STANDARD SUMMARY PROJECT FICHE - TRANSITION FACILITY

1. Basic Information
1.1 CRIS Number: 2005/017/518.02.03
1.2 Title: The construction of the State treasury system – 2nd phase
1.3 Sector: Internal Market
1.4 Location: Czech Republic

2. Objectives
2.1 Overall Objective(s):

- The ability to take on obligations of EU membership including the adherence to the aims of political, economic and monetary union
- The functioning market economy as well as the capacity to cope with competitive pressures and market forces within the Union and continuously meet the obligations stemming from the membership of the Czech Republic in the EU in related areas

2.2 Project purpose:

- To facilitate the implementation of State Treasury system in order to support the reform of public finance management and control and increase the efficiency, reliability and transparency of budgetary and other related processes

2.3 Justification

Comprehensive Monitoring Report: Relevant EC legislation related to subject under Chapters 10, 12, 25, 28, 29 related to the implementation of commitments; in particular with regard to the operability of the methodologically coherent reporting; necessity to enhance the quality, reliability, comparability and timeliness of data provided throughout the entire budgetary process, as well as for the external purposes (ESA 95); D. Conclusions - requirements to “undertake steps towards the consolidation of public finances”.

- EC legislation: Treaty on Accession (Art. 34) - objective: to strengthen financial control and enforcement of the relevant EC legislation

- Czech legislation: Act on Budgetary Rules (no.218/2000 Coll.), Act on Budgetary Assignment of Taxes (no.243/2000 Coll.), Act on Financial Control in Public Administration (no. 320/2001), and other relevant laws, as subsequently amended

- International economic and financial organisations and institutions: valid recommendations of IMF, World Bank, EC, OECD, etc.

- SIGMA recommendations, where relevant, related to budget and treasury issues (scope of State budget, macroeconomic framework, convergence programme, consolidation of general government sector, organisational structures, EU related financial flows on the State budget, State payments, closing of the State Accounts), general strategy and legal issues for financial control and internal audit, financial control procedures and systems, internal audit functions in public administration etc.

3. Description
3.1 Background and justification:

This project aims to facilitate the public finance reform; sound development of public finance; effective and transparent public finance management and control. The project should help to enhance the efficiency of budgetary process with view to reduce public finance deficits, ensure better management of cash flow and debt services; enhance reliability of accounting and reporting systems; suggest corresponding ITC support and data protection.

The project is the follow-up of the previous Phare / Transition Facility projects, in particular projects „Support to the MoF in Design and Establishment of State Treasury System“ (CZ02.04.02) and „The construction of the State treasury system – 1st phase“ (TF 2004); and is foreseen in the “Planning Document – Transition Facility 2005 – 2006”.

Based on outcomes of twinning CZ02.04.02 and after extensive consultations with relevant State administration bodies, in particular between the Ministry of Finance and the Czech National Bank, the MoF submitted to Government a comprehensive document “Intent to establish a State Treasury”.

Obj 2-State Treasury 2nd.doc
In view of the complexity of conceptual, systemic, legislative, institutional, organisational and operational issues related to State Treasury system, the foreseen time schedule for its implementation was redesigned:

The integrated system of State Treasury (ISST) shall be based on a Treasury Single Account (TSA) concept and shall include the integrated budgetary system, accountancy system and specialised information systems. At present the existing accountancy, reporting and other information systems are largely fragmented and often incompatible. They are run by Ministry of Finance in parallel (ADIS for taxes, CIS for customs, CEDR for subsidies, DM for debt and cash flow management), by Czech National Bank (ABO payment system), and by other line ministries (separate accountancy and information systems).

In general terms, the ST project activities shall cover the following major areas (although in different state of development):
- Financial and budgetary planning and programming
- Budget execution
- Centralisation of accounting and financial data
- Central processing of statistical reports and financial analysis
- Debt management and cash management on a daily basis
- Financial control

On 9 February 2005 the Government of the Czech Republic has approved a comprehensive document on the State Treasury (no. 169/2005), including the time table regarding key phases of the covering the period from 2005 to 2010. This decision has modified the scope of work and number of subjects in particular phases during the whole period under consideration. Based on this executive decision the system shall be build up in four phases, as follows:

The 1st phase originally stipulated that the State Treasury system will encompass as the main clients 364 State organisational units, 335 contributory organisations and 7 State funds. Based on the above mentioned decision of the Government the 1st phase shall focus now on the introduction of integrated system of State Treasury within the Ministry of Finance (budgetary chapter 312); comprising approx. 250 users. During this phase a pilot (experimental) site, as a facility for future wide-range application of the ST system for management and administration of State budgetary resources, will be set up.

Specialised IT support (financed from Phare 2003) is expected to be operational in 3Q/2005 and the annual State budget (2007) will be prepared during the course of 2006 within this new environment. The overall expenditure for the 1st phase is estimated at 590 million CZK (approx. 20 M €). The twinning covenant under the TF 2004 already reflects these modifications. The technical assistance under TF 2004 shall be implemented concurrently with the TF 2004 twinning assisting with the implementation of the 1st phase.

The 2nd phase of the building up State Treasury should extend the integrated system to all budgetary chapters and organisational entities of the State; comprising around 1500 users. The implementation of this phase will pass again through a pilot stage to a routine functioning of the system by 2008 at the latest. The estimated expenditures are 745 million CZK (approx. 25 M €). The EU assistance (Twinning) is sought for an early stage of this phase from Transition Facility 2005 programme. The technical assistance under TF 2005 shall be implemented concurrently with the TF 2005 twinning assisting with the implementation of the 2nd phase.

The 3rd phase should lead to a comprehensive coverage of State budget entities, including State (extra-budgetary) funds and State contributory organisations, i.e. further 2400 subjects. This phase should be implemented by 2010 at the latest. The 4th phase would then encompass practically all public finance entities and the respective organisations under their control with regard to State budget expenditures; i.e. further 12000 entities. This would encompass practically all subjects of the Government sector as defined by ESA 95.

3.2 Linked activities:
The building up of the State Treasury system is foreseen as a continuous process up to the year 2010 and afterwards. Individual phases of the implementation of the building up of the system are closely interlinked; the outputs during the implementation of different components under each phase constitute a base for the development and extension of the overall system. This second phase is therefore linked in particular with the following previous projects:
- “Support to the MoF in Design and Establishment State Treasury System” (CZ02.04.02)
The recommendations agreed upon by the twinning partners under CZ02.04.02 were focused on the conceptual, systemic, financial and budgetary issues regarding the introduction of Single Treasury Account (STA) concept, financial and budgetary accounting and reporting, cash management, supporting information systems etc.

These recommendations were summarised in a comprehensive document which served for the above Governmental decision no. 169/2005 of 9 February 2005. (see art. 3.1.) for the introduction of the integrated system of the State Treasury during the course of the period 2005 to 2010. The follow-up CZ2004/006-237/0403 project concerns the implementation of the related aspects of budgetary process, budgetary and financial accountancy, including its accrual basis and application of international standards, cash flows and debt management, IT support etc. in the 1st phase of the State Treasury integrated system within the budgetary chapter of the Ministry of Finance.

3.3 Results:

Twinning:
- Recommendations regarding the legislative framework – presented and submitted to the appropriate legislative process
- Recommendations regarding the implementing measures – applied
- Strategy for incorporation of line ministries and organisational State entities (OSS) presented with regard to:
  - Financial and budgetary planning and programming
  - Budget execution
  - Centralisation of accounting and financial data
  - Central processing of statistical reports and financial analysis
  - Debt management and cash management on a daily basis
- Line ministries and organisational State entities in State Treasury system incorporated in the integrated system of the State Treasury (ISSP)
  - Operational solutions based on the above strategy – elaborated and applied
  - Management and control mechanism (PIFC) – adjusted
- Application of the International Public Sector Accounting Standards (IPSAS) into national accountancy system and timely and reliable reporting – in progress

Technical Assistance:
- IT integrated system supporting State Treasury functions, including proposal of ICT final configuration (sizing of HW, system SW, Data based SW and general accounting system / Enterprise Resources Planning / ERP software) – extended to the line ministries and organisational State entities

3.4 Activities:

Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system focused on the following processes related to all budgetary chapters and organisational entities of the State – OSS (comprising around 1500 users):
- Financial and budgetary planning and programming
- Budget execution
- Centralisation of accounting and financial data
- Central processing of statistical reports and financial analysis
- Debt management and cash management on a daily basis
- Financial control

For this purpose the following activities shall be carried out:
(1) Twinning: 0,600 M €

Twinning for assistance with the conceptual, systemic, legislative, institutional and selected operational issues on the ST system and other related areas within the State administration.

RTA – (18 months), an expert with the minimum 10-year involvement in the field of public finance management and control, with proved knowledge of conceptual / systemic issues (incl. knowledge of relevant international standards) related to the State Treasury functions; with the practical experience, ideally from an executive position. The RTA will be placed at the MoF. In addition to his/her duties the RTA will be involved in drafting the TOR for the technical assistance and, in conjunction with the beneficiary, shall coordinate the activities carried out under Twinning and TA, in order to ensure the coherent outputs and well sequenced execution of the entire project.

Further the input of approx. 250 w/d in total is to be provided by approx. 10 STEs – specialists on systemic, legislative, selected operational and ITC issues.

The twinning activities will comprise:

- Analysis of the legislative framework
- Consultations and assistance with drafting proposals for amendments of legislation and implementing provisions, where relevant
- Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system, with respect to:
  - programme budgeting
  - budgets execution
  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
  - adjustment of the Public Internal Financial Control (PIFC) structures and procedures, where appropriate
- Assistance with further introduction of the accountancy (based on IPSAS), timely and reliable reporting
- Assistance with the implementation of a better management of the state assets and liabilities, financial planning and cash flow, expenditure side of the state budget
- Incorporation of a selected line ministry / line ministries in State Treasury system (pilot project) - finalised
- Further optimisation of processes within State Treasury, with respect to:
  - programme budgeting
  - budgets execution
  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
  - adjustment of the Public Internal Financial Control (PIFC) structures and procedures, where appropriate
- Training, seminars, workshops, with respect to:
  - programme budgeting
  - budgets execution
  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
  - adjustment of the Public Internal Financial Control (PIFC) structures and procedures, where appropriate

Participants: approx. 150 officials of MoF and other line ministries (to be identified during the preparation of specific events). The number of men/days assigned to specific activities will be adjusted appropriately.

- Study visits to MS institutions to be identified during the preparation of the twinning contract and specified further at the initial stage of the twinning and TA parts of the project.

In principle, the study visits should be suggested by the twinning partner from MS in cases where the in depth discussions with the specialists on practical functioning of the ST system, line-tuning of the budget processes and their IT support should be difficult to conducted outside the selected MS. The budget of study visits shall not exceed 10% of the total budget of the twinning component.
(2) Technical Assistance (0,400 M €)

Elaboration of the Need analysis and Tender documentation based on this Need Analysis for the procurement of services / supply related to other budgetary chapters and organisational entities of the State (apart from the budgetary chapter of the Ministry of Finance, carried out in the 1st phase under TF 2004), the following activities will be implemented:

- Elaboration for ICT final configuration (sizing of HW, system SW, Data based SW and ERP software)
- Elaboration of system integration
- Drafting of Technical Specification for application supporting SW (ERP) and of the Data Base SW
- Elaboration of the Disaster Recovery Plan

3.5 Lessons learned:

The interdisciplinary approach and coordination of a complexity of issues proved to be highly demanding, both at a decision making and operational levels of project preparation and implementation. In view of the necessity to comprehensively assess and, where decided, to implement the recommendations, an appropriate implementation structure will be set up. Recommendations relevant to financial and budgetary accounting and reporting, cash management, supporting information systems etc from previous twinnings (see art. 3.2), as well as those suggested under different facilities (WB/IDF, SIGMA), will be taken into account.

As for the specific issue of State Treasury (ST) project (CZ02.04.02), the initial difficulties related to the selection of model and to the time-schedule with respect to decision-making have been gradually resolved. The comprehensive document with a time table was finalised for the Government in November, commented by the line ministries and the Czech National Bank (CNB), and subsequently adopted by the Government in February 2005. This document could have been prepared and processed largely thanks to the Twinning project CZ02.04.02. Meanwhile a Main Steering Committee (MSC) for building up the State Treasury for the period 2004 - 2011 was established. This MSC is playing a key role with respect to all ST-related activities (including projects financed from EU and other resources). The MSC is chaired by the First Deputy Minister of Finance. The project CZ02.04.02 proved to be instrumental in raising awareness of the issues and identifying the goals and the steps to be taken to achieve them.

4. Institutional Framework

The Ministry of Finance (MoF) is responsible for State budget, both revenue and expenditure side. In practice the State Treasury functions are executed by the MoF in conjunction with the Czech National Bank (CNB).

The main beneficiary of the project will be the MoF. The involvement and cooperation of CNB and other line ministries and institutions of the State administration (budgetary chapters) will be ensured. Given the significance of the project, complexity of issues and scope of the activities embracing in perspective the whole public finance sector, the First Vice Minister of Finance responsible for budgetary area will be the Project Leader. A Steering Committee will comprise, apart from MS and BC Project Leaders, SPO MoF AO/CFCU and UCFA, the representatives of Ministry of Finance as a main beneficiary, and of other line ministries such as Ministry of Education, Ministry of Culture, Ministry of Environment, Ministry of Interior and other central public institutions, including the Czech National Bank. Relevant Working Groups dealing with the following topic will be established: financial and budgetary planning and programming, budget execution, centralisation of accounting and financial data, central processing of statistical reports and financial analysis, debt management and cash management on a daily basis and financial control. These WGs will be headed by senior or delegated responsible staff of the Ministry of Finance. The project implementation shall be closely coordinated with the other activities related to the introduction of the State Treasury system undertaken by the MoF and other central administration bodies for which the appropriate structure has been established (see art. 3.4 – Linked activities).
5. Detailed Budget (in M€)

<table>
<thead>
<tr>
<th>€M</th>
<th>Transition Facility Support</th>
<th>Co-financing</th>
<th>Total cost (TF plus cofinancing)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Transition Facility (=I+IB)</td>
</tr>
<tr>
<td>Year 2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning</td>
<td>0,600</td>
<td>0,600</td>
<td>0,600</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>0,400</td>
<td>0,400</td>
<td>0,400</td>
</tr>
<tr>
<td>Total</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

6. Implementation Arrangements

6.1 Implementing Agency

The Central Finance and Contracts Unit (CFCU) is the Implementing Agency responsible for administrative and financial implementation of the project (tendering, contracting, payments). The contact person is Mr. Jan Slavícek, Programme Authoring Officer (PAO), Ministry of Finance, Letenská 15, Prague (post address), phone +420-2-5704-4551, fax +420-2-5704-4550, e-mail: jan.slavicek@mfcr.cz

Responsibility for preparation, technical implementation and coordination of the project rests with the Ministry of Finance. The contact person is Ms. Jana Stará, Senior Programme Officer (SPO) of the MoF and Finance Sector, Ministry of Finance, Letenská 15, Prague, phone: +4202587042612, fax +4257049236, e-mail: jana.stara@mfcr.cz

The CFA is fully responsible for overall monitoring and evaluation of project implementation. The main contact: Ms. Jana Hendrichová, Director of the CFA, Ministry of Finance, Letenská 15, Prague (post address), phone: 420-257-044-559, e-mail: jana.hendrichova@mfcr.cz

6.2 Twinning

Contact person will be Mr. Alexander Pešta, Director, Department 20 – State Final Accounts, Ministry of Finance, Letenská 15, Prague, phone: +420 25704 2397, fax: +420 25704 2390, e-mail: alecander.pesta@mfcr.cz

6.3 Non-standard aspects
N/a

6.4 Contracts:
(1) Twinning Contract 0,6 M€
(2) Service Contract 0,4 M€

7. Implementation Schedule

7.1 Start of tendering/call for proposals
(1) Twinning Contract 3Q/2005
(2) Service Contract 4Q/2006

7.2 Start of project activity
(1) Twinning Contract 3Q/2006
(2) Service Contract 3Q/2007

7.3 Project Completion
(1) Twinning Contract 1Q/2008
(2) Service Contract 1Q/2008

8. Sustainability

The sustainability of the project will be ensured by the commitment of the Czech Government with respect to public finance reform process and obligations the obligation of the Czech Republic to comply with the EU membership. The Ministry of Finance will ensure that necessary resources (human, financial and technical) shall be allocated to the implementation of the project and continuous functioning of the ST system.

9. Conditionality and Sequencing

The sequencing of the project will reflect the timetable of the implementation phases approved by the Czech Government on 9 February 2005 in a comprehensive document on State Treasury. In parallel, the respective proposals for the amendments of the legislative and institutional framework, where appropriate, shall be elaborated during the course of the project implementation and submitted to the Government for approval, in order to be passed through the legislative process. Other methodical, organisational and operational issues will be approved and introduced at appropriate decision making level. TOR for the technical assistance shall be prepared in cooperation with RTA during the initial stage of the project, in order to avoid duplicities and ensure the synergy of both contracts.

ANNEXES TO PROJECT FICHE
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule
### LOGFRAME PLANNING MATRIX

#### Project: The construction of the State treasury system – 2nd phase

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The ability to take on obligations of EU membership including the adherence to the aims of political, economic and monetary union</td>
<td>• EC recognition</td>
<td>• Independent assessment by the EC</td>
</tr>
<tr>
<td>• The functioning market economy as well as the capacity to cope with competitive pressures and market forces within the Union and continuously meet the obligations stemming from the membership of the Czech Republic in the EU in related areas</td>
<td></td>
<td>• Reports issued by the IFI</td>
</tr>
</tbody>
</table>

#### Project purpose

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient and transparent budgetary process related to pilot projects by the end of this project Secure and reliable ITC support system related to pilot projects by the end of this project</td>
<td>• State administration at the central level, in particular:</td>
<td></td>
</tr>
<tr>
<td>• Appropriate methodology for the assessment to be utilised, such as CBA, CEA etc.)</td>
<td>• MoF budgetary departments and other departments related to the State treasury functions</td>
<td>• Appropriate legislative and institutional provisions, where relevant, in effect</td>
</tr>
<tr>
<td></td>
<td>• other line ministries and subjects of central administration financed from State budget</td>
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<td></td>
<td>• Implementation Status Report (ISR) to JMC and monitoring reports to SMSC</td>
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<td></td>
<td>• Czech Statistical Office (CSÚ)</td>
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<td></td>
<td>• Research institutions</td>
<td></td>
</tr>
<tr>
<td>Results</td>
<td>Objectively verifiable indicators</td>
<td>Sources of verification</td>
</tr>
<tr>
<td>---------</td>
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<td>------------------------</td>
</tr>
</tbody>
</table>
| Twinning | • Recommendations regarding the legislative framework – presented and submitted to the appropriate legislative process  
• Recommendations regarding the implementing measures – applied  
• Strategy for incorporation of line ministries and organisational State entities (OSS) presented with regard to:  
  - Financial and budgetary planning and programming  
  - Budget execution  
  - Centralisation of accounting and financial data  
  - Central processing of statistical reports and financial analysis  
• - Debt management and cash management on a daily basis Line ministries and organisational State entities in State Treasury system incorporated in the integrated system of the State Treasury (ISSP)  
  - Operational solutions based on the above strategy – elaborated and applied  
  - Management and control mechanism (PIFC) – adjusted  
• Application of the International Public Sector Accountancy Standard (IPSAS) into national accountancy system and timely and reliable reporting – in progress  | • Pilot project, incl. ICT system, implemented - by January 2007  
• Technical infrastructure for the State treasury system (budgetary chapters) designed – by September 2006  
• IPSAS incorporated in national accountancy system  
• IT integrated system related to the line ministries and organisational State entities in place - December 2007  
• Relevant staff of line ministries and other subject of the central administration trained – December 2007  | • State administration at the central level, in particular:  
• MoF budgetary departments and other departments related to the State treasury functions  
• other line ministries and subject of central administration financed from State budget  
• Implementation Status Report (ISR) to JMC and monitoring reports to SMSC  
• Twinning contract and Quarterly reports  | • Government decision on State Treasury no. 169/2005 of 9 Feb. 2005 shall be observed  
• Professional staff of MoF and other line ministries duly trained |

**Activities**

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
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</table>

Obj 2-State Treasury 2nd.doc
1/ Twinning:
- Analysis of the legislative framework
- Consultations and assistance with drafting proposals for amendments of legislation and implementing provisions, where relevant
- Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system, with respect to:
  - programme budgeting
  - budgets execution
  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
- adjustment of the Public Internal Financial Control (PIFC) structures and procedures, where appropriate Assistance with further introduction of the accountancy (based on IPSAS), timely and reliable reporting
- Assistance with the implementation of better management of the state assets and liabilities, financial planning and cash flow, expenditure side of the state budget
- Incorporation of a selected line ministry / line ministries in State Treasury system (pilot project) - finalised
- Further optimisation of processes within State Treasury, with respect to:
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  - budgets execution
  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
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  - line Ministries and OSS functioning in the Integrated Budgetary System (IRS) in context of the integrated system of the State Treasury (ISSP)
  - adjustment of the Public Internal Financial Control (PIFC) structures and procedures, where appropriate

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>STEs</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Twinning Contract: 0,6 M€</td>
<td>(RTA – 18 months; approx. 10 STEs – 250 w/d in total)</td>
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<tr>
<td>(2) TA /Service contract 0,4 M€</td>
<td>(4 – 5 STEs; approx. 200 w/d)</td>
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<tr>
<td>RTA - an expert with the minimum 10-year involvement in the field of public finance management and control, with proved knowledge of conceptual / systemic issues (incl. knowledge of relevant international standards) related to the State Treasury functions; with the practical experience, ideally from an executive position .</td>
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<tr>
<td>STEs - will be assigned to the individual mission in line with the specific TOR prepared jointly by the twinning partners;</td>
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<tr>
<td>Steering Committee and Working Groups shall be established.</td>
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<tr>
<td>Actions will be carried out in compliance with Phare / TA rules through a variety forms, such as: consultations, seminars, workshops and suitable forms of training; study visits. Participants: approx. 150 officials of MoF and other line Ministries (to be identified during the preparation of specific events). The number of men/days assigned to specific activities will be adjusted appropriately. The budget of study visits shall not exceed 10% of the total budget of the twinning component.</td>
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</table>

Relevant EC legislation related to subject of implementation of commitments under Chapters 10, 25, 28, 29 of the Comprehensive Monitoring Report (CMR) will be observed

SIGMA recommendations (Report of March 2004) will be taken into account

The project will be a follow-up to CZ2004/006-237/04.03 “The construction of the State Treasury System – 1st Phase”

Subsequent phase(s) shall follow, possibly with the assistance under Transition Facility programme 2006 (extending the ST concept and scope of operations to the entire public sector)

Responsible MoF staff available

Inter-departmental and inter-ministerial involvement and cooperation ensured

Participants: approx. 150 officials of MoF and other line
ministries (to be identified during the preparation of specific events). The number of men/days assigned to specific activities will be adjusted appropriately.

- Study visits to MS institutions to be identified during the preparation of the twinning contract and specified further at the initial stage of the twinning and TA parts of the project. In principle, the study visits should be suggested by the TW partner from MS in cases where the in depth discussions with the specialists on practical functioning of the ST system, fine-tuning of the budget processes and their IT support should be difficult to conducted out outside the selected MS.

2/ Technical assistance: Elaboration of the Need analysis and Tender documentation based on this Need Analysis for the procurement of services / supply related to other budgetary chapters and organisational entities of the State (apart from the budgetary chapter of the Ministry of Finance, carried out in the 1st phase under TF 2004), the following activities will be implemented:

- Elaboration of for ICT final configuration (sizing of HW, system SW, Data based SW and ERP software)
- Elaboration of system integration
- Drafting of Technical Specification for application supporting SW (ERP) and of the Data Base SW
- Elaboration of the Disaster Recovery Plan

Preconditions: Translations of legislation / documents into working language of the T.C will be provided in time
DETAILED IMPLEMENTATION CHART

Project Title: The construction of the State treasury system – 2nd phase

<table>
<thead>
<tr>
<th>Year Project</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JFMAMJ</td>
<td>JASOND</td>
<td>JFMAMJ</td>
<td>JASOND</td>
</tr>
<tr>
<td>1) Twinning contract</td>
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<tr>
<td>Start of tendering / call for proposals</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Start of project activity</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project completion</td>
<td></td>
<td></td>
<td>x</td>
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<tr>
<td>2) TA contract</td>
<td></td>
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<td></td>
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<tr>
<td>Start of tendering</td>
<td>x</td>
<td></td>
<td></td>
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<tr>
<td>Start of project activity</td>
<td></td>
<td></td>
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<tr>
<td>Project completion</td>
<td></td>
<td></td>
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<td>x</td>
</tr>
</tbody>
</table>
## ANNEX 3

### CONTRACTING AND DISBURSEMENT SCHEDULE

#### Cumulative Quarterly Contracting Schedule (mil.€)

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/06</th>
<th>2Q/06</th>
<th>3Q/06</th>
<th>4Q/06</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>1Q/08</th>
<th>2Q/08</th>
<th>3Q/08</th>
<th>4Q/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The construction of the State treasury system – 2nd phase</td>
<td>0,600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td>1,000</td>
</tr>
</tbody>
</table>

#### Cumulative Quarterly Disbursement Schedule (mil.€)

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/06</th>
<th>2Q/06</th>
<th>3Q/06</th>
<th>4Q/06</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>1Q/08</th>
<th>2Q/08</th>
<th>3Q/08</th>
<th>4Q/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The construction of the State treasury system – 2nd phase</td>
<td>0,300</td>
<td>0,350</td>
<td>0,400</td>
<td>0,450</td>
<td>0,700</td>
<td>0,750</td>
<td>1,000</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1,000</td>
</tr>
</tbody>
</table>