COMMISSION DECISION  
OF 1998

Establishing a Phare/EBRD Bangkok Facility Programme 1998,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 753/96 of 22 April 1996, and in particular article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be 20 MECU to be financed through Budget line B7-5000.

Done in Brussels,

For the Commission
PHARE BANGKOK FACILITY

ANNUAL PROGRAMME 1998

1. Identification

1. Recipient states: Countries eligible for assistance under the Phare programme
2. Title of proposal: Phare / EBRD Bangkok Facility
3. Year: 1998
4. Total cost: 20,000,000 ECU
5. EU contribution: 20,000,000 ECU
6. Budget line: B7-5000
7. Implementation Authority: EBRD
8. Expiry date: 31 December 2001 (including payments period)
9. Sector: AA
10. Group: O
11. Task Manager: Matthew Wyatt

2. Summary

2.1 The funds authorised under this proposal will be used to finance technical co-operation activities to assist the preparation and implementation of EBRD investments. This is needed in order to enable the countries of Central and Eastern Europe to effectively utilise the investment capital that EBRD is able to offer them. Without technical cooperation (TC) of this sort, many investments would either suffer delays or would not take place at all. The TC will be used primarily to assist with the preparation and implementation of specific EBRD investments (including accession-related investments which may be co-financed with Phare). In some cases it will be used to improve the wider investment climate (e.g. helping countries to meet basic legal and regulatory requirements). The programme is based on the Multi-annual Indicative Programme (MIP) 1996-1999; it will be managed by EBRD and subject to ex-post control by the Commission.

2.2 In the ten candidate countries priority will be given to prepare and implement investments which help those countries to fill gaps identified in the Commission’s Opinions, and hence to meet the Copenhagen criteria for accession to the European Union. The programme is therefore fully consistent with the new Phare Guidelines.

3. Background
3.1 The October 1991 Principles of Cooperation between the European Bank for Reconstruction and Development and the European Commission set out the modalities for cooperation between the two institutions. Under this "Bangkok Facility" Phare (and, separately, Tacis) provide grant funding to EBRD to support technical assistance components of its operations. The need for such assistance was identified soon after EBRD became operational, in 1991, when it became apparent that its countries of operations were not readily able to absorb the investment capital EBRD had to offer them. By assisting countries to meet basic legal and regulatory requirements for investments and helping their institutions with investment analysis and technical, economic, financial and environmental due diligence, the Facility was designed to permit a greater up-take of investment by such countries than would have otherwise been possible.

3.3 In 1996 the Commission and EBRD agreed on a new set of implementation modalities governing the Bangkok Facility (see Annex 1). The two key features of these new implementation modalities are:

* The introduction of a medium-term strategy through agreement between the Union and EBRD of a Multi-Annual Indicative Programme (MIP) covering 1996-1999 and Annual Programmes (APs) giving details of the specific operations to be financed each year. This enables EBRD and recipient countries to have a more strategic approach to its utilisation of technical assistance. It also echoes the multi-annual approach now adopted by the overall Phare programme.

* A move from an ex-ante to an ex-post control system. Since the new arrangements have been in place, EBRD will be able to issue tenders and contracts without any further reference to the Commission, thereby ensuring a less cumbersome and speedier approval process. This is done in accordance with commonly agreed procedures. These procedures, in particular for tendering and contracting arrangements, respect rules as laid out in the Phare rules and regulations and Commission financial regulations, and are subject to ex-post auditing by the Commission.

3.4 In July 1997, the Commission financed a comprehensive review of how the new ex post control arrangements were working in practice. The results of the review showed that overall EBRD were implementing the agreed rules and procedures effectively. The review made a number of recommendations for the improvement of the ex-post control system which have been implemented. One major result of this review is that EBRD has produced a comprehensive tender package which provides guidance to its staff on the procedures to be followed when implementing the Bangkok Facility.

4. Achievements to date

4.1 The Facility has played a crucial role in enabling EBRD and the recipient countries to build up and implement a portfolio of successful investments. An important indicator of the impact of past TC operations is the extent to which they have led to EBRD loans and equity investments. A direct link can be established for operations with 43 Board Approved, Signed and Disbursing investments worth ECU 1.3 billion. The total investments associated with these TC operations (ie from EBRD
plus other sources) is worth over ECU 4.5 billion. As new investments are signed the percentage of TC operations directly supporting investments is expected to rise to circa 85%.

4.2 The table below shows a breakdown by year of the investment multiplier (i.e. the amount of investment that follows a TC activity). The figures should be treated with some caution, but demonstrate clearly that the investment multiplier for past Bangkok activity is very positive indeed.

**Phare Bangkok Facility 1992-1997: Phare Technical Assistance and Subsequent Related Investment (commitments in thousands of ECUs).**

<table>
<thead>
<tr>
<th>Year</th>
<th>Phare TA (mecu)</th>
<th>EBRD Investment (mecu)</th>
<th>Total Investment (mecu)</th>
<th>Nbr Phare Projects</th>
<th>Nbr EBRD Projects</th>
</tr>
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<tbody>
<tr>
<td>1992</td>
<td>15</td>
<td>493</td>
<td>1562</td>
<td>52</td>
<td>14</td>
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<tr>
<td>1993</td>
<td>9</td>
<td>239</td>
<td>468</td>
<td>32</td>
<td>14</td>
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<tr>
<td>1994</td>
<td>12</td>
<td>126</td>
<td>907</td>
<td>29</td>
<td>6</td>
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<td>1995</td>
<td>8</td>
<td>172</td>
<td>443</td>
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<td>1996</td>
<td>19</td>
<td>254</td>
<td>1090</td>
<td>37</td>
<td>8</td>
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</table>

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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBRD investment / Phare TA</td>
<td>32.3</td>
<td>26.5</td>
<td>10.3</td>
<td>20.7</td>
<td>13.5</td>
</tr>
<tr>
<td>Total investment / Phare TA</td>
<td>102.4</td>
<td>52.0</td>
<td>74.5</td>
<td>53.2</td>
<td>57.7</td>
</tr>
</tbody>
</table>

4.3 An evaluation of Phare-EBRD (co-) financed programmes, including the Phare Bangkok Facility, will be carried out during 1998 by the DG IA unit specifically charged with the evaluation of Phare programmes. The purpose of the evaluation will be to evaluate the impact of past programmes, and thereby to draw out useful lessons for the future. The report is expected to be completed in November 1998.

4.4 The new implementation modalities have greatly facilitated speedy implementation. The 1996 programme is virtually fully contracted by EBRD, and that for 1997 was over 80% contracted at 31 December 1997. Details of 1996 and 1997 implementation by country and by sector appear in annex 2.
5. **EBRD Policy Assessment**

5.1 EBRD seeks to finance projects to which it can apply sound banking principles, but for which sufficient financing cannot be found from other sources. It also seeks to ensure that its operations promote the transition to a fully functioning market economy. The key principles which guide its operations are **sound banking, project financing, additionality and transition impact**.

5.2 The operational priorities endorsed by EBRD’s shareholders may be summarised as follows:

- a focus on private sector development
- the need to reach local private enterprises
- the importance of financial intermediaries
- a more active approach towards equity investments
- the need to be active in all countries of operation

5.3 The following trends have been observed in 1997 in EBRD’s overall investment portfolio:

* the **private sector** share of annual commitments has continued to grow in 1997 to well above 70%;

* working with **financial intermediaries** remains important, in particular to reach small and medium-sized local enterprises;

* EBRD has continued to develop other **wholesale approaches** such as Early Stage Equity (ESE) Funds, multi-project financing and trade facilitation. Based on recent experience the pace of wholesale financing, however, is expected to be more gradual than originally anticipated;

* **equity**, both direct and indirect through investment funds, has continued to be an important instrument for EBRD financing.

5.4 Although (not least as a result of EBRD activities) private investors are entering some of the CEE markets, the demand for investments in the Phare countries of operation remains, and the need for related TC is not declining significantly.

Rising demand for capital means that despite improved access for the CEECs to private sources of capital, there is still a need for EBRD finance in areas where the EBRD remains additional and provides transition impact. The magnitude of the required investments in these countries for restructuring enterprises is still great. Enterprises still suffer from incomplete restructuring, poor profitability, high level of indebtedness, and unwillingness or inability of shareholders to contribute to a capital increase. Companies have only limited access to long-term loans and often require equity capital rather than debt financing. As revealed by banking crises in some countries, financial institutions remain fragile and opportunities exist for the Bank to play an important role in strengthening them. The development of long term capital markets is also an important issue, particularly in the areas of pension funds, mutual funds and insurance.
companies. The need for funding in the area of private infrastructure and for environmental/energy efficiency improvements remains high.

5.4 Thus as investors with the most profitable and secure projects find sources of finance in private capital markets, EBRD activities in the CEECs are expected to be focused on the following areas where demand is expected to grow in 1998 and beyond:

* **Privatisation, restructuring and corporate governance.** Including direct private financing of local firms, direct equity investments, equity funds (although the emphasis may move away from those based on foreign resources to those based on local resources), regional venture funds, special restructuring programmes, post privatisation funds and multi-project facilities.

* **Development of financial institutions and capital markets.** Including the development of local banks (by expanding the use of long-term facilities or new instruments), projects which enhance development of non-bank financial institutions (such as local investment companies and mutual funds, life insurance companies and private pension funds) and projects which contribute to the strengthening of local capital markets.

* **Infrastructure.** Including long-term capital, equity and technical assistance for the commercialisation of infrastructure and municipal services and for private infrastructure projects. Municipal infrastructure products remain in demand and offer a particularly important opportunity for growth.

* **Environment and energy efficiency.** An important part of EBRD's mandate, and transition impact, is improvement in the environment and in the use of energy resources. Demand is growing for projects in environmental enhancement and protection and in energy efficiency (completing policies to reform tariff levels and structures for infrastructure services).

A country-by-country review of proposed EBRD activity in countries covered by this programme is attached as Annex 3.

5.5 Most of the countries which will receive support under the 1998 Phare Bangkok Facility are also candidates for accession to the European Union. The EBRD recognises the importance of the accession agenda to these countries. The role of the Bank in helping to put in place the Community’s reinforced pre-accession strategy is recognised in the Bank's own Medium term Strategy. By helping promote the completion and consolidation of the economic transition, EBRD helps the candidate countries to meet the Copenhagen criteria for accession. Its investments in key acquis-related areas (eg environmental clean-up, the adoption of industrial norms) are also important in this regard. EBRD remains strongly committed to co-financing with Phare in accession-related areas as foreseen in the new Phare Guidelines. There is likely to be strong demand for such co-financing in the energy, transport and environment sectors, and for municipal and SME financing.
Thus the EBRD’s priorities in the candidate countries accord very well with the overriding Phare objective of helping them prepare for accession.

6. Objectives

5.1 The overall goal to which this programme is designed to contribute is economic transformation and development in the countries of Central and Eastern Europe.

5.2 The Programme's main specific objective is to increase the quantity and quality of EBRD investments through financing technical cooperation activities which enable them to be better prepared and implemented. In the candidate countries, the priority is to focus on investments which are important for the accession.

5.3 A secondary objective is to improve the overall investment climate in recipient countries, e.g. through financing activities aimed at promoting the regulatory and legislative framework under which investments are made (including ensuring its compatibility with EU norms), or through institution building for potential EBRD partners in financing operations.

7. Programme description

7.1 TC priorities vary from country to country and change over time as needs shift away from the immediate requirements of transformation towards medium-term structural adjustment and, for the candidate countries, preparation for accession to the Union. In general the market determines where EBRD is additional with its investments.

TC will be needed to prepare and implement investments where EBRD can ensure additionality and a high transition impact, and where there is no foreign partner, thus placing a greater burden on EBRD and the recipient to ensure due diligence. The increasing focus on small and medium-sized enterprises is also TC-intensive.

Under the 1998 programme most countries will receive TC support for infrastructure development, including projects for power and energy, transport and environment (also incorporating municipal infrastructure), and for post-privatisation activity (which includes support for small and medium-sized enterprises and the development of Early Stage Equity Funds). Some projects will be developed on a regional basis, covering several or all Phare beneficiary countries. It should be noted however, that the sectoral focus of TC in a particular country is driven by EBRD's investment programme in that country. Where key investments are being made by other IFIs or private sector investors, or where EBRD judges there is no need for TC to enable them to invest, there may be no need for technical cooperation under the programme.

7.2 In many cases the investments to which TC activities are linked will help countries to meet EU norms (e.g. the environmental acquis) and, through the development of large scale infrastructure in the candidate countries, to develop the ability to withstand the competitive pressure of the single market. In some cases Phare is likely to co-finance investments proposed under the Bangkok Facility.
7.3 In 1998 EBRD anticipates TC operations in 11 countries under this programme, plus regional programmes covering the whole PHARE region. The table below gives an estimate of financing needs by country. These estimates are indicative only; actual projects will be financed for each country in accordance with actual needs up to a global ceiling of ECU 20,000,000 in 1998, minus the retainer contract and management fee.

7.4 EBRD has already identified projects eligible for Phare funding under the Bangkok Facility as follows:

<table>
<thead>
<tr>
<th>In million ECU (Totals per Country / Region)</th>
<th>AP 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>0.50</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>1.70</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1.00</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2.42</td>
</tr>
<tr>
<td>Estonia</td>
<td>0.00</td>
</tr>
<tr>
<td>Hungary</td>
<td>0.55</td>
</tr>
<tr>
<td>Latvia</td>
<td>0.50</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0.20</td>
</tr>
<tr>
<td>Poland</td>
<td>10.75</td>
</tr>
<tr>
<td>Romania</td>
<td>4.65</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>0.40</td>
</tr>
<tr>
<td>Slovenia</td>
<td>0.55</td>
</tr>
<tr>
<td>Regional</td>
<td>3.52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26.74</strong></td>
</tr>
</tbody>
</table>

Annex 4 gives a description of the proposed operations in each country. The total of the country figures in the table above exceeds the Phare Bangkok Facility allocation. In practice a proportion of planned operations will slip or fail to materialise.

7.5 In addition to the above activities, a sum not exceeding 800,000 ECU may be utilised by EBRD to finance activities carried out by their own staff on a cost-recovery basis. These activities, to be known as “Retainer activities”, will be agreed, in writing, ex ante, on a case by case basis with the Commission. The key difference between these activities and those described above is that retainer activities are carried out by Bank staff themselves, and not by consultants contracted by EBRD. The retainer arrangement is necessary for work that requires either specialist expertise not readily available from the private sector or work where the status of EBRD as a trusted or “neutral” interlocutor is required. Retainer activities will be carried out in the following areas:
8. Costs

8.1 Cost breakdown:

TC activities under BF ECU 19,200,000
Retainer activities ECU 800,000
TOTAL ECU 20,000,000

8.2 Included in the figure of ECU 19.2 million is a 2% management fee to compensate EBRD for the additional professional and administrative support provided by EBRD to enable it to manage these funds. It will be paid by the Commission half yearly on the basis of documented justification of costs incurred.

9. Implementation Arrangements

9.1 The whole programme will be implemented by EBRD, in accordance with the Phare Regulation and the Financial Regulation applicable to the EC budget. Technical cooperation activities will be implemented in accordance with the Implementation Modalities (see Annex 1). Retainer activities will be approved ex ante by the Commission on a case by case basis.

9.2 EBRD will undertake to conclude and award all contracts in its own name and to carry all liabilities arising therefrom.

9.3 EBRD will open a separate interest-bearing ECU bank account for the Programme. An initial amount equivalent to 10% of the total cost of the programme will be deposited in that account by the Commission. Each quarter EBRD will submit a financial report to the Commission which gives details of disbursements, interest income, bank charges and remaining balance for the preceding quarter. The report will also include a disbursement forecast for the following quarter. EBRD will request payments on the basis of this forecast in order to ensure the availability of cash funds to meet its payment obligations. On a six-monthly basis the request will include a request for management fees incurred over the previous six months, together with supporting documentation. Interest income earned on the cash balance, net of bank charges, will be reimbursed to the Commission.

9.4 Should unanticipated requirements for TC operations not listed in Annex 4 emerge, EBRD may seek agreement from the Commission to utilise funds available under this programme in accordance with the Implementation Modalities (see Annex 1).
10. Audit, Monitoring and Evaluation

10.1 The accounts and operations of all activities carried out under the Programme may be checked at regular intervals by an outside auditor contracted by the Commission and financed under the present programme, without prejudice to the responsibilities of the Commission and the European Union's Court of Auditors.

10.2 To facilitate this, EBRD will keep financial and accounting documents concerning all activities financed under this programme, and will make available to the competent bodies of the European Commission on request all relevant financial information, including statements of accounts, on operations funded under the programme (whether those operations are executed directly by EBRD or sub-contracted).

10.3 EBRD will also provide regular progress reports on each operation funded under the programme, and a project completion report (PCRs) as each one ends; the PCRs will include an initial assessment of the project's impact. In addition, EBRD will provide a report on the 1998 programme as a whole in early 1999; this will include, inter alia, an assessment of the extent to which the objectives in Paragraph 5 above have been met.

10.4 The Commission Services shall:

(a) monitor the implementation of the Programme on the basis of regular reports by EBRD,

(b) sign contracts with independent consultants to follow the progress of the Programme and its components and carry out an ex-post evaluation after completion of the programme.
LIST OF ANNEXES

<table>
<thead>
<tr>
<th>Annex 1</th>
<th>Implementation Modalities</th>
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<tbody>
<tr>
<td></td>
<td>List of eligible projects by country</td>
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<td>List of eligible projects by sector</td>
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<td>Annex 3</td>
<td>Country-by-Country Review</td>
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<td>Annex 4</td>
<td>Annual Programme 1998</td>
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<tr>
<td>Annex 5</td>
<td>Details of how 1998 activities in candidate countries address accession priorities.</td>
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</tbody>
</table>
Annex 1

EC-EBRD TECHNICAL CO-OPERATION
IMPLEMENTATION MODALITIES

1. EBRD ACTING AS AGENT FOR PHARE AND TACIS

EBRD will act as agent for the Commission for the utilisation of certain funds from the Phare/Tacis Programmes.

EBRD will follow the Phare and Tacis Regulations and of the Financial Regulation applicable to the general budget of the European Communities (hereinafter 'Financial Regulation') which are annexed.

The Commission will compensate EBRD for the additional professional and administrative support incurred by the Bank to enable it to manage the Bangkok funds. This amount cannot exceed 2% of the annual allocation of which it is an integral part. This amount will be paid half yearly on the basis of documented justification of costs incurred.

2. TYPES OF OPERATION ELIGIBLE FOR FUNDING

The funds provided to the EBRD from the Phare/Tacis programmes may be used to finance the following activities:

- technical co-operation activities for the preparation of investments including necessary preparatory activities in line with the Bangkok Agreement.

- technical co-operation activities to support the implementation of investments provided that these activities linked to these investments have not been supported by the Bangkok facility in the past; participation in the costs of fund management of post-privatisation and other early equity funds could be covered for a period of three years.

3. MULTIANNUAL INDICATIVE PROGRAMME AND ANNUAL PROGRAMME

EBRD will prepare two Multi-annual Indicative Programmes (MIP), one for Phare and one for Tacis, which will allow for flexible annual allocation of the global funding. The MIPs will set out by country the sectoral aims and priorities for the use of the funding.

The MIPs will be consistent with Phare and Tacis country strategies and indicative programmes. The MIPs will reflect the geographical and sectoral priorities of EBRD's planned investments with a time frame in line with the duration of the Community financial perspectives, currently until 1999.

The Annual Programme (AP) will include a short description of the projects proposed as provided by the EBRD with their estimated financing, sector and country. To allow for the event
that not all projects listed in the adopted AP’s will in fact materialise, the list of projects in the
AP’s can exceed the annual budgetary allocation.

MIPs and APs for each year will be prepared by EBRD during the preceding year and
submitted to the Commission by 31 October for approval by DG IA of the Commission of the
list of eligible projects and of the annual budgetary allocation before the start of the next
budgetary year.

The EBRD and the Commission will mutually update the list of projects covered by the AP
twice a year, in May and September, in the light of actual developments.

4. IMPLEMENTATION OF THE PROCEDURES

Following the approval by DG IA of the Commission of the annual budgetary allocation on the
basis of the approved AP, EBRD will start tendering and negotiating contracts for projects
listed in the approved APs in accordance with Phare and Tacis Regulations and the Financial
Regulation. After the Commission's financing decision on the annual budgetary commitment,
including the list of projects mentioned under § 3 and which will take place in January, the
EBRD will issue contracts. Tendering and contracting arrangements will be subject to ex-post
auditing by the Commission to ensure compliance with the above regulations.

5. SHORTLISTING

Contract opportunities will be published, and short-lists will be drawn up in accordance with the
Phare and Tacis Regulations and the Financial Regulation (Title IX). In exceptional cases
companies from non EU/Phare/Tacis countries may be invited to tender. It should be
understood that the mere participation of EBRD in a project receiving Bangkok funds does not
constitute co-financing.

6. REPORTING

A mechanism of quarterly financial reporting from EBRD would be established, details of which
will be agreed upon, on the basis of the standard Phare and Tacis reporting mechanisms.

For each project, progress reports will be submitted by the EBRD on a six-month basis
stressing the link of the project with potential or existing investment operations. Upon
completion of each project, a project completion report including an impact assessment will be
submitted. A yearly report on the EBRD investment triggered by the Bangkok funds will be
submitted. In accordance with the Phare and Tacis Regulations, the EBRD will contribute to the
Phare and Tacis Annual Reports with regard to the use of the Bangkok funds.

7. TRANSFER OF FUNDS

The transfer of funds will be made in accordance with the disbursement forecast submitted by
the EBRD in accordance with the Phare/Tacis format. The guiding principle for the transfer of
funds will be to minimise the cash balance of Phare/Tacis funds at EBRD.

8. AUDIT AND SUPERVISION
The Commission Financial Control and the European Court of Auditors will have access to relevant EBRD records.
## List of Eligible Projects by Country (MECU)

<table>
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<tr>
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<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>Albania</td>
<td>1.9</td>
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<td>0.6</td>
<td>--</td>
<td>0.5</td>
</tr>
<tr>
<td>Bosnia</td>
<td>4.7</td>
<td>5.6</td>
<td>1.7</td>
<td>0.5</td>
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</tr>
<tr>
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<td>1.7</td>
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<tr>
<td>Croatia*</td>
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<td>--</td>
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</tr>
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<td>--</td>
<td>--</td>
<td>--</td>
<td>2.4</td>
</tr>
<tr>
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<td>--</td>
<td>0.5</td>
<td>--</td>
<td>--</td>
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<tr>
<td>FYR of Macedonia</td>
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<td>--</td>
<td>--</td>
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<td>--</td>
</tr>
<tr>
<td>Hungary</td>
<td>2.9</td>
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<td>0.7</td>
<td>--</td>
<td>0.6</td>
</tr>
<tr>
<td>Latvia</td>
<td>--</td>
<td>--</td>
<td>2.0</td>
<td>--</td>
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<tr>
<td>Lithuania</td>
<td>--</td>
<td>--</td>
<td>1.2</td>
<td>--</td>
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<td>Poland</td>
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<td>Slovak Republic</td>
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<td>--</td>
<td>--</td>
<td>--</td>
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<tr>
<td>Slovenia</td>
<td>0.9</td>
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<td>1.1</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Regional includ. Baltics</td>
<td>8.2</td>
<td>6.1</td>
<td>8.7</td>
<td>13.7</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>34.5</strong></td>
<td><strong>18.9</strong></td>
<td><strong>26.2</strong></td>
<td><strong>15.7</strong></td>
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<td>Retainer</td>
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<td>0.6</td>
<td>0.8</td>
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<tr>
<td><strong>Grand TOTAL</strong></td>
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<td><strong>18.9</strong></td>
<td><strong>26.2</strong></td>
<td><strong>16.3</strong></td>
<td><strong>27.5</strong></td>
</tr>
</tbody>
</table>

* No expenditure will be incurred with respect to Croatia until and unless explicit authority to do so is given by the European Commission

**NB:** The ceiling on actual commitments each year is 20 MECU.
### Phare Bangkok Facility 1996, 1997 and 1998 Annual Programmes

#### List of Eligible Projects by Sector

**NB:** The ceiling on actual commitments each year is 20 MECU.

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</thead>
<tbody>
<tr>
<td></td>
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<td>6.1</td>
<td>6.7</td>
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<td>Agribusiness</td>
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<td>0.4</td>
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<tr>
<td>Legal</td>
<td>--</td>
<td>--</td>
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<tr>
<td>Property &amp; Tourism</td>
<td>1.5</td>
<td>0.7</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>34.5</strong></td>
<td><strong>18.9</strong></td>
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<tr>
<td><strong>Grand TOTAL</strong></td>
<td><strong>34.5</strong></td>
<td><strong>18.9</strong></td>
<td><strong>26.2</strong></td>
</tr>
</tbody>
</table>
EBRD’s key operational objectives for the coming years are outlined below:

(i): strengthening the financial sector: by encouraging strategic investors to invest; by participating in the capital of Euromerchants Albania Fund, a Venture Capital Fund, investing in small and medium sized enterprises (SMEs); by extending a credit line to two of the private banks to support development of SMEs and, following the pyramid scheme crisis and its impact on the financial sector, and in close collaboration with other multilateral institutions and bilateral donors, to provide the assistance required for the recovery of Albania, e.g. by assisting in the restructuring and eventual privatisation of the State banks and in particular the Savings Bank; (ii) Promotion of Private sector projects; the focus is mainly on the Manufacturing and Tourism sectors; industrial wholesale products such as the establishment of an industrial park in Durres, where EBRD is co-operating closely with EC-Phare, and the Industrial Road project, where the EC Phare cross border programme is financing external infrastructure, and on the East-West Road Corridor. Several investments are being assessed in the following sectors; building materials, food and beverage production and on-shore oil and gas. Large privatisations remain among the main operational priorities for 1998. In this respect EBRD continues to monitor ongoing negotiations with strategic partners, in the chromium, cement and oil sectors. EBRD intends to actively support post privatisation investments. (iii) Critical infrastructure development; targeted sectors are transport (where the EBRD is expected to establish two projects, the East-West Road Corridor and the Tirana Airport Terminal and Access Road), telecommunications, energy and infrastructure supporting the oil and gas industry and EBRD is encouraging the promotion of infrastructure projects by private project sponsors whenever possible. (iv) Support for development of an environmentally sustainable and internationally competitive tourism industry, an area of great potential in Albania’s economic growth.

BOSNIA & HERZEGOVINA

Following the Dayton General Framework Agreement, Bosnia and Herzegovina became a member of the International Monetary Fund in December 1995 and of the World Bank in April 1996. The membership of Bosnia and Herzegovina in EBRD became effective in June 1996. In 1996 the EBRD started the implementation of a first phase reconstruction programme. It includes:

(i) a USD 32.71 million sovereign loan and technical assistance for the Emergency Transport Reconstruction Project, rehabilitation of roads and bridges in the Federation and the
Republika Srpska, of Sarajevo Airport and of the state Air Navigation System. The loan is disbursing, a contribution from EC is awaited.

(ii) a DEM 27.5 million sovereign loan and technical assistance, including from the EC, for the Emergency Power System Reconstruction Project to be implemented both in the Federation and the Republika Srpska. The loan has been signed and awaits for ratification;

(iii) a USD 20 million sovereign loan and technical assistance for the Emergency Telecommunications Reconstruction Project to be submitted for the EBRD Board approval in March 1998;

(iv) a signed USD 5 million investment in the Horizonte Enterprise Fund which is to provide equity to private SMEs;

(v) two disbursed equity investments (DEM 2 million each) and technical assistance from the EU PHARE programme for two private banks in the Federation;

(vi) a disbursed equity investment of DEM 1 million in the already operational Micro-Enterprise Bank with an envisaged EU contribution through the OBNOVA programme of ECU 7.5 million for on-lending and technical assistance;

(vii) a disbursed DEM 6.05 million term-loan to Sarajevo Brewery.

Following the first two years of the international reconstruction programme in the country, the key challenges for Bosnia and Herzegovina are the transition from donor-based financing to sustainable development with commercial financing and the strengthening of the main state and entity institutions. The adoption and implementation of key economic legislation, particularly in the field of foreign debt servicing, privatisation and foreign investment are essential conditions to meet these challenges. They also represent the key conditions for the expansion of EBRD activities in the country. EBRD’s operational programme for the coming two years is to be defined later in 1998 and is expected to be structured along the following strategic objectives:

a) based on the experience of current infrastructure projects, explore the scope for a second power project later in 1998;

b) support the privatisation process focusing on bank privatisation, SME credit lines at local banks and an Early Stage Equity Fund for privatised or privatising SMEs;

c) pursue both debt and equity investment possibilities with both local Bosnia-Herzegovinian firms and foreign joint venture partners.

Taking into consideration the current financial situation of the country and the terms of EBRD financing, particular attention continues to be placed at an early stage on the mobilisation of concessional funds (both grants and soft loans) to blend with EBRD financing. Co-operation and co-ordination with other international institutions, particularly the European Commission and the World Bank, is crucial for the success of EBRD activities and of the international
efforts to set the path for sustainable development in Bosnia and Herzegovina. Cofinancing with the Commission are under consideration for investment operations particularly in the banking sector (support to privatising banks), which still need to be articulated. The Turn Around Management Programme has started its activities at five local companies. Further technical assistance will be required for continued TAM assistance, auditing local companies and providing them, in the context of an EBRD investment project, with consulting services (MIS, marketing).

BULGARIA

The 60:40 Private/Public portfolio compliance is one of the most critical issues facing EBRD’s activities. EBRD’s activities will represent a part of the concerted effort by the International Financial Institutions (IFIs) to support the measures taken by the Government in order to assure stabilisation and future growth of the Bulgarian economy. The main thrusts of EBRD’s involvement is directed at the following areas:

(i) support for Private sector development through cash and mass privatisation; supporting large and high profile privatisations involving strategic partners; establishment, in co-operation with EU Phare, of a Post Privatisation Fund providing fresh cash to private enterprises from the Mass Privatisation Programme; providing pro-active support to both domestic and foreign sponsors; (ii) strengthening of the ailing banking sector, e.g. completion and implementation of the privatisation and recapitalisation of the United Bulgarian Bank and consolidation of the existing Private projects; (iii) support critical projects in the power and energy and municipal infrastructure sectors with priority given to projects fostering energy efficiency improvements and Private sector development; the direct support of the Government objective in the increase of a rational and the more effective use of fuels and energy while also complying with the Nuclear Safety Agreement is important. In Municipal Infrastructure, the Sofia Water Utility Investment and Restructuring Programme is priority.

CROATIA

EBRD proposes to assist in increasing the depth and scope of transition in Croatia by consolidating its work around supporting foreign direct investment in Croatia and participating in direct transactions with local private companies without an international sponsor to aid the private sector. In addition EBRD hopes to assist with the restructuring and privatisation process, particularly in the area of utilities including further development of the regulatory framework. EBRD will also diversify support to the financial sector including further equity investments in banks and operations in areas like insurance and pensions. There will be a shift to private financing of infrastructure and municipal development; and continued support to the tourism sector.

1 No expenditure will be incurred with respect to Croatia until and unless explicit authority to do so is given by the European Commission.
CZECH REPUBLIC

Against a background of slower economic growth and an interim administration until elections scheduled for June, EBRD's transactions will be increasingly directed towards the Republic's proposed accession to the European Union. The Commission has highlighted the need for an increased speed of corporate restructuring, the strengthening of the banking sector and capital markets, and the reform of tax collection and the social welfare system. EBRD will actively support the development and regulation of the capital markets and in particular bank privatisation, either before or as part of the sale of the government's stake. EBRD will continue to invest equity and debt (both senior and sub-ordinated or convertible) to industrial companies to support expansion, upgrading and financial restructuring. Investments in municipal and environmental infrastructure will upgrade facilities to the standards required for EU accession.

ESTONIA

EBRD’s strategy focuses on:

(i) Financial Intermediaries: The small size of private sector enterprises makes local financial institutions the most effective mechanism to deliver financial products. The strength of the Estonian banking Sector has permitted EBRD to ensure broad coverage of its support for the enterprise sector. EBRD’s interventions will continue to be increased and diversified, covering debt, equity and other instruments. (ii) Infrastructure: Privatisation of infrastructure offers an important opportunity for larger private sector projects and for the diversification of EBRD’s portfolio in Estonia. EBRD is prepared to support the investment requirements of utilities and related enterprises as part of their privatisation. Consideration will also be given to direct financing of selected state-owned infrastructure projects (e.g Tallinn Airport, Estonian Railways) where EBRD presence has a significant transition impact, can assist with the restructuring, commercialisation or privatisation of infrastructure-related utilities and enterprises, or can facilitate private sector participation.

(iii) Other Private Sector Transactions: While the small size of most private sector projects limits EBRD’s direct financing opportunities, there are some larger projects on the horizon and these are being pursued actively. (iv) EBRD will continue to be active in the environmental sector, where it has played a pioneering role. Other guiding factors will include transfer of know-how and activities the facilitate Estonia's integration in the international economy including EU accession.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

By the end of August 1997 the EBRD had approved and signed 8 projects totalling ECU 148 million. Of these, four are in the Public sector and four are in the Private sector. Among the
Private sector projects a total of ECU 35 million had been channelled to the Private banking sector.

EBRD’s activities focus on new projects with a high impact for local private enterprises or the regional integration of the country. The three main objectives are to support:

(i) the development of the Private Sector. EBRD is providing direct support for development of small and medium enterprises (SMEs) and for the acceleration of the privatisation process by extending long term funding through credit lines to local banks. EBRD is also investigating direct investments in private projects in the industrial or agribusiness sectors and will actively support the emerging foreign investments;  (ii) Financial Sector. EBRD’s activities are aimed at a systematic restructuring of the banking sector. It is focusing on the rehabilitation and privatisation of the country’s largest bank, Stopanska banka, and on the consolidation and development of smaller institutions either through equity participations or credit lines. In addition EBRD will support the establishment of the first equity fund in the country. (iii) key critical infrastructure investments. Investments opportunities in the infrastructure sector will be considered only if they have a direct impact on the facilitation of private sector development and on regional integration of the country (in the transport and energy sector through selected infrastructure projects, e.g. oil and gas pipelines and railways). EBRD is considering investment in the transport, energy (a new law related to independent power plants (IPPs) provides opportunities for EBRD to consider financing private consortia willing to build and operate (own or transfer) facilities under IPP schemes) and telecommunications sectors.

HUNGARY

EBRD will continue to focus on the private sector, offering a wide variety of financial instruments on a non-recourse basis, increase its equity commitments and continue EBRD’s product development. EBRD will play a major catalytic role in each area where a private-public partnership makes the financing commercially viable. Furthermore, EBRD intends to limit its sovereign lending activity to specific areas that are critical for the overall development of the economy and where the country specifically needs EBRD’s involvement. Continued priority will be given to :

(i) physical infrastructure projects (transport (including railways), telecommunications, utility; (ii) involvement in the privatisation of these sectors and the financing of concession-type and BOT projects; and (iii) all projects that facilitate Hungary’s accession to the EU. In order to implement a wholesale approach EBRD will make every effort to offer different products (including equity, credit line, trade facility and other instruments) through Hungarian financial institutions. EBRD will also develop its cooperation with other multilateral institutions active in Hungary, particularly EU Phare and EIB with regard to projects facilitating EU accession.
LATVIA

The EBRD plans to continue focusing its programme on:

(i) Financial intermediaries: EBRD's interventions in the banking sector will continue to be increased and diversified, covering debt and equity investments, selected new institutions and new products, with a view to supporting both the further development of small and medium-sized enterprises (SMEs) and the strengthening of the banking sector. (ii) Support for privatisation: The privatisation of infrastructure (e.g. Latvenergo), open important opportunities for EBRD to participate financially in the resulting transactions. (iii) EBRD will continue to aim at participating in the improvement of critical infrastructure, to assist with the commercialisation and/or the privatisation of infrastructure-related utilities and enterprises, and to support private sector participation. (iv) Other areas of activity will include the environment (including municipal infrastructure), transfer of know-how and projects that facilitate integration into the international economy, including EU accession.

LITHUANIA

The EBRD plans to continue focusing its programme on:

(i) Financial intermediaries: EBRD is prepared to expand its interventions in the banking sector, covering debt, equity and guarantees, with a view to assisting in the restructuring and strengthening of the sector, improving corporate governance and furthering its support to the development of small and medium-sized enterprises (SMEs). In particular, participation in the privatisation of one or more state banks would be of highest priority. (ii) Direct financing of private sector enterprises: These will continue to be pursued actively. (iii) Infrastructure: The EBRD will aim to improve critical infrastructure, particularly in the energy sector in light of the need to assist with the alternative power generation and energy efficiency projects related to the closure of INPP, support the commercialisation and/or privatisation of infrastructure-related utilities and enterprises, and facilitate private sector participation. Priority will be given to co-operating with the Lithuanian authorities and the international community on issues relating to short-term safety upgrades for the INPP as well as in investment requirements for non-nuclear energy generation and the energy efficiency projects related to the closure of INPP.

(iv) Other areas of activity will continue to include transfer of know-how and projects that facilitate integration in the international economy, including EU accession. Environmental considerations will continue to receive particular attention in the context of EBRD-financed projects.

POLAND

EBRD aims to advance the transition in Poland by focusing on three main objectives:
(i) to improve the participation of the domestic financial system in enterprise financing; (ii) to mobilise investment capital needed for growth, especially investment capital in commercial infrastructure; and (iii) to take a leading role in encouraging and financing structural reforms in key sectors.

EBRD will give increased emphasis to fostering the competitiveness of Polish corporates in the lead-up to European Union Accession by continuing its participation in major privatisations, in particular in the financial sector (PZU, BGZ) and under-invested industries (e.g. steel, coal, shipyards, chemicals), and by providing long term finance to Polish corporates (loans and equity capital).

EBRD will encourage private sector involvement in infrastructure, corporatisation of utilities and, eventually, full privatisation of government-owned utilities. Projects will be developed in the municipal infrastructure, power, transport and property sectors.

ROMANIA

The key challenges the Government now faces are to restore economic growth, to keep inflation under control, to stop the Leu depreciation, to accelerate privatisation and restructuring, to further stimulate foreign investment and strengthen the legal framework for private sector development. EBRD's activities in Romania over the next year will assist these priorities. EBRD's operations will focus on the following four areas: to foster private sector investment, support the acceleration of privatisation and restructuring, strengthen the financial sector and to promote the private financing of critical infrastructure investments.

EBRD will proceed in 1998 with the preparation and implementation of transactions at the core of the reform program of Romania. These include:

a) restructuring and privatisation of Régies Autonomes (telecommunications, oil sector - National Oil Company (SNP) and power sector);

b) banking sector reform and privatisation (Bank Post and Romanian Development Bank);

c) privatisation of large scale enterprises such as Romcim, IMGB and Otelinox;

d) private financing of infrastructure development (transport (Motorway Concession), port activities (Silotrans)); and

e) municipal infrastructure financing.

SLOVAK REPUBLIC
EBRD will aim to combine the criteria for high transition impact with accession objectives in its choice of projects. In concrete terms, EBRD will contribute to the acceleration of privatisation, the facilitation of equity and debt financing and improved corporate governance for newly privatised domestic companies and the restructuring of large Slovak enterprises. EBRD will encourage the inflow of foreign capital, promote export oriented companies and support military conversion activities. Further support will be given to the financial sector by assisting in the development of sound private sector banks and increasing competition among the banks. EBRD will use local intermediaries to support SMEs. In the public infrastructure and environmental protection EBRD will focus on transport and projects to promote energy efficiency.

SLOVENIA

EBRD foresees a number of ongoing tailored interventions to support the private sector and EU accession in the following areas: (i) Non financial private sector; EBRD will provide direct funding to locally managed privatised industrial companies through a broad range of innovative instruments, with special emphasis on equity and quasi-equity investments and on syndicated transactions. EBRD will seek cofinancing for specific projects through local as well as foreign institutions; (ii) Financial sector; EBRD is pursuing two main goals in this sector; The first is to use a limited number of financial intermediaries to address the specific needs of the rapidly growing small and medium sized enterprise (SMEs), to this end EBRD has extended a credit line for on-lending to small and medium sized companies and established two investment funds. The second goal is to make a decisive and rapid contribution towards the privatisation of selected State owned banks. (iii) Critical infrastructure; EBRD intends to continue to selectively support infrastructure development provided the portfolio ratio targets are met. It will concentrate its interventions on innovative financing structures such as private funding for projects with a strong transition or regional impact and for projects sponsored by Municipalities aimed at improving the environment. (iv) Institutional initiatives; EBRD is also playing an advisory role in Government policy through several initiatives including development of local capital market, analysis of establishment of private pension schemes and insurance funds and technical assistance to SIB a Slovenia export company.

In all of these areas EBRD is careful to co-ordinate its activities with EU-Phare in view of EU accession and other IFIs where relevant such as the European Investment Bank.
### Albania

**Operation Name and Project Description:** Albania Road Rehabilitation Project

**Step Description:**
- **Initial Review:**
  - Total Operation Cost (MECU): 60.00
  - EBRD Financed (MECU): 11.00
  - Total TC required in 1998: 500.000
  - OPSCOM Date: 1st 1998
  - Contract Date: 2nd 1998

**Description:**
The Investment to which this TC will be linked includes the rehabilitation of the "East-West Corridor" between Elbasan and Pogradez. The project will be parallel co-financed with the Italian Government and EU-PHARE. The East-West Corridor is the major route connecting Albania with FYR Macedonia and Bulgaria. The Corridor is also an important connection between the Black and Adriatic Seas. The project has passed Initial Review, however, the progress of the project is dependent on the Albanian authorities willingness to conform with Bank's conditionality.

**Objectives:**
Provide technical assistance services in order to further develop the projects into concrete viable investment. Supporting the development of the East-West corridor and ensuring the project is environmentally and financially sound.
### Albania

**Current Operation Leader**: Enzelberger, S  
**Sector**: Transport

**Operation Name and Project Description**: Albania Road Rehabilitation Project

**MAIN COMPONENTS/TASKS:**
- The consultants will review and if necessary improve the detailed design and tender documents for the planned road rehabilitation project in Albania. The consultant will also conduct an environmental analysis involving public participation.

**DURATION**: 12 months. Start June 1998 - End June 1999

**Total Operation Cost (MECU)**: 500.000

**EBRD Financed (MECU)**: 

<table>
<thead>
<tr>
<th>Stage</th>
<th>Total TC Required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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**Transport Total**: 500.000

**Albania Total**: 500.000
**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**ANNUAL PROGRAMME PHARE 1998 - BANGKOK FACILITY**

Report Produced: 20/02/2002

Total TC Requirements (ECU): 26,745,000

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<th>Country</th>
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<th>Sector</th>
<th>Operation Name and Project Description</th>
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<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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<td>Bosnia &amp; Herzegovina</td>
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<td>1.70</td>
<td>1.50</td>
<td>1,700,000</td>
<td>1st 1998</td>
<td>3rd 1998</td>
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**DESCRIPTION:**
The proposed Twinning Arrangement is designed to support the implementation of EBRD's planned equity investment in EIB. The project aims to strengthen the banking system in Bosnia Herzegovina and support the private sector in the country. Through the Twinning Arrangement with a western bank EIB will be able to improve all its major areas of operation.

**OBJECTIVES:**
The key objective of this twinning arrangement is to support and enhance the necessary institution building of EIB. Many of the procedures are in need of updating and new policies reflecting the new political and economical environment have to be refined and new products developed. The TC will support the implementation of EBRD's equity investment.

**MAIN COMPONENTS/TASKS:**
i) review EIBs existing strategy; ii) organisation structure; iii) credit management; iv) financial reporting; v) technology needs; vi) asset and liability functions; vii) internal audit; viii) branch management.

For all these areas the twinning programme will include the review of the existing situation and recommendations for improvements as well as staff training.

**DURATION:** September 1998 to September 2000

<table>
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<tr>
<th>Financial Institutions Total</th>
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<tbody>
<tr>
<td>Bosnia Total</td>
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<tr>
<td>Country</td>
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</tr>
<tr>
<td>Bulgaria</td>
<td>Parshad, N</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
Preparation of Maritza East 1 as an independent power production (IPP) unit. This will entail the establishment of a privately controlled IPP as a cost effective energy supplier.

**OBJECTIVES:**
To provide expert advice regarding identification of bankable projects and selection of a strategic investor for the establishment of IPP to design the strategy for the establishment of independent power producers and prepare all related tender documentation including key contracts for private investors to bid for an IPP.

**MAIN COMPONENTS/TASKS:**
i) Assistance in selection of bankable projects  
ii) Providing methodology for the establishment of PPs defining privatisation strategy  
iii) Preparation of requests for proposals (describing investment climate, project specific information, contractual framework, rules of competition)  
iv) Assistance in bidding and selection process.

**DURATION:** May 1998 - December 1999

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<thead>
<tr>
<th>Power &amp; Energy Total</th>
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<tr>
<td>Bulgaria Total</td>
<td>1.000.000</td>
</tr>
<tr>
<td>Country</td>
<td>Current Operation Leader</td>
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<td>--------------------------</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Stoppa, A</td>
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</table>

The Bank was requested to provide legal technical assistance to the Ministry of Finance in the establishment of the Czech Securities Commission, including assistance with the organisation of the Commission, the establishment of internal rules and regulations, and the preparation of a staff handbook. A request for training for Commission employees was also made. A request was also made for assistance in identifying appropriate computer equipment (hardware and software) for the start-up of the Commission. The LTT was advised that the Securities Commission Act (the "Act") is expected to be enacted by October 1997, and that the Commission is expected to be in operation by January 1998.

**Legal Transition Total** 475.000
<table>
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<tr>
<th>Country</th>
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<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>Bastin J.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Brno Waste Water Treatment Plant Extension</td>
<td>Passed Initial Review</td>
<td>35.00</td>
<td>13.00</td>
<td>450.00</td>
<td>1st 1998</td>
<td>2nd 1998</td>
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</table>

**DESCRIPTION:** Preparation support for financing extension works that will introduce modern technology that meets EU standards

**OBJECTIVES:** Assistance in structuring the private sector involvement in construction and operation of the company. Strengthen the city’s creditworthiness

**MAIN COMPONENTS/TASKS:**
- To appraise the city's creditworthiness;
- To carry out legal, technical and financial feasibility studies.
- To prepare tender documents for private sector involvement including draft of the long term contract.

**DURATION:**
June 1998-June 1999
### Czech Post Privatisation Fund

**DESCRIPTION:**
The Czech Post Privatisation Fund will invest in mid-sized enterprises in need of financial and operational restructuring that do not have access to financing from private investors/commercial banks because they are in a high risk category. The Fund will have a minimum size of MECU 45.00 MECU and a maximum of MECU 90.00.

**OBJECTIVES:**
To provide technical assistance services to the Fund Manager for preparing and implementing investments.

**MAIN COMPONENTS/TASKS:**
Due diligence in order to prepare investments which are economically, financially, environmentally and legally viable and in order to upgrade managerial skills and systems in the investee companies so that they can implement the investments and other technical assistance services in order to upgrade.

**DURATION:**
The contract will begin in the second quarter of 1998

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
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<th>EBRD Financed (MECU)</th>
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<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>Tangen H.</td>
<td>SMEs</td>
<td>Czech Post Privatisation Fund</td>
<td>Board Approved</td>
<td>50,00</td>
<td>31,53</td>
<td>1,500,000</td>
<td>4th 1997</td>
<td>2nd 1998</td>
</tr>
</tbody>
</table>

**SMEs Total**

1,500,000

**Czech Republic Total**

2,425,000
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>Warsmann H.</td>
<td>Privatisation/Restructuring</td>
<td>Babolna Rt Privatisation</td>
<td>Passed Initial Review</td>
<td>54.06</td>
<td>18.02</td>
<td>300.000</td>
<td>1st 1998</td>
<td>2nd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:** The project consists of the first phase of the partial privatisation of Babolna Rt through a capital increase of an amount expected to be MECU 36.0 to MECU 54.0 approximately, representing not more than 30% of the capital of the company. The State Shareholding will be diluted to about 67% maximum. EBRD and IFC will each acquire 10% of the company through new share subscription for an investment which will not exceed MECU 18.0 each approximately.

**OBJECTIVES:** To assist the Company for privatisation and accession to the EU by working with the company, the State Shareholder and the Project Team in determining the priorities, timetable and objectives for further restructuring.

**MAIN COMPONENTS/TASKS:** The consultant should review Babolna's current organisation, management and legal structures, information systems, processing facilities and financial performance. The company's performance should then be considered in the context of the current and projected market, competitive, regulatory and tax environment in which the company operates. On the basis of this analysis the consultant should then, with particular attention to the needs to meet EU regulations and Hungary's international commitments on agricultural subsidiaries, prepare a development plan in order that Babolna can achieve a leading position as a privatised European producer of poultry and animal feed.

**DURATION:** April/May to September 1998

**Privatisation/Restructuring Total**

300,000
**Hungary D’Amico A SMEs Signed**

**Operation Name and Project Description:** Hungarian Special Restructuring Programme

**DESCRIPTION:** The Hungarian Special Restructuring project is a management account of the Bank structured to invest in medium-sized potentially viable companies in need of restructuring and turnaround. The project is managed by a private sector turnaround specialist who is contracted for the 7 years life of the fund and will co-invest up to USD 500,000.

**OBJECTIVES:** To provide technical assistance to the Fund Manager for preparing and implementing investments to be carried out under the Fund.

**MAIN COMPONENTS/TASKS:** The TC would cover the costs of a Procurement Agent (ECU 500,000) that will source senior industrial and commercial experts to provide specialized technical advice and management support to enterprises for project preparation and implementation, upgrading of technical and managerial skills, and hands-on implementation of restructuring programmes. It is envisaged that this contract will be extended after two years subject to the performance of the consultants and availability of funds.

**DURATION:** The contract will be issued in the first quarter of 1998 and will last for two years.

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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<tbody>
<tr>
<td>Hungary</td>
<td>D’Amico A SMEs</td>
<td></td>
<td>Hungarian Special Restructuring Programme</td>
<td>Signed</td>
<td>66,00</td>
<td>31,00</td>
<td>250,000</td>
<td>2nd 1995</td>
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**SME’s Total**

250,000

**Hungary Total**

550,000
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<th>Country</th>
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<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
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<th>OPSCOM Date (By Quarter)</th>
<th>Contract Date (by Quarter)</th>
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<tbody>
<tr>
<td>Latvia</td>
<td>Barrett S.</td>
<td>Transport</td>
<td>Latvia Railway project</td>
<td>Concept Cleared</td>
<td>66,21</td>
<td>22,00</td>
<td>500,000</td>
<td>2nd 1998</td>
<td>3rd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
Implementation of regulatory framework and commercialisation/implementation

**OBJECTIVES:**
To assist with implementation of new Railway Law and detailed regulations governing such issues as tariffs, network access, etc,

**MAIN TASKS/COMPONENTS:**
- assist with implementation of Railway Law
- assist with implementation of detailed regulations
- assist with development and implementation of measures and strategies to improve commercial performance, identification of privatisation options and implementation assistance

**DURATION:** 18 mths. Start September 1998 - End March 2000

**Transport Total**
500,000

**Latvia Total**
500,000
**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**ANNUAL PROGRAMME PHARE 1998 - BANGKOK FACILITY**

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
</table>

**DESCRIPTION:**

The EBRD is contemplating a major investment in an industrial plant in 1998 which would be the largest industrial transaction in Lithuania.

**OBJECTIVES:**

Funding of senior advisory services for Senior Management in key areas. Such support will be essential to the EBRD transaction since no strategic investor from the West is expected to be involved. The assistance will follow a TAM structure but would be much more intensive and extensive. TAM Management Group will manage the project under the direction of the Operation Leader.

**MAIN COMPONENTS/TASKS:**

The main areas requiring advisory support will be determined as part of the due diligence which still has to be undertaken.

**DURATION:** 1 year

<table>
<thead>
<tr>
<th>Industry Total</th>
<th>200.000</th>
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<tbody>
<tr>
<td>Lithuania Total</td>
<td>200.000</td>
</tr>
</tbody>
</table>
**BGZ Restructuring**

**DESCRIPTION**

BGZ is a former state specialised bank charged with providing finance to the agriculture and agribusiness sectors with apex functions for around 1200 small co-operative banks. National Bank of Poland (NBP) has approved a restructuring plan for BGZ and on the basis of that approval, Ministry of Finance has provided 700 million zlotys of restructuring bonds to the bank. The NBP approval was however provided on the condition that EBRD becomes involved in BGZ's shareholding and in BGZ's restructuring. The restructuring will require a significant redefinition of BGZ's operational strategies and of the manner in which it performs its apex functions. Accordingly EBRD is processing an investment project to provide $100 million equivalent by way of equity and subordinated loan to BGZ. Current objective is to make this investment during the 2nd quarter 1997. In support of the investment and BGZ's restructuring, we expect to require TC funding for four contracts: 1) Approx ECU 50,000 to undertake a review of BGZ's market and marketing proposals; nise the bank; /cont.,
**BGZ Restructuring (cont.,)**

2) Approx ECU 50,000 for due diligence purposes. (Contracts to be let Jan to Feb 1997 to be funded under the EC Framework Contracts); 3) Approx MECU 1 (Contract to be let April - Duration 10 months) for a corporate restructuring exercise to downsize and reorganise the bank; 4) An MECU 3 twinning contract to provide institutional development inputs (Contract to be let May - Duration 3 years)

Further TC inputs will be required for rationalising and supporting the development and operation of the co-operative banking sector. Finance will be sought via the PHARE co-ordination unit in Warsaw.
Project Description: PZU is Poland's largest insurance company. EU-Phare technical assistance funds are to be applied to support the PZU restructuring, recapitalisation, and privatisation project. The project would involve (i) an EBRD Privatisation Acceleration Loan ("PAL") to the Republic of Poland, the proceeds of which are to be applied towards the recapitalisation of PZU; (b) following recapitalisation and restructuring of PZU, an EBRD direct equity investment in the company (through partial loan conversion), alongside a strategic foreign investor; and c) full privatisation of PZU via an IPO. Availability of technical assistance funds will be subject to specific project conditions/commitments being met by PZU and the Ministry of Finance. Significant EBRD resources were allocated to this project in 1993 (the project passed Interim Review in September 1993); it was put on hold at year-end 1993 by the Polish authorities but is now back on Poland's priority list of privatisations.

Project Objectives: The ultimate project objectives are to achieve the privatisation of PZU and to foster the development of a modern, efficient, and competitive insurance sector in Poland. Technical assistance funds will be used to assist in preparing, structuring, and implementing the project (as detailed below).
### Poland

Desprat, S  
Finance

**Current Operation Leader:** Desprat, S  
**Sector:** Finance

**Operation Name and Project Description:** Powszechny Zaklad Ubezpieczen (PZU) Cont.,

**Main Components/Tasks:**
- Technical assistance components are as follows:
  - (i) financial due diligence of PZU, to supplement the annual 1997 IAS audit (ECU 0.5 million);
  - (ii) provision of assistance to PZU for the drafting of the sales Information Memorandum (ECU 1 million);
  - (iii) restructuring and Twinning programme (ECU 3 million).

**Duration:** 2.5 years

<table>
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<tr>
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<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Desprat, S</td>
<td>Finance</td>
<td>Powszechny Zaklad Ubezpieczen (PZU) Cont.,</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

**Finance**

<p>| Total TC | 7.000.000 |</p>
<table>
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<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
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<th>EBRD Financed (MECU)</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Muscat G.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Upper Silesia Municipal Multi-Sectoral Loan</td>
<td>Concept Cleared</td>
<td>49.56</td>
<td>27.03</td>
<td>600.000</td>
<td>1st 1998</td>
<td>2nd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:** Preparation support for multi-sectoral loan covering selected cities in the Upper Silesia region, including waste water, district heating and waste management.

**OBJECTIVES:**
- Assist in preparation and appraisal of project which will enable harmonisation with EU environmental standards, improvement of municipal service quality and promote development of an old industrial region.

**MAIN COMPONENTS/TASKS:**
- Technical engineering review of investment programme
- Financial due diligence on project companies and municipalities
- Preparation of procurement and implementation arrangements
- Economic analysis
- Analysis of environmental impacts and benefits

**DURATION:**
June 1998-December 1998
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Muscat G.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Lodz Light Rail Concession</td>
<td>Concept Cleared</td>
<td>34.00</td>
<td>13.52</td>
<td>1,000,000</td>
<td>3rd 1998</td>
<td>4th 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:** Support to the City of Lodz in monitoring and regulating a concession for light rail, which will bring strong social and environmental benefits.

**OBJECTIVES:**
- Strengthen capacity of the City to regulate and monitor a concessionaire - Enable reduction of air pollution in the city and closer compliance with EU Urban Air Quality directives - Provide a boost to urban public transport to reduce congestion - Promote development of an old industrial city - Advise the City regarding restructuring and commercialisation of MPK, the transport company - Strengthen capacity of the city's credit-worthiness and enable the City to meet its requirements under the concession contract

**MAIN COMPONENTS/TASKS:** Programme implementation support - Monitoring/regulatory oversight functions - Strategy implementation for MPK - Credit enhancement

**DURATION:** October 1998-October 2000
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
<th>Total Operation Cost (MECU)</th>
<th>EBRD Financed (MECU)</th>
<th>Total TC required in 1998</th>
<th>Date (By Quarter)</th>
<th>Contract Date (by Quarter)</th>
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</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Muscat G.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Krakow Municipal Public Transport Project</td>
<td>Concept Cleared</td>
<td>52.35</td>
<td>26.35</td>
<td>1.000.000</td>
<td>2nd 1998</td>
<td>3rd 1998</td>
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</tbody>
</table>

**DESCRIPTION:** Support to implementation of a major project to rehabilitate and extend a key tram line, with benefits in reduced pollution, reduced congestion, social benefits, improving access to emerging commercial areas.

**OBJECTIVES:**
(i) Strengthen city's capacity for programme implementation;
(ii) Strengthen municipal credit worthiness and capacity to repay the loan;
(iii) Assist city in implementing strategic action programme to improve the transport system and commercialise MPK, the transport company.

**MAIN COMPONENTS/TASKS:**
- Programme implementation support
- Procurement and supervision support
- Monitoring/regulatory oversight functions
- Strategy implementation for MPK, the transport company
- Credit enhancement for the City

**DURATION:**
June/July 1998 - September 2000
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
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<tbody>
<tr>
<td>Poland</td>
<td>Decker K.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Lodz New Landfill</td>
<td>Concept Cleared</td>
<td>400.000</td>
<td>1st 1998</td>
<td>2nd 1998</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
Support in project preparation and supervision of the construction of a sanitary landfill in the city of Lodz.

**OBJECTIVES:**
To assist in the preparation of contract award and supervision of a bankable landfill project to:
- increase environmental and health standards in the city of Lodz;
- bring the project into compliance with EU standards

**MAIN COMPONENTS/TASKS:**
Technical review, financial due diligence, structuring of private sector involvement, preparation of tender documentation for private participation, review of tender evaluation and contract award, supervision of construction

**DURATION:**
June 1998 to June 2000

**Municipal & Environmental Infrastructure**

3.000.000
### Upper Silesia Regional Bus Transit Program (KZK)

**DESCRIPTION:**
Assist with the implementation of a bus transit development programme (BTDP), which involves the modernisation of the bus fleets in approximately 20 municipalities.

**OBJECTIVES:**
Provide technical assistance to KZK, municipalities and BUSCO's in support of the investment operation.

**MAIN COMPONENTS/TASKS:**
Key elements of the BTDP would be to provide a clear separation between regulatory functions and operational functions; to ensure competition; to privatise municipally-owned BUSCO's; establish performance contracts; formalise public service obligations; to adapt routes etc to ensure a core network of services; financing of bus fleet modernisation and complementary measures, etc.

**DURATION** 24 months - January 1999 to January 2001

<table>
<thead>
<tr>
<th>Country</th>
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<th>Sector</th>
<th>Operation Name and Project Description</th>
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<th>Total TC required in 1998</th>
<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Cornwell P.</td>
<td>Transport</td>
<td>Upper Silesia Regional Bus Transit Prog (KZK)</td>
<td>Concept Cleared</td>
<td>31.54</td>
<td>18.02</td>
<td>750.000</td>
<td>4th 1998</td>
<td>1st 1999</td>
</tr>
</tbody>
</table>

**Transport Total** 750.000

**Poland Total** 10.750.000
### Regional-P  Mark King  Environment  Framework Contract for Environmental Due Diligence

**DESCRIPTION:** It is foreseen to provide an extension of EU PHARE Framework Contracts originally funded from the 1997 Bangkok Facility for another period. The framework contract will provide Environmental Due Diligence Training of EBRD's Financial Intermediaries.

**OBJECTIVES:** To assist EBRD's financial intermediaries in adopting and implementing environmental procedures in accordance with EBRD's requirements.

**MAIN COMPONENTS/TASKS:** The consultants will be required to completed an environmental regulatory analysis for the appropriate country, an institutional analysis of the target FI, develop appropriate environmental policies and procedures, evaluate local environmental support services, train FI staff, and provide any necessary assistance from the home office once the training is complete.

**DURATION:**
- Start Date: March 1999
- End Date: March 2000
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
<th>Stage</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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<tbody>
<tr>
<td>Regional-P</td>
<td>Prasek, D/ Schmidt, A</td>
<td></td>
<td>Romania/Bulgaria: Assessment and Remediation of Past Environmental Damages in the context of Privatisation and Restructuring</td>
<td></td>
<td></td>
<td></td>
<td>320.000</td>
<td>1st 1998</td>
<td>2nd 1998</td>
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</tbody>
</table>

**DESCRIPTION:** Provide guidance to Governments/Administration for addressing past environmental damages (PED) in the privatisation and restructuring process.

**OBJECTIVES:**
- i) Help to remove obstacles for investment and delays in the privatisation and restructuring process, resulting from environmental liability issues;
- ii) Support fast track assessment and mitigation of major risks to human health and environment resulting from past environmental damages

**MAIN COMPONENTS/TASKS:** Tailored for each country:
- i) Regulatory review
- ii) Development of fast track environmental auditing methods as basis for site prioritisation and remediation cost estimate
- iii) Recommendation of soil and ground water remediation standards
- iv) Training of regulatory staff and experts in selected methods and standards.

**DURATION:** The contract will have a duration of 10-12 months starting April 1998

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**Environment Total** 1.020.000
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
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<th>EBRD Financed (MECU)</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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</thead>
<tbody>
<tr>
<td>Regional-P</td>
<td>Mathiesen, J</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Liberec District Heating Project: Cross Border Czech Republic &amp; Poland</td>
<td>Concept Cleared</td>
<td>31.54</td>
<td>22.53</td>
<td>400.000</td>
<td>1st 1998</td>
<td>2nd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
The Bank is considering financing a district heating project in the amount of approximately MECU 31.0 which will rely on the creditworthiness of the city of Liberec.

**OBJECTIVES:**
Determining the city of Liberec's debt service capacity.

**MAIN COMPONENTS/TASKS:**
Assess Liberec's legal, institutional and financial situation, develop a creditworthiness enhancement programme for the city.

**DURATION:**
June 1998 to September 1998
In order to develop further the existing Municipal & Environmental investment projects in EBRD’s pipeline, consultancy support under two framework contracts is required to develop viable investments.

**OBJECTIVES:**

Technical Assistance would be provided to Governments, Municipalities, etc. in the Phare countries of operation for the analysis and preparation of potential investment projects. The assignments under the Framework contracts will be linked to specific, at least Concept Cleared, Bank’s own investments.

**MAIN COMPONENTS/TASKS:**

The technical assistance services to be provided would inter alia the following:
## Framework for Municipal & Environmental Infrastructure Projects (cont.,)

i) Support and specialist advise in the detailed preparation of investment projects, feasibility analysis in particular in the field of financial and economic analysis.  
ii) Support and implementation of preparation arrangements, preparation of project documentation, eg. detailed design of tender documents, advise on financing arrangements (limited recourse, BOT);  
iii) Due diligence including financial and economic analysis, legal and environmental analysis  
iv) Procurement support  
v) Environmental management

**DURATION:** 2 years
<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
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<th>Contract Date (by Quarter) (TC)</th>
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<tbody>
<tr>
<td>Regional-P</td>
<td>Walsh, I</td>
<td>Municipal &amp; Environmental Infrastructure</td>
<td>Creditworthiness of Municipalities &lt;br&gt; <strong>DESCRIPTION:</strong> To assist determination of Creditworthiness of Municipalities in the Phare countries of operation in the context of non-Sovereign and Private Investments</td>
<td>Concept Cleared</td>
<td>400,000</td>
<td></td>
<td>1st 1998</td>
<td>2nd 1998</td>
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<tr>
<td>Municipal &amp; Environmental Total</td>
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<tr>
<td>Regional-P</td>
<td>Krivicky, G/Christou, C</td>
<td>Privatisation &amp; Restructuring</td>
<td>Equity Investment including privatisations in the Baltic States</td>
<td></td>
<td></td>
<td></td>
<td>350,000</td>
<td>1st 1998</td>
<td>1st/2nd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**

Due diligence activities to prepare direct equity investments by EBRD including in the case of privatisations.

**OBJECTIVES:**

Provide technical assistance services at short notice through a framework contract arrangement, or individually, for assignments to help prepare and develop EBRD's direct equity investment including privatisations in the Baltic States.

**MAIN COMPONENTS/TASKS:**

To provide due diligence services (legal, technical, economic and financial and environmental, etc.).

**DURATION:** 1 year

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**Privatisation & Restructuring Total**

350,000
**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**  
**ANNUAL PROGRAMME PHARE 1998 - BANGKOK FACILITY**

**Report Produced: 20/02/2002**  
**Total TC Requirements (ECU): 26,745,000**

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Operation Leader</th>
<th>Sector</th>
<th>Operation Name and Project Description</th>
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<th>Contract Date (by Quarter) (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional-P</td>
<td>Cornwell, P</td>
<td>Transport</td>
<td>Framework Contracts for Transport</td>
<td></td>
<td></td>
<td></td>
<td>450,000</td>
<td>4th 1998</td>
<td>2nd 1999</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**

Extension for two framework contracts to support preparation and monitoring of transport projects to be linked to Bank's investments through individual call-offs for specific projects. This assistance is necessary to prepare the Transport Team's project pipeline (1998 - 2000) and monitor its expanding portfolio.

**OBJECTIVES:**

Provide multiple small contracts for project preparation and monitoring assistance covering the whole transport sector including air, road, rail and ports.

**MAIN COMPONENTS/TASKS:**

The consultants will be expected to assist the team in specific assignments relating to project preparation, appraisal and specialist areas of monitoring. The TC covers a wide variety of activities and disciplines (such as preparation of Terms of Reference, procurement planning, etc), and the anticipated deliverables of each assignment will be clearly stated in tailor-made Terms of Reference for each call-off assignment.

<table>
<thead>
<tr>
<th>Transport Total</th>
<th>450,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional-P</td>
<td>3,520,000</td>
</tr>
<tr>
<td>Country</td>
<td>Current Operation Leader</td>
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<tr>
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<td>--------------------------</td>
</tr>
<tr>
<td>Romania</td>
<td>Irving, J</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**

Establishment of a Romanian Transmission Grid Company.

**OBJECTIVES:**

Undertake and institutional study for the establishment of a Romanian Transmission Grid Company

**MAIN COMPONENTS/TASKS:**

i) design of organisation management systems  
ii) grid code  
iii) wheeling tariffs  
iv) determination of investment requirement for national load despatch operations and transmission reinforcement measures

**DURATION:**

1 to 2 years
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Romania</td>
<td>Donini-Ferretti, F</td>
<td>Power &amp; Energy</td>
<td>Independent Power Production Project (possibly Timisoara)</td>
<td>Concept Cleared</td>
<td>200,00</td>
<td>60,00</td>
<td>700,00</td>
<td>1st 1998</td>
<td>3rd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
To establish a privately controlled Independent Power Producer (IPP) as a cost effective energy supplier as part of the initial stage of the reform and privatisation of the Romanian power sector.

**OBJECTIVES:**
To develop the methodology and key documentation for the tendering of IPPs in Romania and to select the strategic investor.

**MAIN COMPONENTS/TASKS:**
To prepare the tender documentation, including key contracts, for private investors to bid for an IPP. This will include amongst others the following tasks:

i) review of legal/tax framework;
ii) evaluation of existing assets;
iii) drafting of the power and Heat Purchase Agreements and other key contracts;
iv) prepare requests for proposals and organise the tender.

**DURATION:**
1 to 2 years
### Description:
To establish a private gas distribution company in the city of Constanza under a BOT structure. This would constitute the first exception to the de facto monopoly of Romgas in Romania and a pilot experience for the privatisation of the whole sector. It will also help solve the present acute problem of heat supply to part of the population.

### Objectives:
To advise the Council of Constanza so that the scope of the concession enables the city to optimise the heat supply among gas, district heating and other sources to ensure adequate competition and to select a strategic investor consistent with sector reform.
**MAIN COMPONENTS/TASKS:**

To evaluate the local market and optimise the scope of the concession, design an optimal concession strategy and prepare the tender documentation including key contracts and commitments of investors in particular:

i) market evaluation  
ii) review of legal/text framework  
iii) scoping of the concession in particular in respect of inclusion of part of the district heating  
iv) definition of concession strategy and approach of investors  
v) proposal of tariff formula if necessary  
vi) drafting of key terms of the concesssion agreement, preparation of requests for proposals and organisation of tender

**DURATION:** 1 to 2 years

---

**Power & Energy Total**  
3.000.000
### Restructuring & Privatisation of Industrial Company

**Description:**

Under the current privatisation programme of the Romanian government, large state owned companies are offered through international tenders. When results are not satisfactory, restructuring with the support of the Bank can take place during/before privatisation.

**Objectives:**

Privatisation and restructuring of large a state owned enterprise. EBRD to support privatisation with equity participation.

**Main components/tasks:**

- i) Strategic assessment for restructuring and privatisation
- ii) Market Study;
- iii) Financial Audit;
- iv) Environmental and technical audit.

**Duration:** mid 1998-early 1999
<table>
<thead>
<tr>
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<th>OPSCOM Date (By Quarter) (TC)</th>
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</thead>
<tbody>
<tr>
<td>Romania</td>
<td>Gheorghe M.</td>
<td>Transport</td>
<td>NAR Restructuring and Road Rehabilitation Project</td>
<td>Signed</td>
<td>460.00</td>
<td>69.00</td>
<td>350.00</td>
<td>1st 1998</td>
<td>3rd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**

Sovereign loan co-financing with WB, EIB and GOR, NAR restructuring and modernization, roads' maintenance divestiture, traffic safety programme and roads rehabilitation.

**OBJECTIVES:**

(a) Support the commercialisation and privatisation of NAR operational activities;
(b) restructure and modernise NAR to regulate, plan and manage the road network; and
(c) finance a portion of the road rehabilitation programme.

**MAIN COMPONENTS/TASKS:**

i) maintenance equipment;
ii) rehabilitation of 224Km of national roads: and
iii) consultancy services

**DURATION:** 1 year starting July 1998
### Operation Name and Project Description

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Romania</td>
<td>Damaskos, A</td>
<td>Transport</td>
<td>Ports Privatisation</td>
<td>Concept Cleared</td>
<td>41.00</td>
<td>27.00</td>
<td>1.000.000</td>
<td>4th 1997</td>
<td>1st 1998</td>
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</tbody>
</table>

**DESCRIPTION:**

To assist with project preparation for the privatisation of Romanian ports.

**OBJECTIVES:**

To support Port Authorities efforts to secure private investment in port activities.

**MAIN COMPONENTS/TASKS:**

Consultants will: present detailed models describing all privatisation options to Ministry of Transport; prepare detailed specification and tender documents as well as background information for tenderers; and assist with tender prequalification and final evaluation of tenders received.

**DURATION:** 24 months. Start January 1999 End January 2001 (This will be to cover for the extension of the 1997 funded contract)

<table>
<thead>
<tr>
<th>Country</th>
<th>Transport Total</th>
<th>1.350.000</th>
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<tbody>
<tr>
<td>Romania</td>
<td>Romania Total</td>
<td>4.650.000</td>
</tr>
<tr>
<td>Country</td>
<td>Current Operation Leader</td>
<td>Sector</td>
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<tr>
<td>Slovak Republic</td>
<td>Walsh I.</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**
Assistance to small and medium-sized municipalities in preparation of tender documentation and project monitoring;
Lender’s supervisor to review contracting process;
Assistance to PKB, the local bank, for project assessment implementation and monitoring.

**OBJECTIVES:**
To assist small and medium-sized municipalities in developing environmentally sound least cost technical solutions for projects to qualify under a loan programme which will improve the quality of municipal utility services and environmental standards - to ensure compliance with public procurement rules - to assist PKB in project implementation and monitoring.

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<table>
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</table>
| Slovak Respublic Total |                           | Municipal & Environmental Infrastructure | Slovak Municipal Environmental Investment Programme (cont..) MAIN COMPONENTS/TASKS:-  
Assistance in feasibility study work carried out by local design institutes; confirmation of technical and economic feasibility; assistance in compliance with environmental appraisal requirements; assistance in preparation of procurement plans, disbursement schedules and tender documentation; review of tender documentation, tender evaluation and contracts; assistance in the development of a standard financial model to project debt service capacity of municipalities/utilities and tariff increases necessary for cost recovery; assistance in setting up and implementing disbursement requirements and procedures; assistance in reviewing progress projects and in generating project monitoring reports DURATION:  
16 man-months between October 1998 - October 2000 | | | | | | | | | |
**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**ANNUAL PROGRAMME PHARE 1998 - BANGKOK FACILITY**

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<tbody>
<tr>
<td>Slovenia</td>
<td>Descamps, O</td>
<td>Finance</td>
<td>BOT Operations/Concessions</td>
<td></td>
<td></td>
<td></td>
<td>250.000</td>
<td>2nd 1998</td>
<td>3rd 1998</td>
</tr>
</tbody>
</table>

**DESCRIPTION:**

Carry out a pilot case for concessions in Slovenia.

**OBJECTIVES:**

To assist the Government in drafting the legal framework of the BOT operations and to support and educate the municipalities in developing their BOT strategies.

**MAIN COMPONENTS/TASKS:**

Institution building and legal advisory services and development of BOT strategies.

**DURATION:** 1 year
## Capital Market Development

**Description:**
Issuing Bonds on the local Capital Market. EBRD would either guarantee or underwrite part of the issues.

**Objectives:**
To assist the companies in issuing securities which would support the development of the domestic Capital Market.

**Main Components/Tasks:**
Provide legal assistance and other advisory services to companies to help them with the issuing of Securities.

**Duration:** 1 year

### Slovenia

<table>
<thead>
<tr>
<th>Operation Name and Project Description</th>
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<th>Current Operation Leader</th>
<th>Sector</th>
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<th>OPSCOM Date (By Quarter) (TC)</th>
<th>Contract Date (by Quarter) (TC)</th>
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</thead>
<tbody>
<tr>
<td>Capital Market Development</td>
<td>Slovenia</td>
<td>Descamps, O</td>
<td>Finance</td>
<td></td>
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<td></td>
<td>300,000</td>
<td>2nd 1998</td>
<td>3rd 1998</td>
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</table>

**Finance Total**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total TC required in 1998</th>
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</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>550,000</td>
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</table>

**Overall Total**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total TC required in 1998</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>26,745,000</td>
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