STANDARD SUMMARY PROJECT FICHE

Project nr.: SR9808.03

Title of project: Institutional Building and Harmonisation of Legislation in the Finance Sector

Sub-Programme: Reinforcement of institutional and administrative capacity - Internal Market

Immediate Objectives

Reinforcement of institutional and administrative capacity with the following aims:

1. Preparation of a team of adequately qualified experts of the MoF in order to cope with the whole process of integration of the Slovak Republic into EU

2. Improvement in the economic policy making, consensus building and co-ordination between involved ministries and other relevant institutions by the Task Force

3. Achievement of the compliance of economic policy with the rules existing for providing of state aid

4. Contribution to producing the conditions for accepting and implementing of modern internal legislation on the field of internal control and inspection, adequate level of infrastructure and equipment, especially computer technology and investigations facilities and producing of effective tax and customs organisation with sufficient number of qualified and correctly motivated staff with high level of integrity

5. Independent supervision upon the Capital Market, harmonisation of the Capital Market legislation with EU, transparency of the C.M., increasing the efficiency and enhancing the quality of the Slovak Insurance market in view of the unified European market.

Location of project:
Slovak Republic

Institutional framework:
The Ministry of Finance is the central state administration body of Slovak Republic in charge of finances and prices. It ensures the implementation of financial economic instruments, the financial legislation, the methodical guidance as well as the implementation of state administration in the issues set by law. The following key areas within the Ministry of Finance will be involved in the current project: Division of International Relations with the department for the EU Integration, the Section of Economic Policy in the Ministry of Finance in co-operation with the Ministry of Economy for the "Task Force for improvement of economic policy", the Department of the State Aid Monitoring and Control, the Control Section with the aim to improve the "Control System", Capital Market and Insurance Supervision Authorities and finally the component of "Technical Assistance for Institutional Building".

Description of project:
In order to fulfil the above mentioned objectives, the project will provide: technical assistance to the relevant departments of the MoF, training for trainers and training on the job, twinning activities, study visits to the correspondent departments in the Member States and some small supply of equipment.

The institution building will aim at the upgrading the professional skills of the involved MoF officers in the International Department where the EI Office has been built up. The support is expected in the field of creation of the convergence programme of the Slovak Republic, common evaluation of the financial policy as well as co-operation in the process of creation of economic development forecast.
The Task Force for medium term economic policy development will advise on draft the medium economic term policy and other policy papers, organise the seminars and co-ordinate an integrated team from the various relevant ministries and institutions with the support of expatriate experts.

The institutional building of State Aid monitoring and control comprise the development of the State Aid Office, building of the obligatory information and control system (years 1999 – 2000), implementation of standard annual reporting system on the provisions of State Aid. The co-operation with the related EU State Administrations is expected.

The development of an effective control system, where it will be possible to reveal corruption on individual levels of management will be necessary. To reach the aim of the project the co-operation with international experts is necessary for development of suggestions for institutional, organisational, personal and technical arrangements of tax and customs offices.

The aim in the Capital Market area is to focus on institution building of an independent supervision authority, the Commission for Securities as well as harmonised legal framework with EU legislation. While in the Insurance industry regulation, the aim is largely addressed to achieve higher level of efficiency of the Slovak insurance market by implementing effective and proficient system and tools of supervision and appropriate legislative norms.

### Budget: (*)

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare</th>
<th>Recipient (**)</th>
<th>IFO</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance</td>
<td>1,349 MECU</td>
<td>1,349 MECU</td>
<td>1,349 MECU</td>
<td>0,400 MECU</td>
<td>0,700 MECU</td>
<td>1,749 MECU</td>
</tr>
<tr>
<td>Direct Costs, local travel, translations, printing</td>
<td>0.028 MECU</td>
<td>0.028 MECU</td>
<td>0.028 MECU</td>
<td>0.700 MECU</td>
<td>0.728 MECU</td>
<td></td>
</tr>
<tr>
<td>Training, Study Tours, Conferences, Seminars, etc.</td>
<td>0.353 MECU</td>
<td>0.353 MECU</td>
<td>0.353 MECU</td>
<td>0.400 MECU</td>
<td>0.753 MECU</td>
<td></td>
</tr>
<tr>
<td>Equipment Supplies:</td>
<td>0.270 MECU</td>
<td>0.270 MECU</td>
<td>0.270 MECU</td>
<td>1.900 MECU</td>
<td>2.170 MECU</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.270 MECU</td>
<td>1.730 MECU</td>
<td>2.000 MECU</td>
<td>3.400 MECU</td>
<td>5.400 MECU</td>
<td></td>
</tr>
</tbody>
</table>

(*) The Institution Building component shall be implemented through two twinning arrangements with one or more EU Member States. Ad-hoc financial rules shall apply to twinning projects. The budget shown here is only indicative.

(**) The 3,4 MECU co-financing includes the cost supported by the State Budget for Technical Assistance delivered by Slovak professional organisations in various different fields.

### Implementation arrangements:

The Ministry of Finance will be the Implementing Authority.

The CFCU will be responsible for procurement, contracting and accounting related issues.

The Institution Building components of this project will be implemented through twinning arrangements with the relevant ministries of one or more EU Member States (legal advice on internal market legislation in the financial sector, financial control).

### Implementation schedule:

<table>
<thead>
<tr>
<th>Start of tendering</th>
<th>Start of Project activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last quarter of 1998</td>
<td>First quarter of 1999</td>
<td>Second half of 2001</td>
</tr>
</tbody>
</table>

### Equal opportunity:

Equal opportunity principles and practices in ensuring equitable tender participation in the project will be
guaranteed.
## LOGFRAME PLANNING MATRIX

### Programme Number: SR 9808.03
### Project Title: Institutional Building and Harmonisation of the Legislation in the Finance Sector
### Total Budget of Project: 2.0 MECU

#### Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Meeting the obligation of the &quot;Acquis Communautaire&quot;</td>
<td>(i) Data from relevant institutions (the Statistical Office of the Slovak Republic, the National bank of Slovakia, the Ministry of Finance of the Slovak Republic)</td>
<td>(i) Correct analysis of causes of economic problems</td>
</tr>
<tr>
<td>(ii)</td>
<td>Integration and harmonisation of the Legislation</td>
<td>(ii) Data from the State Budget</td>
<td>(ii) Effective implementation of measures</td>
</tr>
<tr>
<td>(iii)</td>
<td>Improvement of the economic policy making</td>
<td>(iii) Concepts of departments and further organisations that provide State Aid</td>
<td>(iii) Establishment of State Aid Office</td>
</tr>
<tr>
<td>(iv)</td>
<td>Achievement of transparency in the area of State Aid</td>
<td>(iv) Information System in financial control</td>
<td>(iv) Low level of salaries of the civil servants</td>
</tr>
<tr>
<td>(v)</td>
<td>Revealing of the corruption and deception cases of organised crime with aim of its prevention</td>
<td>(v) International agreements</td>
<td>(v) Ethics of the financial control</td>
</tr>
<tr>
<td>(vi)</td>
<td>Efficiency of the SR Capital Market and Insurance Industry</td>
<td>(vi) Penetration of international insurance companies and investors</td>
<td></td>
</tr>
</tbody>
</table>

#### Results of Project

<table>
<thead>
<tr>
<th>Indicator of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Drafts of the agreements with the EC to the Financial issues</td>
<td>(i) Behaviour of the foreign investors</td>
<td></td>
</tr>
<tr>
<td>(ii) Conclusions and suggestions from the events linked with the economic policy</td>
<td>(ii) Implementation of standard annual reporting on State Aid providing</td>
<td></td>
</tr>
<tr>
<td>(iii) Reports and suggestions, expertise by drafting a conditions for yearly elaborating of annual reports on the provided State Aid according to EU standards</td>
<td>(iii) Occurrence of corruption and organised crime cases</td>
<td></td>
</tr>
<tr>
<td>(iv) Preventive generalisation of information of the revealed cases of corruption, deception and organised crime</td>
<td>(iv) Education and ethics of administration staff</td>
<td></td>
</tr>
<tr>
<td>(v) Upgrading of C.M. and Insurance supervision</td>
<td>(v) Enforcement of the relevant legislation</td>
<td></td>
</tr>
</tbody>
</table>

#### Outputs of Project

<table>
<thead>
<tr>
<th>Indicator of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)up</td>
<td>Internationally acceptable standards in place</td>
<td>(i) Continuity in the participation of the members to the “Task Force”</td>
</tr>
<tr>
<td>(ii)</td>
<td>Policy papers, number of workshops and seminars</td>
<td>(ii) Changes in Governmental decisions</td>
</tr>
<tr>
<td>(iii)</td>
<td>Magnitude of the communication linkages with the EC</td>
<td>(iii) No possibility to gain information for revealing of corruption deception and organised crime</td>
</tr>
<tr>
<td>(iv)</td>
<td>Real existence of information base as the network connecting the financial control offices</td>
<td>(iv) Absence of information for next using against Law.</td>
</tr>
<tr>
<td>(v)</td>
<td>Enforcement of the CM and Insurance Supervisory authority</td>
<td>(v) Unified European Insurance market</td>
</tr>
<tr>
<td>(vi)</td>
<td>Institutional reform and compatible legislation on Capital Market and Insurance Industry with EU</td>
<td>(vi) Competitive conditions on Capital market</td>
</tr>
</tbody>
</table>

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**May 1998**
### IMPLEMENTATION SCHEDULE

**Date of Draft:** May 1998

<table>
<thead>
<tr>
<th>Sub-Projects</th>
<th>Implementation Schedule (Quarters starting 1 Oct. 1998)</th>
<th>Budget Allocation Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>PLANNED</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>C I</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- C = tendering and contracting
- I = contract implementation and payment

**Total:** 2 MECU
<table>
<thead>
<tr>
<th>Sub-Projects</th>
<th>Commitment Forecast MECU (Quarters starting 1 Oct. 1998)</th>
<th>Budget Allocation Cost Estimate</th>
</tr>
</thead>
</table>

**Total Cumulative Commitment**

<p>| 0.8  1.2 | 2 MECU |</p>
<table>
<thead>
<tr>
<th>Sub-Projects</th>
<th>Disbursement forecast in MECU (Quarters starting 1 Oct. 1998)</th>
<th>Budget Allocation Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLANNED</td>
<td></td>
</tr>
<tr>
<td>DISBURSEMENT</td>
<td></td>
<td>2 MECU</td>
</tr>
<tr>
<td>Total Cumulative Disbursement</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>
## COST BREAKDOWN FOR PROJECT SR9808.03

### A. Technical Assistance/Training/Seminars (*)

<table>
<thead>
<tr>
<th>No. of Units (days/months)</th>
<th>Fee Rate (in ECU)</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. 1) Fees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International long-term experts</td>
<td>15.75 m/m</td>
<td>14,000</td>
</tr>
<tr>
<td>National long-term experts</td>
<td>18 m/m</td>
<td>3,500</td>
</tr>
<tr>
<td>National long-term experts</td>
<td>12 m/m</td>
<td>1,800</td>
</tr>
<tr>
<td>International short-term experts</td>
<td>122 m/d</td>
<td>950</td>
</tr>
<tr>
<td>National short-term experts</td>
<td>122 m/d</td>
<td>350</td>
</tr>
<tr>
<td>International short-term experts</td>
<td>300 m/d</td>
<td>900</td>
</tr>
<tr>
<td>International short-term experts</td>
<td>408 m/d</td>
<td>625</td>
</tr>
<tr>
<td>National short-term experts</td>
<td>474 m/d</td>
<td>300</td>
</tr>
</tbody>
</table>

**A. 2) Allowances**

- Housing allowances: 18 months, 2,200 ECU, 39,600 ECU
- Daily allowances: 1,100 days, 185 ECU, 203,500 ECU

**A. 1, 2 Total Fees and Allowances**

**A. 3) Direct costs**

- Local travel: 3,000 ECU

**A. 4) Reimbursable**

- International travel lump sum: 50,000 ECU
- Special actions:
  - Study tours: 155,000 ECU
  - Seminars: 83,000 ECU
  - Conferences: 40,000 ECU
  - Translations: 17,000 ECU
  - Printing: 8,000 ECU

**A. 4 Total Reimbursable**

**TOTAL TA**

**B. Equipment Supplies**

<table>
<thead>
<tr>
<th>Item description</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Database IS [HW, SW, LAN]</td>
<td>193</td>
<td>193,000</td>
<td></td>
</tr>
<tr>
<td>Audio-visual Technique</td>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Computer Equipment</td>
<td>52,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL EQUIPMENT**

**GRAND TOTAL A+B**

* (*) Through twinning as appropriate
Relation of project with previous Phare activities and with ongoing projects financed from other sources [including govt. budget]

Activities of the MoF within the integration process are based on the following documents:

- The strategy of the SR in the process of entering in the EU
- The concept of implementation of the European Agreement (a partial document was elaborated also within the competence of the MoF)
- The concept of approximation of the SR Laws to the EU Laws
- The National Programme of harmonisation of the SR Legislative Order to the EU Laws in the field of internal market

Regarding the previous Phare activities, the following sub-projects were implemented:

FM 1993 "Feasibility Study for the Slovak Capital Market", "Insurance Supervisory Authority Project"


The ongoing bilateral co-operation with France concerns the State Treasury and is directly related to this project.