



# Phare

## Operational programmes 1994

Update n°5



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# Introduction

Phare Updates aim to provide the interested public with clear and concise summaries of the programmes to be implemented by the partner countries with Phare support.

The programmes described in the following pages are the logical consequences of the priorities expressed by the partner countries in their Indicative Programmes. They have been given a favourable opinion by Phare's Management Committee and have been approved by the Commission. Phare Updates are published after each Management Committee meeting.

This copy contains summaries of the programmes approved by the Committee at its 33rd meeting held on 15 November 1994.

Interested business people will find a full description of the contractual implications of these programmes in the 'Infocontract' series of booklets, also published by the Phare Information Office.

It must be remembered that Phare is a flexible and pragmatic programme implemented by the partner countries themselves. The emphasis of programmes described herein may accordingly change over time.



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# What is Phare?

The Phare Programme is a European Union initiative which supports the development of a larger democratic family of nations within a prosperous and stable Europe. Its aim is to help the countries of central and eastern Europe rejoin the mainstream of European development and build closer political and economic ties with the European Union.

Phare does this by providing grant finance to support the process of economic transformation and to strengthen newly created democratic societies. Phare also provides grant finance to help countries with Europe Agreements integrate with the European Union.

In its first five years of operation to 1994, Phare has made available ECU 4,284 million to 11 partner countries, making Phare the largest assistance programme of its kind.

Phare works in close cooperation with its partner countries to decide how funds are to be spent, within a framework agreed with the European Union. This ensures that Phare funding is relevant to each government's own reform policies and priorities. Each country takes the responsibility for running its own programmes.

Phare provides know-how from a wide range of non-commercial, public and private organisations to its partner countries. It acts as a multiplier by stimulating investment and responding to needs that cannot be met by others. Phare acts as a powerful catalyst by unlocking funds for important projects from other donors through studies, capital grants, guarantee schemes and credit lines. It also invests directly in infrastructure, which will account for more Phare funds as the restructuring process progresses.

The main priorities for Phare funding are common to all countries, although every one is at a different stage of transformation. The key areas include restructuring of state enterprises including agriculture, private sector development, reform of institutions and public administration, reform of social services, employment, education and health, development of energy, transport and telecommunications infrastructure, and environment and nuclear safety. Under the Europe Agreements, Phare funding is being used to make laws compatible with European Union norms and standards, and to align practices.



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## National programmes

# Albania

## Programme for transport

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 3
Responsible authority	Ministry of Transport

### Background

The development and continuing reform of the transport sector is crucial for overall economic and social development in Albania. Current transport infrastructure is insufficient to meet the demands which are evolving as a market-oriented economy develops. To a large extent, the development of the transport system is determined by geographical position and topography, with mountains covering major parts of the country.

The Ministry of Transport and Communications delivered a transport sector report to the G24 high-level meeting in Albania in November 1993, dealing with recent developments and highlighting orientations in the sector. It is expected that an overall transport policy will be developed to ensure a comprehensive and coherent approach to balanced sector development.

Two transport corridors are of major importance to Albania. The first is the west-east corridor linking Italy, Albania (via the port of Dürres), the former Yugoslav Republic of Macedonia (FYROM), Bulgaria and beyond. The second is the south-north corridor linking Greece, Albania and its neighbours in the north. The corridor linking Dürres, Tirana, Skopje and Sofia is one of the nine multi-modal corridors selected for development by the second pan-European conference of transport ministers.

Dürres is the main port of Albania and is located some 40 km west of Tirana. It is the principal entry point to the west, linking Albania and its neighbours with the major ports of western Europe. The port is developing specialised roll-on roll-off and passenger ferry traffic. In view of the importance of improving international transport links in the region, an efficient and modern port with extended transit facilities for cross-Adriatic traffic flows is of the highest priority for the Albanian transport system. The modernisation of the Dürres ferry terminal is therefore included in the government's public investment programme for 1994-1996. A preliminary design study for the terminal, financed by Phare, is due for completion in late 1994.

The Ministry of Transport and Communications is being restructured to adapt its organisation to the new political and economic environment. Institution building is needed at the Ministry as well as support for developing an overall transport policy.

The Directorate of Civil Aviation is also undergoing structural changes and is in the process of restructuring and modernising civil aviation. Support is needed in the form of policy advice, together with some technical training. A Phare multi-country programme is already providing training in the field of air traffic control.

The Ministry of Transport and Telecommunications has decided that major road transport services should be operated under market economy principles. Inter-urban and international bus services have already been privatised. Urban transport is now the focus of interest in the public transport field. Restructuring of Tirana urban transport is being initiated with the help of advice from Phare, which has also funded 25 new buses for the Tirana urban bus transport company. Against this background, the central government has transferred control of urban transport to the municipality of Tirana. The municipality plans to set up a public transport unit to handle the main duties relating to the planning and programming of bus passenger services in Tirana.

The number of traffic accidents in Albania has risen considerably, together with the substantial growth in the number of vehicles on the road. The road infrastructure is insufficient to deal with the substantial growth in traffic and is very precarious. Road markings and traffic signs are inadequate. The technical condition of vehicles is often poor and many drivers lack proper training and experience. Phare is funding a road safety awareness campaign under the 1994 health programme for Albania. Phare is also contributing to the modernisation of the road system through its 1994 cross-border cooperation programme, with support for upgrading major sections of the Dürres-Kapshtice road and improvements to border crossings. However, a coherent policy approach to road safety, with the introduction of a comprehensive highway code and a policy for improving road signs and marking, is also needed.

### Programme objectives

The programme aims to support

- the integration of Albania into the European transport system, by modernising and developing the transport infrastructure, focusing on priority projects

- the development of an overall transport policy and the introduction of reforms and restructuring in the transport sector.

The programme has two main components:

- an infrastructure modernisation project for the Durres Ferry Terminal, co-financed with the European Investment Bank (EIB)
- technical cooperation measures addressing reform priorities in the transport sector, including policy advice and activities to improve urban transport and aviation and road safety.

## Programme description

### Infrastructure co-financing ECU 2,000,000

Under this component, Phare will co-finance the modernisation of the Dürres ferry terminal with the EIB. This funding complies with the decision of the European Council meeting in Copenhagen in 1993, permitting Phare to enter into co-financing arrangements with the international financing institutions in respect of infrastructure projects of national priority and which are of interest to the European Union.

To accommodate the substantial increase in traffic in the last two years, a specialised ferry terminal is being developed at the north-east end of the port. There are currently two berthing positions but no safe berth and there is a poor quality pavement bounded by a concrete wall. Preliminary designs have been completed for several buildings, to accommodate police, customs and forwarding agents for example, but only minor construction has been carried out. The existing infrastructure needs to be substantially improved.

Support will be provided for

- work to make at least one safe berth available
- construction of a parking area on the apron with a capacity equivalent to one ferry load
- construction of a parking lot with similar capacity
- rehabilitation of the access road
- dredging works
- reinforcement of quays.

Further details will be provided by the preliminary design study due for completion in late 1994. The EIB's decision to co-finance the project is anticipated in the first half of 1995.

### Technical cooperation ECU 980,000

This component covers policy advice for reforming the transport sector and specific measures for urban transport restructuring, civil aviation and road safety.

#### Policy advice ECU 150,000

Policy advice will be provided for the drafting of an overall transport policy, aimed at ensuring a comprehensive and coherent approach to balanced sector development. Support will be provided for

- an advisor to help the Minister of Transport and Communications and the Ministry's transport departments to draw up the policy
- specific measures for institution building at the Ministry.

#### Urban transport ECU 130,000

The municipality of Tirana plans to set up a public transport unit to handle the main duties involved in the planning and programming of bus passenger services in the city. The programme will provide support for

- procuring modern electronic office equipment, including computer equipment, software, supplementary units and other peripheral equipment
- training and transfer of practical experience on planning, programming and operating comprehensive urban transport activities on a cost efficient basis, in a customer-oriented and competitive environment
- hands-on technical cooperation to train and develop key professionals to run the unit and use the equipment provided.

#### Civil aviation ECU 400,000

Support will be given to the Directorate of Civil Aviation for restructuring and modernising civil aviation, through

- specific policy advice, covering among other things, market issues, licensing, tariffs, negotiation of traffic rights, bilateral and multilateral agreements
- training of selected navigational aids engineers, on subjects such as radar, automation, and communication systems
- supply of necessary equipment for improving safety (as back-up for the new radar system for Tirana airport), in particular a display system for the air traffic control centre and related data processing facilities.

Road safety ECU 300,000

Support will be provided to reduce the substantial rise in traffic accidents in Albania. In addition to the road safety awareness campaign under the 1994 Phare health programme, support will be provided to develop a coherent policy approach to road safety, in particular through

- advice for the preparation of a new highway code, including a legal review which takes the relevant codification process in the European Union into account
- developing a pilot project on road safety, including proper signposting and road-marking of designated roads.

**Provision for programme audit, monitoring and evaluation ECU 20,000**

### **Implementation**

Initially, programme implementation will be centralised and monitored by the European Commission in Brussels, with the close involvement of the delegation of the European Commission in Tirana.

Procedures for procurement and works relating to the co-financing component will be closely coordinated with the EIB. Standard Phare procedures will apply for the implementation of the technical cooperation component.

# Albania

## Programme to restructure the health sector

Approved by the Management Committee at meeting N° 33 on 21 October 1994

Duration	to end 1997
EU contribution	MECU 5
Responsible authority	Ministry of Health and Environment

### Background

While the average life expectancy in Albania is 72.8 years and adults are relatively healthy, the rate of infant mortality is 45 per 1,000 and maternal mortality is 57 per 100,000 births. Respiratory illnesses are responsible for 14.5 per cent of adult deaths and new illnesses, such as brucellosis and cholera, are putting extra pressure on the health services. Road traffic accidents are increasing at a rapid rate, adding considerably to the workload of hospitals.

Hospital personnel are under-qualified for their tasks and lack motivation. In addition, most medical equipment dates from 20 years ago and the lack of spare parts means that it is even less 'high-tech'. The maintenance system is also inefficient, owing to the lack of human and material resources. Many hospitals require major renovation and their water and electric systems are frequently outdated. Generally, the financial resources of the health system are inadequate.

The Ministry of Health presented its proposals for the reform of the health sector in 1993. Primary health care is the overriding priority and steps are being taken to focus efforts on family health and preventive medicine. The health services are to be decentralised on a regional basis with the aim of encouraging more efficient local management and coordination. Improved quality of diagnostic skills and hospital treatment are also high on the agenda, together with improved procedures for equipment purchase and maintenance, to ensure that quality standards are maintained and unnecessary costs avoided. Personnel management is also being reviewed to ensure that highly qualified personnel are being used effectively and overall performance is improved. Other priorities are cost-cutting and the introduction of more efficient financing methods. The long-term objective is to introduce a mixed financing system through the creation of a national sickness insurance scheme.

### Programme objectives

The programme extends and complements the 1993 Phare programme and is designed to

- support the reform of hospitals by reinforcing the maintenance services, improving emergency admission services at hospitals and re-establishing the diagnostic capacities of hospital laboratories
- restructuring the network of public health laboratories
- reinforcing the planning and management capacities of the Directorate of Human Resources.

### Programme description

**Support for the hospital sector** **ECU 3,900,000**

Maintenance system **ECU 1,000,000**

This component is designed to implement a national maintenance and repair system for biomedical equipment. Support will aim to restructure the current system by updating knowledge, management methods and biomedical technology. Improving management, selection and market analysis techniques as well as tender procedures will result in better resource management and planning.

Support through technical expertise and the funding of essential equipment will be provided for the Directorate of the Central Maintenance Service of the Ministry of Health to

- define an effective and efficient strategy for the purchase of biomedical equipment and an implementation strategy, including an analysis of needs in terms of both human and material resources, management improvements and the preparation of a training programme
- formulate a long-term renovation strategy, including partial funding for rehabilitating the central hospital workshop
- funding essential equipment and tools for the central service, hospital workshops and district workshops
- training of three trainee engineers in biomedical engineering for a year and two engineers or technicians for five months
- ad hoc training of staff from the central service and regional hospitals
- training of district technicians by regional hospital staff

- formulating a maintenance master plan, including recommendations for monitoring work, improvements to management, keeping equipment inventories and use of measuring apparatus.

**Rehabilitation of hospital laboratories** ECU 2,000,000  
This component is designed to re-equip and upgrade hospital laboratories so as to ensure better diagnoses, improved quality of service and more cost-effective treatment. The programme involves six regional hospitals, 18 district hospitals and the Tirana maternity hospital, sanatorium and university hospital. A working group will be set up to offer technical expertise to define, rationalise and standardise the activities of the laboratories at these hospitals and to evaluate equipment needs.

Phare will support the programme through funding for equipment and staff training:

- establishing a working group to analyse the activities of the laboratories and equipment needs
- training a laboratory engineer and a laboratory assistant by the equipment supplier or manufacturer, training personnel when the equipment is installed and training laboratory personnel within the framework of a training programme organised by the relevant medical faculty
- procuring and installing necessary equipment (ECU 1,963,650).

**Reorganisation of emergency admission services** ECU 900,000

This component has two fields of activity, one to improve hospital admission services (ECU 800,000) and the other to prevent road traffic accidents to reduce the pressure on hospital emergency services (ECU 100,000).

The first initiative involves two hospitals at Tirana, five regional hospitals and seven hospitals in isolated regions. Support will be given to the Hospitals Directorate at the Ministry of Health to

- develop a strategy to rationalise the handling of patients admitted to hospitals and propose options for organising admission services
- establish a working group to analyse the present situation and implement the strategy recommendations
- provide and install equipment for handling emergency admissions.

The second activity involves support for the launch of a public road safety campaign through

- creating a working group to devise an appropriate campaign
- formulating and implementing a television and radio campaign, supported by posters and information activities, particularly targeted at schools.

**Support for the Directorate for Human Resources** ECU 307,500

This component is designed to reinforce the planning and management capacities of the Personnel Department of the Ministry of Health and its branches, to improve the performance of health teams and rationalise personnel management. A working group will be set up to lay down policy following a needs analysis. The policy will cover personnel management, mobility, terms of reference, training, profiles of health teams and coordination of activities.

Support will be provided for

- analysing organisational needs in the central and regional departments
- organising activities according to a scale of priorities
- supplying basic training advice
- consolidating management methods and staff procedures
- defining training needs of national and regional managers
- purchasing essential computer, communications and office equipment.

**Support for restructuring the network of public health laboratories** ECU 433,000

This component is designed to create a base for long-term planning, to meet immediate needs in a logical manner, ensure inter-sectoral collaboration and to create a focus to reflect on options for the future financing of the network. A working group will be established to redefine the role and position of these laboratories in the health system and to draw up a medium-term strategy, focusing on immediate needs and the future viability of the network.

Support will be provided for

- determining the work programme
- analysing the functions of the laboratories



- defining the criteria needed to improve accessibility, practical and quality standards and inter-sectoral procedures and communication
- essential training
- funding essential equipment.

**Programme management, evaluation and reserve** ECU 359,500

### **Implementation**

The Ministry of Health and Environment will have responsibility for implementing and coordinating the programme, aided by the Programme Management Unit already established at the Ministry. Where possible, the programme will be managed on a decentralised basis, but pending this, it will be managed by the European Commission in Brussels.

# Bulgaria

## General infrastructure programme

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 10.6
Responsible authority	Committee of Energy, Ministry of Environment, Committee of Post and Telecommunications

### Background

The energy, post and telecommunications and environment sectors are all important to Bulgaria both from an economic and a social aspect. These sectors all face similar difficulties, in particular the need for large investments and capital expenditure, legislative reform and institutional restructuring. There has been visible progress to date but economic difficulties and the lack of clear and sustainable policies have delayed the development of an adequate institutional framework.

The energy sector is characterised by very low efficiency. Power generation barely meets present demand and there is great dependency on nuclear energy. Fifty-five per cent of all energy is imported, making it a major contributor to a negative balance of trade. The development of an energy sector strategy to the year 2010 has been a considerable achievement. This is an ambitious development programme which includes expansion of indigenous resources (coal, hydro-electric power), expansion of the gas network, improved conservation and nuclear energy production within acceptable safety and environmental limits.

The post and telecommunications sector continues to lack direction, partly owing to the lack of funds for major investments, as well as the social and political costs which any tariff increase and reallocation of human resources might bring. There is generally an absence of firm policies, no formal telecommunications legislation and no properly organised regulator. The Bulgarian Telephone Company is implementing a loan project for the expansion and modernisation of the network but is not meeting obligations on new tariffs and the expected internal reorganisation is very slow. The Bulgarian Post Company is obliged to fulfil its function of mail delivery but has no reorganisation strategy, nor any plans to increase revenue in the light of expected state subsidy reductions.

Bulgaria has substantial environmental problems due to the pollution of air, water and soil, mainly caused by uncontrolled emissions from heavy industry and energy production facilities. The environment strategy prepared in collaboration with the World Bank is the primary basis for Bulgaria's future development policy. This indicates that environmental protection must be balanced with economic development objectives. It also assumes that the move towards the free market and fully cost-based pricing will eliminate incentives to over-use energy and other resources, while forcing producers to become more efficient to compete in open markets.

There has been some progress as a result of Phare support. Phare co-financing has permitted loans by major international financing institutions to go forward in the energy sector, for example the Maritsa East lignite power plant project. Renovation of the rail system and expansion of the road transport network are also being supported. In parallel, a major border crossing programme is supplying Bulgaria with alternative transit routes through Romania. The international telephone network is also being expanded under a cross-border cooperation initiative to provide added power capacity through an optical fibre connection with Greece.

In addition, Phare has funded a series of programmes in support of legislative reform, development of effective regulation, institutional strengthening and action to stimulate investment (energy 1991-1993, telecoms 1992-1993, environment 1990-1993).

### Programme objectives

The programme extends and complements activities already initiated by previous Phare programmes. The overall objective is to develop the institutional prerequisites for the infrastructure sectors to achieve better economic and political integration with the European Union. The specific objectives, common to all three sectors, are to

- create appropriate legal and regulatory frameworks
- upgrade management skills as well as capability for investment planning and implementation
- promote the mobilisation of domestic and foreign financial resources for the highest priority infrastructure developments.

For, energy, the programme aims to support

- the organisational development of energy sector institutions and companies, in particular by helping to develop new structures to improve overall efficiency in the sector, including the creation of a national energy efficiency fund.
- feasibility projects to prepare the ground for investment in new and improved energy sources, such as natural gas transmission, electricity transmission and generation, as well as improvements in coal (lignite) mining and transportation.

For telecommunications and postal services, the programme aims to support:

- the development of legislation, the privatisation of the Bulgarian Telephone Company and the Bulgarian Post Company and the development of the Committee of Post and Telecommunications in the area of frequency spectrum management
- advice for the Bulgarian Telephone Company on finance and accounting, tariff justification and human resources development
- pilot actions, training and financial management for the Bulgarian Post Company.

For the environment, the programme aims to

- support the implementation of modern environmental management and legislation and provide mechanisms for greater action with the general public
- support a number of projects to alleviate pollution in targeted locations.

**Programme description**

**Energy** **ECU 3,400,000**

Organisational development **ECU 1,300,000**  
Support will concentrate on the following activities

- organisational studies for energy sector institutions and enterprises to improve their operational efficiency and adapt them to market economy conditions, on issues such as the definition of management responsibilities and hierarchies, organisational structure and job descriptions, remuneration systems and performance controls
- the transfer of technical expertise to institutions and enterprises for implementing this reorganisation
- the transfer of technical expertise for the new national energy efficiency fund to develop its management, accounting, monitoring and control system.

Energy supply conditions **ECU 1,800,000**

Support will be provided for projects which prepare the ground for future investments by identifying possible methods of improving supply conditions, in particular on the following issues:

- developing and implementing monitoring systems for natural gas transmission pipelines
- developing and implementing a centralised dispatch system for the natural gas transmission network, to ensure the availability of appropriate telecommunications channels between all links of the network and the remote control of the network's operation
- preparing a feasibility study on organisational and technical measures for monitoring and controlling losses in the electricity transmission and distribution systems
- preparing a feasibility study to grade and measure lignite and coal for thermal power plants, taking existing coal handling flows at plants into account
- preparing a methodological and technological solution for the accurate detection of the presence of hard rock inclusions in open pit mines.

Programme Implementation Unit **ECU 300,000**  
assistance and operation

**Post and telecommunications** **ECU 3,000,000**

Committee for Post and **ECU 600,000**  
Telecommunications

Continued support will be provided for:

- developing legislation and regulation initiatives, in particular to help the authorities assess the effect of European Union legislation, and work towards compliance with it
- developing the tools for tariff and quality of service assessment and licence management
- developing procedures and systems for effective frequency spectrum management in the form of computer systems for spectrum mapping.

Bulgarian Telephone Company **ECU 1,200,000**  
Support will be provided to prepare the company for privatisation by completing the split begun in 1993 of the telecom and postal divisions through the provision of advice on

- fixed asset and current accounting systems, tariff justification and the viability of individual services

- improving the operational efficiency of the company, including a system for technical control of the telecom network structure
- human resources development.

Bulgarian Post Company ECU 800,000  
Support will help to complete the split of the telecom and postal companies through pilot studies, training and advice on

- setting up fixed asset and current accounting systems.

Programme management and ECU 200,000  
Implementation

Evaluation, monitoring and contingencies ECU 200,000

**Environment ECU 4,200,000**

The environmental component will provide support for the following activities:

- equipping and fitting out the educational and information centre of the new National Centre for Environment and Sustainable Development
- completing the upgrading and updating of the national monitoring system, finalising the requirements for the areas of water, air and radiation monitoring and developing capacities in areas such as hazardous and non-hazardous waste, sampling, electromagnetic radiation and noise pollution
- environmental, technical and financial pre-investment studies to address major sources of air pollution from cities located on the common stretch of the Danube between Bulgaria and Romania, as part of a wider study to identify, prioritise and recommend appropriate action
- specific pollution abatement projects to act as pilot exercises to develop specific abatement technologies and project management skills, including converting Sofia's buses to natural gas, developing a modern waste treatment system for the Sevko tannery, rebuilding the Buhuvo uranium waste disposal site and rehabilitating land damaged by uranium mining
- technical expertise and training for the Ministry of Environment and its associated agencies for the development of a national waste management strategy
- long-term support for the Ministry's project management department.

Contingencies ECU 350,000

**Implementation**

The implementing authorities will be the Committee of Energy, the Committee of Post and Telecommunications and the Ministry of Environment. The day-to-day management of the respective components will be carried out by the Programme Management Units already established for previous programmes.

# Czech Republic

## Programme for social protection reform

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration to end May 1997

EU contribution MECU 6

Responsible authority Ministry of Labour and Social Affairs

### Background

The process of reforming the social sector has been under way since 1990 but, despite major steps forward, the reform is far from complete. The next part of the process, in 1995, is focused on the introduction of a new wave of legislation and regulations, improving capacities to deliver benefits and developing capacity at local level to decentralise social support and welfare management.

Although unemployment is increasing in the republic, it remains below 4 per cent but with great inter-regional differences in unemployment levels. However, the gap between rich and poor in the republic is growing while the replacement level of pensions and their real value is dropping. These trends are generally increasing the dependency of low income families, the aged and disabled on income support and welfare services generally. The number of benefits and beneficiaries has substantially increased, while there has been frequent indexation of pensions to match inflation.

As a result of these pressures, the state authorities are barely able to cope with their workload. The quality and quantity of social services is of a low standard and modern administrative methods and management technologies are lacking. Many non-governmental organisations (NGOs) are involved in social welfare to some extent but, on the whole, their activities are independent, with little support from the central and local authorities.

Social protection projects have already been funded by Phare under previous general technical support facilities, with emphasis on the transfer of expertise and training to enable policy-makers and staff to benefit from European experience. This implies a modern approach and modern practices for social work, welfare and social administration.

## Programme objectives

The programme is designed to support the reform process in the area of social protection, through

- developing a modern social security administration to deliver benefits
- promoting social support and welfare services on a decentralised and non-governmental basis
- developing social dialogue favourable to the reform process
- strengthening social policy and management capacities.

The programme has the following components:

- state social support
- social security administration
- social support and welfare
- social policy and management development.

## Programme description

### State social support

**ECU 3,000,000**

This component aims to help build a new family income support network to deliver targeted family benefits to replace the old structures in state-owned establishments. Three support levels will be created. District centres at the lowest level of state support administration, with the help of agencies, will handle benefit assessment, award and delivery. Seven regional centres at intermediate level will be responsible for performance methods and monitoring, information supervision, technical support and appeals resolution. The Ministry, at central level, will deal with accounting to the state budget, budgeting, recording payments and benefits, financial planning and statistics.

Funding under this component will concentrate on the provision of

- hardware and software
- training of staff to operate the information technology
- technical expertise on coordination with employment and finance offices
- advice and training in means testing.

**Social security administration ECU 800,000**

This component aims to help introduce an automated system for the proper recording of contributions and eligibility, through the provision of

- an optical library for storing social insurance records
- training of staff to handle the library
- software
- technical expertise to select the best approach
- study trips to enhance knowledge and experience.

**Social support and welfare ECU 1,400,000**

This component aims to support the creation of two district pilot fund schemes involving local authorities and non-governmental organisations in social welfare services. The pilot projects will involve the districts of Tabor and Olomouc and will be supported by contributions from Phare and the central and local authorities. Emphasis will be placed on

- reviewing existing and alternative forms and methods for involving non-governmental organisations in social welfare delivery
- examining possible legal instruments to determine the relationship and obligations of local authorities and non-governmental organisations involved in social welfare delivery
- exploring methods of financing and co-financing of social welfare services by partners and clients
- developing monitoring, inspection, external auditing and evaluation procedures
- establishing regional training centres for social workers
- financial support for selected projects operated by non-governmental organisations designed to develop cooperation between government authorities and the private sector in the delivery of social welfare services
- providing necessary equipment.

**Social policy and management development ECU 800,000**

This component aims to enhance social dialogue and effective policy formulation and management development. Emphasis will be placed on

- studying alternative forms for the effective functioning of social dialogue, culminating in a workshop on the results for the Council for Economic and Social Agreement

- training of the Council's staff in public relations and information, and training of mediators and arbitrators in collective bargaining practices
- preparing a workshop on social policy programmes for policy-makers and a round table discussion on policy alternatives
- improving the performance of the social sector Programme Management Unit at the Agency for Labour Market and Social Policy, including the appointment of a senior advisor on programme management development, study trips to Brussels and other countries, some short-term advice and the supply of essential technical and office equipment.

**Implementation**

The programme will be managed by the Programme Management Unit at the Agency for Labour Market and Social Policy, under the Ministry of Labour and Social Affairs. An advisory council for the coordination of Phare activities in the social sector has been created with the deputy minister as chairman. A task force will be created to implement the pilot non-governmental organisation projects, including foreign and local experts, and this will support local authorities and their working groups in the implementation of the programme.

# Czech Republic

## Programme for the National Training Fund

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 2
Responsible authority	Ministry of Labour and Social Affairs

### Background

Workers in the public administration and in enterprises are experiencing difficulty in adapting to their new roles during the current complex restructuring and privatisation process. This is due in part to traditional management practices, unfamiliarity with change and adjustments to a market economy. Inappropriate initial training designed for a small command economy and the lack of ongoing in-service training have exacerbated these problems.

The response of government and the private sector to these difficulties is still limited. There has been a serious lack of investment in human resources development and the pressure on the government's budget means that there is still little public sector money available to support management and training centres.

However, the development of management training is a key element in the Republic's economic reform strategy. Fully trained managers will speed up the decision-making process and will use capital wisely. They will also be able to deliver goods and services which provide the basis for economic prosperity. In the long-term, the existence of skilled managers will gradually reduce the dependency on foreign managers and imported technologies.

Only a few institutions are equipped to train large numbers of people to exercise their management functions with reasonable competence. In 1993, the Phare human resources development programme provided funding for the creation of a National Training Fund to widen and subsidise access of enterprises and ministries to continuing relevant training. The Training Fund responds to objectively identified training needs in the public and private sectors by subsidising trainees in selected programmes delivered by selected training provider institutions. The Fund assists training providers to help potential clients to determine training needs in the public and private sectors and to respond

with appropriate programmes within given criteria.

The ongoing Training Fund needs to be promptly replenished, as the need for management training is so considerable and is also expected to increase significantly in both private sector and public administration.

### Programme objectives

The programme is designed to help restructure and strengthen management training by replenishing the National Training Fund. This will broaden access to continuing training in priority areas. It will also help to upgrade and develop key programmes which will be delivered by a wider range of training providers.

In particular, the replenishment of the Training Fund is designed to

- encourage the development of the network of management training providers by increasing the number of institutions which fulfil the funding criteria
- support training providers in developing sector specific and complementary general management training modules
- develop the Training Fund's programme quality standards further and ensure that they are fulfilled by training providers
- assess and initiate the process of integration of the Training Fund's training activities within the formal Czech education system
- continue the Training Fund's institutional development.

### Programme description

#### Training providers network

Support will be provided for the Training Fund to increase the number of training providers fulfilling the criteria for funding

- ten training providers will be selected to deliver courses during the first phase, with another ten institutions being selected during the second phase
- both groups will receive funds for upgrading the level of their trainers in return for tutoring two newly-selected training providers
- since trainers are not linked to a single institution, they can deliver training in post-secondary schools, thereby facilitating improved geographical coverage of the programme

- the Training Fund will support the development of collaborative national networks of institutions and encourage their involvement in European networks (such as the European Foundation for Management Development).

### **Programme development and specialised complementary modules**

Support will be provided for the Training Fund to

- promote new and innovative types of programmes, including those not covered in the original definition of the modules
- promote several specialised modules providing more specific knowledge and decision-making skills
- redesign the initial management modules following a general review to be conducted at the end of the first training phase.

### **Programme quality**

Support will be provided to ensure that only high-quality training is delivered, through

- the creation of a body of part-time inspectors to inspect and accredit all institutions and courses.

Integration within the Czech education system

This component aims to reorganise and adapt the training concept developed in the Training Fund programme for other education programmes initiated under the Republic's education system. Support will be provided to

- establish an advisory task force to review the Training Fund's programme structure and content with a view to developing a coherent training policy
- fund technical expertise provided by a foreign contractor to help the task force draw up necessary reports

### **Demand assessment**

An assessment of demand will be conducted at the end of the first phase of training and will be reviewed after the second phase. New training modules will be developed on the basis of this survey. Support will be provided in the form of technical expertise to

- prepare the demand survey
- develop complementary management modules
- design teaching materials for training providers, trainees participating in the National Fund's courses and for the Fund's own staff

- developing other documentation providing details of the Fund's activities.

### **Implementation**

The programme will be managed by the Programme Management Unit at the National Training Fund. In implementing the programme, the unit will be guided by the Board of Directors of the Training Fund. The board is composed of nine members, including a minority representation from the ministries of labour, education and economy, and a majority of social partners from the Chamber of Commerce, the Confederation of Trade Unions and Industry and the Entrepreneurs Association, as well as representatives from training provider institutions.



# Estonia

## Programme for pollution monitoring and environmental legislation

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 2.5
Responsible authority	Ministry of Environment

### Background

Since independence, Estonia has been very active in the environmental field. Activities have focused on tackling priority pollution ‘hot spots’, developing legislation for critical problem areas, including monitoring and enforcement, and generating an overall environmental strategy.

A national environmental strategy project was launched with Phare support in 1994. This initiative aims to develop a basic blue-print to raise environmental awareness generally and to develop appropriate policies and legislation. It also places emphasis on strengthening key environmental institutions and prioritising capital investments to improve air and water quality and to protect natural resources. The strategy is due for completion in 1995, after which a specific and detailed national environmental action programme will be introduced.

Basic legislation for pollution monitoring was passed in 1993, appointing the Environmental Information Centre as the state monitoring body. The centre secures the services of pollution monitoring agencies which handle the collection, primary processing and presentation of monitoring data. The key monitoring agencies are the Central Laboratory of Environmental Studies (sewage), the Tallin Technical University (surface water), the Geology Centre (ground water) and the National Research Laboratory (marine and coastal pollution).

The Environmental Enforcement Agency, backed by the same legislation, has not been as active in enforcement as was anticipated. The enforcement system operates on the basis of fees being charged according to levels of emissions. This system, although generating revenue, is not reducing pollution.

Given that monitoring and enforcement are crucial in the development of an effective environmental management system, a survey of the monitoring and enforcement system was conducted with funding from Phare and the

United States’ Environmental Protection Agency (EPA) during 1993 and 1994. (During this time, a preliminary strategy for the enforcement system was also identified.) Initial findings indicate that the system needs substantial support if it is to contribute effectively to improved environmental quality.

### Programme objectives

The programme aims to support the government in

- implementing its national environmental legislation and strategy
- strengthening its pollution monitoring and enforcement system.

The programme has two main components

- development of a master plan for future pollution monitoring and enforcement
- policy implementation and strengthening.

### Programme description

#### Master plan for pollution monitoring ECU 550,000 and enforcement

Support will be provided for the preparation of a master plan designed to

- analyse the results of the 1994 strategy study on monitoring and enforcement as regards policy objectives for monitoring and enforcement, pollution information needs, institutional organisation and cost-effectiveness
- develop recommendations to ensure that government policy objectives for monitoring and enforcement are achieved.

The master plan will assess and make recommendations in the following areas:

- policy revision
- institutional strengthening
- technical monitoring operations
- technical laboratory operations
- technical information systems
- coordination requirements, at national and international level
- enforcement procedures.

The master plan will also recommend the type of technical expertise, training and inputs needed to implement its findings.

The plan must be completed in seven months. It will involve national coordination, and also coordination with Helcom, the regional Baltic Sea coordinating body for pollution monitoring.

**Policy implementation, institutional strengthening and equipment ECU 1,900,000**

This component is designed to support implementation of the key recommendations made by the master plan.

Support will be provided for

- implementing any revisions necessary to the government's 1993 enforcement and monitoring legislation in the light of the recommendations of the master plan
- strengthening capacities of relevant institutions in key areas recommended by the master plan, such as monitoring techniques, testing techniques, information processing, information presentation and enforcement procedures
- installing equipment needed by institutions to operate effectively, together with training for effective equipment operation and maintenance.

The key policy and institutional recommendations of the master plan will be implemented through training, seminars, study tours and technical advice on

- the enforcement and monitoring strategy, its targets and methodology
- installation and operation of new monitoring equipment techniques
- training in, and operation of information gathering and processing
- development of an information management system, with user-friendly information products
- inter-calibration to ensure standardisation throughout the system
- training in enforcement procedures.

Support will also be provided for

- developing the investment recommendations of the master plan
- procuring hardware and software for establishing an efficient computer database information system, ancillary laboratory equipment, field monitoring and field testing equipment, vehicles and sampling/monitoring consumables
- training in use and maintenance of equipment supplied

- developing twinning arrangements with foreign/international monitoring and enforcement systems.

**Monitoring, evaluation and auditing ECU 50,000**

**Implementation**

Pending the introduction of a decentralised implementation system, the programme will be managed by the European Commission in Brussels. The Ministry of Environment will be responsible for implementing the programme, while the daily management will be carried out by the Programme Management Unit already established at the Ministry.

# Estonia

## Programme for vocational education and training reform

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 3
Responsible authority	Ministry of Education and Culture

### Background

The transition towards an open democratic society based on a market economy is dependent on the comprehensive development of qualifications for the country's entire population.

Since independence, the government has embarked on a programme to modernise the vocational education system. Efforts have been made to create a coherent national education system, to improve teaching levels, tailor vocational training to the market economy, and to develop international cooperation.

A general lack of resources and of efficient implementation and coordination mechanisms are delaying the process of educational reform. Although international support has helped to develop educational institutions and a large number of short-term training courses within specific areas of activity, it has not so far been possible to fit these initiatives into a larger educational policy strategy.

Continuing problems in the secondary education field include over-specialisation, premature specialisation and the absence of particular specialisations. There are also weaknesses in subjects relating to the market economy. Teaching methods are based on teacher-centred factual learning rather than innovative and problem-solving approaches, while there is insufficient knowledge of the educational methods used in other countries. The systems of financial allocation and education management are inadequate and materials, equipment and buildings are outdated.

The Trans-European Mobility Programme for University Studies (TEMPUS) has provided support for upgrading and modernising higher education, largely through partnerships with institutions in the European Union. Other Phare-funded training activities have been carried out on a short-term basis in relation to programmes in fields such as privatisation, the development of small and medium-sized enterprises (SMEs), banking, labour

market and social policy, public administration and agriculture. Phare is also supporting institutional development at the Tallinn Business School.

### Programme objectives

The programme is designed to modernise and reform the secondary and adult vocational education and training systems. Support will be given for a number of reform activities at national level and for various activities in a number of pilot vocational schools and similar institutions. Emphasis will be placed on

- curriculum development
- teacher training
- partnerships with vocational schools in the European Union
- upgrading of teaching equipment
- developing education policy and disseminating results.

### Programme description

#### Curriculum development ECU 700,000

This component is designed to develop new curricula for vocational education in a comprehensive and coordinated fashion. The new curricula will be designed to produce an adaptable and multi-skilled workforce with problem-solving capacities, initiative and retraining potential.

The new curricula will be implemented in 20 to 25 selected schools on a pilot basis. A geographical spread of schools will be targeted, as well as different types of secondary and adult vocational schools. The curricula of specifically selected occupational families will be developed, in each case in a secondary vocational school working in cooperation with an adult training school.

Support will be provided to

- develop new curricula for 15-20 occupational subject families
- develop new curricula for some five general subjects essential to all or a large number of vocational curricula (such as foreign languages, the working world, computers, environment, physics and mathematics)
- develop curricula for generic skills essential for all occupations (such as communications, numeracy, technology, problem-solving, personal and interpersonal skills)
- produce text books for the new curricula.

**Teacher training** **ECU 300,000**  
To give teachers the necessary background for working with the new curricula, support will be provided to develop training courses for teachers and directors in the pilot schools, concentrating on the transfer of knowledge relating to

- teaching methods
- methods of curriculum development
- the content of general subjects introduced by the new curricula.

**Partnerships with vocational schools in the European Union** **ECU 300,000**  
Some four to five vocational schools in the European Union will be selected to develop partnerships with the pilot schools. These activities will be closely linked to ongoing reform projects and will include support for

- curriculum development
- exchanges of teachers and managerial staff
- student study visits to European Union schools or student placements in European Union enterprises.

**Upgrading teaching equipment** **ECU 1,100,000**  
Support will be given for the provision of teaching equipment and materials necessary for implementing the new curricula in the pilot schools. Attention will be paid to ensure that these represent realistic levels of investment which are affordable and can be replicated in other schools.

**Development of education policy and dissemination of results** **ECU 300,000**  
This component is designed to develop a strategy for vocational education and training for the country as a whole. Support will be provided for

- seminars and study tours to the European Union for key staff of relevant ministries and major vocational education institutions, to encourage discussion on the future perspectives of vocational education and on efficient management and financing methods
- preparation of a strategic outline or discussion paper, based on the discussions with European Union institutions and the results of the pilot school activities, designed to determine the future development of vocational education and training
- organisation of open seminars to disseminate experience gained from the reform projects and to discuss further development

- publication of the results of the new curricula and dissemination to all vocational schools in the country.

**Management, auditing and evaluation** **ECU 210,000**

**Reserve** **ECU 90,000**

### Implementation

The programme will be managed by the Programme Management Unit, established as an independent organisation, or organised within the Ministry of Education and Culture. The unit will be guided by a steering committee on strategic decisions. The committee will include representatives from the Ministry of Education and Culture, the Ministry of Labour, other ministries involved with secondary vocational education and training, pilot schools, trade unions, employers, SMEs and chambers of commerce.

# Hungary

## Programme for transport infrastructure development

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 18
Responsible authority	Ministry of Transport

### Background

The Hungarian government has recognised the importance of the transport sector to economic transition and development. The development of trans-European networks is essential for Hungary's integration with its neighbours and with the European Union.

One of the main objectives of the government's transport policy and transport infrastructure development is integration with the European Union. It also aims to promote a more balanced territorial development in the country and a more efficient transport organisation, together with efficient, market-oriented regulation. However, it is recognised that these objectives must be balanced with the need to protect human life and the environment

A number of major investments have been made in the sector, largely focusing on the renovation, upgrading and development of the road network. The last Hungarian section of the M1 motorway from Vienna to Budapest and a major road bridge construction over the Danube are due to start soon. A general motorway development programme has been prepared and two important elements are undergoing preparation or are in an advanced stage of preparation. These are the M2 motorway programme and the M5 motorway package.

The main road (road 2) leads from Budapest to the border crossing of Parassapuszta on the border with the Slovak Republic. The road is essential to the international transport of passengers and goods. The road section between Budapest and Parassapuszta is some 79 km long, of which the 35 km section from Vac runs through densely populated areas. The three-phase M2 programme includes the design and construction of a 35 km new section of road 2 as a single carriageway, to bypass the towns of Dunakeszi, Göd and Vac. Works include limited realignment and connection with existing roads, two climbing lanes, seven overpasses and eleven underpasses. The design speed is 100 km per hour.

Road works include a provision for future widening. The total cost of the programme will amount to ECU 104 million, of which the European Investment Bank (EIB) will contribute 52 million, the government 42.3 million and Phare 9.7 million.

The M5 motorway is a major part of the motorway network and is important to domestic and international transportation. It is part of the trans-European motorway system and is one of the most important trans-European networks, connecting northern and central Europe with the Balkans and the Middle East. The total length of the motorway, with a design speed of 120 km per hour, will be 174 km. Of this, 26.7 km of the existing carriageway will be upgraded and a second carriageway will be constructed. A further 100.8 km will be new motorway, to be constructed and financed through a concession agreement with a French-Austrian-Hungarian private consortium which will collect tolls until the concession terminates. Then the motorway reverts to the state. The remaining 17.6 km cover city roads in Budapest.

The total cost of the M5 package will amount to HUF 104 billion, of which the consortium will contribute 51.5 billion and the government 16.7 billion. However, the current budgetary situation facing the government may delay works and therefore Phare will contribute ECU 8 million for the completion of the Kecskemet bypass. This contribution is vital for mobilising the necessary resources needed from private financial institutions and the European Bank for Reconstruction and Development (EBRD).

Phare's contribution to the funding of the M2 motorway complies with the decision of the European Council meeting in Copenhagen in 1993, which permits Phare to enter into co-financing arrangements with international financing institutions in respect of infrastructure projects of national priority and of interest to the European Union. While Phare is co-financing the M5 package indirectly, its involvement fully reflects the spirit of the Copenhagen decision that Phare should be instrumental in mobilising substantial financial contributions from the international financing institutions.

### Programme objectives

The programme aims to support the European integration of Hungary and the development of trans-European networks.

The specific objectives of the programme are to

- develop adequate international transit routes

- increase the efficiency of the transport sector and accommodate transport demand by improving the road network and regional transport connections.

The programme has two components:

- co-financing of the M2 road programme
- co-financing of the connecting road between the M5 motorway and road 44

### **Programme description**

#### **M2 road programme ECU 9,700,000**

This component provides co-financing for phase two of the M2 programme. The funding will cover the construction and renovation of 15.6 km of the Dunakeszi-Vac road, including

- a new section of road 2 as a single carriageway
- limited realignment and connections with existing roads
- three overpasses and seven underpasses.

#### **M5 motorway and road 44 connecting road ECU 8,000,000**

This component provides co-financing for part of the overall M5 motorway development package. The funding will cover the construction of a bypass for the town of Kecskemet between the M5 and road 44, including

- the construction of a 5 km primary main road
- drainage systems
- other structures, such as a flyover and a road bridge
- various environmental protection structures, including a noise shading wall and game protection fencing.

#### **Management and contingencies ECU 300,000**

### **Implementation**

The Ministry of Transport will have overall responsibility for implementing the programme. The day-to-day management will be the responsibility of the Road Management and Coordination Directorate. The Directorate will set up a Programme Management Unit to carry out daily supervision and management.

For the M2 component, tendering and contracting will follow the standard procedures applied by the EIB. For the M5 connecting road, standard Phare tendering and contracting procedures will apply.

# Hungary

## Programme to strengthen links between education and the economy

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 8
Responsible authority	Ministry of Culture and Education

### Background

Education and training are vital for economic and social development in Hungary and for the country's integration with the European Union. Since 1990, the government have taken substantial measures to modernise the education system and adapt it to the present market-oriented democracy. However, despite the new legal and institutional framework, the Organisation for Economic Cooperation and Development (OECD) has recently drawn attention to a number of problem areas which prevent current education and training contributing fully to the reform process.

These problems exist in secondary, post-secondary and tertiary education. They stem largely from the insufficient adaptation of education to the real needs of the economy and society in general. It is also necessary to increase enrolment in higher education by 50 per cent in order to meet the need for advanced level qualifications. The lack of capacity in higher education and the length of higher education degrees has contributed to a very low enrolment rate compared to other western economies. The problems in the education system must be addressed and there must be more links between universities and the Academy of Sciences in order to disseminate research results to industry more effectively.

A stronger orientation towards labour market needs, with shorter more practical study programmes, is required in secondary education level. The role of higher education in adult education must be improved, given the increased demand for advanced training and retraining during the transition period.

Phare has funded various activities in the education and research and development field since 1990. Activities have included support for upgrading teaching and research equipment at a number of higher education and research institutions. Measures have also involved improving secondary vocational training, establishing

up-to-date retraining centres and promoting technology transfer between research institutions and industry. The Trans-European Mobility Programme for University Studies (TEMPUS) has promoted projects concerned with curriculum development, teacher retraining and exchanges of students and teachers.

### Programme objectives

The programme is designed to

- enhance education's contribution to economic reform and the continuing development of a market-oriented economy
- diversify education to respond to the educational needs of different target groups and to make cost-effective use of scarce public resources.

Support will be given to

- set up joint projects between higher education, industry and commerce in training needs analysis, student placement programmes and adult education
- develop new post-secondary education study programmes and supporting legislation
- develop distance-education systems as a high-quality alternative and complementary to traditional education
- develop a network of 'folk high schools' providing training for those not benefiting from regular secondary education.

### Programme description

**Cooperation between higher education and industry** ECU 2,800,000

This component is designed to

- enhance the responsiveness of higher education to the education and training needs of industry and commerce
- facilitate the transition from education to employment for graduates of higher education
- strengthen higher education's role in providing adult education, training and retraining.

Support will be provided for joint projects submitted by consortia of higher education institutions together with industrial or business partners for

- joint strategy development and the establishment of working groups
- analyses of continuing training needs of advanced level personnel in industry and commerce

- programmes for practical student placements in industry within the framework of student degree programmes
- student placements in industry for industry-oriented research within the framework of the students' diplomas or PhD programmes
- strengthening or creating adult education centres in higher education and for developing new continuing training programmes
- establishing links with higher education enterprise consortia from the European Union for the transfer of know-how and experience.

#### **Diversification of initial level higher education ECU 2,700,000**

This component will support the government's efforts to draw up a diversification policy for higher education.

Support will be provided for the following activities, the results of which will be integrated with the government's long-term development plan for higher education:

- formulating national policy, including needs analyses, in cooperation with the Ministry of Labour and TEMPUS
- formulating a policy for accreditation or quality assurance
- establishing strategic links between two or more institutions
- expanding the role of higher education in regional economic development
- analysing relevant policies in the European Union and other central and eastern European countries.

Support will also be provided for pilot projects proposed by higher education institutions for developing new short-cycle courses. Activities eligible for support will include

- training needs analyses
- curriculum development or adaptation of curricula existing in other countries
- teacher training and retraining
- acquisition of small items of teaching equipment.

#### **Development of distance education ECU 1,200,000**

This component is designed to continue to expand activities already initiated in developing distance education. Support will be provided for

- course development, possibly by adapting materials which are available abroad
- purchase of basic multi-media and distance teaching equipment to the six regional distance education centres, already established in higher education institutes across the country.

#### **Training for young people not benefiting from secondary education ECU 700,000**

This component aims to extend activities already initiated through the 'folk high schools', which introduced basic general and vocational courses targeted at this disadvantaged group. Support will be provided for

- a national analysis of the need for this type of education with a view to designing the structure and objectives of a national network of 'folk high schools'
- updating existing curricula and developing new curricula, including the use of existing course packages which are available abroad
- setting up a network of some 16 schools and providing teaching equipment for half of these, especially for basic language and computer laboratories.

#### **Programme Management Unit, auditing, evaluation and reserve ECU 600,000**

##### **Implementation**

The programme will be implemented by a Programme Management Unit closely linked to the Ministry of Education and Culture and under its control. Implementation will be guided by a steering committee, made up of representatives from the Ministry of Culture and Education, the Ministry of Labour, the Ministry of Industry, the National Committee for Technological Development, institutions for youth and adult training, the higher education sector and both sides of industry. The Programme Management Unit will rely on the committee for strategic decisions, the adoption of work plans and the allocation of funds.



# Latvia

## Programme for rural water development

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 2.5
Responsible authority	Ministry of Environment and Rural Protection

### Background

Since independence, Latvia's initiatives in the environmental sector have focused on developing a comprehensive package of legislation, generating a national environmental policy plan to steer the environmental management system and undertaking critical capital projects.

The national environmental policy plan has identified certain priorities which require immediate action owing to their particularly polluting effects. These include initiatives concerning urban and rural waste water, and the management of hazardous and solid waste.

Waste water treatment projects have so far concentrated on the major urban 'hot-spots' of Leipaja and Daugavpils, both of which have been supported by Phare programmes. However, as major pollution enters the Baltic Sea through rural waste water, this issue is now a priority.

As well as funding urban waste water treatment projects and contributing to the ongoing strategy project for hazardous waste, Phare provided institutional support and support for developing the national environmental policy plan in 1992 and 1993. It is currently providing support under the cross-border programme for a waste water pipeline for Jurmala and Riga and for investment in the management of hazardous waste.

### Programme objectives

The programme aims to support the government in developing and implementing its strategy for rural waste water.

The programme has two main components:

- finalising Project 800, a rural waste water strategy, and identifying a realistic investment programme for renovation, replacement and maintenance for rapid implementation
- undertaking specific pilot projects in the most critical rural waste water plants.

### Programme description

#### Waste water strategy and 1995-2000 investment programme ECU 1,000,000

The Ministry of Environment and Rural Protection is expanding its strategy for rural waste water collection and treatment, and this includes institutional and financial operations (Project 800). Support will be provided for

- an assessment of the current situation, including water supply and waste water treatment services, systems and facilities and the performance of water and waste water enterprises
- a detailed analysis of the financial position of the sector and its future prospects, including past and present financial performance and conditions, sources of funds for operations and investment, tariff levels and billing and collection structure
- developing a master plan for long-term strategic low-cost solutions for the future development of water supply and waste water collection and treatment in rural areas, paying particular attention to financial and environmental aspects. The plan must examine appropriate technologies for waste treatment and favour maintenance/rehabilitation over new capital investment, and self-financing projects over those needing support from central and municipal authorities
- preparing a programme for institutional development and strengthening aimed at developing efficiently managed and operated utilities with self-financing as their objective.

A realistic investment programme for water supply and waste water treatment in the rural sector will be developed, based on the Project 800 master plan. Support will be provided for

- the development of a renovation, repair, maintenance and construction programme for the rural water supply system, including water source installations, treatment plants and water transmission, pumping, storage and distribution systems
- the development of a renovation, repair, maintenance and construction programme for the rural waste water system, including sewer networks, pumping plants, sanitary and general interceptors, other facilities and equipment
- identifying key pilot projects to address urgent problems which came to light in the course of preparation for the investment programme and which can be implemented using Phare funds and replicated elsewhere.

**Pilot projects** **ECU 1,450,000**

This component provides support for specific pilot projects in the most critical rural waste water plants, identified in the course of the preparation of the 1995-2000 investment programme. These projects will concentrate on urgent rehabilitation work. Support will be provided to

- develop technical designs, implementation schedules and maintenance plans
- facilitate project implementation, including supply of necessary equipment, maintenance supplies and works management support to ensure proper implementation of works, equipment installation and training in equipment use and maintenance
- use the results of these projects for replication in other rural areas.

**Monitoring, evaluation and auditing** **ECU 50,000**

**Implementation**

The Ministry of Environment and Rural Development will be responsible for implementing the programme, while the daily management will be carried out by the Programme Management Unit already established at the Ministry.

# Latvia

## Programme for vocational education and training reform

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 3
Responsible authority	Ministry of Education, Culture and Science

### Background

The transition towards an open democratic society based on a market economy is dependent on the comprehensive development of qualifications for the country's entire population.

Since independence, the government has embarked on a programme to modernise the vocational education system. Efforts have been made to create a coherent national education system, improve teaching levels, introduce new vocations and subjects necessary for the market economy, and to develop international cooperation.

A general lack of resources and of efficient implementation and coordination mechanisms are delaying the process of educational reform. Although international support has helped to develop educational institutions and a large number of short- term training courses within specific areas of activity, it has not so far been possible to fit these initiatives into a larger educational policy strategy.

Continuing problems in the secondary education field include over-specialisation, premature specialisation and absence of particular specialisations. There are also weaknesses in subjects relating to the market economy. Teaching methods are based on teacher-centred factual learning rather than innovative and problem-solving approaches, while there is insufficient knowledge of the educational methods used in other countries. The systems of financial allocation and education management are inadequate and materials, equipment and buildings are outdated.

The Trans-European Mobility Programme for University Studies (TEMPUS) has provided support to upgrade and modernise higher education, largely through partnerships with institutions in the European Union. Other Phare-funded training activities have been carried out on a short-term basis in relation to programmes in privatisation, small and medium-sized enterprises (SME) devel-

opment, banking, labour market and social policy, public administration and agriculture.

### Programme objectives

The programme is designed to modernise and reform the secondary and adult vocational education and training system. Support will be given for a number of reform activities at national level and for various activities in a number of pilot vocational schools and similar institutions. Emphasis will be placed on

- curriculum development
- teacher training
- partnerships with vocational schools in the European Union
- upgrading of teaching equipment
- developing education policy and disseminating results.

### Programme description

#### Curriculum development ECU 800,000

This component is designed to develop new curricula for vocational education in a comprehensive and coordinated fashion. The new curricula will be designed to produce an adaptable and multi-skilled workforce with problem-solving capacities, initiative and retraining potential.

The new curricula will be implemented in 20 to 25 selected schools on a pilot basis. A geographical spread of schools will be targeted, as well as different types of secondary and adult vocational schools. The curricula of specifically selected occupational groupings will be developed, in each case in a secondary vocational school working in cooperation with an adult training school.

Support will be provided to

- develop new curricula for 15-20 occupational groupings
- develop new curricula for some five general subjects essential to all or a large number of vocational curricula (such as foreign languages, the working world, computers, environment, physics and mathematics)
- developing curricula for generic skills essential for all occupations (such as communications, numeracy, technology, problem-solving, personal and interpersonal skills)
- produce text books for the new curricula.

**Teacher training** **ECU 300,000**  
To give teachers the necessary background for working with the new curricula, support will be provided to develop training courses for teachers and directors in the pilot schools, concentrating on the transfer of know-how relating to

- teaching methods
- methods of curriculum development
- the content of general subjects introduced by the new curricula.

**Partnerships with vocational schools in the European Union** **ECU 400,000**  
Some four to five vocational schools in the European Union will be selected to develop partnerships with the pilot schools. These activities will be closely linked to ongoing reform projects and will include support for

- curriculum development
- exchanges of teachers and managerial staff
- student visits to European Union schools or student placements in European Union enterprises.

**Upgrading teaching equipment** **ECU 900,000**  
Support will be given for the provision of teaching equipment and materials necessary for implementing the new curricula in the pilot schools. Attention will be paid to ensure that these represent realistic levels of investment which are affordable and can be replicated in other schools.

**Development of education policy and dissemination of results** **ECU 300,000**  
This component is designed to develop a strategy for vocational education and training for the country as a whole. Support will be provided for

- seminars and study tours to the European Union for key staff of relevant ministries and major vocational education institutions, to encourage discussion on the future perspectives of vocational education and on efficient management and financing methods
- preparation of a strategic outline or discussion paper, based on the discussions with European Union institutions and the results of the pilot school activities, designed to determine the future development of vocational education and training
- organisation of open seminars to disseminate experience gained from the reform projects and to discuss further development
- publication of the results of the new curricula and

dissemination to all vocational schools in the country.

**Programme management, auditing and evaluation** **ECU 210,000**

**Reserve** **ECU 90,000**

**Implementation**

The programme will be managed by the Programme Management Unit, as an independent organisation, or established within the Ministry of Education, Culture and Science. The unit will be guided by a steering committee for strategic decisions. The committee will include representatives from the Ministry of Education, Culture and Science, other ministries involved with secondary vocational education and training, pilot schools, trade unions, employers, SMEs and chambers of commerce.

# Lithuania

## Programme for vocational education and training reform

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 4
Responsible authority	Ministry of Science and Education

### Background

The transition towards an open democratic society based on a market economy is dependent on the comprehensive development of qualifications for the country's entire population.

Since independence, the government has embarked on a programme to modernise the vocational education system. Efforts have been made to create a coherent national education system, improve teaching levels, introduce new vocations and subjects necessary for the market economy, and to develop international cooperation.

A general lack of resources and of efficient implementation and coordination mechanisms are delaying the process of educational reform. Although international support has helped to develop educational institutions and a large number of short-term training courses within specific areas of activity, it has not so far been possible to fit these initiatives into a larger educational policy strategy.

Continuing problems in the secondary education field include over-specialisation, premature specialisation and absence of particular specialisations. There are also weaknesses in subjects relating to the market economy. Teaching methods are based on teacher-centred factual learning rather than innovative and problem-solving approaches, while there is insufficient knowledge of the educational methods used in other countries. The systems of financial allocation and education management are inadequate and materials, equipment and buildings are outdated.

Problems at this level also impede the development of the adult vocational training system which suffers from under-capacity, poorly and too narrowly defined target groups, a lack of national curricula and poor recognition of the training supplied. Generally, there is inadequate cooperation with employers, labour exchange offices and the secondary vocational system.

The Trans-European Mobility Programme for University Studies (TEMPUS) has provided support for the upgrading and modernisation of higher education, largely through partnerships with institutions in the European Union. The national labour market strategy developed under the 1992 Phare social programme makes specific suggestions for improving the adult vocational training system. A teacher training and curriculum pilot project is due to be implemented during 1995.

### Programme objectives

The programme is designed to modernise and reform the secondary and adult vocational education and training system. Support will be given for a number of reform activities at national level and for various activities in a number of pilot vocational schools and similar institutions. Emphasis will be placed on curriculum development

- teacher training
- partnerships with vocational schools in the European Union
- upgrading of teaching equipment
- developing education policy and disseminating results.

### Programme description

#### Curriculum development ECU 1,100,000

This component is designed to develop new curricula for vocational education in a comprehensive and coordinated fashion. The new curricula will be designed to produce an adaptable and multi-skilled workforce with problem-solving capacities, initiative and retraining potential.

The new curricula will be implemented in 20 to 25 selected schools on a pilot basis. A geographical spread of schools will be targeted, as well as different types of secondary and adult vocational schools. The curricula of specifically selected occupational groupings will be developed, in each case in a secondary vocational school working in cooperation with an adult training school.

Support will be provided to

- develop new curricula for 15-20 occupational groupings
- develop new curricula for some five general subjects essential to all or a large number of vocational curricula (such as foreign languages, the working world, computers, environment, physics and mathematics)

- develop curricula for generic skills essential for all occupations (such as communications, numeracy, technology, problem-solving, personal and interpersonal skills)
- produce text books for the new curricula.

**Teacher training** **ECU 500,000**  
To give teachers the necessary background for working with the new curricula, support will be provided to develop training courses for teachers and directors in the pilot schools, concentrating on the transfer of know-how relating to

- teaching methods
- curriculum development methods
- the content of general subjects introduced by the new curricula.

**Partnerships with vocational schools** **ECU 500,000 in the European Union**  
Some four to five vocational schools in the European Union will be selected to develop partnerships with the pilot schools. These activities will be closely linked to ongoing reform projects and will include support for

- curriculum development
- exchanges of teachers and managerial staff
- student study visits to European Union schools or student placements in European Union enterprises.

**Upgrading teaching equipment** **ECU 1,100,000**  
Support will be given for the provision of teaching equipment and materials necessary for implementing the new curricula in the pilot schools. Attention will be paid to ensure that these represent realistic levels of investment which are affordable and can be replicated in other schools.

**Development of education policy** **ECU 400,000 and dissemination of results**  
This component is designed to develop a strategy for vocational education and training for the country as a whole. Support will be provided for

- seminars and study tours to the European Union for key staff of relevant ministries and major vocational education institutions, to encourage discussion on the future perspectives of vocational education and on efficient management and financing methods
- preparation of a strategic outline or discussion paper, based on the discussions with European Union institutions and the results of the pilot school activities, designed to determine the future development of vocational education and training

- organisation of open seminars to disseminate experience gained from the reform projects and to discuss further development
- publication of the results of the new curricula and dissemination to all vocational schools in the country.

**Programme management, auditing** **ECU 300,000 and evaluation**

**Reserve** **ECU 100,000**

**Implementation**

The programme will be managed by an independent Programme Management Unit, guided by a steering committee for strategic decisions. The committee will include representatives from the Ministry of Science and Education, the Ministry of Social Security and Labour, other ministries involved with secondary vocational education and training, pilot schools, trade unions, employers, small and medium-sized enterprises (SMEs) and chambers of commerce.

# Poland

## Programme for financial sector development

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 20
Responsible authority	Ministry of Finance

### Background

In 1989, new banking legislation was adopted to pave the way for a two-tier system and a liberalised financial sector to facilitate the mobilisation and allocation of financial resources. Consequently, nine commercial banks were carved out of the national bank and transformed into joint stock companies. Two of these banks have now been privatised. The reform has contained the growth of credit and has helped to develop indirect instruments of monetary control. It has also fostered the active role of state-owned commercial banks in the process of bad-debt recovery.

In 1993, further legislation was adopted for the financial restructuring of enterprises and banks, to provide a regulatory framework to address the issues of bank recapitalisation and state-owned enterprise restructuring. The state-owned commercial banks were obliged to restructure enterprises with realistic prospects of functioning effectively in a competitive market, liquidate non-competitive enterprises and resolve the portfolio problem of the state-owned commercial banks to prepare them for privatisation.

Debtor enterprises were given a time limit within which to present a satisfactory restructuring proposal, failing which the relevant bank would initiate their liquidation. By March 1994, the banks had had to negotiate all banking settlements relating to problem loans granted before the end of 1991. Banking settlements for problem loans granted from 1992 onwards must be negotiated by March 1996. To date, the banks have signed nearly 150 banking conciliatory proceedings with their debtors, some 50 of these involving a certain degree of debt for equity swaps. This means that the banks will be closely involved in the management of the debtor companies and must monitor their restructuring and economic performance.

In 1994, legislation was also adopted to restructure and consolidate the rural financial sector. Following this, the Bank for Food Economy, the largest specialised state-owned bank, has been transformed into a joint stock company as a pre-condition for its recapitalisation. The Bank for Food Economy is now a national bank, at the top of the reformed cooperative banking sector. Six to nine regional banks will be created at intermediate level, with the existing local cooperative banks at the lowest level. The existing regional banks and their affiliated local cooperative banks will have to choose whether they wish to join this system or maintain their independent status. Diagnostic reviews and audits are needed to prepare for the creation of the new regional banks and to rationalise and consolidate cooperative banking at local and regional level.

With regard to the taxation sector, personal income tax was introduced in 1992, replacing a number of old tax categories and facilitating unified progressive taxation. A significant reduction in enterprise profit tax rates was implemented in 1989. VAT and excise duties were introduced in 1993, with several VAT concessions and exemptions, particularly for small businesses. Some changes to VAT are planned. Further legislative reform will involve amendments to these core taxes and the introduction of property tax. A new tax code, redefining existing tax procedures, is planned for 1995.

Responsibility for taxation at the central level of the Ministry of Finance lies with the Department of Fiscal Control and with the departments responsible for tax administration, namely the Department of Organisation and Tax Supervision, the departments responsible for different taxes, and the Department of Computer Science. The tax administration structure at local level is comprised of 49 fiscal control offices, 49 tax chambers and 320 tax offices. The Ministry of Finance, employing over 35,000 staff, has been training its employees and inspectors in tax collection and administration, fiscal control and auditing. The introduction of personal income tax and VAT were accompanied by major public awareness campaigns.

The Polish Export Credit Corporation began operating in 1993, largely providing insurance and re-insurance against short-term commercial risks on exports to OECD countries. In recent years, Polish exports have been realigned from former Comecon countries to western ones. Whereas markets of former Comecon countries accounted for 60 per cent of all Polish exports and 50 per cent of imports in 1989, they now only account for 14 per cent and 13 per cent respectively. Although Polish exports rose in 1992, they fell again in 1993;

while imports have been steadily rising, leading to a significant worsening of the balance of trade. An Exim guarantee is required to encourage export to the old Comecon trading partners. It could be used as a public guarantee and insurance, with the new Export Credit Corporation acting as the agent running the public export insurance scheme.

The 1991 Phare programme for the financial sector provided technical and financial support for banking, insurance, accounting and auditing, tax and fiscal administration. The 1992 programme aimed at supporting the two other key areas of the small banking sector, and public debt and management. The 1993 programme is principally an extension of the first programme and its projects, with more emphasis placed on the banking and fiscal sectors. Phare has been supporting the cooperative banking sector since 1991 and, following a reallocation of funds, some support for the financial review of the rural financial sector is now being made available under the 1993 Phare agricultural and rural sectors programme.

**Programme objectives**

The programme is principally designed to consolidate and follow up the Phare 1991 and 1993 financial sector programmes by helping to

- develop the banking sector
- complete and consolidate tax reform.

In addition, the programme will provide support to

- develop Polish exports
- tackle other priorities issues which may come to light during the course of the programme
- ensure the effectiveness of the Programme Management Unit.

**Programme description**

**Banking sector ECU 14,000,000**

**Investment banking ECU 11,000,000**

This component is designed to support the government's enterprise and bank restructuring and privatisation programme. Emphasis will be placed on restructuring and strengthening the banks and their commercial operations.

Support will be given to the banks to

- manage and restructure companies which they own, or of which they are major creditors, following banking conciliatory proceedings

- develop their investment banking capacities
- deal with private debtors and credits granted since 1992
- improve early-warning signals, credit analysis skills, controlling functions, procedures, organisational changes and strategies.

Some equity support will also be available for enterprises which have undergone banking conciliatory proceedings. This will be linked to the technical expertise channelled through the banks, to

- increase the availability of funding for these enterprises
- strengthen the companies
- help the banks complete their restructuring.

**Training ECU 1,000,000**

Support will be provided for

- training bank staff and improving banking skills
- training for the national bank
- developing the strategy planning function within the banks
- strengthening banks' in-house training and human resources development
- strengthening banking training centres.

**Rural financial sector ECU 2,000,000**

A three-tier banking structure has been proposed for the cooperative banks and the Bank for Food Economy. Phare's activities will concentrate on a financial review of the third tier of the rural banking sector, through support for

- auditing the local cooperative banks, with the provision of technical expertise to implement and manage the financial review and audits (selecting auditors, preparing auditing criteria and scheduling and selecting banks for auditing).

Support for this exercise is also being funded under the 1993 Phare programme which, following a reallocation of funds, provides support for the agricultural and rural sectors.

**Tax reform ECU 3,000,000**

This component aims to

- complete tax legislation reform, to ensure a high-quality tax system and compatibility with European Union tax provisions



- consolidate tax reform by establishing an efficient and well-organised tax administration with skilled and motivated staff. Support will be provided for
- the transfer of technical expertise and training to complete the reform of tax legislation
- establishing a sustained information programme for taxpayers and the staff of the tax services
- defining and implementing a more structured human resources policy
- establishing an in-house training function, including the development of business and training plans, course curricula, training material, adapting premises and the provision of training equipment
- various other projects focusing on immediate and concrete issues of tax management, such as VAT implementation (paying particular attention to audit capacity), compliance, and reduction of tax leakage.

#### **Export guarantee scheme ECU 500,000**

This component is designed to support the government in its policy to rebuild trade and commercial relations with former Comecon countries based on new market-oriented principles. In view of the high political and commercial risk, a system of state guarantees for export credits is required.

Support will be provided to

- design an export credit guarantee scheme
- define the institutional and legal structure of the fund
- assess the financial needs of the fund
- provide technical expertise to set up the scheme.

#### **General technical expertise ECU 2,000,000**

An allocation has been set aside to cover technical support for other major issues and priorities which may arise during the course of the programme.

#### **Programme management ECU 500,000**

### **Implementation**

The Ministry of Finance will have overall responsibility for implementing the programme and will organise the coordination of work with the governmental authorities and non-governmental institutions involved. The management, financial administration, monitoring and coordination of the programme will be carried out by the Programme Management Unit at the ministry.

With respect to tax reform, the Programme Management Unit will report to the European Commission in Brussels

on the use of a network of experts from the tax administrations of the European Union countries.

A special task force will be appointed for the rural financial sector component, with representatives from the Ministry of Finance, the Ministry of Agriculture and the National Bank. The task force will provide the technical input required for the design of the component and will monitor its implementation. It will also have responsibility for approving the project's strategy and preparing terms of reference for all measures to be implemented under it.

# Poland

## Reallocation of funds under the 1993 programme for the agricultural and rural sectors

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 6.993
Responsible authority	Ministry of Agriculture and Food Economy

### Background

An effective agricultural credit system is crucial to the success of the farming sector. The agricultural sector in Poland employs 27 per cent of the labour force and accounts for some 7 per cent of GDP and, with the food processing sector, for nearly 16 per cent.

Existing rural financial services do not meet the needs of the farming community. Finance in the rural sector has been dominated by the Bank for Food Economy, which has some 150 branches and offices located in provincial capitals and major cities. In addition, there is a well-established cooperative banking structure, with over 1,650 local cooperative banks. Some 1,250 of these are affiliated to the Bank for Food Economy, and the other 400 to three regional cooperative banks. The government holds 56 per cent of the shares of the Bank for Food Economy with the remainder held by the local cooperative banks. The share capital of the three regional cooperative banks is held by local cooperative banks.

The government views the restructuring and strengthening of the cooperative banking system as a high priority, particularly for the Bank for Food Economy. In June 1994, the Ministry of Agriculture and Food Economy approved a new social and economic policy up to the year 2000, for the rural, agricultural and food economy sectors. It predicts that the cooperative banking sector will be essential to implement this overall agricultural policy. Legislation to restructure cooperative banks and the Bank for Food Economy was approved in August 1994. As a result of this new legislation, the Bank for Food Economy has now been transformed into a joint stock company as a pre-condition for its recapitalisation.

Under the new legislation, the Bank for Food Economy becomes a national bank operating at the highest level of the reformed cooperative banking sector, which will have a new three-tier structure. Six regional banks will

be created at intermediate level, with the existing local cooperative banks at the third level. The existing regional banks and their affiliated local cooperative banks will have to choose whether they wish to join this system or maintain their independent status. Diagnostic reviews and audits are needed to prepare for the creation of the new regional banks and to rationalise and consolidate cooperative banking at local and regional level. These reviews are essential to ensure that government funds will be properly used.

Phare has supported the cooperative banking sector in Poland since 1991. This support has helped to establish three regional cooperative banks, funded their auditing, developed the auditing capacity of the National Union of Cooperative Banks and financed the transfer of technical expertise.

Phare has also supported training for outreach services. This is extremely important for the economic development of rural areas. The projects support the local development and application of national schemes to improve the skills of the advisory outreach services and also to train key personnel such as teachers, outreach workers and veterinary officers.

The 1993 Phare programme for the agricultural and rural sectors allocated ECU 5.9 million to establish a credit guarantee scheme to improve rural financial services. Instead, it has been proposed that this amount should be reallocated to fund the audits of the local cooperative banks. Support for this exercise is also being funded under the 1994 Phare financial sector development programme. The credit guarantee scheme will be postponed until the 1995 programme.

A reserve was also set aside under the 1993 programme to fund projects co-financed with European Union Member States. ECU 1 million will be reallocated from this heading to fund training for the outreach services.

### Programme objectives

The reallocation of funds under the 1993 agricultural and rural sectors programme is designed to

- improve the rural financial sector by rationalising and consolidating the entire cooperative banking system to make it more compatible with similar systems in western Europe
- improve the quality of advisory, outreach and research and development services.

The first component of the programme, concerning the rural financial sector, aims to provide additional capital for local cooperative banks which are experiencing financial difficulties and to establish regional cooperative banks owned by local cooperative banks. The long-term objectives are to develop adequate capacity in regional and national organisations, to audit local cooperative banks, and to strengthen banking supervision of the cooperative system by the National Bank.

## Programme description

### Rural financial sector ECU 5,993,000

This component is designed to support the financial review of the rural banking sector. Support will be provided to audit the local cooperative banks. This will include technical expertise for implementing and managing the financial review and audits, such as the selection of auditors, the preparation of auditing criteria and the scheduling and selection of banks to be audited.

Activities will be conducted at three levels:

- preparation of diagnostic reviews of local cooperative banks which are experiencing financial difficulties, to determine the main causes and propose solutions or, where the situation is beyond repair, liquidation or merger
- preparation of full financial audits of local cooperative banks which are not in financial difficulty
- organisation of on-the-job training and special courses for staff members of the regional cooperative banks and the National Bank during the diagnostic reviews and audits, to enable them to develop adequate audit and supervisory capacities.

Support for this exercise is also being funded under the 1994 Phare financial sector development programme.

### Extension services ECU 1,000,000

Further support will be provided for the outreach services projects. These will be identified by the steering committees of the seven local implementation units of the Foundation for Assistance Programme for Agriculture, in the framework of a previously agreed strategy for the relevant region.

## Implementation

The Foundation of Assistance Programme for Agriculture, within the Ministry of Agriculture and Food Economy will have overall responsibility for managing the programme.

A steering committee will approve strategic plans, work programmes, monitoring and evaluation reports for the rural financial sector component, before they are submitted to the European Commission, and will be responsible for coordination between the interested parties. This steering committee was set up by the government to plan and implement the restructuring and reorganisation programmes resulting from the new 1994 rural banking legislation.

A task force will also be established to provide the technical input needed to design the financial sector component and monitor its implementation. The task force will be responsible for preparing the terms of reference for all measures to be implemented under this component, and for the technical approval of subsequent reports. The task force will be subject to the steering committee and will report to it. The task force will be composed of representatives from the Ministry of Finance, the Ministry of Agriculture and the National Bank.

# Poland

## Programme for forestry protection

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 12
Responsible authority	National Fund for Environmental Protection and Water Management

### Background

The Polish forestry sector is one of Europe's richest ecosystems. Almost one third of the country is forested and rural communities are heavily dependent on the forests and forest-related activities for a significant part of their income and for cultural pursuits. The General Directorate of Forests alone generates an annual turnover of \$ 500 million. The forestry and timber processing sectors play an important role in the national economy, employing about six per cent of the country's workforce and contributing some two per cent of GNP and over two per cent of export earnings. The forestry sector could play an even larger part in the Polish economy, if stabilised and managed in a more sustainable and balanced way.

However, the forests are threatened by cross-border pollution, timbering activity and inappropriate forestry management techniques.

In particular, industrial and energy emissions from the Black Triangle area have increased the risk of tree mortality from secondary pests, fungal diseases, vegetation, rodents and game animals. In fact, it is recognised that the Polish forests are among some of the most ecologically weak and damaged in central and eastern Europe.

The various authorities which deal with forestry issues need strengthening in business planning, financing strategies and investment programming. Notably, the General Directorate of State Forests needs to exploit contemporary business planning techniques more fully, both within its own operational structure and within the forestry sector as a whole. The absence of this skill base affects the ability of newly-privatised contractors to benefit from World Bank loans. The private sector also needs to develop through the creation of more small and medium-sized enterprises (SMEs) engaged in environmentally sustained harvesting, silviculture and transport activities.

In order to redress this situation, the government is implementing policies to introduce sustainable forestry management systems, conserve the bio-diversity of forest lands and adapt forests to long-term climatic change. The General Directorate of State Forests has also developed a long-term management plan with the Forest Research Institute to reduce the risk of forest fires. There were 10,000 forest fires in 1994 and air pollution increases fire risks.

In recent years, there has also been a major threat from the nun moth pest, which, if left untreated, could have destroyed 350,000 hectares of forest and caused timber revenue losses of up to \$ 280 million. The General Directorate of State Forests, together with Phare, the World Bank and other bilateral donors, developed a package of environmentally benign pest control agents, equipment, scientific monitoring and evaluation to counteract this threat. The nun moth suppression programme has been highly successful but, given that the outbreak is only three years into its normal seven year cycle, and that only 13 per cent of pine forests have been sprayed, further action will be necessary.

### Programme objectives

The programme aims to support the government's forestry policy to promote sustainable forest management systems and forest conservation. In particular, the programme will provide structural and technical support to

- optimise forest resource exploitation, combining currency-earning commercial activities with nature conservation and management issues in a sustainable forestry strategy
- establish conditions which favour the sustainable exploitation of state and privately-owned forests and to promote inward investment, including multilateral loans for other value-added forestry uses.

The programme has six main components:

- forest pest suppression
- timber industry initiatives to promote environmental sustainability
- restoration of damaged forests in the Sudety mountain and Notec regions
- forest bio-diversity protection
- forest fire protection measures
- programme management and business planning for the sector
- rehabilitation of former military sites in forest regions.

## Programme description

### Forest pest suppression ECU 2,600,000

This component is designed to

- continue activities which started under the 1994 joint programme for suppressing the nun moth with biological and ecologically benign agents
- extend activities to cover other insect pests in the forests.

### Timber industry initiatives ECU 4,000,000 to prepare for environmental sustainability

This component aims to help modernise forestry harvesting, skidding and transportation activities. This will encourage more efficient commercial forestry operations, which will prepare the way for privatisation, and will help to reduce environmental damage. Support will be provided for

- an appraisal of the benefits of introducing a grant aid scheme for equipment purchase and credit support, with particular emphasis on financial sustainability and the suitability of such a scheme
- subject to the appraisal, funding of the scheme to enable operators to lease or purchase necessary equipment.

### Restoration of damaged forests ECU 1,500,000

This component aims to restore forests in the Sudety mountain and Notec regions of south-west Poland which have been damaged by industrial and energy emissions from the Black Triangle area. The programme will support a pilot scheme to integrate up-to-date technologies, to ensure the efficient allocation of future resources to the rest of the Sudety and the Notec. The pilot scheme will involve initiatives to

- revitalise soil
- carry out supplementary planting of appropriate species such as prepared seedlings
- develop post-planting management and other methods to revitalise growth
- promote sustainable forest management, silviculture and forest protection principles
- attract more varied bird species.

### Forest bio-diversity protection ECU 1,200,000

This component aims to preserve and improve the genetic resources of forest ecosystems by developing a genetic conservation facility. This will protect endangered plant species and ensure the availability of high-quality and locally adapted seed for maintaining and expanding bio-diversity. Phare will co-finance a project with the World Bank Global Environment Facility Fund and the Polish Government. Support will be provided to

- complete a gene bank
- complete supporting nurseries.

### Forest fire protection measures ECU 1,000,000

This component aims to reduce the risk of fire damage to forests. Support will be provided for the government's efforts to upgrade early-warning and rapid response systems, through

- reinforcing the national network of fire towers.

### Programme management and business planning ECU 1,000,000

This component aims to develop the strategic management capability of the General Directorate of State Forests. Support will be provided for

- strengthening business planning capacities
- project management support to ensure that the Directorate's technical inputs are effective
- strengthening business planning capabilities for the privatisation programmes
- integrating World Bank economic technical support with the overall management framework.

### Rehabilitation of former military sites ECU 700,000

This component anticipates possible support for regenerating former tank and air bombing exercise grounds in forest areas. Support will be provided for

- an appraisal of the financial sustainability and suitability of a regeneration scheme
- subject to the appraisal, support in the first instance, for removing unexploded bombs, grenades and ground-polluting oil and fuel
- after the clean-up operation, support in the second instance, for a detailed ecological damage assessment leading to infrastructure development and reforestation.

If the appraisal is unfavourable and the project is not pursued, the remaining funding will be allocated to the forest fire protection component.

## **Implementation**

The programme will be managed by the Environmental Coordination and Management Unit within the National Fund for Environmental Protection and Water Management.

The General Directorate of State Forests will be responsible for technical inputs and for coordination with the national authorities, international financing institutions and bilateral authorities. The Directorate will cooperate closely with the Environmental Coordination and Management Unit. The implementation arrangement anticipates the involvement of the regional directorates of state forests in special working groups, including representatives from the Forestry Research Institute, the Warsaw Agricultural University Department of Forestry and the Polish army.

# Slovakia

## Programme for labour market development

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end November 1997
EU contribution	MECU 3.5
Responsible authority	Ministry of Labour, Social Affairs and Family

### Background

New ministries had to be created and the institutional framework of employment policy had to be restructured following the split of the former Czechoslovakia. Numerous new functions had to be developed, and new links established to other ministries and institutions. This process has not yet been concluded and institutional development therefore remains a crucial issue. Since 1991, there have been numerous changes in legislation. However, the high level of unemployment and the large number of tasks to be addressed, together with the scarce capacity of employment services, still require considerable efforts to be made in policy and institutional development.

In July 1994, the rate of unemployment in the republic stood at 14.5 per cent and looked set to increase further, with sharp regional disparities. Further mass lay-offs are expected as a result of privatisation and the lack of viability of some very large enterprises. The growth of new employment in the private sector and emerging areas of the economy are hindered by the lack of domestic and international investment. There is also a lack of confidence following the division of the former Czechoslovakia and the devaluation of the Slovak crown.

Unemployment is increasing amongst disadvantaged groups in the labour market, such as young people (particularly those who have no school certificate), the long-term unemployed, the unskilled, the disabled, older workers who have been made redundant, and migrants returning from the Czech Republic, and the Roma minority.

Therefore, an active labour market policy is a high priority for the government and a comprehensive system of measures needs to be developed. These must include specific measures for regions, unproductive enterprises and problem groups. An amendment to the Employment Act is being prepared to establish a new framework for

active and passive labour market policies and to restructure the institutional system.

Industrial relations are at an early stage of development since there is a lack of experience in this area. The government is seeking to strengthen social dialogue at tripartite level (government, trade unions, employers' representatives) and at the bipartite level (trade unions and employers' representatives).

The Phare-funded labour market restructuring programme for 1991 offered expertise and financial support for the institutional development of employment services. The 1991 programme also helped to create a proactive labour market intervention fund designed to finance innovative and pilot measures for training and stimulating job creation. Phare has also funded a strategic review of vocational education and training and 20 pilot schools were selected to improve the suitability of labour market entrants leaving vocational and technical schools. A human resources development fund has been created to develop training and meet the demand for key skills in economic and social transformation programmes. The Phare-funded labour market information scheme is seen as a prerequisite for the efficient operation of more refined and targeted labour policies and public expenditure.

### Programme objectives

The programme is designed to support the Ministry in developing and refining employment policies and legislation, in particular through

- developing concepts, instruments, decrees and rules under the new Employment Act, with specific emphasis on problem regions and vulnerable groups
- further developing the institutional framework of labour market policy.

The programme has the following components:

- labour market policy and legislation development
- labour market information system
- staff training
- industrial relations
- Programme Management Unit.

## Programme description

### Labour market policy and legislation development ECU 1,680,000

This component will concentrate on a number of activities:

Evaluation, development and implementation of active measures ECU 280,000

Emphasis will be placed on

- transferring local and foreign expertise to extend studies and develop model projects on specific measures for regions, industrial sectors and groups of the labour force; the aim is to alleviate the effects of mass lay-offs, prevent increasing unemployment in vulnerable groups and reintegrate disadvantaged groups into the labour market (these activities will be linked with development strategies for small and medium-sized enterprises).
- technical expertise for evaluating the 'publicly useful work scheme'
- providing technical expertise to evaluate the first three tender exercises carried out by the proactive labour market intervention fund and recommending further development and targeting of the fund
- technical expertise to found a research institute to strengthen research and development in the field of labour market policies
- performing a needs analysis on the reform of unemployment insurance and proposing an allocation of the financial means of the employment fund to passive and active employment policies
- seminars, workshops and study visits.

Proactive labour market intervention fund (PALMIF) ECU 690,000

Emphasis will be placed on funding to

- replenish the proactive labour market intervention fund with ECU 655,000 to enable it to finance innovative and pilot measures for training and stimulating job creation
- support the fund's administrative costs.

Training and retraining ECU 550,000

Emphasis will be placed on

- a feasibility study on the potential benefits of establishing two adult training institutions and training programmes to develop the capacity for training and retraining under the responsibility of the employment services administration

- developing curricula for the new institutions
- funding study visits to establish links for know-how transfer to the new institutions
- funding hardware, software and teaching aids for the new institutions (ECU 265,000)
- continuing ad hoc training measures to develop and test new ideas or curricula
- developing curricula and training booklets for people who wish to start new businesses.

Occupational counselling and career guidance ECU 90,000

Emphasis will be placed on

- providing technical expertise for evaluating, in the districts of Nitra and Spisska Nova Ves, the pilot testing of a model system for occupational counselling and career guidance
- support for the further development of the resource centre, including upgrading of the computer-aided guidance programme and information system
- provision of hardware, software and audio-visual materials at counselling and career guidance centres.

International links ECU 70,000

Emphasis will be placed on

- further support for cooperation between Slovak and foreign institutions in the areas of job creation and training
- support for seminars, workshops, study visits and professional networks.

### Labour market information system ECU 870,000

This component is designed to develop the labour market information system further. The system was set up to monitor the impact of different macro-economic policies on the labour market and the efficiency of labour market interventions and proactive labour market measures. The system is being implemented at central, district and local levels, namely at the Department of Wages Policy and at employment offices and others. Support will be provided for

- technical expertise and on-the-job training in the field of labour market analysis, employment statistics and surveys, workshops and study visits will determine the methods which will be adopted; the preparation and translation of documentary material will also be supported



- the expansion of a study to determine the hardware and software needs of the Ministry, the employment services administration and employment offices; funding will extend to the upgrading and purchase of relevant equipment and software
- targeted study visits and training courses to strengthen the development of wage determination at the levels of policy, legislation and statistics
- provision of basic equipment for the Department of Wages Policy to handle data on wage determination and enable it to access the labour market information system
- an evaluation of the activities and objectives achieved to date in relation to the wages system, legislation and statistics.

#### **Staff training**

**ECU 400,000**

This component is designed to improve the skills of the employment services in advising the unemployed and placing them in jobs, occupational counselling and career guidance and handling problem clients. Support will be provided to

- establish new training centres in seven districts to train staff for the labour market information system and counselling activities
- evaluate a pilot programme involving three of the centres, to enable them to take up their activities in early 1995
- curricula development for staff training
- training for trainers
- training of trainers and Ministry staff in the use of the labour market information system at the centres
- the cost of hardware, software and other teaching aids, including equipment for courses on electronic data processing, the use of new software applications and advanced statistical analysis.

#### **Industrial relations**

**ECU 200,000**

This component is designed to strengthen the social partners for their new role in industrial relations, including strengthening the Tripartite Council. The Council comprises members of the government, trade unions and employers' organisations and serves as an instrument for stabilising industrial relations, discussing policy decisions and achieving social consensus. Support will be provided for

- training and seminars to improve the skills and competence of the individual social partners and the

Tripartite Council in the fields of collective bargaining, social policy, macro-economic management and institutional development

- study visits to counterparts in western and eastern European countries
- technical expertise, mainly of a short-term nature, to help the social partners manage their new tasks and activities
- the purchase of basic equipment for each partner's headquarters organisation and the Tripartite Council Secretariat.

#### **Programme Management Unit**

**ECU 350,000**

Further support will be provided for the Programme Management Unit set up at the Ministry to manage and implement the 1991 Phare labour market restructuring programme, including

- long-term technical expertise provided by local and foreign experts
- short-term technical expertise provided by local and foreign experts for monitoring and evaluation purposes
- staff training
- the cost of equipment and administration.

#### **Implementation**

The programme will be managed by the Programme Management Unit set up at the Ministry of Labour, Social Affairs and Family to manage and implement the 1991 Phare labour market restructuring programme. The Ministry will ensure close coordination with other ministries and organisations involved in labour market development and employment promotion. The Labour Market Advisory Council, whose members are from the Ministry and the Ministry of Education and Science as well as the social partners, will monitor and supervise the programme.

# Slovakia

## Programme for social insurance reform

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end November 1997
EU contribution	MECU 2
Responsible authority	Social Insurance Agency

### Background

Since the transition towards a market-based economy began, the republic has had to cope with inflation, rising unemployment and a decline in living standards, cushioned by social transfers of up to 22 per cent of GDP.

The rate of unemployment in the Republic rose from 2.4 per cent at the beginning of 1991 to 14.5 per cent in July 1994. This rise reflects the collapse of inefficient industry and the liberalising of the labour market. Further unemployment is likely to occur as enterprise restructuring progresses. There are also sharp regional disparities in the levels of unemployment, ranging from 4 to 26 per cent.

Current budgetary constraints mean that it is unlikely that the republic can continue to devote so much of its GDP to social transfers, although the restructuring process will lead to a greater demand. It is estimated that 35 per cent of the population is living below the official minimum subsistence level.

Legislation is being prepared for the social support system and the state-funded child and family support system. Reform in the social insurance sector has largely concentrated on unifying structures, funds and collection systems. Separate systems have been established for unemployment and health payments. New legislation on social insurance entitlement and coverage is under preparation.

Legislation was adopted in August 1994 dealing with the legislative status, structure and supervision of the new social and health insurance agencies. This is intended to fill a major policy gap in inter-institutional relations by providing a framework whereby the Ministry of Labour, Social Affairs and Family and the Ministry of Finance can supervise the activities of the new Social Insurance Agency. This framework should help to reduce problems in the area of financial management and the control of income and expenditure. However, the framework needs to be developed further. Organisational structures and communication procedures must also reflect the

need for consistent and informed policy responses to the challenges of a changing environment. In addition, a more coordinated approach to policy evaluation and implementation must be adopted.

Phare began supporting the social security sector in 1991. This continued in 1993 with policy advice on social insurance, support and know-how, and with advice on complementary pensions in 1994. The 1993 programme provides ECU 1.8 million for the social security sector, including funds for financial modelling, actuarial and econometric unit training.

### Programme objectives

The programme is designed to support the reform, modernisation and restructuring of the social insurance system. The objective is to establish a system which is effective, efficient and compatible with macro-economic policy.

The programme has the following components:

- policy coordination and development
- development of a centralised client-based data system
- strategic business planning
- creation of a Programme Management Unit.

### Programme description

#### Policy coordination and development ECU 443,000

This component aims to establish an inter-institutional development and coordination mechanism. This should ensure speedy, consistent, informed and effective policy outputs in the area of social insurance through increased policy awareness, technical enhancement and better consultation and coordination. It will also help to establish a more coordinated system of financial management, reporting and control generally.

The component has four sub-components.

#### Policy skills development ECU 145,000

Support will be given to the Ministry of Labour, Social Affairs and Family, the Ministry of Finance and the social and health insurance agencies to

- prepare a detailed audit of current institutional skills
- design and supply a specific mix of training and transfer of technical expertise to fill identified gaps in policy competence
- organise study trips to policy units in the European Union

- evaluate improvements in policy output following this exercise. Development of inter-institutional consultation ECU 100,000

Support will be given to

- prepare an audit of current strengths and weaknesses
- design and set out terms of reference for policy coordination and control functions in all institutions, especially the Ministry of Finance
- design appropriate structures for coordination and effective consultation, as well as methods for overcoming cultural issues
- evaluate improvements following this exercise.

Joint European Union and Slovak

Consultative Forum

ECU 100,000

Support will be given for the creation of a joint European Union and Slovak policy forum, represented by experts from the European Union and their Slovak counterparts. The forum will help to ensure a cross-flow of information and ideas to help develop Slovak social insurance policy. Funding will be provided for the cost of

- technical expertise, travel, accommodation, secretarial and translation services involved in organising three meetings per year with three representatives from the European Union and three from the republic.

Health insurance system

ECU 97,000

Support will be given for the development of the financial and planning capability of the Health Insurance Agency, with specific reference to the private health care sector. Technical expertise will be transferred to

- develop the actuarial and policy skills of the Agency
- assess how the development of private health insurance will impact on the Agency
- strengthen the Agency's ability to integrate private health insurance into its planning process.

#### **Centralised client-based data system ECU 1,000,000**

This component is designed to develop a new comprehensive computerised register of all those covered by social insurance, unemployment and health legislation. This will be accessible to all relevant institutions, including regional offices. Support will be provided for

- foreign and local technical expertise to prepare a major feasibility study to assess data storage and collection needs across all institutions and to design a new computerised records system

- seminars and study visits for those involved in the feasibility study.

#### **Strategic business plan**

**ECU 330,000**

The Social Insurance Agency needs a strategic business plan to ensure the effective management of resources and to set business objectives. The plan will also help management to set performance standards and improve the efficiency of social insurance service delivery. Support will be provided in the form of technical expertise, staff training, study visits and seminars to help the agency:

- develop a management information system
- improve contribution revenue
- improve the service to clients
- stabilise administrative costs
- improve compliance control.

#### **Programme Management Unit**

**ECU 227,000**

A Programme Management Unit has already been set up within the Ministry of Labour, Social Affairs and Family to deal with Phare labour market projects. A separate Programme Management Unit for the social insurance project will be set up in the Social Insurance Agency. Its specific tasks will be to help prepare the European Union- Slovak Forum on Health Insurance, technical know-how contracts, study visits and training programmes. This new unit will be supported by Phare which will fund the costs of

- long-term technical expertise for project management, with a local expert for a year and a foreign expert for nine months
- short-term technical expertise for management support, with foreign and local experts for three months
- training and administration
- essential equipment.

#### **Implementation**

A new Programme Management Unit will be established in the Social Insurance Agency to manage the programme. The unit will include representatives from the Agency, the Ministry of Labour, Social Affairs and Family, the Ministry of Finance, the Health Insurance Agency, the Unemployment Fund and the Department of Foreign Assistance. It will be supported by a steering group which will review strategic plans and work programmes.

# Slovenia

## Programme for energy and the environment

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 2
Responsible authority	Ministry of Economic Affairs

### Background

In the past, the energy sector in Slovenia was characterised by centralised state planning and artificially low prices resulting from subsidies. There were few incentives to encourage the adoption of energy efficient practices. Consequently, the economy is now characterised by very high energy intensity, due to technical and organisational inefficiencies, and an industry structure based on a large proportion of energy-intensive industries, such as steel, aluminium and fertilisers.

The energy sector is now being transformed and the government needs to ensure that all sectors of the economy adopt cost-effective energy conservation measures, consistent with economic progress and environmental protection. As a first step, a comprehensive energy strategy has been developed, designed to encourage conservation through all specific programmes and policies as well as through the fiscal and financial framework. The strategy needs to be complemented by well-defined implementation programmes containing the necessary actions and measures to achieve the desired objectives.

The key factors of an energy-saving policy are market level prices and the availability of financial resources suitable to cover necessary investments. The government is seeking to follow the recommendations of the European Energy Charter on energy pricing, namely to price energy as far as is practicable according to market mechanisms, incorporating costs and benefits to the environment. There is, however, a lack of sufficient financial resources for investment. There is a scarcity of middle or long-term loans necessary to finance large energy-saving investments while the financial institutions lack skills in financial 'engineering'. Therefore, the government has asked Phare to finance a series of projects to accompany the implementation of energy efficiency initiatives.

The whole energy sector is currently changing its organisational structures and legal status. An agency for the efficient use of energy will be set up in 1995 to support and complement the work of the Ministry of Economic Affairs, which has responsibility for general energy sector planning. The agency will have responsibility for implementing programmes for the efficient use of energy and developing promotion programmes. Advice is needed to set up the agency but support is also needed throughout the institutional structures dealing with energy issues to upgrade skills and ensure operational efficiency.

### Programme objectives

The programme aims to support the government's policy on energy conservation.

The specific objectives of the programme are to

- prepare and implement energy-saving activities
- introduce low-cost planning methods
- develop information, education and publicity activities to promote conservation measures
- strengthen institutional capabilities.

The programme has four components:

- creation of an energy-saving fund and accompanying measures
- introduction of integrated resource planning
- development of a clean coal programme
- institutional strengthening and advisory support

### Programme description

<b>Energy saving fund and accompanying measures</b>	<b>ECU 1,100,000</b>
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This component is designed to launch a study on how to set up an energy-saving fund and to develop complementary activities to ensure that the fund is widely used once it is established. Complementary activities will involve energy conservation demonstration projects, training of energy auditors and a public awareness campaign.

Energy-saving fund	ECU 120,000
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Support will be provided for a feasibility study to analyse the most effective approach to be used for setting up a revolving fund for energy-saving investments.

The study will address the following issues:

- forms of support
- treatment of the risk and responsibility for the risk
- definition of an appropriate interest rate
- operation of the fund
- relationship with existing financial instruments
- criteria for eligibility
- relations with the agency for energy efficiency
- composition and role of the board of directors.

Pilot schemes ECU 500,000

Support will be provided for pilot schemes to improve energy utilisation by substantially reducing energy consumption in selected areas. These demonstration projects will be designed to show decision-makers and the public the benefits of investing in energy efficiency and energy-saving measures. The projects will be limited and focused on those which will be highly cost-effective. Support will be provided for projects in the following fields:

- reduction of heat consumption in multi-storey residential buildings through the introduction of measures to record heat consumption and organise billing according to individual consumption
- energy audits in schools and the training of headmasters to enable them to assume the role of energy managers
- improved efficiency of industrial plants through the modernisation of boilers and the higher penetration of variable speed drives, electricity motors and compressed air.

Training ECU 300,000

Support will be provided to train energy auditors. The aim is to give trainees a better understanding of this new role, improve financial management knowledge and skills and raise their awareness of environmental and energy efficiencies.

Training will concentrate on

- laws and regulations
- organisation and management
- investment and financing methods
- company policy and market strategies.

Public awareness campaign ECU 180,000

A public relations campaign will be supported with the aim of raising consumer awareness of energy conservation. Also, a campaign will be targeted at households, to demonstrate and explain potential energy-saving strategies and the importance of energy conservation.

**Integrated resource planning ECU 300,000**

This component is designed to foster activities which will enhance the role of integrated resource planning to complement supply side orientations with a stronger orientation towards a consideration of changes on the demand side. The project will include the execution of applied case studies. Potential candidates are industry and households. The deliverables of the project will include

- derivation of cost curves for investment in energy conservation measures
- the economic comparison of demand and supply side measures
- derivation of alternative options of low-cost energy supply up to the year 2010
- the quantitative assessment of the environmental impact of the measures.

**Clean coal programme ECU 300,000**

This component is designed to help the government restructure the coal sector. In the light of reduced market prospects resulting from economic and environmental problems, only the lignite mine in Velenje and the brown coal mine collieries of Trbovlje and Hrastnik will be operational after 1996. Three other brown coal mines in the area will be closed down shortly. Support is provided to

- develop a master plan for the closure of the three mines; assessing the environmental and social impact and determining costs and the legal and institutional provisions necessary to develop and operate the restructuring programme
- carry out a market assessment of remaining coal production, exploring improved competitiveness, environmental constraints, the future market perspectives for pellet coal plants and the effect of a reduction in state subsidies. Other issues to be covered include human resources planning and options and recommendations for the corporate restructuring and commercialisation of mines.

**Institutional strengthening and advisory support ECU 270,000**

This component is designed to help reform the Ministry of Economic Affairs. Support will be provided to establish the Energy Efficiency Agency, train staff in various other departments and directorates under the Ministry's supervision, and advise the Department of Energy.

Energy Efficiency Agency ECU 100,000  
Support to establish the Energy Efficiency Agency will focus on

- defining the functions and tasks of the Agency and its legal status, taking the experiences of European Union countries into account
- defining the nature of the Agency's relationship with responsible ministries, public utilities and communal authorities
- determining budgetary arrangements and sources of finance for the Agency
- determining the staffing of the Agency.

Training ECU 70,000  
Support for staff development will involve a specific training programme for Ministry staff to facilitate participation in work on energy issues at international and European level, such as

- the European Energy Charter
- international treaties on environmental protection
- energy issues in the European Union.

Advice ECU 100,000  
Short-term advisory support will be provided for the Department of Energy for specific needs relating to:

- legislation
- privatisation
- financial engineering.

**Programme monitoring and evaluation ECU 30,000****Implementation**

The Ministry of Science and Technology will be responsible for the general coordination of the programme, especially at the planning and programming phases. The Department of Energy at the Ministry of Economic Affairs will have responsibility for implementing and monitoring the programme.

# Multi-country programmes

# All Phare countries

## Complementary programme for multi-country statistical cooperation

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 17
Responsible authority	European Commission, liaising with the central statistical offices of the partner countries

### Background

Phare started to fund a multi-country programme in 1991 to help the central and eastern European countries to adapt their statistical systems to international standards, particularly to those of the European Union. The programme provides support for the adoption of nomenclature and systems appropriate to market economies, improved data-collection and publishing, implementation of registers and pilot surveys and information technology development.

A programme for statistical cooperation is now in place following the transfer of expertise. The national statistical institutes, the European Commission (notably through Eurostat) and the statistical offices of the European Union states are establishing a multi-annual cooperation programme outlining the strategy and operational activities required to achieve complete statistical integration.

Objectives have been set for each statistical domain considered necessary to support and monitor the economic reforms and to provide market operators with sound macro and micro-economic information for investment decisions, and wage and price management. Priority domains include national accounts, classification, creation and implementation of registers of enterprises and organisations, social indicators, environmental statistics, foreign trade statistics, statistics on enterprises, prices and new technology for data-collection, processing and dissemination.

The cooperation programme facilitates the transfer of technical expertise and training. Activities include visits to statistical offices in the European Union, the provision of advice by experts, participation in seminars and work and training in statistical subjects. These activities are usually organised by Eurostat and its executing agency, CESD.

### Programme objectives

The programme continues and extends support provided under the 1991 Phare programme. It aims to help the statistical offices of the central and eastern European countries develop their statistical information systems, in particular to

- adapt their systems to the needs of users and data sources in a market economy and democracy
- provide relevant information for the management of the transition process
- adopt European and international systems, classifications and standards
- ensure that their statistical data is compatible with data from European Union and international statistical sources.

### Programme description

Support will be provided for

- the continuation of visits by statisticians from central and eastern European countries to statistical offices in the European Union and vice versa, as part of a well-structured programme which defines priorities by statistical domain, according to each country's specific needs and objectives
- continued training through the Training of Central European Statisticians (TES) through courses followed by statisticians from the European Union, designed to train statisticians in all aspects of their work and teach them the basic skills required to collect and publish data
- extended training through a new initiative, namely TES - ECO, launched to address the specific training needs of central and eastern European countries by providing tailor-made courses in those countries (complementary to the training provided under the current TES scheme, which is more attuned to the needs of statisticians from the European Union)
- continued participation in European Commission seminars and working groups addressing general and specific statistical issues, transferring knowledge in basic methodology, classifications and general information
- funding of a series of regional pilot projects for a number of central and eastern European countries to help the countries follow a common methodological approach to data-collection and the production of comparable statistics



- establishment of a Programme Coordination Unit, with external technical advisors and local support staff.

## **Implementation**

The European Commission will have responsibility for implementing the programme, in close collaboration with the national statistical institutes of central and eastern European countries. The Commission will be responsible for general coordination, supervision and monitoring.

A liaison group will be established, with a representative from each of the statistical offices in the central and eastern European countries. The group will meet regularly and will provide overall guidance, and will supervise and monitor the implementation of the programme. The group will ensure close coordination of activities concerning statistics in their countries and in relation to regional actions. The group will be closely involved in the preparation of any new programmes and activities.

A sector coordinator will be appointed for the programme and a Programme Coordination Unit will be established in the coordinator's country. The unit will support the statistical offices in prioritising tasks into detailed work plans, monitor all follow-up actions and collect relevant information. The unit will also ensure proper coordination between all national and regional programmes in the statistics sector.

# All Phare countries

## Programme for competition protection

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 2
Responsible authority	European Commission, in cooperation with national competition authorities

### Background

The degree to which the central and eastern European countries are implementing competition policies varies substantially from country to country.

Only the Czech Republic, Hungary, Poland and Slovakia have an adequate institutional and legal framework for implementing an effective policy compatible with that of the European Union at an early stage. Other countries are trying to improve their systems but substantial progress is needed before any degree of compatibility can be achieved. Some countries, such as Romania and Albania have no competition legislation, while Slovenia has legislation but no implementing procedures or authority.

Similarly, the Europe Agreements signed with Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia oblige these countries to implement effective competition policies in line with the competition policy of the European Union. However, such agreements still have to be finalised with the Baltic countries and Slovenia and, in the case of Albania, need to be negotiated.

At the same time, although the level of awareness amongst those responsible for competition policy in the central and eastern European countries is generally satisfactory, most other economic agents and the public have a low level of understanding. In particular, there is a lack of understanding of the need for competition rules to protect the regular functioning of the market and prevent trade restrictions and distortions. The absence of a market and competition culture could impede the development of effectively functioning markets and commercial and economic integration with the European Union.

The European Commission has initiated activities which aim to create or reform the competition protection systems of the central and eastern European countries

through the transfer of expertise from its Directorate General for Competition Policy and independent experts. These efforts are designed to help establish legislative and regulatory frameworks, create properly organised and skilled authorities and assess the current situation with regard to state aid, state monopolies and public enterprises. However, the officials involved in these exercises still require further training and need to exchange experiences and coordinate their policies through communication with counterparts in the European Union.

### Programme objectives

The programme aims to

- develop an effective and efficient competition protection system in the central and eastern European countries in line with European standards
- harmonise and coordinate the competition policies of the central and eastern European countries with the policy of the European Union
- promote awareness among economic agents of current market mechanisms and the need to promote and protect competition
- facilitate the process of market integration and implementation of the Europe Agreements.

The programme has four components:

- transfer of technical expertise for legislative and institutional reform, together with advice on forthcoming competition cases
- specialised training for agents directly involved in drawing up and implementing competition policy
- promotion of a market and competition culture among economic agents and the public
- provision of documentation, software, hardware and translation.

### Programme description

#### Legislative and institutional reform ECU 500,000

This component is designed to improve the institutional and legislative framework through support for

- continued monitoring of national legislation and policy, institutional and organisational structures and implementing procedures
- drafting or amending national legislation, regulations and policy recommendations, with reference to prevailing European Union rules and policies

- advice on dealing with actual competition cases.

### **Specialised training      ECU 700,000**

This component will support the provision of training sessions and seminars in central and eastern European countries:

- content will cover specialised matters, such as vertical and horizontal agreements, abuse of dominant positions, merger control, state-owned enterprises, enterprises with special or exclusive rights, the commercial restructuring of state monopolies and state aids
- emphasis will be placed on interpreting and implementing competition rules through analysing actual cases
- agents responsible for drafting and implementing competition legislation will be the target audience, as well as judges and lawyers where national authorities so request.

Support will also be provided for

- work study visits for central and eastern European officials to the European Commission, OECD and anti-trust institutions of the European Union countries
- exchanges of officials and experts between the competition authorities of the European Union and its countries and those of the central and eastern European countries
- publication of relevant material, including background documents, proceedings of training events and case studies illustrating model cases and actions.

Some of these activities may be provided through a permanent regional training centre set up in a central and eastern European country.

### **Market and competition awareness      ECU 500,000**

This component is designed to

- promote awareness among economic agents of the basic functioning of market mechanisms and the need to promote and protect competition
- promote a competition culture among the public.

Support will be provided to

- develop materials, including documentation and video cassettes, for the authorities in charge of drafting and implementing competition policy, such as politicians, officials, Members of Parliament, judges, academics, representatives of industry, small and medium-sized enterprises (SMEs), chambers of commerce and experts

- develop materials and organise seminars and conferences for economic agents, students and the general public.

### **Documentation and equipment      ECU 300,000**

This component enables funding to be provided for documentation and equipment which complement the other programme activities, such as the provision of

- books, CD-ROM, legal documents and articles
- essential software and hardware
- translation of legal documents.

### **Implementation**

The European Commission in Brussels will have responsibility for organising all tenders, contracts and payments. The European Commission will monitor the implementation of the programme on the basis of regular reports received from the contractors.

Equipment procurement will be on the basis of open international tenders, or by restricted tender if this is justified by the cost or special technical characteristics of the equipment. Services will be recruited either by restricted invitations to tender, or by direct contract, depending on the cost and specialist nature of the services. Modest expenditures of minor importance may be the subject of direct agreement. Participation in tenders will be open to individuals and companies from the Member States of the European Union and the Phare partner countries.

# All Phare countries

## Programme to improve veterinary disease diagnosis and controls

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 6
Responsible authority	European Commission, in cooperation with national authorities

### Background

Trade in animals and animal products is currently a major element in the internal agricultural economy of central and eastern European countries as well as of the international agricultural trade between themselves, the European Union and other countries.

Most central and eastern European countries have adequate numbers of laboratories and veterinary practitioners. However, there are significant differences between countries in ability levels concerning the detection, control and eradication of certain diseases.

The recent, increased scale of trade in animals in these countries has put more pressure on these systems. Moreover, other countries further to the east and the south-east, with unsatisfactory animal health systems, are increasingly exploiting their long frontiers with central and eastern European countries to move animals into or through them. This increases the need for effective disease detection and control throughout the central and eastern European countries to protect their health status and trading agreements with the European Union and other western countries.

This situation has heightened awareness in central and eastern Europe of the desirability of undertaking national improvements within a framework whereby the weaker systems are raised to the levels achieved by those central and eastern European countries with the best systems. The establishment of common standards of diagnostic and animal movement controls in central and eastern European countries will lead to important trade and welfare benefits for their agricultural trade and development at national and international levels. It will also contribute substantially to the conclusion of the veterinary and phyto-sanitary agreements proposed between the European Union and Poland, Hungary, the Czech Republic and Slovakia. In the medium term, establishing common capabilities will facilitate alignment with those of the European Union.

The veterinary services of the European Commission and European Union countries have already arranged certain activities in the European Union for a limited number of public service veterinarians from central and eastern Europe. Activities have included short visits and placements in veterinary diagnostic laboratories responsible for maintaining European Union common standards for individual animal diseases, and in veterinary organisations responsible for tracing and controlling movements of diseased animals. Veterinarians have also been invited to participate in meetings in the European Union relating to such issues. These activities need to be expanded, particularly for countries and disease facilities which need strengthening to match best central and eastern European practice.

### Programme objectives

The programme aims to

- help develop improved standards of animal health control
- facilitate trade in animals and animal products between central and eastern European countries themselves and between those countries and the European Union.

In particular, the programme is designed to provide support for

- improving materials for diagnosing animal diseases to European standards
- establishing designated laboratories to act as regional reference and training centres
- extending detection and surveillance procedures for the control and eradication of certain diseases to meet central and eastern European best practices
- ensuring that animal identification, movement control and certification procedures meet European Union best practices
- increasing participation by representatives of the animal health control sector in activities organised on a European (or on a wider) scale concerned with the control and eradication of specific animal diseases.

## Programme description

The programme will concentrate on the following activities:

- training for staff from veterinary laboratories dealing with notifiable diseases, in techniques and quality controls, including regional standardisation, compatible with European Union best practices
- provision of associated technical expertise and, if necessary, equipment, such as testing facilities, standard reagents and test kits
- training for veterinary or other appropriate staff in skills and techniques to monitor and control animal movements in or through central and eastern European countries
- provision of pilot equipment and technical expertise, at central and local offices, to improve certification and tracing systems, including animal identification and border inspection facilities
- training in best European Union practices in disease surveillance techniques and practices, together with associated equipment provision
- training in disease eradication controls and procedures required by European Union directives and regulations together with associated equipment provision
- support for participation by public service veterinarians and animal health officials in central and eastern European countries in meetings, studies and discussions concerned with European or wider scientific issues on animal disease developments and their implications for government and/or private sector action.

In addition, the programme will provide for

- a systematic evaluation mission for each central and eastern European country to assess comparative needs for strengthening the capabilities covered by the above support categories
- depending on the mission's findings, activities to strengthen laboratories and staff responsible for producing diagnostic material and diagnosing diseases to introduce common standards throughout central and eastern Europe
- technical expertise and training by European Union reference laboratories to establish designated laboratories in central and eastern European countries to act as regional reference and training facilities; these would maintain regional reference materials for standardising veterinary material produced by national laboratories, standardising test methods and training staff from other laboratories.

## Implementation

The European Commission in Brussels will have direct responsibility for implementing the programme in the initial stages. Training measures will be provided initially by the national facilities of the European Union Member States, contracted through Phare procedures.

A representative from one of the central and eastern European countries will be appointed as the national coordinator of the programme, assisted by a liaison committee with a representative from each partner country's state veterinary services. The committee will meet regularly to provide overall guidance on the execution of the programme and to monitor and supervise its implementation.

A multi-country veterinary health Programme Management Unit will be established in one of the central and eastern European countries to undertake specific coordination, monitoring and programming duties associated with the programme.

# All Phare countries

## Programme to support the Commission of the European Union to implement TEMPUS and for staff development in the vocational training sector

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1996
EU contribution	MECU 2.6
Responsible authority	European Training Foundation

### Background

Phare has supported vocational training reform programmes in many central and eastern European countries since 1990 through the Trans-European Mobility Programme for University Studies (TEMPUS). TEMPUS has been allocated a further ECU 99.2 million from 1994 Phare resources. This allocation covers two types of resources. Firstly, ECU 95.9 million is available for projects and a total of 239 have been selected to run in parallel with 226 projects selected in 1992 and 1993. The remaining funds cover the cost of technical expertise needed to implement the programme until the end of 1994, that is until the expiry of the existing arrangement with the external contractor responsible for implementation.

From 1995, the European Training Foundation will be responsible for implementing TEMPUS. Phare will fund the expertise needed for this until the end of September 1995, when the Foundation will fund its work from its own budget.

The effectiveness of vocational training programmes in central and eastern European countries largely depends on whether or not they are carried out by a broad cross-section of policy officials in the ministries involved. The vocational training sector has a crucial position in society, standing at the crossroads of education, employment and industrial policy. This means programmes in this sector need support from staff in non-governmental organisations (NGOs), such as employer and employee organisations and chambers of commerce.

Those involved in drawing up and implementing vocational training programmes must have a similar frame of reference. They need a good knowledge of vocational training policies and practices in other countries, project

management skills and foreign language competence. In practice, this is not always the case and sometimes undermines the effectiveness of such programmes. Therefore, steps must be taken to upgrade the skills of those involved.

### Programme objectives

The programme concerns two activities to be developed by the European Training Foundation within the framework of TEMPUS:

- support for the Commission of the European Union to implement TEMPUS, with emphasis on strengthening the demand-led approach and on the decentralised implementation system
- preparation of a staff development project for government and non-governmental officials involved in vocational training, with a view to improving the skills of national education and labour ministries in planning and implementing education and training reform programmes.

### Programme description

#### Implementation of TEMPUS **ECU 1,200,000**

This component will cover the costs borne by the European Training Foundation in implementing TEMPUS from the beginning of 1995 until the end of September, when the Foundation will finance this work from its own budget.

The funding from Phare will cover the cost of

- the provision of 20 staff (in addition to the 40 Foundation staff responsible for TEMPUS) to handle project monitoring, prepare a programme for on-site project audits and to carry out evaluations
- expenses relating to the work of the additional staff.

#### Staff development project **ECU 1,400,000**

This component is designed to

- train civil servants in the ministries of education, labour and industry, as well as other high-level staff from certain non-governmental organisations (such as employer and employees organisations and chambers of commerce), in the aspects and importance of vocational training
- set up lasting links between ministries in the Phare partner countries and the European Union countries
- establish a network of national correspondents and other contacts in all Phare partner countries on which the Foundation and the Commission can build

- train a group of trainers to bring staff development courses to a wider target group in each Phare country, making use of specially developed course modules.

Support will be provided for

- needs analysis, building on input from the partner countries
- seminars and training courses on various issues (such as developing national educational and training strategies, integrating international support programmes in the national strategy, exchanges of information on ongoing vocational training reform programmes, efficient management of externally funded reform programmes and on creating networks)
- a reciprocal placement programme for policy advisors between ministries and non-governmental organisations in the Phare countries and the European Union
- twinning of ministries in the Phare countries and the European Union
- production of course modules for use in more widespread training programmes.

## **Implementation**

The European Training Foundation will have responsibility for implementing the programme.

For its work on TEMPUS, the Foundation will be guided by the TEMPUS management committee. For the staff development project, the Foundation will be governed by its governing board. In addition, an ad hoc steering committee will be formed with a maximum of six members drawn from the Foundation and the partner countries.

The detailed terms and conditions applicable to activities will be governed by a convention signed by the European Commission and the Foundation.

# Cross-border cooperation programmes



# All Phare countries

## Cross-border cooperation programme for the environment

Approved by the Management Committee at meeting N° 33 on 15 November 1994

Duration	to end 1997
EU contribution	MECU 3
Responsible authority	European Commission, in cooperation with national authorities

### Background

The 1994 European Union budget included a new budget line for ECU 150 million to promote cross-border cooperation between regions of central and eastern European countries and adjacent regions of the Member States of the European Union.

This new Phare programme on cross-border cooperation aims to help these regions to overcome specific development problems stemming from their relative isolation within the national economy, in the interests of the local population, and to address wider environmental problems. It also aims to encourage the creation and development of cooperation networks on either side of these borders and the establishment of links between these networks and wider European Union networks. The development of cross-border cooperation will not only support the regions concerned but will also stimulate the development of the partner country as a whole, as well as its integration with the European Union.

Since 1990, central and eastern European countries have taken major steps forward in tackling their environmental problems. However, many of the basic problems which caused the decline in the region's environmental quality are still present. Major environmental initiatives, including investment, are needed to solve these problems. Furthermore, due to the cross-border nature of pollution and environmental degradation, national initiatives alone cannot address the situation.

The European environmental ministers have adopted a course of action involving biennial meetings at which specific environmental actions are agreed. At the conference held in Lucerne in April 1993, the ministers approved an environmental action programme for central and eastern Europe. This identified three priorities; policy reforms, institutional strengthening and immediate support investments.

Investment development is now a key issue. Investments take a long time to prepare and implement.

This is often due to the inadequacy of funds to appraise proposed projects and, if they are found suitable, to prepare for them through feasibility studies and technical design.

The Lucerne conference resulted in a Project Preparation Committee being established to strengthen coordination between donors and international financing institutions, which are willing to co-finance environmental projects. The Committee plays an essential role in stimulating investment and a number of projects have been matched with donors and banks, for investment support or for technical cooperation support for preparation and implementation.

Phare can facilitate the development of capital investments by providing project preparation and implementation support for the Committee donors and banks and Phare partner countries. The European Commission has therefore been actively involved in the Committee process. However, the list of projects which are currently being reviewed by the Committee remains long, although many have a high cross-border impact.

### Programme objectives

The programme aims to support the development of environmental investments in critical areas which are of interest to a central and eastern European country and a European Union Member State. Support will be provided to facilitate high-priority environmental capital investments with a high cross-border impact, undertaken by the central and eastern European countries with an international financing institution and/or a European Union Member State.

This support will speed up the project appraisal and reduce the preparation period for priority capital investments and provide essential support for implementing specific projects. This is designed to bring added value to current cross-border environmental activities by concentrating on specific activities and undertaking environmental investment projects, in cooperation with international financing institutions and European Union Member States.

In particular, the programme's activities will be directed towards projects which focus on

- the reduction of air pollution
- the treatment of waste water
- water management
- environmental components in transport projects.

Programme description

The programme will enable Phare to facilitate the development of important environmental investments with the international financing institutions and/or European Union Member States which share a border with a central and eastern European country.

Phare will finance the appraisal and preparation of priority capital investments which are being proposed through the Project Preparation Committee, established within the framework of the pan-European Environmental Action Programme for central and eastern Europe. Phare may also provide essential support for implementing such projects.

The projects which will be funded through the programme are recognised as priorities in the framework set by the Project Preparation Committee and fall within the criteria set by the Environmental Action Programme. In addition, they comply with the additional criteria established by the European Commission for eligibility under this particular programme:

- extent of cross-border impact
- readiness for implementation
- speed of implementation
- involvement of a European Union Member State
- number of participants from the international financing institutions and the European Union
- location near a European Union border

- environmental return
- importance of a Phare contribution to the overall project
- partner government agreement.

Support will be provided through financing for

- master plans
- project identification and formulation
- feasibility studies
- pre-investment studies
- detailed design and technical studies
- other activities relating to project preparation
- expertise for implementing and monitoring certain programmes.

Implementation

The European Commission in Brussels will be the implementing authority. The European Commission's delegations and the appropriate ministries in the partner countries will be closely involved in the definition of the individual projects. Existing Phare Programme Implementation Units will be involved in implementing programme components.

Table: Indicative list of projects to be supported under this programme

Country	EU neighbour	Project	Participating country/IFI*	Budget (ECU)
Latvia	Denmark & Germany	Leipaja coastal waters	World Bank	500,000
Lithuania	Denmark & Germany	Klaipeda geothermal plan	World Bank	100,000
Lithuania	Denmark & Germany	Klaipeda coastal waters	World Bank	500,000
Estonia	Denmark & Germany	Haapsalu Matsalu bays environment project	World Bank	300,000
Poland	Germany	Gliwice district heating system	Germany	300,000
Poland	Germany	Jelenia Gora waste water treatment	Denmark	300,000
Poland	Germany	Zielona Gora waste water treatment	Denmark	300,000
Bulgaria	Greece	environmental component for transport project	EBRD	100,000
Bulgaria	Greece	air pollution abatement	World Bank	300,000
Reserve, including provision for programme audit, monitoring and evaluation				300,000
TOTAL				3,000,000

\* International financing institutions





European Commission Phare Information Office Directorate General for External Economic Relations, DG I

**Mailing Address** AN 88 1/26 Rue de la Loi / Wetstraat 200 B-1049 Brussels

**Tel** (+32-2) 299 14 00 / 299 13 56 / 299 16 00 **Fax** (+32-2) 299 17 77

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