions, responsible for scheduling the one and a half day events and for coordinating all local logistics. In addition to relying on the regional employment counselors, many CLCs involved their internal training staff, press agents and branch offices as well. Invitations were sent to mayors, local area federations, NGOs, businesses, chambers, Local Enterprise Agencies, County Development Councils and others. Over 1,000 people signed up to participate. Sixteen counties held one session each, four counties (Tolna, Borsod, Zala and Bacs-Kiskun) with very high demand held two each, for a total of 24 sessions.

Press coverage of the sessions was extensive and included newspapers, television and radio. The Rapid Response Project had prepared press materials to assist the CLCs, which were sent out to the CLC directors from the Ministry's press department.

Evaluation surveys were returned from 505 training participants from around the country. Some statistics from the surveys follow.

Table 13 LED Dissemination Training Seminars Evaluation Survey Key Figures

Have you had experience with a similar LED model?	Yes	24%	No	68%
Do you believe that this is a useful model for LED?	Yes	100%	No	0%
Would you be a participant in LED in your local area?	Yes	92%	No	8%
Would you initiate a similar LED workshop series in your local area?	Yes	88%	No	12%

The main reasons provided by those who answered they would not initiate similar LED projects were:

- they felt they did not have sufficient competence to do so,
- they felt their area was lacking an entity that would take the lead organizing role,
- they felt they lacked connections to an appropriate mix of area contacts.

Distribution of the LED Manual Volume I

The final version of the main volume (the self-help or student's book) was printed in 5,000 copies and released in May 1999. Thus far, the books have been distributed as follows:

- The first 1,100 copies were distributed at the 24 LED dissemination training seminars around the country, co-sponsored by Rapid Response and the Social and Family Affairs Ministry and organized by the County Labor Centers. These sessions included mayors, entrepreneurs, NGOs, County Development Councils, County Development Agencies, County Employment Boards and others. It is likely that as many as 1,000 municipalities will have been represented at the sessions through mayors, other local officials and local area federations (which represent multiple municipalities)
- 1,500 copies have been set aside at the National Employment Foundation (OFA) for use in the new LED program based on the Rapid Response model. The program has received 100 million forints from the Labor Market Fund for running projects in 25 local areas. Proposals are due by July 31.
- 500 copies are being set aside for the participants in the SAPARD training sessions organized by the Agriculture and Rural Development Ministry (SAPARD is the pre-EU accession rural development support program, which will reach hundreds of local areas in the next year). The first of three training sessions was held June 16-20 attended by 60 "category A" local areas. Category B and C areas will receive training in the late summer and fall. More copies will be set aside for SAPARD participants as they begin to undertake their work. (See below under Sustainability section.)

Roughly 940 copies were distributed as follows

- 60 copies were used in the Del-Alföld Region, which is the first EU region in Hungary to use the books,
- 50 copies went to Csurgo local area in Somogy County, which is the 1st project in the country supported entirely by County Labor Center (CLC) funds, workshop series has been completed as the first part of a complex employment program for the region
- 120 copies went to Zala CLC (in preparation to launch several CLC-supported projects),
- 50 copies went to the May 19th Quick Start conference, reaching regional training centers and employer associations,
- 50 copies went to Bodajk local area (Fejér county, local area now preparing to implement the model with own resources after attending the initial dissemination training seminar),
- 50 copies went to Szabolcs CLC for Tiszavasvári LED project in area where layoffs of up to 1,700 are expected in the fall,
- 40 copies went to attendees of a June 16, 1999 event where a new public administration book supported by the British Know-How Fund was released, Rapid Response made a presentation at the event as well,
- 60 copies went to various Ministry people (LED Interministerial team, Economic Affairs, Prime Minister's Office, etc.),
- 10 to CCMI,
- 50 to agriculture national association and county members,
- 100 copies to the Teleház Szöveteg,
- 200 copies were distributed at the KIFESZ conference (the Kistersegi Fejlesztő Szervezetek Országos Szövetsege), which took place on June 18-19. KIFESZ members are all involved in economic development activities

- 75 copies were distributed to press and attendees at the June 22, 1999 Rapid Response final reception,
- 25 copies were distributed at the June 30, 1999 meeting of coal mine RAC and LED projects

Remaining copies are being held at the Roosevelt ter ministry building, which houses both the Social and Family Affairs ministry and the Employment Programs Development Department of the Ministry of Economic Affairs

Volumes II (Facilitator's Guide, 1,000 copies) and III (Manual of Practical Examples, 3,000 copies) are with the printer and will be ready in August, in time for distribution to OFA and SAPARD participants as well as to other interested local areas

Sustainability of the LED Model

Sustainability for LED can be achieved in several ways, including through

- 1 local areas undertaking to finance the LED workshops on their own (estimated cost \$2,500, 500,000-650,000 forints),
- 2 identification of existing resources that can be used for LED workshops (from County Labor Centers, SAPARD, County Development Councils, Phare),
- 3 creation of a dedicated LED fund or central program,
- 4 revision of legislation that might either require or give preference to local areas that use the LED workshops and/or that would identify resources for local areas to do so

1 Local areas financing LED on their own

Examples of the first method can be found already in Pest County, where two areas participated in the Rapid Response Project's Round Two, and four areas are doing LED relying on their own resources for the workshops, with assistance from the Pest County Labor Center For example, the Galga river area is financing the workshops based on local contributions (50 forints per resident) The CLC director established a county-wide coordinating committee to help make resources available to the local areas It is also providing technical assistance to the local areas As an added incentive, the CLC has promised the six LED areas that they will receive support for 90% of a local area manager's salary and 5 million forints for implementation of specific projects relating to job creation The County Development Council has also committed 1 million forints from its operating budget to support local offices in each of those areas

2 Using existing resources to support LED (e.g , CLCs, SAPARD)

Examples of the second approach are also emerging. This year County Labor Centers have an opportunity to do a pilot project in which they exercise considerable discretion in terms of programming under a complex employment programs approach. Under the pilot project, they are allowed to combine active labor market tools in new and innovative ways. Somogy County has decided to do a complex program relying on the LED model in the depressed Csurgo area. The area completed the LED workshops between March and May 1999 with 1.3 million forints CLC support. It is now developing a complex program focusing on infrastructure development, tourism and the establishment of a LED office and other support mechanisms for area and job development. The first concrete project is underway: 3.6 million forints from the CLC to support the training of 20 local area managers. These 20 managers, all previously unemployed individuals, already have prospective jobs with area municipalities. A second project, which has received 1 million forints from the Soros Foundation in addition to CLC money, is supporting 13 mentors for a year under the Somogy Foundation for the Unemployed. The mentors recently finished a CLC-supported training course and will work in Csurgó communities.

Another example of this second strategy can be found in the SAPARD program. SAPARD is the pre-EU accession rural development program, administered by the Ministry of Agriculture and Rural Development (FVM). The goals of the SAPARD program include

- generating an internal development process within local areas and
- devising development programs suitable for attracting EU support

Roughly 180 local regions have been selected for participation in the SAPARD program, grouped into three categories determined by the quality of their proposals. Based on both the success and the philosophy of the LED model, the Rapid Response Project has been requested to provide assistance in training these local areas as part of Phase I of the SAPARD project. The Category A projects were trained from June 16-20, 1999. The Rapid Response LED model was featured in two sessions during the training. Category B areas will receive training in late August. In this case, the LED model will represent two full days of a six-day curriculum. Although the US project will be finished, training will be conducted by several of the Rapid Response project's lead trainers, who will be hired by FVM for this purpose. Category C training will take place in the fall. The SAPARD program's Phase II will include the preparation of local area strategic development programs, for which the areas will be eligible for 2-5 million forints. It is hoped that these local areas will use the LED model in developing their programs. The prerequisite for SAPARD Phase III is an approved strategic program. Those areas that qualify are eligible for 3-6 million forints for development of operative programs. The integration of the Rapid Response LED model into the SAPARD curriculum is a significant indication of the model's legitimacy in the eyes of Hungary's regional development professionals and government representatives.

3 Creation of a new LED program

The third strategy has been achieved. Based on its assessment of the Rapid Response LED project, the Economic Affairs ministry decided to launch a new central program in 1999 to support LED efforts. It is being administered by the National Employment Foundation (OFA). It was drafted with considerable input from Rapid Response and was approved by the

Labor Market Fund Board for two years (1999-2000) at 100 million forints Under the new program, local areas will set up strategic LED committees, conduct workshops, develop strategic goals, identify projects and either establish a LED office with a local area manager or begin to implement another project Twenty-five projects at 4 million forints each (500,000 forints for the workshop phase and 3.5 million for implementation) are expected this year The USDOL Rapid Response Project office has had a cooperation agreement with OFA to work together on the program The Project's Hungarian staff expert (Ratvai Miklos) was hired by OFA to run the LED program The proposals are due on July 31, 1999 and, based on preliminary information, an average of five proposals per county is expected The demand for participation will clearly outstrip the available resources by several times Part of OFA's mission is to serve as a testing ground for new initiatives which, if successful, can be followed up with permanent support programs

4 Legislative and policy reform possibilities

In order to facilitate the fourth strategy for LED sustainability, the project established an interministerial LED team in August 1998, shortly after the new government ministries were set up The team includes the Prime Minister's office, ministries of Economic Affairs, Education, Social and Family Affairs, and Agriculture and Rural Areas Development, the National Regional Development Center, OFA and four County Labor Centers The team's goal has been to develop legislative and policy options that support grassroots LED efforts The group has reached consensus on several legislative and policy revision ideas, which it hopes to see implemented in the future The Prime Minister's Office Regional Policy state secretariat is very supportive of the Rapid Response Project and has been serving as the chair of the interministerial team

The interministerial team will now be transformed into a standing Rapid Response Committee of Specialists, as discussed in the upcoming chapter on Interministerial Cooperation

The same question regarding the position of the regional employment counselors within the County Labor Centers remains an issue if these counselors are to continue to provide technical assistance to local areas on LED It should be noted that the LED model materials are conceived in such a way that even in the absence of such technical assistance, the method can be implemented In addition, by now, some 1,500 individuals have participated in LED workshops, and roughly 1,000 people attended the recent dissemination training sessions In other words, there are many people throughout the country who are familiar with the LED process

It has, however, worked extremely well to have the CLCs play the kind of facilitating/catalyzing role that they have been doing to date The new central LED program should give an additional impetus to CLCs to allow the regional employment counselors to continue this type of work (Under the rules of the new LED program, CLCs must review the OFA proposals before they are submitted, and their participation in the workshop series is expected as part of the program) Recent indications are that the CLC directors are increasingly interested in the LED model, and a number have committed to providing CLC

resources to local areas which do not receive the OFA support. In addition, as described in the Interministerial Cooperation section, it seems that the Ministry of Economic Affairs, in its role as the primary coordinator of future Rapid Response activities, will establish some direct links with the regional employment counselor network, even though they belong to CLCs and therefore are tied to the Ministry of Social and Family Affairs.

In conclusion, the prospects for the long-term sustainability of the Rapid Response LED model in Hungary are extremely high. National, regional and local actors believe the process works and are devoting resources in different ways to ensure its continuity. This includes the government's new central LED program, the integration of the LED model into the SAPARD program, the establishment of the interministerial Rapid Response Committee of Specialists, as well as individual local area initiatives.

Cooperation with the Hungarian Telecottage Federation

During the course of the second round of LED projects, it became clear that a number of the areas were planning either to establish a telecottage or to set up some kind of information center. The Hungarian Telecottage Federation (HTF) expressed an interest in providing some support and technical assistance to the new DOL telecottages. Therefore, on December 16, 1998, the Rapid Response Project and the Hungarian Telecottage Federation signed a cooperation agreement on the attainment of several common goals, including furthering the development of rural areas through the establishment of new telecottages. A translated copy of the agreement can be found in the Appendix.

An expert from the Federation helped review the Rapid Response Round Two LED proposals relating to telecottages to determine which seemed likely to meet the Federation's own (fairly rigorous) minimum standards. Detailed criticisms were made with suggestions for how to correct any potential deficiencies. The Telecottage Federation strives to make sure that telecottages have a reasonably good chance for success once they are established, it also tries to protect the telecottage designation to the extent possible for those centers that can provide a minimum set of basic services. Hence, HTF has an interest in participating in the establishment of new telecottages.

Nine Telecottages were established at Rapid Response project sites. HTF provided Rapid Response telecottages with HUF 9 million worth of software. In addition, Rapid Response project telecottage directors were trained in two stages, May 10-12 and May 28-28 1999. HTF and Rapid Response Project each covered half of the training costs. An average of three persons were delegated per telecottage. Altogether 26 people were trained, including several mayors (Komlo, Nagyigmand, Dudar, Cered).

In the course of the first phase of the training the participants received information on

- the current situation of the telecottage movement and its future,
- correlation between telecottages and distance learning,
- correlation between telecottages and regional development,
- the role of telecottages as the hub of civic society,
- social services arranged by telecottages,

- telecottages as administrative centers

The presenters included officials from ministries and HTF specialists. The participants also had the opportunity to see the telecottage of Neszmely—the site of the training sessions—in operation.

In the course of the second phase of the training the participants were informed about

- strategic planning in telecottages,
- telecottage project and financial planning

Between the two training phases the participants prepared their home assignment on which they reported back to their teams. The home assignment covered areas of

- developing the mission and vision of their telecottage,
- the first steps toward setting up a telecottage,
- identifying cooperating partners,
- techniques for assessing needs for services,
- strategies of fund raising and obtaining donations, proposal writing techniques,
- PR and marketing,
- maintaining relations within the community,
- financial planning and information technology,
- resource analysis,
- techniques of writing reports,
- techniques for evaluation of the work done

Following the training, a number of the Rapid Response telecottages were officially opened in June and July 1999 (Several had opened prior to the training as well.)

The Rapid Response Project has also participated in or co-sponsored a number of HTF events. Information about the Rapid Response project can be found on the HTF web page. A chapter on the Rapid Response Project will appear in a new book being published on telecottages in the fall of 1999. In addition, the Rapid Response Project has provided the HTF with 100 copies of the LED manual for its members.

Cooperation with KIFESZ

The Kistérségi Fejlesztő Szervezetek Országos Szövetsége, known as KIFESZ, is the National Association of Local and Regional Development Federations, which currently has roughly 30 local area federation members. The Rapid Response project has participated in several KIFESZ events, including co-sponsoring its biannual conference in June 1999. A number of the KIFESZ members have already participated in Rapid Response LED projects. Two hundred copies of the LED manual were presented to KIFESZ for distribution at its June conference, which had attendees from Romania and France as well as Hungary.

Study Trips

Three separate study trips have been organized for a total of 37 individuals connected to the Rapid Response RAC and LED projects

USDOL Study Trip

The Rapid Response Project ran a two-week US study trip in late January 1996. The purpose of the trip was

- (1) to allow those individuals who had participated in Rapid Response pilot sites a chance to compare their experiences with American examples, and
- (2) to expose several representatives of the national tripartite council (including business, labor and Ministry of Labor/government interests) to Rapid Response in the US as well as to raise their awareness of the Hungarian project

Among the topics covered were

- the US employment and training system generally,
- a brief history of layoffs in the US,
- overview of Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) and Worker Adjustment and Retraining Notification Act (WARN) legislation,
- the role of the state Rapid Response/dislocated worker unit,
- using labor-management adjustment committees in layoffs,
- state versus local roles in dislocated worker projects,
- the role of trade unions in dislocated worker projects,
- the employer perspective on dealing with layoffs,
- information systems, performance measures and benchmarks for dislocated worker projects,
- job generation and economic development,
- entrepreneurship as an option for the unemployed,
- training for dislocated workers,
- motivating dislocated workers

Participants visited Washington, DC, Connecticut, Pennsylvania, New York, New Jersey and Massachusetts. The following individuals attended

- Misko Istvánné, Director, Szolnok County Labor Center (CLC)
- Fazekas József, Regional Employment Counselor, Szolnok CLC
- Vági Robertné, Director, Komárom CLC
- Rátvai Miklos, Regional Employment Counselor, Komárom CLC
- Varga Tiborné, Deputy Director, Baranya CLC
- Hornyák István, Regional Employment Counselor, Baranya CLC
- Kovács István, Regional Employment Counselor, Fejér CLC
- Gaal Mária, Regional Employment Counselor, Budapest Labor Center
- Bokor Sandor, Director, Ózd Branch Office, Borsod CLC

- Szabone Bikkı Agnes, Regional Employment Counselor, Borsod CLC
- Stadinger Csaba, Deputy Director, Borsod CLC
- Bago Jozsef, Head of Division, Regional and Sectoral Programs, Employment Programs Department, Ministry of Labor (expert to government side of National Labor Market Committee)
- Zlinszky Istvan, Senior Counselor, International Programs Department, Ministry of Labor
- Kovacs Geza, Chief Advisor, International Department, National Labor Center
- Agg Geza, President of Union of Civil Servants within Ministry of Culture and Education (representing trade union side of National Labor Market Committee)
- Horvath Lajos, leader of experts group, LIGA (representing trade union side of National Labor Market Committee)
- Panyko Antal, National Federation of Industrial Associations (representing employer side of National Labor Market Committee)
- Korpas Ildiko, National Association of Small Craft Manufacturers (representing employer side of National Labor Market Committee)
- Kaszap Balazs, Rapid Response project staff and interpreter
- Tar Katalin, project interpreter

The study trip deepened the participants' understanding of layoff techniques. All of the CLC and Ministry representatives are still working on Rapid Response projects and issues, although some have switched jobs following the 1998 Ministry reshuffling. Several of the trade union and employer contacts have also remained connected to the project. (The LIGA trade union, for example, with support from PHARE, published a book on layoffs in Hungary in which Rapid Response was detailed. LIGA has also invited the Rapid Response Project to participate in numerous training seminars and conferences.)

PIET/Rapid Response Study Trip on Layoffs

The Rapid Response Project was able to provide an opportunity for an additional 12 individuals to attend a US study program through another USAID-funded organization, Partners in International Education and Training Program (PIET, now World Learning). A similar range of topics was included in the training. One group went to Delaware and the other to West Virginia. Training participants included:

- Feleky Pal, Director, Bacs-Kiskun CLC
- Breban Valeria, Director, Tolna CLC
- Zimmerman Jozsef, Director, Fejer CLC
- Gur Nandor, Director, Borsod CLC
- Vonyo Janos, Pecs Branch Office (Baranya CLC), deputy director
- Váraljai Karoly, National Labor Center
- Ferenczi Zoltan, Szolnok CLC, information specialist/computer programmer (who helped develop the RAC software)
- Vegvari Zoltan, Baranya CLC, regional employment counselor
- Varga Elemer, National Labor Center
- Nagy Ferenc, Tolna CLC, regional employment counselor
- Fedorne Bacso Edit, Borsod CLC, regional employment counselor

- Hertelendi Ferenc, Pest County Branch Office, director, working on layoff issues in Bacs -Kiskun County as well, now Bacs -Kiskun CLC director

PIET / Rapid Response Study Trip on LED

Another study trip was organized by PIET in the summer of 1997 for a group from Szolnok County on grassroots local economic development techniques This group included

- Fazekas Jozsef, Counselor, Bureau of Employment Programs, Ministry of Labor (Now Ministry of Economic Affairs, and originally the regional employment counselor from Szolnok County)
- Nagy Ferenc, Manager of Kunszentmarton local area federation
- Dr Imre Kerekgyarto, Secretary, Szolnok County Chamber of Commerce and Industry
- Kasza József, mayor of Kunszentmarton and chair of local area federation
- Bengeri Karolyne (Erzsebet), Director of the Kunszentmarton branch office Service Department for the Szolnok County Labor Center

The five participants were leading team members of the Rapid Response LED project in the Tiszazug region, the center of which is Kunszentmarton (17% unemployment) The trip was timed so that the participants had completed the first phase of their LED work and were in the preparation phase for the second phase (implementation of concrete projects) The team spent time in Washington, DC as well as Bluefield, West Virginia. Among the topics they pursued were

- grassroots, collaborative approaches to planning and implementing LED,
- the institutional background for such efforts (such as exploring the mix of formal economic development organizations and formal or informal committees that work on the efforts, how the various local actors are identified and encouraged to participate in an ongoing fashion, who does what and how),
- the planning process (including what kinds of information was collected, how consensus was reached on specific community goals and projects),
- what resources were required to start the process, to develop a strategy and to implement plans and projects,
- how to monitor the results of LED

As a consequence of the trip, the group undertook several concrete steps For one, they transformed their local area federation into a group with broader community membership including NGOs and business representatives They also began to develop (primarily under Fazekas) plans for reforming the Hungarian regional development system, some of those suggestions are currently being contemplated at government level

In sum, all three study trips were useful in terms of advancing the goals of the Rapid Response Project

Quick Start

The Quick Start customized training project has been working in Hungary since the summer of 1994. The Quick Start project provided training, technical assistance and support to Regional Training Centers and County Labor Centers around the country to enable them to learn and adapt the Quick Start techniques in Hungary.

The Quick Start Model in Hungary

Quick Start is an employer-specific customized training model which is primarily designed to provide training for

- unemployed individuals to prepare them for immediate employment in new jobs, or
- currently employed people who may be threatened with dislocation unless they upgrade their skills

Quick Start customized training involves taking each job for which training is needed and breaking it down into its specific tasks, including a review of all tools and safety equipment as well as setting standards that must be met. After this "job and task analysis" is done, the Regional Training Center works with the employer to design an appropriately tailored curriculum. The County Labor Center meanwhile screens and selects unemployed individuals for the new jobs. Employers generally agree up front to hire or retain those individuals who successfully complete the training. (Under the US project agreement, employers agreed to retain the new employees for six months.)

The Quick Start model is designed to make training courses as efficient as possible by ensuring that training is relevant, in other words customized, to the employer's needs. Courses are typically shorter than standard training courses. By ensuring a supply of appropriately trained employees, Quick Start can help a new employer to get set up and become productive as quickly as possible. It can also help an existing employer to expand or adapt the skills of its workforce to meet new or changing market demands.

The model helps guarantee that funds spent on training result in specific jobs for individuals. The 99% average placement rate for Quick Start training compares to placement rates of 30-40% for typical training courses. This difference can be critical in trying to address the problems of the unemployed in general, and in particular the problems of the long-term unemployed, many of whom may find participation in a training course futile without a specific job to enter at the end.

Quick Start Project Structure

The project began with an initial one-week training seminar in October 1994 attended by roughly 50 people from Regional Training Centers (RTCs), County Labor Centers (CLCs), private training companies and employer representatives. Following the training, three pilot projects were implemented, in K swarda, Debrecen and Moh acs. The evaluation report from these first three projects is included in the Appendix. Based on their success, DOL, AID and

the Ministry of Labor decided to conduct additional pilots sites, allowing all of the RTCs the opportunity to test out Quick Start

Quick Start was initially entirely separate from the Rapid Response Project. In April 1996, an AID evaluation team reviewing DOL projects in the region determined that Quick Start would benefit from closer coordination with Rapid Response. This coordination had already started to occur by that time. This enabled the US project to be in closer contact with the Ministry of Labor, with the goal of finding ways to institutionalize Quick Start.

Shortly thereafter, the DOL Hungary office helped the Ministry of Labor establish a Quick Start work group to develop a Hungarian Quick Start manual based on the original version written by US consultant Clarence Burdette. In the fall of 1997, a train-the-trainer seminar was held for CLC and RTC staff. Following that, a series of Quick Start PR seminars were held, one at each Regional Training Center, which was the occasion for the release of the new Quick Start handbook. (Copies of the English-language draft handbook and sections from the Hungarian revision containing original material are contained in the Appendix.) In addition, the Hungarian trained trainers provided all subsequent technical assistance at remaining pilot sites. In several of the final pilot sites, Quick Start was used as a tool to assist the efforts of Rapid Response RAC and LED projects.

AgroStart

Although Quick Start training is typically used in industrial settings, Hungary has pioneered a rural area agricultural adaptation resulting in self-employment. This innovation generally calls for close involvement of municipality leaders, economic development actors and frequently several area employers. The agricultural version--now called AgroStart--received Phare support for a joint Hungarian-Romanian project implemented in cooperation with the Bekescsaba Regional Training Center. A book entitled *AgroStart* was published in Hungarian and Romanian discussing the results. An English translation is attached in the Appendix of this report.

Quick Start Results

Some of the key statistics capturing the results from 32 joint US-Hungarian QS projects follow:

- a total of 2,431 individuals enrolled in training,
- 2,345 have successfully completed training,
- 1,580 new jobs have been created,
- 638 have been able to avoid dislocation and to retain existing jobs,
- 111 have become self-employed.

Thus, a total of 2,329 individuals became employed, retained their jobs or became self-employed thanks to Quick Start projects. This represents 99% of those trainees who completed training. Table 14 shows the details from the project sites.

- In addition to the high placement rates, the Ministry of Education calculated that the Hungarian Quick Start projects cost roughly 60,000 forints per person (or less than \$300), which is far less expensive than traditional adult training programs

Table 14 US Quick Start Pilot Projects, 1995-1999

Training Center and Year of Project	Company	Skills	--- Training Hours ---			----- Number of Trainees -----					--- Number of Jobs ---		
			total	in-class	practical	selected	enrolled	completed	dropped out	employed after training	created	saved	self-empl
Debrecen, '95	Hajdu-Bét Rt	poultry processing	352	72	280	716	546	543	3	543	488	55	
GTB, Budapest, '95	Szondy Ip Vall	CNC engineer	192				40	40		40	40		
Nyiregyháza, '95	GE-Tungsum Lighting	lamp maker	480	160	320	112	40	39	1	39	39	0	
Nyiregyháza, '95	Hajdu-Bét Rt.	poultry processing	240	160	80	210	75	73	2	61	61	0	
Pécs, '95	MOFA	wood processing	840	160	680	192	192	189	3	189	20	169	
Miskolc, '95	FEP-M Faipari Ts	wood processing	300	100	200	40	20	19	1	19	19		
Békéscsaba, '96	Timer Kft Gyomaendrőd	rabbit breeder	280	150	130	16	15	15	0	15		15	
Békéscsaba, '96	Csabai Konzervgyár	food growing for canning factory	280	200	80	75	75	74	1	74		74	
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-skilled transformer fitter	726	366	360	20	20	20	0	20	20		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-skilled transformer winder	726	366	360	20	20	20		20	20		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-sk high-tension elc appar fit	726	366	360	20	20	20		20	20		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-skilled transformer fitter	726	366	360	20	20	20		20	20		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-skilled transformer fitter	726	366	360	20	20	19	1	19	19		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-skilled transformer winder	726	366	360	20	20	18	2	18	18		
Kecskemét, '96	Ganz Ansaldo Vill Rt	semi-sk transform iron core placer	566	186	180	20	20	19	1	19	19		
Székesfehérvár, '96	LAKEP Kft	certified welder	198	30	168	30	25	25	0	25	25	0	
Székesfehérvár, '96	VIDEOTON Holding	CNC machine operator	522	342	180	14	14	12	2	12	12	0	
Székesfehérvár '96	Budapesti Vegyipari Gep	welder	366	72	294	30	14	11	3	11	11	0	

Table 14 US Quick Start Pilot Projects, 1995-1999

Training Center and Year of Project	Company	Skills	--- Training Hours ---			----- Number of Trainees -----					--- Number of Jobs ---		
			total	in-class	practical	selected	enrolled	completed	dropped out	employed after training	created	saved	self-empl
Székesfehérvár, '96	Dunafashion Ruhagyár	seamstress	792	342	450	25	16	14	2	14	14	0	
Békéscsaba, '97	Medvesegyháza	melon grower	480	216	264	25	22	22	0	22		22	
Debrecen, '97	Debreceni Hus Rt	computer operator	430	130	300	35	22	22	0	22	0	22	
Debrecen, '97	Debreceni Hus Rt	meat de-boning	370	95	275	30	24	19	5	19	19	0	
Kecskemét, '97	Jóléti Szolg Jászszentlászló	semi-skilled seamstress	720	70	650	19	8	8		8	8		
Nyiregyháza, '97	Bereg Crystal	glass blower	525	200	325	47	30	15	15	15	15	0	
Ózd, '97	Gyógyászati Segédeszk	hypodermic syringes	140			60	60	59	1	60	60		
Pécs, '97	Magyar Posta	postmaster	792	792		498	361	337	24	337		337	
Székesfehérvár '97	IBM	fine mechanical oper	60			150	150	150		150	150		
Székesfehérvár '97	Macher Kft	cable mechanic	120			40	40	40		40	40		
Székesfehérvár, '97	IBM	fine mechanical oper	60	10	50	300	210	200	10	200	200	0	
Szombathely, '97	Zalaco, Bakery	noodle processing	260			40	40	40		40	30	10	
Bekescsaba '98	Hungaro-Koser- GanzKft	poultry processors	360	336	24	60	57	54	3	54	54	0 0	
Budapest '98	Hungaro SLR Ltd	cutting machine operators	240	96	144	20	20	19	1	19	0	19 0	
Debrecen '98	Hajdusági Iparművek	boiler fitters & installers	364	164	200	40	18	18		18	6	12 0	
Pécs '98	Zselica Szovetség	herb growers	328	128	200	22	22	22		22	22		
Pécs '98	Nagyszékely Found	regional development managers	250	136	114	15	15	15		15	5	10 0	
Pécs '98	Komló Teleház	teleház mgrs/office skills	556	162	394	10	10	8	2	10	6	4 0	
Pécs '98	DDGAZ	gas supply consultants &	100	100		15	15	15		15	15	0 0	
Pécs '98	DDGAZ	customer service admns	90	90		50	50	50		50	50	0 0	
Székesfehérvár '98	Glastechnick Co Ltd	flask & vial makers	512	210	302	19	12	12		5	5	0 0	
Székesfehérvár '98	Glastechnick Co Ltd	glass painters	490	90	400	13	13	10	3	10	10	0 0	

Table 14 US Quick Start Pilot Projects, 1995-1999

Training Center and Year of Project	Company	Skills	— Training Hours —			————— Number of Trainees —————					— Number of Jobs —		
			total	in-class	practical	selected	enrolled	completed	dropped out	employed after training	created	saved	self-empl
Nyiregyhaza '99	"Szil-Ker" Kft , Mateszalka	meat producing semi skilled worker	600	200	400	20	20	20		20	20	0	0
Total	32 Quick Start projects (some with multiple training courses)	41 training groups				3,128	2,431	2,345	86	2,329	1,580	638	111
		% employed of those who completed training (includes self-employed)			99%								

Sustainability of Quick Start

Initially, Quick Start project funding came almost entirely from the US partner. As the pilot testing continued, the projects were funded roughly one-third by the US project, one-third by the County Labor Center and one-third by the employer.

At a national meeting of the Regional Training Center directors organized by the DOL Hungary office in July 1997, it became clear that nearly all of the RTCs had done one or more Quick Start projects with no US support at all, relying on County Labor Center and employer funding. This was a strong indication of commitment from the Hungarians to the Quick Start model. It also made it clear that existing resources could be used for Quick Start projects without requiring a legislative change or the creation of a new funding mechanism.

Nevertheless, given the success of Quick Start in Hungary and the need for proven job creation/economic development models, the Ministry of Labor decided to establish a dedicated fund for customized training projects in 1998. (Many states in the US have such customized training funds, which are primarily seen as economic development tools rather than employment policy initiatives, although they clearly serve both aims.) Funds would come one-third from the Ministry, one-third from the CLCs and one-third from employers for training projects including over 50 people. For those under 50 people, the CLCs were expected to serve as the primary financiers.

The Hungarian Quick Start central fund was set up with 50 million forints, which was then increased by an additional 12 million later in the year. During 1998, 25 Hungarian Quick Start projects were responsible for over 2,854 new and retained jobs.

Like Rapid Response, Quick Start was also affected by the Ministry reshuffling. The main contact and champion for Quick Start had been the Vocational Training Department of the Ministry of Labor, which oversaw the Regional Training Centers. In 1998, that department was transferred to the Ministry of Education, while the RTCs remained under the Social and Family Affairs Ministry. The new Ministry of Education department expected Quick Start to receive a similar central labor market fund allocation in 1999. However, it seems the department has less influence over the labor market funds than they had had while attached to the former Ministry of Labor. When 1999 funding decisions were being made, in spite of Quick Start's 1998 success, Quick Start did not receive a new allocation. As it was clear that CLCs could finance Quick Start from existing decentralized labor market funds, support for the Quick Start central fund probably seemed less urgent than other priority issues.

As it became clear that Quick Start would fall between Education, Social and Family Affairs and Economic Affairs, the DOL Hungary office arranged for several interministerial meetings to discuss Quick Start's future. There were several positive results of this process:

- The three ministries agreed to re-issue the Quick Start handbook under their joint auspices, which was done in May 1999,
- The Ministry of Economic Affairs decided to include support for customized training under its central economic development investment program for job creation and job

retainment The program will provide support for training for new businesses or businesses that are restructuring or expanding, provided that new jobs are created or existing ones are retained An employer can receive investment and training support, or just one or the other, depending on its needs Different kinds of training are permitted provided they contribute to the prompt adjustment of the employees' skills to new labor market and technological demands Up to 100% training subsidy can be awarded The employer must agree to retain the number of positions for a year if it has received just the training subsidy If the employer has received both the training and investment subsidies, the positions must be retained for three years Representatives from the Ministry of Education who had been involved with Quick Start contributed to the development of the training component and to the proposal materials

Thus it appears that Quick Start will continue to receive support from the County Labor Centers and may also be funded under the new economic development investment program The latter is probably closer to the spirit in which Quick Start and customized training in general is used in the US, where it is generally tied to economic development

In May 1999, a final Quick Start seminar was held, highlighting several case studies and detailing the resources available under the new Economic Affairs Ministry investment program Employer associations, CLCs, RTCs and Ministry representatives attended

Interministerial Cooperation Agreement and the Future of Rapid Response in Hungary

Part of the success of the Rapid Response project has been its ability to encourage a variety of actors to work together, not only at local but at national levels as well. While interministerial efforts have been important all along, they are even more so under the current configuration of ministries. There have been several examples of interministerial cooperative approaches under the project, including

- the central RAC used to support resource and policy coordination pertaining to Army layoffs,
- the interministerial LED team, which was established in August 1998 and worked to develop legislative and policy guidelines in support of grassroots LED efforts (and the members of which also lent their names as contacts on the back of the LED manual),
- the interministerial meetings to discuss coal restructuring,
- ongoing involvement of a number of ministries at Quarterly meetings, LED monitoring meetings and others

Economic development does not and cannot belong to any one ministry or agency or sector. Indeed, more coordination of national funding sources and the ability for local actors to accomplish complex planning and programming is needed, this is at the heart of the EU requirements regarding a major reshuffling of ministry funds, plans for which are underway.

Several of the Rapid Response Project's key ministerial partners believe that the project's models encourage and support this coordinated approach. In recognition of this and in an effort to build on the cooperation begun under the project, a new interministerial agreement is now being crafted and is scheduled for signing by the four state secretaries (or possibly the ministers) from the Prime Minister's Regional Policy secretariat, the Ministry of Economic Affairs, the Ministry of Social and Family Affairs and the Ministry of Agriculture and Rural Development. The signing will take place at the Prime Minister's Office on July 29, 1999.

The agreement outlines how the three ministries and the Prime Minister's Office will collaborate to ensure the continued use of the Rapid Response models as well as on related topics, including the coordination and joint financing of local and regional development programs, with the Economic Affairs Ministry taking the lead role as the technical coordinator.

It had seemed that the National Employment Foundation (OFA) would not only take on running the new central LED program but would also in a sense become a Rapid Response Center, tracking RAC use and helping with interministerial issues as well. During the course of discussions with OFA and several ministries, including OFA's government "owners," the Ministry of Economic Affairs, it appears that this broader set of responsibilities would require a change in the OFA charter. The fact that OFA is not a "government-level" actor could also affect its ability to bring together different ministries.

In the meantime, the Ministry of Economic Affairs has emerged as willing to take on the broader Rapid Response coordination role, dealing both with the interministerial cooperation as well as with the CLC regional employment counselors and various RAC and LED issues in general. It is likely to rely on some technical support from OFA in carrying out these tasks. The Economic Affairs political state secretary has been trying to develop some sort of “rapid response” capability involving several ministries to improve the government’s ability to respond to crises before they arise. This agreement, and the standing Committee of Rapid Response Specialists, should help accomplish that goal.

Thus, based on the agreement, it seems that the Ministry of Economic Affairs will be the official successor to the Rapid Response Project Office. Nevertheless, the Prime Minister’s Office, OFA and the Ministries of Social and Family Affairs and Agriculture and Rural Development will all have key responsibilities. Given the complex nature of the Rapid Response issues, this is an appropriate and successful conclusion to the question of succession and sustainability. A copy of the current version of the agreement is attached in the Appendix.

Lessons Learned Regarding Implementation

From the outset, the Rapid Response project has been geared toward developing strategies in partnership with the Ministry of Labor/Social and Family Affairs and others to institutionalize the models presuming they proved successful in practice.

The Project’s basic strategy has been

- to provide training to the Hungarians to allow them to test and adapt the models in a limited number of pilot sites,
- to disseminate the models more broadly, allowing for the initial revisions and adaptations to be more widely tested,
- to collect a significant array of quantitative and qualitative data,
- to work with the national level policy makers to determine how institutionalization can be achieved.

A list of lessons and factors that seem to have contributed to the project’s success follows.

- (1) Rather than having the project start and stop with a handful of pilot sites, for both Rapid Response RAC and LED as well as for Quick Start, training, technical assistance and opportunities to conduct pilots were made available nationally from fairly early on. In general, this was facilitated by the fact that the project worked through the County Labor Center institutional network for Rapid Response, and through the Regional Training Centers for Quick Start.¹¹ It would undoubtedly have been more difficult to try to have the same reach if the Project was working with a mix of NGOs or private companies or

¹¹ One of the early Quick Start pilot projects was done with a private training vendor. There was considerable debate about whether the project should actively solicit the involvement of private vendors or should concentrate its efforts on the Regional Training Centers. The latter strategy prevailed, although both the Quick Start materials and training resources in general are freely available to private training institutions.

individual mayors or local area associations scattered throughout the country. All of these were involved as partners, but the CLCs and RTCs served, in a sense, as the Project's field staff.

- (2) The models being used are flexible enough to cross national and cultural boundaries, while at the same time offering a fairly definite series of steps to follow. Every RAC does a needs assessment survey and designs an action plan based on the results, though the plan may vary depending on whether the clients are nurses or miners and whether they are in Budapest or Simontornya. Every LED project does the four workshops. They may add fifth or sixth workshops as needed, or decide to focus on tourism instead of more general economic development issues, but the basic blueprint is the same. These definite steps seem to facilitate the local users' ability to grasp onto and implement the models themselves, while allowing for necessary adaptations along the way.
- (3) The Rapid Response project has given the Hungarians some basic tools, processes, technical assistance and support, but from the beginning, it has required them to see the RAC and LED efforts as their own, meaning that they were in charge of all aspects of implementation of local projects. This included being responsible for taking initiatives to launch projects, for solving problems and for motivating local actors to keep up the momentum needed to accomplish the projects' goals.

The result of this approach has been that the local actors developed a keen sense of ownership of the projects and a vested stake in the outcomes. This in turn seems to lead to sustainable efforts.

While this has been from the start the philosophy behind the RAC projects, this lesson was reinforced by the failure of the original LED effort in 1994-95, where an American LED advisor was in charge of a local pilot project. The local actors did not have any sense of ownership of the effort, and consequently, the effort was untenable. The revised approach starting in 1996 was based on the premise of local ownership of projects. This led to the requirement for participation in the LED projects that local actors submit letters of commitment indicating that they understood their roles and responsibilities. It also required finding an appropriate model that enabled local actors to carry out the work in an almost self-directed fashion.

Allowing the local actors to take the lead role and giving them multiple opportunities to work with the models have the added benefit of helping to ensure appropriate adaptations are made—both of the model to Hungarian circumstances as well as of Hungarian attitudes towards parts of the model. Certain aspects of the RAC model, for example, did not seem feasible to the Hungarians initially. This includes having dislocated workers serve on the committee, which is considered crucial to the RAC's ability to represent and have credibility with those affected by the layoff. Only after a couple of CLC counselors had the chance to do their first RACs with no or minimal dislocated worker participation did they, on their own, come to realize the importance of this perspective, in subsequent projects, their conviction of this—not the fact that an American model called for it—helped persuade wary employers.

- (4) The project has arranged for the Hungarians who have been doing the pilot projects to share information, experiences, problems, solutions, techniques and strategies with each other through ongoing Quarterly Meetings. They appear to learn an enormous amount from each other and, based on what they learn, continuously refine and test out new approaches and materials.

The meetings have had the additional advantage of helping the group of CLC Regional Employment Counselors gel as a network. This network is considered the envy of many other employment service staff, who have not have similar opportunities for such regular gatherings.

- (5) The project has provided the Hungarians with multiple opportunities to use the Rapid Response models. Experience from the US with models such as the LMAC approach has shown that counselors need to learn from a minimum of two or more sites to develop proficiency with the necessary techniques. It is difficult to gain sufficient competence from one pilot site. Ten counties have done two or more LED projects, 12 counties have done two or more RACs. This has allowed the counselors to gain confidence and competence with the models, improving their ability to “sell” them to other local areas and employers. It has contributed to the depth of understanding of the models.
- (6) The project has used the experienced Hungarians as providers of technical assistance to their peers. It has also conducted several train-the-trainer seminars, followed by national dissemination training sessions (20 RAC branch office training sessions for nearly 400 participants, 24 LED training sessions for over 1,000 participants, 9 Quick Start seminars).
- (7) The project has encouraged the facilitators of Rapid Response RAC and LED to work with the regional and when appropriate national press. This is considered part of each of the models, both of which involve reaching out to local community actors. The result has been widespread coverage of the project and of local efforts in newspapers as well as on television and radio. The local actors have been enthusiastic about taking credit for their local initiatives, this in turn contributes to the emerging attitude that local initiatives make a difference. In addition, in the counties which have done multiple projects, some of the same journalists have often covered the stories, allowing them to gain deeper insight into the approaches as well.
- (8) The project has encouraged the ongoing participation of and dialog with the Ministry of Labor / Social and Family Affairs and others aimed at developing permanent homes for these models. This has included having Ministry representatives participate in Quarterly Meetings and other fora and sponsoring legislative and policy workgroups.

The flip side of the Ministry involvement has been the chance to strive to improve access for non-ministry individuals to the legislative process. In the first few years of the US project, the legislative revision process in Hungary seemed largely closed not only to “outsiders” but generally even to representatives from other departments within the relevant government ministries. To request a draft of legislation was considered inappropriate, the response was typically that the legislation would be available as soon as it was enacted. For example, several provisions in the Labor Code affecting layoff

requirements were revised without the countries' layoff counselors ever being asked to comment. The Rapid Response Project has tried to encourage its staff and ministry and county partners to expect the ability to participate in the legislative process as a right of living in a democracy.

By late 1997, the Rapid Response Project was given considerable opportunity to have input into the process pertaining to the RAC provisions in the Employment Act and to the drafting of the subsequent ministerial decree.

- (9) The project has provided for Hungarian revisions of training and professional materials based on field experiences. This has ensured that relevant "Hungarianized" versions of materials are available.

In terms of things that could have been done differently, there could have been a clearer strategy for the LED component of the project in the beginning. The original consultant for the LED component, who was hired out of Washington, seemed to be trying to develop a LED model on the spot. It was difficult for the local actors in the one LED pilot area to have a sense of where the approach was heading. While it would have been ideal to have closer integration of Rapid Response RAC and LED from the start, without a more distinct LED model, this did not seem feasible. The theory had been to pair up RAC and LED efforts from the start, in reality, this has happened only recently, though a number of areas used both models at different times. Many of the earlier RAC projects would have benefited from a stronger LED component in the beginning. It is possible, however, that without observing this initial LED failure, the subsequent and fortunately more successful strategy would not have been devised.

Working with other AID partners

In 1994-1995, the Rapid Response project had occasional collaboration with several AID supported privatization consultants, in particular in relation to the Tisza Shoe Factory and the Diosgyőr Steel Mill. In these cases, the theory was to combine recommendations about the need for layoffs to assist with restructuring or possible sale of companies with the offer of a model to assist the dislocated workers. There could perhaps have been stronger coordination between the Rapid Response Project and the AID privatization team, with the RAC model being regularly incorporated into recommended strategies presented to companies needing layoffs. In several cases, however, such as at the Zsolnay Porcelain Company, a RAC was set up to help with a layoff well after the US advisors had completed their work, not because it had been recommended by the advisors but because the Baranya CLC presented it to the company.

The Rapid Response Project also met directly with representatives from the Hungarian state privatization agencies (SPA, AVRt, APVrt). These agencies were often invited to participate in RAC meetings when there was uncertainty about the status of privatization attempts (most notably at the Almasfuzitő Aluminum Oxide Factory and the Szekszard Meat Processing Company).

The Rapid Response Project tried several times to involve in RACs the AID-DOL/Ohio State University (OSU) project, the goal of which was to develop a model for training unemployed individuals for entrepreneurship. It seemed that one problem was that the OSU project had trained a somewhat random mix of individuals around the country, which did not seem to gel as a viable network. The local project director tried to convene occasional meetings for the trainers with the idea of fostering such a network, but it did not seem to emerge, or at least was not sustained beyond the US project. The trainers, who were involved in other full or part-time jobs, may have lacked the credibility that would have come from a ministry-supported umbrella of some sort. Another problem seemed to be that the training was not recognized at the time as leading to a specific occupation as identified by the CLCs, therefore precluding the use of CLC support, the primary support source of financing for training the unemployed. When the Rapid Response Project offered to pay for a pilot training as part of the work of the Ikarus RAC in Budapest, there did not appear to be sufficient interest to conduct the full course, though an introductory session was held.

Knowing that the ICMA project was interested in economic development, the Rapid Response Project invited the three ICMA advisors to attend the Project's June 1996 LED training. Based on the training, the three ICMA advisors decided to launch LED projects in their counties using the basic DOL model, the LED handbooks and one of the American trainers. In part due to timing issues (ICMA was anxious to start and did not want to wait for a planned DOL proposal solicitation to be sent to the CLC directors), only one of the ICMA projects (from Hajdu county) ended up a joint DOL-ICMA project, and even this was after ICMA had already started the effort.

The DOL projects were premised on using the trained CLC regional employment counselors as the main organizers, working in partnership with mayors, local area federations and other local leaders. ICMA preferred to work directly with local mayors. Although in some cases the CLC counselors attended the ICMA LED workshops, a perception arose among the CLC counselors that unlike in the DOL projects, in the ICMA projects, it was the American consultants who were really in charge, rather than the local Hungarian leadership. The CLCs did not feel that the ICMA LED projects were theirs (and they clearly were not) and therefore had no incentive to play a significant role in their implementation. Given the DOL project's initial experience with economic development, the idea of local non-American-consultant ownership of the LED efforts was considered critical.

It is unknown by the Rapid Response Project what results occurred in the Csongrad and Zala ICMA areas. Because these ICMA projects had not participated in the DOL project (including using the trained trainers, submitting project reports, attending technical assistance and monitoring sessions, etc.), they were not eligible to participate in the Rapid Response LED Project's Phase II (implementation of specific projects).

The Rapid Response Project tried to involve other partners, in particular DemNet and ACDI-Voca, in some of its work relating to LED. Both participated, for example, in several of the LED monitoring meetings. The Rapid Response Project also participated in several DemNet and ACDI-Voca events. The Rapid Response Project recently distributed 1,000 copies of a DemNet book on NGOs to the participants of the LED dissemination training seminars. Connections were made between some of the local LED actors and ACDI-Voca consultants working in agriculture development projects. Several requests were made to obtain additional

information about ACDI-Voca's work with the Borsod County Development Council on proposal evaluation, with the goal of sharing the information with the Rapid Response LED projects, but the work had not been finished at the time

The Rapid Response Project received assistance from the Center for Civic and Municipal Innovation with the revision of the LED manual. This included financial support for the authors' initial work, for the graphic design and printing of the first volume and for a research team that helped collect case studies for inclusion in the third volume (Manual of Practical Examples). Originally, CCMI was to play a role in distribution efforts. However, due to the fact that Rapid Response had a fairly detailed plan for rolling out the manual through the 24 dissemination training seminars, this additional assistance was not necessary.

It is possible that both layoff and LED projects might have benefited from closer coordination with other AID-supported SME initiatives. As a general rule, however, it seems to be difficult to coordinate with projects supporting an individual pilot site unless the site is in the exact location of a RAC or LED project. On the other hand, in cases where projects involved national networks, coordination was simpler. For example, the Rapid Response Project frequently involved Phare-supported Local Enterprise Agencies (LEAs) in both layoff and LED projects. (The involvement of several US Peace Corps volunteers who were working with LEAs was sought by local Rapid Response projects, but no joint work developed.)

Conclusions and Recommendations

The Rapid Response and Quick Start models have been successfully adapted to circumstances in Hungary, as evidenced by

- both quantitative and qualitative indicators based on over 125 pilot projects,
- the support for institutionalization received from the Hungarian government,
- the willingness of local and national actors to apply the models in practice

The US Project is leaving behind an array of technical materials and manuals, all of which have been revised by the Hungarian users. It is also leaving trained trainers for each of the models. In short, the resources are in place that should ensure the long-term sustainability of the US efforts.

The main conclusion from the project is that grassroots, participatory models for economic and employment development can play an important part in the restructuring efforts of an economy in transition. The results may seem small relative to the magnitude of the problems in crisis areas. Nevertheless, they are significant, particularly if they contribute to generating local partnerships and momentum for change.

The Rapid Response Project has tried to empower local actors to address their local problems by giving them basic tools and models to use. Initially, there may be reluctance on the part of some local actors to take on the tasks, not surprising given that an entrenched mindset after years of communism was that problems needed to be solved by the state. But by building a

convincing case based on small successes and providing sufficient and sustained technical assistance, the project has shown that local actors can be won over for the cause

Another attitudinal change that occurred during the course of the Project has been the increased willingness of the CLC counselors to maneuver beyond the confines of legislative or procedural dictates. Initially, the counselors felt that their work could only include those activities that were specifically prescribed for them. Over time, they began to see the benefits of responding flexibly to a given set of circumstances, as long as they were not breaking any legal requirements.

Helping facilitate productive local partnerships is crucial to the success of the Rapid Response models. In the beginning of the project, some of the CLC counselors seemed reluctant to approach other local actors to suggest such collaboration. It was not a part of their traditional way of working. By now, however, they have come to believe that a key part of their jobs is to bring together different perspectives and to encourage the coordination of local resources.

Expectations of outcomes must be realistic, however. Though the project goes by the name of Rapid Response, and the attitude behind Rapid Response reflects the need to be ready to move quickly, aggressively and proactively to address problems, the layoff and economic development work itself is time-consuming and difficult. There may be some short-term or immediate results of the work (indeed it is important to find some initial successes), but much of the impact may not be discernible for several years.

The flexibility of the Rapid Response models has proven to be an asset in terms of their adaptation in Hungary. They have been used to address employment crises situations facing a wide range of industries and employers. They have been applied to assisting with the development of rural and urban areas as well as large regions.

Experiments with several targeted adaptations of the RAC model have been conducted: one trying to use the approach for school graduates, another geared toward those finishing their military service, and a third devoted to assisting the spouses of those affected by the relocation of an army base, many of whom were forced to leave their own jobs to stay with their families. Likewise, creative use of the LED model has been made, applying it jointly with RAC and Quick Start efforts in designing complex approaches to address area problems. It has also been used in one case for a targeted tourism project. Quick Start, too, has been adapted to work in depressed rural areas where full-time employment opportunities are lacking and self-employment is the only realistic hope.

A gender analysis of the Rapid Response models is being requested from USAID's Women In Development Bureau. There has been no special effort to target women or to track their participation in these programs. The RAC clients are determined by the make-up of the enterprise in question, a food processing plant may have a primarily female workforce and a uranium mine predominantly male. Participation in RAC, LED and Quick Start efforts is, of course, voluntary. Nevertheless, the results may produce important lessons about how to improve the economic situation of women in transition countries.

Although the bilateral program in Hungary is finished, given the Rapid Response Project's success and the models' flexibility, it is recommended that a small amount of resources be made available to support the following targeted initiatives¹²

- 1 Adaptation of the Rapid Response models to improve access for members of the Roma community to mainstream economic development and labor market employment programs** The goal of this initiative would be to provide training to the seven new USAID-supported Roma Community Centers (RCCs) in the basic Rapid Response LED techniques, and to familiarize them with the RAC, Quick Start and other related models as well. The training could be conducted by the CLC Regional Employment / Rapid Response Counselors from the seven counties

The seven RCCs should then be given the possibility of working with the CLCs to conduct the LED workshop series in a given region (at an approximate cost of \$2,500 each). Working together, they can decide how to target the materials, who should serve on the strategic committee, how to divide up the organizational work and how to reach the participants (mayors, Roma leaders, LEAs, chambers, NGOs, County Development Councils, etc.). The next step would be to provide some seed support (approximately \$5,000 per area) to enable the strategic LED teams to begin to implement one or more of the priority projects identified during the workshop series. Additional resource commitments would be sought from CLCs, CDCs and others.

The Administrative State Secretary Pulay Gyula has indicated that the Ministry of Social and Family Affairs would be a willing partner in this effort. This would help ensure that if successful, the model would stand a good chance of nation-wide replication. Preliminary discussions of the concept have met with enthusiasm from Roma and CLC leaders in Zala County, several other CLCs (notably Borsod) have also expressed considerable interest. The project would build on the strong ties already developed between the US partners and the Hungarian CLC and economic development communities. In addition, the commitment to working with the Roma Community Centers has also been referenced in the interministerial agreement. The Ministry of Agriculture and Rural Development, for example, has expressed an interest in addressing the rural Roma population. Given the momentum that has been generated by the Rapid Response Project, it seems to be an auspicious time to launch such a Roma-targeted effort. If successful, it would serve as a model not only for elsewhere in Hungary but for the region at large.

- 2 Tracking the use of Rapid Response RAC and LED in coal mine closures** Given the support for using the Rapid Response models in assisting with the restructuring of the non-integrated coal mines, it would be worthwhile to track the results of the efforts over the course of a year. Both RAC and LED models are already being implemented in several coal mine regions, more are due to follow. This would undoubtedly provide valuable lessons learned for other countries that for political and social reasons have been reluctant to close unprofitable mines. This would not require US support or technical assistance for implementation of models, but merely for tracking efforts, writing case studies and evaluating the impact of the models on reemployment and job creation.

¹² It is possible that no new funding would be necessary to accomplish these tasks. Existing remaining resources may be sufficient provided they can be retargeted and a new IAA signed (632 (a) or (b) as needed).

One complaint from several Hungarian ministries in the past has been that while resources are available to assist with the coal mine area restructuring, local actors are not able to work together to develop viable plans. Even the preliminary evidence provided by the Rapid Response project thus far has convinced the Ministry of Economic Affairs that when local areas have a blueprint to follow, they can indeed demonstrate an ability to collaborate and to develop ideas for implementation. As a result, the Ministry of Economic Affairs has included the Rapid Response models in the government decree pertaining to coal mine restructuring.

- 3 Development of Displaced Farmer/Rural Unemployment Model** With EU membership looming, Hungary recognizes the need to restructure its agricultural sector. One consequence will be the displacement of a large number of rural agricultural workers. The Ministry of Agriculture and Rural Development is beginning to plan for how to address this crisis and is interested in using the Rapid Response models as part of the solution. They have significant financial resources under the SAPARD program, both for economic development and for retraining of affected individuals. This topic is also part of the interministerial agreement.

In the US in the late 1980s, traditional dislocated worker programs were adapted in some states to address "displaced farmer" issues. Such adaptations could be made in Hungary. This effort might require a minimum of technical assistance (such as providing some written examples from several US farm belt states). However, the Hungarians are in a position to conduct pilot efforts without US support. Tracking the application of the models in this circumstance would, as with the coal mine sector, provide useful lessons for other countries in the region. (A recent front-page article in the Herald Tribune described how support for EU membership was decreasing in Poland because of fears of the impact on the agricultural sector.)

In addition to the above, it is also recommended that opportunities to use the Hungarians to provide technical assistance to other countries in the region be sought. There is tremendous willingness from the Hungarians to do this. In the past several years, the project has hosted World Bank and USAID/USDOL study groups from Romania, Macedonia, Bulgaria and Turkey, as well as made presentations for USAID, Embassy and local experts in Poland and Romania. Bulgaria, Romania and Poland are all currently doing projects based in part on the work done in Hungary. Macedonia is scheduled to follow suit shortly. Hungary would be an ideal location for a regional labor market transition assistance center.

Appendix

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- 2 Rapid Response Reemployment Assistance Committee Handbook (Translated from the Hungarian)
- 3 Rapid Response RAC software, MEB v 1
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- 5 LED Volume 1 (Hungarian version)
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Appendix 1 Characteristics of Successful Dislocated Worker Projects

The findings of the US General Accounting Office based on a pilot project of the National Governors' Association and the USDOL were that labor-management adjustment committees (LMACs) enhanced the ability of dislocated worker projects to help workers cope with job loss and find employment. In doing its evaluation, the GAO analyzed each committee's influence on four factors identified through prior research as contributing to the success of dislocated worker projects. These include the ability to

- (1) **Tailor assistance strategies** to meet worker needs through their involvement in project planning, oversight and direct assistance to individuals,
- (2) **Facilitate early intervention** by informing workers of their reemployment assistance options before the layoff occurs,
- (3) **Coordinate service delivery** by acting as a focal point for planning and providing a communication link between workers and service providers,
- (4) **Support and encourage the dislocated workers** by establishing on-site assistance centers, maintaining personal contact with workers and sponsoring other support activities

The GAO found that two factors influenced the outcomes of LMAC (or RAC) efforts. These were

- (1) **A strong state leadership role**. The most successful LMACs were ones in which the state-level layoff counselors or adjustment officials regularly attended all committee meetings and guided committee activities. They helped build effective working relationships within the committee and with local service providers by explaining the approach, helping sort out roles and responsibilities and resolving problems.
- (2) **Committee composition and sustained involvement**. Effective committees drew their membership from persons employed at the affected plant, including dislocated workers themselves. The study found that a sufficient number of committee members must be available for carrying out committee activities. Helping plan an assistance strategy, keeping in contact with workers and helping workers find new jobs are time-consuming activities. Further, effective committees often continue their work for several months after the layoff occurs, replacing committee members who are no longer available to assist the effort. Committees often function from eight months to one year.

A report written for the OECD¹³ cites the following principles as best practices for layoff assistance projects

- (1) Adequate advance notice,**
- (2) Early intervention and Rapid Response,**
- (3) Local level cooperation and communication links to the affected workers,**
- (4) Temporary intensive on-site services;**
- (5) Linkages to community economic development**

These are consistent with the GAO criteria, with the crucial addition of links to community development. These principles formed the basis for developing the model used in Hungary as well as the criteria against which the initial pilot sites were reviewed

¹³ Jolanta Hess, "*Managing Large Scale Labor Restructuring*" (Unpublished paper, OECD, 1997)

Appendix 2 Rapid Response Reemployment Assistance Committee Handbook

(Translated from the Hungarian)

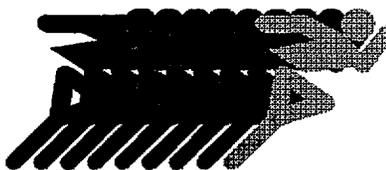


Ministry of Labor

TRAINING MANUAL

for facilitating training the introduction and operation of support systems to be introduced in the Labor Centers for the alleviation of disadvantageous consequences of mass lay-offs

RAPID RESPONSE



Budapest, May 1998

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I. Introduction

One of the key objectives of employment policy is to establish the operational conditions of the labor market and to facilitate its operation by providing services. The establishment of a regulated, competent, humane, forward looking and result-oriented mechanism aimed at alleviating employment crises and tensions resulting from aggregate downsizing (hereinafter referred to as “downsizing”), which, at the same time, extends the range of human services offered by the labor organization, represents one of the pre-conditions of the implementation of the latter.

This complex task is addressed by the new support system, set up within the labor organization, aimed at the alleviation of disadvantageous consequences of downsizing. In accordance with its basic principles of operation, it provides assistance in handling the problem in an independent and professional way while also providing a controlling function over the legal aspect of the process of downsizing.

The ground for the operation of the new tool has been laid by the following:

- The county / Budapest labor centers (hereinafter referred to as “labor center”) have already provided regional employment counseling services in the form of human services aimed at responding to aggregate downsizing and handling employment tensions that may occur in the region.
- Regional employment advisors (REAs) responsible for the county level organization and coordination of this service have been provided with thorough theoretical training since 1991.
- A model called Rapid Response, built on American experience with the objective of providing a method fostering a preventive treatment of downsizing has been established and adapted to the Hungarian conditions. Its relevance stems from the core philosophy of the method. It is preventive therefore, its objective is to reduce the number of those becoming unemployed over the process of downsizing. It also encourages the labor center concerned to treat and reduce employment-related difficulties stemming from downsizing by using its own resources to the largest extent possible.

The new rules and regulations allow not only for the provision of already existing human services but also for providing support for those employers who take measures to alleviate the disadvantageous consequences for employees subject to downsizing to be implemented. This support is allocated from the decentralized part of the employment budget of the Labor Market Fund which has been earmarked for the country labor centers.

The use of the service as well as the provision of support offers advantages for the labor centers as:

- It helps reducing the chances of the development of unemployment (thus permanent unemployment),
- It represents a new service having a favorable impact on the organization’s image,
- It helps easing the decentralized budget of the Employment Fund thus contributing to its more efficient use,
- It provides information for the future planning of support systems and programs.

II Legal Background

Rules and regulations governing employers in the implementation of downsizing are set out in the Act no XXII of 1992 on the Labor Code, in Act no XXII of 1992 on the Legal Status of Civil Servants and Act no XXXIII of 1992 (appendix no 7) on the Legal Status of Public Employees

The paragraphs of the above mentioned acts concerning downsizing, leave it to the professional environment and the society's interest reconciliation mechanisms to develop the methods of practical application while they create the frame for providing an early and extensively identified and assessed assistance responding to the needs of the customers

1 Rules and regulations concerning downsizing

As of 1 July 1997, rules and regulations concerning aggregate downsizing stemming from reasons related to the operation of the employer in the enterprise field are regulated by paragraph 94/A of the Labor Code (hereinafter referred to as "LC")

The rules define the notion of aggregate downsizing which is determined first, on the basis of the statistical average headcount typical for the six-month-period preceding the decision and second, on the basis of the number of employees to be dismissed

According to section 1 of paragraph 94/A of the LC

"It is considered to be a aggregate downsizing if the employer, due to reasons related to its operation, intends within thirty days to terminate by ordinary termination the employment of

- a) at least 10 people in case of employment of more than 20 but less than 100 employees
- b) at least 10% of the employees in case of employment of 100 or more but less than 300 employees
- c) at least 30 people in case of employment of 300 or more employees

according to the statistical average headcount for the six-month-period or, if the employer has not been operating for six months than for the average of the given period preceding the decision "

According to section 3 of paragraph 94/A of LC, the obligatory operation of the so called Downsizing Committee as regulated earlier, has ceased to exist, instead, the employer initiating the downsizing is responsible to the committee composed of the representatives of the employees (or the committee consisting of the representatives of the plant council or in its absence, the representatives of trade unions having a representation authority at the employer or of non-organized employees) for abiding the consultation duty aimed at the legal implementation of the downsizing

The employer, meeting the criteria of downsizing, must report the decision to the given labor center and the employees concerned in writing at least 30 days prior to the announcement of the ordinary termination of employment (section 5, paragraph 94/A of LC)

The duty of reporting concerns also the employers ceasing its operation without a legal successor as well as its liquidator

Information about the ordinary termination of employment without previous reporting is invalid. In order to determine this, the plant council, the trade union and the employee concerned may appeal to court (section 9, paragraph 94/A of LC)

2 Rules and Regulations Concerning the Support Aimed at the Alleviation of Disadvantageous Consequences of Downsizing

As of 1 January 1998, Act no IV of 1991 on the Promotion of Employment and Support for the Unemployed amended several times has been extended by the paragraph below

“§ 22 Support may be provided for the employer to help taking measures alleviating the disadvantageous consequences of the dismissal for the employee. Detailed rules and regulations of the support are determined by the decree of the Minister of Labor “

Detailed rules and regulations of the new, active form of support are included in paragraphs 21/A and 21/B (see Appendix No 7) of the Decree of MoL (hereinafter referred to as “Decree”) that came into force on 14 March 1998 and was amended by the Decree of MoL no 6/1998 (III 4)

III. Re-employment Assisting Committee (hereinafter referred to as: “RAC“)

Nowadays, an increased number of employers are prepared, in compliance with the act, to take measures in order to help employees they were forced to lay-off. This human-oriented employer’s attitude, in tune with the interest of the public labor market organizations, can provide substantial help for those becoming unemployed due to reasons beyond their control, it can also help prevent them from becoming unemployed and thus hindering their decline and their permanent exclusion from the labor market.

This intervention with the intent to help can become efficient only if those dismissed are taken care of right from the beginning, if they are motivated and actively involved in the creation of their own fate.

1 Purpose of RAC

RAC represents an efficient, preventive method supporting the re-employment of employees which helps the earliest possible re-employment of those concerned in the lay-off, motivates an independent search for job and initiates the establishment of private or joint enterprises in the form of self-employment.

The basic task of the committee is to assess the needs of those concerned in the lay-off, to provide them with labor market information on a regular basis, to organize appropriate face-to-face or group sessions, as well as legal, business, or social counseling, training on job-searching techniques, identification of new work opportunities and to secure all programs that may contribute to their fastest possible re-employment.

Employees affected by the lay-off are more likely to use the services of RAC rather before the start of the lay-off than after

Employees still employed but to be laid off show a much more positive attitude towards on-site help than when no longer belonging to the company, and it is also easier to maintain contact with them. Intervention during the early consultation period allows for the preparation and organization of an efficient support program and prevents the demoralization of employees caused by the fact of lay-off. It offers an advantage to them if they know what is going to happen to them and what options are available.

2 Potential advantages of RAC

For the Employer

- Localizes and alleviates tension,
- May prevent strike and can have a positive effect on productivity,
- Humane solutions enhance the positive image of the employer and the management,
- May enhance the positive image of the company in the external market environment,
- The employer may gain more respect among those laid off and those remaining with the employer,
- The number of labor interest related disputes can be reduced

For the employees

- Helps becoming re-employed as soon as possible,
- Alleviates emotions, eases tensions stemming from the loss of job,
- Can contribute to the prevention of psychical decline,
- Contacts of friends, colleagues and acquaintances are not lost,
- Better atmosphere in the family if the person is pre-occupied with the future and re-employment,
- The family is forced to exhaust its savings and the amount received for the termination period or as a severance payment that could later lay the ground for a change in career or the launch of a new business,
- Free service is provided,
- Reliable information can be obtained about the labor market situation of the region

RAC represents the services within the frame of which custom-tailored solutions are offered

3 Obtaining and Handling Information (early phase), "Selling" the Method

Consultation period represents the earliest phase of the lay-off process during which information is gathered and organized about those who are part of this labor market process

The data gathering activity conducted at an early phase allows for the REAs and the mediating contact person of the local branch to obtain information enabling them to make the right decisions during the lay-off (crisis management) process for which the following is required

- Organization of mutual information flow between the labor center and the local branch,
- Monitoring media, obtaining and registering information about the economic and employment situation of the region's employers,
- A thorough knowledge of the activities of the partner departments of the labor center in particular the current active forms of active labor market measures,
- Provision of legal advisory service concerning the legal implementation and the announcement of the lay-off process for employers, employees and their interest representing organizations,
- Receipt, handling, correcting and controlling lay-off announcements

The purpose of obtaining information is to have all the necessary, either formal or informal, information about each individual concerned in the expected downsizing

Formal channels

- Contact with the employer, programs, applications, announcements, decrees, minutes, company bulletins, company registry sheets, etc

Informal channels

- Personal interviews, meetings, presentations, etc

In addition to the above, attention has to be paid to the dissemination of information during counseling among the widest possible circle of employers by using the following

- Attention catching information material, leaflets available at the labor center and in all its local branches,
- Regular information about the service by means of mass media channels,
- Information about the service on the occasion of presentation to employers, club sessions, personal meetings

4 Preparation of Applying RAC (first meeting)

At the time of announcing the lay-off or before, the uncertainty of the employees, the spread of rumors, guesses and a general disorder characterize the atmosphere at the employer. The main tool (and an important stabilizing factor) to resolve this situation of conflicts is the fast information of all employees and the announcement of the decision leading to the lay-off in the widest possible circle

Prior to the set up of the committee, the employer, the interest representing organizations of the employees, the plant councils must agree on the course of action to be taken. This duty is set by paragraph 94/A of LC. It is recommended to use, already at this stage, the service of REAs operating in the labor centers. The cooperation by the staff of the local branch is inevitable in this process

The reporting duty to be made at least 30 days prior to the ordinary termination of employment, as regulated by the above act, as well as the duty of consultation started at least 15 days prior to the decision allow the REAs and the staff of the local branch to arrange a joint meeting involving all the relevant parties on time (i.e. employer, representatives of employees, delegated members of interest representative organizations)

The objective of the first meeting is to clarify the roles and responsibilities during the lay-off process. In addition, the REAs and the staff of the local branch must

- Assess the actual situation of the employer, the status of the lay-off process, the power relations, the atmosphere between the two parties, any potential disputes and all measures already taken in the form of consultation as set forth in the act,
- Assess the activity of the reconciliation committee that may already operate at the employer and the possibility of operating if further as a RAC
- Emphasize the advantages of the method however, attention has to be focused to the complexity and time-consumption of the task, the potential costs involved and the various forms of professional and infrastructural assistance required from the parties,
- Ask both parties for a recommendation on the independent chairperson,
- Offer preventive support systems for avoiding lay-off (training, job-keeping, part-time, MoL intervention, job retaining support by the county regional development council, etc),
- Assess the specific technical and material assistance of the parties and organizations involved,
- Inform the participants of the support forms as described by section 22 of Act no IV of 1991 amended several times on Employment Promotion and the Provision for the Unemployed and forward the "Guidelines" (see Appendix No 1) designed for the application for support,
- In case of any inquiry made by the employer, provide information about the course of action related to the application for the support,
- Describe the governing principles of the establishment and operation of RAC by providing an information pack,
- Offer professional assistance for the REAs of the labor centers and for the mediators of the local branch concerned in the establishment, operation and financing of RAC

5 *Composition of RAC*

The composition and the number of RAC is governed by two basic principles. Firstly, The committee must include, besides the employer, all the organizations representing the interests of the employees. Secondly, if the parties are not represented in proportion to their number then only the side of the employees can be in majority.

In the committee representatives of the parties concerned in the lay-off must be included who are usually the following

- representatives of the employer,
- representatives of the interest representing organizations of the employees,
- representatives of the plant (public employees, etc) council,
- representatives of the employees affected by the lay-off (irrespective of the fact that the employees are usually represented by interest representing organization) Attention has to be paid to shifts, if production is in several shifts, each shift has to be represented

The recommended number of RAC is usually 5-11 persons

Those who are able to provide assistance in any way to achieve the set goal may participate in the work of the committee as invited guests They include the following

- Experts of the labor center and its local branch concerned,
- Representatives of the local government concerned,
- Organizations specialized in retraining,
- Enterprise promotion organizations,
- Civil organizations,
- Private consulting companies

6 Selection of Members

Employers and employees select their representatives separately (as a rule, they ask their colleagues to voluntarily participate in the committee)

It is important that some or at least one of the RAC members be concerned in the lay-off for the driving force of self-interest contributes to the efficiency of RAC

It is not recommended to delegate people occupying top positions as their presence in the RAC meeting may prevent the creation of an open and equal atmosphere inevitable for the work of the committee

6.1. Guidelines for Members

Members of the committee must be prepared to actively participate in the meetings and perform the duties agreed

They must be committed to the program, which implies a large amount of time dedicated to the preparation for the meetings and the pursuit of other activities related to the work of the committee (i.e. editing and dissemination of bulletins, preparation of notice boards, interviews with employees, calling on employers to identify job opportunities)

They must help in getting the program as well as the efforts to be made to find re-employment accepted by the employees affected by lay-off

The RAC members must make all efforts to maintain contact with the employees concerned in the lay-off even after their termination of employment They must continuously provide information about the available opportunities and services and offer help in resolving any problems that may occur

7 Management of RAC

The committee shall be managed by a person independent from the parties who is respected among the employees, has economic and labor experience and is accepted by the parties. This person has to be elected at the kick-off meeting of the committee. From this point on, it is the Committee Head's (Chairman's) duty and responsibility to manage and organize the programs of RAC, to distribute the work to the RAC members, and make them accountable for it and to supervise the operation of RAC.

The person selected by the RAC members becomes a functionary member of the committee.

7.1 Basic Requirements against the Chairman of RAC

- Organization, contact making and consensus-based decision-making skills,
- Knowledge of local employers and labor market,
- Trust in the success of the work of RAC,
- Ability to motivate the RAC members to perform a successful job,
- Empathy towards employees concerned in the lay-off process,
- Ability to maintain a neutral position during the activity of RAC

7.2 Task and Duties of the Chairman of RAC

- To manage and organize the work of RAC also to make arrangements for the distribution of invitations to the meetings, the preparation of written material and oral proposals concerning the agenda and their distribution to the persons concerned 5 days prior to the meeting,
- To ensure an even division of labor among the RAC members and a continuous and two-way information flow between RAC and those concerned in the lay-off,
- To communicate, on behalf of the members, comments formulated in relation to the implementation of the lay-off to the employer,
- To arrange for the preparation of minutes of the RAC meetings and the forwarding them to those concerned,
- To represent the committee, as a spokesman, with external organs, other actors of the labor market and the press,
- To ensure continuity from the establishment of the committee till the end of its operation,
- To participate in the preparation of final reports (based on various aspects) upon the completion of the activity of the committee

8 Preparation for the Establishment of RAC

As a result of the previously mentioned preparation and reconciliation work, the task of the employer, after the first meeting, is to organize RAC.

RAC can be established as a transformation of the "consultation" committee already operating at the employer (see section 3, paragraph 94/A of LC) or as a completely new committee.

During the preparation phase, the following tasks have to be performed

- Discussions with the delegated members and chairman candidates concerning the tasks, requesting a statement of their intent to undertake the duty, potential change of people among the delegates not willing to undertake the task,
- Collecting the recommendations for the independent chairman of the RAC proposed by the parties,
- Consideration has to be given to other external organizations (local governments, civic organizations, etc) in the region, which may be involved in the program and to the possible forms of their assistance,
- With the assistance of the advisor of the labor center, the staff of the local branch, and the standard forms supplied by them, the employer prepares written proposals to be forwarded to the RAC meeting (rules of operation, scope of authority of the Chairman, Letter to the Employees, Newsletters, survey questionnaires, etc),
- The employer has to convoke the RAC kick-off meeting and invite the members delegated to the committee, chairman candidates of RAC and representatives of external organizations

It is recommended for the employer, the interest representing organizations of the employees and the plant council to conclude an Agreement on Cooperation (Appendix No 2/a) concerning the establishment of the RAC including the following

- The parties declare that during the lay-off process, they intend to use the RAC method and they state who and how can contribute to the work of the committee,
- The list of members to be delegated to the committee by the parties is requested, the composition and the number of the RAC is specified and finalized

Concluding the Agreement on Cooperation also allows for filing requests for support to the county labor center required for the operation of the committee and the organization of programs aimed at re-employment

9 RAC kick-off Meeting (second meeting)

The organization of RAC is assisted by the REAs of the labor centers and the colleague of the local branch concerned who continuously monitor and contribute to the work of the committee by providing professional advice They may provide assistance in the preparation of potential RAC members for the task as a result of which even member candidates will be able to clearly see their actual role In justified cases, it is also possible to find other members and make the related arrangements

At the kick-off meeting, the following agenda points have to be discussed

- Announcement of the establishment of RAC , introduction of delegated members,
- Presentation of the content of the Agreement on Cooperation concluded by the parties,
- Presentation of the content of the request for support filed to the labor center,
- Approval of the rules of operation (processes, decision-making mechanism, preparation of memorandum, resignation, etc) and the scope of authority (Appendices No 2/b and 2/c) and fee paid to the chairman,

- Election of Chairman of RAC who becomes the member of the committee from that point on and takes over the supervision of the work and becomes responsible for further operation,
- Identification of the RAC working method, the frequency, venue and time of the meetings to be held in the forthcoming period,
- Identification of the RAC s internal financial transaction approval and accounting rules, presentation of accounting duties against the employer,
- Brainstorming concerning the potential forms of assistance expected from the parties,
- Identification of tasks related to the flow of information, circulating and collecting survey questionnaires and holding a meeting for employees, decision on the orientation and content of external media contacts,
- Definition of the form and content of survey questionnaires, newsletters and letters to the employees to be circulated to the ones affected by the lay-off,
- Identification of partial tasks, task managers and deadlines,
- Identification of the future methods of committee work and the potential financial forms of operation and programs

10 Activity, Tasks and Potential Programs of RAC

The activity of the committee may not concern the rights and duties of employers and employees regulated by the rules of employment, their cooperation and agreements concluded

It regulates its own rules of operation (Appendix No 2/c)

The committee shall, after the date of its establishment, meet when needed but at least once biweekly and shall deal primarily with the following tasks

- Organization of employees meeting for all those concerned in the lay-off where each one concerned can become familiar with the role of RAC, can obtain information about the planned services, programs, the availability of the chairman and the members,
- Preparation, dissemination, collection and evaluation of survey questionnaires (Appendix No 2/d) for all those concerned In future custom-tailored RAC programs will be based on this,
- Preparation of information plan specifying the channels with the help of which the committee can get in touch with the people concerned, the outside world and the media,
- Distribution of newsletters, publications, leaflets to work places where those concerned can, get information on time about the specific RAC services and programs,
- Informative presentations (training, law, business, social issues, social security, etc) where those concerned can collectively obtain information and assistance,
- Face-to-face consultation at specified time on specified days at the employer in order to allow those laid off to discuss their personal problems and get specific help to resolve them,
- Organization of human and support services (e g job searching techniques, psychological counseling),
- Establishment of an Information Office, Action Center to ensure an organized flow of information,
- Based on the comparison of filled in survey questionnaires and various service opportunities identified by the RAC members, the committee shall prepare an action plan specifying the programs to be organized, the task managers and the deadlines,

- Establishment of continuous contact with the local branch of the labor center where information can be obtained about current job offers, training and retraining possibilities,
- Establishment of contact with the actors of the regions (e.g. training institutions), their other organizations, entrepreneurs, local governments, private consulting companies, civil organizations whose profile and services can provide assistance for those concerned,
- Establishment of contact with other employers (e.g. business partners) where an unsatisfied demand for labor or "hidden" jobs can be identified,
- Organization of plant visits, labor recruitment campaigns, job and training events,
- Mobilization of those concerned to participate in programs organized by RAC,
- Management and control of RAC's administrative work, supervision of utilization of funds,
- Supply of data for the software database of the county labor center monitoring the activity and results of RAC,
- Final evaluation and transfer of the work of RAC to the employer

During the operation of RAC, the supporting assistance of the local labor branch is of outstanding importance for it continuously provides the committee with information about the current job offers, training programs and the support system of active employment policy measures

The local branch may, as early as during the termination period, ensure a systematic registration of employees to be laid off

11 Employees' Meeting (third meeting)

Having RAC established, it has set its goals, selected the independent chairman of the committee and elaborated its operation plan, it has to inform the employees concerned in the form of employees meetings. Participants are invited to the forum with the help of Employees Newsletter or Newsletters. The purpose of the meetings is

- to provide information about the establishment, goals, programs and accessibility of RAC,
- To introduce the chairman and the RAC members,
- REAs and the staff of the local branch hold a specialized information session concerning the pre-conditions of eligibility for unemployment benefit, the services of the labor center and the active labor market programs,
- To distribute the survey questionnaires (to post or deliver them in person to those not being able to attend the meeting),
- To distribute leaflets, attention catching publications promoting the potential services,
- To answer the questions of employees with the involvement of experts and employer present at the meeting

The employees meeting shall be held at the right time and at the right place with the involvement of all the employees concerned, in an optimal case at the time of the receipt of the preliminary (so called 30-day) letters of notice informing about the lay-off. If the action taken by the employer concerns more than one shift, the meeting shall be repeated a couple of times during the day

If the employer does not want RAC to convoke an employees meeting, the committee shall find another way to inform the employees of the support providing program by means of notice boards, newsletters and personal interviews

12 Survey Questionnaires

One of the objectives of RAC is to help all the employees soon to lose their jobs in becoming re-employed. The method is based on the survey of the needs of the employees allowing for providing custom-tailored assistance.

The questionnaire (Appendix No. 4) shall contain the following:

- Assessment of the educational background and the skills of employees,
- Determination of scope of interest and future plans,
- Offering re-employment services.

MEB shall make efforts to encourage all employees to fill in the questionnaire. This may take place already at the employees meeting. It is recommended for the committee members to visit those in person who have not filled in the questionnaire to obtain information also about their needs.

It may contribute to a high number of completed questionnaires if the committee members:

- Inform the employees on time of the fact that when receiving the preliminary letter of notice announcing the ordinary termination of employment by the employer, they will also get a survey questionnaire the completion of which contributes to their re-employment,
- Make arrangements to be there when the preliminary letters announcing the ordinary termination of employment are delivered, thus employees have an opportunity to fill in the questionnaires and ask questions on the spot.

13 Organizing Further RAC Meetings, Preparation and Organization of Services

Based on the results of the assessment of employees' needs, RAC organizes the services needed for the facilitation of the re-employment of employees. It may determine the number of employees in need of the various types of services and it prepares the list of potential service providers as follows:

- Evaluation of the survey questionnaires,
- Organization of custom-tailored programs and services for individuals and groups including the following:
 - labor exchange,
 - job fair, training fair,
 - labor recruitment campaigns,
 - job searching counseling,
 - legal, business consulting,
 - social security consulting,
 - training, re-training,
 - employment consulting,
 - psychological counseling,
 - counseling on the way of living,
 - opening of a local information office,

- identification of hidden need for labor, other employers,
 - special on-site programs (training, business consulting),
 - application for national funds, support systems
- Ensuring the financial background of programs on an ongoing basis, supervising the utilization of support,
 - Continuous evaluation of the results of the program,
 - Preparation and organization of new programs

Providing a number of services requires a coordinated work between the local branches and the relevant department of the county labor centers, especially in the area of training REAs carry the main responsibility for ensuring the implementation of RAC plans as a result of the cooperation between the above mentioned parties

Labor centers may involve the Regional Retraining Centers, the Foundation for the Promotion of Enterprises, the Small Enterprise Development Centers, Chambers and other county or local government level officials

14 Monitoring

Each RAC has to set up meetings whose primary objective is to determine the efficiency of the program REAs and the staff of the local branch are present at each meeting and actively participate in the evaluation of the situation Ongoing monitoring allows for correcting the shortcomings of the program on time In this order, consideration has to be given to the following

- RAC members monitor the fate of each individual separately with the involvement of the labor center (local branch),
- Staff of the labor organization (both at the center and the local branch) provide continuous information to RAC of those registered in their systems and of the labor force demand,
- During the operation of the committee, the chairman of RAC arranges for the supply of data required for the computer program operated by REAs of the labor center and registering the work and output of RAC,
- The chairman of RAC is responsible for the preparation of evaluation upon the completion of the work of the committee,
- With the support of computer programs, REAs of the county labor center regularly prepare and continuously analyze indicators reflecting the success of RAC (Appendix No 9),
- REAs provide feedback on the output to RAC, the employer and other organizational units of the county labor center,
- The chairman of RAC shall provide up-to-date information to the RAC members,
- Communication of public data and results of RAC to the media

15 Completion and Evaluation of the RAC program

RAC completes its task when the chairman decides that most of the employees concerned have been re-employed or re-trained In certain cases, RAC may decide to put an end to its operation if the members agree that making further efforts does not make any sense

Activities related to the completion of RAC s work, including the preparation of the worded evaluations, belong to the tasks of the chairman

Upon the completion of the lay-off process, the task of the local branch's mediator - contact person is to maintain further cooperation

IV. Support System Aimed at the Alleviation of Disadvantageous Consequences of Aggregate Downsizing

On 1 January 1998, the amendment to section 22 of Flt came into force integrating a new form of active support (hereinafter referred to as "support") aimed at the alleviation of disadvantageous consequences of aggregate downsizing into the existing system of employment support. Detailed rules and regulations are given by paragraph 21/a and paragraph 21/B of the Decree of MoL no. 6/1996 (VII 16) (hereinafter referred to as "the Decree") amended by the Decree of MoL no. 6/1998 (III 4) which came into effect on 14 March 1998.

1 Operation of Support

Human, technical and financial conditions are available at the county labor centers. The trained REA network is suitable for the performance of the new task at a high level.

In addition to the human services the new legal regulation allows for the support of all those employers who take measures, in compliance with the principles set by the labor center, to alleviate the disadvantageous consequences of lay-off to be implemented by them. This support is financed from the decentralized budget allocated for the county labor centers from the employment part of the Labor Fund.

The existing headcount reduction consulting service and the new form of support shall be operated in a coordinated manner within one organizational unit.

2 Purpose of Support

To help a fast re-employment of employees concerned in the aggregate downsizing to be implemented by the employer and to support measures aimed at putting them into a more favorable situation on the labor market.

3 Conditions of Using the Support

Support can be provided from the employment part of the Labor Fund for those employers which

- Implement the lay-off in accordance with the rules and regulations set by the act on employment, makes arrangements to start consultation concerning the downsizing and supply a written report to the labor center including data required by the cited laws,
- Agree to set up and operate a RAC in line with the principles set by the labor center,

- Declare the way and the extent to which they contribute to the operational costs of RAC,
- Agree to prepare reports and evaluations concerning the utilization of the support during the operation RAC and upon the completion of its activities

4 Form, Size and Period of Grant

Grant with an amount of maximum HUF 1 million per RAC

The labor center defines the size of the support depending on the labor market situation of the regions, the number of employees affected by the lay-off and the size of the budget available for this purpose

The support can be provided for a maximum period of 12 months

5 Application for Support

Guidelines for the employer (Appendix No 5) and Directive of RAC (Appendix No 6) form the basis of the application prepared by the employer (Appendix No 3) to which obligatory appendices as described in section 4, paragraph 21/A of the Decree have to be enclosed

Main requirements against the content of the application and its obligatory appendices

- Employer data,
- Declaration of the establishment of RAC,
- Declaration of the form and size of the contribution to the operation of RAC,
- Plans concerning the services to be provided for employees concerned in the aggregate downsizing,
- Preliminary budget on a monthly basis for the operation of RAC and programs organized by it,
- Documentation of the reconciliation consultation process in accordance with labor rules and regulations required in case of headcount reduction,
- Preliminary agreement on cooperation on the establishment of RAC by the participants of the consultation

Application for support can be requested until the first person concerned in the lay-off receives the ordinary termination of employment

The application can be sent by post or delivered in person in two copies to the county labor center concerned in the aggregate downsizing

6 Main Forms of own Resources that can be Offered by the Employer

- Ensuring office space, room for the operation of RAC,
- Financing energy, cleaning costs,
- Assistance by human resource experts,
- Working hours reduction for those involved in the work of RAC,

- Communication costs,
- Costs office supplies, publications, copying,
- Transportation costs,
- Other expenses related to the work of RAC,
- Advertising costs

7 Evaluation of Application for Support and Related Criteria

The application for support is evaluated by the county labor center based on the following criteria

- Number of those concerned in the headcount reduction compared to the total number of employees at the employer,
- Market labor situation in the region, rate of unemployment,
- Professional composition of those concerned in the lay-off,
- Planned number and composition of RAC, number of cooperating employer organizations,
- Size and form of employer's contribution to the operation of RAC

8 Decision, Resolution Making

The decision concerning the application is made within the authority of the director of the county labor center and is communicated to the employer in the form of a resolution in accordance with the state administration rules and regulation

The resolution passed may approve, partially approve (Appendix No 8) or reject (Appendix No 5) the application

In the event of rejection, no appeal lies

The resolution on the awarding of the support has to contain, i a the following

- Size of support,
- Purpose and destination of support,
- Conditions and schedule of payment,
- The most important duties and sanctions against the employer,
- Reference to the events of potential reimbursement of the support or its collateral,
- Reference to the conclusion of agreement containing the detailed rules and regulations of the support

In the resolution, special attention has to be paid to defining all the specific cases when support has to be reimbursed. If RAC starts and continues its work undertaken in the agreement to a certain point in time, it is not recommended, irrespective of the results produced, to claim the reimbursement of the support already paid. When it comes to handling a crisis situation, it can already be considered a result if it sets the people at ease and a consensus is achieved between the employees and the employer. In these cases, it is obvious that only the suspension of the future payment of support can represent a sensible action.

The attention of the employer shall be called to the fact that the consultation process concerning the headcount reduction may start earlier than the time specified by the law on employment

If the employer intends to apply for support, discussions with the labor center about the establishment of RAC shall take place as early as at the consultation phase

9 Payment of Support

Within 30 days from receiving the state administrative resolution on the approval (or partial approval) of the application, an Agreement (Appendix No 6) has to be concluded between the employer and the labor center

The agreement shall include the detailed rules, conditions, period and size of the support payment, the rules of financial transactions, the method and deadline of the preparation of invoices, receipts, registries, agreements, returns, final accounting and evaluation, professional requirements against the employer, the method of reimbursing support received wrongly, reimbursement collateral and evaluation criteria to measure the success of the work of RAC. The county labor center shall define the rules and regulations of financial accounting to be included in the agreement in accordance with those set out by the Fund Management Department of MoL

Upon this, the amount of support may be transferred retrospectively to an allocated bank account specified by the employer by the time specified in the agreement and based on the data content of the supplied application

Upon passing the decision on awarding the support, payment can be made as soon as the employer has met its announcement obligation required by the relating act

In case of an extraordinary event, i.e. in the event of a lack of financial conditions proved by the employer (e.g. bankruptcy, liquidation), the support may be paid in advance if the employer meets all the other criteria

No support can be requested to cover the costs incurring prior to the filing of the application

10 Main Costs of RAC Covered by Support

The county labor centers may reimburse primarily the following costs of RAC

- Fees paid for the chairman of RAC, guest lecturers, experts and related social security costs,
- Traveling costs of the chairmen of RAC, committee members and visiting lecturers,
- Expenses related to the RAC meetings, costs of organizing presentations related to the work of RAC,
- Costs of preparation and distribution of publications required for the work of RAC,
- Costs of advertisement related to the RAC activity and program,
- Costs of services organized by RAC

Apart from the above-mentioned, all documented personal or material expenditure may be reimbursed which serve the objectives of RAC

RAC shall not receive support for re-employment programs otherwise freely accessible

However, other sources of support RAC may have and its size do not represent a disqualifying factor in terms of awarding the support

11 Accounting for Support

- The employer shall register the received support and its use separately in accordance with the relevant accounting rules and book it as an income,
- During the support period the employer shall account for the support in a way and at intervals specified in the agreement as this represents the pre-condition of further payment to be made,
- Upon the completion of the work of the RAC or after 12 months, the employer shall prepare a final accounting or reimburse the repayable amount to the Labor Fund in case of a claim,
- The county labor center shall control the utilization of the support during the payment period and after the final accounting To do this, the employer shall put all the related original documentation at the center's disposal

12 Reclamation of Support

- If, during the investigation at the employer, it is found that the support was used not in the way specified in the resolution and the agreement or if it was used not for the purposes stipulated there, the unused part of the support or the amount proportionate to the violation of the agreement may be reclaimed,
- Reclamation is governed by Section 5 of Par 21/B of the Decree and Par 54/A of Flt,
- Support already paid may not be reclaimed if the operation of RAC can be proved even though its work has produced only a few results

13 Role and Task of RAC during the Utilization of Support

During the utilization of the support, the employer assumes responsibility, in accordance with the agreement, against the county labor center for the appropriate use of the support by RAC According to this, the role of RAC can basically be the following

- It may make proposals to the employer for the actual utilization, potential corrections to be made and reallocation,
- It may use the support within the frame and according to the rules set by the employer,
- It has to continuously inform the employer of the utilization of the support,
- It may request information about the accounting and booking of the support,
- It may report any violation of the rules to the employer,
- It supplies data concerning the operation of the committee to the computer program operated in the county labor center,
- It provides assistance for the employer in the preparation of the final evaluation of support utilization

V Reporting, Receiving and Registering aggregate downsizing

1 Relevant Law

As of 1 July 1997, rules and regulations concerning aggregate downsizing due to the operation of the employer are governed by paragraph 94/A of the LC. The rules define the notion of aggregate downsizing which is defined on the basis of the statistical average of the last six months preceding the decision and depending on the number of employees to be laid off (section 1, paragraph 94/A of LC)

In the event of exhausting the criteria of mass lay-off, the employer shall advise the labor center and the employees concerned of the decision in writing at least 30 days prior to the announcement of the ordinary termination of employment (section 5, paragraph 94/A of LC)

The duty of announcement concerns also the employers ceasing its operation without a legal successor and its liquidate

2 Receipt, registration and confirmation of reports

The employer shall send reports on aggregate downsizing to the labor center jurisdiction in the employer's area. If the report is sent to one of the local branches, it must immediately be forwarded to the county labor center having the jurisdiction and scope of authority

Rules and regulations of state administration procedures have to be applied when receiving and processing reports in the labor center

The labor center shall arrange for the confirmation of the receipt of the reports and for requesting the replacement of missing information. This should represent mainly the task of REAs but others can administer the reports as well. In such a case, REAs have to be informed of each report and all related official measures by sending them a copy of the reports and a copy of the sent letters

The confirmation shall contain the date of receiving the report and the date from which (at least in 30 days) the employer can legally announce the termination of employment to the employee. In the event of labor disputes, the confirmation letter of the labor center is of determinant importance

It is recommended to help the employer prepare the reports on lay-off in the proper form by supplying him the standard nationwide data sheet as in Appendix No 8

In accordance with the rules and regulations in force, the labor center may initiate a litigation against the employer failing to meet its duty of reporting. In this case, the official in charge of the reports is recommended to refer the matter to the lawyer of the labor center

The Control Department has the right to check whether the reports have been submitted in the required and legal form and whether the data contained in it are reliable. The Control Department may fine the employer in justified cases.

Summary reports on lay-off processes have to be prepared on a monthly basis and sent to the management of the county labor center, the partner departments and OMMK.

Appendices

Directive**for Employers****on Taking Advantage of Support Targeted at Easing
the Disadvantageous Consequences of lay-offs**

Pursuant to Section 22 of Act No IV of 1991 on the Advancement of Employment and the Support of the Unemployed (hereinafter "AE") as amended,

s u p p o r t may be granted to employers, who

fall within the scope of Act No XXII of 1992 on the Labor Code, Act No XXIII of 1992 on the Legal Status of Civil Officers, furthermore Act No XXXIII of 1992 on the Legal Status of Public Employees (hereinafter "laws on employment"), and are effecting aggregate downsizing on the basis of the above-mentioned laws

The detailed terms and conditions of granting support are regulated by Sections 21/A and 21/B of Decree No 6/1996 (VII 16) MuM (hereinafter "Decree"), as amended by Decree No 6/1998 (III 4) MuM

1) Purpose of the Support

To ease the disadvantageous consequences of downsizing affecting employees, civil servants and public employees (hereinafter "Employees")

2) Conditions of Granting Support

- As prescribed by the said laws, the employer has made efforts to start consultation, furthermore he has fulfilled the obligation to inform the labor center as prescribed by the said laws
- The employer agrees to set up and operate a Re-employment Assistance Committee (RAC) - in accordance with the principles defined by the labor center - at its site(s) affected by downsizing for the benefit of achieving the objectives in paragraph 1)
- The employer makes a statement as to the manner and degree to which he intends to contribute to the operation of RAC
- The employer agrees to draft an account and assessment of the utilization of the support during the operation of RAC and upon the completion of its activity in accordance with the contents of the agreement entered into with the labor center

The labor center shall make available the *principles* defined by it along with the present directive to the employer at its request

3) Source of the Support

A fund for labor centers earmarked within the part of the Labor Market Fund devoted to employment

4) Rate and Duration of the Support

Non-refundable support, amounting to no more than HUF 1 million per RAC can be granted for utilization within no more than 12 months

5) Manner and Place of Application for Support

The employer may submit an application for support, completed in accordance with the present directive, to the labor center with jurisdiction for the site(s) affected by downsizing until the employers are served regular notice of dismissal at the latest (or until the first employer is served notice in case notice is being served at a different time)

6) Compulsory Contents of the Application

- Employer's details (name, registered seat, address of site(s) affected by aggregate downsizing, address, tax number and industrial code),
- Statement on the establishment of RAC,
- Statement on the rate and duration of the contribution provided for the operation of RAC,
- Drafts of reemployment services and programs to be provided to the employees affected by aggregate downsizing,
- A preliminary budget prepared for RAC operation and the reemployment programs envisioned by it, which must be drafted in respect of the subsidizable expenditures listed under paragraph 9),
- A copy of the written memorandum posted in advance to the participants of the consultation process, commenced in connection with the proposed aggregate downsizing in accordance with the laws on employment,
- A copy of the preliminary agreement entered into for the establishment of RAC

7) Judgement of the Application

The Director of the labor center shall judge the applications individually within his range of competence, whereby he shall consider the annual budget allocated to this purpose, the demand for support in comparison with the magnitude of downsizing, the expected results of the proposed utilization, the region's status in terms of the labor market, and any employment pressure that may develop in the event support is not granted

The employer shall be notified of his decision through an administrative resolution

8) Disbursement of the Support

The employer shall enter into an agreement on the disbursement of the support with the labor center within 30 days of the receipt of the resolution on the acceptance of the application. The agreement shall include the amount of the support, its duration and timing, the detailed conditions of payment, the date on which the account and assessment on the utilization of the support is drafted and submitted, any obligations relating to reclamation, furthermore the professional requirements to be fulfilled by the employer

The support shall be transferred by the labor center to the employer's bank account indicated in the agreement

9) Utilization of the Support

The support may be used to finance the operating costs of RAC and the costs of the programs aimed at re-employment, in particular the following

- The honorarium of the Chairman of the Committee, the remuneration of the experts, lecturers and instructors and the social security contributions additionally payable,
- The travel expenses of the Chairman, the committee members and visiting lecturers,
- Costs associated with the RAC meetings and the briefings to follow,
- The printing and distribution costs of the publications required for the Committee's work,
- The advertising costs of the RAC's programs,
- The costs of services organized by the Committee (For example job and training exchanges, legal, entrepreneurial, social security and retirement-related counseling services, psychological and lifestyle-related counseling, and the operation of Action Centers set up at the given place of work)

Any free services directly provided by either the labor center or any public benefit organization acting on its behalf to employees affected by downsizing are not accountable as support

The labor center may check how the support is utilized by the employer, the conditions of which shall be provided by the employer

The employer shall repay the support, if it has been used not as specified by the labor center or in violation of the contents of the laws or the administrative resolution on granting the support

The employer shall ensure that a closing assessment be made on the activities of the RAC once they are completed, which shall be submitted to the labor center by the deadline specified in the Agreement

Once committee work is over or the payment period set out in the Support Agreement expires, the unused portion of the support may no longer be disbursed

The specialists at the labor center competent for the area concerned may provide free counseling to the employer on applying for support, organizing re-employment programs, and setting up and operating the RAC

Phone No

County Labor Center

Guidelines

on Setting Up and Operating a Re-employment Assistance Committee

1 Purpose of RAC

To facilitate the re-employment of employees affected by downsizing, to motivate independent job-seeking, and to initiate the launch of independent or joint-ventures within the framework of self-employment

The fundamental task of the Committee is to survey the employees affected by downsizing, to regularly supply them with information on the labor market, to organize appropriate individualized or group sessions for them, to provide legal, entrepreneurial and social counseling, to train them in job-seeking techniques and finding new employment opportunities, and to provide any program, which could assist them in finding a new job as soon as possible

2 Anticipated Benefits of Using a RAC

For the Employer

- Localizes and eases tension at the workplace,
- Could prevent strikes and have a positive impact on productivity,
- Through humane solutions, it enhances the positive image of the employer or the management,
- It could enhance the employer's image in the external market environment,
- The employer could gain higher esteem in the minds of the dismissed and remaining employees,
- Labor disputes can be reduced,
- It could help prevent psychological stress and situations from developing between the employer and the employee

For the Employees

- Helps them in finding a job as soon as possible,
- Eases tension, alleviates the stress and the sense of loneliness resulting from the loss of job,
- Could prevent psychological deterioration,
- Friendships, co-worker relationships and acquaintances are retained,
- The family atmosphere is bearable if the individual concerned is occupied by his future and employment prospects,
- The funds received for the period of notice and the severance payment could be saved, which may serve as a basis for a change of career or the launch of a new enterprise
- Free services are received,
- Parties receive up-to-date information on the region's labor market situation

3 *Setting Up RAC*

RAC may be established through the conversion of a "consultation" committee, operating earlier at the employer and included in Section 94/A, Subsection (3) of AE but it can also be established as a completely new body

Prior to setting up the Committee, the employer and the employees' interest representation bodies, plant or public employees' councils concerned will need to coordinate their tasks as prescribed by the above-mentioned act. It is recommended that the services provided by regional employment advisors (hereinafter "REA") operating at the county (Budapest) labor centers (hereinafter referred to as "labor centers") be taken advantage of while still in this stage

The collaborating parties must inform each other how and to what a degree they will be able to assist each other while utilizing their own means, to provide the best support to the employees to be laid off

The employer and the employees' interest representation bodies or plant councils shall sign a preliminary Cooperation Agreement on the establishment of RAC (Appendix No 2/a)

4 *Composition of CFR*

The representatives of the parties affected by downsizing shall participate in the Committee. They are the following:

- The employer's representatives,
- Representatives of the employees' interest representation body(ies),
- Representatives of the Plant (Public Employees, etc.) Council,
- The representatives of the employees affected by downsizing (irrespective of the fact that employees are typically represented by representation bodies)

Persons who can provide any assistance in achieving the objective set out in the introduction may participate in the Committee's work as invitees

They are primarily the following:

- Labor center specialists,
- Representatives from the local government of the affected region,
- Organizations dealing with retraining,
- Organizations for the promotion of enterprise,
- Civic organizations,
- Private consulting firms

The Committee should be formed by the representatives of the parties - preferably in equal numbers

Recommended number typically 5 - 11 persons

5 Control of RAC

The Committee should preferably be controlled by a person who is independent from the parties, well-respected by the employees, has economic and labor-related skills and training, and is accepted by the parties. This person shall be elected during the Committee's statutory meeting. The Committee's Head (Chairman) shall be responsible for controlling RAC, organizing its programs, assigning tasks to the RAC members and debriefing them on the execution of those tasks, and supervising its operation.

Persons elected by RAC members shall become ex-officio Committee members.

6 CFR Activities

The Committee's activities shall not influence the rights and obligations of the employer and the employees defined by the laws on employment, their former collaboration, or previous agreements made (e.g., collective agreement).

It shall specify its Rules of Operation and the responsibilities of the RAC Chairman itself (Appendices 2/b and 2/c).

Establishment

As a result of the preparatory and conciliatory work mentioned in the foregoing, the employer is responsible for organizing RAC. Assistance is provided for completing the task by the labor center's REA, who monitors and assists to the committee work while providing professional counseling. He can also provide assistance by RAC members who are appropriately preparing for the task, whereby the actual roles of even the candidate delegates are made clear to them. In justified cases, it still may be possible to seek other members, and carry out even the associated conciliation.

As a minimum, the following shall be included on the agenda of the statutory meeting:

- Definition of the mission and objectives of RAC,
- Announcement of the formation of RAC and the introduction of the members,
- Election of the RAC Chairman and the approval of his responsibilities and remuneration,
- Introduction of the contents of the Agreement drawn up between the parties, and the principal forms of assistance,
- Review of the possible forms of financing the RAC operation,
- Approval of the Committee's internal rules of operation, procedures and session order,
- Brainstorming session, where each Committee member may freely form his opinion on various forms and possibilities of providing assistance to dismissed employees,
- Summary of the Brainstorming session, approval of the key tasks and strategies, and the nomination of the Committee members responsible for the execution of those tasks.

Possible Tasks of RAC

Following its formation, the Committee shall usually meet biweekly and shall primarily attend to the following tasks

- Organization of an Employees' Meeting for the dismissed employees, where each party concerned may learn the role of RAC, obtain information on its proposed services and program, and on how to contact the Chairman and the individual members,
- The preparation, dispatch, collection and evaluation of a survey questionnaire (Appendix No 2/d) for downsized employees. It shall be sent out along with a newsletter informing them of the establishment and objectives of RAC. Based on the questionnaires received, it will later be possible to organize RAC programs in a personalized manner,
- Preparation of an Information Schedule, in which the channels whereby the Committee can reach the beneficiaries, the outside world and the media are set out,
- Regular deposition of newsletters, publications and bulletins at the places of work where the persons to be dismissed can learn about the establishment of RAC on certain specific and the up-to-date benefits and the programs thereof in time,
- Informative lectures (legal, entrepreneurial, social, social security-related, etc), where parties to be laid off can obtain information and assistance in a group environment,
- Holding personal counseling sessions at the employer on specific days and hours to allow persons laid off obtain assistance in solving their personal problems,
- Setting up an Information Office and Action Center for the benefit of organized flow of information,
- By comparing the completed survey questionnaires and the various service alternatives found by the RAC members, RAC shall prepare a Task Schedule, in which the programs to be organized, the persons responsible and the deadlines are identified,
- Establishment of a continuous relationship with the labor mission, where information on up-to-date job offers, training and retraining alternatives are available,
- Establishment of relationships with the region's players, other organizations, businessmen, local governments, private consulting firms and civic organizations, which could offer help to persons who have been laid off through their profiles and services,
- Establishment of relationships with other employers (e.g., business partners), where unsatisfiable labor demands or "hidden" jobs can be found,
- Organization of plant visits, labor recruitment campaigns, and job conventions,
- The mobilization of persons who have been laid off to participate in programs organized by RAC,
- Conduct and supervision of RAC's administrative work, and supervision of the usage of the support funds,
- It shall provide data and information for the computer software operated at the County Labor Center, which keeps track of the RAC's work,
- Final evaluation of the RAC's work and the handover thereof to the employer

Preliminary Cooperation Agreement

drawn up by and between

- , acting as the employer
- the trade union(s) operating at the employer
- the Plant (Public Employees) Council
- the representative of the employees (if the employees have no organized form of representation)

for the establishment of a Reemployment Assistance Committee (hereinafter referred to as "RAC") for employees affected by downsizing, whose fundamental purpose is to rapidly and effectively assist employees, affected in the course of aggregate downsizing effected by the employer, to obtain new employment and mitigate the disadvantageous consequences of downsizing

For the benefit of the objective, the signatory parties to the present Agreement hereby

1 agree to delegate the following number of named representatives to RAC on behalf of the

- | | |
|---|---------------|
| - employer | persons, name |
| - employees' interest representation body (bodies) | persons, name |
| - non-organized employees' representative body (bodies) | persons, name |
| - worker(s) affected by downsizing | persons, name |

2 agree that the following additional persons shall be invited RAC members

- 2 agree to support the election of the independent RAC Chairman with their personal recommendations ,
- 3 acknowledge that the contents of any earlier agreements made between them shall not be affected by the present Agreement

4 The employer shall

- Provide for the operation of RAC in accordance with the guidelines issued by the labor center,
- Establish the financial, technical and infrastructure conditions for the operation of RAC,
- Support the achievement of RAC's tasks using its human resources,
- Submit an application to the labor center in order to provide the financial resources required for the operation of RAC,
- Credit working time for RAC members in respect of the duration of the Committee meetings and the time required to complete the tasks undertaken,
- Assist RAC in the preparation of various programs under various tenders

5 The trade union and the Plant (Public Employees) Council (or in their absence, the representatives of non-organized employees) shall

- Supply the survey questionnaires prepared by RAC to the parties affected by downsizing, then see to have them completed and returned,
- Mobilize the affected employees to participate in programs organized by RAC,
- Offer its system of contacts within the industry to explore new jobs and its legal aid service for utilization

The rules and regulations established by RAC shall govern its Rules of Operation. The present Agreement shall lose effect once the Parties thereto are in agreement that RAC has accomplished its objective. Otherwise the Agreement may be cancelled by any party with prior written notice sent to the others 15 days earlier.

Dated _____, 199

Trade Union
Representative

Plant (Public Employees)
Council Representative

Employer

Employee Representative
(in case of non-organized form
of representation)

Responsibilities of the RAC Chairman

To control and organize the Committee's work To chair committee meetings, arrange for the preparation of committee meeting invitations and any printed matter relating to the agendas thereof and the dispatch thereof five days prior to the committee meeting

To define the division of labor between the committee members, whereby tasks are assigned to the members and their execution is verified

He shall become familiar with the employers' situation, the concerns and problems of the employees, and the labor market situation and trends of the given region

With his conduct, he shall gain the respect of the parties concerned and those represented by him

He shall arrange for the preparation of committee meeting memoranda

He shall function as a source of information and a liaison between the committee members and the communities represented by them He shall maintain contact with the external service organizations and the media

He shall provide for the continuity of the Committee from its establishment to its dissolution

He shall prepare a summary report at the end of the Committee's operation, in which it is outlined what kind of and what benefits the individual employees have received and what kind of quantifiable impact these has on the reemployment of the parties concerned

He shall provide every piece of information and evaluations to the collaborating parties on a regular basis in accordance with the preliminary Cooperation Agreement

Criteria for the Summary Report

- Summary of the administration of committee operation, (names of committee members, date of their joining, listing of other collaborative organizations, etc),
- Account on the Committee's finances and a final account,
- Statement and analysis of the costs and proceeds of the RAC's programs,
- A summary of the Committee's activities and the outcome thereof (objectives, expenses, number of the reemployed, evaluation of the results of the benefits provided, definition of problems, etc),
- Program statistics (number of participants, summary of employment and training statistics, what happened to the persons concerned, etc),
- Conclusions on the efficiency of the Committee's work, furthermore the definition of special problems faced by the Committee,
- Provision of appendices (agreements and amendments thereto, various reports, Committee meeting memoranda, correspondence, information and other related material, etc)

Dated , 199

Employer's Representative

Workplace Trade Union
Representatives

Plant Council
Representative

Employee Representative
(in case of non-organized
form of representation)

RAC's Rules of Operation and Responsibilities

In order to mitigate the negative consequences of the aggregate downsizing - effected by employer - the said employer, the employees and their interest representation organs, and the Plant (Public Employees) Council (in their absence the representatives of the employees) have entered into the following agreement

The parties have decided to establish and operate a **Re-employment Assistance Committee** (hereinafter referred to as "RAC") for the benefit of achieving the above-mentioned objective

RAC members

on behalf of the employer
on behalf of the trade union(s)
form the Plant (Public Employees) Council
representative of the employees
(in case of non-organized form of representation)
on behalf of the workers affected by downsizing

A Chairman, independent from both sides and elected by RAC on the basis of the recommendation of the collaborating parties, shall be an ex-officio RAC member

The responsibilities of the Chairman shall be determined by RAC at its statutory meeting

Tasks of RAC

Its principal task is to assist persons affected by downsizing in their re-employment through its own, the labor center's and other external organizations' services and to mitigate any disadvantageous consequences stemming from downsizing they may face

For its benefit, it shall

- Make its benefits available,
- Maintain continuous contact with organizations providing the services,
- Organize a survey of demands then in the knowledge of these demands, arrange for the organization of various services and counseling sessions,
- Provide assistance in solving personal problems,
- Maintain personal contact via its members with each of the workers,
- Collect the available positions to be filled within the region,
- Initiate meetings and forums as required for the implementation of its tasks,
- Operate an information center, publish newsletters and liase with the press,
- Define the principles whereby the support provided to the employer may be utilized

The RAC shall work in accordance with the contents of the above-mentioned **preliminary cooperation agreement** concluded between the employer, the employees and the interest representation organs

Ways of operation

- It shall hold meetings biweekly, and shall define the venue, date and agenda of the following meeting,
- RAC shall hold open meetings, in which any employee concerned from areas represented by the delegated members may participate,
- Key officers of the interest representation organ concerned may participate with advisory rights in any RAC meeting,
- Decisions shall be made by RAC by mutual agreement and consensus,
- the meetings shall be chaired by the Chairman of RAC, who shall arrange for administrative matters (invitations, memoranda, printed matter, etc),
- Following each RAC meeting, the Chairman shall prepare a memorandum, which shall be forwarded after each of RAC meeting to every party concerned,
- In the event of their justified absence, RAC members (with the exception of the Chairman) may delegate a proxy from their area of representation by a written authorization effective for a single occasion only,
- It shall expose all alternatives of support, which may aid it in achieving its objectives
- RAC shall carry out its tasks building on personal relationships and keeping humane considerations in mind

Dated , 199

Employer's Representative

Workplace Trade Union
Representatives

Plant Council Representative

Employee Representative
(in case of non-organized
form of representation)

*Sample Survey Questionnaire***Dear Co-worker Affected by Downsizing**

The present "Survey Questionnaire" has been drafted for your benefit. Therefore, you are kindly requested to complete it and thus contribute to our efforts in finding a solution for your situation as quickly as possible. In order to find a job for you and solve your problems, RAC can work out and organize various programs if you revealed your individual requirements. Such programs can effectively help you finding a new job, change your career, obtain information and map your individual opportunities.

Re-employment Assistance Committee

SURVEY QUESTIONNAIRE**1 Name****2 Maiden Name****3 Address (permanent address and mailing address)**

Post Code

City

Street and Number

4 Date and Place of Birth (year, month, day)**5 Mother's Name****6 Social Security Identification Code****7 Daytime Phone Number****8 Education Level**

- | | | |
|------|--|------------------------------------|
| Type | a) less than 8 th form elementary | b) 8 th form elementary |
| | c) technical school | d) vocational training |
| | e) high school | f) vocational high school |
| | g) polytechnic | h) college |
| | i) university | |

Qualifications (if more than one, please specify all)

9 Training courses completed

- | | | | |
|---------------|---------------|-----------------|-----------|
| Type | a) elementary | b) intermediate | c) higher |
| Qualification | | | |
| Type | a) elementary | b) intermediate | c) higher |
| Qualification | | | |

10 Non-certified professional skills and experience

Qualification
Qualification

11. What kind of personal support would you apply for?¹

- a) Labor exchange,
- b) Learning about job seeking techniques,
- c) Learning about the requirements for writing a Curriculum Vitae,
- d) Learning a new profession, planning to change career,
- e) Testing job aptitude and job seeking skills,
- f) Employment counseling,
- g) Assistance for launching own enterprise,
- h) Information on social benefits,
- i) Advice on the issues of laws on employment,
- j) Stress relief and moral support,
- k) Assistance in lifestyle, family protection and child protection-related issues,
- l) Financial and investment advice

12 Plans

- a) Find a job in my profession as soon as possible,
- b) Learn a new profession, and find a job as soon as possible,
- c) Launch my own business,
- d) Retire

By signing below, I hereby grant permission to RAC to use my personal data - in compliance with the relevant provisions on data protection - for the benefit of taking advantage of the required job market services as effectively as possible

Dated _____, 199

employee's signature

¹ More than one may be indicated

Application Sample

for requesting support aimed at the alleviation of disadvantageous consequences of aggregate downsizing

1 Employer's data

Name

Address of Headquarters

Tax number

Branch Code

Social Security Number

Form of entity

Bank account number

Data about the account keeping financial institution(s)

Name

Address

Cash-flow index

Data about the premises concerned in aggregate downsizing

Address

Number of those concerned in lay-off persons

Expected date of the beginning of the termination period (i.e. date of announcing the termination of employment to the first employee) year

month day

Name(s) and phone number(s) of those authorized for representation

2 Declaration of the establishment of the Re-employment Assistance Committee (hereinafter referred to as "RAC")

In the interest of the objectives described in Section 1, Paragraph 21/A of Decree of MoL No 6/1996 (VII 16) amended by Decree of MoL No 6/1998 (III 4) and in accordance with the principles of the labor center, I hereby undertake the establishment and operation, at the place specified at point 1 of the present application of the re-employment assistance committee of employees concerned in the lay-off

a / planned date of establishment year month day

4 Declaration about the type and size of the contribution to the operation of RAC

No	Type of contribution	Size (estimated in case of contribution in kind)
1		
2		
3		
4		
5		
6		
Total		

I hereby request the labor center to award, in accordance with Paragraphs 21/A and 21/B of the Decree of MoL No 6/1996 (VII 16) amended several times and also based on the present application, the support aimed at the alleviation of disadvantageous consequences of aggregate downsizing

Enclosed to the application are

- 1 / written information distributed to those participating in the consultation in accordance with labor rules and regulations (specified as obligatory in the event of aggregate downsizing) and
- 2 / the preliminary agreement on cooperation concluded for the establishment of RAC

I hereby declare

1 / that I intend to implement a lay-off as described by Act No XXII of 1992 on the Labor Code, Act No XXIII of 1992 on the Status of Civil Servants and Act No XXXIII of 1992 on the Status of Public Employees,

2 / that I have earlier requested and received under this title the following support for the headquarters and all premises

Name and address of premises, amount and year of support

3 / that I intend to use the support requested at the following headquarters and/or premises

Name and address of headquarters

Name and address of premise(s)

4 / that I assume responsibility for using the amount of support in accordance with those set forth in the Act, decrees, state administration resolutions and the agreement concluded with the labor center

5 / that I assume responsibility for the establishment and operation of RAC during the lay-off process in accordance with the principles of the labor center

6 / that I assume responsibility for authorizing my account keeping bank to settle the claims of the labor center with immediate effect

Note

The application for support shall be submitted to the county labor center concerned in two copies the latest at the date of reporting the ordinary termination of employment by the employer to the first employee concerned in the lay-off

Place and date , 199

official signature and stamp of employer

Resolution on approval - sample

County / Budapest Labor Center

Our ref no / 199
Contact person

Subject support for the operation of RAC

RESOLUTION

Application submitted by _____ (name and address of company), (hereinafter referred to as "employer") received on _____ (date) concerning the **request to support the operation of the Re-employment Assistance Committee (hereinafter referred to as "RAC")** to be established at premise(s) _____

is hereby approved (or partially approved)

In accordance with the above resolution a grant of HUF _____, that is _____ forints is awarded from the decentralized budget of the employment part of the Labor Fund for use during the period _____ 199 (from) _____ 199 (to)

The method and detailed conditions of the use of the support are included in the agreement to be concluded based on the present resolution. The agreement shall be concluded within 30 days from the receipt of the resolution. In the event of a failure to do this, the county (Budapest) labor center (hereinafter referred to as "labor center") will cancel the support.

The employer is responsible for

- 1 / meeting its announcement obligation concerning the lay-off,
- 2 / establishing and operate RAC in accordance with principles set out by the labor center,
- 3 / contributing to the operation of RAC in the following way

4 / using the support primarily for the implementation of the services below

5 / cooperating with the labor center during the operation of RAC and the utilization of support

6 / presenting the necessary documentation required for control by the labor center and ensuring, in case of a related request, the possibility for the Government Control Office to control the utilization of support and upon the request of the Office, accounting has to be prepared

7 / Within 30 days from the completion of the operation of RAC, a final report and financial accounting shall be prepared

8 / immediately reporting, in accordance with the reporting duty to the Company Registry Office, any changes to the company affecting any point of the agreement on the payment of support

The employer accepts that the payment of support can not be made until the employer has met its obligation of announcing the lay-off as provided by a separate act

The employer shall reimburse the amount, increased by the amount of the current base rate of the central bank, should it violates any of the conditions regulated by the act referred to, the present state administrative resolution or the agreement on the payment of support

No appeal lies against the present resolution

ARGUMENT

The beneficiary submitted an application based on the opportunity provided by section 22 of Act No IV of 1991 on (date)

In the application, he requested

Having reviewed the application, I declare that it complies with those set forth by section 21/A of Decree No 6/1996 (VII 16) amended by the Decree of MoL No 6/1998 (III 4) With due consideration given to the above, I have passed a resolution as above

The opportunity for legal remedy was abandoned according to Section 3, Par 56 of Flt

Place and date

199

Director

Resolution on Rejection - sample (1)

(in the event of failing to meet legal conditions)

County / Budapest Labor Center

Our ref no / 199
Contact person

Subject support for the operation of RAC

RESOLUTION

Application submitted by _____ (name and address of company), (hereinafter referred to as "employer") received on _____ (date) concerning the **request to support the operation of the Re-employment Assistance Committee (hereinafter referred to as "RAC")** to be established at premise(s)

is hereby rejected

Appeal against the present resolution may be submitted within 15 days from receipt addressed to _____ (address), but to the County Labor Center in two copies

ARGUMENT

The employer submitted an application based on the opportunity provided by Section 22 of Act No IV of 1991 on _____ (date)

In the application, he requested

Based on the data available, I declare that the application does not comply with the conditions set by Section 21/A of Decree No 6/1996 (VII 16) amended by the Decree of MoL No 6/1998 (III 4) for the following reasons

With due consideration given to the above, I have passed a resolution as described above

The opportunity for appeal is ensured based on Section 1, Paragraph 62 of Act No IV of 1957 amended several times

Place and date

,

199

Director

Resolution on Rejection - sample (2)

(in the event of complying with legal conditions)

County / Budapest Labor Center

Our ref no / 199
Contact person

Subject support for the operation of MEB

RESOLUTION

Application submitted by _____ (name and address of company), (hereinafter referred to as "employer") received on _____ (date) concerning the **request to support the operation of the Re-employment Assistance Committee (hereinafter referred to as "RAC")** to be established at _____ premise(s)

is hereby rejected

No appeal lies against the present resolution

ARGUMENT

The employer submitted an application based on the opportunity provided by section 22 of Act No IV of 1991 on _____ (date)

In the application he requested

Based on the data available, I have declared that

With due consideration given to the above, I have passed a resolution as described above within my discretion scope of authority

The opportunity for legal remedy was abandoned according to Section 3, Section 56 of Flt

Date and place _____,

199

Director

Appendix No 6

Agreement - sample

No of agreement /199

AGREEMENT

concluded between . **County / Budapest Labor Center**
 . (hereinafter referred to as the "Supporter"), and
 (hereinafter referred to as "Beneficiary")
 under the following conditions, at the place and time below

1 The Supporter provides against the decentralized part of the employment part of the Labor Fund

a grant of HUF

to the Beneficiary based on resolution no . /199 of the Supporter

2 By using the support in accordance with the principles set out by the Supporter and at the premise(s) concerned in the lay-off, the Beneficiary assumes the responsibility to establish and operate the **Re-employment Assistance Committee** (hereinafter referred to as "RAC") in order to facilitate a fast re-employment of employees concerned in the lay-off and alleviate the disadvantageous consequences created thereby for them

a) Headquarters of RAC, address

.. . . .

b) Date of establishment of RAC .. . day month 199 year

c) Period of operation of MEB . month(s)

d) Number of employees affected in lay-off persons

3 Beneficiary covers the costs of the establishment and operation of RAC from the following sources

Total planned cost (for operation and programs)	HUF .
Of which	
a) Own sources (cash or value of contribution in kind)	HUF .
b) Other external sources	HUF .
c) support requested from the employment part of the Labor Market Fund	HUF

4 The Beneficiary may use the support according to the following schedule

<i>Month</i>	<i>Amount of grant (HUF)</i>	<i>Title(s) of planned purpose of use</i>
May 1998		
June		
July		
August		
September		
October		
November		
December		
January 1999		
February		
March		
April		
Total		

Based on the summary (request), prepared on the basis of original invoices and duly undersigned, which is presented by the Beneficiary until the 15th of the month following the actual month, the actual and due amount of the support is transferred to the Beneficiary's account no _____ kept as a separate account at the bank before the 30th of the month following the month concerned

The payment of the support can not be made until the Beneficiary duly reported the lay-off as provided by the relevant act

5 The Beneficiary uses the support with consideration given to the proposals of RAC and it is also obliged to inform RAC of the situation of the actual use on a regular basis

6 The Beneficiary notes that, in accordance with the authorization governed by Section 2, Paragraph 51 of Act No IV of 1991, the Supporter has the right to control the utilization of the fund during the operation of RAC. According to this, the controllers of the Supporter may regularly control the proper use of the fund during the operation of RAC

7 The Beneficiary is obliged to allow and help the control and it also undertakes

- a) to present, at any time, accounting receipts and material related to the utilization of support,
- b) to prepare a final report and financial accounting within 30 days from the completion of the operation of RAC,
- c) to ensure, in case of a related request, the possibility for the Government Control Office to control the utilization of support and upon the request of the Office, accounting has to be prepared

The Beneficiary sends a copy of each report indicated in points b) and c) to the Supporter within eight days

8 Beneficiary assumes responsibility to immediately report, in accordance with the duty of reporting to the Company Registry Office, any changes to the company affecting any point of the agreement on the payment of support

9 The Supporter may suspend the further payment of support until the next decision, it may cancel or reclaim it in part or in full if over the control, it is found that the Beneficiary has violated those provided in the act, the resolution on approval and the agreement concluded based thereon or meeting the conditions contained in them is in jeopardy

In case of reclamation, the Beneficiary shall repay the amount of illegally utilized support, increased by the amount of the current base rate of the central bank, to the decentralized budget of the employment part of the Labor Market Fund

It is also deemed as violation of the rules if the Beneficiary deliberately deceived the Supporter or kept it in deception by supplying false facts, failing to disclose relevant data and providing incorrect data or if it failed to report changes affecting major points of the agreement to the Supporter

10 By signing the present agreement, the Beneficiary authorizes the Supporter to collect, upon the failure to meet the reimbursement obligation, the amount to be repaid in the event of violating the agreement from the bank account (accounts) as specified in point 4

The Beneficiary undertakes to inform the bank of the collection allowance in favor of the Supporter, a copy of which shall be sent to the Supporter within 8 days from signing the agreement, which represents a precondition of paying the support

Beneficiary accepts that in the event of failing to meet those set in points 7/a-c and 8, a fine may be imposed on it in accordance with the Decree of MoL No 3/1996 (IV 5)

10 The Beneficiary accepts that it can not claim the unpaid part of the support after the support period specified in the resolution on approval has terminated or after RAC has ceased to exist

11 The Beneficiary agrees to act in accordance with the relevant act during the utilization of the support if the company is legally obliged to comply with the Act on Public Purchasing

12 The Beneficiary and the Supporter has the obligation to cooperate in order to accomplish the goals and objectives set out in the agreement

13 Any matters not specified in the present Agreement shall be governed by the provisions of Ptk (Civil Code) In the event of disputes and claims arising from the present Agreement, the parties to the Agreement acknowledge the jurisdiction of City Court

14 Enclosure(s) of the agreement
1 agreement on withdrawal

15 The parties have read and interpreted the present Agreement, found it fully compliant with their will and duly approve this by their signature



County/Capital Labor Center

Employer



To accompany Agreement No

199

Prompt Collection Agreement

drawn up by and between County / Budapest Labor Center (hereinafter referred to as "Labor Center"), on the one hand, and (hereinafter referred to as "Beneficiary") on the other hand, regarding the fulfillment of the liabilities laid down in the Agreement on HUF, entered into on the basis of Resolution No 199, on the undersigned date and place as follows

- 1 The Beneficiary hereby agrees that any claims of the Labor Center, stemming from the violation of the Resolution under the above number, adopted on 199, and the Agreement shall be fulfilled by a prompt collection order from the Beneficiary's Bank Account number
2 The Labor Center shall indicate the details of the sum on the prompt collection order (resolution number, type of support, etc)
3 The Beneficiary irrevocably agrees that its account-keeping bank is to proceed without the examination of the sum claimed or the title thereof while fulfilling the contents of Clause 1
4 The present agreement shall be valid until the obligations undertaken in the Agreement made on 199 are fulfilled
5 Revocation of the present order before the settlement day set out in Clause 4 shall only be possible with the prior authorization of County Labor Center

stamp impression stamp impression
Dated , Dated ,
County Labor Center Beneficiary

* I hereby accept the collection order on behalf of the account-keeping bank
* I hereby accept the collection order on behalf of the account-keeping bank with the attached
* difference of opinion * remarks or * supplements
* Delete as appropriate

Dated signature and stamp impression

Copy to
- bank
- Beneficiary

Laws and Regulations

Abstract from Act XXII of 1992 on the Labor Code

("JURIX jogtar" as at 17 April 1998)

Section 94/A (1) It shall **qualify as aggregate downsizing** if the employer wants to terminate the employment of

- a) at least ten persons if employing 20 to 100 persons,
- b) at least ten percent of the employees if employing 100 to 300 persons, or
- c) at least 30 persons if employing 300 or more persons

within 30 days by regular notice for reasons associated with its operation in accordance with its average statistical staff number in respect of the six months preceding the decision or in respect of the given period if the employer has been active for less than six months

(2) Employees entitled to or receiving retirement pensions or receiving disability annuity and employees employed under other employment relations shall not be included in the staff numbers defined in Subsection (1) and affected by downsizing

(3) Prior to making its decision on aggregate downsizing, the employer shall initiate consultation with the plant council or in its absence the trade unions represented at the employer, or the committee formed from the representatives of non-organized employees (hereinafter referred to as "employee representatives") The consultation shall cover the principles of aggregate downsizing, ways or means whereby lay-off can be avoided, the reduction of the number of staff concerned, furthermore, the means aimed at mitigating its consequences At least seven days before the consultation session, the employer shall inform the employee representatives in writing

- a) of the reasons for the proposed aggregate downsizing,
- b) the number of employees affected by downsizing in a breakdown by employment groups,
- c) the number of employees employed in the period defined in subsection (1) prior to the decision,
- d) the proposed schedule for the execution of downsizing and the considerations thereof

(4) Consultation shall be commenced at least fifteen days before the decision on aggregate downsizing is made

(5) The employer shall make its decision on aggregate downsizing known to the employees concerned and the labor center competent for the employer's registered seat and its site concerned in writing at least 30 days prior to serving regular notice The employer shall provide to the labor center the personal details of the employees affected by downsizing, their Social Security Identification Code (hereinafter referred to as „Social Security Code”), their last position, qualifications and average salary

(6) The provisions of Subsection (5) and (7) through (9) are applicable regardless of whether the employer terminates the employment of fewer employees than planned but at least five by regular notice - due to reasons associated with its operation - as a result of the consultation specified in subsection (3)

(7) In case of aggregate downsizing, the notification date contained in Subsection (5) shall govern for the purposes of the lay off prohibitions listed in Section 90

(8) Employers terminated without a legal successor and their liquidator or party performing their full settlement are also subject to the obligations regarding consultation and the provision of information set out in Subsection (3) and (5), respectively

(9) Regular notice is served by the employer in violation of the contents of Subsections (3) and (5) shall be invalid The plant council, trade union or employee concerned may refer the matter to court to establish its justification

(10) If the conditions contained in Subsection (1) prevail at the employer's independent site (division), the provisions contained in Subsections (2) through (9) are applicable in respect of the downsizing of the employees employed at the site with regard to the site

- The text of Section 94/A and its heading as defined by Section 12 of Act LI of 1997

Abstract from Act No XXIII of 1992 on the Legal Status of Public Employess
 ("JURIX jogtar" as at 17 April 1998)

Section 17/B (1) It shall qualify as **Aggregate Downsizing**, if - pursuant to Section 17, subsection (1), paragraphs b) through d) - the employees to be dismissed within the administrative organ within 30 days number at least

- a) five, in case no more than 20,
- b) ten persons, in case 20 to 100,
- c) ten percent of the civil officers, in case 100 to 300,
- d) thirty persons, in case 300 or more
public employees are employed

- (2) Prior to this decision ordering downsizing at the organs mentioned in Section 17, Subsection (1), Paragraph b), the Minister of Internal Affairs shall convene the parties participating in reconciliation and initiate negotiations with them within the public employees' Reconciliation Forum (hereinafter referred to as "PERF") and the representative body within the mayor's office and the county local government's office (hereinafter referred to together as "public service reconciliation"), provided one exists. The negotiations shall cover the ways or means whereby aggregate downsizing can be avoided, the reduction of the number of public employees concerned, furthermore the alternatives aimed at mitigating its consequences. The negotiating parties shall be informed of the following
 - a) The reasons for the proposed aggregate downsizing,
 - b) The number of public employees affected by downsizing,
 - c) The number of staff employed at the administrative organs affected by downsizing over the period preceding the decision,
 - d) The proposed schedule for the execution of downsizing,
 - e) The criteria by which the public employees affected by downsizing have been selected
- (3) Public service reconciliation shall be initiated at a time prior to the decision made on aggregate downsizing, which allows at least 30 days of preparation for the consultation
- (4) In the course of aggregate downsizing, the administrative organ shall request the opinion of the employees' interest representation organ operating within the administrative organ
- (5) The administrative organ shall make its decision on aggregate downsizing known to the public employees concerned and the labor center competent for the domicile of the administrative organ concerned in writing at least 30 days before reporting the lay-off. The administrative organ shall provide to the labor center the personal details of the public employees affected by downsizing, their last position filled, their qualifications and average salary
- (6) Once the decision mentioned in Subsection (5) is made, the administrative organ shall forward the details of the affected public employees - as stated in Schedule No 5 to the Act - directly to the central public service register, at least 30 days prior to the notification of dismissal and in the order specified by the Government, for the benefit of promoting their re-employment within the administrative organ
- (7) In case of aggregate downsizing, the notification date contained in Subsection (5) shall govern in case the lay-off prohibitions prevail

- (8) Unless otherwise provided by legal rules, the supervisory bodies of administrative organs terminated without a legal successor are subject to the obligations regarding consultation and the provision of information set out in Subsection (2) and subsections (5) to (6), respectively
 - (9) Dismissals in violation of the contents Subsections (2) and (5) shall be invalid
- The text of Section 17/B as defined by Section 16 of Act No CI of 1997

**Abstract from the Act No XXXIII of 1992 on the Legal Status of Civil
Servants**

("JURIX jogtar" as at 17 April 1998)

The text of Section 38 as defined by Section 13 of the Act No XXVIII of 1996

(2) Section 94/A, Subsection (1) of the Labor Code is applicable with the difference that it shall qualify as aggregate downsizing if - pursuant to Section 30, Subsection (1), Paragraphs a) and b) - the number of employees to be laid off by the employer within 30 days is at least

- a) five persons, in case no more than 20,
- b) ten persons, in case 20 to 100,
- c) ten percent of the civil servants, in case 100 to 300,
- d) thirty persons, in case 300 or more

civil servants are employed

(3) Prior to its decision resulting in the aggregate downsizing at the organs mentioned in Section 30 Subsection (1), Paragraph b), the Government shall initiate negotiations with the parties concerned within the Reconciliation Council of Budgetary Institutions, the Minister within the sectoral (subsectoral) reconciliation council, and the local government within the local government reconciliation council

(4) In contrast with the contents of Subsections (1) and (2), Section 94/A of the Labor Code shall apply with respect to the employment relations of civil servants at the national security services

(5) Section 97, Subsection (2) of the Labor Code shall apply with the difference that the relevant guarantorship of the legal predecessor employer shall prevail in respect of the emoluments the civil servants are entitled to

- a) if the indefinite employment relations of civil servants are terminated by dismissal on the basis of Section 20, Subsection (1), Paragraphs a) and c) by the legal successor employer within 12 months of legal succession, furthermore
- b) if the definite employment relations of civil servants are terminated for the reasons stated in Section 30, Subsection (1), Paragraphs a), c) and e) by the legal successor employer within 12 months of legal succession

• The text of Section 38 as defined by Section 3 of Act No LVI of 1997

D e c r e e
No 6/1998 (III 4) MuM
of the Minister of Labor

on the Amendment of Decree No 6/1996 (VII 16) MuM
on Forms of Support Promoting Employment and Support Available from the Labor
Market Fund for the Management of Labor-related Crises

Based on the authorization granted in Section 20, Paragraph (2) of Act No IV of 1991 on the Promotion of Employment and the Support of the Unemployed - in agreement with the Minister of Public Welfare with respect to Sections 6 and 7, and in consideration with the opinion of the Governing Body of the Labor Market Fund -, I hereby order the following

Section 1

The following provision shall replace Section 1, Subsection (1), Paragraph e) of Decree No 6/1996 (VII 16) MuM on Forms of Support Promoting Employment and Support Available from the Labor Market Fund for the Management of Labor-related Crises (hereinafter referred to as "Decree")

/Section 1, Subsection (1) With the exception of those provided in Subsection (3), the following forms of training may be subsidized from the Labor Market Fund /

"e) training prescribed for the issue of driving licenses entitling one to drive road vehicles (Categories C and D and valid for agricultural tractors), driving licenses (valid for Category II and electric buses), domestic and international transportation licenses, licenses required for the road transportation of hazardous goods (ADR), furthermore training required for public transportation by bus in return for a fare, furthermore for training required for the issue of construction machinery operator's licenses "

Section 2

(1) The following text shall replace the introductory text of Section 3, Subsection (2) of the Decree

"In consideration of the criteria specified in Subsection (4), the labor center may enter institutions on its register, which"

(2) Section 3 of the Decree shall be complemented by the following Subsection (3), with the marking of current Subsection (3) being changed to Subsection (4)

"(3) For the purposes of the condition specified in Subsection (2), Paragraph e), any attested additional costs that have arisen as a consequence of the altered working capacity of persons receiving practical training shall be ignored "

Section 3

The following provision shall replace Section 7, Subsection (1)

“Section 7, Subsection (1) Supplementary emoluments or salary supplements - which may not exceed the difference of the salary earned during the training and the average earnings preceding it - and the part of the cost reimbursement which includes the cost of accommodation and meals shall be disbursed by the labor center to persons receiving training subsequently If the labor center is to reimburse the local or long-distance travel expenses associated with the training as a training subsidy in part or in full, the said expenses may be disbursed in advance to the person receiving training If the training institution is providing accommodation and meals to the persons receiving training in addition to the training, or is providing for the transportation of the students, the costs thereof - along with the part of the training costs it has assumed - shall be directly remitted to the training institution by the labor center ”

Section 4

The following provision shall replace Section 11, Subsection (4) of the Decree

“(4) When calculating the six or three-month periods specified in Section 16, Subsection (1), Paragraph a) of the Act on Employment, the periods defined in Section 29, Subsection (1), Paragraphs b) through d) and f) of the Act on Employment, the period of the voluntary work subsidized in accordance with Section 16/A of the Act on Employment and that of the work performed in the public work program defined in Section 1 of Government Decree No 117/1997 (VII 8) Korm on Public Work Councils and the Order of the Subsidization of Public Work Programs directly preceding and following the unemployed status shall be added ”

Section 5

The following provision shall replace Section 14, Subsection (1) of the Decree

“(1) The Administrative Resolution on the Subsidization of Voluntary Work contains the rate and duration of, the assumption of direct costs arising from employment, as well as the conditions of the disbursement and reclamation of the subsidy It shall be prescribed in the resolution that the labor agreement is to be presented to the labor center ”

Section 6

(1) The following provision shall replace Section 19, Subsection (2) of the Decree

“(2) Based on a tender, the subsidy may be granted to private persons, legal entities or non-incorporated organizations, which or who have contributed to the achievement of the objectives defined in Subsection (1) with their own resources as well ”

(2) The following provision shall replace Section 19, Subsection (3) of the Decree

“(3) For the purposes of the present Section, the following shall be considered as persons of altered working capacity

a) persons whose working capacity - as attested by the National Medical Expert’s Institution of the National Health Insurance Administration, or the Medical Expert’s Institution of the Hungarian National Railroads in the case of railroad employees - has decreased by at least 40 percent, or

b) those who hold no certification of their decreased working capacity from the organs defined in Paragraph a), but - based on the expert opinion of an employment health care specialist - it can be established that their prospects of being hired or being able to retain a job have decreased due to their physical or mental impairments ”

Section 7

(1) The following provision shall replace Section 21, Subsection (1) of the Decree

“(1) The following shall decide on granting the support defined in Section 19

a) the Ministry of Labor - in agreement with the Minister of Public Welfare - if the subsidy is to be funded from the central funds of the Labor Market Fund devoted to rehabilitation,

b) the central organizational unit of the labor center if the subsidy is to be funded from the part of the said Fund that may be used by the county (Budapest) labor centers ”

(2) The following provision shall replace Section 21, Subsection (4) of the Decree

“(4) When the subsidy is granted, the following shall contract with the party to receive the subsidy

a) the Ministry of Labor or the labor center proceeding on its behalf and under its authorization if the subsidy is to be funded from the central funds of the rehabilitation fund part of the Labor Market Fund, or

b) the labor center if the subsidy is to be funded from the funds of the Labor Market Fund available for use by the county (Budapest) labor centers ”

Section 8

After Section 21 of the Decree, it shall be complemented by the following heading and the following Section 21/A

“Support Aimed at Mitigating the Disadvantageous Consequences of Aggregate Downsizing

Section 21/A

(1) Support may be granted from the fund part of the Labor Market Fund devoted to employment to employers falling within the scope of Act No XXII of 1992 on the Labor Code, Act No XXIII of 1992 on the Legal Status of Civil Servants, furthermore Act No XXXIII of 1992 on the Legal Status of Public Employees (hereinafter referred to as "Acts on Employment") in order to mitigate the disadvantageous consequences of the aggregate downsizing, regulated by the said laws and to be effected by them, affecting employees, civil servants, public employees (hereinafter jointly referred to as "employees")

(2) The support defined in Subsection (1) is subject to the following conditions

a) the employer has made efforts to start consultation relating to the aggregate downsizing as prescribed by the law, and

b) agrees to set up and operate a Re-employment Assistance Committee (hereinafter referred to as "RAC") - in accordance with the principles defined by the labor center - at its site(s) affected by downsizing for the benefit of achieving the objective defined in Subsection (1), and

c) makes a statement as to the manner and degree to which he intends to contribute to the operation of RAC, furthermore,

d) that he agrees to draft an account and assessment of the utilization of the support during the operation of RAC and upon the completion of its activity in accordance with the contents of the agreement entered into with the labor center

(3) Non-refundable support, amounting to no more than HUF 1 million per RAC may be granted to employers for operating a RAC (RACs) at their site(s) affected by lay-off for utilization within no more than 12 months. The labor center shall determine the rate of the support depending on the region's labor market situation, the number of employees affected by lay-off and the size of the funds available for this purpose

(4) Applications for support can be submitted by the employer to the labor center competent for the site(s) affected by lay-off until the employees affected by lay-off are informed of its measures taken in order to terminate the legal relationships of employment, holding civil servants or public employees. The Application shall include the following

a) The employer's details (name, registered seat, address of site(s) affected by downsizing, address, tax number and industrial code),

b) Its statement on the establishment of RAC,

c) The form and rate of his contribution to the operation RAC,

d) Its plans referring to the services to be provided to employees affected by aggregate downsizing, furthermore

e) A preliminary budget prepared for the operation of RAC and the programs organized by it

(5) The written memorandum sent out to the participants of the counseling session defined in Subsection (2), Paragraph a) as well as the preliminary cooperation agreement entered into by the participants for the establishment of RAC shall be attached to the Application "

Section 9

The Decree shall be complemented by the following Section 21/B

“Section 21/B

(1) The support defined in Section 21/A, Subsection (1) of the Decree may be devoted to expenditures associated with the operation of RAC, in particular to the following

- a) The honorarium payable to the RAC’s Head and the social security contributions additionally payable in respect of it,
- b) The remuneration of the experts, instructors and lecturers, and the social security contributions additionally payable in respect of it,
- c) The travel expenses of the Head of the RAC, its committee members and visiting lecturers,
- d) The costs associated with the meetings of RAC and the organization of briefings in connection with its work,
- e) The printing and distribution of publications required for the work of RAC,
- f) The advertising costs associated with the RAC activities and programs,
- g) The costs of services organized by the Committee (e.g., job and training conventions, legal, entrepreneurial, social security-related, and psychological counseling services, and the operation of local information offices)

(2) Any free service directly provided by either the labor center or any public institutions acting on its behalf to employees affected by downsizing shall not be accountable for as support

(3) The administrative resolution defined in Section 21/A, Subsection (1) of the Decree on the support shall include the conditions, rate and scheduling of its disbursement

(4) Disbursement of the support may be commenced, if the employer has fulfilled its obligation to provide information, applicable to downsizing and defined in a separate act, toward the labor center

(5) The employer shall repay the support as specified in the resolution adopted by the labor center if it is in violation of the contents of the act or the conditions defined in the administrative resolution specified in Subsection (3) ”

Section 10

After Section 21/B of the Decree, it shall be complemented by the following heading and the following Section 21/C

“Support of Public Institutions

Section 21/C

(1) The support specified in Section 43, Subsection (4) of the Act on Employment may be granted to public institutions to fund programs organized for the unemployed or those at risk of becoming unemployed that are aimed at promoting job-seeking, choosing a career or a profession or offering labor market-related services, furthermore to remunerate experts who organize or conduct such programs and those related to employment

(2) The tender for the support defined in Subsection (1) shall be invited by the labor center in consideration of labor council's opinion the invitation for tenders shall include the following

- a) The purpose of its invitation,
- b) The conditions of participation (in its framework, a definition of the subsidisable activities),
- c) The source, rate, duration and schedule of the support to be granted under the tender,
- d) The deadline for the implementation of the program indicated in the invitation,
- e) A description of any other forms of support offered by the labor center for the benefit of implementing the program in the tender (infrastructure, methodology, etc),
- f) Regulations concerning the content and form of the tender,
- g) A requirement concerning the attachment of the opinion(s) of the community local government(s) competent for the area in which the support is to utilized,
- h) The legal consequences of breach of contract, furthermore
- i) The deadline for the submission of the tender application, the name of the organ responsible for judging the application, and the deadline by which the applications are judged

(3) The conditions of the provision of the support, its duration and rate, and the conditions of its reclamation shall be defined in the administrative resolution specified in Subsection (1) ”

Section 11

(1) The following provision shall replace Section 22, Subsection (2), Paragraph b) of the Decree

/(2) The following employers are entitled to receive the support defined in Subsection (1) /

“b) those, whose average statistical staff number, calculated for the month preceding the submission of the application was at least 200 on-site, and, in lack of support, would terminate the employment of at least 50 employees by regular notice for reasons associated with its operation,”

(2) The following provision shall replace Section 22, Subsection (3) of the Decree

“(3) In the course of judgement, employers whose site is situated within an employment zone where the unemployment index has reached 1.5 times the national rate within the three months preceding the submission of the application, shall receive preferential treatment ”

(3) The following provision shall replace Section 22, Subsection (4) of the Decree

“(4) The quotient of the number of the unemployed as per Section 58, Subsection (5), Paragraph d) of the Act on Employment and the economically active population (active earners, job-seeking unemployed and persons seeking their first job) according to the census preceding the submission of the application outlined in Subsection (1) shall be understood as the unemployment index defined in Subsection (3)”

Section 12

Section 27 of the Decree shall be complemented by the following Subsection (5)

“(5) The contents of Section 39, Subsection (4) of the Act on Employment shall apply as appropriate to funding the cost of the employment health care services utilized by the labor center Accordingly, it shall be funded from

- a) the solidarity fund part of the Labor Market Fund (hereinafter referred to as “Fund”) if the employment health care service was utilized in conjunction with labor exchange, or
- b) from the employment fund part of the Fund if it was utilized in conjunction with funding granted from the employment fund part ”

Section 13

Schedule No 1 to the Decree shall be complemented by the following Paragraph 10

“10 The extra costs of the employer providing practical training arising from the altered working capacity of persons receiving the practical training ”

Section 14

The present Decree shall come into force on the 10th day reckoned from its promulgation Section 22, Subsection (2), Paragraph a) shall lose effect with the entry into force of the Decree The latter provision and the contents of Section 11, Subsection (2) shall also be applicable in pending cases

Péter KISS
Minister of Labor

DATA SHEET
for the Announcement of Aggregate Downsizing

Pursuant to Section 94/A of the Act on Employment

1) Details of downsizing employer

Name
Address
Domicile
Statistical ID number (17 digits)
Industrial Code (4 digits)

- 2) Employer's average statistical employee number for the last six months, or for the given period if established within the last six months
- 3) Number of employees affected by downsizing, broken down by the sequence of serving notice of dismissal (*Lay-offs may be reported 30 days, at the earliest, after the announcement is received by the labour center concerned!*)

Date of dismissal	Number concerned	persons
		persons
		persons

4) Distribution of the number of employees to be downsized, by staff groups

skilled worker		persons
trained worker		persons
worker		persons
Blue-collar total	..	persons
executive/director		persons
clerk		persons
administrative personnel		persons
White-collar total	.	persons
Grand total	. . .	persons

- 5) Prior to making its decision on aggregate downsizing, has the employer arranged for any consultation with the plant council, or in its absence, the committee made up of the employees' representatives (*representatives of trade unions with representation or of non-organized employees*)?

YES

NO

6) Main reason for downsizing (*underline as appropriate!*)

- a) Decrease in foreign demand,
- b) Decrease in domestic demand,
- c) Problems in financing,
- d) Lack of raw materials,
- e) Restructuring,
- f) Privatization,
- g) Higher-level decision,
- h) Other reason, namely

7) The employer is (*underline as appropriate!*)

- a) subject to bankruptcy proceedings,
- b) subject to liquidation proceedings,
- c) subject to full settlement,
- d) subject to other proceedings resulting in dissolution without legal succession,
- e) not subject to any proceedings

8) Details of each employee affected by downsizing

- personal details (name, mother's name, place of birth, date of birth /y,m,d/),
- address,
- TAJ (Social Security ID) number,
- last position and FEOR number,
- qualifications,
- average salary

(Attached on a separate sheet!)

9) Details of clerk maintaining contact with the Labour Center

Name
Phone No

Dated

authorized signature

To be submitted within 8 days of receiving acknowledgement from the Labour Center!

Appendix 3 Rapid Response RAC software, MEB v 1

(Diskette attached to back of book)

Appendix 4 Results of Rapid Response LED Survey

(Survey results from 6 local area projects which completed the 4 workshop series during the initial pilot phase of Rapid Response LED)

1 How did the 4-workshop program compare to your expectations?

- 0% The workshops did not meet my expectations
- 52% The workshops met my expectations
- 48% The workshops exceeded my expectations

2 Were you satisfied with the manuals / materials?

- 90% The materials were satisfactory
- 0% The materials were unsatisfactory
- 10% The materials were satisfactory in part

3 How would you rate the work of the group facilitators and the project officers?

The work of the facilitators and project facilitators and organizers was

- 0% poor
- 22% satisfactory
- 59% good
- 19% excellent

4 Do you think the 4-workshop program has reached its major goals, including performing a basic community assessment and identifying specific projects for implementation?

- 97% Yes, the workshop series achieved its goals
- 3% No, the workshop series did not achieve its goals

5 Have you ever participated in a similar local economic development program?

- 24% Yes
- 76% No

6 If yes, how did this effort compare?

- 63% Better
- 38% Similar
- 0% Worse

7 In general, how would you rank collaboration in decision-making between local government and the business community?

31% Less than satisfactory 34% Satisfactory 34% better than satisfactory

8 In general, how would you rank collaboration in decision-making between local government and NGOs?

12% Less than satisfactory 58% Satisfactory 31% better than satisfactory

9 Do you feel this participatory LED method improved relations between local government, the business community and NGOs?

96% Yes 4% No

10 Respondents represent

44% local or county government
22% the business community (entrepreneurs, businesses, banks, etc)
26% the NGO community
7% other

Appendix 5 LED Volume 1

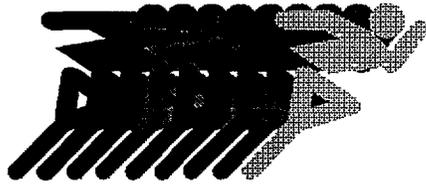
(Hungarian version, separate volume)

Appendix 6 Excerpts from LED Volume 1

(Translated excerpts from the final Hungarian version, will be sent separately)

Appendix 7 LED Volume 2 Facilitator's Guide

(Translation of the final Hungarian version, will be sent separately)



RAPID RESPONSE

Local Economic Development Manual

II. FACILITATOR'S GUIDE

József Fazekas, Miklós Rátvai, Ibolya Gáll Szedlárné, Zoltán Weisz

FOR UNDERSTANDING LOCAL ECONOMIC DEVELOPMENT INITIATIVES

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Facilitator's Guide

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Foreword

Within the cooperation between the United States Department of Labor and the Ministry of Labor of Hungary, regional and other economic development programs based on independent local initiatives have been launched since 1996 in a number of sub-regions - first on 14 pilot sites, then, following the positive feedback, in another 16 areas - with high unemployment rates

In June 1996, at a seminar held in Szilvasvarad, organized by Maria T Heidkamp, the Director of the Rapid Response Project, Gary B Hansen and Marion Bentley, professors of Utah State University, presented the regional employment consultants of the Labor Centers of Hungary with sub-regional development methods previously successfully employed in several North American, Western and Eastern European countries. Subsequent to learning the concept of the method, the Rapid Response Project called an Invitation for Proposals for Labor Centers aiming to provide a possibility to apply the method in practice.

The program undertaken with the financial support of the United States Department of Labor consists of two stages. In the first one, the participants receive theoretical training in four sessions including the analysis of the characteristics and economic environment of their region, and the selection of the possible economic development programs. The second stage comprises the kick-off and the actual implementation of the specific economic development programs.

The organizational tasks and the technical supervision related to the implementation of the program are provided - in addition to the Department for Employment Programs of the Ministry of Social and Family Affairs, the legal successor of the Ministry of Labor which was dissolved in the meantime - under the auspices of the county Labor Centers with the support of the regional employment consultant staff.

The experience gained so far reveals that the method can be successfully implemented in other sub-regions of the country.

Why do we think this practice is correct and as such should be regarded as exemplary? Because we believe it gives the leaders and the representatives of the municipality, the district or the sub-region, the local economic and institutional managers, entrepreneurs, teachers, professors and other experts, not forgetting the citizens, the possibility to discover the economic development tools of their own communities.

What can be expected from the program? Perhaps a brand new planning method representing the current trends of the developed world. The point is promoting democracy and the involvement of the population in decision-making concerning the community, the municipality and the region related issues. As a result, in the long run, a path may be discovered to push forward the development of the economy of a region being fallen behind via its own initiatives.

Facilitator's Guide

In order to facilitate the introduction of the method in Hungary, three manuals have been compiled. Volume I is the Teach Yourself Manual providing a solid theoretical background for the participants. Volume II is the Facilitator's Guide, addressed to organizers and coordinators, containing useful advices related to the practical terms of the project work aiming to implement the method, helps finding guidelines for participants preparing for exercises, and proposes role plays to successfully drill in group sessions. Volume III is supplementary to books I and II, and contains a variety of Practical Examples in the form of detailed information drawn from already completed Hungarian and international projects.

The Appendix to the Teach Yourself Manual includes a number of extremely useful supplementary texts connected to the theory and it interprets the necessary terms and expressions.

The material is based on the theory and methodology of the Manual of Enterprise Initiatives for Local Economy Development edited by Gary B. Hansen in March 1996, using certain parts thereof, with applications to current Hungarian socio-economic conditions, incorporating examples and experience from the pilot programs. The Hungarian translation and its printing have been made possible with the assistance of the USAID Center of Innovations for Local Governments and Civil Organizations.

County Labor Center experts Istvan HORNYAK, Zoltan KECZKO, Ferenc NAGY and Janos SZELLO have also participated in the preparation of the Hungarian version.

We wish to thank the support of all those who have made the publication of the manuals possible.

Budapest, January 1999

The Authors

I. Introduction

The present Facilitator's Guide has been written for those who had already participated in the training provided by the United States Department of Labor, and then went on to play a leading, managing or coordinating role in the workshop activities of regional and economic development on the pilot sites

However, the training course conveying the experience accumulated during workshop discussions can also be useful for other experts being active in this field and having the required pedagogical and training skills

The material is suitable for providing technical methodology training for those who want to apply this method to do practical tasks

The leaders (hereinafter **trainers**) of Workshops, or Community Table Activities (hereinafter **group exercises**) - the majority of who consists of the regional employment consultants of county labor centers -, all have masters degrees, and possess in-depth labor market knowledge, extensive relations and practical experience in the domain of the application of training methods, and in two-level group work

During group exercises, the participants will often work in 3-4 smaller **working groups** under the lead of **group leaders**. Therefore, the trainers must have strong motivation in order to pass on the present information, to organize their own further training, and to properly conduct the group leaders with the adequate methodology

The purpose of the Facilitator's Guide is to provide real professional methodological help for trainers and group leaders as to enable them to successfully apply the special methods of the Rapid Response Economic Development Initiatives Project in various community working groups

1.1 Specific Purpose of the Facilitator's Guide Orientation

- of the trainers towards the practical application of their theoretical knowledge,
- of the group leaders towards the correct professional and methodological supervision of group work

Trainers will be able to peruse the curriculum, and, subsequently to the preparatory consultation, they will be able

- to act as regional development experts during the preparation and conduct of group exercises, and evaluate the cooperative skills of partners participating in completing tasks during the sessions,
- to manage the program starting with the establishment of local economic development organizations up to the organizational stabilization thereof (independent association, economic development body, regional development manager),
- to acquire a solid theoretical background, in particular for the preparation and training of group leaders, including how to motivate the participants the best

1.2 Expectations against Trainers

The trainer status requires that the said individual shall have

- special qualifications concerning, and detailed information on the application of the Rapid Response Economic Development Initiatives method,
- practical experience in dealing with the national, county, (sub-)regional, and local government institutional structures of regional and economic development, including their forms of cooperation, actual difficulties, forms of mobilizing regional resources, plus the steps of the project management process,
- up-to-date knowledge of the theoretical and practical aspects of regional and economic development, including the appropriate methodology to transfer this knowledge to others,
- proper commitment to the technical content of the method,
- sufficient motivation to prepare group leaders for their tasks, encourage participants to perform quality work, and apply group dynamics methods and adequate and efficient control techniques

During the selection process, it has to be born in mind that the trainers shall have

- appropriate regional and economic background information,
- pedagogical, methodological and andragogic skills,
- empathy and excellent communication skills,
- management skills and experience

II. How To Use the Facilitator's Guide?

Each of the four group exercises has a duration of 1 day. It is recommended to insert an idle period of min 3 and max 4 weeks between the exercises permitting the participants to complete their homework, to gather information, and to prepare different studies. The essential elements of the exercises are presented in a modular structure, although each exercise constitutes an independent unit, neither one of them can produce a complete result alone, i.e., without the previous modular connections. The modules are interconnected so as to produce a synergy, and the included supplementary materials allow the application of the method in a different temporal and modular structure taking into account the specific features of particular locations.

In addition to the present manual, trainers should also use the Teach Yourself Manual and the Practical Examples book. The structure of the book allows the reader to make notes and supplementary remarks, or to bind extra pages in the manual.

During the group exercises, trainers should use trainee feedback to make decisions and select when and how to introduce the training methods or role plays proposed in the curriculum.

It is not possible to fully prepare for all this in advance, it is therefore necessary that trainers have a certain experience and an ability to improvise when required.

The Facilitator's Guide contains recommended training techniques and methods, but the list of these is far from being comprehensive. The range of tools is flexible, any technique can be applied with the purpose of making group work more efficient.

The authors' aim in including the proposed role plays to be used during the exercises, was to create an appropriate atmosphere and motivation for efficient group work. It is of course permitted to depart from these as long as it is kept in mind that the exercise should have a clear goal, no matter how playful it is (e.g. justified relaxation, direction towards next exercise).

 **My suggestions to facilitate the use of the manual.**

II 1 Advice to Trainers and Group Leaders

- In order to set the process in motion, information and position statements should be collected from civil organizations, chambers, regional development associations and labor market organizations of the area
- Via a well-thought-out public outreach, it should be achieved that each individual and organization willing, and capable to do something for the community shall join the training process
- It is an important aspect of doing group exercises to nominate - on the basis of technical competence and interest - well-prepared and enthusiastic group leaders who can assist in conducting the four sessions in the capacity of professional partners
- It is always important to record the list of participants present at sessions and to have a summary notice
- At the beginning of each session, there should be a brief introduction related to the topic at hand, aiming to provide information that may help to orient the participants
- The evaluation of jointly performed work should never be missed at the end of each session, this is also a good time to write memos about the homework to be done by the next group exercise (indicating deadlines and ranges of responsibility)
- Always give enough time for discussions, underlining mutual interests and highlighting common goals
- Try to increase the number of those individuals who can be expected to become permanent participants, and at the same time ask them trying and bringing along the 'potentially interested'
- Trainers and group leaders should strive to make everyone feel comfortable and create a friendly atmosphere by dispensing with formalities and bureaucracy, and to approach the participants with an open and straightforward style
- Group exercises should provide an opportunity (greatly enhanced by the style adopted by the group leader) for the participants to come together, get to know each other, and establish technical and, most of all, friendly relationships

📝 Advice I collected

II 2 Shortlist to Organize Group Exercises

Preliminary Organizational Tasks

- It is important contact the managers of the interested organizations in person, to convince them about the significance of their participation, collect their position statements, and identify the base organization that will finance the training sessions and assist in the organization
- It has to be clarified with the base organization what the proper sharing of tasks is expected to be (who contacts whom)
- Financial aspects also have to be settled with the base organization
- The lecture rooms, audience halls and, if necessary, the hotel rooms required for the smooth operation of the groups providing undisturbed working conditions have to be reserved
- Invitations have to be sent to the participants along with the material necessary for preparation, their intent of participation also has to be confirmed
- Potentially (technical and human qualities) competent group leaders have to be selected, nominated and prepared for the tasks
- Reputed professionals and organizations have to be invited to deliver different talks and presentations
- Information have to be put together about the location, its touristic attractions and restaurants, etc
- The necessary technical equipment has to be supplied
- The curriculum and other related materials have to be read
- The status and the operating manual of the technical equipment have to be checked
- Visual charts, overheads, and other materials have to be prepared
- Auxiliary training materials and tools have to be compiled
- The separated rooms, etc of the whole training session and those of the individual group activities have to be arranged

Tasks To Be Completed during Group Exercises

- Follow progress in the Teach Yourself manual
- Always thank participants and groups for their work
- Check the safety regulations belonging to audiovisual equipment
- Visit groups during work and make sure they use the distributed worksheets in an appropriate way
- Verify personally that there is a person responsible and a corresponding deadline to each task to be completed
- Take care of working group activities and collect the summaries of the work done over the whole training session

What To Do after Sessions?

- Based on the summaries written by the working groups, compile the summary of the entire group exercise with the involvement of other persons, when necessary
- Assist the working groups in doing their homework by organizing certain things for them
- Express your appreciation to all invited speakers
- Read the curriculum again and make the required modifications

 **I feel that it is also important to do the following**

III. Content of the Teach Yourself Manual in Brief

- Basic principles of regional development, institutions and sub-regions
- Introduction to local economic development
- Preparation of initiatives aiming to develop the economy and dynamize enterprises
- Tasks to be performed during the sessions of the Economy Development Group
- Institutional structures for local economic development
- Summary
- Annexes

 **Topics I selected from the Teach Yourself Manual for further study**

IV. Community Group Exercises

Group Exercise 1

Analysis of factors

Program

09 00- 09 45	Opening, introductory speech, presentations
10 00- 10 25	Laying grounds for technical work
10 25- 11 00	Setting up of work groups
11 00- 12 30	Groups at work
13 30- 15 00	Closing the session

Structure	Background Info - Instructions	Method - Tool - Time
1 Opening address by trainer Brief presentation of the ER program method Understanding the common goal in order to launch group work	Trainer clarifies the role of participants, refers to materials already handed out, and highlights the linked elements of the four exercises (see Table 1) Purpose of Exercise 1, rules, participants' expectations	Training technique Task II /2 1 Visual chart, felt tipped pen, A4 sheets, projector, slides 15 min
Presentation of the program, group leaders' introduction	Participants' motivation in active and useful work should be established right from the beginning	Training technique Task I /1-2 Visual chart, felt tipped pen, A4 sheets, projector, slides 30 min
2 Professional background info	Brief presentations to show regional economic, employment, demographic, educational, etc trends, and other service-related data	Training technique Task II /2 1 Visual charts, A4 sheets, Felt tipped pen max 25 min
3 Setting up work groups	Trainer and work group leaders announce principles of group set-ups Let enough time for groups to read the related section of the Teach Yourself Manual Consultation shall be provided as necessary	Training technique Task I /3, Ch V, proposed role plays I /1-3 Max 35 min

Facilitator's Guide

4 Groups at work	<p>Group leaders present methods of fact-finding, analyzing work</p> <p>Recording results</p> <p>Closing group sessions by evaluating joint work, setting future tasks, deadlines and responsibilities</p>	<p>Training technique Task I /4-5</p> <p>Visual chart, paper A1-A3 worksheets Felt tipped pen, A4 sheets</p> <p>60-70 min</p>
5 Closing address Accounts by work group spokespersons (always different)	<p>Can be supplemented by remarks made by (the same or other) group members</p> <p>No marks should be given here! Group leaders collect worksheets to prepare group summaries</p>	<p>Training technique Task II /2 1 Task I /6-7</p> <p>Visual chart, felt tipped pen, A4 sheets/group</p> <p>max 15 min</p>
Trainer's summary	<p>Brief summary covering homework (study of TYM, PEM, etc) plus info collection methods Sessions should be concluded by giving everyone a clear-cut and well-understood task</p>	<p>Training technique Task II /2 1 Task I /6-7</p> <p>Max 5 min</p>

 **My remarks and tasks concerning Group Exercise 1.**

Proposals for the training technical tasks of Group Exercise 1

Topic I Analysis of Factors

Task 1 Introduction

Aim setting up groups and stabilizing their motivation, creating cooperation

Target group introducing the trainer,
introducing the group leaders,
introducing all group members

Method individual presentations
listing selection criteria

Training technique questions, interpretation
basic information via oral and written communication
presentation of group profiles and relations

Task 2

Program the trainer presents the predefined (overhead slide or visual chart) program
schedule broken down to hours

PROGRAM (example)

09,00 - 09,30 introduction
09,30 - 10,00 program presentation formation of work groups
10,00 - 10,30 election of group spokespersons
10,30 - 10,40 game rules
10,40 - 11,00 expectations
11,00 - 11,30 interpretation of concepts, definition of goals
11,30 - 14,00 group work
14,00 - 15,30 closing

Task 3

Formation of groups

Aim concentration of professional competence and expertise

Method - conducted invitation technique
- definition of selection criteria
- standard group formation elements

Training technique

Invitations

Background information

The working team preparing decisions related to the contents of organizational issues has to be set up as early as the preparatory phase of sending out the invitations to group exercises. This topic also belongs to this group.

We wish to represent a wide range in each sub-region, therefore the composition of participants can be expected to be very heterogeneous. The set-up of working groups requires great care, as it is crucial for efficient work in the future.

Method

- invitations by name in due time
- standard core for every group
- invitations given possibly in person
- convincing by presenting the advantages of the method

Selection criteria

- representatives of authorities should be distributed evenly in the groups
- individual interests should harmonize with the chosen topic
- the principle of voluntariness should not be violated
- efficient work should be ensured by the presence of leaders
- rich and multi-faceted opinion is to be revealed

Task 4

Aim: Processing the **theory** of the main **topics**

Group topics	Capital availability
	Business environment
	Infrastructure
	Human resources
	Quality of life

Processing topics in five working groups

The proposed expertise inventory of setting up working group formation

Group 1: Availability of capital

- bank experts
- insurance experts
- accountants
- investors
- owners

Group 2 Business environment

political leaders, Members of parliament
active labor market participants
suppliers
business owners
labor experts
representatives of interest groups

Group 3 Infrastructure

representatives of public utility companies
construction experts
health care experts
county assembly representatives, committee chairmen

Group 4 Human resources

teachers, trainers
representatives of civil organizations and foundations
major employers in the region
training experts and consultants
experts on behalf of cultural organizations
representatives of retegszervezetek

Group 5 Quality of life

new businessmen
medical doctors
experts with special knowledge
(e.g. environmental protection, water management,
gardening, quality management, brokerage, management)
representatives of traditional communities
representatives of emerging art groups

Group technique

- **Brainstorming** is used to approach the five topics of factor analysis

The point in the method by the employment of the technique, the group brings up the ideas and intentions best fit for its purpose. The method is a creative problem solving tool helping a whole group of people to produce a lot of ideas in a short time.

Guiding principles

- 1 The group appoints a scribe to record every idea and proposition for later reference, the notes will be free to consult for everyone
- 2 Group members alternately give their ideas, everyone participates actively
- 3 The members come up with a new idea in each round
- 4 It is permitted to be creative by exaggerating things

- 5 Criticism and assessment of ideas should be avoided
- 6 The main point here is quantity, emphasis will be laid on quality later, over decision-making
- 7 It is desirable to further develop other people's ideas

The success of brainstorming depends on respecting five rules

- 1 do not criticize other people's ideas
- 2 let your mind wander freely
- 3 build on other ideas
- 4 try to go for quantity (of propositions)
- 5 note every idea and proposition

It is worth displaying these basic principles during the brainstorming session. If these rules are not kept, and the group leader allows members to criticize and analyze, there will be no free flow of ideas and, as such, the method will fail

Phases of brainstorming

- 1 Outlining and discussing the problem
- 2 Redrawing the problem - how?
- 3 Selecting the most fundamental problem from among the redrawn ones and writing down, "how many ways are there",
- 4 Warming up
- 5 Brainstorming
- 6 The wildest idea

Each phase has to be properly closed, especially phase 3, where the most fundamental problem statement has to be chosen

Then comes evaluation

- Method
- shutting out the fears and reluctance of participants
 - the leader should also be free from inhibitions
 - pulling some professional tricks
 - using repetition techniques
 - applying the one-minute silent listening technique

The purpose of evaluation is twofold

- to collectively select the few good ideas
- to guarantee for the participants that later there will be an action

The following points should be considered

- the six brainstorming phases should be well-separated
- the five rules should be displayed and respected
- after the redefinition of the problem, a collectively accepted opinion should be put on the summary sheet

The group leader should be motivated, well-prepared, open and enthusiastic

- Method
- evaluation involving all participants
 - 10% of the ideas (thought to be the best) should be selected individually, then their order numbers should be given to the leader
 - small group evaluation

The latter means the work of 3 - 4 persons (having participated in brainstorming) Based on the original list of ideas, compaction is done in two stages

- ideas judged best by individual participants
- on the basis of the list of ideas selected and proposed as best by the evaluation group

BRAINSTORMING SHEET (example)

PROBLEM

REDRAWN PROBLEM (how?)

BRAINSTORMING (how many versions, numbered)

WILDEST IDEAS

FINAL RESULT

- Tools
- the group should be seated possibly around a U-shaped table
 - a number should be assigned to every idea
 - the duration should be set roughly only
 - use the "Do It - Don't Do It" list (when preparing group leaders for their work)

Sometimes one may use another tool, the so-called reversed brainstorming, but this is for the experienced only

Task 6

Preparation for obtaining the "Important to Know" information

- a / precise **interpretation** of the task during a group session,
- b / identification of the information technique style, e.g. **interview, questionnaire, document analysis, participation at committee meeting**, management discussion, during problem finding discussion and **field work** to gain the missing pieces of information,
- c / To do this as homework, and their preliminary check is the duty of group leaders,
- d / Personal preparation for the presentation (for the first time), later he/she will assist the next person to present,
- e / Ask for a 1 page brief summary of the presentation prior to the next group exercise, this should appear in the written summary as well,
- f / The best presentators can do the working group summaries,
- g / It is a good idea to put together a target group for preparing the presentation. In addition to the given information, this may also include the questions and answers they are concerned with.
The most appropriate form to do this is perhaps the **essay**. To begin with, try to put down together with the participants a few essay points that cover the information you are looking for, and can be complemented with the questions they judge to be important,
- h / That typing and then sending the "Important to Know" information material compiled during the group sessions to the leader with an invitation attached to it proved to be a good method (because it may provide extra information),
- i / Make an interview plan: talking points, background information, worked out questions, logical sequence, alternative response options, summary, interpretation, precision of answers,
- j / Questionnaire method
Summary of figures, facts, data in a written form according to different viewpoints, planned information acquisition process

The method requires careful preparation and execution

- the data supplier has to be asked to provide data for the described purpose, and the way how the supplied data will be used later has to be clearly stated in an attached letter,
- the clear, unambiguous and preferably easy-to-answer questions should directly relate to the searched information, similarly, frank and open answers should be encouraged,

- the questions should form a logical sequence clearly showing a structure of interrelations,
- processing should be done according to predefined criteria set down during the formulation of the questionnaire,
- the synthesized material has to be sent to the participants, and the experience gained has to be incorporated in the goals of our future work

Task 7

Closing Exercise 1

- 1 The short, to-the-point accounts of the group leaders relating the activities of the group are edited so that all of the group members do evaluation. The list of expectations drawn up at the beginning of the exercise is wrapped up, and the content of the group activities are summarized in one sentence. This provides the essential elements of the group leader's presentation.
- 2 Any reference to the work of other groups are underlined.
- 3 The supplements may be collected and handed over to the leader of the other group.
- 4 It may be worthwhile to use the bonus cheque or another closing exercise.
- 5 The group leader has to get the group in a sufficiently motivated mood for the homework and the common main presentation.
- 6 It is a motivating force to define at the beginning of the common work who will speak out the common opinion together with the group leader, as this provides a reliable reference point throughout the entire group work.
- 7 The address list of the work group should be distributed by the leader in order to facilitate contact keeping, he/she should also repeat his/her own telephone number, mailing address and other possible contacts in the interest of preparing the next group exercise.
- 8 The leader should define for each group member what documents (related to certain topics), data, surveys he/she is expected to collect to build a solid basis for the next group session.
- 9 The trainer should then summarize the day's work and express his/her appreciation to each work group.
- 10 It should be defined who (and how) collects the material coming in for the written summary, with the contacting possibilities given.
- 11 The trainer should summarize the result of A 1 Worksheets on the A 3 Worksheet, this summary is to be sent to each participant prior to the second group exercise.

Worksheets, Figures, Supplements

PROCESS FOR DEVELOPPING BUSINESS OPPORTUNITIES

TABLE 1

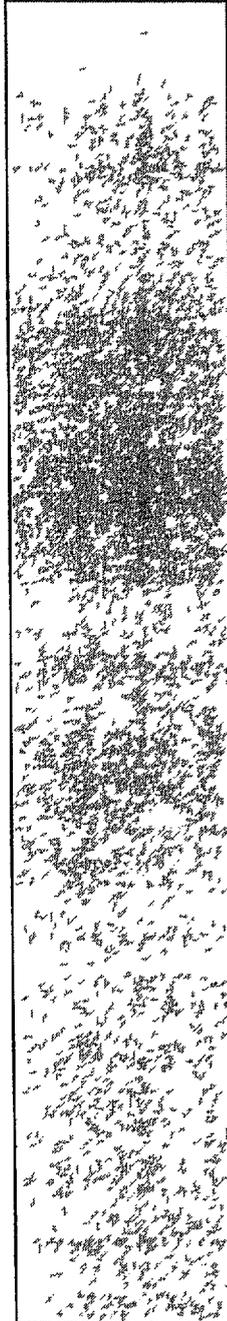
Exercise 1: Analysis of Factors	Exercise 2: Analysis of Principles of Economic Renewal (ER)	Exercise 3: Developing project ideas	Exercise 4: Evaluating project ideas	Final result. Developped Procedure
Contribution of different factors to business conditions	Effect of ER principles on business conditions	Summarizing business conditions	Review of the community's vision for the future	Selection and prioritizing of ER projects to be implemented in our community
1 Capital availability	1 Preventing the outflow of resources	Shaping the community's vision for the future	Analyzing resources	
2 Business environment	2 Supporting existing business activities	Collecting project ideas	Identifying traps and habits	
3 Infrastructure	3 Encouraging new enterprises in our region	Feasibility study of every project idea	Determining project timing	
4 Human resources	4 Involving businesses outside our region	Identifying who will profit from this	Involving appropriate persons	
5 Quality of life			Who will gain ?	
Other information required	Other information required		Risk and profit assessment	
Identify what needs to be done to improve business conditions	Identify what needs to be done to improve business conditions			

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A 1 Worksheet: Analyzing Factors

Factor

Region

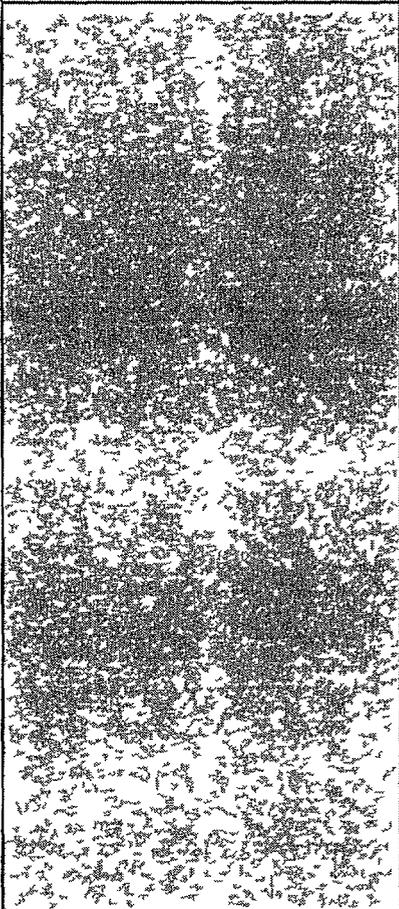
Factor	Problems	Needs	Conditions	Possibilities
				

A.2. Worksheet: Analysis of Factors

Factor

Region

Other information required:

Information to be obtained	From which organization?	From which person?
		

A.3. Worksheet Analysis of Factors - Summary

Region

Factors	Problems	Needs	Conditions	Possibilities	Other information required
Capital availability					
Business environment					
Infrastructure					
Human resources					
Quality of life					

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Exercise 2

Analysis of Principles of Economic Renewal

Program

09 00-10 20	Opening, reminder, information
10 20-10 50.	Reset of working groups
10 50-14 00	Groups at work
14 00-15 00	Closing

Structure	Background Info - Instructions	Method - Tool - Time
1 Introduction by the trainer Program information	Brief reminder of Exercise 1 Presentation of the day's aim Demonstration of the Barrel Principle (see Table 2) Distributing the written summary of Exercise 1	Training technique Task II /1- 2 Visual chart, felt tipped pen, A4 sheets Max 40 min
Talk by external expert	Brief information, mainly for the "Important to Know" package	Training technique Task II /2 1 Max 15 min
Brief talks by group leaders	Reminder of Exercise 1 findings, overview of work done between the two exercises	Training technique Task II /2 1 Visual chart, paper, A4 sheets, felt tipped pen Max 5-5 min
2 Resetting of working groups	4 groups are formed according to the ER Principles (see Table 3) The already existing teams should be kept together Leave enough time to read the Teach Yourself and Practical Examples manuals	Training technique Task II /3 Ch V, proposed role plays II /4-5-6 Max 30 min
3 Group work (exercise)	Group leaders evaluate the tasks received and completed Starting analytical, fact-finding work It is important to record opinions! Trainers should pay attention to instruct working groups to record all ideas on worksheets and visual chart paper in a purpose-oriented manner	Training technique Task II /2 1 Training technique Task I /4-5 Training technique Task II /2 2-3 Buzz method, Exploration

Structure	Background Information - Instructions	Method - Tool - Time
	<p>Training technique tasks should be applied by group leaders adapted to the group situations If the group is exhausted, a break should be taken As a closing act of the group's work, the work is evaluated together, the tasks to be completed is defined, together with the necessary information, deadlines and responsibilities</p>	<p>Training technique Task II /1 Anket method Visual chart, A4 paper, felt tipped pen, B1-B5 worksheets-</p> <p>Training technique Tasks I /6-7 and II /4 Closing group activities plus "Important to Know</p> <p>Ch V, proposed role play III /9 Bonus check Total time for group work max 130 min</p>
<p>4 Closing group exercise</p>	<p>Working group spokespersons give accounts of their group's work The trainer should allow group members to add their opinion to their own and other groups' summaries Finally, the trainer summarizes the day's work and closes the session Attention everyone should know exactly what to do by the next exercise</p>	<p>Training technique Task II /2 1 Visual chart, A4 sheets, felt tipped pen Max 60 min</p>

 **My tasks and remarks concerning Exercise 2**

Proposals for the training technical tasks of Group Exercise 2

Topic II Analysis of ER Principles

- localizing outflowing resources,
- supporting existing businesses,
- incentives for new businesses,
- encouraging new enterprises adjustable to existing businesses

Task 1

Topic tuning participants in to the work different in content from the previous one

- Aim
- finding conceptual relations to Exercise 1,
 - strengthening working group rules

Target group group members with completed homework, invitation of experts, and interested members

Method it is worth using the **ankét** method with those who were prepared the previous time. The point of the method is the following: taking the theoretical basis, the participants (group members) having prepared to this end, or merely interested in the topic, discuss with honored invited experts or the group leader, and then do the analysis based on the discussion. A summary follows, and the findings are recorded on a visual chart sheet.

Motivation exercise

The participants tell each other the most significant success and the greatest failure experienced in connection with the homework. After due assessment, the members discuss how to continue to use the methods leading to success and how to find further supporting ideas.

Task 2

- Aim
- to drill in, repeat and re-interpret the acquired cognitive knowledge,
 - to collectively highlight the importance of doing the homework,
 - to demonstrate the technique of continuous task completion

Target group participants and invited expert

Method The leaders of the working groups give an account of the work accomplished in between the two exercises, in particular the completion of the tasks received. This presentation block is at the same time an example of how the members will be asked to present their homework in the course of the next exercise.

2 1 Presentation as a Method

- Short, concise text,
- Wording and demonstration of the main topic, display on a visual chart showing relationships, e.g. capital availability, how this ties up with the support of the existing business enterprises (ER principles), In real life, we actually establish the foundation of business enterprises by thoroughly considering the practical realizations of capital availability, sometimes, if necessary, up to the point of getting acquainted with the credit request,
- Writing inviting sentences The incentive to establish new business enterprises can be realized by the purchase at favorable prices of the appropriate real properties one has to list the supporting arguments and the counterpoints (negative side) as well (what, relates to what, what supports what)
 - dynamic summary,
 - stating points of discussion

2 2 Buzz Method or FORD Group Method

During this exercise, it proves to be advantageous to first use the buzz method imitating a beehive, within the group, sub-groups consisting of 3 - 4 persons are formed who try to attack the problems and consider the possibilities separately, then give an account of what has been achieved via a spokesperson The summary result of the group is then displayed on the large visual chart

2 3 Exploration

This is a method used with the group working on encouraging new enterprises (and anywhere else, where appropriate)

It means the following

- it can be linked to the main topic, e.g. questions are asked concerning the provision for the conditions of fill-in-the-gap services for the community, or expanding employment options, or marketing processes
After posing the basic problem, a round of questions is addressed to the target audience, which is then asked to summarize the feasibility conditions, a small group comprising 1-2 persons acts as referee(s)

Task 3

Topic Resetting the working group

Aim forming a working group structure harmonizing with the topic at hand

Target group The members of Group V of Exercise 1, having dealt with the Quality of Life, link up with the four new groups This is explained by the fact that the definitive aim of local economic development is to improve the quality of life, and to sustain the improvement During Exercise 1, group members have to be prepared for Exercise 2 so that they can represent the requirements imposed by life quality in an expressive manner

Method the so-called **team building** method, that is, the application of the working group building method provides a basis for the set of conditions for high level group work with the groups with different composition

- In order to stabilize a constant group structure, (the composition of Work Groups III and IV have to be identical) one has to define roles of referee, task accomplisher, evaluator, and set up the spokesperson system,
- The work done with the former groups has to be incorporated in the current work groups with the aid of a follow-up method What where the elements in the former case that deserve support, what should be left out in the future, and what new elements can be introduced?

Proposal for the composition of the new working groups

Group I	Capital availability =	Encouraging new businesses
Group II	Business environment =	Supporting existing businesses
Group III	Infrastructure =	Encouraging new businesses adaptable to existing ones
Group IV	Human resources =	Outflowing resources
Group V	Quality of life =	Relates to the formulation of the 4 new groups

- Method
- group segmentation, introducing the idea of development in group work at the same time strengthening the group profiles,
 - important because these are the groups which may stay together in the future as operative groups during the project implementation phase,
 - shaping a vision

Task 4

Topic Information Acquisition for "Important to Know" with a New Method

Aim To gather practical information from a given organization

Target group the network group getting organized around the group members and the program, the members of which support the work as supporting members

Method

- network building begins to form the circle of project supporters winning the support of organizations and individuals for the project,
- showing the (local) interest in joining (e.g. profits to individuals) with a successful (interest-oriented) persuasion method,
- methods arguing and asking questions,
- using the "Win-Win" method

New topics

- Establishing an **Enterprise Inventory (interview, questionnaire)**,
- contents new businesses, finding existing businesses thriving or barely surviving,
- assessment of natural and human resources (interview, questionnaire),
- analysis of leaky resources (factor analysis)

4 1 Factor Analysis.

The importance of the method lies in showing the potential traps and hidden relationships within a given factor (theoretical unit), and interpreting the decisive background information in order to eliminate the effects and obstacles preventing development

4 2 Brain Trust Method

The point of the method 3-4 experts prepare the defined summary table, then open a discussion and respond to proposals

Task 5

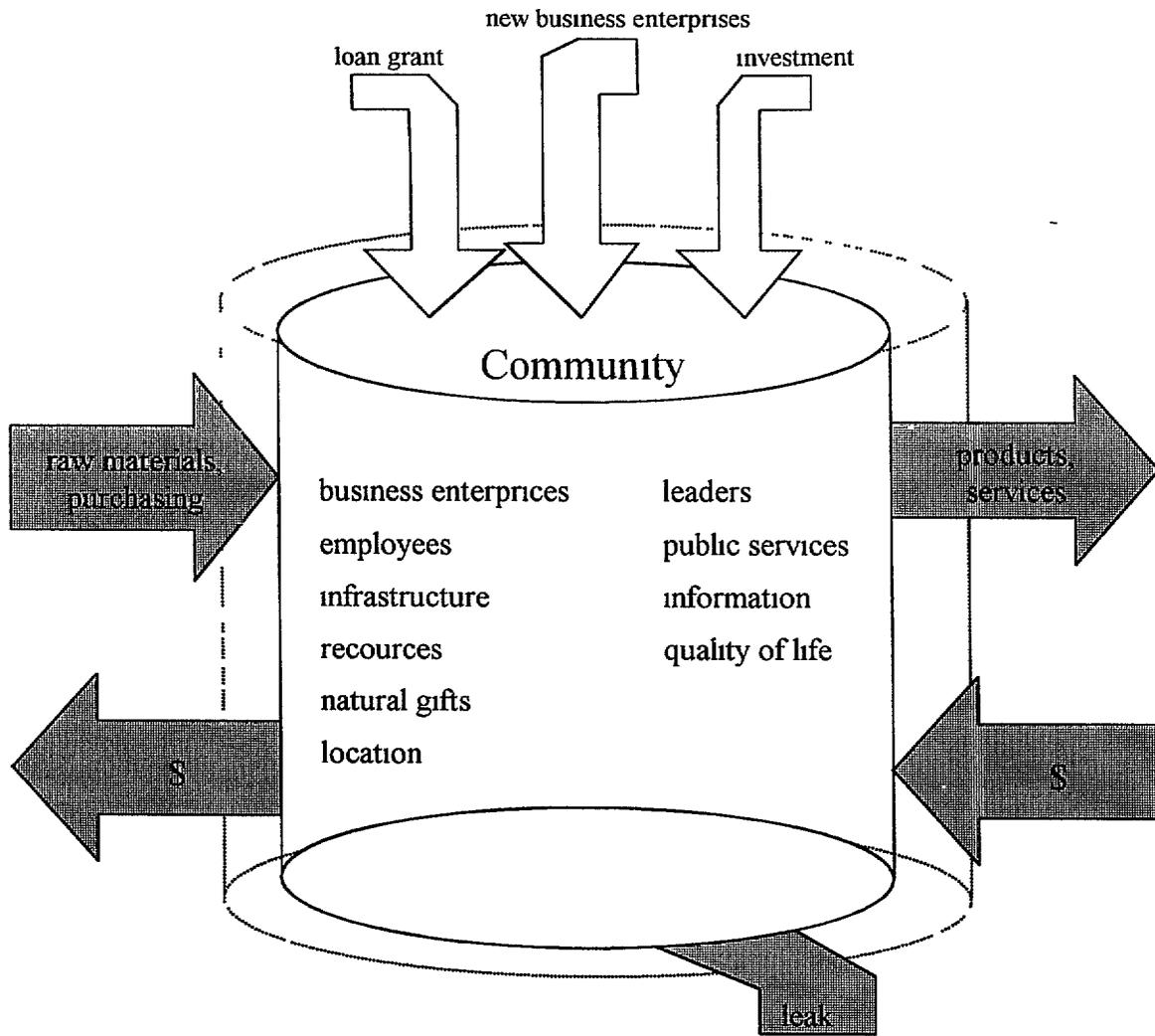
The trainer summarizes the results shown on the B 1 Worksheets on the B 3 Worksheet, then communicates the latter to every participant prior to Exercise 3

Worksheets, Figures, Supplements

302

The Barrel Principle

Table 2



Background Material to the Application of the Barrel Principle

110

2 Seminar on Economic Development The Four Basic Enterprise Principles

Acknowledgement of the support of the county labor center and the local government representatives

Is there anyone who was not present at the previous seminar?

I want to summarize in a few words for the new participants the nature of the supplementary material we will work with

In fact, the curriculum consists of three volumes, of which Volume I deals mainly with the process itself The present Exercise is outlined in Chapter 3 As a matter of fact, Volume III recapitulates the Hungarian and, in some cases, foreign economic development experience gained so far, and as such it deserves some attention

Let us take a sub-region and as an independent local economy To better see the factors studied in Exercise 1 and today's material, and the ED basic principles, let us imagine that we have somehow put sub-region and municipality in a barrel (Draw the outlines of the barrel)

During Exercise 1, we analyzed different projections of the local economy What were these factors? The conditions of access to capital, human resources, infrastructure, the business environment and the quality of life Roughly speaking, we painted a picture showing how our sub-region looks like from the enterprise point of view All these studied factors are now in the barrel, and their totality comprises (assumes) an environment in which business enterprises operate We have just heard the summary of Exercise 1 Certain issues might have raised in connection with which additional information is required

Our task now is to understand how the local economy operates In addition to the analyzed factors, what other aspects characterize our economy? The barrel is leaking (Draw the tap and the waterdrops)

What is it that seeps out? MONEY How does this happen? There are a number of cracks where money can seep out

What are these? E.g

- What happens when we pay taxes? Yes, money flows out
- What happens when we import raw materials? Yes, money flows out again
- What happens when the inhabitants of the sub-region invest in other parts of the country or abroad? Dollars spill out of the barrel
- If employment is incomplete, we also speak about leakage
- Any inefficient operation is a leakage in reality Unsuccessful enterprises always mean leakage in the end

With this in mind, what choices do we have?

We can enlarge the barrel (Draw the outlines of a bigger barrel with a broken line along the circumference of the previous one) Or without making our barrel any bigger, we can try to raise the level of water contained in the barrel, that is, we enhance the corresponding business activity or increase its profitability

- We produce products and provide services that build on local raw materials and conditions. There are certainly services and products which are consumed within the barrel. If we go to have a haircut at the local hairdresser's, then the \$ charged will continue to circulate within the local economy. However, if we go to have the same haircut, or to do shopping for that matter, to the capital of the county or to Budapest, then the money seeps out of the sub-region. If, on the other hand, the products and services are accessible locally, then why should we travel to get them?
- In the case where we export goods or services outside the barrel (Draw the corresponding arrows next to the barrel), income will flow in the barrel. This makes it possible to raise the water level in the barrel.

What else can get into the barrel? (Draw arrows above the barrel pointing down.)

- We can attract new enterprises into the sub-region
- We can attract foreign investments into the sub-region
- We may receive grants and loans, and central support on different levels

All these help to enlarge the barrel.

During Exercise 1, we analyzed the economic conditions currently in the barrel.

Now as part of Exercise 2, we will try to find those basic principles and strategies that promote the expansion of the barrel.

The First Basic Principle: Stop Leaking

Eliminating the leakage is one of the basic elements of economic renewal. As soon as we fill in the cracks, the water level in the barrel will go up. Very often people forget to plug in the hole and prefer some much more spectacular action, like winning the trust of a major investor. But filling in the cracks can really improve the health of sub-regional economies by making them more attractive.

First we have to discover whether or not there are holes in the barrel. If any, the next task is to find out: what problems may result from them? How much does it cost to 'import' raw materials and other products? Do we really know how much money flows out of the sub-region?

Here you find some tools which can be used to repair the holes.

- To ensure qualified workforce - and this goes beyond the scope of training. Do local people have jobs that suit their qualifications? In other words: Are they able to put their skills to good advantage in their jobs? Are there many possibilities to find a job? Does the job offer suit the given workforce qualifications?
- To join the 'Visit to Companies' program - within the framework of this initiative, local leaders (EDF, chambers, bank experts, university lecturers, etc.) go and visit local business enterprises to obtain up-to-date - and occasionally confidential - information on the needs of local businesses and the challenges they face. These data can then be used to work out a strategy that will contribute to the prosperity of local enterprises, giving them a competitive edge.

- To establish contacts between local firms and suppliers. The 'Buy Local Products' campaign provides an example of how local enterprises can be joined to local suppliers. This herds money that would otherwise direct the local economy to new channels. Possible elements of programs of this type comprise issuing the directory of local business enterprises, publicities, use of a sub-regional label (made in sub-region/municipality X, etc.)
- To cut back on infrastructural expenses. Local governments may also try to fill in the cracks. If they manage to reduce the costs associated with the offered services and operated institutions, then this translates into saving the taxpayers' money, which in turn means that more money will circulate in the local economy. If by chance external assistance is needed, is the local government in a position to employ a local consultant? May it be reasonable to reconstruct the old school building rather than letting it fall into further decay? Are there leaking pipelines - literally or otherwise - that need repair?

The Second Basic Principle Supporting Existing Businesses

This enterprise-oriented model starts at the bottom and builds upwards. We have to thoroughly know our enterprise base, and the ways to preserve and improve what we already have. There are financial and non-financial forms of support. What examples can we find for strategies promoting existing enterprises - perhaps there are some that sub-region already uses in practice.

- MVA
- tax allowances
- business clubs
- To re-vitalize city districts on the brink of turning into slums, by encouraging local entrepreneurs to found local business clubs which can undertake to co-ordinate seasonal and other discounts as well as special events aiming to attract new customers. These can join hands to advertise sales (thereby competing together with the ever-growing number of malls and shopping centers that are constructed around Budapest and other major cities. In addition to this, local governments may also lobby so that when decisions concerning enterprises are made then the local interests of the businesses of the given district/region are taken into account.

Another possible approach is the use of export grants. It is also possible to encourage new enterprise (and within them property) forms, e.g. shared employee ownership or franchise. 50% of individual enterprises go bankrupt in the first year of operation. The same figure for franchises is only 5%. Another possible solution is that several small companies join to form a network and tender together for a supplier status at a large firm or try to get some state commission.

What is the current enterprise and development culture of the municipality? What is the attitude of the population and the main actors towards these and how could we improve this?

There are places where they elect the Entrepreneur of the Month, or an Entrepreneur of the Year title is awarded. Others may receive a Quality Award. These initiatives help the good examples to be better highlighted.

The Third Basic Principle Encouraging New Businesses

How many new enterprises were founded during last year? How many of them have succeeded and how many others have failed?

What do you think the bankruptcy rate of new enterprises in the U S A is? Out of a hundred, more than fifty fail in the first year This tells us that launching a new enterprise means uncertainty even under the best circumstances Of course we wish to improve the odds - within the barrel -, and want to avoid situations where the chances go slim We therefore have to pay attention to new business enterprises, and help them test their business strategy on the market

A few examples

Programs exploiting the natural resources and already existing infrastructure of the municipality in a new and creative way

- To increase the level of procession of local products (encouraging new ideas),
- To establish incubator houses for the enterprise offering business and financial consulting, micro-loans, centralized services and other advantages,
- To convert old buildings to fit new purposes (it is known that certain municipalities want to convert unused facilities to create industrial parks)

Programs aiming to support and improve the human resources of a given municipality, and the abilities they represent

- To teach enterprise theory-practice and skills,
- To establish programs improving intra-municipality relationships These mean i a the attitude of the population to business enterprises, the traditional problem solving approaches used in the municipality in general, the image of the local leadership, the relation between those actors who can seriously influence local business activities Those municipalities which can offer true help that can eliminate the obstacles towering before starting businesses, cooperating in the spirit of 'We will somehow find a way', may succeed in creating a healthy environment (for example during one of the workshops, it was proposed to create a one stop shop enterprise information office where all information concerning e g the County Labor center programs, local government enterprise authorization, local plants and unused facilities, MVA services, chambers and other organizations may be obtained by one visit or a single telephone call
- One should not forget the programs destined for the younger generation In the United States, in certain high schools there are clubs trying to teach the students how to start up a new business enterprise The trainees are often allowed to test their skills in practice, because the easiest way to learn something is actually doing it

For instance in a secondary school in the countryside in Central Utah State (not far from the place where professor Gary Hansen lives) the students decided to start a water bottling company They designed their own product logo and signed a contract with a bottling plant to do the actual bottling job Each week they left on board of the school bus to get the

water, and did a round trip of around a 100 miles. The students took care of marketing themselves, selling their bottled mineral water to local stores and the nearby national park. The company proved to be so successful that later they were actually able to sell it.

The Fourth Basic Principle Attracting in Compatible Enterprises Easily Adaptable to the Existing Economic Structure

Why compatible? Because we do not want to attract companies into the region that could potentially destroy things in the barrel that are valuable to us, or could damage the resources. Therefore it is crucial that the attraction strategy be compatible with the characteristics of the municipality, so that this strategy matches the strengths and weaknesses of both the local and regional economies.

Among the four basic principles, the outcome of business enterprise attraction is the least predictable. There is also a lot of competition here and a lot of costs, because in many cases the necessary personnel, the marketing efforts, economic research and incentives have to be financed in advance. The whole operation is similar to gambling with high stakes, and almost every major town of the country sits as a player at the table. However, small municipalities may still have a chance to win in this game, provided they put a lot more emphasis on the marketing of unique local resources, rather than trying to please new enterprises by offering financial advantages.

What will attract business enterprises into the sub-region? What we have in our barrel. What will determine the odds of success is how well we put together our resources including the five business factors discussed the first time.

Successfully recruiting enterprises means attracting businesses which

- use local resources,
- fit well into the existing structures,
- do not cost a lot of money,
- stand on relatively solid grounds.

In the United States, there are 30,000 community economic development organizations attempting to attract business enterprises to their own sub-region or municipality. It goes without saying that it does not pay back if all of them make financial sacrifices to get one of the 500 leading companies of the country. However, it may perhaps be profitable for them to try the same with small and medium-sized enterprises that would operate using local resources. What is there in our sub-region that the competition does not have, at least not to this degree? How can we present our offer to the future investor? Which are the prospering companies in the region? Maybe they would consider building a new plant or establishing a new site in our sub-region as well. If we spend a little time by analyzing these enterprises we also come up with an answer. What should our sub-region offer to similar enterprises and, most importantly, how?

Here is another example by Gary Hansen and Marion Bentley from the State of Utah

The town of Springville (population 16,000) was one of those municipalities which wanted to attract a food processing company expanding in the north of the U S A. The aim was to have a plant built there. The lucky winner municipality was finally chosen after several elimination rounds, and Springville qualified for the 'final' among the best three. All three municipalities offered essentially the same conditions in terms of costs, workforce, etc. When the decision-making committee performed its last site visit, they were greeted with large billboards saying "We Welcome Stouffer Food Processing Co in Springville". The committee members were first taken to the City Hall, then they mounted on a large fire brigade vehicle and made a tour of the city to visit local enterprises, to speak with local people, and to observe the surroundings in general. In other words, they could look into the barrel and see what was there. Then came an invitation for supper honored by the local dance group and children choir. Seeing this exceptional enthusiasm the committee canceled the other two site visits saying that Springville was indeed the proper location. What influenced their decision? The contents of the barrel. The feelings of the people and their attitude towards growth and development.

Today you will learn about these four basic principles. The next time we will make project idea statements based on the results of the first two exercises. Finally, in the fourth exercise we will evaluate these project ideas and select 3-4 projects that aim to satisfy local needs.

And now let us proceed to the set-up of the small groups.

The Four Basic Principles of Economic Renewal (ER)

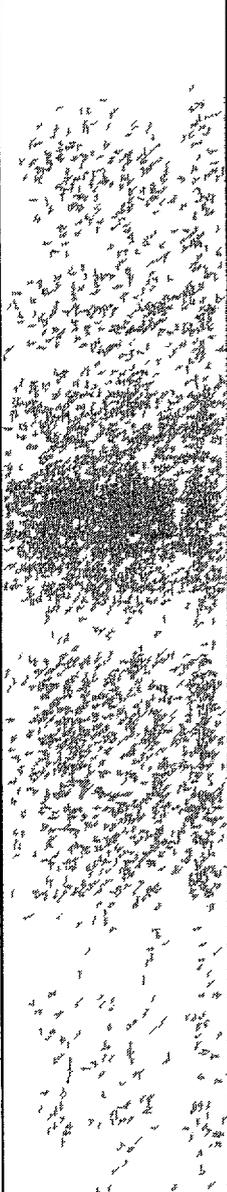
Table 3

<p>1st Principle: Prevent The Outflow Of Resources</p> <p><i>To slow down or, better still, stop the unnecessary outflow of money from the region</i></p>
<p>2nd Principle: Support Existing Business Activities</p> <p><i>The better part of growth is always assured by the already existing enterprises</i></p>
<p>3rd Principle: Encourage New Businesses In Our Area</p> <p><i>The majority of new job opportunities is provided by small size independent enterprises</i></p>
<p>4th Principle: Involve Business Activities From the Outside of Our Area</p> <p><i>Try to attract successful enterprises from other regions</i></p>

B 1 Worksheet Analysis of ER Principles

Principle

Region

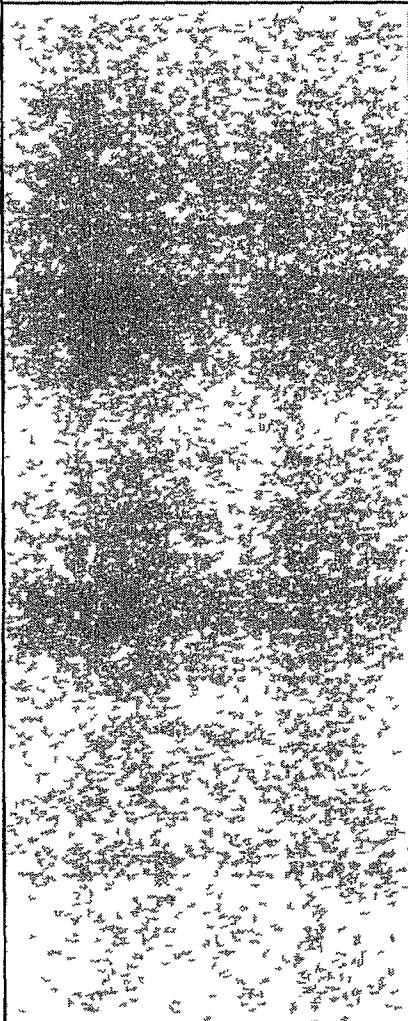
Principle	Problems	Needs	Conditions	Possibilities
				

B 2 Worksheet: Analysis of ER Principles

Principle

Region

Other necessary information

What Information Is Required	From Which Organization?	From Which Individual?
		

B.3. Worksheet Analysis of ER Principles - Summary

Region

Principles	Problems	Needs	Conditions	Possibilities	Other Information Required
Prevent The Outflow Of Resources					
Support Existing Business Activities					
Encourage New Businesses In Our Area					
Involve Business Activities From the Outside of Our Area					

Exercise 3

Shaping Project Ideas

Program

09.00-11 00	Introduction, reminder, information
11.00-14 00	Groups at work
14 00-15 00	Closing

Structure	Background Information - Instructions	Method - Tool - Time
1 Starting group work, program information	By the course of the introduction, it is important to mention the previous steps, the 2 sessions, and to summarize the field work done between two exercises Definition of the purpose of the day Feedback from the participants, going back to unclear factors if necessary Help to connect the contents of the two exercises	Training technique Task II /2 1 Task III /1 Task III /3 Ch V, proposed role plays III /7-8
Elected spokespersons present work done between two exercises, including the community resources found	Show the results achieved during field work based on available and obtained information and that of the analytical work	Training technique Task II /2 1 Task III /2 Total max 120 min
2 Groups at work	Work continues in the four groups formed for the 4 ER Principles during Exercise 2 First each group summarizes the previous two exercises, the leader clarifies the community goals and the shaped vision again Each group considers the potential projects based on the analyses of the previous two exercises No assessment! Participants should read the corresponding chapters of the Teach Yourself and Practical Examples manuals In the second step, the group selects the ideas deserving priority	Training technique Task I /4 Brainstorming Ch V, role play III /7-8 C1-C3 worksheets Visual chart, A4 sheets, felt tipped pen Training technique Task III /4-5

	Small groups may be formed within the groups and can begin to analyze and rank the collected potential project ideas	C4 worksheet
	In the third step, the group identifies the project ideas most important for the community	C5 worksheet
	Group activities are closed by collectively evaluating the work done	Visual chart, A4 sheets, felt tipped pen
	It should not be surprising that there will be ideas for which the working group does not have enough information, and as such further field research is required Try to motivate group members	
Group work continues	Prior to oral closing, let us display the written project idea worksheets (visual charts) of the groups	Training technique Task II /1
	Project owners should be given a chance to present certain particular ideas The trainer should briefly summarize the day's work based on the groups' summaries	Visual chart, paper, felt tipped pen Max 60 min

3 Closing the exercise

 **My tasks and remarks concerning Exercise 3**

Proposals for the training technical tasks of Group Exercise 3

Topic III Shaping Project Ideas

Task 1

Topic Summary of Exercises 1 and 2

Aim presenting a methodology clear for each group member

Target group cooperation of group members and experts

Method **comparative and pairwise analysis**

The point of the method

- at the start of the group exercise, the group leader makes a comparison within the framework of an analysis the contents and methodologies in relation to the first two exercises,
- during the analysis, purpose-orientation is preferred as application to determine community goals and then delegate them to small groups, so that project ideas adapted to sub-goals can be worked out by matching them to a particular factor and identifying the ER principle it realizes,
- when analyzing in pairs, during the summary phase at the end of the exercise one has to look whether project ideas can be attributed to every factor (or more of them), and whether to every ER principle there is a project idea already linked to a factor (or more),
- a table corresponding to the above has to be drawn, wherein the most important findings and the factors supporting or preventing practical implementation have to be written down in the remark column

Task 2

Topic Encouraging the organization of individual work

Aim to work as a leader in an unknown group

Target group those who will continue to work at home and form their own groups

Method

Element of motivation

- working groups have to be told that the day's work is the pinnacle of the four exercises
- the desired vision can be outlined by a common goal definition,
- it is preferable to make group work an experience by asking a round of questions
Everyone is asked to name the project he/she would manage, and what he/she would do as the first organizational step

Talking situation the participants should be introduced to the **feedback** tool kit Feedback is obtained at several levels feedback concerning one's own talking style, which is important to know how reliable and persuasive one can be in mobilizing partners Feedback is also important during exercises and in relation to work done between two exercises

Feedback is an indispensable methodological element of development work, as there are a lot of uncertainties in this type of process In order to maintain cooperation and the motivated state, good solutions require support

Task 3

Topic System-oriented regional development approach collecting project ideas

Aim to connect content elements in a way clear to everyone, meaning

- the goal - the diagnosis (analysis of business factors), and the
- solution (ER Principles)

This can be successful in the case where an example is used to demonstrate if the reinforcement of the new business culture appears as a goal, then one has to talk about capital availability (analysis of conditions), and about starting new business enterprises, shaping business profile, and business planning methodology (ER Principles) One way of doing this is to work out a project plan making the real and civil spheres and the administrative actors (authorities) equally interested in establishing business enterprises

Target group group members, with the leader in the lead role

- Method**
- the unity of talking skills, regional knowledge and project management experience can guarantee the success
 - such regional examples have to be collected for this occasion that can summarize the essential points in about half of a page to facilitate easy understanding,
 - the problematic parts of the discussions have to be talked over based on the examples,
 - introduction of the group discussion technique to be used as a fundamental method

Task 4

Topic Analysis of all project ideas

Aim to see which ER Principles are concerned with the project ideas, how do the ideas match the vision of the community, how they improve local business conditions, and what additional information is needed for their implementation

Task 5

Topic Selection of the high priority project ideas

Aim from among the potential project ideas one has to select those which are adapted to the goal, enjoy the greatest support, and are ranked in the first half of the 'Probability of Success' pyramid

Target group group members and a project expert invited from another group

Method

- elements of efficient planning
 - vision as point of reference,
 - comparison with goals,
 - formation of evaluation criteria,
 - time planning (schedule),
 - resource planning

- application of the "Rational Solution Problem" technique, with elements like
 - using the solution model,
 - cause-effect curve (Ishikawa diagram),
 - force field analysis,
 - brainstorming,

- Decision-making by consensus, with elements like
 - using everyone's standpoint and information,
 - group traditions,
 - learning guidelines, adjustment technique,
 - using bargaining position,
 - cooperation level - effect of group decisions,
 - using decision accelerating techniques

- Interpersonal abilities
 - to allow efficient group work, listening skills have to be improved,
 - conflict management within the group,
 - giving and receiving good feedback,
 - individual abilities - forms of group resistance

Task 6

Topic ranking high priority project ideas

Aim project ideas can indeed improve business conditions To this end, the pitfalls and advantages have to be seen clearly

Target group group members and those external invitees who may be involved in the implementation of the project

Method ranking technique

contents

- find which factor influencing business conditions requires the greatest support,
- identify the greatest community problem,
- find which tool is the most useful in problem solving,
- identify the best options

procedure

- a risk-profit analysis has to identify which community resources support the economic renewal strategy of the sub-region or municipality,
- the 3 most important projects have to be selected individually

Communication skills training

- formulation of the two-way communication network,
- proposals included in the priority project list should have adequate supporting arguments,
- every group spokesperson has to be given a chance to argue

Worksheets, Figures, Supplements

C 1 Worksheet Business conditions - Summary

Region

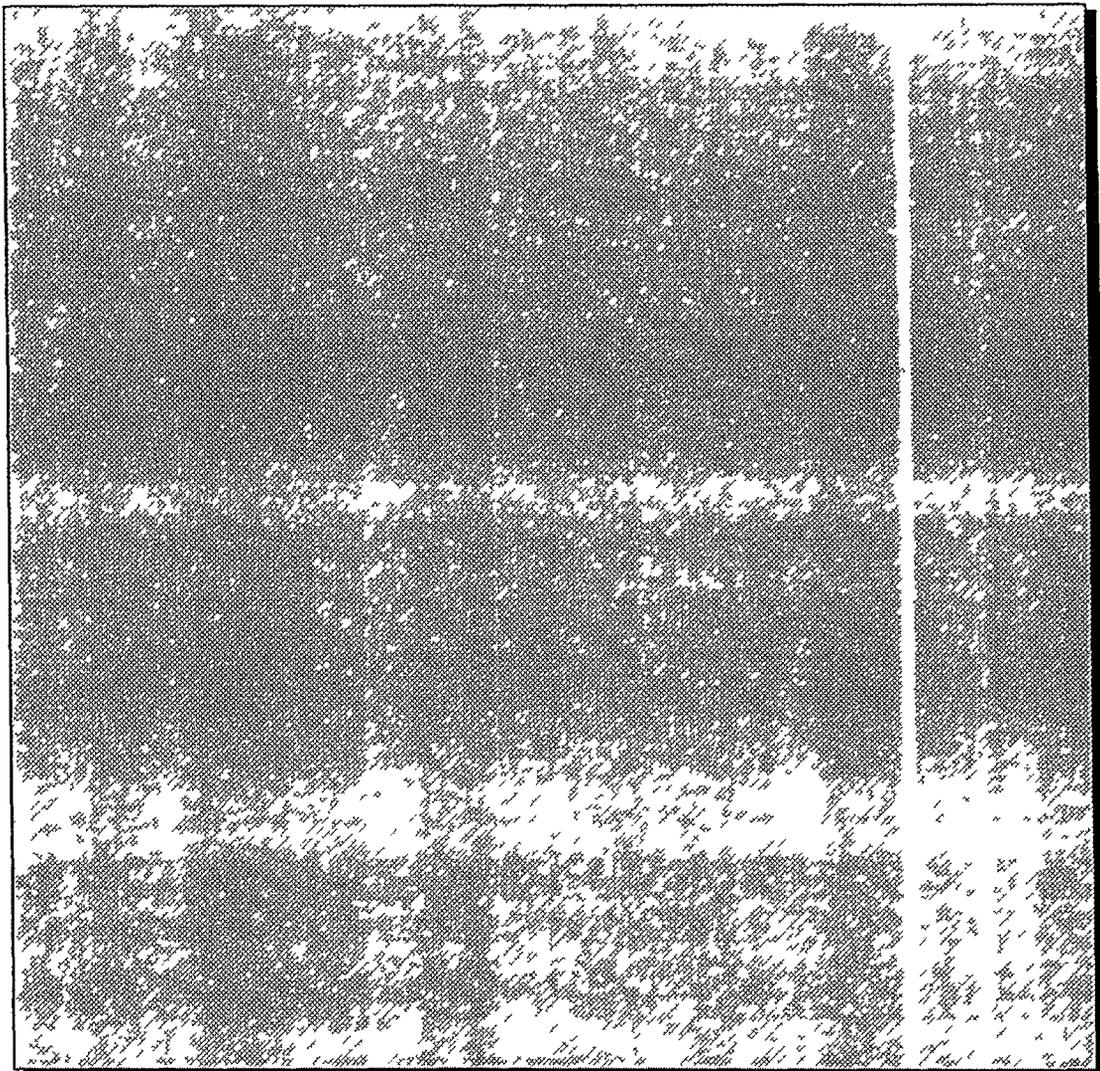
Principles	Most important factors influenced	Most important problems concerned	Most important conditions concerned	Best chances to be exploited
Prevent the outflow of resources				
Support existing business activities				
Encourage new businesses in our area				
Involve business activities from the outside of our area				

C 2 Worksheet Defining the community's vision

Region

This worksheet should be used to note in about 10 entries (or more) the most important goals of the community, and the concepts best outlining the vision

Vision of the community

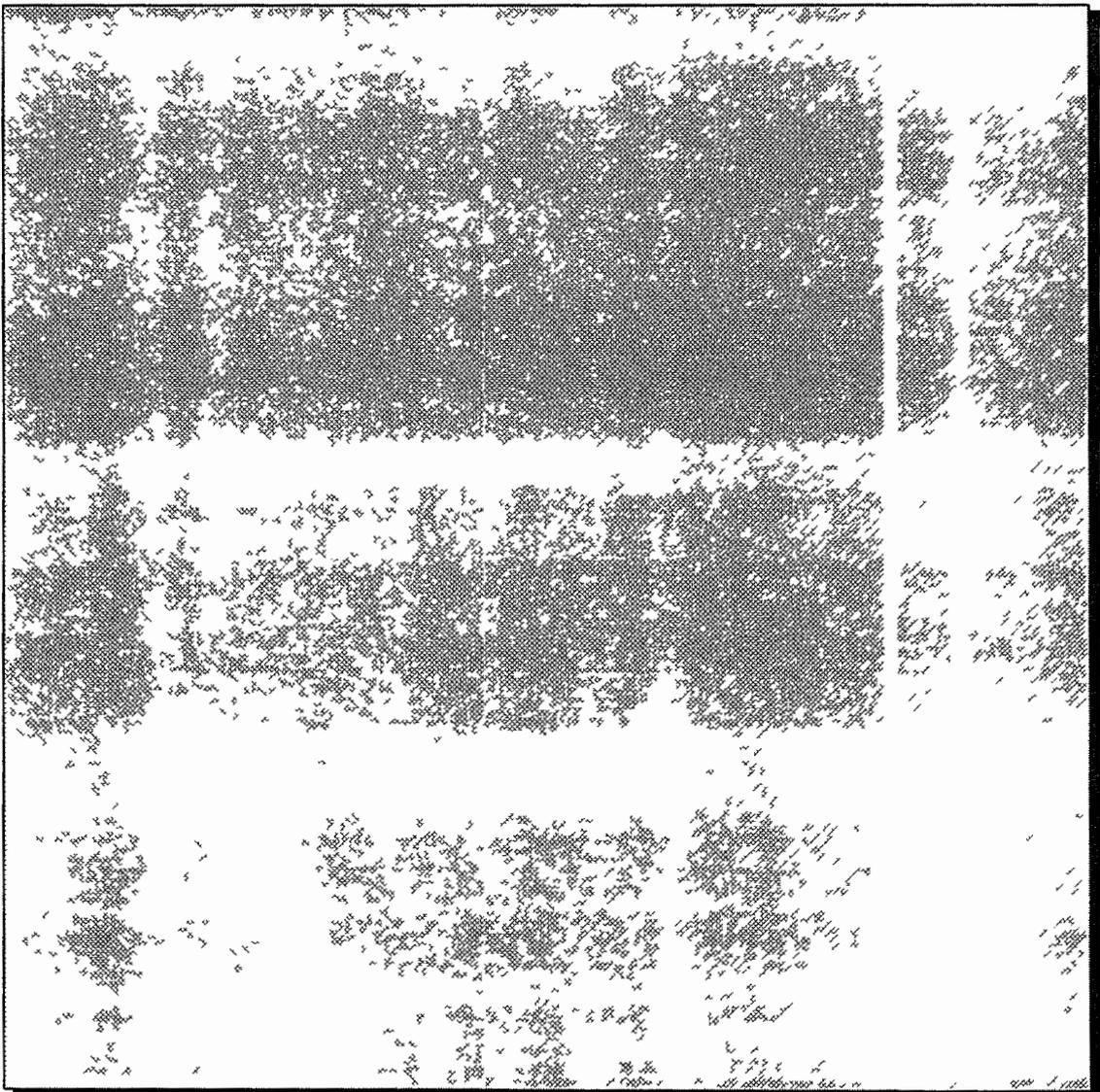


C 3 Worksheet Collecting project ideas

Name of working group (ER Principle)

Region

List of project ideas



C 4 Worksheet· Effect of project ideas on ER Principles

Name of working group (ER Principle)

Region

Underline

☞ which ER Principle relates to the project idea shown in the worksheet (if more than one then mark as such),

☞ state whether it suits the community's vision,

Write in the appropriate row/column

☞ how the project can improve local business conditions,

☞ what extra information is needed for the implementation of the project

Each project idea should be evaluated in a separate row on the worksheet. If there are more than one ideas, begin another page

Number and brief description of project idea	ER Principle concerned (mark one or more)	Does it suit the community vision?	How the project idea improves business conditions	What extra information is needed for the implementation of the project idea?
No 1	P1 Prevent the outflow of resources P2 Support existing business activities P3 Encourage new businesses in our area P4 Involve business activities from the outside of our area	YES NO		
No 2	P1 Prevent the outflow of resources P2 Support existing business activities P3 Encourage new businesses in our area P4 Involve business activities from the outside of our area	YES NO		
No 3	P1 Prevent the outflow of resources P2 Support existing business activities P3 Encourage new businesses in our area P4 Involve business activities from the outside of our area	YES NO		
No 4	P1 Prevent the outflow of resources P2 Support existing business activities P3 Encourage new businesses in our area P4 Involve business activities from the outside of our area	YES NO		

C 5 Worksheet Project idea ranking sheet

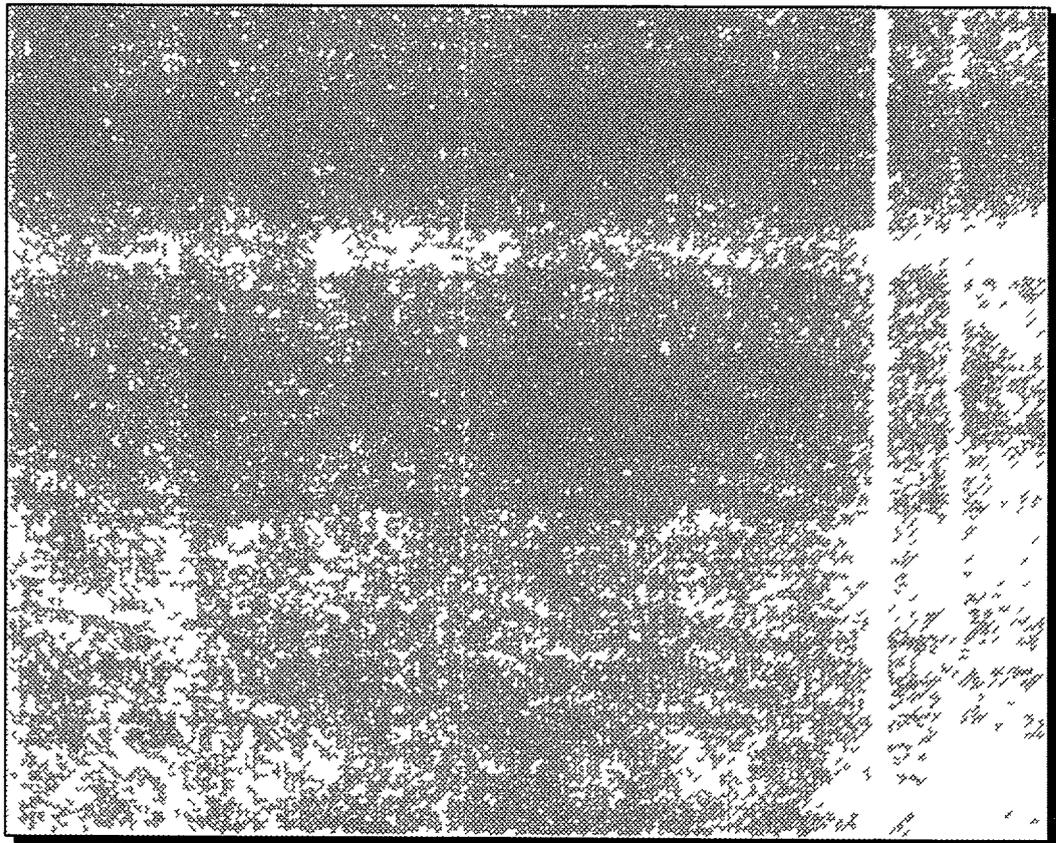
Name of working group (ER Principle)

Region

List below your three highest ranking project ideas in order of decreasing priority

- 1
- 2
- 3

Write below the results of the working group ranking exercise, and give a brief account of what justified the selection



Group Exercise 4

Evaluation of Project Ideas

Program

09 00 - 09 20	Introduction, reminder, presentation of goals
09 20 - 10 00	Setting up of project groups
10 00 - 13 00	Project group exercises
13 00 - 14 00	Closing the set of group exercises

Structure	Background Information - Instructions	Method - Tool - Time
<p>1 The trainer opens the session Brief reminder of Exercise 3 Presentation of the goals and importance of the closing exercise to provide a firm basis for group work</p>	<p>The trainer reviews those project ideas that match the targeted vision of the community (max 3 per group) The possible impact of the projects on business condition is mentioned</p>	<p>Training technique Task II /2 1 Visual chart, paper, felt tipped pen Max 20 min</p>
<p>2 Setting up of project groups, group work</p>	<p>Based on the propositions of the project owners, the trainer - dissolves the former working groups and - sets up the project groups The project groups elect a spokesperson Before the new groups start working, attention should be called to the guidelines and importance of the evaluation Each priority project idea should be processed separately on a worksheet</p> <p>Within the framework of six tasks, the project groups briefly recapitulate those community goals which match the given project ideas, and the effect of the project under analysis on the community goals themselves</p>	<p>Training technique Task I /3 Max 40 min Ch V, role plays IV /10 and 13 Training technique Task IV /1-3 Visual chart, paper, felt tipped pen, D 1 worksheet</p>

Project groups at work (contd)	Using the evaluation principles shown above (appearing in the Teach Yourself Manual), the groups evaluate each selected priority project on the previously mentioned worksheet having completed the six tasks , the project group summarizes the achieved results on a separate worksheet, and prepares the Impact and Effort report analyzing every priority project with the aid of a complex scheme	D 1 worksheet
	When the summary is done, the project groups turn to the seventh task , that is, the preparation of the Risk and Benefit analysis showing the deadlines and potential risks the priority projects can be implemented with	D 3 worksheet Max 120 min
3 Closing the exercise	Coming back to the exercise (plenary session), each project group presents the results of its priority groups analysis Under the direction of the trainer, the participants of the exercise collectively select the best three project ideas (by comparing the project ideas presented by the project groups) which are the most important for the community, and which they wish to implement first (Task 8 done by awarding points) The eight tasks to be completed are given in detail in the Teach Yourself Manual The trainer summarizes the results of the four exercises and evaluates the participants work He/she makes proposals for further tasks	Ch V, role plays IV /11, 12 and 13 III /9 Max 60 min

 **My further tasks, closing remarks**

Proposals for the training technical tasks of Group Exercise 4

Topic IV Evaluation of project ideas

Task 1

Topic training technique solutions linked to the evaluation of project ideas

Aim to select from the project ideas presented by the small groups which can be realistically implemented

Target group group

Method appropriate use of discussion technique skills

Course of discussion

- greeting enhancing a good atmosphere and positive attitude,
- opening scope of topic, purpose of discussion, summary of existing information, expectations, results, time management

- information phase
 - establishing a basis for arguments,
 - handing over important data,
 - all information should be revealed,
 - telling ZDF (facts – data - figures) technical facts

- argument intensive information exchange, based on facts, laying ground for results, persuasion instead of crushing the other

- summary of decision results
 - alternative ways,
 - about additional tasks and procedures,
 - decision-making,
 - recording the decisions,
 - deadlines, responsible

- closing
 - acknowledgement of cooperation,
 - time and place of next discussion,
 - friendly atmosphere

Task 2

Topic group dynamical situations possibly arising during project evaluation

Aim successful project evaluation

Target group project group members

Procedures

Critical situations during
the discussions

- *deviation from topic*

Suggestion interruption, back to topic

- *side discussions*

Suggestion eliminating the din by jokes spoken out loudly

Attention do not be hurt

- *personal attacks*

Suggestion suppress these briefly and definitely in a calm and friendly manner

- *lack of concentration*

Suggestion questions, frequent request for summary, recapitulation of what has been said, addressing people by name

- *aggressive group*

Suggestion do not become arbitrator, refuse to engage in quarrels calmly but firmly, ask people to concentrate on the topic, give out more tasks

- *loud interruptions*

Suggestion do not get upset, if repeated, refer to the commonly accepted rules of the game

House of Quality procedure reinforcement of the selected project element, its incorporation in the House of Quality, meaning the breaking down of regional necessities to group necessities, and individually formulating this

Task 3

- Topic community goals, priority analysis, argument techniques
- Aim to set up the hierarchy of targets for the given project
- Target group project group members
- Method linking the goal pyramid to the probability of success pyramid

Other tasks to be completed
in the exercise

- a / resource analysis
 - 3 analysis points interest groups,
existing resources,
missing resources
- b / traps - liabilities,
- c / time planning,
- d / articulation of interests,
- e / enforcing interests,
- f / the road to success

Training techniques applicable throughout the completion of the tasks

Starting point

Generally speaking, it is true that everywhere where people get in touch with each other, there is an interaction between their behaviors

The specific behavior of a given person represents a stimulus that provokes a reaction in another person, and as a consequence, another stimulus is generated that leads to yet another reaction, etc

- 1 motivation technique
- 2 argument technique
- 3 analytical - synthesizing technique
- 4 time wall planning technique
- 5 interest coordinating technique

Work is done at two levels

- 1 analytical level sensitivity plays a role here
- 2 reaction level managerial skills come into play

We want to influence thinking + feeling + will, that is, behavior

The above indicated techniques can be applied in also a combined way. What is important is that we should always use a technique which is well adapted to the situation and supports the final goal

Worksheets, Figures, Supplements

D 1 Worksheet Priority Project Evaluation Sheet

Name of working group (ER Principle)

Region

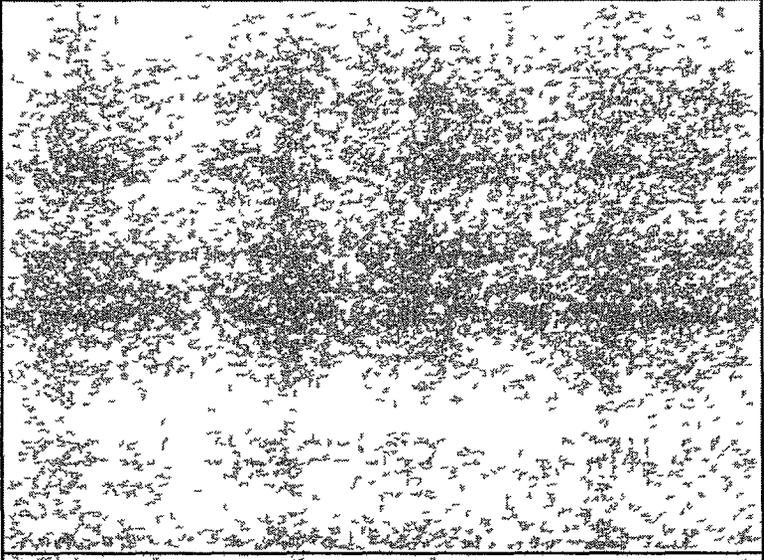
Short name of project idea

Priority ranking

Task 1 The Community's Vision

A priority project idea has the following effect on the community's vision

(List the 10 most important goals of the community You can give more goals if necessary)

The 10 most important goals determining the vision of the community	Effect of priority project idea No .. on the goal		
	(+)	(-)	(0)
			
Cumulative effect of project idea on vision (sum of +, - and 0):			

When doing the summary, the working group may outline in advance the expected effect of the project idea considered on the vision of the community

If one of the community goals has been marked with a (-) sign, explain why the corresponding project idea could have a negative effect

Facilitators's Guide

What changes should be done concerning the project idea in question in order to bring it in better harmony with the vision of the community?

In addition to its profits, the project idea will also cost money to the community
What (how? how much?) can this be?

Can you think of a way to reduce or eliminate these costs?

Task 2 Analysis of resources

a / In the group please analyze what resources are currently available which could help to implement the project idea?

List the individuals, organizations and interest groups

Give a list of the available financial resources cash, donations, support in kind, financing programs, real estates, etc

List the abilities and possibilities of the community

b / What additional resources are required to work out the details of the project idea and then to implement it?

List those individuals, organizations and interest groups whose participation is required to further work out and implement the project idea

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Facilitators's Guide

List other potential financial resources cash, donations, support in kind financing programs, real estates, etc

List the conditions and possibilities of the community

What has to be known about those resources which are required to work out the details of the project idea and to implement it?

Task 3 Traps and liabilities

List those potential traps which could hinder or even prevent the realization of the project idea

What are the project idea related risks and potential liabilities?

Will the implementation of the project later make the implementation of other more important project ideas more difficult?

Will the implementation of the project idea lead to conflicts between local actors?

If yes, what sort and why?

Can the project idea have a negative effect on other community efforts? (e.g. can it trouble the financial life of the surrounding area?) Suppose this project gets started. What other projects will have to be abandoned for lack of financing?

Will the project idea damage any of the community goals?

Other potential liabilities

Task 4 Timing

TIMING OF PROJECT IDEA IMPLEMENTATION

When should a project be started? (underline your choice)

At once

Within a short time (in the next few months)

Within the next period (next year)

In the long run (project will be due in 2-5 years)

IMPOSED TIME LIMITS

How much time will the community need to lay down the project plan, to make the decision, and to plan for the implementation? How long will this take? (underline your choice)

Short

Medium

Long

DURATION OF PROJECT IDEA IMPLEMENTATION

Please estimate how long it will take to realize the project from start to close (underline your choice)

less than 3 months

3-6 months

6-12 months

1-2 years

2-5 years

more than 5 years

CRITICAL PATH

Do you have to finish other projects before you can start working on this one? (encircle your choice)

yes

no

Suppose you start this project Does this permit you to start other potentially useful projects at a later time? (encircle your choice)

yes

no

IMPACTS OF THE PROJECTS TO BE IMPLEMENTED

When will the community feel the impact of the project? (*underline your choice*)

at once

next year

later than the following year

within 2-5 years

in the long run (five or so years)

Task 5 Involving the right individuals

Who will manage the implementation of the project idea?

List the suitable organizations and, if possible, the appropriate personnel working therein

--

Who will have to be involved?

(Up to a certain point, it is good to involve as many people as possible. However, the more and more people join in with different ideas and interests, the complexity of the project increases. At the same time, the degree of control and the responsibility of those who started the project idea go down.)

List those people who will have to be involved into the implementation of the project on local, district, sub-regional or regional levels

--

Who and which organizations can be expected to support the project?

Indicate the name of those individuals who are willing to provide resources (e.g. time, money, tools, etc.)

Experiments prove that a project is most likely to be successful if at least two or three sectors are involved in it

Which sectors can be involved in the implementation of the project idea? (Encircle the appropriate choice) Name other possible sectors

Local government

Private

Education

Non-profit

Task 6 Who will benefit?

Every community consists of different types of interest groups. Among these, there are some which were established officially, while others merely represent similar interests and attitudes. If an interest group is left out from the economic development strategy, then the strategy is unfair. In addition to this, this group can block the progress of the whole project. Therefore it is a more fair and efficient strategy to ensure that all interest groups benefit one way or the other.

In order to ensure this, try to determine carefully who will gain from individual projects. Even though the project idea you are trying to evaluate may bring important advantages, it is still vital to correctly examine who will profit from it and who will not.

List the interest groups within the community for which the project is expected to result in benefit

List the interest groups within the community for which the project is not likely to result in benefit

List the interest groups within the community for which the project is expected to mean harm This may include

- preventing the implementation of another project,
- expenses of the interest group has to be covered while getting nothing in return,
- damaging certain business activities by project related activities (e g construction)

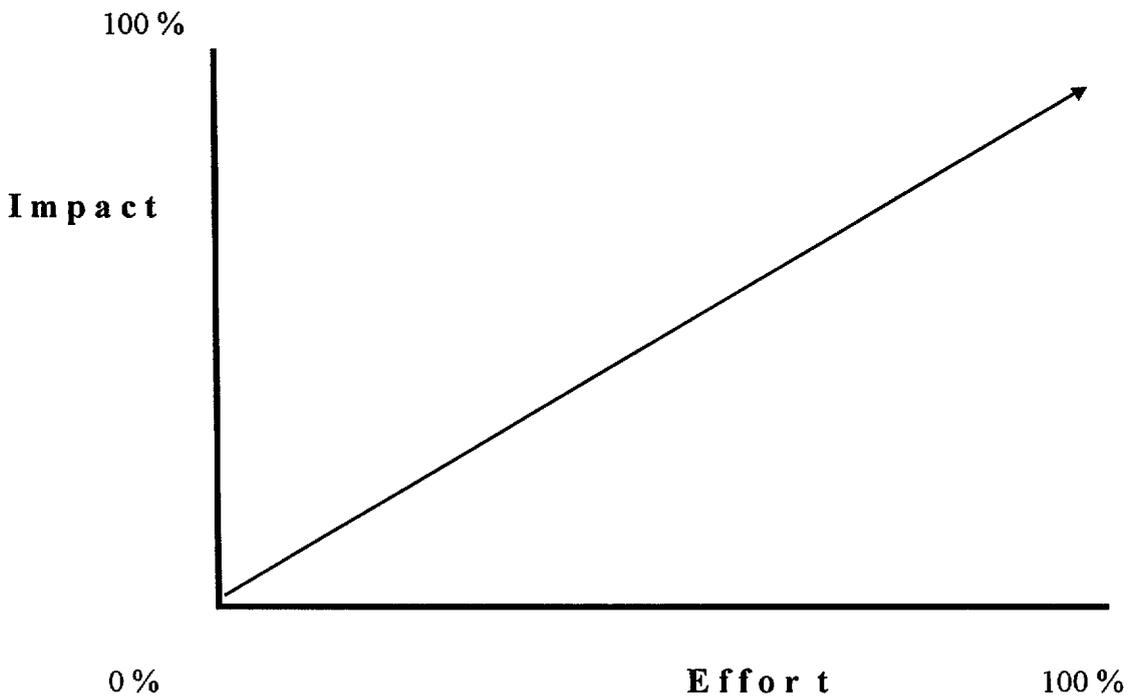
D 2 Worksheet Impact and Effort Analysis

Name of working group (ER Principle)

Region

Name and ranking of priority projects (e.g. 1-4)

For each circle, please mark the project ideas in the coordinate system, depending on the implementation of the corresponding projects. What percent of effort is required for a given percent of impact in achieving the goals of the community?



Evaluate the position of the project ideas in the coordinate system (upper or lower part). This can represent the calculated effort necessary to implement the projects and the associated expected impacts.

D 3 Worksheet Project idea schedule sheet

Name of working group (ER principle)

Region

(A project idea may appear in one square only)

Project schedule	Now	Short term	Near future	Long term
green				
yellow				
yellow				
red				

V. Proposed Role Plays

Introductory Remarks

When collecting the role plays, our principal aim was that they should **facilitate** the easy understanding and practical demonstration of the theoretical knowledge included in the Teach Yourself Manual. Each play is therefore of the so-called get-in-the-mood type. In all cases, it depends on the particular situation whether we should apply them. In other words, the use of the following role plays are recommended but by no means mandatory.

The sequence of the role plays follows that of the four group exercises. This serves to link the acquired knowledge with the skills still to be developed via references made during the exercises, and incorporates the possibility of complementing the material with sub-region specifics based on individual ideas raised over group work.

Management of the role plays requires some basic training technique skills and the knowledge of its sort. The trainer will need a great number of practical examples to interpret the moral drawn from a particular role play.

We propose not to change the sequence of the role plays. If, however, more efficient group work justifies a change of order, especially if this is underlined by feedbacks or shown by the group composition, then a change is of course permitted.

Role Plays Proposed for Group Exercise 1

Topic I Analysis of factors

Role play 1

Title	Advertisement
Type	interactive exercise
Purpose	to deepen relationships within the group, to strengthen group roles in unknown groups, to launch cooperation
Conditions	groups of 20 or less, usual group situation/formal leader, sufficient room (space) for execution
Tools	- (visual) table to stick the advertisements on, - thumb nails or adhesive tape, - A/6 sheets and pens,

Execution

Each group member is asked to prepare an advertisement with a code name titled "looking for groupmate" and another titled "volunteering for groupmate" The length of the advertisements may not exceed 20 words each plus the code

Once the advertisements are ready, we stick them on the table separating the two topics The group members then study each other's advertisements

The received replies are collected by the group leader and ordered according to their codes The group leader then reads out loud the original advertisement and the received answers The invitor and the respondents clarify their intentions, and spell out their feelings This goes on until all advertisements are dealt with

The group leader may bring together the inviters and the respondents in pairs within the framework of short role plays

During the discussions, it is preferable to clarify hidden messages, because it then becomes clear who wants to work and do their planning together

Role play 2

Name	Group bank
Type	- warm-up exercise
Purpose	- to facilitate it for group members to get acquainted, - to drill in the development aims of self-assessment
Conditions	- formation of triads (groups of 3), (any number), sufficient room so that triads can work together
Tools	- every participant gets a copy of the Regulations, the group leaders ask the group members to proceed according to the Regulations - when everyone is done with the bank operations thought to be necessary, the task is to work in a sort of rotary system and tell the other two members of the triad his/her own deposits, loans and other benefits marked on the paper in his/her envelope - the triads work together during 10 minutes, then new triads are formed with different compositions After another 10 minutes, a third set of triads is formed to work together for 10 minutes again - the entire group sits together, and the participants give accounts of their feelings, of the execution of bank operations, and the multiple presentations of these from several angles

REGULATIONS

The table situated in the middle of the room represents the Group Bank The box on the top of the table is the safe of the bank The pens, envelopes and paper sheets are the tools of the bank

Write your name on one of the envelopes, this will be taken as one of the drawers of the safe

Think about the features and characteristic behavior that are typical about you If you find one you could often do without, then write them on a piece of paper and put them in the envelope (one of them apiece) Use as many pieces of paper as you need

In addition to this, the bank also offers personal characteristics and typical behavior that you would perhaps like to have but do not possess as yet This can take two forms short term loan or non-reimbursable grant Use this service as follows write down the requested features and behavior on a piece of paper indicating whether you want a loan or a grant have these sheets on you Again use as many pieces of paper as you need

When you are done, the group leader will tell you what to do next

Role play 3

Name **Uneven resources**

Type - problem solving in groups

Purpose - to improve co-operation between groups,
 - to study the conditions for successful discussion between groups

Conditions - four groups of 3 - 5 members each with observers,
 - sufficient room for the groups to work in the proximity of each other and yet separated

Tools - instructions for every group,
 - a large envelope for each group containing the following

Group I **Yellow sheet to collect the problems of capital availability**

Group II **Red sheet to collect the problems of the business environment**

Group III **Green sheet to collect infrastructural problems**

Group IV **Blue sheet to collect human resources problems**

Group V **Black sheet to collect the problems of the quality of life**

The group leaders announce that the winner of the exercise will be the group that first completes all the tasks given in the Instructions. The groups then start working.

When all the groups are done, the groups' spokespersons relate their stories about the groups' opinion, and the observers share their observations with the others. The discussion should include the availability or lack of resources, and the communication, discussion and cooperation related issues of the competition between groups.

INSTRUCTIONS

Each group has to perform the following tasks

- 1 Prepare a problem collection sheet,
- 2 List the points for problem ranking,
- 3 Draw up a partner list of those who you want to count on during analyzing problem sources,
- 4 The supporters can be members of other groups too

The groups can discuss with each other on the basis of any mutual agreement on the use of information in order to do the tasks solving the problems

Role Plays Proposed for Exercise 2

Topic II Analysis of ER Principles

Role play 4

Name **Accept - Refuse**

Type - interactive exercise

Purpose - to experience acceptance and refusal in interpersonal relations in a zero risk situation

Conditions - groups of 12 or more,
 - a room large enough for invitations, and to allow undisturbed pair discussion

Execution of individual exercises

- the sequence of the three exercises is bound however, exercise 1 may also be used separately

Acceptance

The group members come together and walk around in a circle in the middle of the room There is only one rule **EACH INVITATION SHALL BE ACCEPTED, NOBODY MAY BE REFUSED**

The participants can invite each other with non-verbal tools (winks, gestures) The invitor and the invitee take each other's hands and exit the circle, to stand next to the wall of the room There the invitor reflects in detail, the other party only thanks for the invitation

Then they return to the circle and repeat the same action with others The group leader stops them when the majority of the possible combinations has already been tried out

Refusal

The execution is roughly similar to that of the acceptance play, but here the rule is the following Everyone invites all the others continuously, but all invitations shall be refused noone may leave the circle

The exercise is closed when everyone has already been refuser and refused as well

First aid to the refused

The participants sit down and close their eyes. The group leader asks them to imagine the following

“Imagine you are standing in the middle of the room. You are trying to approach the group member you have selected. You proffer your hand, but he/she shows faces, turns his/her back on you and walks away. You are shocked and you feel down. You swallow hard, go back to the center of the room and select someone again who you like and who you think also likes you. But when you hold out your hand, he/she does not take it, and the refusal goes on and on repeatedly.

You feel you cannot take it anymore, so you rush out of the room, down the stairs and out in the street with a deaf ear to anything around you. Then suddenly there is a phone booth right in front of you, you enter and call your best friend”

The group leader now asks the participants to open their eyes and form random pairs. One person in the pair plays the role of the refused one, the other that of the best friend. The call lasts for 5 minutes, then the group leaders collect the good advice, and collectively work out variations of constructive solutions to handle the refusal.

The group considers the moral of the exercise and finally a Solution Sheet containing the friendly advice is edited to guide us in those cases where we meet refusals when trying to use the regional development initiative methods in practice.

Role play 5

Name **Men and women**

Type - task solution exercise in groups,

Purpose - to encourage discussions between group members of different sex

Conditions - group of any number of people with more or less equal numbers of men and women,
 - two rooms

Tools - table or visual chart paper at both locations, pens

Execution

Male and female group members gather in different premises. The task is the same for both groups to express what the other sex may hate about them - according to their own feelings. That is, men collect all the dislikes they assume women think, believe or do about them.

The women do the same thing but from the male point of view. It is a good point to collect some dislikes and negative attitudes that block the dialogue between the two sexes.

When the lists are ready, the two groups change rooms and read the list written by the other company, and examine it thoroughly.

Finally, the whole group meets to discuss the generally acceptable conclusions of the exercise.

Role play 6

Name **Inversion of power**

Type - combined problem solving

Purpose - to eliminate strong opposition between confronted groups,
- to experience personal power,
- to experience sudden changes of power individually and at a group level

Conditions - groups of 20 or less,
- accepted group situation

Execution

The group leader asks the group members to assess their situation within the group. Using the 'here and now' principle, the members are requested to evaluate the degree up to which they can influence the others, and what channels and tools of power they possess in relation to their groupmates.

Having briefly clarified the task - and after a short meditation - the group leader asks the participants to take seats in order of their abilities to influence commonly accepted by the group. The person having the biggest influence should take the first seat, the second in line according to the same criterion the next one, and so on until they arrive at the person with the least influence. (It is up to the group to decide what method they wish to use to set up the ranking.)

Once the power ranking is established, the group leader asks the participants to write down the serial number of their own place. (Thus in a group of 15, the first member writes 1 and the last 15.)

Then the group is told that the program of the day will be proposed by the group with the leader having no interference. Some program proposals may include

- * setting up and convincing a decision-making group,
- * preparing a regional development plan for local acceptance,
- * organizing a local supporters club

The group leader should leave sufficient time to discuss the exercise. During this time, the feelings of the members towards the establishment of the power ranking and the reversal thereof should be discussed. Particular attention should be paid to the working method, the structuring and the dynamics of the group in selecting and implementing the free program.

Role Plays Proposed for Exercise 3

Topic III Formation of project ideas

Role play 7

Name.	House, tree, dog
Type	- interactive exercise
Purpose	- to practice non-verbal communication, - to observe and identify common fantasies, - to learn empathy, - to experience personal influencing
Conditions	- any number of pairs, - accepted group situation, - sufficient room for the pairs to work
Tools	- A/4 sheets for each pair, - writing pad, - pens, preferably colour, - tape recorder, instrumental music on tape
Execution	- group members form pairs, - the people in each pair sit down on two chairs facing each other, their knees touching with the writing pad and the paper on them Both of them grab the felt tipped pen, - the group leaders ask the participants to imagine, while the music plays, any sort of landscape with a house, a tree nearby and a dog next to it Their minds should wander freely - After approx 2 - 3 minutes the music stops, and the group leader asks the pairs to go on drawing without words in absolute silence - both holding the pen - a picture with a house, a tree and a dog in it When the picture is ready, they sign it with a common author's pseudonym, and they agree in giving a mark for it like at school - When the pair is finished with the entire task, the pictures are hung on the wall The pairs tell about their feelings, analyze the end product and exchange the experience they had in relation to non-verbal communication, empathy and influencing others

Role play 8

Name **Building a bridge**

Type - exercise strengthening group cohesion

Purpose - cooperation within one group and between groups,
- demonstration of group structure and role sharing

Conditions - groups with 4 - 6 members, with one observer each,
- a separate room for every group for work not far from each other

Tools - 2 pcs of A/0 size cardboard per group,
- 1 pair of scissors/group, a 30 - 40 cm ruler, glue,
- observation points

Execution

Sub-groups are formed according to the criteria given above, the tools are handed out. The group leader chooses the group pairs to co-operate with each other. The task is the following: using the tools at their disposal, they should build a bridge out of cardboard, by each of the two groups building one half of the bridge, and joining the two halves when the work is finished.

The groups and the observers take their positions in different premises. The cooperating groups have the possibility to communicate with each other - outside their own premises - via a selected representative (messenger) three times for a duration of two minutes each. The whole work lasts 40 minutes. When the time is over, the half-bridges are brought back to the room they left, and they are joined together. The jury consisting of the observers awards the bridges according to the following criteria:

- length,
- stability,
- originality and visual appearance (beauty)

The whole group discusses the conclusions, the feelings of the participants, the feedback of the observers and the general learning points.

2.2.2

POINTS OF OBSERVATION

- 1 How did the group start working? How did they organize themselves?
- 2 Was there eventually a group structure? What the roles were played by the individuals? How did the others react? Was (were) there a leader (leaders)?
- 3 How did they manage their time? How long did it take for them to prepare, plan and construct? How fast did they work? Was there a trouble with going into overtime?
- 4 - What was the atmosphere like? Did everyone participate in the work? Any signs of tension? How did they feel like?
- 5 How did they manage to communicate with the partner group? Who was the messenger, and did they find him/her satisfactory?
- 6 What was the motivation level of the group members, and did it change in the course of the work?
- 7 How did the group react to the decision of the jury?

Role play 9

Name **Bonus cheque**

Type - closing exercise

Purpose - to signal the efficiency of participation at the end of group works,
- - to compare each other's opinion concerning participation in group work

Conditions - groups with 8 - 20 members,
- group seated in a circle open on one side, empty chair on the open side as
a prolongation of the circle, at a distance somewhat greater than that
between the neighboring chairs ("hot chair")

Tools - hypothetical cheques, as many as the number of group members, plus an equal
number of empty envelopes

Execution

The group leader starts by saying that at the end of the exercises there will be an invitation for everyone to think it over to what degree the goals set out in the beginning were finally achieved. To this end, everyone is asked to fill out a hypothetical cheque for his- or herself to evaluate his/her contribution to the work of the group, also assessing how much was learned from the group process. The figure on the cheque can be anything between 0 and 50\$. If someone thinks to have given or received only very little, then he/she should write a correspondingly small number on the cheque. If, on the other hand, the contribution and the profit is large, a large number should appear on the cheque.

Leave a few minutes for everyone to decide what to write on the cheque? Then the cheques are put in the envelopes and everyone writes his/her name on them.

The group leader collects the envelopes, shuffles them and picks one at random. The person the envelope belongs to sits on the hot chair, opens the envelope and tells the group the sum on the cheque.

A discussion begins between the group and the person in the hot chair. The latter gives feedback to the group as to how he/she assessed the group process, while the group tells him/her whether or not they agree. It is worth asking the group if they think the figure on the cheque is a realistic one. If it is less than the maximum then why is this so, also it should be mentioned how a larger bonus amount could have been achieved.

Then those group members take the place of the person in the hot chair who volunteer.

Role Plays Proposed for Exercise 4

Topic IV Evaluation of project ideas

Role play 10

Name	Exclusion
Type	- problem solving in groups
Purpose	- to experience exclusion and the frustration that derives from it, - to make a group decision accompanied by inner conflict, and to examine the process and consequences of branding
Conditions	- groups of at least 7 - 10, - sufficient room for the groups to work without disturbing each other
Execution	- the groups are formed and take up positions separated from each other Be as informal as possible - the group leader announces that every group has two tasks a / to lay down the criteria and procedures to exclude someone from the group, b / to expulse one member from the group using these rules

The time given for performing these tasks is at most 30 minutes

Instructions by group leaders

The expelled group members should gather at a predefined point in the room. When all the groups are ready, the leader announces a break. The participants are asked not to communicate by any means during the break with those expelled.

After the break, the leader makes the expelled people sit on the chairs placed in the middle of the circle. The others take their places as usual. One of the expelled tells the group why and how he/she got expelled, and what his/her feelings are about the decision. A member of his/her group then reflects on the story through his/her own optic, and the other group members are also allowed to react. Then the next expelled person comes with his/her own group and so forth.

When all are done, the expelled people go back to their places in the circle. The entire group discusses the conclusions of the exercise.

Role play 12

Name Peter and Paul

Type interactive exercise

Purpose - to make individual and group dynamical tensions emerge,
- to directly give and receive feedback

Conditions - group of at most 20 with an even number of members,
- half that number of chairs arranged in a circle

Execution

Half of the group members sit on the chairs. The rest of the group position themselves behind their backs taking places at will. The group leader asks everyone to be quiet for a couple of minutes and concentrate on 'here and now'

One of the standing participants puts his/her hands on the shoulders of the groupmate seated in front of him/her, and tries to express in words his/her current feelings, mood, desires and state of mind. The person standing should speak in first person, beginning the speech with the name of the sitting person "I am X Y "

After the first speaker finishes, the others follow him/her. The sitting participants are not allowed to react to the things said in their name.

When everyone has finished, the sitting group members trade places with the standing ones without breaking up the pairs. The person previously standing will listen to the person previously sitting, as given above.

When the exercise is finished, the group forms a full circle and the participants discuss the events.

The participants should be reminded to concentrate mainly on their feelings and not on whether or not the persons standing behind them exactly finds out what they are thinking. Ask them to reveal what was it like to talk and what was it like to listen. Finally the biblical parable saying that when Peter speaks about Paul he also speaks about Peter should be evoked.

Role play 13

Name **Nominal group method**

Type problem solving in groups

Purpose - to discover the problems of the (represented)organizational unit,
- to learn and practice the nominal group method (NGM)

Conditions - sub-group of at least 3 - 6,
- conventional group situation, with appropriate ways for the sub-groups to work without disturbing each other

Tools - visual chart paper,
- color felt tipped pen

Execution

The group leader asks the members to write down on a sheet of paper as many problems as possible occurring in the given organizational unit. The list of problems should address the following issue

“What problems make the implementation of the project more difficult?”

“What problems make the cooperation with other units more difficult?”

Attention

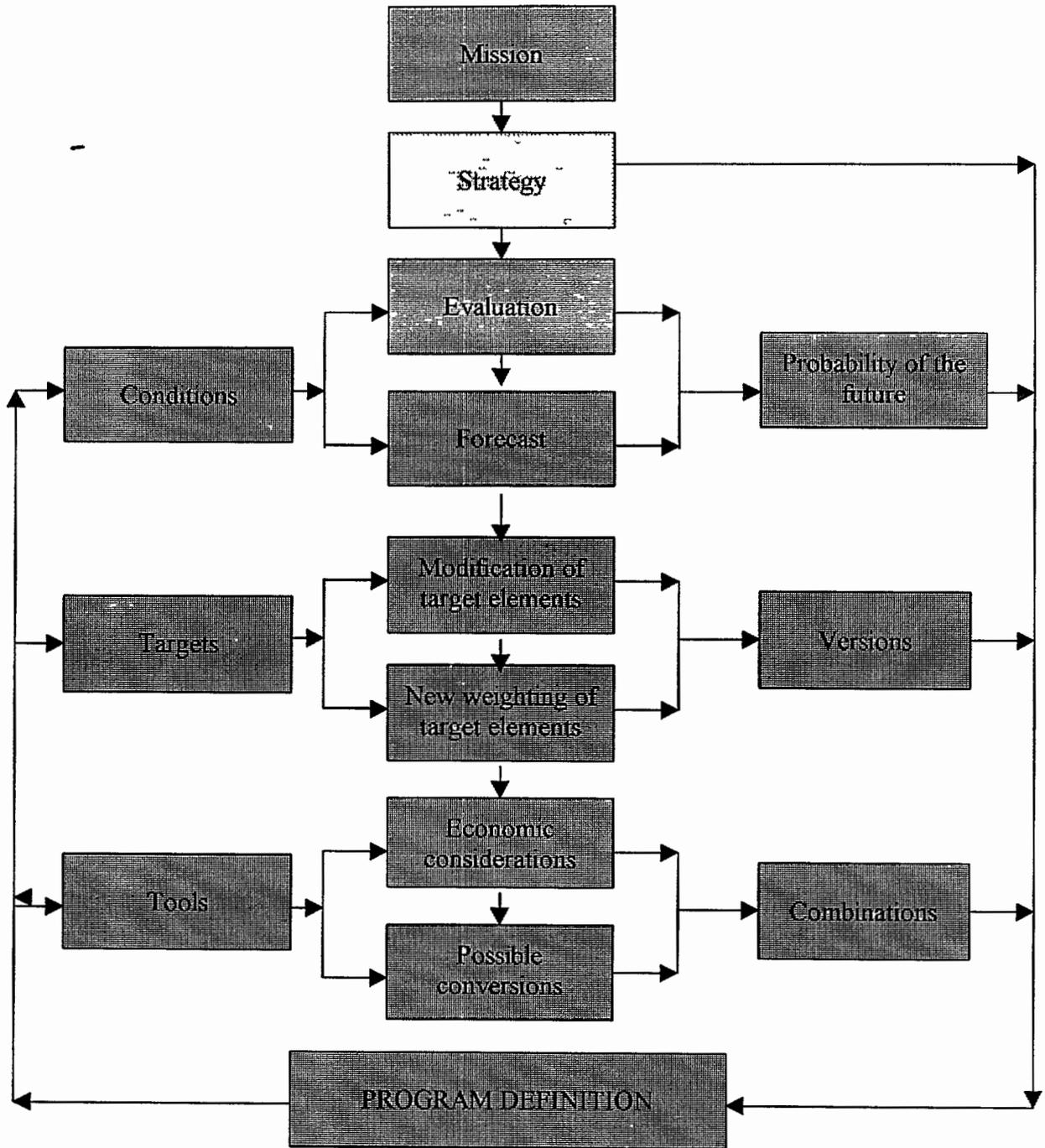
- the participants should be told to work uncensored, i.e. to record all the problems that come to their mind,
- the individual problem sheets are summarized,
- every group presents the prepared list, then those with identical contents and wording are deleted via comparative analysis,
- the lists are examined within the framework of a clarifying discussion,
- the leader announces that every participant has ten votes which can be arranged to fit the problems in the grouping and according to the system they like (points or other) that correctly expresses the importance of the problems
- Following this, a new summary is made. The new list shows the problems hindering the operation of the organizational unit with the ranking set up according to the votes counted (from the point of view of group members)

VI. Other Practical Models Facilitating the Measurement of Project Progress

On the following pages, we will present a number of models that can be used in work during the practical exercises which can be especially important in working out and implementing the selected project

The best way to present these figures is to print them on slides and show them with an overhead projector

Model of Program Definition



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Explanation to the Program Definition Scheme

Mission Why do we do the program? Laying down the program philosophy

Strategy What is our long term goal with the program? We identify the main goals and tasks of the period

Conditions Considering the internal and external conditions required for the implementation of the program

Evaluation Which conditions exist and which of them need yet to be created? What are the basic conditions that are indispensable during program planning and implementation

Forecast Predicting the feasibility of the program based on the existence of conditions

Probability of the future What consequence(s) may the program have in the future

Targets Breaking down the overall target to specific goals What do we want from the individual program elements

Modification of program elements Evaluation, forecast, the probability of the future Possible modifications on the basis of acquired new information

Weighting target elements Determination of the priorities of the main targets and the cause-effect relations between them

Versions: Establishing the possible substitutions for the target elements

Tools Inventory of the tools required for program implementation, defining tools to be procured

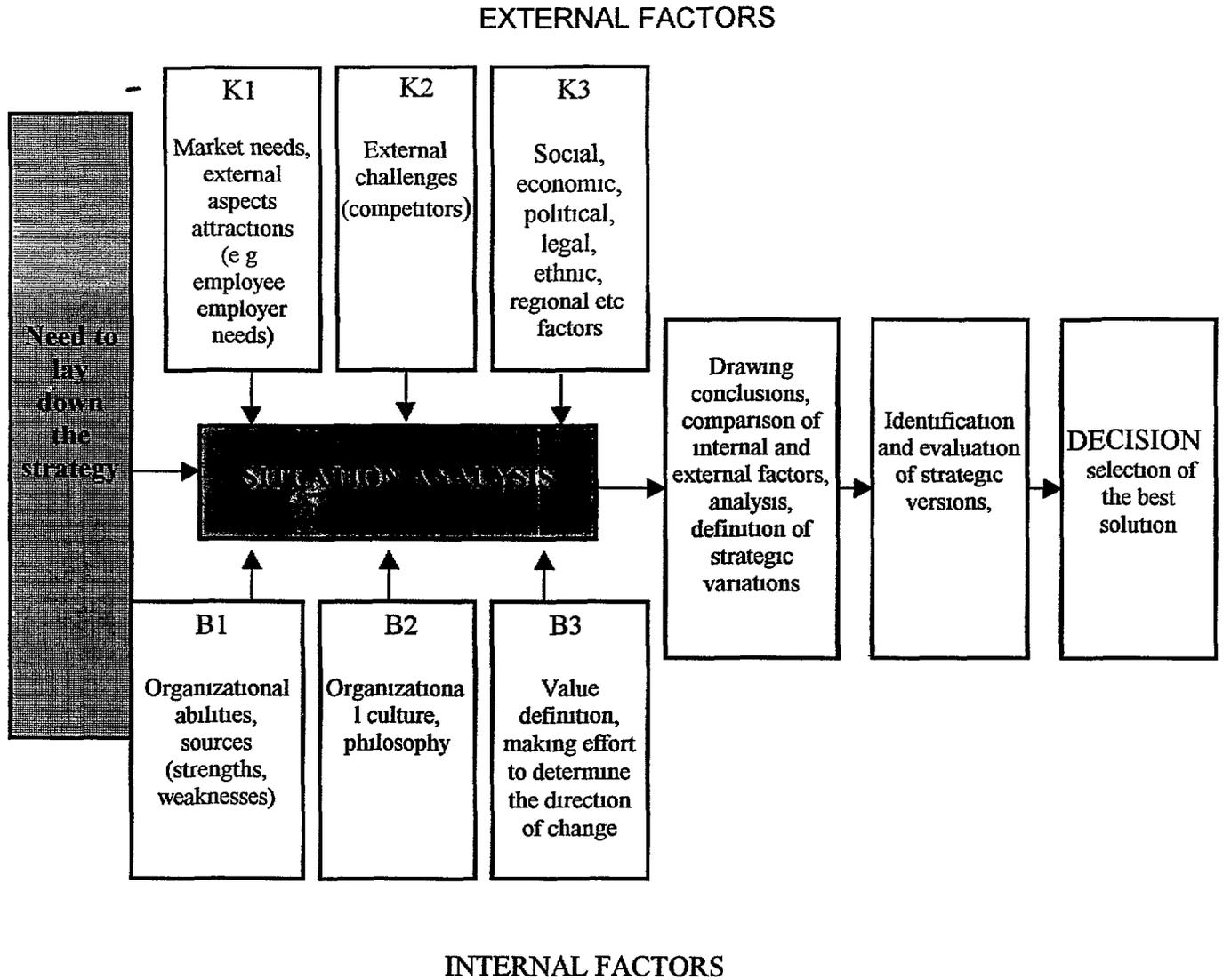
Economic considerations The cost-effective utilization of the tools necessary for achieving the targets

Possible conversions The possibilities to use the tools in a multi-purpose way, or linked with several target elements

Combinations The complex utilization of the tools in order to achieve the targets

Program definition: Preparation of the plan

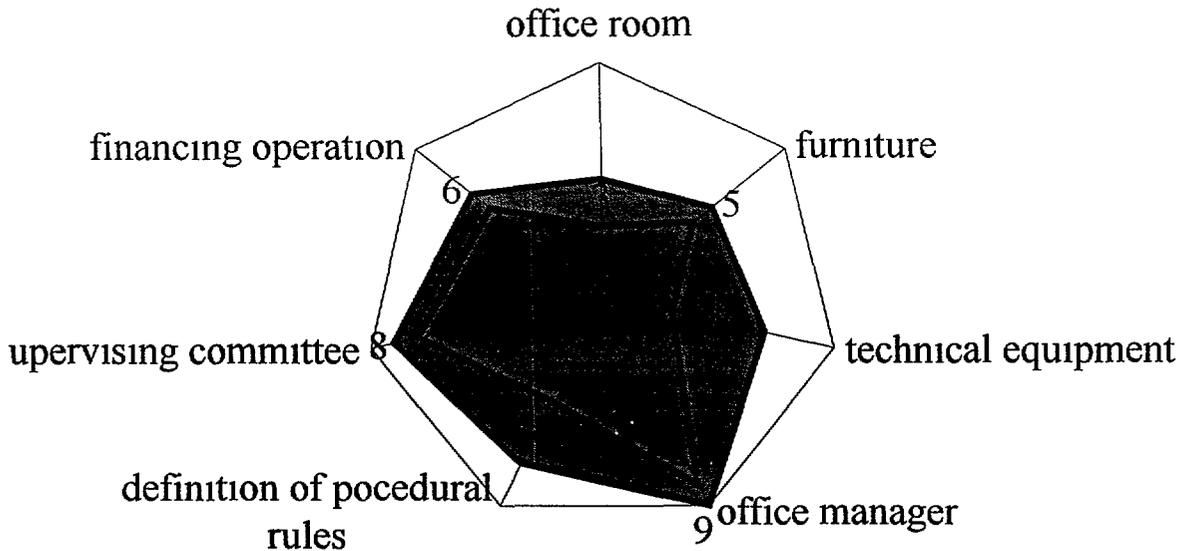
Process of Program Definition 1



¹ Thompson, Strickland Strategic Management Concepts and Cases - Strategiai menedzsment koncepciók es esetek (Illinois 1987)

Spider Web (Radar Field) Diagram

Showcase Project: Establishment of Sub-Regional Office



- 1 Draw a circle or a circular shape Along the perimeter, mark some dots and write there the name of the tasks you wish to evaluate
- 2 Draw straight lines from the center of the figure (origin) to each of the points representing the task Divide the radii so created into sections to correspond to a scale of ten, with 0 being at the origin and ten at the outer end point
- 3 Give marks for each task corresponding to its implementation stage Where the task has already been completed and the result is fully satisfactory a mark 10 is due On the other hand, where we have not yet begun to perform the task, the mark is zero, while where we are halfway through, a mark 5 is deserved Put an X to the merit mark of each task on the corresponding straight line
- 4 Connect the mark points on the straight lines A polygon resembling a radar field is obtained Shade the interior of the polygon
- 5 The task completion ratio is indicated by the shaded region The empty region refers to the magnitude of the effort yet to be made to achieve the desired result, also showing the related tasks

Project Management Worksheet

Goals
Sub-goals
Concrete action
-

What? (outline)

What needs to be done?
Management functions
Planning
Organization
Colleagues
Training
Execution
Coordination

Who?

Who should participate?
Target community
Key organizations
Key individual
Who is committed to the actual moves
Who is potentially against them
Who does the work

Where?

Where will this take place?
(local, county, regional, national, international)

How?

Action plan details

Meetings

Workshops

Contacts

Other

Necessary Resources

Cost

Time

Material

Evaluation:

Who will monitor the process?

How shall we know that the given task can be deemed completed?
(output)

Time line

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Date:

Activities:

-
-
-
-
-

Project idea _____

<p>STEPS TAKEN</p> <ul style="list-style-type: none">• _____• _____• _____	<p>ER BASIC PRINCIPLES</p>
<p>STEPS TAKEN</p> <ul style="list-style-type: none">• _____• _____• _____ <p>.....</p>	<p>ED GOAL</p>
<p>STEPS TAKEN</p> <ul style="list-style-type: none">• _____• _____• _____ <p>.....</p>	
<p>STEPS TAKEN</p> <ul style="list-style-type: none">• _____• _____• _____	

Project idea _____

ER BASIC PRINCIPLE _____	
ED GOAL _____	
PROJECT OUTLINE	IMPORTANT TO KNOW
1 _____ A _____ B _____ C _____ D _____	
2 _____ A _____ B _____ C _____ D _____	
3 _____ A _____ B _____ C _____ D _____	
4 _____ A _____ B _____ C _____ D _____	
ATTACH PROJECT TIME LINE	

6:5

Action Plan Working Draft

Action plan working drafts may vary a great deal. The simplest ones only show the steps necessary for the project implementation. Upon request, additional information can be entered such as starting dates, effect times, cost estimations and responsible persons.

EXAMPLE

Action Plan Working Draft			
Goal To issue Work Plan and Overview Book until May 31			
Activity	Est Time (day)	Deadline	Task
1 Write draft	15	April 15	Individually
2 Type draft	10	April 25	Secretary
3 Proofreading	5	April 30	Individual and secretary
4 Design cover	5	April 20	Graphic designer
5 Type final version	10	May 10	Typist
6 Proofreading	3	May 13	Individual and secretary
7 Corrections	2	May 15	Typist
8 Draw figures	5	May 15	Graphic designer
9 Printing	15	May 30	Printing house
10 Deliver Manuals			

Progress Table

The Progress Table shows the project steps in a transparent way. In order to prepare the table, list the steps necessary for the implementation of the project, and estimate the time required for the steps. Draw a horizontal line in the table to indicate when exactly a particular step started and when it would be finished. The completed Table clarifies the sequence how the different steps are linked together (also showing possible overlaps).

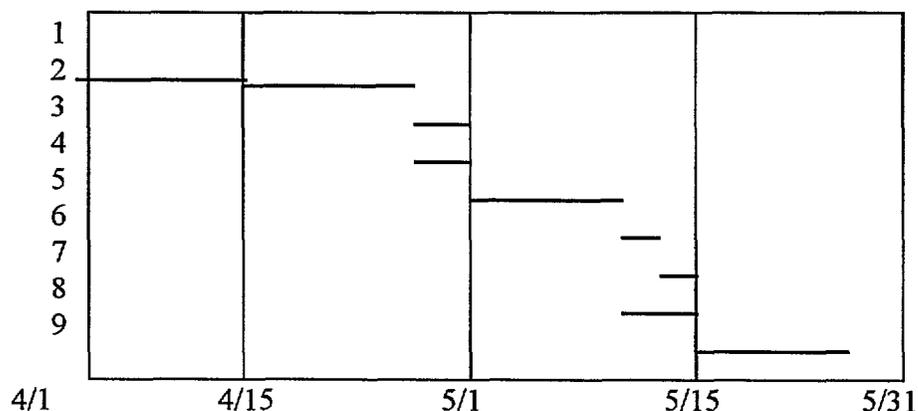
The Progress Table can be complemented with lines indicating the real progress. This is usually done by drawing a line with a different color under the planned duration line, thereby fixing the start and end of execution.

EXAMPLE

Goal To issue the Task Planner and Execution Overview Books until May 31

Action steps and estimated deadlines

	number of days		number of days
1 Write draft	15	6 Proofreading	3
2 Type draft	10	7 Correction	2
3 Proofreading	5	8 Figures	5
4 Draw cover page	5	9 Photocopying	15
5 Type final version	10	10 Deliver books	



PRACTICING PROGRESS TABLE DRAFTING

Select a project and practice the Progress Table drafting

Goal

Steps and estimated duration

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

s	
t	
e	
p	
s	

dates

un 14 2008

PEOT Diagram

The abbreviation stands for Program Evaluation and Overview Technique. This is a diagram that helps to refine the planning process. To draw it, first list the steps necessary for the implementation of the project, and estimate the corresponding deadlines. Then draw a figure representing the relationships between the different steps. The number of the steps is represented below by circles, while the number of days necessary is shown for every step above the line connecting the circles. Steps were ordered in a sequence to facilitate understanding. The steps going on simultaneously appear on different progress lines.

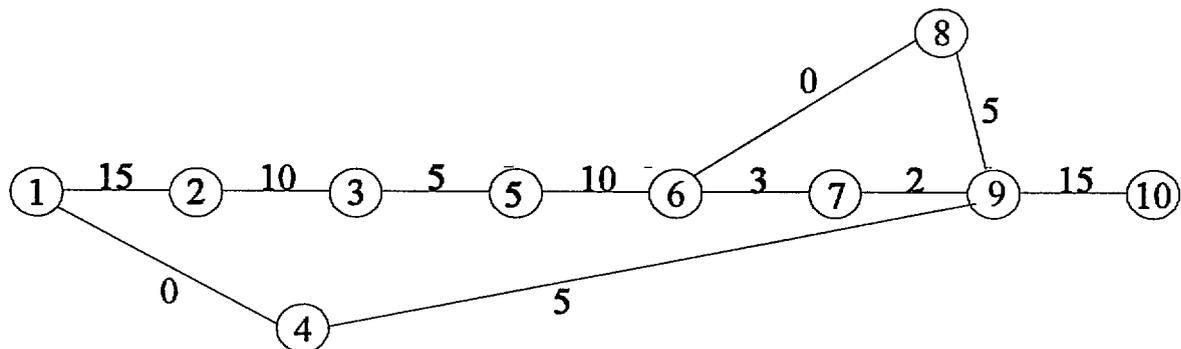
In order to show the relationships between the steps within a project, the A PEOT diagram also tells us how to define the really necessary progress direction. The letter is indicated in the figure with a broken line. This is the longest time interval through the system which also shows the steps being absolutely necessary to make on time if the project is to be finished without delay.

EXAMPLE

Goal To issue the Work Completion and Overview Manual until May 31

Activity steps with estimated deadlines

	number of days		number of days
1 Write draft	15	6 Proofreading	3
2 Type draft	10	7 Correction	2
3 Proofreading	5	8 Figures	5
4 Draw cover page	5	9 Photocopying	15
5 Type final version	10	10 Deliver books	



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PRACTICE DRAWING THE PEAT DIAGRAM

Select a project and practice drafting the Progress Table

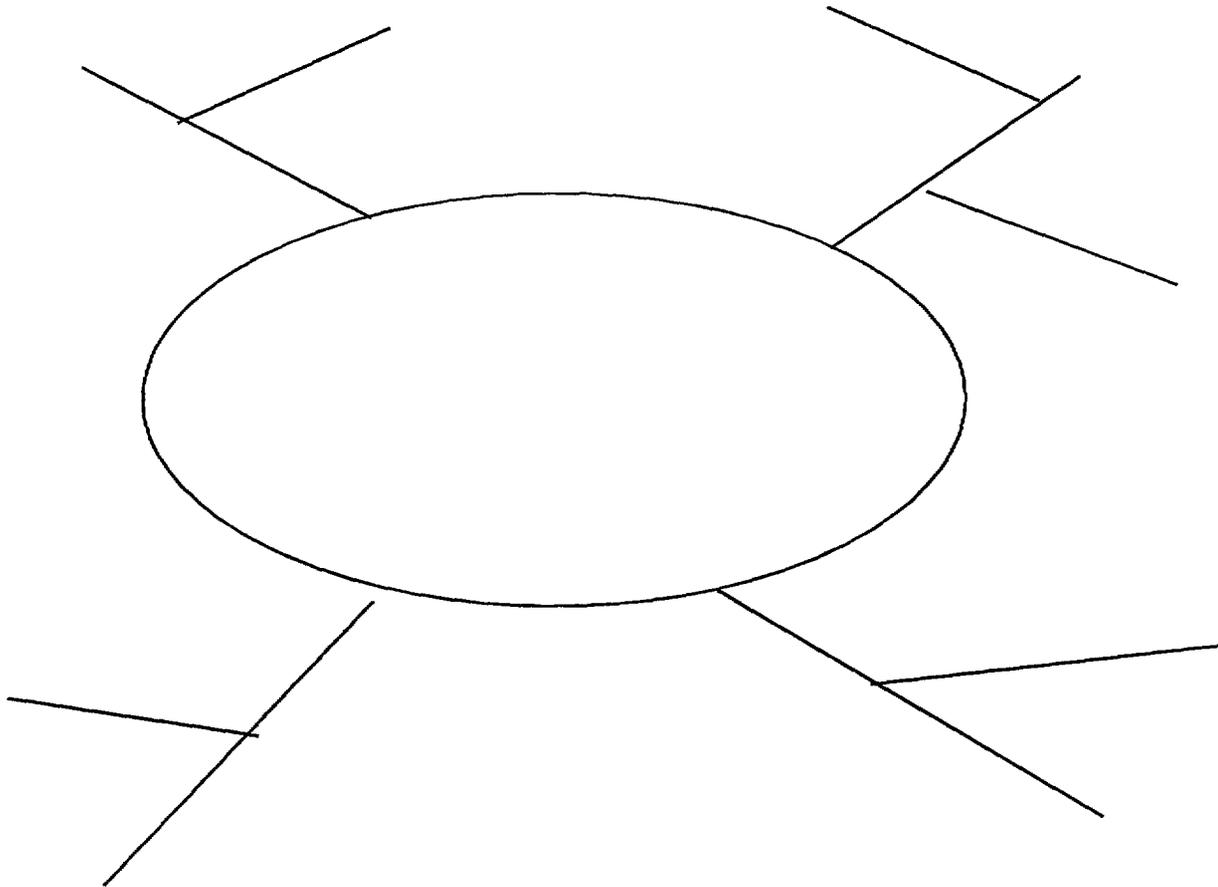
Goal

Steps and estimated duration

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

(The usefulness of the PEOT diagram can be increased if we color every step already taken and completed. In addition to the estimated duration, the real one is also shown to enhance transparency.)

Project Idea The Contemplation Chart



To draw the Contemplation Chart, first insert the central thought in the ellipse seen in the middle of the picture. The central thought is the final goal we will achieve by virtue of the process to be detailed. From the central part draw branches representing the linked thoughts. From these draw further branches to show the greater degree of detail. Use key words instead of full expressions.

The Contemplation Chart generally contains distinguishing lines, colors and other shapes that can be used to represent relationships between different thoughts. You should decide yourself how these relation signs should be interpreted.

The Contemplation Chart can be used to take notes, to solve problems, or to perform any other activity in which planning and creativity play a role. The Chart may also help to evaluate the ideas collected during brainstorming. This may assist the group members in 'sniffing around' the ideas raised during their own brainstorming sessions.

Prepare a Contemplation Chart to your project idea.

Facilitator's Guide

Activity Matrix

Project name

Project manager

This matrix is page of the document numbering pages

Task number	Task description	Name of responsible	Source of support	Date of task assignment	Planned completion deadline	Measure of success	Date of review	Remark

Activity Log

Tasks to be done	Responsible	Start date	EST completion date	Estimated budget	Actual completion date	What other activity is needed

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Appendix 8 Excerpts from LED Volume 3 Practical Examples

(Translation of the final Hungarian version, will be sent separately)

IV. Domestic case studies and success stories from HGVK programs

1. CERED-SZILASPOGONY-ZABAR REGION

Basic Information

Name of region	Cered-Szilaspogony-Zabar region
Head Office	Cered
Mailing address	Cered, Jókai u 3 , 3123

Short description of the region

The three settlements, Cered-Szilaspogony-Zabar, participating in the economy development program for small regions, are located some 20 kms away from the county seat in a "settlement colony" The region lies in the north-eastern area of Nograd county and has common borders with Heves and Borsod-Abaúj-Zemplén counties on the south-east and with the Slovak Republic on the north

They can be accessed on rather steep roads full of zigzags from Salgotarjan They have public road connections with Petervasar and Ozd in Heves county

There is no railroad line

On the occasion of state and church celebrations, the Cered-Tajti (Tachty) border station is opened and the settlements can be accessed also by using the Fulek-Loosonc-Rimaszombat road The construction of a permanent border crossing station has been initiated by the Local Government of Cered and the neighboring Slovak municipalities as a joint effort

The surrounding mountains and forests protect the settlements against air pollution The 900 m long fishing lake, built on four dams, provides a special attraction for visitors

The area's architectural sights include the Zabar Roman Catholic church which was built in the 13th century and the 13 m high bell-tower covered with tiles which is located in Cered (a monument built in the 18th century)

The Cered-Zagyvarona road section full of curves accommodates annual car rallies (Salgo Rally) attracting thousands of visitors

The two ski-lifts in the neighboring (8 kms away) Szilvasko (626 m) provide a good opportunity for winter sports

Over the past few decades, the mines and the industrial plants of Salgotarjan, the strong cooperatives have provided the local population with sufficient existence

The industrial restructuring and the changes that had taken place in agriculture since the beginning of the 90s have created a new situation Several people have switched from the production sector to services

A large part of the economically active population has become unemployed due to the crisis of the Salgotarjan industrial basin and the decreasing activities of the cooperatives

In addition to the existing agricultural cooperatives, construction, clothing and service limited liability companies have been formed. Only a few families can make a living by pursuing agricultural activities, many deal with husbandry and growing only to obtain additional income. In the area of the forest surrounding the area, labor is employed in silviculture.

In the area, the number of population totals 2271 roughly corresponding to the value typical of a county with little villages.

The number of the active population is 938.

In January 1998, the rate of unemployment for the three villages was 18.7 % whereas the corresponding county average was 17.4 %.

The number of the registered unemployed is 175, however, we believe that the number of non-registered job-seekers is much higher.

54 % of the registered unemployed belong to the permanently unemployed meaning those who have not had a job for more than 180 days.

Every fifth of the registered unemployed is unprovided for, that is he/she does not receive any benefits from either the labor center or the municipality.

The proportion of those receiving income supplement support is high, approximately 50 % (87 persons).

Approximately 60 % of the job-seekers are men and the proportion of the unskilled is roughly the same.

Enterprises, employers having a significant effect on employment are the following:

Ceredvolgye Agricultural Cooperative, Pek-Ker Bakery Ltd Co, Tarna Construction-Transportation Ltd Co, Protektor Investment Co, Szilasmenti Forestry Association, Fess Clothing Ltd Co, SALKON Co, Municipalities.

Industrial activity wood-work (pallets and other sawn timber production), building contracting activity, sport slag mining, operation of dressmaker's shop (light industry).

Agricultural activity cooperatives specialize mainly in beef cattle and geese, land cultivation is irrelevant, the gold crown value of the land is low.

Potentials The area possesses intact natural beauties, it is a hilly place which may make it suitable for the development of tourism and sports. There are a couple of lakes providing an opportunity for fishing and doing water sports.

Its forests can be used for wood-work, timber and propagating material production and collecting herbs.

The Vision of the Region and the Related Objectives

To generate project ideas which contribute to the development of the local economy, secure jobs for free human resources, foster the strengthening of business conditions thus leading to the improvement of the quality of life

To create such a way of life which, while preserving the region's traditions and its folkways and helping grow up to the European mentality, can lead to the well-being of those living in the region by the beginning of the third millennium

Related objectives

- to establish and operate an information, communications network,
- to further develop the existing infrastructure in view of the environmental protection requirements,
- to develop tourism by opening the permanent border crossing station, increasing lodging capacity and by organizing programs,
- to develop agriculture with special regard to raising the level of husbandry to that of the previous decades and enhancing forestry,
- to extend the service and especially the small-scale industry sector in order to make the region as much self-sustainable as possible

Brief history of the economy development project

The strategic organizing committee was established by the local government of the three villages. Participants of the economic development work are as follows: representatives of the local governments, the Public Company of the Nograd County Regional Development Council, the Enterprise Development Foundation of Nograd County, the East-Hungarian Regional Development Ltd Co, Salgotarjan AFESZ, representatives of the enterprises operating in the region and active citizens wishing to contribute to the development of the settlements

19-22 people participated in the workshops. The full circle of the participants is composed of the following: 14 persons from the local government, 4 persons from state institutions, 11 persons from the enterprise sector

A fifth meeting was also organized for the participants of the program and for those companies, entrepreneurs and the press who were involved in tourism. On this occasion, we presented our informative publication about the region and offered it for further distribution

During the workshop, the following activities were pursued

- conference on micro regional development with the participation of the Regional Development Council of Nograd County, the regional development organization of the Rimaszombat district of Gomor county in Slovakia, the local governments of Hungarian frontier settlements (Barna, Cered, Kazar, Mátraszele, Szilaspogony and Zabar) and the representatives of the Labor Center of Nograd County. At the conference an agreement was concluded stipulating that the concept concerning the regional development of the two sides of the border will be prepared with joint efforts in view of the common interests

- visiting the Szilvaskô tourist center, gaining experience about the situation of the tourist business, becoming familiar with future plans - all necessary for the elaboration of the small region's program
- a survey has been made about the number and the condition of empty real estates to be utilized, which are located in the areas of the villages (what is necessary to know)
- organization and implementation of drawing and composition competition for children's day Participation in the children's day allowing for the dissemination of information to the wide circles of the population about our regional economic development work
- visiting the MEDVES tourist center in Salgo whose proximity may play an important role in the region's development (The enterprise is headed by one of our colleagues participating in the regional development work thus the region's enterprises may well become the potential suppliers of this activity)

Results of the Regional Economic Development Project

- Members of the organizing committee Mr Tibor Tajti and Mr Bela Kovacs, mayors and Mr Arpad Czene, notary public We found it important to ensure that the three villages are represented with equal weight
- To strengthen the settlements' civic organizations, to encourage the population to take initiatives and to retain their role in civic life, the participants of the program found it important to establish a civic organization which would be ready to undertake, for instance, the operation of a Telecottage, an approved project idea to be implemented
- As a result of our work a civic association was formed which undertook the implementation of the Telecottage

Name of organization	Pro Population Society of Medvesalja	
Head Office	3123 Cered, Jokai u 3	
Phone	32/406-306	
Chairman of Association	Mr Tamas Nagy	phone 32/407-002
Deputy Chairman	Mr Laszlo Tajti	phone 32/406-118
Secretary	Mrs Purgerne Tajti Zsuzsanna	phone 32/406-005
Project Manager	Mr Tamas Nagy	phone 32/407-002

Date of the formation of the association November 18, 1998

Founding members of the association are the local governments of the three settlements and private individuals

Financial cover for financing the tasks of the association annual membership fees of the members of the association and support obtainable via tenders

Title of Project to be Implemented TELECOTTAGE

Purpose of the project

To help the Cered-Szilaspogony-Zabar region integrating into the life of the region, the country and the world, to obtain and provide economic and cultural information and to make personal contacts

Expectations against the project

The implementation of the project would lead to the creation of services that were inaccessible by the region's population in the settlements before. The TELECOTTAGE could provide information of public interest, open office and communications services as well as administration services in certain areas for people living in the region. TELECOTTAGE would allow for the creation of the tourist and village tourist database, the provision of training services and the introduction of any other civic sphere related service meeting the needs of the population.

Starting and closing date of implementation: January 1999 and September 30, 2000

Services of TELECOTTAGE as a project to be implemented:

Public services,
Office and communications services,
Administrative services,
Coordination of tourism and village tourism,
Training services,
Civic service center

Other (open profile) services for the population

The tasks of the host of TELECOTTAGE include the following:

- to maintain a daily contact with the leaders of the local governments and administration,
- to secure the resources of Telecottage with special regard to self-support,
- to monitor and prepare tenders,
- to identify and offer distance work opportunities,
- to cooperate with the County Labor Center in alleviating employment problems,
- to employ, together with the municipalities, people for public work in future

Major future tasks of TELECOTTAGE

- to conduct and extend public and business needs survey on an ongoing basis,
- to prepare social surveys,
- to transfer methods,
- to develop tenders,
- to edit local paper,
- to install a cable studio

Target groups

- local governments,
- enterprises,
- population,
- civic associations

Role of the state (government, local government), other sponsors

The regional economic development project has not received any support from external organizations to implement its ideas. The local governments concerned provide support (taking over rent, overhead costs, etc.) based on the resolution of the municipalities. The Labor Center of Nograd County also supports, of course, the implementation of the project (training and financing the salary of the leader of Telecottages) within the given legal framework.

Sources for the implementation of the program

- cooperation of local governments, schools,
- real estate leasing agreement,
- utilization of alternative labor market services

Employment results

The project forms an integral part of the regional and county development program aimed at increasing the labor market opportunities for the unemployed and reducing the disadvantageous position of the countryside.

Future prospective

-Vision increasing needs - wider service provision

Concluding contracts, conducting surveys about services and a continuous marketing activity can ensure a long-term provision of services (pursuing several activities at a time)

Further development potentials of the project

- installation of an internal information network of the region's association,
- setting up a cable studio,
- editing a regional paper,
- obtaining economic information

2 DUDAR SMALL REGION

Basic Information

Name of organization	Regional Development Association of Dudar Region
Address	8416 Dudar Rakoczi ut 19
Chairman	Mr Mihaly Simon
Date of foundation	March 1998
Legal status	Legal entity in accordance with the law on regional development

Objectives

Vision of the region and the related objectives

- Utilizing the natural potentials of the regions, i.e. hills, forests, meadows, streams, etc. a highly organized so called ecotourism shall be developed
 - informative publications,
 - training courses,
 - basics of catering,
 - language studies,
 - making the village nicer
- Utilization of the region's economic opportunities
 - retaining existing enterprises, if possible,
 - supporting new enterprises,
 - family enterprises in agriculture,
 - part-time working (handicrafts, weaving, spinning, basket weaving, etc)
 - infrastructure
 - gas program,
 - canalization in all the seven villages,
 - road network
 - establishment of a manager office for the region
 - market research,
 - tenders,
 - chamber contacts
- Special environmental roles
 - solid waste and sewage program in the region to protect the karst water, heritage,
 - protection of surface waters,
 - protection of indigenous fauna and flora

- Increasing and maintaining the intellectual and cultural level
 - folk singing, folk dancing, folk music groups,
 - reviving, demonstrating and promoting folk trades,
 - events
 - balls,
 - theater plays,
 - literary art evenings,
 - Telecottage programs as the basis of future culture,
 - intensive utilization of opportunities offered by the program

History

The Regional Development Association of Dudar Region was formed by the representatives of the local governments of Dudar, Bakonyana, Bakonyszentkiraly, Bakonyoszlop, Csesznek, Nagyesztergar and Olaszfalu

During the same month, a strategic organizing committee was set up with the objective of coordinating the activities of those participating in the cooperation, organizing and conducting events and the necessary workshops

Specific activities

Formation of the "Pro Bakony" Regional Association

On 3 November 1998, the Association was formed by 18 founding members with the unanimous acceptance of the Deed of Foundation. The most important objective of the Association is to develop and implement a real vision for the small region and retain the population in the Bakony villages

The present activity of the Association

- development and winning of the Telecottage tender,
- establishment of a HUSK DOLL CREATIVE HOUSE and the introduction of five workshops (working with husks, weaving-felting, pottery, gingerbread making and basket weaving) within it. An application to cover 50 % of the introductory costs was submitted to NKOM
- establishment of a society for a clean Dudar with flowers and trees managed by Mr Vince Abraham, retired teacher. The very nice work of Mr Abraham, titled "Proposal for the beautification of and caring for the public areas of Dudar village" has been published
- The Society of Bakony Hikers is just being formed within the Association
- The establishment of the Telecottage is currently in progress and it is hoped that it can be completed by the planned deadline

Target groups

- local governments,
- civic organizations

Role of Local Governments

Cooperation through the Telecottage project

- social surveys,
- transfer of methods,
- cable TV studio,
- editing Dudar Chronicle (local government paper),
- supplying information and maintaining communications with the Regional Development Association of Dudar Region

Other sponsors

- Hungarian Telecottage Association,
- Local Government of Dudar,
- Motherland Foundation of Dudar,
- Labor Center of Veszprem County,
- private individuals,
- Flora Ltd Co

Financial background

At present, there is no stable financial background available for the operation of the Telecottage, therefore, in addition to the local government's support, we also count on the support of the Hungarian Telecottage Association and the tendering opportunities. Apart from this the so called reimbursement of prime costs represent some, though very little, income.

Employment results

The introduction of a Telecottage will allow for the employment of 2-3 public workers and the part-time employment of 5 people for the Husk Dolls workshops. We hope to create more jobs indirectly by disseminating information.

Successes, failures

We consider the introduction of the project in the small region a success which has triggered an intellectual busting here.

It is also a success that we have thus managed to win the Telecottage tender in which we have a great trust and whose utilization will depend on the people living here.

The establishment of the Pro Bakony Regional Association and the creation of various workshops and societies within it can also be considered a success
It is also a success that our mayor is open for such initiatives

We consider the extraordinary passivity of the local governments of the small region, with the exception of Dudar and Bakonyszentkiraly, a **failure**. Of course, it does not mean that we would have given up or accepted the disinterested and the neutral attitude of the people for we believe that only the cooperation of the regions can secure our future while isolation and selfish thinking is doomed to failure

We have to consider the decrease of financial sources a failure which can be explained by such factors as the closing of the Dudar coal mine and the deterioration of three big plants

Future prospects

We have to make efforts

- to put an end to disinterestedness and to arouse interest,
- to develop a full infrastructure as this is the only way to attract operating capital in the region,
- to participate in every possible tender in order to gain access to financial sources,
- to retain existing jobs and promote enterprises by all possible means,
- not to sit still and see how our region and the environment is deteriorating

3. EDELÉNY SMALL REGION

Basic Information

Name of organization	Gvadányi Culture Society
address	3733 Rudabánya, Rakoczi F ut 12
Chairman	Mr Sandor Budai
Date of foundation	December 8, 1995
Legal status	Association (registered by the County Court of Borsod-Abaúj-Zemplén)

Objectives

Promotion of agriculture and food processing based on the potentials of the town of Edeleny and its region. For this reason it is essential to arouse the interest of and win the local intellectual potential

History

The area concerned is economically underdeveloped, full of little villages and its demographic composition is disadvantageous (aging population where the proportion of people with gypsy ethnicity is rather high)

The tender of the Rapid Response Project organized for the second time in October 1997 provided all County Labor Centers with an opportunity to carry out the "Regional Development Initiatives" seminars composed of four sections

The Edeleny Branch Office of the County Labor Center of B-A-Z together with the Gvadanyı Culture Society submitted a successful bid and the work started in March 1998

Specific activities

- establishment of the "Strategic Organizing Committee",
- organization and implementation of four workshops,
- implementation of final, concluding workshops,
- summarization of the results of the regional program in the form of a publication,
- preparation of a tender for the implementation of the second phase

Target groups

When launching the program, the "Strategic Organizing Committee" stipulated that as many sponsors as possible need be involved from the region with little villages for the implementation of economic development plans

In addition to the economic and the municipal spheres, special attention was given to the involvement and the values of civic organizations and associations

Role of the state (central and local governments)

On average 36 people participated in the five team sessions 16.6 % of them represented local governments The region's elected member of Parliament participated in all team sessions and undertook also team leader tasks

The representative of the Ministry of Labor also contributed to the implementation of the small regional development program as an instructor

Other sponsors

Bigger enterprises, economic associations, commercial units, education and extramural cultural institutions, agricultural associations and the church operating in the area of the 47 settlements Representatives of the bank, health care, and the local media (television, press) also contributed to the work The civic (public) sphere operating in our area made up 10.4 % of the average number of participants

Financial background

The implementation of the program was financed by USDOL CSER-KOZMU provided financial support for the launch of the workshops

Employment (job creation, starting an enterprise, job saving) results

The participants have generated 65 feasible project ideas during the workshops. At the fifth workshop we managed to select, of the several project ideas, the one which we intend to implement in the year 1999.

The project proposed for implementation is as follows:

The development of special bio-agricultural and food industrial activity drawing on local potentials. The use of products to be produced in the tourist activity of the region.

The team undertook to do several homeworks during which a lot of information concerning the region has been gathered.

These pieces of information are as follows:

- the history of the town of Edeleny and its neighborhood has been outlined,
- an inventory of public services has been prepared,
- the region's major tourist sights and monuments have been compiled,
- an inventory of the major facilities representing tourist attraction,
- a list of special events,
- a list of cultural, historical and industrial historical attractions,
- a list of natural attractions,
- a list of empty real estate facilities suitable for industrial use,
- a list of lodging possibilities,
- key economic characteristics of the settlements,
- a list of the region's civic organizations, etc. have been prepared.

Successes, failures

During the implementation of the first phase of the small regional development program only successes can be noted as the whole process was characterized by the selfless willingness of the participants to help.

In our view project ideas generated during brainstorming can be used later. The development concepts elaborated, a knowledge of the region's potentials, opportunities and weaknesses will contribute to the launch of self-supporting enterprises during the inflow of capital.

Future prospects

Our bid submitted for the second phase of the Rapid Response Project has proved to be successful, thus, there is a real chance for the implementation of the selected project in 1999.

This development will create long term jobs for 5-10 people in an area where one has to face an extraordinarily large unemployment.

4 FIRST NYIRSÉG DEVELOPMENT SOCIETY

Basic information

Name of organization	First Nyirseg Development Society
address	Nyiregyhaza, Hósok tere 9 4400
Chairman	Mrs Laszlo Csabai
Date of foundation	1993
Legal status	Association (public organization)

Objectives

- primarily to support existing enterprises and promote new enterprises in accordance with the GM principles,
- to retain human resources on the long term and to involve enterprises outside our region,
- to coordinate, both in terms of time and space, the numerous events organized in the region, to appoint a coordinator,
- to encourage the creation of new events, to prepare a calendar of events for the region,
- to promote the creation of a visitor friendly image of the region

The initial attempts have already been made and are being made to coordinate the events in our region (Szabolcs Offers, Nyiregyhaza Evening), however, there is no real manager who would be responsible for the coordination of the programs. This results in some events overlapping each other or to the contrary, there are too long breaks, idle periods. We intend to remedy this situation to ensure that our visitors, those living here and those who wish to relax, find entertainment or rest are "served" at a high level on an ongoing basis. We want to bring the events in harmony with not only our region but also with the events of the neighboring regions and the country.

History

The First Nyirseg Development Society submitted a successful bid for the elaboration of the Rapid Response Regional Economic Development Project in January 1998. Tourism has been selected to be the scheme of the project as its level of development has not been up to that in the other parts of the country and its promotion has been in the interest of all the settlements of our region.

Specific activities

Activities pursued in the first phase of the implementation of the program

The series of workshops can be considered special as it focused only on tourism as a development program. The group of participants was selected in view of this.

Activities between workshops

The period between the workshops allowed for the completion of the homework of the workshops, for doing research work and elaborating the Society's Tourist Concept

One week prior to the workshops, an *executive meeting* was held by the team leaders and the members of the strategic organizing committee. At these meetings, the agenda covered the preparation of seminars, the preparation, updating and maintenance of the list of participants and the processing of previous seminars curriculum

On closing the project the participants could, in the form of a study trip, familiarize themselves with the operation of the Tiszater Society and its natural and architectural wealth. During the study trip the project was evaluated and a list of addresses was also prepared to ensure a further cooperation

As a result of the series of seminars an expert team was formed which operated on a regular basis primarily during the period of the project. However, the work contacts established and strengthened here, have led to further cooperation in the preparation of several small regional tenders, the experts have continued to provide professional consultation and offered their support in the practical implementation of the bids

Based on the development policies and ideas presented at the seminars, our Society has prepared the following bid with the involvement of the expert team

Title of bid	Sponsors, supporting institution(s)	Implementation
Creating the conditions of operation of a non-profit regional Tourinform Office	Mayor's Office of the city of Nyiregyhaza with county rights and the Sosto Co	Lounging July 18, 1998
Preparation of information and greeting signs in the Society's 15 member settlements	County Regional Development Council	By October 15, 1998 the signs have been installed in all settlements
Renovation of the Senyô mansion building, construction of a tourist and conference center	County Regional Development Council and the Mayor's Office of the Village of Senyô	February 8, 1999
Preparation of tourist information map	Hungarian Tourism Co	March 31 1999
Marketing activity fostering the development of tourism	PHARE partnership for micro projects	under review

During the period of the Rapid Response Project, a Tourism Development Concept of the First Nyirseg Development Society was developed, in which the experts, who had also participated in the project, have studied the present situation of tourism in the region, determined the basic development principles and developed a strategic proposal

The data, analyses, inventories, charts included in the study have significantly contributed to the success of the Rapid Response Project as well as to a more efficient and in-depth research and the elaboration of the final project ideas

Activities pursued in the second phase of the implementation of the program

Task	Starting date	Date of completion
Job advertisement (County Labor Center, local daily papers)	Beginning of January 1999	Mid January 1999
Interviews (oral, written test)	Mid January 1999	End of January 1999
Selection, preparation of job description, setting up office	Beginning of February 1999	Mid February 1999
Convoking expert team	Mid February 1999	Mid February 1999
Introducing the coordinator to the mayors and the one in charge of tourism	Mid February 1999	End of February 1999
Identification of the regular events, programs of the region	Beginning of March 1999	Middle of April 1999
Preparation of proposal for the further development of events	Middle of April 1999	End of April 1999
Coordination of county and regional events in time	Beginning of April 1999	End of April 1999
Regional calendar of events, draft (version 1)	End of April 1999	End of May 1999
Coordination with the organizers of the events, time coordination	Mid April 1999	Mid June 1999

Round table meetings

The individual tasks and the consequent activities related to the implementation of the project have been studied at these meetings

The participants agreed to extend the calendar of events to the county level. They thus try to compile all county events hoping to be able to manage them in terms of time and space on the long run. At the same time this coordination is aimed at encouraging the villages to organize new events.

Activities to be pursued after the program

- Convoking the round table and the expert team, professional consulting,
- Identifying sources, preparation of application and search for new sponsors,
- Information dissemination,
- Creating and updating a homepage,
- Participation in exhibitions, trade fairs, conferences, promoting the small region,
- Regular exposure through the media

20/20

Target groups

All three sectors of the tourist sector public private and non-profit

Role of the state (central and local governments)

- local governments, as members of the Strategic Committee, contribute actively to our project,
- as a result of the contact maintained with those in charge of tourism in the member villages, a continuous flow of information can be ensured

Other sponsors

In March 1999, our Society submitted a bid to the PHARE Partnership Micro Project concerning marketing activities fostering tourism development The bid is currently being reviewed

We plan to submit a bid to the Regional Tourist Committee

Financial background

Amount won through tender	HUF 1,000,000
County Labor Center support	HUF 730,000
Self-support	HUF 960,000
Total	HUF 2,690,000
Support requested from PHARE	HUF 3,800,000 (under review)

Our project has aroused the interest of the region's entrepreneurs Based on the good contacts made during our previous projects (maps, information signs), we can expect support from these enterprises

Employment (job creation, starting an enterprise, job saving) results

For the implementation of the project, 1 full time employee will be hired for the position of *event coordinator* Further results can not yet be determined by numbers but employment is likely to increase in the service sector as a result of the events

Successes, failures

Successes

- The millenium makes the program especially important The relevance of the event has been acknowledged by the county organizations, thus a need has occurred to extend to scope of the calendar of events to the county level
- Good relationship with the press, thus a good image about the project will be communicated beyond the borders of our region
- Deepening of existing professional contacts and making new contacts with organizations and enterprises
- Encouraging and organizing new events
- The organizers of events have realized that the calendar of events can provide a potential, free advertisement surface

Failures

- difficulties experienced in terms of information flow which can be explained by the following
 - local governmental, organizational data security,
 - lack of channels resulting from the extension of the program,
 - organizational bureaucracy,
 - the lack of trust on the side of the program developer applicants concerning the financial stability, the implementation and the schedule of their programs due to the late (March) invitation for tenders for the program and the delayed evaluation

Future prospects

Having seen the success of this initiative, we have become enthusiastic to continue editing the calendar of events in future We hope that this project can become self-supporting in the future As a result of the program, the existence and the scope of activities of the First Nyirseg Development Society have come to the fore thus strengthening the Society's position and increasing public awareness

The launched program may provide a good base for accessing further sources and can contribute to the creation of a standard, visitor friendly image

5. HÁRMAS-KOROS REGION

Basic information

Name of organization	Harmas-Koros Regional Development Municipal Society
Address	5500 Gyomaendrőd, Szabadsag ter 1
Chairman	Dr Imre David, mayor
Date of foundation	December 8, 1996
Legal status	Legal entity in accordance with the law on regional development

Objectives

- to put an end to the disadvantageous social and economic processes in the region,
- to improve rate of employment significantly,
- to increase the region's population retaining ability,
- to create a favorable investment environment,
- to create an income generating ability corresponding to the age level,
- to establish missing urban institutions,
- to integrate and raise the level of the existing education system and vocational training,
- to establish regional manager schools

History

In the Harmas-Koros region, new towns going through the urbanization process and smaller independent villages typical of the Big Plain's settlement network characterized by large villages with large borders are located. Only adequate cooperation, joint development and a division of labor can help removing the obstacles to development among the interdependent towns. The existing positive and negative inter-settlement contacts go back to historical roots. The core town of the three settlements of the region was merged from two villages full of conflicts. One of the small member settlements is bound together by blood relations while the other joined the association in an attempt to free itself from similar parent town obligations and is inadequately provided for.

The reformation of the region was triggered by the early realization of the fact that the differences in development are extraordinarily higher there than those in the region of the county seat and that crisis phenomena have turned into real threats. Those concerned initiated a cooperation between the settlements first, then this relation has taken the shape of a conscious, large-scale implementation oriented society ready to undertake the coordination of development and fight the reasons of crisis phenomena by active measures.

The planned, specific activities aimed at establishing and expanding institutions, changing the regulatory environment and urban planning and development have required several administration modernization and municipal measures. The training series in the Rapid Response Project contributed to the reshaping of the way of thinking and the preparatory (information provision) work indispensable for establishing local commitment.

Specific activities

The group of villages cooperating in the region is wider than the core area. In case of a certain development goal, joint investment and the establishment of institution operating associations are initiated (and are in existence) with the neighboring local governments and other villages. They aim at eliminating unemployment, the loss of markets and the decline in real income resulting from the restructuring of the economy. Consequently, both development plans, whether preferring a steady tendency or triggering fast results, are equally adopted.

The activity is focused on establishing lacking institutions fulfilling urban functions as well as on job creation, employment expansion, the establishment of facilities fostering the development of the local society and the creation of the set of conditions required for conscious environmental management

Target groups

Local and non-local organizations and social segments, able to support regional interests, represent the project's target groups This includes institution heads, capital rich local and county entrepreneurs, governmental decentralized organs, local governments and civic organizations able to help achieving the goals

Role of the state (central and local governments)

The participation of the member villages and the county's local governments, their membership fee proportionate to the size of the population, the professional consulting support provided by the county's local government, the project financing support of the county regional development council and the public administrative support of the branch and decentralized organs of the central government can be seen in the regional development activity Special attention has to be paid to the professional activity and organization service of the representatives of the Labor Center's county and local organizations

Participation and professional support could be seen, though to different extent by branch, in the local economy development training series There is full professional and conditional financial participation in the preparation and the implementation of the elaborated projects and programs

Other sponsors

Bekescsaba Labor Development and Training Center, the South-Alföld Regional Development Co , Alföld Scientific Institution (Bekéscsaba) of the Regional Research Center of the Hungarian Academy of Sciences, Bekes County Architectural and Engineering Chambers, the three economic chambers of the county, colleagues of the Faculty of Economics and Regional Studies at the Szarvas College of the Debrecen University of Agrarian Sciences and respected experts of research institutes operating in Bekes county have actively participated in the training sessions initiated locally

Financial support

The financial background of the Rapid Response program was secured predominantly by the foundation set up for the financing of the joint Hungarian-American program The local governments, institutions and entrepreneurs of the region have contributed to the financing of the program up to 20 % by providing discounts and covering technical and material costs

Employment results

The regional manager school offers a job for one person, the Tourinform office secures a position for one person. Apart from this several unemployed, participating in training and retraining courses organized through our contacts established at the training, have obtained new knowledge and qualifications thus getting into better positions on the labor market.

Another secondary effect is that able and ambitious experts of the region as well as entrepreneurs participating in the project have received assurance, information and contact opportunities, several new enterprises and institutions have been established resulting, in the majority of the cases, in the creation of new jobs and in the minority of the cases, in managing to retain existing jobs.

Successes, failures

It is a success that part of the programs is designed to address the differences in development between the two parts of the town and that there is an obvious reconciliation process going on in the business sector. The two small settlements managed to formulate their own programs and a tighter network of cooperation in the surroundings of the town has been created. The regional network of contacts has strengthened through the development of joint programs involving the neighboring settlements and the prompt implementation of some of them (hiking routes, regional information system, incubator houses, Vita Agricola Exhibition and Fair, cruise during season, shopping malls, etc.)

Those dropping out of the training courses can be considered our **failure** meaning that we could not convince everyone of the benefits of the program.

Future prospects

The implementation of the programs can secure a long term development for the reshaped region. Our further plans include the extension of biomanagement to the whole of the region, the rehabilitation of the backwaters of the Koros, the further development of thermal bath based medical tourism, the establishment of a sanatorium and a fishing paradise, the integration of secondary level education institutions and the transfer of higher level vocational training, the development of printing and wood-work in view of the traditions, the expansion of quality book printing, the modernization of regional fishing and a significant improvement of the life conditions of the population by securing sustainable development conditions.

6. MAROSHÁT REGION

Basic information

Name of organization	Maroshát Regional Development Municipal Society
Address	5500 Mezôhegyes, Kozma F u 11
Chairman	Mr Béla Kassai , mayor, Mezôhegyes
Vice-Chairman	Mr Gyorgy Degi , mayor, Pitvaros
Date of foundation	May 27, 1998
Legal status	Partially independently managed legal entity

Objectives

To put special emphasis on the development of associated settlements, to improve the social and economic situation, to identify problems, to improve the labor and employment situation, to establish the conditions of sales for local products on the market and the economic and environmental conditions for domestic and foreign investment

Based on situation analyses the development of a proposal for problem solving, the modernization of industry, agriculture and infrastructure with special emphasis on the replacement of the terminated sugar production and its auxiliary activities and the utilization of the existing industrial park

History

The society was established, in addition to other development societies already operating in the region, with the objective of handling the problem of drastically increasing unemployment in the fields of agricultural production, supply and industry resulting from the sudden termination of the Mezôhegyes sugar factory. The employment and income policy effects of the region's economic crisis are further aggravated by both the non-diverse agrarian production and the infrastructural characteristics of the county and the country borders. It was not hard to realize that the region had to establish a cooperation based on joint interest and the mobilization of the local resources to attract external resources.

On May 27, 1998 the society was founded by the two counties 4 and the 6 settlements local governments

Specific activities

In this periphery region, both in terms of public administration and geographical location, local forces have to be joined to formulate and implement an economic restructuring and social integration program

With the help of the Rapid Response Project a survey has been made concerning the region's problems and potentials as well as its threats and opportunities. The teams of sometimes 40-50 persons identified and evaluated the economy's local development factors and determined the course of action in accordance with the principles of economic reforms. After prioritizing the project ideas and developing them into a program, those selected for a prompt implementation were developed in detail. Following this the region's complex development concept and program were reformed.

The four training sessions took place in Mezöhegyes, Pítvaros and Csanadpalota, the key meetings were held in Mezöhegyes.

The human and technical conditions of a manager office forming part of the region's information network were created.

Target groups

In addition to the region's settlements and the local governments of Bekes county, several local entrepreneur teams, representatives of economic and professional chambers, Kaba Co managing the facilities of the sugar plant, the Fônix team, the South-Alfold Regional Development Co, the Bekes and Csongrad county foundations for the promotion of enterprises, the Bekescsaba Regional Labor Development and Training Center, the Mako, Oroshaza and Mezôkovacsháza labor centers in addition to the Bekes county one as well as representatives of local and regional institutions have also participated in the development of the program. All segments of the local society and economy were approached thus parties, lobbies and civic organizations operating in the region have also contributed to the work.

Role of the state (central and local governments)

The participation of the member settlements and the county's local governments, their membership fee proportionate to the size of the population, the professional consulting support provided by the county's local government, the project financing support of the county regional development council and the public administrative support of the branch and decentralized organs of the central government can be seen in the regional development activity. Special attention has to be paid to the professional activity and organization service of the representatives of the Labor Center's county and local organizations.

Participation and professional support could be seen, though to different extent by branch, in the local economy development training series. There is full professional and conditional financial participation in the preparation and the implementation of the developed projects and programs.

Other sponsors

Bekescsaba Labor Development and Training Center, South-Alföld Regional Development Co , Bekes and Csongrad county Foundations for the Promotion of Enterprises, Bekes County Architectural and Engineering Chambers, the three economic chambers of Bekes county, colleagues of the Faculty of Economics and Regional Studies at the Szarvas College of the Debrecen University of Agrarian Sciences and respected experts of research institutes operating in Bekes county have actively participated in the training sessions initiated locally

Financial background

The financial background of the Rapid Response program was secured predominantly by the foundation set up for the financing of the joint Hungarian-American program. The local governments, institutions and entrepreneurs of the region have contributed to the financing of the program up to 20 % by providing discounts and covering technical and material costs. There were also sources available through tenders and the contribution of the region's large entrepreneurs (Mezőhegyes State Stud Farm Ltd Co , Koros-Maros 98 Public Company, Kaba Co)

Employment results

The employment of one regional manager and the resolution of employment for the operation of the regional information system represent concrete employment results in the region. The project will have an indirect effect on the region's employment policy in accordance with the pace of the implementation of the project.

Successes, failures

A healthy "mixing", i.e. approaching the other within the region can be considered a **success**. The biggest problems, i.e. the creation of an opportunity to act jointly, the willingness to cooperate in order to solve common problems of the farmers having otherwise good habitat potentials, were resolved during the training. The creation of an organized form is in progress and the opportunities for financing the formulated projects can also be established. The Industrial Park draft has been completed, contacts have been made with the neighboring societies (North-east-Bekes county subregion, regional interest representing organizations of Mako) as well as with the county and regional development councils and the regional information network has also been implemented.

Inadequate confidence within the region is a **failure**. The conversion of the disadvantages of the border situation into advantages as well as the creation of a framework for economic and social cooperation are currently in progress. In this region, which is divided from several aspects, the required contact relations can be created only at a slow pace. The divided character of the region represents a strong hindrance to the implementation and the coordination of the specific elements of the cooperation.

Future prospects

Should the projects be implemented there would be a chance to reduce the backwardness of the area and create the conditions for catching up. A change in the way of thinking of the region, indispensable for advancing further, can be achieved by the implementation of the Industrial Park, the rehabilitation of the related agrarian activity and the expansion of the regional institutional system. The regional establishment of the vocational training structure represents a major problem. To resolve this an initiative was taken within the frame of the Quick Start program. The adaptation of this for the Romanian side will help creating a local labor market balance while the attraction of external capital can have a regional development effect through the benefits stemming from international trade and production integration.

7 NAGYIGMAND CULTURAL CIRCLE

Basic information

Name of organization	Forras Nagyigmand Cultural Circle
Address	2942 Nagyigmand, Facan u 1
Phone/Fax	34/356-816
e-mail	forras@elender.hu
Chairman	Mr Sandor Nagy jr
Date of foundation	September 1996
Legal status	(non-profit) society

Objectives

Despite the good geographical location of our village, the disadvantaged position of the countryside (transportation, obtaining information, cultural opportunities, etc) can be experienced. To resolve the problems the Forras Nagyigmand Cultural Circle provides support, with the help of the Telecottage, as our association, founded in 1996, considers its main tasks the following:

- organization of community and popular educational events, local demand oriented education forms and health preserving programs, supporting self-organized art groups,
- supporting self-organized children's and youth groups,
- development of the public life of Nagyigmand, organizing and operating forums needed for this,
- making domestic and international contacts with similar civic organizations,
- preparation of proposals for a better utilization of the Community Center,
- undertaking the role of the initiator in launching groups that can be organized based on the community survey,
- participating in economic enterprises and conducting own business activity in order to sustain the core activity

History

Nagyigmánd, a settlement of Komárom-Esztergom county with 3,200 inhabitants is located in the border area of Bakonyalja and the Small Plain, near road 13 between Kísber and Komárom. Its potential lies mainly in agriculture, which, at present, represents also its disadvantage as the predominant majority of those working in agriculture is made up of forced entrepreneurs producing at low profitability. They are mainly young people aged between 25 and 35 without professional experience, the necessary contacts, they lack the knowledge about bidding and other support opportunities. This explains why we consider the promotion and support of the Farmers' Circle an outstanding task of the Nagyigmánd Telecottage. The population retaining strength of the aging settlement is very poor. The majority of old people "drop out" of the social network they have no control. Youth self-organization needs support as they have little experience.

Specific activities

Since its establishment the Forras N C C has organized several balls and tradition creating events (vintage march and ball, torchlight procession of horse-riders, march of hussars on foot, rosette ball on 15 March and Katalin ball on 21 November organized each year together with the Farmers' Circle)

Each year since its formation our association's Santa Clause goes through the village in a carriage or a sleigh giving presents to the children. In the evening there is program for the village population in the Community Center.

Our biggest event, however, is the Nagyigmánd Folk Festival and the Open Folk Art Fair which provides entertainment also for the whole population of the village and even visitors come with tents to the event from other, remote areas of the country.

The Cultural Circle considers it its task to fight the settlement's disadvantaged position stemming mainly from unemployment (due to the unfavorable agricultural policy of the government), the lack of information and the isolation from the other settlements (due to bad transportation, difficult schedules). This has led to a decline in the social and economic life. This could be changed by the promotion of enterprises, the localization, development and utilization of human resources and the strengthening of culture and community feeling.

Last but not least we intend to use the Telecottage for the development of the environmental protection strategy as the creation and protection of a healthy environment and putting an end to environment destroying practices form an important part of the Village Health Plan (tender of the Soros Foundation) to be implemented in our village.

Target groups

The whole population of the village

Role of the state (central and local governments)

The local government supports the work of the association at a yearly increasing rate and the association is free to use this money. An amount of HUF 500,000 was given for the events of the association in 1999 and a further HUF 1.5 million for the operation of the Nagyigmánd Telecottage. Apart from this, equipment, if needed, is also put at the association's disposal (e.g. benches, tables, trucks, buildings, etc.)

Other sponsors

Local entrepreneurs and companies offer contribution in money or in kind on an ad-hoc basis.

Financial background

Local government support as mentioned above, tenders, other contributions, income from the events of the association (balls, festivals, etc.), membership fees. The above incomes fully cover the material assets required for our work.

Employment results

The association has not had an own employee so far as members performed the various organizational tasks voluntarily. The opening of the Telecottage gives an opportunity to employ two persons.

Successes, failures

Based on the feedback received so far the operation of the Cultural Circle can be considered generally successful from the Circle's point of view. Apart from this the Circle has become a determinant actor in the life of the village from a cultural life aspect. If looking at the events, the biggest success, however, is the Nagyigmánd Folk Festival and Folk Art Open Fair which can be labeled traditional by now. Apart from this, the establishment of the Nagyigmánd Telecottage became the largest investment and hopefully also the largest success of the society. A couple of organizational mistakes can be considered a failure stemming primarily from the lack of experience of the team for their average age is 23 years. Hopefully these mistakes can be remedied by the operation of the Telecottage (posters, invitations, poor PR contacts, etc.)

Future prospects

The Circle intends to use the Telecottage as a basis of its future prospects. (The Nagyigmánd Telecottage was opened on 19 June 1999.) The technical and organizational background existing here is aimed at helping the population of the settlement and the development of village associations. The installation of a service-information technology system serving the local voluntary fire-brigade is currently being planned, however, the next specific plan is the establishment of a so-called "family nursery" aimed at providing an addition to the existing kindergarten care.

8 SARKAD SMALL REGION

Basic information

Name of organization	Regional Development Society of North-East-Bekes County
Address	5720 Sarkad, Kossuth u 27
Chairman	Mr Mihaly Nagy, mayor, Sarkadkeresztur
Date of foundation	January 17, 1997
Legal status	Association, legal entity type of civic organization

Objectives

- to maintain contact with the villages of the region and to supply them with information,
 - to maintain contact with the entrepreneurs of the small region,
 - to maintain contact with the administrative and other actors of the county and the country,
 - to advise on how to prepare an application,
 - to manage the settlement programs of the region and the subregion,
 - to perform regional marketing tasks (participation in conferences and fairs, etc),
 - to identify sources for development and operation, to participate in bidding,
 - to involve new actors in regional development,
 - to control the implementation of programs and projects,
 - to build a regional information network,
- to establish border and entwined inter-settlement relations and cooperation

History

The initial cooperation among the 12 local governments organized along a letter of intent signed in 1992 was transformed into a society as a result of the Act on Regional Development in 1996. The city of Sarkad has assumed a pioneering role in the launch of this process. On 6 July 1996 the members approved the basic rules of the association which was registered at the court on 17 January 1997. Based on the organizational and operational rules and regulations prepared and approved in 1998 the working organization with 2 people, a secretary and a regional manager, could be set up.

On 30 June 1997 independent regional reshaping efforts addressing multiple problems proved to be successful, and as a result, Sarkad and its surrounding got separated from the Gyula group of settlements having more favorable indicators. With this joining the number of settlements in the region grew to 14. This represents an important milestone in terms of strengthening the region's internal integration and external contact establishing processes and in terms of gaining a realistic chance to access resources.

Specific activities

During the initial period of cooperation the region addressed primarily the regional coordination and integration of basic public services (e.g. making the family doctor system proportionate, establishing public education network, harmonizing the activities of civic guards and voluntary fire brigades, performing certain local governmental tasks with joint employment, coordinated application for public investment funding and regional development sources, etc.) The period of association is more characterized by an increased focus on regional tasks. The installation of gas lines with an investment of over HUF 600 million concerned 8 villages. Smaller by-road and bicycle path sections were built, joint efforts were made in the areas of communications development and the distribution of municipal property. New institutions, organizations (e.g. employment of regional manager, regional information system project) were established together, the association also participated in the work of the Local Economy Development training session, prepared a regional development concept and a Regional Development Program is currently being developed upon request.

The cooperation extends to a cooperation upon agreement with the neighboring and more remote subregions. The concept of the "North-Bekes Business Zone" was developed together with the Municipal Regional Development Society of North-Bekes County and forces have remained joined since winning the tender to become ready for implementation. The creation of an Industrial Park Project together with the Maroshat Municipal Association of Regional Development is aimed at solving the problem of the high number of jobs lost in the sugar industry. The cooperation with the Association of South-Alfold Regional Development Societies, Mako is aimed at representing the interests of the region and promote its development programs at a national level.

The national peripheral location of the region has motivated it for the development of cross-border relations. Even before the creation of the legal environment between the two sides, a cooperation has been developed between the Hungarian and Romanian parties through the establishment of a subregion, based on documents signed on 9 December 1997, including 9 administrative units with 34 settlements in the Nagyszalonta region and 14 settlements in the Sarkad region. These relations that have become institutionalized through the consultation of the mayors and the operative cooperating committees of the regions address issues related to environmental management, nature protection, water management and tourism. The previously ad-hoc economic and chamber interest representing activities are planned to become more organized together with the joint tasks related to the European Union accession, the problems stemming from the timing of the accession and the establishment of contacts between the municipal and the civic spheres.

Target groups

The activity of the association is targeted at the following groups: local governments, all segments and organizations of civic society, regional and external actors of the economy, labor administration, institutional system, financial institutions and investment groups.

Role of the state (central and local governments)

The participation of the member villages and the county's local governments their membership fee proportionate to the size of the population, the professional consulting support provided by the county's local government, the project financing support of the county regional development council and the public administration support, realizing the realistic situation of the region in part, of the branch and decentralized organs of the central government can be seen in the regional development activity. Special attention has to be paid to the professional activity and organization service of the representatives of the Labor Center's county and local organizations.

Participation and professional support could be seen, though to different extent by branch, in the local economy development training series. There is full professional and conditional financial participation in the preparation and the implementation of the elaborated projects and programs.

Other sponsors

Bekescsaba Labor Development and Training Center, South-Alfold Regional Development Co., the municipal group of Nagyszalonta region, Alfold Scientific Institution (Bekescsaba) of the Regional Research Center of the Hungarian Academy of Sciences, Bekes County Architectural and Engineering Chambers, the three economic chambers of the county, colleagues of the Faculty of Economics and Regional Studies at the Szarvas College of the Debrecen University of Agrarian Sciences and respected experts of research institutes operating in Bekes county have actively participated in the training sessions initiated locally.

Financial background

The financial background of the Rapid Response program was secured predominantly by the foundation set up for the financing of the joint Hungarian-American program. The local governments, institutions and entrepreneurs of the region have contributed to the financing of the program up to 20 % by providing discounts and covering technical and material costs.

Employment results

The regional manager school offers a job for one person (regional manager, administrator). Apart from this several unemployed, participating in training and retraining courses organized through our contacts established at the training, have obtained new knowledge and qualifications (e.g. rabbit breeding, sewing, mushroom growing, etc.) thus getting into better positions on the labor market.

Another secondary effect is that able and ambitious specialists and experts of the region participating in the project have received assurance, information and contact opportunities which they have been using successfully since then.

Successes and failures

Results achieved in reshaping the way of thinking of the most suitable municipal, institutional, entrepreneurial and civic leaders of the regions can be considered a **success**. The press and media reaction appearing in the region about the activities of the local experts involved as well as the unplanned effect of the transfer of experience in person

The willingness to participate in the common work as well as the attitude active and result-oriented approach of all participants selected for the program is mainly due to the careful preparation, and can be considered a success. Further successes include the methodology-based composition of the groups, the completion of the selection of leaders, the objective and correct formulation of regional phenomena and problems which can be attributed to the determined activity of the leading consultants and program managers

Finally, the success of the Rapid Response Project in the Sarkad Region can also be attributed to addressing a truly interconnected population and a group of settlements with a real regional identity and a serious intent to make efforts for the promotion of the region. The project has contributed significantly to providing the association with the theoretical basis and showing the practical steps and opportunities required for the practical implementation of these intents. Thus, participants finished their work with predominantly positive experience, confirmed intents and an extended set of tools

The increasing number of registered development tenders won as a result of the training which helped identify the needs and raise awareness can also be considered a success. Programs to be thus implemented are as follows

- regional development office,
- regional development program,
- regional information network,
- program on cooperation developed together with Szalonta region,
- launching the Agrostart training programs, launching village tourism courses,
- exploiting regional opportunities expected to stem from the Business Zone label

Local governments and their experts consider it a **failure** that programs and projects developed and considered to be important and relevant by all can be implemented only with great difficulties, with considerably bigger efforts than needed and in an unacceptably long time. The same applies to the entrepreneurs participating in the project as well as to the local society and its organizations living in a disadvantaged situation for a long time who, seeing the potential solution, do not understand the implementation process taking so long due to a lack of adequate financing

Such special failures include the rejection of our bid submitted to the Ministry of Agriculture for the Regional Agrarian Development Program and the rejection of our tender submitted in response to the invitation of bids by DemNet for the development of the Regional Information Network within the regional development area. They represent failures because when evaluating the applications it was not the extent to which the region is in need of the support which played the determinant role but rather new, originally non-published aspects formulated subsequently due to the lack of sources as well as the unacceptable argument for the distribution of sources in proportion to the size of the area

Future prospects

Given the national situation characterized by a lack of resources, the region tries to obtain sources for development through international tenders by establishing mixed, Hungarian and European, and official and personal contacts

Phare CBC and Credo opportunities are regularly used primarily in the form of small projects due to the lasting lack of capital and other resources within the region's organizations. Although a step-by-step method to attract external capital is slow, it allows for a more continuous development. The Development Program of the region helps in getting prepared for the utilization of resources allocated for small regions and distributed, within the frame of the preparatory work related to the European Union accession, for programs aimed at fostering catch-up processes. Within the framework of the Agrostart '99 program, the region set the complex ecological development as its objective whose key elements include setting up a program team responsible for the growing, picking and local processing of herbs most suitable for the habitat potentials, the implementation of development programs in line with the potentials of village and ecotourism and the attraction of related central and international sources with the help of local and private capital attracted here.

9 TÁPIÓ REGION

Basic information

Name of organization	Tapio Regional Development Society
Address	2760 Nagykata, Dozsa Gyorgy ut 2
Chairman	Mrs Gyorgyne Bodrogi, mayor of city of Nagykata
Date of foundation	May 1996
Legal status	Independent economic management

Objectives

The objective of the foundation is to foster regional cooperation, to coordinate settlement development based on mutual interests, to submit tender for the elaboration of specific development programs and their implementation leading to a social-economic boom of the settlements through the exploitation of opportunities lying in small regional and inter-village cooperation.

History

Establishment of Tapio Regional Development Society

Of the nineteen settlements located within the region, seventeen took the opportunity provided by the laws on local governments and regional development and established, of their own free will, the Tapio Regional Development Society.

Founding members of the society are as follows Benye, Gomba, Farnos, Kava, Koka, Mende, Nagykata, Pand, Sulysap, Szentlôrinckata Szentmartonkata, Tapiobicske, Tapiogyogye, Tapiosag, Tapioszentmarton, Toalmas, Uri (village, large village, town)

Within the administrative area of the settlements, the society intends to implement a coordinated development, elaborate common programs of the society and raises funds for the implementation of development plans

Within this framework it

- identifies and evaluates the region's potentials,
- elaborates the region's regional development concept and program,
- requests the opinion of the regional development council of the county concerning the plans,
- prepares a financial plan in order to implement development programs,
- contributes to crisis management in the region,
- performs the coordination of resources and prepares applications for the implementation of plans,
- coordinates the implementation of the program and carries out efficiency studies,
- delegates a member to the regional development council of the county,
- supplies data and information to the regional information systems,
- cooperates with professional and civic organizations

Tenders of Tápió Regional Development Society

Tenders won

Regional Development Concept

Submitted to	Regional Development Council of Pest County Regional Development Targeted Grant
Date of submission	August 27, 1997
Date of completion	June 30, 1999
Funding	Total budget of tender HUF 3,920,000 Self-financed part HUF 1,176,000

Environmental Protection Program

Submitted to	Ministry of Environmental Protection and Regional Development Central Environment Protection Fund
Date of submission	October 29, 1997
Deadline of completion	June 30, 1999
Funding	Total budget of tender HUF 4,816,000 Self-financed part HUF 999,000

For the Development of the Alfold Ecoregion

Submitted to	Ministry of Agriculture and Country Development for the "Development of the Alfold Ecoregion" in the sensitive natural areas of Alfold
Date of submission	September 30, 1998
Deadline of completion	August 30, 1999
Funding	Total budget of tender HUF 2,837,000 Self-financed part HUF 837,000

Specific activities

Rapid Response II

Submitted to	US DOL Rapid Response Project
Date of submission	October 29, 1998
Deadline of completion	May 30, 1999
Funding	Total budget of tender HUF 1,080,000

The projects developed in the first phase of the Rapid Response Project clearly show the insufficiencies the subregion needs to face

Based on the four sessions ideas can be grouped along three main schemes

These three ideas are follows - establishment of information offices
- regional development
- extension of infrastructure

The lack of information in Tapio has been raised as an issue at almost all work meetings. Examples have been listed from all areas of life showing that people living here do not know what, where and how to obtain. Two groups have been working on the project thus dedicating special attention to it. This problem can be resolved by the establishment of information offices, meaning, primarily, Telecottages. In prompt response to the invitation for bids by the Telecottage Association we set up a meeting with the leaders of the villages civic organizations to join forces in preparing the bid for tender. Leaders of the local governments and civic organizations of the four villages were present at the meetings.

As a result of the meetings, two villages submitted a bid in this field. One village (Szentmartonkata) proved to be successful thus it will be the first location in the Tapio region to accommodate a Telecottage.

For the coordination of ideas related to the regional development of the small region, an office was set up whose installation and supply with equipment was also considered to be important by those participating in the work.

Regional development, as a common element, has appeared in the elaboration of the projects. Various ideas can be realized step by step by the implementation of the regional concepts and the thus formulated programs designed for subregions. The work material of the concept pays special attention to the natural wealth of the region. The work material treats our small region as an ecoregion. Everyone is concerned about true values for there is real evidence about several protected and rather rare plant and animal species living in the Tapio region.

The issues of drainage, sewage treatment household waste collection and solid waste disposal have been given special attention to over the infrastructural improvement. An environmental protection program is currently being developed for the Tapio region. This program provides an overall and descriptive picture of the region. Missing infrastructural elements (drainage, sewage treatment, waste disposal) represent a problem for the region which can be resolved only by the joint efforts and mutual help of the local governments.

The sessions have had a very good impact on those living in the region. On the occasion of the meetings, people, civic organizations, local governments and the region were provided with yet another opportunity to express their concerns, problems, needs, expectations and ideas and formulate, during the common work, those objectives which can help promote the region.

Naturally, the Tapio subregion also submitted its bid thus allowing the launch of the Rapid Response II Project aimed at achieving these goals.

In view of the tendering requirements we decided to try to further develop and build the regional information center fully and prepare the related plan concerning the installation of an information system.

We intend to create and improve the region's electronic database in the Nagykata municipal library, the center of the subregion. It was an obvious decision to choose the library, since this institution has always served as the region's information center. Due to the region's geographical and transportation potentials, the Radnoti Miklos Municipal Library has remained the "central library" for citizens living in the area of the old district. The primary function of the library is to disseminate information. This information has so far been available on hard copies, but it has become accessible on computers, in electronic form by now. The installation of more computers represents the planned improvement. We would put more computers at the disposal of the citizens.

Our objective is to create a central information database helping entrepreneurs, citizens, civic organizations and local governments operating in the region by providing a fast and easy access to a wide database. It would also improve the economic cooperation and the division of labor within the region. The Internet-Webpages could contribute significantly to the region's image and raising awareness of it.

The elaboration of the plan concerning the installation of the region's information system is planned to take place at civic round table meetings with the involvement of the relevant experts.

The civic sphere, though slowly, has started to become organized since 1990. In addition to the registered associations, there are several such non-registered groups and clubs operating which have a significant number of members and influence.

These organizations operate, even within the same settlement, parallel to each other also at the regional level, and in many cases they do not know about the activities of the other and are thus weak to reinforce their interests alone. This explains why it is difficult to involve them in the preparation of various local governmental decisions and why they can not provide efficient help in getting the programs set up for the development of the region accepted by the society.

The objective of our program is to harmonize the activities of civic organizations and create a common forum in all villages where information can be obtained through the related personnel and technical background i.e. the Information Center, Information Points and Network of Telecottages

The civic roundtable will represent the regional development related decision preparatory, consulting and civic controlling organization

Representatives of civic organizations of the region, local governments and the county and information technology experts would be present at the four work meetings. The meetings, conducted in the same system as the first phase of the Rapid Response Project, would specifically focus on the installation of the region's information system

We want to achieve the following results within the project

- to improve the image of the individual villages and the region as a whole,
- to enhance regional identity awareness,
- to create a real partnership between the citizens and their organizations and the local governments by recognizing all levels of democratic, civic legal regulations,
- to help finding one's way in economic and management matters and utilize related information actively,
- to improve the entrepreneurial environment of the region,
- to increase employment chances and studying, self-training opportunities,
- to motivate studies in marketable trades

The installation plan of the system to be developed is continuously harmonized with the county concept in progress. In view of all professional and social input, we intend to draw up a plan which is able to meet the various needs of the region on the long run. We try to meet these requirements while taking into consideration county and regional ideas and plans. We invite county and national experts for the workshops of our civic roundtable meetings thus fostering cooperation with them

It is obvious that the regional system can survive only if it is continuously and systematically expanding and developing in terms of the scope of its activities and authority with the help of the local people and the local organizations. Any idea can be realized from the creation of an own homepage on the World Wide Web through the demonstration of digitized reference films to live video conferences

There are no limits to the ideas and their feasibility if all civic, entrepreneurial, municipal organizations, societies and associations, deeply concerned about the fate of Tapio region, are working for the rise of the region

Target groups

Local governments, civic organizations, entrepreneurs, economic entities operating in the region and local people

Role of the state (central and local governments)

Regional development and economy development activities are pursued by the coordination of the Tapio Regional Development Society operating in the region. Local governments support our work within their scope of authority. We expect public support from the state in the form of bids.

Other sponsors

Business organizations and entrepreneurs (e.g. Monor Telephone Company) have already contributed to our various sub-programs and we, of course, intend to continue to involve as many of them as possible.

Financial background

In addition to the membership fees paid by our Society and the funds received through bids won, we also rely on the support of entrepreneurs and investors.

Employment results

By introducing regional programs we intend to achieve a higher level of employment. We have already managed to create two jobs representing our early results.

Successes, failures

With the business of a bee we intend to advance step by step. We consider each little result a success for we know how much work has been put into it. By learning the lessons from our failures and analyzing them we keep working on hoping to achieve further successes.

Future prospects

In the course of the Rapid Response sessions ideas have been formulated clearly, based on which the path of development of the region can be determined.

In view of the evaluation of the situation and in order to achieve the goals set the primary tasks of development are as follows:

- identification, promotion, protection and development of the values of the region,
- nature, city and regional management, enhancing a regional mentality, developments of regional programs and call for tenders,

- protection and improvement of natural values, satisfying ecological aspects when pursuing economic activities, maintenance of the unique nature of the region and biodiversity of the natural areas,
- establishing a two-sided relation with the capital instead of the previous one-sided one,
- securing quality road connections within and beyond the region,
- laying the grounds for replacing missing infrastructural elements, i.e. public utilities and for resolving environmental protection related problems (sewage and household waste situation),
- comprehensive economy development, expanding local employment opportunities, making the region more attractive for capital inflow and investment
- improving the conditions of commuting by supporting commuting and developing the transportation network,
- increasing the region's income generating ability thus improving its population retaining ability and reducing unfavorable population swaps,
- increasing the competitiveness of the labor force by education, training and further training means,
- improving the quality of life of those living in the region

The ideas and objectives developed and set during the previous work are feasible. The difficult path of implementation can be overcome only through cooperation, this collaboration, however, is designed for everyone's benefit. We can advance only if we realize reality, use our potentials and exploit our opportunities. Advancement requires persistence and more innovative ideas.

The following wise proverb applies to our work: **Let's not be afraid of making a big step for two small steps will not help us cross the abyss**

10 ZSÁMBÉK REGION

Basic information

Name of organization	Regional Development Association of Zsambek Basin (ZSAMERT)
Address	2072 Zsambek, Racvaros u 2
Chairman	Mr Imre Zink (mayor of Zsambek)
Date of foundation	March 26, 1998
Legal status	Non-profit organization

Objectives

- to create the right organizational form in order to achieve the goals,
- to strengthen the sector of small and medium size enterprises thus reducing the dependence of the region on Budapest,
- to strengthen the local society,
- to help promote tourism in the region by establishing a connection between the tourist values of the various settlements,
- to establish a regional Telecottage on the long term,
- to create a business information database,
- to examine environment protection tasks,
- to create the region's tourism related information database,
- to promote the region's economic and cultural life with the help of higher educational institutes

History

In February 1998 ten villages belonging to the Zsambek region (the area surrounded by the Buda mountains and the hills of Vertes, Gerecse and Etyek) established a regional development association. The objective of the association was to coordinate joint thinking and development goals. A loose cohesion among the local communities as well as an uneven level of economic development among the settlements represent the common problem of those living here. As a result of the liquidation of large companies following the change in the political system unemployment has grown significantly. Public transportation conditions have not adjusted to the changes thus the region has become a disadvantaged region of Pest county from an employment point of view. Regional cooperation is aimed at putting an end to this disadvantageous situation.

Specific activities

After the establishment of the regional association, a regional economic development program, supported by the Labor Center of Pest County and Regional Development Council of Pest County, could be launched as a result of winning the tender of the Rapid Response Project. Potentials of the region, its current situation and breakthrough points were identified in the course of the four sessions. The primary development project, i.e. the creation of a regional information database has been determined.

The creation of the database has been started by the implementation of the program. Programs suitable for the entrepreneurial sphere have started to be organized.

Target groups

- actors of entrepreneurial life,
- local governments,
- tourist organizations,
- civic organizations

Role of the state

The required set of conditions for the association are secured primarily by the parent local government (Zsambek). The region's manager is employed through the support of the Labor Center of Pest County and the Regional Development Council of Pest County. Local governments and the business sphere are supported by the utilization of labor market and regional development funds.

The central and the local governments provide substantial support for the organization of regional programs.

Other sponsors

By establishing tendering conditions financial support provided by the business and civic spheres can be used for regional development.

Financial background

The basic conditions of the association are secured by membership fees (HUF 40/person/year), the utilization of central funds, support awarded through tenders and capital invested by entrepreneurs.

Employment results

Several new jobs can be created by promoting enterprises, supporting investment aimed at job creation, providing wages support, supporting public employment and self-employment
In 1998 this concerned 100 people, the plan for 1999 is 200 people The creation of public transportation connections in the direction of Budaors will provide further opportunities to access jobs in the business units located by the highways

Successes, failures

The establishment of the regional office generated a flow of information and provided an opportunity to set up a series of meetings with the entrepreneurs On the occasion of the tourist forum held in February 24 1999 participants were informed of state and local development opportunities

The uncertain situation of the regional manger (due to tightened public employment rules) as well as the budget problems of the local governments can be mentioned as problems

Future prospects

It is necessary to encourage entrepreneurial activities by developing projects taking into consideration the potentials of the region The region can catch up with the more developed regions of the country by extending cultural and tourist opportunities

11 ZSELICA REGION

Basic Information

Name of organization	Zselica Subregional and Regional Development Association
Address	7400 Kaposvar Fô u 37-39
Phone	82/529-191
Fax	82/529-192
E-mail	zselica@mail.mata.vu.hu
Chairman	Dr Jozsef Spiegl
Date of foundation	February 1996
Legal status	Local governments of 30 small villages in Zselic, one foundation and the Banya Panorama Association operate as an association

Objectives

The objective of the association is a complex regional development of the region. Our unusual civic organization has managed to foster joint thinking and common action among the concerned municipal leaders, other civic organizations and entrepreneurs in order to improve the difficult situation of citizens living in the subregion with multiple disadvantages and to save the deteriorating small villages.

The Zselica Association started and has been conducting its activity with an expressed determination to develop, within the frame of the development strategies of Somogy county, the Zselic region into a region which can be set as an example to follow.

History

The history of our association goes back to the foundation of the Banya Panorama Association. The above mentioned association was organized to save the village of Bardudvarnok-Banya. The leadership of the association and its close environment has managed to concentrate serious intellectual power having an impact also on the neighboring settlements. This radiant effect has led to the establishment of a bilateral and multilateral cooperation. Various programs and development projects involving several villages e.g. construction of bicycle road have helped reaching the decision as a result of which the organizational forms of joint thinking and common action have been formalized legally by the local governments of 21 villages at the beginning of 1996. The organization was extended by two more members in 1997 and seven more local governments in 1998. Thus all the settlements of the small region with clear geographical boundaries have joined the association by now.

Specific activities

When pursuing the activities of the association, special attention is devoted to coordination as well as to the harmonization and a joint resolution of plans. In the area of infrastructural development, the construction of connecting roads represent an outstanding task for regional development. The termination of isolation in settlements with dead-ends is of vital importance. The association coordinated the construction of two roads which have already exerted a favorable effect within a few months. Plans for the construction of the third road have been prepared, the implementation is expected to be completed by the end of the year.

It is considered to be a significant success that we have managed to achieve basic improvement in the extension of the telephone network within two years. The association has effectively contributed to the installation of the gas pipelines. In 1997 a network extension of 30 kilometers was implemented. In addition to the completion of the gas program, alternative solutions to drainage, sewage disposal have also been put on the agenda.

This region is no exception to the Hungarian country villages characterized by a lack of sources. Thus one of the most important tasks of the management of the association is to identify and gain access to sources. We pay special attention to the preparation and management of bids and projects.

The four sessions organized within the Rapid Response Project have significantly raised the level of joint thinking and common action holding the association together. In the course of these sessions municipal leaders and entrepreneurs have, on the one hand, received serious assurance that the previously developed cooperation represents the most practical method and, on the other hand, participants realized and accepted the principle and practice of "think globally and act locally". As a result of the workshops, 40 project ideas were generated which fit into our development programs well. At the same time, however, it has been clearly agreed that in the area of human resources innovative mentality and its wide practical application is needed. Its catalyst, human and organizational conditions have to be created. Thus participants have voted with an overwhelming majority for the selection of the project idea aimed at the establishment of a Business Management Office. Significant support has been provided by U S D O L for the establishment and the operation of the Office.

The Business Management Office set up in February 1998, proved to be helpful in cooperating with the Labor Center of Somogy County and thus we organized the workshops of the Rapid Response Program in the small region together. One of them was especially fruitful as it resulted in seven new small settlements joining the Zselica Association. The positive images of our participation in the Rapid Response Program can be best described by the opportunity given to our representatives to report on our activity in the form of an international exchange of experience in Bucharest in the fall of 1998.

The development of the association can be seen from its ability to delegate the chairman into the General Assembly of the county in the 1998 local elections who has also been elected one of the vice presidents of the General Assembly due to the lucky balancing of political powers.

The Business Management Office has submitted an application to the Regional Development Council of Somogy County and won a tender for the elaboration of a complex regional development program for the region. This work is particularly important from the point of view of the associated villages and their citizens for it determines the region's development goals and the related implementation program by the year 2020 and thus it also represents the association's work program in the future. Naturally, this program developing activity is in line with the county's regional development program, it is its version adapted to the region.

The Business Management Office's activity is aimed, primarily, at supporting economic enterprises and initiatives adjusted to the potentials of the region and helping match supply and potential capital investment. This activity is still in need of substantial development because external relations resulting in real work, i.e. a significant improvement of the local economy, have not been established yet.

Target groups

Our association has not defined any particular target groups yet, for it is in the general interest of the people and the population as a whole to develop infrastructure and boost the economy. Putting target group oriented activities on the agenda represents one of the tasks of the coming two years. One of these target groups, playing a determinant role in future, is the young. Dealing with young people is a basic strategic issue related to the task of increasing the settlements population retaining ability from a future prospect. The other task is to resolve the problems of the not only regionally specific target group of the gypsies.

Role of the state (central and local governments)

Results achieved so far in the general development of the region have been reached through governmental support awarded through tenders. This indicates the role of the central government as local governments are unable to perform large-scale development tasks from own sources. Ad-hoc support provided by the county municipality and the support of the county Regional Development Council is also worth mentioning.

Other sponsors

The role of other sponsors lies in the provision of moral support which is also important as a good image may be capitalized on later. In this respect the role assumed by the Labor Center of Somogy County helping us resolve several more or less important tasks has to be underlined.

Financial background

The financial background of the Zselica Association varies depending on which tendering opportunity we can take advantage of and when. The association's management has to perform a double task to secure the financial background. One of the tasks is to establish the material conditions required for the operation of the Business Management Office. The other task is related to the member organizations. The management has to cooperate with them in order to obtain the material background needed for a given development task.

One of the most crucial problems in securing the financial background is that it is very difficult to raise the self-financed part of the funds required to gain access to tendering and other sources. The local governments of the small settlements fighting several problems are unable to manage local sources e.g. local business taxes, other local taxes, in a way as to be able to make reserves.

Employment (job creation, launching an enterprise, job saving) results

We consider it the most significant achievement in the area of employment that we have been able to stop the increase of the number of the unemployed over the past few years. Our efforts made in order to create jobs and extend employment have not proved to be successful so far. Our various retraining programs, transit employment programs and programs aimed at providing those starting their career with work experience organized in close and efficient cooperation with the National Employment Fund and the Labor Center of Somogy County have been very helpful but have not given a general solution.

- Public work program as a result of the bid submitted to the National Public Work Council a support of HUF 52 million was granted to the region. During its use 200 public workers were employed in 17 settlements for six months to work on drainage ditches and in streets.
- Transit employment with the support of the National Employment Fund 10 unemployed starting their career were employed for 18 months in the Creative Center of Banya.
- Within the frame of the work experience obtaining program 4 young graduates are operating as region managers in the larger settlements.
- We continuously employ young people (2-3 persons) doing their civil service.

Successes, failures

We consider it our most important result that villages, which have been separated from each other previously and have not cooperated at any level, have eventually sat down at the same table during the evolving development work as a result of which joint thinking and a common action has been established with regard to regional development issues. The majority of the villages has realized that the previous practice of isolation and withholding information, which has led to the region's relative backwardness over the last decades, can not be continued.

Specific results are as follows

- There is an elaborated, discussed and accepted small regional development program
- Those working in the area of regional development believe that it is worth overcoming daily problems and dealing with the future
- The organization and the management as well as the external team of experts needed for the small regional cooperation have been established
- Forms of joint thinking and reconciliation mechanisms have been created
- Some infrastructural investment projects, important from the point of view of the future of the region have been completed
- Szenna-Bardudvarnok, Zsippo-Lipotfa, Banya-Votapuszta connecting roads, Visnye-Kapolnasvisnye, Visnye-Harserdô access roads and supply of Bardudvarnok and Kadarkut villages with gas. Complete telephone network in the region. Cistern in Petorke and Lipotfa. Bicycle road between Banya and Kaposmerô
- Village exhibitions are under construction
- We have completed the Zselic Village Hotel Network program, the number of private lodging opportunities has increased
- Based on a complex survey the first village development program has been prepared for the local government of Mike

We can mention some failures too, stemming from a still existing conservative approach, the lack of initiatives and risk-taking. We consider it a failure that we have not been able to get several elaborated projects put aside ready for implementation due to lack of money.

Future prospects

An undoubtedly positive image has been created about the activities of the Zselica Association. This favorable opinion is due, primarily, to the establishment of a cooperation which has helped achieving concrete results even under conditions aggravated by multiple disadvantages, has put an end to unfavorable processes and helped overcome the stalemate situation characterizing the settlements. Future prospects are promising, there are specific plans and programs available and their implementation has already started. A healthy impatience can be experienced but we treat it in a positive way. The objective of regional development has been set, a vision has been formulated, alternative solutions to problems related to the expansion of infrastructure, economy development and employment are at hand. A gradual and persistent realization of means required for implementation represents the task of the following years and decades.

12. REPORT ON THE APPLICATION AND EFFECTS OF THE HGVK MODEL IN THE GYOMAENDRÔDCÉS REGION

On 20 August 1998 the regional management offices was set up and has been operating and become more and more known since then

A summary table of bids submitted by the local government in 1998 can be seen in appendix 1

We have already participated in the preparation and submission of 2 bids in 1999

Since January a trainee has been helping the regional manager in preparing the bids as a result of the increasing number of tasks. The office has become known all over the town and the region. Local civic organizations, local minority governments and entrepreneurs more and more often inquire about the forms of support, previous contacts have improved and their number has increased.

With the help of high-tech IT equipment, up-to-date information can be given to the local government and to those who are interested in it. The task of the regional manager (based on his knowledge of the local needs) is to inform the civic organization or the entrepreneur when he identifies a suitable call for tender and to order the form upon request. He/she also helps preparing the bid and makes proposals concerning its form and content. For example, in 1998 a local private entrepreneur submitted a bid to PHARE for the introduction of village tourism and the construction of a demonstration kitchen.

In November 1998, based on a subregional initiative, a regional waste disposal was planned and its implementation started with the involvement of 7 settlements. The "Three Koros" Regional Association of Regional Development was extended, in addition to its three founding settlements, by the local governments of Kondoros village, Kardos village, Ormenykut village and Ketsoprony village.

A project idea for the creation of a 26 km long tourist path has been submitted to the Ministry of Agriculture and Regional Development within the frame of the "Alfold Ecoregion" tender. Upon the approval of the Koros-Maros National Park (the tourist path goes through a large area of a reservation) the submitted project will allow for the utilization of grass grown on the dams by grazing, fishing and angling demonstration and the construction of rest places for riders helping wander around the path by horses or carriages. The tender consists of three main parts:

- 1 summer sheepfold (flock of sheep for demonstration purposes, sheep-shearing competition, etc),
- 2 temporary stable,
- 3 establishment of cottage for angling (to help prepare the fish caught by own hands on the spot while showing the evolution of fishing to date)

An amount of HUF 10 million was awarded within a bid and implementation work will start in spring. As a result of winning both tenders, the entrepreneurial spirit of local traders and caterers has increased and now they are working on the introduction of new services and the expansion and modernization of lodging capacities. An unlimited liability company has expressed its intent to promote village tourism and catering and establish a hotel in Endrőd. Those living here and their environment see a chance for getting into a better economic situation, they enjoy going to basic business and other courses. The emerging entrepreneurs help the unemployed wishing to work have permanent jobs.

We have established international relations with Zimandujfalu (Romania) and continued to maintain our entwined town relationship with Nagyenyed. We would have liked to implement all this in the frame of a Phare supported series of cultural events which would have lasted for six days and been organized on three locations. Our application was, however, rejected due to lack of sources. The only positive thing is that one contact (Zimandujfalu) has remained which could not have been created without this joint work.

The following example demonstrates what kind of tasks can be interesting for a given regional community after the four workshops.

#	Description	Total costs	Support requested and amounts awarded						Self supported part			
			1998		1999		2000		Total awarded HUF	1998	1999	2000
			Requested	Awarded	Requested	Awarded	Requested	Awarded				
1	Construction of water-cleaner for the normal and the children's pool of KKA Liget-Beach	23300	2536	1500				1500	5918			
2	Running water - targeted grant	296881	120000	120000	120000	120000		296881				
3	Running water - regional support (TEKI) Total HUF 597047 thousand	268835	60000	60000	60985	60985		120985	48000	48657		
4	Running water Water Fund	31331	12000	1200	13643	12000		13200				
5	Reconstruction of gymnasium at Kner High School (targeted grant, conc)	5305	0	0	3555	3555		3555	0	1750		
	Total	625652	194536	182700	198183	196540		436121	53918	50407		
	Modernization of emergency care	6300	6000	0				0	1260			
2	Personal care (reconstruction of Mithóhátí út 5)	25200	15000	14000				1400	11200			
3	Póhalom interconnecting road tender	42000	28000	25000				25000	17000			
4	Sewage disposal phases 2 and 3 canceled	1563000	468900	0				0	1094100			
5	Local government redundancies / phase 1	5555	5555	5555				5555	0			
6	Public work program/ phase 2, pipeline maintenance	31791	24648	24531				24531	7260			
7	Bethlen loft construction (targeted type, decentralized)	19529	5000	3906				3906	15623			
8	Auxiliary nursing tools for the Care Center (Soros Foundation)	1430	1150	500				500	930			
9	Care Center decreased ability to work, employment of three people	1900	1500	1500				1500	400			
10	Model pig farm for Bethlen FM	21963	5938	5938				5938	16025			
11	Bethlen vocational training program (French)	69600	69600						0			
12	Developing special lecture room for Bethlen Labor Market Fund	20000	5000	2500				2500	17500			
	Secular church, public ground, high school, Decentr. Rehab. Centre	2405	2400	0				0	5305			
14	High School Labor Market Fund decentr vocational training part	3000	2500	1500				1500	1500			
15	High School Soros Foundation, purchase of art videos	100	80	80				80	20			
16	High School József Attila Foundation, one off support for training	50	50	50				50	0			
17	High School for Budapest Bank	200	200	200				200	0			
18	Catholic Church, tidying denominational (church) cemeteries, Soros			2140				2140				

	Description	Total costs	Support requested and amounts awarded						Self supported part			
			1998		1999		2000		Total awarded HUF	1998	1999	2000
			Requested	Awarded	Requested	Awarded	Requested	Awarded				
20	Local government of Teki Póhalom completion	42000	3000	3000				3000	14000			
21	Bethlen. modernization of dormitory equipment	2756	2256	1700				1700	1056			
22	BMTT reconstruction of model pig farm	20125	6000	6000				6000	14125			
23	EM special Bethlen Vita Agricolae 98	2563	1025	700				700	1863			
24	World Bank. Bethlen education development											
25	Taxation Authority Bethlen new agricultural machinery procurement (baling)	2688	672	672				672	2016			
26	Bethlen. animal medical prevention and medications costs	400	50	50				50	350			
27	High School students camping	100	100	70				70	30			
28	High School language laboratory modernization	1000	1000	250				250	750			
29	Library improving children's library stock	400	300	300				300	100			
30	Library. Drama and reading camp for vocational students	235	100					100	100			
31	Library creation of art video renting place	100	80	70				70	30			
32	Library. Information technology support (Soros Foundation)	350	300					300	70			
33	Care Center public employment of 8 persons (Soros Fundation)	5450	1090	1090					4360			
34	Bethlen Model pig farm (PHARE)	56814	22725						34089			
35	Kindergarten organizing excursions	100	100						0			
36	Football club. Football club. Increase of players for local government (Soros)	650	300						360			
37	Tákusz. redundancies at local governments	10448	10448	10448				10448	0			
38	Family support installation of a gymnasium	3728	3728									
39	Local government reconstruction of well pit	8340	5838						2502			
40	Creation of an ecoregion							10000				
41	School no 2 Language laboratory	250	250	250				250				
42	Rózsahegyi School dormitory equipment	400	400	400				400				
43	Town Family Support center special gymnastics	400	400	400				400				
	Total	1987987	700438	112800	8691	0	0	0	109110	1263924	0	0

The following example illustrates what kind of tasks can be interesting for a given subregional community after four workshops

13. Visit in Bányá and its region

Date of visit July 16, 1998

Participants

- Kellie Isbell, representative of Aguirre International, the evaluator of local projects, US financed,
- Jules J M Theeuwes, professor of the Labor Economics Department at the Amsterdam University of Economics,
- Mr Miklos Ratvai, consultant, Rapid Response Project Office,
- leaders of Zselica Association and the Banya Panorama Association,
- leaders of the Labor Center of Somogy county

Following the workshops two main issues were established to be in the focus of activities related to the implementation of the Rapid Response LED project of the Labor Center of Somogy County and the Zselica Association

1 / Increasing the tourist capacity of the region including:

- construction of a bicycle path (of which a section of 10 kms has been completed and the remaining 10 kms will be finished using other sources awarded through tenders),
- development of village tourism (establishment of a village hotel network, which has already started with the preparation of a list of the catering units of the village, the preparation of a list of the local attractions, construction of specific lodgings and the renovation of private houses and will continue by training those who wish to become entrepreneurs, by pursuing PR activities, etc)

2./ Development of the region's economy including the following

- infrastructural development has started with, on the one hand, the construction of interconnecting roads (two road sections have already been completed with the help of sources awarded through tenders by Ministry of Agriculture and Regional Development) serving a double function 1/ construction of road network connecting tourist attractions, 2/ connecting isolated settlements by public roads, and with the construction of a sewage system, on the other,
- creation of an entrepreneur friendly environment for local businesses (taxation, fiscal policy),
- selective industrial development (attraction of environment friendly technology),
- supporting local entrepreneurial ideas (e g establishment of potato, chestnut producing and processing plants, fishery ensuring brood for sport fishing lakes maintained from sources awarded through tenders (FM))

Economic development is limited by natural values which can represent a particular attraction for people living in other regions. We have managed to settle leading sportsmen, artists, Olympic champions in Banya and its region. At the same time the German entwined town relationship has also been used to serve the objectives of the small region: delegations are sent, exchange holiday schemes and other joint events are organized each year. Famous people, international relations thus provide an opportunity to make the region better known and therefore, more attractive for non-local people.

Participants of the information forum have mentioned that the Rapid Response LED projects

- encouraged participants of the workshops to think together,
- gave new information about how to proceed on our own,
- improved the self-development ability of the settlements,
- helped develop, within 1.5-2 years, conceptual frames indispensable for advancement that fits into the system. The region would have needed 5-6 years to achieve all this alone. With the help of the Rapid Response Project we saved 5-6 years, said Mr Gyorgy Nagy, secretary of the subregional association,
- accelerated the development of the local economy and cooperation (the idea of chestnut processing was also raised during the workshops),
- created a regional level thinking (together for the same goal without any forces and tensions)

The participants have also mentioned the following

- during the workshops they were thinking so as if they were full of money i.e. by identifying more opportunities their vision has also widened their way of thinking and development ideas,
- the LED project contributed more to the region than it cost,
- the method is by no means a magic pill, however, it encouraged cooperation, which can do miracles,
- the small region's future can be secured by the development of the economy (not at all costs). This conscious and planned activity is expected to be pursued through the establishment of a business management office which is one of the concrete, tangible effects of the workshops,
- in response to the question aimed at finding out whether they feel that there is a conflict between the development of the economy and tourism they answered that one of the guiding principles of the workshops was the protection of natural values as the main goal (tourism) and that no polluting factory is allowed in the region (e.g. the establishment of a toothpaste and aerosol tube producing factory was not supported, however the establishment of a television assembly line was supported as its technology was environment friendly). Starting an obviously loss-making business (e.g. according to a preliminary survey the herb picking and processing integration is going to be loss-making thus the idea has been dropped) should also be prevented,

- bearing in mind that producers are currently rather exposed to buyers taking advantage of the low prices of bulk purchases in the fall they have decided to eliminate this problem by letting only more processed products out of the region (e.g. in Mike potato growing is rather traditional thus a potato processing unit, employing approx. 15 persons, will be set up, material sources required for planning have already been identified. In Banya a chestnut processing plant employing approx. 15 persons will be established, material sources will be secured through tenders and the help of entrepreneurs),
- support is given to innovative enterprises with solid capital and international relations (in Hencse there is a golf-course operating and employing 20 people, in Mike a fish breeding plant operates employing 4 people and will operate employing another 4 people after the development. The plant has significant international contacts, provides existence for another 15 private fish breeders and performs the role of the integrator by buying, storing and selling their products and providing consulting services),
- with the help of the county labor center we employ 200 public workers (e.g. Banya was given 9 public workers whose labor was used for service project goals e.g. cleaning streets and ditches),
- the following serve the development of tourism: 1/ golf-course, a target of foreign, well-off tourists, programs combined with hunting are also organized, 2/ construction of a History Valley is going in Banya region where students can participate in live history lessons, 3/ the region will be connected with the county seat by a bicycle path to attract urban people there for the weekend, 4/ establishment of an old people's home accommodating special target groups, too (e.g. summer camp of Adventists)

In response to the question addressed to the region's leaders about what they would recommend to others and what they would do in another way, the following answers were given:

- they highly recommended the Rapid Response LED workshops,
- they suggested that the implementation process of the Rapid Response LED be conducted in a different way, in the frame of special workshops and it would be worth developing the related curriculum and methods. For instance, two months of investigation done by dr. Jozsef Spiegl, chairman of the Zselica Association could have been saved if there had been a team of experts involved in the implementation phase where the herb specialist could have said immediately, as opposed to the two months of work of dr. Spiegl, that, first of all, such a network already exists, and secondly, that the most marketable herbs do not grow on such soil and in such microclimate. (It has also been mentioned here that this very issue was raised during the further training of the Regional Development Councils in June and this is going to be developed later)

The visitors were positive about the experience gained and in their opinion the implementation process of the Rapid Response LED project is on the right track providing not only specific and visible economic results but also contributing significantly to reshaping the mentality of the community in a favorable way.

14 CASE STUDY ABOUT THE APPLICATION OF THE HGVK MODEL OF THE ZSELICA SUBREGIONAL AND REGIONAL DEVELOPMENT ASSOCIATION

Author Dr Jozsef Spiegl, chairman, Zselica Association, Somogy county

As a result of the four workshops 40 project ideas were generated in the region which fit into the development programs of the Zselica Association. At the same time, however, it has been clearly agreed that in the area of human resources, innovative mentality and its wide practical application is needed. Its catalyst, human and organizational conditions have to be created. Thus participants have voted with an overwhelming majority for the selection of the project idea aimed at the establishment of a Business Management Office. Significant support has been provided by U S D O L for the establishment and the operation of the Office.

The Business Management Office, set up in February 1998, proved to be helpful in cooperating with the Labor Center of Somogy County and thus we organized the workshops of the Rapid Response Program in the region together. One of them was especially fruitful as it resulted in seven new small villages joining the Zselica Association. The positive images of our participation in the Rapid Response Program can be best described by the opportunity given to our representatives to report on our activity in the form of an international exchange of experience in Bucharest in the fall of 1998.

The development of the association can be seen from its ability to delegate the chairman into the General Assembly of the county in the 1998 local elections who has also been elected one of the vice presidents of the General Assembly due to the lucky balancing of political powers. The Business Management Office has submitted an application to the Regional Development Council of Somogy County and won a tender for the elaboration of a complex regional development program for the subregion. This work is particularly important from the point of view of the associated settlements and their citizens for it determines the region's development goals and the related implementation program by the year 2020 and thus it represents the association's work program in the future. Naturally, this program developing activity is in line with the county's regional development program, it is its version adapted to the region.

The Business Management Office's activity is aimed, primarily, at supporting economic enterprises and initiatives adjusted to the potentials of the region and helping match supply and potential capital investment. This activity is still in need of substantial development because external relations resulting in real work, i.e. a significant improvement of the local economy, have not been established yet.

Our association has not defined any particular target groups yet, for it is in the general interest of the people and the population as a whole to develop infrastructure and boost the economy. Putting target group oriented activities on the agenda represents one of the tasks of the coming two years. One of these target groups, playing a determinant role in future, is the young. Dealing with young people is a basic strategic issue related to the task of increasing the settlements population retaining ability from a future prospect. The other task is to resolve the problems of the not only regionally specific target group of the gypsies.

Results achieved so far in the general development of the region have been reached through governmental support awarded through tenders. This indicates the role of the central government as local governments are unable to perform large-scale development tasks from own sources. Ad-hoc support provided by the county municipality and the support of the county Regional Development Council is worth mentioning. The role of other sponsors lies in the provision of moral support which is also important as a good image may be capitalized on later. In this respect the role assumed by the Labor Center of Somogy County helping us resolves several more or less important tasks has to be underlined.

- Public work program as a result of the tender submitted to the National Public Work Council a support of HUF 52 million was granted to the region. During its use 200 public workers were employed in 17 settlements for six months to work on drainage ditches and in streets,
- Transit employment with the support of the National Employment Fund 10 unemployed starting their career were employed for 18 months in the Creative Center of Banya,
- Within the frame of the work experience obtaining program 4 young graduates are operating as region managers in the larger settlements,
- We continuously employ young people (2-3 persons) doing their civil service

We consider it the most significant achievement in the area of employment that we have been able to stop the increase of the number of unemployed over the past few years. Our efforts made in order to create jobs and extend employment have not proved to be successful so far. Our various retraining programs, transit employment programs and programs aimed at providing those starting their career with work experience organized in close and efficient cooperation with the National Employment Fund and the Labor Center of Somogy County have been very helpful but have not given a general solution.

The financial background of the Zselica Association varies depending on which tendering opportunity we can take advantage of and when. The association's management has to perform a double task to secure the financial background. One of the tasks is to establish the material conditions required for the operation of the Business Management Office. The other task is related to the member organizations. The management has to cooperate with them to obtain the material background needed for a given development task. One of the most crucial problems in securing the financial background is that it is very difficult to raise the self-financed part of the funds required to gain access to tendering and other sources. The local governments of the small villages fighting several problems are unable to manage local sources e.g. local business taxes, other local taxes, in a way as to be able to make reserves.

We consider it our most important result that villages, which have been separated from each other previously and have not cooperated at any level, have eventually sat down at the same table during the evolving development work as a result of which joint thinking and a common action has been established with regard to regional development issues. The majority of the villages has realized that the previous practice of isolation and withholding information, which has led to the region's relative backwardness over the last decades, can not be continued.

Specific results

- There is an elaborated, discussed and accepted regional development program,
- Those working in the area of regional development believe that it is worth overcoming daily problems and dealing with the future,
- The organization and the management as well as the external team of experts needed for the regional cooperation have been established,
- Forms of joint thinking and reconciliation mechanisms have been created,
- Some infrastructural investment projects, important from the point of view of the future of the region have been completed,
- Szenna-Bardudvarnok, Zsippo-Lipotfa, Banya-Votapuszta connecting roads, Visnye-Kapolnasvisnye, Visnye-Harserdô access roads and supply of Bardudvarnok and Kadarkut villages with gas Complete telephone network in the region Cistern in Petorke and Lipotfa Bicycle road between Banya and Kaposmerô
- Village exhibitions are under construction,
- We have completed the Zselic Village Hotel Network program, the number of private lodging opportunities has increased,
- Based on a complex survey the first village development program has been prepared for the local government of Mike

15 TATA, A SMALL HISTORICAL TOWN IN THE MIDDLE OF EMPLOYMENT AND ECONOMIC CRISIS¹

Tata and its region (10 settlements) is one of the regions being in a rather interesting economic and employment situation in Hungary. Although public opinion would consider it a prosperous subregion, based on its geographical location (Becs-Budapest axle, proximity of Budapest, famous tourist potential known all over, the Old Lake, sports training camp, etc.), the crisis of transformation has had an adverse effect also on this area and thus local population faces one of the most unusual economic situations of our country.²

Development of the current economic situation, the present situation of the labor market and the economy

- 1 *The region's economy has been based on three-four key areas.* Fifteen-twenty years ago it was famous, primarily, for tourism. The other big economic potential lied in the brown-coal mines of the region. Tatabanya, the county seat, located some 10 kilometers away from the town, used to be one of the centers of Hungarian mining. Local leather and textile industrial plants belong also to the best known plants of Hungary (Tata Leather Company, Tata Carpet Company with a 100-year-old-tradition). Brick and tile industries (there is a good quality clay basis in the small region and the Tardos limestone quarry is also here) as well as the furniture factory have a country-wide reputation. Apart from all this, agriculture also used to be a significant employer.
- 2 These economic bases shattered one after the other. First, opportunities offered by *tourism* declined due to the practice of deep cultivation in the neighboring areas resulting in severe damages caused by the region's karst water reserves. This led to a ban on swimming in the Old Lake already at the beginning of the 80s which has, of course, reduced the region's attractiveness. Another blow was dealt at tourism by the crisis of agriculture and forestry (For instance, the famous Eszterhazy stable is currently standing empty in Tata where one of the main attractions was, and still could be, horse tourism). Nevertheless, the town remains to be the region's most popular tourist center. This can be demonstrated by the fact *that tertiary, i.e. service sector remained to be the largest employer even in the period of the political changes. Tata continues to be an attractive holiday and dwelling place* in the eye of the well-off entrepreneurs of the neighboring villages and cities.

¹Author: Mr. Akos Szalai, Municipio Unlimited Liability Company, October 1997.

²The case study below was prepared with the help of Mrs. Laszlo Szentessy, director of the Magyary Zoltan City Education and Youth Center, Mr. Ferenc Toth, secretary of the Regional Development Association of Tata Subregion and Mr. Ernő Kiss, manager of the Tata branch of the Komárom-Esztergom County Labor Center who have, during the interviews, spoken to us about their opinion concerning the economic potentials of the town and its region. Apart from these interviews, we have also processed, during our work, the summary of the four workshops taking place within the first phase of the Hungary Rapid Response Project (author: Mr. Ferenc Toth, 31 July, 1997), the bid submitted for the second phase of the Regional Economic Development Project (August 8, 1997), work material prepared for the development of strategy and tourist products and the action plan for the development of tourism in Tata region (the latter two prepared by Mrs. Laszlo Szentessy).

- 3 The crisis of the *Tatabanya mining* did not of course cause employment problems in the seat of the mines first, it was not the Tatabanya workers who were laid off first, which led to two serious consequences First, opinions, claiming that *Tata can not rely on the neighboring town, have gained strength* Second, since also the name of Tatabanya refers to the town of Tata *bad news about the mines had an adverse effect on the image of Tata* (This can do especially much harm to town marketing which would be indispensable in order to maintain tourism and bring tourists back)
- 4 *The crisis of agriculture* has, of course, affected also the region According to the local labor office, approximately 2000 people lost their jobs in this area between 1991 and 1993, *the majority of them does not wish to become an entrepreneur* but continue to remain employed as this is considered to be the only safe and acceptable solution
- 5 Finally, the most problematic area from an employment point of view *the crisis of local industry* The labor market could handle the collapse of the construction industry as, on the one hand, one or two larger limited liability companies have emerged on the ruins of the shattering companies and construction knowledge is easily convertible, therefore, many have found a job in various small enterprises, on the other *The largest blow was dealt at the local labor market by the declining light industry* as even more jobs ceased to exist here than in agriculture Those laid off here did not have suitable qualifications *Most of them were unskilled women* whose predominant part did not even have proper basic skills
- 6 The present number and structure of the unemployed can be explained by the above mentioned reasons and precedents *The rate of unemployment of 13.3 % in the fall of 1997 exceeded the national level* (the corresponding national rate was 10.3 %) When evaluating unemployment, also activity rates have to be considered Of the 25,000 inhabitants of the town, 14,000 people are of active working age but only 10,500 can be considered economically active, i.e. more than one fourth of those of an active age are not present on the labor market
- 7 *The most characteristic feature of the unemployment in Tata is the rather high proportion of women* Of the 1,399 unemployed registered in September 1997, 697 were women The slightly larger number of men is due only to the lower pension age of women *Women can be particularly characterized by permanent unemployment (exceeding more than 1.5 years)*, 31 % of registered women belong to the continuously unemployed for more than a year (As opposed to this, the corresponding rate for men is only 28 %) *The number of those with a high school education is outstandingly high and so is the number of those pursuing intellectual activities if looking at the profession side* In principle, those pursuing an intellectual activity are more likely to find a job and the same applies for those with a high school education i.e. higher qualifications These two sets of data indicate that *behavioral and demotivating labor market effects* are also present among the unemployed (relatively well-qualified) women
- 8 We have to mention also labor market demand Although it is true that capital from the west is attracted, primarily, by premises located near the highways connecting the two capitals and the western border, this has so far been realized in towns with big labor market such as Gyôr (AUDI, PHILIPS, etc) or Budapest and the close region of the capital Small towns are not preferred as company seats It is not by chance, therefore, that it is *Tatabanya*, instead of Tata, which is capable of making large international investors settle down (e.g. wheel-disk factory) In addition to this, companies of neighboring towns *are*

currently not able to offer suitable jobs for the people in Tata as the number of unemployed is high enough in the county seat to fill the positions by local people. New companies do not contribute towards the transportation costs of those commuting from Tata, local people can be employed without this cost. Investors in Tatabánya do not rely on regional enterprises even as suppliers. It is not impossible that the so called *agglomeration benefits will exert some influence here*, however, at present there are still serious political debates in Tata concerning the level of extent to which the town should rely on the proximity of the county seat and the possibility to act independently.

- 9 In any case, the labor center does not see a real chance to benefit from the expected boom in Tatabánya, thus it tries to improve the employment chances of the local unemployed on its own, using various active measures. *It is, however, rather striking how low is the proportion of the unskilled with secondary (high school) education in the various training forms* (Presumably, this can be explained by the disharmony between the system of supply and the labor market and the demotivating effects)
- 10 When analyzing the economic situation, some determinant segments, namely human and physical infrastructure and enterprises need to be touched upon separately. Tata is very mixed in terms of *education*. On the one hand, Tata has one of the best educational institutes of the country i.e. the Eotvos High School with top schooling rates nationwide (In the light of this it is particularly interesting how high is the proportion of girls with a high school education among those unemployed who are just about to start their career) *According to various opinions, however, the vocational school system provides students with non-marketable skills*
- 11 *Education in tourism* has also to be mentioned. In Tata such training was introduced as the fifth grade in high school only during the past couple of years. However, many consider it an excuse: the school can prevent laying off some of its teachers while students treat it as an extension to their studies. The training has no connection with the catering units operating in the town³, moreover, no positive answer has been received from the school's side in response to attempts made at arranging apprenticeship for students.
- 12 The region can be considered one of the centers of *cultural and sports life*: the Water-Music-Flower festival, other tourist attractions such as running around the Old Lake (Mini-marathon), Porcinkula and the Neszmeny Bridge-festival represent significant, nationally recognized events organized annually.
- 13 *The Training Camp* is also one of the attractions of Tata, however rivalry between town management and the Training Camp which is living its own life has spoiled the relations between them. (This is a particularly problematic issue since the Camp also represents the center of conference tourism in Tata. However, it has, by now, practically created all the conditions of self-support)
- 14 We know relatively little *about the entrepreneurial sphere* (and thus about the tourism sector constituting the majority of the entrepreneurs) *According to 1990 national data, the proportion of entrepreneurs was the fourth largest in Tata*. It is true, however, that this is due, predominantly, to the settlement of external entrepreneurs. That is why local people consider it one of their biggest opportunities *to organize economic services for the*

³Some even doubt the existence of practical training

enterprises and personal services for their managers Our understanding, however, is that *entrepreneurs maintain relatively weak contacts with one another and external company heads and managers living in Tata despite the fact that this could represent one of the bases for the region's economic development* Information is available only about the cooperation of those in tourism the Guild of Guest Caterers was formed in spring 1998

- 15 Based on this, gaps can be assumed to exist in terms of providing information for enterprises, training them, representing their interests and organizing markets (It is by no means a surprise if we take into consideration obstacles to collective action i.e. recognizing the common interest does not necessarily lead to a common action Although everyone would equally benefit from the potential success, the costs of organization are presumably borne by those only who undertake the organization If their individual profit does not exceed the costs of organization or if they can not assume that their activity will motivate others for action thus encouraging the reduction of costs per head, no one will assume the responsibility to organize the team) That is why *community institutions* could play a significant role This, however, is missing from the region *The Hungarian Foundation for the Promotion of Enterprises did not (allegedly due to personal conflicts with the previous local government) set up an office in the town Komtourist*, which would, in principle, be responsible for organizing tourism in the county and whose seat is in Tata anyway, is not interested in incoming tourism, or more precisely, the thermal water in Komarom is the only tourist product it sells

Organizations interested in the economic development of Tata region and their activities

- 1 There have been several organizations in the region fighting for the protection of nature and the strengthening of the local economy and society for many years Four of them have to mentioned separately
 - *Streamline (Altal-er) Society* fighting for the improvement of the quality, quantity and output of the neighboring streams (Streamline represents the most important water replacement source for the Old Lake in Tata)
 - *Pro Neszmeny Society* whose main objective is the mobilization of the village's economy and society (Neszmeny is one of the small villages of the region with 1,500 inhabitants Since the 1960s, more and more people have been commuting to the neighboring industrial region from Almasfuzitô to Nyergesujfalu The liquidation of the above mentioned local economic units and the deterioration of the neighboring industry have resulted in the rapid increase of unemployment One of the local innovations of the last few years was the foundation of the Society and the introduction of the jazz festival)
 - *Public Foundation of Tata Muses* (organizing the famous Water-Music-Flowers Festival each year)
 - *Guild of Guest Caterers* in Tata

- 1 *Local governments* have definitely need to be mentioned, for their positive attitude is indispensable. It has been demonstrated above how tensions between municipal leaders and certain organizations make it impossible or at least difficult to implement economic development ideas. Similarly, problems could stem from the failure of the local management to identify the opportunities (and of course difficulties emerging during implementation) lying in the economic programs if it considers its goal the (modest) operation of the present institutions only and does not do its best to improve local economy.
- 2 Upon the adoption of the law, the local governments of the neighboring settlements established the *Subregional Council for Regional Development*. Its establishment, though primarily motivated by obtaining sources of the county Regional Development Council (the representative of the regional cooperation could be delegated into the assembly), was, soon after fulfilling this basic objective, focused, now as an organ empowered with an executive function, on the preparation of regional development. A *functional division of tasks* was developed together with the Streamline Society: the Society performs natural protection tasks while the subregional council is oriented primarily on the fulfillment of economic development tasks in the narrower sense of this work field.
- 3 The Subregional Council For Regional Development set out to elaborate the development concept and the separate projects in which a significant help was provided by the opportunity, given by the county Labor Center, to participate *in the first phase of the Subregional Development program organized within the US Rapid Response Project*. On the four occasions organizations and key actors (civic initiatives indicated above, local and county level organs with executive power, local governments, bigger economic and enterprise promotion organizations operating in the region and their local economic potentates) interested in local economic development have contributed, by their participation and the thus evolved disputes, to the elaboration of the subregional development concept.
- 4 *The creation of a common thinking among actors, otherwise pursuing activities independent from one another*, has proved to be one of the biggest benefits of the series of programs and seminars. During this work the most active and the most committed participants formed a so called *Economic Development Organization* operated during periods between seminars and after June thus contributing to the work of the subregional council. The first versions of the development plan and regional bids (e.g. to the Hungarian Tourism Co., the Public Work Council or the USDOL LED program), which emerged and were based on ideas raised at the seminars, can be attributed, *in a*, to this organization and the work of those participating in it. *The elaboration of a strategic plan*, summarizing future objectives represents probably the biggest success of the Economic Development Organization and the series of seminars. The plan contains seven important, general objectives:
 - *Sustainable development, environmental management, protection of natural and man-made environment* (with special attention to the protection of the watershed area of Streamline, the main karst water storage of the Transdanubian mountain range with medium height, which was put into extreme danger by previous mining, industrial, agricultural and military activities),

- *Creation of an attractive dwelling environment enhancing the region's population retaining ability* (with special attention to encouraging qualified citizens with modest income to settle down or at least fostering resort place ownership, development of physical and human infrastructure, reduction of unemployment rate and the maintenance of the relatively young population),
- *Strengthening local communities accepting the principles of an "open society" but building on our unique traditions* (with special attention to the fact that there were and are four nationalities and five religions living in this region, to encouraging those expelled to return, at least as tourists, to their former home places and to encouraging those currently living here to take care of their memorial places),
- *Settlement of an environment friendly, be it traditional or the most modern, industry* (with special regard to the manufacturing of fashionable and luxurious items and computer parts and to the production of traditional local products e.g. gloves, carpets, etc. on a small scale)
- *Development of agrarian sector* (with special regard to the strengthening of local food producers and the development of an environment friendly, intensive farming),
- *Promotion of tourism*, strengthening the tertiary sector (with special regard to the creation of yet missing but possible-to-develop products, the elimination of seasonality, the promotion of commercial and other personal or economic services),
- *Protection of man-made (the so called culture land) environment* (with special regard to the qualitative rather than quantitative improvement of the local economy, the structure of settlements and the protection of architectural and arts values

Economy development programs

1 Based on the knowledge of conditions described above a prompt launch of four programs was considered to be indispensable as a part of the economic development program a management-organizational type of project under the fantasy name of "walking street", the elaboration of a regional tourist concept, transferring the Baj barracks into the ownership of the local government and the establishment of an "industrial park" there and finally, probably the most important but in any case the most advanced, the establishment of the Neszmeny telecottage and the related database and training opportunities Let's see them one by one

2 The original objective of the program bearing the (deceiving) name of "*walking street*" would have been the utilization of area and urban planning for economy development purposes, a city-type of transformation of the Tata townscape, especially that of the inner city into an economic center (with due regard, of course, to the protection of monument character) The program has, however, been transformed and extended It has been established that the basic problem is not the rejection of economy development concept considerations by the organizations currently responsible for urban planning Rather, the real problem *lies in the failure to present considerations related to the transformation of the economy in a standard and coordinated form each time* Therefore, *setting up an independent development agency* seemed to be an indispensable condition of a successful economy and regional development (To be precise, only the employment of one regional manager initially due to material difficulties) The agency's tasks would include the elaboration of strategic proposals, the coordination of local initiatives, the determination and the organization of the implementation of tasks The ultimate goal is the establishment of a regional planning office, an agency

operating locally, i.e. "planning sources" currently flowing into Budapest and Gyôr would remain in the town and the region, respectively

One of the agency's main tasks, in addition to identifying investors and attracting them to Tata, would be *lobbying*. There are two issues already which present a serious obstacle to the development of local economy. One of them is the unsettled ownership rights of the Baj barracks which is related also to the industrial park project thus it will also be discussed there. The other is the uncertain future of the Eszterhazy castle in Tata. The castle, which used to be one of the family's largest and most beautiful castles (and in terms of its size it is bigger than the Grassalkovich castle in Godolló), was used by a local hospital for many years but now it stands empty protected by the law on monuments. (The need to try to establish some higher educational activity here was formulated during this very seminar mentioned above.)

Tourism represents the largest potential for the town and its region, according to all local leaders and nationwide comparative studies⁴ (That is why tourism oriented projects were given the largest support during the above mentioned USDOL seminars.) The region intends to concentrate a predominant part of its resources allocated for economy development on this field. Despite this, local politics and leaders of the local society were *only rhetorically committed* to the importance of the sector until the launch of the planned economy development, *the elaboration of the tourist strategy* was started only then. During this, a bid, a preliminary program including the "table of contents" of the planned strategy and a list of organizations responsible for the certain schemes, was prepared. The importance of the program does not lie in emphasizing the beneficial elements of tourism for Tata *but rather in considering also problems stemming from the increased turnover of tourists* it mentions the capacity of infrastructure which is currently unable to accommodate large crowds in a civilized way, deviation resulting from increased tourism and the deterioration of public safety.

The implementation of the project requires a *close cooperation between the various organizations*. The attitude of the *local government of Tata* will, presumably, be a critical point of the implementation. Will it manage to improve the situation of urban *infrastructure*, the quality of the townscape and *real estates owned by the town* (e.g. amusement park, open air theater, etc.)? What kind of role will the local political leadership assume in organizing quality *programs*? What kind of *local taxation and budgetary policy* will it pursue to the benefit or at the expense of tourism? It seems to be indispensable for the local government to participate in the implementation of the strategy by establishing *regional management*, improving the quality of *vocational training* in the field of tourism and by organizing tourist and related services which the private sphere is unable to provide for certain reasons.

The key role can be played by the *entrepreneurs engaged in tourism and catering*. They have already done a lot by organizing the Guild of Guest Caterers. Supervising the quality of catering could constitute an important task for the organization. It remains a central issue whether *market resources* can be mobilized to produce products related to tourism.

In addition to the elaboration of the strategy, another project, to be implemented relatively faster, is intended to be launched. *The town does not have enough institutions to accommodate cultural events outside the main season*. The establishment of a real estate fulfilling a similar function could represent an important tool in extending the tourist season and making the dwelling place more attractive. The utilization of the Culture Center's inner yard of 260 m² and thus the establishment of a so called multifunctional hall would serve this purpose. The new central place would accommodate cultural programs (concerts, exhibitions), business meetings, product demonstrations, smaller trade fairs and other social events (ball, conferences).

⁴For instance: Janos Rechnitzer: Chapters for studying regional economics, MTA RKK Gyôr-Pecs

Let's continue with the idea related to the *industrial park and the former soviet barracks in Baj*. As for the strategic plans, we could see that encouraging the settlement of environment friendly small scale industries with traditional roots represents one of the most important breakthrough points in the program. *The program titled "Tata, the town of handicrafts" has started an independent life from the tourist project*, the aim of the program is to boost tourism by a concentrated supply of products of old trades and the market organized on the main square on a regular basis. The planned location in Baj could provide the required products for this

One of the interesting features of this program is that the generators of the idea do not want to use *public sources* to create the market but rather sources provided by local producers and those benefiting from incoming tourism to operate on, at least, a non-profit basis. This, however, has, in addition to the obvious advantages, certain disadvantages *some believe that the introduction of the program is hindered, primarily, by this pride* for the market could be created sooner by using municipal funds and the tourist fund would presumably also support the idea backed up by the community.

Finally let's deal with the project which, at first sight, has the least impact on the development of economy *the telecottage to be established in Neszmeny* i.e. the connection of the village to the world of modern information. The plan goes beyond converting one of the community real estates of the village into a "computer room". Objectives include the *provision of information technology and administrative services for local entrepreneurs, the organization of information technology and language training offered for the primary school and training courses aimed at improving the chances of the unemployed and the "home delivery" of the database of the labor center*. All this could be realized with a relatively minimal investment (purchase of a few computers). The idea of the telecottage became really important when mention had been made about locating it in an *independent building*, i.e. a *public meeting room could be installed accommodating also, for instance, the business meetings of local entrepreneurs and it could also serve as a lodging place representing a starting point in local village tourism* (by setting a good example).

The lack of information typical in various areas to different degrees has already been mentioned above a couple of times. The telecottage system could provide an opportunity to alleviate this problem by locating various local databases here. The organization itself seems to be suitable for registering, maintaining and handling data, information supply to both the organizations of the small region and external partners could be organized, the institution *could play a key role in the region's marketing*.

Summary, conclusions

To finish the study I would like to draw some conclusions briefly. We summarize those points that may be worth considering when starting to do similar experiments, economic development programs somewhere else.

The example of Tata draws the attention, first of all, to the fact that *selecting one, or at least not too many, economic branches the region wishes to specialize in* can be to the great advantage of the region. The activity of the local government as well as of other institutions has to, then, be submitted to this objective. It could be of great importance if this goal could be reinforced also in education.

The division of labor between Tata and Tatabanya, planned by those in Tata, provides a good example of how to try to satisfy the need occurring in the neighborhood by exploiting the comparative advantages of the agglomeration seemingly squeezed out of the big market.

It is very important not to fall into the trap of one-sidedness. All possible economy development measures have their positive and negative effects on the community. Both consequences need to be considered in order to be able to reach a well-justified decision. (This could be seen in case of the tourist project)

It is extremely important that all institutions submit themselves to the strategy set. The local government's support is particularly significant. (The example of Tata has shown that a conflict between the local executive powers and the local organizations due to personal and other reasons has an adverse effect on the whole of the region.) It is also important for local politics to undertake those tasks that can not be fulfilled by the market system and the local society whereas a solution offered by the municipality is more likely to improve the situation. Probably the most important is (and Tata sets a rather negative example in this respect) the management of education, its development in line with the economy development strategy and the installation and use of a database exploring the local economy and society and preparing the ground for decision-making.

Appendix 1, TATA SWOT analysis 1 by resources

	access to capital	business environment	infrastructure	human resources	quality of life
Potentials	favorable natural (culture area) potentials bank credit scheme capital for risks	favorable natural (culture area) potentials tourism, skilled labor force, positive attitude of the local governments of the settlements	health care pharmacies post office, local TV cable network, newspaper distribution, solid road surface, gas, phone, electricity, drinking water no difference in the level of development of public utilities in Naszaly and Baj, educational institutes (in terms of buildings) transportation on public roads and by rail monumental buildings	trade culture high proportion of active population, average level of education	natural and man-made environment, ecoenvironment, healthy local patriotism, entwined relations with towns service culture, good image of Tata
Problems	lack of confidence towards beginner entrepreneurs, more rigorous credit evaluation criteria (return!) to develop from credit only is dangerous high K credit price of credit schemes tied to central bank's base rates, difficult to plan on a 5-10-year-basis	general nationwide problems high burdens on legal enterprises gray economy, constant changes lack of capital and credit, lack of infrastructure teaching business knowledge isolated enterprises, underutilized opportunities in tourism, repatriation of profit by foreigners	Old Lake ^{III} , future of Tata Hospital apartment and construction financing, post and newspaper in the outskirts, bad condition of downtown and factory roads, main road no 100 (paying required on M1), rainwater disposal no sewage disposal in Tata 30 % difference in the level of development of public utilities in small villages, Eszterhazy castle in Tata slowly increasing karst water	negative attitudes and work morale, determination of vocational training directions high female unemployment unemployed with outdated skills and a low level of education, forced nature and low profitability and varying regulations of small enterprises too high requirements against the expectations of the employees	uncertain existence stemming from unemployment, deteriorating material income relations declining public safety narrowing medical professional care lack of public cleanliness and individual interest lack of development strategy

Needs	surveying enterprises mobilizing labor force infrastructure secondary level training common regional thinking "municipal forum" discussing local problems	reinvesting local taxes positive discrimination of local businesses in case of municipal tenders economy decision preparatory role of chambers industrial sites	social institutions need for buildings local TV where it is missing (increasing the number of channels) covering earth roads with concrete satisfying the energy needs of enterprises (pipelines) supplying Neszmeny and Dunaalmas with gas connection to regional running water pipelines where necessary (areas with individual wells)	special training courses stable rules and values recreation (sports center swimming pool)	capital for preserving existing values information system formulation of primary goals entrepreneurial spirit improving the quality of water of Old Lake
Opportunities	identifying investors and funds financial service catalogues investors outside banks information about businesses	promotion of tourism by regular annual events improving the state of environment (tendering sources) exploiting the Becs-Budapest axle municipal economy development	procurement of medical laboratory equipment (targeted grant) migration from Tata to small regions (dwelling situation) tourist marketing association of local TVs development of roads and institutions by public work infrastructural and regional development tenders supply of Tardos and Vertestolna with phone (cellular) sewage network development, establishment of college in Eszterhazy castle alternative transportation (Danube, helicopter landing at the airport of Kecsked)	retraining local regional communication s binding people to the dwelling place by job creation	village tourism sports hunting and culture tourism "complex regional days"

Appendix 2, TATA SWOT analysis 2, by economic revival opportunities

	filling in gaps	supporting existing enterprises	promoting new enterprises	encouraging related new enterprises
Potentials	good geographical location, human infrastructure healthy natural environment inner city of monumental nature municipal participation (e.g settlement marketing)	favorable infrastructure signs of local enterprise promotion at the municipality (e.g reinvestment of taxes) Hungarian Foundation for the Promotion of Enterprises information	several values but no unique favorable educational background high level of education examples set by the former tourism, attractive dwelling place entwined relations transportation-geographical location	small town, small town oriented subregion, tourism environment sensitivity (environment friendly technology) good products (e.g refrigeration, household chemistry) big transit traffic Tata Klapka brigade (NATO compatibility) teaching of foreign languages civic initiatives media
Problems	Budapest oriented mentality, outmigration of labor force regulations encourage gray economic activities lack of capital, undetermined vocational training directions lack of information, lack of developed regional interests, financial situation of local governments (thus not enterprise friendly), Old Lake	lack of information concerning opportunities (public tenders credit, investment), lack of capital, lack of knowledge about the situation of the local market, lack of economic development concept or lack of awareness by entrepreneurs about it	lack of concept lack of information difficult administration ownership problems	lack of infrastructure (green field investment) underutilized buildings (Eszterhazy castle) negative relationship between multinational companies and small entrepreneurs passivity in public life lack of attractive local business (e.g taxation) policy, lack of economy development concept, lack of information
Needs	lack of knowledge about supplier relations, knowledge of local products, regional management tourist agency stability of health care creation of information network and solvent demand, establishment of training and interest relations	cheap credits, investors, identifying local markets, change in allocation system, business forum, interest representation equal to foreign enterprises, evaluation	new companies needed (some bigger ones), coordination, supervised orders (protection of local industry) education, retraining development, information basis "local promotion package"	making products specific to Tata dwelling place, schooling and cultural need of immigrants brainstorms networks, retaining labor force reviving the handicraft industry, quality tourism
Opportunities	utilization of good geographical location, cooperation between local governments and entrepreneurs recreation opportunities, identifying local potentials reviving the handicraft industry, neighboring entwined relations	institutionalized dissemination of local information, protection of local industry (advantages for investments), media, information gathering (banking services Chambers Hungarian Foundation for the Promotion of Enterprises) Tata regional office of HFPE)	small regional marketing involvement of tourism in the development of local industry and agriculture provision of services to budgetary organs by new enterprises, identifying supplier relations, neighboring regions (Tatabanya), tenders (budget, ministries)	Tata to become a regional center relations between existing and new (e.g local government), downtown business capital (local centralization, "city") community leaders-economic contacts (in a transparent way) utilizing existing networks (chambers Authority HFPE)

16 OZD, CRISIS REGION WITH ACTIVE LOCAL CRISIS MANAGEMENT⁵

Should someone talk about crisis regions in Hungary, Ozd would definitely be one of the first examples to come to mind. It is well-known that following the deterioration of the Ozd Steel Works and several unsuccessful attempts to save it unemployment has risen to one of the highest levels in Hungary. Many, among them governments preceding and following the change in the political system, believed that the region was unable to fight crisis on its own thus a support of an estimated HUF 18 billion was granted for various purposes. Whereas the central government and various (often international) foundations did their best, as external actors, to help the region, local citizens, emerging civic initiatives and local governments started to resolve the problem from the other side. They intended to put an end to crisis by mobilizing the powers hidden in the local society. The purpose of the current case study is to present these internal initiatives. Some of them have proved to be and are still pioneering in the country⁶

Transformation of the economy of Ózd, the 1997 economic and labor market situation

- 1 Ozd and its region are located on the north-western part of Borsod-Abaúj-Zemplén county and consist of two towns (Ózd and Putnok) and 26 villages. The local population has, since the beginning of time (or since 1840s to be more precise) been employed primarily in the heavy industry, in factories related to coal mining. The deterioration of these two leading branches in the Best-Borsod-Basin started already *in the 1980s* before the political changes. The region, however, managed to survive this period without any larger labor market explosions. The crisis strengthened, of course, during the period of political changes, the development of market economy when *approximately twenty thousand jobs ceased to exist over one and a half decades*. Since the region's economic structure is rather homogenous, this deterioration can, of course, be *attributed primarily to the collapse of metallurgy*.
- 2 *In response to the crisis of metallurgy, politics wanted to settle down a new industry in the 1980s*. These companies, though badly affected by the collapse of the main buyer i.e. the soviet market, are still operating after some transformations made. Although factories utilize only 30 % of their capacity, these plants are no longer headcounter boosters but rather output producers.
- 3 *Agriculture* was, of course, also present in the region's villages. The mountain area proved to be suitable, primarily, for *husbandry*. One can not forget about the *Sajo valley* which is also located here and has particularly good quality soil. Over the last year cooperatives, with one exception, ceased to exist. Farming has remained, *for many, the most important form of employment, production for self-supporting purposes is one of the most important*

⁵Prepared by Akos Szalai, MUNICIO Unlimited Liability Company, November 1997

⁶The study could not have been prepared without the help of Sandor Bokros (leader of the Ozd branch of the Borsod-Abaúj-Zemplén county Labor Center), Janos Deak (Head of Economy Development Office Mayor's Office, Ozd), Pal Farago (Head of Orhegy Society) and Janos Fonagy (Director of Region Ltd. Co.) Apart from this several previous studies, reports, especially the work of Gabor Bajka-Imre Kormos-János Kutas titled Opportunities to alleviate employment problems of Ozd and its region and the bid submitted for the second phase of the USDOL LED program have contributed to our work considerably

survival strategies According to experts the region would be suitable for *growing berries* which would not only mean a market but also an opportunity to create jobs since growing berries is rather labor intensive

- 4 Although there are significant investments being implemented in the region (Ozd Medical Tools Manufacturing Ltd Co) or being prepared for implementation (PHILIPS or Videoton) they, however, have not been able to offer jobs for the large crowds of the unemployed to date Today most of the jobs are created by small and medium size enterprises in the region
- 5 In the area there were 6050 registered unemployed in July 1997 representing a rate of 23.4 % (Double the value of the national average) The majority has a low level of education, is unskilled but *several indicators show worse than average values* (1) *The proportion of skilled workers* is rather high due primarily to the fact that the proportion of skilled workers was also high in the previous period (2) *The proportion of permanent unemployed is extremely high, 85 % (5126)* of even those who remain in the registries have been permanently unemployed for over a year (Corresponding national data for 1996 did not reach 50 %) (3) In the registries there are many who are *no longer entitled to benefits* Their proportion is 76 % compared to the national value of 70 %
- 6 Although the number of population in the region has slightly decreased, *migration* has not been able to resolve regional tensions If studying the nature of migration data show that a considerable "*quality swap*" took place Since *prices are rather low on the local real estate markets* only families with good labor market position can undertake migration i.e. it is primarily the skilled who leave the region In contrary to this, immigration, according to the local people, is affected, to a significant extent, by the opportunity to "*rob*" the foundry
- 7 The high number of retirements is worth considering This measure has withdrawn over 14 000 people from the labor market over the seven years of deterioration, 70 % of the retirements in case of 10,000 people was an early retirement The number of those retiring early grew to 7700 by the beginning of 1995, their proportion, compared to the total number of those of an active age, is 16 % as opposed to the national average of 17 %
- 8 Adjusting, so called *gray*, techniques have to be mentioned, too Groups outside the registries, but even a predominant part of those registered, try to support themselves, their families and their previous standard of living by applying one of the unique survival strategies stemming from unemployment These include *self-supporting, small-scale production in family houses, taking advantage of neighboring forests (picking berries, mushroom, etc), illegal activities in the gray economy, selling on markets, swapping, non-ferrous metal stealing as mentioned above* All these have an impact on the *change of working culture* whereas earlier physical work done in several shifts was a usual phenomenon, today problems related to a *willingness to work* can be experienced
- 9 At present the labor market supply is targeted at women However, the labor market motivation is always lower among women due to the low prestige of female labor and the higher value of alternative activities (housekeeping, raising children) This and the so-called demotivating effects lying in the care system lead to the failure to fill in jobs available in textile factories that have come to existence in big numbers in the Ozd region stricken by high unemployment

- 10 All these effects have led to a *high proportion of dependents* (i.e. those outside the labor market) The 17,000 active wage earners for approximately 78,000 citizens means that one active wage earner supports 4.6 dependents, double the 1996 national average (of 2.57)
- 11 To finish the analysis of the labor market situation we have to define *those groups which have multiple problems* and for whom special programs could be organized Three such groups can be identified 1) *young people starting their career*, 2) *disabled pensioners outside the social care system returning to labor market* and 3) people with *Romany ethnicity* whose different (working) culture and level of education causes the largest problem
- 12 The deterioration of previous key activity forms, primarily that of metallurgy has freed *capacities* presenting a good base for the creation of a new economic structure *Excess labor supply and its low price* have to be mentioned first It is true, however, that during the long period of unemployment the *so-called human capital could deteriorate to a considerable extent* Although the local industry was based on two similar branches, the monocultural nature of the economy does not, however, mean that the skills of the labor force could not be used in another area According to 1990 data less than 15 % of physical laborers were metalworkers or miners, many of them had skills which can be used areas outside the two sectors (e.g. locksmiths, wood-workers, bricklayers, electricians, etc) *Thus the predominant part of physical workers does not have such monocultural, inconvertible skills*
- 13 Special mention has to be made about the yet still large number of technical intelligentsia and the large proportion of *young unemployed who have just finished their schools* They can be relatively easily retrained and employed (and be rather productive in contrary to what the public opinion believes about them) providing a good labor base for any industrial-engineering activity
- 14 In the area of *productive infrastructure*, the situation is specifically good The territory of the collapsed steel works and other industrial premises used to serve an annual production of 1.5 million tons of steel yearly thus the new industrial and productive enterprises are not likely to face infrastructural barriers for a long time We also have to know that this territory is not suitable for accommodating any kind of productive activity The pollution of the area (due to the 150-year-old metallurgy) will presumably prevent precision-engineering and certain segments of mechanical engineering from settling down here That's why the region would need areas with adequate infrastructure suitable for green field investment
- 15 Following the productive infrastructures *human infrastructure*, i.e. education, health care and culture also have to be considered There are five *secondary level educational institutes* operating in the town releasing 700-800 young people each year It is worth considering, however, that young people are not wanted based on their knowledge acquired in school but rather as potential subjects for further education and retraining It is generally agreed that the training system of institutions should be reformed and more market-oriented skills need to be taught This, of course, is not easy on a labor market where there is practically no demand for any jobs at all Another generally accepted belief is that the *level of training (also within trained trades)* is rather low Despite this, *one of the most important goals of local politics is to keep children (irrespective of the quality of training) in school* to avoid the consequent increase in the number of unemployed thus

education is treated, by many, as an excuse for stalemate. The system can not, however, accomplish this goal to a full extent either, the larger the increase in the number of local gypsy population the more difficult it is to alleviate part of labor market tensions by the filtering role of secondary education

- 16 Obtaining qualifications, as an individual strategy, does not have only positive effects on the local society. The situation is rather controversial: *the better the level of training offered by the local school system, the better the labor market positions graduates have, the more likely it is that students leave the town quickly*
- 17 In this town the retraining of unemployed can, with a bit of exaggeration, *be considered the direct continuation of secondary level education. On a rather "shattered" labor market it is a significant achievement that 10-20 % of the unemployed participated in retraining, 30-40 % of those finishing the training managed to find a job and approx. 10 % of the currently employed went through retraining*⁷. It is worth calling attention to the presence of *demotivating effects* according to the data of the *local labor center funds allocated for training purposes are not utilized due to the lack of participants*
- 18 The situation is much better in other areas of human infrastructure. The only exception may be the hospital where significant investment was made over the last period. The best equipped hospital wards in Borsod county can be found in these areas. This improvement has positively affected the local health care as a whole, the considerable lack of doctors that was characteristic a couple of years ago has been reduced by now
- 19 All in all, it is still a long way for the town to go before it can be called an *ideal dwelling place*. Nevertheless more and more signs have shown lately that one of the most important criteria investors consider is the premises as a dwelling place. Many want to see when making an investment related decision whether they can imagine living at the given place and taking their children there. It is possible to find a manager for the local plant who is not only suitable but ready to settle down there
- 20 In addition to the labor market and (human and physical) infrastructure the issue of *enterprises* can be used to characterize the local economy. In a local economy dominated by large companies, *the status of a full-time employee has gained a more important role over the past couple of decades than an entrepreneurial life*. Entrepreneurial traditions, skills and a willingness to risk were practically missing among the large factory workers. Following the lay-offs more and more people started to set up various businesses, however, most of them did not have information about what they undertook, many of the forced entrepreneurs were not psychologically ready or were lacking and are still lacking adequate information. This has an adverse affect also on the quality of production. Based on the experience of the Economy Development Office they in vain obtain sales proposals for local entrepreneurs and in vain organize demand, deals are practically never concluded. The major reason for this is the failure of local entrepreneurs to deliver the required quality expected by the buyer

⁷Bajka et al, pp 105-108

- 21 The forgotten natural environment of Ózd has to be mentioned separately. Thanks to stopping the foundry's operation, silence, peace and fresh air characterize the region. The neighborhood is particularly suitable for hunting, fishing, the organization of environment protection and sports camps as well as of boarding schools, the region's *tourist attractions*⁸ have still not been explored to a large extent and are still untouched. Moreover, neighboring areas (e.g. Aggtelek, Eger, Szilvasvarad) are popular target places for tourists. That's why many consider the development of this branch one of the region's opportunities for breakthrough. One major step forward would be the change of the not really tourist attractive image, the promotion of the region's natural and cultural values, organization of programs, the establishment of tourist capacities (primarily in the area of village tourism) and the continuous maintenance of their quality.
- 22 When enlisting the arguments for investing and setting up a business in Ózd, one can not forget about the significant role of state support. In relation to the law on regional development, the region was classified as a beneficiary region by the government which entails serious taxation and other advantages for those who intend to invest or create jobs here.

Local powers mobilized for the development of economy in Ózd

- 1 External help was planned to be based primarily on internal movements and such local initiatives were presented in large numbers. Let's see the most important actors.
- 2 Let's start with the *Mayor's Office* or the Mayor's Offices operating in the region, to be more precise. All of them have been fighting for the revival of the local economy by a gradual transformation of the school system and the development of health infrastructure. Two key organizations were set up as a result of these "classical" municipal measures.
 - *Ózd Employment Association* (today as an unlimited liability partnership) setting the objective of maintaining the human capital of the unemployed primarily by organizing and rationalizing public work.
 - *Ózd Economy Development Office* whose main task is to identify potential investors and their intents, to inform local politics and finally to encourage investors to settle down and recommend local entrepreneurs to them.
- 1 Today *the local branch of the County Labor Center* participates in the revival of the local economy not only by using active and passive measures set out in the law but also by organizing clubs, job and training fairs and by processing local economic data (in a wider scope than the labor market). (For instance, they know data about 600 enterprises operating locally and thus they could prepare a catalogue of employers for the unemployed).
- 2 The institutional system of retraining is also connected with the Labor Center. Its most important local organization is ERÁK whose training level, as demonstrated by previous data, exceeds the national average.

⁸For instance, the botanical garden in Putnok, the Sereny castle, the mountain lake in Arno, the round temple in Kissikátor, the Vay castle in Dubicsány, the Tompa Mihály museum in Kelemér, the moss-grown lakes, the Cistercian temple in Belapatfalva or the earthwork in Sajónémeti dated from the period of the Hungarian conquest.

3 We also need to mention non-profit organizations and some economic entities focused on restructuring. Of these the two most important are the following:

- *Órhegy Association* which was set up by 18 local governments, 14 private individuals and 5 organizations in March 1995 realizing that the region had been treated in a one-sided way, only from the town's point of view whereas interests of neighboring settlements were ignored by various organizations and programs with different development interests, and
- *Region Ltd Co* established by the former OKM and the local council in 1989 basically for the alleviation of the foreseeable restructuring, the development of urban and regional programs and the support of enterprises. These activities led to the establishment of the *Entrepreneurs Center and Incubator Foundation*.

1 It can be seen, therefore, that relatively many organizations in the region stood up for the revival of the economy and development of the Ozd region. Consequently, the work was frittered away, different plans sometimes formulated *contradictory objectives*. The organizations maintain relatively weak contacts with each other. Their opinion about the other is not always positive.

2 It is rather difficult to create a collaboration among the various interest groups and economy development organizations. The USDOL LED series of seminars represented one of the attempts, *1 a*, to achieve this. Its basic objective was the *elaboration of a common regional strategy and the selection of projects to be implemented*. The accomplishment of the goal seems to be difficult: how to create a single strategy for a community whose determinant organizations prefer different ways out. The program was awarded for this depressed region based on the selection of the Borsod-Abaúj-Zemplén County Labor Center. Meetings among the participants were organized four times between November 1996 and May 1997. As a result of these four sessions four programs, which can be launched relatively fast, were defined enjoying preference and connecting to other parallel and not always independent ideas. With regard to the considerably differing views and interests, the determination of such a limited scope of programs seems to be a great accomplishment. Many consider it one of the region's and the county's biggest problems that they are unable to select one from the many necessary tasks, they want to do several jobs at a time thus frittering away the already scarce resources. (The four projects selected are as follows: processing semi-finished goods, creation of an innovation center, completion of a publication improving the region's image and the development of environmental protection.)

Economy development techniques developed by local people

1 The various groups have tried to apply various, significantly different methods over the past one and a half decades: the region seems to have all the possible methods one can imagine. Right at the beginning, attention has to be called to two aspects. On the one hand, the *evaluation of the given programs can be carried out based on "local values" only*. The question is not about the size of the resources utilized or the type of results achieved but rather on how we evaluate them compared to the competing local methods. *We have to answer the question whether we would be ready to redirect the money allocated for this purpose to programs serving the development of the Ozd region better*.

- 2 On the other hand the success of different programs can not be measured so easily as they include ideas with *different time-scales* One can not forget about the fact that the development of local economy *can produce measurable effects only on the long term* Paradoxically, therefore, this means that measures with a real effect can not be fully evaluated within a period of one or two years It is another issue that we, nevertheless, need *to develop profit indicators*, we have to determine measurable, intermediate objectives and profit indicators capable of showing the expected profitability of the program already on the short term
- 3 Let's discuss various programs from the basics *An adequate database represents the basis for any planning* When familiarizing ourselves with the economic environment, it became obvious that people in Ozd knew more than the country average about the local economic situation Groups involved in local economic development consider the establishment of a database, covering an area as wide as possible, one their most important tasks *The Labor Center processes the data of 600 enterprises* This provides direct labor market information as well as an opportunity to analyze supplier and procurement relations of certain units The same objective has been set by the leaders of the *Ôrhegy Association* whose main goal is *to prepare a business reference catalogue and a SWOT analysis* In order to accomplish this, they sent out questionnaires to the related local governments requesting basic data which will form the basis of the core regional strategy to be developed by the Association Setting up the database will be beneficial not only by producing new knowledge but also by providing an opportunity to develop direct contacts between the business sphere, the municipal sphere and the organizations doing data collection
- 4 The database may provide useful information not only for planners but also *for local entrepreneurs and municipalities* The concept of regional *information technology system to be developed by the Ôrhegy Association* is aimed at the construction of such a database Following the standardization of the rather different informatics structures of the related local governments, the installation of a regional network is planned to take place The central server located at the Ôrhegy Association and telecottages, ports at the given settlements would represent the basic units The Association would, at the same time, become an Internet service provider i e a new connection point could be established to the "rest of the world", scientific, university institutions and networks, so far missing from the region, could be accessed while a WEB page could contribute considerably to creating a good image about the region The ultimate goal is the development of a single information technology system
- 5 The region's image has already been mentioned in the previous point All participants seem to agree on this issue *a one-sided, unfavorable image was created about Ozd which has to be changed by all possible means* The region needs to be made attractive for potential investors, (the partly justified) resistance to Ozd has to be overcome To achieve this the USDOL seminar accepted the *preparation of a publication promoting the region, the introduction of regional marketing as the most important program* The work would be coordinated by the Labor Center but other organizations, maintaining a not always smooth relationship with one another, would also participate in the implementation These include the local government, the Economy Development Office, the Employment Public Fund as well as the Ôrhegy Association (see the usage of Internet as a communications means), the Chamber or the Enterprise Development and Incubation Center (they have already prepared bulletin focused, primarily, on tourist values) The project formulates such expected results which will, after their evaluation, provide a relatively fast feedback on

- successes or potential failures on whether we succeeded in making the planned steps (publications, media, conferences, trade fairs, etc) How does the number of cooperating partners increase? Will we succeed in mobilizing the local public opinion to help achieving the goals? What kind of domestic and international investment contacts will be made during the program, will capital be invested in the region?
- 6 One of the most expected events in Ozd s economic life will be the opening of the Industrial Park The area of the former main OKU factory would accommodate a territory of approximately 50 ha with excellent infrastructural potentials capable of encouraging certain investment groups to settle down According to the plans an office building of approximately 20,000 m², a hall of 30,000 m² and a covered warehouse of 3,000 m² could be built at a cost of HUF 5-5 5 billion within a period of 3 to 5 years Should this be implemented, 180-200 enterprises, as opposed to the present 90 would employ 4,000 instead of the present 1,300 people in this region There are three obstacles to implementation now Although the area was awarded the title of industrial park, the *Ltd Co does not have ownership rights yet*, the real estate is still in the hands of the state The other significant problem lies in environmental pollution The region suffers from considerable soil contamination left behind by previous metallurgical activities The elimination of this represents an indispensable condition of the implementation of the industrial park There are debates concerning the extent to which the pollution is dangerous and about the quality to be ultimately reached Some believe that there is no hazardous waste disposed of in the area, moreover, even the environment protection authority gave the right to production However others are concerned that the current contamination might deter investors who may worry about being obliged, sooner or later, to eliminate pollution Some would accept a relatively higher level of contamination in the interest of a fast launch of industrial activities There are also those who believe that this is the one and only opportunity to carry out a full change of soil and thus create a completely clean environment (It has to be noted, that even this solution requires considerable labor) Finally, the area needs *to be made ready for visits to allow the launch of the industrial park* This means that *all non-utilized real estates*, which investors will most probably not need, have to be removed, demolished
 - 7 This demolition work and the reconstruction and renovation of remaining buildings will form the most important task of local public work The *Ozd Employment Association*, founded in 1992, has offered jobs for 2,400 unemployed since its establishment Many claim that public work is nothing but an excuse to control the unemployed, an institution set up for urging them In contrary, the example of Ozd has shown that *sensible activities can be offered for unemployed* Various activities, useful for the local society, prevent the development of feeling useless by the unemployed, moreover the result of their work may even bring them an odd prestige During these jobs the Employment Association offered not only some kind of activity to keep them busy or an opportunity to maintain *working culture and work morale* but also a chance for professional development, 240 persons have found new jobs through retraining over the years
 - 8 The solution applied in Ozd is very similarly to vocational training and apprenticeship programs used for the retraining of unemployed just starting their career in Spain Public workers participate in preserving the condition of local monuments and natural beauties and in renovating new houses there This presents not only a sensible engagement but also contributes to the enhancement of the local economic potential (It is not difficult to

identify the similarity the establishment of the industrial park would considerably increase the economic opportunities of Ozd)

- 9 There are three commonly accepted active measures offered for the unemployed public work, retraining and transformation into an *entrepreneur, self-employment* Having discussed the first two, let's talk about the third one It has already been mentioned above that Ozd has never taken the lead in terms of entrepreneurial traditions in the country That's why the training, initiated by *Region Ltd Co* , of entrepreneurs in Ozd proved to be an especially interesting experiment In the meantime, the *Ozd Enterprise Center and Incubator Foundation* was set up to carry out the practical implementation of the training The essence of the training lies in *the filtering-training structure consisting of three levels* First, we organize, primarily among employees working in the Employment Association, a short, one-day survey, filtering to identify if some participants have any ideas for launching a business This information is then completed by personal data, i e training leaders know the majority of the small region's population personally thus a personal contact can be established with the families of almost all participants over the years or participants can be identified with at least the characteristics of the village⁹ Following this, group members remaining after the filtering process participate in a personal development training providing professional knowledge and replacing, though to a limited extent, family traditions Finally, those who have still not dropped out can participate in a three-week-intensive business course giving an insight into the usual business administrative knowledge and the practice of how to start a business (how to prepare a business plan? what kind of administration is to be faced to launch the business? how to start the business? what kind of steps need to be made in the initial period?) The uniqueness of the training lies in the *method of involving not only the filtered persons but also their families in the work at the third phase This allows also for the family to get acquainted with the difficulties to be experienced in the initial phase* This is particularly important for one of the most important obstacles is the resistance, demonstrated by the family, unable, in many cases, to understand the business of the family member starting a new business Attention has to be drawn to *the significant deterioration of the success of the training over the past few years, which was much more fruitful in the initial period when most of the participants were composed of "fresh" unemployed* (The capacity of the training program was reduced parallel to this) This confirms the following observation the quick response project promises considerably bigger successes as those who have still higher level of human capital, skills and working morale can be returned to the labor market much easier
- 10 To continue the business training the Region Ltd Co and the Foundation established an *incubator house (House of Entrepreneurs)* in 1992 The building, however, stands underutilized most of the time as it is not suitable for industrial activities Its *neighborhood* has also changed considerably since the beginning of its construction, gypsy families have settled down here over the past few years turning it into an ill-reputed part of the town (not to mention the rather low income of its tenants) As a result of all this, the house is not able to fulfill its original function The building's managers have planned two steps first, to find another place for the incubator house in the town, second, an idea has been raised to create the country's first gypsy business house in the building

⁹It may be called a prejudice, however, it is still a cheaper source of information than a fully unbiased, "objective" opinion

- 11 *The new incubator house was located in the area, border of the Industrial Park* after the full internal renovation of the sample wood warehouse of OKU. The house would offer rental opportunities at discount prices (with an annual fee of HUF 5,000 / m² / year) for entrepreneurs just leaving the training course for a period of 3 years. 31 shops and 15-20 offices can be accommodated in the building. At present, the supply of real estate exceeds the number of those wishing to move in, thus the Foundation can satisfy the full demand and does not apply the filtering method¹⁰. It is true, however, that in case of old businesses their profitability is considered from the point of view of the city as a whole.
- 12 Also the *Innovation Center* will be accommodated in this building. This institution was set up by the support of the County Regional Development Council with the objective of disseminating up-to-date information to the already operating companies in Ozd about five scientific fields including logistics, marketing, information technology, quality assurance and finances. The activities of the Center are composed of three main tasks: separate units intend to deal with agricultural and industrial innovation and technology transfer.
- 13 The micro credit scheme does not, of course, resolve either the financial problems or the *lack of capital* of small size enterprises. This explains why the Órhegy Association started to organize a Regional Development Catalyst Foundation (TERKA). *The local venture capital company* (being, after all, the ultimate reason) *undertakes the financing of smaller companies and buying majority ownership. It also undertakes management and administrative tasks in the difficult period of introduction.* Thus enterprises can, in addition to the capital, obtain professional business management knowledge by this mechanism. The Foundation would pursue this activity for one or two years then it would leave the strengthened enterprise alone on the market. According to the plans, this activity would start at the beginning of 1998. The organization has already been set up, the next task is to raise funds for the Foundation. The Foundation relies, primarily, on the support of state funds.
- 14 The measures enlisted so far are not tied to any economic branches tightly. The local economy development ideas do not exclude branch based consideration either. This makes sense, of course, as potential investors would not bring in their money to Ozd independent from the branch. *Negotiating partners need to know which branches needs can the region satisfy, what kind of activities are tolerated by the local society, which opportunities can be exploited profitably on the long term relying on the utilization of capacities in Ozd.*
- 15 We have, so far, been discussing economy development measures, however, we can not forget about *the problems of the local society*. Programs launched by the Órhegy Association are aimed at resolving them. Of the several programs three need to be emphasized: 1) *training of animators*, 2) *Parliament of Adolescents* where students elect their own representatives according to the rules of the Parliamentary elections, 3) *Old Students Club* aimed at turning the already mentioned migration to the advantage of Ozd as much as possible, i.e. if they left the town they should at least remain its roving ambassadors *by participating in the fight for changing the unfavorable image of the town.* They should make their knowledge acquired elsewhere beneficial for the town and its region.

¹⁰An interesting and so far unanswered issue is what to do if a significantly larger number of entrepreneurs apply for a space in the building due to the discount rent. How to handle the problem that may stem from letting in non-filtered units now which may later squeeze out shops and offices considered to be of higher priority and more useful by the Foundation of the town's public opinion.

Summary, conclusions

- 1 Let's see what Ozd can teach to other Hungarian crisis regions
- 2 First of all we have to remember that crisis management is not an easy-to-resolve task Ozd can draw attention to the fact that even the best measures can bring success only if great efforts are made and after a long-long period As mentioned before measures can be evaluated only in view of the local conditions, a lack of seemingly unsuccessful measures would put the region into an even worse situation
- 3 One of the worst consequences of the lasting crisis situation is the "depreciation" of human capital, a decline in work culture and morale The purpose of the region seemed to evaporate along with the bankruptcy of the big enterprises causing damage not only to the financial situation of the local people but also to their work culture Attempts made at developing human resources can, on top of that, back-fire as we could see it in the case of the close correlation between education and migration
- 4 The example of Ozd has also shown that indicators, particularly unemployment rates, considered to be the most important, can hide the larger part of the problem Retirement and several other life strategies produce a more favorable than reality indicators in Ozd
- 5 Unemployed can not be treated in a standardized way, disadvantaged groups have to be defined If possible already at the local level, it is highly recommended to launch programs specifically targeted at their problems It seems particularly important to handle the gypsy ethnicity separately
- 6 Obtaining data and justifying the basis of decisions need to be given priority among the economy development programs (In case of Ozd we could see what a vast amount of data was available)
- 7 No local crisis can be terminated until the local enterprises have gained strength Therefore, the promotion of small and medium size enterprises lies in the center of crisis management and economy development This is confirmed by the experience in Ózd despite all investment that can be considered significant small and medium size enterprises proved to be the leaders in job creation Attention has to be paid to the unique feature of business training in Ozd stemming from the involvement of families thus weakening one of the biggest resisting powers
- 8 It is important to maintain and develop human capital until the arrival of large, job creating investments A good example is set by the Ozd Employment Association creating sensible for the unemployed and useful for the local society jobs by organizing public, i e predominantly municipal work
- 9 Finally, we have to talk about how to put an end to the one-sided approach as a result of which the Ozd region has become one of the ill-reputed regions in the country No economic boost can be expected with such an image It may be indicative that the local society divided along various differing interests has agreed on giving priority to settlement marketing Of course, this will remain a humble attempt until a "welfare" type of infrastructure enables the settlement of large investors i e the region becomes at least an acceptable dwelling place

SWOT Analysis of Ozd Region/1

	Problems	Opportunities	Needs	Potentials
Access to capital	Depreciating public property small enterprises with scarce capital	Commercial credits (only for large volumes collateral, long processing period, high interest rates lack of capital rich regional banks) lack of public funds (lack of information, rigorous conditions long processing period 0.5 % of tendering fee fast utilization) demand and capital extending opportunity do not meet, National Savings Bank offers only non-commercial credits micro credit (beginners small amount) investors capital (geographical location, relatively underdeveloped infrastructure lack of local discounts bad reputation, lack of public and property safety low purchasing power outstanding ownership issues) outflow of money (taxes local construction with non-local constructors non Ozd oriented service providers)	Enterprises (establishment, extension) (local) tax allowances region with multiple disadvantages - positive discrimination, credit for development at low interest rates and short-term credit for current assets simplification of conditions of state support, faster evaluation process regional financial institution (capital rich)	Cheap labor Intellectual capacity existing core factory institutions infrastructure
Business environment	What kind of professional training? High number of retired, lack of skilled, inadequate infrastructure low minimum wages lack of coordination, migration, insufficient regional marketing, personal conflicts	Education - high school, ÉRAK, High level information technology training, development of tourism (hiking cycling camping) mountain area, fresh air above the average infrastructure development of community involvement of internal and external capital	Movie theater sports premises good quality working places (wages social care)	Natural factors Monuments Active human resources proximity of border Ethnic composition
Human resources	many unemployed just starting their career unemployed with one-sided (heavy industry oriented) education, lack of opportunities to practise for retrained, change in mentality (working morale adjustment, diversity) lacking layers (economic experts middle management, high qualified skilled workers) lack of new enterprises (lack of capital, lack of knowledge and information channels) migration of skilled labor force Mayor's Office unable to retain control high proportion of ethnicity (non working no intent to work) lack of coordination among leaders of economic development and labor market organizations law making unpredictable rules and regulations bad reputation, low self-esteem, forced black market activities	cooperation between determinant actors of the town and the region, regional potentials (good location, catastrophe free zone) using information provided by existing organizations geographical location (Slovakia, Ukraine) liquidation of local companies, settled property relations opportunity to create jobs tenders, support opportunities	Higher employment among the young, creation of new jobs, labor force meeting the needs of modern requirements (training retraining, change in mentality) involving the work of external experts interested, coordinating economy development as a whole improving working morale - setting a good example leading branches (multinational companies)	Institutions for training medium level skilled workers ÉRAK, OVKI, retraining opportunities workers with heavy industrial qualifications accepted practice of working in several shifts heavy physical work, working capacity adequate (average) infrastructure cheap labor low local consumption traditions

Quality of life	Depressed region unsettled ownership relations morale attitude lack of solvent demand, weak human resources lack of productive enterprises (trade) lack of business experience (traditions) investors opinion, unsystematic tendering sources general lack of sources black market activities municipalities hunger for money (tax) lack of a united lobbying in the town	Clearer picture after privatization	Transportation (problems within the region, accessibility) increasing the level of training changing training structures stable laws municipal entrepreneurial mentality	Cheap labor rather inadequate industrial infrastructure underutilization, excess capacities excess supply of services quality related problems cheap real estates proximity of borders black market activities
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SWOT analysis of Ozd region/2

	Problems	Opportunities	Needs	Potentials
Supporting existing businesses	Local power centers lack of capital lack of skilled labor force difficult to obtain credit, mentality of town is not favorable for investment, high public burdens on employment, large extractions lack of local orders migrating intelligentsia, unsettled ownership relations lack of human resources development strategy insufficient public safety lack of information, lack of entrepreneurial traditions	elaboration of system of local preferences husbandry tourism, development of educational opportunities local products - local working place entrepreneur of month, year	solution to problems usable road network, further development of infrastructure improving local human relations strengthening civic organizations	Cheap unskilled monocultural labor force acceptable local productive infrastructure cheap real estates self organization of entrepreneurs started
Localization of outmigrating resources	Local service providers migrating from the region, declining solvent demand, high local taxes professional one-sidedness, high number of underqualified, impoverishment, relation among local entrepreneurs decline in the condition of real estates	Industrial park, Germex program, Mini steel works development of Ozd local television, Arlo lake	steering body with appropriate professional composition, changing the local taxation system, advertising enterprises special directory for Ozd, reforming the retraining system	ÉRAK, cheap non utilized real estates local representation of chamber of industry
Promotion of activities of new related businesses	Labor force (non-convertible aging, migration of the young, difficult-to-handle high proportion of unskilled unemployed) lack of environmental culture negative attitude weak coordinating role among regional mayor s offices low level of financial infrastructure general- bureaucratic administration, limited lobbying forces	transit traffic (logistics commercial center tourism) accepted industrial park concept, existence of industrial infrastructure still existing intellectual capacity entrepreneurial spirit	Environment attractive also for outsiders positive image becoming familiar with and making other become familiar with regional enterprises and municipalities, improving the ability to reinforce interests, town planning reinvestment of municipal revenues (taxes)	Proximity of border (transportation on public roads and by rail) national, local favors - business zone production traditions (iron industry manufacturing of electronic parts textile processing industry) disciplined, cheap labor agriculture forestry cheap real estate tourist environment (protection of nature world s heritage) established institutional conditions of training and retraining
Promotion of new enterprises	Lack of capital, lack of information (poor economic relations lack of processing industrial traditions) one-sided vocational training town has no strategy non efficient interest representation of entrepreneurs, municipal does not support enterprises, lack of entrepreneurial traditions, lack of change in the mentality of the region, lack of coordinating power within the town, unsettled ownership relations lack of productive enterprises lack of help in launching and managing initially new beginner enterprises town tied by its mentality (heritage) ignored agriculture town s image	Chamber incubator house development of ÉRAK, connection to existing enterprises (working for them) adaptation of beginner entrepreneurial experience integrated structure development program, utilization of central governmental and small regional programs, utilization of existing buildings	Tax allowances developing a municipal entrepreneur friendly attitude business management from the municipality s side training (based on real needs) production for export, market, making access to capital easier creating a positive image	Existing infrastructure incubator house ÉRAK, basic institutional network is given, industrial traditions cheap labor (one-sided) proximity of border geographical environment, concentrated population, cheap real estates

17 KOMLÓ, A FIGHT TO PREVENT CRISIS¹¹

1 Komlo occupies a rather strange position among the Hungarian subregions. On the one hand, the name of the city is associated with the mine along with the deteriorating industry and mass unemployment. On the other hand, Komlo does not belong to the disadvantaged regions, moreover, it is no longer a region affected by industrial restructuring. Both titles were removed from the city by the central government. Although it can be considered a political, governmental mistake, it is also true that based on several indicators the city and its neighborhood has been put into a considerably favorable situation than many other areas regarded as crisis regions.

2 That is why we study Komlo's situation first in our report. We want to see and make others see which local factors' analysis is considered to be the most important by the author when evaluating the situation of an economy and the measures selected to provide a solution. Secondly, *the case of Komlo can set an example even for those who consider only explicit, already developed crises and pay attention to remedy rather than prevention*. The example of Komlo shows exactly that it is not the process of mass-scale spread of unemployment when crisis occurs. Crisis management, too, has to start when the deterioration, the collapse of the economy becomes obvious. We will see that *high unemployment is not the only, moreover, not even the most important feature characterizing a crisis region*. The town and its region has become a depressed region despite its relatively low registered rate of and latent unemployment.¹²

Economic, labor-market and social situation of Komló in the second half of the 90s

1 Should we intend to give an account of the region's economic life, three large sectors would need to be mentioned: coal mine, light industry and agriculture. These three sectors represented the top employers of the region with 45,000 inhabitants in the eighties. Similarly to most of the other deteriorating regions, the core of the crisis was constituted by the almost simultaneous decline of all basic economic activities. In the nineties, previous "socialist" companies ceased to operate one after the other and are still ceasing to operate although, *due to governmental policy, this has not had a sudden, shocking effect on the local society but has affected it gradually over a period of more than a decade*.

2 The *mine* represented one of the largest economic units of the region. Since Mecsek is the country's only black-coal site, these local mines satisfied a predominant part of the black coal needs also of other remote regions. Danube Iron Works (Dunai Vasmu) represented the largest buyer. During this period the *post-war number of the inhabitants of the settlement of approximately 2-3000 people increased tenfold*. Parallel to the emergence of real market

¹¹ Prepared by Akos Szalai, MUNICIO Unlimited Liability Partnership, November 1997.

² The preparation of the study has been assisted by the precious contribution of Istvan Hornyak, County Labor Center and manager of the USDOL LED program for the development of the Komlo subregion, Dr. Laszlo Hrubai, Transdanubian Scientific Institute of the Hungarian Academy of Sciences, author of the Baranya County regional development concept and Peter Kovacs, director of the Komlo Regional Development Agency. In addition to the above we have also relied on the bid submitted for the second phase of the USDOL LED program.

conditions the Iron Works stopped placing further orders as it could access cheaper and better quality coal on the world market. Already in 1988 a large meeting took place in Pecs where the Ministry of Industry of that time had to announce the gradual closing down of the region's mines. This affected both deep cultivated coal mines (primarily in Komlo and Mazaszaszvar) and uranium mining. This deterioration took and has been taking place on a gradual basis. Of the two large deep cultivated coal mines of the region the one in Maza-Szaszvar ceased to operate completely while the Komlo mine still operates employing approximately 1,600 people. In 1991, one of the Mecsek mines, the Komlo one was *merged into its electricity provider, the Pecs Power Station as a result of a governmental decision. Losses made by deep cultivation were financed by other activities of the power plant, primarily from the profits on energy production.* This means that the mine was maintained through the increased costs of production paid by the power plant and electricity consumers rather than by state support.

3 *The artificially sustained existence of Komlo is coming to an end and the mine will cease to operate by 2000 in any event.* Moreover it may well be that the planned privatization of the power plant will set an even earlier date for this as it may happen that the buyer of PERT does not accept the current integration.

4 Although the government's stonewalling tactics were and are still being criticized by many, it is undeniable that this has provided the town and its region with a preparation period of almost ten years i.e. many years were allowed for the town to adjust its local economy to the new situation stemming from the lack of the mine. However *many believe that it would have been to the very advantage of the town if the mine had been really closed down and the region could have faced the reality through a shocking experience for this could have freed such inherent energies that could not be mobilized until today and may well be lost forever*¹³

5 Similarly to other socialist towns, *light industry*, providing a complementary sector to heavy industrial companies and exporting primarily to the soviet markets as well as to the COMECON countries, has also been established in Komlo. These activities were also affected by the opening towards the world market and by the collapse of COMECON and the soviet market. However, the thus developed production culture and skills have remained and *light industrial toll work has become one of the largest and most successful economic activities in Komlo today.* In relation to this, one can not forget about the fact that *the most important factor in establishing light industrial toll work is cheap labor.* This in itself, however, does not tie down production, labor cheaper than that of in Hungary can be easily found on the eastern markets i.e. it is only a matter of time for the present buyers to relocate their activities to another Eastern-European region.

6 When talking about the region we also have to mention *agriculture.* Agriculture has played an important role also over the past period. The region represented one of the strongholds of *cooperatives.* Inferior quality lands of Mecsek did not allow for the establishment of profit-making agricultural activities, nevertheless the ruling era reacted to this by merging cooperatives and creating plants as large as possible. The system of large factories and cooperatives has entailed also the restructuring of production. tilling of arable land became, consequently, the preferred activity proving, of course, to be hopeless under the conditions of the Mecsek mountains. This however, also created an *obstacle to the more justifiable husbandry.*

¹³ In this respect Szekesfehervar seems to be a good example where the collapse and the sudden closure of big enterprises provided the very impetus for the new development of the economy. (At the same time, however, one can not forget that investors have found a serious professional base to rely on in Fejer county which is not available in most of the other crisis regions in Hungary.)

7 The gradual deterioration of economy also affects the *labor market* situation. The *unemployment rate of the region is above the national average* it was 13.9 % in September 1997 compared to the national average of 10.3 %. Attention has to be paid, however, to the fact that this high rate can, only partially, be attributed to the particularities of the subregion for this proportion represents the second lowest rate in the county with only Pecs indicators being better. When studying the most important unemployment indicators, in Komlo nothing surprising can be found, as local data are usually around the national average. All in all, therefore, *the present labor market situation does not indicate any deep crisis yet*.

8 *However, the big shock, the closure of the mine, is yet to happen*. According to the estimates of the Labor Center this might lead to the *loss of approximately 2,300-2,500 jobs*. A significant proportion of miners is eligible for *miner's pension*. A predominant part of those becoming unemployed also has relatively *easy-to-utilize skills* when getting onto the labor market. Although hewers have inconvertible skills, their proportion among the physical workers of the Mecsek mines was only 24 % in 1992 (A further 27 % constituted unskilled laborers) ¹⁴

9 *The core of the problems can be explained by the mentality of those leaving the mines*. As a result of the forced development and settlement policy and the miner's image promoted by central propaganda over the past decades, a special kind of "elite-mentality" has developed among the Komlo miners. The town was inhabited with both *materially and morally rewarded workers* who were, rather understandably, proud of their heavy work and their life as a miner. As a result of the closure of the mine these people will lose not only their jobs and basically their existence but also *the purpose of their life, their pride and self-esteem*. Moreover, *their role played in family life* will change, too. They might be forced to make members of the family, e.g. wives previously supported by them from one salary, seek a job. This will also have an effect on the spread of psychical problems (first of all alcoholism) as well as on the decline in the willingness to work. (This will be aggravated by many diseases, silicosis, joint diseases having accumulated during heavy physical labor.)

10 The willingness to work will decline not only due to the disruption of strong ties with the mines, of course. *Workers of the mine were practically executing orders only*. Contrary to this, small size enterprises dominating the modern labor market nowadays *expect*, and rightly so, such *independence* from their employees which miners could not experience, which was basically killed by large enterprises i.e. they do not feel safe, they lack entrepreneurial skills which are indispensable in modern life. (This has become obvious several times in the region. Relying on the relatively young, skilled population of Komlo, SUZUKI, for example, was looking for suppliers i.a. in the Komlo region. Despite the fact that a significant part of those previously employed by the mines had the right qualifications required for the job, moreover, the Esztergom factory would have provided the machinery under a leasing agreement, only one entrepreneur volunteered.)

11 The region's problems stem, to a significant extent, from the *slackening social balance*. The mass retirement of miners or their mass unemployment destroys the balance of the local economy and the budget. Significant income is lost. The mine is no longer the big local company whose large wealth could be spent also on the welfare of the town and its region. Moreover, taxes resulting from those employed either by the mine or its suppliers disappear. Simultaneously, a larger need for public services is likely to develop.

¹⁴ Imre Gerentser and Akos Toth. Managing problems related to the social and employment problems stemming from the reduction of coal mining. Together for Future Jobs Foundation, Struktura-Publisher of Labor Matters Budapest, 1997, p. 68

12 When talking about Komlo, we can not forget about its geographical location, and the neighboring county seat, Pecs, either a boost to the economy of Pecs could create job opportunities for the population of the neighboring settlements including Komlo. At this point however, two problems occur. On the one hand even the economy of *Pecs could not catch up with the development of the country*. The road infrastructure is underdeveloped, the Yugoslavia war was waged near the border and government policy never treated this region as a special one. On the other hand, the *gradually increasing labor need in Pecs is not yet able to accommodate the excess labor of the neighboring settlements*. Although it is true that the Rate of unemployment in the county is by far the lowest in Pecs, the number of job-seekers still considerably exceeds that of the neighboring villages. Enterprises in Pecs prefer, of course, primarily city labor to the labor of the region, they do not or are at least are reluctant to pay the costs of transportation.

13 Pecs influences the life of Komlo not only on the labor market and through the economy. It exerts a serious effect on the *demand side*. The population of the region obtains a large part of services and city functions not so much in Komlo as in Pecs or Bonyhad. The town's municipality does its best to make Komlo function as the real center of the region, it *maintains several such institutions* whose operation does not belong to its obligatory basic tasks (e.g. high schools, hospital, etc.)

14 One of the most important city functions and one of the basic tools of economy development is *education*. High schools in Komlo are considered to be *institutions of high quality*. This specifically applies to the secondary grammar school and the medical and economics high schools where the proportion of those continuing their studies in universities is high. Although retraining is given by the labor market educational system, it does not necessarily operate based on those principles. A good example for this is the seemingly swapped roles between the two institutional levels: high school education intends to provide professional skills (on top of that on a labor market where there is no real demand) while *the retraining centers transfer certain basic knowledge, primarily foreign languages and computer skills*.

15 In Komlo, as well as in any other place, which once used to be the stronghold of any of the industries currently in decline, one of the most important attractive features encouraging the settlement of investors could be cheap labor available in mass quantities, although this is still *"in-house"* (internal). This kind of employment represents both problems and advantages at a time. The largest problem lies in the fact that many still believe that the mine can be saved. Presumably it would be better to emphasize *the level of skilled labor*. Relatively many skilled workers are already looking for a job. For those studying the region it seems that migration has not yet destroyed the local society's intellectual base, agrarian intelligentsia is specifically outstanding in the villages.

16 In terms of *infrastructure*, Komlo's situation can be compared to that of those settlements where a large industrial complex was liquidated: pipeline networks installed and transportation connections were designed for mass-scale production, i.e. the lack of infrastructure can not, for a couple of years, decades, represent a bottleneck for industries intending to settle down. The real problem lies rather in the fact that previous factory premises and mines leave not only infrastructure but also environment pollution behind. Also in Komlo, only such environment and such stocks of buildings can be offered at the moment which do not allow for accommodating the most desirable industrial branches. That is why territories suitable for green field investment are also required.

17 Finally, one of the most important assets of the region, the *Mecsek* has to be mentioned. The region can be considered to be an intact *natural beauty not yet affected by tourism* to a significant extent. Settlements, including Magyarhertelend and Sikonda, becoming famous for their spas gradually, represent the only exceptions to this. The region could start participating in the gradual (re)development of the county's tourism primarily by the natural beauties, flora and fauna of east-Mecsek. Certain villages, mainly the former "Swabian" villages making a living from agriculture could also offer village tourism as a tourist product. The region's tourist potential is further enhanced by the *proximity of Pecs*. The center of the South-Transdanubian region represents one of the most important cultural and arts centers of the country. The *Orfu lakes and bathing resort*, located near the western "border" of the region, are already visited by western European guests, primarily by Dutch tourists, attracted by hiking opportunities in the Mecsek mountains as well as by the intact beauty of nature and silence. The region, therefore, can be *linked* to other, already more or less known products of the neighborhood.

Economy development organizations in Komló region

1 In the region, several organizations, operating in accordance with legal regulations in effect, upon legal authorization and often in conflict with each other, participate in the preparation for a life without the mine. Let's start with the probably most important actor, the *local government of Komló*. As we could see it above, the region's function as a center, or to be more precise, the lack of it has an unfavorable effect on the development of the economy. The role of the local government could, not at last, entail the performance and supply of these *city tasks*. In order to be able to cope with these tasks the local government needs *income*. It is well-known that the crisis threatens real tax items, however, property income can also appear in the budget. However, the *property of the mine*, comprising the most important real estates for the town, are presently owned by the Mine Property Utilization Company. Therefore, there are practically no items managed by the city which could be used for entrepreneurial, income generating (e.g. privatization) purposes.

2 The region's local governments established the Komló Regional Development Agency, with Komló as its center, responsible for the region's economic and regional development. The organization supports itself primarily by tendering and municipal sources and it also tries to generate income by selling the intellectual potential within the organization (primarily by architectural design).

3 The *Mine Property Utilization Company* is one of the actors of regional economy and politics and is generally fairly unpopular. As it was mentioned above, it owns the property of the mine claimed as their own by many people. The situation is further complicated by the different role of the property in the strategy of the two organizations. *The Company's task is to reduce the debts of the Mecsek Coal Mines by the utilization of the property¹⁵, while local politics considers this property as the basis of long-term economic growth*. Although the territory, the real estate structure of the mine can gradually be converted into an industrial park, supported also by the city, several participants in the restructuring of the local economy would like to develop a more or less standard activity in this area. In such areas the establishment of similar, interrelated activities would be the most useful as this could ensure that local economic units stay in the area for other reasons than relatively cheap resources only.

¹⁵ According to estimates the property transferred to its ownership has never been sufficient to cover the debts of the mine. It is understandable that this company has no sources for local development required by the city and the neighboring municipalities. (Nevertheless, several regional and economy development proposals have been developed in this workshop. Some of them will be presented among the projects.)

4 *Conflicts in interests can lead to the utilization of excess capacities* The town is currently in the process of planning the development of the gas pipelines network whose precondition is the installation of the main pipelines. At the same time the Mine Property Utilization Company owns a methane pipeline suitable for this function. Since, however, the Company does not intend to put the pipeline of high value and a maintenance cost of an annual HUF 10 million at the disposal of the municipality free of charge, local politicians are planning the installation of a separate pipeline.

5 We have to briefly mention other organizations

- *Activities of business organizations and Chambers* can be characterized by teething troubles also in Komlo
- The region has managed to delegate two members to the Parliament. Based on the power relations, they can be considered to be the most important representatives of the Komlo lobby. In the present situation *underdeveloped lobbying techniques* have to be mentioned.
- The activity of the *County Labor Center* and particularly the *retraining system (PRMKK)* has already been presented above when discussing the labor market.
- The Pecs (Transdanubian) Institute of the *Academy* plays a significant, emphatically *external, assistance providing role* in the development of the region by disseminating up-to-date scientific results, preparing surveys, research and tenders concerning the local economy and society.

6 The elaboration of the local development *strategy* can take place only as a joint effort of all these "official" economy development organizations and other important representatives and actors of local social and economic life. Strategic planning and the formulation of common objectives were attempted by the LED program organized by the *Ministry of Labor and USAID* as a joint effort in the form of four seminars held between December 1996 and June 1997.

7 Of the participants of the program we would like to single out two organizations whose participation in the economy development work seems to be indispensable: (1) the *present employer, PERT (Pecs Power Plant Co)* responsible for managing the closure of mining activities) and (2) *representatives of education*.

8 This program, similarly to all other meetings where the representatives of political, economic and other spheres are also present, allows for the *establishment of informal contacts* contributing to a successful operation of the individual economic actors as well as to job creation. When the initially underdeveloped business organizations are incapable of organizing cooperation, processing and disseminating information, the establishment of such informal channels can prove to be quite helpful.

9 Apart from the emerging informal connections, of course, there are two issues considered to be the most important results of the program:

- *The cooperation of the group leaders has led to the creation of a committed team possessing a diverse knowledge* giving a well-justified hope that should it continue its work it could play a central role in discussing local economy development issues, the mobilization of local society and the organization of development. This team comprises the representatives of the Labor Center as well as the leaders of the Regional Development Agency or the Training Center but also representatives of local municipalities and colleagues of the local institution of the Academy are involved.

- A *vision for the small region* serving as the base for local economy development strategy has been raised “ improving the quality of life parallel to the protection of environment, and natural potentials ” they claim This, basically an environment protection oriented declaration, was put into practical terms in three areas *infrastructure* (improving transportation, developing natural gas supply and telecommunications), *enterprises* (reducing unemployment, establishing supplier relations with Pecs and the South-Transdanubian regions, developing tourism linking regional products to tourism in Pecs and Orfű, establishment of two-three medium size enterprises) and *public administration* (increasing the regional role of Komlo, improving the quality of services, creating the conditions for a faster access of institutions, establishing local administration and basic medical care)

10 During the series of seminars *three-four development programs* have been set up These plans emphasize rapid response at relatively low costs¹⁶ The analysis of these individual projects and the analysis of other economy development ideas will be presented in the following part

Economy development programs

1 When establishing the economic basis of the region local people emphasize primarily the *development of infrastructure* They qualify the isolation of the South-Transdanubian, Baranya region in terms of public roads and the lack of highways the most important The region suffers not only from the lack of international traffic but also from the *dead-end nature of several villages* representing a mere exit off the main road Creating a connection between these villages, “opening” these dead-ends could considerably improve the region’s transportation conditions A large number of settlements will have access to *gas and pipelines* only after this For the city of Komlo, the development of infrastructure related to city services (i.e. road network, health care) enjoys top priority These public services, constituting the basic amenities of life (particularly supply of natural gas and good quality health care), are indispensable for the promotion of the above mentioned village tourism as one of the most important breakthrough points

2 The most important program over the USDOL LED seminars can be regarded as a subtype of infrastructure *information flow needs to be assisted and speeded up in the region, thus a standard information system has to be installed* Its two major users, target groups would include the entrepreneurs and the local governments The telecottages established in the centers of the subregions (Szaszvar, Magyarhertelend, Hosszuhetyen) would provide access to it

3 *The purpose of the program is twofold on the one hand it provides an opportunity to promote the region and it satisfies the information needs of local users on the other* The most important tool of the previous, i.e. the regional marketing function is the introduction of Internet According to preliminary plans local entrepreneurs and municipalities could place their advertisements, introductory material on the web at prime cost

4 Probably the most interesting question related to the program is *what kind of decision-making preparatory information will become accessible* Program developers are planning to establish several local databases and their integration into the system (1) database of

¹⁶ Let’s not forget that the objective of the program was rapid response! This, however, has led, in one or two cases, to the selection of not the most important programs with the largest effect for the set time schedule and financial limitations required for the launch proved to be unrealizable

enterprises within the county, inquiries received by the Chamber and free capacities, (2) list and capacities of enterprises dealing with regional tourism, data of the Komlo tourist agency, (3) data of real estates for business activities, (4) data concerning labor supply and demand, (5) space information technology system of eight local governments first, including, of course, Komlo

5 The hardware plan was elaborated during the tender According to financial estimates, there is a chance to make the operation of the system self-sustainable within a year The network to be installed will be oversized initially to ensure that those wishing to join the system in the meantime are not rejected due to the lack of capacity representing a bottleneck (During the LED program, for instance, a telecottage has already been established in Alsomocsolad independent from the project)

6 It is yet to be answered how and for what purpose will the so far not really active local population use this new opportunity *Will it be sufficient to mobilize the local society, to motivate the actors of economy or will it become a theoretically excellent but in reality unutilized tool put at the disposal of the local economy* In any case local people consider the (information) infrastructure to be installed as the *required tool, the base for the development of all branches*

7 *“Branch” politics renders the effect of identifying the current potential of the local economy and responding to the comparative advantages more probable than the development of infrastructure* There seem to be three basic economic activities in the region tourism, agriculture and some kind of processing activity

8 Let's start with *tourism* Mecsek provides an excellent opportunity for village, cycling, horse riding and hunting tourism In addition to this we also have to mention the village blessed with two thermal water sources The opportunities hidden in tourism are best reflected in the success of Szaszvar where the cooperation of four villages has led to the sales of 5000 guest nights during one summer *The tourist potential of the region can not be sold on its own, it has to be linked to the products of the neighboring areas (monuments and cultural life of Pecs, lakes in Orfu, Pecsvarad, Siklos-Villany wine and thermal tourism, etc)*

9 Apart from the development of basic provision and infrastructure, the improvement of the *level* of catering will have to be ensured Courses focused on teaching the basics of village tourism can help achieve this, but a *tourist database* to be created could also have a similar effect If lodgers and caterers know each other it can be advantageous not only by the ability to transfer the guests to one another but also by creating a common activity, a cooperation fostering community control thus improving the quality of service

10 The two basic ideas of the tourist projects developed within the frame of the USDOL LED program are in accordance with those mentioned above products need to be linked to those of the neighboring areas and to those western tourists need to be attracted here who enjoy hiking and are not disturbed by the relatively low level of services The idea lies in the *construction of a bicycle road meeting the needs of Dutch tourists*, who have already explored Orfu, allowing them to cycle from the lakes to the mountains of Mecsek Also one of the best ways to attract western guests to the region could be the installation of Internet once the information network has been developed

11 When discussing the issue of tourism one can not forget about the *role of Komlo* Guests arriving here will occupy not so much urban but also rural mountain accommodation Moreover, settlements located a bit further away from the town have also a serious chance to participate in tourism as they themselves are often centers of some subregions (e.g Hosszuheteny) Guests will travel to Pecs rather than to Komlo to obtain city services

Therefore only a relatively modest part of the profit on increasing tourism will Komlo benefit

12 Agriculture can not become a real leading branch due to the already mentioned, rather unfavorable natural potentials from a production point of view. Nevertheless, a fast alleviation of the problems of those employed in this sector¹⁷ is possible. A lack of processing represents one of the most important reasons for a low income-generating ability. Therefore, the program has set the objective of establishing larger verticals, promoting the creation of connection points and organizing processing. The region's industry could be organized along the role of a supplier to larger companies settling down in the region. All this can happen once aversions to risk-taking and assuming responsibility have been removed.

13 The education program has become one of the projects selected during the LED seminars. There are two possible options. First, the creation of a rapidly responding, flexible education system able to adapt to any employment and professional needs of the labor market within a short period of time by training the required amount of labor with the required qualifications relatively fast. This solution can be considered an infrastructure development step within a loose frame, which creates the basis, but whose practical benefit will depend primarily on the users. Another option is that education does not respond to the labor market but it intends to influence it itself e.g. business training (only for a limited group, of course). Based on international experience, the enterprise launched by the student may grow into a significant employer.

14 In 1995 the Development Agency made an attempt to organize such training courses and establish a consulting institute after the training in the Szaszvar area. The PHARE support awarded that time was used to launch two courses with 20 participants each and to set up an office accommodating enterprises in the region. Similarly, an incubation house of 500 m²-s was established in Komlo allowing for the operation of 5 workshops and 10 offices if fully utilized. This would have been completed by a common meeting room as well as by administrative and office services to be created after the Development Agency's removal. The business training, however, has not fulfilled the expectations yet. The Szaszvar office is currently utilized by a company as a plant. The Komlo incubation house is inhabited by one entrepreneur only. One of the reasons for this is the failure to provide the planned services, the Development Agency has finally remained in the building of the Mayor's Office. This situation is further aggravated by the peculiar real estate market conditions in Komlo. The location of the house, in a rather hidden area, makes it unsuitable to operate as an office while there is an excess supply of workshops in the town. Despite this, the under-utilization of the incubation house could be a symbol of the already mentioned immobility, low innovation potential of the local economy.

¹⁷ 77% of all active wage earners already in 1990

Summary

- 1 In conclusion please let us draw the attention to some issues considered by the author to be the most important lessons to learn from the example of Komlo
- 2 Crisis management can not start when unemployment has already reached mass forms and inactivity prevails. If a region is in such a lucky (?) situation whereby it can become ready for economic recession, it must not lose time. Leaders of local economy can not concentrate all their efforts on the already developed situation only, they must do their utmost to avoid negative consequences expected in the future or at least to reduce the problems
- 3 The example of Komlo also draws attention to the fact that mass unemployment is not the most important consequence of economic crisis in every case. Similar problem can be caused by the collapse of the region's income-generating ability due to the large amount of retirements. In such a situation the financial balance of the local economy (with the municipal budget being only one of its indicators) may slacken
- 4 The other important problem of crisis regions stems from the population's moral decline and its apathy. Workers deprived from independent actions for several decades, local social forces unable to take action can present a hindrance to the revival of the economy. (The case of SUZUKI or the failure of business development attempts present an example for this)
- 5 It is important to make sure that local development policy is of much wider scope than the development of infrastructure. If local economic forces do not utilize it then a predominant part of our limited resources will be wasted on one of the most capital intensive and at the same time the most risky, though rather spectacular tool. No local community can avoid determining the directions of action, formulating strategic goals, forms of activity providing a base for the development of a new economy, need to be identified
- 6 It is indispensable to establish a cooperation between various organizations of the region, first of all between local governments. This should take place not only within the region but also in the neighboring areas, counties. In case of Komlo the importance of this task is further emphasized by the agglomerate effect of Pecs. We have to accept that steps taken by the neighboring area will also affect the region, therefore, it is worth establishing the required contacts prior to making any potentially harmful decisions or losing positive opportunities. (Even an unequal relation may be worth being undertaken)
- 7 Finally, we repeatedly emphasize one of the probably biggest advantages of the Komlo case. Local economy policy can not be implemented without the active involvement of education, training and retraining

18. TISZAZUG: QUESTIONS AND ANSWERS¹⁸

Based on efforts made, since the change of the political system, by Kunszentmarton and the local governments of 13 settlements located around it to identify and utilize the region's potentials, we can receive a valuable picture about Hungary in the 1990s. This includes the initial jealousy of local governments, the intensification of issues and problems, new methods and attempts made to find a common path to follow and consequent successes and failures. First of all we point out that the case study below is not aimed at describing the problems of a small city (Kunszentmarton) as the problems of a region but it indeed discusses the real difficulties of the subregion and their management.

After the identification and the evaluation of the region's situation the case study will provide an overview of the initiatives taken by the local governments and it will eventually give an account of the experience gathered during the participation in the current program. I express my thanks to Ferenc Nagy, manager of the Tiszazug Regional Development Association, Jozsef Fazekas, regional employment consultant of the local Labor Center of Jasz-Nagykun-Szolnok county and to the colleagues of the Mayor's Office in Cserkeszolo.

Starting point: the region's situation

1 Demographic structure

The subregion in Jasz-Nagykun-Szolnok county called Tiszazug is composed of 14 cities and villages. Towns: Kunszentmarton, Tiszafoldvár, villages: Cibakhaza, Cserkeszolo, Csepa, Mesterszallas, Mezohek, Nagyrev, Szeleveny, Tiszainoka, Tizsakurt, Tizsasas, Tizsaug.

These 14 settlements are located on an area of 734 km²-s and their total population exceeds 43 000 people. Almost 50 % of the population lives in two towns.

The number of the population has been declining over the past years, the rate of decline is 1-2 %. We can get a more thorough picture of the demographic processes if we study them by settlement and age group. A larger decline is typical in small villages, where the rate can reach as much as 3 % (e.g. Tiszainoka). However, even in case of the growing settlements the rate of growth is merely 0.2-0.7 %. There are settlements with a special structure where growth can be explained by some special reasons e.g. the proximity of Kunszentmarton and the status of the bathing resort in case of Cserkeszolo.

Tiszazug has an aging population. Although there are more children living in the city than old people (this is particularly striking in case of Tiszafoldvar), the opposite situation characterizes almost all villages without exception. It is a general phenomenon that less than 20 % of the population is composed of young people (under 18) while one fourth, one third of the people is over 60. Based on national data the above mentioned processes can not be surprising, however, the general trends are further aggravated by some local peculiarities to be described later.

When talking about demographic issues gypsies have to be mentioned, whose proportion is significant and particularly outstanding in case of some villages (e.g. Csepa, Ocsod, Cibakhaza).

¹⁸ Prepared by Károly Czibere, MUNICIO Unlimited Liability Partnership, November 1997

2 Economic structure and employment

The subregion is characterized basically by the dominance of the primary sector, the secondary does no longer and the tertiary does not yet represent a leading force and a source for economic development. Therefore, the most important source for making a living is agriculture which provides almost all households in the subregion with an opportunity to contribute to their income. The primary role of agriculture is supported by production traditions developed despite the medium (by the standards of the Plain) quality of the soil. First of all wheat has to be emphasized which occupies over one quarter of the sowing area (of 65000 hectares) on average. Corn and other industrial crop (sugar beet, sunflower) have a 20 % share each. One can not forget about traditions such as the green house production of first-fruits or vine-growing.

Tiszazug has never been an industrially developed area. It did not have any large plants even during the Kadar era, only branches, local sites and premises of larger, primarily Budapest based companies operated here. As an example we may mention BVM (company manufacturing concrete panels) operating its machinery maintenance plant here. The other typical example could be the Pannonia Fur Company employing hundreds of people, just like BVM.

The change in the political system has, however, brought about drastic changes in this area. Restructuring has led to a drastic drop in demand. Companies reacted to the changes in the economic environment by reducing their capacities and restructuring (if it was possible) production. During the recession period companies got rid first of their premises located on the peripheries. The consequent unemployment, increasing at a fast pace, has made the daily life of Tiszazug more and more difficult.

Although the rate of unemployment in this region reached its top in the previous years, and its current rate can neither be ignored. A more detailed study could help evaluate, in the appropriate manner, the steps, to be described later, taken by the actors of Tiszazug in order to trigger the region's development.

The number of the registered unemployed follows the national trends: a steep rise up to 1993 followed by a slow decline. Although the highest unemployment rate in the county reached 12-13 % in the previous years and it is below 10 % at present, the very different data for Tiszazug are not only striking but are also telling signs of the extraordinarily uneven level of development within the county. Of the approximately 6000-6500 citizens of a working age in Kunszentmarton, for instance, 2500 were registered as unemployed in 1993. The number of the unemployed has declined by approx. 1000 people since 1993. The average rate of unemployment in Tiszazug is 17.4 % while it is 22 % in Kunszentmarton. It is particularly interesting to compare these data with the number of jobs. In Tiszazug, a bit more than 50 new jobs were registered by the Labor Center in November 1996.

Unemployment represents a serious problem for all age groups, especially for the young. There are shocking data showing that 20-22 % of the young (under 25) is unemployed in Tiszazug. Similarly to the national average the level of education determines the unemployment status. The most dangerous groups comprise those with a primary school education of 8 grades and those with a vocational training education while higher education practically always guarantees a job.

The last aspect in studying the structure of unemployment is the length of time spent out of job. If we take into account that people unemployed for over one year are to be considered permanent unemployment then it becomes obvious that the proportion of the permanently unemployed is extraordinarily high in the region, over 75 %. It is worth considering that within

this group the number of those unemployed for over 2 years is still outstanding (65 %) which, despite the black market activities and vegetable and fruit growing for own consumption, has a negative effect on the villages thus contributing to making Tiszazug one of the most disadvantaged parts of even the whole country

The proportion of the tertiary sector is not sufficient as being of low level due to the low level of needs. Over the past couple of years, however, development has taken place in this area. The present increase of services is closely related to tourist initiatives thus they will be discussed later in more detail.

3 Infrastructure

Various types of infrastructure range from the provision of transportation and communications to available human resources, however we do not have detailed data concerning all of them.

The development and construction of communal infrastructure represent the history of the last years similarly to other regions and areas in the Big Plain. The installation of gas pipelines was the top priority development plan as a result of which a connection could be made to it in almost all sites of all villages. The other decisive change took place two years ago when the subregion was connected to the direct long distance calling system. Today the requested telephone line is installed within a couple of weeks. This development has contributed also to one doctor being able to take care of two small villages. Both the above mentioned developments deserve special attention also because they were realized through self-support and the relatively high proportion of own contribution (30 %) represented a heavy burden on the predominantly low-income citizens living in this subregion.

At present local governments save their efforts and financial resources for the next step. Establishing the required objective and financial conditions for the next important infrastructure related development is the installation of a sewage system. The sewage treatment capacity will be developed in Cibakhaza, Kunszentmarton, Tiszaföldvár and Cserkeszölő. There are also small villages which need to join forces to make the first steps towards the installation of the sewage network. Such cooperation took place among Szelevény, Tiszásas, Csepe and Tiszaug. The previously mentioned villages are planning to build a waste water treatment plant together although only the construction of the receiving station has been put on the agenda so far.

Transportation infrastructure is acceptable though not completely satisfactory. It can be seen from the name of the subregion that it is located in such an area of the county which is far away from the traffic of the main transportation routes. This, of course, has also advantages. However, people living in the subregion feel the disadvantages only. The region has some dead-end type settlements (e.g. Nagyrev). Of the main transportation routes only road no. 44 goes through the region and its two villages, Cserkeszölő and Ocsod. Construction of new roads and the maintenance of the old ones represent crucial problems. Several roads had been constructed which did not even survive the first winter and started to become full of potholes. An example for this is the so-called Kunszentmarton-Martfű route treated as an outstanding investment and a major step forward which provided an opportunity for Tiszazug to be connected with the county capital. Thinking in terms of larger regions it could contribute to the connection of the capital and the Csongrad region, however there has been no busy traffic there yet. The road constructed, however, has been heavily criticized for quality reasons.

Comments on the environment infrastructure are not particularly favorable. This area of infrastructure development seems to be lagging behind. A solution for waste disposal, or more precisely, a lack of it seems to be the most crucial problem. There are 19 illegal waste disposal sites in the subregion reducing the success of tourism to a large extent and destroying the developing image of the region.

Of course measures have been taken in this field. Initiatives were taken for the establishment of a central waste disposal site. It has to be added, that the region is not an environmental hot spot i.e. the favorable nature of the existing conditions, namely the lack of polluting plants and companies, may contribute to an effective operation of the environmental infrastructure.

4 Tourism

Tourism represents an area of local social and economic life which generates rather ambivalent feelings. On the one hand there is a hidden, remote subregion while on the other there are initiatives related to tourism. This situation, rather contradictory at first glance, can be resolved by claiming that "although Tiszazug is not an overly popular place, there are signs that it can be made to be one like that".

Ideas related to the promotion of tourism are based on natural beauties and village tourism. The most important characteristic of natural assets is that a large part of the natural environment, especially the forest belts by the riverside and the backwaters, are still intact. Moreover, backwaters may become outstanding fishing paradises due to their excellent fish stocks. Fishing is likely to be the most probable way of tourism development in future. It is not by coincidence that many visitors arrive here not only from the capital but also from foreign countries to spend a couple of weeks here.

The role of village tourism has been increasing over the past years simultaneously to the number of buildings reconverted to be suitable for accommodation. The most popular phenomenon is the establishment of restaurants, pensions accommodating transit traffic. In the previous years an inn, called Pegasus, was built in Tiszaug, a new one, called ARFE farm (abbreviation stems from the names of the two owners) has recently been built in Cserkeszolo offering riding opportunities in addition to the range of other catering services.

One of the most outstanding tourist and business potentials of the region is its thermal water. The thermal water based sanatorium in Cserkeszolo has become famous and is visited by wide masses of tourists. Another way to utilize thermal water is by green house plant growing which is considered to be one of the breakthrough points by many.

Regional development phases

The history of local regional development initiatives is not unique. Following the political transformation a misinterpreted independence, a misunderstood sovereignty led practice paralyzed the work of the local governments. Jealousy stemming from the misinterpretation of the notion of municipality did not allow the local governments to formulate their supra settlements efforts embracing a larger region.

Over the past few years this mentality has been changing. More and more municipalities recognize the importance of forming an association with local governments being in similar situation and having similar interests. This recognition stems predominantly from two sources. Firstly, from the belief that problems go beyond the boundaries of the village and secondly,

meetings also for reconciliation purposes, among municipal leaders have become more frequent over time. Information flow among the village leaders has started and become more intensive. Today it can be generally stated that municipal leadership is sufficiently receptive, in most cases it is the lack of sources which destroys the success of regional programs.

Implementation of ideas, generated in order to develop the Tiszazug region, started a few years ago. The Association of the Tiszazug Settlements, established in 1989, represents the first phase of common thinking about the region's situation. This Association was formed not so much with the objective of acting primarily as an interest representation or lobbying organization but as an association promoting the development of local economy. A particularly significant push was given to the operation of the association by the general economic recession in the first half of the 90s which, as we have already seen it, had a serious effect on the society of the region.

Already in 1991 an office had to be set up with the involvement of decisive economic actors, for the coordination of local regional development in order to improve primarily entrepreneurial spirit and to encourage the launch of new enterprises. In the spirit of this, the association submitted a bid to the Foundation for Enterprises Promotion for receiving funds for the establishment of an Office for Enterprise Promotion. This tendering process, however, preferred mainly county level initiatives. Therefore, the local center for the promotion of enterprises could be implemented as a part of such a county level project. The most important antecedent, therefore, is the operation of the Office for Enterprises Promotion since the fall of 1991.

The next step was taken following the adoption of the related law. In 1996 the Regional Development Society of Tiszazug Municipalities was established. This organization is basically the same as the previous one. The change in the name was motivated by the fact that the law on regional development, adopted in the meantime, did not acknowledge the formerly established association as a regional development organization. This, therefore, represented mainly a formal change.

Not only local governments participate in the operation of the organization, although, undoubtedly, they play the role of the initiator. Other actors playing an active role include the Kunszentmarton based Office for Enterprises Promotion, economic actors (entrepreneurs, financial institutions, etc.), employment policy institutions (labor center, chambers, etc.) and regional development institutions (regional development council).

Parallel to the reorganization, i.e. the extension of the organization another issue was raised: the increase in the number of members of the organization may have an unfavorable effect on the operative nature and efficiency of operation. Therefore, initiatives were taken to create two new decision-making levels within the organization. The first level comprises the Strategic Council consisting of only 8-10 people. Half of the council is made up from the local governments while the other half consists of other actors. The operative office, employing 1-2 colleagues, will provide the basis for a continuous daily operation and administration. The Office is led by the Regional Manager.

Emphasis has to be put on the fact that the establishment of the organization truly reflects a thorough, comprehensive way of thinking. Founders took into account all aspects of regional development, they considered all relevant actors who must be accommodated in this type of organization. They thought over the internal structure of the organization to be set up although further ideas have also been developed in this area. Founders have also considered their realistic opportunities. As a result of this they have submitted a bid for the Subregional Economic Development Project within the Rapid Response program.

Results achieved to date within the Rapid Response Project

Participants expected the project to provide them with new approaches and analysis techniques with the help of which they can devise more prudent, conceptually more precise strategies for the region. The first phase of the project accommodated a series of seminars during which the region's situation was mapped based on selected criteria.

Issues, schemes of outstanding importance from a regional development aspect were analyzed in more details. Access to capital, raising funds for development and investment purposes represent the core problems in this corner of the county. This does not only mean that the business environment is not adequate in the region but also that there are predominantly small and medium size enterprises existing here whose financing by banks is yet to be resolved or is not really satisfactory. According to financial analysts, it will take at least 2-3 years for banking credit policy to treat small size enterprises similar to large ones.

In order to improve the access to capital, the developed analysis considers steps such as the amendment of law on regional development or the improvement of the production environment.

A more detailed elaboration of the proposals would have pointed out that local governments could have had only a limited effect on part of the ideas under the opportunities header.

In addition to a low purchasing power and a lack of capital, a lack of societies represents one of the problems of the business environment, according to the analyses. It has been pointed out in several cases that one of the breakthrough points for the region could be the establishment of societies capable of not only coordinating the purchase of agricultural production but representing also, especially in the case of out-of-season products, the lower levels of the processing chain.

To achieve this a reduction in business burdens, further training, elaborated programs and last but not least state support would be needed. Probably the most significant opportunities can be found in this area, as tourism can help reinvest the profit generated by the development of such enterprises which are also interested in local development. These opportunities e.g. thermal energy, hiking, tourism, product processing are significant also because they reject the image of a "region doomed to be disadvantaged due to its awkward location" thus contributing to a successful development.

We have already dealt with infrastructure in detail. The list of problems and needs appears to be the longest in this case. Although problems include items such as the lack of connection by air, the list is undoubtedly disappointing. All branches of infrastructure are present here from transportation to the lack of education for human infrastructure. Problems may be considered to be the most crucial here, for the underdevelopment of infrastructure may have an adverse effect on favorable processes started by the launch of any strategic development.

The situation of human resources is not so problematic. The subregion performs training tasks satisfactorily by its three high schools and by the provision of basic education in all villages. Problems lie rather in the relatively large amount of the qualified and young people leaving the region. Further help could have been provided by a systematic classification of the problems rather than merely listing them by the participants. It may prove to be possible, or even a must to call the low level of vocational training structure and the high proportion of unskilled people to account, as intervention in a process must be made at several points, if possible, but at least it seems indispensable to connect them, arrange them in a logical way, determine some kind of

hierarchy not to mention their prioritization. An action plan can be devised only upon the completion of the aforementioned. Preference arrangement helps identifying not only the selection options but it also ranks preferences by their intensity. Therefore a SWOT analysis can definitely represent an excellent point of departure, however, further analysis is also needed. The same applies for previous analyses.

No real complaints can be lodged concerning the quality of human life due to a healthy environment, fresh air and of course the natural assets. SWOT analysis developers will find favorable conditions here. Establishing the conditions of holiday-making, entertainment and relaxation is by no means a distant objective. The previously mentioned opportunities provide a good base for further development. Views on the other component of the quality of life, i.e. the level of income are diverse. Firstly, it is low. Secondly, it is bound to rise with a successful economic development. Thirdly, making a living costs much less in these areas even today (black market, truck-gardening, etc.) By taking these factors into account a more comprehensive picture unfolds about the region's income situation.

During their research, analysts considered the following vision as a point of departure when formulating potential breakthrough points. Unemployment will fall to a tolerable level. In line with this, the population's income will secure opportunities beyond those related to subsistence. The region's sustaining and, we must add, population retaining ability will increase. The decrease in the number of the population will come to a halt, it will start increasing and its internal structure will shift towards the young. Developed infrastructure. Production structure in view of the natural potentials. Harmony with the natural environment.

Similarly to a company operating in a conscious, private sphere, the mission, formulated on the basis of the vision includes all those efforts which may present a base for the development of detailed goals. The mission of Tiszazug is the following: strong economy under good employment conditions, calculable material growth, fostering the settlement of the young, encouraging them to evolve their innovative capabilities and finally, the establishment of a family oriented environment, security of living and property, the improvement of the quality of life. It can be seen that social aspects of the vision are emphasized in the mission, for even economy development is subordinated to employment thus representing the advantage of the internal structure of the mission.

Based on the above mentioned mission, specific goals and programs were developed, by the implementation of which participants wanted to achieve the vision. Four programs were developed. Two were related to agricultural development. The establishment of purchase points, integration are aimed at remedying the disadvantaged and exposed, even by national standards, situation of producers. The coordination of procurement of agricultural equipment can be integrated into these associations. The program is aimed at filling in this enormous information gap which prevents the producers from advancing further and having an opportunity to obtain larger income. Such a central information source would be badly needed, should someone take the trouble to organize it, to provide up-to-date information about prices, machinery, use of plant protection disinfectants, etc. in each agricultural region.

The development of agricultural processing industry represents the other, agriculture oriented objective which is closely related to the previous. This concerns primarily out-of-season products and vine-growing. The former can be resolved by green-house production. As for vine-growing, the idea of introducing Tiszazug's own red wine to the market has already been raised earlier (Maligan Co Ltd). This initiative also supports those efforts which are made at gaining economic reputation for our products and thus obtaining a market share securing further sales and so the circle begins over and over again.

Tourism, of course was also raised among the objectives, although its development proved to be slightly inappropriate as the Cserkeszolo bathing resort as well as all other opportunities (beaches backwaters, riversides, village tourism) were all put into the same category. A further breakdown could have proved to be more useful bearing in mind that one of the major requirements against regional development is to familiarize its objectives with and promote them among the widest circles of the population. One not can not forget about this, especially in case of opportunities such as village tourism, which so obviously offer this type of awareness.

The most successful idea, agreed to be implemented, proved to be the fourth one which, in some respects, can contribute to the implementation of the other goals. This includes the establishment of the information center primarily for enterprises. The program, currently in progress, will set up a modern information system collecting and systematically arranging information required by entrepreneurs. It has always been indispensable to gather such data however now it is their systematic arrangement, the establishment of a link between them which is needed to provide information about the whole region for the whole region.

When evaluating the projects selected for implementation it has to be mentioned that the future (mainly long-term) profit per investment of HUF 1 would probably be the largest in this case for local economic development can be speeded up considerably by such a center. It stems from the very nature of acceleration that economic and employment traditions change and the quality of life improves. Therefore, the center's work will have mainly an indirect effect on the region's life, however, this will become rather visible as it has a direct intensifying effect on the local economy.

Naturally, there may be concerns mainly about factors not being under the control of municipal leaders (e.g. legal regulations, or another extreme working morale). It can be assumed, however, that the short-term benefit stemming from the establishment of the center and its proper communications will help removing the majority of such obstacles. There is no need to worry.

Conclusions

However surprising and unusual it may seem, the region's leaders and principals do think in a responsible manner about the future of Tiszazug. They grab each opportunity if it can contribute to the improvement of the situation of those living in the region. This, in itself, is already worth mentioning.

Recognizing local actors is indispensable, however it is not sufficient in itself. This is not about the lack of sources, representing the usual obstacle to implementation, only. Regional development is a game played by many actors in many dimensions. Handling identified problems represents a difficulty for the municipalities almost all the time as their roots go deeply (or high up, if you wish) beyond the local level. Complex issues are raised to which, unfortunately, only complex answers can be given by harmonizing the ideas of all the actors.

In Tiszazug these answers are already at hand.

19. A SMALL TOWN IN THE HEART OF THE BIG PLAIN, GYOMAENDROD SEEKING WAYS AND MEANS¹⁹

The present economic and labor market situation of the subregion, reasons behind the current situation

The subregion's general economic situation of the 80s and the 90s can be described as follows

The city of Gyomaendrod was founded by the unification of Bekes county's two large villages called Gyoma and Endrod in 1982. Although the two once independent parts of the city preserved their original image in terms of character, townscape, religion (Gyoma is predominantly inhabited by the Lutherans and Endrod is catholic) the idea of break-up, as opposed to several other settlements unified by administrative means, has not been raised to a serious extent following the political transformation. At present the town has 16,058 inhabitants and there is a relatively strong natural decrease of 0.26 %. A typical datum characterizing the rate of decrease may be the fact that the two settlements had a total population of 25,000 at the beginning of the century (see Revai Big Encyclopedia) thus the 35 % loss can be regarded as substantial.

The other two villages of the subregional society for regional development, i.e. Hunya and Csardaszallas represent villages with less than 1000 inhabitants thus they can be considered to be villages with low population by the standards of the Plain. Both of them have a rather aging population engaged primarily in agricultural activities. It is also worth mentioning that Csardaszallas, under the name of Korostarcsa farming settlement parts, used to belong to Korostarcsa until the middle of this century and its reclassification into an independent village took place only in 1952.

A significant advantage of the subregion lies in its transportation potential i.e. its proximity to the Budapest-Bekescsaba-Lokoshaza rail track with busy international traffic located some 160 km-s away from Budapest. Gyoma represents one of the inter-city train stations on this track. The region's public road connections are also favorable with the well-constructed Szolnok-Bekescsaba main road no. 46 going through it. The main road's traffic has particularly increased since 1997 when the high toll fee was introduced for expressway M5 diverting the traffic to this road offering a fast and a free public road connection to Budapest and Bekescsaba as well as to direction of the Gyula border station. Another considerable transportation opportunity lies in the two airports which are also located here and are capable of accommodating small planes. The development of water transportation on the three Koros rivers can become significant only from the point of view of tourism.

The situation of the subregion is determined primarily by its location. The territory of Bekes county can be divided into two different parts with the Budapest-Szolnok-Bekescsaba rail track, going through the subregion as the border. To the south from this line there are rather fertile lands with high gold-crown value representing one of the most valuable agricultural areas of Hungary. To the north from here lands are of significantly lower quality, however they are rich in natural assets. Thus a more extensive, primarily husbandry based agriculture can be

¹⁹ Prepared by Dr. Ábel Berczik, MUNICIO Unlimited Liability Partnership, November 1997

developed here joined, at the same time, by a more intensive environmental and nature protection activity. To achieve this foreign assistance may be needed.

Therefore, the subregion's natural potentials are considerable. The bottom lands of the three Koros rivers and the 20 backwaters are natural conservation areas forming a part of the Koros-Maros National Park founded in 1997. The water of Koros allows for fishing and large bottom lands and forests on the plain offer significant hunting opportunities. The thermal water source in Gyomaendrod represents a rather high asset whose utilization is currently limited to the Liget open-air bathing resort.

Of the cultural sights of the subregion two museums in Gyomaendrod, unique also by national standards, displaying items used for printing and veteran engines and a local government supported gallery and a country house presenting folk culture (in Endrod) have to be mentioned.

Gyoma used to be a district seat for centuries, however the Gyoma district was merged into the Szarvas one in 1973 which may explain the relatively negative relationship between the two towns.

The subregion and especially the economy of the city was based on several grounds despite the excellent agricultural potentials of the region. Apart from the four cooperatives and the state farm operating on a rather valuable land, many jobs were created also by Gyomaendrod's two large industrial plants with traditional roots, the Kner Printing Company in Gyoma and the Shoe-making Cooperative of Endrod (ENCI). Of the economic actors playing an important role 10 years ago, the fishing cooperative and the handicraft cooperative, supplying mainly knitting-crocheting workers with an existence, have to be emphasized. Also, many people, especially from the small villages, participated in the construction industry as members of the auxiliary branch of the cooperative's building industrial activity.

The economic crisis resulting from the political transformation had a shocking effect on Gyomaendrod and its region changing the already established economic structures completely within a period of two years (1991-1992). Of the five agricultural plants all but one cooperative ceased to exist leaving an enormous amount of unskilled laborforce behind. In addition to the agricultural workers the life of also those who used to work in the construction industry has become hopeless. ENCI with its traditional roots became bankrupt almost overnight. Many of the knitting ladies, employed in the handicraft cooperative, have not been able to find another job during the long period that has gone by since then. Of the major companies of the 80s only the Kner printing company and the fishing cooperative remained more or less alive.

Situation of agriculture and industry

The region's agriculture seems to be in the process of recovering from the shock caused by the closing down of plants. More and more former cooperative members and state farm workers have started to do farming on their own. Apart from this, several small agricultural businesses have been established in the form of limited liability companies and unlimited liability partnerships. Of those, whose expectations were not fulfilled, many participate in labor market retraining. At the same time, however, many old people, failing to identify their innovative ability, apply for the status of a person with a decreased ability to work or for early retirement. Nevertheless, it can be considered a significant achievement that only a negligible part of the arable land of 50,000 hectares stands idle.

Of the industrial workers a safe job has always been secured for the 200 employees of Kner Printing Company accommodating, however, only a small part of the labor stock. The situation of the large number of shoe-making workers, previously employed at ENCI, is promising considering that three medium size i.e. enterprises employing over 300 people, and thirty small size enterprises are operating currently on the ruins of the once famous factory. Therefore, it seems that the shoe-making industry will continue to play an important role in the life of the town and its region in the future.

Former clothing factory workers are not in such a favorable situation at all. Although the clothing factory still operates, in name, in Gyomaendrod, it can, however, only employ a small part of its former workers. Dressmaker's rooms founded in other places within the region e.g. Devavanya can not provide a real solution either, as dressmakers receive such a low income that barely anything remains for subsistence after paying the costs of commuting.

A smaller furniture factory had already operated in the town in the 80s which went through a substantial development, under the name of Furniture Cooperative, in the 90s producing better and better results and employing more and more people. Apart from this, two other, so far relatively small but definitely able to develop, private enterprises have to be mentioned: one dealing with door and window manufacturing, the other with the assembly of gas boilers. For the permanently unemployed, seasonal work represents a temporary improvement of living conditions.

It has to be established, however, that no leading industrial branch, capable of determining the town's long-term economic development in a positive way, has emerged in the economic life of the region, thus the subregion's economic life can, all in all, be described as stagnating.

Situation of public education in Gyomaendrod and its region

Provision of kindergarten services and primary school education can be considered to be adequate in the subregion. There are eight member kindergartens operating in Gyomaendrod. There is a primary school in all three settlements belonging to the society thus no single student needs to commute to meet his primary school obligations. In Gyomaendrod two primary schools out of three are supported by the local government while the third is managed by the Roman Catholic Church.

There is nothing to be ashamed of if studying the situation of high school education in Gyomaendrod. Of the two high schools the Kner Imre Secondary Grammar School and Vocational Training School of Commerce offers a six-grade-primary school education and a four-grade-high school education with a police faculty in the latter. At the high vocational training school those who do not wish to continue their studies in higher education after obtaining their high school certificate can go to the thirteenth grade to receive technical training. Adults' high vocational school, operating with remote training plays an important role in training the unemployed.

The other high school, Bethlen Gabor Agricultural and Industrial Vocational Training School satisfies, primarily, the needs of those interested in vocational education. The special faculty of husbandry, attended by students from all over the country as well as by foreign students (primarily by Hungarians living beyond the borders) is of outstanding importance. Apart from this, qualifications obtained in catering have a future prospective.

Since many students arrive in the high schools from remote places the two dormitories play an important role.

The education level of the subregion's population can be considered satisfactory, for almost 60 % of the people has some kind of high level qualification. This proportion is considerably worse in the villages (15 %) than in the county seat (63 %). The share of those with higher education is rather low, only 1.5 % of the population in Gyomaendrod and 1.8 % in Hunya and Csardaszallas graduated from some kind of university or college. Undoubtedly, these data play an important role in encouraging the town, as we shall see it later, to treat the establishment of some kind of higher education institute as one of the most important tasks.

Infrastructure in the subregion

As far as the subregion's communal infrastructure is concerned, the situation may seem to be favorable at first sight, for over 85 % of the apartments is connected to a running water network. However, the inadequate quality of running water, containing arsenic, represents one of the key obstacles to the development of the region and even considered, by many, as the most important problem.

Electricity is supplied practically to almost 100 % of the population which can be regarded a significant result considering that several families still live on farms where the installation of pipelines took a long time. Due to the development of public utilities over the past few years, gas supply by pipelines is also satisfactory, especially in the villages where this service reaches almost 100 % of the households. Sewage disposal still remains a crucial issue to be resolved in the near future for significant, though not at all full drainage, covering only 17 % of the households, has been implemented in Gyomaendrod only. The city has room for development also in terms of building public roads with solid surfaces. At present approximately 60 %, i.e.

50 km-s of downtown area has hard surface The telephone network is going through a major development these months thus this is not likely to create an obstacle to development in future

Commercial infrastructure is yet to face a major development in the region It has to be emphasized that one store of the Penny Market chain is expected to open in Gyomaendrod still this year raising hopes for decreasing food prices

In Gyomaendrod the level of medical service is satisfactory in terms of both basic and special care (general medical treatment, surgery, ophthalmology, gynecological and TB treatment) Apart from this, there is a central service and emergency station to secure night and weekend medical care thus people living in the region are less often forced to go over to the bigger polyclinic of Szarvas to get their medical problems solved

Public administrative infrastructure is also in the progress of development a branch office of the Land Registry, a civic security and a military branch unit have recently been established

Employment situation of Gyomaendrod and its region

The rate of unemployment, significantly exceeding the national average, is 14 % Over the past months of 1997, however, a considerable decrease took place with the number of unemployed dropping, for the first time after a long period, below 1000 people in the city of Gyomaendrod, according to data supplied by the Gyomaendrod branch of the Bekes County Labor office

No significant differences can be found in terms of the distribution of the unemployed by sexes Of the 1403 unemployed 698 were men and 705 were women in September 1997 If studying unemployment by age groups (see table 1) it can be stated that the middle-aged and those aged over represent a large proportion Those aged over 35 constitute 64 % of the unemployed which can be regarded specifically unfavorable considering firstly, that active employment measures can not be applied for them and secondly, that labor demand relies on them to a lesser extent

If examining the phenomenon of unemployment by the time spent out-of-job (see table 2) significant differences can be identified by sexes While only 26 % of the unemployed men could not find a job for more than a year, the corresponding share of women is already 33 % This may be explained by the fact that those who used to be working in the clothing factory employing a large amount of women, have not been able to find suitable jobs for several years A rather contrasting picture evolves when looking at the method of allowances (see table 3) It is undoubtedly unfavorable that over one-fifth of the registered unemployed i.e. 308 people do not get any unemployment benefit at all and the number, among both men and women, of those receiving an income supplement exceeds that of those getting unemployment benefit

If studying the number of unemployed by payroll categories, it can be seen that the group of physical workers prevails with a vast majority of 83 % Conclusions to be drawn from this phenomenon are supported by a study of the number of unemployed by the highest level of education (see table 4) Those having a college certificate and graduates constitute only one-fourth of the unemployed although they represent one-third of the total population A typical fact, although irrelevant from a statistical point of view due to the low number of such cases, is that only 7 % of those holding a toplevel degree can not find a job

Based on a study concerning the application of active employment policy measures (see table 5) it can be established that the number of those participating in labor market training is rather high (193, according to the data in the table, however, according to data gathered during personal interviews this number exceeded 200 while it was only 140 last year) According to

labor experts, there is hope that this number will reach 270 by the end of the year i.e. almost every fifth unemployed will try to alleviate his problem by means of training. This is a rather considerable achievement bearing in mind that not so long ago a shoe-making course in Devavanya, belonging also to the scope of authority of the local labor office in Gyomaendrod, was to be introduced but had to be canceled due to the lack of participants (16 people) required to launch a course. Yet, labor market training represents the best tool to help people being out of job for a long time, reintegrate into or at least come closer to the working life.

The number of self-employed and those supported to become entrepreneurs has been increasing year by year. This year, for instance, a new form of support was introduced, whereby the unemployed can be supported by an amount up to a maximum HUF 500,000 if he undertakes to create an own, independent existence by using this. Creating an independent existence, however, is a rather contradictory issue because the majority of the people was not used to taking care of themselves in the previous political regime and thus they do not possess the techniques required to lead an independent life. This statement specifically applies for those layers of people who have just become unemployed. Many become forced entrepreneurs and as a result of a lack of skills and experience many turn from an unemployed into a failed entrepreneur within a short period of time. Another problem is related to the fact that due to the lack of both material opportunities and sufficient patience many are unable to wait for the business to grow within a period of 4 to 5 years and give up the fight after seeing the negligible results of the struggle in the first couple of years.

Pending also belongs to the labor market scheme. Similarly to other parts of the country, pendlers were among the first to lose their jobs. This trend was more intensively experienced in Gyomaendrőd which is located far away from both commuting destinations i.e. Szolnok and Bekescsaba. These days, when employers are reluctant to reimburse transportation costs of commuting workers, high travel costs make it impossible to travel to the neighboring county seat on a daily basis. Thus only a negligible part of the workers, a mere 2.3% i.e. 221 people commute thus taking advantage of the wider selection of job opportunities and better income conditions offered by big cities.

In conclusion, it can be stated that the employment situation of Gyomaendrod and its region is worse than the national average, thus finding a solution to this represents, probably, the most important task of the town.

The subregion's potential vision, options of implementation

Relations between Gyomaendrod and its region and its neighboring regions

The regional development society of the subregion, founded by three village in April 1997, does not cover the whole area of gravity including also the villages of Devavanya and Ecsegfalva. The accession of these villages to the society is not ruled out based on those set out in the agreement, however, at present possibilities are limited to an ad-hoc cooperation due to the economic difficulties and the small economic potential of the two village. A society includes great advantages because there is a bigger chance to access various sources of funding. This is illustrated by the running water program implemented as a joint investment between Gyomaendrod and Csardaszallas, which has gained an outstanding support from the County Regional Development Council due to its legal form.

A high level of willingness to become a part of a society is reflected by Gyomaendrod's membership in the Koros Valley Regional Development Public Society and the Koros Corner Public Regional Development Society organized along a looser structure

In contrary to the forced society forming policy of the previous regime, however, today cooperation with other regions of Bekes county can be based only on mutual advantages and a joint share of burdens to achieve specific goals

Thus it can be established that Gyomaendrod's relation with other settlements of the former Szarvas district i.e. Szarvas, Ormenykut and Kardos has become rather loose. According to the Gyomaendrod leaders, the above villages have similar problems, a large amount of free labor and a lack of capital thus they are each other's competitors rather than potential partners. Other cities located further away within the county e.g. Bekes, Bekescsaba, Gyula are in a much more favorable situation, however, the long distance hinders establishing a serious cooperation.

Examples of ad-hoc cooperation can be the following: public road investment implemented with the city of Mezőberény, the construction of the planned solid waste disposal site to be implemented jointly by Csardaszallas, Hunya, Kondoros, Kardos and Csabacsud, the speech therapist employed with Hunya and Ormenykut and the boat line organized with Korostarcsa, Szarvas and Bekesszentandras.

Apart from this, it also has to be mentioned that Gyomaendrod is making efforts these years to establish contacts, prevented so far by the county boundary, with Mezőtur, located in the neighboring Jász-Nagykún-Szolnok county.

In my opinion, however, the Gyomaendrőd leaders believe that the key to resolving problems is making the city stand on its own feet and even the utilization of potential advantages of society membership is strictly subject to the above principle. However, jointly maintained premises, jointly implemented investments have such financial and economic advantages whose better utilization definitely requires further advancement.

Relations of city leadership with local economic and social forces

As the system of local governments operating since 1990 allows limited opportunity for the municipalities exercising executive power to launch their own businesses, their role to be played in the promotion of enterprises can take the form of an indirect support. This, however, can be rather substantial considering that as a consequence of the former communist system the entrepreneurial spirit is rather low and there is a severe lack of capital resulting from the general economic situation.

One form of this indirect support can be of financial nature. This will be reflected, probably, in the local tax system of Gyomaendrod introduced in 1998 aiming at reducing the tax burdens of new enterprises. However, it can be at least so important if city leadership and entrepreneurs worked out development plans, serving both the individual needs of entrepreneurs and the collective interests of the community together.

The four-part-training, involving even a large number of actors from the local businesses trying to set goals for the development of the city and its region on a consensus basis, held in the frame of the Rapid Response Project, for instance, proved to be perfectly suitable for the development of such goals.

As a result of this, for instance, the construction of a new hotel and meeting higher needs was started in the city with the city's contribution in the form of providing thermal water service.

Another excellent example of cooperation can be the international gathering of VW Beetles organized with huge success

The city management has drawn the right conclusion from this, saying, that businesses are able to cooperate in a very wide scope of life providing that sensible and profitable programs are offered for them

According to the city management, however, there is a smaller group of entrepreneurs, composed mainly of prominent city managers of the former regime, pursuing their business in a rather isolated manner rejecting all kinds of cooperation

Civic organizations are rather underdeveloped in the subregion. Although there are constructive initiatives such as the "Get to Know Your Own Country Society" and the Society of Museum Lovers, they are not yet able to mobilize wide masses people and do not play a significant role in the life of the town. One or two years ago the Society of Endrod People was established as a new initiative followed by the Society of Gyoma People but they have not succeeded in mobilizing large masses of people. It would be highly desirable to integrate these societies into the life of the city to get them to accept the main direction of urban development as they may play the very important role of the bridge between the city management and the population

The most important problems of city and strategic plans

If we were to define the main problems of the city two different types of issues would need to be mentioned. According to the unanimous opinion of experts the low quality of running water represents the most important problem. This, on the one hand, considerably reduces the feel of comfort of those who live here while, on the other, it also creates an obstacle to the establishment of strategic branches such as the food-processing industry. Apart from this no foreign capital inflow can be expected under such circumstances

A more general problem is related to unemployment or more precisely to the alleviation of temporary unemployment in one way or another mainly by means of creating new jobs. According to the opinion of the mayor's leadership the creation of 3-400 new jobs could already represent a major step forward

To resolve these problems one has to break free from daily struggle. A basic guiding principle, a breakthrough point needs to be identified which, as a self-generator process, contributes to the accomplishment of the most basic goal, i.e. the improvement of the local people's standard of living and the creation of an entrepreneur friendly business environment

Key strategic objectives formulated consequently have to be divided into short-term and long-term ones. In the short run the most important is to put an end to unfavorable processes, stop migration and to launch new businesses. The acceleration of infrastructure development is also important already on the short-term. While preserving agriculture, conditions, allowing tourism to play an important role in the city's income generating activity, have to be created primarily by the positive re-conversion of the environment. Local people find it important to enhance Gyomaendrod's image as a regional center

On the long term the most important goal is to create the conditions required for the processing of locally produced agricultural products. To make this happen three or four new plants are needed. A great advantage lies in the presently non-utilized industrial track connecting directly to the main track in Gyomaendrod

A strategic way of thinking is reflected in the idea according to which the future European Union will be a Europe of regions where Bekes county would be the core of the potential region constituted by Csongrad, Bekes and Hajdu-Bihar counties. Apart from this, city managers also find it important to mention that following our accession to the EU Bekes county will, at least for some time, represent the Union's eastern gate.

The present management believes that the above outlined strategic goals can be achieved by launching and simultaneously implementing as many programs as possible thus creating a synthesis. This belief is reflected in the county's participation in almost all potential tender invitations and even today there are forty in progress. They believe that it can not be foreseen how long one can rely on the currently operating tendering system thus every opportunity has to be grabbed while it is there.

Apart from this, leaders also believe in the principle of filling in the gaps in the area of regional development i.e. they try to retain resources obtained in their own area and fill in the existing gaps.

Of the strategic programs the region's tourism development concept, sport concept and education development concept have already been prepared while the economic management of the city has been overviewed and rationalized. The revision of the local tax system and the integration of various, primarily new enterprise supporting, elements into the system can also be expected in the near future.

Since urban development has also included many spontaneous elements, the city management thought it was time to generate a complex development plan. In October 1997, therefore, a tender was called for the generation of a medium term regional development concept to be completed by 2002. The purpose of the tender is a rather complex program integrating education, health care, urban development, tourism development and several economic issues. The bids will be evaluated on 10 December and then, based on the results, a four-year-complex development program will be elaborated and accepted before the following summer. This would represent a guiding principle in the work of the next elected body and a continuity with the present body. In the implementation of the program a key role will be played by the regional manager under the mayor's supervision for coordinating the implementation work.

We can state that Gyomaendrod and its region are consciously preparing for their future, the medium term program to be developed could be the guarantee for making all these initiatives go in one direction towards a more balanced region.

Specific measures for the achievement of strategic goals

Plans for infrastructure development

Gyomaendrod and Csardaszallas have already won significant amounts of sources from the County Regional Development Council for the resolution of the most crucial infrastructure problem, the supply of healthy water. As a result of this it seems that all chances are given to find a final solution to this problem by 1999. The extension of telephone line supply for the whole city is also in progress and it seems that cable television network can also be extended for the whole city by 1998.

The next problem to resolve is the complete installation of the sewage system which is rather underdeveloped at the moment. To reach an acceptable level, another 3300 households need to be connected to it by the installation of a drainage system of approximately 50 km-s. At present, only part of the required amount is available, the rest is being raised through bids and the investment is expected to be completed by 2002.

The following priority is the construction of more roads with hard surface with a length of approx 30 km-s. For practical reasons, this is to be implemented after the installation of the drainage system.

Converting Gyomaendrod into a real subregional center by the development of public administration infrastructure represents another important priority. At the same time, it has to be noted that these efforts are determined not only by practical reasons but also by prestige aspects against the current administration center, Szarvas. Thus the objective of establishing an independent police unit by 2000 has been set. Further important roles could be played by the independent local court and notary public, the realization of which could take place most probably on the long term only.

Proposals for educational development in Gyomaendrod

City management considers basically two dimensions for the development of the education system. On the one hand, leaders consider it necessary to extend high school vocational training by new classes, e.g. budget administrator and customs administrator corresponding to the needs of modern times and providing primarily administrative skills. The city management believes that this can help improving the region's population, or more precisely, student retaining ability.

On the other hand, the establishment of some kind of higher education represents a highly emphasized future objective. This could be realized in the form of some agricultural type of vocational training, primarily in the frame of husbandry vocational training, as this field is not dealt with at a higher level in the higher education institutes of the region i.e. in Szarvas, Mezotur, Hodmezovasarhely. There are no doubts that this could contribute to the development of an agrarian intelligentsia possessing a significant and a wide scope of professional expertise, however, the detailed development and the accreditation of the program is likely to take a long time. It is definitely promising, that the building i.e. the previous offices of ENCI and human resources, in the form of teachers engaged already in vocational training, are available.

Due to a lack of demand and required conditions there is no opportunity to develop other, industrial type of higher level vocational training.

Forms of enterprise promotion: House of Entrepreneurs and incubator house

During the workshop discussions held this spring, participants agreed that an information center supporting enterprises is really missing in the economic life of Gyomaendrod. As a result of the economic changes and permanent unemployment, many tried to launch a business, however, failures stemming from the heavy burden of administrative requirements have forced many to quit their business quite soon.

This problem has led to the idea of creating a House of Entrepreneurs which would, according to the plans, supply, within a short period of time, the actors of economic life with information necessary for making strategic decisions and with professional advice needed for a continuous operation. As a result of this, the elected body of the town adopted a resolution on the establishment of a center assisting the launch and the continuous operation of new businesses. On September 1, 1997 the House of Entrepreneurs opened by the agrarian chamber, chambers of commerce, a notary public, the National Association of Craftsmen and the County Foundation for the Promotion of Enterprises.

The costs of building reconstruction were covered by the local government while the required personnel and material expenditure were paid by the accommodating organizations.

The short, two-month-operation of the center raises high hopes concerning the future. Already in September a very successful meeting of business people was organized involving the whole county. Since this event had been preceded by a large advertising campaign, all the business people gathering here from all the areas of the county could become aware of this initiative.

Apart from the meeting of business people, also the local press paid a significant attention to the opening of the center, thus the majority of entrepreneurs has, by now, become familiar with the above mentioned services.

The efficient support of the County Regional Development Co. operating in Bekescsaba provides a particularly significant help.

In addition to the three member villages of the subregional society, people from Devavanya and Ecsefalva, both belonging to the district, have called on the new institution over the past period. The regional manager plays an important role in the operation of the house as he informs the entrepreneurs of new bidding opportunities open for them.

A further extension of the idea of the House of Entrepreneurs is served by the plan, according to which a so-called incubator house, accommodating starting enterprises, would be established right by the House in 1998. Many businesses have to face the problem, especially in the initial period, of not being able to create all the required infrastructure, particularly the necessary office.

The incubator house, established by the local government and operated by the Foundation for Enterprise Promotion on a profit making basis could provide a solution to this problem. Although a fee would be charged for renting the space, significantly lower overhead costs and the existing infrastructure (phone, fax) could, nevertheless, prove to be attractive. Apart from this, the availability of services provided by the House of Enterprises can also represent a positive factor.

According to the current plans, an incubator house capable of accommodating 10-12 enterprises, can be established recruiting primarily businesses engaged in the service sector. It would naturally be practical to limit the amount of time a business can spend in the incubator house to ensure that the institute fulfills its purpose by contributing to the creation of a dynamic economic movement.

As we could see, Gyomaendrod prefers classical enterprise promotion measures to help implementing its regional development policy, hopefully with great success.

Development plans for tourism in Gyomaendrod and its region

It is well-known that regional development policies put a significant emphasis on identifying tourism development opportunities. Moreover, in many cases it is also treated as the way out of crisis. Gyomaendrod and its region do not belong to the most popular tourist places of the country. However, as we will see it below, a lot of efforts are made to give a boost to the development of the Plain's water and thermal water tourism.

It has definitely need to be mentioned that tourism will not represent the most decisive factor in the future development of Gyomaendrod acknowledged correctly also by the city management. In case of tourism development only approximately fifty new jobs can be created realistically. However, it has to be underlined that tourism, in case of a successful operation, has not only specific, measurable economic benefits but it can play an important role in future. If many visitors become familiar with this part of the country this in itself can have a considerable impact on the inflow of capital.

The development of tourism can be made in two different ways here. First, cultural tourism can provide programs rich in ideas only through a cooperation with other parts of the county and by the development of complex programs for not temporary visitors. This concerns, primarily, a cooperation with Szarvas, Gyula and Bekescsaba. In addition to the two museums with nationwide reputation (exhibitions about printing and veteran engines) Gyomaendrod can also contribute to the complex program by its thermal bath. A cooperation is also justified if taking into account that the potentials of the settlements are complementary to a certain extent, thus Szarvas, at least now, offers catering units of higher standards and its camp is also located in a nicer environment, while Gyomaendrod has valuable thermal water and good hunting opportunities.

The other potential way of utilizing tourism is ecotourism containing much larger and independent opportunities. The backwaters of the three Kóros rivers, the large forests can be very attractive for water lovers, anglers, hunters and hikers. This could be complemented by thermal water based medical tourism. Therefore, it is necessary to complete infrastructure development to give way to the establishment of larger tourist premises and hotels of higher standards. For a coordinated development of tourism a Tourinform office was set up in Gyomaendrod whose operating conditions were provided by the local government. One of the key results of the one-year-operation of the office is the establishment of the Gyomaendrod branch of the Hungarian Tourist Association thus the development of tourism is dealt with not only by one "official" organization but also by a civic one composed of people interested in the development of tourism. Both organizations have taken part in several national trade fairs, in the Travel'97 exhibition where they tried to attract tourists to the region by distributing high quality promotion material. To ensure a more efficient and successful operation of the Tourinform office, the elected body decided to transform the organization into a public company as of next year. Thus, decisions concerning tourism will, presumably, be made by taking economic considerations into account to a larger extent.

It follows from the above that the tourist concept of the city is aimed at several layers of the society. It tries to attract well-off visitors by the construction of hotels satisfying high standards and by offering excellent hunting opportunities primarily for foreigners. Tourists staying in the camp can be of various layers. The camp is planned to have apartments of high comfort level but those arriving with a tent can also satisfy their needs here. Those with modest financial opportunities and those loving nomad circumstances are expected to participate in hiking and cycling and rowing-canoeing trips. The two beaches by the two Koros rivers intend to serve

them Fans of water tourism must really fancy nomad circumstances as the use of mosquitoicide is forbidden in the area for environmental protection reasons

Over the past years the following specific programs have been implemented or are to be implemented As of July 1, 1997, boat cruising was introduced on the three Koros rivers although it has not been fully utilized, presumably due to unfavorable weather conditions This is intended to be complemented by a local boat line on the Korostarcsa-Gyomaendrod-Szarvas-Bekesszentandras route

The construction of a modern shopping center, satisfying all kinds of needs, is also in the process of implementation and there will be several new, modern gas stations opened In the first half of 1998 the renovation of the thermal bath will be finished and a new, sixty-bed-hotel meeting modern needs will be opened with the local government supplying it with thermal water The new, modern polyclinic opened in September 1997 can also have a favorable effect on tourism

In 1997, several events were organized to promote tourism Special attention has to be brought to the international Beetles rally (gathering of the beetle models of Volkswagen), the rowing-canoeing competition held at the end of September and the National Fish Cooking Competition

As we could see the area of tourism development is no longer in a stalemate situation, the many positive initiatives are expected to have an effect on the townscape sooner or later

Summary

Based on the discussions with the city representatives we can define the most important factors of development in Gyomaendrod and its region They include an access to capital, infrastructure development, creation of a favorable business environment, improvement of the quality of human resources and as a consequence of all this the raising of the living standards of the local population As it has been demonstrated above, a significant move or at least ideas concerning the way of making a move could be experienced in all five respects

Efforts made by town leadership to take advantage of all possible bidding opportunities at all costs, serve the purpose of gaining a more efficient access to capital It seems that these, so far very successful, attempts can secure substantial extra sources for the local government

There are serious gaps in the area of infrastructure development, however a specific, overall program has already been developed by 2004 to fill these gaps It seems that filling the gaps by improving access to capital as mentioned above can become successful and can, simultaneously, create favorable conditions for the next factor, the development of business environment

The creation of a favorable business environment is interrelated with the improvement of the quality of human resources The latter can, of course, be achieved by increasing the level of education of the population and the development of the education system There are ambitious plans for this which are expected to be implemented on the long-term only

The existence of favorable business conditions depends, of course, on several factors including, not at last, material conditions such as the local tax system Apart from this, the House of Entrepreneurs and the incubator house are important

Finally, the last factor, the quality of life is subject to the mix of all the above factors. This is not so much a precondition but rather the purpose of economic development as what else could ultimately motivate the city managers but the welfare of the citizens resulting from a balanced economic and social development.

Gyomaendrod and its region represent an area in the middle of the Big Plain which, up until recently, had been considered a relatively well-developed part of the Big Plain due to its highly developed agriculture and its traditional printing and shoe-making industries. This welfare was shattered by the economic crisis of the 80s, however, it seems, at least in view of the ideas, that there is hope for revival.

V. Major Prospective Resources for Conducting Local Economic Development and Enterprise Stimulation Initiatives

A National Employment Fund (OFA)

Under the supervision of the Ministry of Economy, OFA is offering support for the launch of Local Economic Development and Enterprise Initiatives (HGVK) as of 1999 by way of inviting tenders. They are financed from the central fund of the Labor Market Fund's part devoted to employment.

The principal parameters of the 1999 tender application terms—which, of course, may change in the years to come—are as follows:

I. Purpose of the Tender

- 1 Support for the creation of sub-regional economic development and strategic plans and programs based on the EU's project financing principles and the collaboration of players in the local economies and social organizations (local governments, civic organizations and entrepreneurs),
- 2 The development of the economies of sub-regions, especially those in a particularly underprivileged position and struggling with employment crises, and the encouragement of their catching up,
- 3 The initiation of job creation and enterprise stimulation processes,
- 4 The promotion of sub-regional economic development initiatives and self-organization efforts

II Interpretation of the Program

The tender encourages the launching of economic development and enterprise stimulation processes that are based on the collaboration of players within the sub-region such as local governments, entrepreneurs and civic organizations. Within the **initial**, so-called **analytical/planning phase** of the subsidized program, it assesses—in the course of *four workshops*—the status and resources of the sub-region, then, based on the data obtained, sets its public objectives, alternatives for the renewal of the local economy, and defines specific feasible projects, while examining the feasibility of the project ideas. The **second**, implementation, **phase** proceeds—with the involvement of appropriate experts—to **implement the selected specific project idea(s) in part or in whole**.

III. Form, Size and Components of the Subsidy

In order to implement the program, OFA offers a non-refundable subsidy in two installments. The first installment, amounting to no more than **HUF 500,000**, is intended to foot the costs of the analytical and planning work.

These may be

- The operating costs of strategic groups preparing, designing and organizing the workshop activities,
- The subsistence expenses of the workshop participants,
- The honoraria of experts assisting in the elaboration of the strategic program, research, and the conduct of the sessions,
- The material expenses associated with the preparation and organization of the workshop activities, and
- The travel expenses of the workshop participants and the experts

Applicants successfully implementing the initial phase may claim the second installment of the subsidy—which is up to **HUF 3 5 million**—during the second phase of the tender program for implementing the following objectives

- Set-up or development of a regional development office, or
- The installation of a regional development manager, or the continued employment of an existing one, or
- The set-up or expansion of an information and innovation center, or
- The use of another project aimed at improving the employment situation of the sub-region, or
- Its use as a requisite resource in other tenders, or
- The comprehensive implementation of the listed projects

The applicants need not have proprietary funds available for the implementation of the program

IV Duration of the Subsidy

Maximum 15 months, consisting of no more than three months of analytical and planning work and no more than 12 months for the (partial) implementation of the specific project(s)

V Participants

Any organization that has been registered by a company court no later than 1998, incorporated as a legal entity, and indicated in Chapter II of the present Tender, which has declared that it has no dues beyond 60 days in the form of taxes or public dues collectible in the form of taxes, also including health insurance or pension insurance dues

VI Manner of Preparing the Application

The Application may solely be submitted in the form of tender documentation employed by the OFA and appropriate for the program type

VII. Evaluation of the Applications and Award of Contract

The applications will be judged by the OFA Advisory Board based on the experts' recommendations, and in consideration of the opinions of the regionally competent County Labor Center and the Regional Development Council

VIII To Receive Preferential Treatment During Evaluation

- Programs that are to be implemented in sub-regions with the most unfavorable conditions,
- Applicants who are able to mobilize the greatest financial power and know-how (partner organizations) within their jurisdiction to implement the program,
- Applicants who take advantage of the professional and methodological assistance of the regionally competent County Labor Center,
- Applicants in whose jurisdiction mass lay-offs are taking place pursuant to Act XXII of 1992, i.e., Section 94/A of the Labor Code, and this is treated as specified by Section 22 of Act IV of 1991 on "The Promotion of Employment and the Support of the Unemployed" as amended several times

IX Timing of Disbursement

OFA is to remit the subsidy—in accordance with the terms and conditions defined in the agreement—in two installments to the awarded applicant. The **first installment** is to be disbursed within 20 days of the signing of the subsidy agreement and the **second installment** within 15 days of the receipt by OFA of the evaluation of the program's first phase

X Monitoring of Program Implementation

In professional terms, the implementation of the program will be overseen by the OFA Program Manager, while in financial terms, it will be monitored by the associates of the OFA of the county/municipal labor centers appointed for the task

XI. Professional Support for the Preparation and Implementation of the Tenders:

In the course of program implementation, OFA will supply free of charge in the required quantity a textbook entitled **Local Economic Development and Enterprise Stimulation Initiatives**, providing methodological assistance for the implementation of the tender program

Further information is available on the preparation of applications from **Miklós RÁTVAI** on 388-12-70/126. The decision preparation period is an exception, as the Public Foundations Office provides no information on the tender during this period

B Targeted Grant for Country (Regional) Development

A subsidy may be granted by way of tendering pursuant to Government Decree No. 40/1999 (III 3) Korm—once the given county's Regional Development Council invites such tenders from the decentralized funds it is responsible for managing—for the purpose of developing the self-organization perspectives and strategies of sub-regions and to implement their programs and projects. Abstracted from the Decree, the following text includes the potential targets

“**Section 12** The council may provide assistance by way of tenders from the funds available to it for

a) job-creation projects, including the implementation of projects involving the processing or manipulation of agricultural products, animal farms, or fishery products,

b) developments involving market or product shifting intended to retain existing employed staff numbers, including projects aimed at achieving supplier status, plantation development (also including forestation aimed at bio-energy production), projects—backed by business plans based on the procurement of agricultural equipment, particularly the institutionalized collaboration of the region's economic organizations and the coordination of the economic resources (including sales and production-related and joint machinery procurements and cooperative projects implemented among at least ten agricultural small producers, based on the self-organization efforts of small producers fostering agricultural integration) and projects aimed at processing bio-energy products,

c) the establishment of material services serving the establishment and development of enterprises for the implementation of innovation centers, hatcheries, industrial complexes, industrial sites and logistical centers,

d) productive infrastructural projects aiding enterprises, associated with economic development particularly projects of regional importance serving the establishment of power, transportation, water (including the construction of running water and surface drainage systems and facilities, as well as the establishment of fish farms) and sewage systems, communications, developments serving the disposal and treatment of the region's wastes, and the establishment of infrastructural facilities under integrated regional development relating to the processing of agricultural products, farming facilities and village tourism (based on horseback-riding, angling, hunting, and local specialties within wine-growing regions),

e) programs promoting sub-regional development, the self-organization and economic collaboration efforts of local society, the elaboration of business plans required for the establishment of integration companies and cooperatives,

f) special programs promoting the development of the local economy, public projects aiding employment, and developments associated with public utility work,

g) human infrastructure development projects accompanied by job creation,

h) development and material expenditures associated with the production of products unique to the region and bio-products,

i) village and medicinal tourism development,

j) preparation of community development plans,

k) the support of integrated higher education institutions as training, further training, research and innovation centers, and the service activities of such centers aiding the region's development

(5) In the case of projects implemented in the enterprise zone, the rate of the subsidy may exceed the limit for the subsidy defined in the Schedule to the Decree by 10 percentage points ”

The detailed conditions of the subsidies to be granted on the basis of the tender are announced by the County Regional Development Councils by taking the particular in-county circumstances into account Information on the tenders is available at the council offices and agencies

C *SAPARD Program*

The Ministry of Agriculture and Regional Development invited tenders in 1999 for the subsidization of the regional development programs of the sub-regions

The tender is aimed to foster the creation of strategic and operative projects for the sub-regions based on the requirements of the EU's SAPARD pre-accession program. The subsidy is non-refundable and is disbursed under a Government agency contract.

The tender document can be requested as of 31 March 1999 from the following address by mail, telephone or fax, or can be downloaded from the Internet (<http://www.vati2.ktm.hu/publidpubdocs.htm>)

Address

Földművelésügyi és Vidékfejlesztési Minisztérium Vidékfejlesztési Programok Főosztálya,
Tel 1-301-5924 Fax 1-301-4630,
1055 Budapest Kossuth Lajos tér 11

Applications should be submitted to the above address in one original and seven duplicate copies

Submission deadline 12 00 midnight, 30 April 1999

Pursuant to Chapter I, subchapter I, Sections 158 and 159 of Decree No 8/1999 (I 20) FVM on the Subsidization of Agricultural Targets for 1999 from the Budget (hereinafter "FVM Decree"), the Ministry of Agriculture and Regional Development invites the following tenders

1 Purpose of the tender

- a) Launch of internal development process based on familiarization with and the utilization of the (natural, human and economic) features of the sub-regions
- b) The drafting of development programs suitable for the utilization of subsidies granted by the EU

2 Applicants

The following may apply

- Local governments commissioned by one or more local government associations, which are members of the association, or
- Non-profit, legally incorporated organizations operating within the area represented and authorized by the association(s)

3 Tender requirements as to form and content

The application must represent a physically contiguous area. Only one application may be submitted from a given region and a given community may only participate in one tender.

*D Resource Map Programs Subsidized from the Central Budget
(June 1999)*

1. Economic Development

- Interest subsidy granted for the development of small and medium-sized enterprises
- Tendering system for economic development
- Trade development tender
- Subsidies available for the certification of EU conforming quality assurance systems
- Subsidization of the registration of Hungarian patents abroad
- Micro loans
- Interest-equalization system associated with export loans
- Liquidation loan and interest subsidization scheme
- Hungary's participation in Community projects aimed at the development of small and medium-sized enterprises

2. Tourism

- Subsidization of touristic training
- Subsidization of gastronomical and wine tourism, as priority touristical products
- Interest subsidization for touristical product development projects
- Subsidization of equestrian tourism development
- Subsidization of in-country events of key touristic attraction to be realized in 2000 and 2001
- Subsidization available for the development of agricultural tourism and village lodging

3. Technical Development

- Subsidization of the initial innovation tasks of technology-intensive micro-enterprises (TECH-START tender)
- Subsidization of technical development activities resulting in the creation of competitive products
- Subsidization of Hungarian participation in NATO's "Science for Peace" program

4. Employment and Vocational Training

- Subsidization of active employment objectives
 - ⇒ Job creation
 - ⇒ Subsidization of job retention
- Subsidies promoting employment
 - ⇒ Subsidization of non-profit work
 - ⇒ Invitation for the central tender of the Employment Fund Part of Labor Market Fund
 - ⇒ Subsidies facilitating the unemployed in becoming entrepreneurs
 - ⇒ Job creation
 - ⇒ Subsidization of job retention
 - ⇒ Subsidies promoting the expansion of employment (wage subsidies)
 - ⇒ Assumption of employment contributions
 - ⇒ Subsidization of participation in training sessions promoting employment
 - ⇒ Subsidization of the employment of the young unemployed
 - ⇒ Assumption of travel costs
 - ⇒ Subsidies operated from the central fund of the Employment Fund Part
- Fund Part Devoted to Wage Guarantees
- Subsidization of the employment of persons of altered working capacity
- Subsidization of economic associations employing persons of altered working capacity
- Fund Part Devoted to Vocational Training

5. Environmental Protection

- ⇒ Subsidization of environmental development projects
 - ⇒ Air quality protection
 - ⇒ Protection against noise and vibration loads
 - ⇒ Protection of surface and subsurface waters
 - ⇒ Moderation of waste quantities and their adverse impacts
 - ⇒ Nature conservation
 - ⇒ Subsidization of environmental protection industry

6. Regional Development

- Targeted Grant for Country (Regional) Development

7. Agriculture

- Subsidies for agricultural objectives for 1999
- Summary of subsidized agricultural programs

- Tender invitations related to agriculture
 - ⇒ Subsidization of young agricultural entrepreneurs
 - ⇒ Agricultural market subsidy available in respect of the purchase of graded ewe's milk
 - ⇒ Forestation and subsidies for forest structure conversion and reforestation
 - ⇒ Subsidies available for foreign exchange programs and farmer trainee instruction
 - ⇒ Subsidies available for livestock breeding and breeding organization tasks
 - ⇒ Subsidies available for the purpose of know-how transfer promoting the success of farming
 - ⇒ Subsidization of non-profit forestry tasks
 - ⇒ Subsidies available for the replacement of topsoil withdrawn from production, the intended utilization of topsoil, and for the benefit of moderating the decrease of productive agricultural lands
 - ⇒ Subsidization of the buy-up of arable land for the purpose of property concentration

- Agricultural Market Subsidies
 - ⇒ Subsidization of cow's milk tied to quality
 - ⇒ Subsidization of premium butcher poultry production
 - ⇒ Intervention subsidization of quality butcher pork production
 - ⇒ Government buy-up of butcher pork at guaranteed prices
 - ⇒ Export subsidization of agricultural and food products through a simplified tendering system
 - ⇒ Subsidization of the purchase of corn quantities meeting feed corn quantity demands
 - ⇒ Government buy-up of feed corn at guaranteed prices
 - ⇒ Subsidization of the purchase of wheat quantities meeting fodder and milling demands
 - ⇒ Extraordinary subsidies granted to ameliorate damage to arable land caused by flooding in 1998 within the catchment area of the River Tisza and the stream Kerka

Detailed information available on the following INTERNET home page
www.gm.hu/sme/sme1.hu

The documentation of all of the tenders can be downloaded from the home page

VI. Methods for the Design and Implementation of Comprehensive Employment Programs

A Project Planning Concepts and Guidelines

1. Concept of the Comprehensive Program

A system consisting of several kinds of combined, interdependent and pre-planned employment forms and labor market services backed by a budget, which is worked out and executed by various organizations for the benefit of achieving pre-defined employment policy objectives

2 Program Subjects

- **Strata in an underprivileged position in terms of employment policy primarily those durably unemployed, with low schooling, untrained, of gypsy descent, entrants, and those of altered working capacity,**
- **Persons dropping out or expected to drop out of the labor market's perspective**

Of course, the range of subjects can be expanded or restricted in accordance with the prevailing employment policy expectations, however, a **precise definition is essential** under the given circumstances

3. Program Implementers

- **Employers defined in accordance with Section 58, subsection (5), paragraph c) of the Act on Employment,**
- **Local governments and state and local government institutions outside the labor organizations,**
- **Non-profit organizations defined in Act CLVI of 1997,**
- **Civic organizations, associations and foundations,**
- **Private persons,**

all of which must hold

- **official court registration, or operating licenses** in the case of private persons,
- **authorization to carry out the activities** undertaken in the program (or if not so, by attesting the involvement of subcontractors so authorized),
- **specialists suitable** for executing the programs (employed or on commission),
- **the appropriate infrastructure,**
- **an assessment** if he/it is member of a professional organization,
- **appropriate references,**
- **appropriate guarantees** (financial cover that can be stipulated in certain cases),
- **own funds** in specific cases (contribution in kind or cash)

Non-profit organizations must also meet the requirements contained in Section 43, subsection (4) of the Act on Employment

4 Key Activities to be Subsidized through the Projects

- **Services**
 - ⇒ Interviewing
 - ⇒ Drafting of individual or group participation plans
 - ⇒ Instruction of job-seeking techniques, employment consultancy
 - ⇒ Psychological consultancy, personality improvement,
 - ⇒ Career adjustment consultation,
 - ⇒ Labor exchange
- **Training**
 - ⇒ Basic catch-up training (elementary school education level),
 - ⇒ High-school matriculation
 - ⇒ Training aimed at acquiring skills in a profession (first or additional)
 - ⇒ Supplementary training courses, on-the-job training
 - ⇒ Agricultural producer training
 - ⇒ Training involving traditional professions
 - ⇒ Language training
 - ⇒ Computer skills
 - ⇒ Entrepreneurial skills
- **Employment**
 - ⇒ Job creation
 - ⇒ Self-employment and enterprise
 - ⇒ Job retention
 - ⇒ Non-profit employment and public work projects
 - ⇒ Social (cultural) employment
 - ⇒ Occasional or seasonal employment
 - ⇒ Lease of labor
 - ⇒ Transportation of personnel
 - ⇒ Atypical employment
 - ⇒ Distance-working
 - ⇒ Employment at summer building camps
 - ⇒ Job opportunities abroad

The above can constitute the components of a given comprehensive program. The ones **most appropriate for the achievement of the goals** undertaken in the tender and for the given environment should be selected from them as appropriate for the **persons or groups concerned**, then

- built upon one another in a **time sequence** in order that the impact increase gradually with time, which can significantly enhance the overall success, or
- use **several project elements at a time**, taking care to ensure that a person be only involved effectively in one project element, thus their timing and sequencing are quite important tasks

B Components of Complex Projects

- 1 **Definition of organization types**, which can be host to complex projects Their scope should be defined in accordance with the laws in force on companies, foundations, public foundations, non-profit organizations, non-profit companies, cooperatives, etc
- 2 **Statement of project mission** regarding essential objectives and expectations, which should be declared in advance to the candidate organizations This also facilitates the creation of new organizations dealing with such tasks
- 3 **Definition of activity types** the type of services and activities to be subsidized should be defined precisely, as only officially registered organizations whose deed of association includes the activities concerned or undertaken in the project may apply (according to the TEAOR and/or SZTJ codes)
- 4 **Definition of subjects** As far as we are concerned, persons whose assimilation into the labor market is a priority in terms of the subsidy to be granted by the County Labor Center
- 5 **Qualification of applicant organizations** Applicant organizations should be screened as to whether they are suitable for carrying out the tasks, whether they have previous references or are completely new The organizations' local and national chambers, interests representing bodies and alliances should be commissioned to carry out this task
- 6 **Supervision and control over the applicant organizations** This right should be likewise upheld for qualification bodies in order to ensure that the organization responsible for implementing the projects do so at consistently high standards, under a kind of social control
- 7 **Appropriate specialists** should be utilized by the applicant organizations either under employment or on commission If none exist, the applicant should state precisely which element of the complex project it has concluded an implementation agreement with an external subcontractor organization
- 8 **The tenders should be invited publicly** by the labor center, either quarterly or semi-annually It is expedient if the submission deadlines are identical each year, since this way the organizations' work can be planned ahead in the long term

C Tasks Associated with the Organization of Complex Projects

- 1 Essentially, it is possible to submit applications for the following two **project groups**
 - 1 1 Projects facilitating the reemployment of the **unemployed**
 - 1 2 Projects aimed at retention of jobs held by the **employed**
- 2 If the applicant organization desires to deal with both project groups, both can only be subsidized at the same time, if their planning, cost utilization, assessment and account settlement processes **are treated in a completely discrete manner**
- 3 Subjects (unemployed or employed) may not be involved in **just one project group at a time**
- 4 Project groups I and II should be subdivided into individual **project elements**
- 5 The ones **most appropriate for the achievement of the goals** undertaken in the tender and for the given environment should be selected from them as appropriate for the **persons or groups concerned**, then
 - 5 1. built upon one another in a **time sequence** in order that the impact increase gradually with time, which can significantly enhance the overall success, or

- 5 2 **several project elements used at a time**, taking care to ensure that a person be only involved effectively in one project element, thus their timing and sequencing are quite important tasks
- 6 The individual cost types arising in the course of implementing specific project elements within the project groups **should be planned precisely** by the applicant organizations then their usage, registration and bookkeeping provided for at the same level of detail Applicant organizations should submit their projects, **worked out in detail and including each planned project element** to the County Labor Center
 - 7 Any **associated project elements external** to the labor organization should be incorporated by the applicant in the application, likewise by preparing a separate budget
 - 8 The applicant should have own resources amounting to at least **10 %** (the labor center may disregard this in justified cases), which it can present in cash or as a contribution in kind These funds could ensure the seriousness of the application
 - 9 The labor center should judge the subsidies according to how they are **interlinked** and the possible process of their implementation This necessitates appropriate planning of **disbursement, utilization control and monitoring activities, as well as sanctioning** In its course,
 - 9 1 the avoidance of **duplicate subsidization**,
 - 9 2 and the prevention of the outflow of aggregate costs **greater than those actually incurred**
 are important
 - 10 With regard to the above, the labor center should first **elaborate** the following requisites for bringing the complex project into operation
 - 10 1 Financing resources
 - 10 2 Procedural order
 - 10 3 Judgement criteria and priority conditions
 - 10 4 Invitation for tenders
 - 10 5 Guidelines
 - 10 6 PR materials for the media
 - 10 7 A monitoring system
 - 11 The entire execution process should be relegated to the jurisdiction of the **County Labor Centers**
 - 12 Special **project management** organizations, manned by 2 or 3 staff, should be set up at the County Labor Centers within the service departments, which should oversee every service activity and active subsidization system of the organization **horizontally at the same time**
 - 13 **Responsibilities of the project organization**
 - 13 1 Elaboration of special, localized conditions for operation
 - 13 2 Program management
 - 13 2 Liaison with organizational levels and specialists within the labor organization
 - 13 3 Involvement of external associated organizations in the given project
 - 13 4 Consulting services for the applicant organizations and joint project planning
 - 13 5 Project monitoring, assessment of results and experience
 - 13 6 Continuous adjustment of the system's operation
 - 13 7 Liaison with the organizational levels and specialists of SZCSM, OMMK and other County Labor Centers

- 14 Appropriate **training** should be given to the concerned labor center associates
 14 1 for **project managers** active within the County Labor Center
 14 2 for the **operatives** active at the labor agencies, each of whom is responsible for supplying the customers with information on the subject, who liaise with project managers of the labor center, and carry out the tasks they are responsible for (mediation, etc)

VII. The Nine Steps of Launching an Enterprise *

Nowadays you will encounter enterprises in practically all aspects of life. For some they provide extra earnings, a better living and even wealth, while others go bankrupt. Becoming an entrepreneur is not only tempting but it is also full of risk. Whoever wants to become one should carefully weigh up the advantages of existence as an entrepreneur to its disadvantages and compare it with the status of employees or those living off a wage.

The success of an enterprise depends in a major part on the personality, character and capabilities of the person setting up the enterprise. Before actually starting an enterprise, you should perform a self-assessment in order to avoid any costly failures and major disappointments. Answer the following questions earnestly.

- 1 Are you self-confident? Are you capable of acting independently?
- 2 How tenacious and persevering are you? How well can you endure hard work?
- 3 Do you set requirements for yourself? How consistent are you in execution?
- 4 Are you capable of undertaking the responsibility and risk involved?
- 5 Can you live in the uncertainty regarding your work and income?
- 6 Do you have sufficient professional skills? Are you determined enough? Are you a good organizer?
- 7 Can you make decisions quickly and advisedly?
- 8 How is your health?
- 9 What would you do should you fail? Continue or desist?

It is essential for an enterprise's success that the entrepreneur or manager have the required skills, evaluate their personal strengths and weaknesses, and be able to adjust for shortcomings.

*

Nine steps based on ILO's* "Starting an Enterprise" program

Step 1 Acquisition of entrepreneurial qualifications

Step 2 Review of alternative startup strategies

Step 3 Evaluation of the enterprise's concepts and market

Step 4 Definition of the enterprise's structure and the designation of key personnel

Step 5 Definition of physical resources and financial requirements

Step 6 Review of everyday operation

Step 7 Monitoring financial fulfillment and schedule

Step 8 Definition of the required funds and resources

Step 9 Drafting of feasibility study

(ILO = "Self-help" training material of the International Labor Organization for small entrepreneurs "Starting an Enterprise" and "Developing your Enterprise")

• Attitude of the Family and Friends to the Enterprise

An entrepreneur should follow a new approach and have new values in contrast with the lifestyle entertained by subordinates or employees. Therefore, it is worthwhile to think over what kind of personal or family-related disadvantages could accompany the enterprise in addition to the risks associated with the activity.

For the sake of family consensus and backing, the following should be discussed with the family before starting the enterprise:

- ⇒ What do they think of the idea of your starting an enterprise?
 - ⇒ Can they and do they want to help in?
 - ⇒ Do they accept the financial risk involved or a possible deterioration in living standards?
 - ⇒ How is the fact that less time would be devoted to the family received?
- The idea of starting an enterprise should be discussed with those who are already involved in such an activity
 - ⇒ Requesting advice from entrepreneurial centers is worthwhile,
 - ⇒ Participation in a course on basic knowledge on enterprise is also desirable

As much knowledge should be accumulated as possible about the products, services, prices, costs and market targeted by the proposed enterprise.

Once your self-assessment is complete and your family and environment are also in agreement, you have decided to become an entrepreneur. We would like to assist you in this through a program called **“The Nine Steps of Launching an Enterprise”**.

Step 1 Acquisition of Entrepreneurial Qualifications

In order to be successful, the entrepreneur should have an appropriate concept, technical know-how, an entrepreneurial attitude and experience in management as well as an understanding of how a small enterprise functions, including:

- the supervision of people,
- the management of financial matters,
- the management of the entrepreneurial activities,
- good sales and marketing practice,
- effective liaison with the entrepreneurial environment

Good management practice includes the preparation of plans relating to the enterprise's concept, the control of the people working for the enterprise, and a guarantee that the enterprise systems work efficiently and profitably. The strengths of the new enterprise should be defined and built up. The organization should be designed to be flexible and information required for making the appropriate decisions should be acquired.

Successful entrepreneurs have personal qualities such as self-confidence, independence, optimism, excellent performance, perseverance, energy, initiative, risk-taking, creativity, resilience, resourcefulness, foresight and forethought. Furthermore, they

- focus on positive activities,
- avoid negative thoughts and ideas,
- work with people who think and act like them,
- constantly seek new opportunities, activities and feedback,
- believe in themselves and their talent,
- like to make decisions, deal with complex issues and decide which direction to proceed in

Once they have evaluated whether they have the appropriate qualities and prospective entrepreneurs have decided to start the enterprise, the following seven steps will prepare them draft a feasibility study

Step 2: Review of Alternative Startup Strategies

What should the enterprise be like? Once self-assessment has been completed, the entrepreneur will already know whether the enterprise is of individual proprietorship or a joint venture. The following practical steps are recommended for choosing the appropriate form of enterprise

- Individual enterprise is the recommended option for persons who participate directly in the enterprise, either full-time or part-time. This form is recommended for activities that are not so capital-intensive, easily managed and organized, and require little staff. Family members, employees and students may be involved. The optimum number of staff is 2–8. The individual entrepreneur's liability is unlimited, which means that he is financially liable for the enterprise's debts with all of his private assets, therefore, the expected costs and tax burdens should be taken into account as early as the enterprise is started

- On joint ventures

⇒ Advantages of this form of enterprise versus individual enterprise

- = the required capital can be raised much easier by more than one person, thus it is possible to establish a more up-to-date firm, which has more advanced equipment and is capable of making larger investments,
- = is given greater trust on the market,
- = risks and responsibilities are distributed between more than one person,
- = professional know-how, practical experience and information are pooled, thus an opportunity for more successful business is opened up,
- = the liability of the members is limited, not extending beyond the initial capital (with the exception of economic crimes)

⇒ Its disadvantages

- = the costs of establishing a joint venture are significantly greater than those of an individual business,
- = costs are higher even in the course of continuous operation,
- = risks are involved if partners in the firm are not chosen with the appropriate care

Step 3 Evaluation of Enterprise's Concept and Market

This is the most important step in planning to start an enterprise

In terms of launching a successful enterprise it is essential that alternative ideas and the market opportunities thereof be considered. A new enterprise cannot be successful without an idea that attracts buyers and provides a niche in the marketplace. The evaluation includes the following

- analyses, interests, know-how and experience,
- before finally deciding to adopt an idea, make a list of your concepts, which you can expand or refine,
- assess the pros and cons of each idea,
- when making the decision, assess the existing capabilities and know-how, as well as the market demand in addition to the products because there is no use in having know-how and a product if there is no market for them,
- survey your potential competitors and assess their likely market shares,
- define the prospective range of customers,
- determine what would entail an advantage in the market competition

The following questions should be asked as to the feasibility and market opportunities of the idea

Feasibility (depending on the available financial resources)

- ⇒ Can the product be produced? Are the technical conditions for economical production given?
- ⇒ Can it be implemented independently or does it also require the involvement of others?
- ⇒ Do production or the service meet the regulations of law or the authorities?
- ⇒ Can the required raw materials and parts be procured or do they require custom manufacturing?

Market situation

- ⇒ Is there a veritable demand for the product or service?
- ⇒ Is there any competition, and if so, what is its size? Can a similar enterprise survive on the market?
- ⇒ What kind of advantages does the product have as compared to that of the competition's?
- ⇒ Is it sellable at a price that is worth it?
- ⇒ Is there a demand significant enough to sustain the enterprise?

Carefully review these questions before deciding on the enterprise's concept. If your answers tell you that your product or service is feasible and the odds of a good start on the market seem good, you can start planning your enterprise.

Step 4 Definition of the Enterprise's Structure

Designing the enterprise includes the definition of the organization and operating conditions (individual or family enterprise, deposit partnership, Llc , Co Ltd , general partnership or cooperative)

Job descriptions should be prepared for organization and operational decision-making. The roles of the individual players should be defined, i e , who is responsible for what

Step 5 Definition of Physical Resources and Financial Requirements

Enterprises require appropriate physical resources and financing

Location Decide where the enterprise is to be located. Think over the following

- * market factors,
- * type of enterprise activity,
- * supply and shipment of the product and service,
- * personal preferences,
- * initial start-up and relocation costs

Physical Resources The physical resources include raw materials, land, buildings, equipment, vehicles, machinery, inventories, office equipment and furniture. The building or facilities should be situated in a suitable and appropriate location

Financing The nature of the enterprise determines how much money is required and when. Funds are required for

- * acquiring land and buildings,
- * conversion and the installation of furnishings and equipment,
- * raw materials,
- * utility depots,
- * legal and other professional expenses,
- * advertising and publicity,
- * general operating expenses as long as the revenues are insufficient for covering the operating costs

The prospective sources of funding should be reviewed

- * personal savings,
- * friends and relatives,
- * additional capital partners and shareholders,
- * banks,
- * those with enterprise capital,
- * savings and loan societies,
- * loans or grants from governmental and non-governmental organizations or international loan agencies,
- * funding available through tenders

Step 7 Monitoring Financial Performance and Schedule

The owners should be able to exercise control over sales, costs and profit on a continuous basis, so that they can keep up with the developments and that they can plan financial success for the present and the future. Good financial performance is dependent on the following:

- Planning future sales, expenditures and profit,
- Setting future sales objectives and staff motivation,
- Forecasting future income and costs based on actual income and costs

Step 8 Definition of the Funds and Resources Required

In order to raise funds for a new enterprise, a bank, a different institution or a person with enterprise capital should be convinced that:

- the money is required for the purchase of certain assets such as land, buildings, furnishings, vehicles, inventories, raw materials, machinery, office equipment and furniture,
- the alternative costs and models of the assets have been exposed,
- the future profits expected will cover the loan's interest and the amount loaned

Funds are necessary for the operating capital. A decision should be made whether to rent the equipment or premises. Once the funding requirements have been defined, they should be reconciled with the potential resources. The future's financial success demands that the cash flow cover interest payment and key repayments.

With the completion of the first eight steps, prospective entrepreneurs should decide whether to embark upon the realization of their best enterprise idea selected in Step 3.

Step 9 Drafting of Feasibility Study

This is the culmination of the previous eight steps. It examines what the enterprise is about, including the plans, objectives, financial requirements, etc. It should be prepared well (with help if necessary) and submitted properly, so that it convinces the banks and other financial lenders to provide the required starting capital for the proposed enterprise.

The feasibility study lists:

- the purpose and objectives of the enterprise,
- a description of the enterprise,
- the products and services offered for sale, and the markets thereof,
- the enterprise's organization,
- the funding required to launch the enterprise,
- the forecast profitability of the enterprise,
- an estimate of the potential risks

The feasibility study should be drafted with extreme care.

The following format and headings are recommended for drafting the study

- Cover page and application summary
 - Personal and business objectives
 - Advantages of method recommended for launching the enterprise
 - Brief description of proposed enterprise
 - Owners, key personnel and organization
 - Resources necessary for setting up the enterprise
 - Assessment of the market for the products and services
 - Financial performance objectives and analysis
 - The required funding and fund sources
 - Cash flow and loan repayment prospects
-

Once started Survival in the first year

The success of the enterprise depends not only on a carefully prepared feasibility study but also on whether it is able to survive the critical first year after its launch, when several small enterprises fail. In the majority of the cases, such failures result as a consequence of the improper preparation of the enterprise's launch, insufficient daily controls and an improper consideration of professional advice.

Stay in control and be innovative!

The following key criteria focus on how to maintain control and be innovative in the critical first year.

- 1) *Maintaining control through the management system* Most enterprises are capable of reducing its costs and enhance the efficiency and success of standard processes and office practice by exercising better control. Seek professional advice if necessary.
- 2) *Controlling expenditures* Keep all expenditures under control, especially during the first year. Each actual figure should be kept track of by one who prepares reports accurately and in time.
- 3) *Products and services that are "different" should be offered* Enterprises, which offer products and services that are "different" attract buyers, thus survival is ensured.
- 4) *Focus on marketing products ensuring high profitability* The sale price and expected gross profit must be known for each product and service. Marketing strategy should be developed, so that they are competitive and attractive to new customers.
- 5) *Set and achieve your goals by involving the staff in the decision-making process and encouraging them* In most cases, the success of the first year is influenced by whether the targets have been stated to the staff and whether they have been encouraged to supercede those targets. An incentive system can motivate the employees and can be extremely useful for an enterprise. Certain enterprises reward those who have achieved the objectives, while others provide additional benefits for those who have exceeded the targets.

6) *The staff should be trained to be an effective sales team*, whether sale happens from behind the counter, on the phone or through contacts to be made with potential customers. Every staff member, including also those who answer the phone, are essential parts of the sales team.

7) *Service and meeting customer requirements*. Small enterprises often achieve excellent service standards and customer satisfaction is thus greater than in the case of large companies.

Cash flow control

Cash flow control is critical in terms of the survival of the first year.

- Observe the basic rules of loan application and cash usage – never take out loans for a short period and do not invest for the long term
- Always have more cash at hand than necessary
- Always try to plan and control the cash flow
- If it seems that problems are arising in the cash flow on a certain week or month, inform the bank before the problem develops and not afterwards

Contingency Planning

As cash flow is essential in terms of survival, develop a contingency plan for unforeseen events, so situations that may affect cash flow adversely be able to be resolved. Define potential auxiliary or supplementary products or services, which can be sold in order to ensure proper cash flow.

The Enterprise's Place in the Country's Environment

You should ensure that the enterprise meets the legal requirements. Consider the enterprise's security and place within the country. This issue has three approaches:

- 1) Ensure the staff's well-being. This will motivate them, increase production and save money.
- 2) Support the industry and the entrepreneurial and local communities.
- 3) Do not pollute the environment in the course of the enterprise activities in any way.

Once started Taking advantage of assistance for the sake of the enterprise's success

Facts prove that those owners who take advantage of the assistance provided by consultants and specialists, i.e., accountants and attorneys, start off with a better chance of survival in the market competition. Would-be entrepreneurs should define the available forms of assistance and the most effective way of utilizing that assistance.

Forms of Assistance

- *Consultancy*. Employing external assistance for defining the problems, their causes and the methods for their solution.
- *Consultant*. Employing a person who would study and solve the problems, including the correction of past mistakes and the pursuance of activities which result in this.

Appropriate Sources of Assistance

- Entrepreneurs, who have encountered the same or similar problems
- The employees of industrial associations expressly trained for consultancy
- Specialists accountants and attorneys and technical specialists with experience in the appropriate field
- Consultants of the special fields
- Entrepreneur consultants (small enterprise specialists) trained to provide assistance to small enterprise owners and those who plan to launch an enterprise
- Vendors and service providers who can provide advice
- Customers experienced in management and special activities

The regions accommodate small enterprise centers, where specialists who can provide advice are available Define the source of assistance before it is needed

Some advice for seeking assistance

- Entrepreneurs often wait too long before seeking assistance It is better to seek assistance before it is actually needed than when it is too late
- The profit from the assistance provided should well exceed its cost
The initial steps in exposing warning signs are the setting of objectives and the monitoring of the process
- Dialogue with the staff can help in the recognition of warning signs

Preparation for assistance

Many entrepreneurs are unable to fully take advantage of the advice and assistance because they are unprepared for them

Preparation for consultancy

- In order that the consultant be able to prepare well, clear instructions should be provided before starting the consulting session and all background information should be supplied to facilitate the definition of the task
- When defining the tasks, indicate how the consultant should set up the activities to be carried out
- Access to any piece of information the consultant should be ensured
- The associates and employees should be informed of the proposed consulting session and of the responsibilities this may represent for them
- You should be reachable whenever possible in case the consultant needed any assistance or guidance
- Devote some time to evaluating and analyzing the actions recommended by the consultant

Monitoring Let the assistance be to your advantage

In order to ensure that the enterprise benefit to the greatest extent from the consultancy, implement the changes and define the recommended measures

Literature - Helyi Gazdasagfejlesztő Vallalkozo Kezdemenezesek

Kezikonyve

II Resz A gazdasagi fejlodes es lehetosegek kezikonyve

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VIII. On Project Marketing

To close the community working group's sessions, we will prepare our strategic plan on the basis of the complexity of the ideas, as well as an implementation proposal, which is prepared, on the one hand, through the analysis of the potential project ideas developed in the course of the four group sessions and the information collected during those sessions on the other hand

The purpose of our proposal is to define the tasks required for achieving renewal, available and potential resources, and strategic perspectives for breaking out, and to take into account and evaluate the segments of a systematic approach. Seek out the forms and alternatives that can aid in establishing an appropriate management

Our proposal is **not intended** to be mandatory or serve as a kind of "pragmatism," hindering the self-renewal ideas and plans of the community and the local governments

Structure of the implementation proposal

- Introduction of the given sub-region's general situation
- The sub-region's situation in terms of key factors (capital access, business environment, infrastructure, human resources and living standards)
- Formulation of sub-region realities based on the analysis of Ministry of Economy principles (localization of outbound resources, support of existing business activities, encouragement on new enterprise, and involvement of activities falling outside the area)
- Summary of weak and strong points
- Preparation of a matrix of the potential project ideas, establishment of complexity
- Modeling of economic development program management alternatives

- Elaboration of proposals for the implementation time of the projects management resources, organizations to be involved and the creation of auxiliary requirements

The realization of the above-mentioned tasks, however, **presupposes a joint effort by the community**, in which the citizens living in the region, the relationships between the local governments, figures of economic life, institutions and civic organizations all appear

The trustee of this pooling of resources and the basis and practical manifestation of economic rebirth is the enterprise and its planning

Planning an enterprise involves a thorough survey of the enterprise's market and financial situation, and the establishment of conditions for operation

These are

- ⇒ status assessment regarding the activity, and the analysis of the received information,
- ⇒ definition of business objectives,
- ⇒ initial organizational and operational decision-making,
- ⇒ development of a sales strategy,
- ⇒ preparation of the activity's financial calculations and plans,
- ⇒ verification and feedback

Key to success are a consistent **marketing plan, market research** and a **well-prepared business plan**

1 Marketing Plan

The conceptual design of the marketing activities is one of the key parts of the business plan. It is important because this is where the nature of the proposed enterprise and how it can be successful are described at first hand. When an entrepreneur drafts a marketing plan, in essence he elaborates how he would influence the market for the sake of acquiring sales revenues and how he would react to market conditions. The founder of an enterprise must draft the marketing plan very carefully because

- ⇒ in possession of the appropriate data and without capital investment, he can still assess the alternatives of the enterprise in theory and at low risk
- ⇒ he should be thoughtful and demonstrative enough to provide suitable information and convince others
- ⇒ he must make himself easily understood, so that anyone, including creditors and associates, could identify with the enterprise

a) Definition of the Market and the Opportunities Inherent in it

This part should involve the definition of demand for the product or service, i.e., the enterprise's potential. Depending on the size of the enterprise, the introduction of the market should be started by providing a general description of the sectoral conditions. It is possible to assess, what kind of growth or fallback the sector has experienced, what the sources of demand, and how the demand could be met. Chambers, professional associations, technical journals and sectoral studies could provide suitable data for review. The company's market share—with profitability in mind—defines the depth of detail required from the survey. If the

market opportunities are significant and the enterprise wants to participate in the market to a slight extent only, it is not necessary to delve into detail. Otherwise, these minute details and accurate pieces of information may play a decisive role. Always proceed from the general to the specific, therefore, it is always expedient to designate specific target markets and to describe their nature and significance.

b) Competition and Other External Influences

The actual performance of functioning and would-be enterprises is virtually without exception influenced also by external factors, over which the enterprises have little or no control. The most significant of these is competition, but influences such as government regulations, trade creditors and the public also need to be addressed. Special attention should be paid to defining these influences through the description of their nature and importance, and individually reviewing their possible impacts.

The following factors should by all means be taken into account and examined

- ⇒ size of the competition,
- ⇒ competition level expected in the future,
- ⇒ influences (e.g., regulations, laws, environmental effects, etc.)

a) Marketing Strategy

After the assessment of the given market and its opportunities, it should be determined how the prospective enterprise would be able to take advantage of these opportunities. A marketing strategy should be developed, which would demonstrate how the enterprise would develop and realize its marketing-related plans in order to achieve the set sales revenue/performance targets. In this sense, attention should be drawn to every possible major marketing technique available to the enterprise.

Each of the following elements such as the analysis of distribution, pricing, strategy, advertising, local features and the relevant budget all await review.

This helps visualize how your enterprise wants to actually market its product or service.

The following variables concerning marketing should be followed in your plan

- Under sales and distribution strategy, you should define the procedures and means the enterprise is to use in order to have its products or services reach the consumer.
- A pricing strategy plays an extremely important role in the overall marketing strategy. The interdependence of marketing decisions is most markedly evident in pricing, and the following should be taken into account at all times:
 - ⇒ the prices of the competition,
 - ⇒ the size of production costs,
 - ⇒ the consumers' price sensitivity (how much they are willing to pay for the product),
 - ⇒ the possibility of a discount.

One of the key pricing factors concerns what price the competition existing on the market, the producers and vendors offer similar products. Companies holding a high market share usually dictate the prices, in other words, they are the price leaders, while the rest are the price followers.

- Enterprises (the products and services thereof) "must be sold." Advertisements, public relations and commercials can be means for this.

- The entrepreneur must assess the fundamental marketing costs as well. Even though the business plan details information relating to financial matters, it may seem expedient to raise some questions relating to the marketing budget.
The most effective way to illustrate how the overall marketing activity is actually organized and how the enterprise's resources are distributed among the individual marketing tools is to use pie charts, graphs, tables and other statements. They allow for an overview of the magnitude of the marketing strategy's individual components in relation to each other.
- An essential element of marketing planning is the design of future marketing activities. Its purpose is to ensure the continuity of your enterprise (product or service).

2 Market Research

The plan should dwell upon market research as well, so that the entrepreneur can have a clear view of the market, and make his plans more believable for outside persons as well. In addition, preliminary market research could facilitate the elaboration of a marketing strategy and can represent a first step in the direction of sales, provided that it is simpler to establish a relationship with others who have reacted positively to the given product or service. This is why it is important to draft a research plan.

a.) Research Plan

A detailed research plan includes

- ⇒ a definition of the subject to research,
- ⇒ purpose of the research,
- ⇒ hypotheses,
- ⇒ the sample to be examined and the sampling range,
- ⇒ methods to be used in the course of market research,
- ⇒ proposals on the utilization of the research results

In the case of certain projects, **demoscopic market research** is the recommended method, which analyzes market processes based on representative observation and a representative sample. **Ecoscopic market research** is recommended for examining complex projects. This method analyzes the market processes comprehensively and draws conclusions from the available statistical data and its own comprehensive surveys.

a.) What should be Examined in the Course of Market Research

The survey of the demands and requirements of critical consumers, and finding out how they may react to the business idea. So the following should be definitely known: who the buyers will be, what their features are, what they want, and whether they would buy the product or utilize the service. Therefore, the following should be examined:

- ⇒ Who will make up the buyers (where do they reside and what is their age and income)?
- ⇒ What kind of qualitative expectations should be met?
- ⇒ The possible number of buyers,
- ⇒ What kind of consumer requirements will you meet with your activity?
- ⇒ What could be particularly important for the consumer?
- ⇒ What kind of established buying and using habits are there?
- ⇒ What motivations influence your buyers?
- ⇒ How large lots would they buy at a time and how frequently?
- ⇒ From whom and how do your buyers acquire their information?

- ⇒ Who influences the decision on buying?
- ⇒ Why don't the buyers purchase from the competition?

A sales prognosis is made on the basis of the survey and a causal analysis of the accumulated information

a) **Sales Prognosis**

The plan's financial part is devoted in detail to the proposed financial performance, however, it makes planning safer if the marketing section also includes an analysis of sales, which provides more well-founded information on the expected sales volume. Such analyses can take many forms. Among others, the following forms of analysis can be taken into account

Forecast of sales for a given period

It is particularly expedient if a forecast is made on sales trends as a function of time in order to demonstrate anticipated growth and factors such as seasonal sales, for example. Performance can be represented in graphic or tabular form, however, the analysis should be backed by a textual argument

It is useful to compile several kinds of sales prognoses. Usually conservative, "most probable" or optimistic prognoses are made. Each forecast should be reasonable, otherwise the credibility of the entire plan becomes doubtful. Prognoses play an especially important role in the course of the elaboration of the financial plan, since more optimistic and determined plans often require more money, yet they usually promise higher profit at the same time

Sales prognosis by products or services

Categorization by products or services is necessary if more than one product or service are on offer. This kind of grouping is useful because it informs you about the relative importance of the enterprise's individual products. Such statements also tell which of its products an enterprise has preference for and how it divides the available resources. If an enterprise deals with a multitude of products, it may seem expedient to categorize them. The graphic or tabular representation of the data could be useful here

Sales prognosis by consumer groups

Categorization by consumer groups could also be advantageous. For example, the amount of turnover resulting from contractual relationships and the number of incidental and returning buyers can be forecast

Another advancement giving authenticity to the plan is if the entrepreneur can confirm its planned sales volume with contracts or statements of intent

Market share

One of the traditional means of measuring sales performance is the assessment of market share, in other words, what percentage of the entire market sales does the enterprise hold and desire to acquire. On their own, statistics do not say much. However, once the given market and the size of the competition have been defined carefully, even this index is given more meaning. It should be noted that it is not really worthwhile to mention market shares in cases where no enterprise can acquire a significant market share on account of the size of the market

b) Aids

In order to make the marketing plan as convincing as possible, much information and data is required. Part of the information need not necessarily be incorporated in the material, it can also be attached as an appendix. Its significance is great if it is prepared not for yourself but for a loan application or the involvement of a silent partner. This is where the statements of intent, preliminary agreements, newspaper articles and professional studies can be attached.

2 Business Plan

Enterprise is always accompanied by risk. The exact magnitude of the risk usually cannot be determined. This can be delimited through the survey of the enterprise's purpose and conditions, the proposed operation of its environment, and the available or obtainable technical resources and know-how. A key methodological alternative for this is the drafting of a business plan.

So the business plan is a means facilitating foresight and the conscious assessment of risk.

This kind of conscience is not only essential in determining the degree and nature of the risk but also in **determining the funding requirements of operation**. A business plan that can be drawn up in different approaches takes into account the expenditures and income of the enterprise. The timing of the two is usually distinct. It could represent a task to be solved especially upon the launch and development period of the enterprise.

Costs will arise as early as the launch of the enterprise, and revenues are usually only collected at a later time. So, in order to start, cash or a cash substitute alternative is necessary.

Money is also required to procure the assets of the enterprise and to have an initial stock of goods and an adequate quantity of production materials available, so that operational overheads—arising also independently from the income—can be covered, the salaries of the employees and the appurtenances thereof can be paid, or to cover the miscellaneous, often high, costs of company registration. These should be known and planned ahead of time.

So, the business plan is an essential means for planning cash requirements, fund raising, supplementary capital influx and cash flow.

a) Concept and Features of the Business Plan:

A written document with a complex business/professional content, which designates, lays down and summarizes the enterprise's course of business for a definite period of time. It serves as a means for the planning and control of the course of business and the acquisition of supplementary resources.

- It provides answers to questions such as what?, why?, with what?, how?, with what results? and under what circumstances?

The **complex** nature of the business plan means that the document

- ⇒ accounts for all resources of the enterprise on the basis of the most up-to-date information (available at a given time), and reconciles that information,
- ⇒ lays down the manner and philosophy of utilizing the resources, which, in practice, accounts for the targeted buying and sales markets and the competition, and lays down a marketing plan for the acquisition and retention of a market, as well as the technical skills, knowledge and experience of the owners and employees,
- ⇒ demonstrates and proves the enterprise's viability and credit-worthiness on the basis of processing calculated and documented financial information,
- ⇒ does not include a set of fictitious figures but attested figures, backed by acceptable professional reasoning and in correlation with each other.

b) Professional Chapters and Structure of the Business Plan

*** Table of Contents**

Includes the document's chapters and a list of its appendices

*** Executive Summary**

A summary of the efforts and essence of the enterprise and its business administration, key stages in the business enterprise, and an emphasis on considerations, conditions and objectives detailed in the subsequent chapters thereof

*** Description of the Enterprise**

A description of the basic activities, the market environment, and the enterprise's resources and profitability

*** Description of Products and/or Services**

Describes the R&D essentials of the activity, and the actual processes used to harmonize market demand, quality and salability

*** Development and Investment Plan/Program**

Includes technical and financial changes serving as a basis for major changes in the material and technical resources intended to enhance the quality and/or quantity of the activity, production or service Development of the enterprise by leaps is usually subject and aims to appear on the market with new quality with a single capital investment

*** Marketing Plan/Program**

How can the enterprise succeed? – it describes an active action program This is one of the key chapters of the business plan

*** Operating Plan**

How the product or service is to be created, and what kind of internal and external factors should and can be taken into account

*** Management and Organization**

Describes the preparedness of the management and its employees, their cooperation within the organization, and the strong and weak points of enterprise know-how and experience

*** Organizational Form and Founder's Capital Supply**

The (proposed) legal form of the enterprise, the initial venture capital and ownership structure thereof, and the nature of the resources to be acquired

*** Financial Plan**

This is the most important chapter for the enterprise, which approaches and backs its conditions—forecast and based on operational/developmental calculations—financially It plays a key role in showing when money has to be put into an enterprise and what results are expected from running the enterprise

a Contents and Appendix of the Business Plan

The plan's professional content is the most expansive according to the previous draft In the case of a business plan made for a specific period, it is possible—often necessary—to deviate from this in terms of the chapters it contains and the depth of technical detail

It is evident that the description of the enterprise in the business plan that it is just starting and has little if no significance, yet the chapter containing a description of personal, professional and human skills and aptitudes or the analysis of the enterprise's target market is much more important

The success and profitability so far and the well-foundedness of a market change in an enterprise has key importance in the business plan of an advanced enterprise, for example in the case of injecting funds

By nature, private enterprises do not reckon with a hierarchical organization and management, however, it is much more important, for example, in the case of enterprises building upon sales or production chains

Due to such considerations, however, a minimum technical content can be defined for the business plan, i.e., breakdown and structure, which are mandatory

- ⇒ an executive/entrepreneur's summary characterizing the business plan,
- ⇒ an introduction of the entrepreneur and a description of the enterprise,
- ⇒ a description of the activity, product or service constituting the basis of the enterprise, and the grounds, opportunity or compulsion of its development,
- ⇒ the marketing strategy's elements with respect to the acquisition or retention of the market's given segment,
- ⇒ financial development and operational plan

Appendices are often important "players" in a business plan, particularly if they do not exist, are incomplete, or they contradict the contents of the business plan

Current entrepreneurial and banking experience warn sometimes the most believable and promising intentions and efforts fail due to form and content-related shortcomings in the appendices

Requirements as to the structure, number and content of the appendices will differ if the entrepreneur is planning only for himself, if he is justifying a loan application, and if he is seeking a co-investor or wants to convince his partner to undertake business collaboration at an equivalent level

Appendices play a dual role

- ⇒ For the sake of the business plan's manageability, the appendices may incorporate background calculations, environmental studies, compliance certificates, production process descriptions, changes in sales cyclicity and profile complexity. Its purpose is to reaffirm to people in doubt those stated in the business plan, and to demonstrate how entrepreneurial risks are addressed
- ⇒ It presents supplementary documents and copies thereof, which justify a loan application (e.g., construction/implementation budget and plan) and other guarantees for loan repayment (e.g., property sheet for real estate cover, market value appraisal, etc.), and cannot be incorporated in the logically built-up structure of the business plan but are nevertheless important

- The **executive summary** at the beginning of the business plan summarizes the message, purpose and major efforts of the detailed professional/financial program, and the enterprise's philosophy

- The **products and services** within the business plan should demonstrate the technical content of the activity and the quality parameters of the service
- It is an understandable requirement that the management **introduce its enterprise** and present his activity as if an external spectator stated his views on it

Part of the presentation

- ⇒ the activity, its market appraisal, situation and position,
- ⇒ supplier and buyer relationships and the trade techniques impacting on them,
- ⇒ enterprise partners and their success stories,
- ⇒ relationships with the financial institutions (R&D), and quality assurance institutions,
- ⇒ its business results or lack of results, and the causes and components of the latter,
- ⇒ the qualitative and quantitative features and innovative willingness and capability of the organization and personnel

- **The Development and Investment Plan** serves strategy and is the basis of the business plan for the long term. The investment plan is usually a discrete, independent set of plans. It is important to mention this part of the business plan because in most cases it can be realized through loan applications, and this has a major impact on finance in the course of business due to capital and interest payment obligations

Its design can be decisive for the company in two regards

- ⇒ in itself, improvement/investment is also a complex task, requiring the concentration of technical and financial power and detailed planning,
- ⇒ an investment will significantly change a company's operation, operation-related tasks and requirements. It makes the joint prognosis and realistic consideration of market opportunities and human, technical and financial facilities and—in the majority of the cases—the changes in their composition essential

- The logistics for project implementation and the manner and methods of work organization are laid down in an **operational plan**, which constitutes a part of the business plan
- The visualization of the **management and organization** has real significance in medium-to-large enterprises. The most important criterion is that the management's decision-making mechanism be clear and easy to judge

A detailed account on the personal attributes, professional experience, entrepreneurial skills, and preparation of the managers and management is an essential accessory to the business plan's merit. The training and selection of those working in the organization also plays an important role in judgement.

These serve as the subjective and essential basis for confidence in the business plan

- As part of the business plan, the **organizational form of operation and initial capital adequacy** deserve attention in two cases
One is the foundation of the company, when relationships of different rates appear in respect of the various corporate forms between the initial capital adequacy level and the enterprise's legal forms

Consideration is from two aspects

- ⇒ the minimum legal level required for foundation that is dependent on the form of association,
- ⇒ definition of operation financing and funding requirements in the brief period following foundation

The *other case* is *capital injection* into an enterprise as a condition of developments requiring major funding

This requires the selection or change of the organizational form or the involvement of a new partner. This is dependent on the owners' decision, and it is probable that they would undertake this after market consideration and based on special business plan considerations

The financial plan as the most important part of the business plan

The financial plan for a given period and under specific conditions serves as a plan for the supply of cash for the enterprise, and a prediction as to when financing is required

Fundamentals and key considerations of planning

- ⇒ The basic conditions for planning and calculation should be defined and laid down,
- ⇒ The plan should build upon detailed calculations, with the specifics of included data generation,
- ⇒ The figures should equal those included in other chapters of the business plan,
- ⇒ Revenues and expenditures should add up from the bottom up,
- ⇒ The calculations should be made for the period corresponding to the plan's objectives,
- ⇒ It is useful to prepare a monthly comparison as detailed as possible for the first one or two years,
- ⇒ Both the revenues and expenditures should be worked out in more than one version, particularly if the plan is being drafted for the purpose of development resource injection,
- ⇒ It is expedient if the forecast calculations are made from a pessimistic approach,
- ⇒ Depending on the purpose of the plan, the calculation tables should be built up from a cash flow approach or profit and loss account considerations, or as a combination of the two

The calculations of the financial plan are usually incorporated in tables. Their clerical, mathematical and logical unity should be ensured

Principal chapters of the financial plan

a) Sales Revenue Forecast

The prognosis is based on the joint consideration of three factors

- ⇒ The quantity of the products or services to be sold (that can be sold),
- ⇒ Achievable unit price or rate,
- ⇒ Adjustments dependent upon the particular features of the activity or service and market demand

a) Consideration of Costs

Recommended sequence for considering costs and their features

- *material costs* these can be defined at net purchase price on the basis of the quantities required for production (according to technical content) It is useful to reckon with gross material utilization because processing waste also represents a cost Intermediates and consumables should also be accounted for here

Material and material-type costs, which change in proportion to the sale or the service, i e , may increase or decrease, should be distinguished from those which arise in the course of the enterprise's operation even if there is no sale these are collectively called overhead materials Such are, for example, the material costs associated with administration and the maintenance of the site or store

- *energy costs* understandably, they can be calculated based on specific indices and considered at the prevailing public utility prices Note energy costs can arise in the course of the enterprise's operation or functioning at several points and in several ways heating, general lighting and water consumption make up indirect costs, so only costs arising directly for the sake of the service can be taken into account here

The line of expenditures relating to shipment and motor vehicle use constitutes a unique item among energy costs If a proprietary asset consumes fuel, it should be taken into account here

- *payroll costs* the costs associated with the employment of staff are quantified here In some cases, the private entrepreneur may produce the product, provide the service or sell the product himself In such cases, he may reckon with payroll expenses or an entrepreneurial share at his own discretion It is usually difficult to believe that someone is able to enterprise without taking out a personal income Therefore, it is justified to reckon with payroll costs in all cases

Such costs can be divided into two parts One part constitutes the planned gross monthly or daily wage expenses paid to employees, while the other constitutes costs accountable as public dues proportional to the wages disbursed, i e , social security contributions payable in the proportion of the income and the employer's contribution are major items According to current rules, a planning error is tolerable if 50 % of the wages planned to be disbursed directly are accounted for as costs

- In the course of balance-sheet type financial planning, *depreciation* should be accounted for as a unique cost type In reality, this does not represent cash expenditure, however it is mandatorily accountable and can have a major impact on profit/loss, especially in the case of enterprises requiring valuable assets On the other hand, it is important because it could constitute the basis for the repayment of loan capital or self-financed development and renovation

- Planning is also responsible for taking so-called *overhead costs* into account Typical items telephone, fax and postage costs, costs associated with the use of a proprietary motor vehicle, expenditures of intellectual services bookkeeping, consultancy, computer-aided services based on invoices, expenditures associated with administrative and entrepreneurial matters (e g , duties, real estate market value appraisals, etc), work, worker alimentation expenses, and recently local industrial, communal, real estate or tourism taxes cannot be left out from the calculations

a) Results of the Enterprise

The balance of sales revenues and costs express the results of an enterprise. Results can be either profit or loss. Profit is realized when the sales revenues exceed costs, while a loss is made when costs are in excess of the sales revenues.

A positive result, i.e., profit, serves as the basis for a tax liability payable to the state. This is called pre-tax profit.

If the tax liability, valid for the given period and prescribed as a percentage, is deducted from the tax base, the taxed profit is obtained, which the enterprise can freely use as its own income, dividends or development expenditures or it can treat it as a reserve.

Cash flow planning is sometimes part of the financial plan and it sometimes serves as an alternative to a balance-sheet type plan. *Its essence lies in its treatment and planning of consistent cash income and expenditure in aggregate form, usually from one month to the next.*

The planning method shows directly when a lack of funding is expected by the enterprise, which requires action to be taken. There are innumerable ways to treat this problem: one is the injection of external funds, while the other is the deferral of expenditures, in other words seeking a deferred manner of cost payment, e.g., based on an agreement with the suppliers.

The business plan—and the financial plan constituting a part of it—thus represent a conscious means of facing the alternatives and realities, and constitutes an important intellectual prerequisite for maintaining and developing functionality based on the combination of resources.

Literature: Vallalkozói ABC K. Somogy Megyei Vallalkozói Központ Alapítvány 1997

IX. The Role of Cooperative Development in Local Economic Development and Enterprise Stimulation

Author Jozsef FAZEKAS, Chief Councilor, Labor Market Expert (Ministry of Economy)

A Introduction

The privatization, land compensation and the significant influx of foreign capital which followed the transformation in 1990 essentially established ownership relations based on private property in Hungary. Close competition dominates the entire economy, which—in spite of transitional difficulties lasting a few years—is now stable and functional, and moves a market economy undergoing increasingly dynamic development. The **economic associations** (Companies Limited, Limited Liability Companies, Deposit Partnerships, etc.) and **private enterprises** that have sprung up en masse serve as a basis for this, as they were able to adapt rather quickly and resiliently to the altered circumstances.

Cooperatives were relegated to the background by the corporate and individual forms of enterprise—or perhaps were the ones least able to adapt to the new conditions—so from their viewpoint, the last more than 40 years of communism could be called a “byway”, since such kinds of enterprises have been operating successfully even before that time, from practically as early as the turn of the century.

Since the world-wide cooperative movement dates back to the 1820s and has since unequivocally proven its feasibility, since there are practically no countries where none exist, so there are good grounds for their rebirth also in Hungary.

In order for this form to be practicable under local circumstances even more than before, it is worthwhile to learn about its essence, functions, major types functioning in practice, and the conditions for their formation and operation.

B Mission of the Cooperatives

According to a report made on an ILO¹ conference on cooperatives held in 1993 “there is consensus in that the cooperative sector is able to effectively enhance the government and profit-oriented sector’s efforts to solve the pervasive employment and income-related problems”. The report furthermore added that small enterprises and cooperatives are able to adapt more effectively to economic crises.²

¹ International Labour Organisation

² ILO Report³ Meeting of Experts on Cooperatives Geneva, 29 March-2 April 1993

Not only research papers but a great number of specific examples from practice demonstrate that cooperatives hold major employment and social potential. They can take part in the expansion of private enterprises and the embracement of society's most underprivileged and vulnerable strata at the same time.

In underprivileged regions stricken by high unemployment, one of the breakout alternatives of local economic development and enterprise stimulation initiatives developing through self-organization efforts could be the establishment of various kinds of cooperative formations.

C. *Concept and Principles of Cooperative Development*

Cooperatives represent a certain form of association. ILO's following definition is perhaps the most accurate:

*"The cooperative is the association of persons, who voluntarily join together for the benefit of a common goal, in the form of a democratically controlled organization. By contributing to the required initial capital, jointly accepting the risks of the venture, and the fair distribution of its profit, the members themselves participate actively in the enterprise."*³

It is a form of ownership whose operation is controlled by those who utilize its services (so-called **service cooperatives**) or those who work in it (so-called **producer's cooperatives**) in order to jointly increase their income or raise their living standards.

Cooperatives are established without exception through local initiatives. Their instinctive development is a kind of reaction to social and economic subjugation. People would like to meet needs this way, which the government's budget is unable, and profit-oriented enterprises tuned to economic competition are unwilling to provide. Thus it always serves the interests of its founding members and those of a limited community.

The **six internationally recognized cooperative principles** are as follows⁴

- 1 Voluntaryness, whereby membership should be established free of any artificial limitation and social, political and religious discrimination
- 2 Democratic control, whereby the cooperative should be controlled by people elected and appointed based on the members' consensus, who are accountable in respect of the members
- 3 Limited interest paid in respect of proprietary share capital
- 4 The members are entitled to any surplus or savings generated in the course of operation, which should be distributed in such manner that no one may profit to the detriment of others
- 5 Its members, officers and employees should be trained in cooperative principles
- 6 It should collaborate actively with other cooperatives

³ See the Cooperatives (Developing Countries) Recommendation, 1966 (No 127) Geneva International Labour Organisation.

⁴ Cooperatives Management and Administration 2nd edition. Geneva ILO

An essential of cooperative development is that it should represent the interests of its own membership irrespective of the prevailing politics (This was not always the case, since there were periods in history when policy attempted to take advantage of the concept of cooperative development for its own benefit)

D Social Worth of Cooperatives

Cooperatives can aid society in the following areas

- They provide basic services for a large section of society through their operation,
- They can participate in solving employment and income-related problems,
- They can help people in establishing their economic and social well-being
- They can mobilize and interlink individual resources,
- Their democratic operation can serve as a role model for other organizations in society,
- They can enhance people's creativity, activity and perspective,
- They can teach members of society community thinking and responsibility for each other,
- They can promote a harmonic relationship between the employee and the workplace

E The Economic Function of Cooperative Development

The cooperative functions as a widely recognized form enterprise, based on private property

Its members—the overwhelming of whom operate a family-owned or individual farm or are simple private persons—invest their free capital, in the form of **proprietary shares**, to operate special productive or service profiles that they either could not operate economically alone or only with difficulty. There is a greater chance of the members, once cooperating, can achieve lower purchase and higher sales prices on the market, and thus significantly enhance their position

In addition to offering certain services and benefits to its members, the cooperative must compete with its products and services and meet economic expectations in the course of its operation just as any other company or individual enterprise would. The membership benefits constituting the motive force behind the cooperative can be covered solely from the proceeds from products and services sold to members and external consumers or buying partners, from which the cooperative employees' wages and the expenses of operation and expansion also need to be covered

In contrast with economic associations, cooperatives do not primarily aspire to make a high profit but to offer their members the least expensive services/benefits at the highest standards, and implement more extensive improvements for their benefit. For this reason, they appoint the same professional management as any other enterprise to control the day-to-day economic/financial processes

As opposed to generating income from dividends on invested capital, cooperatives aim to utilize profit benefits and special services resulting from interim revenues in the course of the year, make reimbursements to members in proportion to their collaboration, and finance further developments. The 1 or 2 % in dividends that may remain barely has any significance in terms of the cooperatives operation (This, of course, also results in a slight tax liability on the relatively little profit—compared to other enterprises—remaining at the end of the year, which

is by the way acknowledged in a way by the government in respect of the social and employment-related roles played by the cooperatives)

In order for people or small family or individual enterprises to decide on setting up a cooperative, they need not give up their private proprietorship, or economic or social sovereignty. This kind of organizational form essentially could represent a way out for those who are unable to compete alone for some reason, or are confined by the "dog eat dog laws" of the market yet still desire to retain their independence. (This is why in the course of history, the concept and practice of cooperative development was most popular among people when such a socioeconomic environment developed)

Through the joining of forces, asset and capital concentration and the enhancement of market position, an efficiently functioning cooperative could be a major motive force behind the expansion of individual and family enterprises, and hence the enhancement of employment levels and profitability.

An instinctive demand for a reduction of subjugation, the enhancement of competitiveness and the improvement of individual living standards has created numerous types of cooperatives world-wide.

Of course, it would be instructive to deal with how many kinds of cooperatives have been established here and abroad in the past and for what purposes but for reasons of practicality, it is worth mentioning only the cooperative types found in Hungary today.

F Types of Cooperatives

Every cooperative form assumes that its members are equal in the decision-making process, equity is asserted in the evaluation of the members' work, and concerted self-help is presumed. Cooperatives take people, responsibility and success in business equally into consideration.

One method for assessing the employment alternatives inherent in cooperatives is to determine what kind of relationship exists between the members and the cooperatives brought to life and owned by them, such as between the consumers and the enterprise, the employees and the enterprise, or for that matter between two enterprises. If they are examined from this regard, **cooperatives fit into three basic categories:**

- 1) Cooperatives owned by consumers,
- 2) Ones owned by the employees, and
- 3) cooperative complexes

Cooperatives can be categorized also by function. Accordingly, they can be single or multi-purpose.

Single-purpose cooperatives—which have been established for a specific function (e.g., dairy cooperatives and resort cooperatives)—are the most common. Multi-purpose cooperatives cater to various consumption functions within an organization (e.g., producer's, procurement and sales cooperatives).

Cooperatives bloom and join associations in several fields in order to maintain friendly inter-cooperative relations. Many people belong to one either directly or indirectly and regularly work for, purchase from or sell to one.

The following major cooperative types exist in Hungary

I / Consumer Cooperatives

Usually membership in them is open to all residents of a particular area. They typically use the profit to make further local investments, public projects and reimbursements to their members and employees proportional to the purchases they had made, as well as to disburse wages and pay the organization's overheads. At the same time, they create jobs for their founding members or even a wider part of the public.

The types listed below are quite widespread not only in Hungary but throughout the world.

School Cooperatives

Some students, teachers and parents combine their resources and efforts to establish a cooperative for the benefit and service of the children. The objective is to provide various services for the students joining the cooperative at a sensible cost (operation of a school canteen, summer camp, excursions, etc.)

Service Cooperatives

Members of a region, a town or district community operate multi-functional enterprises as direct owners, providing local benefits (e.g., hair salon, tailoring, building and fitting or household appliance repair), which would otherwise not be accessible or only at a much higher price.

Consumption and Sales Cooperatives

Retail enterprises with extensive store chains, selling mainly daily consumables (e.g., food, manufactured goods, clothing, and goods stores). The stores are not only open to cooperative members but to all shoppers.

Savings (Loan or Insurance) Cooperatives

Ordinary shareholder groups can found mutual savings, loan or insurance cooperatives, so that they can provide loans and other benefits to their members at fair interest rates and insurance terms.

Building Societies

People establishing or living in a condominium found a building society, so as to facilitate the construction, maintenance and operation of their home.

Resort Cooperatives

Its members establish a cooperative for the joint construction and preferential use of a resort complex.

II / Producer's Cooperatives

Membership in them is not open to all, i.e., only those can become members who are later in direct employment or producer or business relations as well with the enterprise they had founded. Major types are as follows:

Agricultural Production Cooperatives

Appearing as a major buying or selling force and in a more advantageous negotiating position, agricultural, horticultural and fishery production cooperatives can aid their members in the proprietary production of inventories, raw materials, propagules and feed, their purchase and stockpiling at less expensive and more standard prices, then in the marketing of their products in processed and packaged form, and thus in a more profitable way.

Industrial Cooperatives

People who produce small-scale industrial products at home, unite in small-scale industrial cooperatives on the one hand to acquire their inventories and services at a lower price, on the other hand to sell their products at a greater profit.

Agricultural Marketing and Service Cooperatives

Such cooperatives are created mainly by agricultural small enterprises and individual producers (primary producers) in order to utilize services (e.g., machine rental), marketing know-how and sales channels which they individually could not. Thanks to major changes in the European Community's trade regulations in 1992, marketing cooperatives became widespread in Europe and Great Britain and had undergone rapid change, while very few operate in Hungary.

Worker's Cooperatives

This cooperative form is quite widespread internationally, however, in Hungary these take on a rather rudimentary form (The Employee Share Program may resemble it).

Worker's cooperatives are quite unique in that they are formed by the workers in order to supply themselves with work and income, while they dispose over the enterprise's full proprietary and control rights. As a result of their form of ownership and control, they gain a considerable share of the profits and enjoy greater democracy in the workplace.

The following cooperatives are in the hands of workers: processing, wholesale trade, community services, health care services, ship building, food production, restaurants, computer software, technical sciences, reforestation, construction industry and printing industry, though they operate in the several additional industries throughout the world.

Labor Contract Cooperatives

These represent a form of the above-mentioned worker's cooperatives but they are practically non-existent in Hungary

Their primary purpose is to provide employment and income for their members. These cooperatives allow their members to sell their labor-power to other enterprises or governmental and local government organizations under conditions beneficial to them as well. They differ from worker's cooperatives in that they do not own the cooperative in which they work.

(Over the recent years, there has been a renewed interest worldwide in enterprises owned by employees and worker's cooperatives primarily because they create employment opportunities. In the USA, they are approximately 800 cooperatives owned by workers and more than 100,000 workers are employed under thousands of democratic employee share programs. In the European Community, some 500,000 people are employed by the worker's cooperative sector. In the UK, some 1,400 worker's cooperatives employ nearly 20,000 people. In Quebec, Canada, worker's cooperatives have a membership in excess of 15,000 people. In Spain, more than 130,000 workers own cooperatives and worker's Limited Liability Companies, which function within the processing and service industries. Worker's cooperatives are also present in some Central and Eastern European countries. In Poland, 1,200 worker's cooperatives employ 200,000 workers.)

III / Cooperative Complexes

A community's or region's systematic efforts toward economic development could lead to the establishment of cooperative complexes. Thus, the cooperatives of a given region can become part of a dynamic "system", which can integrate various cooperative forms based on the association principles of cooperatives (e.g., wholesale warehouse chains, cash and carry stores, foreign trade cooperative companies, companies limited by shares, and nationwide or regional packing, drying and processing complexes). In order to operate cooperative complexes, the cooperatives can even establish so-called secondary cooperatives.

G Social Role of Cooperative Development

The establishment of cooperatives is not only motivated by employment and income-gaining considerations but social ones as well. Objectives can be the development of living standards, the enhancement or updating of the environmental, buying and workplace culture, and the filling of local cultural and leisure, or mass sport functions. Cooperatives typically provide care and preferential services for their elderly members on a regular basis.

Thus they assume a great deal of responsibility and hence a major financing burden from the society.

H Statutory Background of Cooperative Development

Act I of 1992 regulates the foundation and operation of cooperatives in Hungary

Founding a Cooperative

Cooperatives can be founded by **at least five members**, while those functioning within educational institutions (school cooperatives) can be founded by at least fifteen members. Both natural persons and legal entities can be cooperative members, however, their number may not exceed the number of natural person members. Cooperatives involving legal entities exclusively may only be founded or operated (secondary cooperative) if the majority of the members are cooperatives.

The foundation of a cooperative is decided by the **inaugural meeting** held with the participation of the founding members or the representatives of the founding legal entities. Its task is to **lay down the by-laws, elect the officers** and also to approve any contracts concluded prior to formation.

The by-laws are signed by the chairman of the inaugural meeting and the keeper of the minutes, which is then authenticated by two cooperative members elected for the purpose at the inaugural meeting. **The by-laws and any amendments to it should be incorporated in a public act or a deed countersigned by an attorney (legal advisor)**. The foundation of the cooperative must be announced within 30 days of the approval of the by-laws to the company court for the purposes of registration and publication. **The cooperative is established once it is registered by the company court**. The provisions of the Act on Economic Associations relating to preliminary membership are applicable as appropriate to the cooperative's operation prior to registration.

The **data and facts** at the company court pertinent to the cooperative are in the public domain.

Representation

The cooperative is **represented by the Chairman of the Board, the Acting Chairman, the Managing Director** or a board member defined in the by-laws.

Supervision

The company court is responsible for the **legal supervision** of the cooperative.

Essentials of Cooperative Self-government

Within the limitations of law, the cooperative membership

- itself decides in all issues concerning the cooperative's operation, business and other activities serving the members' interests,
- sets up by election the bodies prescribed as mandatory by this law and required on account of its own needs,

- creates the self-government rules prescribed as mandatory by this law and required on account of its own needs,
- supervises the operation of the cooperative's bodies and the activities of its officers
- debriefs the officers and the managers

Issues not provided mandatorily by law **may be resolved by the cooperative through regulations on self-government**

Proprietary Share

Members **may subscribe the number and value of proprietary shares defined in the by-laws**

Upon founding and joining **the subscription of one proprietary share is compulsory** except in the case of building societies

Proprietary share may only be of identical amounts Proprietary share are **non-transferable** and are not subject to court proceedings due to the liabilities of cooperative members in respect of third parties

The proprietary share **entitles a member to a share** of the cooperative's taxed profit

Other Contributions of the Member

Under the limitations of the regulations on self-government and the resolutions adopted by the general meeting, the cooperative member **may make other pecuniary contributions** in addition to registering proprietary shares, and **may extend loans** to the cooperative in return for interest

Cooperative Business Share

The cooperative may use its **profit reserve and capital reserve** to generate business share capital based on the general meeting's decision, from which it can provide its members—in accordance with the relevant provisions of the by-laws—a business share or it can accumulate business share capital, whose amount is a divided amount the business share holders in the proportion of the business shares held

A **registered security (cooperative business share) must be issued** at the beneficiary's request in respect of the part of the business share capital the holder is entitled to

Cooperative business shares are transferable, inheritable and entitles the holder to dividends from the cooperative's taxed profit annually It is prohibited to pay interest on cooperative business shares

If the business share holder wishes to transfer his business share to a third party, the cooperative and its members are entitled to preemptive purchase rights

Benefits and Assistance for the Members

In line with the cooperative **solidarity principle**, the cooperative **is to provide various forms of assistance and benefits** (assistance, pension supplement, professional training, catering contributions, recreational contributions, provision of social worker, etc) to its members as defined in the by-laws (regulations on self-government)—particularly to its elderly, incapacitated and ill members and those with many children in need—as well as the

widows/widowers and orphans thereof and is to support their education and sporting activities. The amounts defined by the general meeting to be devoted to benefits **may be accounted for as expenses** by the cooperative.

As defined in and according to the conditions of the by-laws (regulations on self-government) the cooperative is to provide assistance for the benefit of the member's pursuance of business activities outside the cooperative through the cession of real estate and productive facility usage, the provision of produce or products or through the redemption of the latter in cash, or otherwise.

Business Rules

The cooperative **manages** the asset items in its property or contributed for use by the members or others **independently and freely disposes over its taxed profit within the bounds of law**.

The majority of the cooperative's annual dividends **is to be refunded to the members in the proportion of their individual participation**.

The cooperative may pursue any activity that is not referred to the exclusive scope of activities another kind of economic association or the government (governmental body) by law.

Loan cooperatives may only pursue their activities for the benefit of their own members.

Rules Related to Working

Legal relationships such as entrepreneurial and employment relationships may arise under cooperative membership.

The essentials of a legal relationship aimed at entrepreneurial activity are defined in group or individual membership agreements corresponding to the rules on self-government and civil law.

The **Labor Code is applicable** to employment type legal relationships established between the cooperative and its member and the employment relationships of cooperative employees.

Reporting and Bookkeeping Obligations

The provisions of the Act on Accounting are applicable to the cooperative's reporting and bookkeeping obligations.

The Cooperative's Liability for its Debts

The cooperative **is liable for its debts with its assets**. The cooperative's **assets** the **proprietary share capital, the business share capital, the profit reserve, non-distributable assets and free pecuniary assets**.

Members are not liable with their own assets or their wages receivable from the cooperative for the cooperative's debts. This provision is not applicable to members of building societies.

Merger of Cooperatives

Two or more cooperatives can decide, on separate general meetings by two thirds' majority votes of the members in attendance per cooperative, to **merge into a new cooperative or that one would absorb the other**.

In the course of the merger of the cooperatives the rules of the Act on the Prohibition of Unfair Market Practices pertinent to the control of organizational merger are also applicable

De-merger of a Cooperative

The general meeting may decide on **the de-merger of the cooperative into two or more cooperatives** by a two thirds' majority vote of the members in attendance. Two general meetings must be held for the de-merger.

Cooperative Bodies Representing Interests

For the sake of the protection of both their own interests and those of their members the promotion of their business activities through common financial means and to maintain international relations between the cooperatives the cooperatives **can establish interest representation organizations organized on regional, professional or national basis**. Joining such organizations is voluntary. The provisions of the Law on Associations are applicable as appropriate to the cooperative bodies representing interests.

I Fundamental Considerations to take into Account when Founding a Cooperative

For the community organizing the cooperative, it is important to define the issues which need to be fully resolved and laid down in writing by the founders in the **by-laws** (deed of association), as well as those questions, which can be treated and laid down in writing flexibly in **supplementary regulations** (Organizational and Operational Regulations), furthermore those issues, which can be decided by the regular convention of the cooperative's self-government bodies and committees, or in conjunction with other administrative rules.

The organizers will need to examine the by-laws and the supplementary regulations from the aspect of whether the new cooperative enterprise is proceeding in accordance with the cooperative spirit based on the six cooperative principles.

In the case of worker's cooperatives, the regulations should incorporate also the following four supplementary cooperative principles⁵

- The cooperatives should be the exclusive property of the employees constituting the workforce,
- Every employees must become an owner,
- As the owners of the enterprise, the employees must decide on the utilization of the new proceeds from the enterprise,
- The owners should control the enterprise as a workforce and not as capital investors, and they should distribute the profit among themselves accordingly

⁵ Gary B Hansen and E Morgen, Working Together to Create Jobs A Guide to Worker owned Cooperative Development, Bangkok ILO Regional for Asia and the Pacific December 1994 p 10

Membership

When asserting the principle of democratic control—i.e., one person one vote—a certain distribution of power must also be realized. Membership in a marketing or processing cooperative should be open to all in the enterprise sector.

Question How can this sector be defined? Do the employees also become members? How are disputed issues resolved? (Can the members be competitors at the same time?) If this is not a cooperative, does this entail dual taxation?

Membership in a worker's cooperative should be open to all employees without discrimination.

Question How long do they need to be employed to become eligible for membership? How many hours per week do they need to work to be qualified as employees? Is there an upper and lower age limit? Are any non-employee members needed? Is it possible or required to assess commitment towards the cooperative and its objectives before an employee became eligible for membership? What happens with employees who refuse to join?

Membership in a community cooperative enterprise must be open to all in the community, without discrimination.

Question How is the community defined? According to geographical area? According to privacy? Do employees also become members?

Conceptual Control, Execution and Settlement Obligation

Cooperative control consists of the assignment of tasks to people, facilitating the execution of those tasks without intervention, then they are accounted for the objectives achieved.

Question Will there be any common control? Is an external manager, managing director or full-time chairman employed? Are any self-government bodies needed, and if so, what kind? Is an appointed head needed who is in charge of responsible management? How is the management's performance controlled? By whom and how frequently?

The cooperatives elect a board of directors, a government and other bodies, and appoint a managing director.

Question How are they elected or appointed? To whom are they subject to report? To the entire membership? Is the chairman to be considered a "leader" or a "facilitator"? Do the roles shift? How and in what form does the financial information reach the members?

It is the members' responsibility to define policy at the general meetings, and the management is responsible for executing these decisions.

Question How often do general meetings need to be held? How much or little do the members need to know? What kind of measures ensure that satisfactory and rich information reaches them, on which their decisions can be based? How are the individual decision-making powers demarcated?

Regarding personal and interpersonal relationships, it is important to set up a framework for group cooperation, decision-making and the resolution of disputed issues.

Question How can the members be encouraged to participate in the meetings? How are disputes resolved? What degree of consensus must be reached? What happens in the event of a deadlock? Is an employee committee system (or trade union) desirable? How is training concerning the membership treated? What happens with members who are not committed, lazy or playing truant? How can a member-employee be dismissed? What kind of appeals process is desirable?

Capital

In worker's cooperatives, the member-employees supply the initial capital, which is supplied by every member—thus non-employees as well—in consumer cooperatives. Every enterprise needs capital to launch, operate and grow. This money must be “tied up” in the form of current and/or fixed capital.

Question How much do each of the members need to pay, and what kind of assets do they have to contribute? A nominal amount? A significant amount? Equal amounts? A contribution? In a worker's cooperative, could the capital investment be capital invested through actual work? (The deduction of wages is “capital invested through actual work”, which can correspond to a pecuniary contribution.) Do certain persons undertake a guarantee for the cooperative? If so, what serves their protection? What kind of refunds at all are payable by them in respect of the proprietary shares of membership? If the objective of a community cooperative enterprise is to develop and encourage new enterprises, can these be separated into autonomous internal enterprises?

Distribution of Profit among the Members

The members of a cooperative are entitled to its profit, which should be distributed among them in a fair and mutually agreed way.

Question How much of a surplus should be reserved? Should this be managed jointly or distributed in respect of certain members? How much cash is payable as dividends (or in the form of profit-sharing in the case of worker's cooperatives)? Should payment be made in equal sums or in a lump sum, or in proportion with the purchase, the number of hours put in, the income earned, or the goods produced for sale? Are there appropriate guarantees to easily capitalize the asset and cash reserves if the enterprise terminates early?

Ownership of the Assets

Members contribute equally to and democratically control their cooperative's capital. There are various approaches concerning the forms of ownership of a cooperative's assets.

Question What proportion of the capital would become the common property of the cooperative? How much of the cooperative's common assets are declared? (Current Western worker's cooperatives allow the workers/owners to acquire an increasingly larger part of the capital for the payment of the annual profit on their shares. Part of the profit is distributed as profit-sharing, while the other part appears on the workers' individual capital accounts. Upon retirement or the termination of their employment, the workers may withdraw their capital contribution.)

If the cooperative is liquidated, its remaining assets also need to be distributed.

Question Should the members be considered as co-owners, thus being entitled to receive the remaining assets of the enterprise, or is common property concerned, so the remaining assets must be treated as the community's common assets?

J Founding a Cooperative

In many cases, a community group or local activist, private entrepreneur, or local leader (e.g., church leader or officer) **initiate negotiations** that could lead to the organization of a cooperative enterprise within a community

Perhaps encouragement may come into the community from the outside. The embracement of the idea that concerted action may help a lot is important in communities where only a few employers dominated the economy for years.

When unemployment is rather high in a region and enterprise traditions are missing at the same time, the main task is to inoculate people with the idea that they can and must help create jobs as opposed to being dependent on others.

The following **eight steps** should be followed in the course of organizing cooperative enterprises:

- Step 1 Creation of local steering committees
- Step 2 Brainstorming possible business ideas
- Step 3 Compilation of a list of possible common activities and enterprise
- Step 4 Drafting of feasibility study
- Step 5 Drafting of business plan and fund-raising
- Step 6 Legal organization of the enterprise
- Step 7 Procurement of site and equipment
- Step 8 Training of employees and commencement of operation

Once an organizing group has decided on the foundation of a cooperative following informal negotiations, a **person familiar with the organizing process should be sought**, who will help in executing the formalities. If additional interest is shown and the group votes to continue the effort, a **meeting involving the potential members should be held** in order to introduce the proposed cooperative. The meeting should discuss the reasons/arguments for establishing the cooperative, including the implementation alternatives of the objectives and all information obtained from similar cooperatives.

Once the organizing group votes in favor of proceeding, a **steering committee should be set up**, which supplies the organizing group with information, and carries out the required research or obtains reliable external assistance and functions as a mediator. The group should also consult with others who have undertaken the same venture, so as to learn from their experiences, avoid making mistakes and preclude unnecessary costs. On the basis of the resources available (also including the various forms of pecuniary contribution) and the interest shown by the members, the organizing group calls upon a person from one of the organizations below to function as a consultant:

- Specialists from the local or national cooperative associations, if any or
- a specialist from the local enterprise development office or center or
- an enterprise development expert or
- a well-informed instructor training business skills from a local educational institution or
- a specialist from an international organization such as the International Cooperative Association, for example, or from the ILO,
- a non-profit consulting organization specializing in the support of cooperative organization

When being founded, a cooperative **also needs appropriate legal counsel** in order to choose the form of enterprise best suited to the undertaking. A legal adviser i.e. an attorney competent in cooperative regulations should be contacted. The financial advisor of a bank should also be contacted at the beginning of the process to find out about capital requirements and financial techniques. Such specialists would provide assistance in drafting the business plan, and even in thinking over issues that can arise in the course of setting up the cooperative. It is important that they be willing to devote the time required for the planning and registration stages, as the drafting of a full and thorough business plan and the raising of the funds required for launching the enterprise takes a significant amount of time depending on the cooperative concerned.

K Closing Remarks on the Foundation of Cooperatives

When organizing a cooperative, the full devotion and commitment of the majority of the members towards the long-term viability of the enterprise is a critical factor. The organization of a cooperative **requires a high level of motivation from the members**. An appropriate level of motivation could probably not be reached if it comes from the top or outside. The responsibility of launching the cooperative lies mainly on the management's shoulders, and they are also responsible for overseeing the project.

As it is difficult to acquire the good things in life, cooperative development is not any easy either. However, the extra effort and commitment will reward itself.

L Guidelines for the Foundation of Farming Cooperatives

Ideas

Below are some practical advice and ideas for organizing a dairy cooperative and a machine cooperative.

I DAIRY COOPERATIVE

Questions

What is a dairy cooperative?

Mainly specialized dairy farms in developed countries expand their cooperative activities to encompass milk processing, sale and marketing.

What are the basic conditions?

The situation in Hungary currently does not favor the establishment of dairy cooperatives, as the key requisite for success is the fate of the viable private dairy farms. Their existence and proliferation, however, is dependent mainly on loans, the profitability of milk production, training, the standards of consulting and the development of powerful professional bodies for the representation of interests—in other words, mainly external conditions. According to experience, the willingness to undertake enterprise in the majority of cases follows only afterwards, and is of merely secondary importance, if you will.

What kinds of dairy cooperatives are there?

Categorized by activity, dairy cooperatives can be milk collection cooperatives, bargaining cooperatives or marketing cooperatives

What is a milk collection cooperative?

In this type of cooperative, the milk produced by individual small producers is collected in creameries. In Hungary, milk is usually processed by dairy companies, however, creameries also sell milk for local consumption.

Creameries are primarily linked to small scale milk production. The structure of milk collection cooperatives amalgamating private producers is similar to the Western cooperative model.

What is a bargaining cooperative?

The bargaining cooperative negotiates the price of raw milk with the major processors. Milk is not collected here.

Their primary objective is to enhance the bargaining power of small and scattered producers with respect to the major processors. Bargaining cooperatives are more widespread in North America than in Western Europe. They may play an increasingly important role in the future also in Hungary.

What is a marketing cooperative?

The marketing cooperative is an organization, which processes the raw milk produced by its members and markets the dairy products. The overwhelming majority of dairy cooperatives functioning in the developed countries are marketing cooperatives.

Founding a Dairy Cooperative

Found in practically every country of the world, the cooperative is an organization, in which groups of individuals jointly and actively participate in solving their requisite problems and meeting their needs. The cooperative operates under the control of the persons utilizing the enterprise's services and it is owned by them. These people finance and operate the enterprise based on mutual advantages. By working jointly, they can achieve objectives, which they would otherwise not be capable of alone. The services/benefits provided by the cooperative can include the procurement of productive equipment, the processing and sale of the members' products or tasks associated with production and marketing.

Motives

The founding of a cooperative, a dairy cooperative in this case, involves a unique process. Dairy cooperatives should be established voluntarily and—typically—without government assistance, or at least in such a manner that the rate of assistance should not exceed a specific limit. The cooperative is led and controlled democratically by the members. The costs arising and profit generated debit from or add to the members' joint account. The costs and profit are distributed among the members with the aid of an objective distribution scheme. It is based on the business activity carried out between the member and the cooperative, and the quality and quantity thereof. Members of the dairy cooperative would definitely accept or deem equitable a distribution scheme developed according to such principles only.

There are several reasons why producers would decide to establish a dairy cooperative. Their motive usually stems from their poor market position, since

- their supply and demand they individually represent is insignificant,
- their products are often perishable,
- the market is not clear-cut to them

Initial Steps

The question of why exactly the cooperative is the right alternative for people to find prosperity and welfare must be asked and answered as early as during the first tentative talks. It should be examined from all aspects whether the cooperative is indeed the most appropriate form for the organization to deal with the needs, problems and prosperity of the residents living there. It should be thoroughly examined and given consideration whether another different organization could be more suited to this purpose.

Before attempting to set up a new cooperative, you should obtain information from as many sources as possible. You should learn from others who are more experienced. Look around mainly in your environment. Talk to major farmers. Visit places where successful dairy cooperatives are operated. If the morale is promising and the people decide to go ahead with the cooperative, as an initial step, the parties interested should be convened in a well-prepared meeting aimed at exposing the alternatives and considering the problems. If—regardless of the debates—a consensus is reached here, a preparatory committee should be formed as the next step. The preparatory committee should have up to 5 to 7 members, including a chairperson, a secretary and a treasurer.

At an early point, the committee should contact every organization—i.e., scientific institutes, experts, local governments, etc.—which could or will perhaps be in a relationship with the prospective then operational dairy cooperative in any way, and from which the members can expect support or cooperation.

The motivators of success

Before beginning to organize the dairy cooperative, the following should be taken into account in hopes of success:

- Is there a veritable economic demand and an agreement of views—in other words, whether people actually need the dairy cooperative,
- Financial feasibility—that is, whether there is a likelihood of profitable business,
- The appropriate scale of the activity—i.e., whether the dairy industry background provides a basis for collaboration,
- Support by the members—in other words, would the people actually cooperate on the merits with the dairy cooperative following its establishment,
- A trained management—i.e., whether a competent team of specialists can be formed,
- Financing on firm grounds—that is, whether the financial background can be established on the part of the financial institutions and with the participation—e.g., willingness—of the members.

Act!

If the six above-mentioned conditions for success are given, there are good odds of bringing a viable dairy cooperative to life. However, if just one is missing, the venture could end up in failure.

An organizing committee must be elected following the decision to establish the cooperative. It is responsible for the practical planning of the new dairy cooperative and to address the legal formalities required for foundation. The organizing committee is actually the new cooperative's temporary board of directors. The already known members of the preparatory committee can be elected into this committee.

The temporary board of directors is to evaluate and make decisions on all aspects of cooperative foundation, i.e., its objectives, strategy, guiding principles, rules, financial status, organization, management, the principles of communication with its members, the system of consulting and training, etc.

An essential task of the provisional governing body is to formulate and prepare a draft of the articles of association authenticated by the attorney for the new cooperative. The draft articles of association must be proposed to the general meeting for approval.

It is important that the draft articles of association be composed in accordance with the regulations and the dairy cooperative's particular situation. It is preferable if the provisional governing body enlisted the assistance of a competent expert for this purpose, as the formulation of the articles of association is a task that requires much expertise and plays a key role in the future.

The General Meeting

The statutory meeting can then be convened, at which time the provisional governing body would report on the fulfillment of task it has been assigned and tender its resignation to the general meeting. After resigning, the general meeting would designate the presiding chairman, who can, by the way, be the chairman of the resigning provisional board of directors.

Once the articles of association are approved, the general meeting continues its work by electing a board of directors and a chairman of the board, as well as a supervisory board and a chairman for that board, too. Finally, the general meeting is to approve any contracts concluded before the foundation of the cooperative.

The agenda of the first general meeting may contain the following items:

- 1 Minutes of the first meeting held by the members
- 2 Report on the activities of the provisional board of directors
- 3 Report on the entrance applications of new members
- 4 Approval of the draft articles of association of the dairy cooperative
- 5 Election of the board of directors and the chairman of the board
- 6 Election of the supervisory board of directors and the chairman of the supervisory board
- 7 Financial resolutions, including the indication of the bank and the limits of the deposit or loan
- 8 Other

By law, the newly elected board of directors must have the cooperative registered by the company court within 30 days of its foundation. From then on, the cooperative is functioning legally.

The general meeting is a democratic institution made up of all members of the cooperative, which adopts key resolutions.

The general meeting is usually convened once a year. It is convened more frequently if the board of directors or 10% of the members, or the supervisory board require it.

The members should be invited to the general meeting at least 15 days by written invitation or, if the regulations permit so, verbally. The general meeting has a quorum if at least half of the members are present. In the absence of a quorum, the general meeting is to be convened again within eight days at the same venue and with the same agenda. At this time, the general meeting will have a quorum irrespective of the number of members present. In the interim,

mostly the board of directors is in control. For the sake of efficient operation, the board of directors may delegate part of its powers to the management or other high-ranking employees of the cooperative.

The board of directors is responsible for managing the cooperative in accordance with the articles of association.

The supervisory board is mainly responsible for verifying whether the board of directors is working for the sake of the cooperative members' and employees' interests.

For reasons of induction and the knowledge of details and background, essentially for the most complete information possible, the chairman of the supervisory board or a member of it may participate in the board of directors' meetings—with rights to form and sound opinions but not to vote.

Loans

Numerous credit facilities and other means of securing loans are available now. These are mostly long-term or long maturity loans. They are effective in conjunction with low own resource requirements and at low interest rates.

Since the prices, the subsidies and the credit facilities vary from year to year, attention is drawn to the prevailing Agricultural Regulations.

Marketing

The proliferation rate of dairy cooperatives can be limited, at least initially. For this reason, and also due to other factors such as a lack of capital, for example, initially only small-sized dairy cooperative processors can be expected to develop.

The dairy cooperative should usually be scaled to the market it serves or the size of a section thereof. A particular dairy cooperative can be very successful in meeting local market demand. However, it may easily fail due to sharply rising shipping and distribution costs if it aims to conquer a larger area. Therefore, the optimum size of dairy cooperatives significantly varies from one area to another.

In addition to size, another factor impacting on the viability of a dairy cooperative is competition. Small dairy plants can have a fair chance of success in zones where the major processors show no interest in the market. Otherwise the large competitors working with low first costs would smother the dairy cooperative, by compelling it to use competitive prices, for example. Particularly competition with powerful multinational companies should be avoided. Dairy cooperatives may have better odds geographically if they are located in areas nearby national boundaries.

Small dairy plants can only be viable if they are in direct contact with the market and have their own marketing channels. Dependence on powerful competitors should be avoided. For example, it is not expedient to transfer a large proportion of the production onwards to another processor to be sold. Dairy cooperatives should be independent in the supply also of raw materials. In Hungary today, there are still numerous examples of small cooperative processors handing over a major part of the milk and cream they have bought to other processors in raw form. While this alternative may seem favorable in terms of capacity utilization and planning, the strong dependency would be sooner or later reflected in the sale prices as well, which is detrimental for them. Small processors should focus on two or three, and no more, markets. It would be a mistake to rely on just one. Special attention should be devoted to the local market. In addition, a market with a more concentrated demand (e.g., Budapest or other major city) could also be useful to them, where the goods can be distributed in a cost-effective way.

By offering their full product lines, dairy cooperatives should establish very good relations with the retailers, catering and other institutions in their vicinity

It is useful if the cooperative dairy plant's product hierarchy is kept simple. The conventional line of products—i.e., consumer milk, sour cream, cream, cottage cheese and butter—can be produced in small plants at a relatively low cost. However, usually major investments, special technologies and marketing are required to produce specialty products. For example, local and regional cheese specialties made from ewe's milk fall into this category. Due to high-volume production, though, yogurts and dairy desserts are less suitable.

Finally, the importance of quality should be emphasized again and again. The establishment of dairy cooperatives could never represent a loophole for those who produce poor quality milk and those who in the years to follow, are incapable of meeting the requirements of a hygiene quality system, which includes all dairy plants.

II MACHINE CO-OPERATIVE

What is a machine cooperative?

The machine cooperative is a form of collaboration, which facilitates the more complete utilization of farmer-owned machines, and the reduction of costs associated with the use of such machines. Leasing their machines, members with free machine capacities provide services to co-members requiring it through lease work, either with or without personal participation.

Everyone can benefit from smart and fair planning. The contributing farmer's machine utilization is improved and his machine maintenance costs are decreased, while the user's capital investment is reduced when the machine is working for him. In the case of another machine, the situation is just the opposite, i.e. the provider in the previous chapter would now be the user.

So, the machine cooperative is an organization that methodically harmonized machine-intensive jobs.

In machine cooperatives that have been functioning for a long time, the design of the machine system and the machine procurements are also harmonized in consideration of local requirements. In so-called "contingencies", the machine cooperative would help by substituting members unable to work, in cases such as illness, vacation or other incapacitation, for example.

How does it function?

The machine cooperative harmonizes the relationships between machine cooperative members and farmers with free capacities (providers) and those in need of a machine (users or principals). To this end, it compiles and registers the machines owned by its members and assesses free capacities. This is correlated with the members' machine demand. So, the machine cooperative mediates between the provider and the principals under jointly established internal rules.

Who is it controlled by?

The machine cooperative is an independent organization that is partly controlled directly by its members and partly via their elected heads. The members elect the chairman and the members of the Syndicate (the Board of Directors) from among themselves. The officers are obliged to proceed in the spirit of the regulations and resolutions created by the general meeting. The regulations (By-laws and Operating Regulations) are formulated by the members of the machine cooperative, in which the jurisdiction and powers of the executives are also defined.

When the machine cooperative's size and activities reach or exceed a specific level, it could be useful to employ the services of a part or full-time organization specialist

What are the prerequisites?

The following prerequisites are tied to the formation of a machine cooperative
 a privately owned full or part-time farm of considerable size,
 surplus machine capacities arising simultaneously at different farmers—and deficits elsewhere,
 the farmers' well-founded willingness to collaborate,
 the rules and guiding prices deemed acceptable by the farmers cooperating in the machine cooperative,
 competent, recognized and committed head(s)

What are its advantages?

The phenomena accompanying transformation in Hungary, i.e., a lack of resources, the immense gap between agricultural and industrial products, and an outdated machine fleet not able to meet demands yet designed for large-scale production all justify bringing machine cooperatives to life

Of course, the advantages of a machine cooperative would arise in a different way in respect of providers with free capacities and farmers to utilize those services

- Advantages
 - ⇒ the utilization rate of their machines is improved,
 - ⇒ there is more work and extra income,
 - ⇒ the specific costs distributed over a wider performance base are reduced,
 - ⇒ employment levels are improved and alternatives for gaining experience are widened,
- Advantages gained by the users
 - ⇒ the investment and maintenance costs of the machines utilized as the service can be saved and used for other plant investments,
 - ⇒ the range of technical alternatives is expanded and flexibility is enhanced,
 - ⇒ less organizing work is required,
 - ⇒ more free time is available,
 - ⇒ provides a guarantee in the event of the farmer's illness or other incapacitation, furthermore in the event of the long-term breakdown of his own machinery
- Overall advantages gained by the members
 - ⇒ can promote specialization,
 - ⇒ more information and experience is exchanged among them,
 - ⇒ the overall standard and profitability of farming can grow,
 - ⇒ the restrictive effect of small sizes is moderated critical operations such as the application of pesticides can be made more harmonic, and a profile change is much simpler

The advantages listed above jointly have a beneficial impact on the development of the given community's economy and infrastructure as well. A village landscape thus developing can become attractive to yet newer investors in the region's economy, trade and services sector

What is understood as a gradual two-stage solution?

As every area of Hungarian agriculture is either undergoing transformation or is in a provisional stage or is undeveloped at the moment, it is expedient to have the introduction of the machine cooperative model adopted only gradually. Experience dictates that the design of a two-stage organization, i.e., a simpler and more flexible one first, which is later developed into a more advanced complex organization, is justified.

The gradualism is followed in Western Europe as well, where alternatives ranging from assistance provided by neighboring farms, through dairy cooperatives, to machine cooperatives all occur.

- 1 The organizational form in the first stage involves a scheme where the machine cooperative activity is not institutionalized into an independent legal entity. Instead the objectives of collaboration and cooperation are implemented with the aid of an existent organizational background. For example, a farmer's cooperative is such.
- 2 In the second stage, i.e., when cooperation is more extensive, coordinated machine procurement arising out of specialized requirements is necessary and possible, and major investments that are jointly operable are finally possible, the organization of the next organizational stage may follow, i.e., transformation into a machine utilization cooperative.

Gradualism, of course, does not preclude setting up a machine utilization cooperative right away wherever the conditions are right. A more patient approach should be followed by all means here in Hungary, as most of the new private entrepreneurs have recently left producer's cooperatives, and their majority is still not willing to join an organization he had just left—even if it markedly differs from the previous one. Mutual cooperation within a machine cooperative is far from limited to interrelationships involving just machine utilization. Namely, the assistance of the members includes cases where any one of them are hindered by an unexpected or non-deferrable job in tend their farms or households.

These are illness, an undelayable trip, vacation, etc. This is when the machine cooperative takes care of the appropriate substitute. It is extremely important that the machine cooperative rushes to help the farmer not expecting gratitude or requital but in return for payment. The machine cooperative could serve as a promising base for jobs promoting the town's community life, such as sports facility, park, road, drainage canal, school, and nursery construction, but the circle is far from complete.

MAJOR ACTIVITIES FOR AGRICULTURAL CONTRACTORS

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⑥

CROP CULTIVATION	HORTICULTURE	LIVESTOCK	LANDSCAPING AND LAND IMPROVEMENT	FORESTRY	COMMUNAL ACTIVITIES
<ul style="list-style-type: none"> • Tilling • Application of natural fertilizer • Planting cereal and truck crops • Turf-laying • Potato planting • Pesticide application • Plant care • Cereal harvesting • Hay and straw baling • Ensilation • Sugar beet harvesting • Potato harvesting • Grain drying • Shipping 	<ul style="list-style-type: none"> • Orchard planting and care • Vine planting and care • Asparagus planting • Vegetable planting • Compost-making 	<ul style="list-style-type: none"> • Grain grinding • Feed formulation • CCM/LKS preparation and storage • Dung removal • Application of natural fertilizer • Livestock transportation 	<ul style="list-style-type: none"> • Landscaping • Drainage • Ditch digging • Canal cleaning • Bank mowing • Mud removal • Weed removal • Shrub removal • Lime application • Soil replacement • Lawn cultivation • Lawn renovation • Land reconstruction • Maintenance of dirt roads 	<ul style="list-style-type: none"> • Reforestation • Forestry • Logging • Timber transportation • Mulching • Stump removal 	<ul style="list-style-type: none"> • Park building • Park care • Sport track care • Cleaning of roadsides, ditches and banks • Tree care • Refuse removal • Snow clearing • Road de-icing

Progress Report on the Rapid Response Program of the „Vasi Hegyhát” Regional Development Municipal Society

Over the period lapsed since the previous report, in our case between April 1 and August 31, 1998, the following projects were implemented or continued, at our regional society

1 / Establishment of a Regional Office and employment of a manager

From April 1, 1998 the society commissioned a new manager to continue the already started projects. After procuring the equipment and technical tools required for the operation of the office, the conditions have been provided.

The impact of the society on the region can be seen from the more harmonized organization of cultural programs.

In the field of economic development programs, the implementation of the common goals of the subregion helps in doing away with the lag. It results in the creation of new ideas and organizations in the area of civil organizations and regional development. The society supports the organization of events and participates in the programs. It also monitors the appropriate information of the press.

2 / Root zone waste water treatment plant in Kám

The problems with placing the increasing quantity of waste water in Hungary incited the introduction of a new energy and environment-friendly technology.

The program, supported also by the Regional Development Council, was completed and the facility was handed over on August 20, 1998. This unique investment project in the region is only the third such facility in the country and it also meets the EU environmental provisions.

It does not mean the increase of costs for the municipality of the settlement, as its energy and work force requirement is low.

As a reference material it helps to get the region known by a wider public.

The capacity of the treatment plant may later allow the neighboring 1-2 villages with a small population to be connected to the plant.

The society monitored the work. It also collected data from the contractor in order to be able to inform other interested parties.

3./ EDS data recording center in Vasvár

The municipality and EDS Hungary Ltd. agreed to set up a data recording center in Vasvár.

This way the young unemployed, primarily the women with high school degree, receive a new job opportunity.

In order to acquire the necessary level of knowledge, a training course on IT and German language will be launched in September for 13 persons. Of the retrained unemployed and the ones who have adequate knowledge 25-30 can be employed from 1999.

There will also be opportunities to meet the requirements of other investors coming to the area later. This process may integrate the growth of the number of work places in the region. It can increase the chances of employment of students graduating from the Postal Services High School in Vasvár.

4 / Gas investments in the region

Over the past 2 years, the implementation of a pipeline gas supply system has started in Vasvár and its vicinity both improving the quality of life and satisfying the needs of the investors. Before that there was no pipeline gas supply in any of the 23 villages of the region.

Last year pipeline gas supply was implemented in Vasvár in 3 other settlements. This year there are an additional 6 settlements where gas will be introduced before the end of the year and used for heating in the winter.

There is an increasing part of the population requiring this service and also the Regional Development Council gives high priority support for this issue. This way, in the course of 2 years, 45 % of the settlements of the region will be connected to the gas pipeline. The remaining settlements will join the others in 2-3 years when the project continues. So a significant part of the grants ended up in the region (70 % of the total county support).

5 / Cultural events in the region

/ Village Day, Europe Day, Hegyhát Days/

The cooperation of the population and the activity of the civil organizations can be experienced best during the events of the (this time 20th) Hegyhát Days organized annually.

There are several villages where a Village Day is organized as part of the Hegyhát Days, where the civil organizations get the opportunity for introducing themselves, informing about and popularizing their activity.

At the events other settlements and teams of the region can compete at sports events and cultural quiz games.

Such an initiative was the EUROPE Day organized in Győrvar. The objective of the event was to make young people aware of the ideas of the European Union through quiz games. The idea of establishing a youth organization was mentioned here. It was supported by the society and the AGRYA association.

The organization of events are improving from year to year and attract more participants from civil organizations and investors, and the population is also becoming more active. These successful programs are well reflected in the press by various articles.

6 / Economic development publication for the Vasvár region

Already at the establishment of the society a need was expressed to issue a publication introducing the region from all aspects and promoting investments in order to help the region catch up.

Due to our lack of resources, we wish to prepare and distribute the publication by applying for grants.

Objective a valid presentation of the capacities of the region in each field /opportunities, advantages, disadvantages, target areas/ The trilingual publication is expected to help investors know the region more on both sides of the border
During the data collection we contacted 90 % of the enterprises (individual enterprises, partnerships or other) in the region with a questionnaire
At an informal discussion the entrepreneurs told their opinions about how they saw the situation of the region
The evaluation of the questionnaires, the editing of the publication and the completion of version 0 are expected by October The publication will be issued with support from the Treasury and the Regional Development Council, and based on our own means
We applied to the PHARE CBC to support copying and distribution, in the second round of evaluation we received a grant covering 60 % of these costs
We have good chances to implement this project successfully

7 / Cooperation

Informal cooperation

- Vasvar City Cultural Center
- Village House Friends, Györvar
- County Cultural Center
- Horse-riding touristic route from Austria to Lake Balaton
- Egervar office of the „For the Egervar Evenings” Foundation,
- Small Neighboring Regions

Formal cooperation

- Reginnov Consultancy Ltd
- CREDO Crossborder Project
- Slovenian-Hungarian partnership (agricultural)

8./ The innovational usefulness of the project

The cooperation among the settlements is getting stronger, common thinking is developed

Technological usefulness in the field of the environment

Building a root zone waste water treatment plant in Kam that was handed over on August 20, 1998 as a unique facility in the region In the energy sector incenting the utilization of renewable energy (e g growing energy grass)

Organizational innovation

In the field of regional development the cooperation and the relationship strengthened with the Labour Centers, the County Regional Development Council, the Chambers, the Enterprise Development Fund and the potential individual investors

9 / Activities planned for the coming 4 months (September 15 – December 15, 1998)

Preparation of the written material of the publication supporting economic development in September In October the Regional Concept will be developed In November we prepare the draft of the Regional Tourism Concept In December the accounting and the documentation will be prepared for the Rapid Response Office

Finances used

The amount paid for salaries for the next quarter is HUF 152,000/month and its duties are HUF 65,000/month In case the Rapid Response Office accepts our request for project correction we plan to use HUF 600,000 for the distribution plan of the publication New players may only join the project after the issue of the economic development publication which describes the so called shadow areas and specifies the opportunities and objectives

Estimated chances of making the Project permanent

The current situation was created to handle the crisis It is necessary that the project continues for approximately 8-10 years in order to catch up The Rapid Response Project is expected to be completed by December 15, 1998

10 / Data collection and indicators

Since the beginning of the project no new work places have been created in the region, a total of 84 persons were employed in jobs for the public interest, of which 14 were newly employed 48 persons are taking part in trainings and retrainings from our region All of the latter people are unemployed

Balance of the use of finances

Use of the support from Rapid Response

- Salary + duties in April HUF 216,842
- Salary + duties in May HUF 216,842
- Office technology/equipment HUF 1,023,755
- Westel mobile phone HUF 29,750
- Salary + duties in June HUF 210,842
- Canon printer and Windows 95 program HUF 90,900
- Salary + duties in July HUF 216,842
- Salary + duties in August HUF 216,842

Expenses paid from our own resources

Over the past period we spent HUF 300,000 on the operational and maintenance of the institution

For the support of civil organization

- For the events of the 20th Hegyhat Days HUF 30,000
- For the Mountain Shepherd Society (Hegypasztor Kor) HUF 15,000
- For the winning team of the Europe Day quiz HUF 10,000

Extent of external resources

The following areas are supported by the Regional Development Council

- From the targeted decentralized support for the regional grants HUF 10,381,000
- For regional levelling grants, for the gas investment of 6 settlements HUF 103 million
- From the Regional Development Fund HUF 1,625,000

Up to August 31, 1998 the region received a total of HUF 115 million. The amount of support won through the application for grants is HUF 71,000/capita

11 / Use of indicators by project

Setting up the regional office

- Support from Rapid Response HUF 4,800,000
- Our own resources (membership fees) HUF 800,000

Building the root zone sewage-water cleaning plant

- Support from the Regional Development Council HUF 70,000,000
- Support from the Ministry for Environment HUF 10,000,000
- Contribution from the local government HUF 10,000,000
- Payments from the residents HUF 20,000,000
- Cost of the investment HUF 110,000,000

Establishment of the EDS data recording center

No specific data are available yet

Gas investments in the region

Support from the Regional Development Council for installing the gas pipes (outside main pipe and inside pipes) in the 6 settlements was HUF 103,000,000. The local governments' own resources were varied by settlement, in total it was HUF 39,000,000. Amount paid by the residents HUF 74,000,000

Cultural events

No data available

Economic development publication for the Vasvar region

- Support from the Regional Development Council HUF 3,010,000
- Own resources (work contribution) HUF 690,000
- PHARE CBC support HUF 1,300,000
- Support from Rapid Response HUF 600,000 in case of favorable assessment

We acquired the data from the Regional Development Council and the municipalities, and from our own documents. The effectiveness of the various projects can only be evaluated after their completion. The population has a good opinion about the implemented programs. The press monitors the activities and informs the residents about subtasks and results.

12 / Financial Report

The use of the support provided by Rapid Response progresses in the way as it is specified in the project. Our own resources originate from membership fees, the fees for the first 6 months were already paid, while the transfer of fees for the second half of the year takes place continuously. External resources and support are available as we complete the task schedule.

Vasvar, September 18, 1998

Sandor Vizvari
manager

East-Balaton Regional Development Municipal Society

(May 1999)

The mission of the Project

We defined our project as follows

„Comprehensive exploration of the human, economic and natural resources, and traditions of the region and organizing them into a database in order that it could be available for the starting or already operating enterprises and other „players” of the region

Therefore it should be a starting point for all regional initiatives and the information base should continuously be expanded and refined („polished”) through feedback ”

Knowing the activities completed so far, we can say that they are in total harmony with the above quoted objective and they serve its implementation

Summary of previous events

We provide below a concise summary of the events in chronological order that followed the receipt of the grant

- defining the location of the Regional Information Office, as a result, the Balatonalmádi local government provides a temporary site for the office,
- Creating „Status Survey data sheets” (17 pages) and sending them to the affected mayors (we attached a sample copy),
- specification of the IT background necessary to fulfil the task (database management), exploring the procurement sources, request for quotations,
- contacting the Veszprem County Statistical Office,
- reviewing and systematizing the arrived status survey data sheets

The innovational usefulness of the project (technological, organizational innovation)

It will primarily be reflected in the fact that the already operating and the starting entrepreneur will be able to access information important for his/her market interest at one single point. By providing various query options he/she may access data very important for him/her for economic reasons. Regarding the use of the data it is also an important aspect that the data were actually „born” in the region and are up-to-date due to continuous maintenance. These factors may – indirectly – result in serious economic profit

Which organizations did the project promote cooperation and partnership with?

Up to now, primarily with the Mayor’s Offices of the region and „as an outsider” with the Veszprem County Statistical Office

Plans for the future

- purchasing a PC, planning the database
- creating the database, populating it with data
- creating a marketing plan
- winning additional grants
- building further relationships with the enterprises or „players” operating in or related to the region
- targeted marketing activity in the 11 subregions of the Balaton Region in the hope that we manage to introduce this model and finally turn it into a large system, establishing regular contact with Offices and Telehouses operating in other parts of the country in a similar way (it is our vision)

Estimated chances of making the project permanent

Following the official operation of the database – whose expected date is August this year, but September at the latest – and as a result of the appropriate marketing work it is highly probable that we manage to direct the attention of the players in the region to our activity. Once it has been done, we only need to do our job right and we are convinced that a self-inducing process will start which will also have a very positive impact on the quality of life of the people living here. As we mentioned, later it may have a serious regional impact. A lot will depend on the work in the first couple of months after the start, therefore, we need to pay close attention to it (regarding the timing, it is an ideal time to start, since the summer tourist season will be over, information gathering starts, search for opportunities, market research,)

Balance of the use of the financial support received from Rapid Response

Up to now, we paid salaries from the support amount in the value of HUF 50,000 (fifty thousand)

The purchase of equipment is planned for the middle of May, the details of which will be included in the accounts at the end of May. Amount of external (non-grant) resources: HUF 600,000 (six hundred thousand)

In our case, the launch of new projects, work places and training courses can only take place afterwards. Until this point we have been carrying out the status survey of the region by having the 17-page data sheet (enclosed) filled out, and now the data are to be organized to form a database. The premises for that will be provided by the Balatonalmádi Mayor's Office and a PC will be purchased from the grant we won. The organizing, editing and coordinating work will not be carried out as a full-time job (for the time being). We will of course inform you about the important steps taken in the future.

Balatonalmádi, May 4, 1999

Yours sincerely,

Dr László Kerenyi
Chairman

East-Balaton Regional Development Municipal Society

1/22

2 4 3 Is there train transport at the settlement?

yes - no

2 4 3 1 How many scheduled regular trains call at the settlement?

2 4 3 1 1 How many trains leave for Veszprem?
Balatonalmadi?

and

3 BUILDING - OBJECT

3 1 **Number of built-in housing sites**

3 2 **Number of apartments**

3 3 **Number of buildings**

3 4 **Number of (one-family) houses.**

3 5 **Number of private holiday homes**

3 6 **Number of hotel beds**

3 7 **Number of municipal buildings, real estates that
can be used for development or entrepreneurial activities**

3 7 1 **Number of other buildings (not family house or residence),
real estates that can be used for development or entrepreneurial activities**

Information

Name	Owner	Operated by	Method of utilization

4 MUNICIPAL WORK PLACES

Please indicate if an institution is not maintained by the municipality

4 1 **Is there a day nursery?** yes - no

- *No of places*
- *No of children*
- *No of nurses*

4 2 **Is there a kindergarten?** yes - no

- *No of places*
- *No of children*
- *No of kindergarten teachers*
- *No of nurses*
- *No of groups*
- No of children/group*
(average!)

4 3 **Is there a day-care center for elderly people?** yes - no

- *No of employees*
- *No of people cared for*
- *No of places*

4 3 1 **Elderly people cared for in their homes**

4 3 Types of schools at the settlement

8 grade

Only lower grades

4 4 1 **Number of primary schools**

- *one set of grades (lower or upper)*
- *No of pupils*
- *No teachers*
- *No of other employees*
- *No of places*
- *No of classes*

4 4 2 **Other schools**

Name

- *No of students*
- *No of teachers*
- *No of other employees*
- *No of places*
- *No of classes*

4 4 3 If there is no school at the settlement or there are only either lower or upper grades, then in which village(s) do the children go to school

4 5 Doctor

4 5 1 **Medical service**

Does the settlement have its own district doctor? **yes - no**

If yes, how many districts are there?

Is there a district doctor's office at the settlement? **yes - no**

Does the district doctor have visiting hours at the settlement? **yes - no**

If not, then to which settlement do the residents go to see the doctor?

Number of functionally privatized medical practices

Is there a higher level medical service at the village **yes - no**

Which are these services?

4 5 2 **Is there a veterinarian at the settlement?** **yes - no**

If not, then which village one has to call the veterinarian from?

4 6 Other municipal work places

4 6 1 **Are there other municipal work places?** **yes - no**

Name	Number of employees

4 6 2 Is there a commercial company where the municipality has a majority ownership? yes-no

Name	Number of employees

5 EMPLOYMENT

(It is being made more accurate within the project!!)

Number of employed persons at the settlement
(in employment or through membership in a cooperative)

5 1 Distribution of employed persons by sector (%)

Their ratio compared with the total population (%)

Their ratio compared with the number of active employees (%)

- | | <u>Persons</u> | % |
|---------------|----------------|---|
| ■ Industry | | |
| ■ Agriculture | | |
| ■ Commerce | | |
| ■ Tourism | | |
| ■ other | | |

5 3 Number of employers operating at the settlement

Name of employer	Type of activity	Employment stability*	Number of employees

* Employment stability based on an estimate
 ■ degrades (1) ----- decreases (2)
 ■ stagnates (3) ----- increases (4)

5 4 Number of employees going to work outside the settlement

5 5 Which other settlements provide employment for these people?

5 6 **Number of the unemployed** persons
Their ratio compared to the total population %
~~The ratio compared with the number of active employees~~ %
Distribution of unemployed by sex persons, %, men persons, %, women
Of which career-starters men, women

5 7 **Number of people receiving unemployment benefit** persons

5 8 **Number of people receiving regular social benefit** persons

6 ENTERPRISE

(It is being made more accurate within the project!!)

6 1 Characteristics of agricultural enterprises

6 1 1 **Is there an agricultural enterprise operating at the settlement?** yes - no

6 1 2 **If yes, in what form of enterprise**

6 1 3 **Number of persons employed by the agricultural enterprises**

persons

6 1 4 **Distribution of agricultural enterprises by types of activity**

- Cultivation of land %
- Animal husbandry %
- Other %

6 1 5 Estimation of the employment stability of agricultural enterprises

- the employment increases
- the employment stagnates
- the employment decreases
- the employment degrades

6 1 6 Land used by the agricultural enterprises

ha, 100 %

- cultivated ha, %
- uncultivated ha, %
- forest ha, %
- pasture ha, %

6 2 Characteristics of enterprises

(It is being made more accurate within the project!)

6 2.1. Number of enterprises operating in the village

Form of enterprise	Owners by place of residence (number)					*Comment
	Local	From the country			Total	
		Veszprem County	Budapest	Other* (see Comment)		
Individual entrepreneur						
Unlimited partnership						
Limited company						
Joint stock company						
other						
Total						

6 2 1 Ratio of the distribution of enterprises by sector.

Number

%

- Industry
- Commerce
- Service
- Tourism
- Other

6 2 3 Distribution of enterprises by the number of employees

Number

%

- 1 - 5 persons
- 6 - 15 persons
- 16 - 50 persons
- 51 - 150 persons
- over 150 persons

6 3 Characteristics of economic enterprises with a majority ownership by the state

6 3 1 Main indicators of the state-owned economic companies operating at the village

Name of enterprise	Type of enterprise	Equity (thousand HUF)	Permanently state-owned part of the enterprise (%)	Part to be privatized (%)	Comment

6 3 2 If there is privatization, it is good - bad for the settlement

the settlement **wants to participate** in it – **does not want to participate** in it

extent

%

6 3 3 Distribution of the activity of the state-owned economic enterprises by sector

Number

%

- Industry
- Commerce
- Service
- Tourism
- Other

6 3 4 Distribution of the state-owned economic enterprises by the number of employees

Number %

- below 50 persons
- 51 - 150 persons
- 151 - 300 persons
- 301 - 500 persons
- over 500 persons

2

7 DEVELOPMENT

7 1 Launched development projects

Name of activity	Dates of the phased launch	Expected time of the completion of the development	How many new work places are expected to be created

7 2 Planned development projects

Name of activity	Expected time of the completion of the development	How many new work places are expected to be created

7 3 Factors promoting the planned development

7 4 Factors hindering the planned development

7 5 Infrastructural development projects

7 5 1 Name

7 5 2 Volume

7 5 3 Financed by:

7 6 Municipal development projects

7 6 1 Name

7 6 2 Volume

7 6 3 Financed by

7 7 Development projects launched by entrepreneurs

7 7 1 Name

7 7 2 Volume

7 7 3 Financed by

8 OTHER

8 1 Societies

Name	Activity	Leader	Telephone

8 2 Foundations

Name	Activity	Leader	Telephone

8 3 Financial institutions

Name	Address	Manager	Telephone

8 4 Significant economic players

Name	Address	Telephone

8 6 Determinant personalities

Name	Address	Telephone

8 7 Other (people, , lobby) contacts

Name	Address	Telephone

8 8 „Partner settlements”

Name of settlement	Name of contact person	Address	Telephone	Date of contact made

8 9 Local traditions

Appendix 9 LED Suggestions for Trainers Operating the Nationwide Training Seminars

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Basic Principles

- Read and study the Self-Help Handbook carefully before turning your attention to the model
- This is a logical and simple method with each task following on from the previous ones which makes it is easy to learn for all communities in settlements and local areas
- After learning the theoretical background it is essential to implement the program appropriately
- It is important to tailor the general method to the specific situation of the given local area
- The aim of the model is not to provide immediate and direct job opportunities (like a new company would), but to create an environment in the given local area that is attractive to developing and new business ventures
- The implementation of the model requires substantial effort over a long period of time, since in some cases the results can only be seen after 5-10 years
- Commitment of the community and the active involvement of people with leadership skills are essential for the success of the program
- This is a program based on local initiative. The community should be the driving force, but it cannot work without the involvement of professional regional development experts who are able to plan and execute those desirable programs that have been proposed by the community of the local area

Definitions of the basic concepts

Before implementing the model, it is essential for the community of the local area to understand a few basic concepts. In order to make a genuine contribution, the community needs to know where it fits into the hierarchy of regional development and its role, place and function.

The following are some of these basic concepts

Regional Development co-ordination and application of development policy using regional resources in order to help social and economic renewal, assisting less developed regions in catching up and in economic restructuring, supporting regional diffusion of innovative ideas, and helping the development of prioritised regions, as well as creating an attractive business environment for investors

Economic Development, Business Promotion These activities are an integral part of regional development. The main aim is to develop the

● business sector and to make use of the advantages (rising income, tax revenues, job creation etc) resulting from progress The reason for it coming under regional development is that in most cases the barriers emanating from infrastructural inadequacies have to be removed before the necessary conditions of new business development in a given local area can be ensured

Administrative-regional units according to the Central Statistical Office

Regions (7)
areas(150)

Counties(19+Budapest)

Local

Local area federations, associations

- Based on CSA statistical boundaries, local government associations were established in 150 local areas,
- spontaneous, local initiatives resulted in about 90-100 local government associations, federations which often ignore or are different from statistical boundaries (the number of these types of associations is growing all the time)

Vision for the future The way the community would like its environment to be in 10-15 years time

Strategy Identifying the key short-term (3-5 years) and long-term (10-15 years) objectives, directions, and tasks in order to achieve the vision

Programs A complex plan for implementing the strategy (e.g. agricultural integration, creation of a tourist complex, invitations to tender to be announced) In fact, they deal with funding processes.

Projects Elements of a complex program, which may form smaller independent programs as well (e.g. establishing a co-operative in the framework of agricultural integration, a specific investment in the processing industry, a proposal) In fact, they deal with appropriations

Today, there are many incentives, but unfortunately very few obligations set forth by legislative provisions regarding strategic, program-oriented and project-oriented thinking in local areas. Some of the regulations are as follows

- Act XXI of 1996 on regional development
- Government Decree on the utilisation of appropriations for regional development
- Government Decree nr 217/1998 (XII 30)
- Parliament Resolution nr 30/1998
- Government decisions linked to the preparation for accession to the EU, especially those related to the co-ordination of funding systems

THE NETWORK OF REGIONAL DEVELOPMENT PROGRAMS

This issue arises when a local area's community decides to design its own, independent program. It is important for the community to recognise the scope and aspects of various ideas and its own competence with respect to implementation.

Table 1 shows the various levels where visions, strategies, programs and projects are devised. However, the question is whether these complement each other or rather they operate in isolation or in a way that hinders the work of others. Or, in the worst case scenario, they may even find themselves competing for the same resources. (For example even citizens or families have a vision, strategy, programs and projects – even if they don't call them as such – so this is especially true of business ventures, local governments and regions.)

Observing the plans of higher levels

Authority

Institution

Business venture

NGO

Citizen

Local authority
(approximately 4,000)

Local area
(150)

County
(19+Budapest)

Region
(7)

Country
(1)

Observing the plans of lower levels

Table 1

Important!

- All communities at a given level should collect information, perform analyses, draw conclusions, prepare their own vision for the future, strategy, programs and projects, establish professional organisations to plan and implement the concepts on a level that corresponds to their own territory and sphere of operation
- All communities should communicate vertically, both with lower and upper levels
- The plans of communities of a given level (vision for the future, strategy, programs and projects) should integrate lower level plans, and be harmonised with higher level plans
- The expected results should be quantified and determined in advance and performance should be continuously controlled (follow-up)

It is important to understand the following

- Almost invariably, the bodies which make decisions about funding, give preference to programs, projects (proposals), which are implemented as a concerted effort of at least one local area, but several if possible
- Co-operation is essential especially when applying for EU funding, because in this case a single business venture or local authority has no chance at all of obtaining funds
- Co-operation is a rational option in financial terms too, since if there are more participants, they will have more resources, which enable them to acquire more state or EU funds. This way, when these funds are redistributed, all participants will get several times their original resources
- The various ministries have funds for subsidising local area strategies and programs as well
- There are professional private organisations, companies which can assist in preparing proposals

DIRECTIONS OF STRUCTURAL REFORMS IN INSTITUTIONS

Local area activity is pointless unless the government develops a straight forward regional institutional structure and an organisation responsible for promoting the independence of regions and for helping, co-ordinating and advising on their activities

Table 2

Centralised and Decentralised Budgets of State Funds (subsidies, tenders) (excluding agricultural and other intervention subsidies)

Ministry of Economic Affairs (GFC, tourism)
Ministry of Social and Family Affairs (Labour market funds)
Ministry of Agriculture and Regional Development (Reg devt appropriations)
Ministry of Education (training, retraining)
PHARE subsidies (EU funds,)
Ministry of Transport, Communication and Water Management etc

Centralised and decentralised state organisations, state organisations expressly set up to manage funds (Corporations, limited liability companies, public bodies, public foundations etc)

I Current
II Proposal

regional and county development councils

regional and county development offices

local area economic development (reg devt) association

local area development offices, agencies

Companies, institutions, associations, federations, NGOs, bidding separately for government resources

Looking at Table 2 we can draw the following conclusions

- Currently, the majority of state funds flow directly into a few specific entrepreneurial projects, which
 - 1 allows the spread of unwelcome lobbying

- 2 burdens the civil service with operative clerical tasks
- 3 does not safeguard against funds flowing into programs which might not even serve local interests

- Communities living in the area between the subsidised local venture and the government organisation of national jurisdiction often know nothing about the relationship and, therefore, have no chance of influencing the venture in any direction
- The specific entrepreneurial project is not integrated into the local community's vision for the future, strategy or program
- Often these subsidies are self-serving, are almost quasi-loans, and make some ventures complacent

The proposed solution can be seen on the right side of the Table
According to the proposal

- It would be desirable, in future, to break down government allocations for various purposes into smaller budgets and transfer the funds to the regions and through them, to the local areas. The regions would then be able to invite proposals from local ventures
- The regions and local areas would be responsible for the co-ordinated management of heterogeneous government. This would also ensure that funds are used for projects that they judge to be the most useful and which best contribute to implementing the desired vision and strategy
- This, of course, implies the existence, or setting up of, a professional regional development organisation in the region and the local area. This organisation must be able to summon the assistance of experts and be in contact with financial institutions capable of handling the financial aspects
- The regions would, of course, be accountable for the funds granted by the government organisation. Adequate monitoring is needed
- It is important that these funds be accessible to qualified local areas (perhaps several of them together) which have a vision, strategy, program and co-operate with professional managing organisations, financial institutions, and possess resources of their own, among other things

MAIN PHASES OF THE MODEL

After the previous introduction, we would now like to narrow the topic down and give more details about the model designed to prepare communities of local areas for vision, strategy, program and project-oriented thinking. Figure 3 shows the main chronological and thematic phases of the LEDBP model.

I	Preparatory phase (0-meeting, Strategic Committee, involvement of stakeholders etc)
II	Social (grass-root) initiatives (local communication, working together, brainstorming etc)
III	Four workshop meetings (see Figure 4) (surveys, analysis, vision for the future, project ideas, background research etc)
IV	Organisation (involvement of an agency, professional managers, researchers etc)
V	Elaboration of the strategy and program(s) (This is the responsibility of the organisation, based on materials received through local initiatives, ideas developed at the workshop meetings, by experts and national, regional and county level concepts)
VI	Planning, implementation and organisation of projects (finding investors, lobbying, preparing proposals etc)
VII	Follow-up on the achievements of the local area (analysis and adjustment of objectives, strategies, programs etc)

Table 3

IMPORTANT PRINCIPLES

- Social initiatives should be continuous and the persons involved should have a good relationship with the existing professional regional development organisation or office, or set up an organisation of this kind if there isn't one yet
- Long-term solutions have to be found for financing and operating such an organisation
- In places where co-operation of local areas is newly formed with the help of the model, it is important to be aware of where to begin and where the community stands in terms of the phases outlined in Figure 3

PREPARATIONS FOR WORKSHOPS

The workshops, which are organised 4 times and involve 30-40 individuals from the local area, ensure that the community of the local area gets the ammunition it will need in its work. The participants develop the community's plans for the future and the various project ideas to be implemented in the subsequent phases of the model.

In most cases, workshops are initiated by the regional development advisor of the county employment centre, after they have been trained in the model.

Key tasks of the preparatory phase

- Finding and involving a contact person in the local area
- Creating and instructing a 5-6 member Strategic Organising Committee that will lead the work teams (small teams)
- This Committee will be responsible for finding the future 30-40 participants, preferably active members of the local business sector, or public life who would volunteer to participate, as well as for ensuring their active participation
- The advisor of the employment centre should be the co-ordinator, trainer and organiser of the program, with the committee members acting as his/her "close colleagues"
- Local publicity is very important. It should be honest and fair

PROPOSALS TO PREPARE FOR WORKSHOPS

- 1 **Selling the program** The program aimed at helping local economic development and business promotion initiatives (LEDBP) in the local area must be "sold" to the public. This is the responsibility of the regional employment advisor (REA) of the county employment centre and the employment agency of the region

- 2 **Definition of the given local area** (determining the group of settlements that wish to work together)

- 3 **Preparing the establishment of the strategic organising committee**
 - selecting the members of the committee
 - initially the REA and the head of the given agency nominate the members. Later on, this can be broadened (both geographically and in terms of the organisations represented) based on the proposals of the participants. Number of members: 6-10 people
 - selecting the program manager (someone who is known and respected in the region with good communication, organisational, problem-solving skills) responsible for managing and controlling the entire program

- 4 **The kick-off meeting of the Strategic Organising Committee**
 - selecting the site for the workshops
plenary hall + a minimum of 3 rooms for team work
 - ensuring the appropriate working conditions
technical requirements (flip chart + paper, colour marker pens, blocks of paper, writing tools, badges, preparing the task sheets, photocopying, etc)
 - catering (coffee, refreshments, snacks, lunch)
 - selecting the participants: local authorities, NGOs, members of the business sector, institutions (schools, libraries, health inst), banking sector (savings-banks, OTP), representatives of minority self-governments, member of parliament, representatives of other organisations and churches etc. The fact that workshops are open to all interested parties should be emphasised

- The participants should be from diverse background (local authorities, business sector, chambers, financial institutions, co-operatives, NGO-s, churches etc)
- The participants need to be taught about the brainstorming method, since they will need to employ this throughout the workshops
- The above information is to be given before the 4 workshops at the 0-meeting with all the participants present

- making an initial grouping of participants 5 teams are formed at the first workshop and 4 teams at subsequent ones The teams are formed on a voluntary basis and the controlled selection technique is applied only if the composition of the teams is inconsistent The rule is that the teams should be heterogeneous, if possible
- selecting the team leaders according to the issues tackled by the team and the expertise of team leaders
- preparing team leaders for their task tasks related to content and organisation, introduction to the brainstorming method, and the principles of training techniques (using the flip chart and markers, rotating spokesperson selection, dealing with objections, techniques for presenting arguments)
- familiarity with the curriculum
- determining the date and time of workshops at the first meeting
Advice Have at least 3 weeks between each workshop, plan workshops on one full working day
- selecting the lecturers
Advice Introductory lectures should be brief and concise, maximum 20-30 minutes + time for questions, lecturers should focus on topics of interest (they should definitely deal with topics linked to regional development, and tender application opportunities) and be selected for max 3 sessions, usually beginning with the second workshop
- Lecturers at the first workshop are the REA, who gives a general introduction to the program, and the representative of the employment centre of the region, who gives an overview of the employment situation in the region
- PR work in the region about the workshops, composing the text of the invitations to the workshops, informing the media (press, cable TV, leaflets)
- designating the organisation that will manage the workshops
This involves deciding on who shall prepare the documentation of the workshops, and about the form and organisation framework of the documentation

HOW TO PREPARE TEAM LEADERS

1 General duties of the team leaders

The team leader should

- prepare thoroughly for the topic of the given team and the given workshop with the help of the Self-Help Handbook
- organise an appropriate division of labour in the team, and motive the team members. The team leaders should also make wide ranging efforts to involve in the workshops all individuals who are willing and able to contribute to the efforts of the community
- document the workshop on the flip chart and designate the spokesperson to summarise the information at the plenary session
- try to increase the number of people involved in the workshops
- be ready to devote time to joint decision-making based on consensus and to strengthening common objectives and areas of interest
- be able to create a friendly atmosphere that makes the members of the workshops feel at ease and approach participants in a friendly and pleasing manner
- possess a leadership style that can help participants in making contacts. The workshops should enable the members to get to know each other, establish professional contacts and form friendships
- ensure that the work performed together at the workshop is evaluated at the end, and that homeworks are assigned and "things to know" topics are determined together with the person responsible for the task and the deadline attached. The team should work toward the designated tasks between workshops as well (research, interviewing, filling in questionnaires etc)
- at the end of the first meeting distribute the list of addresses of the team members and repeat his/her own contact address and telephone number in case someone should need to contact him/her between meetings

2 Advice on managing critical situations in the team

- Diversion from the topic - Advice interruption, redirection

- Background discussions – Advice prevent background discussions with the help of humour, and by talking in a louder voice. It is important not to feel offended!
- Attacks on the person – Advice cut these short quickly and firmly, in a calm and friendly tone
- Lack of concentration among the members – Advice ask questions, ask someone periodically to summarise the topic, address participants personally
- Aggressive team – Advice do not act as an arbitrator, do not be drawn into arguments. Ask participants to stick to the topic. Give them more tasks!
- Interjections – Advice don't react to them. In case of repeated interjections remind the participant(s) of the jointly agreed rules of the game

PROPOSED AGENDA FOR THE TRAINING COURSE AT COUNTY LEVEL

day 1

- 9 00 - 9 30 **Arrival, registration**
- 9 30 - 10 00 **Opening ceremony, introductions**
- 10 00 - 10 30 **Presenting the aims of the training designed to introduce the LEDBP model Overview of the model's history The experiences of applying the LEDBP model in Hungary
Lecturer head trainer, or the person called upon to hold the lecture**
- 10 30 - 11 00 **Reviewing the LEDBP model, methodological and organisational matters
Lecturer head trainer, or the person called upon to hold the lecture
Preparing workshops
The role and responsibilities of the Strategic Organising Committee
Lecturer head trainer**
- 11 30 - 13 00 **Announcing the tasks, setting up the teams
The first workshops are held in 5 groups**
- 13 00 - 13 45 **Lunch**
- 13 45 - 14 15 **Plenary session to discuss the first workshop**
- 14 15 - 15 30 **Workshop II in 4 teams + plenary session with the summaries of the work performed in the workshops**
- 15 30 - 16 00 **Overview of the day, closing**

day 2

- 9 00 - 9 15 **Review of the previous day**
- 9 15 - 10 30 **Workshop III + summaries of the work performed in the workshops**
- 10 30 - 10 45 **Coffee break**
- 10 45 - 12 00 **Workshop IV + summaries of the work performed in the workshops**

- 12 00 - 12 30 Phase II of the LEDBP model, organising the continuation of the project, presenting the OFA (National Employment Foundation) tendering opportunities
- 12 30 - 13 00 Summary, filling in the evaluation questionnaire, handing out the certificates acknowledging participation, closing speech
- 13 00 - 13 45 Lunch

PROPOSED CONTENT FOR WORKSHOPS

WORKSHOP A. FACTOR ANALYSIS

I INTRODUCTION

- Introductory speech to lay the foundations (e.g. overview of the labour market)
- Lecture about the theory and logic of the model (presenting 5 factors)
- techniques to break the ice (getting to know each other) on an optional basis
- The aim, content and structure of workshop A
 - ⇒ The 5 workshops develop the 5 factors that have been presented
 - ⇒ The problems to be solved are introduced
 - ⇒ Working methods and techniques are discussed

II SETTING UP THE TEAMS (1 TEAM / FACTOR)

- heterogeneous teams are set up
- team leaders are selected and receive their instructions
- task sheets, support materials and tools are distributed

III SPECIFIC TEAM ACTIVITIES (IN SEPARATE ROOMS)

- The team leader introduces the task and the topic
- team work
 - ⇒ The team develops its own factor by brainstorming
 - ◇ Problems What problems does the region face?
 - ◇ Needs What are the needs of the region?
 - ◇ Resources What resources does the region already have?
 - ◇ Opportunities What other resources are needed?
 - ⇒ The team determines what further information is needed (things to know)
 - ◇ What more information is needed?
 - ◇ How can this information be obtained?
 - ◇ Where can this information be obtained?
- The team summarises the results
- The results are written on the board or the flip chart

IV Closing session with all teams present

- One member from each team presents the results of the team in 5-10 minutes in front of all the teams
- The most important further information needs are determined and individual participants or teams are appointed to prepare (in writing or orally) homework assignments dealing with these topics and to present the results at workshop B

For example

- gathering information on unused real estate
- gathering information on funding systems, and resource maps
- ⇒ making a list of NGOs in the region
- ⇒ preparing an employment map etc

V Between workshop A and B

- Summary tables are prepared based on the Self-Help Handbook, homework reports are gathered and distributed to the participants

WORKSHOP B ANALYSING ER PRINCIPLES

I Introduction

- Introductory lecture (regional development, business promotion etc)
- Summary of workshop A
- The theoretical material of workshop B is presented (Barrel theory, presenting the 4 principles)
- The aim, content and structure of workshop B
 - ⇒ Developing the presented 4 ER principles
 - ⇒ tasks to be solved with joint effort, working methods

II Setting up the teams (1 team / principle)

- teams are set up to contain individuals of specific professions, like in workshop A
- Advice dissolve team on quality of life, its members should contribute to the work of the other 4 teams
- team leaders receive their instructions
- task sheets, support materials and tools are distributed

III Specific team activities (in separate rooms)

- The team leader introduces the task
- team work
 - ⇒ The team develops its own principle by brainstorming
 - Problems What obstructing factors exist in the region with respect to the principle analysed?
 - Needs What does the region need for the principle to operate effectively?
 - Resources What resources does the region already have?
 - Opportunities How could the conditions be improved?
 - ~ The team determines what further information is needed (things to know)
 - What more information is needed?
 - How can this information be obtained?
 - Where can this information be obtained?
- The team summarises the results and writes them on the board

IV CLOSING SESSION WITH ALL TEAMS PRESENT

- One member from each team presents the results of the team in 5-10 minutes in front of all the teams
- The most important information needs are determined and individual participants or teams are appointed to prepare (in writing or orally) homework assignments dealing with these topics and to present the results at workshop C

For example

- › making an inventory of the region's appeals
gathering information on the types and amounts of taxes of various local governments
- ⇒ interviewing local entrepreneurs

V Between workshop B and C

- Summary tables are prepared based on the Self-Help Handbook, homework reports are gathered and distributed to the participants

WORKSHOP C DEVELOPING PROJECT IDEAS

I Introduction

- Introductory lecture (developing tourism, agricultural integration etc)
- Summary of workshops A and B (opportunities which can serve as the basis for joint future work are determined)
- Comparing factors and principles analysed, determining the most important problems, needs and resources
- The participants decide on the community's vision for the future
- Presenting the aim, content and structure of workshop C
 - ⇒ Phase I gathering ideas related to the given ER principle
 - Phase II selecting the ideas judged to be useful and prioritising them
 - ⇒ Presenting joint tasks and working methods

II Setting up the teams (1 team / principle, according to the composition during workshop B)

- team leaders receive their instructions
- task sheets, support materials and tools are distributed

III SPECIFIC TEAM ACTIVITIES (IN SEPARATE ROOMS)

- The team leader introduces the task and the topic
- Team work
 - Brainstorming about the team's own principle
What specific ideas do you have to improve the current situation?
You may come forward with any type and number of ideas!
 - Are the ideas appropriate? (examining each idea)
 - Are they in line with the team's ER principle? (perhaps other principles as well)
 - Are they in line with the community's vision for the future?
 - What further information is needed to perform the analysis? (Where from?)
 - The priority projects (3-4) are decided on by consensus
 - Selected priority projects are ranked based on their importance for the community
 - Projects that are not the competence of the community are rejected (e.g. changing taxing regulations)
- The team summarises the results and writes them on the board or the flip chart

IV Closing session with all teams present

- One member from each team presents the results of the team in 5-10 minutes in front of all the teams
- The most important further information needs are determined and individual participants or teams are appointed to prepare (in writing or orally) homework assignments dealing with these topics and to present the results at workshop D

V Between workshop C and D

- Summary tables are prepared based on the Self-Help Handbook, homework reports are gathered and distributed to the participants

WORKSHOP D EVALUATION OF PROJECT IDEAS

I Introduction

- Introductory lecture (project funding, principles and methods of project planning, EU accession criteria etc)

- Summary of workshops A - C Several ideas have come up in the course of the doing the background research, the analysis and preparing the vision for the future The teams have selected the ones they decided were the most important (approx 12) Advice Don't throw out the other ideas These are a part of the community's vision as well and they may become feasible, valuable projects in the future!
- The theoretical lecture introducing workshop D the guiding principles of in-depth evaluation of project ideas
- Introducing the structure of the workshop
 - ⇒ Brief review of the community's vision for the future, distribution to the participants
 - ⇒ Presenting joint tasks and working methods

II Setting up the teams (1 team / principle, according to the composition during workshop C)

- team leaders receive their instructions
- task sheets, support materials and tools are distributed

III Specific team activities (in separate rooms)

- The team leader introduces the task and the topic
- Team work
 - ⇒ In-depth evaluation of 3 priority project ideas developed during workshop C. Evaluation is done on separate evaluation sheets, according to the guiding principles
 - ◇ How will the vision be influenced by the project?
 - ◇ What resources could be used? Who could be involved?
 - ◇ What are the pitfalls?
 - ◇ When should the project be scheduled?
 - ◇ Who will be affected by the project and how? Who will benefit?
 - ⇒ Effect and effort analysis of priority projects
 - ⇒ Determining risks and benefits should the project be approved, suspended or rejected?
- The team summarises the results and writes them on the board or the flip chart

IV CLOSING SESSION WITH ALL TEAMS PRESENT

- One member from each team presents in 5-10 minutes the results of the evaluations regarding the 3 priority projects examined, in front of all the teams. All participants are informed about the feasibility of all project ideas developed in the teams
- All participants have 3 votes to cast in favour of the project idea(s) that they judge to be the most important
- By voting, the participants select and rank, from among the 12 project ideas, the three project ideas that the community will implement first

V After workshop D

- Summary tables (vision for the future-strategy-programs-projects) are prepared based on the Self-Help Handbook and distributed to the participants, preparation begins for executing the lead project(s)

BRAINSTORMING

The essence of brainstorming

- The technique helps the team in developing the ideas and intentions that are the most appropriate for achieving its objectives
- This method is a creative problem-solving technique which makes it possible for people to generate many ideas in a short time

Guiding principles

- The team appoints a secretary All ideas and proposals are recorded Participants can read these records afterwards
- The members present their ideas, everyone participates actively
- The members present new ideas in each round
- Creativity and even exaggerated ideas are welcome
- Criticism of ideas should be avoided
- At this point, the participants should aim for quantity and focus on quality in the decision-making phase
- Expanding on other people's ideas is welcome

THE PHASES OF BRAINSTORMING

- 1 **Outlining and discussing problems, selecting the most fundamental one**
- 2 **Appointment of the secretary**
- 3 **Taking rounds, the members voice their ideas All ideas are recorded This continues until the group runs out of ideas (it is possible to remain silent)**
- 4 **Evaluation selecting the best ideas together**
 - **A possible method of evaluation**
Deciding on the number of ideas to be evaluated This number depends on the total quantity of ideas (usually around 10%)
First of all, everyone ranks individually the ideas they personally prefer (e.g. in case of 10 ideas selected, the ideas are ranked on a scale of 1-10), then the rankings are put on the flip chart (10 points for the best idea, 1 point for the least favoured idea)
 - The team decides on the best ideas (the ones that received the highest rankings)
- 5 **Recording of the team's opinion on the flip chart This is to be presented by the appointed spokesperson at the plenary meeting**

BRAINSTORMING RULES

- 1 **Don't criticise ideas!**

- 2 Let your imagination soar!
- 3 Build on the ideas of others!
- 4 Focus on quantity!
- 5 Record all ideas!

The rules (Table 5) should be put up on the wall during the session. The team leader should not allow for any analysis or criticism of the ideas, as this stifles the free flow of ideas.

APPLICATION OF BRAINSTORMING DURING THE FIRST WORKSHOP

Brainstorming should be conducted in the same way for all 5 topics. The team leader or the appointed secretary shall write the following headings on the flip chart:

- problems
- opportunities
- needs
- resources
- things to know

The brainstorming session can focus on one item at a time or deal with all of the above items at the same time. The team leader must ensure that all ideas are recorded on the flip chart by the simultaneous method, with special attention devoted to the "things to know" item.

FUNDING OPPORTUNITIES FOR THE LEDBP PROGRAM

Various channels exist for funding LEDBP programs. Financial resources for LEDBP programs can come from the local community's own resources and from external sources (tenders).

Some local areas decided to use their own resources to finance the workshops. They used a joint fund for this purpose. The local authorities of settlements taking part in the co-operation paid 50 HUF into the fund on behalf of each citizen resident in their settlement.

In some cases the County Employment Centre and the County Development Council appropriated a sum for this purpose. This served several other purposes as well: to provide an active tool for promoting employment opportunities, to finance the operational costs of the local area agency, to support the employment of a regional manager.

At the end of May 1999 the National Employment Foundation (OFA) will invite a tender for underprivileged regions. The deadline for accepting proposals is expected to be the middle of July 1999. After the decision is made, the Public Foundation Office of the OFA (1-388-12-70) will supply information on the details.

External domestic resources can be obtained from the Ministries of Economic Affairs, Social and Family Affairs, Agriculture and Regional Development and Education, regional agricultural authorities, county regional development councils, county employment centres, tenders invited by various foundations. The magazines "Palyazatfigyelo" and "Sansz" are useful sources of information.

To obtain external resources from abroad, the offers of the Phare and Soros Foundations should be looked at. These offers are also included in the above mentioned publications.

With all this said, let us, finally, summarise the most important aims of the model:

- the spread of a new mentality which will lead to the discovery of new intellectual and financial resources and will boost self-development,
- the co-ordination of resources on a local, county, regional and national level,
- the creation of a democratic institutional framework that makes it possible for people living in local areas to make their voice heard and to act through system of local initiatives, a system that can eventually evolve into an ongoing, self-sustaining process.

EVALUATION CRITERIA¹

Proposed method for follow-up on the later workshops related to real localities

Key data W shop A W shop B W shop C W shop D

1 Participation

No of participants invited

No of participants present

Number of participants from

- local authorities
- business promotion organisations
- the business sector
- financial institutions
- employer advocacy
- employee advocacy
- chambers
- local educational, cultural institutions
- local government authorities, agencies
- NGOs
- other organisations
- citizens
- invited guests and lecturers

1 Professional content

Number of project ideas proposed

Number of prioritised project ideas selected

Number of short-term (in 1-2 years) projects selected for implementation

Number of long-term (in 5-6 years) project selected for implementation

Number of homework assignments given

Number of homework assignments prepared

2 Activity of participants

Calculate the participants' satisfaction (the average of the points given between 1-10 on the evaluation sheets) with

- the professional standard (see question 7 of the questionnaire)
- the organisation (see question 8 of the questionnaire)

¹ The evaluations of the county training course must be sent to the Office of the Rapid Response Project Center within 10 days!

The effectiveness of the course in teaching new information based on the answers to the 8 control questions (see next chapter)

Important! Please send the evaluations of the 15 day preparatory course based on points 1 and 3 together with the completed questionnaires

QUESTIONNAIRE FOR THE PARTICIPANTS OF THE LEDBP COURSE

1 Did you encounter similar regional development methods before the course?

yes

no

If yes, what type of method was it?

2 Where could the method be applied in your opinion?

3 Is this a useful method in your view?

yes

no

If yes, why?

4 Would you take part in such a workshop in your local area?

yes

no

If yes, why?

5 What could be gained from applying the model in your local area?

6 Where are the weaknesses of the model's application?

7 Please indicate your satisfaction with the lecturers (on a scale of 1 – 10)

(unsatisfactor y) 1 2 3 4 5 6 7 8 9 10 (excellen t)

8 Please indicate your satisfaction with the organisation of the course (on a scale of 1 – 10)

(unsatisfactor y) 1 2 3 4 5 6 7 8 9 10 (excellen t)

9 Would initiate a workshop for a similar topic in your local area?
yes no

If yes, why?

If no, why not?

10 Proposals

Thank you for responding

● 2 Please draw the “barrel” diagram

3 Please list the aims of the various phases of the workshops

● 4 Please list the factors to be analysed at Workshop I

5 Please list the four ER principles

● 6 Please list some of the tasks that communities need to attend to in between workshops

7 What is the final task that needs to be performed by the community at the closing of the third workshop?

8 Please list some of the guiding principles of evaluation for project ideas during the fourth workshop

Appendix 10 Quick Start Handbook

(original English-language draft)



DRAFT

DRAFT

MANUAL

DEVELOPING

A

QUICK START PROJECT

DRAFT

DRAFT

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BUSINESS / INDUSTRY / VOCATIONAL TRAINING LINKAGE

Establishing and maintaining ongoing communications and service linkages with business and industrial sectors including regional and local labor offices, is essential to quality vocational training. Such efforts exemplify a partnership between national, regional and local educational agencies and the private sector, through which public vocational training services can be effectively directed toward the needs of the region's business and industrial community.

The ultimate goals of the vocational education/business and industry linkage are the ability to respond quickly to the training needs of industry, the improvement of the economic status of the region's business and industrial sector, increased economic development, reduced unemployment and a better life for the citizenry.

In order to realize such goals, the vocational training system should utilize a cadre of trained professionals to:

- 1 Maintain clear communication with the Regional and local Labor Offices
- 2 Systematically visit and communicate with every business and/or industry in the region of significant size
- 3 Assist these enterprises in identifying education and training needs
- 4 Utilize resources from the national, regional and local educational levels to address identified needs
- 5 Refer non-education/training needs of the business and industrial sector to appropriate agencies throughout state and local government for action
- 6 Structure and deliver quality education and training services designed to meet the specific, identified needs of the business and industrial sector
- 7 Maintain effective linkages and service delivery mechanisms designed to be productive in assisting the business and industrial community with current and future education and training needs

The overall process to be followed in establishing and maintaining a service delivery linkage with the business and industrial sector within your community is quite simplistic and systematic. Essentially, the entire process can be represented by these major steps:

DRAFT**DEVELOPING THE LINKAGE**

- **Target Companies**
- **Gather Background Information**
- **Set-Up Initial Visitation**
- **Establish Initial Visitation Procedures**

TARGET COMPANIES

Listed below are suggested target criteria for determining what companies should be contacted and offered Quick Start Training. The companies to be contacted should be determined jointly by the Vocational Training Agency and the Labor Office, and the criteria may be different from the suggested priorities.

Priority

- 1 **New company with a need for assistance in training new workers**
- 2 **An established company (5 years +) which is expanding its operation**
- 3 **An established company which is introducing a new product or process**
- 4 **Other**

Gather Background Information

As much information as possible should be gathered from a variety of sources. An informal analysis should be done prior to initial contact with industry or business.

SAMPLE BACKGROUND FORM

Company Name _____ Phone _____

Address _____

Contact Person _____

Parent Corporation _____

Address _____

Telephone Number _____

Plant Location _____

Major company product or service (write a brief description) _____

VISITATION

Company Name _____ Phone _____

Address _____

Company Contact Person(s) _____

Vocational Training Center Contact Person _____

Date of Initial Visitation _____

Number of Employees _____ Number of Years in Business _____

Training Efforts In Progress _____

Identify _____

Briefly Describe Training Needed _____

Date Report Filed _____ By Whom _____

IDENTIFY TRAINING NEEDS

Set Up Initial Meeting and Establish Procedure

The first meeting with the company should be a joint effort of the Vocational Training Agency and the appropriate Labor Office.

The Human Resource Director and or the Company Training Director should be present as well as a top management person with authority to describe training needs of the company and make decisions necessary for continuing the training process

The company must be informed regarding the purpose of the Quick Start customized training program, how it will operate, what the Training Agency and the Labor Office will provide and do, what the company must provide and do, and what the expected outcome will be.

The job and task analysis process and the development of the training curriculum process, the selection and training of instructors and the method of conducting the training should be described in detail to the company

If the company agrees to continue the training process, the person(s) who will be responsible for the development of the training program from the Vocational Training Agency, the contact person(s) from the Labor Office, and the person(s) from the company who will assist in the design and conduct of the training activities should be identified and recorded. Timelines and priorities and locations for the training should be established. A tour of the company's operation should be done to enhance understanding by the Training Center and Labor Office

A simplified contract to be agreed upon by both the agencies and the company should be developed and signed which defines the role and contribution of each and the budget for the program

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SAMPLE TRAINING AGREEMENT FORM

PURPOSE. To provide a written document of mutual understanding on the part of industry, the training institution, and the Labor Office

AGREEMENT It is mutually agreed between the _____ training institution, the Labor Office and _____ company located at _____ that:

I The training institution agrees

- A. To pay salaries for instructional personnel not to exceed _____ per hour
- B. To ___ Not to ___ secure qualified personnel to conduct industrial training
- C. To provide administrative supervision (institution employed) of instructional program.
- D. To ___ Not to ___ furnish some ___ any ___ all ___ supplies for this training project. (NOTE: Specify)
- E. To ___ Not to ___ furnish some ___ any ___ all ___ equipment for this training project. (NOTE: Specify)
- F. To ___ Not to ___ furnish facilities for this training project.
- G. To ___ Not to ___ renovate facilities for this training project.
- H. To work jointly with the industry and employment agency in promotion of the training program and recruitment of suitable students
- I. To provide a top flight instructional program for the trainees
- J. To furnish the participating industry with rating sheets showing the trainees' progress, performance and personal adjustment.
- K. To ___ Not to ___ furnish utilities for the training program.
- L. To ___ Not to ___ install special machinery in training institution building
- M. To ___ Not to ___ specify and secure equipment agreement
- N. To ___ Not to ___ develop a special course curriculum for this project based upon job & task analysis procedures.

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II The Company agrees.

- A. To ___ Not to ___ furnish some ___ any ___ all ___ supplies for this training project (NOTE: Specify)
- B. To ___ Not to ___ furnish some ___ any ___ all ___ equipment for this training project. (NOTE: Specify)
- C. To ___ Not to ___ furnish facilities for this training project (NOTE: Specify)

- D To permit and aid the training institution to conduct a follow-up study of individuals trained
- E To render any reasonable assistance to the training institution in developing the training program
- F To assist in securing instructors for this training project.
- G To provide for transportation for trainers
- H To provide equipment, facility and utility requirements
- I To provide a qualified consultant(s)
- J To ___ Not to ___ provide instructors for the practical part of the training project.
- K To give the training institution a letter stating the success or failure of this training program.
- L To provide the necessary paperwork for reimbursement, etc , required by the training institution
- M To employ those trainees completing the program who meet the company's standards.
- N To work jointly with the Labor Office in screening and selecting trainees

III The Labor Office agrees to

- A Work jointly with the training institutions and the company to determine selection criteria for he trainees (education, experience physical).
- B Advertise the training program
- C Do preliminary screening of applicants
- D Work jointly with the company in selecting trainees.
- E Provide necessary paperwork and contracts with trainees
- F Maintain placement records on trainees
- G Assist in financing the project.

Training Institution

Date: _____ By _____

Company

Date: _____ By _____

Labor Office

Date: _____ By _____

THE TRAINING DEVELOPMENT PROCESS

The training development process for a Quick Start Program must include each of the following elements or phases

- Identifying Training Needs
- Conducting Job Analysis
- Selecting Tasks for Training
- Conducting Task Analysis
- Developing Training Plan and Materials
- Setting Up and Conducting Program
- Evaluating Results

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This function of the training process must be done in close communication and cooperation with the company

The company must be committed to working with you in this process. One of the first things which must be done is to identify the person or persons who will serve as your contact(s) and who will work with you throughout the development and implementation of the project

Company Orientation

The primary responsibility for defining the orientation program will be the company's. They should provide or develop materials to be used with assistance and suggestions from the Training Agency. A person from the Human Resource Department or Personnel Office may conduct the major portion of this phase. Information materials relating to the market economy and free enterprise system may be developed jointly and may best be taught by a representative of the Training Center

Determination of Jobs

Identification of the jobs or major parts of jobs for which the training will be provided is a primary responsibility of the company with assistance from the Training Center and Labor Office if needed. Job titles should be agreed upon as a basis for further development of the training process

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JOB ANALYSIS

Once one has established a need for training development and identified the jobs associated with the effort, attention must be focused on describing precisely what the training shall include

Through your previous visits and research, you have begun to develop a partial picture of the knowledges and skills for which training should be provided. The question is, how should you specify this information?

The more traditional approach used to specify training program content has been through general course outlines or program descriptions. The problems inherent in such an approach are many. Of primary concern is the vagueness and lack of defensibility of general statements in reference to actual job requirements and employee performance expectations. For this reason, training developers have increasingly moved toward more specific training descriptions by a job analysis.

A job is a collection of tasks that may be performed by a single individual to produce some product or service for the company. The tasks and requirements associated with a specific job must be identified through a "job analysis"

Job analysis should focus on job specific tasks and behaviors first, and then specify the knowledges, skills and abilities essential to complete the tasks.

A well prepared job analysis has many useful purposes in an organization.

- 1 A thorough job analysis is the first step in determining training content for any job. Without it, one would be merely taking a "shot in the dark" in reference to structuring activities designed to provide job relevant skills and behaviors.
- 2 Staffing requirements clearly require that job tasks and requirements be known and specified. If they are not, the organization will have difficulty selecting applicants most likely to be effective on the job.
- 3 Establishing wages or salaries for jobs depends in part on knowing the relative ability requirements required.
- 4 A knowledge of job requirements is essential in designing new jobs or in redesigning existing jobs.
- 5 Job analysis, as the process of defining a job's requirements, is the primary mechanism for gathering information to insure that employee selection activities are in fact job related and defensible.

Which of the following partial job specifications would be the most useful to you in structuring a specific training program for Industrial Maintenance Mechanics?

Example 1

The industrial maintenance mechanic will maintain and repair heating and cooling systems and maintain boilers within the plant.

Example 2

The industrial maintenance mechanic must possess a working knowledge of maintenance and repair of major heating and cooling systems found in the plant. This ability must also include knowledges and skills associated with boiler maintenance.

Example 3. Job Industrial or Maintenance Mechanic

Duty Maintain and repair heating and cooling systems

Tasks:

1. Calibrate and adjust thermostat
2. Lubricate air compressor
3. Disassemble/reassemble air compressor
4. Install air compressor
5. Install fan guards and mesh covers
6. Replace mechanical roof ventilators
7. Clean and lubricate fans/ventilators
8. Calibrate and adjust airflow controls
9. Calibrate and adjust humidistats
10. Calibrate and adjust pneumatic controls
11. Calibrate and adjust pressure controls
12. Replace air filters
13. Disassemble/reassemble a centrifugal/axial fan

Duty Maintain Boilers

Tasks

1. Replace/install pipe insulation
2. Replace/install check valves on waterfeed systems
3. Replace/install cleanout plugs
4. Install strainer/water filter
5. Install piping and fittings
6. Install tubing and fittings (exterior)
7. Install/replace steam traps

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We hope you would choose the third example as the most appropriate job specification. By identifying specific, job related tasks as the basis for training development, one can be assured that the resultant training and subsequent job performance of the trainees will reflect quality.

METHODS OF GATHERING INFORMATION

In performing job analysis it is best to divide the job into the major areas of work, duties, or responsibilities. This may be done either before or after the tasks are listed.

A relatively large number of techniques are available for job analysis. They vary substantially in their complexity and in their ability to deal with a relatively broad number of jobs. Following is a brief description of some of the most often used techniques.

Observation

Observation techniques gather information through intensive direct study of the employee by a trained job analyst. This technique collects information on sequences of observed behavior. It is most effective for the analysis of jobs which consist largely of repeated manual operations over a relatively short time cycle. For example, this approach is particularly appropriate for analyzing the jobs of many production workers or skilled tradespeople. These occupations deal more often with objects than with abstract reasoning, and the immediate effects of their behaviors are more readily apparent.

Interviewing

This method relies on the position holder and/or supervisor to provide information about behaviors and personal characteristics essential for adequate job performance. The interviews are structured to ask similar questions about jobs, and the analyst usually becomes acquainted with the job before conducting the interview. Frequently, the person performing the analysis will contact several jobholders to increase the reliability of the interviews.

Supervisory Conferences

If it seems unlikely that jobholders themselves are able or interested in assisting with a job analysis, supervisory conferences can be used. Here the analyst guides the discussion to identify the behaviors necessary or infer desired personal characteristics that lead to performance in the job being examined.

Questionnaires and Checklists

Questionnaires rely on jobholders to provide most of the narrative description of the tasks, skills, knowledges, and abilities that their positions require. They normally

receive some direction as to the areas to be addressed, but they generally determine what factors are to be included

Checklists, on the other hand, already contain the tasks likely to be encountered in the jobs being analyzed. Checklists require the respondents to indicate whether or not they perform the listed tasks or use the listed knowledge or ability. They also are often asked how frequently a task is performed and how important it is to overall performance in their positions.

The process is based on three major assumptions.

1. Expert workers and supervisors can define and describe their job more accurately than anyone else;
2. Any job can be effectively described in terms of the tasks that successful workers in that occupation perform; and
3. All tasks, in order to be performed correctly, demand certain skills, knowledge and attitudes from workers.

In order to have sufficient data for designing curriculum and instruction we must not only identify the tasks performed by the worker, but also identify the specific performance standards for each task, the tools and equipment required, and the performance steps involved.

OBTAINING TASK STATEMENTS

Task statements, tools, equipment, and work aids lists may be defined through on-site interviews and observations of incumbent workers performing the job titles under review. Jobs that are new and emerging may be better analyzed using the engineering documentation and specifications for the process or product or interviewing supervisors.

When interviewing incumbent workers, the interviewer should ask questions requiring the workers to describe or demonstrate the tasks, tools, equipment, and work aids used in the occupation. Questions should be structured to encourage the worker to respond in detail, preferably in the order of performance on the job. The interviewer should be aware that some of the newer high tech jobs are more cognitive in nature and may require branching to adequately define the performance steps which represent alternative solutions to problems or procedures for each task. This is especially true when describing such things as troubleshooting procedures.

The interviewer should avoid unnecessary and repetitious questions and should clarify those questions not readily and easily understood by the worker. The following sample questions may be helpful in identifying the occupational activities of workers.

- a Regarding work orders, instructions, and reports --
 - How do you get your work orders and instructions?
 - What kinds of forms or records do you use or have to maintain?
 - Can you show me the forms and indicate what entries you make on them?
 - What do you do with the forms when you complete them?

- b Regarding work activities --
 - Would you show me step by step what you do in your job and explain to me what you are doing as you perform each task?
 - What other work do you do that I have not seen, such as the things you do once a month, once a year, etc ?
 - How does you work vary from week to week, month to month, season to season?
 - Would you please explain what you just did? Please break it down step by step?
 - Would you repeat your actions, more slowly, so I can follow your exact motions?

- c. Regarding machines, tools, equipment, and work aids --
 - What tools, equipment, and/or work aids do you use in your job?
 - What do you do with the tools and equipment at the beginning and end of your work day?
 - What do you do when the equipment fails?

- d Regarding supplies, materials, and finished products --
 - How do you get your supplies and materials to the work site?
 - What do you do with your finished work?

The major purpose of completing a job analysis is to assure that any training program designed does, in fact, address job skills and knowledge requirements of employees. As discussed previously, a job analysis, whereby specific skills and behaviors essential for job performance are identified provides a sound basis for the design of such programs.

The job task statements derived from the job analysis and selected for training development must be written so that they are clear, concise, complete, and relevant.

Remember that a job task represents an identifiable behavior that (1) has a purpose, (2) has a definite beginning and ending, (3) contains two or more performance steps, and (4) has a standard of performance which can be defined, described and verified.

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DEVELOPING TASK STATEMENTS

Task is defined as

- A unit of work,
- Having a definite beginning and ending point,
- Containing two or more steps, none of which is considered a restatement of the original task statement;
- Associated with a specific job title within a specific occupation, which when properly performed results in the completion of a product or a process,
- Having a standard of performance which can be defined, described and verified

A good task statement must have the following characteristics --

- Begin with a present-tense verb,
- Be singular in nature,
- Be written in job-relevant terminology;
- Not include abbreviations,
- Not include redundant, qualifying phrases as "when appropriate," "as required," "in accordance with prescribed directions," "proper," or "correct use of" (this is understood),
- Be comprehensive and reflect independent units of work performed by incumbents in the occupation

ORGANIZE THE TASKS UNDER DUTY STATEMENTS

After the list of task statements has been edited and refined, the individual tasks should be arranged logically within duty areas

A duty is defined as a cluster of related tasks which, when viewed as a unit, describes an "area of worker responsibility" (including related skills, knowledge, and abilities) Therefore, a duty is a segment of the total job Examples of duty statements include the following

- Estimating materials
- Preparing a building site
- Installing foundation forms
- Installing rough framing
- Installing roof components

DRAFT**SELECTING TASKS TO BE ANALYZED**

Following the job analysis, each task listed must be examined to determine those which are most applicable for inclusion in the training program and which will require analysis. All of the following factors or some combination of factors may be used or determined to be appropriate by those conducting the analysis.

Percent Performing

The percent of job holders who actually perform the task

Percent of Time Spent

The percent of total work time spent performing a task, in relation to the total job

Probability of Deficient Performance

The likelihood that the task will be frequently performed inadequately

Consequences of Inadequate Performance

The degree to which inadequate or improper performance of the task would adversely affect personnel, equipment, or accomplishment of the task

Task Learning Difficulty

The amount of time required and the difficulty that workers have in learning to perform the task

TASK ANALYSIS TECHNIQUES

The tasks derived from the job analysis must be further analyzed if they are to be useful guides in training development. Specifically, acceptable standards of performance must be identified for each task, the conditions and situations under which this performance is to take place must be described, and the steps involved in completing all tasks must be listed in the order in which they are done on-the-job.

A more detailed description of the components derived from the task analysis follows.

PERFORMANCE STANDARD

The standard is defined as criteria for assessing if tasks are performed or demonstrated as either acceptable or unacceptable. The performance standard communicates to the trainee the quantity and quality of how well he or she is expected to complete the task. The standard can be stated in terms of percentage of achievement, the accuracy expected, the number of errors permitted, the time allowed to complete the task, and any other appropriate measurable achievement. The standard should be based on the performance level needed on the job.

A standard is the job based criteria used to determine if a task has been successfully or unsuccessfully performed.

Standards may take many forms, including a description of --

- What the product should look like,
- What the product must not look like,
- Key points in the process,
- Time limits imposed,
(A time limit should never be the only point of determining acceptable performance, rather, it should be accompanied by quality requirements. If time is not a critical element, do not include it in the standard.)
- The degree of accuracy required in performing the task,
- Constant reference to the performance steps will help the writer zero in on a more representative standard for accurately measuring performance,
- Combinations of above

Examples of standards are

- 1 The circuit board must operate within the tolerance of the circuit design
- 2 The estimate must be within 5% plus or minus of that figured by the instructor
- 3 Contacts must open when more than 125% of rated current value is made to pass through the overload relay heating element of coil
- 4 The installation must be complete and each conductor must be terminated according to the schematic drawing of the design
- 5 The motor must carry the load without being overloaded, the directions of rotation must be correct; belt must have a deflection of between 3/8" or 1/2"

PERFORMANCE STEPS

Performance steps are a series of steps required to perform a task. The steps are (1) arranged in the sequence ordinarily followed on the job, (2) have a concise start and close, (3) are limited to the accompanying task statement and (4) are self-supporting and do not refer to actions beyond the task performance. Performance steps developed for each task are used to determine the knowledges, conditions, materials, tools, equipment and safety considerations for the task.

Performance steps should reflect what one would see happening on the job. Care should be taken to exclude comments of an instructional nature. In this way, developed performance steps serve as outlines from which instructional materials and test items can be developed while leaving maximum flexibility as to how the user wishes to use the information.

Writing Performance Steps

- 1 Use the worker's language, and record the activities concisely while observing a worker perform the task.
2. Locate the starting and ending points for the execution of each step which leads to the ultimate completion of each specific task under review
- 3 Record the steps in the sequence most commonly followed on the job. If absolute adherence to a specific sequence is critical, so note
- 4 Avoid any overly redundant explanations of the performance steps
- 5 Begin each performance step with an action verb

- 6 Do not record explanations of the expected results of the task performance
- 7 Identify the tools, equipment, and work aids needed to complete the action as outlined in the performance steps
- 8 Make special note of all personal safety precautions and environmental considerations involved in each step

CONDITIONS/TOOLS, MATERIALS AND EQUIPMENT

Condition is defined as the situation under which actions are to occur. The circumstances imposed on the worker when he or she is performing the job should be defined. **Tools, materials, and equipment** are the things needed to perform the task being addressed in each performance standard.

A list of tools, equipment, material, and work aids used by incumbent workers to carry out all activities of the job should be developed concurrently with the development of the job & task analysis.

The following definitions should be used when preparing this list.

Tools are hand-held implements which are used to change or move materials. Included are all common and special-purpose hand tools as well as those used by the worker which are activated by outside power sources such as electricity or compressed air. Examples of the latter are pneumatic hammers, cutting torches, electric screwdrivers, electric cutters, and paint spray guns.

Materials are those items which are usually converted into the product being produced or consumable supplies used in the process. Examples are sandpaper, sheet metal, steel bars, etc.

Machines and equipment are devices that are combinations of mechanical parts designed to apply force to work or move materials to process data, to generate power, to communicate signals, or to have a specific effect upon material through the application of light, heat, electricity, steam, chemicals, or atmospheric pressure. Examples are printing presses, drill presses, casting machines, forging machines, conveyors, hoists, locomotives, automobiles, adding machines, typewriters, ovens, forges, cameras, generators, switchboards, radio transmitters, and signal light systems.

Work aids are miscellaneous items and supplies that cannot be considered as machines, equipment or tools and yet are necessary for carrying out the activities of the occupation. Work aids are especially critical to software type occupations. Examples include technical manuals, flow charts, blueprints, and procedures. Expendable items are normally not listed unless they are absolutely critical to job performance.

The procedures for developing the tools, equipment, and work aids list are identical to those used to develop the task list and, therefore, should be completed concurrently. A preliminary tools, equipment, and work aids list can be compiled. Be as specific as possible when identifying items on the list.

KNOWLEDGE

The next step in the task analysis process involves the identification and development of knowledges, attitudes and related skills the trainee must possess in order to complete the task to the specified standard(s). These are derived from an analysis of the task and/or performance steps that are required for trainee performance.

You must analyze each performance step for the knowledge requirements.

Write in the things the worker needs to know to do each step. Knowledge cannot be observed, but must be applied as a form of reasoning or recall. The following questions may be used as a means of identifying cognitive knowledges required to perform each task.

- Is knowledge of terminology required?
- Is knowledge of component location of integral parts required?
- Is knowledge of the operation of tools and equipment required?
- Is the interpretation of symbols or signals necessary?
- Is it necessary to perform mathematical calculations?
- Are problem solving, diagnosis, and troubleshooting techniques required?
- Is the anticipation of later conditions from observation of earlier conditions required?
- Is planning involved?
- Is the selection of strategies involved?
- Must the task be performed in accordance with briefing instructions?
- Is knowledge of the "why" of a procedure essential to performance?
- Is it necessary to communicate in certain ways?

SAFETY CONSIDERATIONS

The task and each performance step must be analyzed to determine any safety hazards which may cause injury to the worker or others or which might result in damage or destruction of tools, equipment or materials

DUTY AREAS

Finally, the instructional content tasks and supporting information derived from the job and task analysis should be grouped and sequenced into logical duties or units of work. A duty area or unit of work is a group or cluster of related tasks that have been placed together for their similarity or main idea of task accomplishment. An example of duty or unit would be Shielded Metal Arc Welding within a welding and cutting job

This activity should be accomplished utilizing individuals familiar with the jobs and job tasks for which the training program is being designed

The following form contains all of the elements of job & task analysis and is suggested for use in conducting a job & task analysis

Job _____
 Duty _____
 Task _____
 Performance Standard _____

Performance Steps	Decisions / Knowledge	Conditions / Materials / Equipment	Safety Considerations

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Job Shear Operator

Duty Cut materials to length

Task. Cut metal for saw blade fasteners

Performance Standard: Saw blade bands must meet specifications with less than 3% metal waste

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Performance Steps	Decisions / Knowledge	Conditions / Materials / Equipment	Safety Considerations
1 Obtain metal stock	Select correct guage, size, etc from work order specifications		Lifting procedures
2 Move stock to machine and prepare to load	Verify materials as per specifications	Side cutters; safety glasses, leather gloves	Cutting hazards
3 Load stock in shear	Determine placement and alignment of stock in the shear		Set up machine guides Lifting procedures
4 Set shear dimensions and adjust cutters	Interpret specifications and make machine adjustments and measurements	Measuring instruments Wooden mallet	
5 Perform trial run	Check against specifications	Measuring Instruments	Must be within allowable specifications
6 Make final adjustments	To specifications		
7 Start run	Set quality control procedure	Protective equipment	Observe safe equipment operation

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TRAINING PLAN DEVELOPMENT

The preceding sections outline a process for the identification and analysis of job tasks to be used as a basis for training development. Where practical, this process yields the most valid and sequential method of developing training that is truly representative of the knowledges, attitudes and skills required for job performance.

Regardless of the training format utilized or preferred by various companies, the content outlined in the task analysis can be modified to fit most any instructional plan.

Quality instructional planning must represent a thoughtful, systematic process which, at a minimum, should reflect the following components:

- 1 Sequencing of the tasks derived from the task analysis into the most logical instructional sequence. Remember, skill building requires one to instruct from basic to complex, allowing the trainee to master and transfer prerequisite knowledge and skills developed early in the training program to the more complicated applications most often encountered toward the end of the session.
- 2 Identification of each training lesson in terms of the task(s) addressed.
- 3 Identification of a performance standard for each task as this standard represents the final outcome of the instruction.
- 4 Listing of the materials and equipment required to perform each task.
- 5 At this point, if the task represents a manipulative skill, list the performance steps defined in the task analysis. These steps indicate the correct way to accomplish the skill and may be used to evaluate the process the trainee follows in performing the skill.
- 6 Review of the task analysis and identification of the related prerequisite knowledges the trainee must have in order to accomplish each task.
- 7 Review of the task performance steps and knowledge requirements and identify appropriate instructional activities designed to impart this information to the trainee.

Instructional activities should be designed to provide trainees with experience related to successful task performance. The instructional activity section of a training plan should contain a variety of strategies designed for the trainee's varying learning styles and rates.

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TRAINING PLAN FORMAT

The training plan format presented here is just one of many utilized in education and training efforts. Which format you choose, depends upon your particular need. However, all training plans must address the key elements presented, in one form or another. A training plan should be the same thing to a teacher/trainer as a road map is to a traveler. It should show in detail where you are going and how you will get there.

Consideration should be given to age, ability levels, educational levels, varied learning styles, individual interests, and emotional needs when developing the instructional activities. Activities should include suggestions for large groups, small groups and individuals.

Instructional resources should be identified for each instructional activity and should be designed to help learner master the task and knowledge required. Attempts should be made to utilize modern instructional technology (i.e. television, computers, video tapes, etc.) as much as possible.

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Training Plan Sample Format

Job Shear Operator
Duty Cut Materials to Length
Task. Cuts Metal for Saw Blade Fasteners
Performance Standard Saw blade bands must meet specifications with less than 3% metal waste

Tools, Resources, Matenals, Equipment and Situation(s)

Shear, Metal Stock, Measuring Instrument, Safety Glasses, Leather Gloves, Wooden Mallet

Performance Steps

- 1 Obtain metal stock
- 2 Move stock to machine and prepare to load
- 3 Load stock in shear
- 4 Set shear dimensions and adjust cutters
- 5 Perform trial run
- 6 Make final adjustments
7. Start run

Knowledges.

- Relevant safety procedures, I e , cutting hazards, lifting
- Select correct gauge, size, etc from work order specifications
- Materials as per specifications
- Placement and alignment of stock in the shear
- Specifications, machine adjustments and measurements
- Quality control procedures

INSTRUCTIONAL ACTIVITIES	RESOURCES
Assigned Reading Section II "Cutter Adjustments" Section III "Stock Alignment"	Operator's handbook <u>Zinco Shear</u>
Lecture/Demonstration (on reading assignment) Demonstrate the selection of proper gauge and specification of metal stock Practice session on aligning and cutting stock	Gauge Charts and specifications Trainee/paired groups

EVALUATION

Performance evaluation of individual trainees while cutting saw blade stock

To assist in developing the instructional delivery portion of the training plan, the following information is provided. Note the wide variety and applications of various resources, activities and teaching methodologies available. Select those that will work the best under the situations in which training will be offered.

EXAMPLE

INSTRUCTIONAL RESOURCES – METHODS – ACTIVITIES

Select or combine resources, methods and activities to design instructional activities

Teaching Techniques

Lecture
Discussion
Laboratory
Demonstration

Printed Materials

Textbooks
Manuals
Handouts
Articles
Magazines
Modules
Programmed Instruction
Learning Activity
Job Sheets
Information Sheets
Assignment Sheets

Instructional Activities & Resources

Groups
Individual
Small Groups
(3-5 trainees)
Large Groups

Tests
People and Places Outside the Classroom
Guest Speakers
Panel Discussion
Guest Demonstrators
Interviews
Work Experience
Instructional Technology.

Enrichment
On-the-Job Training
Community Study
Research

Filmstrips
Films
Television
Video Tapes / Recording

Strategies.

Slides
Slide/Tape Shows
Audio Cassettes
Transparencies
Opaque projector
Filmloops
Computer Assisted Instruction
Interactive Video

Read/Write
Illustrate
Practice
Observe
Buzz Sessions
Brainstorm
Role Play
Simulation
Interview
Survey
Debates

TRAINEE AND PROJECT EVALUATION

Evaluation of trainee performance is one of the most critical steps in the training process. As such, the evaluation of programs and their related tasks should include means of assessing trainee mastery of the knowledges, attitudes, and skills outlined in the task analysis and regarded as essential for completion of the task, and also, trainee performance of the task to the performance standard.

In order to adequately evaluate trainees, consideration must be given to constructing testing situations that address any or all of the three domains of learning encompassed within the task (i.e. psychomotor, cognitive, and affective).

EVALUATING MANIPULATIVE SKILLS

A useful method for deterring the level of a trainee's skills is a performance test. In this type of test, a skill or task is specified, and the trainee is required to perform the task using certain required materials and equipment. The trainer is concerned with measuring process, product, and/or both process and product. The process is the procedure or the steps used by a trainee to complete a task. The product is the end result or completed project.

Two types of instruments most commonly used to evaluate a trainee's performance are the checklist and the rating scale. A checklist is used to evaluate process, and a rating scale is used to evaluate product. A checklist has a detailed list of steps which a trainee must follow in order to accomplish a task properly. It is used in an either/or situation where a trainer checks yes or no, adequate or inadequate, accomplished or not accomplished, designations. A rating scale is more appropriate for evaluating the quality of the work, which is a concern when assessing a final product.

EVALUATING KNOWLEDGE

Knowledge is what goes on in the mind while a job is being done. All mental information processing is cognition. The cognition domain of learning deals with a trainee's knowledge of facts, data and related information necessary to perform a task. In other words, to perform psychomotor tasks, trainees must think. To tighten a nut one must know which way to turn it and when to stop turning it so that one won't strip the threads or shear the bolt off. To replace a hubcap, one must know certain techniques that vary from one car to another. To repair electrical apparatus, one must know and use safety procedures and lock and tag out the power supply.

Tests that measure knowledge contain items that can be classified into two basic categories: (1) recognition items and (2) constructed-response items. Types of recognition tests are (a) Multiple Choice, (b) True-False, (c) Matching, and (d) Completion. Types of constructed response tests are (a) essay and (b) short answer.

EVALUATING ATTITUDE (Affective Domain)

The affective domain of learning deals with trainee activities, beliefs, feelings and values. In business/industry training programs, trainers have to include concepts which will help trainees develop a set of attitudes and work values to become competent workers. It is difficult for the trainer to identify little bits and pieces of desirable behavior for every unit and often harder to teach them. In this area, trainees must be judged on how well they clean up their work area, whether they show up to do the job on time, or whether they must be told several times to do something. All employers are interested in employee attitudes.

Evaluation devices used to assess trainee attitudes are (1) observation checklists, (2) rating scales, (3) interviews, (4) problem solving or case studies, (5) panel discussions, and questionnaires and inventories.

Please refer to the following examples of written and performance and product evaluations.

DRAFT

EXAMPLE**WRITTEN EVALUATION****TASK INSTALL PRESSURE REGULATOR ON AIR COMPRESSOR**

The air compressor must start at low point on regulator and kick off at a high point through

- a three successive cycles
- b two successive cycles
- c four successive cycles
- d one cycle

The arrow of the regulator should point in the correct direction of flow, which is:

- a. toward the tank
- b away from the tank
- c. on the intake side
- d both A and B

Which of the following tools would not be needed to install a pressure regulator?

- a crescent wrench
- b small pipe wrench
- c. hammer
- d screwdriver

The system line must be reconnected to which side of the regulator?

- a threaded
- b quick disconnect
- c inlet
- d. outlet

EXAMPLE

PERFORMANCE EVALUATION

JOB Building Repairer
 DUTY Performing Electrical Duties
 TASK Install Pressure Regulator on Air Compressor

Process Evaluation Instructor's evaluation of the step-by-step process of completing the task

		RATING	
		ACCEPT	UNACCEPT
1	Shut off power to compressor	_____	_____
2	Open discharge valve on outlet end of system	_____	_____
3	Close valve after discharge of air pressure.	_____	_____
4.	Close shut-off valve on outlet side of compressor tank	_____	_____
5	Disconnect line from valve	_____	_____
6	Install regulator on outlet side of valve CAUTION Make sure arrow on regulator is pointing in correct direction of flow, away from tank	_____	_____
7	Reconnect system line to outlet side of regulator	_____	_____
8	Restore power to compressor motor.	_____	_____
9	Switch compressor motor on and let run until system shuts off automatically.	_____	_____
10	Adjust pressure regulator	_____	_____
11	Check through three cycles	_____	_____

Product Evaluation Instructor's evaluation of the finished product.

1	Air compressor must start at low point on regulator and kick off at high point through three successive cycles	_____	_____
2	When used at full capacity, compressor must remain 5-10 PSI of cutoff point.	_____	_____

Approved By _____

Date _____

**TRAINING PROGRAM
EVALUATION / FOLLOW UP**

Trainer Considerations for Assessing Training Programs

Planning Training Program

- 1 Was enough planning time available prior to the start of the training program?
- 2 Were the responsibilities for planning made clear to all concerned parties?
- 3 Was sufficient training provided for trainers prior to the start of the training program?
- 4 Were adequate manpower requirements clearly identified prior to the start of the training program?
- 5 Was adequate advertising done?

Organizing Training Program

1. Were the trainees properly screened and selected?
- 2 Were the industry skills to be taught properly identified?
- 3 Were instructional materials developed based upon industry skills required?
4. Were instructional materials properly organized for effective use?
- 5 Were facilities and equipment ready for use?
- 6 Were proper communication channels established and utilized?

Managing Training Program

1. Did the proper number of trainees enroll in the training program?
2. Did the training program start on schedule?
- 3 Was the length of the training program appropriate?
- 4 Did the trainees receive the proper amount of training?
- 5 Were the instructional materials developed for the program used effectively?

- 6 Were the instructional activities appropriate to company needs?
- 7 Was the instruction handled efficiently?
- 8 Was the training program properly monitored and coordinated?

Evaluating Program Results

- 1 Were the skills acquired by the trainees recorded?
- 2 Were opportunities provided for company personnel to periodically review the progress of trainees?
- 3 Were the achievements of the trainees certified?
- 4. Were competent trainees provided opportunities for placement or advancement?
- 5 Were trainees satisfied with placement opportunities?
- 6. Did trainees progress on the job?
- 7. Are plans being made to use instructional materials produced for the program in future training efforts?

SAMPLE TRAINEE CHECKLIST FOR BUSINESS / INDUSTRY TRAINING PROGRAM

***What did you think was good about the program? Check all that apply**

The program helped me learn how to perform the tasks

The program helped me pass the tests

The program helped me perform the tasks

The program was interesting

The instructional aids were good

***What did you think was wrong with this program? Check all that apply This information will help improve future training programs**

Did not understand the purpose of the program

Did not understand the information given during the program

The program had nothing to do with better preparing me for my job

The program took too long to complete

The program was too hard to complete

Did not understand the meaning of some instruction

The program needed more pictures, demonstrations, and illustrations

Did not have an opportunity to perform the tasks

***How could the program be improved? Comments** _____

STATISTICAL REPORT

Program Title _____

Location _____

Starting Date _____ Ending Date _____

Total Number of Applicants for Program _____

Total Referred and Enrolled _____

Number of Dropouts _____

Number of Completions _____

Number Employed _____

What reason was given by those dropping out of the training program?

What was the reason for not employing those completing the training program if all were not employed?

How were the trainees screen and selected?

SUMMARY OF THE TRAINING DEVELOPMENT PROCESS

The training development process outlined in this manual, though somewhat involved, has proven to be most effective and defensible in terms of quality training as compared to the more traditional approaches

The documented advantages of this system are as follows.

- 1 Training is based on "real" needs, explicitly defined in terms what is required to resolve deficiencies in employee performance on-the-job.
- 2 Job tasks (knowledges, skills, behaviors (attitudes) to be demonstrated by the trainee are
 - a) Derved from explicit analyses of job roles
 - b) Stated so as to make assessment of a trainee's behavior in relation to specific job competencies possible, and
 - c) Made known to the trainee in advance
- 3 The criteria to be employed in assessing mastery are
 - a) Based upon, and in harmony with the standards found on the job,
 - b) Takes into account evidence of the trainee's knowledge relevant to planning for, analyzing, interpreting or evaluating situations or behavior, and
 - c) Strives for objectivity
- 4 Assessment of the trainee's competency
 - a) Uses performance as the primary source of evidence
 - b) Takes into account evidence of the trainee's knowledge relevant to planning for, analyzing, interpreting, or evaluating situations or behavior, and
 - c) Strives for objectivity
- 5 The trainee's rate of progress through the program is determined by demonstrated competency rather than by time or course completion
- 6 The training program is intended to facilitate the development and evaluation of the trainee's achievement of the competencies specified

Appendix 11 Excerpts from Revised Quick Start Handbook

(excerpts translated from the Hungarian manual)

PART II

QUICK START TRAINING PROGRAMS IN HUNGARY

by

Clarence Burdette - Jozsef Batkai

1 About the Quick Start Program in General

The Quick Start (QS) program is a training program tailored to a sector of the economy, a business organization, or a specific job. Over the past two years, practice has proved that QS requires close cooperation between employers, labor centers and training institutions. We are convinced that, if widely used, the method will contribute to economic development, will help people to avoid losing their job, and will reduce unemployment.

In order to ensure that the trainees acquire professional knowledge that matches employer needs, the organizers of the training must have specific knowledge concerning the operation of the client's business organization, its products and customers, and must also be capable of providing information on the legal, social, economic, technological and demographic conditions of the given municipality.

The Quick Start program is tailored to the needs of the employer, which means that it has to respond to definite economic and labor market needs. Scientific and economic priorities have to be analyzed, and compromises must be made during both the formation and the implementation of the program.

As any training program, the QS program has also to be planned carefully. Being 'quick' does not mean that any of the phases can be left out. Program planning can be split up into three stages: preparation, development and implementation.

The *preparation stage* includes

- establishing contact with the business organization, and
- thoroughly surveying training needs

The main elements of the *development stage* are

- job and task analysis,
- definition of the curriculum,
- developing training materials,
- selecting trainers

(It is recommended to select technically competent trainers with the required experience in adult training.)

The *implementation stage* comprises

- selection of the participants,
- training,
- evaluation of the results

When evaluating both the training and the program, it is recommended to determine whether or not the program assured the required qualification in a successful and cost-effective way.

2 The Necessity for Training Programs Tailored to Labor Market Needs

The aim of the QS program is to train new workforce, or to retrain the already existing one, so that companies may become more competitive in the changing business environment

Businesses have to react flexibly and without delay to significant changes occurring in production processes. The transformation of economic processes has led also to the use of high level technologies and automation at the workplaces. The technical development was accompanied by two changes that have an impact on the people at work and their abilities. The content of professional competence required for operating the equipment has changed significantly. The need for special employee skills has also grown, staff members are now expected to understand how their activities fit in the system of their work and in the economy as a whole. There is also demand now for the programming, maintenance and repair of up-to-date equipment and for related services.

3 Needs of the Economy

The economy shows an amplifying need for workers with new kinds of skills and qualifications. The special training adapted to labor market needs provides a guarantee that the workforce participating in the training will be available for the organization within a short time, and for the lowest possible cost.

These programs have a shorter duration than other training programs. The investment in training is thus rapidly recovered. The training programs are custom-made to adapt to particular workplace needs which increases their efficiency. Time and money are saved in the critical launching phase. This is especially true in the case where the participation in training precedes the employment. This makes it possible to train employees for particular jobs such that they are ready for work at the most appropriate moment. This permits rapid response. Those businesses that choose custom-made training usually achieve higher productivity with less workforce fluctuation. This is especially true when there is a thorough and strict screening among the applicants before they join to the program. That is, the Quick Start training programs allow businesses to employ persons who possess the required theoretical and practical skills, are sufficiently motivated, and can commit themselves to the mission of the organization.

4 Geographical Distribution of Workforce

In addition to workforce qualifications, the time required to go to work, thus implicitly the distance between home and workplace, is also important. Commuters must be paid a certain travel costs, they have less time for their families, for recreation, etc.

5 Marketing

It is a basic marketing principle that one must provide the customer with what the customer needs. It is to satisfy the customer's need which has first priority, not the potential possibilities of the servicing training organization. Therefore training programs tailored to needs must react to actual economic needs, and expectations should not be set by training opportunities.

Labor market training programs concentrate on the content. The training, as one of the tools to reach the goals, has to be well-defined, specific, inexpensive and efficient. People making publicity for the training program must be prepared to successfully cope with the following: the disagreement between practical, theoretical and personal interests; deadlines; financial difficulties; and to demonstrate the willingness and ability of the institution for flexibility, adaptation to needs, and establishing the atmosphere of mutual trust with every party involved in the training.

The marketing program may be successful if we create a good image about ourselves, according to which promises will be followed by successful implementation, provided we document the increase in productivity and decrease of workforce migration due to the results of training programs, we involve satisfied clients looking for new opportunities into our marketing activities, and we speak the language of economy, and pay attention to our clients' needs.

Among the marketing people those can be the *key persons* who manage their own businesses, or used to work in the business sector.

The success of a training program based on labor market needs essentially hinges on the commitment of the participants - including the managers and the trainers - to the program.

6 Knowledge of the Business Organization

Providers of labor market training have to get acquainted with the operation, products and customers of the target business organization, as well as its surrounding business environment. They have to learn the problems, needs, goals and training-related ideas of the organization. The external environment (the legal, social, economic, technical and demographic conditions of the municipality) is very important for the new business organization. The necessary information has to be collected during the preparation stage of program planning. (Details of this are given in Part I of the Manual.)

Another important factor is that the trainer should also fully understand its own internal situation, including capacity, relations, cooperation, organizational system, communication channels, flexibility in selecting the location and schedule of the training course, competence and continuous further training of trainers, etc.

People dealing with economic development and training should have information concerning the number of employees, the number of trainees, the trends of the expected workforce demand, the mean wages per employee, the number of commuters, the distance and features of the municipality they come from, the local unemployment rate, the population, the average income per inhabitant, etc.

7 Training Program Development

The Organization Requesting the QS Program

QS training programs can be organized for business organizations that

- were formed recently or which expand their production In this case, the program may provide unemployed people with the professional knowledge that guarantees a job for them
- undergo a change in production technology, and as such require workforce with different qualifications This type of QS program may prevent lay-offs

Services

Most QS programs provide similar services, although the range and the actual provision of these services may vary considerably These services include the following

- *company information*
The company profile statement contains information such as company history, ownership conditions, organizational structure, management philosophy, managers' list, salary options, other (fringe) benefits, products, etc
- *production training*
Practical and technical training of staff working in production
- *training program development*
Elaboration of a detailed training program adapted to company-specific needs
- *training of trainers*
The training of those staff members who actually compile and deliver the training
- *sharing training costs*
Paying out the fees due to company employees - who participated in elaborating the program and performing the training - and the salaries of the trainers
- *screening customers*
Assistance in recruiting, screening, and testing potential customers (trainees)
- *business training*
Training aiming to facilitate the understanding of the private enterprise system and workforce productivity
- *facilities*
Providing training facilities and equipment

Financing

The organization and implementation of an efficient training program tailored to employer needs requires appropriate financial resources. The already completed QS programs proved that their completion is ensured by three main sources: foreign financial support (USDOL), employer contributions and the decentralized employment part of the Labor Market Fund. In addition to this, the trainee can also contribute to financing individually, or - in the case of central programs - financing can be done from the central employment part.

Training Service Providers

The success of the program entails the training of those (trainers, company managers) who provide the planning and development expertise, and who elaborate and perform the training programs adjusted to the company needs. These persons have to know the program and the procedure itself thoroughly. They have to possess the abilities to convince the businesses to join the program, to actively participate in exposing their true needs, to perform the analysis of the jobs and tasks to be done, to assist the establishment of the contents of the training program, and finally to participate in its implementation and evaluation.

8 Planning and Implementation of QS Programs

Elements of Program Planning

The main - and actually indispensable - elements of any successful labor market training program are as follows:

- analyzing needs,
- defining goals,
- analyzing tasks and jobs,
- defining the contents of the training program,
- implementation,
- evaluation

As it has been mentioned before, the Quick Start training program has three, more or less distinguishable stages:

- during the *preparation* stage, the general needs of the company and the guidelines of the suitably adapted training program have to be defined, and the main point of the procedure has to be highlighted for the company
- during the *development* stage, the main features of the training program are defined
- during the *implementation* stage, the contents of the training are delivered, and the evaluation thereof is performed

Annex 1 shows the flow diagram of a typical QS program. Here, we will list the most important tasks of each stage.

Implementation Stage

This stage includes the establishment of contact with the company and the survey of the training needs. Contact can be made by phone, during an official meeting, or in the form of an official visit to the company. The first contact consists of two main steps:

1. Prior to establishing a personal contact, all possible information has to be gathered about the business organization.
2. During the first visit, one should try to learn all about the problems and expectations of the company. The official forms of a survey aiming to do this include:
 - a) observation
 - interviews,
 - questionnaires,
 - b) talking to staff members
 - learning about technology

The preparation stage is concluded by presenting the general plan of the training, or the draft thereof. The plan includes:

- the basics of the training,
- the description of training needs,
- the forecast of necessary resources (including materials, stocks, equipment, essential company-related data, like e.g. job descriptions)

The development stage of the planning process can only start when the company approves the proposal.

Development stage

The development stage is targeted at establishing the contents and main features of the training program. This stage serves to define the contents of the course, to select or develop the curriculum, and to find the trainers.

It is an important part of the training program to teach the new employees company prehistory, organizational structure, products and services, and to tell them how the product is actually marketed. The employee has to position him/herself in the structure of the company, and has to be committed to the mission of the latter. If necessary, a module dealing with private enterprises and other issues of market economy has to be included among the contents of the training.

Task and job analysis

In order to establish the curriculum tailored to the needs of the employer, it is necessary to perform a task and job analysis. One has to define what groups of tasks form a job, and what individual tasks constitute a task group. Each individual task then has to be analyzed in order to define the particular steps of its completion, the necessary professional skills, tools and equipment, plus the health and safety requirements, the protective devices and the performance norm. The technology sheet of the product may help in this respect.

The next step is to establish the contents of the program based on the data revealed by the task analysis. The training plan should include the following:

- 1 definition of the job, the task groups and individual tasks
- 2 performance norm,
- 3 necessary tools, equipment and resources,
- 4 implementation steps (in sequence),
- 5 necessary professional competence
- 6 trainer activities,
- 7 financial resources,
- 8 evaluation

Points 1 -4 can be worked out with the aid of the technological data sheets

The data relevant to job and task analysis and the training plan have to be collected in a manual, and presented to the company. The manual will stay with the company for possible future reference.

Selection of trainers

Another key factor of the development stage requiring special care is the selection of trainers. In addition to possessing in-depth professional knowledge and work experience, the trainers should also be familiar with the peculiar methodology of adult training.

During the organization of QS training programs, a number of training responsables found it best to pick the trainers from among the company staff. This has three main reasons:

- 1 The employees possess the necessary experience. The technical experts already know the procedure, and understand what they teach.
- 2 It is likely that the prospect employees pay more attention if the trainer is a staff member of the company, preferably a foreman or a technology man.
- 3 As the company staff already knows the material or product to be presented, there is no need to teach an external trainer.

In order for the trainers to be efficient, they have to be acquainted with the equipment and their operation. Companies usually have clear cut, job-specific expectations ensuring high productivity, assigning a premium to practical skills. This is what has to be taught to future employees during the training course.

Training of Trainers

Before the QS program starts, the trainers themselves have to go through a course organization and training methodology training. These courses should encompass the following topics:

- job and task analysis, understanding the sequence of tasks, and applying these during the training,
- establishment of daily training and individual lecture schedules to be used to manage the training process,
- learning to use auxiliary training material - e.g. audiovisual equipment - properly,

- learning how to plan classroom lectures linked to job-specific knowledge
- learning how to present the new material to adult trainees

Although we have examined the factors appearing in the development stage of QS training program planning separately, these are in fact very closely connected. It happens quite frequently that the trainers are selected first, and they have to assume the responsibility to assist the job and task analysis, and to choose and develop the training plan and the teaching material. When the tasks of the development stage are completed, the program enters the implementation stage.

Implementation stage

Final Approval of the Training Plan

The company and the training institution have to discuss the basic aptitudes, physical abilities and educational requirements necessary to take a particular job, and an agreement has to be worked out between them. When all the conditions required for the training are provided, the company and the trainer (organization) have to sign a contract. The labor organization recruiting the unemployed trainees has to decide how to finance the course.

Selection of Participants

The labor centers and the local offices select from their files those of the unemployed who match the entry criteria of the training course. These people are then invited as a group for a presentation where the representative of the company is also present, and gives detailed information concerning the program. The applicants are screened jointly by the labor organization, the business organization and the training institution.

During this screening, the training institution can use tests, interviews, memos on previous experience, and other relevant data. The eventual selection of the trainees should be based on the standpoint of the company. A agreement concluded between the trainee and the company is also required.

Evaluation

The evaluation of the results is an important stage of closing the training program. QS training programs have to be evaluated continuously, and if necessary - due to a change occurring in the use of technology or to the appearance of a new type of equipment - the programs have to be altered to take into account the new needs. The evaluation is done at two levels: course level and program level.

- Course level evaluation includes the evaluation of the knowledge and special skills of the trainees acquired during the course. Professional skills can be evaluated through the completion of practical tasks while knowledge can be probed by using written tests or oral examinations. Course evaluation also includes the evaluation of the trainers, where the communication skills, the teaching methods, the familiarity with the subject, and the degree of organization of the course are examined.
- Program level evaluation is also necessary, because the training courses could actually give very high level professional knowledge but inadequate organization or financial difficulties could still jeopardize the success of the program. Two important indicators are the average cost per trainee or employee. It is impossible to precisely measure the impact of QS programs on economic development but nevertheless these data may form a picture about how the program goes.

In addition to the economic profit, one also has to evaluate the other areas of operation. These include the rate of participation in the training, the efficiency of the contact between the training institution, the labor center and the company, the employment situation of the municipality and the region, and the influence exerted towards decreasing unemployment.

Program evaluation includes the evaluation of program planning, organization and implementation. As the program development process is cyclic, the results of both the course and program evaluations can be used to improve the program. The results must be made available to individuals in order to make the former usable when making decisions on future training courses and on the further development of the program as a whole.

9 Quick Start Programs in Agriculture

After 1990, as a part of changes in ownership relations, fundamental changes took place in Hungary concerning land ownership relations, and in the processing and sale of agricultural products. With the changes in ownership relations, the previously existing producer background of food industry processing plants disappeared in the proximity of the plants, and thus the plants are now forced to purchase the products to be processed from a larger distance. The agricultural market has shifted from export to domestic, in particular towards sub-regional trade, which carries the market anomalies caused by the lack of products. A decline in quality assurance can be observed both in the processing of agricultural products and in their distribution.

Organizing producer capacities on new grounds provides an opportunity to drastically decrease the number of unemployed people coming from the agricultural sector, to improve their situation by giving them job opportunities providing them with income and a livelihood based on a food producer contract. The increase of the quantity and the improvement of the quality of products to be processed may create a justification for expanding the employee base of the plants currently operating at a 30-40% exploitation level of their total staff potential. Therefore, QS programs can have a twofold effect: increase the number of both producers and employees.

Given that privatization supplied land and animal breeding opportunities, or the obligation thereof to people who had not been involved in agricultural activities before, the training component of the program is of paramount importance. Farming can provide income opportunities only for those who can cope with the new technical conditions and quality requirements. Acquiring knowledge is indispensable to start up production. It is this very economic situation that justifies and even necessitates QS-type agricultural programs.

In 1996, pilot agricultural QS programs were launched. The specific producer foundations of these programs, the background and qualifications of the participating unemployed, and the marked difference of the organizational work from the features of other economic sectors (natural conditions, tradition, dependence on climate, handling livestock, seasonal, weather-dependent risk) prompt the separate treatment of agricultural Quick Start programs, also making it worthwhile to re-think their system.

The output of agricultural QS programs is more than just the reduction of unemployment. In addition to providing an employment and rehabilitation solution for sub-regions - there is no true alternative to agricultural self-employment in these regions - the creation of the local possibility of making a living prevents the migration from these places (resulting in deserted small settlements) driven by the lack of livelihood.

Features of Agricultural QS Programs

- Reduces agricultural unemployment temporarily or on the long run,
- Usually does not provide a job, but livelihood in the form of extra income,
- Prepares the individual to make a living as a farmer or in a private family enterprise,
- The participation of local governments is essential in the sub-regional programs of agricultural regions,
- It is required to coordinate production, employment and financial (e.g. leasing) options,
- Facilitates rapid response to market needs (new species, change of strains),
- Promotes the rapid spreading of agricultural high tech methods, thereby enhancing competitiveness,
- Requires considerable work of organization and an extensive network of connections.

Characteristics of Agricultural QS Program Participants

- Individual activity and risks,
- Establishment of a single-purpose temporary alliance as form of enterprise,
- The majority of participants possesses only basic school degrees or nothing at all,
- The participants dispose of no or very limited capital.

Participants' Characteristics as Seen by Producers' Funds

- No land ownership, but agricultural know-how,
- No land ownership, but appropriate facilities, some capital and specific skills,

- Ownership (small lots) no guaranteed market one-sided production,
- No land ownership, no capital, no tools for production no skills

Major plants processing the products obtained can be *cooperating partners in agricultural QS programs*

Units processing products of vegetal origin

- cannery,
- refrigeration, deep freezing plant,
- pickling, drying facility,
- seed, herb processing plant,
- fodder processing plant,
- purchase of primeurs
- mushroom processing

Units processing products of animal origin

- meat processing plants pork, beef, rabbit, poultry,
- milk processing plants,
- purchase of livestock

Organization of Agricultural QS Programs

The preparation of agricultural Quick Start programs is done in several stages, and requires substantial surveying work (The 3 organizational scheme models are summarized in *Annex 2*)

Preparations to Organization

This means the county or regional level survey of what agricultural product is actually required The commissioner-side guarantees of this are

- leasing,
- contract purchase guarantee (fixed or protective prices),
- preliminary position statement on possible contract producer staff number subject to agreement Viewed from the commissioner-side, this contract can be signed by a natural (e g for breeding rabbits) or legal (e g for social land exploitation) persons For contracts signed by legal persons, three forms are recommended
 - the plant commissioning production with the local government,
 - with a foundation established by local governments,
 - with a non-profit company set up by the local government

The organization of agricultural QS programs is fundamentally different from the organizational methods of labor market training applicable in other economic sectors because the organizational work is done by the coordination of the local governments involved, or local government activities play an important role. Close contact with people is an important motive of organization.

Implementation of Agricultural QS Programs

The implementation process builds on the results of the preparation stage, and can be divided into 5 steps:

- recruiting the unemployed participating in the program
- organizing the theoretical and practical training
- organizing the material resources (e.g. land) necessary for the implementation,
- settling the financial aspects of the implementation,
- follow-up: the method of evaluating efficiency

The work of organization starts at the *local governments of the sub-region*, the organizer can be a local government staff member with an extended job scope, or a public worker commissioned by the local government.

The first step is disseminating sub-regional (local) information concerning the opportunities (advertisement, PA announcement, cable TV, meetings, etc.). At the same time, the local office of the regionally competent labor center promotes the program. This is followed by detailed information supply for groups. The presence of both the representatives of the training institution (preferably instructor or program responsible) and that of the labor center is required. To continue, interviews can be included (reliability, suitability, survey of background). The applicants are invited to and dealt with at the local office of the labor center competent for the region.

The information should focus on what is feasible: the results and the risks of the program. It is important to convey these to the participants in a straightforward, realistic manner, especially in relation with the financial aspects (influencing factors: weather, animal diseases). The rest is taken care of by the local labor office respecting the regulations in force.

Organization of Theoretical and Practical Training

Partly precedes, partly goes in parallel with the other organization tasks:

- The first step is to appoint the lead *instructor* of the training, who is present at the group briefing, participates - in addition to the invited expert - in analyzing the agricultural activity process, elaborates the modules and expectations of the training, selects the location of practical training (social land lot, leased land, etc.), verifies its utilities (irrigation, etc.), finds the place of theoretical training, and guarantees that the conditions are appropriate.

- Ensuring material conditions

of plant cultivation

The location is selected by the representative of the local government. It can be one of the following

- social land lot,
- other connected land lot owned by the local government,
- leased (by trainee or local government) land,
- land owned by trainee or his/her family

of breeding animals

The conditions for breeding animals available to the participant are commented on by the commissioner, the buyer or the representative of the leasing plant. Applicants can be accepted or refused, or a proposal is made to alter the conditions and approve them during the next visit (rabbit, chicken, pigeon, goose, pig, duck, etc. breeding).

- Providing the Financial Conditions of Implementation

Here, too, agricultural QS programs show some peculiarities, because in addition to the funds serving to cover training expenses, the financial background for ensuring employment has also to be established, there should be legal and financial protection for production, and participants have to be made interested in production (profit incentives). In the case of plant cultivation (on social land lots) by groups, the financial resources of employment are as follows

- leasing by the commissioner,
- debiting to collectively approved funds allocated by the local government,
- proposal grant (Ministry of Welfare, Enterprise Development Fund, National Employment Fund, etc.),
- financial contribution of the trainee

In the case of individual leased animal breeding production activities, the financial background of employment consists of two parts

- lease from farms (animals for breeding, etc.),
- trainees' own conditions (fodder, cages, feeder machine, etc.)

The economic success of agricultural Quick Start programs depends on a number of external factors on which the participant has little or no control at all. In the case of plant cultivation contract programs, weather plays a decisive role (frost, flood, draught). In the case of animal breeding lease contract programs, the risk factors are linked to animal health problems (epidemics, when animals are confiscated or have to be put down) and commercial barriers (export or domestic). The proposed solutions are

- In the case of leased contract plant cultivation by groups, it is recommended to sign a mortgage contract between the legal entity as operator (local government, foundation, non-profit company) and the lessee plant (cannery, refrigerating plant, deep freezing facility) for the real and tangible properties to cover the lease deposit, which serves to protect the trainees and the program itself if the product defined in the contract cannot be delivered.

- Insurance is mandatory for every agricultural program. This covers e.g. frost or flood damages in the case of plant cultivation programs by groups and is owned by the operating legal entity.

In the case of animal breeding, Quick Start programs based on individual risks and activities, in addition to leasing (e.g. breeder animals) the protective price purchase contract, the possibility to control the fodder used and animal health protection services also have to be ensured. If during the training the participants are introduced to the risks of breeding an animal species, the technical conditions of producing high quality products, and they keep to these rules during breeding, then profit generation is essentially a function of the participants' activities.

In the case of plant cultivation based on individual risks and activities in addition to potential leasing (e.g. sowing-seeds seedlings) the protective price purchase contract, the possibility to control the germination potential of the seeds, the vitality of the seedlings, the possibility (if necessary) to check residual pesticides in the soil (testing laboratory) also have to be ensured. If during the training the participants realize the importance of complying with the production technology, and get to know the range of allowed pesticides, the available consultation, and the production risks of the cultivated plant, then profit generation is essentially a function of the participants' activities.

In the case of plant cultivation contract programs by groups, the persons forming the group may decide whether from among the technological processes they wish to perform dressing/hacking and other nursing-tending (cutting shoots, removing tassels, external stamination) and harvesting individually or collectively, and they accordingly wish to receive the profit generated on their respective land lot part (agreed portion) or the amount obtained by dividing the total profit generated on the entire cultivated land by the number of participants. These operating processes have an unlimited number of variants.

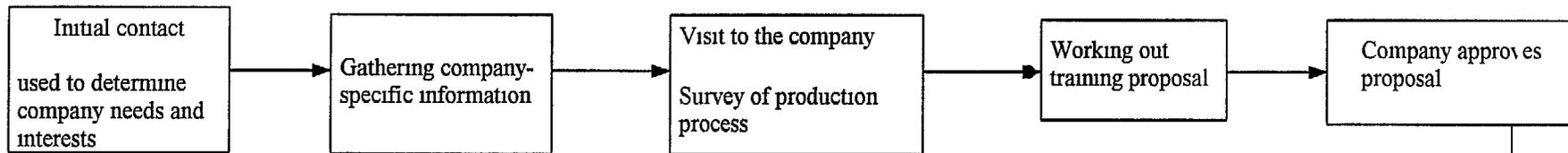
Up to now, four contract production programs by group have been completed. The four groups performed the major technological processes requiring machines/equipment collectively, three groups out of the four shared the profits evenly for the entire land, while one of them saw the appropriate incentive in the profit generated on their individual lots.

ANNEXES

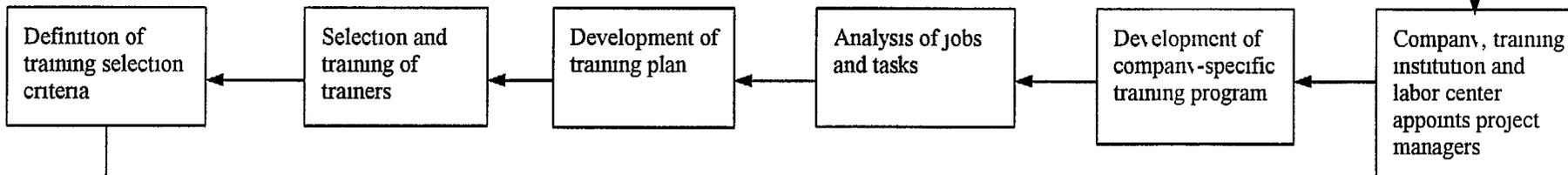
FLOW CHART OF QUICK START TRAINING

Annex 1

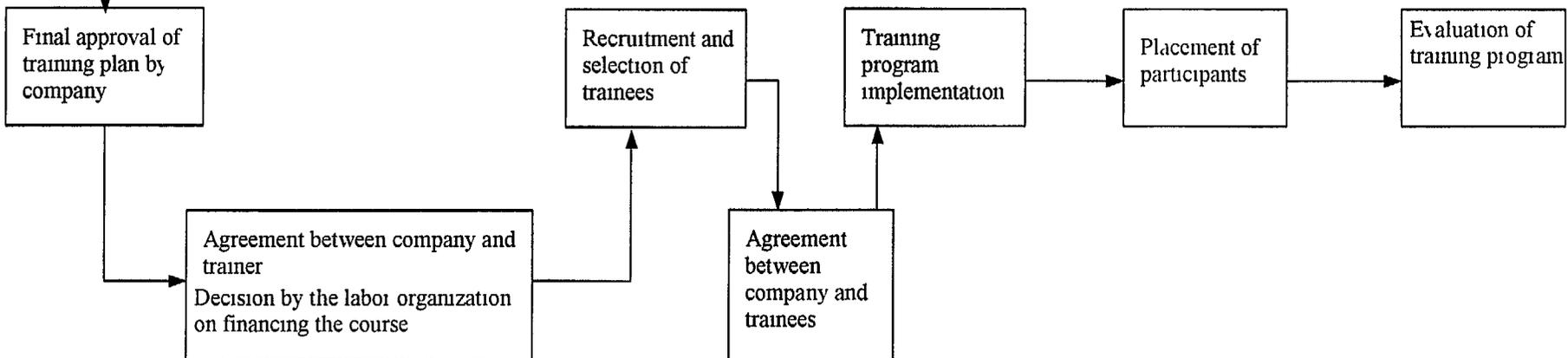
PREPARATION



DEVELOPMENT



IMPLEMENTATION

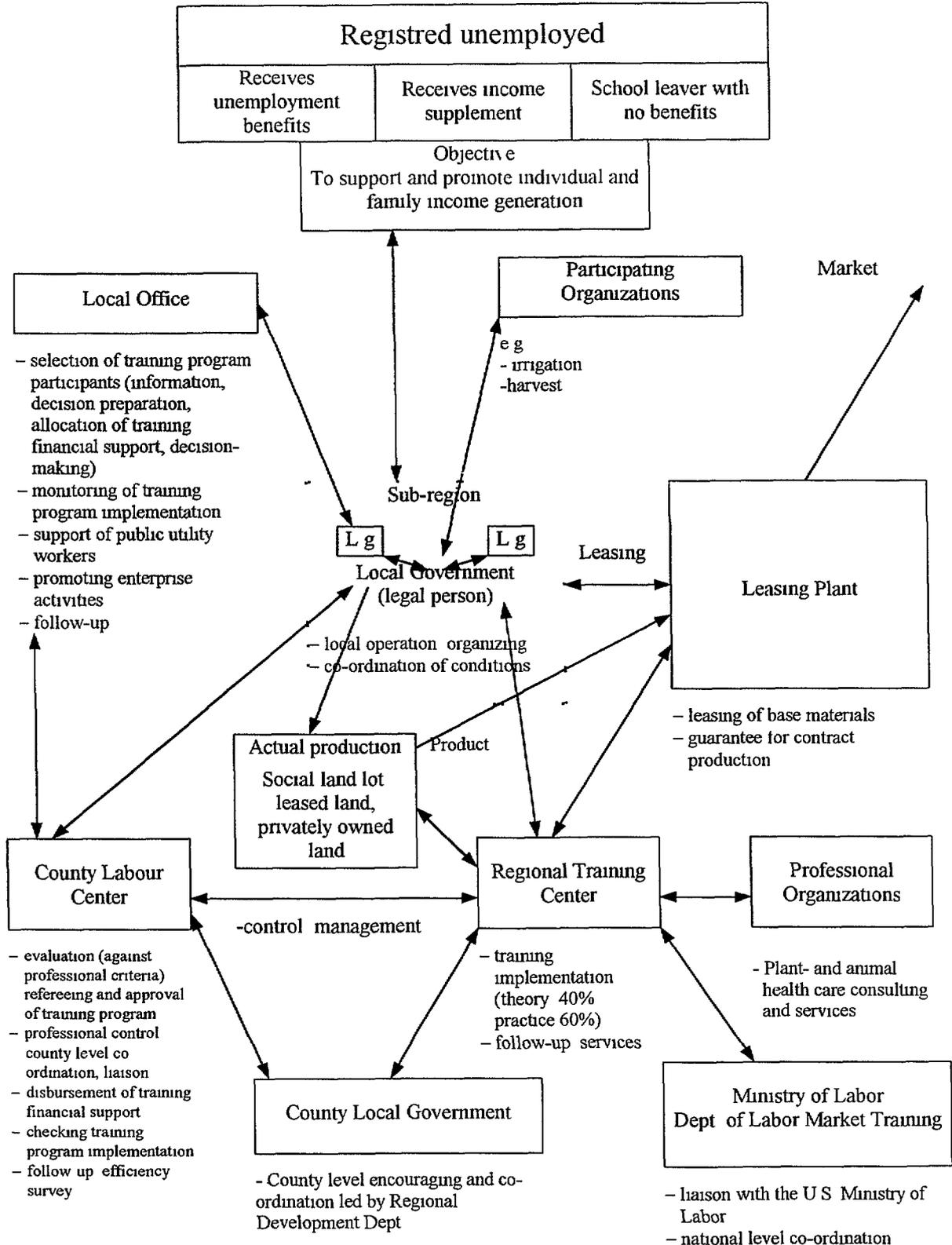


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„Quick Start” Co-ordinated Training, Employment and Agricultural Producer Program For Severely Disfavoured Sub-regions

Operating Model No 1

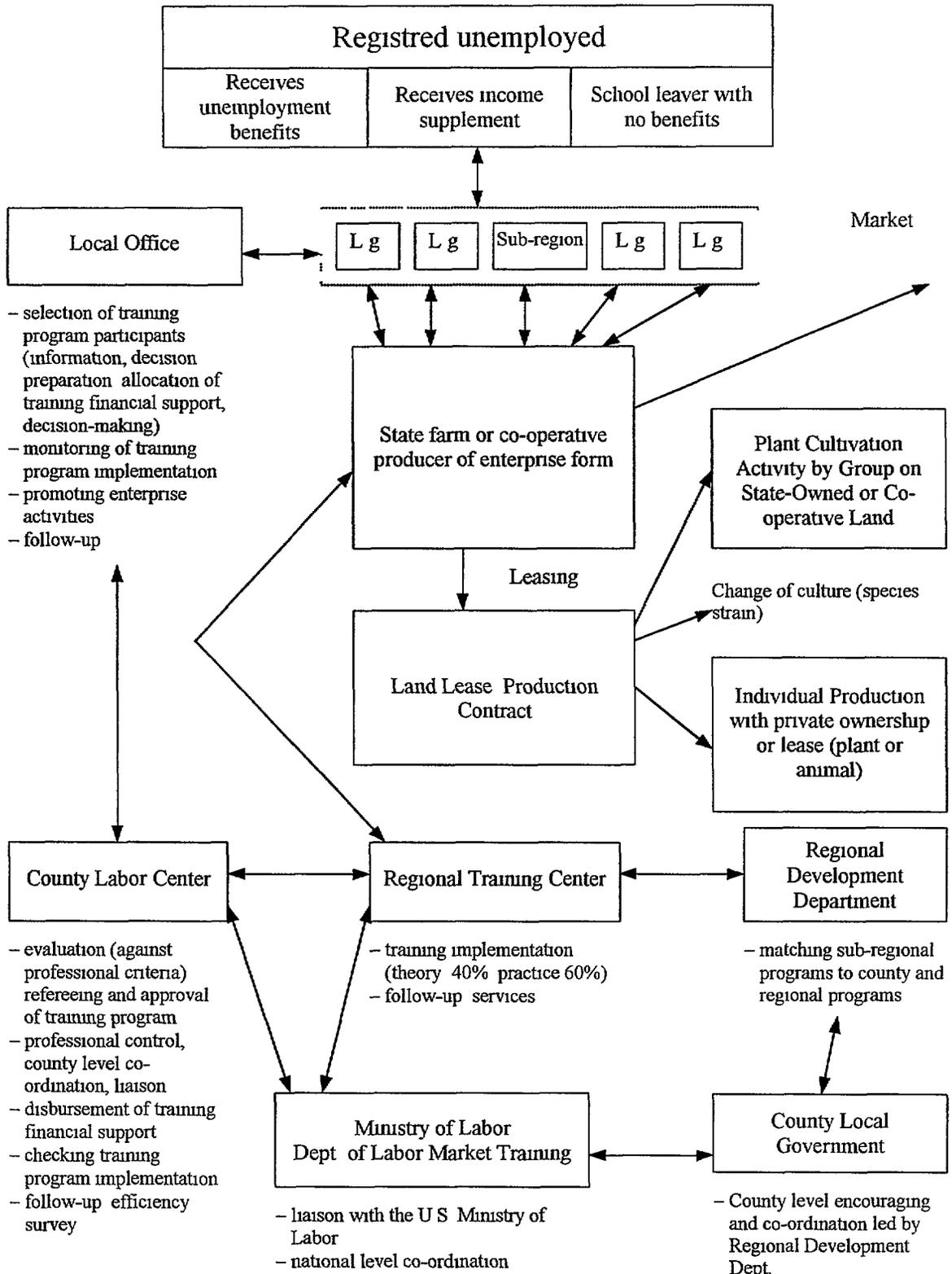
Agricultural cultivation programs for groups
(recommended participant number 20-100/program)



„Quick Start” Co-ordinated Training, Employment and Agricultural Producer Program For Severely Disfavoured Sub-regions

Operating Model No 2

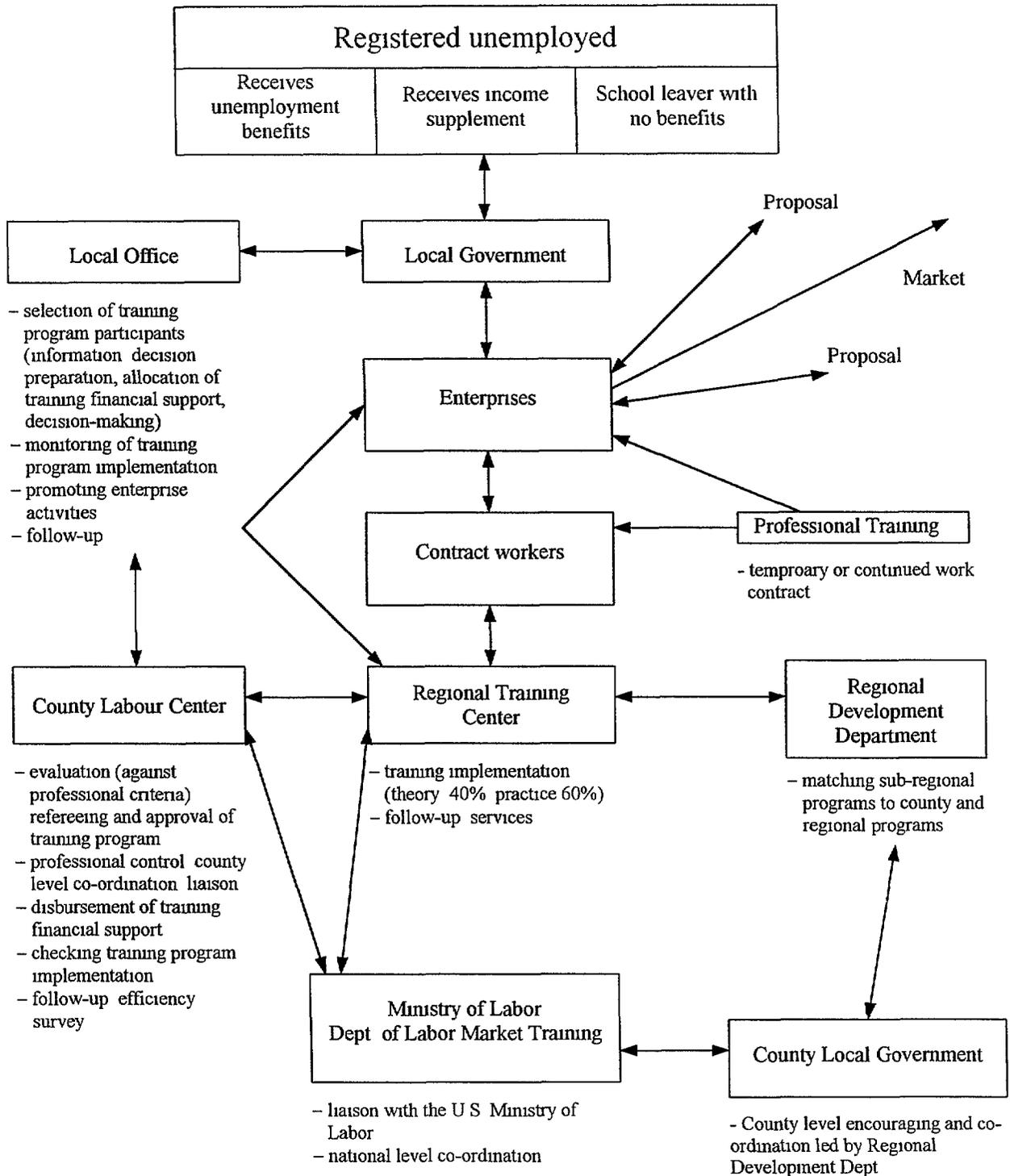
Agricultural cultivation programs (for individuals or groups) individual animal breeding programs
(recommended participant number 15-80/program)



530

„Quick Start” Co-ordinated Training, Employment and Agricultural Producer Program For Severely Disfavoured Sub-regions

Operating Model No 3 Agricultural cultivation programs for individuals or groups
(recommended participant number 20-40/program)



ANNEXES

Job _____
Task group _____
Task _____
Performance norm _____

Steps of Completion	Decisions / Knowledge	Conditions / Materials / Equipment	Safety issues

5/3/3

Job Plate cutter operator

Task group Cutting given lengths

Task Cutting metal pieces for fixing sawblades

Performance norm Sawblade stripes should fall within 3% (scrap) of predefined value

Steps of Completion	Decisions / Knowledge	Conditions / Materials / Equipment	Safety issues
<i>1 Procurement of Metal</i>	<i>Choice of appropriate plate thickness, dimensions, etc from procurement instructions</i>		<i>Lifting technique</i>
<i>2 Transport of material to machine, preparation for loading</i>	<i>Checking materials according to instructions</i>	<i>Edge scissors, protective goggles, leather gloves</i>	<i>Risks of cutting</i>
<i>3 Loading material into cutter</i>	<i>Defining position of material (place, orientation) within the machine</i>		<i>Setting machine guiding rails Lifting technique</i>
<i>4 Setting cutting commands and cutting positions</i>	<i>Reading instructions, machine testing and setting</i>	<i>Measuring tools, wooden mallet</i>	
<i>5 Test cutting</i>	<i>Comparison of results with specifications</i>	<i>measuring tools</i>	<i>Results should be within allowed margins</i>
<i>6 Final settings</i>	<i>According to instructions</i>		
<i>7 Operation</i>	<i>Applying quality control procedure</i>	<i>Protective equipment</i>	<i>Ensuring safe operation of equipment</i>

<i>Training plan</i>	Sample format
<i>Job</i>	Plate cutter operator
<i>Task group</i>	Cutting given lengths
<i>Task</i>	Cutting metal pieces for fixing sawblades
<i>Performance norm</i>	Sawblade stripes should fall within 3% (scrap) of predefined value

Tools, resources, materials, equipment and situation(s)

Plate cutter, material (metal), measuring devices, protective goggles, leather gloves, mallet

Completion steps

- Procurement of metal
- Transport of material to machine, preparation for loading
- Loading material into cutter
- Setting cutter commands and cutting positions
- Test cutting
- Final settings
- Starting operation

Knowledge

- Relevant safety measures, e.g. risks of cutting and lifting
- Selection of plates with appropriate thickness and dimensions according to procurement order
- Checking materials according to instructions
- Placing and positioning material into machine
- Instructions, settings and measurements
- Application of quality control procedures

TRAINING ACTIVITIES	RESOURCES
<i>Mandatory reading</i> <i>Part 2 "Cutter Settings"</i> <i>Part 2 "Correct Material Positioning"</i> <i>Talk/Demo</i> <i>(relevant to mandatory material)</i> <i>Demonstration of the selection of correct thickness and of material (metal) instructions</i> <i>Practising material positioning and cutting</i>	<i>User manual</i> <i>Zinco plate cutter machine</i> <i>Thickness tables and instructions</i> <i>Trainee groups, pairs</i>

WRITTEN EVALUATION

Task Mounting pressure regulator on air compressor

- *The air compressor should start at regulator low setting and stop at high*
 - a) during three consecutive cycles,
 - b) during two consecutive cycles,
 - c) during four consecutive cycles,
 - d) during one cycle

- *The arrow on the pressure regulator should point into the proper direction, which is*
 - a) towards the vessel,
 - b) opposite to the vessel,
 - c) the side of the intake opening,
 - d) answers A and B

- *Which of the following tools is not needed for mounting the pressure regulator?*
 - a) crescent wrench
 - b) small pipe-wrench
 - c) hammer
 - d) screwdriver

- *Which is the correct side of the pressure regulator to reconnect the system pipe to?*
 - a) threaded
 - b) quick release
 - c) entry side
 - d) exit side

PERFORMANCE ASSESSMENT

Job Building mechanics
 Task group Electrical repair
 Task Mounting pressure regulator on air compressor

Process evaluation Step-by-step control of task completion process by trainer

	PASSED	FAILED
1 Disconnecting compressor		
2 Opening outflow end exit valve		
3 Closing valve subsequent to air removal		
4 Closing valve on compressor vessel outflow side		
5 Disconnecting tube from valve		
6 Mounting pressure regulator on valve outflow side ATTENTION Check whether the arrow on the regulator points into the proper flow direction (opposite to the vessel)		
7 Re-connecting system tube onto outflow side of pressure regulator		
8 Starting up compressor motor (mains)		
9 Switching on and operation of compressor motor until automatic system shutdown		
10 Setting pressure regulator		
11 Monitoring through 3 cycles		
Product assessment Evaluation of finished product by trainer		
1 The air compressor should start at regulator low setting and stop at high during three consecutive cycles		
2 The compressor should be within 5-10 PSI from cutoff point at full power		

Approved by _____ Date _____

Start date _____ End date _____

Name of vocational training institute _____

Name of labour center _____

Name of company _____

The training has been performed _____ for a new society (company, plant, etc),*
 _____ for an existing, expanding society,*
 _____ to react to an employment emergency *

Professional training schemes (1) _____
 (2) _____
 (3) _____
 (4) _____
 (5) _____

Number of selected persons

Number of registered persons

Number of training course graduates

Number of dropouts

Number of unsuccessful exams

Reasons of failure _____

Total number of training course hours
 Theory
 Practice

Number of newly created jobs

Number of jobs saved

--	--	--

Total project costs HUF

Cost sharing Labour center
 Company
 Training institution
 Other

Specific costs HUF / person

Contribution in kind Labour center
 Company
 Training institution

Ggraduates' average hourly wage rate by profession

(1) _____
(2) _____
(3) _____
(4) _____
(5) _____

Date of employees' new placement _____ dd _____ mm _____ yy

Name of project supervisors

On behalf of training institution _____

On behalf of labour center _____

On behalf of company _____

Number of trainers

On behalf of training institution

On behalf of company

Job and task analysis data are available

yes*

no*

* Underline as appropriate

QUESTIONNAIRE
Trainee Evaluation of QS Training Program

* What did you like in connection with the program? Tick all the good points

- The program helped me to learn how to perform the tasks
- The program helped me to pass the tests
- The program helped me in doing the tasks
- The program was interesting
- The training curricula were adequate

* What mistakes did you find in the program? Tick those statements that are true
These information will assist the organizers in improving the training programs of the future

- I did not understand the objective of the program
- I did not understand the information passed on within the program
- The program had nothing to do with my preparation for the job
- The program was too long
- The program was too difficult
- I failed to see the meaning of certain parts
- More graphs, pictures and demo materials should have been used
- I did not have the opportunity to perform the tasks

* How could we improve the program? Remarks _____

STATISTICAL REPORT

Name of program _____

Location _____

Start date _____ End date _____

Number of applicants _____

Number of registered/present _____

Number of dropouts _____

Number of graduates _____

Number of employed persons _____

What did the dropouts signal as reasons for acquittal? _____

Why were the graduates not employed? _____

What were the screening and selection methods of trainees? _____

Appendix 12 AgroStart

(translated from the Hungarian book)

***HUNGARIAN-ROMANIAN MANUAL OF THE
COMBINED EMPLOYMENT EXTENSION AND
ECONOMIC DEVELOPMENT PROGRAM***

BEKES COUNTY

*Prepared by the support of the PHARE CBC Hungary-Romania program as an
output of the professional workshop of Arad and Bekes Counties*

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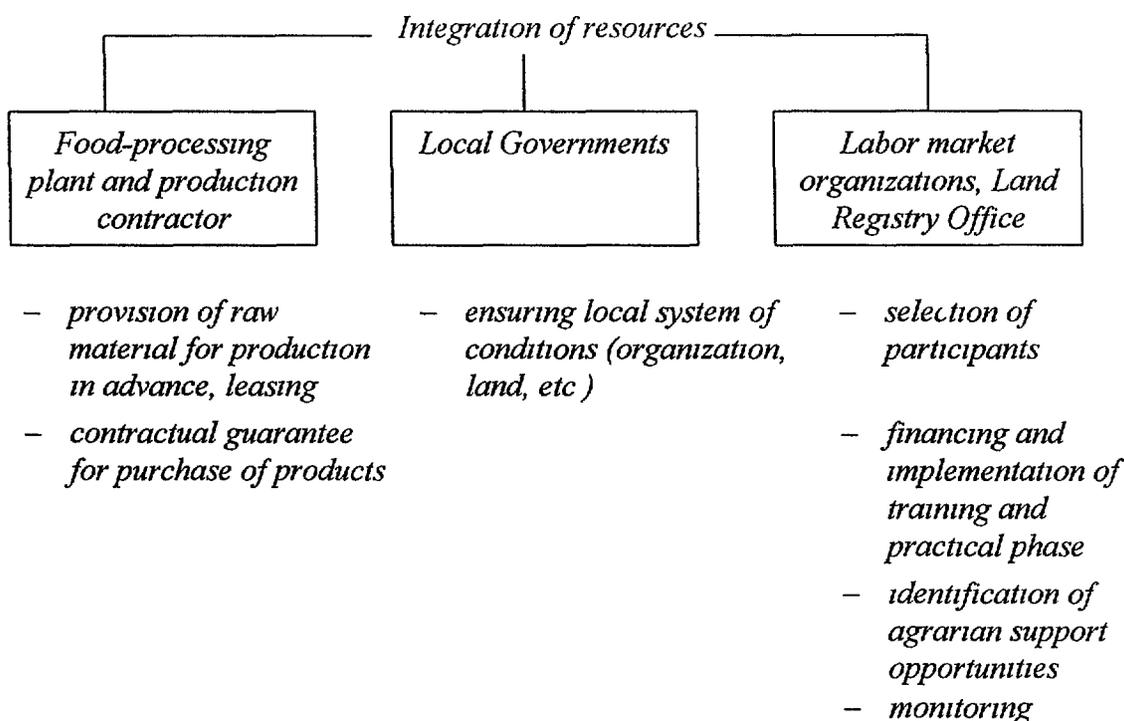
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ROMANIAN LANGUAGE TRANSLATION OF THE HUNGARIAN AGRO START PROGRAM

AGRO START
combined employment extension and economic development program

Objective of the program *to assist the unemployed in regions in need of increased development in becoming agricultural small-scale producers and to extend the local producer capacity of food processing plants and production contractors*

OPERATIONAL CHART



Programs implemented

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ <i>canning raw material producer</i> ▪ <i>herb grower</i> ▪ <i>vegetable-growing (complex program)</i> ▪ <i>melon growing</i> | <ul style="list-style-type: none"> ▪ <i>pig-breeding</i> ▪ <i>poultry-breeding</i> ▪ <i>sow-seed growing</i> ▪ <i>private husbandry (complex program)</i> |
|--|---|

INTRODUCTION

Areas where closing the gap, in both economic and employment terms, requires increased development, and it is of outstanding importance to concentrate available resources according to certain priorities and programs. In areas where the majority of the countryside population lives, which is in a need of special support, repeated and permanent integration in the economy, the world of work can be provided only if the required conditions are made available in a complex form at the same time.

The necessity of a planned coordination of resources applies also to the villages of the agrarian regions of the Big Plain. In these regions, the amount of in-flowing capital is not considerable, no significant number of new jobs are created in either of the branches. Low level self-support and additional ad-hoc or illegal jobs represent the basis of living. In case of these layers of the countryside society the only opportunity for the families to make a career locally and increase the level of income generating capability is to choose such form of agricultural small-scale production or self-employment, which guarantees the presence of all the basic conditions required for production. In addition to this, the marketability and salability of the products must ensure a link with the primary industry.

The objective of the AGRO START combined training, employment and small producer program established in Bekes County is to assist the unemployed in becoming agricultural small-scale producers and farmers and to extend the local and small regional producer capacity of food processing plants and production contractors. A special feature of the model is that it provides the participants with a complex system of conditions guaranteeing the coordinated presence of financing, infrastructure and training at a small regional level. The coordinated cooperation of state, local governmental and economic organizations and their inter-related resources ensure this extensive system of conditions.

The participation of the state and the local governments as well as the implementation of the AGRO START program representing also the interests of the market players of the economy has a two fold result. It has both an employment development and a small regional economy development impact.

Apart from the establishment of a new self-employed small-scale producer circle in a given village or a small region, the increasing amount of purchased products stabilizes and extends the number of employees at the processing plant. The implementation and extension of the program, from an economic aspect, contributes not only to the increase of agricultural production. Considering that the raw material is used for marketable, predominantly exported products, it also contributes to the dissemination of modern technology, the process of cultural change, the increase in the level of processed local products as well as to the extension and organic development of new types of agrarian production integration and cooperation from an economy organizational aspect.

Grateful acknowledgement and respect is due to those organizations whose leaders the authors of the present manual have recognized the opportunities lying in the cooperation and made all efforts to help the implementation of the program and the preparation of this publication which could not have been completed without the supporting provided by the colleagues of the PHARE CBC Hungary-Romania Program Office in Bekescsaba

This methodological manual has been prepared on the basis of laws and regulations in force at the date of its publication, therefore rules and regulations concerning certain measures and financial sources may change Irrespective of this however, the principle of resource integration and the coordination of its components, as described in the model can be applied generally where the conditions of cooperation are to be developed

The authors recommend the present publication to all those state, local governmental and economic organizations which may act as initiators of combined employment and economic development/countryside development programs

*Gyorgy Molnar
Program Director*

I PREPARATION PHASE

1 Establishment of Program Organization Work Group

The AGRO START program creates a much more comprehensive cooperation compared to any of the previous employment extension and economic development facilitating types of programs. To be able to use the resources of state, municipal, economic and production contracting organizations in a planned and coordinated manner, a coordinating body is required, which enables the active involvement of all participants. Therefore first of all, the establishment of this program organization work group shall be initiated. The creation of this work group can be initiated by any of those having an interest in or concerned by the implementation of the program. The program developing and operating work group in Bekes County includes the representatives of the following organizations

- *Labor Center of Bekes County and its local authorities*
- *Regional Labor Development and Training Center of Bekescsaba*
- *Land Registry Office of Bekes County*
- *Economic, regional development and environment management committee of the body of Bekes County*
- *Small regional development association or society concerned*
- *Local government or non-profit organization of the village concerned*
- *Food-processing plant or production contractor providing the economic background*

2 Definition of Production and Economic Development Objectives

When defining the specific objectives of the programs, a dual system of requirements has to be considered. On the one hand, the AGRO START program represents a program meeting the requirements of regional development, labor market and employer needs and providing experts with specialized professional knowledge and experience thus enabling the production contractors and the employers to achieve higher production level and enhanced efficiency. On the other hand, it provides assistance to the permanently unemployed and those being in need of increased support from a social point of view, who, upon the successful completion of the training and employment program, become agricultural self-employed (small-scale producers, farmers) thus ensuring their own and their families support, and the extension of their income generating opportunities

Aspects of defining economic and production contracting objectives

- *potential agrarian economic development directions of the given small region with a special emphasis on the requirements of a structural, cultural and species change as well as on the requirements of the production of quality products and the introduction of modern technology,*

- *needs of investors entrepreneurs, food-processors and production contractors for specific marketable products and these businesses potentials in terms of purchase volume and providing production conditions in advance*

3 Consideration and Guarantees of the Economic and Labor Market Background Conditions of Production

A review of the available conditions shall be made in the following areas

- *definition of training of the registered unemployed participating in the program,*
- *combination of necessary active labor market measures,*
- *basic producers, market, leasing, production contracting, and purchase guarantees*
- *access to tendering opportunities loans, support*
- *production safety, insurance (risk factors)*

Based on aspects as set out in point I 2, the following needs to specified

- *name of coordinator,*
- *production process manager's name,*
- *training manager's name,*
- *schedule*
 - *beginning of training*
 - *organization time*
 - *definition, adjustment of training period*

These reviewing, estimation and selection processes shall be carried out approximately at the same time based on points 4a, b, and 5 of Chapter I

The usual length of the preparation phase of the AGRO START program is 3 to 6 months during which integration of resources and the preparation of a successful economic activity represents the most time-consuming task

4 Selection and Organization of the Unemployed Participating in the Program and the Arrangement of their Relations of Interests

a) Selection of the unemployed

The success and efficiency of the program depends to a significant extent on the selection of its participants

The selection of the unemployed to participate in the program and the right to provide training support fall in the scope of authority of the local branch of the county labor center. Local branches provide training opportunities for those whose employment and job-finding opportunities are best increased by acquiring marketable technical knowledge that can be sold on the labor market

Local knowledge, information, and personal experience, possessed in full only by local governments knowing the local population, its conditions and the way of life, represent the pre-condition of a successful selection of the unemployed

Criteria of selection

- the person's own will and intent to change his life and become employed,*
- the person concerned should not want to continuously live from support and benefits, should not accept his social, moral situation, should possibly not, be unemployed for more than two years,*
- the selected person should feel committed to the agricultural producing activity (primarily those who have become unemployed from the agrarian sector),*
- the family background of the person concerned should have roots and traditions related to agriculture and husbandry,*
- the selected person or his family should possibly own land or have the basic conditions required for husbandry,*
- the person should possibly be under 40 years of age and be in an appropriate physical condition*

The permanently unemployed, those with a primary school or even lower education and those who do not have the objective conditions of farming represent the target group of the program. As a rule, the level of motivation and the propensity to be trained of those with lower level education is extremely low. Therefore, it represents a hard and time-consuming task to convince and motivate these people, which, however, is essential as the key to successful learning is motivation.

The local branch of the labor center organizes a joint orientation session for those unemployed who belong to the target group where the program manager of the training center is also present. It is extremely important to hold a realistic presentation about the program, to talk about its advantages and risks (influencing factors e.g. weather, veterinary hygiene). Then, in the form of personal interviews, it can be clarified whether the program fits to the applicant's personality, sphere of interest and capabilities and whether the objective conditions required for farming exist or can be provided.

Local governments, as already mentioned, play a considerable role in the motivation and selection of the unemployed for they know well those receiving income supplementing benefits. Many decide to do training because employment upon the completion of the training allows them to extend the period during which they are entitled to the income supplementing benefits. It is very important to coordinate the work of the municipalities and the labor and training centers because only those unemployed can receive training support who are registered at and cooperate with the labor centers.

During the organization work, the local government has to pay attention to recommending the program only to those who meet the criteria as training costs, in other cases, have to be paid by the unemployed themselves.

Experience has shown that the fact that there is employment after training has significantly contributed to convincing the unemployed to do training because they know when entering the course that there will be jobs for them upon finishing their studies. Selection of the participants represents a very important task because the thoroughness and professional justification of the selection has a great impact on the success of the program and on the drop-out rate during the training period.

Applications for training support are evaluated and recommendation for support is made by the decision-preparation committee (KBD) of the local branch. KBD consists of three members (including its chairman)

- *chairman or training coordinator or a person assigned by the head of the local branch,*
- *one of the members is the mediator preparing the evaluation of the given application for support,*
- *the other member is the training coordinator (if he does not act as a chairman)*

b) Definition of passive and active measures related to the labor center program

The Employment Act of 1991 and the Act of 1993 on Social Matters contain passive and active employment policy measures aimed at the provision of the unemployed and the facilitation of employment

Decisions concerning the principle of utilization of the budget available for the county from the employment part of the Labor Market Fund and the ratio of various types of support are made by the county's labor committee. The labor center decentralizes the budget available for the support of certain activities and refers it to the decision-making authority of the local branches. Thus, local branches carry the responsibility for the efficient use of the budget

Measures related to the AGRO START program are as follows

Passive measures aimed at the provision of the unemployed

- *unemployment benefit can be provided to those, who had at least one year of employment over four years prior to becoming unemployed, who are not entitled to retirement pension, disability annuity, accidental disability pension and do not receive sick-leave allowance, instead, they want to find employment but the labor center can not offer an appropriate job for them so they cooperate with the labor center in seeking a job. The amount of the unemployment benefit totals 65% of the average salary of the four calendar quarters before the date of becoming unemployed, its lower limit is 90% of the lowest amount of retirement pension (except, if the average salary is smaller, in which case this amount represents the basis), its higher limit is double the amount estimated this way. The payment period of the unemployment benefit is a maximum of one year*
- *after the unemployment benefit payment period, the unemployed may be entitled for income supplementing support if the monthly income of the family does not exceed 80% of the lowest amount of the retirement pension per capita. The payment period of the income supplementing support is a maximum of 24 months. The unemployed may become entitled for the unemployment benefit again if a minimum of 180 days of employment can be proved and other pre-set conditions are met. In this case, the unemployed is entitled for the unemployment benefit for 45 days and then, if his social conditions justify it, he may again receive income supplementing support for two years. Participants of the AGRO START program have an opportunity to gain the 180 days of employment upon the completion of the training, which explains why many decide to do the training*

Active measures facilitating employment

Training support

Training support can be given to the unemployed, if

- *the training is offered by the labor center or if the labor center approves the participation prior to the beginning of the course,*
- *the training meets the conditions as set out in the effective decree of the Ministry of Social and Family Affairs*

Types of training support

- *income supplementing support,*
- *training, travel and accommodation cost reimbursement*

The amount of the income supplementing support equals the lowest limit of the unemployment benefit, in case of those unemployed starting their career, it is 30% Participants of the AGRO START program are provided with the following during the training period

- *if the unemployed participating in the training receives unemployment benefit, he can not be entitled to income supplementing support but the unemployment benefit has to continue to be paid to him,*
- *if the unemployment benefit payment period of the unemployed participating in the training offered by the labor center, is terminated during the course, income supplementing support has to be paid to him for the rest of the training,*
- *if the participant doing an intensive course i.e. minimum 25 hours per week is just starting his career, he is entitled for income supplementing support,*
- *if the participant receives income supplementing support, it has to continue to be paid to him,*
- *if the participant does not receive any type of unemployment support or the income supplementing support payment period is terminated and he belongs to the group of the permanently unemployed, i.e. registered for more than a year and has been cooperating and not provided with active measures during this time (except public work for the maximum period of one month), then he is entitled for income supplementing support,*
- *if the participant does not receive any type of unemployment support, is not just starting his career and is not a permanent unemployed, then income supplementing support can be paid only in special, well-justified cases*

The cost of training offered by the labor center is reimbursed entirely by the labor center Training is free of charge for the participants of the AGRO START program, travel and accommodation costs are reimbursed in special, well-justified cases

Support for Public Work

Support up to 70% of the direct costs of employment (up to 90% in case of conditions defined by the labor council) can be provided to the employer if

- when pursuing a public activity in the interest of the population or the settlement,
- it undertakes the contractual employment of an unemployed mediated by the local branch,
- it increases the number of employees by this employment,
- it does not receive any fees from other organizations compensating the service provided by this employment relation

The support payment period is a maximum of one year

After completing the training, the local government supported by the local branches will employ in the frame of public work part of those participating in the AGRO START program

Support for assisting the unemployed in becoming an entrepreneur

Those receiving unemployment benefit and to whom the local branch can still not offer a job may apply for the following support upon becoming an entrepreneur

- upon the presentation of the official entrepreneur's license support of an amount equal to that of the unemployment benefit can be given for another, maximum 6 months,
- reimbursement of maximum 50% of the costs of professional counseling offered by the labor center and used by presenting the entrepreneur's license,
- reimbursement of maximum 50% of the training costs related to pursuing the business activity,
- reimbursement of maximum 50% of the costs of loan collateral insurance in case of a loan for a maximum period of one year

The local branch makes a decision in its related scope of authority on whether to provide the participant of the AGRO START program with any form of support when becoming an entrepreneur

Job creation support

Based on an application process, support may be provided to those unemployed who support themselves by pursuing activities outside their employment relation, who can resolve their self-employment as a full-time job in the form of a private enterprise or as personally active members of economic corporations, agricultural producers or cooperative members and those who receive support designed for assisting the unemployed in becoming entrepreneurs

The labor center determines the detailed conditions of providing the support. In Bekes county, interest free loans to be repaid in equal installments during 36 months after a grace period of 12 months represent the method of support

The amount of support is maximum 500 thousands Hungarian forints per person. Support is provided for the procurement of fixed assets, in special cases for the purchase of current assets

Pre-conditions related to the application process include that the applicant shall have special education required for pursuing the activity concerned

Upon the successful completion of the AGRO START training program, participants may apply for this support designed to promote self-employment and also for other support provided by other organizations to promote various agricultural production activities. These other types of support include the

- Regional Development Fund,*
- Environment Protection Fund,*
- Tourism Fund,*
- Labor Market Fund,*
- Agrarian Branch Support*

The Ministry of Agriculture and its county level authority, the Land Office provides support up to the extent of the approved budget primarily for agricultural purposes as set out in the Budget Act in the following areas

- support for establishing a presence on the market,*
- support for agrarian production,*
- support for agricultural investment,*
- support for forestry purposes,*
- support related to the protection of arable land and melioration,*
- support for fishery and hunting*

Apart from those above, there are approximately a hundred titles based on which support may be accessed of which the following items are of outstanding importance

- support for medium term loans for production and current assets with a repayment period of less or more than one year (in case of the latter, state guarantee is required),*
- support for production communities,*
- support for agrarian employment,*
- special support for young agrarian entrepreneurs,*
- organizational development assisting a better cooperation between farmers,*
- contribution to the cost of professional consulting,*
- agricultural insurance premium supplement and disaster preventing system,*
- support for land utilization,*
- support for melioration and watering development,*
- support for biofarming,*
- support for special development in regions in a disadvantaged situation,*
- support for the purchase of male and female breeding stock,*
- support for purchasing or leasing new agricultural machinery,*
- support for agricultural land leasing,*
- support for the transformation or renovation of certain new building planting investment and existing facilities,*
- support for the development of hunting, fishing and agrarian tourism*

Entitled for the support can be agricultural small-scale producers primary producers, agricultural entrepreneurs, legal entities and economic corporations with no legal entity

One third of the support is provided in the form of fixed amounts or normative support based on the individual's rights two third of the support is granted on the basis of applications or tenders

The most typical form of support is a one-off grant for development purposes, in some cases loans and interest support are also available

By using these support opportunities agricultural business can be further strengthened and become more profitable

c) Selection of municipal support opportunities

Unemployment represents a considerable social burden with its related moral and psychological consequences for the municipalities The symptomatic treatment of problems requires the involvement of large resources from various areas of settlement management and from settlement development necessary to secure the future of the civil population

Based on the above, the local governments provide all the necessary support and help in the interest of the AGRO START program aimed at the reduction of unemployment

Local governmental support opportunities

- human resources,*
- objective, material resources*

Local governmental support opportunities at various phases of the program

- *Preparation phase*

- a) *human resources*

- providing a local organizer, coordinator,*
 - providing a contact person with local knowledge helping in the selection of participants*

- b) *objective, material resources*

For the appropriate promotion, selection of a

- local newspaper,*
 - local cable company,*
 - phone, fax,*
 - classroom, place for the required preparation and orientation session*

- *Theoretical training*
 - a) *human resources*
 - *providing teachers,*
 - *providing production, plant protection and marketing experts*
(it is important to recruit locally recognized, respected experts with an economic background that can set an example)
 - *providing staff handling the technical equipment used for education*
 - b) *objective, material resources*
 - *classroom, lecture room,*
 - *overhead projector,*
 - *audio, video equipment,*
 - *demonstration equipment, sample products*

- *Practical training*
 - a) *human resources*
 - *providing a production controller, a foreman,*
 - *coordinator of marketing actors (local buyers),*
 - *transfer and dissemination of market information*
 - b) *objective, material resources*
 - *providing land,*
 - *machinery, equipment available at the local government and necessary for the activity (e.g. tractors, pumps, watering equipment, transportation vehicles, tools)*

5 Definition of Training Program

Training represents a determinant, essential part of the AGRO START program. Its structure, methodology, curriculum, and the requirements are determined by the level of education, vocational training, work experience, age and motivation of the participants.

The most frequent selection criteria in terms of the personal characteristics of the participants are medical condition, reliability, motivation and family background. Becoming a small-scale producer or an entrepreneur requires, from the point of view of the income generating self-employed, the thorough review and evaluation of the basics of production (size and quality of land, machinery, husbandry background) of the person to be trained.

As for the selection of the participants of the training, it is important to know that certain tests do not meet the criteria based on which the suitability could be judged, therefore a personal interview (10-15 minutes) with each participant is essential to interpret the motivation and the actual implementation.

At certain parts of the training programs (producer level, skilled processor level), it should be considered that the participants of the AGRO START programs are usually underqualified. The preparation of the training program, based on the above mentioned, is carried out in the following way:

- *an analysis of the task and the job to be done has to be prepared which requires a complex cooperation with the practical experts of the field It is advisable to involve the also leader of the training in this process*

Types of methods used for task analysis

- *observation of a work day (describing a phase of a work process)*
- *monitoring the work process (describing the production process),*
- *interviewing several workers involved in the production or the work procedure (As a rule, those ordering the products in the fruit-growing and husbandry sectors provide technology designed for intensive technology and require its implementation in case of toll production, leased production or contract based production Thus the analysis of the task means the description of partial tasks concerning the growth season and the biorhythm in case of husbandry respectively),*
- *preparation of a training plan,*
- *providing training material,*
- *training managers' and leading instructor' name*

Based on the specific training objective and the existing knowledge of the participants, the leading instructor of the training determines the theoretical and practical training hours ratio and the set of timing and content requirements related to catching-up and the acquiring of basic and special knowledge After this, the necessary material for the training is provided or procured according to a set schedule (modular exercise books, presentation material, promotion material, sow-seed, plant, pesticide, etc)

During the practical training, increased attention has to be paid to the most important phase of the production process In case of the less determinant parts of the production, it is advisable to rely on the on-site case study of an "elite producer" or "elite business" (e.g. in case of cultivation species selection, sowing, planting, in case of husbandry species selection, feeding has to be given special consideration during the practical training)

In addition to his professional knowledge, the trainer shall possess such personal characteristics which enable him to make contact with the participants This represents one of the most difficult tasks in adult training however, the existence of this skill has a fundamental influence on the result, of the training and the monitoring after the training

Apart from the professional knowledge, communication and learning method modules aimed at improving the group spirit and basic knowledge about business are of special importance within the curriculum of the training program It is advisable to include business, bank and tax experts when teaching business related subjects

Financial preparation of the training prepared by the training manager in accordance with various regulations in force

II IMPLEMENTATION OF TRAINING AND THE SUPPORTED EMPLOYMENT, PRODUCTION PHASE

1 Definition of Timelines

The training program includes the number of both theoretical and practical classes. The date of the exam closing the training is defined by several factors. Based on the exam date, the training center defines theoretical and practical classes, the preparation time for the exam, holidays if necessary and the date to launch the program.

The resolution concerning the support for the unemployed and the agreement concluded between the labor center and the training center contains the expected first and last date of the training course.

It is regulated in the rules of processes of the county labor center that income supplementing support can be provided, within the center's decision-making authority, only in case of an intensive course.

Training can be considered to be intensive if the amount of time spent weekly on training is at least 25 hours.

The labor center regulates the length of the preparation period for an exam in case of an intensive training and the length of the holiday in case of longer training courses.

The training center prepares the training component of the AGRO START program in a way that meets the requirements of intensive training, thus the permanently unemployed without any provision may receive income supplementing support.

If there is no opportunity to implement an intensive course (e.g. practical training takes too long), the unemployed concerned are not entitled for income supplementing support.

2 Implementation of Training

Implementation of training represents a rather complex task requiring considerable coordinating and organizing efforts.

In order to meet the objective, human and professional conditions of the theoretical training requires the same process as applied in case of other training programs.

The implementation of the practical program can however be influenced by several risk factors (i.e. weather, disease, infection, etc.).

During the full period of the training program, the labor and training centers continuously cooperate and inform each other about any relevant issues related to the training.

Duties and commitments of the labor center and the training center during the training program are regulated by the agreement concluded between the two parties.

The training center, based on the support resolution by the local branches concludes an agreement on training with those supported.

It keeps a presence sheet to register the participation of the students which is then sent to the local branches of the labor center at the beginning of each month. The income supplementing support is paid on the basis of this documentation.

The training center reminds students being absent without justification to justify their absence. It immediately informs the local branch of the names of those students whose absence has exceeded the permitted limit set out in the agreement on training.

If the supported decides to withdraw from the training, the local branch stops paying the support and considers whether to claim the reimbursement of the costs or disregard it. In accordance with the agreement concluded with the labor center, the training center prepares the invoice and sends it to the local branch together with the required attachments and certificates.

The labor center pays the first installment only after the launch of the training course, the second installment after the completion of half of the program and the last installment upon the completion of the whole program. No further installment to be paid in case of drop-outs. The training center informs the labor center of the time and place of the final exam and takes care, if necessary of the organization of correction and make-up exams and forwards their results to the local branch.

3 Implementation of Practical Process of Production

The implementation of the practical process of the production represents one of the most important phases of the training program. This allows the implementation and demonstrative presentation of the knowledge acquired during the theoretical training. It is extremely important to make this phase successful for the efficiency of the training which depends on how successful of the practical production and the subsequent sales are.

In case of positive, efficient and profitable experience, participants of the training program get a real sense of achievement motivating them to pursue producing activity on their own.

- *Practical process of plant-growing*

a) Preparation

In this phase lands are marked, preparatory soil cultivation work is done and chemicals are applied.

Parallel to this, preparation of sow-seed and sowing in the seed-bed start.

Good preparation lays the ground for successful future production. Superficial preparation is bound to result in failure as a consequence of useless work.

It is very important that the continuous, permanent presence of the production controller and the foreman is accompanied by the presence and active participation in the work process of all those involved in the training.

b) Active process of production

This process starting with plantation plays a determinant role.

Plantation and the subsequent caring has to be completed by the strict application of production technology disciplines.

Prior to the beginning of the work process, the production controller and the foreman explain clearly the work phase, its necessity and importance to all the participants.

A continuous reference to relevant parts of the theoretical training and the distribution of breeding plots to participants for cultivation on their own can prove to be efficient methods. Continuous attention has to be paid to identifying shortcomings and making corrections.

Environmentally sound plant protection methods have to be promoted continuously

c) Harvesting, sales

As ripening time comes, increased attention has to be focused on market information. In the interest of securing sales, priority has to be given to stable trading partners guaranteeing the safety of sales in contractual form.

Harvesting and preparation of the product for market conditions has to be carried out in a focused, disciplined and thorough way. In the interest of successful sales, modern packaging technology meeting market needs has to be applied.

After sales, the activities performed so far have to be evaluated and an accurate output analysis has to be prepared at the closing session.

- *Practical process of husbandry*

a) Planning

Prior to establishing the animal reserve, potential breeders of animals need to assess their possibilities in a complex manner.

Assessment criteria are as follows:

Economic factors

- *experience (tradition) already acquired,*
- *buildings, other infrastructure that can be used for the activity,*
- *market opportunities, solvent demand, long-term producing contract possibility,*
- *capital intensity, possibilities to get a loan, asset intensity, amortization*

Professional factors

- *selection of species for breeding (an accurate knowledge of own possibilities is of increased importance),*
- *fodder base (own or purchased),*
- *transfer of complex breeding technology from an integrator organization, if necessary*

b) Preparation

This phase includes the establishment of animal reserve, the procurement of equipment and machinery related to the technology to be applied and the installation of auxiliary buildings and facilities.

Depending on the animal species, it is advisable to pile litter and cheap fiber and fodder or to possibly grow them on own land. Parallel to this, agreement is made with the breeding animal trading company concerning the time and the accurate place of stocking, the number of breeding animals and the ratio of male and female species. In case of end-products only, the arrival of baby or pre-raised animals has to be specified.

c) Active process of production

This process begins with the stocking of breeding animals (end-product producing stock). Attention has to be paid to the importance of all work processes to be done during the production phase for the success of it depends on this to a large extent.

Tasks of increased importance

- *accurately documented and individually evaluated breeder's work, selection,*

- meeting the minimum technological hygienic requirements (permanent breeding hygiene, fodder hygiene),
 - precise implementation of veterinary work set for the technology
- Continuous attention has to be paid to identifying shortcomings and making corrections

d) Sales of end-products

As sales time comes, attention has to be paid to market information. In the interest of securing sales, priority has to be given to stable trading partners guaranteeing the safety of sales in contractual form. Prior to sales, the animal (product) has to be put in appropriate (ready for sale) condition.

Only those animals can be sold as breeding ones, which are in perfect health and condition, are up to the standards of their species, have a reliable and accurate register-book and, in case of certain species, also a central certificate and license. Quality requirements against sold end-products as slaughter animals:

- immunity to infection and parasitism,
- age appropriate for the desired weight category,
- no physical injuries

In case of fur animals, fur preparation has to be made at a given ripening age of the pelt. This time can be linked to a certain age or season. The preparation of the fur and the subsequent treatment of the pelt requires serious professional knowledge and practical experience. In order to pursue this activity, extra labor with large practical experience is recommended to be recruited on a temporary basis.

In the interest of successful sales, modern packaging technology meeting the market needs has to be applied (e.g. eggs as products for sale).

Feather and wool producing animals have to be plucked and sheared when the feather or the wool respectively is in the required condition. The product has to be forwarded for further processing in the appropriate form broken down in accordance with the quality categories regulated by standards.

III EVALUATION PHASE

1 Evaluation of Training

The labor center continuously monitors the implementation of the program, the performance of those set out in the agreement concluded with the training center and the fulfillment of contractual duties.

The center regularly collects information from the students at the place of the training concerning the status of the training program, the progress made by participants and potential problems.

Upon the completion of the training program, an overall evaluation is made including the following:

- *achievement of the set objective,*
- *standard of training, level at which the students acquired the material based on the minutes taken at exams,*
- *factors influencing possible drop-out, failed exams,*
- *evaluation of the work and methods of the instructors, the level of organization of the training based on data collected through questionnaire surveys among the participants*

The evaluation of the training and feedback is very important, experience acquired during the training will be used in the future work of the labor center and the training center

2 Evaluation of the Production Output

When evaluating, production output the following important criteria have to be considered

a) In case of plant-growing type of AGRO START programs

- *size of area used for production activities,*
- *technology applied (plough-land, foil, buttress system, plants sown from seed, purchased plants, planting, etc),*
- *amount of product per 1000 m³,*
- *location, distribution of sales (wholesale, processing plant, retail),*
- *quality of wholesale or contract based sale expressed in percentage,*
- *quality surcharge,*
- *evaluation of net price revenues per capita,*
- *damage caused by natural and plant hygiene disaster, investigation of situation for insurance purposes (damage caused by inland water, drought, plant hygiene, etc)*

b) In case of husbandry type of AGRO START programs

- *size of stock,*
- *technology applied*
- *type of used fodder,*
- *preventive animal hygiene activity,*
- *fodder used for gaining one kilogram of weight,*
- *animal deaths expressed in number or in percentage and reasons,*
- *reaching the weight limit (limit for transfer) of the market product on a daily or weekly basis,*
- *quality category of product sold or transferred,*
- *in certain cases the events and economic impact of quarantine, sanitary cordon, confiscation, etc have to be examined*

In case of the economic evaluation of both plant-growing and husbandry programs, the evaluating person has to determine the subjective and objective reasons of success or the possible failure

IV MONITORING

1 Monitoring of Participants, Measuring the Ratio of Those Becoming Small-scale Producers, Providing the Opportunity for Further Professional Consultation

An indicator of a successful labor market, training is the fact that the participant is able to use the acquired knowledge to find a job or support himself in the form of self-employment. Local branches of the labor center dedicate special attention to the employment promotion of those receiving training support. They make efforts to help participants find a job as soon as possible.

The labor market organization conducts a survey with the help of questionnaires among the graduated students within 3 and 12 months after the completion of each training program.

The objective of this is to collect information concerning the following

- mapping the work activity, the results of production,*
- methods to improve living conditions,*
- review of the labor market value, content mobility and transferability of the training programs in forms of answers to “yes or no” questions,*
- evaluation of the institution’s training system based on subjective opinions,*
- review of the image of the training center and the recognition of the certificates issued by it with the help of attitude scales*

Results of monitoring allow to determine the ratio of those being able to find a job and those becoming self-employed. According to experience gained on the basis of these surveys almost all of the participants of the AGRO START program have been able to find a job or become independent producers.

AGRO START type of training and employment programs developed and implemented so far in Bekes County are the following

- canning raw-material producing,*
- herb growing,*
- vegetable growing (complex program),*
- sow-seed growing,*
- melon growing,*
- pig breeder,*
- rabbit breeder,*
- household animal breeder (complex program)*

The labor center and the training center draw on the experience thus gained when developing the training concept for the following period and when selecting the main training areas.

On-site personal visits represent another form of monitoring, which depending on the location and conditions, may be of specific advisory or assistance (soil testing, plant hygiene testing, etc.) type.

2 Identification of the Economic Impact of the Program at Operational and Regional Level, Analysis of Extension and Further Development Opportunities

When identifying the economic impact of the AGRO START program reviews at an operational and regional level have to be made

At a regional level, it is advisable to review the following

- Does the public opinion accept the activity as a part of regional development and countryside development?*
- Does the participant intend to continue production, breeding?*
- Does he intend to extend production and breeding?*
- Does the following show an increasing tendency safety of purchase and contracts volume, leasing, tendering and loan opportunities?*
- Did the program fit in the main stream of agricultural restructuring?*
- Is there a need and opportunity to increase the local processing ratio of the products?*

At an operational level, at the lessor or buyer economic organization, it is advisable to review the following

- What is the plant's opinion about the partner, the producer?*
- Is future cooperation secured?*
- Does it intend to develop its product range?*

When analyzing further development opportunities, it is recommended to identify whether the development is of a quantitative, qualitative or structural nature?

Based on these surveys, the direction of the development of the program can be determined.

Human resource development represents an inevitable pre-condition of qualitative and structural development

Finally, the following issues have to be considered in terms of training development

- Does the semi-skilled self-employed or employed person plan to obtain qualifications registered at the National Training List (OKJ)?*
- Does the increase in the volume of the products require participation in other basic professional training or further-training programs?*

***ENGLISH LANGUAGE TRANSLATION OF THE
ROMANIAN AGRO START PROGRAMME***

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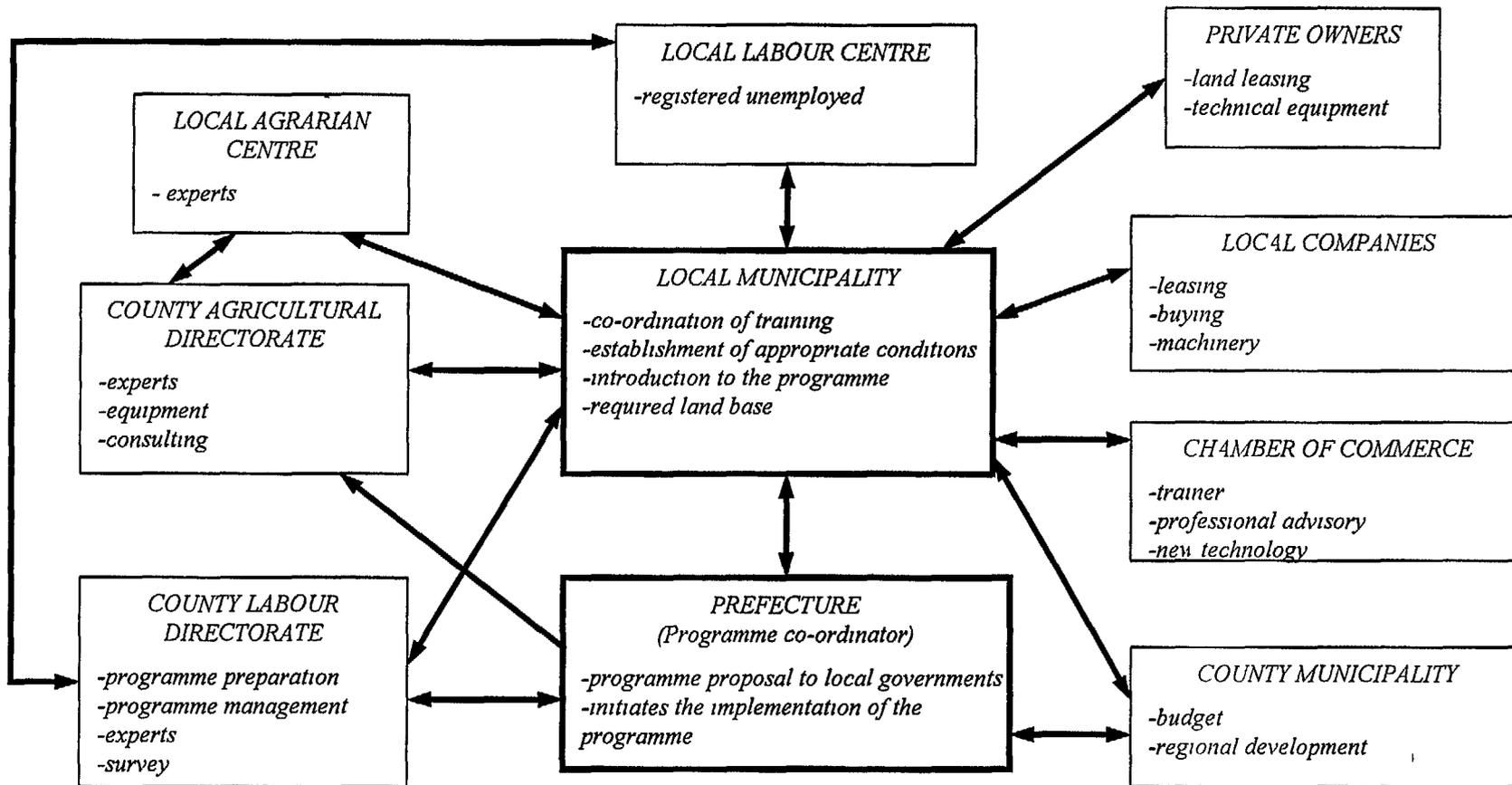
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OPERATIONAL CHART OF THE AGRO START PROGRAMME



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DEAR READER,

The objective of the present study, which has been based on cross-border cooperation and funded by PHARE, is to provide solutions for the agrarian sector and current social problems related to it

Both in Romania and in Hungary state citizens working in the agrarian sector had to cope with the transition from a socialist type of system to a market economy and had to adjust themselves to the new requirements. This entails a change in ownership structure, types of cultivation including solutions to unemployment in the agrarian sector in the form of targeted training.

When describing cross-border cooperation, similarities observed in terms of cross-border counties can be identified and are indeed identified in the present study. Knowing the real situation of the agrarian sector and the social problems related to it, mutually advantageous solutions can be offered to the citizens of cross-border settlements.

The model presented in the present study can be applied with consideration given to local peculiarities in other counties of the country and it can also provide the outline of a more comprehensive project funded from public sources and aimed at the solution of social problems occurring in the agrarian sector.

*Gheorghe Neamfru
Prefect of Arad County*

INTRODUCTION

1 Interpreting the Term "Countryside"

The term "countryside" has gone through a revaluation process, gaining the meaning of a territory with a real value within the European Union, among the governments of European countries and within the circles of county leaders. The countryside, in this respect, represents 85% of the territory of Europe and concerns, directly or indirectly, more than half of Europe's population.

According to the definition as in the technical literature, the countryside is "a zone of lower level entailing those villages and small towns where the majority of the territories is used for agriculture, horticulture, fishery, the economic and cultural activities of the inhabitants, the establishment of non-city type leisure centers and other purposes different from that related to living there". The notion of countryside includes the notion of the agrarian zone as a basic component. These notions do not overlap and can not substitute each other.

2 Characteristics of Countryside

Characteristics of the countryside, differentiating it from urban and industrial territories are outlined below.

- a) Economic nature: agriculture, cultivation and related activities forming the basic activities of those living in flatlands and other activities relying on other resources of the countryside.*
- b) Job creating nature: job creating opportunity in both the primary and the processing sectors: industries processing agricultural products, handicrafts, services.*
- c) Small population density based nature: facilitates the involvement of the inhabitants of the area in community life and the communication between families.*
- d) Tradition preserving nature: unique traditions of the regions represent an integral part of the national heritage.*
- e) Peculiarities stemming from the unique beauty of the landscape: represents a tourist attraction in itself or in the form of village tourism.*

3 Functions of Countryside

According to the definition formulated by European experts the countryside has three basic functions:

economic function - ecological function - social-cultural function

- a) **economic function** - the economic function of the countryside is constituted by agriculture. Branches such as cultivation, processing industry and handicrafts are connected to it. The development of the countryside can be attained through this function by establishing private farms employing local labor providing a source of raw material for the processing industry as well as by the creation of small and medium size enterprises, folk art and other services
- b) **ecological function** - a function stemming from the need to improve certain territories where industrial development, husbandry have a damaging impact on the environment
- c) **social-cultural function** - stems from the small size of the communities and helps attaining a stability of relations among state citizens. In these areas inhabitants have known each other for many generations thus contributing to the preservation of local traditions

4 Countryside Development

Due to its large labor force, the countryside represents a significant pole of current and prospective economy

The revaluation of the countryside plays an important role in the "Western Zone" regional development project which Arad County participates in. This process can be completed with the accomplishment of the following goals

- a) **physical infrastructure** - development of road network to help reducing traffic on main roads
- b) **labor force** created by the resettlement of the countryside, the preparation of the labor force for agricultural and related services
- c) **infrastructure** allowing the maintenance of activities by providing the appropriate budget required for the information of the special activities and the maintenance of the activities
- d) **cooperation** to improve the economic value of agriculture by establishing forms of cooperation enhancing productivity
- e) **environment** created through the protection of the countryside and the promotion of ecological agricultural activities
- f) **culture and education** through the revival of special social structures
- g) **promotion of health care**

I PREPARATION PHASE

1 Program Coordinating Organization

AGRO START program was initiated on the basis of a cooperation between several institutions and administrative bodies at a phase when the number of unemployed - had been increasing in the agricultural sector

The idea generally comes from the program offered for the industrial field by the USA to Central-Eastern European countries in 1994

In the field of agriculture, AGRO START represents a pioneer program, a model which can be applied in all geographical regions where the problem of unemployment is comparable

The AGRO START program is aimed at the solution of urgent social problems such as the following

- reduction of the number of unemployed coming from the agrarian sector*
- promotion of private initiatives to facilitate the existence of families in the countryside*
- professional supervision of those intending to get a job or acquire experience in the area of agriculture*

These goals and objectives can be achieved through the establishment of a cooperation network of such institutions whose contribution is essential to accomplish the above goals and objectives

During the selection of the institutions supporting the program, the following objective conditions were considered

- localization of the need for people*
- estimation of those wishing to participate in the program the unemployed, those without any support, etc*
- analysis of the potential of the local agriculture, knowledge about the local consumer market*
- estimation of the implementation of the theoretical and practical activities included in the program*

Institutions involved in the cooperation

Local and county councils

Chief Directorate for Agriculture and Food

Labor Directorate operating within the frame of DGMPS

Chamber of Agriculture, Commerce and Industry

These institutions cooperate with the prefecture, which is given a leading role in the coordination of the AGRO START program

2 Determination of Production and Economy Development Objectives

a) General characteristics of the present Romanian agricultural situation

For a long time, Romanian agriculture formed part of an absolutely centralized, arbitrary economy in which private initiatives and local autonomous economic structures were either abandoned or not supported

- *This economic sector with a heritage of low technology has gained its original rights after 1989. At present, the agrarian sector is in a situation of transition and also in an acute crisis*

Main sources of our agriculture territories to be cultivated vineyards and fruit gardens, animals, tractor and agricultural machinery, capacity to process agricultural products

In the private sector, the scattered nature of production activities, the low level of technical equipment, the occasionally old technology, the limited access to loans for production and investment purposes have led to non-competitive and insolvent domestic economic units that are not provided with any significant State support. Among the several problems related to agriculture, the Land Act no 1991/18 is of special importance. Apart from its many advantages, the Act has several economic disadvantages

- *the breaking down of land into small plots has led to the establishment of low productivity economic units,*
- *the present owners possess neither the appropriate technical equipment nor the required technical knowledge (some of them have not had any previous experience in agriculture or husbandry)*

The implementation of the Land Act (Act no 18/1991 and no 169/1997), which is still in progress, has resulted in significant changes in the land ownership structures. 80% of the land of the county, which can be cultivated, has become a private property. In accordance with Act no 36/1991, the production cooperatives were liquidated and economic associations in the form of legal entities as well as family associations were formed.

In accordance with Acts no 15/1991 and 31/1991, the food processing industry and state owned agricultural units were transformed into commercial associations, the size of agricultural service areas has changed.

These circumstances have first led to the creation of a non-supported layer of society and eventually to unemployment.

The AGRO START program has been designed to help this layer and its main objective is to provide assistance for the unemployed of the less supported regions to become small-scale producers and increase the number of small-scale producers working in the agricultural product processing industry.

b) General information about the AGRO START program

The AGRO START program represents a short-term training program which can be applied in accordance with the local social and economic needs and which has been designed for adults with the objective of getting the prepared for the job. It aims at the unemployed wishing to become small entrepreneurs in the agricultural field. The AGRO START program has a professional further training function targeted at the agrarian sector, the economic units (units producing agricultural products) -

Unique features of the AGRO START program are as follows

- contributing to the reduction of unemployment on a temporary or long-term basis,*
- creating jobs for those working in agriculture*
- promoting small enterprises among the inhabitants,*
- establishing associations to increase efficiency and productivity,*
- promoting agricultural production,*
- determining the role of local organizations and support provided by these organizations for the program,*
- coordinating production opportunities, allocation of labor and financing,*
- facilitating introduction of state-of-the-art technology in agriculture and the increase of competitiveness,*
- allowing a fast response to market needs (new products, change in products),*
- securing a coordinated cooperation between the local organizations*

3 Economic and Labor Market Conditions of Production - Description and Guarantees

At the preparatory phase of the program, the Agriculture and the Chief Directorate for Food determines, with due consideration given to the traditional production serving the existing markets, the quantity of agricultural products at a county or regional level. When launching the program, a well-defined production objective must be available which takes into account the structure of supply and demand. Further consideration shall be given to the mobility of the market and its external and internal influences. Planning the production shall be made in a way ensuring that production satisfies the local needs of the population and the processing industry taking into account the competing markets too. In order to create an efficiently operating agricultural sector, the above mentioned criteria have to be considered.

The participation of the economic units in the program is based on the recommendation of the Agricultural Chief Directorate and the Chamber of Commerce, Industry and Agriculture. Information available concerning the current phase of privatization will serve as a basis for recommendation. During the decentralization of agriculture, large centralized partners buying the agricultural products have disappeared and several small enterprises have been formed.

- The above institutions collect as many pieces of information as possible about the enterprises from the sources available. The information collecting process is completed with the help of questionnaires including the following:

- name of company,*
- address and general data,*
- goals and objectives, scope of activity,*
- type of ownership,*
- name of general manager and contact person,*

Economic units whose participation in the program is recommended:

- new enterprises,*
- companies intending to extend or change their activities,*
- companies introducing new products, processes and technology in agriculture or the processing industry*

Cooperating partners of the AGRO START program include the following units specialized in agricultural and animal product processing:

- *Companies processing agricultural products*
 - canning factory,*
 - sugar factory*
- *Companies processing animal products*
 - milk processing plant,*
 - meat processing plant (pigs, cattle, etc.)*
- *Companies processing vegetable/fruit products*
 - greenhouses, mushroom processing units*
- *Companies processing light industry products*
 - flax processing factory*

In order to enhance product sales efficiency, cultivated lands will be located so they are close to the processing factory or are easily accessible from a transportation point of view.

As a next step, the local situation will be analyzed from a social-economic aspect as well as from the point of view of agricultural conditions. Local councils, agricultural centers, local representatives of labor centers will cooperate in selecting the layer to be involved in the program.

For the implementation of the AGRO START program, the following guarantees are required from a production point of view

- leasing,*
- contractual guarantee of production,*
- specific contractual proposals,*
- preliminary letter of intent for the lease agreement from the company*

Present forms of cooperation among the partners participating in the AGRO START program are the following

- contracts concerning products including the purchase prices - no guaranteed minimum price,*
- processing companies as potential buyers may provide*
 - raw material supply in advance, based on the contract in force, in a way that the price of the raw material is incorporated in the price of the actually purchased end-product,*
 - appropriate high standard technology,*
 - purchase, processing and transportation of products using own sales network*

These conditions will create a direct interest from the small-scale producers' side to make production competitive and cost-effective.

The parallel improvement in the capacity of agricultural product processing industry will ensure an increase in income and a reduction in the unemployment rate in agriculture. The contractual relation between the producer and the company will improve the situation of the unemployed.

The AGRO START program can be applied successfully if the participants of the program have the material sources below or can have access to them without major difficulties

- minimal land (own, leased, inherited or provided from the excess land of the local councils),*
- agricultural machinery (own or leased),*
- space for husbandry (own or leased),*
- minimal professional knowledge.*

The small entrepreneur can grow the traditional products (tomato, onion, cabbage, sweet pepper, paprika, cucumber, water melon, sugar melon, mushroom) as defined by agropedological studies under the above mentioned material conditions in the following ways

- minimal investment,*
- large functional mobility,*
- high economic efficiency,*
- using experts*

The establishment and maintenance of an ongoing relation between the economic units and the Labor and Social Security Chief Directorate represents the most important pre-condition of a high level professional training

In order to implement the AGRO START program, the following factors need to be known

A Reform of the system of economic incentives

a) Prices

The first step taken in this respect was the full liberalization of producer and consumer prices as well as the amounts of administrative intervention prices. The minimal guaranteed price for small-scale producers was abandoned. The producer prices started to be based on market conditions are getting closer to international prices

b) Support

A new system of support was developed in the following way

- revolving fund similar to the Romanian Government's Emergency Fund no 6/1997 providing short-term loans,*
- value coupons based on the Romanian Government's decree no 9/1998. Coupons can be used to compensate the value of sowing-seed, planted trees and vineyard, seed-potato, artificial fertilizer, pesticides, diesel oil agricultural work harvesting, sowing, harrowing, the value of maintaining cultures including pastures and hayfields*
- funds to cover costs related to cultivation and husbandry (funds to be created for the Ministry of Food and Agriculture within the framework of the draft act approved by the Government) for the period 1998-2000. The fund will provide loans for agricultural private producers, agricultural family associations, lessees, etc*

B Insurance in agriculture

Producers working in the agricultural field must take into account the specialties of this economic sector: reliance on weather conditions, human - live material ratio, seasonal and traditional characteristics, significant risk taking. Of all the economic sectors, agriculture is exposed the most to the capricious nature and other risk factors which make the involvement of insurance essential in agriculture. Of the insurance companies with which insurance agreements can be concluded, we mention AGRAS, the main shareholder of the Bank of Agriculture. It may be a problem, that contractual conditions are in all cases determined by the insurance company without taking into consideration all the risk factors, the potential, foreseeable prices and the real value of damages caused by a natural disaster. The Ministry of Agriculture has developed a normative plan for this, whose objective is to establish an Agricultural Risk Guarantee Fund. The plan is currently being amended and finalized.

Within the AGRO START program, these risk factors are defined separately for each small-scale producer participating in it

4 Organization of the Unemployed Participating in the Program and the Management of their Relations of Interests

The objective of this part of the program, which is aimed at forming agricultural producers, is to reduce the rate of unemployment and to increase the employment opportunities of those having difficulties to find a job. This goal can be achieved only if the participant himself wants to complete the training program, i.e. if the person is

- *motivated to do the training, if he wants to stand on his own feet or look for a job*

For these reasons the following criteria are considered during the selection of the unemployed

- *what the unemployed wants to do (i.e. professional needs, values, motivation, interests),*
- *what he can do (previous education, previous jobs, knowledge and competence acquired, weaknesses, skills),*
- *what he is allowed to do, i.e. selection of training area in view of the general need for the region,*
- *ownership of land,*
- *the person's morale*

Professional training programs are primarily aimed at those

- *living in the countryside,*
- *permanently unemployed,*
- *unskilled - the most vulnerable on the labor market,*
- *unskilled adults and adults with incomplete primary school education*

a) Definition of passive and active measures related to the programs of the labor directorate.

PASSIVE MEASURES

Passive measures aimed at the unemployed.

If a person seeking a job is unable to find an appropriate job and is not entitled to the unemployment benefit (AJS), the professional integration benefit (AIP) or support supplement (ALS) then the applicant's rights will be examined considering those below

Who is entitled to AJS, AIP or ALS?

According to Act no 1/1991 on the social protection for unemployed, the following persons are entitled for unemployment benefit (AJS)

- a) *those whose employment agreement has been terminated upon the initiative of the employer in accordance with paragraph (1), section no 130 of the Labor Code for the following reasons***
- *lay-off including the abandoning of positions,*
 - *abandoning the activity,*
 - *the unit moves to another place and employs local personnel,*

- *the unit moves to another place and the employee does not want to follow the unit,*
 - *the employees is not up to the position to be occupied due to professional reasons,*
 - *the previous employee is reemployed in the occupied position*
- b) *those whose cooperative membership has ceased to exist due to reasons beyond their control*
- c) *those whose employment has been terminated and have not been reemployed due to reasons beyond their control*
- d) *those whose employment has been terminated upon their own request for reasons that do not mean the interruption of the employment period in case of reemployment*
- e) *those employed for a specific period*

Those in points a) and e) are entitled to the unemployment benefit in case they have an employment period of at least 6 months during the 12 months preceding their registration at the Labor Directorate

Those who have completed their studies in educational institute and have not received a professional integration benefit (AIP) within a year from the completion of their studies are entitled to the unemployment benefit irrespective of the employment period

f) *those who have a license to practice and are members of family associations in accordance with Government Decree no 54/1900 if they have not contributed to the unemployment fund during at least 12 months and have returned their license to practice over the last two years are also entitled for the unemployment benefit*

Those entitled to professional benefit (AIP)

- a) *those of minimum 18 years of age or those completing their studies in educational institutions with education until 16 years of age if those not of age have no statutory guardian or the statutory guardian can not meet his supporting requirements as set out in law*
- b) *those young people who have not had a contractual employment before their regular military service*

Those entitled for support supplement (ALS)

Those whose unemployment benefit or professional benefit payment period of 270 days has terminated, to whom no appropriate job can be offered and have no measures to create an existence The support supplement, the unemployment benefit and the professional support can be paid for a period of maximum 18 months

Who is not entitled to unemployment benefit, professional benefit or support supplement?

- a) *those who own land of at least 2 hectares in flatlands or in the hilly-country or at least 4 hectares in the highlands*

- b) *those whose own income equals to at least 20% of the average income calculated at the time of the determination of the right for the benefit*
- c) *those who have been offered either a job within a distance of 50 km-s, appropriate for their education and medical condition or a professional training/retraining program which they have rejected without an acceptable justification*
- d) *those who are entitled for pension*
- e) *those secondary school graduates who intend to continue their studies in higher educational institutes*

Rights and duties of the unemployed

a) rights

- *the unemployed has the right to seek a job,*
- *the unemployed has the right to receive material benefits set out in law,*
- *the unemployed has the right to participate in training courses facilitating their adjustment to the requirements of the jobs offered,*
- *the unemployed has the right to have free medical service,*
- *the unemployed has the right to have a company apartment if the apartment is not located in the area of the company and does not hinder the technological process,*
- *the period during which the unemployed receives the unemployment benefit or the professional benefit shall be considered to be an employment period,*
- *the unemployed has the right to receive other social security benefits as set out in law including the pension for disabled,*
- *the unemployed has the right to have compensation for medication*

b) duties

- *to seek a job,*
- *to visit the labor center once a month,*
- *to accept the position offered,*
- *to report on any change in his personal situation that may cause the termination of the unemployment benefit within three days from the time of the change*

Severance pay in case of lay-off

According to Decrees no 9 and 22/1997, those becoming unemployed due to lay-off are entitled for severance payment (in the form of monthly payments or a lump-sum if the person concerned intends to use the amount for launching his own business) The amount of the severance payment equals to 6-12 months of salary in the economic sector taking into consideration the employment period In the mining industry, the final sum may equal to the amount of the average salary of 20 months

ACTIVE MEASURES

Active measures are defined as measures implemented in the labor market as a result of which there is an increase in the rate of employment. They have an incentive effect in terms of resources and energy investment on both the local community and the unemployed person.

- *The need for a comprehensive program aimed at the retraining of the unemployed is justified by the current labor market needs as well as by the restructuring of the economy where the application of a passive social policy (registration, administration, benefits) is no longer sufficient.*

We will present below two packages of active measures which we consider to be the most important in the case of the unemployed wishing to become agricultural producers.

Career counseling and information

Within the career counseling and information service, the parties concerned receive information and advice on the choice of career, the change of career, professional re- and further training.

Choosing the right career from the several possibilities requires a long and complex process where a good self-esteem and the following information is needed:

- *the knowledge of needs, skills and own demands,*
- *psychological and physical requirements of certain professions and activities,*
- *professional training opportunities.*

Based on the motivation of the applicant for a job (job requirement, creation of social existence, determination of scope of authority) and with the help of counseling the applicant is referred to the right professional training. This represents the way how future agricultural producers are selected and oriented.

Professional training, retraining, further training

The objective of this measure is to increase the opportunity of professional integration and the professional mobility of the labor force as well as to facilitate getting a job.

The training and retraining of the unemployed is related to professions determined and requested specifically by the economic units. These units intend to pursue activities supported by analyses and studies related to the current and prospective labor needs of the area. The average training period of the unemployed is 9 months. The training period is determined differently based on the complexity of the profession or the activity.

In special cases, the Minister of Labor can approve, based on appropriate justification, the extension of the preparation period but it can not in any case exceed a period of 24 months.

Those who receive any of the benefits and participate in various forms of professional training have the following rights

- they are entitled to the unemployment benefit, the professional benefit or the support supplement,*
- rights governed by social security,*
- free education material and free books needed for the studies,*
- working clothes and safety equipment during practice*
- free travel card for train or other vehicle if the place of training is 50 km-s further away from the place of residence and free travel for maximum two city lines,*
- the right to finish the training course if they wish to start a job or pursue an allowed activity*

Training and further training costs of those receiving an unemployment benefit, professional benefit or support supplement are financed by the Unemployment Fund of the Labor and Social Security Directorate

b) Selection of Municipal Support Opportunities

Settlement coordinator local councils
County level coordinator county councils

Local councils elaborate their own economic and social development programs and forecasts in accordance with their administrative autonomy

These programs are reflected primarily in the administration of the local infrastructure roads, running water supply, sewerage, public transport vehicles, heating, gas supply, etc

Programs based on various plans are financed from the local budget (local income sources or support from the central budget) The implementation is followed by administration

Local councils are allowed and have ways to form associations with trading organizations in order to provide public services and jobs

The urban activity and physical planning represent another area of activities of the local councils which has a great impact on the development of agricultural activities, especially in the open field areas The local authority's scope of authority to issue license for construction and economic auxiliary buildings, to do the registration of the area and to do physical planning (including the areas outside the construction areas) has to be mentioned here

County councils play an important role in the development of the local economy in terms of their licensing authority to issue license to practice to physical entities if the activity intended to be pursued is of agricultural nature

Within the framework of the productive social program, local councils may provide support for families wishing to secure their existence by their own work In the majority of cases, a council level support is needed in coordinated social programs because the activity can not be pursued efficiently with the help of the agricultural equipment and the existing resources available for the families Due to the programs,

families manage to reach a level whereby they can support themselves from their own resources. City and parish councils play an initiating and coordinating role at a local level in the activities established within the AGRO START program. At a local level, the initiative of a program is taken on the basis of the resolution of the local council then, with the involvement of the mayors' offices and the experts of the Parish Agricultural Centers, a permanent contact is made on a monthly basis with the County Agricultural Directorate, the County Labor and Social Security Directorate, the Chamber of Commerce, Agriculture and Industry, the county councils, the prefectures and other institutions involved in the program. They prepare an action plan, identify the sources and select the unemployed to be involved in the program. Therefore, the role of the local councils at a local level is to initiate activities and collect all information, coordinate the schedule of resources and production orientation and to ensure the technical and logistics management of the program.

Conditions to be met at the launch of the program

- a) the local councils shall have excess land to be made available free for the local unemployed participating in the program
- b) a program manager and a coordinator have to appoint those who are responsible for the professional implementation of the process
- c) securing a logistics base in the following way
 - securing rooms needed for the training courses,
 - course material,
 - lecturers,
 - agricultural equipment,
 - warehouses,
 - commercial areas in markets, etc

The area at the disposal of the program has to be assigned first. With the help of the regional physical-planning program (agricultural areas and forests), with the merger and rearrangement of the areas where lands administered by the local councils can be put at the disposal of the AGRO START program. In accordance with Act no 18/91 and its Amendment no 169/97, excess land has to be created at the mayor's office level. This excess land will be made available for families and agricultural experts in the first two years (1999-2000) then it can be used for concession under legal conditions. The selection of the unemployed to be involved in the program falls in the scope of authority of the mayor and the city council. The selection of the people is made so that the participants meet the minimal moral requirements and thus consideration is given to the family background, traditions, the land ownership and material resources in the agricultural field. The success of the program depends, to a large extent, on the characteristics of the participating people. In order to motivate the participants, the local councils present the objectives, phases and the process of the program describing the social layer the program is targeted at. During this presentation, special emphasis is put on training conditions, benefits for those who do not have capital, who are disadvantaged from a social point of view but have a small land.

The program manager appointed by the local council and the participating institutions develop the work plan and the permanent supervision of the group together both at the theoretical preparation phase and the practical preparation phase and the transfer of agriculture related information, visits and on-site presentations

The local councils and the mayor play a significant role in providing technical assistance during the program. In this respect, they put classrooms at local schools at the participants' disposal. Education supplies and the required logistics is provided by the local council

Lecturers are selected from those local agricultural experts who have enough expertise, experience and tradition in the field of agriculture

In order to implement the practical preparation, local councils shall take care of the procurement of raw material (sow-seed, foil, plant protection chemicals, pesticides, biostimulators) and the sales of products thus produced. At this point it is inevitable to involve such companies in the program who can ensure the supply on the one hand, and the production on the other. A supervisor controlled by the local council manages the process of involving companies. Providing technical assistance, management and marketing related consulting also falls in the scope of authority of the local councils. Within the AGRO START program activities concerning the business plan, the various loans and financing methods are coordinated by the representative of the local council

The local council is responsible for the dissemination of the information concerning the theoretical and practical activities by informing the radio, television and by holding press conferences where the most important events of the program and the results achieved are presented. The familiarization with the program can be carried out in the form of meetings where agricultural assistance is discussed, exchange of experience, competitions or by the promotion of the results

5 Definition of Training Program

Training represents a determinant, essential part of the AGRO START program. Its structure, methodology, curriculum, requirements are determined by the level of education, vocational training, work experience, age and motivation of the participants

The most frequent selection criteria in terms of the personal characteristics of the participants are medical condition, reliability, motivation and family background.

Becoming a small-scale producer or an entrepreneur requires, from the point of view of the income generating self-employed, the thorough review and evaluation of the basics of production (size and quality of land, machinery, husbandry background) of the person to be trained

As for the selection of the participants of the training, it is important to know that certain tests do not meet the criteria whereby the suitability could be judged, therefore a personal interview (10-15 minutes) is inevitable with each participant to interpret the motivation and the actual implementation

At certain parts of the training programs (producer level, skilled processor level) it should be considered that the participants of the AGRO START programs are usually underqualified. The preparation of the training program, based on the above mentioned, is carried out in the following way

- *an analysis of the task and the job to be fulfilled has to be prepared which requires a complex cooperation with the practical experts of the field It is advisable to involve the leader of the training in this process, too*

Types of methods used for task analysis

- *observation of a working day (describing a phase of a work process),*
- *monitoring the work process (describing the production process),*
- *interviewing several workers involved in the production or the work process (As a rule, those ordering the products, in the fruit-growing and husbandry sectors provide technology designed for intensive technology and require its implementation in case of toll production, leased production or contract based production Thus the analysis of the task means the description of partial tasks concerning the growth season, and the biorhythm in case of husbandry, respectively),*
- *preparation of training plan,*
- *ensuring training course material,*
- *name of training managers and leading instructor*

Based on the specific training objective and the existing knowledge of the participants, the lead instructor of the training determines the theoretical and practical training hours ratio as well as the set of timing and content requirements related to catching-up and the acquirement of basic and special knowledge After this the necessary material for the training is provided or procured according to a set schedule (modular exercise books, presentation material, promotion material, sow-seed, plant, pesticide, etc)

During the practical training, special attention has to be paid to the most important phase of the production process In case of the less determinant parts of the production, it is advisable to rely on the on-site case study of an "elite producer" or "elite business" (e g in case of cultivation species selection, sowing, planting, in case of husbandry species selection, feeding has to be given special consideration during the practical training)

In addition to his professional knowledge, the trainer shall possess personal characteristics which enable him to make contact with the participants This represents one of the most difficult tasks in adult training however, the existence of this skill has a fundamental influence on the result of the training and the monitoring thereafter

Apart from the professional knowledge, communication and learning method modules aimed at improving the group spirit as well as basic knowledge about business are of increased importance within the curriculum of the training program It is advisable to include business, bank and tax experts when teaching business related subjects

- *financial preparation of the training prepared by the training manager in accordance with various regulations in force*

Ensuring course material and lecturers

In order to ensure a smooth implementation of the professional training, special attention is paid to the provision of physical conditions as follows

- well-equipped classrooms,*
- professional lecturers,*
- ensuring practical activities for each participant*

The lecturer shall provide the following physical conditions

- overheads with the help of which comprehensive charts can be made to present otherwise difficult-to-demonstrate theoretical topics,*
- flip-chart enabling an efficient and aesthetic presentation of important thoughts and allowing an easy reference to previously discussed topics,*
- sets of slides or photographs,*
- videotapes and other films with didactic purposes which motivate the participants*

Experts conducting the theoretical preparation classes are selected from the experts of professional training and retraining centers for the unemployed, teachers of educational institutions and the experts of economic units

When selecting the organizer, professional competence and results achieved to-date are considered. Consequently, the group of lecturers will comprise those who are recognized in their profession and are able to convey the most up-to-date knowledge in the most detailed form. In case of agricultural producers they may be representatives of those small-scale producers who can provide information concerning land cultivation and sow-seeds or they may be people who know how to work in practice in agriculture and are respected by the community due to their high level of practical knowledge

If the selected organizer meets the requirements of the Labor and Social Security Chief Directorate and the lecturers possess up-to-date knowledge and are able to transfer the necessary information using the appropriate teaching methods and course material, then the training and retraining programs will be of high standards and thus they will be able to continuously motivate the participants

II IMPLEMENTATION OF TRAINING AND SUPPORTED EMPLOYMENT AND PRODUCTION PHASE

1 Definition of schedule, implementation of theoretical training

Within a profession, the process of professional training consists of theoretical and practical training. The training process includes a preparation plan and the program. Depending on the circumstances, the theoretical training is conducted in turn with the practical training 1-2 days a week or in cycles of 2 to 3.

In case of agricultural producers, theoretical training has to be organized in view of the weather conditions so that the practical training could start when there is work on the fields.

Theoretical training (33% of the total course hours) is provided in the form of lectures and laboratory practice. The number of hours of classes can not exceed 6 per day. The length of a class is 50 minutes followed by a ten-minute-break.

The length of the daily practical preparation is 8 hours.

During the preparation of agricultural producers, not only theoretical and practical preparation has to be conducted but also knowledge concerning businesses in agriculture and related issues has to be transferred.

The training of agricultural producers can be carried out within one training program which is the same for all participants. Further groups can be made based on the knowledge of the participants. Thus the groups participate in the basic training course (joint part) but there will be groups requiring special catching-up sessions.

If the level of the participants is relatively homogenous, the training shall be conducted at a basic level where participation is a must for everyone.

In such cases, the structure of the training includes the following

- *general objective,*
- *pedagogical objective,*
- *content,*
- *pedagogical methods,*
- *evaluation,*
- *period*

In case of the same training for agricultural producers, the appropriate period is determined (e.g. 8 weeks) together with the total number of course hours (in the above case 288), the number of theoretical classes (96), the number of practical classes (192) and the subjects of the lectures.

In order to achieve the set objectives, specific methodology for adults is used during the training with special emphasis on active and demonstrative methods.

Similarly, the transfer of theoretical knowledge useless for the participants shall be avoided, stress shall be put on practical training.

Theoretical training is carried out in groups of 15-20 in appropriate classrooms provided by the local council. In special cases i.e. certain professions or activities, groups of 5 can be formed.

In case of training or retraining, groups are formed by profession while in case of other training, groups are formed by programs (topics)

In case of small groups, it is advisable to hold only one session of the joint subject for all the groups

The presence of the participants is registered by the lecturers in a registry book, in case of practical activities presence sheets are filled in

If the number of unjustified missed classes exceeds 10% of the total course hours, the participant is excluded from the training program and is no longer entitled to free participation in other training programs

If the number of missed classes justified by medical reasons exceeds 20% of the total course hours, the participant may withdraw and repeat the course or apply for another program. Similarly, participants having to start their regular military service before the completion of the training program have the right to repeat the course

During the practical activities, participants register the daily work in a separate exercise book

2 Implementation of the Practical Process of Production

Coordinator local councils

Upon the completion of the theoretical training, the local councils carry the responsibility for the organization and coordination of the practical producer activity. When selecting the activity for which the theoretical preparation has been completed, the practical implementation of the agricultural activity is prepared based on the support provided by the local council as described in point I 4. The land to be cultivated is transferred to the participants with the help of the organizer appointed by the local council

The support of the producing activity concerns the following

a) Preparation of production

- Definition of the activity, the type of the agricultural culture and the type of husbandry. These activities are defined on the basis of the studies prepared by the experts of the County Agricultural Directorate*
- Method of land utilization. Legal documentation concerning the transfer of land is prepared, the land is divided into plots, the land is actually transferred to the participants*
- Sow-seeds, aliment, foil, artificial-fertilizer, insecticide, weed-killer, biostimulator. Depending on the type of the plant culture contact is made with the producer or the distributor of the products, purchase is done in time*
- Water supply. In those cases when drainage is required, technical conditions for drainage (i.e. pipelines, engine pumps) have to be provided*
- Agricultural machinery leasing, mechanized agricultural work. Agricultural machinery and equipment, operational program and lease agreements are provided*

b) Organization of production

- *procurement,*
- *organization, processing, intensive production,*
- *storing, transportation,*
- *sales of production,*
- *technical consultation,*
- *financing,*
- *legal background*

Information concerning the work process, problems coming up, progress made in cultivation and husbandry is obtained by random tests and temporary control. These pieces of information are required for feedback and the solution of problems occurring during the agricultural cycle. In order to ensure these conditions continuous assistance is provided to the participants throughout the whole process to achieve the ultimate goal of the activity, i.e. the sales of products, which represents the final phase of the first cycle of the training.

The program manager registers the participants' situation, i.e. cultures created, their structure, the number of plots and animals in the Agricultural Register. Based on these registered data, the Mayor's Office issues a Producer's Book, which certifies the agricultural producer's quality achieved during the training organized within the frame of the AGRO START program.

III EVALUATION PHASE

1 Evaluation of the training

An evaluation of the professional training program is needed to obtain information concerning the extent to which the program has achieved its goal, the progress made by the participants and the level of efficiency of the applied methods and tools. There is a continuous control of knowledge and practical skills during the full period of theoretical education and practical training. Methods of controlling knowledge are as follows: oral exams, written exams, tests, etc. During a training program, participants have to be controlled twice. Evaluation of knowledge during the professional (re-) training is done using a scale of grades from 1 to 10. Upon the exam grades are immediately registered in the registry book and the participant is informed of the grade. An average is made for each preparatory subject. The average is rounded up for the participant. The evaluation of the progress made in the subject is done based on these averages. Participants with a minimum grade of 5 (five) in each subject are considered to be graduates.

The unemployed participants complete the professional training program upon passing the theoretical and practical exams. Participants must sit for a theoretical exam conducted by an examination board convoked at the Labor and Social Security Directorate. Members include the program manager, the representative of the Labor and Social Security Directorate, and 1-3 experts. Theoretical exams consist of a written or oral or both a written and an oral elaboration of the issues of the course material taught during the program. Written exams are evaluated by the examiner who presents them to the examination board. Oral exams are conducted by an examination board in the form of answers to theses of 2-3 questions or occasionally in the form of interviews. The minimum grade to be obtained in order to pass both the written and the oral exam is 5 (five).

The average is calculated from the average of the theoretical and the practical exams with the required minimum grade being 5.

Upon the examination, minutes are taken and the grades are registered in the registry book.

Participants who have completed the professional training and retraining course and received the required minimum grade at the exams are issued by the Training and Retraining Center or in their absence the Labor Directorate a certificate providing a license to the participants to practice the profession they were trained for. The already mentioned institutions provide assistance for the agricultural producer in the establishment of a business and give information about management thus allowing an easier adjustment to the realities of the business world and also a way to access financial sources.

The evaluation and monitoring of the results is not an end in itself. The main objective is not to make an assessment of the training but to draw conclusions allowing the preparation of more successful programs in the future.

2 Evaluation of Production Results

Evaluation of the results represents the most important phase of the training process. The efficiency of the program depends, among others, on the following factors

- an appropriate selection of the participants,*
- level of the transfer of knowledge which should be equivalent to the level of the participants,*
- efficient organization,*
- avoiding potential financial problems*

Within the program, short-term professional training courses are organized thus training costs are also reimbursed within a short period of time. Professional training results in specific production opportunities thus enhancing its efficiency and leading to cost and time saving in the initial phase. This is especially true when training precedes production. In the agriculture, it is important for the training to be completed by the start of the fieldwork.

If an objective analysis proves that in a certain year production was not up to the hopes (bad weather conditions - frost, rain, etc) then production has to be maintained in the area in the following years. Continuation of production is justified by long-term results, thus it is assumed that larger and better quality production can be achieved in the same area.

IV MONITORING

1 Monitoring of the participants of the program, measuring the ratio of those becoming small-scale producers, ensuring a possibility for further professional consultation

Monitoring of the participants and measuring begin at the very beginning of the training process. These processes have become essential from a professional training point of view for this training is considered as an investment which has to be productive. Consequently, monitoring has become an essential part of the process whereby the extent to which the course has managed to achieve the goals and objectives set at its launch are measured.

Evaluation allows the program manager to evaluate the efficiency of a certain phase (compared to other phases) of the training and similarly it allows for the presentation of the advantages of the training.

The role of monitoring is, on the one hand, to consider the activity initiated and support the justification of the activity and, on the other, to provide assistance in analyzing and describing the trainer.

From the point of view of the goals and objectives of the training as well as the time and budget available, a survey can be made concerning the program, methods, results, pedagogical competence, the relations between the trainer and the participants and financial conditions.

The monitoring of the participants takes place 3, 6 and 12 months after the completion of the course. Methods including interviews, conferences and questionnaires are used to identify the participants' interest in the issues of the training course, the most popular themes and opinions about the course.

During the statistical processing of the questionnaires not only statistical data (number of graduate participants, number of those withdrawing from the course, number of participants failing the exams) but also qualitative indicators (probable reason of failure, shortcomings of the course, methods of changes to be made) are registered.

A predominant part of small-scale producers do not meet the requirements of modern agricultural practice. This leads to failure, disappointment and indifference towards pursuing the activity. Everyone has equal opportunities to carry out a developing, efficient agricultural activity producing material goods if working hard and seriously while abiding the rules of cultivation and husbandry.

Upon the completion of the theoretical training, it is important to provide continuous assistance to the participants. Thus knowledge can be sustained and further training can be implemented.

In this respect assistance can be provided by

- the AGRO START program manager,*
- experts of the Agricultural and Food Chief Directorate,*
- experts working on the county's demonstration farms (grape and wine, sugar beet, fruit growing, vegetable growing, cattle breeding)*

These are the institutions being responsible for enforcing the law concerning the countryside and agriculture. Experts of the Agricultural and Food Directorate provide technical consulting, business consulting, legal and management consulting service for each initiative. This has to be monitored continuously till the end of the process.

Small-scale producers trained within the AGRO START program are provided with the following specific technical type of advice by the local agricultural centers

- a) Appropriate selection of sow-seed. Procurement of sow-seed (the most important factor for crop) from the right centers: SEMROM, UNISEM, PIONEER and from the producers, e.g. SUPERSEM SA*
- b) Ensuring the right animal species. This is guaranteed by OJRSA (County Animal Reproduction and Selection Office) by supplying good quality biological material*
- c) Allocation of cultures (ploughing)*
- d) Basic agrotechnical rules (ploughing, sowing period, parasite control). These jobs are done from own resources or in the form of service provision*

Pre-conditions of land fertility

- organic fertilizer from own farm,*
- artificial fertilizer products of the existing integrated chemical works or products distributed by importers or traders (these products are used based on the recommendation of the experts of the agricultural center),*

- *in fighting parasites the small-scale producer has to maintain, through the expert of the agricultural center, a continuous contact with the Plant Protection Station to determine the action plan together In case of husbandry the small-scale producer has to contact the expert of the local Veterinary Station, in the event of disease the orders of the Station's experts have to be executed*
- e) *Preparation of documentation necessary for loan application*
- f) *Preparation of appropriate documentation in the event of a natural disaster*
- g) *The most up-to-date information of special literature through leaflets and innovation of companies processing agricultural products, distribution points of pesticides, sow-seeds and fertilizer and based on leaflets*

Continuous contact with those small entrepreneurs who have been trained within the AGRO START program is of special importance from the point of view of gaining initial experience.

2 Determination of the economic impact of the program at an operational and a small regional level, analysis of the opportunities of extension and further development

The AGRO START program, as a basic economic program, consists of two important poles

- a) *social impact is reflected in the employment of local labor – thus can the number of the unemployed in the agrarian sector be reduced*
- b) *local economic impact is embodied in the development of the local economy Development is reflected, on the one hand, in the increasing utilization of the capacity of the processing industry, and, in the guaranteed sales opportunity of products of the small-scale producers at a local level on the other*

In Hungary, this type of program has been applied with the involvement of American experts in another branch of the economy, i e in industry

By participating in the industrial program, more than 2000 unemployed could finish the course successfully and find a job

For trained small-scale producers the AGRO START program provides the following

- *updating previous knowledge, acquiring new knowledge,*
- *opportunity for the small-scale producer to start his activity as an agricultural entrepreneur thus being able to support the family,*
- *ensuring income necessary to maintain an agricultural business of a commercial size*

From the point of view of commercial associations producing agricultural products, the impact of the program can be measured in the following way

- *ensuring raw material based on the contract with the small-scale producer,*

- raw-material supplied from shorter distance represents lower transportation costs,
- increased producer's capacity of the company At present the utilization rate of processing companies is approx 30-40% An increase in the quantity of the raw material entails the increase of the utilization rate,
- increasing or occasionally stabilizing the number of employed,
- extending the market of the company

When analyzing the economic impact of the program, indicators before and after the program have to be compared During this comparison the following aspects have to be considered

- qualitative change in the product,
- change in the size of production,
- enhanced application of new technologies and technological processes,
- sales of products at a favorable prices,
- change in opportunities to support a family

It would be too early to present the economic impact of the AGRO START program prior to its launch, however the opportunity to resolve local problems has to be outlined. Programs of this kind have already been implemented in practice in Hungary In this respect it has already been proved that due to the completed professional training, the unemployed have managed to become small-scale producers and pursue an activity with the help of which they could support themselves and their families

Considering that the agricultural and unemployment indicators of the two counties i e Békés and Arad are similar, the output of the program implemented in Hungary can be applied in Arad County with similar conditions

The advantages of the program in Bekes County have proved that it is flexible, applicable and meets the local needs

In view of the program's potential success in terms of an agricultural application, organizations implementing the program in Arad County recommend the application of it in other counties of the countries as the program contributes to the development of the local economy and to the discontinuation of unemployment

EPILOGUE

The present study has been prepared within the framework of the PHARE cross-border cooperation microproject and with the cooperation of the institutions of Arad and Békés counties

The project was initiated by and awarded to the Regional Labor Development and Training Center of Bekescsaba

The AGRO START study represents the output of a cooperation among those organizations, which participated in the preparation, editing, and publication of the documentation

We would like to express our thanks to the following institutions for the cooperation of their experts Regional Labor Development and Training Center of Bekéscsaba, Labor Center of Bekés County, Land Registry Office of Bekes County, Municipality of Medgyesegyhaza Parish and from Arad county's side to the Labor and Social Security Chief Directorate, Agricultural and Food Chief Directorate, Arad county Chamber of Agriculture, Commerce and Industry, Council of Arad County, Prefecture of Arad County

We would like to express our thanks to all supporting the implementation of the project Should the cooperation willingness experienced during the preparation of the study remain, the application of the program is bound to be successful

*Grasan Nora
European Integration Office of the Prefecture
Arad County*

Appendix 13 Quick Start Evaluation Report

HUNGARY QUICK START PROJECT EVALUATION

***A project of the Hungarian Ministry of Labor in
cooperation with the U.S. Agency for International
Development and the U.S. Department of Labor***

Hungarian Ministry of Labor

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Dr Andrianna Soos
Mr Istvan Sum
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U.S. Department of Labor
Francisco Arango
Project Officer
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USAID
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THE QUICK START PROJECT

The project was begun in October, 1994 with the conducting of a one week Quick Start Seminar at Eger. The seminar conducted by Mr Clarence Burdette and Dr Fred Harrington under the supervision of Mr Francisco Arango, was a joint effort of the U S Department of Labor and the Hungarian Ministry of Labor financed by a grant from the U S Agency for International Development. The seminar was attended by approximately 50 persons from the Hungarian Regional Centers for Development and Retraining of Manpower, County Labor Office private training companies and companies in Hungary. The seminar was designed to give participants an understanding of the idea and philosophy of Quick Start and training in the basics of planning, organizing and evaluating Quick Start projects.

THE QUICK START PROGRAM

The Quick Start program is designed to encourage economic development and to provide job opportunities for workers through a cooperative effort by private companies, Regional Centers for the Development and Retraining of Manpower, and the County Labor Offices. The Regional Center offers job specific training for workers for companies who need additional workers because of expansion or start up of a new operation or the obsolescence of workers caused by new technology.

The training is based upon an analysis of the jobs the company requires. The analysis is conducted by a U.S. Department of Labor Expert working in conjunction with a coordinator from the Regional Training Center and a representative of the company. The analysis is job specific and utilizes techniques which will determine exactly what tasks a worker must do and what he must know to do a job efficiently and safely. The Regional Manpower Development and Retraining Center Coordinator and the company coordinator receive training in these job and task analysis techniques for future use through their work with the U.S. Department of Labor Expert.

A manual containing the job analysis information and data for each job is prepared and presented to the company and the Regional Center for future use. The County and/or the Local Labor Office recruit and select trainees for the jobs in cooperation with the company. Unemployed persons are given priority for selection.

Theoretical classroom training which includes an orientation to company policies and the Free Enterprise System is done first. Practical job training based upon the job and task analysis is conducted in the company in an actual work setting by company personnel who have been trained to provide the instruction under the guidance and supervision of the U.S. Department of Labor Expert and the official from the Regional Center for Manpower Development and Retraining. The company agrees to employ all trainees who complete the training and are certified suitable for employment.

PILOT PROJECTS

Three pilot projects have been successfully completed at Kisvarda, Debrecen, and at Mohacs. These projects were organized with assistance from and under the supervision of Mr. Clarence Burdette, U.S. Department of Labor Consultant and Mr. Francisco Arango, U.S. Department of Labor Program Officer. A review of each project follows:

KISVARDA.

This project was a joint effort between the Regional Training Center at Nyiregyhaza, the County Labor Office, and the HAJDU BET Company, a food processing company which processes chickens, rabbits, and geese.

Two hundred and thirty (230) persons were recruited and screened by the County Labor Office, with 75 selected to begin the training program on March 27, 1995. Of the 73 persons who completed the training program, 61 persons were employed by the company and all are still working. Two of the remaining 12, found other employment and nine were judged not suitable for employment because of excess absence in the training period and other reasons. One person was found to have a health problem which rendered him unsuitable for employment in this company (Epilepsy).

Of those available for employment (75 started training, 73 completed, 2 found other employment, 1 sick) 61 of the 70 (or 87%) were employed and are continuing employment. These employees are paid the normal salary for their job.

Monitoring of the program and communications between the three partners was excellent and continuous.

Production at the company has increased by 20% and the quality is higher. The company stated that the project was very worthwhile to them. They are very pleased with the work of the training center and the County Labor Office and will continue a close working

relationship with them. Twelve (12) of these trainees have been selected for additional training and for higher level jobs. All three partners were very complimentary of the work of Mr. William Dillon, U. S. Department of Labor Expert and of the analysis data obtained. Mr. Dillon conducted classes at the company and at the center in addition to his work in analysis and instructional planning. They stated that Mr. Dillon had become a part of the family both at the company and at the training center. Special commendation must be given to Mr. Istavan Varkony and his administrative staff, Mr. Zoltan Szekelyfold, Interpreter and Project Coordinator from the Center; Mr. Gyula Molnar, Factory Director, Mr. Tamas Grof, Deputy Director, and Mrs. Elizabeth Kovacs. Mr. Laszlo Bartha, Director of the County Labor Office also is to be complimented for the excellent work and cooperation of his office in the project.

The project was well reported in newspapers and TV. Many companies have called to request information on how they can have a similar project.

By all measures, the project was a great success.

MOHACS:

This project was a joint effort between the Regional Training Center at PECS, the County Labor Office, and the MOFA Company in Mohacs which produces a variety of wood particle hardboard products. This project combined training for new workers and training for employed workers in new skills required for them to continue in their jobs.

The project started on June 12, 1995, and is still in progress. Mr. Bill Grass, the U.S. Department of Labor Expert, worked at Mohacs from June 12 through June 30. Mr. Grass worked primarily with Mr. Gyorgy Josa, interpreter and training center group leader, and Mr. Balint Schwarcgkoph in performing the job and task analysis and in the preparation of the manual which is being used in the new worker training. All three deserve special commendations and recognition for their excellent work in the project. The company and the center will use this information for future training as well as for this project. Screening and selection of trainees was done by the regional and local labor office with help from the company.

Newspaper advertisements, TV, and posters were used in recruiting. Final selection of trainees was done jointly by the company and the labor office. Twenty-five (25) trainees have been selected and are in training. The company will employ all who complete the training. In addition, 58 employees are receiving specialized training in marketing, free enterprise, and computer skills. These classes are taught by Mr. Istavan Bujtor and Mrs. Erzsebet Szilber, both department leaders at the center.

As a result of the close alliance of this project between the center and the company, a project to implement total quality management (TQM) throughout the company will be done. The training center, having received training from the University at PECS, will provide the training in TQM at the company. Mr. Dezso Szanto, General Director of MOFA, Mr. Attila Hejjas, Financial Manager, and Dr. Gabor Balogh, Technical and Sales Manager, have contributed

greatly to the project as have Mrs Eva Fodor, training center director, and Mr Laszlo Egyed, section leader, and Dr Varga Tiborne, deputy director of the employment office

The project is viewed as highly successful by all measures. Eighty three (83) persons will be employed or continue employment as a result of the project. The training center and the company will continue to cooperate in training efforts. The company anticipates expansion as a result of demand for its products and the availability of training for new workers. The company and the training center expressed their appreciation to Mr Grass for his work and for teaching them many new techniques and for motivating them to higher levels of accomplishment.

began on July 10 and continued until August 18 when the plant officially opened for production

Transportation of the trainees for all phases of training was provided by the company

DEBRECEN

This project between the HAJDU BET Company, the training center, and the County Labor Office, is the largest of the three. Over 1,600 persons were recruited and screened, and 540 were referred to the training. Of the 540 trained, 510 (or 94%) have been employed and are continuing work. The need for this training project is a result of the purchase of a large plant for processing geese, turkeys and ducks for consumption in Hungary and throughout Europe by HAJDU BET. The plant, which had been closed for about 5 years had previously been operated by the government. HAJDU BET has just completed a remodeling and refurbishing of the facility prior to beginning production. The rate of salary for workers here is higher than for similar level (semi-skilled) work in the area. The effect of this project on the economy of Debrecen is obvious. The company is extremely satisfied with the training program and quality of the workers skills.

The company and the training center are now working together to train forklift operators and other employees for the company.

Mr William Dillon and Dr Fred Harrington, U S Department of Labor Experts shared the work and responsibility for job analysis, instructional planning, and organization of this project.

Mr Robert Vamos, Mr Richard Bank, and Miss Viktoria Radna, from the Debrecen Training Center, deserve praise for their work in the project as do the management staff at the company.

The County Labor Office did a very large and difficult job in screening the 1,600 applicants. Committees comprised of one person from the Labor Office, one from the company and one from the Training Center conducted interviews for the selection of trainees.

The project started on June 18, 1995 with the analysis being conducted in a similar plant at Hajvuvid. The practical training

EVALUATION SUMMARY

- 1 All three projects were conducted as planned and successfully completed.
- 2 An excellent working relationship has been developed among the Regional Training Centers, the Labor Office, the U S Department of Labor, the Hungarian Ministry of Labor, and the company, and was evident in all three projects
- 3 The number of persons trained and employed meets or exceeds expectations in all three projects
- 4 A video showing the work in the company and the tasks required for a worker was developed at each site by the center under the Department of Labor Expert's guidance. The companies were very satisfied with the video quality and it will be used in the future.
- 5 The job specific task analysis was the key to the success of the training Training was very specific for the company's job requirements.
- 6 The job specific training required a shorter period of time to bring the worker to full productivity than usual
- 7 The U. S Department of Labor team was well received. There was an excellent working relationship between the team, the center officials, and company staff.
- 8 The center officials and company staff were dedicated to the project and worked very effectively with the U. S Department of Labor team.
- 9 There was excellent cooperation between USAID, the U S Department of Labor and the Ministry of Labor in planning and implementing the projects
- 10 There was good public information and public relations on the projects and the U S Department of Labor Quick Start concept has been widely diffused and accepted
- 11 Many companies have called expressing interest in conducting Quick Start projects which will increase employment and production
12. There is continued cooperation between the centers, the companies and the Labor Office and a commitment to jointly conduct more training

13 The project operated very efficiently.

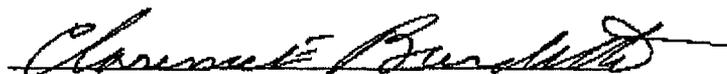
- a A shorter time period was required for the training
- b the training was very job specific
- c The practical training was done at the work place in the company.
- d Job placement was very high

The impact of these three projects has been significant. Of the 698 persons which were trained, 659 (or 95%) were employed. The three Regional Centers for Development and Retraining of Manpower have been introduced to a new technique for working with and building partnerships with companies. Companies have been provided with excellent training and new techniques. They have developed as a result of this project a new respect for the capability of and assistance they can receive from the Regional Center and Labor Office. A significant tool for economic development and increasing employment has been piloted in Hungary.

General evaluation of the project is "Excellent" Expectations of the project have been met and exceeded.

RECOMMENDATIONS

- 1 The Quick Start Program should be continued, expanded, and diffused.
- 2 At least one project should be conducted in each region in Hungary in cooperation with the Regional Training Center
- 3 A system should be developed by the Ministry of Labor for applying for and conducting a Quick Start project
 - a Proposal Form
 - b. Budget and Financial Forms
 - c Report Forms
 - d. Regulations and Restrictions
- 4 A guidance manual will be prepared by the U S Department of Labor on Quick Start Procedure -- "How to Plan and Conduct a Quick Start Project" -- for use by training centers, labor offices and companies.
5. The U S. Department of Labor Expert should be on site at least one week before the training starts and one or two weeks after it starts to help conduct the analysis and to train instructors and supervise the start of the project.
- 6 A Quick Start conference should be conducted in Hungary to help provide understanding to Chambers of Commerce, industry, training centers, labor offices and companies.
- 7 Companies, labor offices and training centers should be encouraged to provide financial support for the projects
- 8 A long-term follow up of each project should be done in order to measure impact on the local economy


Clarence E Burdette, Consultant
U S Department of Labor

On behalf of the members of the Evaluation Team:
James E Watson II, Project Development Officer
USAID
Ferenc Gyokos
Hungarian Ministry of Labor
Dr Adrianna Soos
Hungarian Ministry of Labor

Appendix 14 Cooperation Agreement with the Hungarian Telecottage Federation

Cooperation agreement

between

USDOL Rapid Response and the Hungarian Telehouse *Federation* (henceforward: Federation)

on furthering the attainment of the following common goals

- I Furthering the development of rural areas, and the establishment of new telehouses which are indispensable for the development of NGOs, communities and partnership - in the interest of which they agree to coordinate their financial and technical resources
- II. DoL projects which aim to establish telehouses- preserving their independence, coordinating the goals and resources, and with more openness toward local area economic development and business renewal aspects - **constitute a sub-program of the National Telehouse Program.**
- III Telehouses should be made suitable for the provision of services facilitating local area economic development, business development and the improvement of employment levels as well as for the information technology support of local area initiatives
- IV In addition to the mutual exchange of information they assist with raising awareness of each others' programmes and activities both in Hungary and abroad

In order to accomplish the aforesaid goals DoL undertakes the following

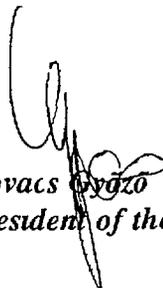
- 1 Subsequent to the local area economic development workshop series, USDoL makes available to the Federation a list of local communities (names and addresses) which intend to set up a telehouse, an information centre or a local area manager's office (see Annex, point I)
- 2 Assists with the development and research efforts of the Federation by writing case studies and handing them over to the Federation
- 3 Participates in reviewing the proposals solicited by the Federation
- 4 Participates in the work of the National Telehouse Programme Council
- 5 Makes all the written and other kinds of information available which on the one hand helps the Federation and its member organisations to get familiar with the DoL project, on the other hand, is necessary for putting together an Internet homepage

The Federation undertakes the following

- 1 Participates in reviewing USDoL project proposals which aim to set up telehouses (see Annex, points 2,3)
- 2 Provides software support for the establishment of the DoL project telehouses, the value of which is equal to that of USDoL support Assists with the discount procurement of hardware equipment for DoL projects which have planned on the purchase of computer equipment (See Annex, point 3)
- 3 It will acquaint the Telehouse network with DoL LED model and embarks on the dissemination of the model
- 4 It will encourage the telehouse network to take a role in providing information technology support (e g putting together a local area data base) for economic development, business renewal and community development projects
- 5 Offers its organisational and technical experience to the telehouses to be established under the auspices of USDoL projects Assists with launching telehouses by providing introductory training for the staff to be followed by ongoing technical assistance to ensure the improvement of innovation skills and the aptitude of the staff
- 6 USDoL's role, participation and support will be credited in the information and data systems (e g internet) and materials related to the telehouses It will provide an opportunity to use the Federation's internet pages for the development of the DoL homepage, the publication of the training material for the model and the dissemination of the experience regarding the application of the model in Hungary It will make the network services of the telehouse available without any limitations

This agreement will remain effective until the termination of DoL activities in Hungary Subsequently cooperation will continue according to a respective decision made by the DoL successor organisation

This agreement can be cancelled in writing by either party with 15 days' notice


Kovacs Győző
president of the Hungarian Telehouse Federation


Maria T. Heulekamp
USDoL director


Appendix 15 Interministerial Cooperation Agreement

Cooperation agreement

made between

The Prime Minister's Office (MEH)
The Ministry of Economic Affairs (GM)
The Ministry of Agriculture and Rural Development (FVM)
The Ministry of Social and Family Affairs (SzCsM)
(henceforward the ministries)
and the Rapid Response Project

in the interest of

- the continuation of USDOL Rapid Response Project (the Project), which has been operational in Hungary for five years, in order to utilise the experience and expertise gained in the course of the project,
- the coordination and joint financing of local, local area, county, regional and rural development (economic development and employment development) programs

1 The project has been operational in Hungary since June 1994 will close down by July 31 1999 In the course of five years and in cooperation with several Hungarian ministries, the following models were tested and successfully adapted

- Reemployment Assistance Committee (MEB) model used to alleviate the detrimental consequences of mass layoffs accompanying the transition to a market economy system (privatisation and restructuring) as well as market economy processes,
- local and grassroots LED model,
- Quick Start customized training model to meet the needs of new, expanding or restructuring employers

In the course of the application of the model and with technical guidance and assistance from SzCsM (former Mum), the national network of the Project was developed In the capacity of Rapid Response coordinators, the County Labor Centre regional employment counselors (TFTs) forged partnership with numerous local municipalities, organisations and agencies Apart from that, the success of the Project can to a great extent be attributed to the cooperation established between the ministries

- 2 The cooperating partners agree to continue the activities of the Inter-ministerial Coordination Committee which has been successfully working since it was initiated by Rapid Response Project in August 1998 The committee will be transformed into a Rapid Response Committee of Specialists
- 3 The project will make the accumulated experience, the documentation, the methodological materials and its technical background available for further utilisation subsequent to the closure of the project

- 4 The Ministries consider the project suitable for the facilitation of local area, county and regional cooperation and partnership, the development of local economic development policies, as well as central, regional, county and local resource coordination
- 5 The ministries wish to cooperate under this agreement in order to utilize the experience made available to them by the project in employment and economic restructuring projects as well as ones aiming to help disadvantaged populations and areas, and ones striving to focus on the development of specially targeted sectors and groups, in particular in the interest of
 - economic renewal,
 - the creation of appropriate business environment for micro and SMEs,
 - helping businesses to change business lines and addressing rapidly the negative impacts of layoffs caused by the budget reform,
 - improving the employment situation of the rural population,
 - creation of new jobs,
 - upgrading the adaptability and qualification level of the domestic labor force in adjustment to the needs of modern market economy,
 - improving the quality of life of the population
- 6 Under the cooperation, the ministries will help local area, regional and rural development programs to be launched in the future—in the interest of attaining the goals mentioned under point 5—in the following ways
 - technical coordination between the organizational units within the ministry, as needed,
 - harmonization of objectives to be set by a given ministry with the partner ministries,
 - coordination of the utilization of the government central / decentralized resources handled by the individual cooperating partners, coordination of determination of criteria of using such moneys and coordination prior to soliciting proposals,
 - to actively involve regional, county and local level organizations reporting to them in local sub-programs,
 - joint application of co-financing models along EU requirements,
 - joint development of EU and PHARE proposals for support,
 - they respond rapidly and develop the most effective ways of intervention to address sectoral or regional economic/employment restructuring processes which are expected to be accompanied by significant conflict situations,
 - development of the legal and regulatory backgrounds related to the institutionalization of MEB and LED models, and the necessary rectification of the already existing regulations
- 7 In order to specify and determine their appropriate goals and tasks, the ministries agree to expand the portfolio and powers of the existing LED Coordination Committee to include the current Rapid Response activities, which will entitle the committee to use the name of “Committee of Rapid Response Specialists ”
- 8 Under the cooperation effort, the individual ministries use the project’s experience and provide coordinated assistance for the dissemination of the two models in Hungary as well as with the practical implementation of the models at project sites in the following concrete areas

MEH

- circulates draft materials on the public administration reform which have a bearing on economic development
- takes the recommendations of the Committee of Rapid Response Specialists into account as the public administration reform is implemented
- participates in the cooperation effort, analyses the effectiveness of cooperation under this agreement and makes recommendations for the future of the cooperation effort
- maintains relations with all organisations involved, particularly with LEA, the Local Entrepreneurship Centers, the Hungarian Telehouse Association and the regional public works organisations

GM

- helps to arrange for coordination between the cooperating partners The major goals and directions of cooperation include
 - 1 sectoral and local facilitation of economic-employment restructuring processes in which the partner ministries, and with their assistance, their various regional, county and local organisations as well as the regional development councils, the employment boards, other institutions, NGOs and the business community are involved, too
 - 2 based on the initiatives of the given communities, helping disadvantaged local areas and regions to catch up with their peers, in the interest of which GM will strive to operate the various support systems and programs in a coordinated way and in compliance with EU co-financing principles
- encourages the implementation of MEB, LED and Quick Start models in concrete areas which are affected by economic restructuring (e g coal mine areas), in order to alleviate the employment crisis and instigate job creation efforts
- continues the project's professional, technical and coordination activities—monitoring the effort, in order to ensure that the experience will be accessible
- provides HUF 100 million targeted support for the years of 1999-2000—to be allocated through a proposal procedure—to help with the implementation of LED model through OFA OFA is entrusted with developing and managing the proposal process
- monitors the effectiveness of the work done at current Project sites (OFA, SAPARD, Del-Dunantul, Del-Alföld programs)

- in the course of adjusting the existing support systems to the EU requirements, it develops policy recommendations for programs and tools focusing on prevention and reduction of unemployment
- looks into possibilities of more extensive dissemination and implementation of the LED model through the involvement of EU and Phare resources
- helps with the establishment of relations between the partner ministries and organisations developing sectoral and local area programs
- keeps in touch regularly with the County Labor Center TFTs, and given their expertise and experience, involves them in the development of economic and employment policy guidelines as well as that of policies to be devised by the partner ministries
- organizes CRRS meetings and provides appropriate conditions for the operation of the Committee

FVM

- helps with the dissemination of the LED model—a proven Hungarian model of local, local area and regional strategic planning—towards the institutional system of regional and rural development
- encourages the involvement of the National Regional Development Council and the regional and county development councils and their agencies in the application of the model as well as the development of regional and rural development policies
- ensures in the course of SAPARD training programs that the local areas of the country get familiar with the LED training material and use it as they devise their development policies
- encourages the participants of the SAPARD program to contact the regional employment counselors of the County Labor Centers as well as the agencies of the county development councils and thus helps with the application of the LED model, initiating the development and implementation of grassroots economic development plans
- in cooperation with the appropriate partners it develops alternative MEB, LED and Quick Start (Agrostart) versions which can help with addressing agricultural restructuring as well as rural unemployment. It encourages local actors and the multiply disadvantaged groups to take a lead role in the joint development and implementation of local development projects
- works together with SzCsM in order to ensure that certain training and retraining resources originating from SAPARD and labor market funds are used in a coordinated way in the interest of the reintegration of displaced agricultural and rural populations into the labor market

SzCsM

- helps with the application of MEB model, its adjustment to the actual practice and running it as an active tool financed by the Labor Market employment fund
- encourages County Labor Centers, the Regional Retraining Centers and employers to use the Quick Start model
- uses the experience of the models in the complex social and employment programs
- encourages non-profit organisations to help with local economic development by means of their social services
- encouraging that the RR coordinators working for CLCs can provide technical and methodological assistance at MEB, LED, SAPARD and complex program sites, such an effort includes arranging professional and training forums for the TFTs
- works together with FVM in order to ensure that certain training and retraining resources originating from SAPARD and labor market funds are used in a coordinated way in the interest of the reintegration of displaced agricultural and rural populations into the labor market

The cooperating Ministries agree to

- maintain relations with USDOL ILAB and USAID regional office in the interest of implementing this agreement, with special emphasis on models to be developed in other countries of the region
- continue to coordinate and assist with US-supported projects related to the various ministries (e g the Ambassador's partnership program for East Hungary, Roma community programs)
- be involved in the development of policy recommendations and professional, methodological guidelines aiming to improve the models in Hungary
- the cooperating partners evaluate annually the results and effectiveness of the programs arranged in the given year and make recommendations for the future of the cooperation effort
- in the spirit of Rapid Response they are prepared to provide immediate and effective assistance jointly in order to tackle employment crisis situations

USDOL Hungary Rapid Response Office and Director agrees to

- turn over to GM, as the primary professional coordinator, the LED (three-volume) and MEB training materials, along with the rights to re-publish them, in a way that any cooperating partner can freely use them
- turn over to SzCsM the MEB materials as well as the volumes of collected documents prepared for the CLC TFT quarterly meetings, together with the right of re-publishing
- turn over to OFA a sufficient number of copies of the LED manual in order to have them used in the LED program launched by OFA
- turn over to FVM a sufficient number of copies of the LED manual in order to have them used in SAPARD and other programs
- the transfer of the technical equipment of the Project office will be the subject of a separate agreement
- beyond the project's close-out, be available for consulting and technical assistance assignments on request, provide information on relevant American models and experience, and to assist with cooperation with USAID regional office and USDOL/ILAB, in the interest of realising this agreement
- encourage the use of Hungarian technical experts in providing assistance with the application of MEB and LED models to other countries of the region, and facilitate processes in the course of which the cooperating ministries can participate in exchange of experience sessions with other countries

Budapest July 29, 1999

GM

FVM

SzCsM

RR

MEH

Appendix 16 List of Selected Publications and Materials

- *Labor Retrenchment Issues Associated with State Enterprise Restructuring Handbook*, Case Study 1 Hungary Rapid Response Project (World Bank, 1997)
- *Layoffs in Hungary*, Chapter 2 The Rapid Response Model (Phare and LIGA, 1997)
- *Regional Development and Employment Policy Lessons from Central and Eastern Europe*, Chapter 6 Innovative Approaches to Worker and Community Adjustment in Hungary (ILO, 1998)
- *The Role of Non-Profit Organizations in Local Employment*, Chapter 4, The Rapid Response Model in Hungary (DemNet/USAID, 1998)
- Projects also referred to in *Improving Local Government in Hungary* (ICMA/USAID, 1998)
- Forthcoming Telehaz Book (still untitled), chapter on Rapid Response called Partnership and Cooperation in Local Economic Development (Telehaz Szovetseg, October 1999)
- Forthcoming *The First OFA Conference Partnerships and Cooperation*, publication of speech on the Rapid Response Project made in June, 1999 (OFA, Summer 1999)
- *Quarterly Meeting Books* (Twelve volumes published for use during Quarterly Meetings, featuring innovative technical materials used in Rapid Response RAC and LED pilot projects from around the country, legislative and policy team papers and press coverage)
- MEB v 1 Software RAC software for assisting committees and County Labor Centers in assessing and tracking dislocated workers as well as in evaluating outcomes