



USAID
FROM THE AMERICAN PEOPLE

COUNTRY PROFILE

Hungary

APRIL 2008

OVERVIEW

Hungary is an important partner of the U.S. in the Global War on Terror and contributes to stability in Central Europe. Hungary became a member of the North Atlantic Treaty Organization on March 12, 1999 and a full member of the European Union (EU) on May 1, 2004. Both events are milestones in the country's foreign policy and security orientation. Hungary is also a member of the United Nations and World Trade Organization.



Budapest

Between 1989 and 1999, USAID delivered \$243 million to support Hungary in its transformation from a state-controlled economy under authoritarian rule to a market-oriented democracy. Aid from the American people was focused on assisting Hungary in achieving sustainable economic reform and completing its democratization process. USAID programming sought to increase the soundness of fiscal policies and management practices, improve performance of small and medium enterprises, cultivate a more competitive and responsive private financial sector, establish an economically sustainable, restructured energy sector, and increase citizen participation in the political process at the local level. Although the USAID program in Hungary ceased in 1999, the legacy of USAID development assistance has endured.

PROGRAM LEGACY

DEMOCRACY AND OPPORTUNITY FOR ALL

Along with its neighbors, the Czech Republic and Slovakia, Hungary participated in the \$2.8 million Roma Integration Program (RIP), which provided grants to Roma communities for education, training, and job placement to promote their integration into mainstream society. The poor living conditions of the Roma, an indigenous displaced people, have been a major challenge in the transition of formerly socialist economies. RIP sought to increase Roma participation in economic, political, and social spheres as a means of supporting the development of inclusive, cohesive societies in the region. Community projects have improved access for thousands of beneficiaries to education, health, employment,

HUNGARY SNAPSHOT

Capital: Budapest
Population: 9.956 million
GDP per capita: \$ 17,500
(purchasing power parity)

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COUNTRY PROFILE CONTINUED

and other services. National initiatives resulted in a policy paper outlining recommendations for objective media reporting on Roma in Hungary, as well as internship placements with major media outlets.

INVESTMENT IN EDUCATION FUELS ECONOMIC GROWTH

The Hungarian American Enterprise Fund (HAEF), organized in 1990 and fully funded by USAID at \$72.5 million, was a venture capital investment fund established to accelerate the development of Hungary's private commercial sector. The HAEF began liquidating its portfolio in 2003, to return half the funds to the U.S. Treasury and invest the remaining half in a scholarship fund. The Hungarian-American Enterprise Scholarship Fund was established with \$5 million as a HAEF legacy fellowship program to bolster Hungary's economic development by providing undergraduate and graduate students with academic and professional training opportunities in the U.S.

POST-PRESENCE RELATIONS

A SUSTAINING PARTNERSHIP FOR REGIONAL DEVELOPMENT

As a graduate of American foreign assistance, Hungary is eager to share the lessons learned from its transformation experience with other countries transitioning to a free-market democracy. As a relatively new member of the EU, Hungary is developing its own foreign assistance program, having created an organizational unit within the Hungarian Ministry of Foreign Affairs for that purpose. The continued presence of the USAID Regional Services Center in Budapest facilitates the United States' exploration of opportunities for collaboration with Hungary to promote democracy and economic growth in the region and elsewhere in the world.

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