

7. EC ASSISTANCE TO CENTRAL AND EASTERN EUROPE
PHARE OPERATIONAL SERVICE

**EC ASSISTANCE TO CENTRAL
AND EASTERN EUROPE
PHARE OPERATIONAL SERVICE
(DEVELOPMENT OF PHARE PROJECTS
FOR THE PERIOD
JANUARY 1991 THROUGH JULY 1991)**

REPORT ON PHARE PROJECTS 1991

During the first half of 1991 the Commission has adopted, after prior approval by the Phare-Management Committee, a further 21 financing proposals under the Phare-programme, bringing the total of funds committed so far to 340.14 MECUs out of the 785 MECUs available in 1991.

These programmes do not concern measures whose results may be visible in the short term, but pursue medium and longer term goals in addressing core elements of administrative, industrial and agricultural restructuring, demonopolization and privatization.

Although most of these financial proposals bilaterally concern national programmes of the various recipient countries, some are of a regional or multilateral nature. The latter concern in particular an extension of the current Tempus and ACE programmes, a regional programme of customs cooperation as well as a general joint venture support scheme.

A POLAND

1	Modernization of Telecommunication Equipment	5 MECU
2	Agricultural and Rural development	17 MECU
3	Municipal development and Training	3,5MECU
4	Enterprise restructuring, Privatisation and Demonopolisation	<u>50 MECU</u>
	TOTAL	<u>75,5 MECU</u>

B HUNGARY

1	National Firm Registration and Information System	1.5 MECU
2	Sectoral programme for the modernisation of the infrastructure for foreign trade.	1.3 MECU
3	Restructuring of Agriculture	13.0 MECU
5	Assistance for Restructuring of the Energy Sector	5.0 MECU
6	Enterprise restructuring and Privatisation	<u>40.0 MECU</u>
	TOTAL	<u>60,8 MECU</u>

C POLAND AND HUNGARY

1	Technical Assistance to the Transport Sector	4 MECU
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D BULGARIA

1	Modernization of Telecommunication Equipment	3 MECU
2	Enterprise Restructuring/ Privatisation and the Development of Small and Medium Sized Enterprises.	20 MECU
3	Financial sector development in Bulgaria	<u>10 MECU</u>
	TOTAL	<u>33 MECU</u>

E	ROMANIA	
1	Agricultural Inputs and Animal Feed	25 MECU
2	Programme of assistance for restructuring the healthcare system	<u>25 MECU</u>
	TOTAL	<u>50 MECU</u>
F	CZECHOSLOVAKIA	
1	General Technical Assistance Facility	20 MECU
2	Technical assistance for the reorganization of Telecom	<u>6 MECU</u>
	TOTAL	<u>26 MECU</u>
G	BULGARIA, ROMANIA, CZECHOSLOVAKIA	
1	Regional Programme of Statistical Co-operation	3 MECU
2	Regional programme of customs cooperation	<u>5 MECU</u>
	TOTAL	<u>8 MECU</u>
H	HUNGARY, POLAND, CZECHOSLOVAKIA, BULGARIA, YUGOSLAVIA	
1	Technical Assistance relating to the Trans-European Scheme for University studies	2.99 MECU
I	ALL PHARE COUNTRIES	
1	1991 Proposal for ACE (A Proposal for A Community Action for Cooperation in the field of Economics)	5 MECU
2	Joint venture support scheme for Central and East European Countries	20 MECU
3	TEMPUS, in the academic year 1991/1992	<u>55.5MECU</u>
	TOTAL	<u>60.5MECU</u>

A POLAND

1 Modernization of Telecommunication Equipment 5 MECU

5 MECU are to be spent over the next two and a half years to continue aid to the "urgency investment scheme 1991-3 instigated by the PPTT (Polish Post Telegraph and Telephone). In the main, the funds will provide technical assistance and training. The overall aim of this scheme which is co-financed by the EIB and the IBRD, is to provide a digital network which will cost a total of 287 MECU and result in the connection of 1.7 million new digital exchange lines at local level.

2 Agricultural and Rural development 17 MECU

The aim of this programme which is financed with the World Bank is to promote agricultural and rural development in Poland during the period 1991-2. To this end, the Commission has approved a total of 17 MECU and the World Bank will provide a total of USD \$100 Million Agriculture Development Project Loan Capital (ADP) on the basis that a general support structure for the promotions of co-operatives is established.

3 Municipal development and Training 3.5 MECU

The government of Poland is deeply committed to the process which began in 1990 of decentralising from central administration to elected local authorities. It realises that in order for this process to take place, institutions must be created in order to provide a base for local initiatives and training and for the supply of technical assistance. The goal therefore of this programme is to increase capacity at a local level to implement the new tasks and responsibilities ensuing from the decentralised process and to advance the skills of local government officials and personnel to carry out democratic practices and problem solving.

The programme will have a total duration of 3 years.

4 Enterprise restructuring, Privatisation and Demonopolisation 50 MECU

50 MECU is to be spent in an attempt to galvanise the process of privatisation and economic reform in Poland in the areas of ownership transformation. Technical and financial assistance will be given to the key institutions involved to enable them to carry out their tasks in an effective manner and in collaboration with other donors.

Foreign investment promotion is to be encouraged, policies to be defined, and demonopolisation aided through expertise, training and institutional support; indeed training will constitute an essential part of the programme which has a duration of approximately 3.5 years.

The programme is to be seen in the overall context of enterprise restructuring demonopolisation and privatisation in Poland.

B HUNGARY

- 1 National Firm Registration and Information System 1.5 MECU
The Hungarian Ministry of Justice will receive 1.5 MECU in order to extend and update a country wide information and processing system which will manage individual registrations of private companies. Although privatisation and foreign investment are increasing rapidly, the present system used by the Ministry of Justice cannot cope efficiently with the work-load.: The new computerised network will be accessible from all nineteen county courts.
- 2 Sectoral programme for the modernisation of the infrastructure for foreign trade. 1.3 MECU (please see update 1 for full details of project. Of this 1.3 MECU, 0.65 MECU comes from the 90 budget and 0.65 MECU comes from the 91 budget.)
- 3 Restructuring of Agriculture 13 MECU

Following a request from the Hungarian Government, a technical co-operation programme of 13 MECU is proposed to assist restructuring and privatisation in the field of agriculture.

The objective of the programme is to assist Hungary in the transformation and privatisation of the agricultural and agroindustrial sector by allocating funds in five areas and for the following purposes:

- a) upgrading its land registration capacity
- b) training in and reviewing the key sub-sectors in agro-industry (namely grain, milk, meat and wood)
- c) promoting the transformation and proper management of state farms
- d) contributing to the transformation of co-operatives into private farming/ agroprocessing or even truly free co-operative groupings.
- e) strengthening the co-ordination of multilateral and bilateral (G-24) assistance in the two sectors. Co-financing will be facilitated.

- 4 Assistance for Restructuring of the Energy Sector 5MECU
A total of 5 MECU is to be spent in assisting the Hungarian government adopt a modern energy sector. The project embraces energy conservation and efficiency by making optimal use of the existing resources, by improving rational use of energy and by diversifying supplies both geographically and by energy source as Hungary is presently dependent on the USSR.

The country is only 40% energy self sufficient a state which will become worse due to the exhaustion of domestic oil and gas resources and the shortage of easily extractable coal. Not only is the energy consumption some three or four times higher than the West, but Hungary is also feeling the break-down of the COMECON break-down and indeed the Gulf War.

The project will therefore look at the hydrogeothermal and waste recycling potential and establish an Energy Centre which will become a focal point for energy co-operation projects between the EC and Hungary.

An advisory Project Implementation unit will be established in the Department of Trade and Industry.

4 Enterprise restructuring and Privatisation

40 MECU

The objective of the programme is to support the process of economic reform in Hungary in the areas of ownership transfer, privatisation and enterprise restructuring. Technical and financial assistance to the key institutions involved in the process should enable them to carry out their tasks in an effective and timely manner.

The restructuring of industrial enterprises will be supported by the Programme by providing institutional support to the State Property agency and technical assistance for the active as well as the spontaneous privatisation programmes of this organization.

Restructuring of industrial enterprises will be supported by the Programme by financing detailed restructuring studies for selected subsectors and enterprises where possible on a cost sharing basis. In addition the Programme will provide financial support in the form of quasi-equity or subordinated loans to enterprises for which a Restructuring and Privatisation Investment Company will be established with possible support from the EBRD.

Training needs will also be met. The programme is expected to last for 3 Years.

C POLAND AND HUNGARY

Technical Assistance to the Transport Sector

4 MECU

4 MECU's are to be divided equally between Poland and Hungary. Key features of the programme are to provide technical assistance and training with an emphasis on the transfer of know-how based on the EC's own experiences in the transport sector.

At the National Transport Level the following areas are expected to be strengthened:

- sector policy and strategy development
- investment planning and economic assessment
- legislative reform and harmonization of standards
- human resources management training.

The programme is designed to adapt and cope with the significant shifts in traffic flows expected with the move away from central planning.

D BULGARIA

1 Modernization of Telecommunication Equipment 3 MECU

These 3MECU are to be spent in order to update Bulgaria's present telephone network and postal system. The financing is intended to aid the CPTI (Committee for Posts, Telecommunications and Informatics) to reorganize and modernize in the following ways:

- rehabilitating the existing system
- constructing a market oriented tariff
- preparing for long term digitalization
- training management at both senior and middle levels
- providing technical assistance for project implementation

This will provide the basis for an efficient post and telephone network and overall for a communication system which is more Western European in style.

2 Enterprise Restructuring/ Privatisation and the Development of Small and Medium Sized Enterprises. (20 MECU)

The Bulgarian Government will spend this 20MECU's over the next three years in developing a strong private sector by carrying forward and to carry forward the restructuring, privatisation and development programme for the small and medium sized enterprises: (SME's). The main emphasis of support will concentrate on institution strengthening, sector studies, diagnosis and evaluation of enterprises; support for privatisation transactions and training. The programme was developed in close co-operation with the EBRD where continuing involvement in the operation is expected. A credit line will be set up as soon as possible. The structural adjustment and stabilization programme is sponsored by the World Bank and is open to all G-24 donors; it will be implemented by the Ministry of Industry, Trade and Service with co-operation from the Privatisation Agency.

3 Financial sector development in Bulgaria 10 MECU

The objective of the Programme is to assist the Bulgarian Government in developing reform strategies and measures to strengthen the financial sector for the benefit of the economy as a whole.

The Programme covers the restructuring of banking and insurance, the reforms of taxation and the fiscal administration as well as the transformation of modern accounting and auditing and a programme management unit.

The Commission's programme aims at strengthening the capacity to solve the existing problems and, at the same time, at laying the grounds for the development of a self-sustaining Financial Sector, one of the preconditions for economic and social prosperity.

There are other donors involved in the Financial Sector development, mostly the World Bank, the IMF, UK, France and the US. All cooperation partners have provided for coordination of actions to reach a coherent approach.

The cost of the programme is 10 MECU and its duration will be three years.

E ROMANIA

1 Agricultural Inputs and Animal Feed 25 MECU

Due to the crop losses and general disruption in the agricultural structure, followed by drought and scarcity of foreign currencies for further import of feeds, protein supply in the country is at a critical low; accordingly

- a) 10 MECU's are foreseen for the importation of feed proteins
- b) 6 MECU's are foreseen for feed additives
- c) 8.4MECU's are foreseen for equipment supplies to the private farmer
- d) 0.6MECU's are foreseen for technical assistance.

This aid will support the breeding stock and keep afloat the overall position in the agricultural sector whilst it recovers from current emergency status.

2 Programme of assistance for restructuring the healthcare system 25MECU

Community funding to the extent of 25 MECU will be spent on improving the health care and medical services offered to the Romanian public.

At present, the inadequate primary services and equipment mean that potential outpatients are sent to the District Hospitals instead of being dealt with in the local dispensaries. The Hospitals becoming overcrowded cannot then function as reference and teaching establishments. As well as this more and more physicians are moving to towns demoralized by their rural working conditions.

Children are especially affected by the current state of affairs; there is over a 25% mortality rate and over 93% of all reported AIDS cases are in children under four years old mainly caused by inadequate blood transfusion or faulty equipment.

Priority therefore will be given to maternal and infant healthcare, provision of essential medicines, (a comprehensive price policy without subsidy) a national programme of blood transfusion and overall training strategy and policy.

The Ministries concerned principally with its implementation are Health, Finance and Labour. The World Bank is expected to play a significant role in the medium term

F CZECHOSLOVAKIA

1 General Technical Assistance Facility 20 MECU

This multidisciplinary fund aims at the provision of technical help necessary to initiate required adjustments and reform measures in those individual cases which are too small to justify a major sector programme and may be grouped relatively easily in a Technical Assistance package. There are a broad range of areas linked with the social transformation process; the community priorities are the financial sector, transport sector, trade, science technology and public administration. The Bureau for Co-ordination of foreign assistance at the Federal Ministry of the Economy will be responsible for the management of the GTAF.

2 Technical assistance for the reorganization of Telecom 6 MECU

6MECU are to be spent in the reorganization and modernization of telecommunication sector in the CSFR as efficiency in this sector is at the base of any well developed market-driven economy. This will take place at the federal level as well as at the level of the Czech and the Slovak Republics. The restructuring is expected to have taken place by January 1 1992 and will liberalise the PTT in accordance with general trends and with the regulatory arrangements of the European Community.

The general objectives of the programme are:

- reorganization of the telecom sector into a profitable commercial operation
- the modernization of the telecom sector and the diversification of the services provided, in line with the requirements of the development of a modern market driven economy.

The specific objectives of the project are:

- the provision of the necessary institution building support for the strengthening of the policy preparation and implementation capacity
- the provision of the necessary management support to the operational companies during the reorganisation period
- the training of human resources to deal with the problems of management of a modern telecommunications sector.

The project will be implemented under the overall responsibility of the CSFR Ministry of Posts and Telecommunication.

G BULGARIA, ROMANIA, CZECHOSLOVAKIA

1 Regional Programme of Statistical Co-operation 3 MECU

A programme complementary to this has already been initiated by PHARE in Hungary (Dec 90) and Poland (Oct 90). The objective is to assist the local statistical offices in the development of their statistical information systems in order to support and monitor the present economic reforms and provide sound micro and macro economic information for such things as wage and price management and general investment decisions and also to achieve a currency of international standards and nomenclature in these beneficiary countries.

The Communautaire CESD will co-ordinate the project in conjunction with a Joint Steering Committee. The funds will be used according to the requirements of each individual country over the next two years.

2 Regional programme of customs cooperation 5 MECU

It has been decided to spend 5 MECU on developing a customs and trade system over the next two years. The project will concentrate mainly on Bulgaria, Czechoslovakia and Romania. Although the approach is regional the needs of each country is different and this is very much taken into account.

The expected increase in trade will bring a corresponding increase in travellers and temptation to smuggle and traffic illegal goods and narcotics into the beneficiary countries.

In order to avoid such harm to trade circles and public health protection will be given both by practical action and in the legislature.

This programme will help the customs administrations of the countries to do the following by training and technical assistance:

- introduce Community compatible customs legislation which is in line with market needs. Issues such as nomenclature, origin of goods, free zones, and customs evaluation will be addressed,
- introduce new procedures, documentation and arrangements
- computerize the customs procedures
- evaluate the requisite scanning and communication equipment necessary to ensure that security and trafficking are prevented.

The regional approach allows economies of scale and is conducive to exchanges of information and experience and the setting up of a compatible European customs system even if practical difficulties such as linguistic barriers are encountered.

The programme will be implemented by the Commission with the customs administrations of the countries concerned. The Commission will be responsible for its monitoring.

H HUNGARY, POLAND, CZECHOSLOVAKIA, BULGARIA, YUGOSLAVIA

- 1 Technical Assistance relating to the Trans-European Scheme for University studies 2.99 MECU

In December 1990 25 MECU from the 1990 budget was committed to TEMPUS (mentioned at B1 of Update No 1). 2.99 MECU of the 1991 budget has been allocated in order to provide technical assistance to implement the project from the 1st February 1991. The central co-ordinating office in Brussels will provide this technical assistance in order to continue the 1991 TEMPUS operations in Poland, Hungary and Czechoslovakia and set up the two new schemes in Bulgaria and Yugoslavia. This fund will be used by the central office principally to manage the TEMPUS programme in the fields of grant administration, information actions, monitoring, evaluation and general scheme development and co-ordination

1 ALL PHARE COUNTRIES

- 1 1991 Proposal for ACE (A Proposal for A Community Action for Cooperation in the field of Economics) 5 MECU
ACE was initiated in 1990 with such success in Poland and Hungary (see update no 1 of 19:12:90 at C1) that it has been decided to extend the project to the other PHARE beneficiary countries whilst continuing the programme in the original countries. The same basic aims apply, namely, enhancing the intellectual process of reform and liberalization by the increase and exchange of scientific and managerial knowledge amongst professional and academic economists.

The main support is in the form of research and training grants which will enable Eastern European beneficiaries to stay and or study at a Community Institute or University. Allocations will be made in the light of requests and the applications should be made directly to the Commission by individuals or by institutions in Eastern Europe.

- 2 Joint venture support scheme for Central and East European Countries 20MECU

This project has been designed in order to stimulate small and medium scale enterprises in the Community to create and/or expand joint ventures in Central and Eastern Europe. Its desired effect is to extend and direct foreign investment in those countries. There will be a transfer of know-how and technology from the West this will involve co-operation between the Community and the Eastern European Private Sector. The programme should last for three years and consists of four stages covering the search for investment opportunities right up to the expansion of those joint ventures already extant namely;

- a) Identifying potential projects and partners and providing general information and pin-pointing sectors of interest by means of general studies..
- b) Facilitating preparatory activities such as feasibility and pilot studies.
- c) Contributing to the capital requirements of existing and new joint ventures.
- d) Supporting the overall transfer of know-how by training, technical and managerial assistance related to the particular joint venture.

This scheme will be implemented by a network of financial institutions (development banks, investment funds multilateral organizations etc) in the Community which will participate in the financing from their own funds in order to ensure involvement with all EC Member states .

3 Tempus, in the academic year 1991/1992

55.5 MECU

The Trans-European Scheme for University Studies set up by the Council Decision of 7:5:90 proved a scheme so heavily over-subscribed that many good applications had to be rejected in order to match the available funds. The second year of TEMPUS grants are therefore to total 55.5 MECU and will cover all PHARE countries and extend to Yugoslavia. The purpose of the programme is to assist in the modernization of higher education and the improvement of training in Central and Eastern Europe and has been developed on the basis of the needs expressed by the authorities in the eligible States. The monies committed will complement the 3 MECU allocated for the regional facility for technical assistance for the same programme (see H1 Supra).

8 . OPERATION PHARE



OPERATION PHARE

- I. In connection with the measures to provide support for the process of economic and social reform now going on in Central and Eastern Europe, and in accordance with Council Regulation (EEC) No 3903/89 of 18 December 1989, as amended by Regulation (EEC) No 2698/90 of 17 September 1990, the Commission has adopted a number of financing decisions for priority areas: agriculture, investment, the environment and training.

The total amount committed from the Community budget is therefore now ECU 498,1 million including certain expenses for humanitarian aid and administration. It should be remembered that the 1990 budget currently contains provision for ECU 500 million of direct aid. The draft 1991 budget provides for ECU 820 million.

- II. The measures concerned are the following:

A. COUNTRIES OF CENTRAL AND EASTERN EUROPE

1. Two multidisciplinary technical assistance programmes (ECU 10 million).

B. POLAND, HUNGARY, THE GDR AND THE CZECH AND SLOVAK FEDERAL REPUBLIC

1. Implementation of the trans-European mobility programme for higher education (TEMPUS) (ECU 25 million)

C. POLAND AND HUNGARY

1. Cooperation in economics (ACE) (ECU 1.5 million)

D. POLAND

1. Sectoral import programme for plant protection products (ECU 50 million)
2. Environmental protection programme (ECU 22 million)
3. Basic technical assistance programme for the privatization agency (ECU 9 million)
4. Sectoral import programme for animal feed and animal feed additives (ECU 20 million)
5. Sectoral import and technical assistance programme for SME (ECU 25 million)

6. Establishment of lines of credit for imports of agricultural equipment and equipment for the food industry (ECU 30 million)
7. Programme of assistance for developing statistical systems (ECU 1.5 million)
8. Programme of assistance for the industrial restructuring (ECU 4 million)
9. Programme for the development of Foreign Trade Infrastructure (ECU 8.5 million)
10. Programme for equity investments in private enterprises (ECU 2 million)
11. Programme for the development of rural telecommunications (ECU 6 million)
12. Programme of assistance in the field of vocational education and training (ECU 2,8 million)

E. HUNGARY

1. Environmental protection programme (ECU 25 million)
2. Community participation in the Regional Environment Centre in Budapest (ECU 2 million)
3. Modernization of the financial system (ECU 5 million)
4. Programme for the development of private farming (ECU 20 million)
5. Basic technical assistance programme for the privatization agency (ECU 5 million)
6. Programme of assistance for SME (ECU 21 million)
7. Sectoral modernization programme for research infrastructure (ECU 3 million)
8. Programme for the upgrading of higher education (ECU 3 million)
9. Sectoral programme for the modernisation of the infrastructure for foreign trade (ECU 1,3 million).
10. Programme for the development and reform of vocational education (ECU 1,5 million)
11. Programme for the promotion of local community development and Social Welfare (ECU 3 million).

F. GDR

1. Environmental protection programme (ECU 20 million)
2. Programme for the development of regional economic structure and for the adaptation of economic statistics (ECU 14 million)

G. BULGARIA

1. Programme of assistance for reform in Bulgarian agriculture and for the development of private farming (ECU 16 million)
2. Maternal and Child Health Care Support programme (ECU 5 million)
3. Air pollution monitoring programme (ECU 3,5 million)

H. YUGOSLAVIA

1. Financial Sector and Enterprises reform programme (ECU 35 million)

I. CZECH AND SLOVAK FEDERAL REPUBLIC

1. Environmental protection programme (ECU 30 million)

Details of the measures

A. COUNTRIES OF CENTRAL AND EASTERN EUROPE

1. Multidisciplinary technical assistance programme (two instalments of ECU 5 million).

The appropriations authorized in connection with this proposal are for rapid financing, amounting to ECU 1 million per operation, of technical cooperation, vocational training and the promotion of trade and investment.

The general authorization encompasses the following aims:

- (a) ensuring rapid and effective use of the aid, allowing fast completion of the main tasks involved in the preparation and execution of the Phare programme in general and individual projects in particular;
- (b) reacting with speed and flexibility to the recipient countries' urgent need for limited vocational training and trade and investment promotion operations and functioning as an integral part of their efforts to expand their knowledge and practical know-how and improve their trade and economic relations with the Community;
- (c) improving the Commission's ability to give proper and rapid consideration to the urgent problems arising in the recipient countries and allowing it to take specific measures to organize its aid efficiently.

B. POLAND, HUNGARY, THE GDR AND THE CZECH AND SLOVAK FEDERAL REPUBLIC

1. Implementation of the trans-European mobility programme for higher education (TEMPUS) (ECU 25 million)

The purpose of TEMPUS is to help modernize higher education and improve vocational training. The programme is also aimed at promoting relations between higher education institutes in these countries and organizations in the Community. Priority has been given to three target areas:

- (a) aid for joint European projects, linking universities and firms in Central and Eastern European countries with equivalent partners in the Community;
- (b) travel grants for teachers, trainers, students, trainees and administrators;
- (c) aid for complementary activities.

C. POLAND AND HUNGARY

1. Cooperation in economics (ACE) (ECU 1.5 million)

For exchanges of scientific knowledge and expertise in specific economic fields between professional and academic economists of Poland, Hungary and the Community.

It includes grants for research and teaching, research networks and projects and advanced training courses.

D. POLAND

1. Sectoral import programme for plant protection products (ECU 50 million)

The programme has three components:

- (a) supplying plant health products;
- (b) technical assistance to ensure correct use of the products;
- (c) monitoring to ensure that the use of plant health products does not threaten the environment.

Experts estimate the value of the harvests the programme will save in Poland this year to be in excess of ECU 300 million.

This is the first programme aiming in the short term to provide complete protection during the first months of the growth cycle (until the middle of 1990) for the four major types of produce: cereals, potatoes, sugar beet and turnip seed.

It will seek in the medium term to encourage the development of private farms and distribution networks.

Its long-term aim will be to help the Polish authorities acquire and improve their acquaintance with the specialist technical knowledge needed to minimise the risk of pollution arising from poor use of plant health products.

2. Environmental protection programme (ECU 22 million)

The short-term aim of the programme is to help Poland develop its environmental monitoring capacity and finance projects designed to reduce emission of pollutants, improve water quality and nature protection, and treat waste.

The programme will involve the setting-up of a fund to finance projects concerning air and water pollution, treatment of waste and the protection of natural sites: the financing will cover the cost of equipment, technical assistance and expenses incurred in implementing the projects.

It also provides for involvement in the Project Implementation Unit set up by the World Bank in the ministry in question.

3. Basic technical assistance programme for the privatization agency (ECU 9 million)

A privatization agency will have the job of drawing up legislation and establishing the necessary procedures and conditions for an orderly and equitable privatization of state-held companies. The agency will be responsible for preparing and conducting the privatization of the companies selected and for setting up a securities market. The first stage of the project will be implemented in close liaison with the International Finance Corporation.

4. Sectoral import programme for animal feed and animal feed additives (ECU 20 million)

Under the programme, 40 000 tonnes of animal feed (for pigs and poultry) and various additives will be sold to private-sector farmers. This will help to improve their financial situation and boost production of good-quality meat.

Technical assistance will be given to help improve the food and health situation and to impart appropriate technology for the animal feed industry.

5. Sectoral import and technical assistance programme for SME (ECU 25 million)

The aim of the programme is to give SME in the private sector access to the foreign exchange (FOREX) they need urgently, mainly for importing essential equipment and goods, but also for meeting the cost of additional advice and assistance (acquiring qualifications, training, studies, etc.), strengthening the current facilities for assisting SME and granting limited credit in local currency to small firms.

Credit could also be granted in limited amounts for importing equipment or materials needed by the businesses or organizations for providing essential products or services which have a direct effect on the health or well-being of the population.

6. Establishment of lines of credit for imports of agricultural equipment and equipment for the food industry (ECU 30 million)

The programme provides for the opening of a line of credit in foreign currency to help private entrepreneurs (in agriculture and the food industry) to import the inputs and equipment they need.

Technical assistance, in the form of collaboration between the Community's cooperative banks and the Polish institutions, will also be provided. This will take place in several stages: preparation of applications for credit, appraisal of applications, processing of applications by the bank, decision and supply of inputs and equipment.

7. Programme of assistance for developing statistical systems (ECU 1.5 million)

The aim of the programme is to assist the development of statistical systems which are suited to Poland's new economic situation. What is most needed for the programme of economic reform to succeed is statistical information systems which can provide reliable basic data of an economic and social nature, as these are vital for directing and following up the process. The private sector will also need such data.

Targeted assistance (for adopting nomenclatures and methods suited to the market economy, for improving the collection of data, for organizing and compiling inventories and pilot surveys in specific areas and for data-processing) has a close link with this process. The principal measures will include: short-term expert services, seminars, placements and the supply of data-processing equipment, all of which will be connected with specific projects within the programme.

8. Programme of assistance for the industrial restructuring (ECU 4 Mio)

The short-term aim is analyse the situations of certain individual state undertakings and certain branches of industry and to improve the operational capabilities of the IRF.

The longer term aim is to provide analyses and recommendations for restructuring in these undertakings, as part of the task of making industry adapt to a market economy.

The elements of restructuring:

- a) rehabilitation of viable undertakings
- b) help to wind up non-viable enterprises
- c) development of company-related services
- d) development of a general operating environment of industry

9. Programme for the development of Foreign Trade Infrastructure (ECU 8,5 Mio)

The objective of this programme is to assist the Polish Government in modernising its foreign trade infrastructure and adapting it to Western trade standards and technical requirements with a view to facilitating an expansion of polish export trade.

The programme is focussed on achieving improvements in four specific areas - customs procedures, standards and measures, testing foodstuffs and article numbering and barcoding.

10. Programme for equity investments in private enterprises (ECU 2 Mio)

The project consists of an equity fund established in the Export Development Bank (EDB) and which could be exclusively used to make equity investments, on behalf and for the account of the Cooperation Fund established by the GOP, in enterprises undertaking projects which would benefit from financing under the global loan.

On the basis of proposals presented by EDB, each individual equity investment would be subject to EIB approval.

11. Programme for the development of rural telecommunications
(ECU 6 million)

The government of Poland is seeking different ways to develop economic activity in rural areas. To this aim, a number of feasibility studies on rural telecommunications have already been carried out under the PHARE programme. The present programme has been developed by a group of Polish and EC experts in rural telecommunications taking into account these feasibility studies. This programme is taking into account results of earlier studies and aims of project discussed with the Ministry of Communications and Ministry of Aid Coordination. The goal of the programme will be to:

- * demonstrate economic and financial results of establishing a few locally based telecommunication operator companies in selected rural regions. The actions will demonstrate technical feasibility and the contribution telecommunications can make to economic development of rural communities;
- * set up and equip a development centre for rural telecommunication and train the staff; the objective of this development centre will be to:
 - provide technical, organisational and legal support for local "telephonisation Committees"
 - assist local operator companies in developing strategies for network and services development
 - assist the Ministry of Communications and other Polish regulatory bodies in developing strategies, policy and regulations for rural telecommunications.
 - evaluate the performance of the demonstrations.
- * co-ordinate the demonstrations and the development centre and prepare a strategic implementation plan for rural telecommunications.

The actions will:

- * establish the technico-economic viability of new rural telecommunications systems in Polish conditions
- * provide services to local users and support local economic development
- * help in restructuring the existing centralised planning system for expansion of telecommunications services
- * be compatible with the future evolution of the general telecommunication network
- * be extendable to other areas

The programme will have a duration of 18 months.

12. Programme of assistance in the field of vocational education and training (ECU 2,8 million)

This programme is designed to give EC support to a number of priority fields for vocational education and training as identified by the Polish Government.

- Assistance in Strategy Development and Coordination of Assistance
- Assistance to the Ministry of National Education
- Assistance to the Ministry of Labour and Social Policy
- Training Assistance to Employers
- Training Assistance to Trade Unions

This programme has the objective of acting as a catalyst for developing medium and long-term actions which will have a structural impact on education and training in Poland. This is reflected in the special attention given to assistance in developing strategies and policies, infrastructural measures and fields of action where the Polish Government believes that the Commission can make a specific contribution as a complement to bilateral assistance.

The programme also has the objective of providing for a framework which would allow individual donor countries to contribute on specific issues within a larger multilateral project and ultimately the mobilisation of additional donor assistance.

Finally, the programme aims at strengthening the coordination capacity in Poland with respect to using foreign assistance in education and training. In combination with the assistance in strategy development this would contribute to creating the right conditions for the Commission of the European Communities to fulfill its role as coordinator for the G24 countries.

The programme concentrates on two types of activities:

- a) assistance in the development of strategies in priority policy areas, both with respect to the formulation of such policies, as well as concerning the use of foreign assistance for realising them; and
- b) providing a response to immediate and urgent needs for technical assistance, equipment, and training.

Management and organisation of the programme will be undertaken by the Polish Taskforce for Human Resources and Training. In close collaboration with the respective authorities and organisations involved in specific projects and subject to the provisions contained in the framework agreement between the Commission and the Polish Government.

E. HUNGARY

1. Environmental protection programme (ECU 25 million)

The aim of the programme is to improve Hungary's capacity to monitor air and water quality and to give financing for measures to improve waste disposal, regenerate the ecosystems of lakes, reduce emissions of pollutants and support training in environmental protection. The medium-term aim is to help the authorities responsible for the environment to draw up long-term environmental protection strategies and policies, bolster institutional capacity and lay the foundations for the Community's participation in environmental protection projects by preparing financing programmes.

The programme provides for a fund to finance projects in the areas mentioned. A unit will be set up within the ministry to administer the programme; it will include three outside experts to help with implementation and attaining the objectives set out above.

2. Community participation in the Regional Environment Centre in Budapest (ECU 2 million)

Following the initiative to help with environmental problems, the President of the United States proposed that a Regional Environment Centre be set up in Budapest.

The Centre is to be an independent, apolitical, non-profit-making organization. It will sponsor and support seminars, workshops, exhibitions, training courses, exchanges and study awards, and administer and publish a collection of information on the environment.

3. Modernization of the financial system (ECU 5 million)

Hungary's national bank is negotiating with the World Bank for a loan of approximately USD 66 million for the modernization and strengthening of the financial system.

The Community will finance part of the technical assistance and institutional support needed for the modernization programme. The programme will be implemented by the national bank in close cooperation with the World Bank and the Hungarian banking association.

4. Programme for the development of private farming (ECU 20 million)

The overall aim of the project is to improve farmers' access to the available technical, economic and financial assistance services, their access to foreign currency for imports and their access to credit in local currency.

The programme has three elements:

(a) A technical cooperation component will focus on strengthening public and private services to the small farmer, and encouraging the establishment of appropriate rural financial institutions.

(b) A financial cooperation scheme will involve the transfer of foreign exchange to facilitate imports by private farms, and in particular the launch and operation of a credit guarantee fund for small farms.

(c) A number of studies will be carried out to help chart the future course of programmes and investment.

5. Basic technical assistance programme for the privatization agency (ECU 5 million)

The Hungarian Government has set up a privatization agency, which will privatize state-owned firms and supervise their transactions. It will select state-owned firms for sale, transform them into limited companies by selling shares, launch the privatization and supervise and approve procedures for firms carrying out their own sale.

On-the-spot foreign technical assistance will be provided by three top privatization experts, specializing in the following areas:

- (a) stock markets,
- (b) public relations,
- (c) valuing firms.

6. Programme of assistance for SME (ECU 21 million)

The Hungarian Foundation for the Development of Enterprises (HFEP) was set up to encourage the development of SME. Its function is to make loans to SME, provide a credit guarantee system to back these loans and to finance the provision of risk capital and support services for SME.

The programme for SME will contribute to attaining these goals by increasing the HFEP's resources. There will be five elements:

- (a) a contribution to the HFEP credit guarantee system;
- (b) funds for possible investment in the form of capital holdings;
- (c) a line of credit enabling loans to be granted to SME via financial institutions;
- (d) an SME support services facility to develop and strengthen the associations and bodies which provide services to SME and to provide direct finance for such services;
- (e) a technical assistance unit to help the HFEP, the financial institutions and the SME support bodies to draw up rules, manage the funds and give advice on the development of support services.

The project will last two and a half years.

7. Sectoral modernization programme for research infrastructure (ECU 3 million)

The programme consists of three projects:

- (a) the provision of scientific equipment for regional apparatus and instrument centres in which this equipment is concentrated and made available for three main spheres of research:
- Szeged for biotechnology;
 - Budapest III for health;
 - Budapest V for the environment and Budapest III for the effects of the environment on health;
- (b) extension of the research and development information network;
- (c) modernization of the central technical library.

The programme also provides for an allocation to enable experts to help civil servants in Budapest organize invitations to tender and to ensure conformity with the Commission's procedures.

8. Programme for the upgrading of higher education (ECU 3 Mio)

The programme will comprise the following components:

- operational finance for the CEF's initial selection of development projects.
- technical assistance and support for the CEF executive secretariat

The objective of the programme is to underpin the reform and modernisation of higher education by providing an immediate support to the newly created "Catching up with Europe Fund" (CEF). The aim is to ensure that the initial (pilot) phase of selection through competitive bidding for CEF development grants is adequately managed and financed, laying the foundation for an efficient system of investment financing of higher education in the years to come.

9. Sectoral programme for the modernisation of the infrastructure for foreign trade (ECU 1,3 million)

The development of Hungary's foreign trade with Western economies and the EC in particular requires not merely an effort on the part of Hungarian enterprises but also the modernisation and adaptation of infrastructure and procedures relating to standards and measures, certification and also packaging.

This programme provides for a range of initial inputs corresponding to priority needs in the field of equipment, technical assistance and training. It will be managed by the National Committee for Technical Development (NCTD).

This programme is divided into two projects:

1. The supply of scientific equipment and technical assistance, and the organisation of seminars for the various bodies in charge of certification and the improvement of Hungary's standardisation structure.
2. The supply of equipment and technical assistance to the Hungarian Institute of Materials Handling and Packaging (AGSI).

The aim of this programme is to help Hungary develop its infrastructure for foreign trade.

The programme's medium term aim is to increase the country's aptitude as regards foreign trade, in order to enable it to cope with the Community's technical and legal requirements.

It also backs up other Community programmes such as the programme of assistance for SME.

10. Programme for the development and reform of vocational education (ECU 1,5 million)

The general objective of the programme is to contribute to the upgrading of vocational education in Hungary. The specific objective is to assist the National Institute of Vocational Education in launching a range of activities to stimulate innovation in vocational schools through the exchange of information and experience in cooperation with EC countries.

The programme will have the following main components:

- Development of the Information Centre based in the NIVE Library. This will entail the supply of technical equipment software and training (including desk top publishing) in order to equip NIVE to exploit more fully and further develop its existing data base on vocational education and training in Hungary and abroad. The aim will be to link in with other data bases (at the MOE, MOL etc and also externally with CEDEFOP for example) and provide a complete information service to all concerned (trainers, employers, external aid donors etc.)
- Launching of programme of study visits for trainers and administrators in vocational education. In liaison with the Hungarian Society of Vocational Education, an autonomous association of individual teachers, schools, and enterprises concerned with vocational training, the NIVE will organise 2-3 weeks study visits for about 150 people during the course of 1990, with a view to providing first-hand experience of best practice in vocational education in EC countries (taking account of the EC PETRA programme and other trans European schemes).

Complementary language learning facilities. In close cooperation with the newly established National Council on Foreign languages under the MOE, the NIVE will install in two or three chosen pilot locations basic facilities for foreign language learning with particular reference to the needs of vocational schools and teachers in their contacts with Western Europe; provision should also be foreseen where possible for access to the language learning facilities for commerce, industry and the local community on a cost recovery basis.

Technical assistance and training provision is made for NIVE to call in ad hoc expertise to assist in the implementation of the above actions and to provide occasional training courses as required.

Programme Management

The National Institute for Vocational Education will manage the programme in liaison with the Ministries of Labour and Education.

Provision is made for ad hoc external expertise to assist as necessary in the preparation of calls for tender, organisation of study visits etc.

11. Programme for the promotion of local community development and Social Welfare (ECU 3 million)

Against a background of rising inflation, the spread of poverty and steadily increasing unemployment, the Hungarian government is planning new policy responses in the field of public welfare. In the context of local government reform, it is seeking to decentralise social welfare services and adapt them to local needs by encouraging local initiatives and the participation of non-governmental agencies.

To this end, the Ministry of Public Welfare has set up the "Hungarian Foundation for the Development of Local Social Networks":

The programme is intended to enable the Hungarian Foundation for the Development of Local Social Networks:

- to assist in improving social welfare provisions and employment opportunities especially for the poorest and most vulnerable groups.
- to this end, to support local community initiatives involving non-governmental bodies working in liaison as appropriate with local municipalities,
- to support local networks and agencies and generally strengthen the capacity of local communities to engage in a process of economic and social development.

The programme is a transitional measure aimed at launching a new self-sustaining new support mechanism for economic and social development. It will complement other EC programmes particularly in the field small and medium-size enterprise development.

The present programme will contribute to these objectives by supporting the Foundation during its start-up period. It will in particular assist the Foundation in:

- setting up its grant-aid activity to support local projects and providing initial operational finance to that end.
- providing appropriate training and technical assistance for local networks and local development specialists.
- developing a fund-raising strategy and an effective information and management system.

The programme will have a total duration of 3 years.

F. GDR

1. Environmental protection programme (ECU 20 million)

The short term aim of the programme is to improve methods of monitoring air and water quality, to improve water quality and sewage treatment facilities, and to provide immediate financing for measures to regenerate river ecosystems and reduce emissions of pollutants.

The medium term aim is to assist the authorities responsible for the environment to develop long-term environmental protection strategies and policies, and to lay the foundations for the implementation of Community law in environment protection.

The programme is focusing attention on the upper Elbe valley, where pollution has important international consequences.

The programme includes plans for a fund to finance projects in the fields mentioned above, and for the establishment of a programme implementation unit to help with management and the achievement of the aims set out above.

2. Programme for the development of regional economic structure and for the adaptation of economic statistics (ECU 14 million)

The programme has three components:

- (a) regional measures for the improvement of industrial areas and the establishment of a technology and advice centre to assist undertakings in adapting to the requirements of a market economy;
- (b) the establishment of information and consultation bureaux, and the launching of an urgent information programme on the Community, in order to assist integration into the Western economic system;
- (c) changing the statistical apparatus to adapt it to the requirements of a market economy in order to produce a system comparable to that found in Western industrialized countries and make reliable macroeconomic statistics available to policy-makers in the public and private sectors.

G. BULGARIA

1. Programme of assistance for reform in Bulgarian agriculture and for the development of private farming (ECU 16 million)

The aims of the programme are as follows:

- (a) to assist the government in defining and implementing a suitable strategy for the development of Bulgarian agriculture, with particular emphasis on the development of a dynamic private sector;
- (b) to contribute to the technical and financial aspects of the development of private agriculture and the agri-food industry;
- (c) to set up a suitable financial sector to promote and back up the development of private farms and processing undertakings.

To these ends, the programme will have six components:

- (a) technical assistance for the Ministry of Agriculture for the preparation of an agricultural policy;
- (b) assistance to the Institute for Agricultural Economics; improvement of the data on Bulgarian (private) agriculture and increasing the capacity to undertake studies;
- (c) assistance for the setting-up of a private farmers' federation;
- (d) assistance for training in agricultural economics and management in agricultural higher education;
- (e) setting up a line of credit, inter alia through the Agricultural Credit Bank, to finance imports of inputs or equipment for private farmers and investors in agro-industry, plus technical assistance for the Bank itself;
- (f) setting-up of a Project Implementation Unit under the responsibility of the Ministry of External Economic Relations in order to implement or supervise the implementation of the components of the projects and to improve the coordination of the various programmes of outside assistance.

2. Maternal and Child Health Care Support programme (ECU 5 Mio)

The short-term objective of the programme is to provide the hospitals in Bulgaria with new medical equipment (in particular Ultra-sound medical devices) and with spare parts for urgent repairs. For the utilisation of these devices medical hospital staff have to be trained and the maintenance and repair services have to be ensured by training of technical staff.

The long-term objective of the programme is the improvement of the quality of medical consultations, examinations and diagnosis and the positive effect it will have on the healthcare for the population. It will focus on the health status of mothers and children, a priority for Bulgaria.

3. Air pollution monitoring programme (ECU 3,5 million)

The purpose of the programme is to improve, in the very short term, the existing network for regular monitoring of ambient air pollution in Bulgaria through providing appropriate equipment for air quality and emission control.

Special emphasis will be given to those urban and industrial areas most seriously affected and with imminent health risks.

To ensure that optimum use can be made of the equipment made available by the programme, technical support will be given to the Bulgarian staff in charge of the monitoring operation at regional and also at national level. This assistance will be extended in the form of visiting experts, specific training programmes and study tours in member states.

Short term impacts of the programme will be:

- * availability of appropriate state-of-the-art equipment for both, monitoring and computer assisted processing of relevant data on air quality;
- * transfer of know-how in the fields of air quality management practices, ambient air quality monitoring and air pollution control methods through short-term technical assistance, advanced training/re-training programmes including study tours in Europe;
- * increased efficiency of the existing monitoring network through improved methods and calibration facilities for continuous monitoring;
- * expertise on the design of a global environmental data system in relation to present/future priority requirements.

Training and demonstration courses will follow the objective of associating as much as possible operators from industrial plants in charge of emission control at source level.

Training of trainers and participative approaches are additional in-service objectives of this part of the programme.

In addition to the more equipment related operational aspects, technology transfer will focus on recommending in technological and operational terms on the most suitable strategy for air quality control as well as on the definition of specific methods for management and standards that can be effectively enforced.

This programme will have a total duration of 18 months.

H. YUGOSLAVIA

1. Financial Sector and Enterprises reform programme (ECU 35 Mio)

The proposed Programme envisages to provide Technical Assistance (including some support facilities) to the Government of Yugoslavia in order to assist it in achieving its economic restructuring objectives with regard to enterprises, banking, accounting and auditing and to fiscal reform. The Programme covers all these areas because they are closely related and form a coherent package for the reform of the entire financial and enterprise sectors.

The proposed programme is in general part of a comprehensive programme of medium-term stabilisation which is supported by an IMF stand-by Arrangement and a 400 million US\$ World Bank Structural Adjustment loan, and is in particular part of a Financial Sector Adjustment Operation which will be supported by a 300 million US\$ Sectoral Adjustment loan of the World Bank.

I. CZECH AND SLOVAK FEDERAL REPUBLIC

1. Environmental protection programme (ECU 30 Mio)

The purpose of the programme is to assist the country in improving the quality of its environment. This is to be accomplished by short-term measures concerned with the preparation of investment decisions (hazardous waste disposal, desulphurisation, nuclear safety), improving national capacity and capability to detect and reduce the level of pollution (toxicological and ecotoxicological tests, food contaminants, hazardous waste, water quality monitoring, manufacturing of air filters) and carrying out some upgrading of knowledge and skills in the nuclear power sector.

The medium-term objective is to assist the environmental authorities to develop longer term strategies and policies in the field of river water and waste management, to strengthen institutional capacity and to lay the foundation for future Community involvement in environmental protection by identifying and preparing programmes for future financing.

JICA