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news 4

► Environmental protection essential to economic reform

The Tacis Regional Environmental Facility provides the basis for long-term development

Tacis has just launched a major new initiative targeting environmental problems in the New Independent States. The Regional Environmental Facility will help partner governments build environmental sustainability into the economic reform process. Its basic aims are to help governments establish effective systems for enforcing environmental protection and to support those organisations which allow 'grass roots' environmental concern to be translated into action.

As Christopher Le Breton, the Tacis task manager responsible explains, "both governments and the general public are aware of the importance of the environment, but they lack the means to ensure that environmental sustainability is built into the economic reform process". [\(continued on page 2 ►\)](#)



Source: AP

The effects of the oil spill in Usinsk, Russia highlights the need to build environment sustainability into the reform process.

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► Feature

► Shaping up for the future

A look at the work of the European Commission's Moscow Delegation

19 August 1991 was a day that shook and changed the world. It was a day that Catherine Magnant, head of the press and information section of the European Commission's Moscow Delegation, will never forget: "I had gone to Tallinn for the weekend and flew back to Moscow very early on the Monday. I took a taxi from the airport into work and the taxi driver told me there had been a coup. We looked for tanks but everything was so calm, it felt unreal."

[\(continued on page 6 ►\)](#)



Dealing with an oil spill in the Black Sea

► continued from page 1)

The Regional Environmental Facility complements Tacis' broader environmental policy, which ensures that protection for the environment is an intrinsic consideration in all Tacis projects. As Mr Le Breton pointed out, "Tacis tries to take an integrated approach to environmental issues at the programming stage of project development by including the environmental dimension into all sectors".

The Regional Environmental Facility covers the following areas: strengthening institutions and regulatory systems, environmental audits and resource management to reverse the environmental degradation of the Black and Caspian Seas.

Developing the framework

The first area, institutional strengthening, will help governments develop the institutions and regulatory systems necessary to incorporate environmental sustainability into the economic reform process. In western Europe, there is a complex regulatory infrastructure and a high level of public awareness which helps to ensure that industrial and economic development is not detrimental to the environment. In the Russian Federation and the other New Independent States, however, although the legislation may be there, it is not often enforced. There is no incentive for either the state or private sector to invest in upgrading manufacturing structures which leak harmful substances into the environment. At partner government level, the Regional Environmental Facility will help identify areas where action can be taken to remedy the most immediate inadequacies in their legislative systems.

Projects considered for support under the Tacis Regional Environment Facility:

- training in environmental auditing and low cost environmental improvements in industrial sectors
- water basin management and study tour for the Caspian Sea, river basins and Lake Baikal
- training in environmental project identification, evaluation and definition.

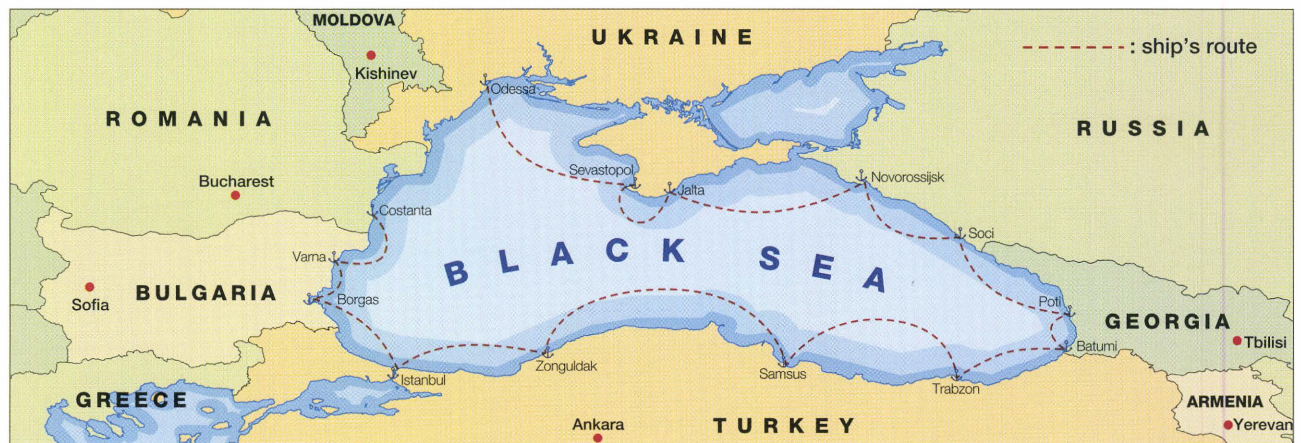
Environmental auditing

The second important strand of the Facility covers the provision of advice on the environmental aspects of economic reform. This involves setting up an effective system of environmental impact assessment and auditing for industrial development. "At the moment, we are discussing seminars and workshops on sustainable forestry and waste management with partner countries", explains Mr Le Breton. Within Tacis itself, individual projects are now being prepared which incorporate an Environmental Impact Assessment.

Cleaning up regional seas

The Facility is also supporting the regional seas - the Caspian Sea and the Black Sea which both suffer from severe environmental degradation. There is no central source of information on the exact environmental situation of the Seas, but over-fishing and dumping of industrial and domestic waste have rendered the waters almost lifeless. "We need a common approach from the communities involved", says Mr Le Breton. "We are considering a proposal from the Georgian Greens, an environmental group in Georgia, for a ship equipped for seminars and exhibitions to generate public awareness in the affected Black Sea region. Any NGOs or other bodies involved in public awareness which want to carry out specific activities but lack expertise can call on the Facility to help."

"The drive for what we are trying to achieve ultimately comes from the people that we are working with", concludes Mr Le Breton. "We can only hope to give them the benefit of our experience and encourage them to recognise responsibility to the environment as an indispensable part of economic reform." ■



The Tacis-funded ship will visit the major ports on the Black Sea to raise public awareness of the environment

► A view of change

Interview with Michael Emerson, head of the Delegation of the European Commission in Moscow

Two putsches, two presidents, the initiation of wide-ranging economic reform, the establishment of a multi-national know-how programme, the negotiation and signing of the Partnership and Cooperation Agreement - these are some of the changes which the head of the European Commission's Delegation in Moscow, Michael Emerson, has lived through since he first arrived in February 1991.

The beginning of official relations

"In 1990, the first Trade and Cooperation Agreement between the USSR and the European Community came into effect, marking the beginning of official relations. During 1990, the relationship between Gorbachov and the West had developed significantly. European Community leaders decided to examine the process of economic reform more closely and open a Delegation in Moscow. In December 1990, a decision was taken to provide food aid and know-how to Russia, resulting in a much greater role for the Delegation being established."

Mr Emerson remembers, however, that the Delegation opened at a time of political as well as climatic chill. "We arrived on 1 February, 1991. But just before that, there had been a series of tragic events in Vilnius and Riga where many people were killed in insurrections which were brutally put down. So it was decided to open the Delegation but suspend aid."

The aid programmes gradually got going again throughout the spring of 1991 as Gorbachov convinced the West of his commitment to political and economic reform. Mr Emerson characterises each year differently since the Delegation opened. "The 1991 putsch saw the collapse of the 'ancien regime', the fall of Gorbachov and Boris Yeltsin take over. We were direct witnesses of the putsch as it happened because the Delegation's offices were then in the Mezhdunarodnaya Hotel overlooking the White House where all the action was."

A decisive point in time

"1992 saw changes in the economic regime with a liberalisation of prices and the exchange rate marking the turning point. In 1993, that process of economic reform and democracy was contested, politically, by members of the then Supreme Soviet, culminating in the second quasi-putsch of October. In 1994, the new market economy and democracy has had to try and consolidate itself, a process not without difficulty."

A new agreement

Another milestone in the European Union's relationship with Russia is the conclusion of the Partnership and Cooperation Agreement, signed in June 1994. This updates the 1989 Agreement broadening the relationship between the European Union and Russia. Raising political dialogue on foreign policy to Summit level, it extends legally binding conditions of trade in goods and services, payments, labour and capital movements.



Mr Emerson, head of the Delegation of the European Commission in Moscow

It outlines many areas in which both parties agree to cooperate such as enterprise, science or transport, and in particular acknowledges that this cooperation is provided through the Tacis Programme.

A role for Tacis

Mr Emerson considers that Tacis is proving successful in its activities in Russia, and is sufficiently flexible to deal with problems arising from changes in circumstances of partners. Looking to the future, he highlights three major issues. First, the maturing of management methods within the Programme reconciling the need for both small and large Tacis projects, resulting in a number of framework programmes such as Bistro, the Productivity Initiative and Twinning.

Second, an increasingly regional focus. "One-third of the budget is going to the regions", Mr Emerson points out. "We are decentralising Tacis management, concentrating on certain regions, which is giving encouraging results."

Addressing social issues

Third, the need to address the social problems in Russia through Tacis. "The first phase of Tacis helped the switch to a market economy move as fast as possible. But we are now in a situation where some sectors are taking off by themselves, with the financial resources to buy in their own consulting expertise. So what about phase two? As the market economy has taken root, so have social problems, be these criminality, poverty, environmental or educational issues. What I see as a medium-term change in prioritisation is a gradual diversion of more resources into these areas which we may call the civic society. We should still continue to support the market economy, but now also support social elements." ■

► Belarus meets criteria for EBRD loan

The European Bank for Reconstruction and Development (EBRD) has just signed a \$30 million loan agreement with the Government of Belarus, which will allow local commercial banks to provide credit to small and medium-sized enterprises (SMEs).

Tacis' role is two-fold: firstly, in preparing the ground for the signature of the loan by helping individual banks to restructure their credit departments; and now in advising a series of Belarussian banks on how to benefit from the loan agreement.

So far, ECU 5.2 million has been spent on establishing the banking infrastructures that private enterprises need if they are going to be able to function successfully. This means training bank personnel to be able to assess and manage credit and plan financial solutions for businesses needing money. Now that Tacis has completed training bankers in the most immediate skills, the EBRD is complementing the initiative by providing money to the banks so that they can in turn start to provide the private sector with the cash that it needs.

Tacis has helped the National Bank to reorganise its accounting department and will be providing support in the payments and clearing area. At the same time, experts have established a new bank training centre so that expertise is developed and passed on at a local level. The Association of Commercial Banks is hosting a Bank Support Unit which will provide immediate advice and support to individual banks which have not benefitted initially from the training.

As this basic infrastructure is being put in place, the Tacis experts are turning their skills to advising Belarussian financial institutions on providing credit and financing for SMEs. Constant liaison with the EBRD and the World Bank means that

such actions will result in eligibility for long-term financing and loans from donors for these institutions. Like most international financing institutions, the EBRD has stringent requirements which must be met before it will consider any form of lending operation - particularly one which involves a certain level of development within the private sector. For the Belarussian loan to work, the EBRD needed assurance that a banking infrastructure was being put in place to enable banks to draw on the credit and use it correctly.

Now that the international donor community has placed its vote of confidence fairly and squarely on the commitment of the financial sector to reform, Tacis is looking at setting up an investment fund to channel direct investments from both foreign and local investors to private enterprises. The Prime Minister, Mikhail Chigir, said that "this is a very important development for Belarus as it provides a real impetus not only for the banking system but also for the emerging small and medium-sized private sector whose role is so important to the future development of our economy". ■



A Belarussian rouble

► National Coordinators and Commission define direction for Tacis in 1995

National Coordinators meet in Brussels to discuss priorities for support in 1995

Over 30 senior representatives from Tacis partner countries met with European Commission officials in Brussels from 12-16 December for what is arguably one of the most important dates in the Tacis calendar. The National Coordinators, who are the official representatives of partner countries' governments, the executive directors from national Tacis Coordinating Units and European Commission officials gathered during the week-long session to discuss and define the direction for the Tacis Programme in 1995.

Sir Leon Brittan, the Commissioner for External Economic Relations, opened the meeting praising the successes of the preceding year, saying that "the quality of performance has been significantly improved by increasing the efficiency of financial performance, concentrating on monitoring and evaluation of project implementation as well as introducing new techniques which maximise output". This year has also seen a more productive relationship developing with the European Parliament and an emphasis on communication.

Sir Leon said that further decentralisation of the Programme in 1995 would improve implementation [\(continued on page 5 ►\)](#)

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and make it more relevant to users. This was welcomed by representatives from the New Independent States and Mongolia as it means strengthening the National Coordinating Units and the European Commission delegations in the partner countries.

Some representatives from Tacis partner countries also expressed their desire to see Tacis begin to emulate the Phare approach - in essence, suggesting that it is now time to move Tacis towards supporting investment and infrastructure.

Next year, Tacis will be prioritising multi-country cooperation supporting the critical task of rebuilding the intra-CIS network. This will involve improving transport and energy networks and incorporating an environmental dimension into projects.

Joannes ter Haar, a Tacis head of unit, summarised the significance of the dialogue between the European Union and the Tacis partner countries as being "fundamentally important for the success of the Tacis Programme". He added that "each year, we take the opportunity to review and learn from past experiences in order to give direction to the year ahead. In that context, the National Coordinators Conference has become a

very important forum in which opinions can be exchanged, success stories shared, problems identified and effective solutions found. It has become a gathering between partners that enhances dialogue and effective cooperation and that will have a lasting impact". ■



The National Coordinators Conference in Brussels

► The lessons of economic integration

CIS Deputy Prime Ministers visit Brussels to debate economic cooperation

Crucial issues of economic integration were up for discussion during a five-day seminar held in Brussels and Maastricht during the week of 21 November. The key figures in the process of CIS integration met to draw lessons from the European Union's own process of economic and political integration. The attendees were the members of the newly-created Interstate Economic Committee including Deputy Prime Ministers from Armenia, Kazakhstan, Ukraine, Tajikistan, Moldova, Georgia and Kyrgyzstan. The seminar was financed with Tacis funds as part of its efforts to foster economic cooperation within the Commonwealth of Independent States (CIS).



The Deputy Prime Ministers of the CIS at the seminar in Brussels

Learning from the European Union

"There is no alternative to integration - the question is how?", said Tatyana Valovaya from the CIS Executive Secretary's office. It seems that, in the process of strengthening economic cooperation within the CIS, the model of the European Union has been carefully studied. "We are not trying to copy the mechanisms used in the European Union, but to learn from them", she said. Valovaya envisages that the 40 years of experience accumulated by the European Union to reach its present level of integration can be used to benefit the New Independent States in their own process of fostering cooperation within the CIS.

Laying the groundwork

"Strong trading links depend on customs and payments unions, so we are learning how to set them up", she continued. Valovaya saw as equally important the capacity of those in the driving seat to see things through. To this end, the seminar covered policy making and implementation, permitting the participants to exchange views with each other and with European politicians and ministers.

But the seminar also explored things that could be done differently. Mrs Valovaya commented on difficulties and challenges that the European Union is facing, whilst also expressing her opinion that "centralisation is a big mistake. The real answer has to be subsidiarity". She concluded that "you cannot have economic integration without a strong political will to succeed. We are prepared for the road to be long, but ultimately successful". ■

► Feature

► continued from page 1)

The European Commission's Moscow Delegation was only six months old and comprised a handful of staff, based in a Moscow hotel. "The hotel was about a kilometre as the crow flies from the White House and when the shooting started, we could see everything from our offices", says Ms Magnant.

Riding the ups and downs of the Russian Federation's political and economic transition to a democratic, market economy is a way of life for the Moscow Delegation. Now nearly 55-strong (with half of the personnel Russian nationals), the team functions much as an embassy under the head of Delegation, the Delegate of the European Commission in the Russian Federation, Michael Emerson. The Delegation represents, to the Russian citizens and their government, the collective interests of the European Union and its Member States, as channelled through the European Commission in Brussels. In the other direction, it relays back political and economic analysis and field reports from Moscow and beyond. For Russians, it has come to symbolise the public face of the European Union and, although individual Member States all have their own large embassies, a visit to the Moscow Delegation is often for many people their first contact with the European Union.

Living on fast-forward

The radical changes that have shaped the Russian Federation, since 1991, have been mirrored in the Delegation. Since the early days in the hotel, it has moved location twice. Each move

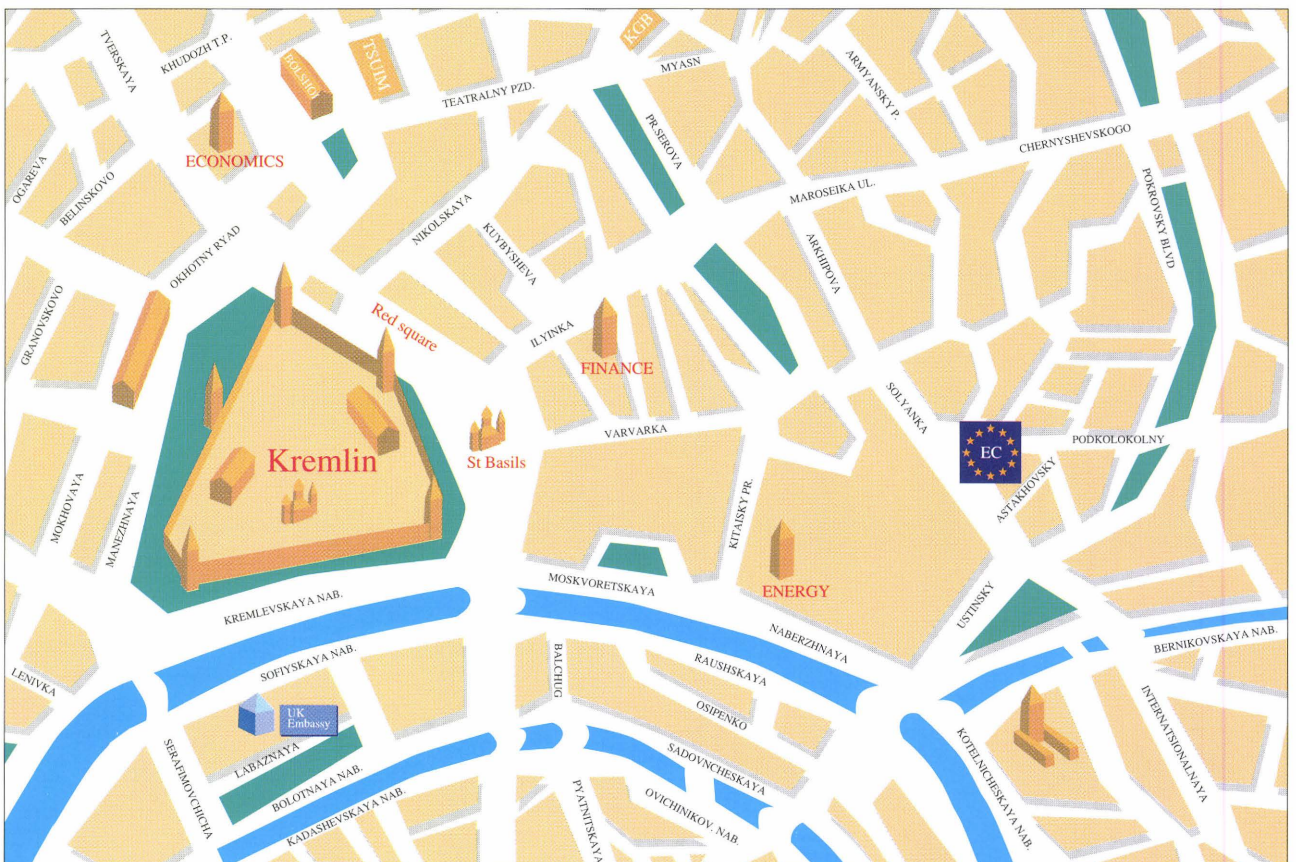


The European Commission's Delegation in Moscow

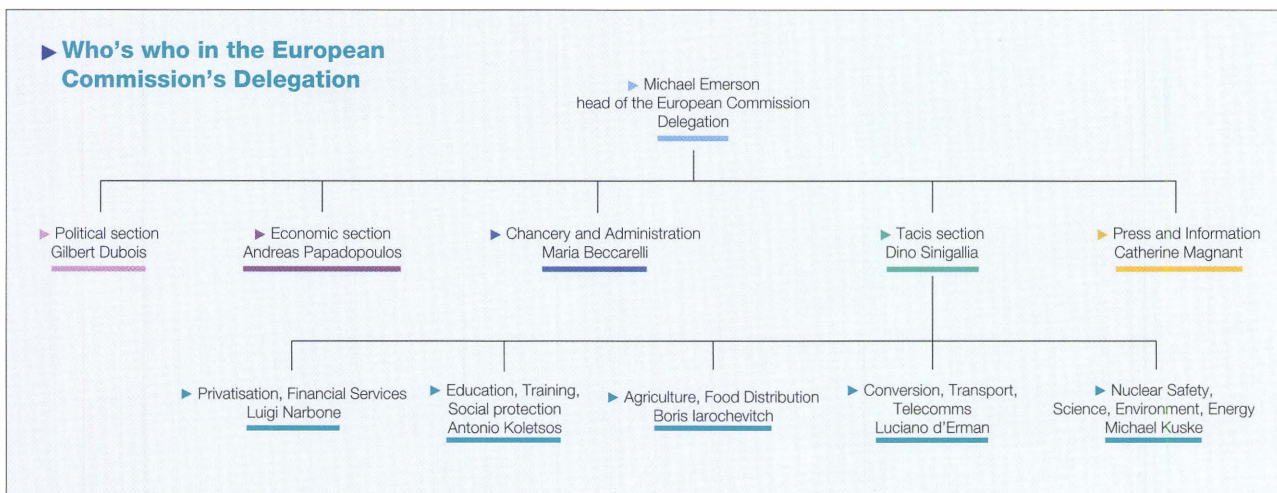
involves drawing up a new set of contracts, a task that is never simple at the best of times, but which can prove to be a bureaucratic nightmare in a country where laws are constantly being rewritten. The frequent changes in Russia's political structure sometimes make it difficult for the Delegation to identify its interlocutors. "Russia is changing so fast that the differences after six months here are as great as progress during two years anywhere else", says Ms Magnant.

The Delegation itself is divided into different departments which all answer directly to Mr Emerson: the Tacis section,

(continued on page 7 ►)



The centre of Moscow. The European Commission's Delegation is on Astakhovskiy Street, 2/10



The split of responsibilities within the Moscow Delegation

▶ continued from page 6)

the political section, the economic section, the chancery and administration section, and the press and information office.

Structuring the organisation

▶ The Tacis section, under Dino Sinigallia, is divided into sectors responsible for agriculture and food distribution (Boris Iarochévitch), conversion, transport and telecommunications (Luciano D'Erman), education, training and social protection (Antonios Koletsos), energy, nuclear safety, science and environment (Michael Kuske) and privatisation and financial services (Luigi Narbone). The Tacis section has close working relations with the Russian Coordinating Unit as its interlocutor in the Russian governmental structure. In addition, it frequently links up with an independent Tacis evaluation and monitoring team which is housed at a different address under Etain Doyle. This team evaluates Tacis projects, verifies that they are running smoothly, and that money is being spent where it has been allocated. (For further details, see 'The role of the Tacis section'.)

▶ The political section, headed up by Gilbert Dubois, follows political developments and reports back to Brussels. In Moscow, it has an important liaison function with the government and with other European Union Member State embassies and often helps organise high-level conferences or missions. Mr Dubois is also the deputy head of Delegation.

▶ The economic section, under Andreas Papadopoulos, performs a similar function, but its point of reference is the economy rather than the political environment, although the two are often intertwined.

▶ The chancery and administration section, under Maria Beccarelli, plays a vital coordinating role, arranging the itineraries for visiting dignitaries, organising visas, and ensuring that all the infrastructures, such as telecommunications, work so that the Delegation can function efficiently day-to-day.

▶ The press and information office, under Catherine Magnant, is the Delegation's 'front of house'. It publishes the bi-monthly magazine *Evropa* and coordinates the newsletter *Europeisky Obzor*. In May last year, it also launched a monthly television broadcast 'Window onto Europe' due to become a bi-weekly event in January 1995. Regular visits to schools as well as organising press conferences and various round-tables also help to spread the word as far as possible to explain what the European Union is and what it does in Europe as well as in Russia.

The role of the Tacis section

When the Delegation started in 1991, it had a purely political and economic focus as there was no programme of technical cooperation at that stage. "But", explains Dino Sinigallia, head of the Tacis section, "as the economic and political changes in the country gathered momentum, the Tacis Programme began and it quickly became clear that a new section should be added to the Delegation. The Commission couldn't really manage everything from Brussels - it needed to have some people on the ground to manage aspects of programmes and take certain decisions". Although the responsibility for managing and approving projects rests with Brussels, it is the Moscow Delegation that makes most of the on-site visits, liaising between the contractors and their Russian counterparts and resolving day-to-day problems. This may include helping a contractor through the labyrinth of legislation necessary to import a certain piece of equipment that cannot be found locally. Similarly, it may involve explaining to a Russian counterpart that in certain situations money is not necessarily the answer, and that learning to use more appropriate skills can often reap greater rewards.

"There were, in the beginning, misconceptions about funding for know-how and grant assistance. People here thought this meant cash donations, so we had to explain that it was about transferring expertise", explains Boris Iarochévitch from the Tacis section, adding, "it took a long time to break down the initial mistrust of what we were here to do.

(continued on page 8 ▶)

► Feature



Dino Sinigallia, head of the Tacis section, meeting with Giorgio Bonacci and Rolf Timans, colleagues from Tacis in Brussels

(► continued from page 7)

But it was worth waiting for, as now we are getting lots of very positive feedback”.

Mr Sinigallia explains how this has meant that the section is constantly changing and adapting its resources to keep pace with the speed at which people’s needs are changing. “On the basis of our experience during the last four years, and the discussions that we constantly have with our partners, we are always looking for ways to speed up the process and tailor the way we work to meet requirements even more closely.”

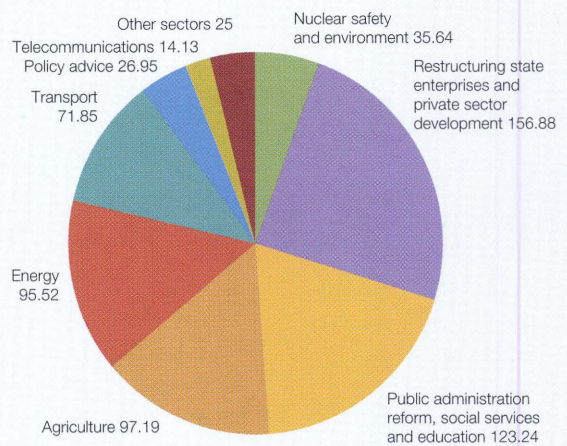
The project preparation process

Every year, the Tacis section in Moscow assists in the preparation of Tacis Action Programmes for Russia, that is, by assessing project proposals or by providing relevant information for the choice of geographical concentration areas. The Tacis section also prepares the terms of reference for a number of projects in each sector. It welcomes the experts in charge of implementing the projects and provides them with guidance and support.

Managing expectations

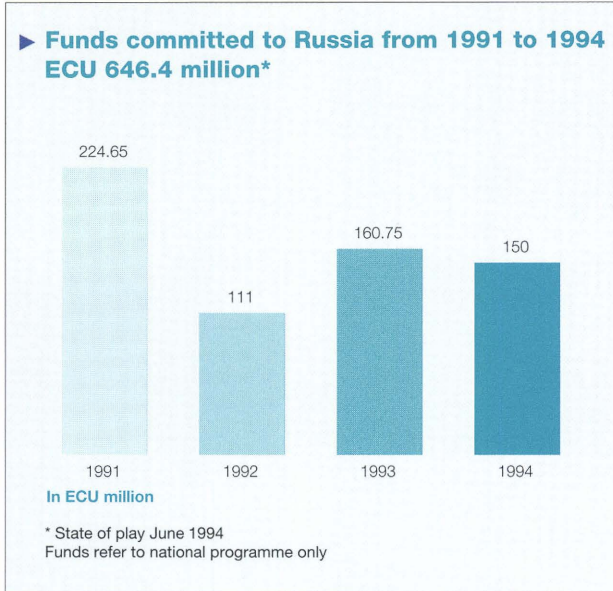
However, persuading Russian counterparts to adjust their expectations of a project can sometimes be diplomatically difficult. At local level, expectations may be more realistic but there is also sometimes a certain wariness that has to be countered. “We spend a lot of time mediating, discussing solutions to a problem, or recommendations made by contractors to their partners, but the consultation process is vital. There is not much point in a contractor going ahead unless he has established really good relations with his partner”, says Mr Sinigallia.

► **Funds committed by sector to Russia from 1991 to 1994***



In ECU million
* State of play June 1994
Funds refer to national programme only

The lag between identifying and implementing a project can be long - the momentum for a project where a Russian counterpart has perhaps already been found can be hard to sustain. Therefore, the team in Moscow has a crucial liaison role to fulfil in ensuring the success of the partnership process. ■



The symposium on the Partnership and Cooperation Agreement held in Moscow on 23 November, organised jointly by the European Commission’s Delegation, the Ministry of Foreign Affairs and the Embassy of Germany, Presidency of the Council of Ministers

▶ Radio Russia's new series on democracy

Tacis and the BBC Marshall Plan of the Mind Trust launch a new radio series on democracy

Mature democracies do not just act democratically - but they think democratically, which means having a well-developed understanding of the roles of institutions and political entities within a community. To communicate some of the most important concepts involved, Tacis has joined forces with a Trust of the British Broadcasting Corporation to encourage Russian audiences to think about democracy and related issues.

From 14 November until 1 May 1995, the BBC Marshall Plan of the Mind Trust will broadcast 23 programmes of just under half an hour in a series called 'Democracy at First Hand'. It is being broadcast by Radio Russia, the successor to the old state broadcasting company, and aims to bring to life the way democracy works by comparing institutions in Britain, the United States, Italy, Spain, Germany and Russia itself. The Tacis Programme is contributing to the project together with the British Government's Know-How Fund and the Ford Foundation.

Democracy is not just a question of elections

At the recent launch of the project, Michael Emerson, the head of the European Commission's Moscow Delegation, explained that 'Democracy at First Hand' will have a tremendous role to play in forming public opinion. "Democracy has been embraced by Russian people, but the need to strengthen all the institutions and the democratic culture of the civic society remains immense", he says.

In terms of format, 'Democracy at First Hand' draws much from an earlier series called 'How Business Works' which the BBC Trust hopes will also serve as a model for planned productions



Jenny Lo, the series' producer

on agricultural reform and personal finance. It may also prove an inspiration for spin-off books and cassettes. The series is broadly divided into three parts: the first will look at issues such as what is politics, what is a civic society and how do political parties work, the second at the structures of government and the third at policies.

Separate programmes will, for example, explore the difference between unitary states, federations and confederations, the role of the judiciary, the media and non-elected institutions such as the military and the bureaucracy.

Finding a new vocabulary

"We want to demonstrate that countries with different histories and institutions can develop different styles of democracy. The problem in trying to explain the democratic process is the vocabulary. Because of past ideology, political terminology can mean very different things in Russia", says the series' producer, Jenny Lo.

In Moscow, where the programmes can be heard every Monday at 20.10, the series is seen as a timely contribution to the reform process. Sergei Kovalev, Chairman of the State Duma Committee for Human Rights, says that if Russians sometimes seem apathetic when confronted with change, the reasons for this are simple. "We don't have enough democrats. There are not enough people who understand what democracy is. Without this, democracy cannot exist."

Listeners will be able to take part in competitions where the top prize is a sponsored training course in London to see parliamentary democracy at work in Britain.

In praise of the programmes, Joannes ter Haar, one of the Tacis heads of unit, summed up precisely why this project was so important for Tacis: "It is the transfer of know-how par excellence. This is, after all, what we are about, here at Tacis." ■



Michael Emerson, head of the EC Delegation and David Morton, director of the BBC Marshall Plan of the Mind Trust, at the project launch in Moscow

► Policing mountain passes in Kazakhstan

When Robert Pajmans first arrived at the Kazakhstan customs post on the Chinese border, he thought for a moment that time had stood still. "It looked as if little had changed for the last few centuries except the mode of transport. Queues of cars stretching into the distance laden down with every kind of shape or size of package, like a caravan of camels from afar. The customs officials made every single car unpack everything and then pack it up again which took ages", he recalls. "I realised that the willingness and enthusiasm were there, it was just that they had absolutely no resources." This sort of situation is hardly likely to favour the development of a market economy. A properly-functioning customs service provides extra revenues in the form of tariffs and duties and furnishes statistical information on trade flows in a standardised form. This can be used as a basis for trade negotiations at an international level.

Speeding up procedures at border controls not only promotes trading but also makes life easier for visitors - themselves a welcome source of tourist income. But in Kazakhstan, the spotlight is on security, as the republic is fast being recognised as a transit route for drugs coming up through Afghanistan along the old Silk Road. Access is all too easy - and without the right training and equipment, Kazakh customs officials are unlikely to be able to control the worsening situation.

Mr Pajmans was selected by the Tacis Programme to co-ordinate the Kazakhstan project, comprising 14 separate goals, which have now nearly all been met. Three broad areas covered training seminars, the provision of know-how, and visits by Kazakh officials to customs services in European Union member states.

The bare bones of a customs service

"When I first went out to Almaty in 1993, there were 850 people in the Kazakh customs service", Mr Pajmans remembers. The officials had tried to establish links with other republics, taking the only established procedures they knew - the Russian model - and where possible had adapted these to meet Kazakh requirements. But this did not work too well in many cases as Kazakhstan is both vast and remote. "Most of the ten border posts had little besides two or three officials in basic accommodation to man them. Limited standardised coordination with customs officials from neighbouring countries when categorising goods and agreeing import and export tariffs slowed up the whole business of bringing goods into the country", says Mr Pajmans.



An introduction to international standards

The Tacis customs project has been providing officials with training on methods of evaluation, and has introduced them to international standards for presenting information. Tacis experts have also been helping to set up laboratories to deal with the classification of goods for tariff purposes, taking a particularly close look at enforcement and automation.

"The normal procedure was to search everyone crossing the border, weigh their possessions and impose duty on an arbitrary basis only loosely connected to weight. There was no system, so it was impossible to do much more. In some places the customs official was obliged to keep huge amounts of money in his office because in the remoter districts there were no banks and transport problems meant the trip to the capital to deposit the cash could only be made once a week", Mr Pajmans explains.

Sudden growth is testimony to success

The proliferation of small banks sparked off by reforms in the financial services sector resolved the cash flow problem and Tacis immediately tackled training by organising small seminars. These have been highly successful, but the sudden growth in the customs service generated by the enthusiasm with which the customs programme has been welcomed (there are now over 4,000 customs officers) means it is vital to reach more people. A new initiative to accommodate vocational training needs is currently being prepared for customs schools in Semipalatinsk and Akhmola, training 100 officers for 18 months at a time. The trainers will all be Kazakhs who have spent or will spend time in the Dutch customs school. ■

► Seaport of St Petersburg raises productivity by 30 per cent

Situated on the Baltic Sea, the Port of St Petersburg was, for centuries, the main maritime link between western Europe and the Russian hinterlands. It is still a vital part of Russia's trading infrastructure, but the mounting pressures of increasing imports resulting from economic changes have turned it into a bottleneck for trade. The Port Authorities looked for ways to improve the situation and maintain the region's economic importance for Russia. The logical decision was to take advantage of experience and know-how offered by European ports, through the Tacis Programme.

Identifying the initial problems

Initial Tacis-funded studies pin-pointed fundamental problems such as a cumbersome and inappropriate paper-based administration; tariff systems unrelated to market forces and a total lack of information on goods stored within the port. The European Port Consortium, headed by Hamburg Port Consulting, was then selected to propose a series of measures tackling the most urgent priorities of infrastructure; cargo flow, operational structures and maintenance facilities. Anatoly Bilichenko, General Director of the Sea Port of St Petersburg, recalls that "at the beginning of our work we were not able to recognise the complexity and range of the problems. But, after the analysis, we identified the problems we needed to solve".

Longer-term benefits of know-how rather than cash

Michel Gontier, the Tacis official managing the project, spoke about the initial problems of understanding. "Tacis is trying to develop a strategy that involves looking at other countries' needs and entry points in the region. This will ultimately lead to the creation of a system that will encourage competition. With St Petersburg, we had to make the Port Authorities understand that capital investment was not the only factor required to become competitive - they really needed to replan and rethink the whole design of the Port and its operations. We wanted to show them that working along these lines could be far more effective than just pumping in large amounts of cash for equipment."

Training provides impetus for changing attitudes

After the initial analysis, the European Port Consortium and the Port of St Petersburg put together a plan to develop and reorganise the Port's operations sector. "These are intentionally long-term measures based on durable results. Their success is the only guarantee that will motivate the staff of the Port to keep working on them after we have left", comments one of the experts from the consortium currently working in the Port. Having overcome the original problems of distrust, often caused by language barriers, the experts now have the support of the top Port management, the customers and of the region itself. The staff at St Petersburg are being trained in various ports throughout the European Union and have, as a result, become far more aware of the requirements needed to reinvigorate the

Port. A new electronic data processing (EDP) system has been installed which local staff have been trained to use, replacing the antiquated and unreliable paper-based system formerly used to handle the arrival of cargo in the Port. "Smooth handling is imperative - time is money when you are dealing with capital goods. The new EDP programme is an important step to optimising container management", affirms another expert.

The first signs of success

Like many Tacis programmes, the St Petersburg project works by maximising existing resources through more efficient organisation. "This doesn't require a lot of money", explains Mr Gontier. "Often it's enough for experts with the right knowledge to concentrate on improving organisation and the coordination of information and making sure that this is acceptable and can be taken on board by our partners." So far, the European Port Consortium has been successful in achieving its first goal - productivity at the port is already up by 30 per cent since the project started in March 1993. An official from the Port articulated their optimistic mood: "We are now well on the way to shaping the Port of St Petersburg into an efficient and economic service centre." ■



The Seaport of St Petersburg; the gateway to Russia from the west

► Bistro update

Bistro is a special facility managed by the delegation of the European Commission in Moscow to finance small-scale projects that can meet local needs quickly and efficiently. Below are examples of projects that have taken place or are still ongoing that demonstrate the flexibility and focus of the facility.

Small and medium-sized enterprises learn how to attract foreign investors - ECU 56,205

A workshop held in Moscow in June this year brought western European investors in various consumer goods industries together with SMEs so that the latter could learn how to build and market their businesses in order to attract foreign investors. The workshop meant that interests and links could be established quickly between the different partners involved and that they were able to examine the more practical aspects of partnership relatively soon after making contact. The workshop was administered by a number of business advisers and experts who are working with the Moscow Committee for Management of State Property. The results of the conference were not long in coming - negotiations soon started taking place between several companies for joint ventures in the consumer goods industry.

Improving livestock management in Primorskaya - ECU 56,050

The company Biotetra NV is half-way through an eight-month project in Primorskaya to demonstrate techniques for improving livestock management and feed-formulation for the poultry sector. Biotetra aims to show how reductions in feed consumption can be managed in order to cut feeding costs. At a later stage, the company will be preparing a working paper

containing practical recommendations and the theoretical elements of feed formulation.

Resolving conflict through youth action - ECU 38,168

A 13-day conference has just taken place to bring together young people from 'the axes of conflict' in a Youth Cross-Conflict project, a peace-building exercise in the Caucasus. Organised by the United Nations of Youth Organisations, the meeting aimed to involve young people from the Caucasians to exchange practical ideas for innovative conflict-resolution skills. The conclusions are being added to the reports from the organisers who have been on fact-finding missions to the region, and it is expected that the final result will be used constructively to promote peace initiatives there.

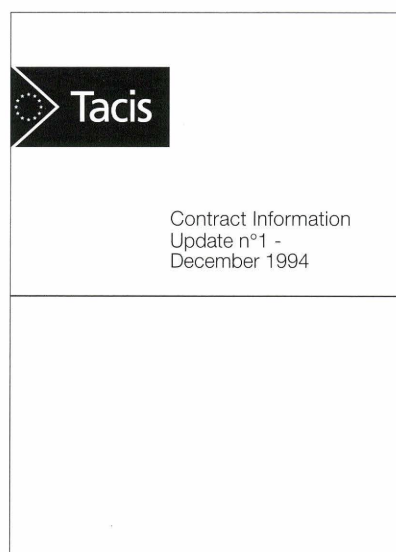
Building democracy into decision-making - ECU 43,460

Now in its third month, the Gonchary Direct Democracy project in the City of Vladimir has so far supported six conferences involving the local communities to ensure that the democratic procedures of decision-making are built into a local programme for neighbourhood revitalisation. The Academy of the Urban Environment has been organising the conferences and has been taking advantage of the expertise offered by both western and local experts to conduct the conferences. The themes include land use and ecological improvements; legal frameworks and political lobbying strategies dealing with the structural, economic and social aspects of the neighbourhood revitalisation scheme. In January, the Academy will produce a final report which will be distributed to other districts of Vladimir as well as further afield and which may be replicated. ■

► New publication

Contract Information Update 1

This new publication is available from the Tacis Information Office. It provides an update of the Tacis Contract Information booklets which give information about projects from Tacis Action Programmes for which the European Commission organises restricted invitations to tender. ■



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