

## Chapter 5

# Writing a Local Economic Development (LED) guide for the ILO and testing it in Hungary

7-14-2010

### Part 1: Writing an LED Guide for the ILO

One of the most exciting and fulfilling periods of my international consulting service occurred in Central and Eastern Europe where I worked on several projects for the ILO from 1993 to 1996. Subsequently, from 1996 to 2003, I used a set of manuals that I wrote for an ILO/UNDP CEE regional project to help initiate a series of projects under USDOL auspices to promote community economic renewal (CER) and development in Hungary, Poland, Romania, Bulgaria, and Macedonia. The evolution and development of the various projects in Central and Eastern Europe in the 1990s is a fascinating story of the challenges and difficulties faced by countries transiting from command economies to market economies -- from communism and centralized state control of the economy to democracy and a capitalist, free market economy.

### Participation in EU-ILO workshop in Aarhus, Denmark

May 8-10, 1993, I was in Geneva, Switzerland, before participating in an ILO project in Kiev, Ukraine. While in Geneva, I met with Angel Vidal of the ILO Cooperative Branch who was serving as the technical coordinator for a workshop to be held in Aarhus, Denmark, June 28-30, 1993. The workshop was jointly planned by the International Training Center of the ILO and the Commission of the European Communities, Directorate-General V (Employment, Industrial Relations and Social Affairs). The objective of the workshop was to identify the conditions for successful local employment and economic growth, and develop policy strategies and actions applicable in developing countries, EC member states and former centrally planned economies. The 55 persons specifically invited included decision makers and experts from developing countries, EC member states and CEE countries.

Angel Vidal told me in his letter of invitation that:

“Due to your own experience and expertise in local and regional economic development we wish to invite you to participate in the workshop. In particular we would like you to be the animator of one of the six working groups, namely ‘Promotion and Development of Entrepreneurial Initiatives.’”(Letter from Angel Vidal to GBH, nd, probably sometime in early May 1993)

Prior to going to Denmark, I wrote a background paper entitled, “The promotion and development of entrepreneurial initiatives for employment and enterprise creation,” for delivery at the Workshop and publication as part of the documents prepared for the meeting.

June 25, 1993, I flew to Geneva for a one-day stopover before flying to Aarhus, Denmark for the workshop. June 28, I presented my background paper. During the workshop meetings, I served as animator of workshop group No. 4, the group that discussed the topic of my paper. At the end of our deliberations the following day, I wrote up and presented the workgroup's final report to the plenary session on the last day of the workshop. In August 1993, an edited version of my paper and the report of Group 4 that I wrote were submitted to the ILO and/Commission of the European Communities for publication. The main publication arising out of our work in Aarhus was:

"The promotion and development of entrepreneurial initiatives for employment and enterprise creation," Chapter 12 in *The Design and Implementation of Strategies for Local Employment and Economic Development*, ed. by Angel L.Vidal Alonso and Dorthe Nielsen Short. Geneva: International Labour Organization, 1993. (included is an edited copy of my Aarhus paper for that publication dated 17 August 1993).

While in Aarhus, I took in some of the sights that were of considerable interest to me because my grandfather and great grandmother had lived there before immigrating to America in the 1870s. I remember making some emotional comments about my Danish roots in Aarhus when I spoke at one of the sessions of the Workshop. At the workshop, I enjoyed interacting with Angel Vidal and Michael Henriques of the ILO. They were great colleagues to work with, and we became good friends. I also made the acquaintance of Duncan Campbell, another American academic from the University of Pennsylvania who was working at the ILO in Geneva. June 30 we sat next to each other on the bus to the airport for the return trip to Geneva.

## **Writing an LED Guide for an ILO/UNDP CEE regional project**

After the Aarhus workshop, July 1-5, 1993 I went to the ILO headquarters in Geneva to make the rounds, visit my friends and see what new projects might be coming down the pike. From conversations with Angel Vidal in Aarhus and Geneva, I learned that he hoped to build on the workshop and eventually launch a major CEE regional project on local economic development (LED) if money could be found from a donor to finance the project.

On April 24, 1994, I received a letter from Angel Vidal, a Spaniard and the coordinator of the LED activities in the ILO COOP Branch, saying that he had obtained some funds from the UNDP and had decided to "go ahead" with the job of having me write an LED manual for their CEE regional project. My work would be part of a joint effort between the COOP and Ent/Man Branches at the ILO. The project was called ILO(COOP)/UNDP(DECS) Project with the title: "The Creation of a Local Employment and Economic Development Network Programme for Central and Eastern Europe, CIS and the Baltic States (RER/93/016)."

A Danish woman, Dorthe Nielsen, was the Chief Technical Advisor for the project. April 25-June 5, 1994, Dorthe Nielsen and Angel Vidal went on a "mission" to the eight CEE countries that would be part of their project. On May 18, 1994, I received telephone call from Dorthe Nielsen saying that she was sending me a progress report on the LED project, and that the LED manual we had discussed was still in the works. She said that she would write to me the following week to spell out some of the things that she wanted included in the manual. She

further said that the COOP Branch still wanted a chapter in the manual on the role of cooperatives in LED.

June 23 - 28, 1994, I went to the ILO headquarters in Geneva. Dorthe Nielsen had recently returned from visiting the eight countries to be included in the CEE regional LED project. She said that at the end of their mission they had identified eight local project sites that were conducting a variety of economic development activities in seven countries in the region where they wanted to develop a new program called SHIELD (Sustainable Human Integrated Economic Local Development). The SHIELD program was planned to run for a period of six years starting in January 1995 and was to become increasingly self-sustaining. The first two years of SHIELD would be at the eight projects in the Czech Republic and Slovakia, Poland, Bulgaria, Lithuania, Belarus, and Russian Federation.

As part of that project, they wanted to get a publication written to use as a practical guide for facilitating LED that could be circulated throughout the region and used in academic courses at the ILO International Training Center in Turin, Italy. I met with Dorthe, and we discussed in detail what my work on the project would include. She asked me to prepare a paper that outlined my plan of work and fax it to her so that she could write the contract. She also wanted me to collect and include in the guide some case studies of LED projects or activities in the region. If possible, they wanted the publication to be completed by October 1994. At the end of my discussions with Dorthe, I agreed to write "the practical guide." Dorthe prepared an excel contract to pay me for my work.

On July 18, 1994, I received a fax from Dorthe Nielsen setting out the terms of reference (TOR) for writing the guide for the ILO CEE Regional LED project that she was coordinating and saying she wanted the guide completed by September 1994. That date turned out to be overly optimistic since I was employed full-time at Utah State University.

## **ILO-U.S. Peace Corps workshop in Plock, Poland**

One of the first activities of the new project was to organize an LED workshop in conjunction with USAID and the U.S. Peace Corps, two donors who would co-finance the workshop. On Aug. 5, 1994, I received a fax from Angel Vidal and Dorthe Nielsen, telling me about the ILO/UNDP LED workshop they planned to hold September 22-24, 1994, in Plock, Poland, and saying, "Taking into consideration the important contribution you and your Institution can make, we are pleased to invite you to take part in the activity as Speaker (see Programme and List of Participants attached). (Fax from Angel Vidal and Dorthe Nielsen to GBH August 5, 1994)

The workshop had three objectives:

1. Provide a forum for discussion among the local socio-economic actors of the priorities and objectives of a further Plock Economic Development Plan (PEDP)
2. Discuss the basic guidelines for the PEDP, including the main items of the implementation strategy
3. Achieve consensus among the local actors in relating to the Plan's priorities.

Part of the workshop's objectives were to allow the ILO and U.S. partners to showcase their LED activities.

A few days later I received an excel contract from the ILO to work on a draft of the CER manual as part of an ILO/UNDP regional economic development project for CEE Region (RER/93/016). Although I received a modest stipend, the amount of work required to complete that project far exceeded the pay by at least a factor of two. The time required to complete it was also extended somewhat. As noted above, the ILO/UNDP investment paid off for the USDOL, if not for the ILO SHIELD Program as originally planned.

On September 2, 1994, I sent a fax to Dorthe Nielsen telling her about some USDOL projects in Slovakia and Poland that were designed to help local communities establish or redesign local development institutions and to develop and implement a "community business plan" directed at local economic development. (fax from GBH to Dorthe Nielsen, Sept. 2, 1994)

I talked to Linda Merrill, the manager of that project for the USDOL, and she was happy to share the materials developed by that project and also provided me with the names of people in Poland I could talk to about it. Several of the projects developed by the USDOL LED project were useful, and I incorporated them into the LED Guide that I was writing for the ILO -- all to the later benefit of the USDOL in Hungary and other countries

On September 5, 1994, I received a fax from Hanna Ruszczuk, a U.S. Peace Corps worker in Poland who was going to participate in the Plock Conference and who was also writing up a case study I planned to use in the ILO LED Guide that I was writing. Hanna, a delightful first generation American, was raised in Connecticut by a Polish grandmother. She had been a friend since the first time we met in 1994. After the completion of her tour with the Peace Corps, in January 1995 Hanna began working on the ILO SHIELD Program for Dorthe Nielsen. I also used Hanna on a couple of USDOL projects that I was involved with. Later, she worked on a UNDP-funded project in Bulgaria as a project director where she met and married a British agricultural consultant. Hanna sent me a fax to report on her work:

Thank you for editing the Case Study. I believe it is very evident that I do not speak or write in English much based on the language used in the Case Study and the grammar errors. If/when I return to the States, I'll have to undoubtedly go for an English grammar class. Your editing maintains my thoughts in almost all of the places. I also gave the case study to others for comments, and their suggestions have been incorporated into this version. I have added an org chart and a time table. People had said that it was difficult to follow the sequence of events at moments. (fax from Hanna Ruszczuk to GBH Sept. 5, 1995)

On Sept. 13, 1994, I had a telecon with Linda Merrill, the project manager for the USDOL LED projects carried out during the previous two years in Poland and Slovakia. She gave me her insights from what had been learned from the EII-run project in those two countries. She also sent me copies of the progress reports and guides that they had developed. We found that the economic development background information was very useful, but the methodology for creating regional LED organizations was less useful in designing the community approach that I wanted to use in the ILO Guide that I was writing.

The next day I sent Dorthe Nielsen a fax with my travel arrangements for Warsaw and the workshop in Plock. (fax from GBH to Dorthe Nielsen Sept. 14, 1994) Angel Vidal picked me up at my hotel in Warsaw on Sept. 21 as planned, and we drove to the site where the Plock workshop was held. We stayed at the Hotel Orbis Petropol, a former Polish Trade Union summer camp (under the old communist system) in a wooded area near a little lake. There were cabins to house the participants and a large building with a cafeteria and conference rooms where the meetings were to be held.

My recollection was that it was very cold at night, and my cabin had only a little electric radiator to provide warmth. The first night I piled on the few blankets I could find on my bed to try to stay warm. The next morning I complained about how cold it had been and asked why there were no more blankets to use. I was informed that the spare blankets were in a container under the mattress. If I have lifted up the mattress, I would have found them. I also remember that the meeting rooms were equally cold during the day, and I had to wear a sweater and jacket to stay as warm as possible. My comment about the Hotel Orbis Petropol was, "If this is a hotel, I'll eat my hat."

I took along 60 copies of my "interventions" to be presented at the workshop, plus some of the materials I had received from Linda Merrill about the USDOL LED project in Poland to show to Dorthe and Hanna.

At the plenary session of the workshop, Angel Vidal and I each gave a 30-minute presentation. My topic was "The Importance of Local Economic Development Strategies within the New Economic Context" After a break to warm up, I served on a panel with two others to discuss "Local Economic Development Experiences in Denmark, U.S.A. and other European countries." My topic was, naturally: "Local Economic Development Experiences in the USA." We returned to Warsaw on Sept. 24, 1994, and I flew home to begin teaching my classes at USU.

## **Completing the LED Guide for the ILO**

The writing project continued apace after my return from Poland. In a fax to Dorthe Nielsen on December 16, 1994, I reported on my progress to date:

My apologies for the delay in getting this Excol contract back to you. I have been working on the project whenever possible, but there are still some significant gaps. For example, I still have not received any of the cases promised from people in [the 7 project countries of] Central or Eastern Europe except for one from Lithuania and one from Kutno, Poland. I am also waiting for a write up of an innovative project conducted by the European Center for Work and Society in Maastricht, Netherlands. It will not be ready until the second week in January. Yesterday, I heard about a successful business development project in Russia which might be suitable to use. If the person who knows about it can get me a write up, it may be possible to include it as well.

On January 12, 1995, I sent a fax to Dorthe Nielsen telling her how much difficulty I was having trying to get the additional cases and materials promised for the LED Guide. I also noted that I was having difficulty finding any successful cooperative cases or stories in the region and that would not make the COOP Branch happy. I suggested that maybe Angel could get me a

case from Spain. The same day I received a fax from Dorthe wanting to know when I would have a draft copy ready since she was receiving requests from the ILO accounting branch asking for the dates when the financial accounts could be finalized. (fax from Dorthe Nielsen to GBH Jan. 12, 1995)

The following day I received a fax from Dorthe saying that they had hired Hanna Ruszczyk to work on the project and maybe she could do some arm-twisting to help get the promised case studies, and that I may have to write a theoretical chapter about how cooperatives might be used in the region in place of any case studies on cooperatives. (Fax from Dorthe Nielsen to GBH Jan. 13, 1995)

On February 21, 1995, I received a fax from Dorthe stating that we were fast approaching the deadline and should use what Hanna had generated, but skip using the case studies and other materials promised by others but not delivered.

On March 10, 1995, I sent Dorthe a fax indicating that I would be coming to Geneva in 10 days and would hand carry a copy of the LED Guide with me. After she and Angel had a chance to look at it, "we can decide if it is ready for circulation or needs some changes." (fax from GBH to Dorthe Nielsen, March 10, 1995)

While I was in Geneva March 22-24, 1995, after being in Poland March 18-22, I delivered a draft copy of the LED Guide to Dorthe and Angel for their review. Subsequently, I sent a fax to Hanna R., telling her that after returning home, I had been very busy with the start of Spring Quarter at USU.

I am swamped teaching three classes. But I have been working as much as possible on the changes that Angel wanted made after reviewing the first draft. All of the changes have now been completed with the exception of the material in Chapters two and three. Your input into these chapters is still needed. ...I have revised the layout and order of presentation of several chapters during the past 4 weeks, plus adding some new material Angel wanted included. (fax from GBH to Hanna R. April 30, 1995)

On April 30, 1995 I also sent a fax to Angel Vidal, informing him of the status of my work on the LED Guide.

I have made most of the changes we discussed in Geneva, added considerable new material, and reorganized the order of presenting the material to better fit the objectives for the guide. It is now about 175 pages in length.

I will bring a copy of the new draft with me to Geneva next week for you to go over. Hopefully, we are nearing the final stage with this version." (fax from GBH to Angel Vidal, April 30, 1995)

During the next few weeks I communicated regularly with Hanna about some of the changes I was making and sought her input concerning several changes. (Fax from GBH to Hanna R, May 5, 1995; fax from Hanna R. to GBH and Dorthe Nielsen, May 10, 1995)

On May 25, prior to leaving for Dhaka, Bangladesh, for two weeks to work on a USU project for the Asian Development Bank (ADB) and the Bangladeshi government, I sent a fax to Dorthe about the status of the LED Guide.

Thanks for the material on cooperatives. I have expanded the section on cooperatives in Chapter 7, which should make it more complete. All of the changes we discussed in Geneva have been made and some additional material added. However, I am still working on Part 1. If I can get this part completed before 28 May, I will send a complete draft to you before I leave for Bangladesh on 29 May. Part of the reason for not having it ready sooner is that one of my students is still working on his paper and will not have his material in to me until the middle of next week (when the school quarter officially ends). If I do not get it in time to work on before I leave, I will send you the latest version of the guide, but without the changes still being made in Part I (Chapters 1 and 2).

My graduate student will fax his paper to me in Dhaka to work on if he completes his work on schedule in the next few days.

I will be in Dhaka for two weeks, returning home on June 15. The revised versions of Chapters 1 and 2 will be sent to you just as soon as they are completed -- either in Dhaka or Logan.

May 28, 1995, one day before leaving for Dhaka, I sent Dorthe another fax:

This is an update on the LED Guide. The enclosed "contents" show the latest version as of today, and with the document split into two volumes. Unfortunately, I ran out of time before completing all the changes (due in part to such things as writing exams, attending meetings, teaching my classes, and preparing for my mission to Dhaka, etc., etc.), so I am sending you this fax to let you know where I am at before my departure for Dhaka tomorrow. My editor is still working on several chapters and working on layout. I am also awaiting some material from two of my students for Chapters 2 and 3 in Volume 1. At this point, it looks like I will be unable to finish the revisions and get you a complete copy until after I return home on June 15. (Fax from GBH to Dorthe Nielsen May 28, 1995)

In Dhaka, on May 30, 1995, I received a fax from Dorthe indicating that she was ready to complete the project and pay me for my work on the LED Guide and that I should send her a fax instructing the ILO where to deposit my payment.

On July 23, 1995 I sent a fax to Hanna R in Poland, informing her that the LED Guide was finished and that she would be receiving a copy of the two volume Guide.

This fax is to let you know that, after a one month delay in June to go to Bangladesh for the Asian Development Bank, I have completed the provisional test edition of A Guide for Local Economic Development this past week. At the request of Angel, the guide (which contains 15 chapters) has been split into two parts: Part I is entitled "Planning, organising, and implementing economic development programmes." Part II is entitled: "Economic Development Opportunities Handbook." Your excellent contribution is in Chapter 4.

After talking with Dorthe on Thursday, July 20, she suggested that I send you a copy of both parts of the guide under separate cover by express mail for you to review, use, and otherwise give me some feedback as to its contents, layout, and usefulness. After you have had a chance to look it over, react to it, and try it out, I will approach USAID and/or USDOL for financial support to: (a) make any changes, improvements or additions that

you and the other beta testers suggest (i.e., Maria Heidkamp in Budapest, Hungary, and ILO/UNDP SHIELD project staff in Bulgaria who are also field testing it); (b) get a professional to put some graphics in and improve the layout to make it more appealing and user friendly; and (c) have it translated into Polish, Hungarian, and Bulgarian and reproduced for broader circulation and use in your various projects.

On July 25, 1995, I sent Dorthe Nielsen a copy of the provisional LED Guide. She sent me fax on August 1 indicating that she received it on July 31, 1995. In her fax she said:

Thanks for the LED publication, which I received yesterday. It looks excellent!!! We are now in the process of reading the final version. In the meantime please send me a diskette by DHL immediately as we want to do a revised cover (including ILO/UNDP logo), an introduction by us and a couple of small things. Of course we are not changing the contents.

On August 9, 1995 I sent a fax to Michael Henriques, head of the ILO Enterprise Branch, informing him of the status of the LED Guide, and what Dorthe planned to do after receiving the provisional test edition:

Just a note to let you know that I have completed the provisional test edition of A Guide to Entrepreneurial Initiatives for Local Economic Development which I showed you in May when I was in Geneva. A hard copy of the completed document and computer diskette were sent to Dorthe Nielsen in COOP on 24 July 1995 so she could add the ILO introduction, imprimatur, any needed changes, and cover. A limited number of copies will then be printed for circulation in central and eastern Europe and for other uses that are considered appropriate. You may want to get a copy from Dorthe for your review and use. Any suggestions for improvement that you may have would be greatly appreciated (and can be incorporated in the guide before the final edition is eventually published). I think that the guide may have application in some other parts of the world besides Europe, and a few changes or additions might enhance its use elsewhere.

The guide contains a "getting started" section in Part II on starting a new business that I abstracted from the Start Your Business manual you so kindly made available to me. It should help create a demand for the SYB manual and work book when they become available.

On August 31, 1995, I sent Dorthe Nielsen a fax indicating that I had completed another version of the LED Guide, and that I would be bringing a copy of it to give her when I came to Geneva, September 9-12, 1995. The new version was set in type and prepared for publication by Wolfpack Typography, a professional typography firm in Logan, Utah, run by Joel Hatch, a USU student. He and my daughter Karen donated a considerable amount of their time and talent to make the Guide far more professional in appearance than it would have been otherwise.

One other thing, I will be bringing another version of the guide for you to look at. It has been set in type and prepared for publication by a small typography firm here in Logan. My daughter Karen has been working for them and I gave it to her to use as a project to gain experience on. They have done a great job -- at no cost. I do not know what the process or resources for doing this sort of work is at the ILO, but you are welcome to use it, i.e., the Wolfpack version (plus incorporating whatever changes you have made) if you want to. (fax from GBH to Dorthe Nielsen, August 31, 1995)



On Sept. 27, 1995 I received a fax from Dorthe Nielsen indicating that she was negotiating with the Dutch over their proposal to obtain funding for the publication of the LED Guide and for money to fund the SHIELD program. She also stated that they hoped to receive some money from the ILO RBTC (Regular Budget for Technical Cooperation) fund to systematize the LED work in CEE with the PRODERE (a local economic development) project in Latin America. She was optimistic that something would work out. (fax from Dorthe Nielsen to GBH Sept. 27, 1995)

On Oct. 4, 1995, I sent a fax to Angel Vidal in which I told him that I had received the changes for the Guide from Hanna on Kutno and Plock, and that as soon as I received any last changes that Dorthe wants made, "I will have Wolfpack Typography prepare the final version and send you the two printed copies of the manuscript." I also told him about my meeting with Jim Perlmutter at the USDOL in Washington, D.C., on Sept. 21 after returning from Warsaw.

I received the go ahead to provide some (conflict resolution and committee effectiveness) training program for the [ILO] Plock LED project if Hanna still wants them and the project is still operational. He is also prepared to have DOL pay to have the Guide translated into Hungarian for use in the Hungary LED project, and may be willing to cooperate on some other activities as well, e.g., in Poland or Bulgaria, depending on OFR's budget situation. (fax from GBH to Angel Vidal, Oct. 4, 1995)

On October 15, 1996, I wrote an email to Angel Vidal indicating that my daughter Karen and her husband had returned from working in Korea and that I had asked her if she wanted to do any more typography work of the LED Guide. "I am afraid that she was not enthusiastic about doing any more work. I have exploited her about all she can tolerate on this project. Consequently, I cannot do any more work on the Guide without hiring someone to do the typography." The only alternative to get the job done, if the Turin Center did not want to pay for the changes, would be to try and get the USDOL to co-publish it with the ITC. I had sent them a copy of my proposal to the ITC outlining what typographical changes were needed and how much it would cost (\$2500). (fax from GBH to Angel Vidal, October 15, 1996)

During the next three weeks I received a number of faxes from Dorthe Nielsen with minor changes that were incorporated into the final version of the LED Guide. On October 30, 1995, I sent a fax to Dorthe about the current status:

How are you doing on the material you are writing for the LED Guide? I have incorporated all of the changes in the Kutno and Plock pieces by Hanna, and have reordered the Chapters in Part One to fit the layout we agreed to when I was in Geneva in September. I am also adding some material to Part Two on "responsible restructuring" and alternatives to layoffs from the U.S., a brief write-up of the privatization training being carried out for worker owners of the Ostrowiecz Steelworks in Poland, and the proactive LED role being developed as part of the Lodz Job Center.

Just as soon as you get me your material I will incorporate it into the manuscript and have it typeset and printed. (fax from GBH to Dorthe Nielsen, Oct. 30, 1995)

I completed the final two part version of *A Guide to Entrepreneurial Initiatives for Local Economic Development*, for the ILO/UNDP CEE LED Program in March 1996. That was the version that Maria Heidkamp used in the pilot LED program we started for the USDOL's

Hungary Rapid Response Project in June 1996. The implementation of the LED component in that project is discussed below in the Part 2.

## **Use of the LED Guide by the ILO International Training Center**

My recollection is that the promising future for the LED Guide at the ILO did not occur. The funding from the Dutch never materialized, and the regional project that I had written the Guide for came to an end before the Guide was finished. Dorthe remained in Geneva for a time to wind up the UNDP/ILO SHIELD project. She then moved to Turin, Italy, to be with Angel Vidal and find a job.

It is ironic that the LED writing project that I undertook for the ILO started rather inauspiciously and never fully accomplished its intended purpose for that organization or project. However, it accomplished a great deal after the USDOL adopted and used that guide soon after its completion. In fact, that LED guide became the cornerstone and a key component of a series of projects that I carried out for the USDOL's Office of Foreign Relations starting in June 1996 and spanning most of the remaining eight years of my international consulting career in Central and Eastern Europe.

I look back on the LED writing project for the ILO with great fondness for the people I worked with at the ILO and the USDOL plus the many people in the six CEE countries whose lives were impacted and hopefully improved when that "guide" was used to help them. I also look back upon that experience with a sense of awe at what we undertook and accomplished during the next ten years with a handful of dedicated people and a few millions American taxpayer dollars. This and the following two chapters tell how this fascinating story came about.

Angel Vidal, who had been transferred to the ILO International Training Center (ITC) in Turin to work for the UN Staff College there, sent me a fax on February 28, 1996 about the LedLink Program at the ITC. I wrote a memo to Don Snyder, the Economics Department Head, and other USU administrators on February 28, 1996, outlining the potential opportunity to establish formal linkage between USU and the ILO Turin International Training Center.

This memo is being sent to you to determine whether you think that we (USU and the Department of Economics) should pursue this invitation to explore establishing a formal relationship with the LedLink Program at the International Training Center in Turin, Italy. If you think I should pursue this matter further on behalf of USU and the Economics Department, I will continue the dialogue with Mr. Vidal. He has indicated that if we are interested in exploring this matter further, he is prepared to come to Logan for additional discussions, with the objective of drafting a formal agreement between USU and the ILO Turin Center LedLink Program. Alternatively, I could go to Turin to visit the Center and meet with Mr. Vidal and other officials.

I would appreciate your advice in this matter. (Interoffice memo from GBH to Don Snyder, Feb. 28, 1996)

Subsequently, Vice President Gouge called a meeting for the group to consider the ILO proposal from Mr. Vidal. My recollection is that nothing developed out of those discussions on the part of USU or the International Training Center.

November 5 – 7, 1996, I visited with Angel Vidal in Turin, Italy. He picked me up at the airport, and we drove through the countryside to the Training Center in Turin; the airport is quite a distance from the city. In my trip report, I commented about my visit with Angel in Turin and our discussions about the future publication and use of the LED Guide and the possibility of some kind of linkage between the UN Staff College and Utah State University -- USU/ITC linkage.

I stayed at the residence hall at the Training Center that had been converted in the 1960s after being built for an international exposition. Angel invited me to have dinner with him and Dorthie at their flat. Dorthie cooked a Danish dinner. Nov. 7, Angel drove me to Geneva. We zipped along at 180 kph along the Autostrada from Turin to the Mont Blanc Tunnel, stopping for lunch at a little ski resort village on the Italian side of the tunnel. Angel dropped me off at the Citadines in Ferney-Voltaire and went to his meetings at the ILO. I checked in and caught the bus to the ILO to see what was happening; visited Ejvind Mogensen, Hussyin Polat and others that I knew. Nov. 8 -9, I attended the ILO's "Enterprise Forum 96" at the ILO's headquarters in Geneva.

As a result of my Nov. 5-7, 1996 visit to the ILO International Training Center in Turin, my recollection is that Angel eventually got the ILO International Training Center to publish a version of my LED Guide, but not pay for any changes. I have no idea about how it may have been used, either at the ITC or through the ILO in the following years.

## **Part 2: Introducing the LED Guide to USDOL and using it in Hungary**

### **Finding new uses for my ILO/UNDP LED Guide**

Part 2 discusses my becoming reacquainted with Maria Heidkamp, the director of USDOL's Rapid Response Dislocated Worker Adjustment Project in Hungary, and eventually obtaining USDOL and ILO approval to pilot test my ILO/UNDP-funded LED Guide on the Hungary Rapid Response Project. The ILO/UNDP project ended just as the Guide was being completed so it seemed a shame not to find other uses for the Guide that I had spent so much time writing and had cost UNDP and ILO a good deal of money. Fortunately, an opportunity to do so soon presented itself.

In 1994, the USDOL decided to develop a project in Hungary to use the Canadian developed cooperative labor-management approach as part of the restructuring and privatization efforts underway in that country, and hired Maria Heidkamp to direct that project. Maria, a Cornell ILR graduate, had worked with the National Governors Association (NGA) in the early 1980s on a USDOL-funded project to pilot test in the United States the Canadian developed cooperative labor-management approach to organizing and facilitating the delivery of assistance to workers facing mass layoffs as a result of downsizing or plant closings due to structural changes in the economy. After the completion of that project, Maria worked for the Wisconsin

Labor-Management Relations Council. I knew of Maria's earlier work with the NGA, and we both knew Jim Perlmutter and Bill Batt at the USDOL.

After I completed and delivered a draft copy of the LED Guide to the ILO in Geneva, on September 21, 1995 I discussed with Jim Perlmutter at the USDOL the possibility of using the Guide in several USDOL projects in the region, especially the Hungary Rapid Response Project directed by Maria Heidkamp.

In 1995, as discussed in Chapter 5, I was working with the USDOL to carry out Labor-Management training in Hungary and also working with the ILO on a regional LED project in Central and Eastern Europe, as described above in Part 1. Consequently, I had traveled to Budapest several times as part of my work on these projects. From my perspective, it was a delicate balance to work with both the ILO and USDOL and to try to get them to cooperate on various projects, both in the realm of industrial relations and local economic development.

On August 3, 1995, I sent a fax to Jim Perlmutter, deputy director of the Office of Foreign Relations at the USDOL, confirming our telephone conversation earlier that day. I suggested to Jim that it might be possible to use the LED Guide I had written for the ILO in some of the USDOL projects underway in several CEE countries, particularly Hungary. He was open to the idea and suggested that I talk with Maria about what I had proposed to him. My faxed response follows:

Based on our discussion today, I will plan a trip to Europe in the near future with the following objectives:

\*\*\*

**2. Hungary.** I will meet with James Watson [a Regional USAID officer located in Budapest] and Maria Heidkamp to explore how the "Guide" can best be used as part of the Rapid Response Project during the coming year, and what types of training or other assistance we can provide to the expanded project. (fax from GBH to James Perlmutter, August 3, 1995)

On August 23, 1995, I sent a fax to Maria Heidkamp indicating that I would be coming to Budapest sometime during the first or second week of September and planned to talk with her and others about how the LED Guide I had written for the ILO could be used to restart the LED component of the Hungary Rapid Response Project. She would prepare a memo of her thoughts on the subject. (Fax from GBH to Maria Heidkamp, Aug. 23, 1995)

On Sept. 1, 1995, I sent Chris Rowan, the Labor Reporting Officer at the U.S. Embassy in Hungary, a fax indicating that I would be coming to Budapest on Sept. 12, and that one of my purposes was to meet with Maria Heidkamp, Director of the USDOL's Rapid Response Project, to discuss development of a local economic development component for her project. (fax from GBH to Chris Rowan, Sept. 1, 1995)

As with most of my trips, I combined work for the ILO and the USDOL whenever possible. I went first to Geneva, Sept. 9-11, 1995, to meet with a number of people at the ILO before going to Budapest. At the ILO, I met with Bob Kyloh. Bob had been stationed at the ILO CEET headquarters in Budapest before being transferred to Geneva, and Bob's wife had been employed by USAID in Budapest before they went to Geneva. In my trip report to OFR, I

made the following comments about our conversations about the Hungary Rapid Response Project.

In discussions about the Hungarian Rapid Response Project, Bob told me that there was considerable dissatisfaction at the Ministry level with the lack of progress in developing a local economic development component as part of the rapid response project. He did not imply that they were unhappy with Maria or her work in setting up L-M readjustment committees, but they had expected a much more substantive local economic development component as part of the project and were very unhappy over the lack of progress. Apparently, part of their dissatisfaction stemmed from the abysmal showing made by the other person in the project who was supposed to work on this area -- and the fact that no economic development progress had been made. He said they (Hungarian MOL) wanted a solid LED program developed in the coming year. Finally, he stated that the USAID person who came from Washington to review the program for AID wanted or advocated short term activities which could show quick results. Bob thought it was not possible or appropriate, and not a good idea. (GBH trip report Geneva, Budapest, Warsaw, Oct. 2, 1995)

On Sept. 12, 1995, I arrived in Budapest and met with a number of people. My trip report mentions meeting Istvan Zlinszky, Senior Economist and ministerial counselor in the Ministry of Labor who seemed to have a lot of influence. One of the issues I wanted to explore with him was the possibility of using the LED Guide I had written for the ILO to facilitate the development of a new LED component as part of the USDOL Rapid Response Project being run by Maria Heidkamp. My account of the discussion is as follows:

We then explored the need for local economic development and the status of the LED component of the Rapid Response Project. He stated that more LED support was needed in Hungary. He confirmed the fact that there had been some dissatisfaction in the Ministry with the failure to get a successful LED component started as part of the Rapid Response project. I showed him the LED Guide I had recently developed for the ILO, and told him about some of the countries and areas in the region where pilot efforts to develop LED activities were taking place under the aegis of the ILO/UNDP project. He was very interested in this type of LED concept and suggested several possible sites where this type of assessment and planning activity could be tried. He will explore the possibility of some communities where it could be tried, suggesting the city of Szekesfehervar as one possibility. It has a population of 100,000 to 200,000. He was pleased that I had come to explore the development of a substantive LED component with Maria. I agreed to supply him with a copy of the Guide and also send him a copy of the ILO/UNDP Regional project sites and the CTA's address and telephone number. (GBH Trip Report, Geneva, Budapest, Warsaw, Oct. 2, 1995)

## **Starting an LED component in Hungary**

After meeting with Zlinszky, I met with Maria Heidkamp over dinner to discuss her thinking about restarting the LED component in her project. My Oct. 2, 1995 trip report to Jim Perlmutter at the USDOL summarized my visit with Maria as follows:

We reviewed the work of the Rapid Response project during the past six months. She is pleased with the progress made thus far, and stated that they had learned a lot during the past year. Her time has been taken up completely by direct involvement with each of the five committees and with the difficult administrative burdens imposed by the project.

Maria stated that the project had made some progress since she had submitted a write-up of the project for the ILO/UNDP Guide in July. She agreed to make the appropriate changes in the manuscript and send them to me by fax in the next 10 days so they could be incorporated in the final document before it is published next month.

Maria acknowledged that the LED component originally proposed as part of the Rapid Response Project never got off the ground for reasons everyone was aware of. She was somewhat concerned that the negative experience and bad taste left by that resource person may make it more difficult to restart this activity. This situation would have to be taken into account since there may be some residual skepticism toward American LED "experts." Nevertheless, she would like to start an LED component in 5 sites this year. We discussed several possible approaches to get the process underway. We agreed that the LED effort needs good leadership and a sustained effort to demonstrate our good faith, produce positive results and overcome the negative perceptions created in the past year.

In the course of our discussion we identified several possible alternatives for initiating the LED component. Each has advantages and disadvantages, and each would require differing levels of resources and staff.

(1) Option One. The first alternative was to have an American expert hired to come to Hungary and spend full time implementing the LED component in the five target sites selected. This individual would give full attention and direction to this activity in a manner similar to that which Maria has been giving to the Rapid Response activities. This option could also involve identifying and having a selected number of Hungarians identified to work directly with the American expert and learn the role and functions of economic development at the local level. This option could also be launched by having a workshop designed to educate the leaders in the target communities about the basic purposes and principles of LED, generate interest in the project, enlist their participation and support, and provide training to the local economic development specialists selected in each community. A package of basic LED training materials, including the ILO/UNDP LED Guide, would be obtained and translated into Hungarian for use by the local economic development specialists.

(1) Option Two. Have an American expert on LED come to Hungary and work with several locally selected Hungarians over a 6 to 8 week period. After conducting an introductory workshop for the leaders in the target communities similar to that specified in Option One, the American expert would provide training for the Hungarian counterparts. This could be carried out in one block of time or during several two- or three-week blocks spread out over several months. The local counterparts would be trained in basic LED skills and knowledge at an initial one-week workshop, and then the expert would travel around to the five sites to provide direct assistance and support.

(2) Option Three. A third more limited and less costly alternative considered was to identify and hire several Hungarians to become local economic development specialists and have them carry out LED activities without any help from an American LED expert. Maria would supervise them as best she could, using what knowledge she can obtain from the available LED materials, such as the ILO/UNDP LED guide, which could be translated into Hungarian. Under this option the LED process could be started by having a workshop for the Hungarian LED staff in which an American LED expert might come and provide a week of basic LED training. The Hungarian LED specialists would then proceed under Maria's tutelage to do whatever they can to stimulate or facilitate economic development in their communities.

Before deciding which option to use, it was important to decide whether LED was intended to become a major activity and component of the project. That question must

be answered before proceeding with the development of the LED component. For example, if the LED component was intended to be just an appendage to the Rapid Response component of the project, then the third option was probably acceptable. However, if having a substantive LED component was considered important to the overall direction and outcome of the project, then the first or second options were preferable.

In my judgment the ultimate success or failure of the LED effort in Hungary would be determined by this decision. I did not think this component should be started unless we were serious about having a substantive LED component and prepared to invest the time and resources to make it work. This means that we should be prepared to adopt option one or two and spend the money needed to make it successful. Also, if the recommendation of the Washington AID representative who came this summer is followed, i.e., engaging in only those LED activities that show a quick payoff and "instant success" -- then the LED effort would not be successful in any event, and probably should not be launched at all.

Maria indicated that she planned to use the ILO/UNDP LED Guide and such other publications identified by the LED expert as being useful and appropriate. We discussed the possibility of having these materials translated into Hungarian for local use. Someone would be needed to be identified and resources made available to complete the task as soon as possible so that the LED project could get underway in a timely manner.

As a result of our discussions Maria said she would prepare a proposal to have someone provide LED technical assistance. I agreed to make available such time and assistance as I could to the project, but felt that the LED component would also need someone who could spend a considerable amount of time on site conducting training and follow up work with the local counterparts at each of the sites -- as outlined under options one and two. I told Maria that I would identify one or two LED experts who might be in a position to come to Hungary for short or longer periods of time to fill the expert role identified for the successful launching of the LED component. (Based on the options presented, I suggested two possible candidates: Marion Bentley, an extension LED expert from USU with twenty years of experience in LED in the U.S., or Hanna Rusczyk, who had worked for the last three years on LED in Poland, and who was currently coordinator of the Poland ILO/UNDP LED project in Plock Province. (In my subsequent meeting with Hanna in Warsaw, I learned that she might be available later that year for employment in another project.) Either one of these individuals could bring the kind of professional skills and talents needed to make this project successful.) (GBH trip report to Geneva, Budapest, and Warsaw, Oct. 2, 1995)

In a follow-up email to Maria Heidkamp on Nov. 7, 1995, I said the following about our discussions in Budapest and my thoughts about the next steps:

Like you, I have been very busy these past few weeks. However, I have not forgotten you. Since returning to the U.S., I have been trying to get the revised version of the LED Guide completed. I am still waiting for some material from the ILO in Geneva - and your update. Once these have been added, it will be finished.

I have done two things since returning home concerning the LED component of your rapid response project. First, as part of my report to Jim Perlmutter, I briefly outlined my assessment and some options for you to consider. I am enclosing a copy of this part of my report for your information. Second, I have tried to recruit someone to help you with the LED activities. I talked with my colleague, Marion Bentley, and he has expressed a willingness to come to Hungary and help you if you decide to go ahead and want someone with his experience and expertise to help out. As I told you in Budapest, Marion works for USU as a statewide extension specialist specializing in community

economic development. He has been doing this work for twenty years. He was also involved with me in plant layoff activities back in the late 1970's and early 1980's. He has participated in organizing and conducting training and other LED activities for many local governments and communities in a number of states in the U.S.; and he has an excellent reputation and is a great person to work with. If you would like, he is prepared to come over with me to meet you and to discuss the possibilities for LED and determine how he can help out. In addition to Marion, I have talked with Hanna Rusczyk, who is the ILO/UNDP LED Project coordinator in Plock, Poland. She will be employed by the ILO project until the end of the year (December 1995) and will then be available for 6 to 9 months of additional work in Europe if it is available. She is currently applying to graduate school and plans to return to the U.S. in the fall of 1996 to pursue an MBA.

In my judgment, either of these individuals (or perhaps even both) could provide the kind of leadership and help you need to get the LED component off the ground. Hanna has the relevant practical experience arising out of her current work in Poland, and Marion has a broad range and depth of knowledge and experience based on his LED work in Utah and the USA

Let me know if you want to pursue either (or both) of these options so we can schedule a trip to Budapest to get started.

One other thing. In my discussion with Jim [Perlmutter] in Washington several weeks ago, we discussed the need to translate the LED Guide and other training materials which may be needed into Hungarian. He said he knew someone in Hungary (a Hungarian national) who was a qualified translator, and was excited at the possibility of using her to help us with this aspect of the LED project. So, if you will need someone for this purpose, Jim has someone in mind. (email from GBH to Maria Heidkamp, Nov. 7, 1995)

## **Early attempts to introduce Local Economic Development (LED) in Poland, Slovakia and Hungary**

The local economic development component of what became the "USDOL adjustment model" was developed from two separate but parallel pilot local economic development (LED) projects carried out by the USDOL and the International Labor Office (ILO) in Central and Eastern Europe and through the work of an American Peace Corps Volunteer in Poland.

In 1993, the USDOL carried out the first LED project in Poland and Slovakia as part of a larger employment transition project funded by the USAID. As part of that project, an American economic consulting firm prepared a "handbook" to help several pilot communities or regions in each country conduct local economic development planning workshops.<sup>1</sup> The handbook helped them assess their economic needs and organize local or regional planning efforts, including regional planning councils or regional development organizations.

Although the USDOL regional LED project never got beyond the pilot phase because of serious organizational and personnel problems, the LED materials prepared for the project were used effectively at several sites in Poland during 1993-1994 and 1994-1995. Hanna Rusczyk, an American Peace Corps Volunteer, used the USDOL-developed materials to develop a

---

<sup>1</sup> Economic Innovation International, Inc. *Managing Regional Economic Restructuring Step by Step: A Handbook for Central European leaders*. Prepared for the U. S. Dept. of Labor, Office of Foreign Relations, 1993.



successful LED plan in Kutno, Poland. Later she used them to help provincial leaders write a strategic plan in the Plock Province, Poland, while working under the auspices of the ILO-UNDP project described below.

The second LED project in Central and Eastern Europe was launched in 1993 as a joint ILO/UNDP demonstration project directed by Angel Vidal Alonso and Dorthe Nielsen Short of the International Labor Office (ILO) COOP Branch in Geneva, Switzerland. Using UNDP funds, they conducted a variety of local development activities at pilot sites in eight CEE countries and the Commonwealth of Independent States. The ILO/UNDP project focused on helping local governments in selected areas develop strategies to enter into partnerships with national and international partners and “to be instrumental in providing answers to solving the increasing unemployment and deteriorating living and working standards.”<sup>2</sup> In 1995, Hanna Ruszczuk, the ILO/UNDP project coordinator in Poland, successfully facilitated the development of a regional plan for the Province of Plock, Poland, by a local task force.

As part of the ILO/UNDP CEE Regional LED Project this author was asked to prepare *A Guide to Entrepreneurial Initiatives for Local Economic Development* (hereafter called the *LED Guide*) to help community leaders and local economic development specialists in Central and Eastern Europe develop and implement LED programs.<sup>3</sup> The first edition of that comprehensive two-volume Guide was completed in March 1996. Subsequently, it became a widely used resource for generating community-level economic renewal activity in the region under the auspices of the USDOL after the ILO/UNDP project ended.

The *LED Guide* included practical LED examples and techniques with step-by-step instructions about how to implement them. Those techniques were taken from the USDOL and the ILO/UNDP projects in CEE countries and successful worker and enterprise adjustment programs in North America and Western Europe. The *LED Guide* also included detailed information about how to conduct community-level economic development planning workshops and organize economic renewal programs to expand business opportunities and create jobs.<sup>4</sup>

## **Planning the startup of the Hungary LED Component**

In March 1996, the final version of the two volume guide I had written for the ILO/UNDP CEE Regional Local Economic Development Program was completed. It was entitled: *A Guide to Entrepreneurial Initiatives for Local Economic Development*. Part I contained five chapters and was subtitled: *Planning, organizing and implementing economic development programmes*. Part II contained nine chapters and was subtitled: *Economic Development Opportunities Handbook*. That publication was the version that Maria Heidkamp used for the pilot LED program planned to start as part of USDOL’s Hungary Rapid Response Project in June 1996.

---

<sup>2</sup>. *Sustainable Human Integrated Economic Local Development. Regional Programme for Central and Eastern Europe, CIS and Baltic States (SHIELD). Final Report*. Geneva: ILO/UNDP, 1995.

<sup>3</sup> Gary B. Hansen, *A Guide to Entrepreneurial Initiatives for Local Economic Development. Part I: Planning, organising, and implementing economic development programmes. Part II: Economic development opportunities handbook*. (Geneva: ILO/UNDP LED Programme, International Labour Office, March 1996).

<sup>4</sup> The Economic Renewal Workshop Model used in the *LED Guide* was prepared by Barbara Coles of the Rocky Mountain Institute and published by the U. S. Small Business Administration in 1989.

On April 10, 1996, I talked to Maria Heidkamp on the telephone and followed up our conversation with a fax telling her that I had just finished the final version of the LED Guide and had sent a copy to the ILO for printing. Furthermore, I would be coming to Warsaw at the request of Stephen Marler of OFR on April 19-23 to participate in a USDOL/ILO mediation workshop being held for the Polish Ministry of Labor. Following the workshop, I planned to go to Budapest to see her and would bring a copy of the new guide to her. (Fax from GBH to Maria Heidkamp, April 10, 1996)

Maria responded the following day and indicated that she was looking forward to my visit, and was already planning for the first LED training workshop in Hungary. (Fax from Maria Heidkamp to GBH, April 11, 1996) Several days later, she sent another email and proposed two dates for the training workshop (either in May or June 1996). Maria also included a copy of an email to OFR about making the financial arrangements for Marion's and my participation in the workshops. (Email from Maria Heidkamp to GBH April 16, 1996)

On April 25, 1996, I flew from Warsaw to Budapest to meet with Maria Heidkamp to work out the details for the LED train the trainer workshop scheduled to take place in June. I also attended a full day of the USAID/USDOL evaluation meeting being held to assess the results of the Rapid Response Project that Maria had been directing in Hungary for the previous two years. She also took me to meet several of the Ministry of Labor people.

May 8, 1996, Maria sent Marion and me an email outlining the County Labor Center Layoff Coordinators we would be training for the five pilot sites, in small teams in the pilot communities, and then set a time for the first workshops to be held, with our help, to organize and train the local groups to carry out a community assessment.

She reiterated the fact that the Hungarian Government was in the process of passing legislation to set up regional development councils and that our work would have to be linked to this new legislation when it was implemented. She also noted that we needed to learn about some of the other LED activities that had been tried in Hungary by a number of other International groups (PHARE, British Know-How Fund, Australians and Canadians) that had conducted some local development projects over the years. She said that one possibility might be to hold a meeting and invite reps from those other groups to find out what they had been doing. (Email from Maria Heidkamp to GBH May 8, 1996)

On May 15, 1996 Maria sent an email indicating that she had started the translation of the LED Guide, and wondered whether she should have both volumes of the Guide translated. I responded on May 16, indicating that we could get by with the first volume at the June workshop, but she should eventually have the second volume translated and available in Hungarian. My recollection is that she did have both volumes of the guide translated. I also sent her a diskette with the files containing the two volumes of the English versions. (Email from Maria Heidkamp to GBH, May 15, 1996; email from GBH to Maria Heidkamp, May 16, 1996))

During the following two weeks, emails flew back and forth between Logan and Budapest -- answering questions, planning the agenda for the training sessions, and making last

minute adjustments. The first training session included representatives from all 20 Hungarian counties to introduce them to the LED program. She also planned for a handful of observers to come -- someone from USAID, and two interpreters. (email from Maria Heidkamp to GBH May 28, 1996)

About that same time, I learned from Jim Perlmutter that Francisco Arango had left OFR, but nobody seemed to know who would be taking over the as project manager for the Quickstart project in Hungary. (May 30, 1996 email from GBH to Maria Heidkamp.)

On May 30, 1996 I faxed Maria Heidkamp a copy of the second draft of the agenda. The initial LED workshop would be held June 24-28, 1996. It would start at lunch on Monday (day 1) and end on Friday (day 5) at noon. The group would be introduced to all four CER workshops outlined in Part I of the Guide, and end up on Friday in a session entitled: "where do we go from here," designed to help the CLC coordinators plan their next steps to introduce the CER program in the five pilot communities that had been selected for the first workshops to be held at the community level.

June 11, 1996, Maria sent an email changing the start time to Monday morning, and noting that the Ministry of Labor would use a half day session on day 3 for telling about regional economic development activities. Several days later she said that the Ministry of Labor and National Labor Center were now anxious to participate in what we were doing, and they were planning to incorporate our efforts into the nation's new economic development plans. Maria was very excited about this development since she had been worried about getting the NLC's support for our new LED component. (Email from Maria Heidkamp to GBH, June 11, 1996)

On June 14, I received an email from Maria that contained the agenda for our first week in Hungary, including some field trips to see a County Labor Center, Local Enterprise Agency, and an "incubator house," Subsequently, we would take a train trip to Debrecan to have meetings with various government officials in that part of Hungary who would be participating in the project. After returning to Budapest, we would have dinner with Maria and Jim Perlmutter who would be there to discuss the budget, rest on Saturday, and then depart for the training site on Sunday evening where we would get settled in and begin our workshop on Monday morning. All in all, it looked like a very busy two weeks, June 15 – 30, 1996. (email from Maria Heidkamp to GBH June 14, 1996)

Before and after the workshop, June 16-23, and 28-29, we stayed at Forum Hotel in Budapest. The following note in my files provides a summary of the events surrounding that first CER training workshop held in Hungary (and Central and Eastern Europe) in June 1996. It was held in a place in Northeast Hungary near Egar, a wine producing region. Marion and I went with Maria Heidkamp by car out to the place where the workshop was held. It was an old run-down communist era rural conference center that was not very conducive to running the training workshop. As I recall when we had breakout sessions, we had to use the corner of one hall for one group.

June 23-28: Marion T. Bentley and I put on the first "train-the-trainer" LED workshop that was directly linked to an ongoing worker adjustment program that was previously implemented in the CEE region under USDOL auspices. Our workshop was entitled "Planning, organizing, and implementing local economic development programs." About

25-30 people attended the workshop on LED for County Layoff Coordinators, Hungarian Ministry of Labor and Social Policy staff, and observers.

Despite the makeshift accommodations, the pilot effort went very well. That workshop for the Layoff Coordinators from the County Layoff Centers in Hungary was the modest beginning of what would become a major LED effort throughout the CEE Region that we (Marion and I) carried out for the USDOL during the next eight years, using USAID or World Bank money in Hungary, Romania, Poland, Bulgaria, Ukraine and Macedonia (and, most recently, in 2004, for the World Bank in Serbia).

My next account of my involvement with the Hungary LED project is contained as part of a trip report submitted to USDOL after a trip to Geneva, Turin, Italy, and Hungary, Nov. 5-20, 1996:

Nov. 10, I took a taxi to the airport in Geneva, flew to Budapest and took the airport bus to my hotel, the Kempinski, a new and expensive hotel in the downtown area. Breakfast was \$20 at the hotel so I went to McDonalds for a \$1.75 breakfast, the New York Bagel for lunch and dinner at Pizza Hut or Burger King. I worked on the workshop schedule and reviewed the materials for the four one-day workshops on local economic development we would be holding, plus prepared my one-hour presentation for the start of each workshop. Went with Maria Heidkamp, the DOL project manager, to make a presentation about our project to the USAID and foreign NGO monthly roundtable.

Nov. 11 we loaded 100 copies of the guide and other training materials and our bags in the trunk of Maria's car and drove for about 2-1/2 hours to a town in southwestern Hungary. Stayed at the local hotel and met the CLC rep who organized the next day's workshop. Drove about 45 minutes to the conference facility. Maria's eye hurt so I had to drive to the place we were going.

The conference facility was new and in a lovely rural area which was built along traditional Hungarian lines by a famous architect. We had 35 people present and the organizer did an excellent job making the arrangements. During the lunch break we were interviewed by the local print and TV journalists. After the workshop a woman who was director of glass sculpture colony insisted that visit her facility. After a 15-minute drive we received a warm welcome and guided tour. She gave me three small green glass vases to take home.

Our next hotel was an old communist guest house in rundown condition. We met our CLC organizer for dinner and went over the schedule for the next day.

Nov. 15 we had breakfast and met our organizer who led us to the next town and conference facility. It was a picturesque 12<sup>th</sup> century castle that had been refurbished as a town center. Sixty-five people attended this workshop so it was difficult to manage. That night we drove back to Budapest, and I took a taxi to the Kempinski.

Saturday and again on Sunday I reworked my script to take into account what had been learned during the first two workshops. In the afternoon I took a taxi over to Maria's where the team assembled again. We loaded 100 copies of the guide into her car and drove three hours to the largest steel mill town in the northeast corner of Hungary. Once 14,000 workers had been employed, but only 1,800 people were now employed.

We stayed in the steel mill guest house. The bed in my room was a leftover from a bygone era and the street lights made it light in the room. The workshop was held in the city office. Thirty-five people attended. It was clear that gypsies were not welcome. Before the afternoon session Maria and I were interviewed by a print and TV crew. Drove back to Budapest.

Tuesday morning I caught a taxi at 6:30 to take me to Maria's. We loaded up again and set out for Ayka in the northwest part of Hungary. It was raining slightly and the roads were wet about 60 kilometers west of Budapest, on a four lane road in a town where Ford and IBM have new factories. There was no left turn lane, but a car in front of us stopped to turn left. Our car started skidding. Maria couldn't make it stop so we rear

ended the Lada in front of us. Maria's airbag deployed and my seatbelt stopped me from going into the windshield. When we found that we were ok except for a few bruises, we got out of the car and the driver of the other car did the same. Eventually wreckers loaded the two cars up and cleared the highway. The car leasing people brought another car and Maria's husband also came. We transferred our stuff to the other car and drove on to Ayka, arriving about 45 minutes late. The workshop had about 40 people and went quite well. Drove back to Budapest.

Wednesday morning I checked out, paid my bill and waited for Maria. Loaded my stuff in the trunk of the car and drove over to the ILO-CEET building for a meeting. Later Maria drove me to the airport. I caught the plane to New York. Helen was waiting for me when I arrived in Salt Lake City.

Dec. 14 – 19, 1996, I again went to Hungary to conduct some workshops for Maria's project. Marion was also there to conduct some of our LED project workshops and as well as some LED workshops for an USAID/ICMA project. My trip account follows:

Dec. 14-19, 1996, trip to Hungary. (Dec. 15-19 stayed at the Kempenski Hotel)

The plane was over an hour late taking off from SLC because the toilet overflowed and water went down to the lower level where the avionics are located and got them wet. The flight leaving NY was also late because the Delta/Malov computers were down and everyone on the flight had to be checked in by hand.

Conducted two more Local Economic Development Workshops with Maria Heidkamp and Marion Bentley (Marion had been in Hungary for the previous two weeks). Took a 1-1/2 hour train ride to Solznak, Hungary. The rail car was old and the heater was not working so we bundled up and shivered. The local person transported us the remaining 50 kilometers to our hotel in his Russian Lada. The next morning he drove us the 20 km to the workshop site which was at a city hall. About 35 people were present. He drove his Lada at top speed over back roads (with his defroster not working) to get us to the train station. The return railcar was new and the heater worked. Maria's husband was on the train returning from his factory in Debrecen so I chatted with him about how it is to be a CEO of a printing business in Hungary. Upon our return to Budapest, I caught the metro back to Deak Ter and went to my hotel.

Tuesday I went to the ILO CEET office to see some people there, and then went upstairs to talk with Maria Lada, the woman from the Hungarian Ministry of Labor who is arranging for the training of 80 new mediators (at U.S. taxpayer expense) in Turin, Italy, in January. After lunch I picked up my bag and briefcase at the hotel. Went to the metro at Deak Ter to Keleti PU (RR station) to meet my interpreters for the trip to Becachabus. Nickolas arrived a few minutes later, and we waited for Balous, our other interpreter to arrive. Nickolas told me that he was a Professor of History at the University of Budapest. He had a Ph.D. from Oxford, and earned \$100 per month as a professor. We stood with our backs to the wall while talking with Nickolas. When Balous arrived, I reached down to pick up my bag and briefcase by my side and found my briefcase with my workshop materials in it had been stolen. We determined that we would miss the train if we took the time to report my stolen briefcase, so decided to wait until we reached our destination. Upon arriving at the station and meeting our contact, he said that my briefcase had been found. It contained a pair of glasses, my synthroid prescription, the materials for the workshop, but no money or any of my documents.

Maria's husband went to the station, retrieved the briefcase and took it to UPS for overnight delivery to me. I called Maria in Budapest and asked her to fax me a copy of my script. Fortunately, Maria had a copy and was able to respond. (Two weeks earlier I had faxed her a copy from Logan when Marion was delayed on his flight to Budapest and had to stay overnight in Minneapolis. Maria had had to go and conduct his workshop for him and called me with a desperate plea to fax her my script, which I did.) So Maria was able to fax me a copy of my script.

After breakfast, I went to the conference room and started the workshop, with about 30 people in attendance. Remarkably, my briefcase arrived that afternoon and everything was still in it. That evening, after the workshop ended, we took the train back to Budapest.

The next morning I left for home. The Zurich flight was delayed an hour, but arrived on schedule in Chicago. The Chicago flight had a fuel transfer valve problem and it took about 1-1/2 hours to fix. My seat mate from Chicago to SLC was Mayor Dee Dee Coridini, the embattled SLC mayor. While the plane was being repaired, the stewardess asked if someone who spoke Arabic would explain to a passenger why the plane was delayed and what was being done to rebook them when they arrived in SLC. Dee Dee said she could speak Arabic and spoke to the woman. Dee Dee had learned it as a child when her family lived in Beirut for 8 years. We had a pleasant conversation over dinner. We arrived in SLC 1-1/2 hours late, and Helen was there to pick me up. (Summarized from an email from GBH to family on Dec. 21, 1996)

On January 7, 1997, Maria sent me an email stating that she was planning the next series of workshops and needed to know when Marion and I might be available. She also let us know that she had experienced a miscarriage on Christmas eve. (email from Maria Heidkamp to GBH, Jan. 7, 1997)

On January 15, 1997, Maria sent me a copy of the email she had sent to Hank Gudza, Stephen Marler and Jim Perlmatter at OFR, USDOL, telling them that she urgently needed my help with the CER Workshop 2's in Hungary. Apparently, they had not followed up on her request to give me a new contract to help her with the next series of workshops to continue the CER Project. Her email indicates how much she needed my help:

I desperately need to have Gary Hansen in Hungary in February. I've got our enormous and extremely visible Local Economic Development Project underway in 11 areas of the country. This process -- which USAJD leaned on us very heavily for taking so long to get off the ground -- requires the local areas to go through four workshops to craft a strategy. After that we have promised a Phase II implementation process -- with more technical assistance, etc.

Workshop Ones were held in November and December. All of the country is anxiously awaiting Workshop Twos. This has been written about in dozens of newspapers, on radio and television -- we're out there in the public eye in this case and I cannot emphasize enough that to not be able to get Gary now will be a disaster for us. (USAID even has a clipping service now and we've become a regular feature for this and our layoff work. Another project -- the Public Administration Project -- is also using OUR material, and more or less OUR consultants, too. If it appears that they can get Gary for their work and we can't for ours, we'll be finished in this arena.)

I do not know what contracting things need to go on, Jim. I thought we agreed in early December that by January, DOL would have been able to work out a new contract for Gary to work on Rapid Response. I sent faxes to Hank on the need to accomplish this. I also thought Steve agreed -- with the key being to make sure that Gary wasn't doing Rapid Response work out of labor relations project funds.

I do know that Gary is available for the very short period of February 8-18, and we must have him here. He wrote the materials. He delivered the initial training --I'll have a terrible time keeping this project going without him. (email from Maria Heidkamp to Hank Gudza, et al., Jan. 18, 1997)

Apparently, Maria's second email finally got things moving, and I received an email from her on January 20, 1997, saying that she would be obtaining country clearance for our upcoming trip in February. (Email from Maria Heidkamp to GBH, Jan. 20, 1997)

On January 23, 1997, I sent Maria a Fax telling her that I had received approval from OFR to continue working on the Hungary LED project:

First, the good news. Jim has apparently worked out some arrangement to have a new contract written. They will probably follow the old system rather than trying to use the new arrangement they are in the process of setting up [using outside contractors to handle the various projects rather than using OFR staff] because it is apparently not quite ready to start up operations. So, there will be money in the till to pay for my work for both you and Steve, etc.

The bad news was that I had received a call from Jim Perlmutter and he urgently needed me to go to Bucharest, Romania, the following week to help Mike Talbert, another OFR staff member, negotiate a privatization project with the Romanian Government and World Bank.

On January 25, 1997, I left to go to Romania. That led to a whole new project to work on in addition to our work in Hungary. Because of my January 25 – 31, 1997, trip to Bucharest, my subsequent trip to Hungary, February 8 – 15, 1997, was shortened from two weeks to one week. My report of that trip follows:

Feb. 8-15, 1997, trip to Budapest, Hungary:.

Stayed at the Kempenski before and after going to the workshop sites. My luggage did not make the flight from NY to Budapest. Upon arrival I met for several hours with Marion, Maria and Bruce Abramson of USID to discuss the project. Later, Maria's husband came and brought me a care package (toothbrush and razor) and gave me the coat off his back. My luggage arrived the next evening before going to Komlo.

Sunday afternoon we took train to Ojka, a city in Western Hungary. Feb 10-11 we stayed in Ungarn in a rustic inn, held a workshop on Monday in a nearby school gymnasium, then traveled by car three hours to Komlo in southern Hungary, arriving Monday evening about 7:30 p.m. Next day the LED workshop started at 9 a.m. and lasted most of the day. Were driven to the station to catch the train back to Budapest.

Wed. morning met with the World Bank rep in Budapest. At 6 p.m. caught the train to Eastern Hungary a short distance from the Ukraine border. Feb. 12-13 in Nyar, Thurs. morning we were driven to the workshop site, a vocational training school, about 20 miles farther east. Took a 3-hour train ride back to Budapest. Went to my hotel and caught 9 p.m. train to Tata in Northern Hungary. After that workshop ended, I took 1-1/2 hour train ride back to Budapest.

Learned Maria's car had been stolen so she was without wheels. Her assistant had her apartment burglarized the previous week. Helen met me at the SL airport for the drive home.

In a Feb. 26, 1997 email, Maria Heidkamp asked what had happened in Bucharest and wanted to know what my schedule would be in April. Then, she informed me of some of the political intrigue that was going on in Hungary between USAID and USDOL.

FYI: Let me know what's up. Meantime, the mediation training is scheduled for April 6-11. I believe there will be 3 FMCS mediators, Jim P., and for a short part of the time Steve M. It should be identical to the Torino training. I've also heard from Bruce Abrams that there will be no more money for the mediation project for next year. You missed the recent

developments in a long saga that basically fired up again right after you left the ongoing DOL - AID love-fest.

The best I can say is don't ask. In short (because I know you'll want to ask....) the SEED coordinator at the State department weighed in on DOL's side and called the deputy chief of mission at the Embassy here -- and local AID was asked to defend its stance. Which they did. The project doesn't fit their strategic objectives. They don't know what DOL is doing with the money they currently have (the work plan needs to be revised). And what's in the pipeline?

Please don't repeat the above paragraph. In short, however—it's not looking good. Meantime, I've been busy here with the IR review (intermediate results review—part of the 4-R process—Results Review, Request Resources).

On March 3, 1997, Maria Heidkamp sent me an email that she had obtained country clearance for me for the week of March 23-29. During that week, with Maria's help, we would be running 10 Workshop Number 3's throughout the country., In April, Marion could come back to conduct the ICMA workshops at their expense. Maria also wanted me to send her a copy of the Workshop Number 3 notes so she could be prepared "based on what you would have done or will do in the future???" After conferring with Marion, on March 11, I faxed copies of the worksheets and other materials for Workshops 3 and 4 to her.

As scheduled, Marion and I made a trip to Hungary, March 22-29, 1997. While there, I conducted four local economic development workshops (now called Workshop C), and Marion did the same. I went to Western Hungary, and Marion went to Eastern Hungary. We were both out in the boondocks for the rest of the time. I was in Vasavar, Komlo, Tolna and Baranya. We each took one of the translators with us. I had Katalin with me for the week. Maria went with us to Vasavar since she had not been there before and was feeling guilty. Stayed at the Kempenski March 23, 27-28. (Memo from Maria Heidkamp to GBH and MTB, March 23, 1997)

In an April 10, 1997 email, Maria indicated that the Hungarian MOS officials were very happy with the project and ecstatic over what Maria had accomplished. She was happy to see AID saying good things for a change, but not quite sure how USDOL felt. Maria also indicated that she was swamped trying to keep all the balls in the air and the project moving forward. She also wanted to know if I could come back again in early May. Maria emailed:

I spent all of last week with Jim P. Everywhere we went, he heard such glowing reports about my work that I think he thought I put people up to it. Really, even the Ministry of Labor people said all the right things about trying to get the legislative process going to institutionalize Rapid Response. I almost fell out of my chair. AID here (the director anyway) loves my work, still credits me (and our project) with being the genesis for the Democracy and Local (Gov't strategic objective (is that a good thing or a bad, do you think?).

In an April 20, 1997 email, Maria said that while she had wanted me to come in May for a week, she was sorry to hear that I would be in Romania. Because of my increasing responsibilities in Romania, Marion had to pick up more of the workshops in Hungary. There were now 12 communities participating in our "pilot" series of workshop, up from the original five. Every time someone heard about the program, they wanted to participate. Maria was a soft



touch, and the project grew like topsy until it was overwhelming her and us. Furthermore, our 12 communities did not include those that were part of the ICMA project either.

In her May 7, 1997 email about the LED Manual, Maria indicated that although it might be useful to have an ILO/USAID/USDOL version, it would probably be better to have our own LED Manual. She felt that Angel Vidal (from the ILO) was looking for some money to pay for the new edition, or a source to obtain copies of one in English. Another possibility was to work with the Center for Civic and Municipal Innovation, another AID-funded project. But Maria felt they were “leech like” and supported by the Urban Institute with AID funds. She wanted to obtain more information, and then wanted to confer with me about the situation. (Email from Maria Heidkamp to GBH May 7, 1997)

In her May 9, 1997 email, Maria reported that she had run Workshop 3 in Hatvan, and had a great turnout (40-45 people), many of whom had been to both workshops 1 and 2. She was very pleased with the outcome, and planning to conduct all of the Workshop 4s if at all possible. (Email from Maria Heidkamp to GBH, May 9, 1997)

In a second email on May 9, Maria said that she had scheduled 4 days of workshop 4s during the week of June 9<sup>th</sup> for Marion to run. She also touched on a serious problem of the paperwork needed to pay Marion for some of his earlier work. Apparently, OFR had dropped the ball.

My next trip to Hungary was June 7-14, 1997, one year after we had started the LED project. During that trip I conducted 4 LED workshops (now called Workshop D) in Hatvan (June 9), Komlo (June 10), Tata (June 11), and Kunszenmarten (June 12). Attendance at the workshops ranged from 30 to 45 people. Four to six project ideas were evaluated in each workshop, with all workshops concluding that at least two of their projects were worth pursuing and several needed more information. June 13 I spent in Budapest meeting with World Bank and ILO officials to discuss joint projects with USDOL, conducting a debriefing with Maria Heidkamp, and planning Phase II of the project.

In her June 17, 1997 email, Maria told me about how difficult the working relationship with the ICMA project had been, work carried out mostly by Marion Bentley. Her email highlights some of the differences in expectations and approaches in the ICMA projects versus the RR-LED component that we carried out with and for her.

By the way -- Steve Herbaly [an ICMA employee working in Hungary] called. He's expecting some comments from Marion on the economic development plan from Nagykanizsa. He's pretty anxious about getting them.

I had a Conversation with him during which it seemed to me that he and I probably have had somewhat different expectations of you guys. You have met my expectations completely. We wanted to provide some technical assistance to the myriad of projects we opted to undertake, 'but we assumed all along that the locals were to do all of the actual field work.' Having an American expert (or even me) gives them some credibility initially when they need it most. The comments at the beginning and the end of the workshops give them a framework for thinking about the exercises and the benefit of your many years of experience with LED processes in general. But they need to have their own motivation and seriousness about the process.

I'm not sure if Steve knew what his expectations were. Maybe he's looking for more handholding? I don't know what kind of comments he is expecting from Marion (the plans are good? make sense? sound insane?). I think he may be looking for a reason that his projects may not be working out entirely the way he wants them to.

For the record, I rue the day that we got Involved with ICMA.

An example of the certificate of training that we gave to the participants who completed our series of four CER Workshops follows:



June 27, 1997, email from Maria informing me that she had decided not to try and go to Romania to help start the Worker Adjustment component of that project. She was too busy in Hungary to take the time. (Email from Maria Heidkamp to GBH June 27, 1997.)

July 15, 1997, email from Maria informing me that she had completed a piece on Quickstart for me to include in the next edition of the LED Guide, plus one on the LED experience in Hungary. She also gave me some information about the Can-Am Worker adjustment project in the United States that she had worked on for the National Governor's Association back in the 1980s. I was preparing my presentation for the IIRA Conference in Dublin and needed to check on some of the dates on the genesis of the RR component with Maria, since she had worked on that project. Maria also said she was pregnant again and planned to return home in December to have the baby in the United States. (Email from Maria Heidkamp to GBH, July 15, 1997)

July 17, 1997, email from Maria reporting on several of the successes that some of the communities were having, implementing some of the projects they had come up with as a result of the LED workshops. One community had started an Entrepreneurs' House. She was very excited about how the communities were actually moving ahead to implement their projects. Maria also reported that the government was also considering including our DWA and LED components into legislation being considered by the Parliament. (email from Maria Heidkamp to GBH July 17, 1997).

July 24, 1997, emails from Maria indicating that she was making some headway on the article that we were working on for Maarten Kuene, of the ILO Central and Eastern European Team (CEET), for inclusion in a publication that he was editing about economic development in Central and Eastern Europe. I had asked Maria to co-author a chapter that I had agreed to write. We would include a write-up of both the displaced worker component and the LED component of our USDOL Hungary Project. I thought it would make a great addition to the ILO publication.

In another email she sent the same day, July 24<sup>th</sup>, she said that one of the TV stations was airing a story featuring the Tolna LED projects, and that the community LED team in Vasavar had received one million forints from a development bank to pay for their LED manager. They were also submitting proposal for several additional projects to other agencies. .

July 30, 1997, email from Maria giving me an update on the work she was doing with the Hungarians to make revisions in the Hungarian Manual before preparing a new edition that would be used with the next round of training and community workshops in Hungary. She said that she had already received requests from 4 or 5 communities that wanted to start projects "very soon" and did not want to wait until November or December. (Email from Maria Heidkamp to GBH July 30, 1997).

Much of the email traffic from Maria Heidkamp during late July was filled with the next stages of her project, e.g., arranging for study tours, getting the new edition of the LED Guides completed, helping to keep the Quick Start training going, helping the Hungarians plan some advanced CLC training for the newly created County Development Councils, and keeping us informed about what the ICMA folks were doing and being frustrated with the Mayor's groups they were working with. (email from Maria Heidkamp to GBH July 31, 1997)

During July and August, my work had been primarily devoted to helping document the Hungarian LED project by writing the paper for the Dublin Regional IIRA Conference and the Chapter for the ILO Monograph that Maria and I had been writing.

Aug. 1, 1997, email from Maria noted that things were looking up because she had been invited to meet with the Permanent State Secretary of the Ministry of Labor the following week:

The permanent state secretary at the Ministry of Labor (he's the non-political number 2 to the minister) has called me for a meeting next week. It's a very, very good sign. He wants to talk about the future of the project, and I want to get a commitment from him that RR will make it into the legislative reform agenda. I think I told you about this publication by PHARE and LIGA, which is only in Hungarian. It came out at an ideal

time and probably gives us more credibility than if we published the same article ourselves. Also, there was an article in the labor market journal called "Projects Come and Go," mostly about RR. Says lots of good things about layoffs and LED, and then says that nothing has been done by the Ministry. (It has an ambiguous last paragraph which seems to say there are too many projects anyway, but on the assumption that most people will only read the first ¾'s of the article, we're in great shape. (Email from Maria Heidkamp to GBH August 1, 1997)

During the following weeks we exchanged frequent emails, but had considerable difficulty sending attached files via the Internet. Sometimes they came through garbled. She was using Compuserve as her email provider, and I was going through USU's email system. Unfortunately, the Compuserve system did not work very well with non Compuserve users. This created some problems as we were trying to complete the final version of our Chapter for Maarten Keune and the ILO CEET publication.

August 7, 1997, email from Maria said she had told Maarten that we would have our piece for him the following day, and also mentioned that she had arranged for the revised Hungarian LED Guide to be printed in , and also noted how difficult it was to deal with the AID bureaucracy in Budapest.

In two postscripts to her Aug. 7, 1997 email, Maria commented on the way things were going in Hungary – first, in getting the new Manual published, and second, the problems of dealing with the AID bureaucracy.

\*\*\* PS: An agreement has been reached (and signed) on the LED manual revision here. I am very comfortable with the synopsis and work plan. (I had to be something of an ogre with the CCMI office about a couple of things, but this material is far too important to us to be left in the hands of amateurs.) I think you will be very pleased with the way it will turn out.

PPS: I was almost driven to commit serious crimes on Monday at the two AID meetings (the team meeting and the team PR meeting). It has gotten worse than ever before. It was an absolute 100% waste of time. We managed, however, to kill the team leader's idea (which has been haunting me for several months) about starting a Person of the Month award to recognize people from our projects who've done good work. He thought we'd be able to get tons of press coverage over this -- never realizing that for projects like mine, I cannot highlight one person without political problems, etc. Anyway, I can't explain now but they – lost their collective minds.

Aug. 8, 1997, email from Maria reported on her meeting with the permanent secretary at the Ministry of Labor. She said the meeting went extremely well, and that they planned to institutionalize the RRDWA process in legislation. He was also supportive of the LED component as well:

I just wanted to report that my meeting with Pulay Gyula, the permanent secretary at Mol, went extremely well. In short, he says that there will be a sentence inserted into the legislation that would be effective from January 1, 1998 that makes reference to the availability of funds for RR/RACs. It will be followed by a sentence that says that the processes will be regulated and detailed in a ministerial decree.

He wants lots of help from the RR Project on drafting the criteria, outlining what the funds can be used for, etc. And he wants the help to start very quickly -- because this could come up for discussion in Parliament in September.

\*\*\*

Aside from that – he is very interested in LED. Each of the Ministries is supposed to set some funds aside for regional development to work with the Regional Dev't. funds at the county level. He is seriously considering something to the effect that the RR/LED model Phase I could be funded from a mix of Ministry of labor and RD funds. But - he said - that have to wait until next year's agenda. Which gives us time to revise our materials as we have begun doing and to monitor the results.

I was delighted to see an article in the Aug. 16, 1997 issue of *Wall Street Journal* about Hungary. The headline in the article said it all: “Hungary Begins to Reach Steady Growth: Austerity Program Pays Off After Two Years.” I like to think that our project contributed to this significant improvement.

Sept. 25, 1997, email from Maria indicated that she had made a few additions to our ILO piece on the Hungary RR/LED project for Maarten Keune, and sent copies to both of us. I think these were about the last changes we made before the monograph was published. (Email from Maria Heidkamp to GBH, Sept. 25, 1997)

Sept. 30, 1997, email from Maria said that the legislative changes (money for the RACs) had been officially sent by the Government to Parliament. It was expected to pass and become law on January 1, 1998. (Email from Maria Heidkamp to GBH, Sept. 30, 1997).

Oct. 22, 1997, email from Maria informed me that the Hungarian Ministry of Labor's Employment Programs Department “is about to co-sign the letters indicating the approval of the Rapid Response Local Economic Development Phase II implementation projects. I have already approved proposals and signed the letters.” It was exciting to see the first fruits of our efforts during the previous year and one-half finally come to fruition. Maria's account goes on to describe what was taking place:

So far, proposals from 13 local areas in 11 counties have been reviewed. These proposals represent a total of 23 separate projects. (One county's proposal has not been reviewed yet as it was submitted late and the translation is still being finished.)

The proposals were outstanding on the whole. They exceeded my expectations, which were fairly high to begin with. The Ministry was also impressed with their caliber.

All LED counties except Tolna were allowed to submit proposals not exceeding \$25,000 for one or more of the individual projects they identified and analyzed during the Rapid Response [LED] workshops. Tolna County, which has 3 separate LED areas, was allowed to submit proposals from each of the three areas not to exceed \$15,000 per area.

\*\*\*

Projects include such things as setting up permanent LED organizations and/or hiring local area managers (several versions of this), setting up “tele-cottages” or information centers (local places where municipality leaders, businesses, NGOs, individuals, etc., can access computers, the internet, etc. – there are 4-5 projects of this sort), setting up entrepreneurial areas or assistance/incubator programs, planning for an industrial park, several agriculture-related projects (integrated marketing centers, fruit cooperative), several tourism-related projects (including a bike path, a database of cultural activities for marketing purposes, and others); improving the local image of a depressed steel region,

setting up a handicrafts school, planning for an "old-people's home," establishing a cooperative for craftsmen who were dislocated from a local leather factory.

The projects are being run primarily by NGOs, local area federations, municipality offices and CLCs. Generally they are being done in partnership with several organizations.

All projects were required to have a minimum of 10% local matching funds available. Most have exceeded this by a considerable amount. In many cases the local areas have managed to get resource commitments from a range of sources including PHARE, local enterprise agencies (LEAs), municipalities, federations, County Development Councils, CLC, the National Employment Foundation, and others.

Letters of support for the projects from Chambers of Commerce, mayors, CLC directors, LEAs and others were attached for all proposals.

Since I was being asked by Jim Perlmutter to go to Poland and help negotiate a redesign of the Re Employment Fund Project in that country, I was unable to go to Hungary and participate in a Quarterly meeting with the community LED teams being scheduled by Maria in mid-November. Consequently, Marion was sent to handle this meeting, and provide them with some Advanced LED training. (Oct. 30, 1997 email from Maria to Marion Bentley)

During December I was pretty much tied up working in Poland and elsewhere, so my email traffic with Maria was reduced somewhat. Dec. 11, 1997, email from Maria discussed the Poland budget materials, based on her experience in Hungary, that she had given us, and also mentioned the Quickstart costs in Hungary so that I could use them in designing the Poland project. She also mentioned that the new Hungarian law institutionalizing the RR-RAC program was passed by Parliament and would take effect in January 1998. (Email from Maria Heidkamp to GBH Dec. 11, 1997)

December 15, 1997, email from Maria stating that she would be leaving for the U.S. on December 18, 1997 and would remain there for the foreseeable future, probably until February. She was returning home to have her baby and did not plan to return until she had recovered from that blessed event. The next email I received from Maria was on February 19, 1998, informing me that she would be returning to Hungary on March 10<sup>th</sup>. She also reported on what had been happening since she had taken maternity leave.

Feb 19, 1998, email from Maria reporting on how things were going with our project in her absence:

Things have been good in the office. Phase II LED stuff has been progressing (but I'm not sure that Eva/Miklos sent out my monitoring reporting requirements as promised during our meetings when Marion was last in Budapest.)

As to new Phase 1's - we have 16 sites approved and a 17th going to start (Mind you - I only really budget for 16 -- not for the full 20 counties.) Several counties are splitting their funds to do more than one site. One area that's now applying will start a RAC and an LED project at the same time. The projects will use the new /DRAFT Hungarian materials. After they do the workshops - a final revision of the materials will be made. We've arranged for a facilitator's training day in Budapest - and then a short training of some sort will be held at each site prior to Workshop 1. (Well, I've approved the plans for this - I need to check on its occurrence.)

I was more or less on top of the work situation until January 30th, and things appeared to be moving along there pretty well. I've got a good operating team. (I almost lost Miklos however - which gave me many sleepless nights in Baltimore. Thank goodness I got the situation resolved.)

April 2, 1998, email from Maria provided an update on the Hungarian LED project:

All's well here. I sent you an update a while back; did you get it??? It mentioned that the manual was going well. Alas.. it has not been translated and I don't think we're going to do so unless it really seems to make sense. My guess is that it has become too Hungarianized to be useful to the general LED public, but at a minimum, we could translate the table of contents and perhaps just the facilitators guide? It is still in draft form, which is as I wanted, and is being tested by the 17 new LED sites (from 11 counties). The new sites are being assisted primarily by Miklos, Fazekas Jozsef and Weisz Zoltan. They had a training session for the organizers first, and then started a zero meeting for the small group facilitators at each site. Seems to be going well so far.

The current first group of sites are doing their implementation. A few monitoring reports have come in; the rest are due. (overdue...) It seems to be going well. We were supposed to have a second meeting like we had when Marion was here in November. However, like many things, it has been postponed a bit.

On top of my absence and Eva's sudden departure, Miklos is in the hospital with heart fibrillations. He will be fine, but won't be out of the hospital for a week.

April 20, 1998, email from Maria reported that Maarten Keune had finally called and said that the ILO monograph had been published, and that he would be sending us several copies. She also indicated that the project implementations for the Phase I group of projects were going well, and that the Phase II communities were also moving along quite well with the training workshops. One other bit of good news she reported was that AID had agreed to raise the funds for the project from \$100,000 to \$175,000, since they were so impressed with the work of our project. Local AID officials had referred to the "phenomenal success" of the DOL programs in Hungary. Unfortunately, Jim Perlmutter at DOL thought that she was sitting on a pile of money (which was not accurate).

May 6, 1998, email from Maria reviewed the budgeting problems she faced, and noted that the Slovaks had heard about our projects and were interested in learning more:

For the record - based on the original work plan and my budgeting, I showed that we would have nothing leftover at the end of the project. USAID figures, however, showed we had \$600,000 leftover. You may recall that it was the idea of one DOL "Regional director" that there would be no new 1998 moneys requested for Hungary (and perhaps elsewhere in the region) and so I didn't expect any. Then, I learned, that USAID had expected to give us a maximum of \$100,000 - pending some progress on the pipeline question. So I did my best pipeline analysis to prove that my numbers were better than either DOL's or AID's -- and then did a budget proposal based on \$100,000. I told Jim Perlmutter that the local mission folks were supportive of us getting some more money. Several months later, when it came time for the local folks to make final decisions, I expanded a few planned initiatives and realized that more money would be better. I came up with a need for \$175,000 instead of \$100,000. There might have been a small chance

that if I really pushed hard, I could have justified more than that. (It would most likely have gone to local areas for implementation of projects.) The chances to actually have gotten \$250,000 were pretty slim. The real problem may now be with DOL. AID Washington told local AID that DOL put in no budget request for Hungary at all. Jim said they did – for the \$100,000. When I asked him to try to change the request, he said he was reluctant to go back and say we needed more because what if they are right on the pipeline question I told him it was already approved by the S.O. team (strategic objective, in case you've forgotten) and that my numbers are pretty good. So - it may be DOL that prevents us from getting some extra money, not AID.

I bet you didn't want to read all of that! Sorry!

What do you know about Slovakia? One of my guys in eastern Hungary (Bokor Sandor - Ozd) has had several conversations with the Slovaks about RR/RAC, RR/LED and Quick Start. They are really interested. I'm going to follow up with Jim if I can get him.

May 19, 1998, email from Maria raised the question of Marion and me coming to her planned Quarterly Meeting to be held at Lake Balaton in June. She wanted our ideas about training topics as well. She also noted that there were now training workshops going on with 17 Phase II communities. My recollection was that I proposed we expose them to the Interest-Based Problem-solving approach that DOL had developed and I had used in my courses at USU. In a follow-up email we had also suggested some additional topics: e.g., project management, topics out of Part II of the LED Guide.

June 8, 1998, email from Maria responding favorably to our suggestions, so we made plans for including some of those topics. On June 11, 1998, I faxed her the necessary materials to translate and print the needed copies.

In my two June 21, 1998 emails to the family, I reported on my June 13 – 24, 1998 trip.

The trip over was uneventful--although I did not get upgraded from C in to Frankfurt. Also, two Germans sitting next to me talked constantly for nearly five hours. Any attempt to sleep was impossible.

Arrived Budapest at about 1 PM. Marion and I spent Sunday night in Budapest and then caught a train on Monday at 10:10AM to Siofok on the south side of Lake Balaton. Arrived at 12: 15 PM. The hotel was reasonably good. Room was somewhat spartan. Monday afternoon, Marion and I both made presentations to the group. I had to make another presentation on Tuesday morning instead of Wed. as originally planned--because the person who was supposed to come from the Ministry of Labor cancelled out. Seems the election of a new government in Hungary has made all the civil servants nervous about their jobs so they are staying close to their offices.

The change in the original schedule created a bit of a problem since I had not had time to organize for the presentation on Interest-based problem-solving. I had planned to get ready on Tuesday and make the presentation on Wed. We managed to use the late morning (after my first presentation ended at 10:30 AM) to translate my overheads into Hungarian with the translators writing them out on flip chart paper. By 2 PM we had scrambled enough for me to start the second presentation on IB. It seemed to go ok even if it was a little less well organized.

By 3:30 PM the CLC group needed to leave for a cultural trip and dinner in the area, so we had a reprieve until Wed. morning to run the simulation. Instead of going with the CLC



group to sight see, Marion .and I stayed at the Hotel and had dinner that evening with Maria, baby and nanny, and Balosh, one of our translators. We knew that the group would probably be late getting back and would spend a good deal of time socializing and drinking, and we were both still jet lagged and tired.

On Wednesday morning we had the group break up into three smaller groups of about 10 people and conduct an IB simulation.

Maria brought her daughter Isabella to the workshop (she is 5 and 1/2 months old), plus her assistant to serve as nanny. It was their first trip away from home overnight, and it worked reasonably well, although during the first day Isabella was not too happy and wanted her mother most of the time. The second day she seemed to be more at ease and did not distract her mother so much. Apparently, she has never been away from her mother very much, or been out of her home environment, so this was a new experience for her.

We finished up our training at 1PM and then had lunch. After lunch we packed up our stuff and departed. Marion and Katalin went to a town on the Romanian border to observe a workshop on Thursday (a four and one-half hour drive). Balosh and I went to Tamaski, about a one-hour drive south of Lake Balaton, to observe an LED workshop on Thursday. We stayed in a little hotel (my room was on a busy street and had a street light shining in all night). Otherwise it was quite nice. The next morning we went to the local youth facility at 9AM. Thirty-five people came to the workshop, and after several presentations they started their work. The objective was to complete Workshop D, which consisted of evaluating their project Ideas and selecting one or more to implement. They did a good job, and we completed our work about 2 PM. We had a hurried lunch at City Hall, and then our host drove us to a nearby town to catch the 3:37 PM train back to Budapest, arriving back at the hotel about 5:00 PM. Marion arrived about 7:30PM.

On Friday we took a taxi over to Maria's home and office. We spent the morning meeting with Maria, Miklos and Balash (to translate for Miklos (who is Maria's Hungarian deputy). We discussed all of the matters relating to the project, and planned the meetings to be held on Monday and Tuesday at the Ministry of labor. The local project teams from all of our first round of workshops (the 14 we carried out last year) are coming in to Budapest to discuss how they are doing in implementing their projects (and what they are doing with the \$25,000+ that the U.S. taxpayers have given them to help them get started). The 24 projects are grouped into 4 categories so those working on similar projects can interact and share ideas.

After two days of these meetings, we will complete our work and return home on Wednesday. Budapest (and the Intercontinental Hotel) are full of tourists, primarily Japanese and American. The weather has been quite good, today it is about 75 F. That's about it from this part of the world.

My second June 21, 1998 email about my trip to the family:

Today, I relaxed and recovered from the week's activities. Unfortunately I left my European electrical plug that has two outlets in the hotel at Lake Balaton on Wednesday. So, this morning I walked around the area looking for an electrical shop. Just beyond the tourist area I found a camera, radio and other electrical products store. They did not have the type of plug I needed, but the lady told me where to go. Sure enough, it was an appliance store just around the corner that also carried a full range of switches and plugs. Found one that would work for my purposes. Cost \$1.50. Now, I can connect my computer and printer at the same time even if there is only one wall outlet.

On my way back to the hotel, I walked by a grocery store that I had not seen before. I stopped in and bought some orange juice, yogurt, milk, bananas, etc. Since it costs about \$20 for breakfast at the hotel, and the local McDonald's quit selling breakfast since my last trip, I decided to supply my own.

After a light repast and watching the British bloke who does travel programs for BBC go to the South Pole followed by as much soccer on television as I could stand, this afternoon at 4 PM I walked over to the Marriott to enjoy my favorite Budapest String Quartet. They play every afternoon from 4 to 6 PM. In addition to the usual classical tunes, today they played some oldies and some Broadway hit tunes. It was very enjoyable. This evening I went to the Mr. Sandwich (recently added to the KFC, Pizza Hut and Bob and Robs outlet since my last trip) for dinner. I had a combo like--a soft taco shell or pita bread only tougher--with ham, cheese, lettuce and tomato and some kind of sauce, plus a soft drink and piece of apple pie--all for \$2.50. It was pretty good, except the pie was not quite as good as the pies Helen makes. It was more like a minced apple filling in which they ground up the entire apple, seeds and all. The crust was about ¼ inch thick.

After dinner I stopped in the square and sat on a padded bench to watch the tourists for an hour. School age kids from other European countries sat on the edge of the monument and rolled their own cigarettes to smoke. There were lots of locals walking and sitting around me, and the usual American, Japanese and other European tourists were all milling around or sitting at the sidewalk cafes drinking and talking. At about 8 PM I returned to my hotel to see if I could figure out how to send the email.

Marion has not been around today. He volunteered to go with Maria and her husband today (if she could talk him into driving and interpreting for them) to a town some 2 hours drive away from Budapest. They were having the ribbon cutting ceremony for a "telehouse" which they had completed as their project under our LED project. I haven't seen him this evening, so do not know how the trip went.

June 22, 1998, I sent another email report to my family on what we did.

Today, we went to the Ministry of Labor and spent the day meeting with two groups of project teams from around the country, one group in the morning and the other in the afternoon. The morning groups had agricultural-type projects, and this afternoon's groups had entrepreneurship and business center projects. We listened their reports about what they have accomplished during the last quarter, asked them some questions about what they were planning to do during the next quarter, admonished them to get their progress reports in, and then listened as Marion made a short presentation about different ways to evaluate projects.

After the first group finished up discussing their 10 projects at 1215, we had a catered lunch in the conference room and then started with the second group at 1330. We finished up with the last group about 1545 hours. From then until 1645 we talked with Maria and Miklos about what we had learned, discussed the next three groups that will be coming tomorrow to discuss their 14 projects, and then walked back to our hotel.

June 23, 1998, I emailed my final report of my last day of work on this trip:

We spent a full day today in meetings with 3 groups discussing 14 projects (grouped in the categories of tourism, telehaus's and establishing LED organizations). There were 25 to 30 attendees at each session. So, for six plus hours we listened to them tell us what they had accomplished during the past quarter, and they proposed to do during the next quarter. Most of the groups are doing very well with their project implementation. Only

one or two appeared to be having serious problems. It was very exciting to see that they have actually taken the concepts we tried to teach them and have actually begun implementing the projects. Makes all our efforts during the past two years seem worthwhile after all. We will have a good story to tell USAID, and I think our efforts have made a difference.

This evening we took a taxi over to Maria's home-office at 1900 hours. From her place we walked (Maria, [baby daughter] Isabella, Marion and I) to a nearby restaurant where we had dinner. Isabella was pretty good most of the time, but near the end was becoming very tired and a little fussy . So, we skipped dessert and walked back to Maria's flat. By the time we got there "Smoochle" as she is called, was asleep. Maria called us a taxi, and we returned to our hotel.

The following morning we took the airport shuttle at 6:30AM to catch our plane to Frankfurt and back to the United States.

After a national election in July 1998, a new coalition government came to power in Hungary, bringing about a significant number of changes, including the restructuring of several ministries, including the elimination of the Ministry of Labor, which was renamed the Ministry of Social and Family Affairs. Maria sent OFR and the rest of us a lengthy email outlining all of the changes that would be taking place. Fortunately, many of the people that Maria had been working with, e.g., the Permanent State Secretary, Pulay Gyula, would have the same position in the new Ministry, so although there would be some changes, Maria felt she would be able to continue working with them after things settled down from the changes. (Email from Maria Heidkamp to GBH July 17, 1998)

During the next few months, Maria periodically sent emails providing updates on the activities of the LED projects and community teams. She also indicated that the institutionalization process was proceeding apace.

Sept. 23, 1998, email from Maria informed us that ICMA had ended its project as of September 30, 1998, and, as Maria had predicted, they would be leaving little behind. Unlike our projects, which had been systematically institutionalized through Maria's and the Government's efforts, ICMA and the Democracy project had failed to accomplish that task. This situation was causing considerable concern for USAID, which was now pushing for a "consultant-based approach," that consisted of training some consultants to push the various concepts and models after the projects ended. Fortunately, thanks to Maria's efforts and the training of CLC staff and community teams, our project would not suffer that fate. (Email from Maria Heidkamp to GBH, Sept. 23, 1998)

Sept. 25, 1998, email from Maria indicating that she was fully engaged in the work of institutionalizing our project:

We are so busy with working like crazy to get new government support for LED institutionalization. We seem to have convinced the Ministry of Economic Affairs to include LED in the central employment programs budget, which is a big deal. We are working to get a legislative change in the Regional Development act itself, but only time will tell if we are successful.

Our Quarterly Meeting starts Monday. I figured you guys were probably too busy to come, and we were not planning another big LED get-together quite yet. We'll be focusing on New Government stuff primarily, and are expecting the State Secretary for Regional Policies to be the first speaker. He's quite important [as far as our project goes].

Oct. 2, 1998, email from Maria reported on the Quarterly meeting and the training provided, using some of the material that I had presented to the group at Lake Balaton in June. They had the group role play presenting their project ideas to mayors, chambers of commerce, etc. She said that "everyone quite enjoyed it."

Nov. 3, 1998, I participated in a conference call with USAID consultants Bruce Grogan, Kellie Isbell and Roger Rasnake. We discussed the upcoming conference on LED that was being co-sponsored by USAID, the World Bank, the Open Society Institute and the Council of Europe. The conference was to be held in Bucharest on November 9-12, 1998. They wanted me to participate as a moderator for the team from Hungary that would be presenting Session 12--their experience with LED (through our USDOL project) at one of the concurrent sessions. They also wanted me to take project summaries of our LED projects in CEE countries for distribution at the conference. Kellie faxed me the information about the conference and the agenda. I agreed to do what they wanted.

Nov. 4, 1998, email from Maria informed me of some of the positive results achieved by our LED projects in Hungary:

As of September 15, 1998:

- 784 new jobs have been created as a result of LED projects and spin-off activities in the 14 original areas including full-time positions, public works projects.
- 455 individuals are enrolled in training for jobs in connection with LED projects.
- 82 jobs have been saved.
- 70 entrepreneurs have started businesses.

One county has now made the model available countywide, including providing direct support of 5 million forints from the County Labor Center for implementation of projects, CLC support for 95% of the cost of a local area manager's salary; and 1 million from the County Development Council for establishing LED offices. Two areas completed workshops with some US support; two more are now starting and two more start in early 1999. (In one of the new areas the local mayors decided to contribute 50 forints per local resident to support the process.)

## **Participating in the USAID/World Bank conference on LED in Bucharest**

The sunset of my work in Hungary (LED involvement) occurred November 12-14, 1998, when a group of Hungarians were invited to attend a Regional Conference sponsored by USAID and the World Bank, and make a presentation about their experiences implementing our LED component in Hungary. I had been asked to moderate their panel, so I traveled to Bucharest, Romania to participate in the LED conference.

I recorded my account of the trip in an email I sent home on November 14, and in the report I sent to Virginia Stacey and WSI after returning from Bucharest. Like most events of this type, they are a mixed bag.

The conference has about 250 people in attendance. They are from all over Eastern Europe. There are lots of USAID workers from the region plus lots of mucky mucks from D. C., and dozens of beltway bandits who are running around acting important. The conference organizer (International City Management Association) did a poor job of organizing the operation, even though the local facility where it was held was quite good,

There were too many long-winded speeches, little focus, and not much else. We got stuck on the last day (this morning) as the last panel. Since most people were losing enthusiasm by now, attendance was falling off. So, we only had about 25 people in our session. This was unfortunate, since our panel (a group of four Hungarians that had been through our LED workshops and done great things in their communities), was one of the best at the conference. (Of course I am not biased). We also circulated 50 copies of our materials and had a few nibbles from USAID reps. looking for good ideas for new projects (Ukraine and Georgia).

My November 28, 1998 Trip Report to Virginia Stacey at WSI provides an additional account of my activities at the Bucharest Conference.

In addition to representing the USDOL, I also moderated Panel No. 12, "Labor Requirements for Economic Development," at the USAID-sponsored conference. This panel featured four Hungarians who described and discussed the USDOL Hungary LED program carried out in Somogy County, Hungary, during 1996-1998. The Hungarians gave an excellent presentation and elicited a number of good questions and favorable comments.

Compared with other conference presentations that described narrowly focused pilot or USAID-funded LED projects carried out in only one community with modest and virtually no multiplier effect or replication beyond the immediate community, the USDOL CER assessment and planning approach (exemplified by our work in Hungary) stood out. Its innovative grassroots approach involving substantial numbers of people in the assessment and planning process has demonstrated a much greater nationwide impact than any of the other LED projects presented. The USDOL CER work in Hungary includes over 31 geographically diverse areas and has involved over 1200 people in local economic development assessment and planning. It recently has been institutionalized by the government and is being promoted at the national level for implementation throughout the country.

Although there are other emails and documents in my files that were sent to and received from Maria Heidkamp, my work in introducing and testing the LED component in Hungary was pretty much complete. With Maria's and Marion Bentley's help, we were able to pilot test the LED Guide and other materials in a practical setting over a three-year period. The implementation of this innovative new component in the CEE region had worked better than I had hoped, and our initial efforts in Hungary proved to be very successful. Even more important, with Maria's leadership and diligence, we were able to institutionalize several of the basic elements of what became known as the "USDOL Adjustment Model": LED, Rapid Response Dislocated Worker Adjustment, and Enterprise Restructuring and Competitiveness (at least Quickstart) in that country. Our experience gained and success achieved in Hungary also

enabled us to make these components available for implementation and use in four additional countries in the CEE Region. How this next phase was carried out is discussed in Chapter 7.

Maria's handwritten comments on the bottom of her letter sent to me more than three years after we started the LED component in Hungary very succinctly says it all.

**LABOR MARKET TRANSITION PROJECTS**  
***Rapid Response • Quick Start • Labor-Management Relations***  
*Joint initiatives of the USAID, USDOL and the Hungarian Ministry of Social and Family Affairs*

---

Maria T. Heidkamp, USDOL Director - Hungary  
1026 Budapest, Lepke u. 8, II./4.  
Tel. (36-30) 9-486-528 Tel./Fax: (36-1) 200-8799 E-mail: 100301.614@compuserve.com

July 28, 1999

Gary Hansen  
Utah State University

Dear Gary:

On behalf of the Rapid Response Project, I want to thank you for the help and support you have provided to us in the past several years.

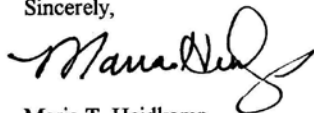
The Rapid Response Project comes to a close on July 30, 1999. In the past five years, we have worked with 60 Reemployment Assistance Committees, 36 local economic development projects and 32 Quick Start customized training projects.

As you know, all three components of the project have been picked up by the Hungarian government and will continue to receive support in the future. In addition, I am please to tell you that a new interministerial cooperation agreement will be signed on Thursday, July 29, 1999 between the Prime Minister's Office, the Ministries of Agriculture and Rural Development, Social and Family Affairs and Economic Affairs and the Rapid Response Project outlining future ministry responsibilities relating to job creation and economic development. In part as a result of the US project, the ministries have recognized a need for more collaboration and coordination of resources on these issues, which in the short term will include addressing both coal mine and agriculture sector restructuring. A standing Rapid Response Committee of Specialists will be set up to undertake some of the work.

I want to share with you a copy of the project's final report. Please also accept this Rapid Response sweatshirt as a token of thanks for your support.

I hope we have the opportunity for working together again. In the meantime, best wishes for the future.

Sincerely,



Maria T. Heidkamp  
Director, USDOL Hungary

*Gary: I remember very well the dinner we had in Budapest when I told you of how well RAC model was working, and how poorly LED was going (had gone). You came to the rescue when you let us use the now famous manuals, and I will be forever thankful. I'm sure we will stay in touch. Email will stay the same for me; best phone number between August - birth of baby #2: 201/646-0755. All the best - Maria*