STANDARD SUMMARY PROJECT FICHE - TRANSITION FACILITY

1. Basic Information
1.1 CRIS Number: 2006/018-182.03.03 (TWL number: CZ06-IB-FI-01-TL)
1.2 Title: The extension of the State treasury system
1.3 Sector: Internal Market
1.4 Location: Czech Republic, Ministry of Finance

2. Objectives
2.1 Overall Objective(s):
   ▪ To support the reform and modernisation of central State administration, focused on areas of public finances, development of financial and performance management, control and audit;

2.2 Project purpose:
   ▪ To include the State Funds and State contributory organisations / entities in the State Treasury system with the aim to ensure transparency, consistency and reliability of data for efficient management & control, as well as for the monitoring and reporting required by the EC and other international organisations;
   ▪ To ensure the coherence of the management & control, monitoring, reporting and evaluations systems regarding the national financial resources and the EU-funded structural measures.

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

3. Description
3.1 Background and justification:

In general terms, 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.

Apart from EC requirements (see art. 2.3) the project shall take into account the valid recommendations of the international economic financial organisations and institutions (IMF, World Bank, OECD) and in particular 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.

The project shall assist with the assessment and drafting recommendations with regard to possible amendments to the current Czech legislation, such as the Act on Budgetary Rules (no.218/2000 Coll.), Act on Budgetary Assignation of Taxes (no.243/2000 Coll.), Act on Financial Control in Public Administration (no. 320/2001), and other relevant laws, as subsequently amended; other legal provisions, including the respective Government decisions.

This twinning light project is directly linked with other Phare/Transition facility assistance, namely the projects „Support to the MoF in Design and Establishment of State Treasury System” (CZ02.04.02), described as a “zero phase”, and „The construction of the State treasury system – 1st phase” (CZ04..04.03). During the “zero phase” basic approach and concept to the State Treasury system was
designed resulting in 40 recommendations on introduction of integrated budgetary system managing budget revenues and expenditures, establishing effective cash flow management, introduction of the State financial accountancy on accrual basis (as a core of the overall public financial system) according to the international standards (IASC, IFAC, IPSAS), reporting according to the EU (ESA 95) and other international requirements, proper monitoring of assets, and comprehensive support by information systems.

During the 1st phase the attention has been focused on the definition of general principles and standard processes of the State Treasury and their application within the Ministry of Finance. Application of these standards and processes is being verified on the budgetary chapter 312 – MoF, constituting a principal basis for the establishment of a unified platform and compatible rules for the State Treasury system, in particular with respect to consistency and transparency of budgetary processes, accountancy based on accrual principles, proper management and control, reliable monitoring of data related to the use of financial resources of the State and good governance in general.

In the 2nd phase of the State Treasury system shall be extended to other budgetary chapters (line ministries and organisational entities of the State) financed from the State budget, which are common in principles, but endowed with a great range of specificities.

This TwL project shall encompass other specific entities (expenditure units) connected to the State budget; in particular the State Funds and State contributory organisations / entities which differ widely as for legal definition, institutional set-up and use of accountancy principles and methods. These entities (State Funds and contributory organisations) are financed both from the State budget and from further multiply resources. With regard to the State Funds, special attention shall be focused on the involvement of State Fund for Transport Infrastructure (SFDI), State Fund for Environment (SFZP) and State Agricultural and Intervention Fund (SZIF) in co-financing the structural policies and measures. All this will require completely different approaches and applications for the integration of State Funds and State contributory entities into the State Treasury system. Legal and methodological solutions and experience of other Member States and/or their mandated bodies is considered as highly useful for acquiring appropriate know-how and for the introduction of best practice.

The Integrated System of State Treasury (IS ST) shall be based on a Treasury Single Account (TSA) concept and shall include the integrated budgetary system, central 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), including the linkage to the EU-funded structural measures:
- 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

In a wider socio-political context this project is in line with the strategy adopted by the Government with respect to public reforms; in particular Decision of the Government no. 237/2004 on proceedings and main guidelines related to the reform and modernisation of the central State administration (sections E.1 Development of financial and performance management; E.2 – Use of private resources for public investments and E.3 – Unification and strengthening of control).

More specifically, 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. Due to the current stage of the introduction of the State Treasury system in the Czech Republic, in particular with regard to the on-going legislative process and subsequent delay in execution of major investments, corresponding modifications of the timetable were introduced in order to ensure the coherence with other State Treasury project and relevant activities on the part of the Ministry of Finance.
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 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 third 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 Construction of the State Treasury System – 1st phase” (Transition Facility 2004)- CZ2004/006-237/0403; according to the revised SSPF (Rev2 of January 2006;
- “Strengthening the Role of Public Internal Financial Control! (CZ 2005/017/518.02.01)
- Implementation of Public Private Partnership (PPP) policy in the Czech Republic (CZ 2005/518.02.04)

The recommendations agreed upon by the twinning partners under CZ02.04.02 were focused on the conceptual model, systemic and operational 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, incl. 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.

The results of these previous activities will establish a solid basis for further extension of the State Treasury system.

This twinning light project will benefit also from the outputs of TF 2005 project “Strengthening the Role of Public Internal Financial Control (PIFC)”; CZ2005/017/518.02.01, in particular in areas of legislation and methodology. It will comply, where relevant, with the strategic paper based on the Government decision no. 1570 of 7 December 2005 concerning the “Concept of control system focused on financial control for period 2006 – 2013”. The respective management control systems shall be based on the international standards and designed for the public administration and established best practice.

3.3. Results:

- Recommendations regarding the legislative framework – presented for discussion within the State administration and submitted to the appropriate legislative process by the end of the project
- Recommendations regarding the implementing measures issued elaborated and approved by MoF by the end of the project
- Strategy for incorporation of State Funds and State contributory organizations presented for discussion within the State administration by the end of the project 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
- Proposal for the incorporation of the State Funds and State contributory organizations into the Central Accountancy System (CUS) of the integrated system of the State Treasury (IS ST) presented and discussed within the State administration by the end of the project
  - Implementing conditions (operational solutions) based on the above proposals– elaborated by the end of the project
  - Management and control mechanism implemented into integrated system of the state treasury (IS ST)
- Coherence of co-financing the structural and cohesion policies by the State Funds and EU-funded structural interventions ensured
• Application of the International Public Sector Accounting Standards (IPSAS) into national accountancy system and timely and reliable reporting - selected IPSAS applied by the end of project.

3.4. Activities:
The exchange of views on legal provisions, implementing measures and experience from other Member States is considered as most appropriate and required, and will be sought throughout all activities. This will relate related in particular to State Funds and State contributory organizations (comprising around 2400 users). As for the State Funds, special attention shall be focused on the involvement of State Fund for Transport Infrastructure (SFDI), State Fund for Environment (SFZP) and State Agricultural and Intervention Fund (SZIF) in co-financing the structural policies and measures and on the assurance of the coherency in co-financing the structural and cohesion policy and measures along with the EU-funded structural interventions.

Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system focused on the following processes:
• 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

Twinning Light in duration of 6 months will be led by a Project Leader (PL), experienced expert with general overview in conceptual and systemic issues related to the State Treasury systems / models and their functions; with proved record of professional involvement of more than 5 years in relevant subjects; able to deal with operational and organisational issues and organise the team of 4 short-term experts (foreseen ranking: class 2).

4 Short-terms experts (ranking in class 1 – 2) able to provide expertise on specific issues with respect to required processes (see above), in particular budgeting, financial control and accountancy; both in methodology and its application, share the know-how and experience with MoF officials.

All 5 experts involved in the project shall be Member States public servants or mandated staff.

PL and STE’s input: approx. 225 w/d in total; out of which approx. 60 w/d might be allocated for the PL and 165 w/d for STEs.

The PL plus 4 STEs will be expected to cover in particular the following areas:
- Budgetary planning and programming and budget execution: 1 – 2 STEs, approx. 70 w/d;
- Centralisation of accounting and financial data, central processing of statistical reports and financial analysis: 1 – 2 STEs, approx. 65 w/d;
- Debt management and cash management on a daily basis: 1 STE, approx. 10 w/d;
- Financial control: 1 STE, approx. 20 w/d.

The TwL activities will comprise:
• Analysis of the legislative framework, where relevant
• Consultations and assistance with drafting proposals for amendments of legislation and implementing provisions, where relevant, including the linkage with the EU-funded structural measures.
• Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system, including the optimisation of processes within State Treasury, with respect to:
  o programme budgeting
  o budgets execution
  o State Funds and State contributory organizations functioning in the Central Accountancy System (CUS) in context of the integrated system of the State Treasury (IS ST)
  o adjustment of the Financial Control structures and procedures, where appropriate
• Assistance with further introduction of the accountancy (based on IPSAS), timely and reliable reporting
• Training, seminars, workshops , (max .10 seminars in total; each event of 1 – 3 days duration),with respect to:
o State Funds and their linkage to the State budget (1 – 2 seminars / workshops)
o State contributory organisations and their linkage to the State budget (1 – 2 seminars / workshops)
o Financial control of the State Funds (1 seminar / workshop)
o Financial control of the State contributory organisations (1 seminar / workshop)
o Application of accrual accountancy in the State Funds (1 – 2 seminars / workshops)
o Application of accrual accountancy in the State contributory organisations (1 – 2 seminars / workshops)

Participants: approx. 20 – 30 officials of MoF and other relevant line ministries, State Funds and State contributory organizations (to be identified during the preparation of specific events).

- Study visits to MS shall focus on specific methods and implementation arrangements applied for incorporation of entities financed from multiple resources into State Treasury system in different EU member states, in particular with respect to co-financing of structural policies and measures. The participants will get acquainted with practical application of procedures and methods related to budgeting and accounting, as well as with the on-the-spot application of control methods. Max. 2 study visits for 5 officials and 3 days each are foreseen.

3.5. Lessons learned:
In view of the complexity of tasks related to the incorporation of the entities financed both from the State budget and other resources (multiply financing) the exchange of view on legal provisions, implementing measures and experience from other Member States proved to be very valuable in projects carried out during the course of implementation of various Phare and Transition Facility programmes. The interdisciplinary approach has been facilitated by the establishment of a main Steering Committee (see art. 4) and is expected to be indispensable also in this TwL project. This task will be all the more demanding due to the necessity to cope among other things with issue of co-financing the structural policies and measures.

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). CNB is responsible for managing the payment system of line ministries and selected State contributory organisations.

The main beneficiary of the project will be the MoF. The involvement and cooperation of CNB, other line ministries, institutions of the State administration (budgetary chapters), State Funds - particularly State Fund for Transport Infrastructure (SFDI), State Fund for Environment (SFZP) and State Agricultural and Intervention Fund (SZIF) - and State contributory organizations will be ensured. Line ministries are responsible for the establishment of State contributory organisations. The legislative and accounting framework of State contributory organisations however significantly differs from the framework of those supreme line ministries. In addition, the State contributory organisations are being financed by multiple resources, unlike the line ministries which are financed exclusively from the State budget.

The Steering Committee established in November 2004 for supervising all State Treasury activities will continue to operate in order to ensure consistency of the implementation of the ST concept, avoid duplications and strengthen the synergy of actions.

The Steering Committee (SC) of the twinning project shall be set-up within 2 months after the adoption of the EC Financing Decision to supervise the implementation of this project at its quarterly meetings. The Twinning SC will comprise, apart from MS and BC Project Leaders, the SPO- MoF, representative of CFCU and the CFA, the representatives of the Ministry of Finance as a main beneficiary, and other central public institutions, including the Czech National Bank. Relevant Working Groups (WGs) 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. 3.2 – Linked activities).
In November 2004 a main Steering Committee was established at the Ministry of Finance, chaired by the First Deputy Minister. This SC continues to operate, supervising all State Treasury activities, giving guidance to the process of the establishment of the State Treasury system, ensuring the consistency and synergy of actions, and the avoidance of duplications.

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 co financing)</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>Twinning Light contract</td>
<td>0,250</td>
<td>0,250</td>
<td>0,010</td>
</tr>
<tr>
<td>Total</td>
<td>0,250</td>
<td>0,250</td>
<td>0,010</td>
</tr>
</tbody>
</table>

(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) Private funds, FIs loans to private entities

The following activities will be financed from the parallel national co-financing: travel costs of study visits, personnel and material inputs (providing the conference rooms, office facilities, PC with printer, copy machine, communication lines etc.), and other administrative and logistic support.

Contributions from the Czech administration for an effective implementation of the twinning may be further detailed in the twinning contract.

VAT does not constitute eligible expenditure except where it is genuinely and definitely borne by the final beneficiary. VAT which is considered recoverable, by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.

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 Slavíček, 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 Mr Zdenek Pagac, Senior Programme Officer (SPO) of the MoF and Finance Sector, Ministry of Finance, Letenská 15, Prague, phone: +4202587043009, fax +4257049236, e-mail: zdenek.pagac@mfcr.cz

The CFA is fully responsible for overall monitoring and evaluation of project implementation. The main contact: Ms. Jana Hendrichová, Director of dpt.58 Ministry of Finance, Letenská 15, Prague, phone: +420 257 044 559; fax: + 420 257044550, jana.hendrichova@mfcr.cz.

6.2 Twinning

Contact person will be Ms Milada Fritzová, First Deputy Minister Advisor, Ministry of Finance, Letenská 15, Prague, phone: + 420 25704 2179, e-mail: milada.fritzova@mfcr.cz

6.3 Non-standard aspects

N/a
6.4. Contracts:
(1) Twinning Light Contract  0,250 M€ (TF contribution) + 0,010 (National co-financing)

7. Implementation Schedule

7.3. Start of tendering/call for proposals
(1) Twinning Contract 1Q/2008

7.4. Start of project activity
(1) Twinning Contract 3Q/2008

7.3 Project Completion
(1) Twinning Contract 1Q/2009

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 is not bound to the time-table of the implementation phases approved for the comprehensive time schedule of actions related to the introduction of the State Treasury. The attached document (see Annex 4) is therefore only for indicative purpose.

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.

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 and art. 4 – Institutional Framework).

ANNEXES TO PROJECT FICHE
1. Logframe planning matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
4. Indicative timetable for complex of projects / components related to "Building up of the State Treasury", financed from the state budget
# LOGFRAME PLANNING MATRIX

**Project:** The extension of the State treasury system

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
</tr>
</thead>
</table>
| • To support the reform and modernisation of central State administration, focused on areas of public finances, development of financial and performance management, control and audit; | • EC recognition | • Independent assessment by the EC  
• Reports issued by the IFI |

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • To include the State Funds and State contributory organisations / entities in the State Treasury system with the aim to ensure transparency, consistency and reliability of data for efficient management & control, as well as for the monitoring and reporting required by the EC and other international organisations  
• To ensure the coherence of the management & control, monitoring, reporting and evaluations systems regarding the national financial resources and the EU-funded structural measures. | • Coherence of legal aspects and methodology between the national provisions and EU requirements suggested, and where relevant, applied in short- and medium-term  
• Enhanced absorption capacity in using the structural interventions (measured by standard indicators for structural and cohesion funds) – in short- and medium-term  
• Increased transparency and reliability of data complying with the amended national provisions and EC regulations as immediate impact of the project | • State administration at the central level, in particular:  
• MoF budgetary departments and other departments related to the State treasury functions  
• other line ministries and subjects of central administra- tion financed from State budget (state contributory organizations and state funds)  
• Implementation Status Report (ISR) to JMC and monitoring reports to SMSC  
• Czech Statistical Office (ČSÚ)  
• Research institutions | • Appropriate legislative and institutional provisions, where relevant, in effect |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Recommendations regarding the legislative framework – presented and submitted to the appropriate legislative process;  
• Recommendations regarding the implementing measures elaborated and approved by the MoF ;  
• Strategy for incorporation of State Funds and State contributory organizations presented with regard to: | • Recommendations on legal aspects presented for discussion within the State administration, approved by the MoF, and submitted to the Government for approval – by end of the project  
• Recommendations for MoF implementing measures elaborated and | • 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 | • Government decision on State Treasury no. 169/2005 of 9 Feb. 2005 and subsequent executive decisions shall be serve as a guidance  
• Professional staff of MoF and other relevant line |
- Financial and budgetary planning and programming
- Budget execution
- Centralisation of accounting and financial data
- Central processing of statistical reports and financial analysis
- Proposal for the incorporation of the State Funds and State contributory organization into Central Accountancy System of the integrated system of the State Treasury
- Debt management and cash management on a daily basis
- State Funds and State contributory organizations
- Implementing conditions (Operational solutions) based on the above proposals – elaborated;
- Management and control mechanism – implemented into IS ST;
- Coherence of co-financing the structural and cohesion policies by the State Funds and EU-funded structural interventions ensured;
- Application of the International Public Sector Accountancy Standard (IPSAS) into national accountancy system and timely and reliable reporting – selected IPSAS applied.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Analysis of the legislative framework, where relevant | **Twinning Light Contract: 0,250 M€**
| Consultations and assistance with drafting proposals for amendments of legislation and implementing provisions, where relevant, including the optimisation of processes within State Treasury | duration: 6 months, approx. 225 w/d in total | 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 |
| Assistance with the implementation of policy, conceptual, systemic, institutional and operational issues related to the State Treasury system, with respect to: | 1 Project Leader, approx. 60 w/d | Results / outputs of the previous Phare / TF projects will be taken into account |
| - programme budgeting | 4 short-term experts, approx. 165 w/d | Responsible MoF staff available |
| - budgets execution | | Inter-departmental and inter-ministerial involvement and |
| - State Funds and State contributory organizations functioning in the Central Accountancy System (CUS) in context of the integrated system of the State Treasury (IS ST) | **Steering Committee** shall be established. within 2 months after the adoption of the EC Financing Decision to supervise the project implementation at the quarterly meetings. | |
| - adjustment of the Financial Control structures and procedures, where appropriate | **Working Groups** shall be set-up subsequently. | |
| | **Actions** will be carried out in compliance with TF / TW rules through a variety forms, such as: | |

- approved by the MoF by the end of the project
- Incorporation strategy presented, discussed and, if accepted, presented to the Government for approval – by the end of the project;
- Legal, institutional and operational (technical) pre-requisites for incorporation of State Funds and SCO discussed within the State administration and submitted to the relevant state bodies by the end of the project;
- Increased volume of available financial means (improved financial position of the State measured by standard indicators) – in short- and medium-term
- New accountancy methods and standards for State Funds and SCO prepared – by the end of the project
- Approx. 100 officials of MoF, other relevant ministries, selected State Funds and SCO trained

- State budget (state contributory organizations and state funds)
- Implementation Status Report (ISR) to JMC and monitoring reports to SMSC
- Twinning contract and Quarterly reports
- ministries, State Funds and State contributory organizations duly trained

- Twinning Light Contract: 0,250 M€
- duration: 6 months, approx. 225 w/d in total
- 1 Project Leader, approx. 60 w/d
- 4 short-term experts, approx. 165 w/d

- Steering Committee shall be established. within 2 months after the adoption of the EC Financing Decision to supervise the project implementation at the quarterly meetings.
- Working Groups shall be set-up subsequently.
- Actions will be carried out in compliance with TF / TW rules through a variety forms, such as:
- Assistance with further introduction of the accountancy (based on IPSAS), timely and reliable reporting
- **Training: seminars / workshops**, with respect to:
  - State Funds and their linkage to the State budget (1 – 2 seminars / workshops)
  - State contributory organisations and their linkage to the State budget (1 – 2 seminars / workshops)
  - Financial control of the State Funds (1 seminar / workshop)
  - Financial control of the State contributory organisations (1 seminar / workshop)
  - Application of accrual accountancy in the State Funds (1 – 2 seminars / workshops)
  - Application of accrual accountancy in the State contributory organisations (1 – 2 seminars / workshops)

Participants: approx. 20-30 officials of MoF and other relevant line ministries, State Funds and State contributory organizations (to be identified during the preparation of specific events).

Study visits to MS focused on methods and implementation arrangements applied for incorporation of entities financed from multiply resources into the State Treasury system in different EU Member States, in particular with respect to co-financing of structural policies and measures.

**Preconditions:**
N/a

| consultations, seminars, workshops and suitable forms of training: Participants: approx. 20 – 30 officials of MoF and other relevant line ministries, State Funds and State contributory organisations Study visits – max. 2 study visits for 5 officials and for 3 days each (i.e. 30 w/d in total) | Total allocation (incl. co-financing)- 0,260 M € | cooperation ensured |
# DETAILED IMPLEMENTATION CHART

**Project Title**: The extension of the State treasury system

<table>
<thead>
<tr>
<th>Year Project</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Twinning Light contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of tendering / call for proposals</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Start of project activity</td>
<td></td>
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<tr>
<td>Project completion</td>
<td></td>
<td></td>
<td>x</td>
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</tbody>
</table>
## Annex 3

**Contracting and Disbursement Schedule**

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

<table>
<thead>
<tr>
<th>Project title</th>
<th>1Q/08</th>
<th>2Q/08</th>
<th>3Q/08</th>
<th>4Q/08</th>
<th>1Q/09</th>
<th>2Q/09</th>
<th>3Q/09</th>
<th>4Q/09</th>
<th>1Q/10</th>
<th>2Q/10</th>
<th>3Q/10</th>
<th>4Q/10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extension of the State treasury system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0,250</td>
<td></td>
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### Cumulative Quarterly Disbursement Schedule (mil.€)

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<th>2Q/08</th>
<th>3Q/08</th>
<th>4Q/08</th>
<th>1Q/09</th>
<th>2Q/09</th>
<th>3Q/09</th>
<th>4Q/09</th>
<th>1Q/10</th>
<th>2Q/10</th>
<th>3Q/10</th>
<th>4Q/10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extension of the State treasury system</td>
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</tbody>
</table>
Annex 4

Indicative timetable for complex of projects / components related to "Building up of the State Treasury", financed from the state budget

Project Management of the State Debt (ŘSD)

1. **THE PUBLIC COMPETITION OF TENDERS**
   - Tender evaluation: 02.11.05
   - Publishing of the results: 04.11.05
   - Signature of the contract: 30.12.05

2. **IMPLEMENTATION OF THE ŘSD**
   - Implementation ŘSD: 02.01.06 – 31.01.06
   - Pilot operation ŘSD: 01.02.06 – 31.12.07
   - Production operation ŘSD: 01.01.08 – 31.12.10

Project Integrated Budget System (IRS)

1. **MARKET RESEARCH**
   - Proposal of the IRS (dep. 11): 30.11.05
   - Market research - assignment finalisation: 02.12.05 – 09.12.05
   - Documentation transmitted to the applicants: 12.12.05
   - Results of the market research: 31.01.06 – 14.02.06

2. **ASSIGNMENT DOCUMENTATION – PUBLIC COMPETITION OF TENDERS FOR SERVICE PROVIDER – BUILDING UP ASSIGNMENT DOCUMENTATION FOR ANNOUNCEMENT OF THE PUBLIC COMPETITION FOR DELIVERING OF THE IRS**
   - Adjustment of the Assignment documentation: 15.02.06 – 09.03.06
   - Publishing of the Public competition: 10.03.06 – 15.03.06
   - Tender evaluation: 16.03.06 – 24.03.06
   - Signature of the contract: 27.03.06

3. **ASSIGNMENT DOCUMENTATION - ANNOUNCEMENT OF THE PUBLIC COMPETITION FOR DELIVERING OF IRS**
   - Adjustment of the Assignment documentation: 28.03.06 – 23.08.06
   - Final version of the Assignment documentation: 24.08.06

4. **IMPLEMENTATION OF THE IRS**
   - Publishing of the Public competition for delivering of the IRS: 02.10.06 – 05.10.06
   - Tender evaluation: 04.12.06 – 31.01.07
   - Signature of the contract: 28.02.07
   - Implementation of the IRS: 01.03.07 – 29.06.07
   - Pilot operation of the IRS: 02.07.07 – 30.04.08
   - Production operation of the IRS: 01.05.08 – 31.12.20

**LEGISLATIVE PROJECT OF THE STATE TREASURY**

1. **PROPOSAL OF THE NEW ACT**
   - Inter-ministerial reminder administration: 21.10.05 – 04.11.05
   - External reminder administration: 28.11.05 – 06.01.06
2. **DRAFT OF THE NEW ACT**
   - Inter-ministerial reminder administration 27.02.06 – 10.03.06
   - External reminder administration 27.03.06 – 24.04.06
   - Legislative council of the government 1.05.06 – 24.07.06

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### PROJECT CENTRAL ACCOUNTANCY SYSTEM (CÚS)

1. **ENTRY ANALYSIS**
   - Entry analysis of the present state 01.11.05 – 31.03.06
   - Analyse of necessities 01.11.05 – 31.03.06

2. **MODEL OF THE CÚS**
   - Model – department of the Ministry of finance 03.04.06 – 31.12.07
   - Model – other departments 01.01.08 – 31.03.09

3. **ASSIGNMENT DOCUMENTATION - ANNOUNCEMENT OF THE PUBLIC COMPETITION FOR DELIVERING OF CÚS**
   - Adjustment of the Assignment documentation 03.12.07 – 30.06.08
   - Publishing of the Public competition for delivering of the CÚS 01.07.08
   - Tender evaluation and signature of the contract 02.07.08 – 01.04.09

4. **IMPLEMENTATION OF THE CÚS**
   - Implementation of the CÚS 02.04.09 – 31.12.09
   - Pilot operation of the CÚS 01.01.10 – 31.12.10
   - Production operation of the CÚS 03.01.11 – 31.12.20