



# Takis

# news 5

## ► The rise of the private lawyer

### New Tacis programme to train Russian lawyers

A new project has just got under way to train Russian lawyers to deal with the wide variety of legal and business issues that are part and parcel of working in a market economy. The legal training programme, which is coordinated by the Law Society of England and Wales in conjunction with the Law Society of Scotland and their joint Brussels office, aims to give 40 Russian lawyers first-hand experience of private legal practice in a free market. A four-week residential course in Moscow will be followed by the placement of 20 of these lawyers in UK law firms for up to three months. After they have been trained themselves, the lawyers should then be in a position to pass on their acquired skills to other Russian lawyers and continue the training process. But they won't be on their own - the project will build strong links between the various UK-based law societies and their Russian equivalents, to establish a foundation for ongoing cooperation.

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### ► Feature

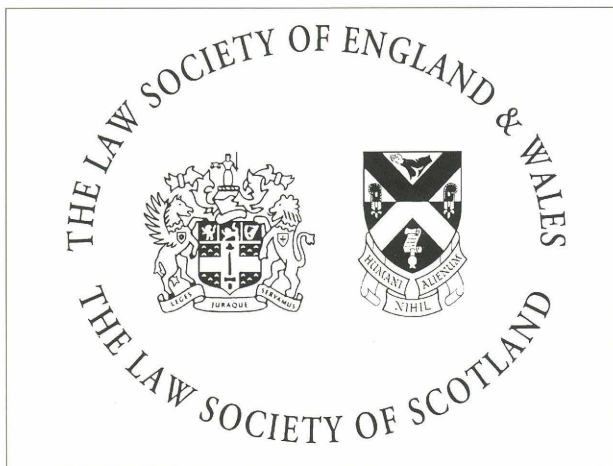
## ► Of businesses and banks

A commercial banking system, investment funds, a fledgling securities industry, pension funds, credit management schemes: just five years ago, a financial industry barely existed in the Russian market. However, these and other services have been springing up since then in response to the rapid growth of the private sector, the privatisation of state-owned companies and the rush of investors looking for opportunities. But their future depends on a stable macroeconomic and regulatory environment and the ability of banking staff throughout the New Independent States to make the sector efficient and viable, particularly through maintaining high business standards.

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Respect for the rule of the law is one of the prime requisites of a democratic society, and the establishment of a legislative framework for legal reform in the Russian Federation has progressed swiftly since the break-up of the Soviet Union. However, the actual implementation of such reform in a nation that historically sees the judicial system as yet another arbitrary state power is proving to be much more difficult. The Tacis Programme has been involved in providing authorities with legal advice on the drafting of a civil code since 1991. Now, know-how is being transferred to support the legal profession itself. "Our objective is to transfer a widespread understanding of the legal practices necessary for a functioning market economy", says Jeremy Lester, the Tacis sector coordinator.



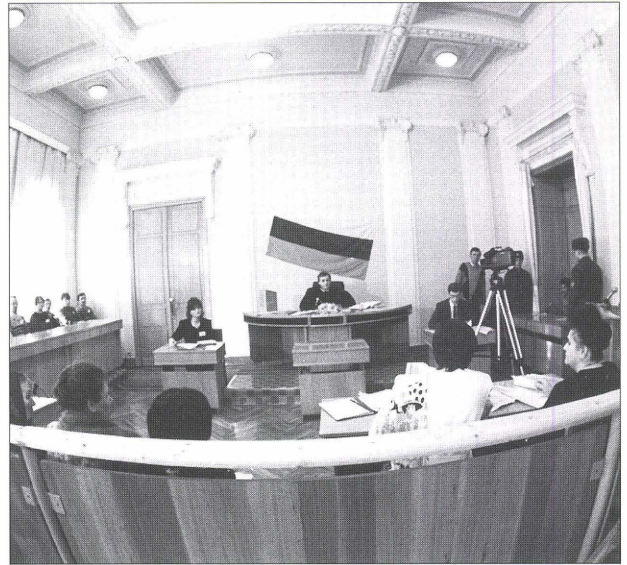
The emblem of the Law Society of England and Wales, and Scotland.



The Russian Academy of Jurisprudence.

### Learning how to operate in a market economy

A team from the Law Society has already visited the Russian Federation to make initial contacts and, since December 1994, has been preparing for a residential training course in August 1995. "Our role is basically hands-on - we will demonstrate by example how we actually operate as lawyers in a market economy, how we deal with contacts and run business meetings; the principles of billing, of using information technology to reduce the work load, and even how and what to file", explains Fredrik Lofthagen, one of the Law Society coordinators who is based in the Brussels office.



The jury of twelve was reinstated in Russia after an interval of several decades.

### Establishing the practice of civil law

The speed with which Russia embraced land reform has thrown up a whole new class of notaries responsible for the transfer of ownership. Yet most of these notaries are unregulated and work on a case-by-case basis, rather than according to any established method. Under the old Soviet system, there was no such thing as private practice. Lawyers belonged to one of many collegiates and were assigned to a particular case by the director on a purely arbitrary basis. There was no concept of civil law among the population because the system could not be relied upon to help the individual. "By setting up proper and transparent practices, we hope slowly to sow in the minds of the population the idea that you can actually take a case to court", explains Mr Lofthagen.

### Training trainers

Recruitment advertisements for the residential course have been appearing in the press and on television, backed up by a high-profile information campaign run with the help of the European Commission's Moscow Delegation. Interviews are taking place in April. Says Mr Lofthagen, "the partner organisations - the International Union of Advocates of the New Independent States and the Russian Academy of Jurisprudence - are closely involved in the selection process which means that they are fully committed to the project. We will be selecting 20 people to send to the UK on the basis of their performance during the Moscow residential course, although they must also have a good grasp of English so that they are in a position to really make something of the placement."

### Professionals of the future

For Jeremy Lester and the Tacis team in Brussels, one of the most useful aspects of training professionals is their potential to pass on know-how. "We hope the project will provide hands-on experience of how to work in a market economy. We want to show that work can be more efficient and profitable when guided by a code of ethics." ■

## ► The art of the possible

### An interview with Mukhamedberdy Berdyev, Executive Director of the Tacis Coordinating Unit in Turkmenistan

Mukhamedberdy Berdyev says with a smile that much of his job consists of knocking on doors and talking to people. As the Executive Director of the Tacis Programme in Turkmenistan, he is the main link between the government and Tacis officials in Brussels. "Three years ago, nobody really knew what Tacis was. There was tremendous mistrust of outsiders and only a vague perception that help from the outside meant money. We certainly didn't understand then how the transfer of know-how could help us", he says. But he and his six-strong team - two of them Tacis experts from the European Union - have changed all that. "Nowadays, most people in Turkmenistan understand the scope of the Tacis Programme and want a chance to take part. The Programme is developing all the time and is constantly improving the way that it supports our own reform priorities. I am confident that it has yet to reach its peak", Mr Berdyev insists.

Mr Berdyev is involved in every step of the process. Together with officials in Brussels, he drew up the 1993-1995 Indicative Programme, setting the main priorities for development and defining the ensuing annual Action Programmes. It is the job of the Executive Director to identify and meet with local partner organisations and verify the terms of reference for specific projects in which they are involved. Once the projects are agreed and contracted, Mr Berdyev oversees their implementation, reporting on both difficulties and successes. He also coordinates relations between Tacis and other donors, such as national governments and international financing institutions.

Turkmenistan has identified three principal areas where it needs the kind of support that Tacis can provide - agriculture, human resources and the development of small and medium-sized enterprises. "We in Turkmenistan can learn a lot from just watching how western European contractors tackle things. We are encouraging our local experts to work closely

with Tacis contractors and share expertise", explains Mr Berdyev, who is now working hard to get local experts more involved as subcontractors on various Tacis projects.

Mr Berdyev sees great potential in future investment in human resources and, in particular, training programmes to help establish small-scale investment projects in the agricultural sector where recent land reforms have greatly increased the opportunities for small-scale privately-run production units. The Turkmenistan authorities plan to strengthen the cotton production industry and develop new strains of grain crops which will improve their self-sufficiency.

Mr Berdyev has harnessed the national media to spread the message far and wide. "I don't think there is anyone out there now who doesn't understand just how much Tacis has changed things for us", he says. There are frequent newspaper articles covering the progress of projects and, last year, the government decided to make a series of short programmes on Tacis-related topics to be shown on national television.

A recent Brussels meeting of National Coordinators from the New Independent States and Mongolia gave Mr Berdyev and his counterparts a chance to talk through specific issues on a bilateral basis. He describes it as "possibly the most useful annual meeting we have had so far, as the lecture format has been altered to give everyone a chance to meet face-to-face and discuss real issues." ■



Mr Mukhamedberdy Berdyev, of the Tacis Coordinating Unit in Turkmenistan.



## ► From the Kremlin to cash-and-carry

Since January, the residents of Liubertsy, a town just outside Moscow, have been shopping for fresh fruit and vegetables at a new cash-and-carry store. The shop is the second in a new retail chain which has been set up to support food production and distribution in the district. Tacis Programme experts have been working with a farm called Belaya Dacha to improve each link in the food chain.

Belaya Dacha is a famous name in and around Moscow. For decades, it supplied the Kremlin with fruit, meat and vegetables, all organically grown to high standards of quality. And it was this that became the problem, as the farm was historically geared to serving only a small range of prestigious clients and its wholesale trade relied exclusively upon a stable flow of large orders. Belaya Dacha was keen to set up a retail network to complement its wholesale business, but recognised that it needed to adapt its managerial and distribution systems to the new market environment. It applied to Tacis, looking to learn from European expertise.

"Cooperation with European experts has enabled us to diversify and enlarge our range of customers", says Vladimir Semionov, director of Belaya Dacha. "We have already progressed from serving exclusively wholesale customers to serving cash-and-carry customers." The Liubertsy site covers 2,000 square metres, half of which is cold storage. The store is based on the European concept of a cash-and-carry, providing retailers in the Moscow region with supplies of high-quality Russian products.

Marcel-Guy Porcedda, president of the French firm Real-Log which helped Belaya Dacha develop its retail network, says that the first shop in the chain, a supermarket, achieved a monthly turnover of ECU 110,000 since it opened six months ago. He adds that "the aim at the cash-and-carry is primarily to sell local products." Since its opening in early January, the shop has been filled with endless queues of customers, a sure sign of its success. ■



One of the staff at the cash-and-carry store explaining the range of fresh products to a customer.

## ► Early-warning system for radiation leaks launched

The Tacis Programme has awarded a contract for ECU 3.8 million to install a pilot early-warning system near three nuclear power plants in Ukraine and Belarus. The system will immediately warn local and national centres of any radiation leaks before these reach dangerous levels.

The GAMMA-1 project is being carried out by the German firm, Hörmann Systemtechnik GmbH, from Kirchseeon. They will install a network of nine gamma dose sensors in Belarus near the Ignalina nuclear power plant; ten around Zaporizhzhya in Ukraine, and thirty around Rivne, also in Ukraine.

The system also contains water and alpha/beta aerosol monitors which can be used to warn the local population if a radiation leak occurs, minimising the chances of people being caught unawares. Two fully-equipped vans will also be provided for each country so that emergency response capabilities can be improved. In both Ukraine and Belarus, the radiation monitors will use dedicated radio communications to connect the local and national monitoring centres. ■



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The Tacis financial services programme has been focusing on helping the authorities build up the appropriate regulatory structures to oversee the sector, on training officials in banks and other financial institutions to manage the kinds of services essential to a buoyant private sector, and on restructuring and other business-related advice.

### Managing the process of change

As is the case in all sectors adjusting to the demands of a market economy, reform is as much based on changing the way people think as on introducing new laws. In most of the New Independent States, traditional and fixed ideas about the subsidiary role of the financial sector still need to be overcome before the pivotal importance of the sector in the transformation of the economy can be acknowledged.



A queue of people outside one of Moscow's biggest banks waiting to exchange old rouble notes for new ones in July 1993.

The financial sector was sidelined in former centrally controlled economies in terms of the definition and pricing of financial reforms. At the demise of communism in 1989, the Russian financial landscape was dominated by an embryonic central bank (the Gosbank) and five large specialised state-owned banks. The main function of the state-owned banks was to lend money to various industrial sectors on the specific instruction of Soviet planning, or to collect the savings of Soviet citizens (Sberbanki). Thus the banks had more in common with book-keeping operations than fully-fledged banks. The functions of the Central Bank (Gosbank) were correspondingly limited.

The reform of the banking rules introduced in 1989 opened the door for hundreds of enterprising bankers to establish themselves. Currently, many of these ventures are fragile, providing relatively simple banking services, such as the safe transportation of money, often almost exclusively for their affiliated industrial group or company. At the same time, the inflationary policies of the Central Bank and the comparative lack of coherent monetary policy (underlined by the devaluation of the rouble in 1993 when thousands of people lost their life-savings) did little to encourage foreign investor confidence, and discouraged anything but very short-term lending by banks.



Modern banking procedures are slowly being established in Moscow.

It was obvious to both the authorities and foreign investors that the main priority was to set up a regulated and transparent banking system. Without this, it would be impossible to consolidate the huge privatisation programme which was launched in the Russian Federation in January 1992. Companies in all of the New Independent States needed to be able to raise capital for expansion and to access mechanisms to insure capital assets. The operations of the newly-created institutions had to be standardised and transparent.

### Solving problems

The reform of banking infrastructure was essential in the 1991 Tacis Programme to secure a stable future for the whole economy. The cornerstone was, of course, the central banks in the New Independent States, their role in monetary and exchange rate policy and the regulation of the banking sector. Accordingly, Tacis' strategy of support focused primarily on setting up the financial infrastructures in the public sector which revolved around central banking, commercial banking and the system of taxation. The regulation of financial services including insurance and financial markets and the promotion of new sophisticated accounting and auditing standards was a parallel step.



Russian rouble notes currently in circulation.

Tacis' support for the central banks began with a review of central and commercial banking legislation and an analysis of the commercial banking framework. It was vital to strengthen the role of the central bank as the lynchpin of the whole system, and in turn to develop a whole range of auditing and reporting standards for commercial banks.

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An investor buying shares from one of the new breed of brokers under the gaze of Lenin.

### Accounting and reporting

An ECU 300,000 project in the Russian Federation introduced 'Broadly Adaptable Financial Statements' - an international standard for the presentation of up-to-date financial information regarding a commercial bank's financial position (e.g. currency reserves, the structure of its investment portfolios, customer withdrawals and deposits.) The system is flexible enough to allow for differences in national banking sectors and also permits the commercial bank's clients - often foreign investors - to see at a glance the state of health of, for example, a bank's loan portfolio.

Since September 1993, the Central Bank has required commercial banks to begin submitting reports using this system. Tacis experts are now training Central Bank staff how best to analyse and use the information it receives through this process for supervision purposes, and the Central Bank is pushing further ahead to develop a new Chart of Accounts for banks.

### The demand for commercial banking services

The banking system suffers from severe structural problems. With the expansion of the economy, the demand for consumer goods outstripped domestic supply. Import-export businesses thrived but needed a reliable source of short-term credit to finance their purchases abroad and to tide them over until they

could realise profits on sales. The demand for short-term financing soared to the detriment of the development of longer-term financing activities for corporate investment. A background of high inflation and high nominal interest rates further encouraged short-term lending and a preference for laying off surplus funds in the inter-bank market. The implications of this are serious. Many firms need capital to finance new plants and equipment, inventory and working capital in the post-privatisation phase. It is possible to raise some of the necessary finance through share capital, but most must come from the banking system.

Many banks are small and weak. Some are essentially treasury operations. Of the 2,500 banks which have taken root, as many as one third may have no viable future. A relatively small number of banks accounts for the bulk of bank assets and few of the larger banks have a developed branch network. Rapid growth in bank numbers and in the range and sophistication of their business operations have not in all cases been accompanied by a corresponding increase in standards of banking practice, while worries about the criminal infiltration of the banking industry and about money laundering are spreading.



New banks are opening every day in the streets of Moscow - some are just as likely to disappear overnight.



A militiaman keeps order in the lines of MMM shareholders at the main offices of the investment firm after it collapsed in August last year. A lack of regulatory control coupled with the optimistic behaviour of relatively unsophisticated investors lead to the uncontrollable rise and fall of MMM.

### Russia leads the way

The Russian Federation, with the strongest economy in the region, has the most advanced financial services sector and the largest number of financial establishments. The Tacis 1991 and 1992 Action Programmes emphasised cooperation in institution-building and training in particular. The increasing numbers of banking institutions all urgently needed training for their staff



Hundreds of currency exchange shops have sprung up since the rouble became convertible.

to cope with the demands of transition. However, the 1993 and 1994 Action Programmes recognised that mechanisms had to be developed to strengthen the banking system's business capacities, for example, to supply industry with capital and related corporate finance services.

Commercial banks were quick to understand the value of cooperation in order to benefit from shared expertise and make the most of western know-how and have shown considerable business initiative in setting up inter-bank clearing arrangements, developing plastic cards and expanding abroad, for instance.

### The importance of coordination

Tacis experts identified early on that lack of coordination between banks was one of the principal obstacles to transparency - and one of the sector's greatest weaknesses. Tacis policy has been to work closely with bankers' associations as a platform to develop coordination, close loopholes and bridge gaps, to firmly establish the principles of coordination.

### Stabilising payment systems

Although commercial banks are themselves in the process of creating and reinforcing intra- and inter-bank payment systems, a relative lack of coordination means that their efforts are less effective than they should be. A national payments system relies on the coordination of standards in order to get the best out of infrastructures and technology. Tacis experts are working in a multilateral support programme for the Central Bank in the Russian Federation to help it design an overall strategy to develop national payment and clearing systems.

### Developing credit facilities

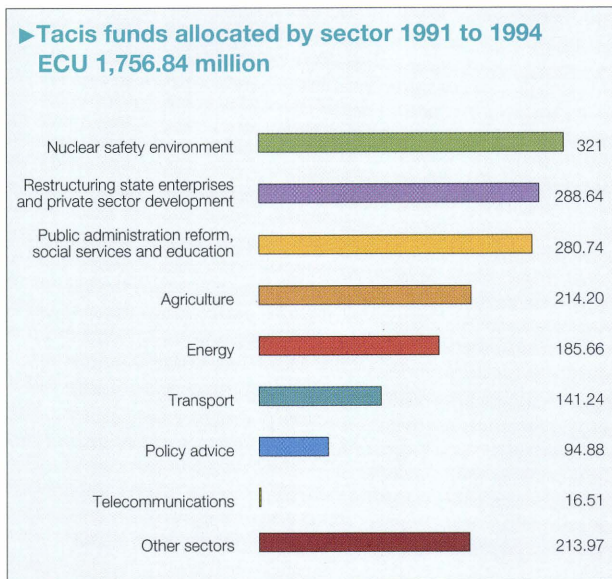
Given that the stock market is not yet sufficiently developed to finance company expansion, the establishment of properly transparent credit facilities is vital. Tacis has helped to set up investment and development institutions such as the Russian Project Finance Bank and the Russian Industrial Investment Fund.

### Training bank staff as the key to continued reform

Tacis provided the International Finance and Banking School (IFBS) in Moscow with experts to train senior banking officials in basic banking techniques, and is also helping the IFBS to develop courses related to banking standards. Training has since been carried further afield and banking associations are now organising their own courses.

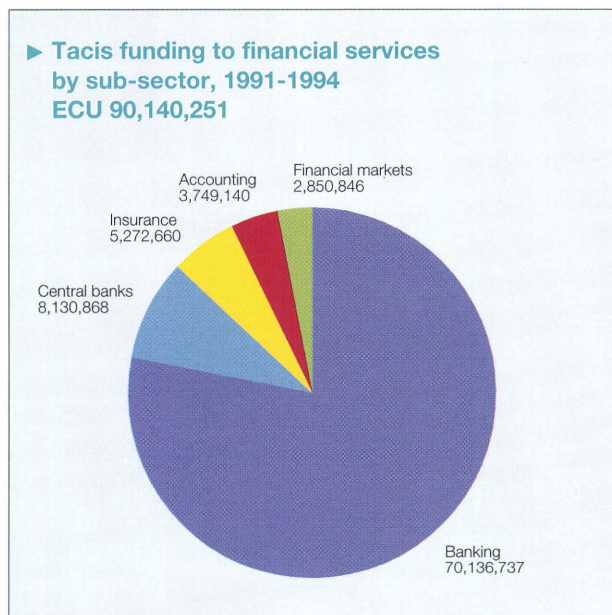
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**Beyond Russia**

Outside the Russian Federation, the success of the banking sector has been hampered by the difficult economic conditions that have slowed the adoption of free market principles. In Armenia, for example, parliament still maintains final control over monetary policy. The economy there - despite the growth of joint-stock, commercial and cooperative banks - is dominated by five large, effectively state-owned banks. Recent reforms have given these institutions some measure of autonomy but bad loans and other unprovided liabilities are a problem. At one stage, the payments system suffered from a shortage of rouble banknotes, and for a long time thereafter, the fear of not being able to withdraw cash meant that Armenians were reluctant to use the banking system at all. Tacis experts have so far reviewed the practices and operation of two major banks, recommended improvements to the payment and clearing system, and have set up basic training programmes for bank staff.



**The financial framework task force**

In addition, Tacis has set up a financial framework task force which provides experts who offer specific tailor-made advice on banking legislation and regulation upon request to policy-making officials and senior bank staff. This will help develop accounting standards for banks and enterprises which can then be implemented. A banking advisory service has been set up in Moscow to provide advice for the banking community through a core team of experienced expatriate bankers. They are immediately available to deal with issues such as internal payments and clearing, credit, treasury, automation, and foreign exchange operations.



The Moscow Central Bank.

**Making the most out of European expertise - nine EU Member State central banks work together with the Russian Central Bank**

A new project has just been launched in conjunction with the International Monetary Fund whereby Tacis is providing ECU 1.5 million to train officials from the Russian Central Bank. Experts will be running training courses in both Moscow and the European Union Member States to train officials in how to tighten up procedures which control the activities of other banks in the network by instituting strictly-regulated auditing and reporting requirements. Officials are also learning how to adapt to international reporting standards and how to understand new financial products so that the Central Bank can anchor the banking system effectively. The scheme is unique and has taken some fifteen months to develop because it involves expertise from nine of the now 15 central banks of the European Union's Member States. Another important aim is to encourage parallel bilateral support from the Member States. Already, standard accounting procedures, based on European Union models, have been adapted to local conditions. A further priority is the institution of a transparent payments system, making it easier to call those responsible to account whenever something goes wrong, or when funds invested in one account fail to turn up in another. This will prove to be very useful in guarding against the threat of money laundering as the spread of organised crime threatens the health of the financial system. ■



## ► Burning money: Ukraine's energy crisis

Ukraine has literally been burning money since the end of the Soviet regime. Neither industry nor domestic consumers pay any attention to energy conservation. Lights are left on throughout thousands of homes while industry is recklessly energy-intensive. Because there are no set tariffs for energy use and no real pricing policy, the consumer never pays for what he uses. This huge loss of potential revenue is crippling the national economy.

It is nearly a year now since the Tacis Programme sent in a group of experts to analyse this situation and recommend ways of resolving the tariff and pricing issues. A consortium of three organisations - the Spanish Ministry of Energy and Industry, the March Consulting Group of the UK and InnoTec Systems-Analysis of Berlin - has been working to create a national energy agency of the kind that exists in most European Union Member States. This agency would rationalise energy use and assume overall responsibility for energy policy (including tariffs and pricing). Currently, responsibility for the sector is divided between four separate bodies, each exercising exclusive competence in key areas: the Ministry of Energy and Electrification, the State Committee of Oil and Gas, the State Committee of Coal and the State Committee for Communal Services.

It has been a rewarding, if difficult, task. "First, we had to collect data from existing agencies so that we could work out specifics, such as the amount of energy used per sector, or kilowatts per tonne of production. We also had to determine overall economic indicators like the growth and decline of the population related to industrial output, and work out how much energy is expended in car fuel consumption; labour costs; interest rates and levels of technological development", explains the project coordinator, José Donoso Alonso.

The information has been fed into an economic computer model which now serves as a 'base line' from which to measure all future improvements in energy-conservation. It is backed up by on-site visits to a wide range of industries in industrial sub-sectors both large and small across the whole of the country. Energy 'audits' enable the teams to assess the potential of various energy-saving projects, from the improved management and monitoring of existing resources, to the implementation of new energy-saving technologies.

"We have worked closely with the Ukrainian Government to ensure that they will be able to put what we are recommending into practice", explains Mr Donoso. "The project has been up and running since February last year, and we are now ready to incorporate all our research into a national energy-saving strategy." The strategy will be based on an assessment of the current state of energy use in Ukraine, mapping out primary goals and broad objectives to save energy in specified areas. Many of the energy-saving plans are easy to implement but would have little effect if introduced one by one - hence the

need for a global strategy that assigns appropriate roles and responsibilities to the various agencies involved.

Mr Donoso estimates that industrial plants could make energy savings of between five and ten per cent without the need for any capital expenditure. More efficient energy use would also have important implications for the reduction of Ukraine's dependency on outdated and hazardous nuclear power plants. "In one pilot project, a large engineering plant in Kiev is already showing energy savings of 19 per cent simply by adopting monitoring and targeting techniques. At a national level, an energy-conservation plan will help Ukraine become less dependent on oil and gas imports from the Russian Federation and elsewhere, saving valuable foreign currency that can be ploughed back into the country's economic revival." ■



Energy conservation makes environmental sense, and will better enable Ukraine to meet its energy requirements.



## ► The hows and whys of modern administration

One of the most pressing priorities for a group of ten senior officials from the Kyrgyzstan Central Government, who recently visited Europe on a Tacis study tour, is to establish a recruitment and training policy for civil servants. The training policy should create appropriately qualified permanent staff capable of drafting and administering policy, irrespective of changes in the political line-up. The officials' visit marked the culmination of many months of preparation. The results are already promising. Led by Sadirkulov Medet Chokanovich, the head of the organisational department of the presidential administration, the group visited a number of European countries to look at different systems of government in operation. They also visited the European Commission. Above all, the officials were there to study the mechanics of different national administrations, so that they could set out their own priorities for civil service reform.



The Kyrgyzstan Delegation on their visit to the European Union.

### Changing aims - then and now

Kostas Koliopoulos from the European Institute of Public Administration (EIPA) explains the overall objectives of the Tacis project which is being developed with the Central Government in Kyrgyzstan. "We originally planned to provide training for civil servants, but the European Commission quickly realised that there were several things which needed to be put in place before we could get on and train people - like a legal basis, a profile of requirements and conditions of employment. We started off by focusing on an analysis of civil service legislation."

### A Moscow-centric legacy

Existing legislation meant that civil servants were appointed or elected rather than recruited, particularly if they had political links. They could also be fired at any time, jeopardising all prospect of continuity in the application of policy. Michael San Agustin McCrea, the Tacis task manager responsible for the project, says that "the term 'civil servant' didn't exist in Kyrgyz. All structures were completely Moscow-centric, and as such, government staff merely carried out instructions from above.

We needed to change people's concept of an administration from a governing authority to a service provider, as reflected by legislation and current practices."



The Kyrgyzstan parliament in Bishkek.

In August 1994, the EIPA completed the preliminary analysis of the legislation governing the civil service and then set about demonstrating the advantages and feasibility of certain reforms which needed to be introduced. "We developed a 20-day study tour to Europe", says Mr Koliopoulos, adding that "this is by the far the most productive way of illustrating how things work in practice." The Kyrgyz officials had informal meetings with counterparts in the Houses of Parliament in London, the Ministry of Home Affairs in The Hague and with the Limburg Provincial Government in The Netherlands, as well as participating in lectures and seminars. It was quite an eye-opener for some; for instance, on visiting the UK, the first Deputy-Head of Cholpon-Ata district state administration found it difficult to reconcile the fact that Greenwich Borough Council - a local authority in London - was run by the Socialist Party, whilst the central government was in the hands of the Conservative Party.

### The results of the tour

"I think that the Kyrgyz officials are now far clearer about their priorities", reflects Mr Koliopoulos. "The study tour demonstrated the overriding need for a set of rules governing the functions of a civil service and for a legislative framework regulating the whole recruitment process."

The tour had a profound impact on the participants. At the end of the visit, Koychumanov Talaybek, the Chairman of the State Committee for Economics, said that "We still have an enormous amount of work before us which we will have to take step by step." Mr Talaybek and Mr Chokanovich have been working on setting up a civil service reform task force within the presidential administration.

The next stage is for the task force to take decisions concerning the reform recommendations made by EIPA. A workshop is also planned for the spring for all the experts involved in analysing the legislation and making recommendations. This should lead to concrete proposals later in the year. ■

## ► Harvesting success

After a lengthy drought, no one held out much hope for the last Kaliningrad harvest, but, against all odds, the results were spectacular - a yield of seed-potatoes, barley, wheat and vegetables some four times the usual crop. This miracle was the result of an intensive Tacis Programme farming project, managed by the UK-based Nuffield Russia Trust, which helped over 500 local farmers.

The Governor of Kaliningrad - a region that used to be famous for its farming - took inspiration from a management training course for 12 Russians run by the Russia Trust's sister organisation, the Nuffield Farming Trust, and this led to a Tacis-funded scheme to found a Centre of Excellence at the region's Research and Experimental Institute in Solyanskoie.



This year's crop is a vast improvement on last year's due to planned sowing and the selective use of the right fertilizer.

With the collaboration of the Nisovia School of Agriculture, the main focus of the project became the transfer of hands-on skills. To build a milk-processing and packaging plant, the local farmers had first to mend broken water pumps, install water storage tanks, repair plumbing, paint, tile and lay new floors, in the building that was offered for the purpose. Tacis funds financed the purchase of equipment for milk storage, pasteurising, cooling and packaging, and for the cold store. Experts from the Trust trained staff to run the plant which has become a first-class dairy, producing over 2,000 litres of milk a day. The dairy has now been handed over to a local cheese-making cooperative which has also benefited from ongoing advice, both technical and managerial.

Throughout the life of the project, students and staff from the Nisovia School of Agriculture have worked with European experts and advisers learning the basics of good farm management and machinery maintenance. A former military equipment factory has been converted to produce dynadrive cultivators, ideal for small-scale farm use and which will improve soil condition. "Regular open days keep everyone up-to-date with developments in potato-planting, seed-drilling, haymaking and cultivation techniques such as ploughing and subsoiling. Monthly seminars on varying aspects of agriculture and business management held in two different regions are

well attended by private farmers, students and academics", says Mr Nelstrop. Additional follow-up is available in the form of printed circulars on topical subjects. The Trust's office headquarters at Meyskoie is now also a fully-fledged publishing house, producing advisory leaflets and monthly booklets that are reprinted in local newspapers, advising farmers what they should be doing month by month. The office welcomes upwards of a dozen farmers a day, keen to learn how best to manage their small plot.



Freshly-packed milk ready for retailing.

Despite administrative difficulties and the need to adjust expectations, the Kaliningrad authorities have also been able to make use of the know-how provided by the Trust to develop their own training programmes, improve seed production, manage privatisation and establish an independent service sector. A Russian agriculturalist, funded for a year's research at Brooksby Agricultural College, has returned to set up another farming project in Moscow. Altogether, at least 50 people have received training in the UK - a commitment that has at least another two years to run.



New equipment is quickly unloaded and put into action straight away.

Mr Nelstrop says the project has been a thorough success, thanks to the flexible approach of both the contractor and the partner organisations. As he puts it, "we have used our knowledge and determination to get things right for our partners with some spectacular results and have given numerous private farmers the confidence to get stuck in and make a good job." ■

## ► 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. Nearly 50 Bistro projects were approved during the nine months leading up to October last year, representing funding of ECU 2.3 million. The majority of these deal with business and management training, or democracy and social development.

### Applying for Bistro projects

To have a chance of success, an application must be for funding of less than ECU 100,000 and must fit within the strategic guidelines set out in the current Tacis Indicative Programme. Applicants should either be Russian organisations or Russian organisations in conjunction with a European partner. Neither party should already be involved in a Tacis-funded project and the proposal should not overlap with activities being carried out in existing projects. Once the Bistro funding is approved, the project can proceed according to the terms of reference. A final report is submitted on completion.

### Countering corruption

When a draft anti-corruption bill failed to pass its second reading in the Russian Duma last autumn, a number of deputies called for an expert review of the proposed legislation before a further hearing took place. Transparency International (a non-profit-making organisation which specialises in advising governments on the containment of corruption) was asked to

help, and the Tacis Bistro facility agreed to provide funding. Anti-corruption experts have now reviewed the bill and their comments were in turn reviewed by a Russian lawyer.

### Putting regional policy on the agenda

Tacis Bistro funded a Moscow conference in early December last year which brought together experts from the Russian Federation, central and eastern Europe and the European Union Member States to share their views and expertise on regional policy.

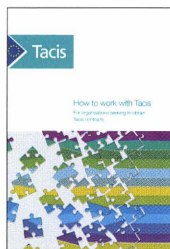
The conference assessed the problems experienced during economic restructuring and the potential contribution and role of regional policies, as well as reviewing the priorities and potential mechanisms for the transfer of information and resources in support of regional development policies. After two days of discussion, the participants agreed to carry out the following resolutions:

- set up bilateral and multilateral links
- review existing Russian laws on regional development as a first step towards drafting a White Paper on regional policy
- set up an international advisory group to work with the Ministry of National Relations and Regional Policy on issues linked with regional development
- assess the feasibility of creating a training centre in Moscow for civil servants in regional and local development.

## ► New publications

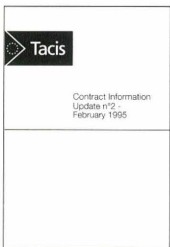
### How to work with Tacis

This new publication is available from the Tacis Information Office. It explains the rules, processes and procedures which lead to the awarding of Tacis service and supply contracts and replaces the 1992 operational guide.



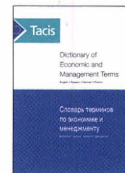
### Contract Information Update 2

A newly-published update of the Tacis Contract Information booklets provides information about projects within Tacis Action Programmes for which the European Commission organises restricted calls for tender. It is available at the Tacis Information Office.



### Dictionary of Economic and Management Terms

The first in a series of dictionaries to be produced for the Tacis Programme. This volume explains basic economic, management and marketing terms and concepts in both English and Russian and provides an outline of their French and German equivalents. The Dictionary of Economic and Management Terms is available, priced ECU 50, at all retail outlets selling official publications of the European Commission (CN-87-94-191-4D-C).



### Policy and Legal Advice - 1st Review Exercise

Produced by the European Expertise Service, which implements the Tacis Policy and Legal Advice Programme, this is the 'Report of the 1st Review Exercise'. It is available from the Tacis Information Office.



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