



T A C I S

SYNTHESIS OF ACTION PROGRAMMES 1992

TACIS Information Office

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Document printed with the support of D.G. X/B/4.

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TACIS 1992

TECHNICAL ASSISTANCE FOR ARMENIA

Priority Areas: National

Government Advice
Support for Enterprises
Human Resource Development
Food Production and Distribution

Priority Areas: Regional

Transport
Telecommunications
Agriculture
Energy
Support for Enterprises

Funding:

1992: ECU 9.55 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know how required for the reform process through provision of relevant advice and expertise.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The programme objectives support and complement the Armenian Government's own reform measures. These include liberalisation of the banking sector and the establishment of a central bank and commercial banks, privatisation legislation and initiatives in land and small enterprise privatisation.

The country has made rapid headway but progress is hampered by the grave economic condition and continued fighting in neighbouring countries (Azerbaijan and Georgia). Despite reduced expenditure and the introduction of new taxes, many transactions are on a cash basis and revenues are well below estimates. The banking system has virtually broken down. Without political stability and a resumption of energy supplies it will be difficult to attract foreign investment and continue economic development and reform.

PROGRAMME COMPONENTS

1. Government Advice

ECU 2.85 million

EC expertise will be provided to help in the areas of public administration and tax reform, budgetary procedures, debt management, trade, and international payment systems.

Assistance will be given to help streamline the Energy Ministry and move the sector towards a market economy performance. The Transport Ministry will receive advice on management, planning, operational and safety issues in the pursuit of improved economic efficiency.

2. Support for Enterprises

ECU 3.20 million

Industrial production has plummeted, and by January this year (1992) 80% of production capacity lay idle. Despite current difficulties, the Government's objective is continued reform with the aim of achieving a private sector-led market economy.

Privatisation

The Department of Enterprises will identify companies for privatisation, and the Department of Privatisation will implement the policy. To date more than 300 small enterprises have been privatised, but neither department is familiar with the economics or principles of privatisation as they apply to larger enterprises.

TACIS will, with the aim of developing a comprehensive "privatisation model":

- help in the development of a privatisation strategy
- provide legal assistance
- assist in devising and implementing pilot privatisations
- support the creation of a database of enterprises to be privatised

Small and Medium Sized Enterprises

TACIS will assist in the establishment of an SME Development Agency to provide information and consulting services, training and exchange systems. A Business Communication Centre will also be opened as a practical exchange centre for European and Armenian enterprises.

Financial Services

TACIS will provide assistance for the restructuring of the banking system, the improvement of diagnostic ability and general banking skills, and cost-effective training programmes.

3. Human Resource Development

ECU 1.50 million

The public administration and the trades unions are faced with a rapid adaptation to the changes necessary for a market economy.

TACIS assistance will establish and support a Commission for the Reform of the Public Administration, will define the requirements of the School for Public Administration, and will help trades unions in restructuring, organisation and training efforts.

4. Food Production and Distribution

ECU 2.00 million

Although 70% of agricultural land is in private hands, farmers are dependent on the State for seeds, feed and agricultural supplies, credit, transport and marketing. The Armenian Government is moving quickly to extend privatisation.

Technical assistance will be provided in the creation of alternative models for voluntary farmers' organisations, to act as links between the new private farmers, government services and the economy. A demonstration food collection centre and other measures are aimed at the prevention of post-harvest losses. Policy advice and direct expertise will be provided to privatise services in the food production and marketing sectors.

Regional Cooperation

Transport

Development of the transit route between the Black and Caspian Seas, Central Asia and the Caucasian countries to gain optimum utilisation of transport facilities between Bulgaria, Poti (Georgia) and Kazakhstan. This will be achieved through improved management and organisation of existing facilities and strategic planning of cargo flows.

Telecommunications

Master study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Agriculture

Survey of the grape and wine production industry in the Caucasus Republics, including the possibilities for diversification and marketing of grape juice and other alternative products.

Energy

Improved operation and financial management of the region's oil and gas pipe-lines.

Support for Enterprise

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR AZERBAIJAN

Priority Areas: National

Government Advice
Support for Enterprises
Human Resource Development
Food Production and Distribution

Priority Areas: Regional

Transport
Telecommunications
Agriculture
Energy
Support for Enterprises

Funding

1992: ECU 12.5 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The programme objectives support and complement the Azerbaijan Government's own reform measures. These include land, privatisation and foreign investment legislation, price liberalisation, an overhaul of government structures, the creation of agencies for privatisation and SME development, and the reorganisation and upgrading of skills in the banking sector.

However, progress has been slow and difficult. Beyond the difficulties confronting all the former USSR states in the area of economic reform, there are uncertainties about institutional responsibilities for the reform process, the deteriorating economic environment, continued fighting in Nagorno-Karabakh, and the previously unsettled internal political situation.

PROGRAMME COMPONENTS

1. Government Advice

ECU 4.40 million

EC expertise will be provided to help bring about a fundamental change in economic policy planning in several areas.

Transport

TACIS will give advice for the improved management and development of transport networks (Baku Airport, the Caspian Shipping Line, railways, telecommunications).

Agriculture

TACIS will assist in the development and implementation of a new agricultural policy concentrating on long-term planning and minimum regulation, providing agronomic research and integrated data services.

Energy

TACIS will provide assistance in the establishment of government-owned but operationally independent utility companies, the drafting of a comprehensive legal framework for the energy sector, and studies of the export potential of existing energy sources through improved energy savings.

2. Support for Enterprises

ECU 2.70 million

A lukewarm acceptance of privatisation as a priority and a lack of the skills and understanding necessary to carry out the reforms means that the privatisation process has made little headway.

Privatisation

TACIS will provide support for the creation of a High Level Policy Group able to articulate the strategic objectives of the privatisation programme. Assistance for the establishment of a Privatisation Agency to guide the effective implementation of the privatisation process, and help with establishing its structure, rules and training activities. Assistance in drafting the privatisation law.

SMEs

TACIS will give support for the establishment of an SME Development Agency to provide business information, training and advisory services, and to serve as a channel for applications for banking credit within the framework of a loan guarantee scheme. The Agency will act as a forum for SME representation to government.

Financial Services

TACIS will provide assistance to the banking sector through cost-effective training of trainers in areas such as credit evaluation, payment systems, corporate finance and international banking. Selected trainers will be seconded to EC banking institutions.

3. Human Resource Development

ECU 3.00 million

The comprehensive reorganisation of the public administration is a very high priority in Azerbaijan. Technical assistance under the TACIS programme will help develop a modern and efficient civil service.

Public Administration Reform

TACIS will give advice to the Commission for the Reform of Public Administration on the legislative framework for the restructuring of government departments and on the reorganisation of public administrations. The Commission will also receive advice on formulating programmes to improve civil servants' performance through reorganisation of recruitment and new incentive systems. TACIS will also provide support for the setting up of an Institute for Public Administration.

4. Food Production and Distribution

ECU 2.40 million

The programme will provide assistance in privatising the food distribution sector through the creation of a new private distribution network, working with existing state structures. There will be help for the formation of farmers' groups and the testing of model voluntary farmers' associations which might function as collection and rural processing centres.

Regional Cooperation

Transport

Development of the transit route between the Black Sea and the Central Asia countries, the "Euro-Asian Transport Project" to gain optimum utilisation of existing transport facilities between Bulgaria, Georgia (Poti) and Kazakhstan (Alma Ata). This will be achieved through improved management and organisation of existing facilities and strategic planning of cargo flows.

Telecommunications

Master study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Agriculture

Survey of the grape and wine production industry in the Caucasian states, including the diversification and marketing of alternative products such as grape juice.

Energy

Improvements in the operation and financial management of the regional oil and gas pipelines.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR BELARUS

Priority Areas:

Government Advice
Food Production and Distribution
Support for Enterprises
Energy
Transport
Human Resource Development

Funding:

1992: ECU 14.63 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

TACIS programme objectives support and complement the reform measures taken by the Belarus Government.

The moderate pace of economic reform has been largely in response to events in Russia and Ukraine. Though committed to the process of economic transformation, the Government seems cautious about profound market-oriented reforms and enthusiasm for policy advice remains tentative in some areas. Most systemic reforms remain to be implemented. Monetary policy is incoherent. Privatisation has been insignificant and lacks a legal framework. Despite their high level of professional skills, administrators, entrepreneurs and managers have difficulty coping with greater autonomy.

PROGRAMME COMPONENTS

1. Government Advice

ECU 0.7 million

TACIS funded teams will complement the assistance given by experts funded under the "European Expertise" facility, who will help Ministries and State Committees to deal with the conversion of military industry to civilian production, demonopolisation legislation and activity, and energy strategy and management.

TACIS will also give assistance to the Ministry of Transport, and advise on privatisation, the training of senior civil servants, food production, and tax administration and collection.

2. Food Production and Distribution

ECU 2.8 million

Agriculture is key to the Belarussian economy, employing about 20 per cent of the population. There is significant potential for growth.

TACIS will support improvements in potato production and processing through increased yields, profitability and reduction of storage and distribution losses. A pilot seed potato farm will be established, potato-based food products developed and vocational training given.

Advice will be given for the development of an efficient vegetable oil and protein production, and opportunities and investment requirements in the babyfood industry will be examined. TACIS will assist the creation of a privately owned market-oriented retail food distribution system by installing a pilot shop in Minsk and training retail store managers. The shop will demonstrate techniques for reducing losses and prolonging shelf-life, and direct supply arrangements will bypass inefficient wholesale channels.

3. Support for Enterprises

ECU 7.23 million

TACIS support will be given in four areas in 1992: privatisation, SMEs, military conversion and financial services.

Privatisation

ECU 1.23 million

TACIS will support the implementation of privatisation legislation and will help and strengthen enterprises who are courted by foreign interests. A team of experts will assist enterprises in negotiations for joint ventures and long-term contracts. A pilot project is aimed at creating small private trucking companies.

Small and Medium Sized Enterprises

ECU 1.5 million

There are already 100,000 registered SMEs in Belarus, and the number is growing. "Entrepreneurs' Associations" are lobbying actively and competently for a free market environment.

TACIS will support the establishment of a Business Communication Centre aimed at helping both EC companies to identify opportunities in Belarus and Belarus business to recognise EC trade opportunities. With TACIS support, about 50 entrepreneurs and managers will be trained in modern management techniques in EC management schools, and assistance will be given to upgrade Belarus education institutes for the same purpose.

Defence Conversion

ECU 1.7 million

Military industrial activity represents about 30 per cent of the country's industry, and employs the most highly educated people.

TACIS will support the establishment within the Ministry of Industry of an Advisory Group to help with project and product evaluation, the establishment of priorities and coordination of the conversion effort. The Group will assist the AGAT plant to produce agricultural equipment and machinery. The ECRAN plant will be helped to convert part of its capacity to the production of control instruments for energy savings.

Financial Services

ECU 2.8 million

TACIS will fund a Banking Support Unit (BSU) which will act as an advisory body to the Association of Commercial Banks of Belarus (ACBU). It will provide training and advice in foreign exchange and credit analysis/risk management, and in helping banks educate companies in the transition to a market economy.

TACIS will also support a training programme for banking middle managers, key specialists and trainers, and assist in efforts to improve tax collections through training, advice, computerisation and the simplification of taxation for the public.

4. Energy

ECU 1.9 million

Belarus is heavily dependent on external suppliers for energy, which it consumes disproportionately to its needs. Energy efficiency is largely neglected and restructuring has hardly begun. A proposed Ministry of Energy will encompass electricity, solid fuels and gas. Oil is not yet included.

TACIS will fund a group of experts to provide advisory services on energy strategy. It will advise Government on privatisation issues, energy legislation, the creation of a competitive energy environment, formulation of an electricity plan, energy savings and supply strategies, and energy pricing.

TACIS experts will assist in pilot operations to improve efficiencies in energy production (in a big electricity power plant) and in energy conversion (the Novopolotsk petrochemical plant). In addition, 15 managers will receive training in the power generation and the oil and gas industries.

5. Transport

ECU 1.0 million

TACIS will assist in the creation of a Ministry of Transport, the development of its legal framework and the selection of priorities for the allocation of its scarce resources.

Air traffic safety standards are low, and technical assistance will be given to help the relevant authorities achieve acceptable safety levels.

TACIS-funded experts will also help in the assessment and recovery of charges for the use of Belarus aeronautical routes. In relation to road transport, a feasibility study will define how to finance the upgrading of the main East-West road in Belarus to European highway standards.

6. Human Resource Development

ECU 1.0 million

Unemployment is rising in Belarus, and despite the arrival in the workforce of continued large numbers of highly trained graduates, their skills increasingly do not respond to the demands of the market.

TACIS will help the State Committee of Labour and Social Defence of the Population to strengthen its unemployment services by giving advice on labour policy and employment management, guidelines for restructuring, and the re-training and matching of employment demand and supply.

A TACIS-funded training programme will teach 60 Belarussians to assess technologies in terms of market potential, and to consider issues such as product costing, financing and productivity. The programme will be carried out in selected Belarussian and EC-based higher education institutions, and provides for on-the-job training in EC companies. The aim is to help managers achieve industrial self sufficiency and prepare for autonomy and privatisation opportunities.

TACIS 1992

TECHNICAL ASSISTANCE FOR GEORGIA

Priority Areas: National

Government Advice
Support for Enterprises
Human Resource Development
Food Production and Distribution

Priority Areas: Regional

Transport
Telecommunications
Agriculture
Energy
Environment
Support for Enterprises

Funding

1992: ECU 9 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The programme objectives support and complement the Georgia government's own reform measures. These include the partial redistribution of agricultural land, price liberalisation initiatives, the establishment of a central bank and commercial banks, banking liberalisation, a legal framework and other initiatives for privatisation.

However, progress has been slow. Beyond the difficulties confronting all the former USSR states in the area of economic reform, Georgia particularly handicapped by its deteriorating economic environment, an unsettled political situation and continued fighting in neighbouring countries. There are also unnecessary overlaps and duplication of effort in the implementation of economic reform.

PROGRAMME COMPONENTS

1. Government Advice

ECU 2.75 million

Policy advice will be provided to assist high-level macro-economic management, including tax reform, budgetary procedures, debt management, the financial aspects of trade, exchange controls and international payment systems.

All these areas need immediate practical help to install appropriate mechanisms.

Ministries, including Labour, Social Security and the Electricity Board, will be assisted in the development and adaptation of sector policies to reflect the new economic environment. The Advice will also be given on port and airport development and management.

2. Support for Enterprises

ECU 3.5 million

Although the government has adopted important economic reform measures, implementation has been slow and difficult. TACIS assistance will provide support for future efforts.

Privatisation

The Committee for Privatisation has identified 85 enterprises for privatisation, but is unfamiliar with the economics and principles of privatisation. TACIS will provide :

- institutional support and legal advice to the Committee for Privatisation
- assistance for pilot privatisation transactions
- a detailed diagnostic survey of selected industries
- a database of enterprises to be privatised

The aim is to develop a comprehensive "privatisation model".

There will also be assistance for the establishment of retail food shops and bakeries, and of bakers' and food retailers' professional associations.

Small and Medium-sized Enterprises

TACIS will support the establishment, with Georgian institutions, of an SME Development Agency to help the growth of the private sector. The Agency will provide information, consultation, training and exchange services. A Business Communication Centre will also be set up.

Financial Services

TACIS will give assistance through the training of trainers and the production of video training programmes to reach the largest number of bank personnel at lowest possible cost. Selected trainees will be seconded to EC banking institutions.

3. Human Resource Development

ECU 1.25 million

An urgent priority in Georgia is the strengthening of the national capacity to train people in the operation and management of a free market economy. The general level of education is high, but many people in public administration, banking and the private sector have only a rudimentary knowledge of management methods, commercial law and accounting.

Assistance under the TACIS programme will enable the Tblisi Business School to offer accounting training for the banking sector and management and commercial law for the enterprise economy. Manuals and other teaching materials will be adapted into Georgian. Training programmes for teachers and bank staff will be carried out in Europe and Georgia.

4. Food Production and Distribution

ECU 1.5 million

Radical reforms in the Georgian agriculture sector have resulted in the privatisation of state farms and major structural changes to ease the transition to a free market economy.

TACIS will provide technical assistance for the formulation of a legal and institutional framework for the transfer of agricultural land and assets. Within government, job specifications will be overhauled to ensure they are suitable for the new economic regime.

The Ministry of Agriculture will be assisted in the re-orientation of its role to one of service and support for the private farmer. Policy advice and training will be given, and alternative models for voluntary farmers' organisations will be tested for suitability as links between novice farmers, the economy and government services.

Regional Cooperation

Transport

Development of the transit route between the Black and Caspian Seas, Central Asia and the Caucasian countries to gain optimum utilisation of transport facilities between Bulgaria, Georgia (Poti) and Kazakhstan. This will be achieved through improved management and organisation of existing facilities and strategic planning of cargo flows.

Telecommunications

Master study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Agriculture

Survey of the grape and wine production industry in the Caucasian states, including the possibilities for diversification and marketing of grape juice and other alternative products.

Energy

Improved operation and financial management of the region's oil and gas pipe-lines.

Environment

Georgia will also benefit from participation, with six neighbouring countries, in the Programme for the Environmental Management and Protection of the Black Sea. Parallel financing, through the Global Environment Facility, has been secured from the EBRD and PHARE as well as TACIS.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR KAZAKHSTAN

Priority Areas: National

Government advice
Support for enterprises
Human resource development
Food production and distribution
Energy

Priority Areas: Regional

Transport
Telecommunications
Energy
Agriculture
Support for Enterprises

Funding

1992: ECU 20.6 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The Kazakh Government is strongly committed to economic reform, and has mapped out an ambitious programme of privatisation for the economy. The TACIS programme objectives support and complement the Kazakh authorities' own reform measures. These include extensive legislation and other initiatives in the privatisation, market liberalisation and banking sectors.

PROGRAMME COMPONENTS

1. Government Advice

ECU 6.40 million

EC expertise will be made available in the fields of tax reform, budgetary procedures and techniques, trade and international payment systems.

Government ministries will be assisted in the development of sector policies, institutional and related management, and in organisational matters.

Ministry of Agriculture

Formulation of strategy for privatisation in the agricultural sector.

Ministry of Energy

Development of sub-sector restructuring programmes; advice on potential for energy savings; advice on environmental aspects of energy policy.

Ministry of Transport

Development of a modern, market-based transport management system.

Ministry of Communications

Modernisation of the telecommunications network.

2. Support for Enterprises

ECU 6.60 million

Government has taken important economic reform measures and started the process of privatisation in both the housing and industrial sectors. TACIS activities will concentrate on a limited number of key problem areas.

Specialist expertise will be provided for the privatisation process, essential communications and the development of financial and banking services.

Privatisation

Technical advisers will work with the government ministries and state agencies to help design the programme, implement the coupon system and privatise small and light industry. They will provide assistance in communications to ensure maximum participation, the valuation of enterprises and the break-up of State monopolies.

In addition, training will be given in computing, project management, valuation and financial review methods, and legal frameworks. Restructuring studies will examine the former military industrial complex, the agricultural machinery industry, the textile sector and the machine tools industry.

SMEs

A Business Communication Centre in Alma Ata will facilitate business contacts between Kazakhstan and EC countries.

Financial Services

Banking legislation has established the central bank and defined the regulatory role of the commercial banking sector. However, central banking legislation is still to be implemented, commercial banking is still to be restructured, modern payment systems have not yet been introduced and bank staff are largely untrained.

TACIS assistance will address those problems, focusing on implementation of central banking legislation and on the training of commercial banking sector staff.

3. Human Resource Development**ECU 1.40 million**

Kazakh universities and polytechnics are still running on essentially unimproved lines. Technical assistance will be given, through the Higher Education Council, for the accelerated restructuring of the civil service and the higher education system. Funding will be provided for the management training of civil servants and higher training for key teaching staff. The emphasis will be on the development of a professional managerial cadre in the civil service, and the retraining of trainers for key economic and management skills.

4. Food Production and Distribution**ECU 3.00 million**

Agriculture employs 22% of the Kazakh labour force and contributes approximately 25% of net material product (NMP). Crop production extends over 35 million hectares, and there is substantial cattle and sheep production.

Legal changes have seen the emergence of long-term leasing of land and a private farm register of 8600 farms. However, the successful transfer to a market system for food production and distribution will require the phasing out of the monopolistic state procurement system and the opening of input and credit markets to private sector operators.

Technical assistance, in the form of a pilot project for small farmers, will help establish viable patterns for the development of private sector farming and for the alleviation of the heavy constraints farmers currently face.

Improvements will be sought in the distribution of key foods (bread, fruit and vegetables, meat and milk) in the city of Alama Ata. The focus will be to support private initiatives and improve the health and hygiene aspects of food quality at the wholesale and retail levels.

The Consumer Cooperative Union will be helped to develop an overall strategy for rationalisation and privatisation, and to upgrade and extend its training programmes in agricultural processing and marketing.

5. Energy**ECU 3.20 million**

TACIS will support the establishment of a new energy institute within the Ministry of Energy to plan and implement energy restructuring. The institute will also provide for training in energy savings and environmental aspects of energy policy.

Regional Cooperation

Transport

Development of the transit route between the Black and Caspian Seas, Central Asia and the Caucasian countries to gain optimum utilisation of existing port and rail transport facilities between Bulgaria, Georgia and Kazakhstan. This will be achieved by improved management and organisation of existing facilities and strategic planning of cargo flows. Study of and training in air traffic control.

Telecommunications

TACIS will provide assistance for a master study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Energy

Technical assistance will be given to improve operations and financial management of regional oil and gas pipe-lines.

Agriculture

Comprehensive inter-state study of the structure and viability of the cotton industry, as well as of the related water resources management.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR KYRGYZSTAN

Priority Areas: National

Government Advice
Advice on Energy Policy and Strategy
Support for Enterprises
Food Production and Distribution

Priority Areas: Regional

Telecommunications
Energy
Agriculture
Support for Enterprises

Funding

1992: ECU 9.23 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform process through provision of relevant advice and expertise.
- ii. Encouragement of conditions favourable to private investment and development of the private sector.

The programme objectives support and complement the Kyrgyzstan government's own reform measures. These include privatisation and market-oriented legislation, reform of public finance and institutions and price liberalisation. Funds established include the Fund for State Property (FSP), responsible for agriculture and industry privatisation, the National Enterprise Fund (NEF), a pension fund and an unemployment fund.

Beyond the overall difficulties facing economic reform, Kyrgyzstan is particularly hampered by weakening external trade and deteriorating terms of trade, and by the fact that its monetary policy is largely determined by other republics.

PROGRAMME COMPONENTS

1. Government Advice

ECU 3.20 million

Policy advice and EC expertise will be provided in the areas of trade, payments, inter-state economic relations, tax reform, budgetary procedures, external funding and debt management. Ministries will be helped with regard to organisational issues, institutional management and the development of sector policies.

Civil service reform and training

A future Government administration should be staffed by fewer, but better trained and motivated staff. Therefore a future civil service policy must consider issues such as incentives, promotion possibilities, career development, improved recruitment and in-service training.

Social security and insurance

A national social security system has been established for pensions, children, invalids etc, and a health insurance scheme is under discussion. The organisation, targeting and future financing of these allowances are still to be finalised.

TACIS assistance will focus on the enactment of the corresponding legislation and the development of social insurance policies.

Labour legislation and (un)employment

Unemployment is expected to increase dramatically in the short term (from under 40,000 to 100,000-200,000 people). The current institutional structures are ill-equipped to handle unemployment issues. Technical advice will help the Government design labour market policies within a market oriented economy, implement such policies, and improve the organisation of the existing Unemployment Fund.

2. Advice on Energy Policy and Strategy**ECU 1.50 million**

Existing patterns of energy supply and demand indicate limited understanding of concepts of productivity, economic and technical efficiency, costing and competitive pricing. There are considerable hydro-electricity resources. The Government will receive policy advice relating to taxation, pricing, exchange rate and legislative issues which will help transform the energy sector into a more market-oriented operation. The potential for energy savings and of alternative energy supplies, particularly hydro-electricity, will be examined.

3. Support for Enterprises**ECU 0.72 million**

Although economic reform measures have been adopted, implementation has been slow and support is needed for the privatisation effort. The most important area for assistance is the provision of legal advice and the strengthening of institutions which are key to the privatisation process. Experts will give advice in the development banking, competition, legal and management fields.

- i. The National Enterprise Fund (NEF) will be helped to evolve into a commercially organised Development Finance Corporation and then into a small and medium-scale enterprise (SME) development agency.
- ii. The State Property Fund, originally charged with devising practical measures for privatisation and denationalisation, will be strengthened to develop its privatisation programme according to sound economic criteria.

- iii. The Anti-Monopoly Committee will be reinforced as a key element in promoting competition.
- iv. The basic legislative framework for a private enterprise economy will be established.

4. Food Production and Distribution

ECU 2.81 million

To extend private ownership in the agricultural sector, prices have been liberalised, some land has been reallocated to farming families, food processing industries are being privatised, and state purchases have been reduced. However, there is still a need for a concise overall development strategy for the agricultural sector, particularly in the food processing industry.

Low levels of investment, coupled with low competence, motivation and expertise, have led to a situation of static and even declining agricultural output. Privatisation reforms have been piecemeal and lacking in direction.

- i. TACIS will provide technical assistance to produce a Strategy Plan and an overall Master Plan for the agro-food industry.
- ii. Specific assistance will be given to the processing industry to help improve executive decision-making and technical knowledge.
- iii. Policy and institutional advice on land reform, credit facilities, pricing, marketing and training.
- iv. Evaluation of the agro-food industry, with recommendations for producers in the application of improved techniques to maximise output and improve processing and marketing methods.
- v. Strengthening of a vocational training centre for senior management and technical staff in the agro-processing industry, aimed at inculcating sound business practice and technical know-how. Training courses will also be held in the European Community.

Regional Cooperation

The following regional inter-state activities will be financed separately:

Telecommunications

A Master Study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Energy

Legal, financial, and technical advice on inter-regional and international aspects of the energy sector.

Agriculture

Comprehensive inter-state study of the structure and viability of the cotton industry, as well as of the related water resources management.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR MOLDOVA

Priority Areas:

Government Advice
Food Production and Distribution
Support to Enterprises
Energy
Human Resource Development

Funding:

1992: ECU 9.00 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through the provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

TACIS programme objectives support and complement the Moldova government's own reform measures. Privatisation has been initiated, prices liberalised and other decisive steps taken towards the development of a market economy, but the country's difficulties are still immense. There is no free enterprise culture, plant and equipment are outdated and poorly maintained, investment banking and credit facilities are almost non-existent and the public administration has no historic market orientation.

Moreover, economic reform has been hampered externally by the deteriorating economic environment and the devaluation of the rouble, and internally by the unsettled political situation.

PROGRAMME COMPONENTS

1. Government Advice

ECU 1.00 million

The Government requires assistance in policy formulation, and lacks experience in the day-to-day operation of public and private sector bodies in a free market context.

TACIS will provide advice on policy issues, related legislation and organisation and practical application. Priority areas include macro-economic reform and management, energy policy, agricultural reform, telecommunications, the creation of a joint-venture airline and the regulation of road transport users.

2. Food Production and Distribution**ECU 2.50 million**

Privatisation and market-responsive production are key targets in the agricultural sector. However, it will be some time before production meets demand and processing and distribution systems become effective. Agricultural exports remain crucial to the country's economy.

With TACIS assistance, a pig production complex will be upgraded as a model for the meat industry. The project will be aimed at achieving vertical integration in the production, processing and distribution systems. TACIS will also provide support for an effective agricultural export promotion agency, which will provide training, market information and technical know-how in areas such as packaging and documentation. Advice may also be given on land reform and restructuring issues.

3. Support for Enterprises**ECU 1.50 million**

Restructuring to achieve a market economy will involve transferring ownership of assets and enterprises to the emerging private sector, and will require efficient financial services linked to the world economy.

TACIS will provide advice and assistance in the implementation of the privatisation and restructuring programme to the State Department for Privatisation, which it is hoped will progressively become a business promotion agency. Assistance to the banking system will be directed at increasing its overall viability by strengthening the capacity of the National Bank of Moldova. TACIS will also assist in the development of an inter-bank payments system and in institutional restructuring efforts.

4. Energy**ECU 2.00 million**

Moldova relies almost completely on imported energy, so the securing of adequate sources of supply and the ability to pay for them are urgent problems. Under the Government Advice programme, TACIS will provide immediate and continuing assistance in this area.

TACIS support will also be given for the improvement of energy management and organisational structures, the optimisation of energy usage, the development of an energy efficiency programme, and in the formulation of an energy production and power supply policy.

TACIS will also provide support for the restructuring and commercialisation of the country's electricity utility, Moldenergo, with a view to privatisation. A TACIS-funded project in one power generation unit will demonstrate possibilities for greater energy efficiency and commercial use, combined with an improved environmental impact. The management and organisation of the gas transmission and distribution system will be analysed to help it prepare for commercialisation and privatisation. Energy savings will be encouraged through a programme to reduce inefficiencies. An Energy Efficiency Office is envisaged for this purpose, and TACIS will assist in the establishment of an appropriate institution.

5. Human Resource Development

ECU 2.00 million

Changes in the economy are revealing significant and increasing levels of unemployment and an urgent need for high level management skills. Individual abilities and institutional capacities are not yet adjusted to the requirements of a market society.

TACIS-funded expertise will help the employment service meet demand through policy adjustments and a rapid build-up of activities. TACIS will also assist in the establishment, organisation and management of the Centre for International Management, Marketing and Business, which will provide training, research and consulting services for both public and private sector employees.

TACIS 1992

TECHNICAL ASSISTANCE FOR MOSCOW

Priority Areas:	Food Production and Distribution Human Resource Development Transport Support for Enterprises Telecommunications Energy
Funding	1992: ECU 59 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform process through provision of relevant advice and expertise.
- ii. Encouragement of conditions favourable to private investment and development of the private sector.
- iii. Establishment of those formal and informal organisations that are vital for the development of a pluralistic, democratic civil society.

TACIS programme objectives support and complement the Russian Government's own far-reaching reform measures. These include liberalisation of imports and most prices, a comprehensive tax reform programme, a budgetary policy targeted at eliminating the deficit, and the abolition of multiple exchange rates.

However, progress in some areas is slow and is hampered by the country's deepening economic crisis, most clearly reflected in hyper-inflation and a sharp decline in output. Privatisation of land and SMEs is proceeding slowly, and the legal framework remains to be finalised. Management of the rouble zone requires improvement.

Actions funded by TACIS within this programme relate to the Moscow region and in some cases to the Russian Federation as a whole.

PROGRAMME COMPONENTS

1. Food Production and Distribution ECU 6.22 million

Privatisation is intended in the food production and distribution sector, but a legal framework is still lacking. The new private sector provides only a minor portion of the total food supply. Overall food supply levels are declining. The aim of the present TACIS projects is to promote an adequate and stable supply of food to the Moscow region.

TACIS will assist with the establishment of a model farm in the Orekhovo-Zujevo district 100 kilometres east of Moscow to demonstrate efficient farming methods, modern equipment and small scale processing units. The farm will be run on a commercial basis, using appropriate imported machinery. Training will be given in commercial management techniques.

Associations representing all stages in the commercial food supply chain will be offered assistance with business planning and management, financial and quality control, information technology, marketing techniques, technical assistance and on-the-job training.

As a demonstration project, Russia's largest cattle production unit will be prepared for restructuring, expansion, development and privatisation.

TACIS-funded experts will examine the huge Ramansky agro-industrial complex to assess the reasons for and extent of food losses, and how they might be reduced. A proposal for a development plan will be prepared, and a contract system will be established for local private farms.

2. Human Resource Development

ECU 20.07 million

Training of civil servants and the strengthening of public institutions and the civil service are essential for the economic and social development of Russia.

TACIS will provide assistance for the training of civil servants through the Russian Academy of Administration (RAA) and the General Department for civil service personnel training under the Russian Government (ROSKADRY). Policy advice will be given on training strategies and personnel policy, training programmes will be developed and trainers trained. Institutional and managerial capability will be strengthened, and computers and written material will be provided.

TACIS will also support the Parliamentary Centre of the Russian Federation to enable it to assist the Parliament on Public Administration reform and legislation.

TACIS will develop a model employment service office in a Moscow prefecture, which will be able to deliver an efficient service for the unemployed in 1993 and beyond. Activities envisaged concentrate on the building up of a benefit delivery system, a staff training programme, opportunities for local employment and a self-employment scheme.

Furthermore, TACIS will support trade unions and other employee organisations to promote increased understanding of the market economy and trade unions' role within it. Union officials will receive training in preparing for and conducting negotiations.

The Russian Public Policy Centre will benefit from courses, consultancies and support for its fund as part of the promotion of a civic society, and a resource and training centre will be established in Moscow. Both these measures will assist the development of non-governmental organisations.

The drastic reduction of the armed forces and the expected rapid conversion of arms production will release into the labour market a considerable number of highly qualified officers, engineers and workers. Relocating these people in both public and private sectors is essential not only for their social protection but also to take advantage of their valuable skills.

TACIS will provide an important allocation of funds to assist in the re-training of former military personnel through the development of training centres and specific training programmes in management and market-related skills.

3. Transport

ECU 7.25 million

Private sector transport is poorly developed with little competition, uneconomic tariff structures and inadequate information systems.

Civil Aviation

TACIS will provide funds for an air traffic control training programme. Furthermore, the organisation and costing of international air traffic will be reviewed, and a strategic plan will be developed for Nizhny Novgorod Airport, one of the largest airports of the region.

Railways

Means of upgrading the track between St Petersburg and Moscow will be identified, and Railways will receive TACIS support in business management and operations monitoring to help it cope with competition from the road transport industry.

Road Transport

TACIS will assist the establishment of fund-raising organisations which will support the development and operations of new transport operators and finance the rehabilitation and maintenance of highway infrastructures. A study of a road transport company will be carried out with a view to privatisation, and a training centre for transport operators will be set up. A comparison of alternative ways to gain access to Russia from the south will be undertaken. The study will help develop understanding of concepts such as transport planning and coordination, economic costs and development strategy.

Multi-modal Transport

Assistance will be provided for a feasibility study of a terminal in the Moscow region, and a training centre for warehousing operations will be established near Zagorsk.

4. Support for Enterprises

ECU 15.73 million

Privatisation

TACIS will assist Timber Manufacturers of Russia, a state corporation representing about 2700 enterprises and 1100 cooperatives in pulp and paper, wood working and furniture, in a strategy for restructuring and privatisation. Furthermore, TACIS will support the Moskovitch Corporation, Russia's second-largest car manufacturer, with a view to restructuring and future privatisation.

Small and Medium Sized Enterprises

SMEs have increased from 15,000 in 1990 to 234,000 in 1991. The Union of Small Enterprises of Russia will receive TACIS funds for the setting up of an SME Development Agency for the Moscow Region. The agency will provide business advisory services, market information and a link between SMEs and the public authorities.

A pilot Business Communication Centre will be established to help European companies identify business opportunities in Russia and enhance cooperation with local cooperatives. It will supply information about market, legal and other conditions governing business activities in the Russian Federation and the EC. It will complement government privatisation policies, attract foreign investors, and develop trade and cooperation links between Russian and European companies.

Financial Services

TACIS will assist five major banks with their restructuring activities. Support will also be given for the establishment of four specialised banks.

The sector will receive TACIS funds for the establishment of a model internal payment and clearing system, an international airline clearing bank operating system (with the Russian National Bank and Aeroflot) and an international accounting centre. A feasibility study will examine the requirements of an external ECU-linked inter-bank clearing system established with the International Bank for Economic Cooperation.

Expert assistance will be provided for the identification of automation requirements in two major banks, and for developing software systems specific to the Russian banking sector.

Conversion of Defence Industries

TACIS will encourage market oriented approaches in defence-related enterprises through strategic reviews of the agricultural equipment and medical equipment sectors. The size and opportunities of the potential market will be identified, and the most suitable product types defined. Product prototypes of agricultural equipment will be designed and assistance given in the development of new product lines.

The Mikoyan plant, which produces MIG fighter aircraft, will be helped to convert a section of the firm into a development and production centre for civil components, structure sub-assembly, airplane and aircraft design and testing, production and sales activities. Consultancy and training will be given to help gain recognition and certification by the Occidental Air Worthiness Authorities.

A strategic audit of another aircraft manufacturer will identify the plant's capabilities, its potential product lines and methods of manufacture.

5. Telecommunications

ECU 4.93 million

TACIS will assist the Ministry of Communications in the planning and development of terrestrial communications. An adapted legal and regulatory framework will be established, and training given to develop the technical know-how of sector specialists.

The technical, economic and commercial feasibility of utilising Space Agency satellites to support commercial telecommunications services will be assessed. A basic information system for economic activities and indicators will be developed for executive use within the Public Administration.

6. Energy

ECU 4.80 million

TACIS support will concentrate on the development of key energy policies for central government and related agencies, regional authorities and industry.

Central Government and Agencies

TACIS funds will be used to address the imbalance between supply and demand in regard to light oils, and with the modernisation and restructuring of the refining sector. EC experts will advise on legal measures relating to privatisation and management information flows for the gas sector, and on the implementation of an energy savings strategy.

Regional Authorities

Specific measures will be examined to alleviate the shortage of gasoline and other light oils in the Moscow area. TACIS will assist the Department of Power Engineering and Energy Saving and the MOSENERGO electricity company in defining and implementing energy saving measures.

Industry

Feasibility studies will be conducted into several industry activities. TACIS will help the Association of Energy Consumers and the building advisory body ETEKA, through demonstration projects, to increase energy efficiency and develop new concepts and materials. Furthermore, TACIS will support the development and promotion of a public information campaign on energy savings.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE SAMARA REGION

Priority Areas

Food Production and Distribution
Financial Services
Support for Enterprise
Human Resource Development

Funding

1992: ECU 9.50 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

TACIS programme objectives complement the reform measures of the Russian Government and the Samara Regional Administration. The reform process in the region is comparatively well advanced, with a clear focus on privatisation and a market economy, but technical assistance and some visible signs of success are needed to overcome remaining pockets of resistance to change.

PROGRAMME COMPONENTS

1. Food Production and Distribution

ECU 5.80 million

The overall goal of TACIS assistance for Samara is to restructure the production, processing and distribution of food in order to increase economic viability and assure the security of food supplies.

Farm management practices and agricultural productivity will be improved through a project to support research and development activities at the Bezinchuk Agricultural Research Institute. The farmers' association AKKOR will be involved.

Harvest and post-harvest food losses will be reduced through a study project examining all links in the post-harvest food chain. Recommendations will be made for improvements in storage, warehouse operations, packaging, management and processing. They will form the basis for several future pilot projects in this area.

A food and agriculture information system will be set up with TACIS funds to ensure market transparency. The farmers' association AKKOR will be involved in distributing the information among target users.

Advanced methods of planning, stock control and financial analysis will be used in a pilot project to reduce losses in a food warehouse near Samara. A feasibility study will be conducted into the establishment of an independent wholesale market.

TACIS will support a project to improve the transportation of food commodities through the efficient operation of rural transport companies. The assistance will include new technologies and management systems, a regional computerised transport monitoring system and technical training.

2. Financial Services

ECU 0.70 million

The food production, processing and distribution industries are constrained by lack of access to medium and long-term credit, and lack of appropriate banking facilities.

TACIS will provide technical assistance to promote the availability of credit facilities through the AKKOR Bank (Samara). Legal and structural issues, project appraisal, funds acquisition and cash flow management will be covered. Advisory services and management training will strengthen the capacities of the AGRO Bank, a leading bank for agriculture. Some software and equipment will also be provided.

3. Support for Enterprises

ECU 1.30 million

Neither the regional administration nor companies targeted for privatisation or conversion have the ability to implement their plans unassisted.

TACIS will assist the Samara Privatisation Committee, which is presently building up its staff. Training and some computer software and equipment will be provided.

Defence-related industries have started to convert their capacity to industrial components and investment goods. TACIS will promote the production of spare parts, machinery and equipment for agriculture, storage, transport and food processing.

To encourage technology transfer, training will be given in market research and the acquisition of know-how, EC traineeships and visits will be made available and information materials about EC markets will be provided.

4. Human Resource Development

ECU 1.70 million

Key decision makers from industry and the administration will be educated in the role of the market economy and associated topics through a series of management training seminars. TACIS will finance courses in market economy management skills to be organised for trainers from Samara's major training institutions for representatives of upper and middle management.

Energy use in the industrial, agricultural and food sectors will be examined, and management personnel will be trained to promote awareness of rational energy use and the potential for energy conservation.

TACIS 1992

TECHNICAL ASSISTANCE FOR ST PETERSBURG

Priority Areas:

Food Production and Distribution
Energy
Transport
Support For Enterprises
Financial Services
Human Resource Development

Funding:

1992: ECU 30 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

TACIS support will be provided to both the city of St Petersburg and the region, the Leningradskaya oblast. TACIS programme objectives support and complement the reform measures taken by the Russian Government and the St Petersburg local administration.

Some steps have been taken in banking and land privatisation. Just under 2000 private farms have been created recently, averaging 17 hectares, while there are 203 state farms accounting for 800,000 hectares, half of which are under cultivation. Banking has been largely privatised, and operates in a relatively free market.

However, progress towards establishing an integrated market economy is still slow.

PROGRAMME COMPONENTS

1. Food Production and Distribution

ECU 5.1 million

In recent years, the city has received about 50 per cent of its food supplies through imports, while the local region has provided about 20 per cent. Animal husbandry, despite being an important economic activity, has been significantly dependent on imports of feed grain. TACIS will provide assistance for securing a stable supply of domestically-produced food at acceptable prices while ensuring an adequate profit for farmers.

An agricultural credit and advice facility will be established to provide finance, technical assistance and training to its clients. Furthermore, measures will be taken to develop the dairy processing industry.

Seed supplies and vegetable breeding and storage techniques will be improved to help achieve self-sufficiency in potatoes and exportable surpluses. Assistance will be given for the improved conversion of animal feeds, with the aim of maximising animal output and reducing basic feed grain consumption.

2. Energy

ECU 4.0 million

The Saint Petersburg region imports virtually all its oil and gas supplies, and a significant proportion of its electric power generating capacity comes from a nuclear plant which will require important safety measures to ensure future availability. Consequently, there is a great emphasis on energy conservation.

TACIS will provide support for projects to demonstrate energy efficiency, training for major energy suppliers, advice to the industry and public information measures. Attention will be given to the environmental aspects. All activities will build on facilities provided by the Energy Centre under the TACIS 1991 programme.

3. Transport

ECU 7.0 million

The increased throughput capacity at the port of St Petersburg, good connections with the hinterland, and the long-term development of the port and associated facilities are important priorities in this sector.

TACIS will support a review of the tariff system and the possible sub-contracting of port services to the private sector. TACIS will also finance basic measures to improve road access to the port.

The competitiveness of the various transport links between the region and the rest of Russia will be improved, ensuring optimal distribution of transport work. A strategy for the long term development of Russia's access to the Baltic, including requirements for port (re)construction, will be undertaken.

4. Support for Enterprises

ECU 8.3 million

St Petersburg has been for many years the site of an extensive military-industrial complex, consisting of about 200 manufacturing operations plus 40 research institutes and accounting for approximately 40 per cent of the workforce. TACIS assistance will be given for the conversion of this complex from military-related use. The emphasis will be on diversification and achieving maximum output from the existing civil production.

TACIS will support the restructuring of major enterprises and smaller companies in the region. An inventory of companies, goods and services will be done, and help given to establish commercial contacts. An Advisory Centre will be established to provide expert advice and assistance for conversion and diversification. Assistance through policy and legal advice, training, industrial organisation and management and pilot projects will help to facilitate the privatisation process.

An SME Development Agency will provide policy and regulatory advice to the authorities, practical recommendations to companies on organisation, management and financing, and assistance with education and training. Enterprises with good potential will receive advice from experienced EC managers. A Business Communication Centre will provide market information within the region and in relation to the European Communities.

5. Financial Services

ECU 3.6 million

The region's 40 banks lack adequate payment instruments, structures and procedures. The exchanges have similar problems.

A Banking Advisory Service will provide continuous assistance and specific problem-solving expertise. Training will be given to bank staff in management areas and basic banking skills. Exchange staff will be given training in exchange administration and operation, brokerage and supervision of trading.

6. Human Resource Development

ECU 2.0 million

Public sector staff are often technically competent with a well-developed sense of responsibility, but lack skills important for the privatisation and reform process.

TACIS will support a comprehensive public service organisational development and training programme for the staff of the St Petersburg City Council, the Mayor's office and the oblast administration. It will include privatisation, budgeting, tax collection and accounting, decision-making procedures and administrative management.

TACIS 1992

TECHNICAL ASSISTANCE FOR TURKMENISTAN

Priority Areas: National:

Government Advice
Support for Enterprises
Human Resource Development
Food Production and Distribution
Energy

Priority Areas: Regional:

Transport
Telecommunications
Agriculture
Energy
Financial Services
Support for Enterprises

Funding:

1992: ECU 8.8 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The programme objectives support and complement the Turkmenistan Government's commitment to reform. This commitment includes the establishment of a central bank and the reform of the commercial banking sector, the enactment of a privatisation law and various other laws intended to facilitate the functioning of private enterprise.

TACIS will assist in the development of a detailed legal framework so that private and state-owned companies can operate more effectively and autonomously in a market-orientated economy. Aside from this necessary legislation, a gradual change from passive to active support for market policies, is needed.

In addition, it is imperative that actions geared to the promotion of change be integrated on a number of different fronts simultaneously, or reforms in one area may fail for want of complementary changes in another.

PROGRAMME COMPONENTS

1. Government Advice**ECU 2.5 million**

TACIS recommends that a Policy Unit be established within the Presidential Council or appropriate ministries to which experienced EC advisors could be attached. Assistance in the areas of tax reform, budgetary procedures and techniques, debt management, trade, and international payment systems will be provided at the highest level by these experts. Specific programme elements follow:

Enterprise Legislation

The objective is to develop detailed guidelines on the rights and obligations of shareholders, boards of directors and employees and make provision for their judicial enforcement.

Foreign Investment

Advice will be given on appropriate incentives and promotion strategies designed to improve the investment climate in Turkmenistan.

Decentralisation of Economic Management

The aim of this programme is to promote the devolution of responsibility for decision-making from public to private enterprises, increasing both the autonomy and accountability of management. For this purpose, a number of pilot projects which provide appropriate incentives to management and staff will be supported.

Agriculture and Food Policy Issues

Advice will be given on land reform and the formulation of pricing policy.

In addition, specific programmes will provide policy advice and training to the Ministry of Labour and Training, Ministry of Finance, Ministry of Education, Ministry of Communications, and the railways department of the Ministry of Transport.

2. Support for Enterprises**ECU 0.6 million**

This programme is designed to accelerate and consolidate the Turkmenistan Government's efforts to create the framework for the privatisation of its industry which, aside from cooperative associations in the rural sector, is still in its infancy. Sectors which have been targeted for privatisation are services, trade, light industry, transport, construction and agriculture. Elements of this programme include:

Privatisation

Assistance will be given to help create a state property agency or committee for privatisation. TACIS will also support pilot privatisation transactions with the aim of creating a "privatisation model" with step-by-step guidelines.

Other areas include the creation of a database of enterprises to be privatised, the establishment of procedures for the valuation of assets and the appraisal of the possibilities for alternative methods of privatisation, such as management buy-outs.

SMEs

Advice will be provided which reinforce the independent status of the existing Chamber of Commerce and Industry and its capability to assist in the formation and growth of SMEs.

3. Human Resource Development

ECU 1.05 million

The successful transition from a centrally planned to a market economy depends on positive market-oriented attitudes among government officials. TACIS support will therefore be given for appropriate intensive training courses in Turkmenistan and in Europe.

Priority groups for this training will be the teaching staff of the Turkmenistan Institute of National Economy (TINE) and other business-related institutes.

In addition, key officials from the TINE and selected ministries will be invited to attend intensive eight-week courses in a European institute:

- Influential TINE lecturers will attend courses at a European business school to help them teach their own business programmes.
- Key officials from the Ministry of Finance will follow courses at a European institute for public administration designed around fiscal and financial planning and management and cover the mechanisms of a market-based economy.
- Key officials from the Ministry of Labour and Training will also attend an eight-week public administration programme in Europe designed around social welfare systems and their administration and industrial training and retraining in the context of a market-based economy.
- Finally, selected officials from the Ministry of National Education will attend public administration courses designed around the theme of "enterprise culture".

In view of the relatively high cost of Europe-based training, participants will be selected on precise criteria which will ensure maximum benefit to Turkmenistan's development.

4. Food Production and Distribution

ECU 3.65 million

At present, there is little evidence in the agriculture and food sector in Turkmenistan of the major structural changes necessary when moving from a command to a market-based economy. TACIS will provide high level policy advice (preferably through the Policy Unit) and long-term technical assistance by establishing a Planning & Technical Advice Unit (PTAU) within the Ministry of Agriculture. TACIS will fund an agronomist, a food technologist, a marketing expert and an agricultural economist/institutional expert, each for two years, to help establish the PTAU.

The task of the PTAU will be to build up data bases relating to the production, processing, distribution and marketing of agricultural produce.

In addition, detailed sub-sector studies on Soil & Water Management, Food Packaging, Livestock, Dairy and Meat Processing, and Cereal and Cereal Products will be undertaken by the PTAU over a two-year period.

The PTAU will also provide technical analysis in key areas (Milling, Bread, Pasta and Biscuits, Fruit & Vegetable Processing, and Dairy Products) to assist in purchasing decisions.

Finally, the PTAU will oversee a programme of training and study tours to expose key personnel to the technologies and methods used in Western Europe.

5. Energy

ECU 1 million

Turkmenistan lacks the means to develop properly its considerable energy resources, or to get them to outside markets by an independent route. Reliance on the Russian Grid limits the country's ability to collect energy payments in hard currency at market prices.

Energy exports are the main source of external earnings. However, supplies available for export will be affected by the recent decision to abolish domestic charges for gas and electricity. There is a need to gain increased access to world markets, while limiting the potential for excessive internal consumption.

The TACIS programme seeks to provide a framework for facilitating joint ventures with foreign companies, steps to improve energy conservation and the formulation of pricing policies for energy that reflect its true value.

The TACIS programme will assist in the conversion of the existing bodies responsible for energy policy into two autonomous, State-owned companies - one for Oil & Gas, the other for Electricity -with their structures oriented commercially and financially towards market-based operation.

Other main elements of the programme are provision of advice on:

- legal aspects, pricing and taxation and a model contract for foreign investment
- technical and financial feasibility of proposals to attain access to external markets for gas and electricity
- procurement of off-shore equipment for oil and gas exploration and production
- energy conservation, including training programmes in Turkmenistan and Europe.

Regional Cooperation

Transport

The programme will focus on the optimum utilisation of existing transport facilities between Bulgaria, Georgia and Kazhakstan by improving management and organisation and through the strategic planning of cargo flows. Study of and training in air traffic control.

Telecommunications

Master study and proposed action plan on the development of an efficient and cost-effective telecommunications system.

Agriculture

A comprehensive inter-state study of the structure and viability of the cotton industry, as well as of the related water resources management.

Energy

Assistance for improving the operations and financial management of the region's oil and gas pipelines.

Financial Services

Development of payment and clearing systems for the region's commercial and central banks, as well as bank training.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE TYUMEN REGION

Priority Areas:

Oil and Gas
Food Production and Distribution
Energy Conservation
Financial Services
Human Resource Development

Funding

1992: ECU 12.50 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The Tyumen region is one of the world's most important oil and natural gas-producing areas and is consequently of central importance to the Russian Federation.

TACIS programme objectives support and complement the reform measures taken by the Russian Government in regard to the Tyumen Region.

Some efforts have been made to develop sound economic policies and management systems. There have been moves towards privatisation in the banking and commercial sectors, and some new plants have been established through joint venture agreements. However, the region still suffers from most of the problems of a centrally planned economy.

PROGRAMME COMPONENTS

1. Oil and Gas

ECU 6.0 million

Despite declining production levels, Tyumen oil fields remain among the largest in the world, providing about 30 per cent of Russian hard currency earnings in recent years. Production has been affected by reduced government funding, and political instability and regulatory uncertainty inhibit international investment.

TACIS experts will help identify opportunities for the oil and gas industry and advise on restructuring methods designed to assist international competitiveness. TACIS will also support enterprises in the improvement of management and the adjustment to structural change, and will advise the oil industry on solutions to technical problems.

TACIS will advise hydrocarbon enterprises on appropriate forms of organisation and association, and on the development of relationships with potential investors, equipment suppliers and clients. TACIS will also provide training for management and technical staff within the industry, focusing on business organisation, the management of change and the development of market-related expertise, and improved technological capabilities.

Further projects for TACIS support will concentrate on achieving improvements in product separation and transport, and upgrading operations and maintenance systems.

2. Agricultural Production and Distribution

ECU 3.5 million

Despite difficult climatic conditions, agricultural production could be significantly enhanced through on-farm improvements, and possible non-crop production. There are also difficulties with food distribution and security of supplies. Forestry is another major resource, but logging practices are unsustainable, wasteful and environmentally damaging.

TACIS will help in the development of an agricultural organisation which will provide technical assistance to both farmers and distributors as well as forming the basis for the administrative management of the sector. Farmer training, information services and printed material will be offered. Advice will be given on privatisation strategies, pricing policies and the matching of reconversion opportunities to sector needs.

A TACIS-funded review of the forestry industry will provide the basis for restructuring advice, taking into account environmentally sustainable logging rates and methods as well as potential regional and export capacity.

3. Energy Conservation

ECU 1.2 million

Unrealistically cheap fuel and energy prices have resulted in high levels of production and inefficient energy usage.

TACIS will assist the introduction of energy saving practices in district heating systems and will determine the feasibility of initiating technical improvements in power and heating plants, both industrial and domestic. Where possible, local production, especially of meters and control equipment, will be encouraged and assisted.

With TyumenEnergo, an energy centre will be established to offer advice on energy conservation issues. The main beneficiaries will be district heating systems and power plants.

4. Financial Services

ECU 1.0 million

Business support services are limited by lack of expertise and poor communications. Checking and foreign currency transactions are rare. Only one bank has a foreign currency licence.

TACIS will provide expertise to assist in bank reform and restructuring, concentrating particularly on auditing, accounting, personnel and management training and re-training.

Some of these actions will involve cooperation with the International Finance and Banking School being established with TACIS assistance in Moscow, and an advisory service will help with the restructuring of commercial banking. A new financial intermediary may be introduced for long-term financing, possibly in connection with the Russian Project Finance Bank.

5. Human Resources

ECU 0.8 million

The development of administrations capable of formulating policies and providing the regulatory environment for economic activity will be difficult, given the power of the oil and gas enterprises within their production areas and the comparative weakness of the rest of the economy.

TACIS will support the services of the Governor's office and the Regional Planning Board in its formulation of oblast economic strategy and accompanying sectoral policies, and will provide advice on budgeting, decision-making and implementation procedures and administrative management.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE UKRAINE

Priority Areas: National

Food Production and Distribution
Energy
Transport
Telecommunications
Support for Enterprises
Human Resource Development

Funding

1992: ECU 48.28 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.
- iii. Encouragement for the establishment of organisations vital for the development of a pluralistic, democratic civil society.

TACIS programme objectives support and complement the Ukraine Government's own reform efforts. These include price liberalisation, fiscal reform measures and the introduction of VAT. The Government also aims to eliminate the budget deficit (15 per cent of GNP in 1991), largely through cuts in subsidies. "Coupons" have been introduced in preparation for leaving the rouble zone.

However, most systemic reforms are still undecided. Privatisation has so far been insignificant, inflation is rocketing, and the sharp contraction in demand from other ex-Soviet states has led to a steep decline in productivity. Moreover, there are deep divisions at Government level on the direction and implementation of economic reform, and a lack of personnel trained to cope with the new situation.

PROGRAMME COMPONENTS

1. Food Production and Distribution

ECU 11. 60 million

Agriculture is key to the Ukraine economy, but food production fell 11 per cent in 1991. The Government's priority is to reverse the downward trend and achieve food self-sufficiency, with the long-term aim of producing exportable surpluses.

Agro-Industry

Assistance will be given for a pilot agro-industrial food chain in the Lvov region to demonstrate how to reform enterprises so that they are productive, efficient and consumer-oriented. TACIS will also give assistance for reducing post-harvest losses of perishable foodstuffs in four regions (Alexandria, Chernovtsy, Kamenka and Odessa). Improvements will be proposed and carried out on a pilot demonstration basis. Training units will be established and on-the-job management training given.

Processing and Transportation

A project will be financed to gain improvements in a meat and vegetables processing plant, to ensure year-round supply of highly nutritional foodstuffs. To that end, a team of farm and processing advisors will be established to develop an effective contract farming relationship between farmers and processing plants. Furthermore, TACIS funds will be used to improve the efficiency of foodstuffs transportation. The project will provide on-the-job training. Moreover, a local training centre will be established. A commercial agency with computer technology will lease transport space and eventually become a "dispatcher" for truck operators, thus helping to stabilise supply and demand in the transport business.

2. Energy

ECU 8.08 million

Ukraine is heavily dependent on external sources, particularly Russia, for energy supplies. The reform process in the sector is not well advanced, with responsibility for energy at government level divided between various ministries. Prices are still well below international levels, with efficiency issues neglected in favour of ensuring supply.

Advice will be given to the Government in several areas:

- Formulation of a global energy strategy. Initial concentration will be on oil and gas (which represent 70 per cent of energy consumption).
- Market-related energy pricing and tariff structures.
- A study of the gas pipeline network, which is used for transit purposes, and the introduction of market-based transit fees.
- Energy efficiency issues, including a pilot programme to improve efficiency in energy-intensive industries.
- A strategy to reverse the decline in the coal industry.
- Management and technical training in the gas, electricity and coal sectors.

3. Transport

ECU 7.26 million

The Ukraine Ministry of Transport was established in April 1992. It must now develop its own decentralised organisational structure, and coordinate the development and budget allocation of rail, sea, air, river and road transport.

TACIS will provide experts on transport planning to the Ministry of Transport to help design an appropriate legal framework for the efficient development of transport modes and their coordination.

Technical assistance will be given in a number of other areas:

Sea Port/Land Transport Interface

The sea ports/land transport interface on the Black Sea will be improved. Measures include ensuring competition between ships, trucks and rail transport by freeing up access to the port, advising on the establishment of a coordinating body among maritime operators, and helping to define a five-year port strategy.

Inland Waterways

A study of the prospects for the development of inland water transport will be funded, and a possible strategy, including privatisation and joint venture opportunities, devised for a large water-fleet operator. The economic and engineering feasibility of opening up the north-west barge route to the West will be examined. This would involve enlarging the canal which links the upper Dnieper to Western countries through Belarus and Poland.

Ports

TACIS will fund the completion of the 1991 Technical Assistance Programme to bring the port of Odessa up to Western standards.

Civil Aviation

Training will be given in air traffic control regulations, standards and procedures, airport management and the English language. An Airport Master Plan will be designed and a study carried out into the procedures for payment of aeronautical charges.

Railways

Ukrainian Railways will be helped by TACIS with training for commercial staff, the design of pilot projects for long-term track improvement and for the provision of new portable track maintenance equipment.

Road Transportation

A feasibility study will be carried out for the construction of the Ukrainian part of the South European motorway.

4. Telecommunications

ECU 0.83 million

TACIS will assist the Ministry of Post and Telecommunications in the adjustment of its operations to the market economy. Training will be given in using modern equipment, establishing a cost-related tariff structure, organising open tenders, and in joining European standards and telecommunications organisations.

5. Support for Enterprises**ECU 17.51 million**PrivatisationECU 4.98 million

Ukraine's privatisation programme was adopted by Parliament in July 1992, and aims at the reduction of State ownership from 96 per cent to 56 per cent over three years. A voucher system will give each citizen the equivalent of 17,000 roubles to buy shares in companies set to be privatised. Foreign investment legislation has also been passed, but many laws and conditions essential to the privatisation process are still not in place.

Between six and nine enterprises within several sectors will be helped to prepare for privatisation. Selection will be on the basis of added value and export potential. After a strategic audit, EC experts will draw up a restructuring plan and prepare the sale process. TACIS will also assist State enterprises to strengthen the negotiating skills of managers dealing with potential foreign partners, in order to support the privatisation process through increased foreign interest.

Small and Medium-sized EnterprisesECU 2.73 million

Of Ukraine's 57,000 registered SMEs, only about 55 per cent are fully operational. Through the Small Venture Association, a Ukraine-wide organisation based on private initiative, TACIS will provide SMEs with management expertise and assistance in their communications with Western firms. The Association will also receive help to set up an SME Development Agency which will promote self-sustaining enterprises, assist new entrepreneurs and improve their capabilities by offering training and consultancy services. The SME Development Agency would also represent the interests of SMEs in their dealings with local, regional and national authorities.

A Business Communication Centre is to be established within the Ukrainian Chamber of Commerce and Industry, with the aim of achieving closer cooperation between the business communities of the Ukraine and the EC and to help EC companies identify investment opportunities in the Ukraine.

Military ConversionECU 2.99 million

The Ukraine Government has identified 700 military plants suitable for conversion to the production of civilian products and related services. Priorities for conversion are plants which could provide agricultural, medical or telecommunications equipment, consumer goods or energy-related public services.

TACIS will finance the establishment of a Conversion Coordinating Group to provide the responsible Ministry with assistance in project and product evaluation, the establishment of priorities and coordination of the conversion effort.

TACIS will assist the implementation of three pilot projects: the manufacture of milk processing equipment, of micro-process control systems for the flour industry and of equipment for the preservation of canned goods.

Financial Services

ECU 6.81 million

Ukraine's commercial banks require assistance with the modernisation of their operations and skills, but because of their number it is not possible to help them all individually. Moreover, the newly-created insurance sector needs assistance to establish its legislative and supervisory framework, and to cope with the shift to private sector insurance within a competitive market system.

TACIS will fund the establishment of a Banking Support Unit (BSU) as a technical advisory body to the sector, operating independently within the Association of the Commercial Banks of Ukraine. It will disseminate modern banking practices and provide advice on credit analysis, risk management, new bank creation and management, privatisation advisory services, foreign exchange dealing and payment systems.

A banking school will provide comprehensive bank staff training for middle and senior level management, and develop a nucleus of trainers with exposure to Western banking operations and experience of specialised EC banking training programmes. The aim is to train approximately 1,500 people.

In the insurance sector, TACIS will provide assistance to set up a legal and supervisory framework and to establish an export credit guarantee scheme.

With the help of EC experts, a feasibility study will prepare for the restructuring of the State Insurance Company of Ukraine. In addition, a complementary training programme will be developed.

A pilot project on tax collection services in Kiev will reorganise, equip and train personnel in order to monitor the tax base, tax assessments and tax collections efficiently. This project will serve as a model for the country-wide reorganisation, equipment supply and training of the whole State Tax Service.

6. Human Resource Development

ECU 3.00 million

The transition from a centrally planned to an open market economy requires an efficient, modern Public Administration which can implement and support the Government's reforms. TACIS actions in this area will respond to that need.

The Commission for the Reform of the Public Administration will be assisted in the drafting of legislation, analysis of current structures and relationships and advice on communications.

Assistance will be given to the Institute of Public Administration and Local Government, Cabinet of Ministers, in the organisation and implementation of its Management Centre and Centre for Continuing Education, which will provide training for the managers of both municipal services and public utilities, and to civil servants.

The National Centre for Employment will be helped with its regulatory framework, strategy coordination, public communication and with guidelines for restructuring of the regional network.

TACIS will give assistance at regional level to the Employment Centres and Professional Orientation Centres, which assist qualified unemployed personnel in retraining and gaining new qualifications. The Centres will be assisted with management training, identification of in-service training needs, the design of training courses, materials and methodology, and the improvement of their ability to match labour market demand with applicants' backgrounds and aspirations.

TACIS 1992

TECHNICAL ASSISTANCE FOR UZBEKISTAN

Priority Areas: National

Government Advice
Support for Enterprises
Human Resources Development
Food Production and Distribution
Transport
Energy

Priority Areas: Regional

Transport
Telecommunications
Agriculture
Energy
Financial Services
Support for Enterprises

Funding

1992: ECU 18.78 million

PROGRAMME OBJECTIVES

- i. Development of local skills and know-how required for economic reform through provision of relevant advice and practical experience.
- ii. Encouragement of conditions favourable to private investment and the development of the private sector.

The programme supports and complements the Uzbekistan government's own reform measures. These include banking liberalisation, part of the legislation necessary for a market-based economy, the establishment of a Committee for Privatisation, a Ministry of Labour and a network of labour exchanges, and the distribution of land to farmers on long-term leases.

Nevertheless, reform has been very gradual and has been inhibited by the deteriorating economic situation, the largely unreformed government structure and the lack of understanding of the workings of a market economy. Few government officials are capable of making the necessary changes or implementing pilot projects.

PROGRAMME COMPONENTS

1. Government Advice

ECU 3.00 million

EC expertise will be made available for advice in macro-economic policy, tax reform, budgetary procedures, debt management, trade and international payment systems.

The Ministry of Energy will be assisted in the formulation of an energy strategy aimed at producing an efficient demand-driven sector.

2. Support for Enterprises

ECU 2.31 million

SMEs in Uzbekistan are already estimated to number far more than the 5,000 given in official statistics. Assistance will be given to consolidate reforms already made by improving the capability of key agencies to implement reform measures.

Privatisation

TACIS will fund expertise to provide institutional support and legal advice to the Committee for Privatisation, including assistance with privatisation and training plans and in the management of the privatisation programme. Help will also be given to develop a database of enterprises to be privatised. The aim will be to develop a comprehensive "privatisation model", containing all legal and institutional components including a practical step-by-step guide.

Small and Medium-sized Enterprises

EC experts will assist the Legal Committee of the Supreme Soviet in the preparation of fundamental legislation (laws governing rights and obligations, banking regulations and bankruptcy law). Assistance will be given to accelerate the development of the Business Communication Centre (BCC), in conjunction with an Uzbek institution. The BCC will provide market information, training and technology exchange, and advice on for SMEs in such areas as start-up activities and contract preparation.

3. Human Resources Development

ECU 3.51 million

Although academic achievement levels in Uzbekistan are high, there is at present a near-total lack of suitable management training for the civil service and the productive sector.

Unemployment, at over one million people, is becoming a major concern but the country lacks the expertise and mechanisms to deal with this problem.

Assistance under the TACIS programme will be aimed at strengthening the country's ability to train people in the operation and management of a free market economy.

Management Training

A National Academy of Management will establish a core staff of specialist trainers, and will help other higher education institutions in the provision of management training programmes and expertise. Other specialist institutions will be given help with SME-related training and expertise, and with improved foreign language training.

Civil Service Training

Assistance will be given to the National Employment Service and professional capabilities in the fields of employment and labour will be strengthened. Specialist training will be given to key Ministry of Labour staff and to academic staff in the economics and social planning area.

Local Government

Key officials in local government and other responsible agencies will make study visits to European countries to examine the functioning of other local governments.

4. Food Production and Distribution**ECU 3.00 million**

There are two objectives of technical assistance in this area:

- To stimulate increased private agricultural production, especially of meat and dairy products, which are in short supply
- To design and stimulate the development of a private distribution system with adequate supply, competitive prices and reasonable quality of goods

Meat and Dairy Farmers

Technical experts will help meat and dairy farmers to understand and implement demand-led production practices. Support will be given for the creation of voluntary farmers' associations and similar groups which may develop shared marketing, group procurement and common storage activities. There will be assistance in the design of rural infrastructure, and training courses for farmers in bookkeeping, animal husbandry, agronomy and marketing. Some essential equipment will also be provided.

Distribution Sector

A study of the private distribution sector in Tashkent will do the following:

- assess the technical upgrading requirements for existing distribution channels
- assess the equipment necessary for a private food distribution system
- assess the feasibility of creating a system able to interact smoothly with European counterparts
- assist in defining the commercial and legal frameworks for implementing a free competition policy in this sector
- design a training programme for those determining a new wholesale distribution policy
- formulate an export policy for Uzbek goods with a comparative advantage

Training in food distribution techniques will be given separately to private entrepreneurs.

5. Transport**ECU 1.68 million**

The Uzbek public transport and aviation systems are in a state of disorder and disrepair, and need extensive upgrading.

Urban Transport

EC assistance under the TACIS programme will assist regional centres to develop sound transport structures. Specific support includes management and task-related training programmes for bus and electrical transport employees, and reorganisation of passenger transport companies and repair workshops. Essential supplies of spare parts and maintenance equipment will be provided, as will assistance in their use.

Aviation

Training programmes at various European airports will be organised for air traffic controllers. Development plans will be formulated for the regional airports of Samarkand, Bukhara and Urgench/Khiva, and Uzbekistan Airways will receive help in the development of its management through training courses in Europe and at home.

6. Energy

ECU 5.28 million

Coordinated action in the energy sector is aimed at introducing market forces through transfer of technical, economic and management "know-how".

Electricity utility managers will receive training in the skills necessary to operate in a market economy. Oil and Gas company managers will be given instruction in industry legislation, financial and accounting procedures and relevant international agreements. An Energy Centre in Tashkent will supply the industry with information and advice aimed at stimulating energy saving. In addition, opportunities for the joint venture production of gas meters will be explored.

Regional Cooperation

Transport

Development of the transit route between the Black and Caspian Seas, Central Asia and the Caucasian countries to gain optimum utilisation of existing transport facilities. This will be achieved through improved management and organisation of existing facilities and strategic planning of cargo flows.

Study of and training in air traffic control.

Telecommunications

Master study and proposed action plan for the development of an efficient and cost-effective telecommunications system.

Agriculture

Comprehensive inter-state study of the structure and viability of the cotton industry, as well as of the related water resources management.

Energy

Improvement in the operation and financial management of the region's oil and gas pipelines.

Financial Services

Development of payment and clearing systems for the region's commercial and central banks, as well as bank training.

Support for Enterprises

Assistance to small and medium-sized enterprises, providing both the diagnostic and advisory services to improve management and operational efficiency and profitability.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE INTERNATIONAL SCIENCE AND TECHNOLOGY CENTRE

Funding:

1992: ECU 20 million

PROGRAMME BACKGROUND

The process of disarmament in the Newly Independent States places former Soviet weapons scientists and engineers in a critical situation. The proliferation of technologies related to weapons of mass destruction is seen internationally as undesirable. It is hoped to redirect the skills and expertise of these specialists towards new advanced technologies with a peaceful application, thereby enhancing the process of industrial reconversion and the transition to a market economy.

In this context, the United States, Japan, the Russian Federation and the European Atomic Energy Community acting together with the European Economic Community, have agreed on the establishment of an International Science and Technology Centre (ISTC), headquartered in Moscow.

The ISTC will be an intergovernmental organisation, subject to review after two years. It will have a Governing Board, a Secretariat and a Scientific Advisory Committee. In addition to the Community's contribution of ECU 20 million, the United States has pledged \$25 million and Japan \$17 million. The Russian Federation will provide the facility, its maintenance, utilities, security and related support. Financial reports will be provided to the Parties and to the Board.

PROGRAMME OBJECTIVES

The TACIS objective is to support the projects and activities of the ISTC.

Specific ISTC objectives are:

- i. To give weapons scientists and engineers opportunities to redirect their talents to peaceful activities.
- ii. To contribute to the solution of national and international technical problems.
- iii. To assist in the transition to market based economies responsive to civil needs.

ISTC ACTIVITIES

Activities funded through the Centre will focus on the development of applied research and development in:

- environmental protection
- energy production
- nuclear safety

Projects will address issues such as nuclear safeguards, the use of fissile material (coming from nuclear dismantlement), the development of control systems technologies for fast reactors, and environmental monitoring and decontamination.

TACIS funds will be used primarily to fund ISTC projects and, to a limited extent, to cover part of the Centre's operating costs and the costs of Community staff seconded to the Centre.

ISTC and TACIS programmes will be complementary. Programme twinning between TACIS and ISTC will make available relevant resources for improvements in operating and regulatory nuclear safety, environmental conditions and energy generation.

The Scientific Advisory Committee, comprised of two members from each of the participating Parties, will provide expert scientific, economic and other professional advice for all projects.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE IMPROVEMENT OF NUCLEAR SAFETY IN THE RUSSIAN FEDERATION AND UKRAINE

Priorities:

Plant Operational Safety
Design Safety
Support to Regulatory Authorities
Master Plan
Programme Management

Funding:

1992: ECU 60 million
1993: ECU 20 million (depending on budget availability)

PROGRAMME BACKGROUND

The design and condition of nuclear power facilities in Russia and the Ukraine give rise to serious concern about their short term safety. There is an urgent need for immediate action.

On the basis of the communique issued after the G7 Munich summit in July, the G24 coordinating mechanism on nuclear safety was extended to the relevant states of the former Soviet Union. Financing assistance from the World Bank, the EBRD and the Euratom/EIB lending facility will be important, given the huge costs involved.

The TACIS 1991 programme in this area allocated ECU 54 million, and was designed to improve the safety of operating nuclear power plants and to strengthen regulatory authorities. It was elaborated in close cooperation with the NIS authorities, and coordinated with the PHARE nuclear safety programme.

The 1992 TACIS programme builds on the 1991 programme, and is in line with the activities developed under the PHARE programme and with the recommendations of the G7 nations. The results of the Master Plan will be taken into account in the detailed definition of activities to be implemented under the 1992 programme, and will form the basis of the 1993 programme.

OVERALL PROGRAMME OBJECTIVES

- i. To improve the safety of operating power plants and other civilian nuclear fuel and waste treatment facilities.
- ii. To promote regional cooperation on nuclear safety among countries operating Soviet designed nuclear power facilities.

SPECIFIC PROGRAMME OBJECTIVES

- i. The improvement of plant operation through better organisation and procedures, upgrading of inspection facilities and procedures, improved training and quality assurance.
- ii. Assistance to operators and design institutes in assessment of the most important technical problems and implementation of suitable short and medium term solutions.
- iii. The development of strong, independent regulatory authorities and technical support organisations charged with the safety of the population and the protection of the environment.
- iv. The transfer of Western technology while supporting Russian and Ukrainian nuclear safety capacity through the subcontracting of tasks to local institutes like the International Science and Technology Centre in Moscow.
- v. The design of a Master Plan involving policy recommendations on improved safety measures for all aspects of the civilian nuclear fuel cycle.

1. Plant Operational Safety**ECU 38 million (1992)**

Most serious nuclear power plant accidents are generally agreed to have been caused by inadequate equipment, instrumentation or operational procedures, design flaws, or inappropriate decision making. Improved practical operational measures would reduce the risk of combining structural weakness in the design with inappropriate decision making.

TACIS will provide assistance for improving the interface between man and machine. Procedures for the normal and abnormal operation of reactors will be developed, the organisation and management of human resources assessed and adjustments recommended where necessary. TACIS will fund on-site operator and management training, and will foster the participation of Russian/Ukrainian personnel in research and training programmes in EC Member States.

TACIS will support the inspection of existing equipment, and will fund the purchase of basic equipment such as monitoring and fire protection devices, measuring equipment and waterproof and non-flammable coating, which are capable of directly and substantially improving plant safety.

TACIS activities will aim to supplement and optimise activities already initiated by EC and G-24 operators and safety authorities. Project results will be made available for Russian and Ukrainian consideration in their decisions regarding the residual life and possible decommissioning of nuclear power plants. The Commission will also use the findings within Community assistance programmes on the nuclear safety of Soviet-designed reactors.

Russia

In response to Russian requests, TACIS will provide technical assistance to develop operating procedures, non-destructive inspections, and improvements in fire protection, training and safety related equipment. TACIS will also fund reviews of the seismic design of specific plants and for regional seismic surveys.

All VVER 440/230 reactors will be targeted for on-site assistance, as will the four oldest RBMK units operating in Russia. Assistance will also be given for a VVER 1000 reactor, and funds will be allocated to improve the safety of the fast breeder reactors BN 600 and possibly BN 350.

Ukraine

The Ukraine will also receive on-site assistance with its VVER reactors, including staff training, review and improvement of operational procedures, improved accident prevention measures and assessment of plant deficiencies. Basic equipment may also be provided.

Following the Ukrainian decision to shut down Chernobyl units 1, 2 and 3, TACIS will assist the State Consortium for Nuclear Power and Energy and the State Committee on Nuclear and Radiation Safety of Ukraine in the timely and proper decommissioning of these plants.

TACIS-funded experts will also assist in evaluating tenders for a sarcophagus to cover the cracked existing shield on the Chernobyl 4 unit. TACIS may also finance pre-investment work, if it proves necessary.

2. Design Safety

ECU 10 million (1992)

RBMK Reactor Design

Fourteen 1000 MWe plants and two 1500 MWe plants of this reactor design operate currently in Russia, Ukraine and Lithuania. The TACIS 1992 programme will be defined in the light of preliminary findings from the 1991 programme.

VVER 420/230 Reactor Design

Follow-up studies may be necessary to complete the generic assessment of these reactors initially started under the PHARE programme and followed up by TACIS in 1991. They will be coordinated with practical on-site work planned for 1992.

VVER 440/213 and VVER 1000/187, 302 and 320 Reactor Design

Preparatory work for a more comprehensive study of the VVER 213 and VVER 1000 design will be financed by the PHARE programme. TACIS will support detailed cost-benefit analyses prior to the financing of new equipment or the completion of units under construction. TACIS will also support, where necessary, the review of generic technical upgrading proposals by NIS regulatory authorities.

Fuel Cycle Facilities

The safety of fuel production and radioactive waste management practices in civilian nuclear facilities urgently need to be properly addressed. TACIS will finance preliminary safety assessment studies for the development of a comprehensive medium term strategy.

3. Support to Regulatory Authorities

ECU 6.5 million

In most countries with civilian and military nuclear power sectors, regulatory responsibility for nuclear safety lies with the central authorities, who are empowered to license and control plant design, construction, commissioning, operation, shutting down and decommissioning. Russian and Ukrainian authorities need further strengthening and support. Their statutory role has not been sufficiently defined or developed, and they lack the means to carry out their mandate properly.

In 1992, TACIS will continue to support the civilian nuclear authorities. The assistance required will be identified in cooperation with the CONCERT group and technical safety organisations of Member States. The Regulatory Assistance Management Group will advise the Commission on such programmes. Assistance will cover the statutory and legislative framework, development and implementation of regulatory safety standards, inspection and assessment training, emergency preparedness, the licensing of nuclear installations and related issues.

4. Master Plan

ECU 3.5 million (1992)

TACIS will support a Master Plan to help establish a coherent nuclear safety policy framework in the NIS and Central and Eastern Europe over the next four to five years. The Master Plan will make safety recommendations, outline sectoral objectives and priorities, define implementation mechanisms and set a timetable. It will be developed with the recipient countries and will be subject to periodic review.

The sectoral analysis and recommendations of the Master Plan can be used by other donors in assistance activities such as technical improvements to the highest risk plants, improvements in operational and technical safety, correct management of the fuel cycle and policy development to replace less safe plants with more efficient energy sources.

5. Programme Management

ECU 2 million (1992)

Joint management units will be established in Moscow and Kiev, staffed by officials of recipient institutions and assisted by Western experts as necessary.

TACIS 1992

TECHNICAL ASSISTANCE FOR THE NEWLY INDEPENDENT STATES

REGIONAL (INTER-STATE) PROGRAMME

Priority Areas (NIS):

Government Support
Support for Enterprises

**Priority Areas
(Central Asia and Caucasus):**

Government Support
Infrastructure Networks
Economic Reform

Funding:

1992: ECU 28.6 million

PROGRAMME OBJECTIVES

- i. To support reform initiatives proposed by individual countries which are most appropriately dealt with in common.
- ii. To concentrate support where it will have the most direct impact and strongest multiplier effect.
- iii. To support common standards and procedures important to ensure the free flow of goods and people.
- iv. To improve understanding and cooperation among the states concerned, especially in view of their common needs.

The NIS governments are committed to ambitious programmes of economic reform, but are hampered by the scale of the task and the limited resources available. Monetary policy is still largely run along former USSR lines, terms of trade are weakening, regional communications are poor, and some countries have serious environmental problems.

The regional programme builds on proposals under the TACIS national programmes and complements national actions by reinforcing them and extending their scope. The assistance is aimed at developing the human resource base, encouraging private and public sector support for the reform process, and helping to create the conditions for rational economic growth by targeted regional action.

PROGRAMME COMPONENTS: NIS

1. Government Support

ECU 7.5 million

Economic reform has been frustrated by the lack of adequate regulatory, fiscal, legal and institutional frameworks.

TACIS will provide timely and appropriate advice to governments to foster improvements in decision-making. Important areas for support include the creation or development of bodies and legislation dealing with macro-economic policy, economic decision-making in key sectors and policy advice in specific areas. TACIS will also finance an extension of its 1991 legal reform programme.

Coherent and consistent advice will be given to all recipient institutions by a pool of expertise managed through a central coordinating office. The programme will have a duration of three years.

2. Support for Enterprises

ECU 2 million

Economic reform is handicapped by insufficient numbers of entrepreneurs, and many enterprises face collapse as a result of loss of markets or the lack of investment and essential equipment.

TACIS will support enterprises by making Community expertise available to SMEs in the New Independent States. Assistance will consist of focused technical assistance, training and business development support in partnership with Community firms, and support for Community firms considering NIS investment. Specific actions will bring improvements to the management, operational efficiency and profitability of NIS enterprises. SME Development Agencies set up under TACIS national or local programmes will be the vehicle for this assistance.

PROGRAMME COMPONENTS: CENTRAL ASIA AND CAUCASUS

3. Government Support (Black Sea)

ECU 1 million

In addition to the assistance committed for advice to all NIS governments, there is specific institutional development support for the environmental protection of the Black Sea, as required under the 1992 Bucharest Convention.

Together with PHARE, TACIS will assist the riparian authorities to protect and improve the Black Sea environmental situation, and to respond efficiently to development pressures with implications for the coastal or marine environments.

4. Infrastructure Networks

ECU 11.5 million

The national technical assistance programmes have unanimously requested support for transport, telecommunications and oil and gas pipelines. For Central Asian countries, improvements in air traffic control are also critical. The previously centralised networks are now suffering from lack of investment and low technical and management performance.

TACIS will provide technical assistance aimed at achieving rational, efficient, multi-modal regional networks which use existing infrastructure, operate to common standards and procedures and offer a reliable cost-effective service. The emphasis will be on training and deployment of necessary personnel to operate, manage and maintain the regional infrastructure. Assistance will be coordinated with activities funded under the 1991 TACIS programme.

Transport

ECU 5.5 million

The use of rail, road and maritime networks will be maximised in the development of a multi-modal approach to the movement of goods, especially for export and import purposes. An initial workshop and conference will define parameters, which will probably include traffic forecasts, assessment of network capacity and needs, and technical and financial needs. Emphasis will be given to:

- the improvement of network capacity through management and organisational changes in the transport industry;
- the improvement of transport lines between Central Asia and Europe via the Caspian, Caucasus and Black Seas;
- the elimination of bottlenecks through investment feasibility studies and other technical measures.

Air Traffic Control

ECU 3.5 million

TACIS will assist in the improvement of capacity and safety characteristics in international air corridors and regional airspace. Support will be given for a programme for equipment modernisation, master plans to improve airport standards and for training activities.

This assistance will be coordinated with TACIS assistance for air traffic control provided to Kazakhstan and with a nine-airport project involving Russia, Ukraine and Belarus.

Telecommunications

ECU 1.0 million

TACIS will fund a study to examine the feasibility of a new high-capacity link to Western Europe for the benefit of all eight republics. The new system would replace the Moscow-centred manual telecommunications system with modern automatic equipment.

Oil and Gas Pipelines

ECU 1.5 million

The oil and gas network offers the potential for hard currency exports. Given the sunk costs of the existing pipeline infrastructure, the complexity of operational and maintenance procedures, the importance of common tariffication policies and of transshipment and other agreements, an inter-state strategy for the networks is vital.

TACIS will finance a strategy to maximise the use of existing pipeline networks within national and regional contexts. Assistance will be given to define and implement inter-state operations and maintenance agreements, and with the development of management structures and rules and procedures for the agreements. Attention will be given to environmental considerations.

The project will build on the experience gained from current TACIS pipeline projects in Russia and the Tyumen region.

5. Economic Reform

ECU 5.8 million

The structural weakness of the countries' economies is particularly obvious in the lack of a small business sector, the absence of financial support services for business and the inefficiency of the main productive sectors as a result of poor management.

Support for Enterprise

TACIS assistance for enterprise support, valued at ECU 2.0 million and detailed in section 2 above, will be available to the Central Asian and Caucasian region as well as the rest of the NIS.

Financial Services

ECU 2.0 million

TACIS will encourage banking independence and the development of financial services enabling banks to respond effectively to enterprise needs. Training facilities to promote Western-style banking and credit culture will be provided in Uzbekistan, Turkmenistan, and Kyrgyzstan. TACIS will also assist in the introduction of effective payment and clearing systems for the central banks of Armenia, Georgia and Kazakhstan. The projects will be coordinated with TACIS 1991 assistance to Moscow central and commercial banking.

Cotton Production/Water Management

ECU 3.0 million

Cotton production is extremely important to Central Asia, and has the potential for significant export earnings. However, the future of the industry is inextricably linked with the critical issue of water management in the sub-region as a whole.

TACIS will help to define a sound economic strategy for cotton which is also based on resolving the water resource issues. Actions include:

- assistance with inter-state water management procedures aimed at assessing the amount of irrigable land and the sustainable amount of water available for sound economic activity.
- recommendations for reducing the negative environmental effects of past water use (deterioration of the Aral Sea, salinisation of land and water, contamination of drinking water).
- support for the development and implementation of agricultural strategies providing for a balance between food and industrial crops on sustainably irrigated land.

Grape Production

ECU 0.8 million

A TACIS-funded study will recommend methods and marketing opportunities for grapes and grape products aimed at boosting export earnings while limiting potential conflict with foodstuff production in the use of scarce agricultural land. The study will examine grape varieties, processing techniques and potential markets.