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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° 2**

CEE: I/39

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CEE: I/39

This brochure contains summaries of those PHARE operational programmes funded from the 1993 budget that were approved by the Management Committee at its 25th Meeting.

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# Environmental Sector Programme

- a PHARE assistance programme -

## 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Albania
Programme:	Environmental Sector Programme
Duration (years)	3
Year:	1993
EC Contribution:	3.3 MECU <sup>1</sup>
Sector classification:	Environment
Responsible authority:	Committee of Environmental Protection and Preservation (CEPP)

## 2. SUMMARY

### *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 support the Government in the implementation of the NEAP. In particular, comprehensive environmental policies in 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

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

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

# ALBANIA



# ENVIRONMENT



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.

Policy to be developed includes guidelines for those charged with drafting legislation and the definition of regulations and standards to be enforced.

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

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

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

## 3. 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.

# Agricultural Restructuring, Industry Support and Enterprise programme (ARISE)

- a PHARE assistance programme -

## 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country: Albania  
Programme: Agricultural Restructuring, Industry Support and Enterprise (A.R.I.S.E.)  
Duration (years) 1  
Year: 1993  
EC Contribution: 10 MECU<sup>2</sup>  
Sector classification: Agriculture  
Responsible authority: Ministry of Agriculture and Food (MAF)

## 2. SUMMARY

### *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 in 1992 was about 12% greater than the previous year. However, subsistence farming is still widespread and little is marketed.

With World Bank and EC 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 dependency 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.

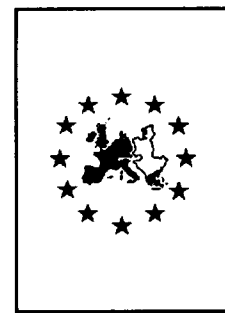
### *Programme Description*

The programme will provide:

- business advice, training and seed financing to facilitate the privatisation of about 500 small and medium-sized rural agro-processing units. PHARE will also help in identifying alternative restructuring plans for larger rural enterprises.

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

# ALBANIA



# AGRICULTURE

# ALBANIA



# AGRICULTURE

- 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.

### 3. 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.

# Public Administration Reform

- a PHARE assistance programme -

# ALBANIA

## 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Albania
Programme:	Public Administration Reform Programme
Duration (years)	1
Year:	1993
EC Contribution:	1.2 MECU <sup>3</sup>
Sector classification:	Public Administration
Responsible authority:	Prime Minister's Office

## 2. SUMMARY

### *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.



# PUBLIC ADMINISTRATION

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



## ***Programme Description***

The programme is divided into the following six components:

### **Support for the definition of a reform strategy in Public Administration**

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**

The programme will provide for 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 the restructuring of the central administrations**

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 for the development of local government structures**

The programme will support the process of decentralisation initiated 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 for the Customs Administration**

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**

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.

### 3. 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



PUBLIC  
ADMINISTRATION



## Private Sector Development Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Czech Republic
Programme:	Private Sector Development Programme
Duration (years)	3
Year:	1993
EC Contribution:	27 MECU <sup>4</sup>
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Economy Ministry of Industry and Trade Ministry of Privatisation Ministry of Finance Czech National Bank

### 2. SUMMARY

#### *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.

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

## ***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 EC 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.

# CZECH



# PRIVATE SECTOR



- *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 by help create 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 EC Member States will be established. Sectoral studies to identify greenfield and joint-venture investment opportunities will also be funded.

### 3. IMPLEMENTATION

#### *Programme management*

The Ministry of Economy, in liaison with the EC 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 undertaken either through open, or restricted invitation 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 either through restricted invitations to tender or by direct agreements, depending on the nature and cost of the services required.

CZECH



PRIVATE SECTOR



## Private Sector Development

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Hungary
Programme:	Private Sector Development
Duration (years)	3
Year:	1993
EC Contribution:	31 MECU <sup>5</sup>
Sector classification:	Private Sector Development
Responsible authorities:	Ministry of Finance Hungarian Foundation for Enterprise Promotion

### 2. SUMMARY

#### *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:

<sup>5</sup> million European Currency Units

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 EC 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 EC 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.

**HUNGARY****PRIVATE SECTOR**



### *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. .

## **3. 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 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.



## Support for the Restructuring of the Health System

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country: Hungary  
Programme: Support for the Restructuring of the Health System  
Duration (years) 3  
Year: 1993  
EC Contribution: 10 MECU<sup>6</sup>  
Sector classification: Health  
Responsible authority: Ministry of Welfare

### 2. SUMMARY

#### *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.

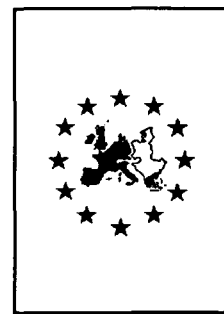
#### *Programme Objectives*

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-addresses issues. Both programmes are complementary and, in practice, will develop together.

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

# HUNGARY



# HEALTH



## *Programme Description*

The programme will consist of the following components:

### Support for the Reform of Primary Health Care

7.27 MECU

- *Policy & 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 & 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 & 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 EC 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.

## 3. 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.

# Upgrading of the Statistical Information System

- a PHARE assistance programme -

## 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Poland
Programme:	Upgrading of the Statistical Information System
Duration (years):	3
Year:	1993
EC Contribution:	12 MECU <sup>7</sup>
Sector classification:	Public Administration
Responsible authority:	Central Statistical Office

## 2. SUMMARY

### *Background*

The Central Statistical Office (CSO) is a major provider of information to the Polish government, to the business community 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 EC systems;
- design and implementation of pilot surveys, consistent with EC standards, to monitor major economic and social indicators.

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

POLAND



STATISTICS



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 EC Member States.

### 3. 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 undertaken either through open or through 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 tenders dossiers and contracts will have to be submitted for approval to the EC Commission.

**Customs Computerisation**  
*- a PHARE assistance programme -*

## 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Romania
Programme:	Customs Computerisation
Duration (years):	3
Year:	1993
EC Contribution:	10 MECU <sup>8</sup>
Sector classification:	Public Administration
Responsible authority:	Romanian General Customs Administration

## 2. SUMMARY

### *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 community.

### *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;

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<sup>8</sup> million European Currency Units

ROMANIA



CUSTOMS

- 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.

### 3. 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.



## Private Sector Development Programme

- a PHARE assistance programme -

### 1. IDENTIFICATION

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	Slovak Republic
Programme:	Private Sector Development
Duration (years)	3
Year:	1993
EC Contribution:	19 MECU <sup>9</sup>
Sector classification:	Private Sector Development
Responsible authority:	Ministry of Foreign Affairs

### 2. SUMMARY

#### *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 EC 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:

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<sup>9</sup> million European Currency Units

SLOVAKIA



PRIVATE SECTOR



<sup>10</sup> PHARE assistance will help implement conversion programmes in the aerense sector. PHARE assistance will not be used to optimise in any way the production of weapons.



## Small and Medium Sized Enterprises (SMEs)

7 MECU

### *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

### *Enterprise Restructuring*

Experts will help design and implement restructuring plans for certain medium to large enterprises in key strategic industries such as armaments<sup>10</sup>, 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 EC 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.

<sup>10</sup> PHARE assistance will help implement conversion programmes in the defense sector. PHARE assistance will not be used to optimise in any way the production of weapons.



### *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 in 1993. Activities will be 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.

## **3. IMPLEMENTATION**

### *Programme management*

The Ministry of Foreign Affairs, in liaison with the Commission of the EC, 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



# PRIVATE SECTOR



## **JOPP: the Joint Venture PHARE Programme** *- a PHARE assistance programme -*

### **1. IDENTIFICATION**

*Passed by Management Committee at meeting N° 25 on 8 October 1993.*

Country:	All PHARE beneficiary countries
Programme:	JOPP
Duration (years)	1
Year:	1993
EC Contribution:	15 MECU <sup>11</sup>
Sector classification:	Small & Medium-Sized Enterprises
Responsible authority:	EC Commission

### **2. SUMMARY**

#### *Background*

In 1991, the Commission launched the JOPP programme to ease the creation of joint ventures between EC 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 Community 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.

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



#### *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.

### **3. 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 EC Commission and beneficiary companies.