



# PHARE *Poland*

## 1993 INDICATIVE PROGRAMME SUMMARY

### The New Framework

This Indicative Programme sets out the approach and overall framework for co-operation under the PHARE programme over the period 1993 to 1995.



The Programme reflects the PHARE General Guidelines 1993-1997 and the signing in 1992 by the Government of the Europe Agreement which jointly have a number of implications for Poland including:

- a) A multi-annual framework. It will permit a more efficient use of scarce resources in line with evolving priorities and an ongoing dialogue with the government on both priorities and the progress of existing programmes. The objective is to establish a short term (2 - 3 year) programming perspective which will facilitate the medium-term planning of resources and allow their use to be adapted in line with evolving needs.
- b) The incorporation of explicit objectives, ordered priorities and intermediate targets into PHARE programmes to provide a means of assessing both their impact and their progress towards agreed goals. The aim is to improve the effectiveness of PHARE support.

- c) The gradual incorporation into the programme of conditionality clauses which can be taken into account during implementation and which *inter alia* will allow for the more efficient matching of requirements with the available PHARE resources.
- d) The need to build on previous PHARE efforts as far as possible as well as to ensure continuity of support.
- e) The increase of the rate of disbursement of PHARE allocations.
- f) The need to depart from set allocations for specific activities and move to the determination of the appropriate level of financial commitment based on an objective assessment of needs and absorptive capacities taking into account the points listed above.

An additional consideration for 1993, in light of the short time available for programme preparation this year, has been the need to focus efforts on to areas where the institutional capacity to formulate and develop programmes and prepare the related financing proposals exists, while providing additional technical assistance to these institutions if necessary.

### Review of Past PHARE Assistance

A detailed review indicates that over the period 1990 to 1992, PHARE support has been made available to address (to a greater or lesser extent) each of the major economic and structural components which needed to undergo transformation in the change from a centrally planned to a market economy.

Since a significant part of the support is provided for the transformation and setting up of new structures, a process requiring varied legislative and policy formulations, the disbursement for such programmes takes place over a long time scale. Their visible impact can thus be either small or not very visible: for example, the programme supporting the introduction and extension of the income tax base has led to a significant increase in the number of tax payers - an outstanding, yet almost invisible, achievement.

Many programmes are performing satisfactorily and may require only modest further funding. Some

programmes, for example in the area of Trade Infrastructure, have completed their initial foundation-laying activities and have prepared the way for larger scale activities.

Total commitments to Poland so far amounts to 577.8 million ECU (180 million ECU in 1990, 197 million ECU in 1991 and 200 million ECU in 1992). Contracting rates so far are 70,2 % for 1990 funds; 24,3% for 1991 funds and 13,3% for 1992 funds<sup>1</sup>.

## Medium-Term Priorities

The Polish government has decided that PHARE assistance over the medium term should focus on the following core areas:

- Infrastructure;
- Private Sector Development;
- Public Sector Reform; and
- Human Resources Development.

In these core areas emphasis in 1993 has been laid on strategic support for the following key sectors: transport, industry, customs and education. Other key sectors such as social security are being prepared for substantial allocations within the 1993-1995 time frame.

## Core Areas for 1993

Infrastructural shortcomings in transport, postal services and telecommunications are significantly slowing down the reform process. In previous years, PHARE has provided path finding support in both transport and telecommunications. Building on the information acquired, the main efforts over the next three years will be devoted to transportation problems.

To develop the private sector, PHARE will emphasise its support to the privatisation programme. Support will be targeted toward the Agencies carrying out the process, the banking sector and individual enterprises. Additional support will be provided to the Ministry of Privatisation to help it attract foreign investment. The privatisation programme currently concentrates on the agricultural, financial and

industrial sectors. Support in this area will also be provided to investment promotion measures, SRP and the STRUDER programme (a PHARE regional development programme).

The public sector has been receiving PHARE support for the transformation of its administrative structures. The foundations have been prepared for the final stage of reform in the Trade Infrastructure (Customs) sector, where the essential technological and logistical infrastructure now needs to be provided. The public sector core area will handle problems in customs, statistics and land information as well.

The Human Resources core area (social security, health and education) has fundamentally more complex and far reaching issues to address than other core areas. Essential ground work is still being carried out in preparation for future programmes in most sectors. In education, a substantial reform programme spanning over the next three years is to begin this year. PHARE will also handle problems in science and technology, labour market reform, social security and health.

## 1993 Funding

To support the priorities identified above, the Commission has allocated 225 million ECU to Poland under the 1993 PHARE programme.

This amount is conditional on, amongst others, continuing progress with economic reforms and the effective implementation of ongoing PHARE programmes. Particular importance is attached to the government's commitment to the privatisation process, keeping the budget deficit within acceptable limits and carrying on reforms concerned with "social insurance" expenditure.

The **PHARE** Information Office can help you !  
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<sup>1</sup> stand in April 1993