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Ceci n'est pas une machine à écrire.

Phare goes on-line

Long a refuge of civilised, paper-based discourse, the Phare Information Office has at last succumbed to the spirit of the times. From 8 April, it will have joined the growing community of those with a presence on the World Wide Web, the multimedia network of the Internet. The unpronounceable title of this article is our new address: type it into your Web browser, and you will be welcomed to our brand-new homepage.

Despite appearances, our decision to open up shop on the Net is not a faddish one. There are some very hard-headed reasons for this investment. Although we will of course offer you an electronic version of everything we currently publish on paper, the Internet allows us to do much more.

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Country focus: Poland

The end of communism: Like many countries in central Europe which have become newly acquainted with parliamentary democracy, Poland has tried on several governments for size since 1989, when Solidarity became the leading force in the Sejm and Senate (parliament). In the face of mounting popular pressure, 1989 saw Poland's communist rulers forced to give ground to Solidarity, a powerful trade union-based group. This led in November 1990 to Poland's first free presidential elections, with Lech Walesa emerging as victor after a period of Solidarity infighting.



(continued on page 8)

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Firstly, a Net presence will allow us to reach you directly with the latest developments. Instead of having to wait weeks for a paper brochure, you will be able to find out about new programmes and new orientations instantaneously.

Secondly, we will offer you more information than ever before. It is, for example, impossible to discover from our brochures whether any changes have been made to a given programme, the only information available about it being the original programme description. It was necessary to contact the relevant programme management unit (PMU) to find out the current status of that programme. Thanks to our Web site, this research will become unnecessary: changes will be published on the Net as they happen.

Lastly, for the first time ever, you will be able to have access to the implementation status of Phare programmes: a quick browse will tell you whether a contract has been concluded

for a particular component. Thanks to this new tool, you will be able to focus your efforts on those topics you are truly interested in. The days of tedious research among dozens of PMUs are definitely over.

A happy side-effect of this decision is its positive environmental impact. Our mailing list currently has over 45,000 names on it, meaning that as many copies of every document we publish have to be printed and distributed. Anyone who chooses the superior service available on the Net will, in a very real sense, help us reduce the resources we have to consume.

As with any new service, we expect to have our teething problems. Not every scrap of information will be available from day one. However, the beauty of a Web site is its almost organic nature: it is ideally suited to growth, to change and to additions. As the months pass and we act on your feedback, our site will evolve to reflect the changing picture of a growing Europe. ■

The Phare Essential Aid Programme

Following the conclusions of the Peace Implementation Conference in London on 8-9 December last year, the world's attention turned to clearing up the wreckage - human and material - left by years of civil war.

In late December, the Commission and the World Bank hosted a preliminary meeting in Brussels for potential donors, with the prospect of a more classic 'pledging' conference in the early spring of 1996. The meeting, on 20-21 December, had two principal objectives:

- to seek commitments from donor countries and organisations for the first quarter of 1996 to ensure the vital reconstruction needed in so many fields, to support public institutions, to stimulate economic recovery and to consolidate the peace process
- to identify current donor efforts and plans and to ensure coordination between donors, to agree on procedures for implementation and to prepare the ground for the more substantive conference in 1996.

And not before time. The war has shattered the country, with more than a quarter of a million dead, 200,000 wounded and 13,000 permanently disabled. 50 per cent of schools - at the very least - have been damaged, destroyed or taken over by military units of various kinds. As far as housing is concerned, the situation is even more dramatic. Up to 80 per cent of the population is at least partly dependent on humanitarian aid; massive movements of population have put a strain even on undamaged infrastructure. In Sarajevo, for example, it is estimated that half the housing - some 50,000 units - is damaged, and emergency repairs are needed, especially to roofs, to prevent further deterioration. In 1994, power generation stood

at only 13 per cent of 1991 output, and there are only 400 international telephone lines, many of them poor, in operation.



Next stop Sarajevo for Special Envoy Ter Haar.

In late December, the Commission approved a programme of ECU 62,5 million to address the most urgent problems. A team of Commission staff left Brussels on 19 January to set up an office in Sarajevo, led by Special Envoy Johan ter Haar. His job is to

- set up the Commission office and launch and manage the Phare Essential Aid Programme
- establish effective coordination with Mr Bildt, the London Conference High Representative
- liaise closely with other donors, in particular the European Investment Bank, the World Bank, the European Bank for Reconstruction and Development, the Office of the High Representative, and European Union Member States

- help with the preparation of an appropriate donor coordination mechanism in close cooperation with the World Bank.

The first tranche of Phare support makes interesting, if down-to-earth, reading. The emphasis is on practical, urgent and immediate support. Trucks, tractors, spare parts, sleepers, switches and forklifts for the transport sector; notebooks, pens, chalk, rulers, charts and textbooks for the education sector; building material for housing; circuit breakers, 300 kilometres of low-voltage cable and 2,500 wooden poles for the energy sector. These and hundreds of other similar items, such as computers and photocopiers for the public authorities, form the bulk of the first wave of Phare support.

■ Special report: Slovakia

Slovakia - curing cave children

Cavemen could have taught us house-dwellers a thing or two, judging by what has been happening in the Karst area of central Slovakia over the last fifty years or so.

Since the 1940s, it appears, local people have been visiting some of the many caves found deep below the Slovakian surface. But make no mistake: these are not tourists, but people seeking relief from respiratory diseases, in much the same way as people took 'the water' at spa towns in the 19th century.

Scores of suffering children, with anything from mild asthma to chronic obstructive pulmonary disease, are reaping the benefits of a few daily hours in the caves. And Phare is their guardian angel, having provided ECU 480,128 for equipment to analyse the air and discover what mix of properties it contains which improves the children's health. The remaining funds pay for essential equipment to keep the microclimate constant.

According to Svelozar Dluholucky, professor of pediatrics at the Franklin D Roosevelt Hospital in Bystrica, during July and August of last year, forty-five chronically ill children were treated in the Bystra cave along with three adults. He discovered that 'frequent spirometric monitoring of their respiratory function found improvement'. Most surprising, he adds, was the outstanding decrease in pollen allergies and asthma attacks - even during the summer flowering period - in this hilly region near the Tatra mountains.

Approximately 30 per cent of young Slovakian people have asthma and recurrent bronchial diseases. These complaints are further aggravated by a combination of external environmental factors (industrial pollution, traffic fumes) and domestic factors (family smoking). Most of the children treated in the caves come from heavily industrialised

The task of getting the right material to the right spot, whilst observing the Commission's procurement rules, has been tendered and contracted to two specialist procurement agencies, Europa and Italtrend, who will be working with the Special Envoy and his team.

Bosnia and Herzegovina, scene of the worst bloodshed in Europe since World War II, is something of a test case: can the new Europe bind its own wounds from its own resources and with its own will-power? The Commission has acted swiftly, and the Phare Essential Aid Programme should be seen as the first glimmerings of the dawn of hope. ■



"Are you breathing comfortably?"

regions. Children normally spend four hours a day inside the caves over a three week period, lying in sleeping bags on plastic full-length deck chairs. In one of the caves, plastic sheeting has been hung over the cave roof to prevent water dripping onto the patients. The children are taught to do breathing exercises and are regularly monitored by a team of doctors, while temperature, humidity and conductivity measurements are taken.

The climate in the caves is generally humid with a low mean temperature of between +5°C and +10°C. There is a high concentration of calcium and magnesium. The most important factor however, is the almost total lack of microbes, fungal strains or aggressive allergens in the air. Even more remarkable is that after treatment sessions, the cave has a self-cleaning capacity of about two to three hours.

■ Special report: Slovakia

Although speleotherapy (literally cave therapy) is an old practice, it was only given official credence by the medical profession in 1968, when the first symposium on speleotherapy took place in Vysoke Tatry. Prior to this, during the Second World War, a German country doctor called Spannagel started prescribing cave courses for certain patients at his local Klutter cave in Germany. He had noticed an improvement in some of his asthma-ridden patients after visiting local caves. Visiting caves was also a much cheaper cure than costly medicine or antibiotics. Following on from Spannagel's experience, two Slovak chemists started researching Slovakian caves to try to discover their magic formula. In 1969, the International Speleological Association was formed. Its founding members were Austria, Czechoslovakia, France, Germany, Hungary and Italy.

There are some 3,000 caves in Slovakia; millions, probably, in greater Europe. But not all caves are suitable, climactically or geographically, for undertaking such ground-breaking remedial work. In Slovakia, for example, of those 3,000 caves only 12 are accessible to the public. Seven of those twelve caves have been used for treatment, and this particular Phare project, which is being run by the Slovak environment agency, is only using three.

The equipment has now been in place since September 1994. After testing and retesting, the verifying phase of the project started in June 1995 and will continue for the next two years. Then the results of this remarkable venture can be communicated to the wider world, with, it is hoped, some fundamental implications for all sufferers of bronchial problems.



No chance of sunstroke.

Meanwhile 'the treatment', according to Dr Terekova Viera, project manager at the Slovak environment agency, 'is very popular with the children and the number of treatment stays are increasing'. Now, all you pot-holing smokers out there. ■

Report on the first Association Committee meeting of Bulgaria and the EU

The first meeting of the Bulgaria-European Union Association Committee, created by the Europe Agreement (which entered into force on 1 February 1995), took place in Sofia on 9-10 November 1995. The Association Committee is one of the most important organs in the process of preparing Bulgaria's integration into the EU.

The meeting was chaired by Mrs Irina Bokova, Secretary on European integration at the Council of Ministers and Deputy Foreign Affairs Minister of Bulgaria. The EU Delegation was headed by Mr Sipke Brouwer, Director for relations with central Europe and Phare in the European Commission.

The Association Committee reviewed the implementation of the pre-accession strategy, during which the EU encouraged

Bulgaria to finalise its pre-accession strategy, and both sides underlined the importance of the White Paper for the preparation of the associated countries for integration into the internal market of the EU. It was noted that Bulgaria has made the reform of public administration a priority, and a strategy in this field is under preparation. The delegates also exchanged views on the joint ministerial meetings held in the framework of the structured dialogue, one of the three prongs of the pre-accession strategy.

In view of the importance attached to the development of trade relations, the delegates exchanged views on the trends in their bilateral trade, which are generally positive. The EU further encouraged efforts made by Bulgaria to negotiate bilateral free trade agreements with the other associated

countries, and applauded its desire to join CEFTA (the Central European Free Trade Agreement), which will provide additional advantages.

With regard to legislation on certification and standardisation, the delegates highlighted the need for work on the approximation of Bulgarian law to EU standards and certification. Pending the full approximation of law in this field, it has been recognised that existing legislation does not and will not lead to barriers in mutual trade.

The discussions concerning the practical implementation of the provisions of the Europe Agreement on movement of workers emphasised Bulgaria's interest and concerns in this field.

The Committee stressed the major role of competition as an essential means for encouraging economic development, emphasising the need for effective policies to promote fair competition. It also adopted the protocols of the recent subcommittees (the Coal and Steel Contact group, Approximation of Legislation, Transport, Agriculture, Competition and Customs Cooperation).

The Committee noted that Bulgaria has started effective preparation for participation in the European Union programmes which will be opened for the associated countries. Both sides underlined the need to reinforce actions in the field of cultural cooperation. It was noted that the reform of the Customs Service in Bulgaria is another field of active cooperation with the European Union.

The Committee reviewed the support provided under Phare. The new approach of the Multi-annual Indicative Programme will improve the implementation, transparency and efficiency of Phare. It was noted that Bulgaria will continue to reinforce its management teams and implementation structures.

One negative comment from Bulgaria was on the visa policy adopted towards the country by the European Union, which it considered discriminatory as compared to EU visa policies with other associated countries and thus not in line with the spirit of the Europe Agreement. This expression of concern was noted by the European Union side.

Bulgaria reiterated its determination to continue the political dialogue with the European Union and to contribute to reconstruction efforts in the former Yugoslavia. ■



■ News update

Phare goes Baltic

The European Commission has recently opened new Delegations in Estonia, Latvia and Lithuania. This means that all the Phare partner countries now have functioning Delegations.

Estonia was the first of the Baltic countries to open its Delegation on 26 January, and was closely followed by Latvia on 12 February. The Lithuanian office now completes the set, and moved into its new quarters on 18 March.

Mr Hendrik Schmiegelow, Head of the Lithuanian Delegation, commented that he will hand over the letters of accreditation from President Santer to President Brazauskas of

Lithuania on 26 March, and that the Delegation will be fully operational as from next month.

"We will be a first point of contact from Brussels," he added, "and will spread the word about the EU, which is needed, as the general level of knowledge about the Union in Lithuania is not very high. The Delegation will also assist in the implementation of the Free Trade Agreement and the Europe Agreement when it is ratified. In addition, we hope to contribute to the activities of the Phare Programme, building on Lithuania's history of effective management of Phare funding." ■

Transport sector profile

Although the level of transport sector development differs widely in the various central European countries, the legacy left behind by communist central planning ensured one common problem - that transport systems throughout the region were starved of investment. Reform of the central European transport systems are thus a major priority. The CECs quickly realised that good national and transnational transport networks are fundamental to the successful transformation of their economies and, by extension, to political and economic integration with each other and with the European Union, the major goal of the pre-accession strategy, of which Phare is the financial instrument.

Objectives

The common objectives of the central European countries in the transport sector are

- to modernise and restructure/partially privatise both commercial and state transport concerns (particularly railway operators, the aviation/airport sector and freight/road transport operators)
- to ensure a balanced development of transport methods (road, rail, inland waterways, air and combined transport) with repairs and maintenance being preferable to new construction
- to introduce new financing methods for transport infrastructure (price reforms, tolls, road-user charges, etc.)
- to ensure balanced development between national roads, access and trunk roads, and international corridors for external trade
- to enable relevant government transport bodies to adapt to the requirements of free-market economies
- to improve public transport
- to harmonise laws, standards and practices with those in the European Union.

Generally, however, the region's attempts to upgrade the transport sector have been severely hampered. State budgets have been cut over recent years and a large backlog of road and rail maintenance is the result. Although situations vary from country to country, many roads have gone from bad to worse and cannot cope with the demands of increased traffic. Unrealistic expectations within national authorities, lack of reliable traffic data, lack of legal standards, insufficient and poorly trained staff and over-emphasis on road transport at the expense of rail, are just some of the problems which have exacerbated a rapidly deteriorating situation. The focus of the Phare national transport programmes has therefore evolved gradually.

Initial support at national level consisted primarily of short-term emergency spare parts and equipment just to stop transport systems shutting down in Albania and Romania for example. Support for strategy and planning was provided to transport ministries in Hungary and the Czech Republic; transfer of know-how was made available for the reorganisation of the Bulgarian, Estonian and Lithuanian railways. Later, support was granted for investment plans and feasibility studies on a variety of projects, from infrastructure development of the E-20 trans-European railway through the construction of bridges on the A4 motorway, Wroclaw to Gliwice in Poland, to the Prague-Dresden motorway. Support from Phare in marshalling alternative investment funds was also an important element in later programmes.

Increased understanding of the transport sector's crucial role in economic and political integration is reflected in Phare's growing transport expenditure through the years from 1990. From zero allocation in that year, it amounted to ECU 19 million in 1991, doubled to ECU 38 million in 1992 and more than doubled again to ECU 86 million in 1993. By 1994, and including the cross-border cooperation facility, it had reached ECU 230.6 million.

The main projects funded encourage efficient traffic flow at a number of border crossing bottle-necks on the main international corridors. Poor highways, inadequate access roads, increased traffic and inefficient customs clearance facilities are the main causes. Examples of Phare-funded projects include improvements on the borders of Germany with the Czech Republic and Poland (where border road traffic increased from 12.2 million vehicles in 1989 to over 100 million in 1993), the borders of Albania with Greece, and work on the transit problems caused by events in the former Yugoslavia.



The open road.

Physical and geographical integration of central and eastern Europe with the European Union is seen to be of paramount importance. Through creating trans-European networks the EU can communicate much better with its future partners. This is why in December 1994 at Essen, the ceiling on

Phare's direct funding for infrastructure was increased from 15 per cent to 25 per cent to reflect the increased need for investment-based support. At Essen, the European Council stated that Phare funding would play a greater role in pan-European projects, planning for the trans-European networks and harmonisation of laws and standards. Training will play a pivotal role. The EU has recently approved an ECU 11.5 million Phare programme as part of a multinational initiative to address these issues. ECU 5 million alone has been earmarked for management and technical training and an air traffic service programme; ECU 4 million to help associated countries plan their sections of the main transit routes for the trans-European networks, and almost ECU 2 million for harmonisation of laws and standards.



Making a clean sweep of it.

Through 1995-1999, a grant of ECU 14 million per annum is being provided as a strategic basis for the Phare cross-border cooperation programme for the Baltic Sea region. Estonia, Latvia, Lithuania and Poland all have a strategic position as transport links and share a sea border with Germany, Denmark, Sweden and Finland. Phare now works on the basis of an 'indicative' multi-annual budget based on a medium-term support strategy (four to five years) for each central European country. Similarly, their Multi-annual Indicative Programmes reflect joint transport priorities. Substantial amounts are going to improve communication, infrastructure and transport links within the region and, in particular, to complement the development of the 'Via Baltica' corridor N°1 of the trans-European network. For 1995 alone, major funding is aimed at ports development, namely at Riga (Latvia), Klaipeda (Lithuania) and various ports in Poland.

An important element in the future of the Slovene economy is its location as a key north-south and east-west trade link through the region. For this reason, a high quality road and

rail infrastructure is a national priority for Slovenia. Phare is funding a series of feasibility studies and related forms of know-how which will serve as the basis for the construction of new motorways. The building and improvement of these roads will be financed by the European Bank for Reconstruction and Development (EBRD).

Project examples

Looking at a recent project in closer detail illustrates the problems faced by the border regions. The poor quality of the transport network on the Czech border means it cannot cope with demand; the opening of borders has increased pressure on weak infrastructures. Roads have numerous pot-holes, uneven surfaces, poor safety records and greatly increased traffic volumes. Many of the international routes are narrow and run through border towns and villages.

The E50 motorway is, for example, one of the most heavily loaded roads in the country. It goes from Prague via Plzen to the German border. Lorries and other heavy vehicles had taken their toll on the road which, not surprisingly, was pot-holed, rutted and increasingly difficult to use. A Phare cross-border cooperation grant of ECU 5 million was awarded to upgrade this and other access roads to the overloaded border crossings. A Czech contractor, Stavby Silnic a Zeleznic, carried out the repairs to both this road and another international motorway, the E48, which also runs into Germany via Karlovy, Vary and Cheb.

Both projects included removing large sections of the road surface, levelling them off and re-concreting them. For the E48 motorway, the work involved some 17.5 kilometres of 9 metres width. According to the contractor's technical director, Miroslav Krossl, 'Works were performed at several sites simultaneously without interrupting traffic. Construction was begun in June 1994 and finished by September of the same year. It was completed on schedule to good standard'. The firm is now working on a number of bridge and bypass construction projects with joint Phare and European Investment Bank funding.

As far as Phare's future activities in the transport sector are concerned, the key will be increased direct funding and continuing know-how transfer. Donor coordination, programme streamlining and strong government commitment must be maintained for maximum benefit. The current Bulgarian National Railways' modernisation programme seems to embody all three criteria.

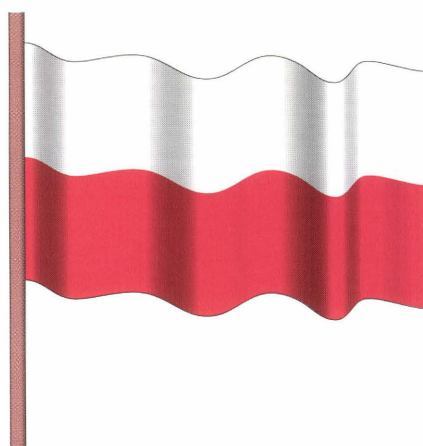
Within the framework of restructuring their transport sector, the Bulgarian National Railways prepared a programme to modernise its entire rail network, with the EBRD, the World Bank and Phare as joint financiers. Phare's contribution is earmarked for training, safety technology, automated train guidance equipment, signal boxes and the development of a train radio communications system. As the Bulgarians have themselves acknowledged, 'the preparation of detailed tender documents is an essential prerequisite for a cost-effective and successful modernisation concept'. ■

Poland

Following the 'semi-free' elections in 1989, there were two Solidarity governments. The first free general election took place in October 1991. It was highly inconclusive, with eighteen major political groupings represented in the Sejm. A centre-right coalition was eventually formed, but it was on weak parliamentary ground and in addition, it soon feuded with Mr Walesa. It fell after a vote of no confidence in May 1992 and was replaced by a rather more solid alliance. Even so, this was a seven-party coalition in a parliament where twenty-nine parties were represented, and a year later it too fell after another vote of no confidence, narrower this time.

Communism returns: Sejm again, please!

In 1993, a general election under new rules installed an alliance between the Polish Peasants' Party (PSL) and the successors of the old communist party, the Union of the Democratic Left (SLD). In presidential elections in November 1995, Aleksander Kwasniewski, a member of the dominant SLD, narrowly beat Mr Walesa, thus establishing an administration which, although it has its roots in the communist past, promises to provide increased stability for the free-market future.



Reform and recovery

As with all the former communist countries, Poland was hit hard by the collapse of the Comecon trading bloc, and the massive economic dislocation which ensued. When the first Solidarity government took over the reins, the immediate task was to stabilise the economy - the Poles were desperate to avoid the vicious circle that accompanies runaway inflation - and pull together a convincing recovery strategy.

The government chose painful economic reform measures consisting chiefly of price liberalisation and privatisation, underpinned by a fixed exchange rate and a tough tax-based incomes policy. Luckily the Polish, who are well-known for their strong entrepreneurial streak, grasped the nettle and the country started to get back on its feet in 1992.

Photocnews



Poland's rocky road to democracy was sometimes strewn with flowers

Healthy, wealthy and wise

Poland's economy is now among the healthiest in central Europe. Gross domestic product is expected to rise by 5 per cent both this year and the next. The level-headed German giant Deutsche Bank has even compared Poland with the Asian 'tiger' economies. Development of the private sector in Poland has been extraordinarily rapid: it now accounts for between 60 per cent and 65 per cent of gross national product.

Despite the diving rate of inflation, at 30 per cent it remains relatively high. Unemployment is falling too, after a sharp climb as the strong economic reforms hit home.

Privatisation of state enterprises and the restructuring of the economy is on course. An innovative mass-privatisation programme was launched in November 1995, allowing Poles to buy a stake in fifteen national investment funds for 20 Zlotys. These funds are the result of the restructuring of 514 leading state firms.

The reconstruction of Poland is far from complete. Major challenges ahead include reform of the social security and pension systems. Some of the worst growing pains of economic adjustment, however, are now in the past, and Poland is looking to resume its place in the centre of Europe. With economic success and the planned accession to the European Union ever closer at hand, it looks to be in a position to do so.

Origins of gross national product 1993	% of total
Agriculture & forestry	6.7
Industry	32.7
Construction	5.6
Transport & telecommunications	5.3
Others	49.4
Total	100.0

Components of gross national product 1993	% of total
Consumption	84.3
Private consumption	63.0
Social consumption	2.13
Accumulation	15.7
Total	100.0

Economic Indicators	1990	1991	1992	1993	1994
GDP at current prices ZI bn	591,518	824,330	1,138,508	1,551,505	2,150,256
Real GDP growth %	-12.1	-7.6	2.4	3.8	5.1
Consumer price inflation %	585.8	70.3	43.0	36.9	32.0
Population m (year end)	38.1	38.2	38.3	38.5	38.5
Hard-currency					
Exports fob \$bn	11.3	13.8	13.9	13.6	17.0
Imports fob \$bn	9.9	14.6	14.0	16.9	18.7
Current account \$bn	0.8	-2.4	-3.1	-5.4	-1.7
Reserves excl gold \$bn	4.5	3.6	4.1	4.1	5.8
Gross external hard-currency debt \$bn	49.4	52.6	48.7	45.3	44.1
Commercial exchange rate (av) ZI:\$	9,500	10,576	13,626	18,115	22,713

ZI2.47:\$ 1 (in January 1995 new zloty was introduced; 10,000 old zloty= 1 new zloty)

Source: The Economic Intelligence Unit, Poland Country Report, 1995

August 25, 1995

Phare and Poland

Aiming for accession

A number of political agreements have paved the way for Poland's integration into the European Union. An initial Trade and Cooperation Agreement, signed in 1989, was followed by signature of the Europe Agreement in 1991. An Interim Trade Agreement moving towards free trade in most sectors came into force in 1992.

The Europe Agreement, ratified in 1994, created a framework for the economic, social, political and cultural convergence of Poland with the European Union. At the European Council's Copenhagen Summit, it was formally recognised that Poland could become a member of the European Union as soon as it met certain economic and political conditions. This commitment to membership of the European Union

■ Country focus: Poland

was enhanced at the European Council Summit at Essen in December 1994, when a strategy for the accession of central European countries was adopted. Phare is specifically identified as the financial instrument of the pre-accession strategy.

Poland's economy has grown at an impressive rate, but the speed of its transition from a centrally-planned economy has inevitably left structural weaknesses. Phare has been providing grant aid and expertise to Poland since 1990 to help bolster the restructuring process.

Phare operates a decentralised system, with the Poles and their European Union partners deciding together how best to target their resources. In the period 1990 to 1994, Phare committed one billion ECU in support of these priorities, and from 1995 to 1999 Poland will receive a further billion ECU. Phare is working together with the Polish side in the following areas.

Agriculture

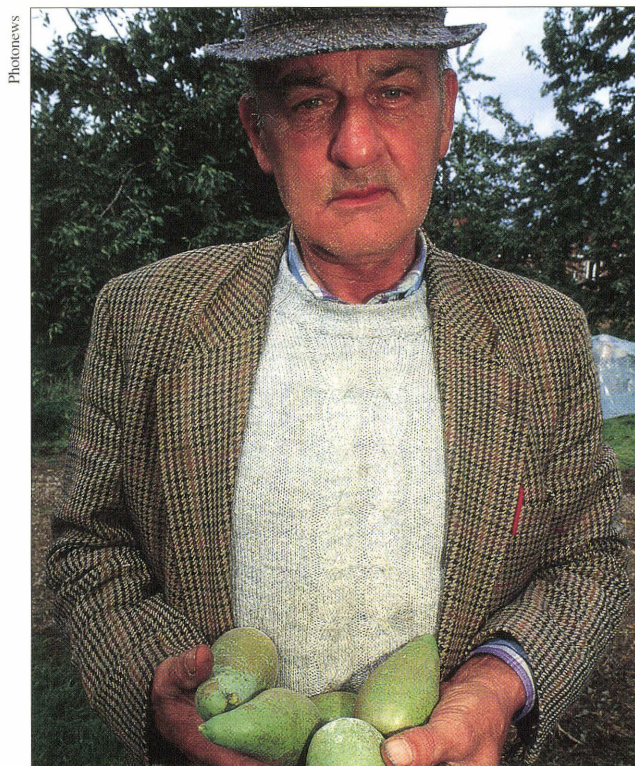
The agricultural and rural sector has long played a key role in the Polish economy. It represents 15 per cent of Poland's GDP and employs 28 per cent of the country's workforce, so that restructuring and reform of this sector have always been high on the government's agenda. Phare backed the government in this initially by providing policy advice on developing reform strategies.

More recently, Phare has focused on improving efficiency, in particular by promoting privatisation, the restructuring of state farms and by putting together the marketing and financial support services a modern agricultural sector needs. Modern agriculture is a business, and one in which cashflow is a make-or-break factor. Phare recognises this: an example of Phare support is credit guarantee schemes for private agriculture and training programmes for Polish bank staff on rural financial services.

Phare also plays a role in ensuring that up-to-date materials are available to farmers, with supply programmes for animal feeds and plant protection products.

Private sector development and enterprise support

Poland's greatest economic challenge has been the privatisation of an almost entirely state-owned industrial and service sector. Phare's major area of support for privatisation (around ECU 12) has centred around the mass privatisation programme which was finally launched in 1995. Phare has also provided negotiation advice for major joint-venture privatisations between EU and Polish companies,



Reaping the benefits of Phare advice.

notably in the automobile, steel and glass sectors, and Phare has also supported the Polish Government Enterprise and Bank Restructuring Project. Other areas which have received Phare support are initiatives for small and medium-sized enterprises (SMEs), as well as the STRUDER programme for SME development in areas with lagging economic development.



Infrastructure

Phare is helping the Polish government move the economy towards market principles by upgrading its infrastructure to bring it in the line with standards and practices of western Europe. Industry needs energy: Phare is working with the Energy Restructuring Group to address problems and assess needs in the energy sector.

Phare is helping to fund the development of an effective transport network, paving the way for Poland's integration into trans-European transport networks. With Phare assistance, the post and telecommunications sector is set to reach a level of service comparable with that of western Europe by the year 2000. In this sector, for example, Phare is supporting the introduction of state-of-the-art technology to the Polish postal system.

Environment

Like many central European countries, Poland has serious problems with air pollution, inadequate water treatment and contaminated soil. With this in mind, Poland identified environmental issues as one of Phare's early priority areas.

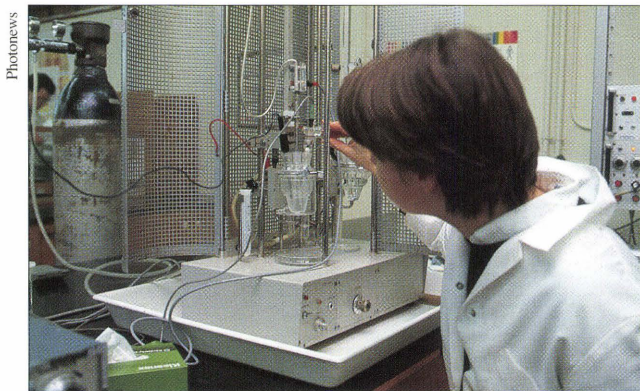
Phare's first step was to focus on specific chronic cases. It is now providing longer-term solutions, such as the development of legal and economic instruments enabling sustainable environmental management.

Education, health and research

Phare provides advice on the restructuring of the education system, supporting the development of new curricula and helping to internationalise training programmes. Phare links educational and research organisations from Poland with their counterparts in the European Union, helping them learn from one another.

Phare has supported the Polish government's health sector reform programme, helping to train more doctors, establish more primary and preventive facilities and bring in new management techniques.

In the research sector, Phare has helped to restructure the management of Polish science and technology, as well as rationalise the system of state funding for research and development.



Restructuring science and technology.

Public administration and institutional reform

The political changes in Poland have necessitated the building of a new administrative and institutional structure. Considerable progress has already been made in this field, with Phare support focusing on the retraining of civil servants to deal with their new roles and responsibilities. The former system relied heavily on centralised institutions, and one of Phare's roles has been in assisting the transfer of decision-making and service provision away from central government.

As the financial tool of the pre-accession strategy, one of Phare's key tasks is supporting the approximation of legislation to allow the Polish legal system to mesh smoothly with those of other Member States when it becomes part of the European Union.

Marek Krawczyk, Director of the Industrial Development Agency, Warsaw, wrote of Phare in The Warsaw Voice that 'The European Union's main aid programme to Poland deals with restructuring holistically'

Social development and employment

With unemployment at around 12 per cent, it is a major social problem for Poland, especially among the 15-24 year old age group. The government has made tackling unemployment a priority. Phare is playing its part in this field by assisting with the development of a cohesive social protection system, as well as the provision of training and self-help initiatives.

Cross-border cooperation

Since 1994, a special budget line has been earmarked for the development and promotion of cross-border cooperation between European Union border regions and neighbouring regions in Phare partner countries. The programme seeks to stimulate and support cross-border initiatives in the economic and social fields and to develop effective transport and communication networks on either side of the border. ■

Poland's economy has progressed very rapidly along the path of reform, and support from Phare has played an integral part in the Polish economic reform efforts.

The signing of the Europe Agreement sent a positive signal to Poland, underlining the political will of the European Union to welcome Poland as a Member State. At the same time, there is work to be done before the tough economic and political criteria for accession can be met. In the immediate future, the attention of both Phare and the Poles will be focused on creating the best possible conditions for the union.

Success for Hungarian bankers

Banking training in central and eastern Europe has been one of the key elements of Phare support in the financial services sector. Training capacity has been strengthened and considerable numbers of bank officers have been trained in banking techniques. One of the major problems throughout the region, however, is the sheer scale of numbers and the breadth of training required. One effective method currently being used in Hungary with considerable success is distance learning.

The International Training Centre for Bankers (ITCB) started its High Level Banking programme in 1993. About 600 trainees have gained diplomas, and most of them are now preparing theses in order to qualify to become banking advisors. There are currently 1,700 trainees in the first and second years. The programme aims to provide secondary-school educated bank employees with the necessary skills and knowledge to perform middle-management jobs. The programme's significance is twofold: it combines theory and practice, and it is the first time that a distance-based teaching method has been used in the Hungarian banking sector.

The course material consists of three modules: basic banking, general economics (the Hungarian banking sector, financial decisions and accountancy) and banking services (loans and foreign exchange operations).

The aim of the project was to review existing teaching material and to create new material where necessary. The training centre was also given assistance through Phare from the Dutch, Portuguese and Belgian bank training institutes, for setting up a student support programme and a regular examination system.

Research was carried out at all stages to ensure that the final training modules would best meet the needs of banks and students, with Hungarian and western banking experts cooperating closely throughout. The research identified need for certain materials which were subsequently provided to improve the training systems. These included a student manual to explain distance learning techniques, a text book to clarify the theory with case histories, and an examination book containing 150 test questions so that students' work and

progress can be continually assessed. Examination questions can be prepared with the help of these texts and they are also available in computer form.

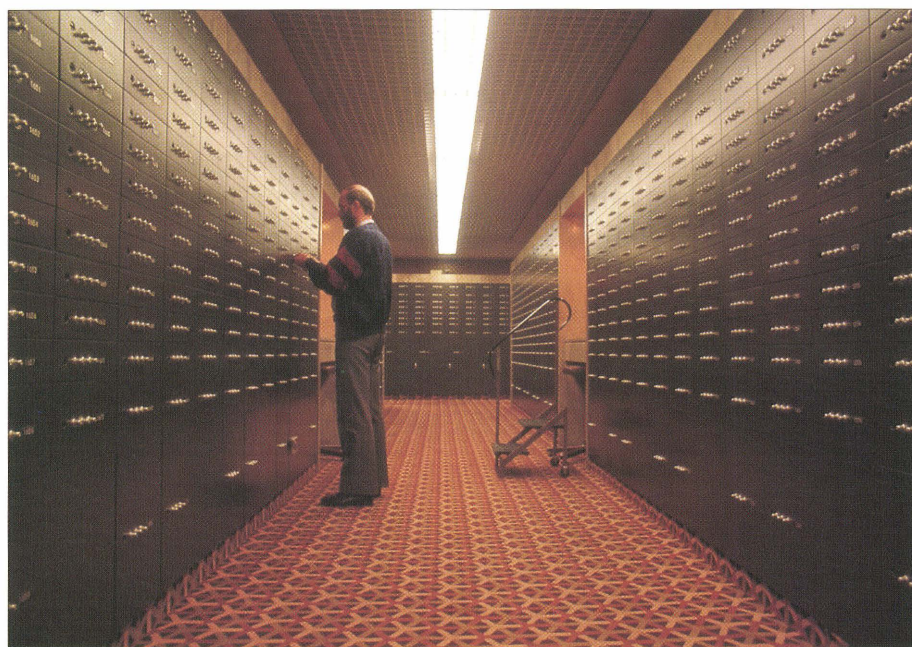
In addition to the written material for home study, students requested personal support for the two-year courses. This has been made available for all students since September 1994, at consulting sessions in the International Training Centre and in ten regional centres.

Students may have 12 hours of support for each subject, when they can discuss the material and resolve problems. Each group taking part in the support sessions has a 'mentor', to help if and when there are queries. More than 700 students participate in the sessions at their bank, at the ITCB or in the regional centres.

The state diploma is gained by passing six exams which are held four times a year. The questions are set by an 'examiner', which is a specially designed computer programme that ensures fairness and objectivity. A statistical analysis of the answers is then carried out to improve the standard of subsequent examinations.

The ITCB programme, as recent exam results show, has been highly effective. The additional material and new examination system has made home study more student-friendly, and the students' responses in the evaluation forms completed at the end of term have been enthusiastic. As the only specific bank training in Hungary given state recognition through a banking diploma, it offers students a unique opportunity for personal and professional development. ■

Photoreviews



"Which box was it again?"

The Applied Research programme

In 1995, the European Union's Phare Programme began funding a series of research projects spread throughout the Danube River Basin. Collectively these projects constitute the 'Applied Research programme', an important part of the 'Environmental programme for the Danube River Basin'. The Applied Research programme will run until 1999, will cost ECU 5.3 million and will provide, for the first time, the scientific information needed to manage and improve the environmental quality of the whole river basin.

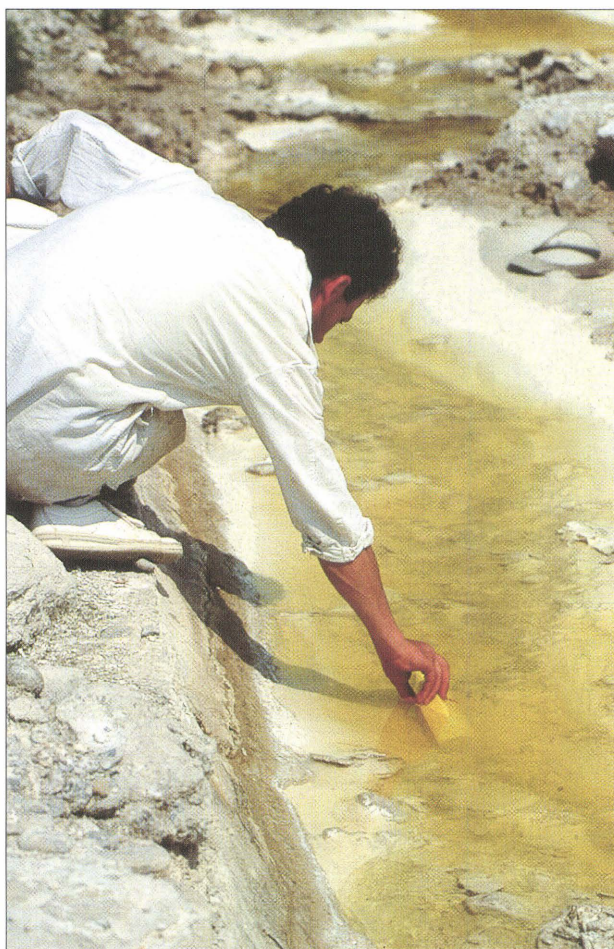
To date, research into environmental problems has been focused on the national priorities of the Danube countries. Taking such work as its basis, the Applied Research programme will develop a Danube-wide database on which future policies can be based. The importance of this approach becomes apparent when considering the options for pollution control. Present levels of pollution pose hazards to human health and aquatic life, and limit the amenity value of the river, its delta and the Black Sea (the final destination of many river-borne pollutants). However, achieving effective control of polluting inputs and removing pollutants already accumulated within the Danube Basin is a complex issue.

The Danube and its tributaries drain some 817,000 km² of central Europe and flow through many different agricultural and industrial regions in 12 different countries. Over its 2,857 km length, the Danube collects a huge variety of potential pollutants from industrial, agricultural, domestic and municipal sources. Pollutants include heavy metals, petrochemicals, radioactive isotopes, pesticides and microbial contaminants. In targeting available financial resources to clean up the river and its tributaries, it is not clear which pollutants should be tackled first. There is as yet no complete list of potentially harmful substances in the river Danube, nor is there an agreement as to which substances should receive high priority because of the risks they pose to human health or to the Danube's many important ecosystems.

Even the simple task of dredging sediments to keep open navigation channels and to maintain hydroelectric dams creates problems, because the sediments accumulate toxic metals and organic compounds which on disturbance release pollutants back into the surrounding waters. If such sediments are to be removed to dry land, they are sufficiently toxic to require disposal in hazardous waste dumps.

One option for pollution control is to establish safe levels (standards) for pollutants being discharged and then to monitor and enforce these standards. For persistent, non-degradable chemicals this is not straightforward because what appears to be a reasonable and safe level of discharge in one country may, after the addition of discharges in other countries, become a serious pollution problem further downstream.

Photographer: Erik Borsset



'Water' load of rubbish

Which river sediments have highest toxicity? How should dredged sediments be safely disposed of? Should standards for pollutants be determined by the pollution levels of the inputs or of the receiving waters? These are the sorts of questions that the Applied Research programme is designed to answer.

Evaluation

Studies to date have indicated that nutrients, pesticides, heavy metals and oil spills are important Danube problems. Using this as a guideline, 13 research projects have been defined which will

- evaluate the environmental risks posed by radioactive materials, heavy metals, pesticides and other toxic compounds in surface waters and in the river sediments
- establish inventories of potential hazards and baseline studies on biodiversity
- develop methods to monitor sediments and surface waters, establish the interaction between the quality of sediments and surface waters, and develop quality standards

▣ Programme profiles

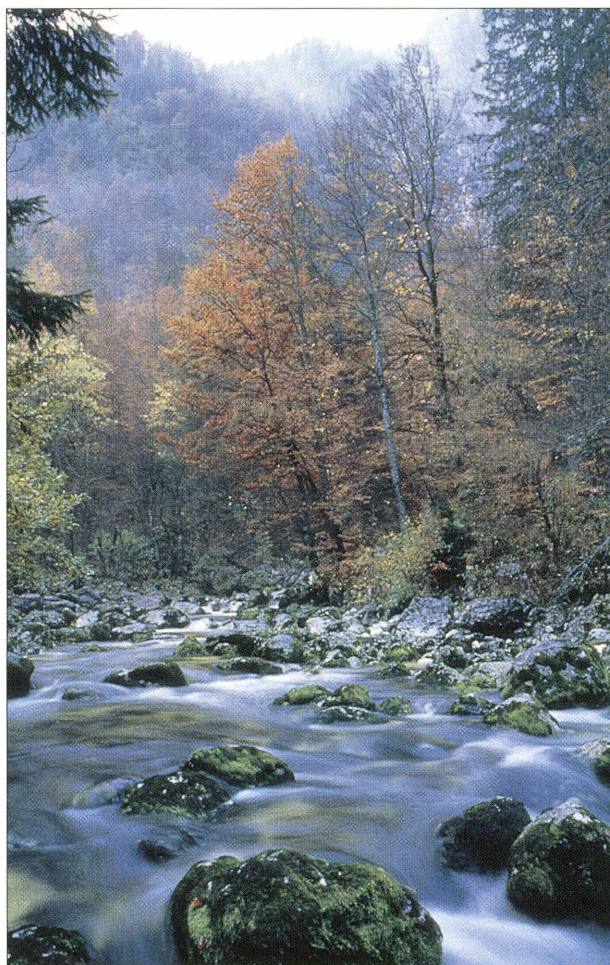
- ▣ investigate ways of decreasing the present high levels of nutrients and of nutrient inputs into the Danube River
- ▣ develop computer models for use in predicting the dispersal of pollutants, particularly after accidents such as oilspills.

Particular emphasis is being placed on ways of reducing inputs of nitrogen and phosphorous because high inputs of these encourage excessive algal growth in the river system. In the lower river reaches, the Delta and the receiving waters of the north-west Black Sea, this can lead to serious problems of de-oxygenation (as dead plant material starts to decay) which poses threats to biodiversity and decreases the value of fisheries and recreational resources. Research into the sources, fates and changing levels of nutrients, together with the role of reservoirs and wetlands in nutrient removal, is being undertaken. Another project will set up demonstration farms using low intensity organic techniques because farming practices have been identified as a major source of nutrient input. This project will monitor nutrient inputs and outputs and will investigate the economic viability of such farms.

Low cost solutions to environmental problems

Future policy decisions on, say, the enforcement of quality standards, will have direct economic consequences, particularly on countries in the lower Danube Basin where pollution loads are highest. Most of the Danube countries have economies in transition and costly 'end-of-pipe' technologies are not appropriate. Therefore, emphasis is being placed on developing low-cost solutions to environmental problems. The project on phosphate-free detergents illustrates this approach. Detergents enter the river system via domestic and municipal waste waters. It is known that phosphate removal in waste water treatment plants is expensive, so this project

Photographer: Erik Borsset



Putting the blue into Danube.

will explore the feasibility of promoting phosphate-free detergents as a cost-effective option for reducing phosphorous inputs into the Danube Basin. ■

The Applied Research programme is innovative and unique because

- ▣ the research commissioned is the first systematic attempt to address the transnational environmental problems of the Danube Basin
- ▣ it is an applied research programme designed to produce information of direct relevance to policy-makers
- ▣ most of its projects are being led and managed by institutions in the central European Danube countries.

A list of over 50 institutions was compiled in consultation with senior scientists and officials from each Danube country, and these institutions were invited to form partnerships and submit proposals to carry out projects. The Applied Research programme involves a total of 38 different organisations. The balance is very definitely in

favour of Danube institutions, which form the great majority of participating organisations (29 out of 38) and which are leading most projects (11 of 13). By contrast, only nine participating organisations are from the European Union, mostly in the role of supporting sub-contractors.

It is appropriate that most of the research is being led and organised by the central European Danube countries, since these countries, through the work of the Danube Commission, will have much of the responsibility of ensuring the sound environmental management of the Danube Basin. The reports generated by the research projects of the Applied Research programme are not intended to become shelf studies: they will provide the basis of well-researched, scientifically credible policy options for decision-makers whose task is to protect one of Europe's most important rivers.

Mr Lamoureux - Deputy Director-General, DG IA

Mr François Lamoureux, a Doctor of Law, graduate of the Institute of Political Sciences of Paris and a Bachelor of private law, public law and political sciences of the University of Paris, was appointed, on 16 December 1995, Deputy Director-General in charge of relations with Europe and the New Independent States, Directorate General IA - External Relations.



Mr. François Lamoureux, Deputy Director General.

Prior to joining the European Commission in 1978, Mr Lamoureux was lecturer at the University of Paris 1 (Panthéon-Sorbonne), University of Metz and the Ecole Nationale d'Administration.

Briefly, Mr Lamoureux' career at the European Commission can be summarised as follows.

1978: General Secretariat

1980: Legal Service

1985: Member of Cabinet of President J Delors

1988: Deputy Head of Cabinet of President J Delors

1991: Deputy Director of the Cabinet of French Prime Minister, E. Cresson

1992: Principal Legal Advisor at the Legal Service

1993: Director of Industrial Policy, Directorate General III - Industry

1995: Head of Cabinet of Mrs. E. Cresson, Commissioner in charge of Research, Education and Training (1995)

1996: Deputy Director-General Directorate General IA - External Relations. ■

■ News

News round-up

- On 23 January, the Czech Republic submitted its formal application to join the European Union. This brought the total number of official applicants from central Europe up to nine. Slovenia, the only other candidate from the region with immediate hopes of membership, had not yet signed its Europe Agreement by the end of 1995, owing to continuing conflict with Italy over property rights.
- Polish Prime Minister, Josef Oleksy, resigned on 24 January amidst allegations that he had spied for the KGB. The former premier now faces an official investi-

gation. On 1 February, President Aleksander Kwasniewski appointed as prime minister Włodzimierz Cimoszewicz, a former lawyer who intends to maintain current economic policy.

- Hungarian Finance Minister, Lajos Bokros, announced on 18 January that much of last year's surplus privatisation revenue would be used to pay off part of the country's state debt. The move disappointed trade unions and the left wing of the ruling Socialist party, who had lobbied hard in favour of extra financing for new infrastructure projects.

(continued from page 15)

- The World Bank announced on 19 January that it had approved a \$280 million loan to Romania. The loan is intended to further progress the privatisation and restructuring of the economy, and to strengthen the country's fledgling financial sector.
- Following the international conference organised by the European Commission and the World Bank in December 1995, the first phase of the Phare Essential Aid Programme for the reconstruction of Bosnia-Herzegovina has been drawn up. A first tranche of ECU 62.5 million for priority projects was launched at the start of the year, and a special Commission delegation has been on the ground in Sarajevo since mid-January. The priority areas include transport and housing.
- January saw the latest bilateral Association Councils between the European Union and the Czech Republic, and Bulgaria. Both meetings discussed the progress made by the two countries in their preparation for accession. More specifically, the EU-Bulgaria Council focused on the nuclear power plant at Kozloduy, and the question of visas for Bulgarian nationals who wish to enter the EU.
- In January, the World Bank published a survey entitled 'Foreign Direct Investment and Environment in Central and Eastern Europe'. The report concluded that environmental issues, and mainly the question of who is responsible for harmful waste and emissions, are the subject of grave concern for companies hoping to invest in the region. A lack of relevant information on the environment may discourage large companies from investing.
- The European Commission's new Technical Assistance Information Exchange Office, which is designed to play an important role in the pre-accession strategy, came into formal existence at the beginning of 1996. Its Director is Bridget Czarnota, who previously worked on the Internal Market White Paper for the associated countries.
- The EU-Poland Joint Parliamentary Committee had its fifth meeting at the end of January. The Committee studied reports on trade, investment and the environment, as well as the development of public opinion with regard to European integration.
- The Templeton fund management group is to create a special fund allowing international investors to access some of the highest yielding government paper in the world. The company aims to raise \$300 million to purchase the debt of central European governments. Managed from Edinburgh, but incorporated in Luxembourg, the fund would invest in government securities markets in central Europe, which are growing rapidly as more sophisticated ways of financing budgetary needs are sought.
- The European Parliament has given its support to another step in the process of building closer links between the European Union and the Czech and Slovak Republics - harmonised competition rules. According to MEP Jaime Valdivielso de Cué, who reported to the Parliament's plenary session in January, the free trade area created by the EU's Association Agreements with the two countries "can only operate satisfactorily if it is accompanied by a legal framework guaranteeing fair conditions" for companies. Just such a framework was approved by the Parliament on 16 January.
- The Former Yugoslav Republic of Macedonia is the latest addition to the Phare Programme. With the formal inclusion of the Former Yugoslav Republic of Macedonia into the Phare family (published in the OJ 15.03.95, No. L65/3) a batch of Phare projects can get underway. A programming mission has already been undertaken, and the identification of priorities is now under discussion with the government authorities: both sides look forward to coming up to speed with a 1996 programme in the near future. ■



European Commission • Directorate General External Relations:
Europe and the New Independent States, Common Foreign and Security Policy and External Missions (DG IA)
For further information: DG IA Information Unit - Phare
Office Address Montoyerstraat 34 Rue Montoyer B-1000 Brussels
Mailing Address MO 34 3/80 Wetstraat 200 Rue de la Loi B-1049 Brussels

Tel (+32-2) 299 16 00 / 299 14 44 / 299 15 55
Fax (+32-2) 299 17 77

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