



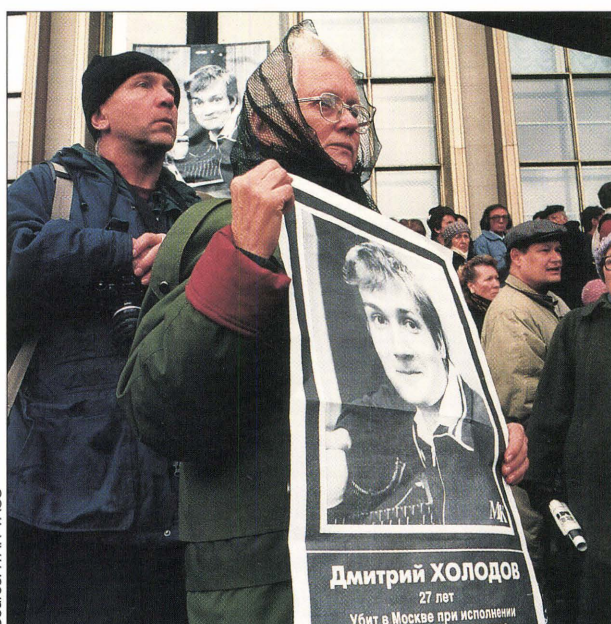
news 8

► Focus

► Giving the people a voice

When the Georgian President Eduard Shevardnadze escaped death by a hair's breadth in a failed assassination attempt in August, many dismissed the incident as yet another violent episode in the turbulence pervading the Caucasus. Although Georgia may be "only a heartbeat from total anarchy" as reported by "The Economist", it is by no means the only country where the power struggle is sometimes determined by the sword rather than the pen. The champions of democracy, whether politicians or the media, have been having a hard time of late. The Journalist Safety Service based in Amsterdam reports dozens of journalists in the NIS murdered or attacked for exposing corruption, including the shooting of Vladislav Listyev, the head of Russian Public Television. Violence is not the only way in which the media is compromised. Journalists, like the police, are so badly paid that it is often easier for them to accept bribes, rather than publish and be damned, especially when their families are hungry. But there is some light at the end of the tunnel: the Tacis Democracy Programme has been bringing together journalists and politicians from Georgia and Ukraine to prepare the ground for active cooperation to ensure a free press.

(continued on page 2 ►)



Source: ITAR-TASS

Public protest following the murder of Dmitry Kholodov, who was investigating corruption at a senior level in the Russian Army.

In this issue

Focus	
Giving the people a voice	1
Sector insight	
Converting for the future	1
Country profile: Kyrgyzstan	
The pros and cons of independence	3
Interview	
A new Director for Tacis and relations with NIS	5
In-depth news	
1994 - a year of change for Tacis	
Prevention better than cure	6
Tacis in action	
Saving the Aral Sea	10
Encouraging an entrepreneurial spirit	11
Newsflash	12
Your views	
Share progress on Tacis projects	12
New publications	12

► Sector insight

► Converting for the future

Belarus was at the military heart of the former Soviet Union for 70 years. More than 600 factories employing 400,000 trained specialists fed the might of the Red Army at the height of the Soviet empire. But the break-up of the USSR spelled disaster for the military industry as demand for weaponry dropped overnight. The 150,000-strong population of the industrial town of Borisov, which was largely employed by the town's two military factories, was plunged into economic uncertainty.



Source: Stephanie Heimann

Dismantling tanks under the arms reduction treaty.

(continued on page 7 ►)

► continued from page 1)

"Truth was an early casualty in the early days of freedom following the overthrow of communism", says Professor Zaza Gachechiladze, editor of the Georgian Times, an independent newspaper. With wages for journalists at little more than \$3 a month compared with a breadline minimum of \$20-30, "a democratic, independent press cannot possibly flourish until journalists' incomes are raised to a decent level." Under the Soviet regime, journalists were civil servants who churned out the Party line with neither objectivity nor analysis. Competition for readership did not exist, resulting in dull propaganda that made for compulsory rather than compulsive reading.

Notwithstanding attempts by governments and the Mafia to control the media, journalists are still acquiring the art of writing to entertain as well as to inform. Nevertheless, the outlook is promising, says Dr Eckart Stratenschulte, director of the European Academy of Berlin, which is leading a Tacis-funded project on press freedom in Georgia and Ukraine. Within the Tacis Democracy Programme, Dr Stratenschulte brought politicians and journalists from both countries to Berlin to discuss the practicalities of press freedom in December 1994.

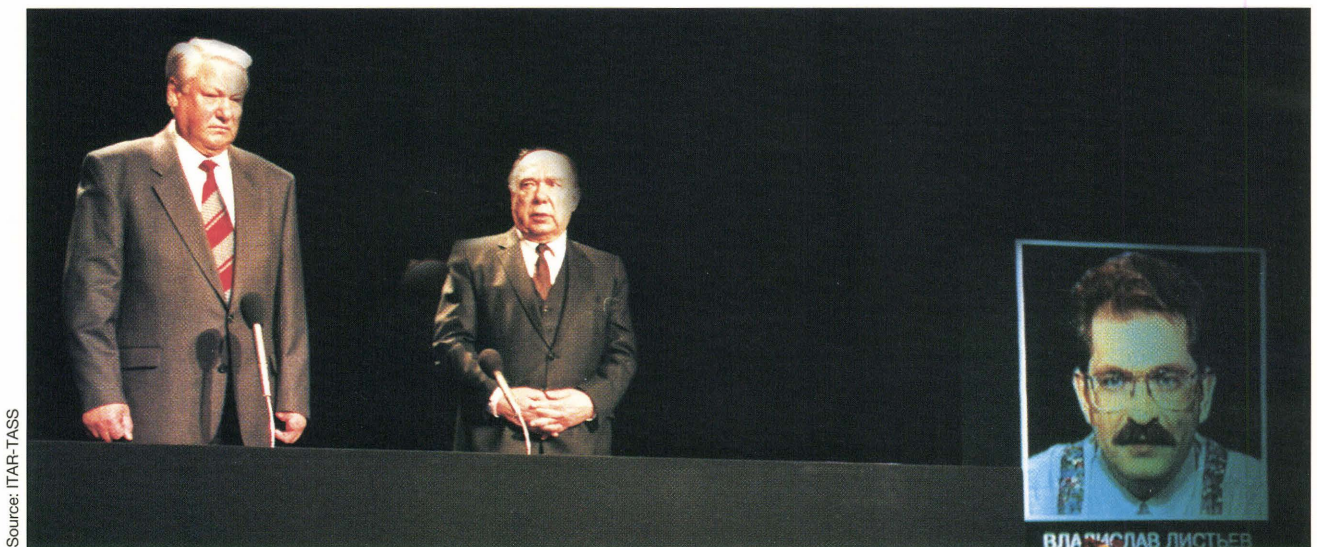
Tacis chose to involve the key players with the aim of reaching realistic conclusions – and stimulating action. The first indication that the project had been successful came shortly after the Georgian politicians had returned home, when they persuaded Mr Shevardnadze's government to exempt all newspapers from taxation. Such a move brought immediate financial relief to the papers without compromising their editorial freedom. Currently under government discussion is the thornier issue of dismantling television and radio from direct state intervention. Both British and German public broadcasting systems presented in the Tacis workshops are currently being investigated as potential models to follow.

Communism's heirs set their sights on new objectives

"Training journalists to question what they are told is a long-term process", said Professor Gachechiladze, who also teaches at the Institute for Caucasian Strategic Studies. Journalists, media lecturers and politicians are all "sons and daughters" of communism and need new visions and objectives if the transition to democracy is to become a reality. "No quick fixes exist," he said. "But we are trying to adapt." And success may not be too far off. "The involvement of politicians in our media workshop was crucial; including political aides to both Georgian and Ukrainian leaders", said Dr Stratenschulte, explaining how this event laid the corner-stone for a democratic partnership to replace the dictatorial system inherited from 70 years of communism. "If journalists are learning to analyse official statements, politicians also have a new role to play in their relationship with the media. It is not easy for them to accept that criticism can be constructive and does not spell ruin."

To date, the feedback has been highly encouraging. Leonid Kuchma, the Ukrainian president, told Dr Stratenschulte that the Democracy Programme had his full support, while President Eduard Shevardnadze welcomed the work of Tacis and the Berlin Academy in laying the foundations of democracy through the media freedom programme: "This is one of the most important elements in building an open society because the suppression of the mass media is a clear sign that human rights are being abused. I welcome your efforts to create a free press in Georgia – even though at times the process of change can be extremely painful."

The confidence of the media must increase and the quality of writing must improve. Professor Gachechiladze believes that Georgian journalists will soon be in a position to enhance their incomes by selling their stories to western newspapers to counterbalance Russian dominance of the market for news, "Further support from the west is essential to give non-Russian journalists a chance to fulfil their potential and truly understand the value of their freedom." ■



Source: ITAR-TASS

Russian television stations interrupted their programming on March 2 to condemn the shooting of Vladimir Listyev, the head of Russian Public Television. The Moscow Charter of Journalists called the killing "one more link in a chain of attempts to intimidate mass media...to try to turn it into a political and mafiosi mouth-piece once again".

► The pros and cons of independence

Kyrgyzstan is one of the poorest and most remote countries in central Asia – yet it is one in which the democratic rule of law seems to have taken root naturally. “Long before the Soviets came, we lived in nomadic tribes where all adults, men and women, had a voice in decision-making. Democratic behaviour is an integral part of our culture”, explains Mr Sarygulov, the Tacis National Coordinator for Kyrgyzstan. A strong literary intelligentsia was pressing for the establishment of opposition political parties as early as 1991, shortly after President Akayev won a considerable degree of notoriety by publicly supporting Gorbachov during the August putsch. Now there are nine political parties, over 100 newspapers, and individual human rights and collective rights are protected by law. However, the outlook for the future is not entirely problem-free.

The formation of Kyrgyzstan

Stalin carved up the region of central Asia during the 1920s into separate units along broad ethno-linguistic lines. The ‘Kyrgyz Autonomous Province’ was created in 1925 from a group of nomadic tribes, who did not take kindly to enforced settlement. Many fled to China rather than lose livestock to the collectives and their way of life to autocratic rule. Nonetheless, Kyrgyzstan did benefit from certain aspects of the Moscow-centric approach.

Compulsory Russian language teaching in schools pushed up literacy rates and every job was guaranteed for life. Heavily subsidised by Russia (to the tune of 13 per cent of GDP), Kyrgyzstan enjoyed a lifestyle that it could never have afforded on its own. Everything changed in 1991. With little in the way of natural resources, cut adrift from its lifeline, the economy and living standards plummeted, leading to increasing discontent among the population; 70 per cent of which is now living below the national poverty line.

The right to do business

“We acted quickly”, says Mr Sarygulov. “We pushed through legislation to stabilise the economy and liberalise markets. In 1994 we worked with the Tacis Programme to adopt a three-year



strategy to eliminate distortions in the marketplace, revise the privatisation strategy and reduce state interference in the economy. Support from Tacis experts has been invaluable, particularly for the privatisation programme.” The freedom to run a business is one of the basic tenets of the democratic society that the Kyrgyzs have worked so hard to achieve. The threat of destabilisation should the programme misfire is a major cause for concern. “We need huge amounts of investment to help us create an environment in which we can attract the right kind of foreign business partners. At the moment, we are working on tax privileges and other incentives with the help of Tacis experts, but we need much more, particularly in the way of feasibility studies.”



Source: Melissa Pozsgay

Traditional folk music and costumes at a state reception for a visiting head of state.

Adapting markets to environments

However, the problems of foreign markets are a far cry from the battle for survival that exists in the rural communities. Most of Kyrgyzstan is rugged, mountainous country, of which only seven per cent is arable land. It boasts the world's second largest sheep population after New Zealand, and used to be a major supplier of meat, wool and dairy produce to other Soviet republics. In return, Kyrgyzstan received goods such as animal feed, as well as agricultural products for human consumption.

(continued on page 4 ►)





(► continued from page 3)

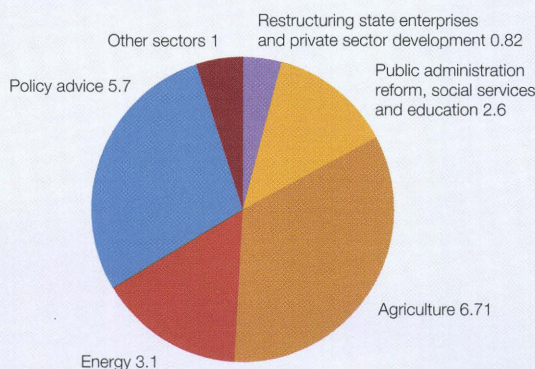
However, with the demise of Comecon this trading relationship ceased to exist. Herd numbers have dropped drastically, and people are farming at subsistence level rather than trying to supply the local market. World Bank resident specialist Michael Rathman is, nevertheless, convinced that: "The growth of this country will come from agriculture promotion, processing and packaging." Since 1994, Tacis experts from AGRER Belgium have been active in developing basic breeding skills, establishing veterinary services and teaching marketing for livestock products.

"Our task is to introduce them to the concept of a farmer as the owner of land capital. With privatisation, we have lots of budding farmers who don't know how the market economy works", said Philip Joule from AGRER. Unaware of new techniques they may be, but not unenthusiastic. Nearly 100 new farmers' associations have been set up to provide training and information, and to expose farmers to trade and commercial demands.

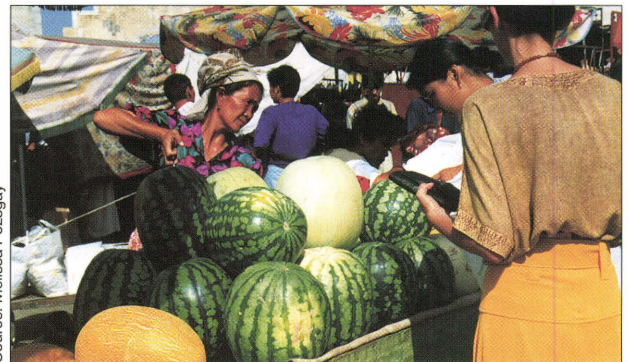
From soaring state subsidies to plunging living standards

Those with livestock are fortunate enough to have the resources to learn marketable skills and build up an income. But those who relied exclusively on the heavily-subsidised oil, flour, meat and sugar provided by the central state find these now in short supply and beyond the means of the rural unemployed. David Holst from the Tacis Coordinating Unit in Bishkek notes that, "A large portion of the population has suffered considerably from a sharp decline in the standard of living, education, public health and services for the elderly."

Tacis funding to Kyrgyzstan 1990-1995 Total ECU 19.93 million



Last December, the European Union sent 37,500 tonnes of wheat to Kyrgyzstan on condition that money gained from its sale to the general population would be devoted to social projects. The money generated from the food sale went into a joint EU-Kyrgyz counterpart fund to finance social actions approved by both partners. A specially formed Humanitarian Aid Commission was then charged with monitoring the use of the money. Christophe Coeckelbergh from the Brussels-based Association Européenne pour le Développement et la Santé



Source: Melissa Pozsgay

One of the countless roadside stands, selling fruit and smoked fish.

coordinates the Tacis-funded social programme in Kyrgyzstan. "There are three kinds of projects which aim to combat social deterioration: straightforward subsidies to help the government pay for unemployment benefits and pensions, a job creation programme, and a project to create a national system to handle university applications that is both fair and merit-based", he explained. "We really hope that these projects will help to create a basis for social solidarity in this country. From this starting point, everything else stands a much greater chance of success."

Only by matching economic development with social security can democracy thrive. Economic and social projects funded by Tacis strive to do just that. ■

Much of Kyrgyzstan consists of high snowy mountains, making travel through the winter months a hazardous venture.

► A new Director for Tacis and relations with the NIS

Timo Summa – building on past successes

Dr Timo Summa is no stranger to the complex challenges of working with the former Soviet Union. Born near the long Russian border in the south-east of Finland, Dr Summa has spent much of his student and working life closely involved with Russian business and culture. "Finland and Russia are natural neighbours; we have been trading together for a long time", explains Dr Summa. His close affinity with, and his knowledge of the region, made him an obvious candidate for the post of Director of the directorate in DGIA, which is responsible for relations with the New Independent States (NIS) and Mongolia, and encompasses the Tacis Programme. When Timo Summa took up the appointment in September this year, he brought with him invaluable first-hand experience of the development of Russia's policy throughout a period of great change.

Source: Julia Reinen/Turun Sanomat



Building bridges

During the 1970s and 1980s, as chief economist and then director of the most influential Finnish industrial association – the Federation of Finnish Metal Engineering and Electrotechnical Industries – Dr Summa participated in high-level bilateral trade negotiations between the two countries, helping to build strong business and political relationships with key figures across borders. He brings their confidence and an understanding of their working methods with him to Tacis at a time when Finland has just become the European Union's gateway to Russia.

Managing change

"It's absolutely crucial that you talk to one another and take the time to get to know your counterparts so that you can intensify dialogue as much as possible." This country focus has been strengthened through the reorganisation of the NIS-Tacis directorate in Brussels which took place over the summer. "The main idea has been to make specific units responsible for countries rather than sectors. This means that the Programme is much clearer and easier to coordinate from here, and that our Delegations, Coordinating Units, partner organisations and other interested parties, all know who is in charge of what." The changes have also led to improvements in communication as Coordinating Units and partner countries get to know each other better and there is improved continuity."

The new Tacis Regulation, currently before the Council of Ministers, not only provides for increased flexibility by allowing for multi-annual programming, but also ensures that projects are systematically monitored from the centre.

Telling the right people at the right time

Dr Summa is a firm believer in communication as the key to better management within the organisation. "We need greater flexibility, and management must be thorough if we are to have reliable project follow-up that can be used for monitoring and

evaluation and future planning. Although this system will take some time to set up internally, it is one of our top priorities. We have a responsibility to maintain the quality of projects and their performance as well as information we provide about them. We have to be sure that the right information gets to the right people."

A good record to date

These firm intentions do not reflect a lack of enthusiasm about Tacis' performance to date.

Dr Summa admits he is impressed with the amount that Tacis has managed to achieve right from the start against unpredictable odds. "Tacis reacted quickly to a highly complicated situation and has achieved a great deal in a very short time. Now the challenge is to adjust the balance just enough to give us time to plan ahead and anticipate the way things are developing, to identify the targets and the best instruments for handling them." With his background in industry and business, Dr Summa sees his role as bringing powerful management tools into the organisation to plan resources and review processes. "We have over 2,000 projects, all of which are being run very far away in entirely different settings. Each project has a totally new remit - I think there are ways in which experience in the field can be shared and maximised."

Keeping sight of priorities in the future

"The challenge for the future will be to improve performance, both in terms of the quality of projects we handle and in the monitoring of these same projects through to completion. We need to channel our efforts to ensure projects are handled more efficiently right from the start. Quite simply this means reducing the time it currently takes to handle projects. From approval of a project by the Tacis Committee, to launching the tender on the open market, to finally awarding the contract, we need to be much more time efficient."

"Furthermore we should be extending our reach so that our involvement does not end on completion of Tacis funded projects. One important thing for us to remember is that Tacis is not solely about pumping in huge amounts of money to bridge financial problems. Tacis goes much deeper. It works at the roots and stimulates structural change. Therefore Tacis projects are, by definition, long-term projects. I know that sometimes people become a little discouraged if results aren't immediately visible. We can only help our partners to progress at the speed at which they can absorb support. When the conditions are right for investment, private financiers will step in."

"We have to concentrate on improving the business environment. And that means helping to draft legislation, providing training, exchange and study programmes, and management consultancy – in short, all the different ways in which know-how can be transferred." ■

► 1994 - a year of change for Tacis

Tacis has just published its Annual Report for the year 1994. Launched by Commissioner Hans van den Broek, the report emphasises the major progress that the Programme has made over the last 12 months in key areas including

- an increase of 48 per cent in funds contracted, compared with 1993, which comes to 11 per cent over and above the target for 1994
- a total of ECU 514.7 million contracted in 1994, compared to ECU 557.02 million between 1991 and 1993
- an increase of 66 per cent in funds paid out over the figure for 1993.

These dramatic improvements are largely a result of the move to multi-annual programming which has allowed Tacis to commit its budget far more rapidly than in previous years. In 1994, Tacis started and implemented more projects and mobilised more experts than ever



before. The efficiency of the Programme has also been enhanced by moves to improve the coordination of internal Tacis management and to clarify and simplify procedures.

In addition, a new initiative in monitoring and evaluation meant that by the end of 1994, over half of all Tacis projects had been assessed by teams of independent experts from both the EU and the relevant partner country. The monitoring is ongoing but has already confirmed the overall effectiveness of most projects whilst highlighting some specific areas for improvement, such as a stronger regional approach and a need for earlier coordination with partner organisations.

The report is available in all eleven EU languages and in Russian. ■

► Prevention better than cure

When alarm bells rang across the Three Mile Island nuclear reactor the immediate response was panic. No one knew where the fault was or what to do first. Meanwhile, the pressure dropped, the coolants leaked and the heat continued to rise. That was the United States in 1979.

Since that time developments in nuclear technology have substantially reduced the risk of major disasters in the west, largely because these advances have been matched by sophisticated safety systems for power stations. But the disaster at the Chernobyl reactor in 1986 confirmed international fears that developments in operating systems (in the New Independent States) have not progressed quite so rapidly. The threat of a serious nuclear disaster in one of the many outdated plants still remains a very real danger – for everyone.

Although the Russian authorities are keenly aware that new safety measures must be introduced in all plants as soon as possible, they frequently lack the necessary expertise and the technology. Tacis is working with these authorities to define priorities, set up new systems and train operators. Sema, the French company managing the ECU 2 million Tacis nuclear safety programme in Kalinin, has just developed a compu-

terised crisis management system, created by Electricité de France, and installed it at the Russian plant. Tacis experts are now training Russian operators to use the computerised command and control system correctly to ensure that the Three Mile Island chain of events never happens again.

If Three Mile Island taught the world that operational safety depends on lessening reliance on the operator's ability to react well in a crisis, Chernobyl proved the need to remove the temptation to take short cuts and ignore safety procedures. "No system is infallible, but the equipment now being operated in Kalinin requires so many over-

rides that short cuts are virtually eliminated", said Wojtek Kwiatkowski, Sema's director of energy and utilities. "The new display panel at Kalinin runs from a software base which pin-points the key safety signals in the event of an emergency", said Mr Kwiatkowski. "The idea is to enable the operator to locate the source of the problem even if the control room is out of action, or if key parts of the plant are shut down for any reason." The director added that Tacis' aim was "to install new computer-assisted safety systems at every nuclear plant in the former Soviet Union." ■

'Tacis' aim was to install new computer-assisted safety systems at every nuclear plant in the former Soviet Union'

(► continued from page 1)

Today, a bust of Lenin still watches over the deserted courtyard of the Ecran plant, a former avionics factory. Inside, a canteen which once fed 4,500 workers a day is empty. On overgrown grass outside the BTRW-140 plant, formerly the USSR's largest tank repair factory, tanks which were repaired for the Belarus Ministry of Defence now stand rusting until the government can afford to pay for their removal. Even those earmarked for liquidation under weapons reduction treaties have not been touched – there isn't enough money even for this.

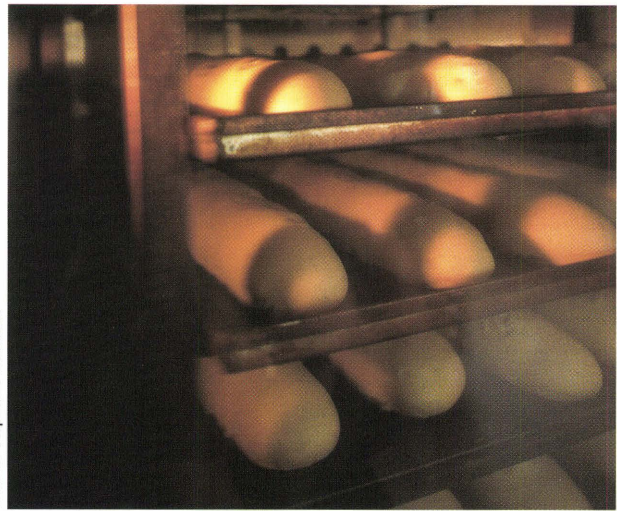
Ecran was built at the height of the Cold War to fuel an expanding Red Army, and experienced a drop in orders of up to 80 per cent after 1991. BTRW-140 fared equally poorly, although it survived for a while by destroying, under the provisions of the CFE mutual force-reduction treaties, tanks it once used to repair. Following a steady decline in demand from the depleted Belarus army in the early nineties, both factories specialised in civilian products, such as domestic appliances and special purpose fire-trucks. However, both are now facing declining orders through stiff competition from western companies, or have been trapped in an insolvent market niche.

Finding viable alternatives

A Tacis project was set up in Borisov by the Bonifica-Grouping, an Italian-led consortium of seven European partners, aiming to provide know-how to facilitate the conversion process of the town's two largest employers. Bowing to the country's industrial priorities and market demands, the conversion effort largely focused on food-processing equipment, attempting to introduce Italian bakery equipment into Belarus which would initially be assembled, and eventually fully produced, at ex-military plants. The project also aims to support the creation of dozens of private bakeries.

Today at Ecran, behind the door marked Tacis, word processors hum and the fax churns out information in an office bedecked with European Union flags. Originally planned as a ten-month project for ECU 500,000 the project has been extended by six months. It began with the help of two long-term Tacis experts and two long-term local experts who arrived in May 1994. Vincenzo Contato from Turin had over ten years experience in the New Independent States before he came to work on the project a year ago. He explained the reasons behind the decision to specialise in bread production above other food sector options, at a time when bread prices were kept at artificially low levels and

subsidised by the state monopoly. "Bread was so cheap at that time that Belarussians were buying it and selling it in Russia and Ukraine. Nobody believed it could be profitable. But we knew that subsidies could not be maintained for long, and in fact, bread prices were liberalised only a couple of months later."



Source: Stephanie Heimann

Bread production in progress.

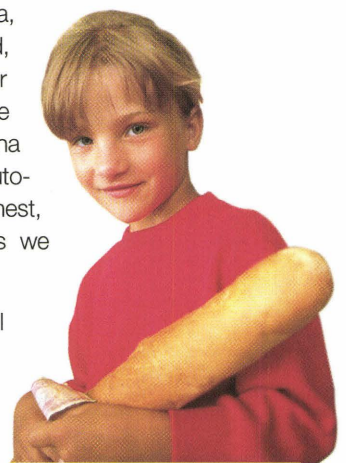
Tacis – paving the way for western partners

The Italian bread production firm Vidama was encouraged to cooperate with the two Belarussian partners, according to Mr Contato, largely because of the Tacis 'safety net'. Although not guaranteeing returns, Tacis' technical specialists, legal and financial experts and extensive market research team were paving the way for cooperation with western partners.

The hands-on approach of Tacis even included a visit from an Italian baker, Francesco Preti, to the Belarussian town to explain the rudiments of baking to locals. His first impressions were not encouraging, "Staff didn't know anything about making bread, they didn't respect any measurements, be it the temperature, quantity of water required, amount of flour, time for dough to rise, or indeed the baking time itself." However, after countless mini-oven demonstrations, he left the perplexed staff with not just the oven to contend with, but a wide range of recipes from pizzas to Genoese panettone.

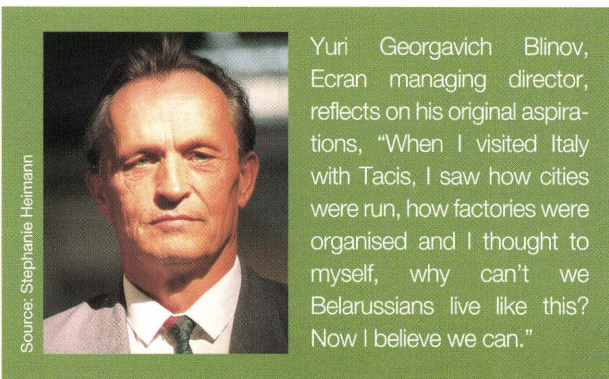
Factory cooks Galina and Yelena, who joined Ecran when it opened, now produce 900 loaves a day for the factory canteen and supply the nearby shop Severny. Galina remarks that, "Everything is automated and the loaves, to be honest, are much tastier than the ones we used to make."

Contato continued, "Vidama will send kits for assembly at Ecran and BTRW-140, but our ultimate objective, which we hope to



Source: Stephanie Heimann

A satisfied customer.



Yuri Georgavich Blinov, Ecran managing director, reflects on his original aspirations, "When I visited Italy with Tacis, I saw how cities were run, how factories were organised and I thought to myself, why can't we Belarussians live like this? Now I believe we can."

Source: Stephanie Heimann

(continued on page 8 ►)

“Everything is automated and the loaves, to be honest, are much tastier than the ones we used to make.”



Source: Stephanie Heilmann

► continued from page 7)

realise next year, is to replace Italian parts with Belarussian ones made on site.” Plans are under way for a first-year production of 500 mini-ovens, employing 100 Belarussian staff, with a turnover of \$3 million.

“Eventually we would like to privatise the full bakery equipment production lines”, said Mr Contato, who believes the way ahead for factories such as Ecran and BTRW-140 will involve dozens of independent production lines which lease space and machinery from the main factories.

However, the going is not entirely smooth. “The lack of start-up investment is halting the project temporarily and, as these facilities are still military plants, we have experienced delays in the registration process”, explained Mr Contato.



Source: Stephanie Heilmann

Dismantling a bygone era.

Nevertheless, the combined effect of the Tacis team and the successful launching of a pioneering industrial partnership creates a virtuous circle. “Success breeds success,” declared Mr Contato. “The presence of western partners encourages

newcomers. I’m sure that in the next three-to-five years our project will be up and running, along with many more.”

Meeting the market

Mr Blinov, seated at the head of conference table for 40, explained the economics behind the Tacis “guns to bread” project. “Our experience with Tacis has been nothing but positive. We have learnt about market structures, and have set up our own marketing department and commercial centre. Market research was something entirely foreign to us, now we see it as essential. We are expanding and gaining experience of the market place.”

Ecran has a 13- strong marketing team, which was established a year ago to expand sales throughout the New Independent States and further afield. The young team – most are under 35 – exudes energy. Half of them speak a foreign language and, being former avionics experts, all have superb technical qualifications.



Source: Stephanie Heilmann

Producing electrical appliances.

Two years ago Anna Kiriachik was employed on the production line making navigational aids for fighter planes, including MiGs. Today, her work load consists of mail drops, exhibition planning, and projected sales plans.

“Though it’s not the field in which I originally specialised, this is more rewarding. For the first time I know that success or failure actually depends upon me – and that’s exciting.”

Prior to the conversion scheme at Ecran, avionics accounted for up to 85 per cent of total production, but by 1994 this figure had sunk to just 12 per cent.

“We saw that we would have to increase the output of domestic appliances: electric irons, food mixers, hair dryers, and electrical drilling machinery, as well as counters for measuring radiation for the Chernobyl nuclear disaster which badly affected us”, continued Mr Blinov. “Our orders used to be centralised and came from Russia. Now we were forced to plan it all ourselves. In addition, as demand fell, so did wages.”

“We knew Tacis provided advice and know-how, and that it was not an aid programme. I did, therefore, make a specific

request to the project team manager, for a western partner. There are already people in Borisov interested in private enterprise, and many have expressed an interest in our mini-bakery projects. Our market research has shown that they will be able to repay their original outlay in one year."



Source: Stephanie Heilmann

Using computer technology to facilitate production.

The right way forward

Sitting beneath a portrait of Lenin, and dressed in full military uniform, Colonel Vladimir Feodorich Sakach, director of BTRW-140, explained, "Lenin was right then, but times change and so must we."

"BTRW-140 opened as a mobile repair unit during the second world war and soon, based in Borisov, became the largest military repair factory in Belarus, and one of only 20 plants to specialise in capital repairs in the whole USSR."



Source: Stephanie Heilmann

"In the last seven years military orders have fallen five-fold. We were soon reduced to employing only 1,000 people, servicing the Belarussian army which, at 2,000 tanks, is a fraction of the Soviet forces. It was at that time we started hearing words like 'conversion'. We were given plans for the production of consumer goods and told to liquidate 860 tanks and 440 APC's in line with plans for conventional weapons reduction. For example, plans were drawn up to convert armoured personnel carriers into fire engines and emergency response vehicles. Initially these were bought by Russia but then demand fell - no one had any cash. Also, these machines were designed for conflict, not long mileage. We were not doing very well before our involvement with Tacis, but I think developing partnerships is the right way for us to go. We should be exporting rather than importing goods."



Source: Stephanie Heilmann

Borisov, Belarus.

"If I had more money I would be glad to swap my uniform for a suit. Tacis is putting us on the map. Advertisements here and abroad are a positive sign of our attempts to diversify production and reach out to new markets."

"I am very confident that in a few years the factory will be operational, our premises will be used for joint ventures, and we will be renting out work space. Of course by comparison to what we were doing, the technology is very simple, but we have a saying in Belarus that bread is at the centre of everything - so what could be more important than that?" ■

► Saving the Aral Sea

Cotton drinks sea dry

Abandoned and derelict fishing boats in a landscape of salt and crusted sand first drew the world's attention to the ecological crisis facing the Aral Sea. Intensive cotton farming had diverted so much water from the rivers that used to feed the Aral over the past 35 years, that its shoreline has retreated by more than 75 miles. The giant Amu Darya and Syr Darya rivers that used to flow straight into the Aral, once the world's fourth largest lake, now feed the cotton plantations of Uzbekistan.

The 400 species of birds and mammals that used to inhabit the lagoons of the river deltas have vanished. A thriving fishing industry was killed off as the shrinking waters became too polluted to support fish stocks, which quickly died.

This is an ecological disaster. The clouds of dust that blow off the former sea bed are a health hazard to the 3.5 million people who live around the Aral in Kazakhstan, Turkmenistan and Uzbekistan's autonomous republic of Karakalpaksta. The excessive use of pesticides and defoliants has contaminated the groundwater, a problem made worse by chronic under-investment in purification plants and effective sanitation. Typhoid has increased thirty-fold in the Amu Darya delta region. Anaemia, kidney disorders and lung disease are rife. Infant mortality rates are among the highest and life expectancy among adults is 20 years shorter than the former Soviet average.

Dead sea warning

If no remedial action is taken, western experts anticipate that the Aral Sea will become a small brine lake, similar to the Dead Sea. Following independence, the five riparian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan set up an interstate council to address this crisis. An international fund (IFAS) to manage financial contributions from the five states and international agencies was established. An executive committee (ICAS) is ready to implement action plans as they are approved.

The European Commission had been approached for support, and through the Tacis Programme it agreed to prepare measures to ameliorate the environmental problems by improving the management of water resources and irrigated crop production. The EU has provided a total of ECU 4.75 million for the project entitled Water Resources Management and Agricultural Production (WARMAP). The Italian company Aquater has been appointed to provide scientific and technical support, together with a consortium of European consultants, including Agrar und Hydrotechnik and Gaf of Germany, and Scott Conseil of France.



Source: ITAR-TASS
Some 14,000 square miles of saline desert, an area greater than the size of Belgium, have been laid bare. Crops cannot thrive in soil which is polluted with a toxic cocktail of sulphates and chlorides.

Many of the 18 projects are primarily concerned with civil works intended to tackle critical issues such as clean water, sanitation and health. Others are concerned with resource planning and capacity building which require technical support within the WARMAP framework.

Agreement was reached between the European Commission, the World Bank and ICAS to combine terms of reference where there are common objectives, and for the two donors to provide joint support in the provision of expertise and equipment. In February 1995, seven WARMAP sub-projects were started under Phase I, of which some are already complete. They covered studies of land and water resource utilisation,

the cost of delivering water, irrigated crop production systems, and willingness to pay for water and integrated land and water management in the upper watersheds.

Up and running

The scope of some projects exceeds funding. But as a result of Tacis covering the groundwork, it is anticipated that ICAS and the principal donors will unlock the necessary money in the near future.

Meanwhile Phase II of WARMAP is now being concentrated into three more urgent sub-projects.

- Development of a prototype Management Information System which will be preceded by training for ICAS staff, officials and experts at regional and national level.
- Development of a strategy for water management. This will involve establishing a judicial basis for the international agreements on water use and protection, completion of the Water Resources Management Information System (WARMIS) for the entire Aral Sea basin, and the introduction of an integrated multi-disciplinary planning model to assess and support the making of decisions on the long-term physical, environmental, social and economic issues of development options.
- Restructuring agricultural production and tackling the underlying issues, as it is recognised that efficiencies in water use will not be achieved until they are driven by financial and economic imperatives.

"This is an example of how Tacis is supporting the central Asian states, in partnership with the World Bank, to resolve major inter-regional issues," said Chris Le Breton, the Tacis environmental task manager. "It illustrates how the EU can facilitate old and new communication channels between central Asian states both from an environmental and economic point of view." ■

► Encouraging an entrepreneurial spirit

It's 8.50 am in the morning, and Yulia Chernova, public relations manager of the Agency for the Development of Enterprise in Kiev has ten minutes in which to plan her agenda before the ADE opens. "In between writing letters to banks and investment companies to promote the agency, we are busy sending out invitations to our next seminar, which is being run with Ernst & Young, the British accountants, and Frishberg & Partners, an American law firm. It's called 'Ukrainian Business Environment' and will focus on new investment opportunities for western companies that are already here."

Established with Tacis funding, the Agency for the Development of Enterprise in Kiev opened in February 1995, helping small businesses and potential entrepreneurs with short training courses, marketing and financial planning, and generating business contacts between Ukraine and the west. An initial budget of ECU 1.1 million allows the ADE to subsidise the cost of the courses which it offers, and to provide help in writing business plans, English language training, and training courses targeted at specific groups, for example, 'Women in Business' seminars. A Belfast-based company, Nico, is also providing access to the enterprise support networks of Northern Ireland and Italy.

The agency's executive director, Ludmela Yakovleva, was Vice-President of the League of Industrialists and Entrepreneurs when Leonid Kuchma was its President, and together with the deputy director, Olga Ivashchenko, shares considerable expertise and experience of business and government in Ukraine and the west.

From 10.00 am Yulia Chernova's time is spent writing a new press release for faxing to local business editors to promote the agency, a process which can take up most of the morning. "We produce a 15-minute radio slot three times a week called 'How to become rich', which also take a lot of organising. It covers every aspect of business from legal advice to the personality traits necessary to become an entrepreneur. We use both local and western advisers to present a balanced view of different topics. A really popular programme was the importance of market research and how to write a business plan."

After a quick stop for lunch, it is time to start work on a 'How to Start Your Own Business' training course. "My role is teaching promotion and advertising to small and medium-size enterprises, which takes me up to about 3.30 pm. Next, the agency staff development programme has to be organised, a three-day residential event which focuses on improving skills and learning the latest requirements from the European Bank for Reconstruction and Development and other investment sources. By now it is early evening and approval is being sought from Richard O'Rawe, the agency's chief advisor in Northern Ireland.

At 6.30 pm, after dropping off posters at Kiev's advertising boards agency, Yulia finally heads for home where she helps

her 13-year-old son with his English homework and manages to squeeze in an hour's tennis or aerobics before sitting down to dinner with her husband.

In addition to running advanced marketing, financial and business training courses, the agency also offers advice on legislation, taxation and advertising, and business planning. The initial appointment is free. Clients often have ideas requiring a business plan, and the agency either fine tunes an existing plan or even drafts a new one. An information service centre helps to generate links with the west and foreign companies, and if western companies want access to Ukraine databases, that can also be arranged.

To assist businesses further, the agency maintains an information library, which is growing steadily. They also publish business fact sheets, detailing sources of finance, business planning, customer care, advertising, public relations - 20 in all, providing invaluable information in a concise format.



The basic five-day course on starting up a business is intensive. It looks at how to make financial projections, how to engage in joint ventures, how to promote a small business, and subjects such as time management. A number of different lecturers, often practical experts, conduct the courses, which all have marketing as a central component. Advance training in marketing and sales, financial and business planning is also available.

So far the agency has run one basic course per month since February, with courses in marketing and research run twice monthly. 'Training for trainers' will be run once per month in three modules. The modules were first produced in English (developed by Formaper) then translated and adapted to the Ukrainian environment, where cash flow projections and sources of finance differ from the west. ■

► Newsflash

Change at the Moscow Delegation

Mr Klaus Schmidt replaced Mr Dino Sinigallia as Head of the Tacis section of the European Commission's Delegation in Moscow in October. Mr Schmidt moves to Moscow after serv-

ing three years in the Commission's Delegation in Warsaw. Mr Sinigallia will return to Brussels to become Deputy Head of Unit DGI/C/4 (relations with the Transcaucasus and Central Asian countries).

► Your views

Share progress on Tacis projects

Those of you already familiar with Tacis news will know that we aim to cover a broad range of topics which illustrate the Tacis Programme in action. If you have an interesting story to share, we would like to hear from you.

Simply contact the Tacis Information Office – by fax, telephone or in writing with a background brief, covering:

- the main points of interest which you would recommend highlighting in your proposed article
- any useful background details, i.e., contact telephone/fax numbers of key people who might be interviewed for further information
- proposed photographs/other visuals (unless otherwise requested, all visuals received will be stored in a central

image bank for possible future use in other Tacis publications)

And remember, if your article is selected, it will be relayed to a large and varied international audience from a broad spectrum of business and institutional interests spanning east and west – approximately 30,000 individuals in 4,000 major towns and cities throughout all European Union and central and eastern European countries.

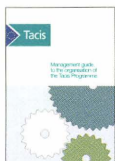
Tacis news is produced every two months and all articles selected are subject to editing by the European Commission's Tacis Information Office.

Address: 34 rue Montoyer 03/88, 1040 Brussels, Belgium

Tel: (+32-2) 295 25 85 / 296 60 65 / 296 10 70

Fax: (+32-2) 231 04 41

► New publications



Management guide to the organisation of the Tacis Programme

Is intended as a reference document for those working with the European Union's Tacis Programme. It contains basic information on the aims, objectives and background to the

Programme, as well as a section detailing the management structure and the roles and responsibilities within Tacis.



Contract Information Budget 1995 Part II

Provides details of the second series of 1995 Tacis Action Programmes for which the European Commission intends to launch restricted invitations to tender. Projects are listed by country, title, and budget, with information on

the partner organisation, project rationale and objectives, main components, implementation methods and timetable.



Russia - The European Union's Tacis Programme

The country profile is a 6 page publication available in English and Russian. Using maps and visuals it explains what the Tacis Programme is and how it works in the Russian Federation. It outlines Russia's reform priorities and gives an overview of Tacis activities in key sectors and regions. It also has funding data and useful contact addresses.



Sugar beet cultivation

Technical conclusions based on experience gained in the Krasnodar region.

Edited by the Tacis Technical Dissemination Project, this manual provides practical recommendations, based on locally available inputs,

for each crop stage. While ideally suited to Krasnodar, these recommendations are intended to be adapted for significantly different conditions. This is part of a broader effort to make results and findings of Tacis work accessible to interested audiences. The manual is available in Russian and English from the Office for Official Publications of the European Communities, catalogue number L-2985, at a price of 7 ECU.



European Commission • Tacis Information Office • Directorate General External Relations:
Europe and the New Independent States, Common Foreign and Security Policy and External Missions (DG IA)
Mailing Address M034 03/88 Wetstraat 200 Rue de la Loi B-1049 Brussels
Tel (+32-2) 295 25 85 / 296 60 65 / 296 10 70 Fax (+32-2) 231 04 41

T/EN/11.95/08/01/51/B