



Phare

Operational
programmes
1994

Update n°6

4023 (S)

338.924 338.984,5 441,2

(3).

Operational programmes 1994

Update n°6

CBG: I/39

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 34th meeting held on 21-22 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.

Table of contents

What is Phare?	7
<hr/>	
National programmes	9
<hr/>	
Bulgaria	
Programme for civil society development	10
Europe Agreement information programme	13
Programme for mass privatisation	15
Hungary	
Programme for transport, communications and water management	17
Poland	
Programme for transport infrastructure development	19
Programme for providing a Flexible Reserve for Technical Assistance (Fiesta 3)	21
Programme for worker protection	23
Programme of support for decentralised activities	26
Programme for enterprise restructuring, privatisation and energy	30
Romania	
Programme for tourism development	33
Programme for small and medium-sized enterprises (SMES) and regional development	36
Programme for civil society development	39
Slovakia	
Programme for public administration support	42
Slovenia	
Programme for vocational education and training reform	45
Cross-border cooperation programmes	47
<hr/>	
Poland	
Cross-border cooperation programme with Denmark	48

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.



National programmes

Bulgaria

Programme for civil society development

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end July 1996
EU contribution	MECU 1.2
Responsible authority	Council of Ministers, Department for Foreign Aid Coordination, in liaison with the Civil Society Development Foundation

Background

The reorientation of the economy, as well as the political system, depends not only on the shape of a government's reform system, but also on a radical shift in public attitudes and behaviour to support the growth of a civic society in which individuals and groups of citizens can play their role as autonomous recognised actors and partners in social and economic development.

It is estimated that there are nearly 2,900 non-governmental organisations (NGOs) in Bulgaria, of which 635 are registered as foundations. Most of these organisations exist only in law and less than a quarter have made their existence and activities noticeable. By far the largest group consists of professional, scientific, cultural and educational NGOs, representing more than 30 per cent of the active organisations. These are followed by environmental groups and organisations, then organisations for health, social care, self-help, children, youth, women and the aged, and finally civil and minority rights groups and organisations.

Since 1989, the government has been developing a better and more comprehensive understanding of the role and functions of civil society and NGOs. This fluctuating process has gone from total trust in 1990, with the granting of wide tax exemptions for the sector, to a more cautious and slow but constructive process of developing partnership and cooperation. Over the last few years, advisors and civil servants at the Council of Ministers and the President's Office have worked to develop governmental understanding about the potential of NGOs in the area of social life. The laborious consultative process for developing the civil society programme, including workshops in seven major regions and involving over 150 NGOs, was eased by the European Integration Unit at the Council of Ministers.

Certain crucial areas require attention if the role of NGOs in civil dialogue is to be strengthened. First, there is a need for information and service activities for NGOs to develop inter-sectoral communication and infrastructure and to gather facts about NGOs and their functioning generally. Public awareness about the role of NGOs also needs to be raised. The legal, fiscal and regulatory conditions governing the operation of NGOs must be clarified to enable them to operate under appropriate conditions. Efforts must also be directed at ensuring their sustainability, especially in respect of the financing of core costs and infrastructure. NGOs need to improve their skills and expertise, in particular in the areas of management and organisation, public relations, fund raising and their dealings with volunteers, activists and members. Skills in cooperating with government authorities also need development. In addition, more systematic relations must be established with NGOs abroad to facilitate the transfer of knowledge and experience and to strengthen civil society to meet European standards.

The Civil Society Development Foundation is being set up as an independent support body for the NGO sector. It aims to ensure a fair and equal distribution of support on a national, regional and local level and to act in its own capacity, using its own resources for the common interest of the NGO sector and its long-term independence and sustainability. The Foundation is managed by a board of nine members, five of them drawn from the NGO community and four from the public, out of which two are civil servants.

Programme objectives

The overall objective of the programme is to strengthen the operational and professional capacity of NGOs, as well as to broaden their range of activities and their involvement in society at national and local levels.

The specific objectives of the programme are to

- create better conditions for NGOs to function effectively and thrive, notably through increased information and awareness of their role among the public, media, civil servants and policy makers
- improve the skills and capabilities of NGOs with regard to their internal and external functioning, through expanded networks and training in management, skills, public relations and fund-raising methods

- extend the scope, type and quality of activities performed by NGOs through strengthened institution building and encourage support for new NGOs through support for local citizens' initiatives and for links with foreign NGOs
- cultivate the collective responsibility of NGOs for the long-term development of the sector, in particular through an improved legal framework.

Programme description

Grant aid for NGO activities MECU 0.8

Two forms of grant aid will be managed through the Foundation for Civil Society Development, for institutional building and for project development. The selection of projects will be made by the Foundation according to detailed priorities and eligibility criteria. Recipient NGOs will have to make a certain contribution themselves, in cash or kind, to ensure their commitment to the activities.

Eligible NGOs will typically include civic education, environmental and consumer organisations, cultural, health, social and welfare organisations, human rights organisations, women's and youth organisations. Academic, scientific organisations and professional organisations will generally be limited to training activities. Political parties, trade unions and employer bodies will not normally be eligible.

Information and service activities MECU 0.19

Funding will be provided for information and service activities to support new embryonic organisations and organisations which are in the process of consolidation. Activities may be organised at the national, regional and/or local levels and must ensure compatibility between different types of initiatives and facilitate cooperation between NGOs within common fields of interest:

- grants for regional services and support centres with full or part-time professional staff and equipment, offering legal advice, advice on funding applications and evaluation procedures, public relations support for NGO activities, as well as advice on potential donors and on building links with public authorities and western European NGOs and donors (average grant ECU 12,000)
- grants for decentralised support for NGO information activities, such as information meetings and publication of documentation (average grant ECU 3,000)
- targeting of individuals, informal groups, NGOs, the press, state agencies and others working for the NGO sector
- grants which in the main will cover the cost of equipment, publications, campaign material, workshops and other events.

Training and education activities MECU 0.2

Funding will be provided for training activities aimed at increasing the knowledge and skills of NGO staff and activists and at strengthening the capacity of the newly established formal or informal NGOs (average grant ECU 3,000):

- targeting of leaders, staff, volunteers, activists, members and professional trainers of organisational staff and government officials dealing with NGO staff
- typical programme subjects will be professional management of NGOs, long-term planning, accounting systems, campaigning, public relations, cooperation with government, networking with NGOs, visibility and social accountability, involvement of volunteers, members and activists
- priority will be given to activities which involve cooperation between organisations
- grants will mainly cover salaries for teachers, travel expenses and the costs of the production or purchase of training material.

Project related activities MECU 0.41

Funding will be provided to co-finance expenses related to projects and pilot schemes:

- extending the range and type of activities pursued by NGOs, commencing new activities, strengthening organisational capacity, supporting newly established organisations and informal groups, raising public awareness and developing links with foreign NGOs (average grant ECU 5,000)
- grant aid may cover infrastructure and initial running costs.

Common interest activities

MECU 0.21

Funding will be provided to the Foundation for

- creating a national information and support centre, based on an up-to-date survey of NGOs, to provide advice, information, books and guidelines on issues such as how to establish and register NGOs, models for statutes, legal guidance, fund raising
- developing skills and expertise on relevant legislation affecting NGOs, with a view to improving the legal and fiscal environment of NGOs and developing employee relations with government authorities
- organising public awareness campaigns on the achievements of the NGO sector and the civil society development programme, workshops and briefings for journalists and generally encouraging reporting of NGO events
- organising 'training of trainers' courses, including training abroad
- developing strategic planning tools for sustaining the Foundation and providing management services for similar programmes in the context of related Phare programmes and other similar private and public programmes in the country.

**Programme Management Unit
and technical expertise**

MECU 0.17

Support will be provided for programme management

- including technical expertise, equipment, staffing and administrative costs.

Reserve

MECU 0.02

Implementation

The programme will be managed by the Civil Society Development Foundation, through its secretariat and Programme Management Unit. An external expert will be attached to the secretariat during the Foundation's initial phase of operation.

Bulgaria

Europe Agreement information programme

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1996
EU contribution	MECU 1.2
Responsible authority	Centre for European Studies and Euro-Info Correspondence Centre

Background

The Europe Agreement between the European Union and Bulgaria was signed in 1993. Its practical implementation needs governmental and political support but also depends on increased public awareness and commitment, a change in attitudes, the establishment of new types of business, cultural and scientific cooperation.

The Centre for European Studies and the Euro-Info Correspondence Centre were set up in 1992. The Euro-Info Correspondence Centre concentrates mainly on developing information networks, consultancy expertise and training skills in the field of business relations and cooperation. The Centre for European Studies has more general objectives and tasks.

The two centres have paved the way for raising awareness in Bulgaria about the European integration process, in particular in business, academic, governmental, media and non-governmental organisation circles. These initial efforts need to be expanded and this necessitates further strengthening and development of both institutions. Programmes are needed to provide the general public with basic information on European integration. Efforts are also required to facilitate access to European Union databases.

Programme objectives

The programme is designed to facilitate the implementation of the Europe Agreement and prepare Bulgaria for accession to the European Union through strengthening institutions and improving public awareness.

The specific objectives of the programme are to

- increase general awareness of society about European integration
- provide experts in different spheres of economic, political and social life with indispensable specialised information on general trends and particular problems incurred during the integration process

- develop further the Centre for European Studies and the Euro-Info Correspondence Centre to enable them to carry out information activities, analyses and training in European matters in all nine regions of the country
- organise the training and retraining of the staff of the two centres and other specialists involved in implementing the Europe Agreement.

Programme description

Information provision **MECU 0.245**
This component is designed to provide support in the form of technical expertise for the Centre for European Studies and the Euro-Info Correspondence Centre for

- strengthening and developing further the two centres as important units for providing information, analyses and training in the fields of European integration, business and other types of cooperation
- enabling the centres to build up local networks to disseminate information and promote the association process and cooperation with European partners
- providing and disseminating information to the general public on European integration, including information on issues such as the functioning of the single market, harmonisation of legislation and standards, European Union programmes and potential opportunities for business cooperation
- raising public awareness of the possibilities offered by the two centres, creating public interest and a demand for information
- training experts from various professional spheres in European integration issues and business promotion
- carrying out analyses and research on important economic, political and legal problems with a view to suggesting the best strategy for the participation of Bulgaria and its institutions in European integration, within the framework of the Europe Agreement.

Support will be available for developing a European library and documentation centre at the Centre for European Studies, through

- supplying books and periodicals on European integration and specialised literature on specific problems, for all types of readers, such as politicians, civil servants, entrepreneurs, scholars, journalists and students
- building up a complete information system and database

- preparing and publishing a reference guide to available documentation held by the library, the rules for use and the information services offered.

Support will also be provided for the Centre for European Studies for

- a feasibility study on the needs of different professional networks for access to European Union data bases
- access to the most essential European Union databases
- initiatives to encourage the most intensive and efficient use of these databases, including the development of awareness programmes aimed at specific target groups of users, systemisation of the information produced in Bulgaria on integration and its inclusion in European Union databases and training of the centre's staff to work with the databases.

Other activities for the centres will be directed at disseminating information on European Union programmes in which Bulgaria participates, including

- the preparation of a manual on European programmes which involve Bulgaria
- training consultants, providing practical advice and organising seminars and courses on developing projects and applying for financial support under European Union programmes
- creating an information bank comprising all projects in which Bulgarian participants are involved under a European programme

Training MECU 0.255

Support will be provided for the Centre of European Studies and the Euro-Info Correspondence Centre to further improve their training activities on European integration remove space through

- organising seminars, round tables, workshops and discussions in Sofia and other towns for Bulgarians and European Union Member State representatives, to stimulate dialogue on issues of mutual interest
- stimulating participation of Bulgarian representatives in international conferences and seminars to broaden their knowledge and exchange experience with colleagues from the European Union and other central and eastern European countries
- conducting a full analysis of the current management system of the Euro-Info Correspondence Centre, to design improvements in the system and train staff in the total quality management approach.

Analyses and studies MECU 0.215

Support will be provided for studies and analyses by members of the two centres and external advisors on a wide spectrum of problems dealt with in the Europe Agreement

- subjects will include structured political dialogue and cooperation, institutional system, trade development, harmonisation of legislation, economic and financial support and cooperation, cultural exchange, approximation of economic and social policy
- contacts will be expanded primarily with partners from the European Union Member States and other central and eastern European countries
- the results of the studies and analyses will be published in Bulgarian and some European Union languages and will be distributed to policy makers and the public.

Institutional support MECU 0.205

Support will be provided for the staff of the European Business Centre and the Euro-Info Correspondence Centre through

- training courses in European Union institutions and other institutions in the Member States which are similar to the two centres, together with exchanges of experience with counterpart institutions
- development of the regional network of the Euro-Info Correspondence Centre to strengthen nine key regional information centres, including equipment provision, involvement in existing information networks, access to European Union data bases and training on use and maintenance.

PMU MECU 0.250

Establishment and staffing of a Programme Management Unit whose tasks are set out below

Audit and evaluation MECU 0.030

Implementation

The European Integration Commission, within the Council of Ministers, will have overall responsibility for implementing the programme, which will be managed jointly by the Centre for European Studies and the Euro-Info Correspondence Centre.

A Programme Management Unit will be established to handle tendering and contracting procedures, supervise and monitor the implementation of projects and manage payments and keep accounts. It will carry out coordinating tasks for the various programme components.

Bulgaria

Programme for mass privatisation

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1996
EU contribution	MECU 3
Responsible authority	Centre for Mass Privatisation

Background

Initial steps towards the privatisation of state enterprises have been slow. Changes in government, the lack of a strong mandate from the Privatisation Agency and the reluctance of line ministries and committees to relinquish control over enterprises have resulted in a web of diverging interests and conflicting resolutions. As a result, few transfers of large and medium-sized enterprises have been made to the private sector.

Efforts at privatisation have accelerated recently and a number of sales, principally to Bulgarian investors, have been completed. However, the concentration of share ownership within the hands of a relatively small number of private investors within the privatised enterprises, has helped persuade the government and political parties that enterprise equity should be distributed more evenly among the population.

For this purpose, a privatisation revolving fund to provide credit for small privatisation purchases was designed with Phare support but its launch has suffered delays. The government also reconsidered the distribution of vouchers to the population in 1993. This culminated in the adoption of a new privatisation law opting for private investment funds, as opposed to state-sponsored investment funds. However, other elements for operating investment funds have to be settled, such as the organisation of a licensing body, reporting requirements for funds, definition of their role and the respective orders of priority for individuals and funds in bidding. In addition, extensive training is needed to develop skills in financial markets and investment management.

Preliminary guidelines for implementing the voucher scheme and regulating investment funds have been adopted, with Phare support, which is also supporting the design and printing of one million vouchers. Work still needs to be finalised. Similarly, Phare has launched a project to design the bidding and share allocation mechanisms (voucher auctions) but further support is needed to finalise and implement the first wave of centralised auctions.

Under the 1994 privatisation legislation, the Council of Ministers is responsible for selecting those enterprises which will be privatised with vouchers while the Centre for Mass Privatisation is responsible for managing the actual voucher privatisation process. Responsibility for market privatisation remains with the Privatisation Agency for state enterprises with a book value over Leva 70 million, except with regards to enterprises for which the Council of Ministers decides to apply a special mechanism. Line ministries have responsibility for market privatisation of enterprises with a book value under Leva 70 million. The introduction of this alternative privatisation method creates incentives for the Privatisation Agency and the ministries to accelerate direct sales of companies through market privatisation, rather than having them transferred to the mass privatisation scheme.

The support of large computer systems and equipment are necessary for a mass privatisation programme. Phare is carrying out an initial systems development plan and preparing the specifications for the hardware and software requirements for the voucher distribution and auctions. Final system definition depends on whether the government develops the systems infrastructure with a view to establishing an automated securities trading system on that basis. If so, further Phare support will be necessary.

Phare support for restructuring and privatisation has been provided under a 1991 programme, concentrating on institutional strengthening and privatisation transactions. Apart from the specific support already referred to above, the programme provided general advisory expertise and institutional support to the Privatisation Agency, the municipalities, the Commission for the Protection of Competition and other bodies. Sector studies and transaction support for case-by-case or 'market' privatisations were also funded.

The new programme will relay and expand the ongoing support being provided under the 1991 programme, which is about to be completed.

Programme objectives

The programme is designed to accelerate the transfer of company ownership to the private sector and lay the foundation for consolidating capital markets.

The specific objectives of the programme are to support

- the final design and implementation of the voucher scheme, including voucher distribution and the method of exchange for enterprise shares

- the creation of a professional investment funds sector
- the creation of a physical infrastructure which can later support the development of the securities markets
- a public awareness campaign on privatisation.

Programme description

Voucher scheme

MECU 1

This component will provide support for finalising the design of the voucher scheme, the distribution network, registration procedures and the necessary resources and logistics to successfully distribute between four and five million voucher books. The focus will be on

- registration procedures, infrastructure and resources, sales of voucher books and stamps, support systems, specifications and selection of a retail network to distribute the vouchers
- organisation of centralised auctions, such as bidding and pricing procedures, final share allocation mechanisms, infrastructure and equipment for bidding and results distribution, support for the monitoring of results
- partial funding of the cost of developing new software for adapting existing software for share registration, bidding and auctions, together with funding of small amounts of equipment.

Voucher printing

MECU 1

Depending on the demand for vouchers and the speed of distribution, support may be provided for the cost of printing a second batch of a million vouchers, pending self-financing from registration fees.

Privatisation investment funds

MECU 0.4

Support will be provided for investment fund training, through

- specialised training in financial market mechanisms
- investment management for investment fund sponsors and managers and specialised training, in particular in bidding and allocation processes.

Public information campaign

MECU 0.5

Support for a public information and awareness campaign to foster public support for privatisation, in particular for

- publication of materials, booklets
- other media publicity

Programme Management Unit

MECU 0.1

Establishment and part cost of running the unit whose tasks are set out below.

Implementation

The Centre for Mass Privatisation will have overall responsibility for implementing the programme, under the overall coordination of the Deputy Prime Minister overseeing privatisations in the government.

The monitoring, financial administration and coordination of the programme will be carried out by a privatisation Programme Management Unit, which will concentrate most of its efforts on managing and monitoring the results of the programme. The unit will be staffed with one Bulgarian and a foreign adviser and will be located at the Centre for Mass Privatisation. The unit will produce detailed work programmes, reviews of commitments, disbursement forecasts and supporting documentation.

Hungary

Programme for transport, communications and water management

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 3
Responsible authority	Ministry of Transport, Communications and Water Management

Background

The government has embarked on a series of measures to transform and reform the transport, communications and water sectors.

The development of economic relations between Hungary and the European Union, its neighbours and other central and eastern European countries has led to important changes to the three sectors, which are major service providers for the economy and which need to be increasingly responsive to signals from the new emerging markets. Trans-European transport and communication networks, as well as the protection of natural and regional water resources, have been identified as prerequisites for Hungary's integration with the European Union and enhanced cooperation and exchange with its neighbours.

The government's transport policy aims to develop a transport sector which is able to meet society's increasing needs by providing a more balanced territorial development and more efficient organisation and market-oriented regulation. It also aims to increase safety and reduce negative environmental effects through the introduction of more environmentally-friendly modes of transport and the reduction of air and noise pollution. A major objective is to ensure coordination with other European transport systems through extending and modernising networks, harmonising and approximating legislation with that of the European Union and increased research and development.

The new government programme adopted in 1994 stresses the urgent need to restructure and rehabilitate the national railways system. It also emphasises the need to create favourable conditions for mobilising capital to accelerate and promote investments in railway and road infrastructure. This is important given the additional stress placed on Hungary's transport infrastructure by the events in former Yugoslavia.

A fundamental change in communication demands is being experienced, both from the point of view of quality and quantity, based on expectation of available modern technology. The government's 1994 programme calls for the modernisation, extension and rehabilitation of all types of communication channels, including international and trans-European connections. The legislative network and level of standards must also be brought into line with those of the European Union.

For the water management sector, the government's 1994 programme draws attention to the need to improve the treatment of drinking and sewage water, with increased emphasis on the sewage systems of the larger municipalities (the 21 cities programme). It also calls for the further modernisation of organisation and structures as well as the protection of natural water resources and the major lakes.

Programme objectives

The programme is designed to support the transformation and reform processes in the areas of transport, communications and water management, through

- establishing the regulatory, institutional and financial framework necessary for the mechanisms of the market economy to operate freely
- facilitating European integration, in particular through harmonising and approximating legislation and standards and improving the inter-operability and inter-connectivity of networks
- promoting measures to mobilise domestic and foreign financial resources for high priority infrastructure investment
- upgrading management and investment planning as well as implementation capabilities.

The programme takes the form of a multi-disciplinary facility which will provide

- short and medium-term advisory services
- expertise for pre-investment and loan preparation activities
- training and retraining of staff at central and local levels of the administrative and technical services
- cooperation and exchanges between national institutions and services and their European Union counterparts
- minor equipment supply.

Programme description

The facility provided for by this programme is designed to respond quickly and flexibly to often rapidly changing requirements. The three components highlight the main priority areas. However, a definite allocation of funds will be made on the basis of a specific strategic plan and subsequent updates, as required.

Transport **MECU 1.1**

This component will concentrate on support for

- approximating and harmonising legislation in accordance with the terms of the Europe Agreement
- transforming and reorganising Hungarian Railways, including upgrading cost management and budgeting procedures, increasing safety and security of rail transport and supporting pre-investment activities for upgrading and maintaining the rail system at 160 km per hour
- restructuring and transforming municipal and other public transport operators at regional and country levels
- further developing a national transport sector development plan, based on the results of the activities of the 1991 Phare transport programme.

Telecommunications **MECU 0.9**

This component will provide support for

- the development of an institutional framework to respond to the new administrative duties following the organisational changes provided for under the recent legislation concerning posts and telecommunications
- the adaptation of legislation to conform to European Union green papers and directives, together with a comparison of standards
- the planning of a selected network of laboratories for telecommunications and frequency management
- the modernisation of the compulsory conformity testing and certification system.

Water management **MECU 0.8**

This component will support the implementation of the water management master plan, with concentration on

- improving the regulatory and legal framework for the public water utility services and establishing a licensing system for public water operators
- improving water management plans at river basin level for a limited number of trans-boundary rivers and water sheds, including necessary technical expertise and selected equipment

- possible support for further technical expertise to accelerate the mobilisation of the proposed World Bank loan for sewage plant investments under the 21 cities programme.

Programme Implementation **MECU 0.2**

Implementation

The Ministry of Transport, Communications and Water Management will have overall responsibility for implementing the programme. A Programme Management Unit will be established and will coordinate tasks between the three programme components. The Programme Management Unit will handle tendering and contracting procedures, supervise and monitor programme implementation, manage payments and maintain accounts.

Poland

Programme for transport infrastructure development

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 35
Responsible authority	Ministry of Transport and Maritime Economy

Background

The government recognises the importance of the transport sector for the country's economic transition and development, as well as the need to develop trans-national networks, as a pre-requisite for integrating Poland with its neighbours and the European Union.

The transport system is being restructured and adjusted to meet present and future demands. Urgent needs concern administrative, technical and technological shortcomings, particularly as regards quality of infrastructure, data and information systems, standardisation and harmonisation. Existing rail and road networks, in particular the major international corridors, need to be raised to standards comparable to those in the European Union. The development of an efficient land transport system is a priority and the government has the long-term goal of a 6,500 km long motorway and expressway system, of which 2,600 km will be motorways.

Poland's central location between western Europe and the New Independent States makes it imperative to create and operate an efficient system of strategic motorways. These are essential to channel and distribute national and inter-regional traffic and to carry the ever-growing transit flows between western and eastern Europe.

These demands require modern transit facilities, bypassing densely populated areas and ensuring collision-free traffic flows. To this end, Poland is proposing a comprehensive programme of infrastructure development, in which a motorway component takes a prominent place.

Investment priorities are centred on three motorways running north-south and east-west. These main axes are the A1, A2 and A4, the first running north-south and the others east-west. Two other motorways have recently been added to these axes, the A3 (north-south) and the A8 (north-east to south-west).

Programme objectives

The programme is designed to support European integration and stimulate economic development in the major industrial regions of the country by supporting the transformation of the transport sector. The main objectives are to

- transform the transport sector and approximate and harmonise legislation
- increase the sector's efficiency by improving the road network and developing adequate international networks
- develop investment planning capabilities.

The programme has two main components:

- co-financing for the development of the A4 motorway
- technical cooperation for integrating Polish transport networks with trans-European networks, as well as harmonising and approximating legislation and pre-investment activities.

Programme description

Co-financing of the A4 motorway project MECU 30

The A4 is the major road axis linking Germany with the industrialised southern area of Poland. In future the motorway will be extended to the Ukrainian border at Medyka, to facilitate transit from western Europe to the Ukraine and southern Russia.

The A4 project covers the section which begins at Bielany, running in a south-eastern direction and bypassing the towns of Brzeg, Opole and Strzelce Opolskie, to end at Nogawczyce (278 km). Three rivers are crossed by this section. The total length of the section to be constructed is 125 km. Apart from the central 56 km section, where no road currently exists, the remainder consists of a 56 km length of single carriageway and a 13 km dual carriageway section.

The Polish government will finance necessary land acquisition and partial road construction (MECU 57). The European Investment Bank (EIB) will finance road construction (MECU 225). Phare will provide MECU 30 to finance

- the construction of three new bridge structures and to modernise and widen existing bridge structures
- technical expertise and support for the tendering and contracting process for the entire project, as well as supervision and monitoring of its implementation.

General technical cooperation

Approximation and harmonisation of legislation and standards

MECU 5

MECU 1

Support will be provided for adapting air transport legislation to the requirements of the new economic and political environment, including

- preparing air legislation, to replace the old 1962 legislation, and preparing amendments to the aviation related provisions in other parliamentary acts
- preparing administrative regulations for the Ministry of Transport and Maritime Economy.

Support will be provided through technical expertise and equipment for

- establishing a transport information centre to function as a focal point and framework for an up-to-date transport information system
- analysing the economic costs of transport and user charges in land transport
- developing traffic forecasts for selected international railway corridors, using the model produced in 1992 and 1993.

Support will be provided in the training field to

- extend the Phare-funded comprehensive training programme for Ministry staff and for the management of transport enterprises to embrace several sub-sectors at enterprise level
- develop training programmes to strengthen the capabilities of Ministry staff and transport enterprise staff in the areas of planning, programming, design and implementation of plans in a free market environment.

Pre-investment activities

MECU 3.6

Support will be provided for pre-investment activities to integrate Polish networks with European Union networks

- a feasibility and detailed design study for modernising the Warsaw and Poznan railway junctions, in conjunction with the ongoing Phare-funded modernisation of the E20 railway line, including integration of the modernised railway with the transport infrastructure of the respective regions and environmental impact assessments
- a feasibility study for modernising the E30 railway line, between the German border at Zgorzelec and Wroclaw

- a study on the integration of the proposed Czestochowa motorway system, namely the link of the A1 and A40 motorways, with the transport network of the region, including different transport modes, with a view to developing a comprehensive transport investment programme including a detailed design for the motorway interchanges.

Programme management and contingencies MECU 0.4
Support will be provided for a new Programme Management Unit to be established at the Ministry of Transport and Maritime Economy to manage and administer the general technical cooperation component, including the transfer of technical expertise to enable it to carry out its tasks.

Implementation

The Ministry of Transport and Maritime Economy will have overall responsibility for implementing the programme.

A Programme Management Unit will be established within the Motorway Agency to assume responsibility for all aspects of the implementation of the A4 motorway project. The unit will have overall supervision for activities related to the pre-construction and tendering stage, the contract award procedure and the supervision of works, including billing and payments to contractors.

A Programme Management Unit will be established by the Ministry of Transport and Maritime Economy to manage and administer the technical cooperation component of the programme.

The civil engineering component of the A4 motorway project will follow EIB tendering procedures.

Poland

Programme providing a flexible reserve for technical assistance (Fiesta 3)

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 22
Responsible authority	Bureau for Foreign Assistance, Council of Ministers

Background

Poland is reaching a turning point at which its macro-economic policies and stabilisation efforts depend crucially on the deepening of structural reform, mainly in the privatisation, restructuring and public sectors. Social resistance to these changes is likely to be strong and the government needs to develop alternative options in case it cannot implement the programme as planned. There is also a need for more sophisticated institutions and institutional structures within the existing structural apparatus. Meanwhile, the government is committed to eventual European Union membership and is striving to maintain momentum to that end.

Phare programmes, which aim at policy objectives, are by their very nature rather slow to develop and tend to concentrate on the main areas of restructuring and are primarily sector specific. This means that a number of areas which lie outside their scope have yet to be fully developed. The Fiesta series of programmes help to provide a response to such situations by providing start-up measures, low-key inputs of a critical nature and continued support for existing programmes with additional components. They help the government to develop and implement reform measures and institutional support which complement the main cooperation programmes and which contribute to their effective implementation.

Fiesta 1 was characterised by a series of medium-scale allocations for the provision of flexible support, and funded activities in the fields of finance, employment, energy preservation, industry, public administration, protection of intellectual property rights, social security, health and foreign assistance. Fiesta 2 maintained the basic principle established in Fiesta 1 and extended this to provide for a series of small strategy and institution building inputs primarily for activities in the fields of consumer protection, defence industry standardisation, securities and the judicial system.

Fiesta 2 also provided a capacity to support on-going programmes, and a small grant facility to encourage catalytic initiatives.

Fiesta 3 continues this approach. Its components serve to promote the continued reform process by increasing the extent and accessibility of the knowledge base through a series of actions. It also aims to further integrate Poland into the European Union by easing access to European Union programmes.

Programme objectives

The programme is designed to

- provide administrative support to the government for macro-economic policy formulation, preparation of a Phare multi-annual indicative programme and development of an information network infrastructure
- continue existing programmes already initiated, including the vocational training curriculum development programme and activities to develop a methodology for agricultural census
- fund participation in European Union programmes
- provide logistical support for the Programme Management Unit.

Programme description

Administrative support for government MECU 4
Support will be provided for Poland's new economic strategy, published in June 1994. The programme will complement existing expertise in economic analysis in government institutions by supporting the preparation of studies through short-term inputs from sources within and outside the country in a number of the ten key programmes which form the basis for economic policy making:

- partner-like labour relations
- reforming the social security system
- preventing unemployment
- developing rural areas
- investing in human capital
- managing state assets and ownership transformation
- medium-term financial strategy
- developing and reforming the financial sector
- security of economic turnover and absorption of tax revenues from the grey zone
- international competitiveness of the economy.

Support will be provided for the development of skills needed to establish a five-year multi-annual indicative programme, identifying key sectors and priorities for support, within the framework of a medium-term strategy aimed at eventual accession to the European Union. Support will take the form of studies, other preparatory activities and some ad hoc technical expertise for line ministries to prepare their programmes with these needs in mind.

Support will also be provided for developing a national information network infrastructure, for which a special task force has been established. Activities will lay the logistical foundation for implementing further phases of computerisation, through

- extensive detailed implementation definition, pilot operations, equipment and studies, including coverage of related issues such as data security and confidentiality
- connection and harmonisation of the information network infrastructure with corresponding European Union data banks.

Continued support for existing programmes

MECU 7.5

Further support will be provided for Phare programmes already initiated in previous years which have produced positive results but require completion. The following programmes are examples:

- the 1991 vocational training curriculum development programme, to be implemented by the Ministry of National Education in selected schools as of January 1995
- the programme for a methodology for the nation-wide agricultural census, consisting of a register of all three million people engaged in agricultural activities, through test application in one voivodeship and data processing system design, followed by software development and testing of data collection, culminating in a full survey, data entry and validation and data processing.

Participation in European Union programmes

MECU 10

Support will be provided to cover the cost of participation in European Union programmes to ease progression towards European Union membership. Highest priority will be accorded to programmes on

- science (for example the 4th Framework Programme 1995-1998)
- the environment
- human resources development
- business development
- social development.

Logistical support for the Programme Management Unit

MECU 0.5

The Bureau for Foreign Assistance will have overall responsibility for managing the programme, with the management of individual components being undertaken by Programme Management Units in the line ministries and executing agencies concerned. The Bureau will require additional manpower and equipment to accomplish its tasks in running the overall programme.

Implementation

The Office for European Integration and Foreign Assistance will have overall responsibility for coordinating and supervising the implementation of the programme, associated disbursements and reporting.

The sub-components on economic strategy studies, multi-annual programming, participation in European Union programmes and programme management will be managed by the Programme Management Unit at the Bureau for Foreign Assistance.

The sub-component on information network infrastructure will be managed by the OMEGA Programme Management Unit at the Council of Ministers.

The sub-component on support for continuing programmes will fall under the overall management of the Bureau for Foreign Assistance but the vocational training programme will continue to be implemented by the Ministry of Education and the agricultural census programme by the Office of Statistics, in coordination with the Ministry of Agriculture.

Poland

Programme for worker protection

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 5
Responsible authority	National Labour Inspectorate (PIP)

Background

Poland needs to change its system of worker protection to one which is compatible with a market economy and the requirements of European integration. The Europe Agreement provides for cooperation to improve the level of occupational safety and health, taking the level of protection in the European Union as a reference. The Agreement also obliges Poland to approximate its existing and future legislation on the protection of workers to that of the European Union.

The general provisions in Polish law on the health and safety of workers are comprehensive and detailed, covering buildings, plant and machinery, health protection, medical care, the introduction of new technology, training, competence, prevention and managers' and employees' duties. Employers must ensure health and safety conditions for workers and a health and safety service must be set up by employers with more than ten employees. However, the current state of compliance with legislation is unsatisfactory. The restructuring and privatisation of the economy and the dramatic growth in small and medium-sized enterprises (SMEs) have contributed to increased infringements. In addition, workers often accept these infringements and forego their rights for fear of unemployment.

An effective labour inspectorate is essential for ensuring the application of both national and European Union standards. The main state body responsible for supervising and enforcing legislation on worker protection is the National Labour Inspectorate, an independent body created in 1981, which has 17 district offices and 35 sub-district offices. The Inspectorate is taking an increasingly active and preventive role by giving advice and information on observance of the law and the elimination of hazards to the life and health of workers. The changing structure of the economy has increased the Inspectorate's tasks, the number of enterprises monitored rising from 446,000 in 1989 to 1,106,000 in 1993.

The Inspectorate was restructured and reorganised two years ago to increase its effectiveness, principally to encourage it to give equal importance to supervisory and preventive tasks. The Inspectorate increasingly acts as a proponent and catalyst of state agencies and tripartite cooperation with trade unions and employers. It also promotes and disseminates information on worker protection, advising employers and workers to facilitate the adaptation of proven practices and solutions from other countries to the Polish situation.

The Inspectorate is working with the Ministry of Labour and Social Policy on amendments to the Labour Code, particularly as regards occupational safety and health. These amendments, when adopted, will have implications for the Inspectorate's supervisory functions. The requirements of European Union directives are also being analysed with a view to adapting national regulations.

Improvements to the quality of inspections and the observance of regulations require a major effort in the initial and continued training of inspectors and personnel concerned with safety at work. The Wroclaw Training Centre was established in 1981 to train candidate and existing inspectors. The Centre operates a large number of training activities for the National Labour Inspectorate and other clients. Four main types of training are offered, initial training for inspector candidates, continuing training for inspectors, civic inspectors training and safety officers training. The Centre also organises training programmes for managers, factory directors and workers. The Centre has six district satellites for providing on-the-job training in enterprises.

Programme objectives

The overall objectives of the programme are to

- improve the working environment
- lay the foundations for meeting the requirements of European integration.

The specific objectives of the programme are to

- prepare an independent review of all aspects of the existing system of worker protection and to prepare the ground for future action
- strengthen the capacity of the National Labour Inspectorate and its training centre to enable them to fulfil their mandates effectively
- reinforce the efforts of the Inspectorate to promote a preventive approach to occupational safety at enterprise level through a pilot safety statement programme.

Programme description

Review of the existing system ECU 70,000

This component will provide support for a systematic review and evaluation of the existing policy and regulatory environment and structure for worker protection. It will take into account European Union experience, with a view to making recommendations for greater effectiveness, transparency and accountability. The focus will be on

- the current diffuse nature of competence and authorities for worker protection across agencies and sectors
- the current split between policy development, legislation and enforcement which currently exists.

Institutional development MECU 2.8

Support will be provided to the Labour Protection Council, which supervises the activities of the National Labour Inspectorate and represents parliamentarians, the two sides of industry and experts, for

- a tailor-made training and study visit programme for the members of the Council, to demonstrate the range of tasks being undertaken by similar bodies in European Union countries and ways to approach regulatory issues, including the provision of essential office equipment and reference material.

Support will be provided to the National Labour Inspectorate for

- a review of the Inspectorate's management practices with a view to designing and implementing a training and development programme to introduce modern management methods in inspectorate offices and more pro-active forms of inspection and management
- initial design and installation of a management information system to enable the Inspectorate to monitor the effectiveness of new policies, improve reporting arrangements with district and sub-district offices and identify emerging issues in worker protection
- three feasibility and policy studies for the Inspectorate on cost benefit analysis of industrial accidents, worker protection in the emerging SMEs, access to and interpretation of industrial accident statistics
- creation of a network of resource centres, including a main centre in Warsaw and 17 subsidiary centres at district labour office level, to enable Inspectorate staff and clientele to have easy access to up-to-date information and material on labour inspection practice and legislation, European Union worker protection standards and procedures and to encourage the dissemina-

tion of information on worker protection to a broad range of interested parties

Support will be provided for the Wroclaw Inspectors' Training Centre for

- an institutional review of the Centre, including the development of a business plan and an integrated marketing strategy, a review of the competences and responsibilities within the Centre (particularly with regards to responsibility for curriculum development) and a strategy to enable the Centre to become a centre of excellence to serve training needs in other central and eastern European countries
- development of twinning arrangements between the Training Centre and equivalent European Union institutions with a view to designing and delivering tailor-made training and development programmes for key staff members at the Centre and developing and improving programmes for Inspectorate staff and other clients
- creation of a resource centre to enable Training Centre staff to have access to a wide range of materials relevant to the Centre's programmes, including access to on-line databases, conventional media and other reference materials. Training will also be provided for Inspectorate staff to improve their awareness of this resource material (which will be made available to them in the district labour offices) to enable them to access it
- creation of a materials production centre to enable Training Centre lecturers to develop materials to support the Centre's programmes, including open learning and distance education materials.

Support will also be provided for the provision of equipment to improve the safety and effectiveness of inspections, including

- provision of a basic set of protective clothing for all Inspectorate staff engaged in physical inspections
- a basic set of safety equipment for each district and sub-district labour office to test toxicity, radioactivity or sound levels during inspections
- hand-held electronic organisers for on-site recording.

Safety statement programme MECU 0.8

Support for a preventive approach to worker protection at enterprise level will be promoted through a pilot safety statement programme, underpinning the efforts of the National Labour Inspectorate to make safety statements obligatory for enterprises.

The focus will be on

- preparing clear, illustrative guidance material on safety statements for enterprises, including material for specific sectors, with seminars to explain the value of safety statements
- selecting 25 enterprises in sectors which present particular health and safety risks (such as the construction and woodworking sectors) as pilot sites for developing model safety statements
- improving awareness at the pilot enterprises of safety management and aspects of safety at work through training for managers and safety officers, workshops and seminars, advice by inspectors on appropriate procedures, development of promotional material and a media campaign, as well as organisation of an annual competition to determine which enterprise has the best prepared and managed safety statement.

Programme Management Unit MECU 1.18

Support will be provided for a Programme Management Unit to be set up at the National Labour Inspectorate to be responsible for all aspects of the programme's implementation. Phare will fund the costs of

- a senior occupational health and safety specialist and a finance and administration expert for 20 months respectively
- short-term advisers for nine months
- local expertise
- essential office equipment
- communications and services.

Evaluation
Reserve

MECU 0.30
MECU 0.10

Implementation

The programme will be managed by a Programme Management Unit to be set up at the National Labour Inspectorate. The unit will work through the district labour offices and the Wroclaw Training Centre. A Safety Statement Competition Committee, chaired by the Chief Labour Inspector, will be established to advise the Programme Management Unit on implementing the safety statement programme. The Committee will include representatives from the Labour Protection Council, the National Labour Inspectorate, district labour offices, trade union and employer federations.

Poland

Programme of support for decentralised activities

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 10
Responsible authority	Foundation in Support of Local Democracy Municipal Development Agency Cooperation Fund Tel 48 22 25 28 08

Background

The reorientation of the economy and the political system depends not only on the shape of the government's reform programme but also on a radical shift in public attitudes and behaviour. Thus, there is a strong inter-connection between the growth of a civic society and the emergence of a functioning local government which is accountable to the electorate.

The reform of local government is one of the government's principal reform priorities and it is government policy to delegate authority, decentralise public finance management and stimulate local initiatives. The policy objectives for decentralisation are progressing but at a slower pace than was planned.

The widening of the spectrum of responsibilities for municipal services has not been accompanied by a corresponding increase in financial resources to fulfil these tasks. This is due in part to the scale of the task, exacerbated by a fragile economy, high unemployment and a fractured, incomplete and under-resourced infrastructure. Within many municipalities, inexperience in the duties of government, strategic planning and administration has created obstacles to progress. Up to now, local investments have been made through mobilising surpluses in cash flows with little attention to long-term capital financing. This has substantially limited possibilities for mobilising resources needed for major repairs and modernisation of key infrastructure while financial gaps and inequitable distribution of costs among users of infrastructure are commonplace. Municipalities need to start using instruments typical of capital markets to mobilise resources for capital investment but they also need to be able to properly prepare and assess investment projects.

Local economic development, infrastructural investment and the emergence of strong non-governmental organisations represent an area of common interest and concern to the whole community, especially the business community on whose success local economies largely depend. In this respect, the interests of the municipalities, local communities and businesses coincide. Mechanisms are needed to introduce cooperation in key areas, such as strategic planning, business support and promotion and to enhance community participation across the board, as a necessary element of the democratic process.

Given their dual role, the position of non-governmental organisations in the functioning of an open and stable civic society is important. On the one hand, they organise themselves, creating dynamic solutions to the problems they choose to address, while on the other they function as partners to the mainstream political process, transmitting values, attitudes and signals about the needs and potential of society.

Phare commenced support for a municipal development and training programme in 1991 and funds are nearly exhausted. The mid-term evaluation stressed the need to address the longer-term questions of sustainability and the development of a strategic business plan. The programme is managed by the Foundation in Support of Local Democracy, a private non-profit making organisation which was created in 1989 to disseminate ideas about self-government and supply professional knowledge and technical skills to local government managers.

Preparatory support has already been provided by Phare to set up the Municipal Development Agency and further funds are being provided in the framework of the Phare-funded OMEGA II programme. The Agency, approved as a public foundation in June 1994, will help foster local economies and act as a link between the financial sector, local government, public utilities and central government.

Phare commenced funding a civic dialogue programme in 1991 and 90 per cent of the funds will be disbursed by the end of 1994. An independent Board for Civic Dialogue was set up to implement the programme and a Programme Management Unit, responsible to the Board, was placed under the auspices of the Cooperation Fund.

Programme objectives

The overall objectives of the programme are to develop further the capacity of the local administration and non-governmental organisations to manage and support economic and social changes at a decentralised level.

The specific objectives of the programme are to support three sub-programmes which aim to

- enhance delivery of local services
- develop capacity to provide essential infrastructural investment to municipalities
- reinforce the range and active participation of non-governmental organisations in society.

The programme has three components:

- support for municipalities to improve their performance in local municipal development and community participation through the formation of effective strategic partnerships with key sectors of their communities
- support for the new Municipal Development Agency and the development of the associated municipal development programme
- support for the development of civic dialogue by reinforcing the range and role of non-governmental organisations in society and enhancing their capacity to encourage self-reliance, initiative and active participation in society.

Programme description

Municipal development and training (Phase II)

MECU 4

The long-term objective of this component is to create social and economic development partnerships to strengthen the capacities and performance of local government.

Support will be provided for five main areas of activity.

Education and training

MECU 1

Support will concentrate on strengthening the competence of municipality staff, through a range of activities organised to

- increase the personal and professional capacities of leaders, managers and local government staff and their effectiveness in forming active partnerships with their business and local communities

- provide a balance between the continuation of existing areas of activity and new areas to expand the capacities of local government in the areas of local economic development and community participation
- follow an approach based on market and customer research, a common policy on standards, the development of innovative products throughout the regional centres under a common policy network and the use of standard packages throughout the network.

Grants for local initiatives

MECU 1

Support will be provided for a grant scheme designed to

- encourage collaboration between local government and partners
- provide pump-priming support to innovative projects which can be further developed and financed under other schemes, including the new municipal development programme and the regional development programme
- promote models of good practice in instances where methodology is transferable to other areas of the country.

Grants will be awarded for projects within three value bands of ECU 10,000, 20,000 and 35,000. Three rounds of the scheme will operate during the programme. Successful projects will be promoted to municipalities, local business communities and other sectors through publication of case studies, video case studies, touring exhibitions and presentation at an annual seminar for prospective applicants.

Consultancy

MECU 0.3

Support will be provided to enhance the capacities of local government by supplying specialised consultancy services on a viable commercial basis in the following fields

- law
- financial management
- management and organisation
- land-use planning
- environmental protection
- municipal development strategy
- privatisation and expansion into local economic development
- community participation
- human resources development.

Publications

MECU 0.45

Support will be provided to increase access to current information, models of good practice and working procedures by the councils and staff of local governments, through

- the preparation, publication, sale and distribution of material, video and audio formats, open and distance learning tools
- the preparation, publication, sale and distribution of a quarterly bulletin dealing with key issues on local government reform, legislation, case studies, information on the Foundation in Support of Local Democracy and other related issues.

Foundation in Support of Local Democracy MECU 0.65

Support will be provided for institutional development to secure the Foundation's long-term future as a self-sustaining institution through activities to

- consolidate the Foundation's ability to operate as an integrated network organisation
- increase its capacity to function as a financially self-sustaining organisation, progressively reducing its reliance on subsidies
- increase the geographical range of the Foundation's network to four new sub-centres and two new regional centres
- upgrade existing technology in sixteen of the Foundation's regional centres and five local government schools.

Programme Management and reserve

MECU 0.6

Municipal Development Agency

MECU 4

This component aims to help the new Agency develop the legal and institutional framework and necessary preparatory work associated with the new municipal development programme. Support will be provided for

- feasibility studies for 10-15 municipal investment projects
- the training of banks and municipalities on how to appraise projects in the public sector
- training companies on how to implement municipal investment programmes
- setting up a new Programme Management Unit within the Agency.

Civic dialogue

MECU 2

This component is designed to widen the range of actions and reinforce the effectiveness of voluntary organisations and social movements in society at national and local level.

Support will be provided for three main areas of activity.

Information and legal services

MECU 0.3

Support will be provided for ongoing activities, including

- maintenance of the database on non-governmental organisations
- the information centre, including library facilities, newsletters and legal advice
- circulation of information and support for networking initiatives among non-governmental organisations
- improving the legal and fiscal environment and clarifying the current legal framework, to provide non-governmental organisations with a more sustainable and stable future.

Education and training

MECU 0.5

Support will be provided for the continuation of a series of training courses, seminars and workshops for non-governmental organisations on a range of subjects, including

- management
- fund-raising
- public relations
- strategic development
- the role of non-governmental organisations in a changing society.

Grant aid

MECU 1

Further support of MECU 1 will be provided to the direct grant aid scheme for non-governmental organisations to co-finance specific projects and pilot schemes. Two types of funding mechanisms exist

- the Civic Dialogue Fund, providing one-off non-reimbursable grants to projects submitted by established non-governmental organisations, which contribute to costs and which are demonstrably self-sustainable
- a smaller fund designed to support pilot schemes and initiatives by informal groups with a less-well developed legal status, such as very small youth groups.

Programme management

MECU 0.2

Implementation

The municipal training and development programme will be managed by the Programme Management Unit at the Foundation in Support of Local Democracy.

The civic dialogue component will be managed by the Programme Management Unit at the Cooperation Fund.

A Programme Management Unit will be established at the Municipal Development Agency to manage the component for that institution.

Poland

Programme for enterprise restructuring, privatisation and energy

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 11
Responsible authority	Industrial Development Agency Ministry of Industry and Trade Ministry of Privatisation

Background

Apart from the dynamics of the private sector, the success of Poland's stabilisation and transformation process will depend largely on restructuring the state owned enterprise sector. The question is how many of these enterprises can adjust to the free market environment given the size of the sector debt overhang and the lack of clear ownership rights to exercise corporate governance.

The delay in implementing restructuring programmes during the period 1990-1993 was mainly due to structural and institutional problems which required strong government intervention. Enterprise restructuring could not be completed without this and the financial tools necessary to provide stabilisation finance to enterprises. In early 1993, major developments occurred in policy formulation and Parliament ratified a series of fundamental economic programmes. These were the mass privatisation programme (known as the law on investment funds and their privatisation) and the enterprise and banking restructuring programme.

The World Bank has made a \$ 450 million loan to support the government's enterprise and bank restructuring and privatisation programme. This enterprise and financial sector adjustment loan is an integrated attempt to deal simultaneously with the debt overhang of state owned enterprises and the portfolio problem in the banking system and to resolve the root cause of the state owned enterprise crisis, namely the unclear structure of enterprise ownership and governance.

The government's enterprise and restructuring programme aims to restructure and privatise the main group of financially troubled enterprises. It establishes three main mechanisms for restructuring: conciliation proceedings between banks and enterprises, sale of creditors' claims and/or debt /equity conversion. These mechanisms are oriented to the rehabilitation of enterprises as a condition for setting up an efficient system.

For this reason, they are thought to regulate bank-led restructuring operations, with the banks playing the role of agents of change.

A special support mechanism, the Intervention Fund, has been set up for enterprises which fail to reach a work-out agreement with their commercial creditors and for which an outright liquidation is impossible or economically undesirable. The Fund is managed by the Industrial Development Agency. The Agency's broad objectives are to restructure and privatise state owned enterprises and to help them to operate financially on an independent basis and build up marketing, financial, accounting and managerial skills to make them profitable and viable units.

The Agency has a specific Department of Intervention and Monitoring to deal with Intervention Fund activities as envisaged under the enterprise and restructuring programme. This covers activities for granting enterprise and financial sector adjustment loan funds, such as the analysis and evaluation of applications, preparation of loan agreements, supervision of loan agreements and implementation of restructuring projects from enterprises.

The European Bank for Reconstruction and Development (EBRD) is running a complementary programme for the stabilisation, restructuring and privatisation of some 30 medium-sized enterprises which have very limited access to fresh capital and management support and, in the case of state-owned enterprises, are not covered by a privatisation programme. Several investment vehicles, mostly limited partnerships, will be formed to make investments in these companies. Each investment vehicle will be adequately capitalised to enable it to provide stabilisation and restructuring capital to the companies, whose shares or assets will be sold within five years, whereupon the investment vehicles will be liquidated. The programme depends on Phare to provide technical expertise to the investment vehicles and the companies.

Phare funded an enterprise restructuring programme in 1990 providing institutional support to the Ministry of Industry and Trade and the Industrial Development Agency as well as measures to transform state owned enterprises. The Phare 1991 Programme continued and extended this support. Further funding was provided in 1993.

For the energy sector, Phare has supported the restructuring of the sector under programmes in 1991, 1992 and 1993 through a high-level advisory unit, the Energy Restructuring Group.

Support has been provided for creating a system of legal acts including the energy law, which respects the market character of the sector and introduces a pricing policy based on justified costs and world market prices. An energy regulatory office has been established and has started operations and an energy conservation agency has been set up. Almost all state bodies in the sector have been commercialised and/or privatised and strategic decisions have been taken on mergers and closures.

The first phase of restructuring the energy sector will be completed by 1996. This sector represents some 10 per cent of Poland's national product and therefore has a crucial role in the country's economic and social recovery. As a result, continued support is needed for this sector, particularly in the context of preparing for the country's progressive integration into the European Union.

Programme objectives

The overall objective of the programme is to support the process of transforming the economy, particularly through privatisation and the restructuring of state-owned enterprises and the energy sector.

The specific objectives of the programme are to

- establish a fund for enterprise direct support to complement the World Bank enterprise and financial sector adjustment loan
- strengthen programmes already underway for management training at the enterprise level
- transfer technical expertise for the provision of enterprise activities within the framework of the EBRD special restructuring programme
- continue high level policy advice to harmonise energy policy guidelines in a broader European context.

Programme description

Fund for Enterprise Direct Assistance MECU 5

This component will provide additional funding for the government's enterprise and banking restructuring programme, the World Bank enterprise and financial sector adjustment loan and the Intervention Fund.

The Fund for Enterprise Direct Assistance will provide direct support, channelled through the Industrial Development Agency

- to medium-sized enterprises with privatisation prospects or joint venture possibilities which applied for finance from the Intervention Fund but whose

technical expertise and investment needs are not covered by funding from the enterprise and financial sector adjustment loan, the commercial banking system or other international financing institutions

- for soft restructuring support, such as training, marketing and production improvements
- for special investment needs, for example to reduce negative environmental effects or for funding energy saving equipment.

Operating guidelines are being drawn up. If the objectives of the Fund cannot be reached within the agreed timetable, the funding envisaged for this component will be reallocated for management training activities and for the continuation of technical support for restructuring under the 1993 Phare programme.

Management training

MECU 1

Support will be provided for training some 1,340 senior and middle managers and civil servants involved in the privatisation process. Much of the training will be provided on a sectoral basis to focus on the particular problems facing certain sectors. Seven different schemes will be set up:

- training in the European Union for senior management on issues such as management finance and marketing, as well as visits to companies, particularly those interested in business links with Polish partners. The sectors covered will include textiles, steel, electronics, agriculture and food processing
- general manufacturing practice training for the pharmaceutical industry
- two to three week management training sessions for groups of 30 middle managers from enterprises participating in Industrial Development Agency restructuring programmes
- training for ten groups of 30 managers from the defence industry
- training abroad for 100 staff from regional development agencies and local authority employees involved in employment creation activities through the development of entrepreneurship incubators
- exchange visits for 60 staff from the Industrial Development Agency and Ministry of Industry and Trade to similar organisations in other countries
- export marketing training for staff of companies undergoing restructuring.

Special restructuring programme MECU 2

This component supports the EBRD's special restructuring programme through technical expertise for carrying out due diligence activities for potential enterprises participating in the programme. Activities will concentrate on

- enterprise screening
- visits by industrial experts
- financial, legal and environmental assessments
- preparation of restructuring plans
- installing financial reporting systems
- production optimisation
- sales, marketing and distribution development
- secondments of foreign managers to certain companies
- annual auditing
- training.

Energy sector restructuring MECU 3

This component will support activities to help the energy sector face the new challenges presented by the progressive integration of Poland into the European Union. Support will be provided to the Ministry of Industry and Trade and will concentrate on

- advisory support on energy policy guidelines and to ensure the success of the convergence policy, with special emphasis on energy efficiency
- advice to support European Union accession negotiations and to develop a full understanding of the constraints as well as devising energy policy options in this context.

Support will be provided for detailed feasibility studies to prepare energy infrastructure investments for the inter-connection of gas and electricity networks, in particular in relation to the proposals to

- upgrade the Polish electricity system to UCPTTE standards
- develop underground storage capacity needed if a Russia-Belarus-Poland-Germany natural gas pipeline is constructed
- optimise the new transmission line required to transport higher peak flow rates.

Support will also be provided for preparing an integrated and coherent energy efficiency strategy, including

- development of training programmes for energy audits and management advice
- financing of energy audits within industry or specific sectors
- definition of framework conditions for setting up an energy saving fund
- promotion of energy saving through a public awareness campaign.

Implementation

The Programme Management Unit at the Industrial Development Agency will have responsibility for managing the component on management training.

The Agency's Department on Intervention Activities and Monitoring will be responsible for managing and implementing the component on the Fund for Enterprise Direct Assistance, subject to monitoring by an inter-ministerial permanent committee.

The special restructuring programme component will be managed from Brussels under a direct management contact with the EBRD.

The Ministry of Industry and Trade will have overall responsibility for implementing the energy sector component, while the management of the programme will be carried out by the Energy Restructuring Group Programme Management Unit within the Ministry.

Romania

Programme for tourism development

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1996
EU contribution	MECU 5
Responsible authority	Ministry of Tourism

Background

In the 1960s and 1970s, Romania was a successful tourist destination but tourism declined substantially during the 1980s as a result of the former government's isolationist policy. The industry is now characterised by an outdated product, with inadequate provision of recreational and leisure facilities, a general lack of maintenance and investment and poor service standards. Foreign tourists have a negative image of the country and resources for marketing and promotion are totally inadequate.

Tourism is a potentially important industry for the country and could significantly increase foreign exchange earnings and contribute to the national economy. However, many constraints need to be overcome and substantial resources need to be invested.

Changes in government thinking concerning the tourist potential of the country have become evident over the last few years. Following the creation of a separate Ministry of Tourism, a statement of government policies and objectives for the tourism industry was issued. This recognised tourism as a priority sector which should be expanded, with a substantial increase in the role of the private sector. It was decided that the state should divest itself of ownership and control of assets in tourism as quickly as possible.

However, the pace of privatisation has been slow, in particular since the initial approach to privatisation based on short-term leases proved to be a strategic error and, so far, only 28 per cent by value of tourism assets have been disposed of. On the other hand, the emergence of a network of small businesses in the private sector, such as hotels, bed and breakfast services and travel agents, is a positive development.

The Ministry has taken a number of important initiatives to develop a fresh approach to tourism. In particular, it has commissioned a national tourism master plan to set out clear objectives and strategies based on the require-

ments of the market and the introduction of the appropriate administrative structures for the good management of the sector. When it is finalised, this plan will be used as a key instrument in developing the sector and attracting foreign investment.

The rehabilitation of tourism in Romania commenced in 1991 with a Phare-funded study to identify institutional and development needs. Based on its recommendations, a Phare tourism development programme was prepared and implemented during 1993 and 1994, with the objective of helping the sector to make the transition from a centrally-planned to a market environment. Support concentrated mainly on institutional strengthening, manpower development, promotion and product development. The tourism master plan was prepared with support from this first programme.

The first programme has been successful but much remains to be done. In particular, there are still major problems in relation to quality of service, facilities and product. Substantial efforts are also needed to promote Romania as a tourist centre. Generally, the sector needs to be driven by market considerations, be regionally based and involve a large number of motivated and competing entrepreneurs.

Programme objectives

The overall objective of the programme is to support the modernisation of the tourist sector.

The specific objectives of the programme are to

- implement the proposals of the master development plan for tourism
- strengthen and improve the effectiveness of the Ministry of Tourism, in particular in the areas of legislation, investment promotion, human resource development, marketing and promotion
- strengthen and develop professional and trade bodies and other non-governmental organisations in the tourism sector
- decentralise activities with regards to rural tourism development and the promotion of local tourism initiatives, including setting up a resource centre.

The programme has two main headings:

- activities at national level
- activities at decentralised level.

Programme description

National level

MECU 1.7

Restructuring of the Ministry of Tourism MECU 0.1
Continued support will be provided for restructuring the Ministry and improving its efficiency through

- reproduction of the tourism development master plan for distribution to the relevant personnel and organisations, together with the organisation of seminars and workshops to encourage its wide-scale use
- further planning and evaluation of the proposal to establish a fully or partially-independent authority to take over some of the functions of the Ministry, particularly marketing and promotional activities. Emphasis will be placed on determining the functions of this new body, its structures, sources of finance, staffing, budgeting, control and establishment as a legal entity.

Regulatory function of the Ministry MECU 0.1

Support will be provided to the Ministry to develop and redefine its regulatory role through

- the attachment of at least one technical expert to advise on improving legal and regulatory structures and developing non-legal forms of regulation.

Investment promotion MECU 0.3

Support will be provided for the Ministry, the State Ownership Fund (responsible for privatisation) and the Romanian Development Agency (responsible for attracting foreign investment) through co-funding of activities designed to promote investment in the tourism sector. Technical expertise, the production of promotional material, as well as the organisation of symposia, workshops and educational visits will be supported to

- establish the nature and volume of incentives needed to attract investment and accelerate the privatisation process
- establish an investment and privatisation strategy
- promote investment in the sector.

Human resources MECU 0.7

Support will be provided to upgrade the quality of services in the sector through activities to upgrade the skills and motivation of tourism personnel, improve the capabilities of the National Tourism Training Institute and improve training for the hospitality sector. Phare will co-finance training activities with the commercial sector and participants with an emphasis on

- improving skills of training officers in commercial establishments
- day release and modular training programmes

- short intensive improvement programmes for supervisory staff
- distance-learning
- public relations and customer awareness for front-line service staff
- communications and languages
- hygiene, safety and security
- hotel plant, equipment and preventive maintenance
- retraining of workers displaced from other sectors.

Promotional activities MECU 0.5

Continued support to promote the country as a tourist centre through helping the Ministry to implement the marketing proposals of the tourism development plan. Support will be provided, mainly on a cofinanced basis, for

- limited trade and consumer advertising in major western European markets, including the selection of an agency or agencies to design and place advertisements
- rental of exhibition space and construction of stands at major travel trade fairs
- market research, including continuation of the visitor departure survey and other research in major tourism source markets.

Decentralised level MECU 2.6

Rural tourism development MECU 0.9

Support will be provided to develop rural tourism through an integrated approach, linked to traditional rural economic activities, environmental protection and local cultural traditions. The programme will concentrate on existing local partners such as the OVR tourism network, which concentrates at present on eight pilot zones covering 14 villages, and the Romanian Federation of Village Tourism. Resources will be provided for developing the capacity of selected villages to receive tourists, focusing on

- the appointment of a non-governmental organisation to act as an implementing agency and to draft a programme of work activities based on a needs assessment
- improving infrastructure, such as sign posting, common identification of accommodation, pathways, water supply and waste disposal
- training in operational and marketing matters
- promotional activities, such as the production of printed material, advertising, consumer and trade promotion.

Local tourism initiatives**MECU 1.4**

Support will be provided to develop tourism initiatives in urban areas with tourist appeal through the mechanism of a resource centre. The centre will implement the development proposals made in the tourism master plan and focus on

- providing an advisory service to foster and develop individual entrepreneurial initiatives and attitudes at local level, including advice on sources of finance, partnership arrangements, cofinancing and sponsorship. Leverage finance may be provided by the centre in certain cases
- providing co-financing with local government and authorities, chambers of commerce and religious organisations, for facilities and services recommended in the tourism master plan
- establishing micro partnerships with foreign individuals or organisations, in cooperation with ECOS/OUVERTURE, which support inter-regional cooperation networks
- publicising the centre's work and services through a newsletter, small symposia and other forms of promotion.

Grant disbursements will have an upper limit of ECU 20,000 or 60 per cent of the total cost per project, whichever is the higher amount.

Support will also be provided for attachment to the centre of a permanent foreign adviser, two or three short-term technical experts and local experts.

Strengthening professional and trade bodies MECU 0.3

Support will be provided to make professional and trade associations and companies more effective and improve the quality of their members' services. The programme will be organised in the following manner

- the Ministry of Tourism will promote and develop suitable non-governmental organisations (such as the hotels association, the travel agents association, the mountain tourism association)
- the Ministry will provide cofinancing support for these organisations through steering committees
- the steering committees will be composed of representatives from the Ministry, the commercial sector, the academic world and relevant international and European associations
- these intermediary bodies will be contracted to develop activities within their specific disciplines.

Programme Management**MECU 0.7****Implementation**

The overall programme will be managed by the Ministry of Tourism using the existing Programme Management Unit.

Major components of the programme, including the rural tourism development component and the resource centre component, will be sub-contracted in their entirety by the Programme Management Unit, although the unit will coordinate activities between the various parties involved.

A steering committee will oversee all implementation actions and will be composed of representatives of key institutions and associations involved in the programme.

Romania

Programme for small and medium-sized enterprises (SMEs) and regional development

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 18.4
Responsible authority	National Coordinator

Background

The emergence of private businesses has enjoyed an extraordinary boom since 1989 and numbers continue to grow. However, the quality of these businesses is questionable and some constraints still hamper SME development. Particular problems stem from administrative obstacles, financial difficulties, lack of available premises, problems in obtaining raw materials and a shortage of good advisory services.

Local responses to socio-economic problems have started to emerge, such as chambers of commerce and city administrations initiating economic and employment development projects. These form a part of the decentralisation process. However, it is generally recognised that this process is at a very early stage and lacks sufficient momentum to proceed without encouragement at the national level and significant support for local initiatives.

Regional development requires a regional policy framework at national level, including institutional arrangements and procedures for setting priorities, planning and coordination. It also requires action by local government authorities, SMEs, associations and other bodies with the motivation and capacity to generate economic activity and employment. However, no regional policy framework exists in Romania and regional policy is not an established or otherwise defined policy area.

Generally speaking, regional development relies heavily on SME creation and development. This interdependency is even more pronounced in central and eastern European countries where the promotion of private enterprise is an essential part of socio-economic transition and there is a shortage of funds for major investment in physical infrastructure. Therefore, in preparing a regional development policy framework, cohesion between SME development and other local actions needs to be ensured through an integrated approach.

The 1992 Phare SME development programme has been addressing several of these problems. It has supported institutional development by establishing the Romanian Centre for SME Development, five SME centres and five business innovation centres and has funded pilot projects and an SME grants scheme. Phare has also supported actions in the field of local and regional development. The privatisation and restructuring programme includes three integrated regional pilot projects while the social development programme includes a pro-active employment measure.

Programme objectives

The overall objective of the programme is to support the development of a regional policy framework at national level and provide technical and financial support for SME and local government actions..

The specific objectives of the programme are to support

- regional policy analysis and development and SME development
- information, training, advisory and pilot activities to raise awareness and skills for SME and local development initiatives
- a Local Development Initiatives Fund to strengthen and extend existing pilot actions, including SME centres, and to support initiatives of an innovative and cooperative nature
- pilot decentralised financial instruments catering specifically to SME development.

Programme description

Policy development

MECU 1.5

Regional policy analysis and development MECU 0.75
Support will be provided at inter-ministerial level for preparatory initiatives leading to the creation of a framework for regional policy and appropriate institutional arrangements. Activities will be organised in two stages.

Stage one, which may lead to a green paper for wider consultation, will focus on

- study visits and expert reports on the European Union experience and the experience of other central and eastern European countries
- detailed consultations and analyses of socio-economic indicators with a view to identifying relative needs and development potential of different areas broken down by local level and sector, with an emphasis on public

expenditure, indirect subsidies, production, consumption, social and physical infrastructure

- identification of actual and potential policy mechanisms available at national level, such as fiscal equalisation and local government finance, major infrastructure planning, state aids, central funding for regional development programmes
- definition of options for regional development programmes.

Stage two will focus on

- the development of a regional framework and the establishment of institutional arrangements at national level, including the stimulation of public debate and high-level consideration of options with government.

SME policy **ECU 0.75**
Support will be provided to strengthen the role of the Romanian Development Agency over SME policy and to facilitate multilateral cooperation with ministries involved in particular aspects of SME policy. The focus will be on

- background activities for policy development, such as information gathering and analysis and the preparation of an annual report on SME development
- preparation of policy proposals in key areas, such as fiscal policy incentives, access to, and an increased supply of, business premises, the relationship between state and private enterprises, finance for SMEs
- development of mechanisms for consulting with the private sector and gaining its opinion on policy and proposals, for example an entrepreneurship council comprising organisations representing SMEs
- extending and strengthening the Office of Advocacy, under the Agency's aegis, through general technical expertise and specialist advice, in particular to prepare a white paper on the legal and financial aspects of SMEs
- staff development and general capacity improvement at the Agency, including information on good practice in the European Union and other central and eastern European countries through study visits and reports, advice on structuring the relevant Agency department and the provision of some essential equipment
- coordination of business advisory centres.

Information, training and advisory activities

MECU 2.8

Support will be provided to encourage the development of SMEs and other local initiatives by local authorities, associations and other non-governmental organisations. Activities will focus on

- general raising of awareness for local actors throughout Romania, through conferences, open days, publications, audio-visual material as well as training and evaluation activities on specific issues for particular categories of participants
- technical expertise to consolidate and strengthen SME centres together with the promotion of networking to ensure the circulation of information and some joint activities
- creation of a resource centre on local development and SMEs to link up with European Union programmes, national and regional centres of expertise and European professional organisations. The centre will provide documentation, information and advice on these subjects and will encourage the participation of local bodies in international networks and programmes
- management of the Local Development Initiatives Fund and the funds available for pilot SME financial instruments.

Local Development Initiatives Fund **MECU 8**

Support will be provided for a fund to provide small grants to a variety of local bodies, accompanied by technical expertise available under other components of the programme.

Grants will be made for local development initiatives designed to

- strengthen and extend existing local pilot initiatives, including continued financing in a degressive way for existing and new SME development centres, follow-up actions and support for emerging projects in the three pilot regional conversion and development areas and the business advisory centres as well as actions to complement measures under the pro-active employment measures programme
- support new initiatives, mainly through a consortium of local bodies, ranging from the preparation of local and regional development plans to the creation of local resource centres and complementary small-scale environmental and infrastructural improvements

- support the participation of local bodies in international programmes and networks in the areas of SME and local and regional development, such as ECOS/OUVERTURE, which support inter-regional cooperation networks.

Pilot SME financial instruments **MECU 6**
Lending scheme **MECU 5**

Support will be provided for a lending scheme for four or five pilot regions to improve access for SMEs to medium term loans and to familiarise banks with the techniques of lending funds to SMEs:

- the scheme will provide funds for one to five years in the form of debt-financing to allow SMEs in manufacturing, or related sectors, to finance investment
- the scheme is designed to complement policy or advisory activities. In view of this, the selection of eligible regions will depend on the availability of advisory services as well as a number of other criteria, such as the number and nature of existing financial intermediaries, number and structure of existing SMEs, level of general economic development and other forms of support available to SMEs.

Technical expertise **MECU 1**
SME financial experts, chosen from financial institutions specialising in development schemes or SME financial support programmes, and local experts will

- work out the elements of the credit line, identify banks and other financial intermediaries wishing to participate in the scheme and establish the loan conditions
- train staff from the participating financial intermediaries in lending operations, including risk analysis and business plan assessment
- train SME support centre staff in the handling of applications.

Monitoring and auditing **MECU 0.1**

Implementation

The regional policy component will be carried out principally by a regional policy analysis and development task force. The task force will comprise experts from the relevant ministries and state bodies and also other external and local experts funded by the Phare programme. Logistical support will be provided by the Ministry of Finance, which will act as the host organisation for technical expertise. Technical expertise will be provided through a global contract providing external experts and local experts, who will also provide some logistical support to the task force. The SME policy support component will also be carried out through a global technical expertise contract providing external and local experts, with the Romanian Development Agency acting as the host organisation.

The other programme components will be implemented by an implementing authority, identified by the Romanian authorities in agreement with the European Commission. The information, training and advisory services component will be implemented through one or more contracts, managed from Brussels or by the programme implementing authority. The Local Development Initiatives Fund will be managed by a host organisation identified by the programme implementing authority. The pilot SME financial instruments component will be implemented on the basis of a specific agreement between the participating financial intermediaries and the implementing authority, expressing the terms and conditions of the loans.

Romania

Programme for civil society development

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 5
Responsible authority	Civil Society Development Foundation, in liaison with the Department of European Integration

Background

The reorientation of the economy as well as the political system depends not merely on the shape of a government's reform system but also on a radical shift in public attitudes and behaviour to support the growth of a civic society in which individuals and groups of citizens play their role as autonomous recognised actors and partners in social and economic development.

The non-governmental organisation (NGO) sector in Romania is characterised by the emergence of many new associations, foundations and informal groups and the splitting and transformation of some of the old organisations into new NGOs. An estimated 7,000 legally registered and broadly defined NGOs exist plus many more informal groups which are not yet legally registered. The number of registered organisations has grown by over 70 per cent in the last two years, notably in the area of environmental, social welfare, civic and professional organisations.

The NGO structure is very heterogeneous and many NGOs do not cooperate very effectively with similar NGOs. No umbrella organisations exist although some functioning networks serve the different NGO sectors. Examples of networking at local or regional level point to the potential for a regional approach to improve cooperation but only a handful of national NGOs have developed an extensive countrywide structure with local offices. The sector also suffers from a lack of consistent contacts with similar organisations abroad.

The capacity of NGOs to begin to deal with the pertinent issues of Romanian society is still very limited. Most NGOs whose activities are based on volunteer support have yet to develop skills to manage their organisations and carry out proper project planning and implementation. NGOs are not yet generally perceived by the public as a viable alternative for dealing with various cultural and social needs.

This is compounded by the fact that the government has only recently begun to acknowledge the potential that NGOs can offer.

Certain crucial areas require attention if the role of NGOs in civil dialogue is to be strengthened. There is a need to raise public awareness about the role of NGOs and to develop interaction between the NGOs themselves and the government. Efforts must also be directed at ensuring their sustainability, especially in respect of the financing of core costs and infrastructure. The legal, fiscal and regulatory conditions governing the operation of NGOs must be clarified. NGOs urgently need to improve their information base, their skills and expertise, in particular in the areas of management and organisation, public relations, fund raising and their dealings with volunteers, activists and members. In addition, more systematic relations must be established with NGOs abroad to facilitate the transfer of knowledge and experience.

The Civil Society Development Foundation is being set up as an independent support body for the NGO sector. It aims to ensure a fair and equal distribution of support at the national, regional and local level and to act in its own capacity, using its own resources for the common interest of the NGO sector and its long-term independence and sustainability. The Foundation is managed by a board of nine members, five drawn from the NGO community and four public personalities, of which two are civil servants.

Programme objectives

The overall objective of the programme is to strengthen the operational and professional capacity of NGOs, to broaden their range of activities and to increase their involvement in society at national and local levels.

The specific objectives of the programme are to

- create better conditions for NGOs to function effectively and thrive, in particular through increased information and awareness of their role among the public, media, civil servants and policy makers, as well as an improved legal and regulatory framework
- improve the skills and capabilities of NGOs with regard to their internal management and external operations, through training, cooperation and expanded networks, management support and improved public relations and fund-raising methods
- extend the scope, type and quality of activities performed by NGOs

- cultivate the collective responsibility of NGOs for the long-term development of the sector and ensure the sustainability of the newly created Civil Society Development Foundation.

Programme description

Grant aid for NGO initiatives MECU 3.75

Two forms of grant aid will be managed through the Foundation for Civil Society Development : for institutional building and for project development. Selection of projects will be made by the Foundation according to detailed priorities and eligibility criteria. Recipient NGOs will have to make a certain contribution themselves, in cash or kind, to ensure their commitment to the activities.

Eligible NGOs will typically include civic education, environmental and consumer organisations, cultural, health, social and welfare organisations, human rights organisations, women's and youth organisations. Academic, scientific organisations and professional organisations will generally be limited to training and resource centre activities. Political parties, trade unions and employer bodies will not normally be eligible.

Institution building MECU 1.75

Funding will be provided for various initiatives by NGOs, acting individually or collectively, to improve their effectiveness and institutional capacity.

Training activities (average grant ECU 3,500)

- targeted at leaders, staff, volunteers, activists, members and professional trainers of organisational staff and government officials dealing with NGO staff
- typical programme subjects will be professional management of NGOs, long-term planning, accounting systems, campaigning, public relations, cooperation with government, networking with NGOs, visibility and social accountability, involvement of volunteers, members and other partners
- priority will be given to activities which involve cooperation between organisations
- grants will in the main cover salaries for teachers, travel expenses and the costs of the production or purchase of training material

Creation of NGO knowledge

and resource centres (average grant ECU 20,000)

- designed to provide information on and for NGOs and to offer legal guidance, advice on fund applications and evaluation procedures, public relations support for NGO activities as well as advice on potential donors and on developing links with public authorities and western European NGOs
- centres should be developed by a broad group of NGOs and operate at a sectoral, regional or local level with full or part-time professional staff
- infrastructure and initial running costs may be eligible for funding.

NGO information and cooperation activities for local communities and disadvantaged groups (average grant ECU 5,000)

- decentralised information activities by individuals or groups of NGOs, such as meetings and publication of documentation
- production of directories on NGOs classified by sector of activity and information handbooks on issues such as how to establish NGOs, models for statutes, legal guidance, fund raising.

Project development MECU 2

Funding (average grant ECU 5,000) will be provided for project development to enable NGOs to launch new types of activity or use new methods to achieve a distinct change in style or increase their operational impact:

- for newly established NGOs to carry out initial project development activities and for more experienced NGOs to diversify and extend their activities
- priority will be given to actions with a clear multiplying effect, for example those involving teachers and the media
- grants may cover short-term operating costs, needs assessments and core infrastructure.

Foundation initiatives**MECU 0.55**

Funding will be provided for the Foundation to

- analyse legislation affecting NGOs with a view to developing clear guidelines for the NGO sector, improving their legal and fiscal environment and developing worker relations with government authorities. A working group of NGOs and experts will also be established
- organise public awareness campaigns on the achievements of the NGO sector, workshops and briefings for journalists, generally encourage reporting of NGO events and arrange surveys on NGOs and public opinion of the sector
- develop a national NGO information and documentation centre, including an NGO database, and develop comprehensive information on NGOs in cooperation with the Soros Foundation for an open society and government authorities. The centre will also disseminate general guidelines on legal, fiscal, managerial and funding issues and provide information about European Union NGOs
- organise 'training of trainers' courses, including training abroad.

Foundation management and development**MECU 0.7**

Support will be provided for institution building for the Foundation and for certain costs which it incurs. Funding will be available for

- the development of a fund-raising strategy to attract various sources of sponsorship and support from public and private agencies in Romania and abroad
- the initial running costs of the Foundation, including the secretariat, the panel of experts, evaluation teams and programme publicity
- technical expertise for running the programme.

Implementation

The programme will be managed by the Civil Society Development Foundation, through its secretariat and Programme Management Unit. An external expert will be attached to the secretariat during the Foundation's initial phase of operation.

Slovakia

Programme for public administration support

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 4
Responsible authority	Ministry of Foreign Affairs

Background

Since the split of former Czechoslovakia, Slovakia has been building its own institutions and this process should be completed in the coming year.

The government has recognised the need to reform the public administration system with a view to developing democracy, involving citizens in the decision-making process, establishing an appropriate tax base to support local government activities and encouraging decentralisation.

The gradual change of systems requires the strengthening of managerial capacities, especially at local government level, where new responsibilities need to be established, for which the applicable funding regime is not yet clarified.

The government is firmly committed to bringing its legislation and standards into line with those of the European Union with a view to establishing favourable conditions for trade and industry.

Phare has supported a number of activities to modernise state structures through general technical assistance facilities, in particular to develop the training infrastructure of public administration and local government and to provide legislative support to Parliament. More intensive support is now needed to develop a systematic approach to modernise the administration, increase efficiency and facilitate restructuring and decentralisation. Better coordination is also needed between government departments, agencies and the state administration bodies at local level.

The use of information technology in support of public administration has not been extensive and is based generally on small local networks of personal computers, although there is a wider network linking the leading ministries. These systems are not necessarily compatible nor are they able to communicate easily with each other. It is important to agree some common and consistent standards before developing systems further.

The importance of information technology for the public administration and for the development of the country as a whole has been recognised by the government. A national strategic programme for information technology has been adopted to develop a national information technology infrastructure. This needs to be detailed, complemented and implemented.

Support is being provided through the 1994 general technical assistance facility for coordinating the legislative documentation and information needs of university law faculties, the comparative law unit in the Parliament, the Office of Government and the Ministry of Justice. Parliamentarians are also receiving initial legislative and professional support. To ensure that legislation is approximated to that of the European Union, these efforts need to be consolidated and extended

Programme objectives

The programme is designed to support activities to

- reform public administration, its legal framework, allocation of funds and the definition of responsibilities for central and local government bodies
- establish and implement an in-service training programme for civil servants, local government staff and elected officials
- provide Parliament with the means to strengthen its legal advisory capabilities on domestic and European Union legislation and general parliamentary work
- develop a national information technology infrastructure to improve the efficiency of public administration, in particular through establishing a computerised commercial registration system and a legal information data base.

Programme description

Public administration

MECU 2.1

This component is designed to support strategic studies, transfer technical expertise and elaborate a public administration reform strategy to improve the overall organisational structure of public administration. It will also help to establish an appropriate policy and legal framework for the civil service, management and control systems, taxation and public expenditure planning and control. In addition, it will lay the framework for appropriate training and education for all levels of public administration and improve the legal skills of parliamentarians.

Organisational assessment of the major public administration institutions MECU 1.17
The focus will be on

- clarifying responsibilities of the line ministries and/or national agencies, reviewing existing missions, organisational charts and procedures to set up the main prerequisites for constructive cooperation between the components of central state administration
- developing a network culture to emphasise the role of the coordination structures
- determining the optimal format of the central structures according to their missions, the budgetary context, available human resources, and delegations of competences for local state administrations
- setting up appropriate evaluation procedures.

Reviews will also be conducted of

- functions, competencies and funding for the policy and legislative framework, with special reference to the procedural rules regulating the cooperation of self-governing local bodies and central or local state administration.
- both internal and external use of management and control systems, with particular reference to regional and local government issues as well as to procurement procedures and communication systems between the operational structures of the various line ministries
- state administration financing and the control of public expenditure with a view to implementing an integrated finance management system to span the entire procedure from the forecast of expenditure to the final stages of payment, including control of physical results and audits
- staff management, including the drafting of a civil service law for public servants, career planning, improving the pay system, introducing competitive and impartial recruitment procedures and preparing the conceptual and technical instruments of human resource management and planning in the public administration

In addition, support will be provided for

- a feasibility study to define the optimal structure and missions of a central service in charge of civil service policy and the implementation of guidelines for state and local self-government

- creation of an administrative documentation centre, including transfer of technical expertise, training of specialists, procurement of an initial base of international documentation and measures to facilitate appropriate connections with the legal information system.

Local government training MECU 0.4
Support will be provided to establish and implement an in-service training programme for local government staff, elected officials and civil servants. The programme will be set up with the Foundation for Training of Local Officials and its eight regional centres in cooperation with other bodies and will be designed to

- 'train trainers'
- carry out specific training courses for employed staff and elected officials, in particular on issues such as innovation schemes and methods of decentralised cooperation
- organise fellowships in well-defined sectors of professional interest, study visits or conferences for local government staff and elected officials
- train newly elected mayors or council members, chief executive officers of towns and municipalities in issues such as human resource management and legal matters, financial management, public utilities management, social services, information and communication technologies
- develop a training module to bring local and state officials together at joint seminars and to encourage cooperation between both sectors.

Support for Parliament MECU 0.5
Continued support will be provided to strengthen Parliament's legal advisory capabilities on domestic and European Union legislation and on general parliamentary work. The focus will be on the development of an internal and external legal information system and a comparative law unit through

- the placement of a resident legal expert and other analytical support to strengthen parliamentary work
- expertise for reviewing existing or proposed legislation
- purchase of European Union legal databases and translation facilities.

Audit and monitoring MECU 0.03

Information Technology strategic development

MECU 1.65

This component will provide support for implementing the national strategic programme for information technology. This will help to establish a new regulatory framework and introduce standards in line with European Union norms. It will also support the development of a communications infrastructure to inter-link the information systems of the state administration and establish cross-sectional and common tools for information systems development (registers, catalogues, classifications). Support will be provided for

- strategic studies to analyse the current situation of the information technology infrastructure and propose recommendations for further development
- expertise to develop and implement an upgraded and computerised company registration system and improved service to commercial courts, business users and governmental services, including the provision of hardware and software
- a feasibility study on the creation of a comprehensive legal information system, including a needs assessment of the agencies concerned, with a view to facilitating (in particular) the compatibility of legislation with that of the European Union, including the provision of legal texts, summaries and commentaries in the Slovak language and a European Union language

Project Management Unit

MECU 0.25

Implementation

Responsibility for the general management and financial administration of the programme will lie with the Programme Management Unit responsible for implementing Phare general technical assistance facilities, based at the Ministry of Foreign Affairs.

For the public administration reform component, the unit will cooperate closely with the Committee for Public Administration and Territorial and Administrative Restructuring, the Ministry of Interior and the Institute of Public Administration. The training component will be implemented in cooperation with the Institute for Public Administration, the Foundation for Training of Local Officials and other relevant training institutions.

The information technology component will be implemented in collaboration with the Ministry of Justice, as regards the upgrading of the commercial register, and with the Office of Government in the Prime Minister's Office, as regards the legal information system.

Slovenia

Programme for vocational education and training reform

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 3
Responsible authority	Ministry of Education and Sport

Background

The transition to an open democratic society, building on a market economy, is dependent on the comprehensive development of qualifications for the country's population.

Comprehensive training activities have been organised in many sectors to meet short-term qualification needs but, in the longer term, a general reform of the vocational education system is needed.

Continuing problems in the secondary education field include both over-specialisation and too early a choice of specialisation. There are also weaknesses in subjects relating to the market economy. Teaching methods are based on teacher-centred facts-learning rather than innovative and problem solving approaches. There is a serious lack of resources for development projects and the systems of financial allocation and education management are inadequate. Materials, equipment and buildings are outdated.

Slovenia is in the process of an intensive and fundamental transformation of its education and training systems. The 1993 Higher Education Act focuses on the restructuring of universities and the creation of non-university higher education institutions offering professional studies.

A draft bill on primary and secondary education is before Parliament and proposes a major restructuring of the vocational training system, including its independent status from general secondary education. The government's policy for vocational and professional education aims to improve links between education and training on the one hand and industry and the public sector on the other. Particular emphasis is placed on facilitating the passage of graduates from school to work, through methods involving curricula with a practical orientation, practical placements in enterprises and public sector organisations and training for self-employment.

The new bill also foresees the creation of special vocational and professional colleges at the post-secondary level, to form an important link between general secondary and secondary vocational schools and specific job market needs.

Phare has concentrated on short-term training activities for Slovenia, in areas such as privatisation, SME development, banking, labour market and social policy, public administration and agriculture. TEMPUS has provided support for upgrading and modernising higher education, mainly through partnerships with institutions in the European Union.

Programme objectives

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

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

Programme description

Curriculum development MECU 0.8

This component is designed to develop new curricula for vocational education in a comprehensive and coordinated manner. 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 15 to 20 selected schools on a pilot basis. A geographical spread of schools, as well as different types of secondary vocational schools, will be aimed at. The curricula of specifically selected occupational families will be developed.

Support will be provided for

- developing new curricula for 15-20 occupational subject families
- developing 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)
- producing textbooks for the new curricula.

Teacher training **MECU 0.3**

To give teachers the necessary background for working with the new curricula, support will be provided for developing training courses for teachers and directors in the pilot schools, concentrating on transferring knowledge of

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

Partnerships with vocational schools in the European Union **MECU 0.4**

Some four to five vocational schools in the European Union will be selected to build up partnerships with the pilot schools. These activities will be closely linked to on-going 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 **MECU 0.9**

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 given to ensuring that these represent realistic levels of investment which are affordable and replicable in other schools.

Development of education policy and dissemination of results **MECU 0.3**

This component is designed to develop a strategy for vocational education for the country as a whole. Support will be given 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 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 the experience learned 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 Unit **MECU 0.3**

Implementation

The programme will be managed by a Programme Management Unit, guided by a steering committee as regards strategic decisions. The committee will comprise board members of the Council for Vocational Training and a representative from the pilot schools. The Programme Management Unit will be set up within the Ministry of Education and Sport or will be closely linked to it.

Cross-border cooperation programmes

Poland

Cross-border cooperation programme with Denmark

Approved by the Management Committee at meeting n° 34 on 21-22 November 1994

Duration	until end 1997
EU contribution	MECU 3.75
Responsible authority	Office for Trans-border Cooperation, Council of Ministers

Background

The Polish government places great importance on cross-border cooperation between the regions of Poland and those located across its borders. Special attention is paid to cooperation between regional and local authorities as well as economic operators active in the border areas.

The strategy for developing border regions is related to the government's main strategic economic objectives. These are to achieve close links with the European Union, leading to membership, as well as to fulfilling a bridging role between the European Union and the former Soviet republics.

The sea border with Denmark is envisaged as having a significant role for Poland's integration into the European Union, due to its proximity to the new European Union Member States which will join from 1995. Poland's active policy with respect to its Baltic neighbours, within the context of the Baltic Council, is therefore in harmony with both the tactical goals of closer practical cooperation and the strategic objective of integration. As a result, the 1994 programme puts special stress on developing measures directly related to the common Baltic sea border where both environmental and tourism development measures are seen as essential for the growth of future cooperation between the partners.

The Baltic Sea has become increasingly polluted as a result of the discharge of industrial chemicals and untreated effluent. The amount of refuse and items dumped in the sea is considerable. Accidents involving merchant ships, the continued presence of rotting wrecks and the loss of dangerous cargoes have added to the considerable amount of military and naval wreckage which litters the coast and the sea bed.

To combat these effects, it is necessary not only to sustain prophylactic actions to deal with water cleanliness but also to educate the general public. The development of the tourist trade along the coast will engender public awareness of the problems. This will also attract funds to resolve some of these problems and generate extra revenue to create additional resources.

The 1994 budget of the European Union included a new budget line for MECU 150 to promote cross-border cooperation between the regions of central and eastern European countries and adjacent regions in the European Union Member States. The new Phare programme on cross-border cooperation aims to help these regions overcome specific development problems, stemming from their relative isolation in the national economy, in the interest 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 assist the regions concerned but will also stimulate the development of the country as a whole, as well as its integration with the European Union.

Programme objectives

The programme is designed to

- further control and improve the quality of water flowing into the Baltic sea
- stimulate the economic development of the coastal border regions nearest to Denmark through increased tourism
- promote contacts between coastal neighbours by increasing harbour capacity and visitor accommodation facilities.

Programme description

The programme will commence with the voivodeships of Szczecin, Koszalin, Slupsk and Gdansk, with possible extension to further regions in 1995.

Water treatment

Effluent treatment - Bialogora

MECU 1.7
MECU 0.535

An effluent water treatment plant is being completed at Bialogora, in the voivodship of Gdansk. The scope of works needs to be extended to cater for the growing number of tourists to this attractive area, which increases household numbers from 3,000 to 5,000 during the tourist season.

Phare will contribute funding for realising the major component of the second phase of the project, involving

- purchase of a bio-reactor and contact filter, power feeder, drains, equipment for the sewage plant
- installation of a 470 m long sanitary sewage system
- construction of a 200 m access road.

River management - Parseta MECU 0.945

The Parseta River is the longest river in the region, running for 157 km. The overall complex water management project of the river involves energy production, water cleaning, tourism development and ecological agriculture and fishing, designed to contribute to economic development in the Kolobrzeg region.

The present project involves the construction of the Osowko retention reservoir with a 350 hectare surface. Phare will contribute funding for

- technical documentation for constructing the reservoir
- preliminary construction works, including levelling of the ground, geological research and surveying.

Coastal monitor - Szczecin MECU 0.22

A water pollution monitoring system is being installed at Szczecin, including a mobile control and test station and underwater instrument carrier. The detection system for mapping objects on the sea bed can be applied for all sorts of underwater works, such as the detection and removal of obstructions to navigation, monitoring of physical and chemical features of water, abyssal research in zones with toxic deposits, hydrotechnical construction works, oil industry, etc.

Phare will contribute funding for

- purchase of necessary equipment
- experimental research
- promotion of the system to interested local and international institutions.

Tourism infrastructure - Leba harbour MECU 1.9

Leba, in the voivodeship of Slupsk, is a major tourist resort. Its unique moving dunes and beautiful beaches attract hundreds of foreign yachts each year. A port is being constructed at the mouth of the Leba River to accommodate 200 yachts. The project for developing the port will serve as a model for similar initiatives in other Polish coastal towns.

Phare will contribute funding for the major components of the construction works, including

- buildings
- yacht berths
- storm water drainage, electric network and lighting
- pavements
- dredging
- training activities
- a promotion campaign
- activities which enable the exchange of experience with Danish counterparts.

**Reserve
Appraisal**

**MECU 0.1
ECU 50,000**

Implementation

The overall coordination and financial responsibility for the programme will lie with the Office for Transboundary Cooperation at the Council of Ministers' Office, which has already established a Programme Management Unit for cross-border cooperation programmes. The Office will have overall responsibility for preparing and launching tenders, evaluating offers, contracting and supervising works and for final acceptance of offers.

The implementation arrangements envisage involvement of the local and regional authorities from border regions as well as a structure to ensure coordination with the Danish authorities. A programme steering committee has been established to identify projects and monitor the programme as a whole.

