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ΠΑΡΟΦΟΡΙΑΚΟ ΣΗΜΕΙΩΜΑ · NOTA D'INFORMAZIONE · TER DOCUMENTATIE**

Brussels, 28 November 1990

OPERATION PHARE

The decision to finance seven new projects to assist the countries of Central and Eastern Europe means that the Commission has now committed virtually all the ECU 500 million provided for in the 1990 budget.

The Commission has decided to finance the following projects totalling ECU 87.5 million:¹

Yugoslavia:	Reform of the financial and business sectors	ECU 35 million
Czechoslovakia:	Environmental protection	ECU 30 million
Bulgaria:	Improvement of mother and child care	ECU 5 million
Hungary:	Aid to raise the level of higher education	ECU 3 million
Poland:	Assistance for industrial restructuring	ECU 4 million
	Development of foreign trade infrastructure	ECU 8.5 million
	Support for acquiring holdings in private firms	ECU 2 million

In December 1989, as part of the measures to support the process of economic and social reform under way in Central and Eastern Europe, the Council decided to grant ECU 300 million to assist Poland and Hungary.

In September this year it decided to extend this cooperation to Czechoslovakia, Bulgaria, Yugoslavia and the former German Democratic Republic by committing a further ECU 200 million. Today's decision by the Commission brings the total amount committed to projects and humanitarian aid for these countries to some ECU 480 million.

¹ The Annex lists all the projects financed to date.

The seven projects to be financed are as follows:

* Yugoslavia - ECU 35 million - programme to reform the financial and business sectors

The aim of the programme is to back up the Yugoslav Government in its efforts to restructure the financial and business sectors.

The programme represents the technical assistance component of a major USD 300 million programme to which the World Bank is contributing and which is aimed at adapting the financial sector. This programme in turn forms part of a large-scale macroeconomic restructuring operation launched at the beginning of 1990 with the support of the IMF and the World Bank, which granted a structural adjustment loan of USD 400 million.

The technical assistance programme financed by the European Community will focus on the restructuring of the banking and business sectors, the improvement of accounting and audit services and tax reform, and will comprise aid for the unit set up to implement the programme.

* Czechoslovakia - ECU 30 million - environmental protection

The aim of the programme is to help the country to improve the quality of its environment by implementing short-term measures concerning the preparation of investment decisions (disposal of dangerous waste, reduction of sulphur levels, and nuclear safety), the improvement of national facilities for determining and reducing pollution levels (toxicity and ecotoxicity studies, food contaminants, dangerous waste, water quality monitoring, and manufacture of air filters) and the upgrading of know-how and skills in the nuclear energy sector.

The medium-term objective is to help those responsible for environmental issues to develop long-term strategies and policies regarding fresh water and waste management and air quality monitoring, to strengthen institutional capacity and lay the foundations for the Community's future contribution to environmental protection through the identification and development of programmes to be financed at a later stage.

* Bulgaria - ECU 5 million - programmes for improving mother and child care

One of the main problems in Bulgaria is the population's state of health, and particularly the health of mothers and children.

The Bulgarian authorities attach great importance to this and are consequently endeavouring to apply the criteria laid down by the World Health Organization (WHO). It is possible to "treat the foetus like a patient", as recommended by the WHO, only if ultra-sound equipment is available. For a hospital with four departments and 200 beds, the WHO recommends two fixed ultra-sound units with all their accessories, plus a mobile unit. Over the last seven years, only four units have been imported for the entire medical sector. This figure is far too low for the 72 hospitals and gynaecological centres which need such equipment.

The short-term objective of the programme is to supply the hospitals in Bulgaria with new medical equipment (in particular ultra-sound equipment) and spare parts for urgent repairs. The hospital medical staff must also be trained to use this equipment, and the technical staff must be trained to maintain and repair it.

The long-term objective of the programme is to improve the quality of consultations, diagnosis and medical examinations, and this will have an impact on the population's state of health. The emphasis will be placed on the health of mothers and children, this being a priority for Bulgaria.

* Hungary - ECU 3 million - raising of the standard of higher education

The Hungarian Government has undertaken a number of reforms aimed at making optimum use of human resources in higher education and in research in order to increase economic and technological competitiveness. These reforms are financed by a large sectoral loan from the IBRD.

The programme financed by the Community is aimed mainly at giving impetus to the newly created modernization fund ("Catching-up with Europe Fund"), which is to play a decisive role in redirecting Hungarian higher education and preparing its future.

The particular aims of the programme are:

- (a) to supply an initial ECU 2.5 million to help finance the first (pilot) stage of support for the granting of study awards under the Fund;
- (b) to provide technical assistance and the equipment required for setting up the necessary system of administrative and financial management for the Fund and carrying out additional studies.

* Poland - ECU 4 million - aid for industrial restructuring

Under the overall economic reforms, the Polish Government is preparing an industrial restructuring programme which will be operational in 1991 and for which external assistance will be provided, particularly by the World Bank.

The Community programme will finance the preparation of the plan for the restructuring of certain firms and studies of major industrial sectors.

This programme will be implemented, in the immediate future, by the Industrial Restructuring Fund and at a later stage by the Industrial Development Agency, which will take over from the Fund.

* Poland - ECU 8.5 million - development of foreign trade infrastructure

The development of trade between Poland and the western economies, particularly those of the Community Member States, not only requires an effort on the part of Polish firms but also modernization and adjustment of infrastructure and procedures involving customs, standards and measurements, tests (particularly for foodstuffs), packaging, etc.

The programme represents an initial response to the most pressing needs as regards equipment, technical assistance and training. It will be administered by the Ministry of Foreign Economic Relations in conjunction with the following four bodies: The Central Customs Council, the Polish Committee for standardization, measurements and quality control, the Office for Quality Inspection and the Institute of Stocks Management.

* Poland - ECU 2 million - support for acquiring holdings in private companies

The project will enable the Export Development Bank, subject on each occasion to the agreement of the European Investment Bank, to take holdings, on behalf of the Cooperation Fund set up by the Polish Government, in private firms carrying out projects which receive financing under the global loan. The holdings will supplement the role of EIB loans in strengthening the beneficiaries' financial structure and should thereby help towards successful implementation of the privatization programme in Poland.

List of projects financed under the 1990 budget

* Central and Eastern European countries

Two multidisciplinary technical assistance programmes (ECU 10 million)

* Poland, Hungary, GDR and the Czech and Slovak Federal Republic

Implementation of the Trans-European Mobility Programme for Higher Education - TEMPUS (ECU 25 million)

* Poland and Hungary

Cooperation in the economics field (ACE) (ECU 1.5 million)

* Poland

Sectoral import programme for plant protection products (ECU 50 million)

Environmental protection programme (ECU 22 million)

Basic technical assistance programme for the privatization agency (ECU 9 million)

Sectoral import programme for animal feed and feed additives (ECU 20 million)

Sectoral import programme and technical assistance for small and medium-sized enterprises (ECU 25 million)

Establishment of lines of credit for imports of agricultural equipment and equipment for the food industry (ECU 30 million)

Assistance programme for the development of statistical systems (ECU 1.5 million)

Assistance for industrial restructuring (ECU 4 million)

Development of foreign trade infrastructure (ECU 8.5 million)

Support for acquiring holdings in private firms (ECU 2 million)

* Hungary

Environmental protection programme (ECU 25 million)

Community participation in the Regional Environment Centre in Budapest (ECU 2 million)

Modernization of the financial system (ECU 5 million)

Programme for the development of private farming (ECU 20 million)

Basic technical assistance programme for the privatization agency (ECU 5 million)

Small and medium-sized enterprises support programme (SMEP) (ECU 21 million)

Sectoral modernization programme for research infrastructure (ECU 3 million)

Aid to raise the level of higher education (ECU 4 million)

* German Democratic Republic

Environmental protection programme (ECU 20 million)

Programme for the promotion of the regional economic structure and the adaptation of economic statistics (ECU 14 million)

* Bulgaria

Support programme for the reform of Bulgarian agriculture and the development of private agriculture (ECU 16 million)
Improvement of mother and child care (ECU 5 million)

* Yugoslavia

Reform of the financial and business sectors (ECU 35 million)

* Czechoslovakia

Environmental protection (ECU 30 million)

From the same appropriations the Commission has also provided food aid worth ECU 51 million (ECU 31 million for Poland and ECU 20 million for Romania) and humanitarian aid for Romania totalling ECU 15 million.