



Phare

Compendium of
Operational
Programmes
1993

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Phase -
Compendium of
Operational
Programmes
1993

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Albania

Restructuring of the Health Sector

Identification

*Approved by the Management Committee at meeting
N° 24 on 29 July 1993*

Country:	Albania
Programme:	Restructuring of the Health Sector
Duration:	3 years
EU Contribution:	6 MECU
Sector classification:	Health
Responsible authority:	Ministry of Health and Environment

Background

Since 1990 health standards in Albania, which were already among the lowest in the region, have markedly declined. Statistical indicators point to a rise of the reported cases of respiratory infections. Studies on mortality rates show that the major cause of death in the population is due to infectious illnesses, affecting in particular women and children under five. The health sector data paints a picture close to the typical profile of a developing country. This situation is linked to the deterioration in the quality of healthcare, especially in the rural areas, due to the growing dearth of available resources.

The Ministry of Health is the main provider of health services throughout the country as the private health sector is virtually non-existent. The Ministry has developed a new healthcare policy aiming at more effective utilisation of human and material resources. The main components of this policy include the development of primary healthcare, reform of the hospitals administration, restructuring of the pharmaceutical sector and establishment of an appropriate legal framework.

Since 1991, the Albanian pharmaceutical sector has been increasingly depressed by the continuous shrinking of State budgetary resources. The production of pharmaceuticals has come to a virtual standstill, thanks to the combination of subsidised production and regulated drug prices. During the last two years, Albania has therefore been increasingly dependent on emergency supplies of medical drugs by international aid agencies.

External assistance to the health sector is already provided by the World Bank, UNICEF and a number of bilateral donors from the G-24 group, such as Germany, France, Italy, Switzerland and the United States.

In addition to the programme described here, the Union also supports the restructuring of the health sector within the framework of humanitarian aid.

Programme Objectives

The overall objective of the Phare programme is to strengthen the institutional and operational capacity of the health sector with the ultimate goal of improving the quality of healthcare and of rationalising the use of financial, material and human resources. The specific objectives of the programme have been defined in co-ordination with the World Bank and are complementary to the objectives of other programmes of assistance.

Programme Description

The programme consists of four separate components:

Support for the Development of Primary Health Care	3,62 MECU
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The improvement of the quality of primary health services is a major priority of the Government. Through this programme, Phare will provide technical assistance to the Ministry of Health for the definition of a primary health care policy. Phare will also deliver training to trainers whose remit will be to train general practitioners, nurses and midwives working in the district health centres.

Study visits and scholarships will be offered to future general practitioners. A special fund will be established at national level to finance short term technical assistance and the purchase of small equipment for the rehabilitation of potentially viable health centres in seven targeted regions of the country. Short term technical assistance and small equipment will also be provided to the Faculty of Medicine of the University of Tirana for the creation of a new curriculum on family medicine.

A study to evaluate the priority needs and redefine the tasks of the existing network of medical laboratories will be financed.

Support for the Reform of the Hospitals

<u>Administration</u>	<u>460,800 ECU</u>
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The Ministry of Health wishes to restructure the administrative system of national and regional hospitals. Phare assistance will focus on the development of the managerial and administrative skills of the hospitals' personnel. Short-term training modules will be established for administrators and medical staff in 35 hospitals throughout the country. Long-term training abroad will be provided for a few high-ranking administrators of the Ministry of Health.

The programme will also sponsor the twinning of six Albanians hospitals with six Union-based hospitals.

<u>Support for the Pharmaceutical Sector</u>	<u>355,000 ECU</u>
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This component of the programme will provide support to two areas: institution building and production.

In the area of institution building, technical assistance and small equipment will be given to develop the operational capacity of the National Centre for the Control of Medical Drugs, which is the body responsible for the definition and enforcement of standards in the sector.

Support for the Rehabilitation of a Production Facility for Saline Solutions

<u>(over a period of 18 months)</u>	<u>1.450 MECU</u>
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In the area of production, Phare assistance will focus on transferring technology and training and on supplying equipment for the rehabilitation of a plant producing solutions.

Support for the Definition of a Legal

<u>Framework in the Health Sector</u>	<u>0.22 MECU</u>
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An appropriate legal framework should be established to enable the effective implementation of the reforms so far undertaken, and to guarantee the actual application of forthcoming policy measures in the health sector.

The Phare programme will assist the legal service of the Ministry of Health in developing the institutional capacity to draft legislation. This purpose will be achieved through the provision of training, study visits, and office equipment. Technical assistance will also be provided to support the law drafting activities of the legal service.

Implementation*Programme management*

The implementation and co-ordination of the different components of the programme will be under the overall responsibility of the Ministry of Health. For this purpose, a Programme Management Unit will be set up by the Ministry during the first year of operation of this programme. Short-term technical assistance and small equipment will be provided by the programme to enhance the operational capacity of the unit. The successful implementation of the programme will essentially depend on the continuity of the government's commitment to the current reform process.

Procurement

Procurement of equipment and supplies will be undertaken either through open or through restricted invitations to tenders, depending on the cost and technical requirements.

Provision of technical assistance and training services will be sought through restricted invitations to tender or direct agreements, according to the quality and cost of the services required.

All tender dossiers and contracts will have to be submitted for approval to the European Commission.

Albania

Private Sector Development Programme

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Albania
Programme:	Private Sector Development
Duration:	2 years
EU Contribution:	7 MECU
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Economy and Finance

Background

The collapse of Albanian communism in 1991 almost totally paralysed the economy. Industrial output fell by sixty per cent, exports virtually ceased and the agricultural co-operative system dissolved. Not surprisingly, this caused a sharp upswing in unemployment.

With IMF support, in 1992 the Albanian Government developed a complete set of medium-term macro-economic stabilisation and reform policies to spur economic recovery. The main policy measures of this programme include:

- the liberalisation of prices combined with limited price controls;
- restrictive monetary and fiscal policies;
- reducing state outlays for subsidies, pensions and unemployment benefits;
- increasing payroll taxes;
- liberalising prices;
- a limited privatisation programme;
- the internal convertibility of the Lek; and
- the liberalisation of external trade.

Addressing the issue of supporting government-initiated structural reform measures, the 1992 Phare General Technical Assistance Facility (GTAF) focused on the implementation of reforms in the following areas of activity:

- support for the development of small and medium-sized enterprises (SMEs);
- modernising the banking system;
- restructuring and privatising state-owned enterprises;
- promoting tourism.

Apart from Phare, other multilateral/bilateral donors provided assistance in the above areas, notably the EBRD, the UNDP, the World Bank, Germany and the US.

Programme Objectives

The overall objective of the 1993 Phare programme is to extend the activity of last year's GTAF to help create a healthy private sector in Albania.

The specific objectives of the programme have been defined with the help of all other involved donors .

Programme Description

The 1993 Private Sector Development Programme contains the following components:

Support for Small and Medium-Sized Enterprises (SMEs)	4.5 MECU
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The success of the 1992 Phare-supported SME scheme has prompted the Albanian authorities to request an extension. This will strengthen SME support programmes, particularly in the following areas:

- Credit facility: Phare will continue to support the Bank of Albania's efforts to provide credit to SMEs. The money will be recycled through a revolving fund facility. The average credit ceiling will be raised, while the applied interest rates will gradually converge towards the commercial banking rate. Phare financial assistance will be accompanied by provisions for short-term advice and training to support entrepreneurs in the preparation of business plans;

- **SME support network:** a long-term advisor will be provided to monitor the day-to-day operations of the Regional Business Agencies (RBAs) and the SME Support Unit. Tasks of the advisor will include assistance in financial reporting, the development of training systems, SMEs business plans formulation, screening of credit applications, banking relations, etc. Continuity will be assured by retaining the current resident advisor for an initial twelve months. Office equipment will be supplied to the RBAs and the SME Support Unit. Phare funds covering running costs and salaries will be phased out after one year, as the RBAs and the SME Support Unit become autonomous, self-financing institutions.
- **Institutional/regulatory framework:** Phare will provide for short-term advisors to the Ministry of Trade and to banking institutions. These advisors will closely co-ordinate with other donors' initiatives in this field. Equipment support to back up the SME Policy Unit within the Ministry of Trade may also be provided.

Support for Tourism Development 1.0 MECU

This component will support the creation of approximately two hundred SMEs in the tourism sector by providing the following assistance:

A credit facility: the Phare-financed credit line will be extended and increased to meet the new requirements of the tourism industry. This 1993 credit scheme will continue to be administered under the same terms and conditions as the SME credit facility. As in the latter case, financial assistance will be accompanied by provisions for short-term expertise and training to support entrepreneurs in the preparation of business plans.

Institutional/legal framework : a team of advisors will assist the Ministry of Tourism in policy formulation, definition of a legal/regulatory framework for the sector, project development, fund-raising strategy definition, and co-ordination with other donors operating in the sector. A provision for staff training is also envisaged.

Support for Enterprise Restructuring and Privatisation 0.5 MECU

Restructuring: the project will supply a pool of short-term experts to the Enterprise Support Unit (ESU) within the Ministry of Economy, enabling the ESU to provide advisory services to state-owned enterprises in topics relating to the restructuring process.

Privatisation: long-term technical assistance will be provided to the National Agency for Privatisation (NAP) to help develop a fully-fledged strategy for the privatisation of 30 large strategic state-owned enterprises. Back-up support will include provisions for equipment, training materials and study visits for the Agency's staff.

Support to modernize the Banking System 0.5 MECU

The Albanian banking system includes the Central Bank (Bank of Albania) and three commercial banks. The modernisation of the banking sector, the least advanced in the region, is crucial to the growth of the private sector. In 1993, Phare assistance to the banking sector will consist of the following:

Commercial banks: technical assistance (one advisor) will be provided to develop management training schemes for the banks' loan assessment officers and to support the introduction of reliable financial reporting schemes for credit channelling.

Central Bank: the 1993 programme will provide additional technical assistance

(one advisor) to support the department charged with managing the foreign exchange reserves (the Foreign Department).

Provisions to back up the activity of the above advisors will include short-term expertise, equipment, and study visits for local counterpart staff.

Support for Foreign Investment Promotion 0.5 MECU

A pool of short-term experts will be supplied to the Ministry of Trade and Foreign Economic Relations to operate a trade information centre, providing legal advice and other trade-related support services. This new structure will complement the activity carried out by the already existing Phare-funded Investment Promotion Centre.

Implementation

Programme management

The Ministry of Finance and Economy, in liaison with the European Commission, will hold overall responsibility for the co-ordination of the different programme components.

Responsibility for the detailed implementation of each component will be with the respective line Ministries and national implementing agencies.

Procurement

Equipment will be provided through open, or restricted, invitations to tender, depending on the cost and technical requirements.

Provision of technical assistance and training services will be sought either through restricted invitation to tender or by direct agreement, in accordance with the cost and nature of the service required.

All tender dossiers and contracts will be directly managed by the European Commission.

Albania

Environmental Sector Programme

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Albania
Programme:	Environmental Sector Programme
Duration:	3 years
EU Contribution:	3.3 MECU
Sector classification:	Environment
Responsible authority:	Committee of Environmental Protection and Preservation (CEPP)

Background

Albania is a country rich in water and forests. Decades of economic mismanagement, however, have led to serious environmental problems such as deforestation, soil erosion, unreliable water supplies and high pollution levels in some regions. These problems exacerbate poverty in rural areas and have alarming health consequences in urban areas.

With assistance from the World Bank, the Albanian government has been developing a National Environmental Action Plan (NEAP) which defines the policy guidelines in the sector for the next three years. This Plan provides the framework for all external assistance to Albania in the environmental sector.

Programme Objectives

The 1993 Phare programme will help the Government implement the NEAP. In particular, comprehensive environmental policies for water, natural resources and waste management are to be developed.

The programme's immediate objectives have been defined in liaison with the World Bank and UNDP, and are complementary to the objectives of other programmes of assistance.

Programme Description

The 1993 Environmental Sector Programme will concentrate on the following three areas:

Institution-Building, Policy Development and Legal Framework

1.85 MECU

Phare will provide technical assistance to strengthen the institutional capacity of the Committee for Environmental Protection and Preservation (CEPP). A long-term advisor will be seconded to the CEPP to help formulate policy and to co-ordinate inter-governmental activities. This will involve organising an inter-Ministerial task force and establishing environmental units in the relevant Ministries. Another aspect is to improve the management of human resources. New training programmes are necessary and will be provided to key staff. The subject covered will be environment impact assessment methodology.

Guidelines for those charged with drafting legislation and the definition of regulations and standards to be enforced will be developed.

Local environmental projects will be co-financed to raise public awareness of green issues among local decision-makers and the general population.

This component of the programme will be implemented in close co-ordination with the UNDP.

Water, Natural Resources and Waste Management

1.15 MECU

This provision will support the following activities:

- formulating a national water strategy. This will be developed by all concerned ministries and organisations, and will be co-ordinated by the CEPP;
- developing master plans and feasibility studies for sewage treatment systems in selected towns not covered by other donors (including Vlores and Pogradec). This component will include a pilot project for the treatment of waste water from the oil processing industry;
- developing a master plan for integrated watershed management. In selected regions, this will analyse the causes and effects of deforestation and will develop a strategy to reduce its impact, always involving local communities;
- wetland management methods are to be developed for the Karavasta Lagoon. This will include strict, immediate protection measures and will develop a sustainable development plan for the zone.

Municipal waste handling 0.3 MECU

This aims to develop a solid waste management strategy for Durrës and Tirana. This facility will include some pilot projects.

Implementation

Programme management

The programme will be co-ordinated by the Committee of Environmental Protection and Preservation, operating under the authority of the Ministry of Health and Environmental Protection. The CEPP will be assisted by a Phare-funded long-term advisor. Detailed implementation of programme components will be handled by the counterpart ministries, supported by PHOS staff as required.

Procurement

Procurement of equipment will be undertaken either through open, or restricted invitations to tender if justified by the cost and technical specifications.

Provision of technical assistance will be sought through restricted invitations to tender, or direct agreements if justified by the nature and cost of the services required .

All tender dossiers and contracts will have to be submitted for approval to the European Commission.

Albania

Public Administration Reform

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Albania
Programme:	Public Administration Reform Programme
Duration:	1 year
EU Contribution:	1.2 MECU
Sector classification:	Public Administration
Responsible authority:	Prime Minister's Office

Background

Modernising Albania's public administration is essential to achieve the Government's ambitious agenda of reforming Albania's economy.

More than in any other country in the region, the Administration is still built around the requirements of a command economy. Administrative decentralisation is hampered by the lack of administrative skills and financial instruments available to local governments. Tax collection is at best spotty. Civil servants are badly paid and in urgent need of re-training.

The Government organised a round table of major international donors in March 1993 to discuss how best to reform the civil service. Those present, which included Phare, the World Bank and the UNDP agreed to develop an integrated and co-ordinated reform strategy.

Programme Objectives

The overall objective of the Phare programme is to help the Administration adapt its infrastructure and methods to those needed to serve a democratic market economy. This programme will complement the objectives of other programmes of assistance, notably the Phare-funded SIGMA regional programme and assistance programmes of the World Bank, Council of Europe and UNDP.

Programme Description

The programme is divided into the following six components:

Support to define a reform strategy in Public Administration

0.2 MECU

A permanent unit for the reform of the Public Administration will be set up by the Office of the Prime Minister to co-ordinate all initiatives in the field of administrative reforms. The programme will provide long- and short-term technical assistance to help the unit develop a strategy of administrative reforms. The programme will also fund the acquisition of supporting office equipment.

The activities under this component will be implemented in close co-ordination with the next SIGMA regional programme and the World Bank's programme of assistance for restructuring the Ministries of Economy and Trade.

Support for civil service training and management

0.3 MECU

The programme will provide technical assistance to help develop recruitment, training and management policies for the civil service. Modular training courses for high-ranking civil servants will be organised, covering topics such as budgetary control, human resources management and public procurement procedures.

These training activities will be developed in close co-ordination with the Centre for Management and Public Administration established by the government, which will be operational by the end of 1993.

Support for restructuring national administrations

0.2 MECU

Under this component, the programme will support the reorganisation of ministerial departments and the streamlining of institutional functions and administrative procedures. An operational audit of one or more ministerial departments will be carried out to define needs in terms of personnel, training and equipment.

Support to develop local government structures

0.3 MECU

The programme will speed up the process of decentralisation begun with the local elections held in March 1992 by providing technical assistance to enhance the administrative skills of local government bodies. Technical experts will assist a limited number of municipalities in the implementation of specific administrative tasks. Training for the staff of districts and municipalities will be provided in liaison with the Centre for Management and Public Administration.

Support to Customs 0.1 MECU

Phare's Regional Programme of Customs Co-operation was extended to Albania in 1992. It provides technical assistance and equipment to modernise customs procedures.

This component will supply further equipment (including metal detectors and telecommunication instruments) to accelerate transit procedures and to facilitate the collection of customs duties.

Support for the Statistical Office 0.1 MECU

Hardware and software will be provided to develop the Office's data processing facilities. This provision will complement the technical assistance already provided to the Statistical Office under the 1992 Phare Regional Programme of Statistical Cooperation.

Implementation

Programme management

The Prime Minister's Office will hold overall responsibility for the implementation and co-ordination of the different programme components.

Procurement

Equipment will be procured either through open, or restricted invitations to tender, depending on the cost and technical specifics required.

Provision of technical assistance will be sought through a single, restricted call for tender to be held in late 1993.

Albania

Agricultural Restructuring, Industry Support and Enterprise programme (ARISE)

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Albania
Programme:	Agricultural Restructuring, Industry Support and Enterprise (ARISE)
Duration:	1 year
EU Contribution:	10 MECU
Sector classification:	Agriculture
Responsible authority:	Ministry of Agriculture and Food (MAF)

Background

Major land reform has been carried out over the last eighteen months. Significant steps have been taken to restructure the agricultural sector along market lines. As a result, agricultural output grew by 12% in 1992. However, subsistence farming is still widespread and little produce is marketed.

With World Bank and EU support, the Government has developed a medium-term programme of reforms to address the main constraints limiting smallholders' production and sales.

Programme Objectives

Building on assistance provided by previous Phare programmes, this programme will help implement agricultural sector reforms so as to spur local production, increase marketed surpluses and reduce the country's dependence on food aid.

The programme has been defined in close co-ordination with the World Bank, the FAO and other donors from the G-24 group.

Programme Description

The programme will provide:

- business advice, training and seed financing to help privatise about 500 small and medium-sized rural agro-processing units. Phare will also help identify alternative restructuring plans for larger rural enterprises.
- technical assistance and funding for the systematic survey, mapping and registration of over 1.8 million parcels of land. Phare will provide training and equipment to map-producing staff in three institutions;
- technical assistance and funding for the mapping of land-use on a national scale and for the development of a national land-use management strategy. Satellite imagery will be used to identify current land uses and to determine the suitability of land for further agricultural use.
- technical assistance to define the financial mechanisms and credit lines needed to help smallholders obtain mechanisation services after the completion of the current land redistribution programme;
- alleviate rural poverty by creating income-generating activities like rural work programmes which will, by rehabilitating basic rural infrastructures such as irrigation systems, support rural development. This component will also help create village credit funds and will monitor rural attitudes to identify appropriate rural development policies; and
- technical assistance to strengthen the institutional capacity of MAF, to help the Bank of Agriculture and Development provide credit services to small farmers and to improve donor co-ordination.

Implementation

Programme management

The Ministry of Agriculture and Food (MAF), assisted by the Policy Implementation and Co-ordination Unit (PICU) will hold overall responsibility for the implementation and co-ordination of the different programme components.

Procurement

Procurement of equipment and supplies will be undertaken either through open, or restricted invitations to tender if justified by the cost and technical specifications.

Provision of technical assistance will be sought through restricted invitations to tender, or direct agreements if justified by the nature and cost of the service required.

All tender dossier and contracts will have to be submitted for approval to the European Commission.

Bulgaria

Restructuring of the Health Care Sector

Identification

Approved by the Management Committee at meeting N° 21 on 14 December 1992

Country:	Bulgaria
Programme:	Restructuring of the Health Care Sector
Duration:	4 years
EU Contribution:	10.5 MECU
Sector classification:	Health
Responsible authority:	Ministry of Health

Background

Health standards in Bulgaria have worsened since 1960. Adult mortality rates have increased, particularly for 40 to 59 year-olds. Infant mortality remains high. The level of health provision is significantly worse in rural areas than in cities.

The Ministry of Health is responsible for all health care services but has insufficient resources and personnel to carry out the function effectively. The current system primarily focuses on caring for the sick rather than adopting a global approach to health care.

The pharmaceutical sector, still completely state-owned, is now being restructured.

Financing Bulgaria's health care system costs between 4.5% and 5% of Gross National Product and accounts for about 6% of the government's budget.

Support for restructuring Bulgaria's health care system is provided by the World Bank. Several countries from the G-24 group have also arranged bilateral donations.

In 1990, the European Union's Phare programme provided 5 MECU of prenatal diagnostic equipment and 10 MECU of medicines.

Programme Objectives

The overall objective of the Phare programme is to support the reform of the health care sector by improving the services available and using financial, material and human resources more efficiently.

Improving the Financing and Administration 2.3 MECU
This project will establish a health insurance system which will then be linked to a number of administrative and management reforms. It will train personnel to administer the new health care system, to use the required computer systems and to analyse available information.

Training of Health Care Personnel 4.6 MECU
Phare funds will be used to train health care personnel and translate relevant documentation and teaching materials. It will also finance study trips abroad for selected health professionals.

Phare funds will help establish a Department of Health Care Professionals inside the Ministry of Health as well as an Institute of Medical Demography.

Part of the programme will also provide courses on general and family medicine within University departments. Special training institutes will also be set up.

Preventive Medicine 2.1 MECU
This project will improve family planning facilities and increase awareness of health at the workplace.

Support For Private Medicine 1 MECU
This project will draw up guidelines and legislation covering the practice of private medicine.

Implementation

The Ministry of Health will hold overall responsibility for the implementation and coordination of the different programmes.

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Bulgaria

Private Sector Development Programme

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	Bulgaria
Programme:	Private Sector Development
Duration:	2 years
EU Contribution:	6 MECU
Sector classification:	Private Sector
Responsible authority:	Committee for Tourism Bulgarian National Bank

Background

The growth of the private sector in Bulgaria has been slowed by politically motivated delays in enacting the Privatisation Law. Institutional weaknesses and the lack of sufficient resources to finance the privatisation scheme are also to blame. The 1991 and 1992 Phare national programmes allocated substantial resources to the private sector, providing technical assistance for enterprise restructuring, privatisation, SME development and regional reconversion.

Programme Objectives

The overall objective of the 1993 Phare programme is to consolidate and complement previous Phare assistance to promote the growth of the Bulgarian private sector.

More specifically, this programme will aim to :

- help establish institutional structures to support the development of the tourism industry; and
- support the development of credit mechanisms for the restructuring and privatisation of state-owned enterprises.

Programme Description

Support for Tourism Development 4 MECU
Institutional support including short- and long-term expert advice, staff training, study visits and equipment, will be provided to the Committee of Tourism to help formulate a development plan for the sector; to advise on institutional organisation; to promote privatisation; and to support the

development of a computer reservation and tourism information system.

In co-operation with the TEMPUS programme, technical assistance and equipment will be provided to universities and other higher education institutions for the development of specific curricula in tourism and the implementation of train-the-trainer programmes.

Provisions for short-term experts and training are also envisaged to support enterprises in the preparation of project feasibility studies for submission to credit institutions, the formulation of marketing plans, and the introduction of management information systems.

Financing for Enterprise Development 2 MECU
Technical assistance will be provided to support the operation of the Apex Global Loan of the European Investment Bank (EIB) for enterprise restructuring. Assistance will include long-term credit advisers, trainers in credit analysis, and some equipment for the relevant commercial banks administering the scheme.

Further support will be provided to the Financing Department of the Privatisation Agency to develop a scheme for financing the privatisation of large enterprises. Provisions will include long-term advisory support, staff training and budgetary support to publicise the scheme.

Implementation

Programme management

The two components of the programme will be managed separately:

- Tourism

The Committee for Tourism will be responsible for the overall management and co-ordination of this component.

- Financing for Enterprise Development

The European Investment Bank (EIB) will supervise the implementation of the Apex Global Loan and the accompanying technical assistance, according to its usual procedures.

The Enterprise Restructuring and Privatisation Programme Management Unit (PMU) in close co-operation with the Financing Department of the Privatisation Agency, will be responsible for the implementation of the Financing for Enterprise Scheme.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Bulgaria

Infrastructure Development

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Bulgaria
Programme:	Infrastructure Development
Duration:	30 months
EU Contribution:	24.7 MECU
Sector classification:	Infrastructure Development
Responsible authority:	Committee of Energy; Ministry of Transport; Committee on Post and Telecommunications; Ministry of Environment

Background

The government of Bulgaria has identified the development of the main infrastructure sectors - energy and nuclear safety, transportation and telecommunications - as crucial components of economic development and the transition towards a market economy. The government also recognises the close links that exist between economic development and environmental concerns as well as the cost of environmental degradation.

However, budgetary constraints, the lack of an appropriate institutional and legislative framework and insufficient capabilities in investment planning and implementation are currently hindering a well-balanced and realistic development of these key sectors.

Programme Objectives

This Programme is a multidisciplinary facility to provide assistance to the key infrastructure sectors of energy, environment, nuclear safety, telecommunications and transport.

For each of these sectors, the Programme will aim to:

- support the development of an appropriate institutional and legal framework;
- upgrade management, investment planning and implementation capabilities;
- support the mobilisation of domestic and foreign financial resources for the highest priority infrastructure developments.

Programme Description

Energy	8.4 MECU
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The Programme has three main components:

- The introduction of demonstration programmes for energy savings in buildings, including:
 - metering systems for city utilities;
 - upgrading district heating systems and extending gas supplies to households;
 - small boiler/cogeneration plants using geothermal energy and biomass (waste, wood, straw, mini/micro-hydrostations);
- The development of regional energy concepts and the establishment of Regional Energy Centres, including:
 - an analysis of existing energy saving policies and their implementation;
 - preparing tools and methods for management and financing of the activity of the centres;
 - recommending optimal methods suitable to local conditions;
 - T.A. to the centres in the management of demonstration projects and in the procurement of equipment;
- An assessment of the technical potential of renewable energy sources, in particular:
 - analysing the potential share of locally renewable energy sources (wood, waste, other biomass, geothermal energy, wind and hydro-power, solar radiation) in the regional energy balance.

Transport	3.5 MECU
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The Programme has four main components:

- The implementation of the required institutional and administrative reform in the Ministry of Transport as well as medium-term human resources development, with priority on:
 - the preparation of legislation and an enforcement mechanism; investment planning and cost benefit analysis including the development of a medium-term Infrastructure Investment Plan; privatisation; elaboration of a methodology for tariff and taxation policy of the national road network; harmonisation of transport standards and legislation with EU practices; data information management;

- The restructuring of Bulgarian Railways and the preparation of the envisaged investment programme, building on the recommendations of the EBRD Bulgarian Railway Project, with priority on:
 - the drafting of a Master Plan for the improvement and development of the railway network and its harmonisation with the European network;
 - a detailed analysis of the costs of operating the railway network and supplying the various services offered by Bulgarian Railways;
 - a financial and economic appraisal of key investment programmes included in the EBRD recommendations;
- Feasibility and pre-investment studies for the realisation of the North-South corridors:
 - construction of a new railway and road bridge on the River Danube in the Vidin/Calafat region;
 - creation of a railway and road transport corridor on the axis Hungary-Vidin-Sofia-Koulati-Thessaloniki and possible connections;
 - construction of a tunnel under the Balkans in the Shipka peak region in the Gabrovo-Kazanlak area;
- The development of a pilot system to provide public transport facilities to disabled persons by special mini-buses and railways.

Telecommunications 2 MECU

The Programme, which will continue the work commenced under the 1992 Phare Telecommunications Programme, has three main components:

- Continued support to the Committee for Posts and Telecommunications for:
 - development of the legal and institutional framework to mirror EU legislation and practices;
 - tariff and quality service assessment;
 - the assessment of the needs of other telecommunications problems normally handled by government agencies, including managing the frequency spectrum for broadcasting and short wave transmissions;
- Continued support to the Bulgarian Telephone Company in terms of training, human resource development, complemented with equipment and training aids;

- Assistance to the Bulgarian Post Organisation in:
 - setting up pilot operations which can permit fine-tuning of operations before their replication throughout the system;
 - preparing plans for human resource development and identifying training facilities for future use.

Environment 7 MECU

Building on previous Phare-funded activities, the Programme has three components:

- Further assistance in developing and integrating air, water and radiation monitoring systems, including:
 - Setting up an effective data management and communications system to enable national and local managers to make good use of the monitoring systems and the data which they produce; and to ensure that they are responsive to local and national requirements;
 - provision of appropriate hardware, software, data communications networks and associated training;
 - T.A. for the development of a national monitoring strategy;
 - The upgrading of several Regional Inspectorate Laboratories to enable them to provide the level of services demanded by sophisticated laboratory instrumentation and to bring them up to the standards necessary for the implementation of the quality management regimes required by modern laboratory best practice;
 - assistance will be provided to permit the upgrading of facilities to encourage the public to approach the regional inspectorates for environmental information;
- Support for several specific pollution projects to provide immediate alleviation of pollution in selected areas and which will act as pilot exercises to enable specific pollution abatement technologies and project management skills to be developed, in particular:
 - the elimination of solvent emissions in the Sofia industrial zone through the installation of a modern incinerator on the site of a major pharmaceuticals plant;
 - minimising transboundary pollution in the Mesta River, in particular through re-engineering an old waste site at the Zvezda uranium mine to ensure effective containment and minimise the escape of radioactive material;

- rehabilitating a major tourist beach on the Bay of Vroumos by removing sand contaminated with uranium from a mining operation and re-processing it by flotation in the process part of the mine;
- prioritising emission control projects with further institutional support to the Ministry of the Environment and its associated agencies through appropriate T.A. and training in key areas, including the development of methodology for systematic prioritisation of environmental projects.

Nuclear Safety 3.8 MECU

Continuing activities commenced with previous Phare funding, the Programme will aim to:

- complete a number of activities in safety verification and improvement, define further measures to increase safety margins and upgrade required management skills;
- assist maintenance and housekeeping activities;
- increase safety through design modifications and the improvement of plant management and operating procedures;
- assistance with long-term planning and the preparation of changes to legislation on nuclear safety incorporating internationally recognised licensing procedures, improved coordination with other countries operating VVER 440-230 plants on exchanges of information;
- supply of essential small value equipment and services to upgrade the material condition and operation of safety related systems.

Implementation

Programme management

The implementing authorities will be, for their respective components of the Programme, the Committee for Energy, the Ministry of Transport, the Committee on Posts and Telecommunications and the Ministry of Environment. Within each of these authorities, a PMU will be set up, where this does not already exist.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Bulgaria

Financial Sector Development

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Bulgaria
Programme:	Financial Sector Development
Duration:	3 years
EU Contribution:	5 MECU
Sector classification:	Financial
Responsible authority:	Ministry of Finance; Bulgarian National Bank

Background

A two-tier banking system was initiated in 1987 with the creation of specialised banks. This was followed by the transformation of many National Bank branches into autonomous banks. The way in which the National Bank out-sourced its commercial banking operations resulted in a proliferation of small, weak state-owned banks. To address this problem, the government has orchestrated a merger process through an ad-hoc Bank Consolidation Company and this process is well advanced. The result is a small number of core banks for which consolidation, restructuring, recapitalisation and privatisation are now needed.

However, the formal completion of bank consolidation is insufficient to strengthen the banks which remain, institutionally and financially, weak. The financial weaknesses are to a certain extent being addressed by a number of debt relief measures. It is hoped that the institutional weaknesses can be remedied by appropriate T.A.

With support from various donors and T.A. sources, the National Bank has reorganised its internal structure and has made progress in modernising its operations and strengthening its administrative structure.

As regards fiscal policy, preparation of tax reforms started in 1990. The main aims were to broaden the tax base, shift the burden of tax from profits to consumption and improve tax efficiency and compliance. The main priority now is to replace turnover tax with VAT; with the introduction of VAT, excise taxes will be modified. Other legislation under preparation involves a corporate profit

tax, a personal income tax system, local taxes, a capital gains tax, a property tax and inheritance and gambling taxes. New administrative and procedural legislation was adopted earlier this year. However, it will take some years to develop the administrative and legal capacity needed to implement the reforms properly and reap the potential revenue gains; core institutional restructuring is still needed and a clear needs-oriented strategy for tax administration must be developed.

An Accountancy Act, a National Chart of Accounts as well as new accounting standards came into force in 1991; work on the elaboration of auditing standards is under way. However, widespread understanding of basic accounting principles is still lacking and therefore efforts are currently being concentrated on promoting the profession, covering as many accountants as possible. The institutional strengthening of the Association for Chartered Accountants will be one of the pillars for future improvements in accountancy practice. The interdependence between accountancy reform and the different segments of economic reform, notably the linkage with taxation reform, is an important factor.

Phare commenced funding for financial sector development in 1991, providing advice on legal, institutional and operational aspects to the Ministry of Finance, the National Bank and to professional associations.

Programme Objectives

The Programme is designed to:

- help the commercial banks to fulfil their key role in the new economic environment;
- support the National Bank in its institutional strengthening and in fulfilling its functions in the new banking system;
- support the further implementation of fiscal reform and modernise existing institutions; and
- support the further development of accounting and auditing and establish a training structure.

Programme Description

Banking	3 MECU
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Commercial Banking

The Programme will provide T.A. to set up and manage a nation-wide scheme to strengthen state-owned banks to

prepare them for privatisation. This scheme will provide technical assistance of direct relevance to the institutional and managerial aspects of the banks. The scheme will be operated on a competitive basis and Phare assistance will be given to help process requests, ensuring the appropriate screening of the requests, evaluation and follow-up of individual projects. Areas of support under the scheme will include business strategy formulation and development, organisational design, credit analysis, loan administration, asset liability management, management information systems, work-out of bad loans and restructuring of bad debtors, human resources policy, and in-house training.

National Bank

Continued support will be given to the Bank in several fields, such as payment system development, reporting system development for banking supervision, management information flow and information system development, human resources management and training.

New nation-wide projects supporting the banking union, and under the supervision of the National Bank, such as deposit guarantee schemes or credit information systems will be developed, with relevant assistance being channelled through the National Bank.

This support will be given in the form of T.A., training and technologies definition and the supply of supporting equipment.

Public Finance and Accounting/Auditing 1.95 MECU

- Continued support will be given to the Ministry of Finance in the form of T.A. and training for the implementation of fiscal reforms, in particular to improve the collection, processing and auditing capacity of the tax administration.
- T.A. will be available for issues such as organisational improvements, tax procedures, new regulations/legislation, drafting of guidelines and manuals for tax officers and taxpayers. Assistance will also be needed for the setting up of an efficient tax audit function, which will be an important factor in the new tax system. Special attention will be given to VAT implementation.
- Attention will be given to making the tax department self-supporting by developing permanent training structures and human resource policy and by strengthening administrative structures.
- Continued support will be given to the accountancy and auditing sector through training, the development of self-supporting training structures and the development of professional bodies.
- Assistance will be given to the Treasury and other

budget services to improve their efficiency through advice on basic policy and the respective functions of these departments, on organisational issues and by training of local officials.

- Assistance will also be given to the Ministry of Finance to set up internal auditing, financial and contract procedures and to establish a Court of Auditors.

Reserve	50,000 ECU
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Implementation

Programme management

The commercial banking component will be implemented directly to facilitate rapid mobilisation of the T.A. for banks in response to their expressed needs. The central banking and public finance components will continue to be administered through an advanced payments system and existing PMUs for these sectors. In the case of specific actions, for example when experts from national administrations or institutions such as central banks of EU Member States need to be mobilised, procurement will be handled directly by the European Commission, in close coordination with the relevant institution.

The Ministry of Finance and the National Bank have received systematic T.A. mainly from international institutions, such as the IMF, World Bank, BIS and OECD. The US Treasury, UK Know-How Fund, Ministries of Finance and Central Banks of various industrially developed countries have been active donors in the public finance field. The EBRD, in cooperation with Phare, is involved in the audit of United Bulgarian Bank and in the due diligence work for the creation of the Bulgarian Investment Bank and Bulgarian Capital Fund. The EIB is preparing a global loan to be channelled through a number of banks, which Phare will support with T.A.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement

Bulgaria

Transformation of the Customs Administration

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Bulgaria
Programme:	Transformation of the Customs Administration
Duration:	3 years
EU Contribution:	8 MECU
Sector classification:	Customs
Responsible authority:	Ministry of Finance; General Customs Directorate

Background

Current initiatives and operations in the Bulgarian customs administration are directed at aligning legislation, operations, practices and procedures with those in the EU, at collecting increased revenues in line with government policy, at gaining greater, more consistent and more accurate control over the collection and accounting of all dues, at intensifying the battle against fraud and malpractice and at embarking on a major computerisation process.

In 1991, a feasibility study on the computerisation of declaration processing was conducted with Phare funding from the Regional Programme for Customs set up for all the Phare beneficiary countries. The study recommended computerisation as the catalyst to transform Bulgarian customs to an EU compatible organisation.

However, since computers and equipment will not of themselves bring about the required degree of change required, the computerisation process must be preceded by the drawing up of a business strategy to provide the operational, organisational, management, manpower and financial framework within which EU-compatible systems can be successfully introduced. On the basis of this strategy, a customs transformation programme can be developed.

This programme of change will directly support major government objectives to promote exports, simplify the foreign trade regime and improve the tax regime.

Programme Objectives

The Programme is designed to finance the external expertise and computer infrastructure necessary to transform Bulgarian customs in line with EU practice.

In the immediate term, the Programme will provide the technical resources necessary to undertake a business strategy for Customs comprising an operational strategy, an information technology strategy, an organisational, management and human resources strategy and an economic, financial and accounting strategy.

In the medium-term, the Programme will provide the computing resources necessary to implement the transformation programme determined by the business strategy. The objective of the computerisation component of the Programme is to provide:

- the accurate and timely processing of increased volumes of international trade;
- accurate and timely information to interested and involved parties;
- greater, more consistent and more accurate control over the collection and accounting for all dues;
- simplified procedures for genuine traders and improved ability to target unlawful activities;
- better efficiency, morale and standing of the Customs service.

Programme Description

The Business Strategy 1.55 MECU

This component of the Programme involves the preparation of a business strategy to determine how Bulgarian Customs will operate and how it will be managed and organised. It will involve the following components:

1. Operational Strategy:

- geographic and environment: locations, size, infrastructure; workload;
- legal requirements;
- processes (who does what and where): strategies and plans; high level procedures; logical business units; structures; responsibilities; locations and deployment;
- payments: deferred payment; simplified procedures;
- relationships: agencies; traders; banks and financial institutions; vendors, including telecoms; other government departments, e.g. immigration, police; international bodies, e.g. EU;

- intelligence: data collection; targeting;
- technology: computer usage; telecoms; tracking and targeting; detection; drug traffic suppression; dogs, etc.;
- operational management: programme/project management; financial control; resource control; operating manuals.

2. Information Systems Strategy:

- systems requirements over and above declaration processing: intelligence systems; procurement systems; payroll systems;
- standards and methodologies to be adopted: technological architectures; standard products; data management; development methodologies and standards;
- skill requirements: policies in in-house development and outsourcing; skill development; client relations;
- recruitment and training: technical; managerial.

Economic, Financial and Accounting Strategy:

- economic: trade, profile, partners, volume; economic and financial targets; revenue collected; cost of collection;
- collection: customs guarantees; payment types;
- financial and accounting: budgets, budgeting process; capital expenditure, operating expenditure; controls and authorisation procedures; purchasing procedures; accounting methods.

3. Management, Organisation and Human Resource Strategy

- roles and responsibilities: legal framework; vice-presidents; directorates; regional directorates;
- management mechanisms: organisation structure; committees, function, composition; communications channels; decision making;
- human resources: deployment; number, type, quality; recruitment and training;
- human resource management procedures: job/role descriptions; job measurement/grading; performance appraisal; manpower planning and development.

Computerisation 5,07 MECU

Elements of Declaration Processing to be Computerised:

- front office sub-system: check/register process; import process; export process; transit process; warehousing; temporary admissions;
- payments and sub-guarantee system: cash (including cheques) collection; deferred payment; credit account; guarantee control;
- back-office sub-system: collection and accounting;

management information; collection of trade statistics; post-clearance control;

- reference sub-system: customs tariff (including VAT); currency conversion; computer information; common registers (licences, quota control, code tables, warehouse register); filter profiles; access control;
- external interfaces: freight control systems; trader systems; non-fiscal control systems; government VAT system (government finance system, government statistics system, EU tariff system, Customs investigation systems).

Technical Architecture 0,98 MECU

The following will be deployed:

- UNIX operating system;
- relational database (RDBMS) technology;
- industry standard telecommunications service (ranging from X.25 and ethernet networking to EDIFACT data transmission standards);
- structured applications (use of CASE tools);
- appropriate systems documentation;
- consistent hardware and systems software platform, expandable across a variety of sizes.

Contingency 0.4 MECU

Implementation

Programme management

Programme implementation will be based on a three-tiered structure.

The Transformation Programme Steering Committee, comprising the most senior personnel in Customs, will be the directing body. The Committee's executive arm will be the Core Team. The Core Team (PMU) will be responsible for producing the business strategy and will be the planning organisation of the transformation programme. Individual project implementation teams will be set up and one of them will be responsible for the computerisation project.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Bulgaria

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Bulgaria
Programme:	General Technical Assistance Facility
Duration:	3 years
EU Contribution:	16 MECU
Sector classification:	Multidisciplinary
Responsible authorities:	<p><u>Labour Market & Social Dialogue:</u> Ministry of Labour and Social Welfare</p> <p><u>Education:</u> Ministry of Science and Education</p> <p><u>Management Training:</u> Agency for Privatisation, Ministry of Industry</p> <p><u>Europe Agreement:</u> Department of European Integration, Ministry of Foreign Affairs</p> <p><u>Public Administration:</u> Administrative Reform Unit, Office of Council of Ministers</p> <p><u>Statistics:</u> National Statistical Institute</p> <p><u>Aid Coordination:</u> Ministry of Foreign Affairs</p>

Background

During the past three years, Bulgaria has developed a reform programme encompassing a wide range of areas, with particular emphasis on privatisation, enterprise restructuring, financial sector reform, land reform and social safety. However, the political difficulties of the second half of 1992 caused the government to relax its reforms to a certain extent.

In a number of areas, the reform process is still at an early stage. Policy definition, legislative preparation and institutional development are still needed. This is particularly true of social programmes and labour markets, education and public administration. The reform process is largely managed and implemented through a public administration which is largely unchanged from communist days and is ill-equipped to fulfil its new functions. Appropriate frameworks must also be set up to implement the Europe Agreement with the EU.

The Bulgarian government recognises the need for overall reform, including reform of the social and labour market, education and training and the public administration. This led the government to seek funding for four broad strategic areas in 1993: private sector development, infrastructure, human resources, employment and social policy development and institutional reform.

Programme Objectives

The GTAF is designed to provide support for reform development in a number of areas which are crucial to the ongoing transformation process but which have received little or no assistance under previous Phare programmes. These are: social policies and labour market reform, social dialogue, education, management training, implementation of the Europe Agreement, public administration reform, statistics.

Initial assistance will be provided to prepare policies and legislation and to develop the institutional frameworks for the implementation of the policies, programmes and projects developed.

Assistance will also be provided for the overall coordination of external assistance to Bulgaria.

Programme Description

Labour Market and Social Policy	2 MECU
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The programme will provide support for reinforcing the social safety net by improving the Ministry of Labour and Social Welfare's ability to develop policies and implement changes and assistance programmes. This will be achieved by:

- strengthening the existing working group on employment strategy;
- improving the quantity and quality of information available by developing a labour market information system;

- stimulating research institutes to carry out rapid appraisal studies;
- setting up a PMU to help implement the social component of the GTAF and to coordinate assistance from other donors to this sector;
- preparing policies to deal with the social consequence of economic restructuring. This involves conducting basic research in key sectors, developing economy-wide restructuring scenarios and reviewing possible policy actions.

Social Dialogue 2 MECU

The Programme will support the establishment of a modern system of industrial relations by:

- helping the National Council for Tripartite Cooperation to establish and train the Council's Secretariat; developing the professional expertise of the social partners involved (particularly the management boards of the Employment and Social Insurance Funds);
- raising public awareness of the system of industrial relations;
- developing tripartite consultation mechanisms at branch and regional level;
- developing an arbitration and conciliation system;
- establishing a labour market database;
- improving the structures and processes of the Employers' Federation by reforming its administration and procedures, improving the range of services offered to members, reinforcing negotiation skills and raising the awareness of entrepreneurs about the Federation's activities.

Education 1 MECU

The Programme will support the reform of the education system by:

- developing functional relationships and management structures between and within the Ministry of Science and Education, the new regional financial planning units and the municipalities. To be achieved by forecasting the provisions necessary to establish a decentralised financial management system up to secondary level; by drafting a legislative framework defining the responsibilities of the various levels and by training staff at central, regional and local levels;
- developing post-secondary education by defining the required structures, profiles, curricula, targets, staffing and financial needs of projected institutions for full-time, vocational further education;

- help the Ministry of Science and Education to manage this reform programme by developing a PMU and training staff.

Management Training 1.5 MECU

The programme will help to develop Bulgaria's management training programmes by:

- developing the institutional framework required by private-sector management training providers;
- developing training capacities through a training for trainers programme once the institutional framework has been chosen.

European Agreement Assistance 2 MECU

The Programme will further Bulgaria's cooperation and integration with the EU by:

- helping harmonise laws and training key officials;
- developing information and education programmes for schools, universities and the media;
- developing the capacity of the Department of European Integration at the Ministry of Foreign Affairs;
- setting up a small PMU in the Ministry to manage the programme.

Public Administration Reform 3 MECU

The Programme will support the reform of public administration by:

- helping the Council of Ministers and the Prime Minister's Office through support in policy, strategy, institutional development, the development of the Council's programme management skills and staff training;
- assistance in the preparation of the Civil Service Act, development of human resource management structures and procedures, staff training and development and the preparation of public procurement legislation;
- developing a comprehensive National Legal Information System to be used in the political and administrative decision making process;
- assistance to the Centre for Administration at the Council to strengthen public administration reform strategies and to implement the public administration component of the GTAF, for which it is the PMU.

Statistics 3 MECU

Improved economic and social data are required to facilitate the decision-making process. GTAF will help by:

- helping to upgrade information systems in the National Statistical Institute by providing technical assistance to transfer the required skills, through study visits to equivalent EU-based institutions and by training in methodology, design and the implementation of statistical surveys;
- pilot statistical surveys, including equipment purchase;
- upgrading data facilities compatible with new methodologies and practices.

Aid Coordination 1.4 MECU

The Programme will promote the effective use of external aid and will help develop the capacity of the central Aid Coordination Unit, Ministry of Finance, in programming and monitoring. By:

- defining the most effective structure, procedures and management for aid coordination;
- assistance in overall and sector-specific programming, including an evaluation of the present implementation and impact of Phare programmes;
- training the Unit's staff through both formal and informal on-the-job training; training of the other PMUs (for whom a detailed support programme will be developed);
- providing equipment, including hardware and software necessary for management and coordination systems.

Implementation

Programme management

A PMU will be set up for each Programme component if none currently exists.

The activities of the Programme in the social sector have been coordinated with (and partly build on) assistance from the ILO, the World Bank, the UK Know-How Fund and the US Department of Labour. The World Bank has also provided assistance in the education sector which complements the Programme while the management training component has been coordinated closely with assistance from Germany, France, the UK and Japan. The public administration activities complement local government reform activities supported by the UK, Holland, the World Bank and UNDP.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member

States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Czech Republic

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Czech Republic
Programme:	General Technical Assistance Facility (Europe Agreement/ Social security)
Duration:	3 years
EU Contribution:	8 MECU
Sector classification:	Multisectoral
Responsible authority:	Ministry of Economy

Background

The Europe Agreement is a treaty of association between the European Union and the Czech Republic. The Agreement aims to consolidate the political, economic and legal framework, creating a solid basis for the gradual integration of the Czech Republic within the EU.

The Europe Agreement between the Czech Republic and the EU was signed in October 1993, and replaces the December 1991 Agreement with the former Czech and Slovak Federation (CSFR). It covers a wide range of sectors, spanning from economic to cultural co-operation, and lays the foundations for the gradual liberalisation of trade for industrial products over a period of 10 years.

Actions have already been initiated under the 1992 GTAF to support the Czech government in implementing the initial phase of the integration process, which focuses on the harmonisation of legislation and technical standards to EU requirements.

The 1991 and 1992 GTAFs have provided technical assistance to support the restructuring and modernisation of the social security system. Additional assistance is required in 1993 to extend support for the innovation of social policies and the operational reform of the social security system, notably in the areas of social insurance, social assistance and social work.

Programme Objectives

The 1993 GTAF has two separate objectives:

- First, to support measures adopted by the Czech Government to implement the Europe Agreement with the ultimate goal of preparing the Czech Republic for membership of the European Union.
- Second, to extend support for the restructuring and modernisation of the social security system with the ultimate goal of improving the quality of social services and rationalising the use of financial, material and human resources.

Programme Description

The 1993 GTAF consists of the following components:

Implementation of the Europe Agreement	3.25 MECU
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Harmonisation of Laws and Standards

This component will provide support to the Czech government for the implementation of the Europe Agreement with particular emphasis on the adaptation of legislation and technical standards to EU requirements in a number of fields, such as banking law, company law, customs law, indirect taxation, consumer protection, transport, environment, and others.

The programme will finance advisory services, the preparation of studies and reports, the organisation of seminars, training activities, study visits, the translation of Union legislation and other relevant texts.

General training activities for public officials

Assistance will be provided to design and support the initial implementation of a training programme for public officials at both central and local levels on general matters related to key EU policies and decision-making procedures. The training programme will be co-ordinated with the broader training strategy for the Czech public administration, supported under the 1992 Phare Programme.

Public information and education

The programme of activities will be worked out in liaison with the European Commission. This will include:

- information campaigns;
- radio and TV programmes;
- production of school materials;
- translation of academic texts;
- training of journalists;
- initiatives to promote the teaching of European Studies in universities.

Restructuring of the Social Security System 3.25 MECU

Social insurance

Technical assistance will be extended to complete the system review initiated under the 1992 GTAF by addressing in particular the issue of the self-employed and the relationships between sickness benefits and health insurance. A new accident insurance system will be prepared and comparative policy analysis will be undertaken using an actuarial/macro economic model. Financial support for the computerisation of data storage and management at the National Insurance Office (NIO) and regional offices will continue. Support for the establishment of a staff training centre by the NIO is also envisaged.

Social assistance

A completely new benefit system will be introduced to meet the needs of the disadvantaged. The programme will support the setting up of a network of computerised work stations within the State administration to assess and to manage the payment of these benefits.

Social work

This provision will support the establishment of a professionally trained social work service and of a national training centre for social workers. Pilot model care centres for the handicapped, abused young people and for disturbed adolescents will also be set up. The existing steering committee established by the government to define standards and criteria for the provision of social services will continue to be supported.

National Centre for Social Security

The programme will fund a feasibility study to assess the viability of an independent centre for research, providing information and advice to the Ministry of Labour and Social Affairs as well as promoting a permanent dialogue between the Ministry and non-governmental organisations on social security issues in a European context.

General Reserve Fund 1.5 MECU

This allocation will cover urgent needs which may arise in the context of follow-up measures to previous GTAF programmes, aid co-ordination support, and the preparation of future sectoral assistance programmes.

Implementation*Programme management*

The Ministry of Economy (Centre for Foreign Assistance) will hold responsibility for the overall management and financial administration of the programme. For this purpose, short-term technical assistance and small equipment will be provided to enhance the operational capacity of the GTAF-Programme Management Unit (PMU), established within the Ministry.

Responsibility for the detailed preparation and design of each sub-programme will lie with the GTAF-PMU, which will liaise closely with the Ministry of Labour and Social Affairs, as well as with the Inter Ministerial Committee in charge of the overall implementation of the Europe Agreement.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Czech Republic

Infrastructure Development

Identification

*Approved by the Management Committee at meeting
N°26 on 17/18 November 1993*

Country:	Czech Republic
Programme:	Infrastructure Development
Duration:	3 years
EU Contribution:	9 MECU
Sector classification:	Multisectoral (energy & transport)
Responsible authorities:	Ministry of Economy Ministry of Industry and Trade

Background

An efficient transport sector, improved energy efficiency and the introduction of modern technologies for the clean use of coal are highly important for the transition of the Czech economy and will enable integration with European networks and increased compliance with European energy saving standards and environmental regulations.

The transport sector is currently characterised by a lack of economic efficiency amongst operators, a deficit of market/customer-orientation and an insufficient level of infrastructure development and maintenance.

The Czech economy has a very high energy intensity while there are difficulties in financing energy saving investments; the energy sector is also faced with the major problem of the projected run-down of the coal industry.

Phare has already contributed to the energy sector through programmes funded for the former Czechoslovakia in 1990, 1991 and 1992 and support for the transport sector was provided under the General Technical Assistance Facility in 1991 and 1992. This support concentrated on preparatory activities aimed principally at institution building and policy development.

Programme Objectives

The 1993 Programme is aimed at supporting concrete pump-priming projects having a catalytic effect in promoting changes in the transport and energy sectors and at preparing and identifying areas for future cooperation. Activities will concentrate on a limited number of high

priority issues to direct funds at projects which have a direct effect on supporting the mobilisation of public and private investment in infrastructure and on improving institutional capabilities.

The 1993 Transport Programme will support infrastructure development and market-oriented reforms, including restructuring, through activities aimed at the improvement of rail and road infrastructure and transport service provision and the development of human resources, focusing on the effective integration of the transport system into the European transport network.

The 1993 Energy Programme will support government policy on energy conservation by setting up a pilot scheme to improve energy utilisation through a substantial reduction in final energy consumption in selected areas. The Programme will also support government policy on energy efficiency and environmental protection through contributing to the clean utilisation of coal.

Programme Description

Transport 3 MECU

The Transport Programme (3 MECU) will have three main components:

- technical assistance studies and short-term policy advice, with activities supporting restructuring of the rail and civil aviation sectors, the development of a coherent and integrated transport policy, the development of information systems and assistance to the Ministry of Transport and organisations involved in sector reform;
- feasibility and pre-investment studies supporting priority projects of rail and road infrastructure improvement, focusing on international corridors forming part of the trans-European transport network: rehabilitation or upgrading of priority rail corridors (Berlin-Decin-Prague-Ceska Trebova-Brno-Vienna, Vienna-Breclav-Prerov-Ostrava-Warsaw, Nürnberg-Plzen-Prague-Prerov-Ostrava-Warsaw) and road activities, including by-passes (e.g. Motorway D 8, Dresden-Prague);
- human resources development through activities supporting institutional development, transport policy making and management capabilities at the Ministry of Transport and organisations involved in sector reform, including seminars and other training activities aimed at the development of management skills and expertise in priority areas in the framework of sector reform.

Energy

6 MECU

The 1993 Energy Programme will fund two specific projects: a revolving fund, together with assistance to private energy service companies for energy performance contracting, related to energy saving investments in SMEs, selected multi-family houses and public buildings and a least cost analysis of the technological and commercial alternatives for the clean utilisation of coal.

The energy conservation project (5 MECU) will comprise:

- the establishment and management of a revolving fund of limited duration for investment support in energy conservation in respect of small and medium-sized investments directed at energy saving in multi-family houses, public buildings and enterprises; the fund will operate principally in areas where the banking sector is inactive;
- the fund will be accompanied by activities for the promotion of and organisational assistance (training, energy audits, management advice) to private energy service companies which identify, design, organise financing, implement and possibly monitor the respective installations;
- the implementation of standardised procedures for granting and administering energy saving loans through the commercial banking system.

The clean coal utilisation project (1 MECU) has two components:

- a least cost study on clean coal technologies, whose findings will be used by the government to define and quantify the policy of coal utilisation and by the private sector to evaluate the economic viability of alternatives;
- feasibility studies for pre-investment projects, based on the main conclusions of the least-cost study.

The least cost study on clean coal technologies will comprise:

- a survey of existing coal plants, classification systems, supplies and quantities, a survey of existing coal combustion equipment, their efficiency and emissions and a survey of treated coal utilisation in the residential sector, including a review of appliances and combustion equipment;
- studies of the planned growth in the natural gas and oil distribution system and the socio-economic consequences of any changes from coal-fired to hydrocarbon-fired systems;
- investigation of the infrastructure for implementing alternative emission control measures;

- review and appraisal of emerging clean coal technologies as they apply to the Czech coal sector; analysis of the costs of the alternative emission control methods and clean coal technologies and development of a plan for implementing least-cost solutions.

The feasibility studies for pre-investment projects will be directed at both the industrial and residential use of coal. This part of the project may be complemented under the 1994 Phare budget.

Implementation

A Project Management Unit at the Ministry of Transport will be made responsible for the technical implementation of the Transport Programme; its activities will be closely coordinated with the political level and the operational departments of the Ministry. The administration of the programme and funds are currently the responsibility of the GTAF PMU at the Centre for Foreign Assistance at the Ministry of Economy but arrangements are likely to be changed under the 1994 Programme so that a full PMU can be established at the Ministry of Transport itself with responsibility for all aspects of the programme.

Under the Energy Programme, the Revolving Fund will be placed under the authority of the Ministry of Industry and Trade, possibly represented by the Energy Agency. The fund will be administered by a board of directors, with representatives from the Ministry, the Energy Agency and the associated bank(s). The clean coal utilisation project will be the responsibility of the Energy PMU, following the advice of the Coal Division of the Ministry of Industry and Trade, of the private coal sector and of the financing institutions, such as the EIB and EBRD; a project manager from the Coal Division will be assisted by a Steering Committee including representatives of the private sector.

Procurement

Procurement of equipment will be undertaken either through open, or restricted invitations to tender, if justified by the cost and technical requirements.

Provision of technical assistance will be sought through restricted invitations to tender, or direct agreements, depending on the nature and cost of the services required.

All tender dossiers and contracts will have to be submitted for approval to the European Commission.

Czech Republic

Private Sector Development Programme

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Czech Republic
Programme:	Private Sector Development Programme
Duration:	3 years
EU Contribution:	27 MECU
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Economy Ministry of Industry and Trade Ministry of Privatisation Ministry of Finance Czech National Bank

Background

The Czech Republic's present social environment is stable. Inflation and unemployment are low. In its third year of implementation of the economic reform programme, however, the Czech Republic suffered from a combination of factors, notably the split of the CSFR, the collapse of the monetary union with Slovakia, and the introduction of a new tax system which added to the adverse impact of international recession, resulting in a GDP decline in the first quarter of 1993.

Since 1991, Phare allocations to the Czech Republic in the area of private sector development have amounted to 51.6 million ECU. These funds are being used to restructure state enterprises and support privatisation programmes, regional development measures, foreign investment promotion, SME support programmes and financial sector reform programmes. So far, Phare help has resulted in the opening and operation of Czechinvest, regional development councils, venture capital funds, SME advisory centres, Business and Innovation Centres, a micro-loan scheme, an SME guarantee scheme and more. Sectoral studies have been realised in steel and pharmaceuticals. More than fifteen large restructuring programmes are under way. Projects supported go from asset valuation to environmental audits.

Programme Objectives

The programme will contribute to the development of the private sector by promoting an SME economic network, by restructuring and privatising large production units, through regional reconversion measures, financial sector development, export development and foreign investment promotion. The programme will also help the Government design and implement the institutional changes favouring a market economy.

Programme Description

The 1993 Phare programme will complement existing efforts. Work will concentrate on the following priorities:

Small and Medium-Sized Enterprises (SMEs) 12 MECU

Financial Instruments

Further grants will be made available to replenish the Loan and the Guarantee Schemes. A pilot project, the Seed Capital Fund, will be set up to assist both start-ups and spin-offs. This financial assistance will be complemented by expertise and training to help commercial banks develop pilot 'SME Service Branches' (SSBs).

SME support

Financial support will be extended to the Regional Advisory Information Centres (RAICs) and Business Innovation Centres (BICs) to partially cover their operating costs. Additional funds will be made available to purchase staff training and office equipment and to promote communication efforts designed to publicise existing SME support programmes. Institutional support, required by the Euro-Info Centre (EIC), SME representative bodies and the Programme Management Unit, will be provided.

Restructuring and Privatisation 3 MECU

Enterprise restructuring

The results of sector-wide studies financed by Phare in previous years are now available. They provide a game plan for restructuring specific sectors. Management support will now be provided to certain large and medium-sized enterprises to help them implement these restructuring plans. A feasibility study will be funded to assess the viability of a Special Restructuring Fund for large, currently non-viable enterprises, to be set up with the financial contribution of other donors and notably the EBRD.

Institutional development

Phare will support the creation of an autonomous operational agency to strengthen the implementation of restructuring policies. The agency will be assisted by an advisory council setting up policy guidelines and consist of representatives of the private sector and of key Ministries. The Phare provision will cover start-up costs (including office equipment and staff training) and some operational costs for the first three years.

Sub-contracting exchange

The idea is to set up an information exchange that will help Western European firms identify spare capacities in various Czech industries. The exchange will identify and record the spare capacities and promote exchanges with foreign companies. Phare will provide the necessary expertise, training and office technology.

Other activities

Other activities will include the development of regional training programmes, seminars, advertising and public relations. Finally, support will be provided to upgrade promotional tools such as the database, the sites and buildings register etc. and to enhance direct assistance to inward investors seeking joint venture opportunities (partner search, etc.)

Financial Sector Development 5.5 MECU

Accounting and auditing

Accounting and auditing standards are to be harmonised with EU standards. Phare will provide the necessary expertise and training. This component will consist of train-the-trainer programmes and support to professional associations such as the Union of Accountants and the Chamber of Auditors.

Taxation

Following the comprehensive tax reform introduced on 1 January 1993, technical assistance consisting of advisors and staff training will be provided to the Ministry of Finance to support the reorganisation of the tax administration.

Central Bank

The Central Bank will receive support to improve its supervisory capabilities. Assistance will also be provided to improve the interface between individual banks and the GYRO Payment System.

Banking

Building on the recommendations of previous Phare-funded operational audits, selected banks will receive management support to improve their skills in credit analysis, treasury management, IT policy, accounting management and control. Short-term experts will also be provided to a limited number of newly-created banks to help them define strategies, business plans and product development.

The Czech Banking Institute wants to develop train-the-trainers programmes. To this end, Phare will provide management support and expertise. The in-house training units of commercial banks also need help: expert support will be provided.

Regional Reconversion and Development 2 MECU

The 1993 Indicative Programme defines the heavily industrialized region of North Bohemia as a priority target for assistance: the area is severely affected by pollution, growing unemployment and an increasingly obsolete industrial base. Phare will support the development of a comprehensive regional reconversion strategy, broadly aiming to promote growth that combines job creation with environmental respect. Phare will assist by:

- providing the expertise required to define a strategy and policies;
- supporting the creation of the Regional Economic Development Unit (REDU) which will help local authorities implement decisions and coordinate all external assistance to the region; and
- support the development of cross-border projects with the German Land of Saxony in close co-ordination with the INTERREG programme managed by DG XVI.

Export development and foreign investment promotion

4.5 MECU

Export development

The end of the command economy, the death of Comecon, the European recession, the constitutional split and the unravelling of the Czecho-Slovak currency union all contributed to a serious decline in exports since 1990. This component of the programme tries to address this problem by encouraging both exporters and foreign buyers. Phare has already helped set up the Export Guarantee and Insurance Corporation. A Trade Promotion Council has recently been set up and constitutes the main forum of debate for Government and entrepreneurs. Specific actions planned include:

- limited institutional development. Phare will provide advisors to the public and private sector and help by creating a database of export opportunities;
- setting up a support structure for managers of medium-sized enterprises having a strong export potential. This will take the form of classroom training, on-the-job assistance and a telephone advisory service and will initially serve about 300 managers;
- promotional activities, including publications and support to attend trade events;
- provide technical assistance, training and consultancy services to the export credit departments of commercial banks.

Foreign Investment Promotion

Czechinvest will continue receiving support. A network of agents in six EU Member States will be established. Sectoral studies to identify greenfield and joint-venture investment opportunities will also be funded.

Implementation

Programme management

The Ministry of Economy, in liaison with the European Commission, will hold overall responsibility for the co-ordination of the different programme components.

Responsibility for the implementation of each individual component will lie with the respective sectoral Programme Management Unit (PMU).

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Czech Republic

Human Resources Development

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Czech Republic
Programme:	Human Resources Development
Duration:	3 years
EU Contribution:	8 MECU
Sector classification:	Human Resources
Responsible authority:	Training Fund; Ministry of Education; Ministry of Economy; Ministry of Labour

Background

The pace of restructuring and privatisation of enterprises is modest and ministries are experiencing difficulty in fulfilling new roles, partly because of the existing nature of management expertise, unsuited to change and to a market economy. Inappropriate initial training, designed for a command economy, and the lack of continuing in-service training underlie these problems. Although enhanced continuing training for key workers is urgently needed, government and private sector responses are still limited.

Programme Objectives

The Programme supports the restructuring and strengthening of initial and continuing training by assisting the government to:

- establish an independent training fund to widen enterprise and ministry access to appropriate continuing training for staff in priority areas through subsidising training providers, thereby upgrading existing training providers and encouraging them to improve the relevance of their programmes;
- follow-up and implement recommendations developed with previous Phare assistance to reform vocational education and training through pilot schools coordinated by the Ministry of Education;
- replenish the Pro-active Labour Market Innovation Fund (PALMIF), launched in 1992 with Phare

support, to assist the Ministry of Labour to develop employment policy and measures especially as regards continuing training.

Programme Description

Training Fund

There are five activities in this component, the first three of which are to be implemented immediately, while the groundwork for later action on the other two will be prepared at this stage:

- Establishment of the Training Fund

Support will be provided for:

- the drawing up of the Fund's constitution and operating principles (the Fund will operate as an NGO);
- the delineation of responsibilities and the appointment of the Board, Advisory Committee and executive team;
- the definition of selection criteria for training providers, trainees and training programmes as well as the first 6-month work plan;
- the principles of disbursement of grants and loans and cost recovery;
- promotional activities;
- monitoring.

- Early Action Training Programme

Assistance will be given for quick selection of leading training providers for grant support to improve and deliver programmes meeting the priority training needs of target groups.

- Awareness Raising and Identification of Demand

Assistance will be given to a Training Fund task force in explaining the benefits of improved management in a market economy to public and private bodies and in indicating how to express individual staff's demands for training.

- Longer Term Support to Training Providers

Assistance will be given for the selection of a wider range of training providers for loan support. Secondary selection will include T.A. assisted development of programmes (often modular and generally participative), the subsidised delivery of

programmes with monitoring, culminating in programmes entering the public domain and EU partners' recognition of training providers.

- First Steps in the Institutional Development of the Training Fund

Support will be provided for a resource centre to disseminate best practice, particularly in EU experience, leading to first steps towards national training standards. Twinning of training providers with EU institutions will also be supported.

Vocational Education and Training Reform

The recommendations already made to reform vocational education and training will be implemented through pilot schools with national support for curriculum development and teacher training in these schools. The outcome will be a refined national policy statement and national approach to the implementation of the recommendations, with appropriate modification where necessary. This component comprises:

- the competitive selection of 20 pilot schools and the identification of curriculum development and teacher retraining centres;
- the preparation of pilot national curricula, taking account of EU experience;
- the upgrading of pilot school teachers in a pilot national programme;
- selective school refurbishment and the provision of equipment.

Labour Market Initiatives and Retraining

Further support will be given to the Pro-active Labour Market Innovation Fund to help refine the Ministry of Labour's active employment policies. PALMIF will continue to act on a competitive grant basis but will feature smaller grants, generally not exceeding 15,000 ECU for schemes managed locally and not exceeding 30,000 ECU for centrally managed schemes, both awarded through refined criteria.

Implementation

Programme management

The Training Fund will be managed by a Board with minority representation from the Ministries of Labour, Education and Economy and a majority of the social partners (Chambers of Commerce, Confederations of Trade Unions and Industry, the Entrepreneurs' Association) and a representative from a major company on a rotating basis. The Board will have full authority over budgets over each 6-month work programme.

The PMUs already set up under the Phare-supported Renewal of the Education System Programme and the Labour Market Restructuring Programme will manage the other two components in the Programme, supervised by the Ministry of Economy Steering Committee, for the pilot schools project component, and by the Employment Services Administration of the Ministry of Labour, for the PALMIF project component.

Procurement

Where equipment procurement by the PMUs or grant aided by the Programme concerns items of less than 100,000 ECU in value, it will be effected, as a general rule, by restricted local consultation. Equipment procurement for pilot schools may exceed the amount of 100,000 ECU, in particular if the procurement is made for several schools at once. T.A. and training services will be recruited by restricted consultation or by direct agreement, depending on the cost and specialist nature of the services. Small expenditure of minor importance may be the subject of direct agreement.

Estonia

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Estonia
Programme:	General Technical Assistance Facility
Duration:	2 years
EU Contribution:	10.5 MECU
Sector classification:	Multisectoral
Responsible authority:	European Commission and national authorities

Background

Estonia, Latvia and Lithuania face similar economic problems. The process of economic reform is aggravated by the chronic dearth of imported fuel and raw materials and by the massive drop in trade with the former Soviet Union.

Two years after regaining full national independence, the three Baltic States are at a cross-roads in the process of economic reform. Their sectoral restructuring strategies did not follow initially adopted macro-economic stabilisation policy measures, which substantially curtailed their economic growth potential.

The 1992 Phare General Technical Assistance Facilities (GTAFs) first addressed the issue of supporting the development of sectoral reforms. In each of these countries, GTAF programmes provided institutional support to government-initiated structural reforms in four core areas of activity:

- modernisation of the banking and financial system;
- support for the private sector (notably SMEs) and promotion of private investment and tourism;
- restructuring and privatisation of industrial and agricultural state enterprises; and
- public administration reform.

Assistance in most of these areas was complemented by specific components of other Phare programmes, notably the 1992 SMEs & Privatisation programmes and regional

programmes on customs, standards, statistics, transport, and nuclear safety.

Additional assistance was provided by the EBRD, the World Bank, and a number of bilateral donors from the G-24 countries, in particular Denmark, Finland, Germany, Sweden, the United Kingdom, and the US.

Programme Objectives

There are two common objectives to the three 1993 General Technical Assistance Facilities. Firstly, they consolidate and develop previous Phare assistance to the build-up of structural reform strategies in the four core areas. Secondly, they broaden the scope of the 1992 GTAFs by targeting new priority areas, and notably social policy.

The specific policy objectives for each country have been defined in close co-ordination with other major donors. They are set to complement the objectives of other Phare programmes currently running such as the SMEs & Privatisation programmes and the full range of regional programmes.

Programme Description

The 1993 General Technical Assistance Facilities cover the following areas of activity:

Economic Restructuring	5,15 MECU
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Sectoral Economic Restructuring

As in 1992, assistance to economic restructuring will cover the following four sectors: agriculture, energy, environment and transport.

Private Sector Development

Phare will provide institutional support to foster the development of small and medium-sized enterprises, enhance the process of restructuring and privatisation of state-owned enterprises, and promote investment and tourism.

In Estonia, the GTAF will provide technical assistance, training and investment promotion measures to promote the creation of new private businesses. Priority will be given to assist the restructuring and privatisation of state-owned enterprises in the following sectors: building materials, forestry, timber, furniture and textiles. Assistance to enterprises in travel and tourism are also foreseen.

Banking and Financial Sector Reform

The reform of the complete financial system, ranging from tax administration to financial services, will continue to be supported by the 1993 GTAF programmes in Estonia and Latvia.

In Estonia, the 1993 GTAF programme will supply training and small equipment to further the modernisation of commercial banks and to improve tax assessment and collection systems. In particular, the programme will:

- create support services for commercial banks;
- introduce new curricula for bankers in local management training institutions;
- help organise training programmes for tax officers and accountants; and
- initiate computerisation programmes for the fiscal administration.

Agriculture

The programme will continue to encourage privatisation of both production and processing. More specifically, it will assist projects in agricultural extension, agricultural trade and livestock efficiency, and will further extend institutional support to the Project Implementation Unit in the Ministry of Agriculture.

Energy

The programme will:

- help establish an appropriate legal and regulatory framework for the sector;
- provide for strategy definition and pollution control in oil-shale production; and
- will help develop an energy saving strategy for the construction industry.

The Project Implementation Unit established within the Ministry of Energy will continue to receive assistance. This component of the 1993 GTAF will be co-ordinated with relevant EBRD and World Bank projects.

Environment

This programme builds on the institutional work carried out with the help of the 1992 GTAF programme. It will be used to help develop an appropriate regulatory framework. More specifically, support will be provided to:

- strengthen the authorities' ability to collect and use the funds obtained from industrial pollution charges;
- formulate a comprehensive set of regulations to improve policy design and implementation in the sector;

- define a set of regulations to achieve a substantial reduction in the pollution caused by the oil shale industry.

Transport

This component will build on experience gained from previous activities, particularly from the 1992 project on the institutional development of Estonian Rail. The present programme will finance pre-investment studies to prepare the ground for a limited number of infrastructural investments. It will also further support institution-building activities in the rail sector.

Public Administration

2.3 MECU

Phare will carry on supporting the reform of the civil service. The programmes will target different government levels and areas: central administration, local government, customs, and statistical offices.

In Estonia, the programme will assist the government in drafting and implementing a civil service reform strategy. It will also provide training for civil servants and technical assistance to help establish an appropriate institutional & regulatory framework. Concurrently, the programme will provide institutional support in the form of technical assistance, training, and equipment for the Customs Administration and the two most important Regional Statistical Offices in the country. The latter two components will be implemented in close co-ordination with technical assistance and training provided under the Phare Regional Programmes for Customs and Statistics Co-operation.

Social Policy Development

2.4 MECU

Social policy programmes are now perceived by the Baltic authorities as being of increasing importance. Systems of social protection need radical transformations to tackle growing unemployment. The financing mechanisms of social security systems need to be restructured. Addressing these issues, the 1993 programmes provides institutional support to foster labour markets and support the development of human resources, to enhance the health sector restructuring process, and to promote social security reform.

In Estonia, support will mostly take the form of short-term technical assistance, training modules and basic equipment for local labour exchanges and social assistance offices. This support will strengthen the development of a nation-wide job information database and will improve the existing social assistance information network. In addition, this programme will help the health care sector in two ways: by developing new and affordable financing mechanisms and by planning a new primary health care system. The programme will also support the development of the country's technical and management training capacities.

Foreign Aid Coordination 0,65 MECU

As the complexity and scale of sectoral aid programmes have increased in 1993, improved coordination will be crucial to the successful implementation of these programmes. Additional funds will therefore be granted in 1993 to strengthen Phare institutional support to the Aid Coordination Units in Estonia.

Implementation

Programme management

The co-ordination of the different components of the GTAF will be under the overall responsibility of the National Aid Coordination Unit, in liaison with the European Commission.

Responsibility for the implementation of the single components of the programme will be with the respective implementing agencies or, when operational, with the Project Implementation Units of the competent Ministries.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Hungary

General Technical Assistance For Implementation Of the Europe Agreement

1. Identification

Approved by the Management Committee at meeting N° 21 on 14 December 1992

Country:	Hungary
Programme:	Euro-GTAF: General Technical Assistance Facility For the Implementation of the Europe Agreement
Duration:	3 years
Year:	1993
EU Contribution:	1 MECU (+ funding from 1992 budget)
Sector classification:	Multidisciplinary
Responsible Authorities:	Ministry of International Economic Relations

Background

The Europe Agreement between Hungary and the European Union, signed on 16 December 1991, contributes to the consolidation of the democratic political order and the market economy in Hungary and creates a solid basis for the gradual integration of Hungary into the Union.

The Europe Agreement sets a precise timetable for achieving completely free trade for industrial products during a 10 year transitional period. It also provides for preferential market access for agricultural products, the liberalization of the movement of services and other freedoms set out in the Treaty of Rome.

Programme Objectives

The objective of the EURO-GTAF programme is to provide technical assistance and other support to Hungary to implement the terms of the Europe Agreement and generally to prepare Hungary for its gradual integration into the European Union.

The programme will seek to identify the economic and financial barriers to Hungary's integration into the EU and facilitate the necessary approximation of laws. It will also aim to improve the technical understanding and know-how of the Hungarian public administration in their relations with the Institutions of the European Union.

Programme Description

The programme will be divided into four chapters:

Sector Specific Assistance 2 MECU

The programme will finance studies, reports, forecasts and expert advice on the preparation and implementation of legislation compatible with Union legislation in a wide number of fields. It will also finance the necessary translations of Union legislation.

Training for Public Officials 0.9 MECU

Training programmes for public and elected officials, including Parliamentarians, will be provided on general matters connected with the European Union and the process of European integration.

Public Information and Education 0.9 MECU

A programme of public information and education activities will be drawn up in liaison with the European Commission's Information Services. Activities will include information campaigns, radio and tv programmes, the production of school materials and the training of journalists.

Programme Management 0.8 MECU

A small management unit will be set up to liaise between this programme and the different ongoing Phare programmes as well as other bilateral assistance programmes.

Implementation

The overall management of the EURO-GTAF programme will be the responsibility of the office for European Affairs within the Ministry of International and Economic Relations.

Equipment procurement will be for items of less than 100,000 ECU and will be done through restricted local consultation. Technical assistance and training services will be recruited by either restricted consultation or direct agreement.

Hungary

Private Sector Development

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993.

Country:	Hungary
Programme:	Private Sector Development
Duration:	3 years
EU Contribution:	31 MECU
Sector classification:	Private Sector Development
Responsible authorities:	Ministry of Finance Hungarian Foundation for Enterprise Promotion

Background

Private ownership has progressed substantially since 1989. Nevertheless, state ownership still accounted for about 65% of GDP by the end of 1992. Inadequate financial services, the poor regulation and protection of ownership rights and the rising social costs resulting from the restructuring of industrial behemoths all conspire to impede the progress of the private sector. The Government's policy is to tackle these problems through the accelerated modernisation of the financial sector and the active promotion of small-and medium-sized enterprises.

36 million ECU have been committed by Phare since 1991 to support the development of Hungarian small and medium-sized enterprises. An additional 14 million ECU were allocated to promote the modernisation of the financial services industry, in particular the banking sector.

Other donors in these areas include the EIB, EBRD, World Bank and a large number of bilateral donors from the G-24 group.

Programme Objectives

The programme will contribute to the development of the private sector by helping SMEs, restructuring the banking and financial services sector and helping the State to increase the efficiency of its tax-collection mechanisms.

Programme Description

The 1993 Private Sector Development Programme will consist of the following components:

Small and Medium Sized Enterprises (SMEs) 23 MECU

The following projects of the Hungarian Foundation for Enterprise Development (HFEP) will be co-financed:

- Financial Instruments

Both the Micro-Credit and Loan Schemes will be refinanced. The average size of Micro-Credit Scheme loans for new small businesses will be raised to approximately 5,000 ECU Forint equivalent. The Loan Scheme will continue to provide medium-term loans (5-7 years) of an average size of 30,000 ECU to existing small industrial enterprises. Both schemes will offer favourable loan conditions and concessional interest rates. Phare's contribution will cover about 50% of the total required to replenish the schemes.

- National SME Support

- Institutional support for the National Business Innovation Centre (NBIC) will be extended. Phare contribution will be 80% of the total allocation and will cover expert advice, staff training and small equipment;

- Support will be provided to promote the institutional development of Chambers of Commerce and business associations. Phare will cover about 20% of the total cost, providing expert advice , training and study visits in EU Member States;

- Support will also be provided to strengthen corporate communications and networking through the production and dissemination of information materials and the promotion of PR activities and media campaigns raising public awareness of SME support programmes. Phare will contribute to about 30% of the total cost planned for these activities.

- Regional SME Support

The Local Enterprise Agency network is still expanding. By 1994, the network will cover the whole country and be fully operational. Phare funds will be used to complete the LEA network by opening new centres and will finance 50% of the costs.

Phare will also fund 50% of the cost of an independent evaluation study of the SME programme and 50% of the costs of regular meetings between the regional LEAs and the HFEP.

Financial Sector

8 MECU

• Taxation

Support will be provided for the establishment of a National Tax Training Centre for the Hungarian Tax Administration (APEH) staff. The Phare allocation will also provide for long-term experts, trainers and equipment to design and to deliver staff training as well as to assist local governments in organising tax levies. Phare inputs will be co-ordinated with an IBRD loan to APEH for the development of computerised administrative and financial control systems.

• Accounting and Auditing

Building on the recommendations of a Phare-funded study, this provision will support the setting-up of an independent accounting and auditing national association, the review of norms and standards with an aim to approximate them to EU standards, and will promote updated accounting and auditing training programmes.

• Banking

Support will be provided to the human resource departments of commercial banks. Specific training programmes will be developed on a variety of subjects, notably loan management and the development and operation of financial instruments for SMEs. This will be implemented in priority with the banks and branches responsible for managing the Phare-financed SME credit lines referred to above.

• General Technical Assistance

A specific provision for general technical assistance is foreseen to provide further support to the Programme Management Unit (PMU) within the Ministry of Finance, and to help commercial banks develop new products such as corporate pension funds, export guarantee funds, etc.

Implementation*Programme management*

The overall responsibility for the implementation of the SME component of the programme will be with the Hungarian Foundation for Enterprise Promotion (HFEP).

The Programme Management Unit (PMU) at the Ministry of Finance will be in charge of the implementation of the financial sector component.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Hungary

Agriculture and Land Registration Programme

Identification

Approved by the Management Committee at meeting N° 25 on 17/18 November 1993

Country:	Hungary
Programme:	Agriculture and Land Registration
Duration:	2.5 years
EU Contribution:	31 MECU
Sector classification:	Agriculture
Responsible authority:	Ministry of Agriculture

Background

Accounting for nearly 20% of Hungary's GDP in 1992, agriculture is a key sector of the country's economy. One-fifth of the population is employed in agriculture, and agricultural exports account for about one-fourth of total export earnings.

Over the past three years, economic activity in the agricultural and food sector has declined substantially. Domestic production has been hindered by the liberalisation of imports and the elimination of state subsidies to farmers. Export earnings have dropped significantly in the effort to redirect trade from the former COMECON region to Western markets. Finally, the situation has been aggravated by two consecutive droughts in 1992 and 1993, and a longer than expected recession in the general economy.

Prospects for revitalisation of the sector are hampered by the lack of capital, as well as by the dearth of managerial capacity.

Programme Objectives

The overall objective of the 1993 programme is to reinforce previous Phare-funded programmes in the agricultural and rural sector, by providing integrated financial and technical assistance to facilitate productive investment by individual private enterprises.

Programme Description

The programme will comprise the following components:

Rural Credit Guarantee Fund 10 MECU

The programme will provide capital assistance to contribute to the replenishment of the guarantee scheme for small- and medium-sized agro-enterprises, enabling private investors to benefit from credit resources made available from the 1993 government budget and the EBRD agricultural loan.

Phare financial support will be accompanied by a provision for technical assistance to assist and monitor management of the funds in areas such as cash-flow, risk management and management information systems.

Agricultural Credit Channels 7 MECU

Further capital assistance (6 MECU) will be given to help replenish the Mutual Assistance Fund (MAF), providing insurance for deposit liabilities and banking risks of the Savings Co-operatives (SCs).

Technical assistance (1 MECU) will also be provided for the establishment of an International Co-operative Advisory Council and to extend support for the integration of SCs into a unified co-operative bank.

Investment Preparation and Promotion 6.3 MECU

A capital contribution (3 MECU) will be given to co-finance the government replenishment of the Agricultural Development Fund, providing small rural enterprises with a 50% grant or soft loan. Technical assistance (3.3 MECU) will also be provided to the government's executive agencies for the scheme to help assess the feasibility and economic viability of loan applications; carry out pre-feasibility studies of non-traditional types of rural investment; and develop training schemes on investment preparation.

Land Registration 3.5 MECU

Supplementing the inputs of previous Phare assistance, the present programme will provide for further support to improve the accuracy and efficient use of the basic cartographic and land information system. The 1993 programme inputs will include expert advice, training and small equipment.

Animal Health and Quality 3 MECU

This component will help complete and reinforce the 1990 Phare-funded programme to strengthen animal health and quality control. In order to meet international trading standards and requests, the 1993 programme also identifies further areas of assistance such as: animal health/veterinary supervision network; development of veterinarian checkpoints at borders; disease control; animal breed records and animal health training.

Foreign Aid Co-ordination 1 MECU

In July 1993 the responsibility for the co-ordination of all external assistance in the agricultural sector was transferred to the Ministry of Agriculture (MOA). The present programme will provide for management advice and training to enhance the institutional capacity of the Ministry.

Implementation

Programme management

The Ministry of Agriculture (MOA) will hold overall responsibility for the co-ordination, management and financial administration of the programme. For this purpose, a Programme Management Unit (PMU) has been set up by the Ministry. A provision of technical assistance (0.2 MECU) has been envisaged by the programme, enhancing the operational capacity of the unit to monitor the programme activities.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Hungary

Support for the Restructuring of the Health System

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993.

Country:	Hungary
Programme:	Support for the Restructuring of the Health System
Duration:	3 years
EU Contribution:	10 MECU
Sector classification:	Health
Responsible authority:	Ministry of Welfare

Background

Health standards in Hungary have worsened somewhat since 1989. Adult mortality rates have gone up, especially among males aged 26 to 69. The number of workers registering as disabled is growing. This health trend coincides with the restructuring process of the Hungarian economy, strained by a decrease in industrial and agricultural production, an unfavourable international economic environment and pressures to reduce central government deficits. Health care is provided by about 34000 doctors (33 per 10000 pop.), drawing on 100 000 hospital beds (98 per 10 000 pop.). Health care costs are about US\$ 140 per inhabitant, or about 7 to 8 % of GDP.

The Ministry of Welfare, as the main provider of health services throughout the country, is committed to developing a new health care policy aimed at raising the health status of the population, while rationalising the use of financial, material and human resources.

Support for the restructuring of the health sector is provided by the World Bank (a health promotion programme focussing on lifestyle issues) and a number of bilateral donors from the G-24 group, notably the Netherlands, Denmark, France, Germany, UK, Belgium and Italy.

Programme Objectives

The overall objective of the Phare programme is to support the reform of the health sector so as to improve the health standards of the population while using the available financial, material and human resources more

efficiently. This will involve organisational and managerial reform. The focus will be primary health care, legislation and the harmonisation of regulations and practices.

The immediate objectives of the programme have been defined in close co-ordination with the World Bank: the Bank has agreed not address Phare-addressed issues. Both programmes are complementary and, in practice, will develop together.

Programme Description

The programme will consist of the following components:

Support for the Reform of Primary Health Care	7,27 MECU
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Policy and management

An advisory group will be set up comprising all interested parties to co-ordinate policy advice to the Ministry. Studies will be funded to review the organisational structure of the sector, to define the appropriate management framework, and to develop a communication strategy raising public awareness of primary health care standards.

An Innovation Fund will be established at the national level, providing seeds-finance for local projects aiming to encourage innovatory approaches to primary health care.

Training and development

Phare funds will be used to establish and operate ten regional resource and training centres. Train-the-trainer programmes will be developed for general practitioners and nurses. About 300 qualified general practitioners will be retrained abroad as mentors for post-graduate medical students. Their clinics will be upgraded so as to form a network of practice sites for Family Medicine. Phare will also support home-nursing groups. Expertise, equipment and training will be made available to design and produce medical publications and to establish a medical library network.

Planning and research

Technical assistance will be provided to establish a planning and research unit at the Institute of Family Medicine; to develop a health management information system; to implement quality assurance and cost-effectiveness reviews; and to develop health promotion and disease prevention programmes to be carried out by family practitioners.

Support for Harmonisation
of Legislation & Practice 1,95 MECU

The following problem complexes will be analysed:

- occupational health and safety measures;
- occupational health and insurance schemes; and
- human resources management.

These studies will allow the Government to harmonise legislation and practices with current EU standards. The question of insurance systems required to finance health care will be addressed. Institutional competencies of the Ministries of Labour and Welfare will be defined. A general review of the legal framework will identify further opportunities for harmonisation in other health-care related areas.

Training programmes will be developed to increase the skills of health sector professionals (health engineers, physicians, hygienists, etc.) and administrators.

Implementation

Programme management

The Ministry of Welfare will hold overall responsibility for the implementation and co-ordination of the different programme components. For this purpose, a division will be set up within the existing Programme Management Unit (PMU). The division will be supported by short-term experts and minor equipment provided by the programme.

The responsibility for the implementation of each individual sub-component will be assigned to specifically designated bodies or individuals. Procurement rules are the usual ones.

Hungary

Assistance Coordination and Evaluation

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993.

Country:	Hungary
Programme:	Assistance Coordination and Evaluation
Duration:	2 years
EU Contribution:	1.5 MECU
Sector classification:	Assistance coordination
Responsible authority:	Ministry of International Economic Relations

Background

The Assistance Coordination Secretariat was established in 1990 for the Inter-Ministerial Committee for Aid Coordination. The Secretariat's role is to programme and coordinate the grant assistance programmes provided by multilateral and bilateral donors. In the last three years, it has played an increasingly important role in this respect.

The new Phare guidelines for 1993-97 have implications for the Secretariat as they introduce a number of new programming concepts. Furthermore, in 1994 Hungary will assume the rotating responsibility of coordinator of the Regional Phare Programme. It will thus have to coordinate all regional projects for all the Phare beneficiary countries.

The Phare programme has been operational in Hungary for three years. It is time to evaluate its impact on the economic and social transformation and to judge the effectiveness of its procedures in Hungary.

Phare has financed T.A., training and equipment for the Secretariat since 1991. This has proved effective in transferring skill and knowledge. The 1993 Programme will continue this support and extend it in view of the Secretariat's new needs.

Programme Objectives

The Programme will improve the use of grant-financed assistance to Hungary by strengthening the Secretariat's programming, implementation and coordination capacity.

Technical assistance will be provided to support the

Secretariat's national tasks, to support its tasks as coordinator of the Regional Phare Programme in 1994 and to help evaluate the effectiveness of Phare assistance to Hungary to date.

Programme Description

Support for National Assistance

Coordination Tasks 1.3 MECU

- Programming:
 - identification of the main sources of external funding to provide an updated overview of global assistance to Hungary;
 - identification through the Inter-Ministerial Committee of priorities for external funding;
 - identification of the needs for specific sectoral analysis and coordination of their preparation;
 - assistance to implementing agencies in preparing project dossiers for transmission to aid agencies;
 - preparation of Phare indicative programmes in accordance with the new Phare guidelines;
 - provision of on-going liaison & inter-action with the PMUs to encourage smooth programming and project flow. Ongoing assistance in project identification/ preparation to ministries and institutions without a PMU.
- Implementation:
 - coordination with other donors to define appropriate monitoring and evaluation mechanisms;
 - assistance to help ministries and institutions steer and process individual projects;
 - assistance to help ministries, institutions and donor agencies dissolve bottlenecks and problems arising in aid programming and implementation;
 - assistance and supervision in the continuing decentralisation of programme implementation.
- Assistance Coordination:
 - assistance in maintaining and consolidating an assistance coordination system within the Hungarian administration;
 - assistance in maintaining permanent links with foreign aid organisations and ensuring that cooperation is focused on an effectively coordinated pattern;

- assistance in matching project requests with offers of assistance from donors;
 - assistance in ensuring coordination between G-24 members and EU/Phare aid and project interventions;
 - assistance in maintaining information on aid preferences, offers, commitments and activities of all G-24 members;
 - assistance in maintaining a computerised database on potential projects;
 - support to ensure specific coordination between the Phare programme and the programmes of international financing institutions.
- Regional Assistance Coordination Tasks

Support for the Regional Coordination Office set up to coordinate the Phare Regional Programme for Phare beneficiary countries in 1994:

 - establishment of a database to monitor all Phare regional programmes;
 - establishment of a reporting system between the Regional Coordination Bureau, Phare Operational Service and the sectoral and national co-ordinators to ensure effective monitoring;
 - preparation of a regular status report on all Phare regional programmes for distribution to national co-ordinators and the Phare Operational Service;
 - definition of priorities for inclusion in the 1994 regional programme and of medium-term programming needs;
 - formulation of the financing proposals for the 1994 regional programme;
 - preparation of regional group meetings.

Evaluation of Phare 90-93

0.2 MECU

Assessment of Phare's Impact on the Reform Process

- an assessment of Phare's contributions to the reform process in terms of policy formulation, policy implementation, institution building and the programme's effectiveness in supporting the government's national policy objectives;
- compilation of an inventory of critical elements of success and failure in the definition and implementation of Phare support;
- preparation of recommendations for improving the efficiency and effectiveness of Phare support.

Assessment of Phare Implementation and Management Procedures

- an assessment and recommendations on the key factors for successful programme implementation;
- an assessment of the applicability of the recommendations in view of the new Phare guidelines for 1993-97, taking account of the aim of decentralising implementation.

Implementation

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Hungary

Technological Development and Quality Management

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993.

Country:	Hungary
Programme:	Technological Development and Quality Management (TD&QM)
Duration:	30 months
EU Contribution:	10 MECU
Sector classification:	R&D
Responsible authority:	National Committee for Technological Development; Ministry of Industry and Trade

Background

Arresting the decline of many sectors of the economy and creating new jobs involves rapidly developing a range of high quality goods and services. This presupposes dynamic research and development bodies and a certain awareness of the crucial role of quality control among managers.

Most Hungarian research organisations face budgetary constraints: the state budget is unable to finance them. Inserting these organisations into a flexible technological development structure geared to industry's needs and imbued with the service ethos will enable many to find new sources of income. The development of consultancy services will generate high level jobs and offer good reconversion opportunities to redundant industry executives and unemployed technology graduates.

Programme Objectives

The objective of the Programme is to improve the competitiveness of Hungarian enterprises by helping them to integrate new technologies and to develop modern quality management practice.

Programme Description

There are four components: specialised higher education, international and EU research and technology cooperation, services development and awareness building, and technology transfer.

Specialised Higher Education 1 MECU

Future economic growth is dependent on new skills which are not yet provided by the higher education system. To fill this need, the programme will help develop two new curricula on quality management and research, technology and innovation management.

This work will be undertaken by the universities in close cooperation with counterpart universities in the EU or, occasionally, by short-term specialists. Special project teams will be created, composed of representatives of all interested parties as well as national and foreign experts. All actions supported will be complementary to initiatives funded by TEMPUS.

International & EU RTD Cooperation 2.5 MECU

The interest generated since 1992 in the Phare-funded ACCORD programme could not be met with the funds available: the projects selected were mostly science-based. As a result, it has been decided to grant support under the present Programme solely to industry-oriented RTD activities. A series of joint Hungarian/EU RTD projects will be selected, focussing on industrial participation or industry oriented projects.

Funding will be provided to help Hungarian institutions participate in RTD programmes of the EU and its Member States and in European RTD and quality organisations and networks.

Services Development and Awareness Building 4.0 MECU

A firm base for technology and quality-driven services and activities will be established by addressing the following key issues:

- Testing, measuring equipment and methodologies;
- finance to help selected sectoral or regional laboratories acquire such equipment, with a view to their gaining accreditation and mutual recognition at the national and international level;
- support for the launch and accreditation of a Hungarian Accreditation Board in line with the relevant European standards. This includes training the Board's staff and assessors, co-operating with accreditation bodies from other countries and support packages for laboratories preparing their accreditation.
- Training, exchange of know-how and awareness building: training in quality management, methodology and awareness building for professionals working in fields related to technological development and innovation and quality services.

- International and regional contact meetings: providers of innovation support and quality management services in EU-based organisations will transfer these services to similar Hungarian organisations. Tools used to do so will include study tours, consultancy assignments and workshops. Targets involve RTD, technical services and research-industry interfaces, consultancy services (information, marketing, strategy, design, value analysis), science parks and company incubators, local and regional organisations supporting the development of new technology-based enterprises, quality testing and certification, consumer protection, venture capital providers, other technology development and quality management services.

- Raising enterprise awareness in best technology and quality management:

The programme will promote competition and excellence in innovation management. This will encourage company managers to choose the best methodologies and service providers. A Quality Award will be presented to the best quality management services. Support will also be provided to a small number of exhibitions where local and EU service providers can demonstrate their products and services.

- Preparation of quality assurance and certification by enterprises:

Enterprises in key sectors will receive help to implement EU quality standards. SMEs and other enterprises will receive help to gain ISO 9000 certification.

Consumers' organisations:

Hungarian consumer organisations need help to establish and promote their services. They also require support to co-operate with similar EU bodies.

Technology Transfer 2.0 MECU

Liaison between enterprises and national or foreign research institutes, local development agencies and consultants will be provided. Support will also be given to enterprises (mostly SMEs) to implement new RTD results and technologies.

University liaison offices:

Technical assistance will be provided to develop or strengthen the service ethos in universities. Co-operation between industry and technical universities will be promoted through advice and access to specialised information. Limited subsidies will be provided for cooperative projects between research institutes and industrial enterprises.

Networking:

Support to develop a research & development network accessible by businesses and manufacturing companies.

Technology audits of enterprises:

Technology audits based on Western European methodologies will be carried out. These will identify market-ready technologies and develop a market-driven technology strategy.

Specific technical support:

Industrial and commercial organisations wishing to implement an innovative project will receive support to obtain services such as international searches, the negotiation of licences, product development, prototypes, technical tests, patents, adaptation to national or EU standards, market and feasibility studies, value analysis, design, studies, technology awareness, strategic project analysis, business plans, financial, legal, taxation and industrial property studies.

Implementation

Programme management

The implementation and management of the Programme will be the responsibility of the PMU which manages the Phare-ACCORD Programme. The Programme will be monitored by a Steering Committee composed of representatives of relevant ministries, government offices, enterprises, consumer associations, quality management and innovation support services. The Committee will have an advisory and monitoring function, especially on the technical aspects of implementation. It will be assisted by technically competent advisory committees.

The UK Know-How Fund and UNIDO are assisting the Ministry of Industry and Trade in establishing a Quality Centre. USAID is helping to fund the Centre for Private Enterprise Development whose programme, aimed at university and college lecturers, focuses on TQM methods. The World Bank has provided two loans for technology development and product market development.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Latvia

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Latvia
Programme:	General Technical Assistance Facility
Duration:	2 years
EU Contribution:	16 MECU
Sector classification:	Multisectoral
Responsible authority:	European Commission and national authorities

Background

Estonia, Latvia and Lithuania face similar economic problems. The process of economic reform is aggravated by the chronic dearth of imported fuel and raw materials and by the massive drop in trade with the former Soviet Union.

Two years after regaining full national independence, the three Baltic States are at a cross-roads in the process of economic reform. Their sectoral restructuring strategies did not follow initially adopted macro-economic stabilisation policy measures, which substantially curtailed their economic growth potential.

The 1992 Phare General Technical Assistance Facilities (GTAFs) first addressed the issue of supporting the development of sectoral reforms. In each of these countries, GTAF programmes provided institutional support to government-initiated structural reforms in four core areas of activity:

- modernisation of the banking and financial system;
- support for the private sector (notably SMEs) and promotion of private investment and tourism;
- restructuring and privatisation of industrial and agricultural state enterprises; and
- public administration reform.

Assistance in most of these areas was complemented by specific components of other Phare programmes, notably the 1992 SMEs & Privatisation programmes and regional

programmes on customs, standards, statistics, transport, and nuclear safety.

Additional assistance was provided by the EBRD, the World Bank, and a number of bilateral donors from the G-24 countries, in particular Denmark, Finland, Germany Sweden, the United Kingdom, and the US.

Programme Objectives

There are two common objectives to the three 1993 General Technical Assistance Facilities. Firstly, they consolidate and develop previous Phare assistance to the build-up of structural reform strategies in the four core areas. Secondly, they broaden the scope of the 1992 GTAFs by targeting new priority areas, and notably social policy.

The specific policy objectives for each country have been defined in close co-ordination with other major donors. They are set to complement the objectives of other Phare programmes currently running such as the SMEs & Privatisation programmes and the full range of regional programmes.

Programme Description

The 1993 General Technical Assistance Facility covers the following areas of activity:

<u>Private Sector Development</u>	<u>2.5 MECU</u>
Phare will provide institutional support to foster the development of small and medium-sized enterprises, enhance the process of restructuring and privatisation of state-owned enterprises, and promote investment and tourism.	

The GTAF will provide:

- institutional support to the privatisation authorities;
- enhancement of SMEs access to management services;
- support for policy formulation and strategy development for sectoral restructuring;
- assistance to evaluate the economic viability of state-owned enterprises with an aim to set priorities for privatisation.

<u>Banking and Financial Sector Reform</u>	<u>2.0 MECU</u>
The reform of the complete financial system, ranging from tax administration to financial services, will continue to be supported by the 1993 GTAF programmes in Latvia.	

The present programme will provide technical assistance

and training to support the reform of the banking system and to develop a sound legal framework for the financial sector. More specifically, the programme will include:

- the provision of management training and business advice to the commercial banks;
- supporting the management restructuring of state-owned banks;
- technical assistance to support the supervisory functions of the Central Bank; and
- technical assistance to support the development of an appropriate legal framework for the financial sector.

Sectoral Economic Restructuring

As in 1992, assistance to economic restructuring will cover the following five sectors: agriculture, energy, environment, transport and telecommunications.

Agriculture 5.0 MECU

The 1993 GTAF will complement a World Bank sectoral loan to strengthen farm-advisory and extension services, and to support the establishment of rural credit facilities. Other fields of assistance include land registration and restructuring, de-monopolisation and the privatisation of state-owned enterprises in the agro-industrial sector.

Energy

The programme will focus on cost control by energy utilities and household/industry energy savings, with particular emphasis on district heating systems. Further institutional support to the Ministry of Industry will be provided.

Environment

Latvia's programme will focus on specific investment projects. It will provide short-term technical assistance, training and investment support for the Liepaja waste water treatment plant. Support for institution-building will not be provided immediately, as the institutional framework still needs to be further defined by the Government.

Transport

This year's priority will be to develop road-maintenance systems so as to complement on-going World Bank projects in this area. Phare assistance will facilitate the introduction of appropriate road-maintenance technologies by providing technical assistance, staff-training and equipment support for the Road Department of the Ministry of Transport.

Telecommunications

The 1993 GTAF will assist the partial privatisation of the Latvian telecommunications company by providing know-how to the members of the regulatory committee as well as institutional support. The latter will take the form

of staff training and equipment support for the company.

Public Administration 2.5 MECU

Phare will carry on supporting the reform of the civil service. The programmes will target different government levels and areas: central administration, local government, customs, and statistical offices.

The programme will help design policies in the areas of civil service grading, recruitment, training and career management. Support will take the form of various forms of technical assistance, ranging from long-term expertise to help public authorities define strategies to short-term consultancy work to support specific activities.

Social Policy Development 1.0 MECU

Social policy programmes are now perceived by the Latvian authorities as being of increasing importance. Systems of social protection need radical transformations to tackle growing unemployment. The financing mechanisms of social security systems need to be restructured. Addressing these issues, the 1993 programme provides institutional support to foster labour markets and support the development of human resources, to enhance the health sector restructuring process, and to promote social security reform.

The 1993 GTAF will support the restructuring of the social security system by focusing on the administration of social assistance programmes as part of a co-ordinated reform programme involving World Bank financing.

Implementation

Programme management

The co-ordination of the different components of the GTAF will be under the overall responsibility of the National Aid Coordination Unit, in liaison with the European Commission.

Responsibility for the implementation of the single components of the programme will be with the respective implementing agencies or, when operational, with the Project Implementation Units of the competent Ministries.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Lithuania

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Lithuania
Programme:	General Technical Assistance Facility
Duration:	2 years
EU Contribution:	22.5 MECU
Sector classification:	Multisectoral
Responsible authority:	European Commission and national authorities

Background

Lithuania is at a cross-roads in the process of economic reform. Its sectoral restructuring strategies did not follow initially adopted macro-economic stabilisation policy measures, which substantially curtailed its economic growth potential.

The 1992 Phare General Technical Assistance Facilities (GTAFs) first addressed the issue of supporting the development of sectoral reforms. GTAF programmes provided institutional support to government-initiated structural reforms in four core areas of activity:

- modernisation of the banking and financial system;
- support for the private sector (notably SMEs) and promotion of private investment and tourism;
- restructuring and privatisation of industrial and agricultural state enterprises; and
- public administration reform.

Assistance in most of these areas was complemented by specific components of other Phare programmes, notably the 1992 SMEs & Privatisation programmes and regional programmes on customs, standards, statistics, transport, and nuclear safety.

Additional assistance was provided by the EBRD, the World Bank, and a number of bilateral donors from the G-24 countries, in particular Denmark, Finland, Germany Sweden, the United Kingdom, and the US.

Programme Objectives

There are two common objectives to the three 1993 General Technical Assistance Facilities. Firstly, they consolidate and develop previous Phare assistance to the build-up of structural reform strategies in the four core areas. Secondly, they broaden the scope of the 1992 GTAFs by targeting new priority areas, and notably social policy.

The specific policy objectives for each country have been defined in close co-ordination with other major donors. They are set to complement the objectives of other Phare programmes currently running such as the SMEs & Privatisation programmes and the full range of regional programmes.

Programme Description

The 1993 General Technical Assistance Facility covers the following areas of activity:

Private Sector Development	4.6 MECU
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Phare will provide institutional support to foster the development of small and medium-sized enterprises, enhance the process of restructuring and privatisation of state-owned enterprises, and promote investment and tourism.

Support for the restructuring of state-owned enterprises will take the form of:

- on-the-job training and modular courses for high and middle-ranking managers, and institutional support for local training centres;
- technical assistance to help assess the economic viability of state-owned enterprises.

The GTAF will also continue to support the 1992 Small and Medium Enterprises promotion scheme, and will expand its activities. At least two other business advisory centres will be established. Concurrently, Phare will finance the cost of a long-term policy advisor in the Ministry of Economy. Short-term technical assistance will be supplied to set up training activities across a range of areas. This component of the GTAF will also provide institutional support for the establishment and operation of an agency for investment promotion.

Sectoral Economic Restructuring

As in 1992, assistance to economic restructuring will cover the following four sectors: agriculture, energy, environment and transport.

Agriculture 5.0 MECU

This component of the 1993 GTAF for Lithuania will focus on restructuring and privatisation of agro-processing industry, agricultural extension and livestock efficiency.

Energy 2.0 MECU

This programme will also focus on economic restructuring and energy-saving strategies. Five projects will be supported. They range from conservation measures to the rehabilitation of distribution systems. These projects might be co-financed by an EBRD loan. The Project Implementation Unit in the Ministry of Energy will receive further support.

Environment 1.0 MECU

New national priorities having been defined, the programme will support an in-depth restructuring of the sector. Technical assistance and training will be provided to develop Lithuania's environmental management capacity and to support the development of regulatory frameworks and monitoring systems (notably for hazardous waste treatment and for emission controls).

Transport 4.2 MECU

1993 support will consist of a balanced mix of measures, including technical assistance, training, and limited investment-financing across a range of areas. Road transport, railways and ports will all be affected. The goal of this multi-purpose approach is to fully integrate the Lithuanian transport system with other European transport networks. Institutional support for the Ministry of Transport will also be strengthened, notably through the provision of short-technical assistance to the Ministry's Programme Management Unit.

Public Administration 1.0 MECU

Phare will carry on supporting the reform of the civil service. The programmes will target different government levels and areas: central administration, local government, customs, and statistical offices.

In Lithuania, as in the other Baltic countries, this extension will focus on providing support for the definition and implementation of a reform strategy for public administration at central and local levels. It will also strengthen Phare's regional support programme for the benefit of customs and statistical offices.

Social Policy Development 0.5 MECU

Social policy programmes are now perceived by the Baltic authorities as being of increasing importance. Systems of social protection need radical transformations to tackle growing unemployment. The financing mechanisms of social security systems need to be restructured. Addressing these issues, the 1993 programme provides institutional support to foster labour markets and support the development of human resources,

to enhance the health sector restructuring process, and to promote social security reform.

In Lithuania, the 1993 programme will support the definition and initial implementation of a government strategy to rationalise the social security systems' administrative structures by improving the administration of social assistance benefits.

Foreign Aid Coordination 1 MECU

As the complexity and scale of sectoral aid programmes have increased in 1993, improved coordination will be crucial to the successful implementation of these programmes. Additional funds will therefore be granted in 1993 to strengthen Phare institutional support to the Aid Coordination Units in Lithuania.

Regional Programmes 3.2 MECU**Implementation***Programme management*

In each of the three Baltic States, the co-ordination of the different components of the GTAF will be under the overall responsibility of the National Aid Coordination Unit, in liaison with the European Commission.

Responsibility for the implementation of the single components of the programme will be with the respective implementing agencies or, when operational, with the Project Implementation Units of the competent Ministries.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Upgrading of the Statistical Information System

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Poland
Programme:	Upgrading of the Statistical Information System
Duration:	3 years
EU Contribution:	12 MECU
Sector classification:	Public Administration
Responsible authority:	Central Statistical Office

Background

The Central Statistical Office (CSO) is a major provider of information to the Polish government, to the business union and to international institutions.

As the pace of reforms quickens, the capacity of the CSO to monitor social and economic indicators and to process statistical data needs to be strengthened. This requires a major upgrade of all data processing systems.

The 1990 Phare national programme already provided limited technical assistance and equipment support to the CSO. Additional support in this area was provided by the World Bank.

Programme Objectives

This programme's main objective is to help the CSO upgrade its data processing system.

Programme Description

The Phare programme will provide the following support:

- widening the feed range of the central computerised data processing system;
- increase users' options for statistical analysis applications by upgrading the Relational Data Base Management System (RDBMS);
- establishment of local data processing systems in regional statistical offices;

- development of a network of national statistics covering regional and district statistical offices and interfacing with the central system;
- integration of the national statistical information system with EU systems;
- design and implementation of pilot surveys, consistent with EU standards, to monitor major economic and social indicators.

Phare funds will be used for the procurement of information systems (hardware, software and technical support services), staff training for the statistical offices, the provision of specialist advisors and the organisation of study visits in EU Member States.

Implementation

Programme management

The Programme will be implemented under the overall responsibility of the CSO. For this purpose, a Programme Implementation Unit (PIU) has already been established. Long-term advisory support will be provided by the programme to enhance the management capacity of the unit. The PIU will liaise with EUROSTAT in the areas of training and study visits.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Financial Sector Development Programme

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Poland
Programme:	Financial Sector Development (FSDP)
Duration	3 years
EU Contribution:	10 MECU
Sector classification:	Banking & Finance
Responsible authority:	Ministry of Finance

Background

The modernisation of the financial system, ranging from banking to tax administration, is crucial to the development of a self-sustaining private sector in Poland.

In 1989, the Polish government initiated the reform of the banking system, leading to the establishment of a two-tier system, the main feature of which is the creation of state-owned commercial banks.

In the field of taxation, the most important element of the Polish tax reform to date has been the introduction of a Personal Income Tax (PIT) in 1992 and of a Value Added Tax (VAT) in 1993.

In order to implement these reforms, the restructuring of the banking infrastructure, as well as the strengthening of the institutions in charge of tax administration are to be considered as very first priorities.

In 1991 and 1992, more than 20 MECU were allocated by the Phare programme to provide technical and financial assistance for the implementation of government policy measures in the areas of banking, insurance, accounting and auditing, tax administration.

Grant assistance in the financial sector was also provided by a number of bilateral donors from the G-24 group, notably UK and the US.

Soft loans were given by the World Bank.

Programme Objectives

The 1993 FSDP programme aims to support the

development of financial sector institutions by providing technical assistance for:

- the restructuring of state-owned commercial banks;
- the strengthening of supervisory functions in the Central Bank;
- the development of human resource policies for the Tax Administration; and
- the innovation of tax collection methods.

Programme Description

<u>Banking</u>	<u>7.5 MECU</u>
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The 1993 programme will consolidate and develop the projects undertaken by the 1991 FSDP to help restructure state-owned commercial banks and reinforce the Central Bank supervisory functions.

Commercial banks

Mixed provisions of long- and short-term expert advice will be provided to the Workout Departments (WODs) of 7 commercial banks to help them apply regulations and parameters of the government's 1993 Act on Financial Restructuring of Enterprises and Banks, notably in the area of management of non-performing loan portfolios.

Specific operational audits will also be carried out in 9 commercial banks to monitor the movement of bad loan portfolios.

Central Bank

Assistance to the General Inspectorate of Banking Supervision (GIBS) will be continued through the provision of two teams of auditors to carry out on-site inspections of non performing banks and troubled areas within certain banks. This assistance will complement on-going assistance to GIBS provided by a number of bilateral donors from the G-24 group, and notably USAID.

<u>Taxation</u>	<u>1.5 MECU</u>
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The actions foreseen under the 1993 FSDP will target two priority areas: human resource development and strengthening of the tax administration.

Human resource development: advisory support will continue to be provided to the Tax Administration to help develop human resource policies in key areas, such as recruitment, training, management performance, job description and promotion.

A provision for ad hoc training actions for tax officials and trainers is also envisaged.

Support for tax administration: expert advice, training and software will be provided to assist the Tax Administration in the areas of assessment, collection, processing and auditing of the main taxes, with particular focus on the introduction of innovative systems such as the IT system.

A public awareness campaign on the recently adopted Personal Income Tax and Value Added Tax (VAT) will also be financed.

An allocation for general technical assistance (1 MECU) is foreseen to provide flexible support in different areas during the implementation of the programme components.

Implementation

Programme management

The overall implementation and co-ordination of the two programme components will be under the responsibility of the Ministry of Finance.

For this purpose, the Ministry will appoint a Programme Authorising Officer (PAO). The day-to-day management, financial administration and monitoring of the programme activities will rest with the Programme Management Unit (PMU) established under the 1991 Financial Sector Development Programme.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Promotion of Foreign Investment

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Poland
Programme:	Promotion of Foreign Investment
Duration:	3 years
EU Contribution:	10 MECU
Sector classification:	Investment
Responsible authority:	PAIZ (State Agency for Foreign Investment)

Background

Phare has been assisting Poland in promoting foreign investment and servicing foreign investors through various programmes since 1990.

In mid-1992, the first EU-funded programme for PAIZ was put into place. PAIZ was established in 1992; it has an Information Centre and units dealing with public relations-related activities, institutional and regional contacts/coordination, information systems and data bases, back-up research.

Programme Objectives

The Programme is a continuation and extension of the work already in progress under the Phare Enterprise Privatisation and Restructuring Programme of 1991.

The main objective of the Programme is to continue the development of a professional capability in all aspects of promoting and attracting inward investment into Poland.

To this end, the Programme aims to:

- ensure that the institutional and managerial structure of PAIZ is developed to allow fast, efficient response to investors' needs and to enable proactive promotion and marketing of investment opportunities available in Poland;
- training of PAIZ staff in the needs of and handling foreign investors, in particular to ensure that they understand those factors which are critical to deciding where, when and in what to invest;
- ensure adequate preparation of central, regional and

local authorities for their often crucial role in creating a favourable environment for investment;

- ensure adequate preparation of Polish companies interested in foreign partners;
- prepare a consistent and transparent framework of operational and procedural guidelines for the foreign investment process and to create an efficient, easily accessible appeal and arbitration process for foreign investors.

Programme Description

Operational and Procedural Guidelines for the Foreign Investment Process

- PAIZ intends to develop a framework of operational and procedural guidelines to govern the foreign investment process and the involvement of the various government bodies in that process, as well as fair appeal and arbitration procedures. The result will be submitted to the government for acceptance as a binding set of rules for all government institutions involved in the foreign investment process.

T.A. Requirements

- The Programme will provide long-term technical support in Warsaw and short-term activity or project specific support to strengthen organisational and administrative capabilities.

Developing the Sectoral Approach

- Information Build-up

Significant preparatory work will be necessary to build up sectoral knowledge and expertise. This will require access to existing information, as well as establishing contacts directly with Polish companies to gather original data about them and their sector.

- Domestic Relationship Building

Attempts will be made to build an in-depth relationship with each sector and with as many individual companies as possible and a range of activities will be developed targeted at preparing the interested companies within a particular sector for promotion.

- Preparing Promotional Strategies

Conceptual work in developing sectoral promotion is needed, with the preparation of detailed campaign strategies.

- Servicing the Interest Generated Among Investors

Investment servicing will be implemented as a structural three-stage process: provision of standardised information about all important issues relating to foreign investment; provision of customised advice as part of a 'gateway' function before investors actually receive investment service; customised investment servicing based on agreed action plans and defined delivery targets.

Regional and Local Assistance

- Certain activities will be organised according to regional and/or local criteria so as to develop the crucial role of an efficient regional/local administration in attracting foreign investors.

Staff Training, Managerial and Organisational Development

- PAIZ staff will require training in terms of management/office skills, languages, sector expertise, information gathering and analysis, presentation and promotion and advising Polish companies seeking foreign investors. Organisational development on a continuous basis will also take place to improve skills in areas such as team-building, role-definition and management of employee expectations.

Computerisation of Data and Information Systems

- A fully computerised and comprehensive contact database will be introduced, containing Polish companies and interested and actual foreign investors, for use by all PAIZ staff and for PAIZ management on a local area network.

Seminars, Conferences and Promotional Events

- A programme for promotional events, domestic and international needs to be prepared for each sectoral cluster. All actions for specific sectors and regions will require coordination with the long-term public relations campaign.

Promotional Material and Media

- A series of high quality promotional literature and exhibition material will be developed, allied to the long-term public relations campaign, to disseminate information about Poland, its regions, important economic sectors and specific investment opportunities. Promotional material for use on TV and radio and advertising material for newspapers and trade journals will also be prepared.

Career Development Programme for Staff

- An effective career development programme for staff will be developed to enable PAIZ to attract and retain the high-calibre staff required to operate successfully.

Implementation

Programme management

PAIZ will be responsible for implementing, administering and supervising all elements of the Programme. Rather than setting up a separate PMU, Phare support will be integrated into the management structure of PAIZ to ensure maximum effectiveness of the Programme but the PMU at the Privatisation Foundation will remain as a support mechanism while PAIZ develops its administrative and managerial capabilities.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement

Poland

Quality Promotion

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	Poland
Programme:	Quality Promotion
Duration:	3 years
EU Contribution:	5 MECU
Sector classification:	General Administration
Responsible authority:	CEN Comité Européen de Normalisation

Background

The enhancement and observance of adequate quality standards is essential for economic development, not only because of the benefits this carries for consumers through improved goods and services but also for the improved competitiveness of businesses, particularly in the light of increased trade opportunities with the European Union.

Phare has already funded technical assistance for standardisation in Poland through a 1990 programme cofinanced with EFTA and, in 1991, granted funding through the Regional Programme on Quality Promotion for all the Phare beneficiary countries.

Programme Objectives

The programme aims to continue and extend the actions already commenced with Phare funding, with emphasis on strengthening the quality of goods and services provided by enterprises, in particular by attempting to bring them up to European norms. A further aim is to improve the capability of the state authorities in this field, in particular by helping them to introduce technical regulations which are compatible with those of the European Union, in accordance with the objectives of the Europe Agreement.

Programme Description

Standardisation 1.3 MECU

This part of the programme will concentrate on four main activities: training of staff, the promotion of standardisation activities, the development of information to promote quality and the provision of essential equipment to the new Polish Committee for Standardisation (PKN).

PKN staff will be trained in particular on the management of technical committees and the organisation required to implement relevant national and international norms.

Information activities will be funded to help encourage producers and consumers to introduce adequate standards on a voluntary basis. Regional information points will also be set up, with funding for essential equipment and access to adequate information bases.

Funding will also be provided for essential equipment for the setting up of PKN, following a study conducted to verify the best means of organising the Committee's work and its essential needs.

Metrological Infrastructures 2.1 MECU

Support will be given to the Central Office for Metrology (GUM) for the modernisation of metrological infrastructures.

Essential equipment will be provided to improve the precision of measuring capability, in those areas where this is necessary for the protection of consumers, workers and the environment or for facilitating trade with the European Union, directly and immediately.

GUM staff will also be trained to enable them to use the equipment properly and to enable them to improve their capability in approving and granting accreditation to standardisation laboratories under EN45000. Training will also be given to staff of testing centres, for which GUM is responsible. Training will include study visits to appropriate institutions in the European Union.

Quality and Certification 1.6 MECU

Training support will be provided to staff of the Polish Centre for Testing and Certification (PCBC) through study visits, courses, practice quality audits and language courses.

Information activities carried out by the PCBC, such as seminars, exhibitions and information packs, will also be supported together with some funding for the training of senior staff of enterprises and for participation on technical committees. Local organisations promoting the application of EN29000 norms will receive funding as well.

Implementation

Programme management

The programme will be implemented by the CEN (Comité de Normalisation) based in Brussels.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Customs Transformation

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Poland
Programme:	Customs Transformation
Duration:	3 years
EU Contribution:	15 MECU
Sector classification:	Customs
Responsible authority:	Ministry of Foreign Economic Relations pending the formation of a Transformation Programme Steering Committee

Background

Current policy in the Polish customs administration is directed to aligning legislation, operations, practices and procedures with those in the EU, to collecting increased revenues in line with government policy, to speeding up the flow of goods by eliminating queues at the borders and constructing more and larger border posts, to computerising existing systems, to improving standards of customs agents and to intensifying the battle against fraud and malpractice.

Subsequent to the Phare-funded Foreign Trade Infrastructure Programme in 1990, a study was carried out on the computerisation of declaration processing in Polish Customs. The study recommended computerisation as the catalyst for transforming Polish Customs to an EU compatible organisation.

However, since computers and equipment will not of themselves bring about the degree of change required, the computerisation process must be preceded by the drawing up of a business strategy to provide the operational, organisational, management, manpower and financial framework within which EU compatible systems can be successfully introduced. On the basis of this strategy, a customs transformation programme can be developed.

This programme of change will directly support major government objectives of developing favourable conditions for foreign investment, restoring public finances to health and fighting against fraud and malpractice.

Programme Objectives

The Programme is designed to finance the external expertise and computer infrastructure necessary to transform Polish Customs in line with EU practice.

In the short term, the Programme will provide the technical resources necessary to undertake a business strategy for Customs comprising an operational strategy, an information technology strategy, an organisational, management and human resources strategy and an economic, financial and accounting strategy.

In the medium term, the Programme will provide the computing resources necessary to implement the transformation programme determined by the business strategy. The objective of the computerisation component of the Programme is to provide:

- the rapid processing of increased volumes of international trade;
- greater, more consistent and more accurate control over the collection and accounting for all dues;
- more simplified procedures for genuine traders and improved ability to target unlawful activities;
- the provision of accurate and timely information to interested and involved parties, policy makers, government agencies and traders;
- increased efficiency, morale and standing of the Customs service.

Programme Description

The Business Strategy 3 MECU

This component of the Programme involves the preparation of a business strategy to determine how Polish Customs will operate and how it will be managed and organised. It will involve three components:

Operational Strategy:

- geographic and environment: locations, size, infrastructure; workload;
- legal requirements;
- processes (who does what and where): strategies and plans; high level procedures; logical business units; structures; responsibilities; locations and deployment;
- payments: deferred payment; simplified procedures;

- relationships: agencies; traders; banks and financial institutions; vendors, including telecoms; other government departments, e.g. immigration, police; international bodies, e.g. EU;
- intelligence: data collection; targeting;
- technology: computer usage; telecoms; tracking and targeting; detection; drug traffic suppression; dogs, etc.;
- operational management: programme/project management; financial control; resource control; operating manuals.

Economic, Financial and Accounting Strategy:

- economic: trade, profile, partners, volume; economic and financial targets; revenue collected; cost of collection;
- collection: customs guarantees; payment types;
- financial and accounting: budgets, budgeting process; capital expenditure, operating expenditure; controls and authorisation procedures; purchasing procedures; accounting methods.

Management, Organisation and Human Resource Strategy

- roles and responsibilities: legal framework; vice-presidents; GUC directorates; regional directorates;
- management mechanisms: organisation structure; committees, function, composition; communications channels; decision making;
- human resources: deployment; number, type, quality; recruitment and training;
- human resource management procedures: job/role descriptions;
- job measurement/grading; performance appraisal; manpower planning and development.

Computerisation 11 MECU

Elements of Declaration Processing to be computerised:

- front office sub-system: check/register process; import process; export process; transit process; warehousing; temporary admissions;
- payments and sub-guarantee system: cash (including cheques) collection; deferred payment; credit accounts; guarantee control;
- back-office sub-system: collection and accounting; management information; collection of trade statistics; post-clearance control;
- reference sub-system: customs tariff (including VAT);

currency conversion; company information; common registers (licences, quota control, code tables, warehouse register); filter profiles; access control;

- external interfaces: freight control systems; trader systems; non-fiscal control systems; government VAT system (government finance system, government statistics system, EU tariff system, Customs investigation systems).

Technical Architecture

The following will be deployed:

- UNIX operating system
- relational database (RDBMS) technology
- industry standard telecommunications service (ranging from X.25 and ethernet networking to EDIFACT data transmission standards)
- structured applications (use of CASE tools)
- appropriate systems documentation
- consistent hardware and systems software platform, expandable across a variety of sizes.

Programme Implementation, Reserve 1 MECU

Implementation

Programme management

Programme implementation will be based on a three-tiered structure. The Transformation Programme Steering Committee, comprising the most senior personnel in Customs, will be the directing body. The Committee's executive arm will be the Core Team. The Core Team (PMU) will be responsible for producing the business strategy and will be the planning organisation for the transformation programme. Individual project implementation teams will be set up and one of them will be responsible for the computerisation project.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Safe Society

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Poland
Programme:	Safe Society
Duration:	3 years
EU Contribution:	10 MECU
Sector classification:	Civic Society
Responsible authority:	Ministry of Internal Affairs

Background

The pace of the reform process in the Central and Eastern European countries depends to a large extent on the rate at which society moves from a command economy to one in which individual decisions can be taken freely. This implies both the removal of the previous mechanisms of control and the reinforcement of the rule of law.

The transformation process in Poland has been so rapid that previously existing structures have been unable to cope with their new role. Crime has increased significantly with the widening gap between rich and poor while new kinds of crime, such as fraud and drug offences, are growing at an alarming rate. The current level of crime is leading to such insecurity as to threaten the progress of the reform process.

At the same time, the diminishing role of the state-run productive sector as provider of housing, health care and social welfare means that the government needs to take on additional responsibilities to alleviate the growth in peoples' feelings of insecurity.

Programme Objectives

The programme is designed to support the Ministry of Internal Affairs in its role as guardian of individual safety and property. This means developing crime prevention measures and providing emergency services. The programme will help the Ministry to upgrade and modernise both its procedures and standards and to integrate these into the European network for relief operations and crime prevention.

The Ministry needs to develop its civil service's professional approach. Assistance will be provided to

strengthen its administrative and organisational capacities and improve its efficiency. This includes help to design an information system.

Support will be given to establish the National Emergency Rescue and Hazard Containment System. This will place responsibility for the provision of emergency services under the control of a single body equipped with an information and communication system capable of serving all rescue units. Training will be provided to its operators.

In addition, the Programme will help install identification and information systems suitable for Poland to participate in international crime detection work. Full training will be provided to the responsible services.

Programme Description

The programme has three main components:

- strengthening the Ministry of Internal Affairs;
- establishing the National Rescue and Hazard Confinements System (NRHCS);
- improving international criminal identification.

Strengthening the Ministry of Internal Affairs

The programme will provide:

- Consultancy support for an institutional assessment of the Ministry, concentrating on the existing structure and the present allocation of responsibilities. Particular attention will be paid to identifying present administrative capacities and information flow bottlenecks. The aim will be to recommend the most appropriate measures to improve efficiency.
- Assistance to assess the existing information system and to propose adequate improvements;
- Training in organisational and management systems, administration, financial planning and control. This will include visits to equivalent institutions abroad.

Establishment of a National Rescue and Hazard Confinements System (NRHCS)

- Support will be provided to design and equip an information and communication system able to link emergency rescue units throughout the country.
- Assistance will also be given to design a tracking system capable of monitoring the movement of all traffic carrying dangerous substances and to train staff in planning routes for such substances.

- Training will be given (including visits to equivalent foreign institutions) to staff supervising systems operators.
- Material support will be provided for the logistical, organisational and legislative developments necessary to implement the NRHCS. Structural support will also be provided, including specially equipped fire vehicles.
- Training programmes will be devised to teach rapid response techniques, coordination, control and effective information techniques.

International Criminal Identification and Information System and Professional Training

The Programme complements the Regional Phare programme to combat the drug trade by helping the Polish services to upgrade their techniques.

- Bilateral donors have helped to assess existing identification and information methods and have provided initial training in improved techniques. The Phare programme will complement these efforts through helping relevant departments to use modern forensic techniques (fingerprints, drugs, ballistics and explosives). Access to various scientific databases will also be provided. These activities will enable Poland to play a growing part in the international battle against crime.
- Training will be provided in the latest procedures and techniques used to prevent, detect and handle new types of white-collar crime.

Implementation

Programme management

The Programme will be supervised by a specially created Programme Management Committee, composed of the Director and the Deputy Director of Administration and Economic Office of the Ministry, the Director of Finance of the Ministry, the Commander in Chief of the State Fire Brigade, the Director of the Central Criminal Laboratory from Police HQ and the Project Manager.

A PMU will be set up and located in the Department of Administration and Finance in the Ministry.

The technical collaboration of the Council of Europe will be available for specific implementation aspects. Other donors include the British, who are helping to review existing identification methods; Germany, which supplies equipment; France, which offers training through attachment abroad; and the US, which is training Polish personnel in anti-terrorism tactics.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Development of Rural and Agricultural Sectors

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Poland
Programme:	Development of Rural and Agricultural Sectors
Duration:	2 years
EU Contribution:	30 MECU
Sector classification:	Agriculture
Responsible authority:	Ministry of Agriculture and Food Economy

Background

Agriculture and rural development are a high priority in Poland's economic transformation programme, contributing about 20% of GDP and 16% of exports and accounting for some 28% of the country's labour force.

The reform measures taken prior to 1993 had some unfavourable short-term consequences on agricultural production; price liberalisation led to increases in agricultural prices resulting in a fall in demand and a corresponding fall in farm incomes. This situation could pose a threat to future production if the institutional and structural constraints in the marketing and processing sectors are not removed. The 1993 Phare Programme aims to provide the necessary impetus to increase production, create employment and improve living standards in rural areas.

The Programme is a logical continuation of the 1991 and 1992 Phare programmes. The philosophy of this Programme is to shift away from the concept of funding T.A. to embrace new objectives, in particular to support investment in rural areas, to facilitate the mechanism of co-financing projects with the Member States and to reinforce cooperation with the World Bank.

Programme Objectives

The main objective of the Programme is to build on the achievements of previous Phare programmes in helping to complete the transition of the agricultural sector to a market based economy while preparing Poland for integration into the EU.

Specific objectives include:

- strengthening farmers' cooperatives to improve the level of services and support to their members;
- improving the level and quality of rural financial services through a credit guarantee scheme;
- generating employment among former state farm workers through a pilot capital fund;
- developing market structures and systems;
- strengthening institutions concerned with sector development consistent with European integration;
- improving rural water supplies;
- improving aid project supervision and coordination.

Programme Description

Support to Independent Cooperatives 4 MECU

- Support to the Foundation of Rural Cooperatives will be continued so that additional cooperatives can be established, existing cooperatives can be restructured and expanded and regional cooperative services can become more autonomous units.
- Regional training activities for cooperative board members and staff will also be supported at home and through study visits abroad. T.A. will also be provided to the Foundation and the regional cooperative service centres.

Improvement of Rural Financial Services 6 MECU

- Support will be provided for the creation of a credit guarantee scheme, designed to alleviate one of the major obstacles to the extension of credit to small farms, namely the lack of collateral. This scheme is intended to contribute to the development of rural financial services and to promote the supply of resources to private agriculture. T.A. will be provided to help set up the Foundation and to define an appropriate structure and mechanism for the capital guarantee scheme. Funding will also be provided for part of the capital base.

Pilot Capital Fund for Employment

generation in Ex-State Farms 4 MECU

- Provision will be made for a Pilot Capital Fund to assist farmers to establish enterprises acquiring assets from ex-State farms. Activities will centre on regions of high structural unemployment and high concentration of state farms (the voivodships of Sewalki, Krosno, Slupsk and Koszalin).

The Capital Fund will be administered by the State Treasury Agricultural Property Agency. The Capital Fund will make available a special capital grant in combination with bank loans to selected farmers who buy or lease land from the Agency or invest in newly acquired farms.

Support for Marketing and Investment 3 MECU

- Support will be provided to certain projects concerned with developing domestic and export markets and promoting investment in rural areas: Monitoring capability to access foreign markets, effective protection of the food processing industry, training on agricultural and food marketing, promotion of micro-enterprises, feasibility studies/production orientation.

Policy Formulation and European Integration 4 MECU

- Consultancy support will be given to formulating a comprehensive strategy to ensure the agricultural economy develops to allow integration with Union market conditions.
- The 1991 programme provided a pool of advisers from EU Member States to assist in policy formulation and integration issues. This support will be continued to facilitate the general diffusion of information relating to European issues, such as conferences, seminars and publications on a regional and central basis. In addition, they will help with any subsequent measures to be implemented by the Ministry, such as veterinary services.
- Support will also be given to a number of projects: quality management in the dairy sector, legal framework for agricultural trade commodities, sub-sector inter-professional organisations, environmental protection for the food industry, improving the land consolidation system, fostering and improving the land registry operation.

Rural Infrastructure for Water Management 4 MECU

- Support will be given for setting up pilot rural water management projects to reduce on-farm water pollution, especially nitrate run-off in small basins. The pilot project will be implemented in the Bug and Narew basin (north-eastern), the Odra basin (north-western) and the upper Vistula basin (southern).

Project Implementation and Monitoring 3 MECU

- Support will be provided to the Foundation of Assistance Programmes for Agriculture, which has responsibility for coordinating and managing foreign aid and for administering and monitoring the 1993 Phare Programme, as well as to the local implementation units established in seven regions.

Integrated Pilot Projects

Co-financed with EU Member States

- Support will be given to projects co-financed with Member States to be implemented on a regional basis, up to a maximum of 200,000 ECU per project.

Reserve 2 MECU

Implementation

Programme management

The Foundation of Assistance Programmes for Agriculture, acting on behalf of the Ministry of Agriculture and Food Economy, will be responsible for all administrative aspects of programme implementation.

This responsibility may be delegated to the technical implementation units, such as the Foundation for Rural Cooperatives (independent cooperatives), the National Union of Cooperative Banks (capital guarantee scheme, in collaboration with an independent institution), the Agricultural Property Agency (capital fund) or the Institute for Land Reclamation and Grassland Farming (water management). The FAPA will retain a coordinating role.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Training for Education Reform Management (TERM)

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Poland
Programme:	Training for Education Reform Management (TERM)
Duration:	3 years
EU Contribution:	10 MECU
Sector classification:	Education
Responsible authority:	Ministry of National Education

Background

The Polish education system faces the major challenge of adapting its structure and content to deliver the types of services which are crucial to a successful transition and to support civic education. There is an acute shortage of funds to finance these changes needed to alter traditional attitudes and to introduce knowledge and experience of modern educational methods.

The sector is also undergoing major changes in its organisation and administration. From 1994, all primary schools will be financed and administered locally through the Gminas and 46 large cities will take over the administration and financial management of secondary schools for an experimental period. Under the projected legislation on local government reform, it is envisaged that all secondary schools will be administered and managed financially through the prospective Powiats from January 1995. The Ministry of National Education will retain responsibility for national education policy and, together with the Kuratoria, for the establishment of educational standards and the improvement and monitoring of quality in schools.

The Programme deals with the institutional development of the Ministry, the Kuratoria and relevant institutions so as to provide their staff with the skills, knowledge and experience to manage the education reform programme on a regional basis.

Programme Objectives

The overall objective of the TERM Programme is to assist the Ministry of National Education in implementing its educational reform programme by improving its capacity for efficient and effective administration.

To achieve this, TERM will support further policy development at the Ministry and will strengthen the institutional capacity of the Ministry and other relevant educational institutions as well as supporting the dissemination of new ideas and best practice in education administration.

Programme Description

Policy Development in the Ministry

Support will be given for studies of four priority areas for further policy analysis and definition of potential action programmes. The first three studies will take account of best practice in the EU and specify options for future action:

- primary and secondary general examinations and assessment;
- modernisation of post-secondary technical education;
- standards in initial primary and secondary general teacher training courses;
- school finance, to determine the best allocation of resources and to achieve sustainable financing for primary and secondary schools.

Institutional Support to the Ministry

The considerable changes and growth in the responsibilities and tasks of the Ministry, combined with the potential impact of local government reform on the Ministry's work necessitates a review of the present institutional set-up:

- a review of the present and prospective responsibilities and tasks of the Ministry's departments;
- an appraisal of the existing skills and competences of Ministry staff;
- the design and implementation of an appropriate training programme, tailor-made for senior staff and more generic for junior staff;
- the provision of essential equipment to facilitate the efficient carrying out of staff responsibilities.

Improved Administration of Education

- **Instrument and Training Design**

Support will be provided for the design of:

- a school-based instrument for assessment of quality, to reflect the aims of the training programmes, to offer guidance on the significance of the education reform programme in practical terms, and on the use of the assessment instrument for key agents in the education system, principally school inspectors, supervisors, local education administrators and head teachers;
- instruments of on-going evaluation for monitoring the effectiveness of the initiatives under TERM.

- **Institutional Strengthening of Regional In-service Training Centres**

15 regional training centres will be selected from methodology centres (WOMs), in service training centres of school inspectors, local education administrators and head teachers. The objective is to enable providers to deliver the range of training programmes designed under TERM and to adapt and develop these programmes and any others funded from Polish resources. Twinning between the selected centres and an equivalent EU-based institution will assist the transmission of EU experience.

- **Support will be given for:**

- the provision of training in the network of training centres for initial testing of the new programme;
- the provision of reference libraries of books, journals, audio-visual and computer software for use in training courses.

- **Assessment Instrument Information System**

Support will be provided for the development of a system to input, analyse and produce diagnostic reports based on the assessment instruments supported under TERM, including T.A., training and essential equipment for the institutions responsible, including the ministry itself, the Kuratoria and local education administrators.

Work Shadowing

Support will be provided for a work shadowing programme for senior staff from the Ministry, the Kuratoria, local education administrators and head teachers. They will spend two weeks work shadowing a partner in a comparable position in an EU Member State who will subsequently work shadow the Polish partner for a similar period.

Networks of Professional Associations

Assistance will be given to establish three networks of professional associations for school inspectors, teacher trainers and head teachers in order to promote the dissemination of new information and ideas obtained through TERM. Funding will cover annual meetings, study visits to equivalent EU networks and national networks in the EU and support services.

Implementation

Programme management

TERM will be managed by a PMU to be set up by the ministry. The PMU will be guided by an Advisory Board, chaired by the Minister and the Board will comprise representatives from the institutions participating in the Programme, including the Ministry, the Kuratoria, providers of training, head teachers and local education administrators.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Transport Infrastructure

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Poland
Programme:	Transport Infrastructure
Duration:	3 years
EU Contribution:	30 MECU
Sector classification:	Infrastructure
Responsible authority:	Ministry of Transport and Maritime Economy

Background

The central position of Poland in Europe between the West European countries and the CIS and between Scandinavian and Balkan countries necessitates the creation and operation in Poland of an effective transport network adapted to Western European standards.

The necessity of creating such a network is also indirectly a result of the Polish government's policy to increase commercial exchanges and to upgrade the standards of the transportation network in view of its integration into the Trans European Network. This would also create the required transport infrastructure needed for transport purposes and promote ecological solutions in conformity with EU policy.

Programme Objectives

The overall objective of the Programme is to promote the development of transport infrastructure in Poland and its integration into trans-European networks.

The specific objective is the rehabilitation of the E-20 railway line between Kunowice (German border) and Warsaw.

The Programme forms part of a global programme cofinanced by the EIB, EBRD and Phare for the modernisation of the E-20 line. It will also be coordinated with the on-going restructuring programme for the Polish State Railways Company, which is financed with the support of a World Bank loan.

The existing railway line between Warsaw and Kunowice has an electrified double track over the full 478 km of its length in Poland with a design speed of some 120 km per

hour but is far from displaying internationally-accepted modern standards. The Polish State Railways Company (PKP) has prepared a rehabilitation and modernisation project for the line. The objective of the global EIB, EBRD and Phare programme is to renew and improve the deficient elements of the infrastructure in order to achieve a speed of 160 km/h for EuroCity or Inter-City trains and 120 km/h for fast freight trains. This modernisation will cost some 500 MECU.

To eliminate the permanent speed restrictions due to track geometry, 48 curves require realignment and unstable track beds will have to be replaced by a bearable sub-layer. The embankments need to be widened and strengthened over 150 km and the drainage system needs improving. To maintain track gauge and track levelling within safety standards, 630 km of track and 600 switches have to be renewed.

The present design of stations also limits the speed of fast on-going trains and need redesigning; the reconstruction of 16 km of new platforms is necessary. Major repairs to 145 bridges must be carried out. 260 level crossings will require automation to cater for the new line speeds and 600 optical signals have to be renewed to incorporate latest signalling technology.

Fibre optic cables for telecommunications between Warsaw and Poznan must be laid; the power supply system has to be rehabilitated and 740 km catenary needs improvement. Specific measures will also have to be taken for the protection of the environment against noise.

The purpose of the present Phare Programme is to support the implementation of this global project.

Programme Description

The Programme has two main components:

- the procurement of track materials
- undertaking of a commercial strategy study on the development of the commercial aspects of the Warsaw-Kunowice project

Procurement of Track Materials

Under the Programme, Phare will supply part of the track materials needed for executing the track renewal works, namely rails of the UIC 60 type and turnouts of type 60-300-1:9 with wooden sleepers.

Phare will also finance a review of power supply needs. PKP is concerned that the current power supply with 3 kV

d.c. of the Kunowice-Warsaw line may be insufficient to cater for the expected traffic. It has proposed that the existing, ageing sub-stations should be replaced and that the electrical supply should be reinforced with the provision of an additional 19 sub-stations at a cost of 55 MECU.

PKP's proposal may be over-designed and the purpose of the power supply study will be to determine what specific investments are required to ensure, with a reasonable degree of reliability, that sufficient electrical power is available.

Commercial Strategy Study

The Warsaw-Berlin railway link is part of the European InterCity Railway Network and the modernisation of the Polish section will open new possibilities for higher speed passenger InterCity services (up to 160 km/h on certain sections).

The purpose of the commercial strategy study will be to define and propose measures for implementation by PKP, in conjunction with Deutsche Bundesbahn/Reichsbahn, to enable an optimal development of the commercial aspects of the Warsaw-Kunowice project.

Implementation

Programme management

The Ministry of Transport and Maritime Economy will have overall responsibility for implementing the programme. The detailed implementation will be the responsibility of the General Directorate of PKP.

The Programme will be closely coordinated with the two cofinancers, the EIB and EBRD and will be closely coordinated with the World Bank PKP restructuring project.

Procurement

The procurement of equipment, services and T.A. will follow the standard procedures applicable in the Phare programme and based on invitations to tender, open on equal terms to all natural and legal persons of the Member States and of the Phare beneficiary countries.

The implementation of the procurement of track materials will be the responsibility of the competent services of PKP. The selection of the consultants, through a restricted tendering procedure, for carrying out the two studies, will be the responsibility of the Phare Operational Service.

Poland

T.A. Programme to the Ministry of Posts and Telecommunications

Identification

Approved by the Management Committee at meeting N°27 on 22/23 November 1993

Country:	Poland
Programme:	T.A. Programme to the Ministry of Posts and Telecommunications
Duration:	2 years
EU Contribution:	7 MECU
Sector classification:	Infrastructure
Responsible authority:	Ministry of Posts and Telecommunications

Background

The communications sector in Poland is tightly connected with the development of the whole economy and, in particular, with the economic restructuring required to meet Poland's obligations under the Europe Agreement with the EU. The main objective of the communications policy is to achieve levels of service comparable to those of Western Europe together with systems compatibility by the year 2000.

Phare has already given considerable assistance for the reform and restructuring of the Polish telecommunications sector (1991) and to the rural telecommunications sector (1990). The 1993 Programme continues this assistance.

Programme Objectives

The Programme has three main components:

Postal Service

- to prepare a restructuring programme for the public utility enterprise Polish Post in accordance with the EU regulatory regime;
- provision of T.A. to implement the first stage of restructuring of Polish Post;
- assessment of the feasibility and implementation of an international system of electronic data interchange for tracking and tracing postal items.

Telecommunications

- provision of advice on legal, regulatory and technological reform to support the transformation to a market-oriented model and to fulfil Poland's obligations under the Europe Agreement;
- support for research in the field of rural telecommunications to analyse the existing situation and recommend measures for improvement;
- support in planning of future requirements for T.A. in support of the institutional development of Telekomunikacja Polska S.A.

Radiocommunications

- provision of T.A. and equipment for the National Radiocommunications Agency to introduce modern spectrum management methods and to work out type-approval procedures for radio equipment, to achieve conformity with Western European systems and practice.

Programme Description

Postal Service Restructuring	4,51 MECU
Support will be given for:	

- an analysis of the current situation in the services with respect to its organisation, scope of services, efficiency, technology and financial systems;
- a restructuring plan for the organisation, including the management system, personnel structure, measures to achieve profitability, new activities, methods of market analysis and regulatory environment;
- the preparation and running of training programmes to prepare staff for the recommended restructuring;
- preparation of methods and schedules for implementation of the restructuring programme together with training in selected areas.

Electronic Data Interchange

Support will be given for the establishment of a new telematic system for monitoring and tracking mail in transit, both domestic and international, in accordance with EU standards;

- assistance in the fields of needs assessment, system design, specifications and standardisation;
- training;

- procurement of associated equipment and software for the pilot phase of system installation as well as training.

Telecommunications 0.9 MECU
Assistance will be given for:

- analysing the legal and regulatory environment in which governmental administration and operating companies operate, their organisation and the technology employed, in the context of Poland's future membership of the EU;
- identification, on the basis of the analysis of the legal and regulatory environment, of remedial tasks and preparation of a framework for their implementation;
- preparation of guidelines for validation and equipment support for a type-approval laboratory;
- design of legal and financial mechanisms for Telekomunikacja Polska S.A.;
- elaboration of guidelines for corporate strategy planning and modern management systems, in particular for Telekomunikacja Polska S.A.

Rural Telecommunications Research

Assistance will be provided in analysing telecommunications services in rural areas, identifying the problems and proposing solutions.

Radiocommunications 1,09 MECU
Assistance will be provided for establishing a modern system of spectrum management and procedures for radio equipment type-approval:

- a study of new frequency management methods for the introduction of new radiocommunications systems;
- the provision of computer-aided techniques and software for spectrum management;
- the recommendation of type-approval procedures for radio equipment in conformity with EU requirements;
- the provision of equipment for at least one testing laboratory which complies with EU requirements;
- training of staff in spectrum management.

Other 0.5 MECU

Implementation

Programme management

Programme implementation will be supervised by the Ministry of Posts and Telecommunications and a PMU will be established for this purpose.

The Polish Post is receiving assistance from the British Know-How Fund. The EIB, the World Bank and Phare, under the 1991 Programme, are cofinancing an investment programme for Telekomunikacja Polska S.A. to upgrade and modernise Poland's telecommunications network.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Flexible Reserve for Technical Assistance (FIESTA II)

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Poland
Sector:	Multidisciplinary
Programme:	Flexible Reserve for Technical Assistance (FIESTA II)
Duration:	3 years
Amount:	18 MECU
Implementing Authority:	Office for Foreign Assistance

Background

The transformation process in Poland continues to progress steadily. Forecasts for 1993 point to an increase in industrial production of 7% and an increase in GDP of around 4%. However, this relatively high growth rate is straining the socio-economic fabric: the currency devaluation and the efforts to reduce the budgetary deficit through restrained increases in public sector wages and pensions has led to a certain amount of social unrest. This resulted indirectly in the government's defeat following a non-confidence vote; the elections indicated a significant swing to the left, leading to the current coalition of the PLF (peasant party) and the SLD (post-communist party).

Government policy is expected to try to redress the public's discontent and, therefore, assistance under Phare is currently geared to the need to respond rapidly to changes in emphasis in government policy and to widen and strengthen institution building.

Programme Objectives

Like its elder brother FIESTA, the FIESTA II programme will help the Government to develop appropriate reform policies. It will offer institutional support in a series of sectors. Funds are provided for different activities closely linked to the transformation process, such as developing appropriate strategies and measures for creating a legislative and institutional environment. The programme is structured so as to provide maximum flexibility to meet technical assistance needs which fall outside the scope of other programmes.

FIESTA II provides a series of small inputs for strategy & institution building. A small grant facility to encourage catalytic initiatives is also available. Against the background of the Association Agreement with the European Union, the range of funding allows for increased participation in different programmes.

The specific objectives are to:

- promote the start-up of fledgling institutions essential for the reform process;
- respond flexibly to unforeseen needs relating to T.A. and other support in any sector;
- facilitate urgently needed activities for which funds are not available from other sources or which cannot be funded with the necessary speed;
- undertake preparatory work for new programmes, including Phare-assisted programmes;
- assist ongoing Phare programmes where additional funds are necessary to supplement the budget or fund components which were not included in the budget.

Programme Description

Assistance under FIESTA is available at three levels, corresponding to the maturity of the sector/activity involved:

- follow-through activities;
- start-up initiatives;
- small grants facility.

Follow-through Activities 2.5 MECU
 Allocations under this heading are foreseen principally for funding activities for which the initial start-up phase has been completed under a previous programme and for which a follow-through action is required:

Polish Commerce Inspectorate (PIH)

Under the 1991 Phare programme, the central offices of the PIH were set up and Ministry staff were trained in the basic role of the Inspectorate. This has enabled the office to clearly define its objectives and responsibilities, including quality monitoring and the detection of fraud. A corporate plan has been produced under which the first stage will entail setting up 17 District Inspectorates to carry out a control and certification role. This will be implemented under FIESTA.

Management Box

Business training is currently being provided by a number of organisations differing widely in quality. Most do not conform to any code of practice. The Management Box facility, which was initially explored using the Counterpart Fund, is designed to introduce self-regulation by a professional body. FIESTA will fund an incentive scheme, using tools such as awards, training and teaching aids. The management board will include businessmen. It will prepare ground rules and help professional training institutes to match their services more carefully to the evolving needs of the private sector.

Start-up Initiatives 3.8 MECU

Consumer Protection (0.8 MECU)

Unregulated, rigged markets; cartels, oligopolies and monopolies are growing problems that need to be addressed rapidly to ensure a satisfactory degree of consumer protection. FIESTA will finance training and advice for a range of bodies about anti-monopoly laws and practice. EU standards and practices will be examined closely. FIESTA will also help to develop the expertise required to draft effective consumer protection legislation and will fund an analysis of the contractual conditions imposed by holders of natural monopolies. Promotional activities targeted at consumers will also be funded.

Re-orientation of industrial requirements for defence industry undertakings (0.4 MECU)

Increased economic cooperation with Western Europe could lead to the expansion of trade in defence technologies and products. To facilitate the restructuring of the industry and help safeguard employment in a number of regions in recession, FIESTA will fund T.A. and other measures to help the Bureau of Standardisation of the Ministry of Defence align its defence specifications with Western European standards. Support will be given in particular to design and introduce a multi-access/multi-functional computer system and to make available documentation from key Western European sources. Training and information on public procurement procedures will also be given.

Securities Commission (0.8 MECU)

The mobilisation of domestic and foreign capital requires an efficient securities market. Domestic savings can only be mobilised if issuers of securities and investors share a general awareness of the mechanisms of that market. FIESTA will provide assistance to the Securities Commission to produce investor education products and to launch a public awareness campaign. FIESTA will also help the Commission's staff develop a greater understanding of European Securities Directives and their implementation. These are largely incorporated into Poland's capital market regulations.

Judicial System (0.5 MECU)

Socio-economic reforms are being inhibited by a lack of legislation in both commercial and criminal justice. The harmonisation of legislation planned in the Association Agreement places an additional burden on the Ministry of Justice. FIESTA will help the Ministry provide an appropriate legal framework in civil, commercial and penal legislation. This will include its implementation in accordance with EU practices. To this end, an EU harmonisation unit will be established. Activities will include courses and seminars on European law and harmonisation issues for Ministry staff, study visits for judges and prosecutors and assistance on providing safeguards against white collar crime and fraud.

Occupational Safety and Health (0.5 MECU)

FIESTA will support the initial stage of the reforms sketched in the review of the system foreseen under the Social Policy Reform and Development Programme of 1992, formerly part of FIESTA 1.

Chambers of Commerce (0.5 MECU)

The government is encouraging the Chambers to exploit Poland's export potential. FIESTA will help coordinate local branches at the national level through assistance with training, fact-finding and the provision of information, including access to international data bases and information on market opportunities.

Office for Technical Supervision (0.3 MECU)

The OTS was set up to control international and very large national infrastructure projects. FIESTA will help the Office cope with the increasing number of projects and internationally agreed norms.

Small Grants Facility 2.5 MECU

FIESTA will help Poland participate in EU activities, in particular those mentioned in the Association Agreement, by providing grants for conferences, exchanges, and public communication projects.

Tide over resources for 1994 total 7.7 MECU

Management total 1.5 MECU

Implementation

Programme management

The Programme will be implemented by the Office for European Integration and Foreign Assistance and may use the same PMU as FIESTA I. This arrangement is to be confirmed by the Ministry for European Integration and Foreign Assistance.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Enterprise Restructuring

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Poland
Programme:	Enterprise Restructuring
Duration:	3 years
EU Contribution:	7 MECU
Sector classification:	Restructuring
Responsible authority:	Ministry of Industry and Trade/Industrial Development Agency

Background

Unemployment is a major problem in regions dependent on state owned enterprises, most of which are struggling to survive in open market conditions. The success of Poland's stabilisation and transformation process will depend largely on restructuring state-owned enterprises, who still account for about 50% of Poland's total production. The challenge lies in maximising the number of state-owned enterprises that can survive.

Earlier this year, the government ratified a series of fundamental economic programmes which have the potential of speeding up the restructuring process.

The restructuring programmes of the Ministry of Industry and Trade (whose implementing agency is the Industrial Development Agency) are preparing privatisation and restructuring plans based on the recent Financial Restructuring Law. Social aspects are covered: training is offered to redundant personnel and severance payments are provided. The plans take into account environmental aspects and provide financial mechanisms to rationalise and modernise industrial production processes.

Programme Objectives

The main objective of the Programme is to assist the privatisation and restructuring process of state-owned enterprises.

The Programme will continue the T.A. provided to the Ministry of Industry and Trade and the Industrial Development Agency under the two previous Phare Enterprise Restructuring Programmes.

The Programme will concentrate on the current restructuring activities in the energy and coal sector. It will help establish the Iron and Steel Restructuring Task Force and will offer assistance to sectors such as pharmaceuticals, defence reconversion and heavy chemicals.

Programme Description

<u>Energy Restructuring</u>	<u>2.5 MECU</u>
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Energy Restructuring

- Poland's energy use per output unit is some four times higher than the EU average. raising energy efficiency is therefore a priority target for assistance.
- The Ministry of Industry and Trade is helped by a legal advisory unit, the Energy Restructuring Group, which was set up in 1992. The Group, draws on foreign and Polish experts paid for by the Phare 1992 Energy Programme, by USAID and by the UK's Know-How Fund, provides expert advice and training. As no further funding is available for the Group from the Phare Energy Programme, this Programme will henceforth pick up the bill.

New dimensions will be added to the Group's activities:

- publicise the new legal framework and help draft secondary legislation;
- help companies monitor and evaluate the restructuring process, evaluating the way companies fit into the free market economy. The Group will offer assistance and training to compile dossiers for funding bodies and potential foreign investors;
- it will help set up, organise and train staff for the Energy Regulatory Authority and the Energy Preservation Agency. It will help the Ministry prepare structures for the services directly dealing with energy policy and develop appropriate training programmes;
- it will help devise a long-term energy strategy compatible with relevant EU policies and set up a monitoring system.

<u>Coal Sector Restructuring</u>	<u>0.5 MECU</u>
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The coal sector is incurring major financial losses. The reform process aims to turn the sector into independent commercial units able to share infrastructure. Commercial units will allow mines to merge, labour to be re-deployed and loss-making mines to be closed.

The programme will build onto the results of investigations carried out for the Ministry of Trade and Industry by the 1991 Programme. T.A. and other forms of assistance will be made available. Funds will be available to prepare specific action plans.

Heavy Industry Sectoral Restructuring

Steel Sector 2 MECU

A steel restructuring plan was adopted earlier this year. The programme will:

- help set up, organise and otherwise support the Steel Restructuring and Privatisation Task Force of the Industrial Development Agency;
- develop intensive training programmes through the Comité de Normalisation (CEN) about EU standards, quality control and EU harmonisation measures;
- prepare a comprehensive feasibility study and an action plan to develop regional social welfare measures and training programmes.

Other Sectors 2 MECU

A series of diagnostic studies and action plans were prepared through the 1991 Phare Programme. To follow these up in line with the priority sectors identified by the New Industrial Policy Guidelines, enterprises ripe for restructuring will be identified in a variety of sectors. They will be provided with tailored assistance. Sectors selected are:

- Pharmaceuticals. The sector study will identify solutions to rationalise the sector and is likely to require follow-up and training in management systems and quality controls.
- Defence reconversion. More enterprises are likely to apply to the Industrial development Agency for Phare funding in order to research new product lines, markets and export opportunities.
- Footwear and tanning. Environmental impact assessments as well as training in marketing, design and quality control will be funded.
- Heavy chemicals. Environmental clean-up feasibility studies as well as restructuring plans at the enterprise level will be funded.

Implementation

Programme management

The PMU at the Industrial Development Agency will be responsible for implementing the Programme on behalf of the Industrial Development Agency and the Ministry of Trade and Industry. The PMU in the Ministry's Energy Department will be responsible for implementing the Energy Restructuring Group component on behalf of the Ministry. The Ministry and the Industrial Development Agency will define objectives and priorities in both cases.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Poland

Tourism Development

Identification

*Approved by the Management Committee at meeting
N° 27 on 22/23 November 1993*

Country:	Poland
Programme:	Tourism Development (TOURIN II)
Duration:	3 years
EU Contribution:	8 MECU
Sector classification:	Tourism
Responsible authority:	State Sports and Tourism Authority

Background

For Poland, tourism is seen not only as a means of generating new employment opportunities and earning foreign exchange but also as contributing to the economic reform process in a very direct way, given that it is an inherently free-market industry involving international contacts and investment. Tourism also has the twin advantages of relatively low investment per job and applicability to non-urban areas, where economic restructuring will entail unemployment in farming areas.

The TOURIN I programme, financed with Phare support, is aimed at assisting in the initial phase of creating a tourist industry, providing consultancy, assistance in programme planning and training.

Programme Objectives

A series of recommendations arising from TOURIN I have been made regarding the activities of central, regional and local administration and necessary investments; TOURIN II is designed to implement these.

TOURIN II constitutes the first phase of a longer-term plan and has three components:

- the design of a computer reservations system and an associated telecommunications network to be connected to an existing West European system;
- the preparation of a master plan to realise Poland's tourism potential in rural areas, followed by rural tourism promotion through the establishment of an information system, training and assistance to local investors

- the establishment of a system of assistance to road users, to improve security to meet West European standards so as to encourage visitors from neighbouring countries to drive to and within Poland.

Programme Description

Computer Reservations System 2 MECU

The Programme will support the design of a national, modern, computerised system for distributing information about tourist services and marketing them. This should enable Polish tourist offices and tourist accommodation outlets to gain access to reservation systems of the national carriers, Polish Airlines and Polish Railways and to international CRSs. The Programme provides for:

- the preparation of a master plan, including specification of equipment, management structure and business plan for the possible future commercial operation of the system;
- the design and preparation of tender documents for a national computer telecommunications system;
- technical advice on the formation of a company to operate and further develop the system;
- the pilot operation of the system and marketing it to new users, within and outside the tourism sector.

Rural Tourism Master Plan and Promotion 3.3 MECU

The Programme will support the preparation of a master plan on tourism potential in rural areas to develop forms of tourism and the associated tourist infrastructure which exploit the attractiveness of Poland's villages, forests and wildlife while protecting the environment; it will also aim to develop tourist accommodation in rural areas, in particular by encouraging farmers to diversify into this sector. The Programme provides for:

- the preparation of a comprehensive master plan to develop tourism on Poland's rural and forested areas, taking account of economic, commercial, environmental and social factors;
- the establishment of an organisation to support and coordinate small-scale providers of tourist accommodation in rural areas;
- the development of equestrian tourism through restructuring horse breeding and promotion of equestrian tourism and Polish equestrian centres.

Road User Assistance System 2 MECU

The Programme will support the implementation of recommendations of experts and representatives of international tourist organisations on improved security for tourists travelling by road and the adjustment of the road communication network to West European standards. The Programme provides for:

- a needs assessment study;
- selection of a West European system or hybrid, modified to suit Polish conditions and a Western company to cooperate with the Polish partner in its implementation;
- adaptation of the chosen system to Polish conditions;
- purchase and installation of equipment and software;
- establishment of a management and cost recovery system.

Programme Management 0.7 MECU

and small expenditure of minor importance may be subject to direct agreement.

Special organisational units may be established for specific tasks but, in most cases, existing organisations will be employed, in particular the Polish Automobile and Motor Cycle Federation and the Polish Equestrian Federation. Selected local units of administration in forest industry will be chosen for cooperation in implementing the rural tourism component of the Programme, especially for pilot project implementation.

Implementation*Programme management*

The State Sports and Tourism Administration (SSTA) will supervise the programme, assisted by the Institute of Tourism.

A Steering Group will be established to monitor and give direction on programme implementation. The Group will be composed of representatives of the SSTA, the Ministry of Transport and Maritime Economy, the Ministry of Telecommunications, the Ministry of Agriculture and Food Economy, the Ministry of Environment Preservation, Natural Resources and Forestry, the Institute of Tourism and the European Commission.

The Programme Management Unit will be established by the President of the SSTA as a foundation and it will liaise closely with representatives of the SSTA, the Institute of Tourism, the Polish Automobile and Motor Cycle Federation and the Polish Equestrian Federation. The PMU will be responsible for the programme and its financial management.

Procurement

For direct financing of assistance, procurement of equipment will be by international tender open to individuals and companies from the Member States and recipient countries of the Phare programme, or restricted consultation if justified on the basis of the cost or special characteristics of the equipment. T.A. will be recruited either by international tender or restricted consultation, depending on the cost and specialist nature of services;

Poland

Transport

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Poland
Programme:	Transport
Duration:	3 years
EU Contribution:	18 MECU
Sector classification:	Infrastructure
Responsible authority:	Ministry of Transport and Maritime Economy

Background

A reformed transport policy is essential for the process of social and economic transformation. Poland's transport policy is designed to further the country's integration with the EU.

Urgent work is required to address technical and technological shortcomings such as the quality of the present infrastructure, transport information systems and standardisation procedures. Rail and road networks, especially the major international axes, need to be upgraded to EU standards to enable the Polish transport sector to integrate with European transport systems.

Programme Objectives

The Programme will help eliminate a number of border crossing bottlenecks. It will recommend cost-effective solutions to Warsaw's projected public transport needs and will help improve policy analysis, planning and management skills.

The Programme builds on the experiences learnt from the Phare 1992 Regional Transport Programme and from the 1991 Transport Programme for Poland.

Programme Description

The Programme has three main components:

- upgrading certain border crossing bottlenecks;
- preparing a study of Warsaw's public transport needs;
- develop the sector's human resources.

Upgrading Specific Border

Crossing Bottlenecks 16.4 MECU

Modernisation of access road No. 944 to the Zwardon (Skalice) Polish-Slovak border crossing. There is no border post at present but the two countries have a bilateral agreement to open one as quickly as possible. Reconstruction of the access road is necessary to achieve acceptable and safe conditions for freight traffic in this mountain area;

- Modernisation of access road No. E-36 to the Olszyna/Frost post on the Polish-German border. This crossing is much used by passenger and freight traffic. Only one carriageway of the road bridge is in operation, creating a bottleneck. The construction of a second road bridge over the Nysa Luzycka, the modernisation of the current bridge and the construction of 6 km of single carriage motorway with junction are essential to solve this problem;
- Modernisation of the access road No. E-28 to the Polish-German crossing in Kolbaskowo. This is the closest freight border to the sea port of Szczecin, yet the old road cannot cope with present traffic levels, let alone projected ones. A 4 km section will be modernised and a second carriageway will be constructed to overcome the congestion;
- Modernisation of the Polish-Ukraine railway border crossing in Przemysi-Medyka. This passenger and freight border crossing is situated on the E-30 line, which is recognised by the EU as a priority international transit corridor. Traffic has grown rapidly since the collapse of the Soviet Union. The construction of a passenger terminal will be the first step in a multistage modernisation process which will take at least three years;
- Modernisation of the Polish-Belorussian railway border crossing in Malaszewicze-Terespol. This is located on the E-20 line, which is also recognised by the EU as a priority international transit corridor. The line needs to be modernised according to AGC and AGTC standards to increase traffic speed to 160 km/hour. The modernisation of the first section is being co-financed by the EIB, EBRD and Phare. The current Programme will provide funds for the modernisation of a reloading terminal in Malaszewicze and the construction of a loading platform with an island station roof in Kowalewo.

Warsaw Public Transport Study 0.4 MECU

The first priority is to complete the construction of the metro and integrate it with other transport systems. The estimated cost is 500 MECU, which the Programme obviously cannot afford. Instead, it will help by financing a feasibility study to evaluate options for the completion of the metro, develop a plan for integrating the existing and proposed public transport modes into a comprehensive network and update demand forecasts for urban transport in Warsaw.

Human Resources Development 0.3 MECU

The Programme will continue activities started with the 1991 Phare Programme. Following the Phare-inspired reorganisation of the Ministry, the new functions and ideal profiles of staff need redefining. Managerial and technical skills need upgrading, especially in the administrative/public domain. The Programme will finance the implementation of the training programme for managers of the Ministry and the transport sector. This will include courses, study visits, workshops and seminars.

Programme management, monitoring
and reserve 0.9 MECU

Implementation*Programme management*

The Ministry of Transport and Maritime economy will have overall responsibility for the implementation of the programme. The detailed implementation will be carried out by the PMU to be established at the Ministry. Its activities will be coordinated with the relevant departments of the General Directorate of Public Roads, the General Directorate of Polish State Railways and the Warsaw City authorities.

The implementation of the Warsaw Public Transport Study will be coordinated with the World Bank. The modernisation of the Polish-Belorussian railway border crossing will be coordinated with the E-20 line modernisation project whose Kunowice-Warsaw part is being co-financed by the EIB, EBRD and Phare.

Procurement

Contractors for the infrastructure works will be identified through tenders published locally, based on adjusted FIDIC procedures, and a notice will be published at the same time in the Official Journal of the European Union. Please note that the full tender dossier will be available only in Poland. The procurement of equipment, services and T.A. will follow the standard procedures applicable under the Phare programme.

Romania

Enterprise Restructuring and Private Sector Development

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Romania
Programme:	Enterprise Restructuring and Private Sector Development (ERPD)
Duration:	3 years
EU Contribution:	70 MECU
Sector classification:	Private Sector Development
Responsible authority:	Council for Coordination, Strategy and Economic Reform (CCSER)

Background

The restructuring and privatisation process of the productive and financial sectors in Romania is constantly under threat from a series of self-reinforcing factors, headed by a structurally inefficient allocation of economic resources, rising inter-company debts and negative real interest rates.

The Government of Romania, in response to these problems, has adopted a comprehensive four-year reform strategy, the main components of which are contained in the Economic and Social Reform Programme.

Supporting the implementation of previous government-initiated structural reform measures, the 1991 and 1992 Phare Restructuring and Privatisation Programmes adopted an integrated approach interlinking the productive and financial sectors in the following broad areas of activity:

- restructuring and privatisation of state-owned enterprises;
- modernisation of the banking system; and
- support for the development of the private sector, notably Medium-Sized Enterprises.

Additional grant assistance in each of these areas was provided by the UNDP and a number of bilateral donors, notably France, Germany, the Netherlands, the United Kingdom and the US. Soft-loans were given by the EIB, the EBRD and the World Bank.

Programme Objectives

The overall objective of the 1993 Enterprise Restructuring and Private Sector Development Programme (ERPD) is to consolidate and expand previous Phare assistance to the process of economic restructuring and privatisation. The ERPD will enable a more efficient allocation of scarce resources and contribute to the mobilisation of savings and investment as well as help increase productivity in both the productive and financial sectors.

The specific objectives of the programme have been defined in co-ordination with other multilateral and bilateral donors so as to avoid wasteful funding and actively seek complementarity.

Programme Description

The 1993 ERPD is composed of the following components:

Investment funds	30 MECU
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One of the major barriers obstructing enterprise restructuring and privatisation in Romania is the scarcity of capital (venture capital, long-term loans, hard currency) available to companies.

In order to address this issue, the Investment Fund component of the ERPD will provide technical and financial support to viable medium-sized enterprises (MEs) in the pre- and post- investment contexts.

Three separate investment funds will be operating under the umbrella of a National Fund for Enterprise Development (NFED) to be set up by the Government in liaison with the banks participating in the scheme.

Phare financial assistance for the operation of the three funds will be provided according to a two-stage financing mechanism, whereby assistance will be given as a grant to the NFED and channelled through pre-appraised financial institutions to the final user in the form of equity participation. This support will be accompanied by short-term technical assistance to the targeted enterprises. Institutional and management support for the implementing agencies will also be available.

The Investment Fund component of the ERPD programme will target approximately 800 enterprises.

Restructuring of non-viable enterprises	13 MECU
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Under this component, Phare will support the implementation of the Emergency Adjustment Programme, developed by the government to restructure the largest loss-making enterprises (LLMs) in the most

troubled industries: heavy engineering, petrochemicals and machine building.

Technical assistance will be provided to:

- carry out diagnostic studies of about fifty LLMs;
- design restructuring and liquidation plans; and
- support the implementation of these plans.

Provisions of technical assistance, training and equipment will support the establishment and initial operation of the Restructuring Agency.

Banking System Reform 10 MECU

Building on the experience gained through the Phare '91 and '92 programmes, the ERPD will help modernise the sector's infrastructure, restructure and privatise state-owned banks and support the development of human resources.

Banking infrastructure:

assistance will focus on drafting new legislation, streamlining existing legislation, developing a strategy to create an efficient payments system and offering long-term support to the National Bank of Romania to help it establish the appropriate supervisory framework for commercial banks.

Restructuring and Privatisation:

building on the recommendations of previous Phare - funded operational audits, this component of the ERPD will provide long-term management support to a variety of state banks, notably to help them deal with their vast portfolios of non-performing loans. Provisions for technical assistance will support the privatisation process of viable State-owned banks.

Human resources development:

Phare will continue to provide support to the Romanian Banking Institute (RBI). In addition, short-term expertise will be given to large banks, both private and state-owned, to help them develop in-house training systems.

Management training, accounting and auditing 6 MECU

This component aims to transfer management skills to medium-sized enterprises and to provide institution-building support for existing training and consultancy bodies. All provisions for technical assistance, training materials and equipment will be channelled through the International Management Foundation (FIMAN). Some of these inputs will be set aside to strengthen the operational capacity of the recipient institutions. The remainder will be used to develop curricula for management training programmes and to provide training to the managers of selected medium-sized enterprises.

Work will be closely co-ordinated with that of other donors, notably the UNDP, the ILO and the British Know How Fund.

Support to accounting and auditing (1 MECU) will focus on the introduction of new norms and standards, on building independent professional bodies, and on developing updated accounting and auditing training programmes.

Support to the Ministry of Industry 3 MECU

The Ministry of Industry's growing role as an industrial policy-maker will be encouraged. Short-term technical assistance to the Ministry will help it to reorganise industries such as steelmaking and petrochemicals. Additional studies, notably in the machine-building and construction industries, will develop diagnostic tools and action plans dealing with a number of issues ranging from financial restructuring to environmental impact assessment. Finally, training for Ministry of Industry staff will be provided for by study visits abroad and by in-country training. The latter will be integrated to sector-specific seminars for corporate managers.

Support for the Romanian Development Agency (RDA) 3 MECU

Institutional support will continue to be provided in 1993 to the Romanian Development Agency in order to develop investment promotion programmes. Assistance will take the form of long-term expertise in marketing, of on-the-job training, and of study visits and fellowships for the Agency's staff. Funds will also be made available to launch a series of marketing and media campaigns and to support the activity of RDA representatives abroad.

Finally, the 1993 programme will provide technical assistance to enterprises seeking foreign investors. This assistance is designed to help them develop business plans, reports and presentations. This element will be implemented through a specialised unit of the RDA, which might also help appraise projects for the Investment Fund.

Export Development 2 MECU

Romania's ability to earn foreign currency must be strengthened. Initially, Phare will provide short-term expertise to assess the comparative economic advantages in potentially lucrative industrial sectors. Technical assistance will also be provided to select those existing institutions which are most able to deliver a comprehensive export development programme. However, the most substantial element of the programme will provide technical assistance and training to develop a fully-fledged programme to assist company export activities.

Implementation

Programme management

Overall responsibility for implementation and co-ordination of the programme components will lie with an Inter-ministerial Committee (IMC) made up of the

Vice Prime Minister and the Minister for Reform. The IMC will be supported by a Secretariat and a Central Payment Unit.

The IMC will delegate responsibility for the implementation of the programme's individual components to the respective implementing agencies and line ministries.

For this purpose, Project Management Units will be set up by the implementing bodies. The programme will provide the short-term expertise and equipment necessary to insure the units' operational capacity.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either

by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Romania

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	Romania
Programme:	General Technical Assistance Facility
Duration:	3 years
EU Contribution:	27 MECU
Sector classification:	Multisectoral
Responsible Authorities:	
- Social Sector:	Ministry of Labour and Social protection
- Energy:	European Commission
- Telecoms:	Ministry of Communications
- Science and Technology:	Ministry of Research and Technology
- Fiscal Instruments:	Ministry of Finance
- Public Investment:	Council for Coordination, Strategy and Economic Reform
- Europe Agreement:	Department of European Integration

Background

Romania launched its economic reform and stabilisation effort in 1991 under highly unfavourable conditions and adopted a gradualist approach to the reform process. Building on reforms launched in 1990-92, the new government appointed after the 1993 elections presented a comprehensive four-year social and economic reform programme to Parliament in March 1993.

The reform programme gives priority to stabilising the economy and arresting the decline in production. It calls for a strong macro-economic stabilisation policy, the acceleration of privatisation and enterprise restructuring, the strengthening of the financial discipline of enterprises, the reform of the financial system and a phasing out of government intervention in pricing, exchange rate

determination and credit policies. Social protection and institutional reform are also priority areas.

The government intends to design fiscal and budgetary policy measures to strengthen public finances, to enhance the simplicity and transparency of taxation, to discourage fiscal evasion and to promote an efficient allocation of resources able to foster economic growth. The government also envisages adjusting the ratio between current and capital public expenditure, increasing the latter, and to improve the allocation of public resources to avoid the excessive pressure on credit in the economy; specific attention is paid to the development and launching of public investment programmes.

Clear reference is made in the reform programme to the importance of developing infrastructure in order to meet minimum requirements for the efficient operation of the productive sectors. The fact that public investment expenditure is mainly directed towards infrastructural development underlines the importance of this sector for economic development. The government also plans to place more emphasis on research and development by changing the structure and developing the system to make it serve the needs of the economy more effectively.

As regards social policy, particular attention is to be paid to modernising and targeting social protection. A white paper presenting a reform strategy has already been published. The improvement of working conditions is also a priority.

In addition, the Programme will provide support for policy development in new areas of reform where there has been little or no previous Phare assistance. It reflects the need of the government to obtain flexible assistance to confront new issues in priority sectors and to develop an appropriate policy and institutional framework for reform.

Programme Objectives

The Programme will address four priority areas:

- infrastructure: the improvement of energy efficiency and the institutional development of the energy sector as well as the definition of pricing policy, the improvement of telecommunications and postal services, in particular for commercial end-users, the restructuring and upgrading of the science and technology system;
- social sector: the comprehensive improvement of the conditions of safety and health at work and the promotion of reform and development of social policy

with an emphasis on decentralisation and improvements in the quality of social services;

- public finance management: the development of an efficient public finance administration by supporting tax reform and strengthening budget, treasury and public debt management and the development of a system of public investment programming/prioritising;
- Europe Agreement: the development of the technical, legislative and management skills of the public administration on EU matters, in particular with respect to the implementation of the Europe Agreement.

Programme Description

Public Infrastructure 10 MECU

Energy (5 MECU)

Large scale demonstration projects and training activities will be carried out to promote energy saving measures in industry and the service sector. A series of studies will be financed to define energy supply and pricing policies for fuel and electricity. A feasibility study for the reinforcement and expansion of the high voltage transmission network will also be financed. A computerisation programme to improve maintenance activities in power plants will be developed. A long term energy expert will be attached to the Ministry of Industry.

Telecommunications (3 MECU)

Rom Telecom will be assisted in the fields of modern management information systems, human resource development and the expansion of telephone services in rural areas. Technical assistance will also be provided to help modernise the postal services (Posta Romana), notably in the areas of computerisation and human resource development. A provision for long term technical assistance to the Ministry of Communications is envisaged.

Research and Development (2 MECU)

Support will be provided for the restructuring of research institutions and to encourage linkages between research and industry. Provisions will cover the following:

- operational auditing of a limited number of research institution;
- advisory support for the development of restructuring plans of research institutions;
- training to facilitate redeployment of researchers in industry;
- pilot activities to promote international co-operation;

- the upgrade of information and documentation system;
- the extension of industrial liaison offices to help stimulate technological demand.

Social Sector 8 MECU

Health and Safety at Work (4 MECU)

Support will be provided in five areas: strategy development; harmonisation of legislation with EU standards; creation of an economic incentive system for enterprises to improve safety and health measures at work; institutional development; review of health and safety standards in the mining sector.

Provisions will include training for occupational health and safety inspectors, advisory support to the Department of Occupational Protection (Ministry of Labour), short-term consultants, financing of demonstration projects in selected regions and industries.

Social Policy Development (4 MECU)

The programme will provide for technical assistance and grant aid finance to support the development of local partnerships between public authorities and non-governmental organisations for the delivery of social services. Support will also be given for networking activities and exchange of information among local social service initiatives in different parts of the country, and in a European context.

Technical assistance (including staff training and study visits) will be given to support the Ministry of Labour and Social Protection in strategy development and policy co-ordination at national level.

Public Finance Management 3.5 MECU

Fiscal Instruments (1.5 MECU)

This component will extend and consolidate actions initiated by previous Phare-funded programmes to support the tax reform process and strengthen of budgetary management, while laying the groundwork for a possible major tax and budget administration modernisation programme in 1994-1995 with a significant computerisation component. Provisions will include consultancy, expert advice, training and equipment.

Public Investment (2 MECU)

Institutional support, including expert advice, training and equipment, will be provided to the newly-established Directorate for Public Investment. In addition, the budgetary entities in the Ministries and other agencies involved in the process of prioritising public investment, will receive short-term technical assistance and training.

Implementation of the Europe Agreement 4 MECU

Under this component, the programme will focus on the implementation of the Europe Agreement signed between Romania and the EU on February 1, 1993. More specifically, the programme will

- support the development of technical, legislative and management skills of the public administration in matters relating to key EU policies and decision-making procedures in general and to the implementation of the Europe Agreement in particular;
- raise public awareness about the EU, principally by enhancing the quality and effectiveness of information and education activities.

Support will also be in the form of advisory services, documentation, teaching materials, training, equipment and seed-finance.

Reserve 1.5 MECU

Implementation*Programme management*

The Social Sector component will be implemented by the Ministry of Labour and Social Protection. As regards infrastructure, the Ministry of Communications will implement the telecommunications sub-component; a steering committee is to be set up to implement the science and technology sub-component, composed of representatives from various ministries; pending the establishment of a PMU, the Phare Operational Service will be responsible for implementing the energy component. The public finances management component will be implemented by the Ministry of Finance as far as fiscal instruments are concerned while public finances management will be handled by the new Directorate for Public Investment at the Council for Coordination, Strategy and Economic Reform. The component relating to the Europe Agreement will be the responsibility of the Department of European Integration.

A PMU may be set up for one or more of the components/sub-components to implement certain activities.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Romania

Land Reform Programme

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Romania
Programme:	Land Reform: land registration and land information system
Duration :	2 years
EU Contribution:	5 MECU
Sector classification:	Agriculture
Responsible authority:	Ministry of Agriculture and Food Industries (MAFI)

Background

Land reform is a fundamental step towards the establishment of a sustainable private agricultural sector in Romania. One of the main features of Romanian agriculture before the December 1989 revolution was the dominant presence of large Agricultural Production Co-operatives (APCs) and state-owned farms known as State Agricultural Enterprises (SAEs).

In 1990, APCs and SAEs together owned more than 70% of the arable land, while the remaining share, mostly hill and mountain areas, belonged to individual farmers.

The Land Law, adopted by the Parliament in 1991, regulates ownership rights on land in Romania, and, more importantly, establishes the criteria and procedures for the distribution of former co-operatives' land to new private landowners.

4.4 MECU have already been pledged by the 1991 and 1992 Phare national programmes in support of land reform.

Other external assistance to the land reform process was provided by the World Bank, and a number of bilateral donors from the G-24 group, notably France, Germany and the US.

Programme Objectives

The overall objective of the programme is to extend previous Phare assistance to the land reform process by providing additional support for the establishment of a nation-wide Land Information System. The immediate

objective is to accelerate the issue of land property titles through systematic cadastral surveys.

Programme Description

The programme will provide assistance for the following activities:

- a topographical field survey and presentation of graphical information for the production of a cadastral map;
- preparation of basic materials for the establishment of a geodetic control network;
- production of topographic and cadastral maps displaying the physical and legal features of agricultural property;
- data processing into a digital map;
- storage of the geometric data of the digital map into a graphical database.

The programme inputs will include short- and long-term technical advice, staff training, software and equipment (hardware, aerophotogrammetric cameras, plotters, total stations for graphical cadastral systems, workstations).

Implementation

Programme management

The Ministry of Agriculture and Food Industries (MAFI) will hold responsibility for the overall management, co-ordination and financial administration of the programme. These responsibilities will be carried out by the Programme Management Unit (PMU) already established by the Ministry.

Procurement

Procurement of equipment will be undertaken either through open or restricted calls for tender, depending on cost and technical specifications.

Provisions of technical assistance will be sought either through restricted invitations to tender or direct agreements, depending on the cost and the nature of expertise required.

Romania

Customs Computerisation

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Romania
Programme:	Customs Computerisation
Duration:	3 years
EU Contribution:	10 MECU
Sector classification:	Public Administration
Responsible authority:	Romanian General Customs Administration

Background

Romania's foreign trade infrastructure requires restructuring and modernisation. An essential part of this process is the computerisation of the General Customs Administration (GCA), facilitating the collection of fiscal revenue and the acceleration of customs procedures.

The conclusions of a Phare-funded feasibility study convinced the Government of the importance of an efficient customs. It therefore decided to include the computerisation of the GCA among the priorities of the 1993 National Indicative Programme.

Programme Objectives

The overall objective of the 1993 Phare computerisation programme is to develop the operational capacity of the Customs Administration with the ultimate goal of improving the efficiency of tax collection and accelerating trade flows.

To achieve this, the programme will:

- increase the collection rate of import duties and other levies;
- streamline and speed up transit procedures;
- provide accurate and timely information to the government and the business union.

Programme Description

The programme will support the development of the following activities:

- definition of a comprehensive and detailed restructuring strategy for the GCA, ranging from the legal framework to human resources development;
- staff training in a range of subjects, from project management to software design techniques;
- definition of technology standards, project management standards, audit procedures, etc.;
- implementation of pilot computerisation projects in a limited number of customs offices;
- evaluation of those pilot projects;
- expanding and networking the IT systems to cover all customs offices.

The Phare inputs will consist primarily of equipment and software supplies accompanied by provisions of technical assistance.

Implementation

Programme management

The implementation and co-ordination of the different activities will be under the overall responsibility of the GCA. For this purpose, a Project Committee will be established by the GCA during the start-up phase of the programme. The Project Committee will be assisted by a Programme Management Unit (PMU). Advisory support and minor equipment will be provided by the programme to enhance the operational capacity of the unit.

Procurement

Procurement of equipment will be undertaken either through open, or restricted invitations to tender if justified by the cost and technical requirements.

Provision of technical assistance will be sought through restricted invitations to tender, or direct agreements if justified by the nature and cost of the services required.

All tender dossiers and contracts will have to be submitted for approval to the European Commission.

Slovakia

Private Sector Development

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	Slovak Republic
Programme:	Private Sector Development
Duration:	3 years
EU Contribution:	19 MECU
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Foreign Affairs

Background

The Slovak economy, largely reliant upon heavy industry, has been severely affected by the collapse of the COMECON markets, as well as by the dissolution of monetary union with the Czech Republic. Gross Domestic Product continues to decline. Unemployment is growing and inflation remains high.

The development of the private sector is essential to the reform of the Slovak economy. Responding to the Government's concern, Phare has already pledged more than 30 million ECU to this process.

Additional funds were granted by a large number of bilateral donors from the G-24 group, notably the EU Member States and the US, as well as multilateral donors such as the EBRD.

Programme Objectives

The programme aims to consolidate and expand previous Phare-assisted programmes in the areas of SME development, restructuring and privatisation, financial sector development and foreign investment promotion.

Programme Description

The 1993 Private Sector Development Programme will consist of the following components:

Small and Medium-Sized Enterprises (SMEs)	7 MECU
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Financial Instruments

The existing Loan Scheme for small industrial enterprises will be refinanced. A pilot Seed Capital Fund, complementing the loan scheme, will be set up. Targets are newly set up small businesses and spin-offs from large

enterprises. Financial assistance for these operations will be supplemented by the provision of experts and training to help commercial banks in assessing business plans, redefining risk assessment criteria, and accelerating loan procedures.

SME Support

Phare financial assistance will continue to cover part of the operating costs of the Business Innovation Centre (BIC) in Bratislava and of the Regional Advisory Information Centres (RAICs). Additional funds are being made available to open two more RAICs and three BIC satellite offices. Phare will also provide institutional support to establish a department within the SME Agency charged to assist in the reconversion into businesses of spin-offs from large industrial enterprises.

Restructuring and Privatisation	7.5 MECU
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Enterprise Restructuring

Experts will help design and implement restructuring plans for certain medium to large enterprises in key strategic industries such as chemicals and metallurgy. Selected enterprises will all have the capacity to become competitive in a short time.

Restructuring Fund for non-viable enterprises

Financial assistance will be given for the establishment of a Special Restructuring Fund for non-viable large enterprises. The fund will be managed by an independent Holding Company, to be set up by the government. The programme will be co-financed by the EBRD (which will buy share in the Holding Company) and will target approximately 20 enterprises.

Foreign Investment Promotion

The Slovak National Agency for Foreign Investment and Development (SNAFID), a one-stop investment shop, is being supported by Phare. Activities planned for 1993 include:

- on-the-job training, study visits and fellowships for the Agency staff;
- funding of sectoral studies to identify opportunities for foreign investors;
- support for media campaigns, PR activities and promotional actions such as seminars, attendance at fairs etc.

Financial Sector

4.5 MECU

Accounting and Auditing

Long-term experts will help adapt Slovak accounting norms and rules to EU standards. Professional standards will be raised through “train-the-trainers” programmes. Phare will support professional associations such as the Union of Accountants and the Chamber of Auditors.

Taxation

A comprehensive tax reform was introduced on 1 January 1993. The Ministry of Finance now needs help to reorganise the tax administration. This assistance will take the form of training, expertise and organisational support.

Banking

The National Bank of Slovakia already receives support to strengthen its supervisory functions and accounting system. This assistance is being provided under the 1992 General Technical Assistance Facility (GTAF) and will be strengthened further. Activities are closely co-ordinated with those of other donors, notably the EBRD, the British Know How Fund and USAID. Building on the recommendations of previous Phare-funded operational audits, management support will be provided to two commercial banks in the areas of credit analysis, IT strategy, accounting procedures and asset and liability management. The Slovak Banking Institute will receive assistance to develop train-the-trainers programmes. Technical assistance will also be used to strengthen the in-house training units of commercial banks.

Implementation*Programme management*

The Ministry of Foreign Affairs, in liaison with the European Commission, will hold overall responsibility for the co-ordination of the different programme components.

Responsibility for the implementation of each individual component will lie with the relevant Programme Management Unit (PMU).

Procurement

Procurement of equipment will be undertaken either through open, or restricted invitations to tender if justified by the cost and technical requirements. Minor expenditures may be subject to direct agreement.

Provision of technical assistance will be sought through restricted invitations to tender, or direct agreements if justified by the nature and cost of the services required.

All tender dossiers and contracts will have to be submitted for approval to the Commission.

Slovakia

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Slovakia
Programme:	General Technical Assistance Facility (Europe Agreement/Social security)
EU Contribution:	5 MECU
Sector classification:	multisectoral
Responsible authority:	Ministry of Foreign Affairs/ Department of Foreign Assistance

Background

Following the split of the Czech and Slovak Federation on 1 January 1993, a separate Europe Agreement was negotiated between the Slovak Republic and the European Union. The Agreement aims to create the legal, political and economic framework for a gradual integration of the Slovak Republic into the Union. It covers a wide range of sectors, spanning from economic to cultural co-operation, and lays the foundations for the gradual establishment of free trade for industrial products between the EU Member States and the Slovak Republic.

In a situation characterised by rising unemployment and limited budgetary resources, the Slovak government is committed to reviewing its social policies and to restructuring the social security system, notably in the areas of social insurance, social assistance and social work. Assistance to the social sector has already been provided under the 1991 and 1992 GTAFs. Additional Phare assistance is required in 1993 to consolidate and further develop the activities initiated under these programmes.

Programme Objectives

The 1993 General Technical Assistance Facility (GTAF) has two separate objectives:

- First, to support measures taken by the Slovak Government to implement the Europe Agreement with the ultimate goal of preparing the Slovak Republic for membership of the European Union.
- Second, to extend support for the restructuring and modernisation of the social security system with the ultimate goal of improving the quality of social services and rationalising the use of financial, material and human resources.

Programme Description

The programme comprises the following components:

Implementation of the Europe Agreement	3.2 MECU
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Harmonisation of laws and standards

The programme will provide technical assistance, training, study visits and equipment to support key ministries and government agencies in the development of sectoral strategies of adjustment to EU laws and technical standards in specific sectors covered by the Europe Agreement.

Support to institutions of higher education

Assistance will be given to Universities, enhancing their ability to develop documentation on EU laws and to provide information and advice to governmental and non-governmental institutions. Provisions will include expert advice, fellowships for teachers and students, and financial support for the organisation of seminars and the translation of Union texts.

Legislative support to Parliament

Provisions for technical assistance, language training, documentation and study visits are foreseen to support the establishment and initial operation of a Parliamentary Institute, supplying information, as well as analysis and advice to parliamentarians on comparative law, and social and economic impacts of legislative adaptation.

Co-ordination units

Technical assistance, training, study visits and equipment provisions are envisaged to support the development of a governmental structure co-ordinating the implementation of the Europe Agreement in the field of legislation.

Trade

The programme will finance sectoral studies to identify technical and institutional trade barriers, to analyse the economic impact of gradually reducing quotas and tariffs, as well as to support the definition and implementation of commercial and trading policy instruments. Additional provisions will include training and study visits.

Customs

Equipment and software will be provided to the Customs Administration, supplementing previous Phare assistance to update the customs data processing and information system.

- Complementary measures to the whole programme will be financed to provide further support to the start-up phase of implementing the Europe Agreement. These will include language training, translation services, production and dissemination of information materials.

Restructuring of the Social Security System 1.8 MECU

Social Insurance

Technical assistance will be provided to complete the system review initiated under the 1992 GTAF and to review the corporate strategy of the National Insurance Office. Financial support for the computerisation of data storage and management will be continued.

Social Assistance

Support will be provided to start equipping the district benefit offices, as well as to train personnel. A provision for the training of professional actuaries is also envisaged. The training programmes will be undertaken in close co-operation with the School of Public Administration.

Social Work

This provision will cover training of social workers and training of trainers at local level and social service public awareness campaigns. Technical assistance will also be provided for the development of a pilot project for the homeless; a co-ordinating council will be established to define minimum standards and criteria for the provision of social services.

Support to the Ministry of Labour and Social Affairs

Funds will be set aside to support the implementation and monitoring of the programme by the Ministry, as well as to assist in further needs analysis for policy and legislation development.

Implementation

Programme management

The GTAF Programme Management Unit (PMU), within the Ministry of Foreign Affairs (Department of Foreign Assistance), will hold responsibility for the overall management and financial administration of the programme.

Responsibility for the detailed preparation and design of each sub-programme will lie with the GTAF PMU in liaison with the respective line departments/ministries (Department of European Integration, Ministry of Labour and Social Affairs).

Procurement

Equipment will be procured either through open, or restricted invitations to tender, if so justified by the cost and technical requirements.

Technical assistance will be recruited either through restricted calls to tender, or through direct agreement, depending on the cost and the specialist nature of the services required.

Small expenditures will normally be subject to direct agreements.

Slovakia

Infrastructure Development

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	Slovak Republic
Programme:	Infrastructure Development
Duration:	3 years
EU Contribution:	5 MECU
Sector classification:	Multisectoral (Energy & Transport & Environment)
Responsible authority:	Ministry of Foreign Affairs/ Department of Foreign Assistance

Background

The modernisation of public infrastructure is key to attracting foreign investment, boosting trade and encouraging economic recovery in the Slovak Republic. Investments in public infrastructure suffers from budgetary constraints, due to economic recession and restrictive macro-economic conditions.

Significant parts of the Phare 1990, 1991 and 1992 budgets were allotted to the improvement of infrastructure in the Slovak Republic, notably in the telecommunications, energy and environment sectors. Transport, energy and environment were identified as priority areas for 1993 Phare assistance.

Programme Objectives

The overall objective of the 1993 Programme is to support the improvement of public infrastructure, and the development of restructuring policies in the transport, energy and environment sectors.

Programme Description

The 1993 Infrastructure programme consists of the following components:

Transport	2 MECU
This component will support the restructuring and modernisation of the Slovak Republic's transport system, as well as its effective integration into the broader European transport networks. More specifically, the programme will finance:	

- strategy development studies for priority sub-sectors, including an integrated transport strategy study for Bratislava;
- feasibility and pre-investment studies of priority infrastructure projects, upgrading international transit corridors (rail, road, inland waterways);
- policy advisers for the Ministry of Transport and the Civil Aviation Authority as well as training activities, strengthening the institutional capabilities to develop restructuring policies in the transport sector.

The programme will build on activities financed under the 1992 General Technical Assistance Facility (GTAF), and will be implemented in liaison with the programmes of the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank (IBRD).

Environment	2 MECU
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The present programme will finance overall environmental assessment studies on air quality and drinking water. The studies will address issues such as: problem identification; design of pollution reduction measures; investment requirements and financial plans; analysis of financial and economic impacts for enterprises and consumers; policy formulation.

A provision for technical assistance to provide institutional and policy support to the newly established Slovak Agency for Environment is also envisaged.

Energy	1 MECU
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Financial and technical assistance will be provided for the establishment and initial operation of a revolving fund offering concessional loans for energy-saving pilot investment projects in multi-family houses, public buildings and small and medium-sized enterprises.

Implementation

Programme management

Each of the three main programme components will be managed separately.

The Ministry of Foreign Affairs (Department of Foreign Assistance) will hold responsibility for the overall management and the financial administration of the Transport Programme. The technical implementation will be the responsibility of the Programme Management Unit (PMU), within the Ministry of Transport.

The Ministry of Economy (Energy Programme Management Unit) will be responsible for the financial administration, management and technical implementation of the Energy Programme. The revolving fund will be administered by a steering committee, chaired by the Ministry of Economy, and comprising representatives of the Ministry of Industry, the Energy Agency and the associated banks.

The Ministry of Environment will be the acting implementing authority of the Environment Programme. The Ministry of Foreign Affairs will hold formal responsibility.

Procurement

The contracts for the procurement of equipment will be awarded following open or restricted invitations to tender, depending on the cost and technical requirements. Provision of technical assistance will be sought either through restricted calls for tender, or through direct agreement, depending on the nature and cost of the services required. All tender dossiers and contracts will have to be submitted for approval to the EU.

Slovakia

Human Resources Development

Identification

Approved by the Management Committee at meeting N° 27 on 22/23 November 1993

Country:	Slovak Republic
Programme:	Human Resources Development
Duration:	3 years
EU Contribution:	3 MECU
Sector classification:	Human Resources
Responsible authority:	Ministry of Education

Background

Managers and public servants, with skills derived from a command economy, are ill-equipped for the new challenges posed by economic reform and need training in modern techniques which make enterprises viable in a market economy, such as cash management and personnel management. The new objectives of ministries, under acute financial constraints, bring new responsibilities and require cost-effective management for which most staff are ill-prepared. While staff are aware of the need for new skills, few have experienced in-service training. Similarly, despite staff's growing awareness of training needs, enterprises make little provision for training because of its negative impact on short-term cash-flow.

Industry leaders are responding and the Chamber of Commerce has begun management training while the Institute of Public Administration trains municipality officers. However, there are considerable weaknesses in management skills and limited training provision. The Slovak training industry remains relatively small and the training available tends not to focus on the challenge of reform nor on the realities of management. Problems of relevance to the evolving economy also affect initial training and many school leavers are ill-equipped for a market economy.

These needs have found expression in the government's industrial strategy paper but practical government and private sector responses to these needs in initial and continuing training are still limited.

Programme Objectives

The Programme supports the restructuring and strengthening of initial and continuing

training by assisting the government to:

- establish an independent quick disbursing Human Resources Development Fund to widen enterprise and ministry access to appropriate continuing training for staff in priority areas. It will do this by subsidising training providers, thus upgrading those who are already working in the field and encouraging them to improve the relevance of their programmes;
- develop a programme in the Ministry of Education to stimulate the initial reform of vocational education and training, thus following up recommendations developed with previous Phare assistance.

Programme Description

Human Resources Development Fund (HRDF)

There are five activities in this component, the first three of which are to be implemented immediately while the groundwork for later action on the other two will be prepared at this stage:

Establishment of the HRDF

Support will be provided for:

- the drawing up of the Fund's constitution, legal basis (the Fund will operate as an independent technical organisation/NGO) and operating principles;
- the delineation of responsibilities and the appointment of the Board, Advisory Committee and executive team;
- the definition of selection criteria for training providers, trainees and training programmes as well as the first 6-month work plan;
- the principles of disbursement of grants and loans;
- promotional activities;
- monitoring.

Early Action Training Programme

Assistance will be given to select leading training providers for grant support to deliver improved programmes meeting the priority training needs of target groups.

Awareness Raising and Identification of Demand

Assistance will be given to a Training Fund task force in explaining the benefits of improved management in a market economy to public and private bodies and in indicating how to express individual staff's demands for training.

Longer Term Support to Training Providers

Assistance will be given for the selection of a wider range of training providers who will receive soft loan support (essentially cost recovery by the Fund) to improve and subsidise delivery capacity. Secondary selection will include the T.A.-assisted development of new modular, participative training programmes, their delivery and follow-up by inspectors, culminating in programmes entering the public domain and EU partners' recognition of training providers.

First Steps in the Institutional Development of the HRDF

Support will be provided for a resource centre and data base to disseminate best practice, particularly based on EU experience, leading to first steps towards national standards recognised by EU partners. Twinning of training providers with EU institutions will also be supported.

Vocational Education and Training Reform

The Programme will assist the Ministry of Education to further the work programme commenced following the recommendations already made to reform vocational education and training:

- T.A. to assist the drafting of terms of reference for local inputs;
- development of a programme to implement reform through pilot schools with national support for curriculum development and teacher training in these schools, for which the Ministry will seek further Phare funding in 1994-97.

Implementation

Programme management

The HRDF will be managed by a Board with minority representation from the Ministries of Education, Economy and Labour and a majority of the social partners (Chamber of Commerce, Confederations of Trade Unions and Industry, the Entrepreneurs' Association) and a representative from a major company representative on a rotating basis. The Board will have full authority over budgets over each 6-month work programme.

The PMU already set up under the Phare-supported Renewal of the Education System Programme will manage the vocational education and training component of the Programme, supervised by the Ministry of Education coordinated Management Committee.

Procurement

Equipment procurement by the HRDF and the PMU or grant aided by the Programme will only concern items of less than 100,000 ECU in value, and will be effected, as a general rule, by restricted local consultation. T.A. and training services will be recruited by restricted consultation or by direct agreement, depending on the cost and specialist nature of the services. Small expenditure of minor importance may be the subject of direct agreement.

Slovakia

Agriculture and Land Registration

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	Slovak Republic
Programme:	Agriculture and Land Registration
Duration:	30 months
EU Contribution:	3 MECU
Sector classification:	Agriculture
Responsible authority:	Ministry of Foreign Affairs

Background

Agricultural and rural reform were low priorities for foreign assistance in the context of the overall economic reform programme engaged upon by the former federal republic of Czechoslovakia, due to the relatively small contribution to federal GDP (around 8% in 1990) and employment (12% in 1990) and to concerns about the destabilising impact which the reform of the state farm and state cooperative farm structure might have.

Agricultural production fell dramatically in 1991 and 1992 as a result of drought, the general depression of economic activity and the problems resulting from restoration of previous land ownership rights. The resolution of ownership claims has been impeded by the deterioration of the statutory land registration and cartographic systems.

The 1991 General Technical Assistance Facility for the former federal republic allocated funding to identify improvements to the land registration and cartographic systems and 3 MECU was allocated from the 1992 GTAF to continue this action and to provide policy support and planning in the federal Ministry of Agriculture, particularly in the food processing sector.

Following the establishment of Slovakia as an independent republic, the Slovak authorities have developed general economic and reform priorities for agrarian reform, including:

- consolidation/aggregation of restored land into larger plots;
- the conversion of the intermediate joint stock companies formed from the 1500 state cooperatives

into private enterprises or voluntary groupings (cooperatives) of individual landowners or tenant farmers;

- the restructuring and privatisation of state farms;
- the completion for the process of restructuring and privatising up-stream and downstream state industries.

Assistance is needed, particularly in the fields of economic analysis and appraisal of future commodity policy and structural reform, to help convert these broad objectives into operational programmes. At the same time, assistance is needed to help improve the land registration system, since this is crucial to the achievement of these objectives.

Programme Objectives

The programme is designed to help support the restructuring of the primary production sector through the rapid implementation of land consolidation and other policies/measures supporting the development of individual or other forms of private enterprise.

The programme also aims to support the establishment of a property market and the general restructuring and privatisation of state-owned enterprises by removing constraints to the efficient and effective registration and verification of land ownership.

Programme Description

Agriculture	Total 1 MECU
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Sector Review

The programme will provide economic, analytic and planning assistance to help develop, test, review and implement the agreed national agrarian policy.

Economic and policy assistance is currently being introduced from the 1992 GTAF programme to identify future policy directions and support needed to develop an efficient, customer-oriented and internally competitive food processing industry; this includes review and assessment of domestic and international market prospects for the major national commodity sectors, such as cereals, dairy, meat, sugar and horticultural products. The new programme will extend this market assessment to cover other important commodities and will provide support as required to review and complete the national appraisals of prospects and requirements for structural changes in the farm and associated sectors (supply industries, advisory services, rural financial institutions and credit policies).

Pilot Projects

The sector review and studies will identify key implementation projects or actions for achievement of the objectives of the agrarian reform strategy. Many of these recommendations will require testing in the real economic and financial environment before resources are allocated for full-scale implementation.

Accordingly, pilot projects will be set up for institution-building in limited key areas, for the conversion of state cooperative farms to genuine cooperatives and for the restructuring of state farms, including information and other support services for private farm and rural enterprises (advisers, banks, etc.)

Policy and Reform Monitoring Advice

Assistance will also be given to the Ministry of Agriculture for monitoring the sector review and implementing subsequent projects already identified or to be proposed and future programming and implementation of programmes and projects in the agricultural sector.

Acceleration of Land Consolidation Operations

Technical assistance, training and equipment will be provided to the Ministry of Agriculture and its local offices, following the provision of an Organisation and Methods review, aimed at identifying improved procedures and development of principles and options for an accelerated approach to the essential issues.

Land Registration Total 2 MECU

This component of the programme aims to accelerate the processing of land ownership claims, registration of land sales and improvements in cartographic and land information systems. Assistance will be provided through support for overall project planning and monitoring and training and equipment for the generation of digital vector maps, particularly for:

- strengthening the cadastral information system, in particular at district level, through the creation of the graphic cadastral documentation in digital vector form;
- converting original cadastral maps into a digital form of records;
- pilot implementation of the introduction of a computerised survey and geodetic control network and associated land information systems, particularly selection and introduction of appropriate Geographic Information System and Global Positioning System technologies;
- training of staff of the Authority of Geodesy, Cartography and Cadastre in new technologies/procedures.

Implementation

Programme management

The Programme will be implemented by the Department of Foreign Assistance at the Ministry of Foreign Affairs, through the PMU set up to implement the General Technical Assistance Facility. Appropriate delegation will be made to the Department of Foreign Assistance at the Ministry of Agriculture and the Deputy Director of the Authority of Geodesy, Cartography and Cadastre.

Slovenia

General Technical Assistance Facility

Identification

Approved by the Management Committee at meeting N°24 on 29 July 1993

Country:	Slovenia
Programme:	General Technical Assistance Facility
Duration:	2 years
EU Contribution:	7.5 MECU
Sector classification:	Multisectoral
Responsible authority:	Ministry of Science and Technology

Background

In the period immediately following independence in June 1991, the Government's overriding priority was to adopt tight fiscal and monetary policy measures to bring inflation under control.

The resulting macro-economic stabilisation policies were followed in 1992 by the definition of a fully-fledged economic reform strategy, the main components of which are contained in "The Integrated Project for Restructuring and Privatisation of the Slovenian Economy". This identifies the following priorities:

- enterprise restructuring and privatisation;
- the modernisation of the financial system;
- the rehabilitation of public infrastructure;
- the development of a social safety net; and
- integration with the European Union.

The Integrated Project for Restructuring and Privatisation of the Slovenian Economy provides the framework for all external assistance to Slovenia, and notably for Phare assistance.

Slovenia became eligible for Phare assistance in August 1992. The first Financing Memorandum with the European Commission, signed in September 1992, committed 6.7 million ECU to a General Technical Assistance Facility (GTAF) designed to support government reform strategy in Enterprise Restructuring and Privatisation; Finance and Banking; Public

Infrastructure; and Science and Technology.

Additional external assistance to these sectors was provided by the World Bank, EBRD, and a number of bilateral donors from the G-24 group, such as Austria, Germany, Italy, and the UK.

Programme Objectives

The overall objective of the 1993 GTAF extension is to expand existing Phare assistance programmes created to help implement structural reform strategies in the sectors addressed by the Integrated Project for Restructuring and Privatisation of the Slovenian Economy. The specific objectives of this programme have been defined together with other donors, notably the IMF, the World Bank and the EBRD.

Programme Description

Enterprise Restructuring, Privatisation and Management Training	3 MECU
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Enterprise restructuring:

long-term technical assistance will be provided to carry out sectoral studies in the leather, machine-building and woodworking industries. These studies will produce an in-depth analysis of the marketing, technological and economic problems facing these industries and will lead to the definition of sectoral restructuring strategies. As a follow-up to the studies, an operational audit of a small sample of representative companies throughout the three targeted sectors will be carried out.

Privatisation:

technical assistance will be made available to support and expand the range of the Agency for Privatisation's activities.

Management training:

Local management skills will be fostered by providing training elements for local consultants, on-the-job training for managers and institutional support for the Slovenian Management Consultants' Association.

Small provisions for short-term technical assistance are also foreseen to prepare a business plan for the Training Centre for Tool Making (TECOS) and to further strengthen the pilot advisory network for SMEs in the Gorenjska region.

Public Infrastructure: energy & transport 2.1 MECU*Energy*

Energy and transport reform are central to the Government's overall reform strategy. The programme will help formulate an energy pricing policy for fuel, gas and electricity, define an energy conservation strategy for households and industry, develop legal & regulatory frameworks for the electricity and natural gas sector and design a project for the rehabilitation of the coal-mining area of Zasavje.

Transport

The 1993 transport programme will provide institutional support for the restructuring of the Slovene Railways. It will also finance a feasibility study focusing on upgrading and modernising the railway network to support the government's long-term strategy of connecting the Slovene rail-system to the European High Speed Railway Network. In both areas, Phare inputs will be co-ordinated with EBRD assistance.

Banking and the Financial Sector 1.2 MECU

The Slovene financial system consists of the Ministry of Finance, the Central Bank and some 26 commercial banks. The 1993 programme will consolidate and develop the projects undertaken in 1992 and is designed to complement the activities of the IMF, the World Bank and the EBRD.

Phare will help restructure two commercial banks and will support members of the Agency for the Rehabilitation of Banks. This support will consist of technical assistance and training in the areas of credit analysis, asset and liability management, information systems development, and general human resource development. A full operational audit of two commercial banks will be carried out.

Phare will help the central bank develop a fully-fledged human resources policy.

A payments system plan has recently been developed. Phare will support its implementation by providing project management support.

Short-term technical assistance and training will be provided to the Ministry of Finance to help it impose the recently adopted Value Added Tax (VAT).

Science and Technology 0.4 MECU

The Ministry of Science and Technology is to receive further support to help it develop a research monitoring system and to establish a computerised database enabling broader access to scientific information. Provisions will include short-term consultancy for the preparation of a diagnostic study, and long-term expertise for project design, including detailed definition of budgets and equipment.

Integration with the European Union 0.15 MECU

This component of the 1993 GTAF will provide technical assistance to support the initial definition of a medium-term strategy for the approximation of Slovene legislation with that of the European Union, particularly in the areas of customs, trade and transit, as addressed in the April 1992 Co-operation Agreement between the Republic of Slovenia and the EU.

Implementation*Programme management*

The Ministry of Science and Technology, in liaison with the Commission, will hold overall responsibility for the co-ordination of the different programme's components. The implementation and monitoring of each project will be the responsibility of the respective implementing agencies and line Ministries.

Procurement

Procurement of equipment will be undertaken either through open, or restricted invitation to tender, depending on the cost and technical requirements.

Provisions of technical assistance and training will be sought through restricted invitation to tender or direct agreement, according to the quality of the service and size of the expenditure.

The European Commission will directly ensure the administration of all tender dossiers, contracts and payments.

FYROM

Import Programme

Identification

Approved by the Management Committee at meeting N° 22 on 15 April 1993

Country:	Former Yugoslav Republic of Macedonia
Programme:	Import Programme
Duration:	2 years
EU Contribution:	25 MECU
Sector classification:	Multisectoral
Responsible authority:	Commission of the EU

Background

The economy of the Former Yugoslav Republic of Macedonia has been significantly disrupted by the trade embargo against Serbia and Montenegro, as well as by the lack of international political recognition for its self-proclaimed independence.

All official indicators for 1992 have shown a marked deterioration of the economy. National product fell by 15% against that of the previous year, due to a dramatic downturn of production in the manufacturing and service sectors. Inflation rose nearly 1700% in one year. Unemployment is rising sharply.

In response to this alarming economic situation (further aggravated by rising ethnic and social tensions), the Council of Ministers held in December 1992 at Edinburgh recommended the allocation of 100 MECU for economic aid to the FYROM, half of which to be funded by the European Commission and half by the Member States.

The Commission pledged 25 MECU from the 1992 Phare budget, of which 15 MECU were allocated for projects to be carried out by the European Office for Emergency Humanitarian Aid (ECHO) and 10 MECU to projects managed by the Phare Operational Service. Both provisions take the form of supply programmes targeted at specific objectives, notably in health care and energy supplies.

Programme Objectives

The overall objective of the 1993 Import Programme is both 'humanitarian' and economic. The economic objective is twofold. First, to provide external balance of

payment support, in order to maintain the production and supply of essential goods and services. Second, to support the Government of the FYROM in institution-building.

The specific objectives targeted by this programme reflect key priorities in the Government strategy of economic reform.

Programme Description

The 1993 Import Programme will provide for financial and technical support to cover the most pressing needs in the following areas:

<u>Import of critical goods</u>	<u>19 MECU</u>
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Over half of this amount will be used for the procurement of the following:

Medical supplies and equipment (6 MECU): this provision will include medicines and medical equipment. Priority medical specialities for equipment provision are anaesthesia, cardiology, haemodialysis and paediatrics.

Oil supplies (5 MECU): the programme will cover only a small part of the FYROM's total import needs, and will complement the 1992 provision managed by the European Office for Humanitarian Aid (ECHO).

The remaining allocation will provide for spare parts and equipment in agriculture (3 MECU), energy (2 MECU), telecommunications (2 MECU), and equipment support to public administration (1 MECU).

The final destination of the proceeds generated by the sale of these imported goods to the public will be negotiated between the European Commission and the FYROM Government.

<u>Assistance to the customs administration</u>	<u>2.5 MECU</u>
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This component will provide technical assistance and equipment to support the restructuring process of the customs administration.

Technical assistance (0.75 MECU): a feasibility study will initially be carried out to assess needs and make recommendations in the fields of functional reorganisation, data collecting and processing, and border control measures. Following the study, a technical assistance team will be set up to support the implementation of the resulting restructuring plan.

Equipment (1.75 MECU): this provision will be used for the procurement of equipment to reinforce the border posts and to improve the efficiency of various administrative departments.

Assistance to the Statistical Office 1.5 MECU

Provisions for technical assistance and equipment are envisaged to improve the transparency of national statistics and to support the activity of the Statistical Office.

Technical assistance (0.5 MECU): foreign experts will assist the Statistical Office in aligning current methodologies with the internationally accepted statistical standards.

Equipment (1 MECU): data-processing equipment will be provided to the Statistical Office.

Foreign Aid Co-ordination 1.0 MECU

Additional provisions for technical assistance are foreseen to support the Former Yugoslav Republic of Macedonia's authorities in establishing an ad hoc structure for the co-ordination of all external aid, and to offer policy advice to the Ministries of Health and Agriculture.

Implementation

Programme management

The different programme components will be implemented and co-ordinated under the overall responsibility of the European Commission, acting in close consultation with the Ministry of Foreign Affairs, line Ministries and other concerned institutions.

The detailed implementation of the import programme will be contracted out to one or more procurement agencies.

Procurement

The contracts for the procurement of equipment and supplies will be awarded following a restricted invitation to tender.

Provisions of technical assistance will normally be sought through restricted calls to tender. Awards of contracts by direct agreement may occur for small expenditures or, when justified, by the specific nature of the services required.

Nuclear Safety

Identification

Approved by the Management Committee at meeting N° 18 on 29/30 July 1992.

Country:	All Phare partner countries
Programme:	Phare Nuclear Safety
Duration:	3 years
EU Contribution:	20 MECU
Sector classification:	Public Administration
Responsible authority:	European Commission

Background

Nuclear safety remains of great concern to all the countries of Central and Eastern Europe. In 1990 the Commission launched Phare-funded nuclear safety programmes in Poland and Czechoslovakia. These were followed by an emergency programme at Kozloduy in Bulgaria. The budget for these programmes was 20 MECU over the two years.

In 1992 a regional nuclear safety programme was agreed which was allocated 20 MECU. National programmes were also adopted for Bulgaria and Lithuania.

The 1993 programme expands these initiatives, focusing primarily on nuclear power plants of the VVER 440-213 type which operate in a number of Central and Eastern European countries.

Programme Objectives

The 1993 extension seeks to improve the operational and design safety of nuclear power plants. It will also aim to improve the way in which waste from the operation of the nuclear power plants and from their decommissioning are tackled.

The programme will also promote a European safety culture affecting all aspects of nuclear safety.

Programme Description

The programme is divided into the following sectors:

- Operational safety improvements for nuclear power plants and near-term technical improvements;
- Enhancing safety regulatory regimes; and
- Nuclear fuel cycle and waste management.

Operational Safety Improvements and Near Term Technical Improvements 9 MECU

A training centre for maintenance workers will be set up in one of the Phare beneficiary countries to be used by those Phare countries which have similar VVER 440-213 type reactors.

The project seeks to achieve a level of quality and effectiveness of in-service inspection of VVER 440-213 type reactors equivalent to the level existing in other European countries.

A multifunctional simulator will be developed which will be used to train personnel in both plant management and accident recovery. One compact simulator will be supplied to each VVER 440-213 site.

The project will assess existing safety structures and equipment at nuclear power sites and identify what equipment needs upgrading. A leak detection system will be developed and a regional database for accident analysis will be established.

Enhancing Safety Regulatory Regimes 6 MECU

Training programmes will be launched aimed at setting up or improving the legal framework in which nuclear power plants operate. This will define the responsibilities of the various institutions involved at national level. Work will focus on monitoring, decision-making processes and communication.

Nuclear Cycle and Waste Management 4 MECU

A detailed study of management schemes for both waste management and the decommissioning of obsolete nuclear plants is going on under the Phare 1992 programme, covering the Czech and Slovak Republics, Bulgaria, Poland, Romania, Hungary and Lithuania. This study will be extended to Slovenia and Estonia as well as to the contamination by uranium mining in the Czech Republic.

Reserve 1 MECU

Implementation

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Cooperation in the Field of Drugs

Identification

Approved by the Management Committee through a written procedure on 2 November 1993

Country:	All Phare partner countries
Programme:	Cooperation in the Field of Drugs
Duration :	3 years
EU Contribution:	10 MECU
Sector classification:	Drugs
Responsible authority:	European Commission and national drug control administrations

Background

All Central and Eastern European Countries are concerned by the growth of drug-related problems . In 1992, the European Commission launched a Phare Regional Programme for the Fight Against Drugs with a budget of 2 MECU. The present programme extends the work started in the programme.

With the sharp increase of drug trafficking and related crime throughout the countries of Central and Eastern Europe, the EU attaches great importance to help these countries set up effective measures to combat the drug trade and to cope with the growing problems generated by drug abuse.

Programme Objectives

The programme aims to help the drug control administrations and institutions in the beneficiary countries combat the illicit supply and trade of drugs and to prevent a sharp increase in drug consumption and drug-related crime.

The programme will assist in the development of effective policies and measures for drug control and reinforce regional cooperation in the fight against drugs.

The programme will strengthen assistance provided under the Phare 1992 Regional Pilot Programme and extend the geographical scope of the Programme in order to include all Phare beneficiary countries.

Programme Description

Technical assistance, training and basic equipment will be provided to the Phare beneficiary countries under the programme.

A multidisciplinary approach to the drug problem will be developed, promoting a balance between demand reduction activities and supply control measures.

Drug Information Systems/Networking 1.5 MECU
Projects started under the Phare 1992 programme will be continued . This includes training of specialists and the provision of equipment for the collection and processing of drug related data.

Demand Reduction 2.5 MECU
Actions to promote drug prevention, information and health education will be funded.. These will be targeted especially at young people. Basic training and technical assistance programmes will be developed.

Measures Against the Diversion of Precursors 1.5 MECU
It is necessary to prevent the diversion of precursors and other essential chemicals used for the illicit manufacture of narcotic drugs and psychotropic substances . New legislation will be drafted and assistance will be given to create administrative infrastructures capable of managing and implementing the legislation. Practical training seminars will also be organised.

Measures Against Money Laundering 1 MECU
A regional seminar will be organised for public authorities and the financial sector to consider policies and legislative proposals on money laundering. Legislation on money laundering will be finalised. Training programmes for the competent authorities and professional organisations in the financial field will be used to implement this new legislation.

Multidisciplinary Training 1 MECU
A European multidisciplinary training programme will be developed on the drugs phenomenon, its causes and consequences. Integrated strategies to face these problems will be examined.

General short duration courses will be held for administrators and decision-makers as well as more practical in-depth courses intended for future national trainers.

Production Control 1.5 MECU

Measures to control the production and trade of psychotropic substances and related chemical and pharmaceutical products will be examined. Technical assistance will be provided to help create administrative structures capable of controlling all aspects of production control measures, trade and distribution of these products.

3. Implementation

The European Commission will be responsible for implementing the programme in close collaboration with the national drug coordinators and ministries and institutions in charge of drug control in the beneficiary countries.

Equipment will be provided by restricted tender or by direct agreement with specialised organisations and experts.

Energy

Identification

Approved by the Management Committee at meeting N° 24 on 29 July 1993

Country:	All Phare partner countries
Programme:	Energy
Duration:	2 years
EU Contribution:	5 MECU
Responsible Authority:	European Commission

Background

The energy sector is one of the key sectors for economic restructuring in Central and Eastern Europe. Although some of the Central and Eastern European countries have indigenous energy resources, all remain heavily dependent on imports. The development of alternative energy sources to reduce this dependency and issues such as nuclear safety and the environment are key concerns for Central and Eastern Europe and the European Union alike and the European Energy Charter signed in December 1991 aims to address these problems by increasing trade and cooperation on energy in Europe.

The 1992 Phare Regional Energy Programme directly contributed to this goal and aimed to strengthen East-West cooperation in the energy sector, focusing on the interconnection of the Eastern and Western electricity grids, natural gas interconnection, a regional study on petroleum refining and transportation, management training/twinning and training on legislation, regulation and strategy, linked to the implementation of the European Energy Charter.

Programme Objectives

The 1993 Regional Energy Programme aims to consolidate the action commenced under the 1992 Programme and to extend action to countries which were not included in all the projects under that Programme (namely Slovenia, Albania, Estonia, Lithuania and Latvia).

Emphasis will be on the following components:

- electricity interconnection
- management twinning
- energy legislation, regulation and strategy, linked to the European Energy Charter.

Programme Description

The 1993 Programme will fund the following projects:

Electricity Interconnection 2 MECU

A study of the problem of electric interface between the CENTREL network (Poland, Hungary, Czech Republic, Slovak Republic), the Balkan networks and the network of the former Soviet Union, in the event of interconnection of central Europe with the Western network (UCPTE) will be undertaken with a view to defining a global strategy and quantify investments according to a set of priorities. Estonia, Latvia and Lithuania will be included in this study.

The CENTREL technical assistance project (including training of local dispatchers) already under way under the 1992 programme will be extended to Estonia, Latvia, Lithuania and Slovenia.

Management Twinning 2 MECU

Due to limited resources, only the power sector was covered by this component under the 1992 Programme. The 1993 Programme will extend this component to other areas, for example, energy saving and the coal sector or others to be agreed by the beneficiary countries.

Energy Legislation, Regulation and Strategy 1 MECU

Limited funding was provided for this component under the 1992 Programme and the 1993 programme will provide additional funding to enable the development of energy strategies and the introduction of legislation and regulations which are compatible with EU energy policies and regulations and with the principles of the European Energy Charter.

Implementation

The Programme will be implemented under the overall coordination of the European Commission, Operational Service Phare, in close cooperation with DG XVII and the sector coordinator. Particular components will be managed by the Steering Committees, so as to decentralise the implementation of the various projects, while all important decisions regarding the orientation of the projects will be taken in plenary sessions organised twice yearly in the country acting as a sector coordinator, with the participation of all beneficiary countries.

TEMPUS: Trans-European Mobility Scheme for University Studies

Identification

Countries:	All Phare partner countries
Programme:	TEMPUS: Trans-European Mobility Scheme for University Studies
Duration:	2 years
EU Contribution:	129.15 MECU, subdivided as follows:
National Funding:	
	Albania 2.5 MECU
	Bulgaria 15 MECU
	Czech Republic 8 MECU
	Estonia 1.5 MECU
	Hungary 16 MECU
	Latvia 2 MECU
	Lithuania 2.5 MECU
	Poland 35 MECU
	Romania 18 MECU
	Slovak Republic 5 MECU
	Slovenia 2.5 MECU
Total National Funding:	108 MECU
Total Regional funding:	21.15 MECU
Sector Classification:	Training
Responsible Authority:	Ministries of Education in liaison with the European Commission

Background

Phare finances Joint European Projects (JEPs) set up by institutions and universities in European Union countries and in Central and Eastern Europe under the TEMPUS programme.

TEMPUS has just started on its third academic year. Projects in 1992 involved over 10,000 teaching staff, 6,400 students and 1,800 institutions in the Union and the beneficiary countries.

Technical assistance for TEMPUS is allocated by the European Cooperation Fund - under contract with the Commission through a tendering procedure - since its approval by the Advisory Committee on Procurements and Contracts on 25 March 1993.

All projects begun in 1993 are subject to a multi-annual financing procedure. The required amount for three years is being committed globally from the first year. Countries like Poland, Bulgaria and Romania have therefore no new projects in 1993; the Czech and Slovak Republics can select some projects from their reserve list for 1992. Hungary, Slovenia, Albania, Estonia, Lithuania, although still inviting applications, will only select a small number of new projects.

Programme Objectives

TEMPUS aims to provide assistance for the modernisation of higher education and the improvement of training in the countries eligible in central and eastern Europe and to promote interaction between higher education institutions in these countries and similar bodies in the European Union.

Programme Description

TEMPUS supports:

- projects between higher education institutions in the above countries and partners in the Union in order to update or revise curricula, improve library facilities, develop and translate teaching material and promote distance-learning schemes, mobility and exchanges of students for integrated study periods and/or placements in industry;
- mobility and the exchange of teachers/educators in higher education institutions and undertakings to work as teachers, instructors or advisors;
- supplementary activities, ensuring easier access to European associations, assessment studies and activities and exchanges for young people.

The 1993-94 funding for TEMPUS will complete projects already started under the first TEMPUS programme.

Implementation

The programme will be run by the European Commission's TEMPUS office in coordination with national ministries of education.

Regional Transport Programme

Identification

Approved by the Management Committee at meeting N°26 on 17/18 November 1993

Country:	All Phare partner countries
Programme:	Regional Transport Programme
Duration:	3 years
EU Contribution:	20 MECU
Sector classification:	Transport
Responsible authority:	European Commission Regional Transport Co-ordination Unit National authorities

Background

Transit road-traffic flows across Central and Eastern Europe have increased dramatically since 1989. This phenomenon, concurrent with the greater mobility associated with the establishment of free-market economies in the region, is aggravated by the swelling re-routing of road traffic from the traditional transit corridors in former Yugoslavia. Existing road infrastructures are inadequate to absorb the increasing volume of traffic. Major infrastructure works are required to upgrade motorways and border control facilities on the main trans-European road networks. Customs procedures need to be streamlined in order to accelerate transit flows.

Responding to these needs, as well as to the dearth of national budgetary resources available for transport infrastructure investment, the EU Council of Ministers decided in June 1993 in Copenhagen to allocate up to 15% of the Phare budget for co-financing of infrastructure investments in the Central and Eastern European Countries (CEECs).

This decision follows the December 1992 ruling of the Council, providing a total of 5 billion ECUs for co-financing infrastructure investments, notably those connected with the development of trans-European transport networks.

Under the 1992 Phare Regional Transport Programme, the Commission has already pledged 21 MECU of technical and financial assistance to help upgrade major international roads across the region, as well as to support the integration of eastern and western transport networks.

Programme Objectives

The overall objective of the programme is to support the development of trans-European transport networks and to facilitate pan-European transit flows.

The immediate objectives are:

- the elimination of certain border-crossing bottlenecks on major trans-European road corridors;
- the mobilisation of foreign and domestic resources for trans-European infrastructure investment;
- the harmonisation of policies and practices in the transport sector; and
- the development of inland waterway navigation and maritime transport.

Programme Description

The programme comprises three main components:

Upgrading of border-crossing infrastructure 15 MECU
Building on the experience gained through the 1992 Regional Transport Programme, further support will be provided to upgrade border-crossing infrastructures and modernise customs procedures on major international corridors of pan-European interest.

The programme inputs will consist of technical assistance and investment finance to support the construction of direct access roads, parking and waiting areas, customs clearance and border control facilities.

Technical assistance and equipment for the streamlining of customs clearance and control procedures at border-crossing points will be financed from the 1993 Regional Customs Programme.

Cross-border projects with EU Member States will be developed in close co-ordination with DG XVI's INTERREG Programme.

Preparation of Trans-European Infrastructure Investments 2 MECU

The programme will finance feasibility studies and other preparatory actions for the implementation of large-scale investment projects to develop trans-European road networks with focus across the Visegrad countries and especially Poland.

Regional Studies and Seminars 1.7 MECU

Support will be provided for a series of regional seminars and workshops to promote the harmonisation of road safety and road rehabilitation policies in the region. These

will be organised in close co-operation with the World Bank , OECD and other international organisations.

Technical assistance will also be provided for a limited number of well-targeted regional studies on the development of inland waterways and the improvement of maritime transport in the Baltic and Black Sea.

Reserve, contingencies, management 1.3 MECU

Implementation

Programme management

The Phare Regional Transport Co-ordination Unit in Prague in liaison with the European Commission will hold responsibility for the overall co-ordination and monitoring of the programme activities.

Responsibility for the implementation of the border-crossing infrastructure projects will be with the national authorities. For this purpose, separate Memoranda of Understanding between the European Commission and each of the recipient governments will be stipulated. These will define activities to be financed, detailed implementation procedures, local contributions, specific arrangements for supervision and monitoring, etc.

Regional studies and seminars will be co-ordinated by the Regional Co-ordination Unit. Pre-investment projects will be implemented by the national authorities in liaison with the European Commission.

The Liaison Group for the Phare Regional Transport Programmes and the focal points for the Phare Regional Customs Programme will undertake regular reviews of the programme and will make the necessary recommendations to ensure coherence between the national and regional Phare activities.

Procurement

Contracts for the procurement of equipment will be awarded either through open, or restricted invitations to tender if so justified by the costs and technical characteristics.

Provisions of technical assistance will normally be sought through restricted calls for tender. Awards of contracts through direct agreement may occur for small expenditures or, when justified, by the specific nature of the services required.

Contracts for the infrastructure works will be awarded through open invitations to tender.

JOPP: the Joint Venture Phare Programme

Identification

Approved by the Management Committee at meeting N° 25 on 8 October 1993

Country:	All Phare partner countries
Programme:	JOPP
Duration:	1 year
EU Contribution:	15 MECU
Sector classification:	Small & Medium-Sized Enterprises
Responsible authority:	European Commission

Background

In 1991, the Commission launched the JOPP programme to ease the creation of joint ventures between EU companies and companies from Phare-recipient countries in Central and Eastern Europe.

The programme targeted small and medium-sized enterprises (SMEs). It has proved to be a successful instrument to encourage foreign direct investment: 200 projects have so far been approved which are expected to contribute about 400 million ECU of additional investment between them.

The resources committed to JOPP in 1991 have now been exhausted. An extension of the programme is therefore required to meet the increasing number of demands for co-financing of joint venture projects.

Programme Objectives

The 1993 extension aims to support the creation and the development of joint ventures in Central and Eastern Europe to increase foreign investment flows and to encourage the development of the private sector.

The programme's target will mostly be SMEs from the European Union seeking to invest in joint ventures in Central and Eastern Europe.

Programme Description

The structure of this JOPP extension is similar to the original 1991 programme. Four action windows will be available, each subject to different criteria, to support the different stages of the creation and development of a joint venture.

Window 1

Funds are available to cover part of the eligible costs of the following activities:

- the organisation of seminars to facilitate the search for a partner;
- the creation of support services to assist SMEs in the preparation of project applications; and
- the production and dissemination of information to prospective inward investors.

Window 2

Interest free loans covering up to 50% of the eligible costs can be provided to co-finance:

- feasibility studies;
- pilot projects.

This loan may subsequently be transformed into a grant if the joint venture is actually established within a period of 12 months. In such cases, the remaining 50% of eligible costs may be reimbursed up to a limit of 150.000 ECU.

Window 3

JOPP may bear part of the risk of the joint venture by indirectly contributing up to 20% of total capital needs in the form of a share acquisition or a convertible loan. This contribution can only be provided on the condition that it is matched by other investors.

This component will be managed in close co-ordination with the EBRD.

Window 4

This component is designed to strengthen the human capital base of existent joint ventures, by offering the possibility of co-financing for specific technical assistance measures and the transfer of know-how.

Implementation

Programme management

The European Commission will hold overall responsibility for implementation of the programme. A network of financial intermediaries associated with the programme will provide the link between the European Commission and beneficiary companies.

Extension/Consolidation of the 1992 Regional Transport Programme

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	All Phare partner countries
Programme	Extension/Consolidation of the 1992 Regional Transport Programme
Duration:	2 years
EU Contribution:	4 MECU
Sector classification:	Infrastructure
Responsible authority:	European Commission and the Regional Coordination Unit at the Ministry of Transport of the Czech Republic, in close collaboration with the ministries of transport of the Phare countries PHOS project manager:

Background

Phare funded national transport programmes for a number of Central and Eastern European countries in 1991, designed in each case to assist the transformation of the transport sector from a planned to a market economy by improving national policy definition and implementing capacity.

In accordance with official requests expressed by the governments of a number of Phare beneficiary countries and as a continuation of the 1991 national programmes, a Regional Transport Programme was adopted in 1992 to deal with major regional issues in the sector in Central and Eastern European countries.

The 1992 Programme provided for:

- action to define border crossing bottlenecks on main transit corridors in order to formulate and execute a priority short-term investment programme;
- traffic forecast studies, highway feasibility studies and studies of non-conventional financing in relation to the trans-European north-south motorway;
- railway management and modernisation studies, prefeasibility studies, telematics in development of data for marshalling yards and the development of a database on existing rail systems in relation to the trans-European north-south railway project;

- sectoral studies to assess the potential for future development and to establish an overall view of the needs for infrastructure cost-effective improvements;
- integrated training and technical assistance programme to assist the relevant transport ministries and institutions to become acquainted with new concepts and practices, modernise their systems and procedures and adapt them to the particular requirements, standards and specifications of countries of market economies.

Programme Objectives

The 1993 Programme extends and continues the 1992 Regional Transport Programme.

The 1992 Programme is extended to include Albania, Estonia, Latvia, Lithuania and Slovenia.

Additional funding is also provided to continue and consolidate the integrated technical assistance and training component of the 1992 Programme.

Programme Description

1. Extension to the New Phare

Beneficiary Countries	1.8 MECU
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The extension will enable the new countries to be integrated fully into the regional studies already commenced under the 1992 Programme (the trans-European north-south motorway project, the trans-European north-south railway project and the sectoral studies on the potential for future development and the needs for cost-effective infrastructure improvements) and other planned regional study activities, in particular the feasibility study for the development of rail and combined transport.

(The border crossing bottlenecks component is being extended to the new beneficiary countries and, for the other countries, continued under the separate 1993 Phare Regional Transport Programme.)

2. Consolidation of Aspects of the 1992

Programme

2.2 MECU

This component of the Programme is designed to consolidate the training activities started under the 1992 Programme for all the beneficiary countries.

The main efforts will concentrate on air traffic control (ATC) training, given the urgent needs related to increased air traffic, safety and purchase of new air traffic control equipment.

The 1992 programme provided for the organisation of a limited number of courses for air traffic controllers, such as English language training and introductory courses to data processing and air traffic control automation. In order to prepare a global ATC training programme, the European Commission requested the EUROCONTROL institute in Luxemburg to undertake an analysis of immediate training demands, in close cooperation with the national ATC authorities. A special meeting was held earlier this year to reach conclusions on urgent training needs. The priorities established now need scrutinising to determine the components of the ATC training programme.

Given the urgent need for training in other transport-related areas, the Programme also provides funding for an in-depth analysis of these as well.

Implementation

Programme management

The Programme will be implemented under the overall coordination of the European Commission (Phare Operational Services) and the Regional Coordination Unit established at the Ministry of Transport in the Czech Republic, in close cooperation with the ministries of transport of all the beneficiary countries.

Procurement

The procurement of services, technical assistance and equipment will follow the standard procedures applicable in the Phare Programme. Framework contracts will be concluded, where appropriate, with contractors who will be selected through a restricted tender. The company carrying out the contract will conclude, where appropriate, sub-contracts for the implementation of specific tasks.

Customs Cooperation

Identification

Approved by the Management Committee at meeting N° 26 on 17/18 November 1993

Country:	All Phare partner countries
Programme:	Customs Cooperation
Duration :	3 years
EU Contribution:	10 MECU
Sector classification:	Customs
Responsible authority:	European Commission, in close collaboration with the national customs administrations of the Phare countries

Background

The countries of Central and Eastern Europe and the European Union have recognised the need to upgrade and modernise the Customs administrations and procedures. However, it has become increasingly evident that national initiatives alone are insufficient to ensure the necessary improvements and that a well-coordinated regional approach is a prerequisite if a lasting impact is to be assured.

The first Phare Regional Programme for Customs Cooperation was launched in 1991 for Bulgaria, former Czechoslovakia, Hungary and Romania and was extended in 1992 to Albania and the Baltic States. The programme provided technical assistance and training primarily for the drafting and application of new customs legislation compatible with EU legislation.

Insufficient and unharmonised development of the customs infrastructures as well as severe bottlenecks at a number of border crossings remain major constraints to the economic transition process, to attracting foreign investment and, consequently, to the economic and commercial development of the Central and Eastern European countries.

Programme Objectives

The 1993 Programme aims to further enhance customs cooperation between all the countries of Central and Eastern Europe, in particular by:

- supporting the introduction and application of harmonised customs legislation and procedures based on EU customs legislation;
- ensuring a uniform application of the new customs legislation and procedures through adequate training;
- eliminating the main existing border crossing and transit problems;
- improving the efficiency of the fight against fraud; and
- improving coordination and cooperation between customs services.

Programme Description

Completion of Legislation and Procedures 1.5 MECU

These activities will mainly involve the drafting of the rules of application of the new Customs Code created under the 1991 Programme but, in the case of the Baltic States, the new Customs Code itself will have to be finalised. The customs procedures will mainly be defined in the rules of application of the Customs Code but special attention will be given to the integration of procedures between the countries.

Assistance will be provided by specialised customs experts who will participate at several working groups on specific topics within the customs legislation.

Training 2.5 MECU

Experts on customs matters will help a team of trainers in each country to train customs staff in applying the new legislation and procedures.

Support will also be given for the creation of training centres or customs schools in each country, including the provision of essential equipment.

Border Crossing Activities 3 MECU

A special programme will be developed to facilitate cross-border traffic by streamlining customs procedures at borders. This technical assistance and training programme will be implemented in close cooperation with the 1993 Phare Regional Transport Programme.

The programme will include technical assistance and training in customs procedures for passenger and commercial traffic.

Assistance will also be provided to prepare the beneficiary countries for the extension of the Common Transit procedures. This system is operational in the EU and the EFTA countries and an extension is being prepared for the Czech Republic, the Slovak Republic, Hungary and Poland. Further technical assistance and training for this purpose will be given as well as for the preparation of other beneficiary countries interested in joining the system.

Fight Against Fraud

1 MECU

Technical assistance and training in this field will focus mainly on commercial fraud (search techniques, organisation of investigation services, intelligence gathering, international cooperation, use of information technology). Special practice oriented training courses will be organised, with emphasis on the implementation of these measures and the development of objectives, policies and strategies for the fight against fraud.

Limited funding will be available for the purchase of essential detection and analysis equipment for technical assistance and training purposes.

Activities will be closely coordinated with the 1993 Phare Regional Programme for the Fight Against Drugs.

Implementation

Programme management

The implementation of the Programme will be under the direct responsibility of the European Commission in close collaboration with the national customs administrations of the beneficiary countries. The Commission will have responsibility for the general coordination, supervision and monitoring of the Programme.

A Liaison Group will be established with one representative from each of the beneficiary customs administrations to provide overall guidance and to supervise and monitor the implementation of the Programme. The Liaison Group will ensure the close coordination of actions within their respective countries and in relation to regional actions and will be closely involved in the preparation of possible new programmes and actions.

A Programme Coordination Unit will be established in one of the beneficiary countries to ensure proper coordination between the various national and regional programmes. The PCU will assist the customs services in prioritising tasks into detailed work programmes and will monitor all actions and collect information in relation to this and other relevant programmes.

Procurement

Procurement of equipment will be by international tender open to individuals and companies from EU Member States and from the recipient countries or the Phare Programme. Restricted tendering procedures may be used if justified by the cost or special characteristics of the equipment. Technical assistance will be recruited either by international tender or restricted tendering procedures, depending on the cost and specialist nature of the required services. Small expenditures of minor importance may be subject to a direct agreement.

Multidisciplinary Technical Assistance

Identification

Approved by the Management Committee at meeting N° 20 on 2 December 1992

Country:	Certain countries of central and eastern Europe
Programme:	Multidisciplinary Technical Assistance
Duration:	1 year
EU Contribution:	10 MECU
Sector classification:	GTAF
Responsible authority:	European Commission

Background

The Multidisciplinary technical assistance fund is used to finance technical cooperation, training, trade and investment promotion operations by an accelerated procedure. Funding is limited to a maximum of 1 million ECU per operation.

Programme Objectives

This authorisation for multidisciplinary financing aims to:

- ensure a speedy and effective utilisation of aid;
- respond both flexibly and rapidly to the urgent requirements of the recipient countries for limited training, trade and investment promotion operations as part of their efforts to improve their knowledge and professional skills in practical fields and to strengthen their trade, business and economic relations with the Union;
- improve the Commission's capacity to deal adequately and rapidly with urgent problems arising in the recipient countries, as well as to enable the Commission to take specific actions in order to organise the aid effectively.

Programme Description

The multidisciplinary fund will cover the costs of :

- identification, feasibility, technical, market and other studies;
- experts and consultancy services;
- small-scale training operations including specialist seminars; and
- small-scale supplies, works and services as needed to realise the objectives of the proposal.

The cost of each operation is limited to 1 million ECU. Operations with higher costs than this will be subject to a discussion in the Committee nominated for the purpose.

Implementation

Small contracts will be awarded under direct negotiations while restricted consultation will be carried out for the award of larger contracts. Experts may also be recruited through the European Association for Cooperation (EAC).

Phare Democracy Programme

Identification

Approved by the Management Committee at meeting N°23 on 7 July 1993

Country:	All Phare partner countries
Programme:	Phare Democracy
Duration:	1 year
EU Contribution:	10 MECU
Sector classification:	civil society
Responsible authority:	European Commission

Background

The Phare Democracy Programme (PDP), launched on a pilot basis in 1992 as part of the European Democracy Initiative of the European Parliament, was intended to be the first specific EU contribution to the process of democratisation and political reform in Central and Eastern Europe.

It is widely acknowledged that political reform in the Central and Eastern European Countries (CEECs) is a continuing process, begun but not completed with the holding of multi-party elections. It involves not merely the setting-up of a whole range of institutions, but also the introduction of new procedures and practice in most, if not all, parts of government and the legal system, as well as in representative bodies such as political parties and trade unions.

The issue of supporting the democratic institution-building process in the Central and Eastern European Countries is already addressed in the context of government-led Phare-assisted programmes, notably in the fields of public administration, civil society and social dialogue.

The 1992 PDP pilot phase has shown the complexity of promoting democracy in civil society, as well as the extent of the need for more support by Central and Eastern European organisations..

In response to this need, the Commission has launched a second phase of the Phare Democracy Programme. This 10 MECU extension is designed to complement other existing bilateral aid initiatives, as well as other Phare-assisted programmes to promote good governance and an open and stable society.

Programme Objectives

The overall objective of this 1993 programme is to contribute to the introduction of pluralist democratic procedures and practices and the rule of law, in accordance with CSCE standards, with the ultimate goal of supporting the process of economic and political reform in the Central and Eastern European Countries (CEECs).

More specifically, the programme will support :

- the acquisition of knowledge and techniques of parliamentary practice and the organisation of initiatives by cross-party groups of parliamentarians and local elected officials;
- the strengthening of non-government bodies and associations which by their vocation can make a continuing contribution to the promotion of a pluralistic, democratic society;
- the transfer of specific expertise and technical skills about democratic practices and the rule of law to professional groups and associations.

Programme Description

As in the case of the 1992 PDP, the 1993 programme will take the form of a grant aid facility for non-governmental, non-profit-making bodies to support the implementation of action-oriented projects designed to achieve one or more of the above objectives.

The project grant aid component (9 MECU) of this programme will thus be earmarked for:

- Co-financing projects based on cooperation between formally constituted non-government bodies in the CEECs and similar partner bodies (at least two) in the European Union, or a trans-national EU-based body. Projects focused on the transfer of know-how and techniques of parliamentary practice, however, may be exempted from the requirement to involve a formally constituted body in the CEECs. All grants under this provision will normally not exceed 70% (or 150.000 ECU) of the total project costs and will only be made to cover the expenses required for technical assistance, training, equipment or other launching costs.
- Micro projects submitted by CEEC-based bodies for which grants (up to 10.000 ECU) may cover the total costs of the project.

Implementation

Programme management

The European Commission will hold overall responsibility for the management of the programme. After due publicity, submissions will be invited for autumn 1993 and the selection of projects to be co-financed will be made by the Commission by spring 1994. An Advisory Group consisting of representatives of the European Parliament and the Council of Europe will make recommendations on priorities and criteria for the selection of projects.

The management of micro-project will be decentralised under the responsibility of the EU Delegations. Where these are not yet established, management will be ensured by specifically appointed local agents.

Partnership and Institution Building

Identification

Approved by the Management Committee at meeting N° 27 on 22 November 1993

Country:	All Phare partner countries
Programme:	Partnership and Institution Building
Duration:	2 years
EU Contribution:	10 MECU
Responsible authority:	European Commission

Background

Non-profit making organisations with limited access to funding in the Phare beneficiary countries have often made requests for financial assistance for small projects. Due to the scale or nature of these projects, these requests could not easily be incorporated into the Phare programme framework.

The Phare partnership and institution building programme aims to fill this gap by providing funds to non-profit making organisations in Central and Eastern European countries to link them to a partner body in the Member States.

The emphasis of the programme will be on transferring know-how which will enable the recipient organisation to function more efficiently and effectively. It will establish sustainable economic links between non-profit making organisations in Central and Eastern Europe and in the Member States.

The programme will also fund more general projects which help set up new non-profit making institutions that can advance the process of economic reform and restructuring in the Phare countries.

Programme Objectives

The programme aims to promote socio-economic development and support the reform process in the Phare countries. It also hopes to increase the effectiveness of cooperation and promote partnerships between Central and East European organisations and those within the European Union.

Programme Description

Phare will provide one-off grants to support a range of selected projects. The key principles involved in the selection will be partnerships between non-profit making institutions and the strengthening of relatively small non-profit making bodies.

Each project will be self contained and should address weaknesses in the existing economic and social infrastructure. They should be based on the exchange of expertise, training, equipment, launching costs, management techniques, marketing skills, promotion activities and the transfer of professional skills. Research projects and one-off conferences are excluded from funding, as are projects seeking to use funds for credit or private investment purposes.

Union funding of 10 MECU will be provided in the form of grants matching the member state organisation's financial contribution. For projects involving one EU-based organisation the maximum Phare contribution will be 100,000 ECU for projects costing a total of 200,000 ECU. If two or more EU-based organisations are involved, the maximum Phare contribution will be 150,000 ECU for projects costing up to 300,000 MECU.

Implementation

The European Commission will have the overall responsibility for the management of the scheme. The Commission will draw up detailed selection and eligibility criteria which will be presented to the member states within a comprehensive information package. Each member state will designate an authority to identify suitable projects. The Commission will make the final selection of projects.

Summary of the Phare Programmes 1993

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			10
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Customs	15		
Safe Society	10		
Agriculture and rural development	30		
Training and educational reform	10		
Transport infrastructure	30		
Telecommunications and postal services	7		
Flexible reserve for technical assistance	18		
Enterprise restructuring	8		
Tourism	8		
Transport	18		
	225		

All figures in MECU

