# Phare's changing role in the reform process

The development and reform of the telecom infrastructures across central and eastern Europe has given millions of people access to modern digital telephony.

Institutional reforms have enabled the pace of development to progress rapidly.  In just four years, the national administrations of Phare's partner countries have secured investments, installed equipment and established a revenue base.  The future for the core of excellent technical specialists in many of these countries is now more encouraging than ever before.

With better infrastructure now in place, both Phare and its partners in central and eastern Europe have reached an important stage in the development of the telecommunications sector.

The challenge now is to maintain the momentum of reform. Privatisation is merely the beginning of an effort to remain competitive and profitable in a more open European market.

National administrations in the Phare countries also face important new tasks.

## In this issue
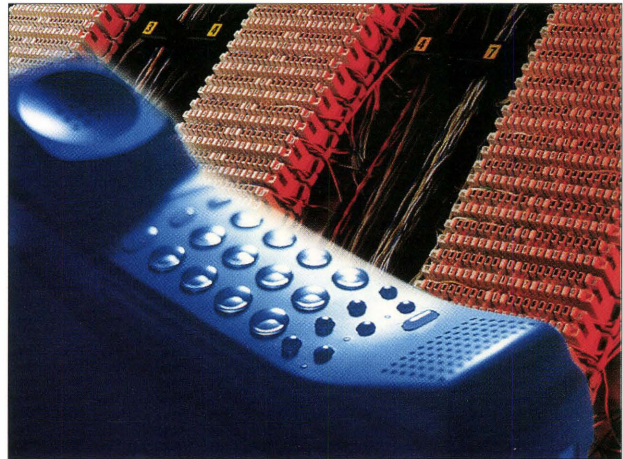
A continued political commitment is essential to maintain the current pace of reform, deregulation and competition.

There is a need to change attitudes and to instil a market- and customer-driven culture in the operating companies and the administrations, from management down to those dealing with customers.

There is also a need to encourage open and productive contacts between regulatory authorities and the operating companies to maintain the momentum of reform.

With the need for know-how and operational support decreasing, the role of Phare will change.  In the next five to eight years, Phare will become an important facilitator for investment and a provider of assistance for structural adjustment in the telecommunications sector.

These and other issues are discussed in the Phare post and telecommunications sector and strategy paper, available from the Phare Information Office.  This document is designed to contribute to the debate about the issues facing our industry in central and eastern Europe.

Your comments are, as always, eagerly awaited. What obstacles are you facing in maintaining the momentum of reform?  What particular problems face your country, your region?  Your experience can benefit your colleagues across central and eastern Europe.

I look forward to hearing from you.

Manos Castrinakis
European Commission

# Regional telecom links – new multi-country programme helps build complementary links

In Europe's developing telecommunication markets, it is essential that all central and eastern European countries build complementary systems and procedures and work to international standards. Without a coordinated approach, even the most sophisticated telecommunication networks have little value in a global market.

Last July, the Phare management committee allocated ECU 1 million to prepare a new multi-country programme. The aims of the programme are as follows:

◻ to encourage cooperation so as to achieve greater operational efficiencies

◻ to build links with countries of the European Union and perhaps with republics of the former Soviet Union

◻ to foster the birth of common strategies and policies.

Open to telecom operators, postal services and government bodies, this programme will fund projects designed to address the specific requirements of regional or international interests.

The funds made available in 1994 are being used for preparatory work, including the detailed definition of the first ten projects to be funded which have already been selected by the programme's steering committee. These are summarised in the table opposite.

Other preparatory activities are underway. A database containing useful contacts and project information for the use of managers in the post and telecommunication administrations is being compiled. Options are also being considered for an electronic mail service to help the key people involved in this programme to share information.

The planned 1995 multi-country telecommunications programme, which will change the focus from the training activities pursued under the 1992 programme to policy harmonisation and postal operations, will of course benefit from all these preparatory activities. Between ECU 6 and 8 million is likely to be made available under the 1995 programme to implement the projects described here. ∎

# Romania, Czech Republic and Poland host ACECO seminars

Experts from the national telecommunication ministries in the European Union met with their counterparts in eastern and central Europe at a series of seminars organised by ACECO. The seminars were held in Romania, the Czech Republic and Poland.

The seminars were attended by some 20 managers from partner countries to hear the experts speak on interconnection issues and topics such as numbering, terminal equipment apparatus and European certification. Workshops were also organised at the Czech seminar to give delegates the opportunity to discuss policy and implementation issues.

Further ACECO events, hosted by the French and German telecommunication ministries, have been held in Paris and Bonn. They covered mobile communication issues.

# Phare multi-country programme – preparatory projects

## Telecommunications and posts legislation and regulation observation group

Please see the article on page 4.

## Forum for the exchange of views on communication sector regulatory and policy matters

Common developments and future directions will be discussed at regular working meetings in order to help design national policies reflecting world-wide trends, European Union legislation and regional priorities. A small secretariat will organise the meetings, handle logistics, maintain records and organise agendas.

## Regional issues on radio frequency and spectrum management

This project will help the partner countries resolve issues of allocation and monitoring of radio frequencies in border areas. Common regulatory tools will be developed.

## Alternative models for rural telephony development

Various activities will explore the options for the development of rural telephony in a number of representative countries. They will explore technical alternatives, financing models, markets, minimum operating environments, legislative conditions, interconnection requirements and operating structures. Real cases will be used to produce information for policy makers, small community investors, small and large network operators, underwriting organisations and regulatory authorities.

## Cost-based tariff development tools

This project will provide a forum for representatives from operators in the east to meet with their counterparts in the west to discuss data collection, analytical tools and models of tariff setting. This exchange should not only expedite the process of cost-based tariff setting but also help to harmonise tariffs across Europe and publicise tariff structures.

## Market analysis and customer profiles for postal services

Postal companies, faced with an explosion in demand for their services, want to maintain their market shares by increasing the quality of their services. Postal officers need training to develop marketing strategies, identify market opportunities and exploit technological advances. Staff will also receive training to make their organisation more customer-friendly.

## Development of letter delivery strategies

Delivery standards need to be modernised. New strategies must be developed and the impact of modern sorting technologies assessed in order to offer a service that is quick, efficient and meets the demands of growing markets. This project will deal particularly with international letter deliveries.

## Development of an end-to-end quality of service measurement system

This project will examine existing mail quality measurement systems and compare them to systems in use elsewhere. It will establish a framework to design and implement an independent end-to-end quality of service measurement system.

## Re-engineering the parcel and EMS services

New service criteria based on best practice in the industrialised world will be developed. The new criteria and the network changes that they entail will be subjected to cost/benefit analyses leading to a series of strategic choices for parcels and express mail services. The project will also examine the network and develop proposals to ensure that the world's best practices are matched.

## Motor transport fleet considerations

The existing logistics for servicing letters, parcels, EMS and counters will be examined and standard carriage and container parameters will be developed. New control systems will be designed to allow effective planning and control of transport usage through all services, from general conveyance to specialised and security services. Finally, this project will examine present procurement methods and recommend changes.

# Stalking laws:
# the legislation and regulation observatory

by Hendryk Van Maele, European Commission

All of Phare's partner countries eventually want to join the European Union (EU). Consequently, one of Phare's most important jobs is to help the central and eastern European countries harmonise their legislation with current EU norms. This is easier said than done: EU legislation affecting the telecoms industry has expanded dramatically in recent years, and the legal environment in all partner countries is under-going fundamental change. The need for a legislative obser-vation and assessment service is thus pressing.



OBSERVING HARMONISATION IN PROGRESS......
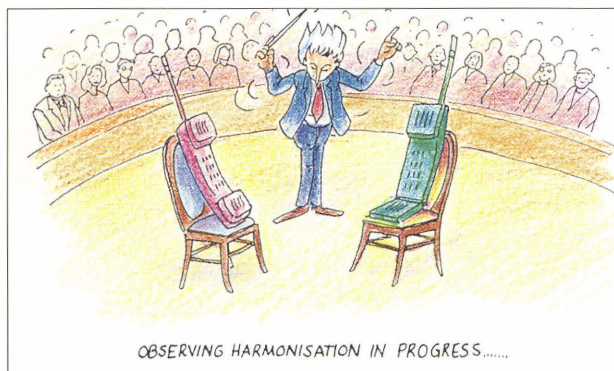
EU legislation dealing with telecommunications has grown considerably since 1987. First came a green paper, 'The development of the common market for telecommunications services and equipment'[1], which covered services, terminal equipment, regulation principles and the exclusivity of infra-structure use. Its influence was felt in many other areas of community interest including competition law, public procurement and the recently-concluded GATT agreement. New rules are being born to deal with mobile telephone services, cable television, satellite services, information networks, new postal services and other aspects of the telecoms revolution.

At the request of its partner countries, Phare became active in telecommunications and postal issues early on. The bulk of its work dealt with sector restructuring and the separation of legislative, regulatory and operational tasks. Phare also helped introduce new laws, keeping in mind two over-reaching requirements: ensuring the quality of basic services and attracting the investment the sector needs.

Considerable progress has been made, but the remaining tasks are still daunting. Public administrations are hard-pressed to handle an ever-increasing workload with poorly-informed staff who have limited linguistic abilities, are subjected to inadequate management practices and exposed to difficult political choices. Decision-makers under pressure from the quickly-changing situation do not always know how best to deploy their resources or which legislative effort to go for next.

Against this background, both the Commission and the partner countries have recognised the need for a comprehen-sive information exchange facility. Everyone agrees on the basic requirements: the facility should review the existing state of affairs and be able to assess planned developments. It should report on the evolution of telecoms legislation in the partner countries and should compare this evolution with developments in the EU and with international trends. The facility, which should be designed primarily for decision-makers in the partner countries, should base its work on publicly available information and should produce regular reports that include quantitative and qualitative assessments. Its services will be required for at least three years. The new facility will be called the 'legislation and regulation observa-tory for posts and telecommunications'.

Beyond these general principles, a detailed study of the obser-vatory's operational needs is required. This work has been awarded to ENCIP, a new non-profit association of commu-nication policy organisations. Among its members are IDATE from Montpellier, Fundesco from Madrid, the Centre for Information and Communication Policies of the Univer-sity of Sussex and others from Holland and Germany.

ENCIP's team, working closely with the Commission and partner countries, will design a service complementing those already offered by organisations such as the ITU and the OECD. It is foreseen that the observatory will receive funds from the planned 1995 Phare multi-country telecommunica-tions and posts programme. Delegates from ministries and operating bodies in the partner countries are keen on the idea and most of the 11 partner countries have agreed in principle to participate, subject to ENCIP's final recommendations.

The observatory's output will obviously be of interest to those discussing the harmonisation requirements between the EU and the partner countries. Although it has not yet been decided whether its reports will be publicly available, the private sector's interest is expected to be just as great: after all, nothing influences investment decisions quite so much as the quality of legislation. ∎

[1] Commission of the European Communities publication COM(87)290; 30.06.1987

# Phare multi-country telecoms programme: where are we?

Phare's multi-country telecommunications programme, launched in February 1994, is now well established. This article looks at the results already achieved and what other activities are planned. As regular readers know, the programme is divided into six modules.

Module 1, 'Regulating the telecommunications sector', covers twenty-three casework projects which are in progress in ten countries. Expert assistance is being provided by UK consultants Clifford Chance. The firm has provided reference material and arranged visits to each country for participating project managers.

Two workshops have already taken place. The first, held in Slovenia between 13 and 25 October, covered technical issues including electromagnetic spectrum management, service quality and tariffs. The second covered licensing and regulatory issues and was held in Prague from 27 to 29 October.

Module 2, 'Managing a telecommunications company', covers twenty casework projects which have begun in the ten participating countries. These deal with key subjects such as how to produce a business strategy paper, plan substantial changes to the organisation and modify operations to increase productivity and profits. Expertise is being provided by ETCO (European Telecommunications Consultancy Organisation), which is drawing on experts from France, the UK, Germany and Holland.



Workshop in progress

This module's major management training event, the management simulation, took place at a two-week event in Hungary in December.

| Date | Module n° | Title of event | Duration | Country | DDL representative |
|---|---|---|---|---|---|
| **January** | | | | | |
| 16-27 | 6 | Training of trainers | 10 days | Bulgaria | Peter Lundy/Trevor Hayes |
| 24-25 | 2 | Training orientation event | 2 days | Hungary | Peter Lundy |
| 16 -27 | 5 | Information exchange/preparation for casework projects | 10 days | Czech Republic | Trevor Hayes/Alan Swain |
| **February** | | | | | |
| 1-3 | 1 | Review event | 3/4 days | Romania | Clifford Chance |
| 6-17 | 6 | Information exchange/preparation for casework projects | 10 days | Bulgaria | Trevor Hayes/Alan Swain |
| 13-17 | 2 | Review event | 4 days | Hungary | Peter Lundy |
| **March** | | | | | |
| 20-31 | 2 | Management simulation Dry run (training of trainers) | 10 days | Hungary | Peter Lundy |
| **April - May** | | | | | |
| 24 Apr-5 May | 2 | Management simulation live run | 10 days | Hungary | Peter Lundy |
| To be announced | 3 | Review event | 3/4 days | Bad Honnef-Germany | Denis O'Donovan |

Module 3, 'Managing human resources in telecommunications', started in August with a meeting for selected trainers from nine countries that took place in the lead country, Slovakia.

The Deutsche Telecom Akademie für Führungskräfte has produced a training manual which is available in ten languages. The manual will be used by specialist training managers for all six modules and was launched at a 'train the trainers' event in Slovakia on 5 September.

The management training event for forty selected human resource managers from the ten countries participating in the module took place in Slovakia from 26 September to 7 October. On return to their home country, each manager had to start their casework project for completion in the spring of 1995.

Design work on module 4, 'Marketing and selling of telecommunications products and services', has been initiated by Poland, the lead country, and Danish Teleconsult. The training of trainers component started in October with a module launch event for participating managers in November.

Work on module 5, 'Introducing new technology and managing telecom networks', has not yet begun as the lead contractor for this module is still to be appointed. The design work is expected to start soon thereafter with the lead country, the Czech Republic.

The European Telecommunications Informatics Services of Belgium has just been appointed as the lead manager for module 6, 'Managing computer systems in telecommunications'. Training orientation for participants took place in Sofia from 13 to 15 December. Other events, including the training of trainers and an information exchange to prepare for the casework projects, are planned for January and February respectively. ■

# Site visits – the story so far

**The summer and autumn seasons were a busy time for Clifford Chance, the international law firm responsible for coordinating the casework projects in module 1. The firm's consultants visited many sites in the Phare countries and are currently meeting the remaining delegates. Christopher Millard, the firm's senior legal advisor, took the time during his travels to file this report.**

Two themes came out of the site visits, which have been completed in the Czech Republic, Latvia, Lithuania and Slovakia. Firstly, a strong appreciation by delegates of the benefits resulting from the Phare multi-country programme, particularly the opportunity to work closely with visiting experts on specific casework projects. The second common point across the countries was the enthusiasm of many delegates to take additional English language courses.

We held meetings with Mr Rathouhsky in the Czech Republic. The group spent several days developing a draft licence to authorise the use of privately-owned systems for providing telecommunication services to third parties. Assistance with translations and legal interpretation was provided by Vladimir Petrus, a Czech lawyer with specialist expertise in telecommunications regulation.

The team also met with Mrs Nada Paclova, a strategic training manager, to discuss plans for a regional workshop on casework projects concerned with legislation and regulation to be held in the Czech Republic later in module 1. In London, Mr Kurka and a Czech member of the Clifford Chance team met to discuss Mr Kurka's cable TV licensing project.

Tim Schwarz, a lawyer involved in the project, visited Latvia and Lithuania in August. In Latvia, he discussed the details of Mr Maciulis' casework project, which involved the preparation of a new telecommunications law to replace the legislation established in 1991. Tim also discussed Mr Mykolaitis' casework project, which covers the draft licence for the second GSM operator. He also met with Mr Burkauskas, the strategic training manager.

Garett Johnston from Price Waterhouse visited Slovakia where he had meetings with Mr Smitka to discuss approaches used to set tariff levels and price controls for both basic and value-added services. The objective of the project is to prepare a document explaining the relevance of capital and income projections for Telekom Slovakia and the need for a tariff regulation system.

Other sites were visited by the Clifford Chance team in September.

Everyone from the Clifford Chance team was encouraged by the enthusiasm and hospitality of the delegates they visited. We look forward to seeing the casework develop during the rest of module 1 and believe that the collaborative work done on the various projects will deliver lasting benefits for both the delegates and their countries. ■

# Regional workshops – 'checks and balances' for casework management

Two regional workshops were held in October for delegates whose casework projects focus on telecommunication laws, licensing, and on technical issues such as type approval and radio frequency allocation.

The first workshop was held in the Czech Republic and the second in Slovenia. The purpose of these regional workshops is to encourage an exchange of views and experiences between delegates from different countries who are engaged in similar casework projects. "Another important benefit of these workshops is the opportunity they provide to assess progress before the year-end final review", says Christopher Millard, module 1 team leader. ■

# Much ado about language

When it comes to international telecom services, English is the operator's best friend. But many of the telecom professionals in central and eastern Europe have had few opportunities to practice Shakespeare's language.

And what better place to get started than Stratford-on-Avon, the Bard's home town! There, English-language courses are being organised as part of the Phare multi-country telecommunications programme.

Some fifty-nine managers from the ten countries were selected to take part. They already had a basic grasp of English, but needed to improve their skills before attending the courses offered by the different modules. They came to Stratford last summer.

Other managers, with little or no English, were brought up to speed with English language courses organised by training managers in their own countries.

Polish manager Andrezej Molski wrote (in English, of course!) to tell us about the intensive week-long course. His Czech counterpart, Monica Kalasova, appreciated the opportunity to practice English regularly and 'hear the real British accent'.

Long distance will never be the same...

# Romanian Telecoms - a great leap forward ?

The liberating effects of the fall of Ceaucescu were also felt in communications. Immediate improvements - such as the disappearance of mail censorship and telephone surveillance - were boosted by the government's efforts to restructure the sector and spread the benefits of modern communications management to the country. A ministry of communications was set up and posts and telecommunications were split into separate organisations. A new telecommunications law, currently being drafted, will redefine the relationships between the government and the organisations responsible for telecommunications, postal services and radio and television broadcasting.

Since 1990, the major telecoms operator has been Rom Telecom. It is responsible for the entire telephone network, one of Europe's weakest (there are only 12 lines per 100 people).

Raising service standards a priority

Rom Telecom shares certain responsibilities with Radio Communicati, which handles satellite transmissions and radio communications.

Despite the 1990 reform and the creation of those autonomous organisations, the actual restructuring work only recently started in earnest. The forthcoming telecommunications legislation will redefine the roles of the various operators, their relationships with the government and will improve the ministry of communications' regulatory role. The creation of an effective regulator will bring two main benefits: opening the sector to competition and establishing a tariff structure that reflects real costs.

Phare support in the communications sector has so far been devoted exclusively to telecommunications. The conditions for an EBRD loan were studied and a master plan to develop the digital network was prepared.

A separate study of the existing analogue network concluded that better management and maintenance were crucial to increasing performance. A further study looked at organisational and financial issues. This study is helping to identify sector restructuring issues, reorganise Rom Telecom, and modernise both financial management and management information systems. A wide-ranging list of recommendations is currently under review by the Romanian government. Among them are
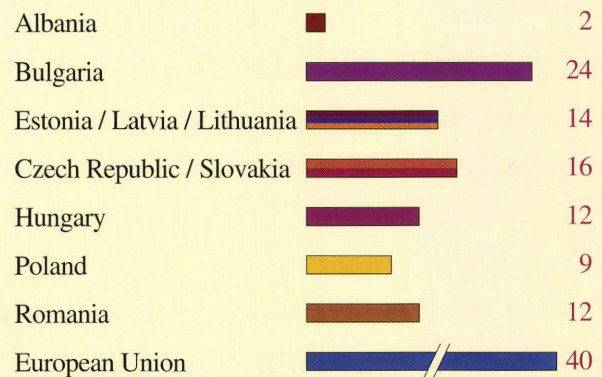
◰ the creation of a regulatory body to oversee operations in the telecom sector

◰ increased investment

◰ tariff reform

◰ privatisation of all 'non-core' telecommunication services

◰ increased private sector involvement in telecom services and infrastructure

◰ re-organisation of Rom Telecom, including the creation of a small number of regions to replace the current fragmented structure

◰ the adoption of new accounting and financial control policies and procedures for Rom Telecom

◰ the adoption and implementation of a new strategy for the development and application of information technology throughout Rom Telecom.

Following the government's decision to accelerate reform, Phare launched a posts and telecommunications programme worth ECU 3 million in 1993. Ambitious objectives were set for the programme: if all goes well, it will have helped prepare and implement a legislative environment compatible with European Union standards. Public subsidies will have been slashed by helping operators to become more efficient, more business-minded and more customer-oriented. New quality services will have been introduced by operators exposed, for the first time ever, to the bracing winds of competition.

Three roads have been charted to reach these goals. Each involves the massive transfer of know-how and all the main players - Rom Telecom, Posta Romana and the ministry of communications - are set to benefit.

## Number of telephone lines per 100 people

| | |
|---|---|
| Albania | 2 |
| Bulgaria | 24 |
| Estonia / Latvia / Lithuania | 14 |
| Czech Republic / Slovakia | 16 |
| Hungary | 12 |
| Poland | 9 |
| Romania | 12 |
| European Union | 40 |

A resident financial advisor, supported by modular training programmes, will help Rom Telecom develop its financial management skills. Modern information management systems will be bought, installed and exploited by staff trained in its use. The working tools of Rom Telecom's employees will be revolutionised: performing analogue network equipment will be purchased and integrated into Rom Telecom's existing systems, new human resources development methods will come on stream and staff will be introduced to the world of digital telecommunications.

The Romanian Postal Service (RPS) has already achieved much through internal reorganisations: service quality is up, while costs have been reduced.

There is still some way to go. Services must be modernised and the productivity of management and staff must be increased: there is plenty of room for further cost-cutting. Phare is helping RPS by linking it with the most efficient of European Union postal services. The result will be blueprints to develop human resources and to technically modernise operations. Phare funds are being used to purchase processing equipment, especially for the Bucharest processing centre. Pilot postal offices being set up will serve as training centres. An important project, currently being implemented, is to set up a data transmission system that will link the administrative and operational branches of the postal service. Through these actions, Phare will boost the efficiency and productivity of RPS and will help it maximise the returns from its planned investments.

Government can be a useful partner in communications (mostly by staying out of the way). It can also be its worst enemy. It is thus essential to help the government decide when to become constructively involved - and when to leave things alone. The consistency of policies, in particular, is essential to a sector that needs to offer reliable and cost-effective services in order to grow. Phare is thus offering know-how to the ministry of communications to help it revise most of its functions. Of particular interest are legislative programmes covering issues such as standard tariffs, licences and competition rules. Phare has already helped: its know-how was used to prepare legislation on frequency spectrum management, to help push the new telecommunication and postal acts through parliament and to prepare the tender for GSM operations.

The results of all this activity should become obvious to the average citizen in a few years: a comprehensive range of efficient, affordable and modern services. ■

# Telecom sector paper available

The first sector paper which charts reform in the post and telecommunication sectors of the ten participating Phare countries has just been published.

The paper highlights progress to date, looks at remaining problem areas, and describes the changing role of Phare as its partner countries evolve over the coming eight years. It is a useful tool for debate in this important industry.

To receive a copy, please fax the Information Office on (+32-2) 299 17 77.

# 400,000 new subscribers to Poland's

Backed by strong government support and growing urban economies, the national telephone company, TPSA has progressed steadily in the past four years.

Phase 1 of the national network's extension programme has just been completed. This initiative concentrated on upgrading the network and improving services to the businesses that drive the economy.

The second phase, now underway, is taking advantage of the improved network to provide a high rate of growth in subscriber connections. Last year TPSA provided over 400,000 new connections and the network is expected to continue growing at this rate.

# Poland's rural telecom challenge: legislation exists, now policy must follow

by Mike Coyle, European Commission

**In Poland's depressed rural areas, a reliable telecommunications network is essential to revitalise the economy and create new jobs. The government's Phare-funded rural telecommunications programme is a step in the right direction. Yet recent events show that to bring a significant number of Polish rural areas on-line, more efforts are needed, especially on the policy side.**

For too many of Poland's 40 million people, telephones are but a distant dream. In the cities, one hundred people must share ten lines, compared to forty lines per hundred people in western Europe. But this urban figure is improving steadily.

In the countryside, the situation is even worse. Villages lucky enough to be connected have only four lines per hundred people. Less fortunate villages have no service at all. The Polish government and Phare have been working together to deal with the resulting demand. But the relatively slow progress of this initiative suggests that even stronger government support may be needed.

Since 1989, the Polish government has actively encouraged the improvement of the country's telecommunications infrastructure. By 1991, it had drafted a new telecom policy that divided the country into regions where operating licences were issued to independent operators following a bidding process. Some 50 licences have been issued throughout Poland.

Encouraged by these developments, Phare became involved mainly to accelerate the extension of services to rural areas - which risked neglect, as investors rushed towards the more profitable opportunities available in the cities. Sadly, recent events suggest that government support for that policy is not as strong as it seemed.

The rural telecommunications scheme, developed by the ministry of telecommunications and backed by Phare funding, provides support for independent local operating companies. The objective is to create a local telephone infrastructure which will attract investment, generate local profits and boost local employment prospects.

In 1990, Phare committed ECU 6 million to support three rural networks and a development centre. Today, two networks

Rural networks vital to regenerate economy

have been completed (in Opalenica and Sokolow Podlaski) and the development centre in Warsaw is operating.

The development centre provides expertise in areas such as network planning and support to the local operators. The centre has close links with the Polish telephone foundation which is the link between the government, Phare and the contractors.

But the reality of today's rural telecom situation is that few active rural networks are operational. The steady expansion of rural telecommunication services depends, it seems, more on political willingness than on the availability of technology and capital.

A comprehensive regional telecommunications policy was defined in 1991 by a previous government. Little progress has been made toward its implementation. Investment patterns would change significantly should this regional policy be applied, creating new revenue opportunities for rural telephone operators. The government's lack of enthusiasm for this more adventurous telecommunications policy has led to an almost complete investment freeze. While the will and the infrastructure exist to extend telecom services to Poland's rural areas, it seems that no progress will be made until this political stalemate has been solved. ∎

# A tale of two regions

## Two digital rural networks now installed

Rural telephone systems based on the latest digital switching technology have been installed in the Opalenica and Sokolow Podlaski regions of Poland. Because of their locations, each of these areas has the potential to attract investment, and a solid telecom infrastructure is the first step toward convincing potential investors that this is the right place to set up shop.

Opalenica, an affluent agricultural area south-west of Poznàn, counts 25,000 people living in 8,000 households. Increased investment is required for this area to reach a steady level of economic growth. A modern telecommunications system is essential. Telephony Opalenica, the independent local operator, received Phare support to purchase the core of its network. DTI of Denmark won the resulting tender and provided Telephony Opalenica with an advanced digital telephone network worth ECU 1.6 million.

Subscribers in Opalenica now have access to modern services such as call-forwarding and three-party conferencing. They are connected to the wider world through the TPSA, the Polish national telecom operator. Because of Opalenica's overwhelming demand, the 3,000 line configuration was nearing full capacity after only six months: the new exchange had brought some 2,700 subscribers on-line, mostly farmers and small businesses. However, the exchange can be easily extended to meet growing traffic and subscriber demands.

The Sokolow Podlaski area, near the Belarussian border, is an agricultural area of 61,000 people whose economic base



is meat and sugar-beet processing plants. The region is not prosperous but some hope for investment has been provided by its proximity to the main Berlin-Moscow road and rail links. Here too, a strong telecom infrastructure is a prerequisite for attracting investment and growth.

A tender was issued and a contract signed with Ericcson of Spain, which provided a digital exchange worth ECU 2 million, complete with remote multiplex equipment. The equipment is installed, but so far, not a single subscriber has been connected. Disagreements between the local authority and the national telecom operator continue to block the start-up of this promising project.

# Programme round-up

Phare's activities in the telecommunication and postal sectors are increasing throughout central and eastern Europe. Through this column, Telephare aims to keep its readers informed on current developments.

## Albania: privatisation planned

The reform of the Albanian telecommunications sector is proceeding apace. Phare is currently helping the government to define terms and to draw up the tender documents required

to decide how to proceed in three areas: privatising the national telephone company, setting up a mobile telephone service in the Tirana-Dürres area and defining a plan of action leading to legislative reform in the telecom sector.

## Bulgaria: postal services reformed

Three companies recently won Phare-financed tenders managed by the Committee of Posts and Telecommunications (CPT) to reform postal services.

A contract to help draft a new postal bill was awarded to the British Postal Consultancy. A project to look at ways of improving postal security was awarded to Detecon, a German company. Nepostel, a Dutch firm, won the contract to train postal personnel managers. All three firms started work in September.

A Phare-financed programme to improve the human resources development department of the Bulgarian Telephone Company (BTC) started in October following the evaluation of all submitted tenders, which was completed in September. The work will fulfil three needs identified by the BTC: to train trainers, to develop procedures and to procure educational equipment. This project is part of a major human resources development programme - see Telephare 2.

## Slovakia: managing money and licensing satellites

Telconsult, a subsidiary of British Telecom, is helping the Slovak Telephone Company reform its treasury management procedures through a Phare-funded contract. Phare is about to start another project at the ministry of transport and telecommunications: it will help the ministry draft satellite licensing legislation.

## Slovenia: cable TV and mobile phones

Two projects, to regulate the cable television and the mobile telephone markets, are being prepared at the ministry of transport and communications. The Slovenian Telecommunications Authority has meanwhile received equipment purchased using Phare funds to monitor the electromagnetic spectrum in the VHF and UHF bands.

## Latvia: setting proper tariffs

Eurostrategies, a Belgian-led consortium, is installing an analytical model at the tariff council. This computerised telecommunications tariff analysis model was developed in cooperation with ICC, a UK firm, and was funded by Phare.

## Poland: optimising telephones and posts

A major Phare-financed project to optimise the national telephony network was recently awarded to France Telecom by the Polish Telephone Operator (TPSA). It is an essential initiative to advance a major telecommunications investment project currently being discussed with the European Investment Bank and the World Bank.

Polish Post wants to wean itself off subsidies and is thus looking at ways to increase its efficiency. A Phare-financed study will be carried out to identify priorities and propose a plan of action. Of particular interest will be internal reorganisation and the introduction of automation systems.

## Romania: mobile phones and mail distribution

Romania, which is very keen on establishing mobile telephone services, needs to prepare the relevant framework to allow services to develop and to attract investors. As part of this strategy, Andersen Management, a Danish consultancy, has finished writing the draft Radio Frequency Spectrum Act for the ministry of communications. Andersen also produced recommendations for follow-up work. WIK, a German consultancy, won a tender to help draft legislation for posts and telecommunications. A parallel project to help prepare the tender documents to select a mobile telephone operator will start this autumn.

Two Phare-funded support contracts were awarded for Romanian Posts. The first was won by the British Postal Consultancy and covers the design of a model post office and a distribution centre. The second went to Talos/Intercai from Greece, which has been asked to prepare a study about an information exchange network for post office branches.

## Czech Republic: pulling out the stops

In the Czech Republic, the telecoms sector is undergoing rapid reform itself. For instance, two major Phare-funded projects were completed in early September by PA Consultants, a British firm. The first produced draft telecom legislation for the Czech regulatory agency and proposals for a reorganisation and new operational procedures. The second provided SPT, the telecoms operator, with a tariff model and a network planning model.

Other aspects of SPT's institutional development are to be supported through projects which are to start in October. An inventory and logistics control system will be established and a general specification for management information systems will be defined. The Czech Post Office has not been idle either: a major programme to define a future strategy and to draft both a development plan and the relevant legislation is due to start by the end of the year. ∎