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COMMISSION OF THE EUROPEAN COMMUNITIES  
PROGRAMME OF ASSISTANCE FOR ECONOMIC RESTRUCTURING  
IN THE COUNTRIES OF CENTRAL AND EASTERN EUROPE

***PHARE 1993***  
**operational programmes:**  
**Update N° 1**

CEE: I/39

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CEE: I/39

This brochure contains summaries of all PHARE operational programmes funded from the 1993 budget that were approved by 1st August 1993.

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# Restructuring of the Health Sector

- a PHARE assistance programme -

## 1. IDENTIFICATION

*Decision taken 29/07/93 at Management Committee meeting N° 24*

Country:	Albania
Programme:	Restructuring of the Health Sector
Duration (years)	3
Year:	1993
EC Contribution:	6.0 MECU <sup>1</sup>
Sector classification:	Health
Responsible authority:	Ministry of Health and Environment

## 2. SUMMARY

### *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 of 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 health care, 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, as market prices of medical drugs are strictly regulated and production costs are heavily subsidised by the State. During the last two years, Albania has therefore been increasingly dependant 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.

<sup>1</sup> million European Currency Units

# ALBANIA



# HEALTH



In addition to the programme described here, the Community 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

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 specific 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' Administration* 0.6 MECU

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 Community-based hospitals.

#### *Support for the Pharmaceutical Sector* 1.25 MECU

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.

In the area of production, PHARE assistance will focus on transferring technology and training and on supplying equipment for the rehabilitation of a production unit specialised in solutions.

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.

### **3 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 tender, depending on costs 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



HEALTH



## Private Sector Development Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 29 July 1993 at Management Committee meeting N°24*

Country:	Albania
Programme:	Private Sector Development
Duration (years):	2
Year:	1993
EC Contribution:	7 MECU <sup>2</sup>
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Economy and Finance

### 2. SUMMARY

#### *Background*

The collapse of Albanian communism in 1991 provoked the almost total paralysis of 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 with the ultimate goal 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; and
- 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.

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<sup>2</sup> million European Currency Units

## ***Programme Objectives***

The overall objective of the 1993 PHARE programme is to extend the activity of last year's GTAF with the ultimate goal to create a sustainable 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**

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 will also be envisaged.

### **Support for Tourism Development 1.2 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 non-strategic state-owned enterprises in fields relating to the restructuring process.

# ALBANIA



# PRIVATE SECTOR DEVELOPMENT

# ALBANIA



## PRIVATE SECTOR DEVELOPMENT

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

### Support for Modernisation of 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:* a provision for technical assistance (one advisor) is envisaged 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

0.3 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.

## 3. IMPLEMENTATION

### *Programme management*

The Ministry of Finance and Economy, in liaison with the EC 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 invitations 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 EC Commission.



## Support to Private Animal Production

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken 14/12/92 at Management Committee meeting N° 21*

Countries:	Estonia, Latvia and Lithuania
Programme:	Support for private sector animal production
Duration (years)	3
Year:	1993
EC Contribution:	24 MECU <sup>3</sup>
Sector classification:	Agriculture
Responsible authority:	Ministries of Agriculture

### 2. SUMMARY

#### *Background*

Agriculture is a vital sector in the economies of Estonia, Latvia and Lithuania: it accounts for about 30% of GNP. One fifth of the population depends on agriculture for a living. Livestock production predominates as a result of Soviet central planning which subsidised the import of feed grains and other basic raw materials.

The general agricultural situation in the three Baltic countries is extremely depressed as domestic demand has declined substantially and is likely to fall even further. This is accompanied by a substantial decline in exports due to the break-up of the Soviet Union. There is a critical shortage of liquid funds and the exceptional drought of 1992 has exacerbated the situation with a drop in cereal production of some 2 million tonnes.

#### *Programme Objectives*

The programme will reinforce ongoing PHARE-funded programmes in the agricultural and food sector. It will help to establish links between private sector industries in the three Republics and partner industries in Member States.

The programme aims to improve the efficiency of animal production. The key components of the programme are: to supply animal feed components; to provide veterinary training; to supply advice and business support services for private farmers; and to provide expert support to the Governments on restructuring and demonopolising both up-stream and down-stream industries in the agricultural sector.

#### *Programme Description*

Specific outline programmes for each Republic have been developed taking account of the priorities and needs of the governments and their industries. The range of measures includes :

- the provision of animal feed stuff ingredients and other inputs in order to maximise the feed value of available supplies;

<sup>3</sup> million European Currency Units

# BALTICS



# AGRICULTURE



- providing technical assistance for the establishment and operation of non-state distribution agents;
- providing technical assistance and other support to develop advisory services tailored towards the private farm sector;
- providing veterinary medicines to improve the efficiency of animal production;
- providing technical assistance to the veterinary profession in preventive treatment to maximise production efficiency;
- providing technical assistance and supply programmes to improve the quality of breeds;
- the provision of technical assistance and other support to assist the responsible Ministries and government agencies to increase the speed, impact and effectiveness of the privatisation of up- and downstream agro-industries.

### 3. IMPLEMENTATION

The Ministries of Agriculture will have the overall responsibility for developing internal distribution and selling arrangements which will build to the maximum extent possible on the arrangements adopted for EC food aid.

Supply programme procurement will be contracted to qualified Community procurement companies operating to standard international procedures.

External technical assistance will be provided to assist Ministries in identifying, training and supervising enterprises and agencies in distribution and selling procedures, including auctions where appropriate. For specific technical issues, implementation will be contracted out to companies with suitable expertise. Overall co-ordination will be undertaken by the Project Implementation Units already established in each Ministry of Agriculture. Pending development of suitable and effective banking systems in the recipient countries, implementation of the principal technical assistance and procurement contracts will be undertaken by Commission Services on behalf of the Governments of the Baltic Republics.

**General Technical Assistance Facilities**  
*- a PHARE assistance programme -*

**BALTIC STATES**

## 1. IDENTIFICATION

*Decisions taken on 29 July 1993 at Management Committee meeting N°24*

Countries:	Estonia, Latvia, Lithuania	
Programme:	General Technical Assistance Facilities	
Duration (years):	2	
Year:	1993	
EC Contribution:	Estonia	10.5 MECU <sup>4</sup>
	Latvia	16.0 MECU
	Lithuania	22.5 MECU
Sector classification:	Multisectoral	
Responsible authority:	EC Commission and national authorities	

## 2. SUMMARY

### *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.



**GTAFS**

<sup>4</sup> million European Currency Units



## *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 SME & Privatisation programmes and the full range of regional programmes.

## *Programme Description*

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

### 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.

#### **Estonia**<sup>5</sup>

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.

#### **Latvia**

**2.5 MECU**

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.

#### **Lithuania**

**4.6 MECU**

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.

### 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.

<sup>5</sup> an indicative monetary allocation per activity is given where available.

## 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.

## Latvia

2.0 MECU

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

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### Estonia

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.

### Latvia

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, demonopolisation and the privatisation of state-owned enterprises in the agro-industrial sector.

### Lithuania

5.0 MECU

As in the case of Estonia, this component of the 1993 GTAF for Lithuania will focus on restructuring and privatisation of agro-processing industry, agricultural extension and livestock efficiency.

## Energy

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### Estonia

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.





## Latvia

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.

## Lithuania

2.5 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

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### Estonia

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.

### Latvia

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.

### Lithuania

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

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### Estonia

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.

### Latvia

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.

### Lithuania

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.

### Telecommunications

#### **Latvia**

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

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.

#### **Estonia**

2.3 MECU

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.

#### **Latvia**

2.5 MECU

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.

#### **Lithuania**

1.0 MECU

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

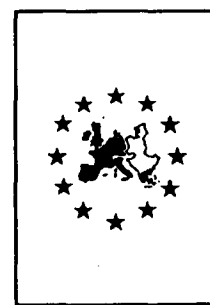
Social policy programmes are now perceived by the Baltic authorities as being of increasing importance. Systems of social protection need radical transformations to tackle growing unemployment. The financing mechanisms of social security systems need to be restructured. Addressing these issues, the 1993 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.

#### **Estonia**

2.4 MECU

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

BALTIC STATES



GTAFs

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.

Latvia

1.0 MECU

The 1992 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.

Lithuania

0.5 MECU

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 Co-ordination

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As the complexity and scale of sectoral aid programmes have increased in 1993, improved co-ordination 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 (0.65 MECU) and Lithuania (1.0 MECU).



### 3. 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 EC 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*

Equipment will be procured either through open invitations or via restricted calls to tender, if so justified by the cost and special nature of the equipment.

Technical assistance and training will be provided either through restricted calls for tender or through direct agreement, depending on the cost and technical specifications of the services required.

Small expenditures will normally be subject to direct agreements.



## Import Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 15 April 1993 at Management Committee meeting N° 22*

Country:	Former Yugoslav Republic of Macedonia
Programme:	Import Programme
Duration (years):	2
Year:	1993
EC Contribution:	25 MECU <sup>6</sup>
Sector classification:	Multisectoral
Responsible authority:	Commission of the EC
PHOS project manager:	Mr. J. Bell

### 2. SUMMARY

#### *Background*

The economy of the former Yugoslav republic of Macedonia has been significantly disrupted by the wartime 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 F.Y.R. of Macedonia, 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 F.Y.R. of Macedonia in institution-building.

The specific objectives targeted by this programme reflect key priorities in the Government strategy of economic reform.

<sup>6</sup> million European Currency Units

F.Y.R. of MACEDONIA



IMPORT PROGRAMME



**Programme Description**

The 1993 Import Programme will provide for financial and technical support to cover the most pressing needs in the following areas:

**Import of critical goods 19 MECU**

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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 F.Y.R of Macedonia'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 EC Commission and the Government.

**Assistance to the customs administration 2.5 MECU**

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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**

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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**

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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.

### 3. IMPLEMENTATION

#### *Programme management*

The different programme components will be implemented and co-ordinated under the overall responsibility of the EC 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.

F.Y.R. of MACEDONIA



IMPORT PROGRAMME



## Enterprise Restructuring and Private Sector Development

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 29 July 1993 at Management Committee meeting N°24*

Country:	Romania
Programme:	Enterprise Restructuring and Private Sector Development (ERPD)
Duration (years):	3
Year:	1993
EC Contribution:	70 MECU <sup>7</sup>
Sector classification:	Private Sector Development
Responsible authority:	Council for Co-ordination, Strategy and Economic Reform (CCSER)
PHOS project manager:	Mr. M. Priestley

### 2. SUMMARY

#### *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

<sup>7</sup> million European Currency Units

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 manufacturing 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**

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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

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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<sup>8</sup>, the ILO<sup>9</sup> 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)

2 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.

<sup>8</sup> United Nations Development Programme

<sup>9</sup> International Labour Organisation

### 3. 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 and supplies will be undertaken through open invitations to tender. Restricted invitations to tender may be used if justified by the costs and/or technical requirements of the goods.

Technical assistance and training will be purchased either through a restricted tendering procedure or by direct agreement, depending on the cost and nature of the services being sought.

ROMANIA



PRIVATE SECTOR



## General Technical Assistance Facility (GTAF)

-a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 29 July 1993 at Management Committee meeting N°24*

Country:	Slovenia
Programme:	General Technical Assistance Facility
Duration (years):	2
Year:	1993
EC Contribution:	7.5 MECU <sup>10</sup>
Sector classification:	Multisectoral
Responsible authority:	Ministry of Science and Technology
PHOS project manager:	Mrs.Sophie Papalexioiu

### 2. SUMMARY

#### *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 Community.

*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.

<sup>10</sup> million European Currency Units



## ***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**

*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 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.

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.

# SLOVENIA



# GTAF



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 Community

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 Community, 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 EC.

### 3. 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 invitations 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.

## Multidisciplinary Technical Assistance Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken 2/12/92 at Management Committee meeting N° 20*

Countries:	Certain countries of Central and Eastern Europe
Programme:	Multi-disciplinary technical assistance
Duration (years)	1
Year:	1993
EC Contribution:	10 MECU <sup>11</sup>
Sector classification:	GTAF
Responsible authority:	Commission of the EC

### 2. SUMMARY

#### *Background*

The Multidisciplinary technical assistance fund is used to finance technical co-operation, 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 Community;
- 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;
- 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.

<sup>11</sup> million European Currency Units

ALL COUNTRIES



MULTIDISCIPLINARY

ALL COUNTRIES



MULTIDISCIPLINARY

### 3. 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 Co-operation (EAC).

## PHARE Democracy Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 7 July 1993 at Management Committee meeting N°23*

Country:	all PHARE beneficiary countries
Programme:	PHARE Democracy Programme
Duration (years):	1
Year:	1993
EC Contribution:	10 MECU <sup>12</sup>
Sector classification:	civil society
Responsible authority:	EC Commission
PHOS project manager:	Mr. S. Rozand-Lambiotte

### 2. SUMMARY

#### *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 EC 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 1993 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.

<sup>12</sup> million European Currency Units

# ALL COUNTRIES



# DEMOCRACY



## *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 Community, or a trans-national EC-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.

## **3. IMPLEMENTATION**

### *Programme management*

The EC 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-projects will be decentralised under the responsibility of the EC Delegations. Where these are not yet established, management will be ensured by specifically appointed local agents.

A provision for technical assistance (1 MECU) is envisaged to support the EC Commission in the overall management of the programme, including monitoring and evaluation of the individual projects.

## Multi-disciplinary Technical Assistance Fund (EBRD)

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Decision taken on 7 July 1993 at Management Committee meeting N° 23*

Country: all PHARE beneficiary countries  
Programme: Multi-disciplinary Technical Assistance Fund (EBRD)  
Duration: to the end of 1993  
Year: 1993  
EC Contribution: 20 MECU<sup>13</sup>  
Sector classification: Multi-disciplinary  
Responsible authority: European Bank for Reconstruction and Development (EBRD)  
PHOS project manager: Mr. M. Urban

### 2. SUMMARY

#### *Background*

The June 1993 Copenhagen Council recommended that up to 15% of the EC-PHARE budget be allotted to infrastructural projects in the Central and Eastern European Countries. The Multi-disciplinary Technical Assistance Fund will give concrete expression to these recommendations.

#### *Programme Objectives*

The overall objective for the programme is twofold. First, to support the development of investment projects in public infrastructure. Second, to strengthen cooperation between PHARE and the European Bank for Reconstruction and Development (EBRD).

#### *Programme Description*

The EC-PHARE grant will finance the preparatory work to generate investment projects across Central and Eastern Europe. More specifically, PHARE funding will be used to support the following type of activities:

- formulation of diagnostic studies in order to assess the viability of investment proposals;
- development of pilot training projects, including seminars and study visits for local counterparts; and
- provisions of short-term consultancy for the achievement of specific technical objectives;
- provisions of small equipment and support services to achieve the objectives of the proposals.

<sup>13</sup> million European Currency Units

ALL COUNTRIES



MULTIDISCIPLINARY

ALL COUNTRIES



MULTIDISCIPLINARY

The ceiling for each operation will normally not exceed 1 MECU.

### 3. IMPLEMENTATION

#### *Programme management*

The implementation and supervision of the different projects will be under the overall responsibility of the EBRD, acting in close consultation with the EC Commission. For this purpose, a liaison committee will be set up.

#### *Procurement*

EBRD rules and regulations will apply to the procurement of equipment and the purchase of technical assistance provision.