Project Number: SR9913.03

Title: Reinforcement of institutional and administrative capacity

Sub-programme: Telecommunications – Regulatory Framework Reform

Location: Slovak Republic

Objectives:
Institutional and administrative capacities in telecommunication regulatory framework reinforced.
1. National Regulatory Authority (NRA) established in accordance with the new Law on Telecommunications
2. Improved legal framework for NRA operation (secondary legislation) prepared
3. NRA & Telecom Division of the Ministry of Telecommunications successfully reorganised
4. Frequency management system effectively developed and implemented
5. Frequency monitoring system effectively developed and implemented

Description

Institutional Framework:
There are three regulatory bodies in the telecommunications sector in the Slovak Republic:
- Ministry of Transport, Posts and Telecommunications (MTPT)
- Ministry of Finance (MF)
- Telecommunications Office (TO)
Other bodies - such as Antimonopoly Office - have competencies that marginally affect the telecommunication sector.

Present status:
Competencies in Telecommunications Regulation in the Slovak Republic are currently divided between MTPT and TO (e.g. licensing for public telecom networks and services is MTPT competence, licensing for non-public telecom networks and services is in the competence of TO). Price regulation is divided between MTPT (international tariffs, proposals of domestic tariffs) and MF (approval of domestic tariffs).
The Director of the TO is appointed by the Minister for Telecommunications.
The TO is financed from the State Budget.

Brief description of the Project:

1. Establishment of an independent NRA is a necessary component of the adoption of Acquis. It is a priority of Telecommunications Policy of the Slovak Republic.
The crucial point for creation of an independent NRA is adoption of the New Telecom Act. The draft New Telecom Act stipulates independent status of the TO (director of TO appointed by Parliament or by the Government) and clearly defines the TO and the Ministries competencies in the area of telecommunications regulation.
Planned time schedule of the New Telecom Act approval procedure is as follows:
- June ’99 - the Draft New Telecom Act should be submitted to the Legislation Board of the Slovak Government
- September ’99 – to the Parliament (expected)
- 1st January 2000 – entry into force (expected)
It is necessary, that immediately after the new Telecom Act adoption, by which the NRA will be established, the independent NRA for telecommunications starts functioning effectively. Following actions (2., 3., 4. and 5.) are directed to this goal.

2. In direct connection with the Telecom Act approval, 9 new Ministerial Decrees will be completed and issued (list of the decrees is in Annex 7). At present, the stage of readiness of those is 40-70%, and their final version will depend on the approved content of the new Telecom Act.

3. On the basis of the New Telecom Act adoption, some competencies will be transferred from the Telecom Division of the Ministry of TPT to the TO (NRA). The TO and the Telecom Division of the Ministry of TPT need to be re-organised. Therefore, it is necessary to set-up the organisation of the NRA, which will be based on the existing staff of MTPT and TO plus new specialists as required. It means:
   - to transfer regulation competencies from the Ministries to the NRA
   - to recruit new specialists to the NRA
   - to train the NRA staff to the new responsibilities

The NRA functions will be as follows:
- Licensing procedures and the authorisation of the use of radio- and telecommunications
- Long term spectrum management policy and frequency planning
- National frequency planning as expressed in the frequency allocations table and the national regulations
- Assignment of frequencies
- International relations in the context of spectrum management
- Establishment of technical standards and engineering support facilities
- Maintenance of records and databases.
- Effective data processing
- Monitoring the use of the spectrum
- Inspection of the established radiocommunications facilities (enforcement)
- Administrative and legal support
- Handling of charging systems
- Supervision of the competitive situation in the market

From the point of view of the MTPT and TO, at present the weakest parts of the functions of the TO are the areas of Spectrum Management and Frequency Monitoring, where modernisation and support are needed not only for investment, but for acquiring relevant know-how as well. Therefore:

4. The Spectrum Management function of the TO needs to be strengthened.
   The project objective in this area is a transfer of know-how from EU countries to the NRA with the aim of a clear specification of requirements on HW/SW for Spectrum Management in order to ensure their compatibility with those used in the EU countries. The information flow on usage of the spectrum inside the State and at border regions should have connection to the strategy. Compatibility of HW/SW and strategy used in Spectrum Management is very important regarding the Slovak Republic’s intention to join EU. Following steps are needed:
   - to map the current status of the area of spectrum management (HW, SW, skills)
   - to elaborate a schedule of necessary steps for improving the function of the NRA
   - to implement the necessary steps.

5. The Frequency Monitoring function of the TO needs to be strengthened. Following steps are needed:
   - to map the current status of the area frequency monitoring (HW, SW, skills).

   **Note:** This area has been granted a special grant of the Dutch Government, total amount being 0.23 MEUR for a SW and training (3 persons) for one monitoring station. HW was financed by the recipient. The grant is in the implementation stage.
   The Slovak Republic need a minimum of 10 monitoring stations.
   - to elaborate a schedule of necessary steps for improving the function of the NRA
   - to implement the necessary steps.
**Important note to above 4.,5.:**
The Slovak Republic participated in the PHARE (see also Annex 5) Multicountry '96 Project “Spectrum Management and Frequency Monitoring”. The project was focused mainly on investment needs estimation and on ways of their funding. It was not oriented at providing technical solutions, investment needs from 1998 to 2003 were estimated at 11.7 million USD. However, for the time being there is no availability of Funds from commercial sources as loans and leases can not be provided to a state agency but only to business entities. Access to financial markets will therefore require the establishment of an ad hoc state investment fund by the Slovak Republic. This will involve the Ministry of Finance and can not be realistically foreseeable before the year 2001. Phare financing is requested to start operations on the key areas of spectrum management and spectrum monitoring as from the year 2000.

**To successfully complete the above, Phare will provide:**

A) assistance by **twinning** experts (PAA) for:
2. legislation
3. NRA & Telecom Division of the Ministry of Telecommunications re-organisation

B) **Technical Assistance** by international experts, and financing of equipment (HW and SW) for:
4. frequency management system of the NRA
5. frequency monitoring system of the NRA

**Co-financing by the recipient is foreseen for all the project components.**

**Budget (MEUR):**

<table>
<thead>
<tr>
<th></th>
<th>Investment DIS</th>
<th>IB DIS</th>
<th>Total Phare (I+IB)</th>
<th>Recipient</th>
<th>Others*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Legislation</td>
<td>0.19</td>
<td>0.19</td>
<td>0.08</td>
<td></td>
<td></td>
<td>0.27</td>
</tr>
<tr>
<td>A. NRA &amp; Telecom</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry restructuring</td>
<td>0.11</td>
<td>0.11</td>
<td>2.0</td>
<td></td>
<td></td>
<td>2.11</td>
</tr>
<tr>
<td>B. Frequency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management system</td>
<td>0.9</td>
<td>0.15</td>
<td>1.05</td>
<td>0.25</td>
<td></td>
<td>1.30</td>
</tr>
<tr>
<td>B. Frequency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>monitoring system</td>
<td>0.1</td>
<td>0.05</td>
<td>0.15</td>
<td>0.4</td>
<td>0.23</td>
<td>0.78</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.0</td>
<td>0.5</td>
<td>1.5</td>
<td>2.73</td>
<td>0.23</td>
<td>4.46</td>
</tr>
</tbody>
</table>

* Special grant PSO of the Dutch Government (currently in implementation period)

**Implementation arrangements:**
Recipient institutions: NRA & Ministry of Telecommunications responsible for project execution
Implementing agency: CFCU

**Implementation schedule:**
Start of tendering: 1st Q / 2000
Start of project activity: 2nd Q / 2000
Completion: 3rd Q / 2001

**Environment:** No direct impact
# LOGFRAME PLANNING MATRIX FOR TELECOMMUNICATIONS

<table>
<thead>
<tr>
<th>Wider Objective</th>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators Will be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators Will be Measured</th>
</tr>
</thead>
</table>

**Project Number: SR9913.03**

**Total Budget:** 4,46 MEUR

**Phare Contribution:** 1,5 MEUR

**Contracting period expires:** 12/2001

**Disbursement per expires:** 12/2002

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**Programme name:** Telecom  
**Nr:** SR9913.03  
**Date of drafting:** May 1999
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators Will be Measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NRA organisation chart elaborated</td>
<td>1. Legal Status of NRA prepared</td>
<td>1. MTPT – by approval of the Status</td>
</tr>
<tr>
<td>2. Need for amended secondary legislation defined</td>
<td>2. Need for recruitment of new specialists to the NRA defined</td>
<td>MTPT – recruitment of experts</td>
</tr>
<tr>
<td>4. Software/hardware for frequency spectrum management provided, training activities started</td>
<td>3. New staff of the NRA formed</td>
<td>MTPT/Government – by approval of new NRA and Ministry structure</td>
</tr>
<tr>
<td>5. Software/HW for frequency monitoring provided, training activities started</td>
<td>4. Relevant staff of NRA for frequency spectrum management SW/HW trained</td>
<td>MTPT {NRA</td>
</tr>
<tr>
<td></td>
<td>4.2. Training provided by an international short term expert</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.1. HW installed, relevant staff of NRA for frequency monitoring trained.</td>
<td>MTPT {NRA</td>
</tr>
<tr>
<td></td>
<td>5.2. Training provided by an international short term expert</td>
<td></td>
</tr>
<tr>
<td>Inputs</td>
<td>1. Analysis of current structure of TO performed</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Analysis of prepared new secondary legislation (ministerial decrees) performed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Analysis of current To and Telecommunications Division of the Ministry structures elaborated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Analysis of current status of frequency management performed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Analysis of current status of frequency monitoring system (HW, SW, staff) performed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assistance by twinning experts provided.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.1 Report on analysis of current structure of TO elaborated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 Assistance of an international short term twinning expert provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 Report on analysis of secondary legislation prepared (9 ministerial decrees specified in Annex 7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.2. Assistance of an international long term twinning expert provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.1. Draft of the new structure of TO prepared with the need of specialised staff for the NRA defined</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2. Assistance of an international short term twinning expert provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.1 Proposal for the most suitable SW for frequency spectrum management prepared, proposal on training activities for the relevant staff prepared</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.2 Technical assistance of an international short term expert provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.1. Proposals for support (HW, SW, training) for frequency monitoring system improvement prepared</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2. Technical assistance of an international short term expert provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. MTPT - by approval of the Report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. MTPT - by approval of the Report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. MTPT, TO / Government – by approval of the new organisation charts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. TO, MTPT decision on the most suitable SW for frequency spectrum management – agreement of the MTPT to buy the SW, HW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. TO, MTPT decision on the most suitable SW for frequency monitoring system – agreement of the MTPT to buy the SW, HW</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MTPT, TO</th>
<th>1. New Telecom Act approved by Parliament</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Funding of the NRA insured</td>
</tr>
<tr>
<td></td>
<td>3. Staff make available for NRA</td>
</tr>
<tr>
<td></td>
<td>4. Twinning assistance provided</td>
</tr>
</tbody>
</table>
**INDICATIVE COST BREAKDOWN FOR PROJECT**

"Telecommunications – Regulatory Framework Reform"

**TWINNING**

<table>
<thead>
<tr>
<th>TWINNING ARRANGEMENTS (indicative figures)</th>
<th>MS experts + MS management costs</th>
<th>Special actions (*)</th>
<th>TOTAL (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAA</td>
<td>185.000</td>
<td>5.000</td>
<td>190.000</td>
</tr>
<tr>
<td>Short-term expert</td>
<td>107.000</td>
<td>3.000</td>
<td>110.000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>292.000</td>
<td>8.000</td>
<td>300.000</td>
</tr>
</tbody>
</table>

(*) Special actions: including internships, seminars, conferences, some translation and interpretation

(**) Only the total amount for each twinning project is binding. The other figures are preliminary estimations. The final budget for the twinning projects will be included in the twinning covenants to be approved by the Twinning Steering Committee in Brussels.
ANNEX 2

INDICATIVE COST BREAKDOWN FOR PROJECT
”Telecommunications – Regulatory Framework Reform”

A) **Technical Assistance**

<table>
<thead>
<tr>
<th>N°of units</th>
<th>Fee rate</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>(days/months)</td>
<td>_______</td>
<td>COST</td>
</tr>
</tbody>
</table>

B.1) **Fees**
- International short-term experts: 5 + 4 + 2 months 12,000 EUR 132,000

B.2) **Allowances**
- Daily allowances for ST experts: 330 days 144 EUR 47,520

B.3) **Direct costs**
- Interpreters: 1,000
- Translations: 3,000
- Printing: 3,000
- Local travel: 3,480

*(N.B.: no funding allowed for local staff and secretarial support)*

B.4) **Reimbursables**
- International travel: 8,000

B.5) **Special actions:**
- Internships (minimum 5/6 weeks) 2,000
- Seminars, workshops 2,000
- Conferences 2,000
- Other (explain) 2,000

*(N.B.: no funding allowed for study tours)*

**TOTAL TECHNICAL ASSISTANCE………………….200,000**
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>SW for frequency management system</td>
<td>1</td>
<td>500 000</td>
<td>500.000</td>
</tr>
<tr>
<td>HW for frequency management system</td>
<td>1</td>
<td>400.000</td>
<td>400.000</td>
</tr>
<tr>
<td>SW for frequency monitoring system</td>
<td>1</td>
<td>80.000</td>
<td>80.000</td>
</tr>
<tr>
<td>HW for frequency monitoring system</td>
<td>1</td>
<td>20.000</td>
<td>20.000</td>
</tr>
</tbody>
</table>

**TOTAL EQUIPMENT SUPPLIES**.......................... **1.0**

**TOTAL PROJECT**.......................................................... **1.5 MEUR**
## Telecommunications – Regulatory Framework Reform

<table>
<thead>
<tr>
<th>Component</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan</td>
<td>Feb</td>
</tr>
<tr>
<td>Institution Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st stage Legislation</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2nd stage NRA &amp; Telecom Division of MTPT restructuring</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>3rd stage Frequency management system</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>4th stage Frequency monitoring system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalisation of stages</td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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</tr>
</tbody>
</table>
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

Telecommunications – Regulatory Framework Reform – SR9913.03

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
<td>0.35</td>
<td></td>
<td>1.35</td>
<td>1.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursed</td>
<td>0.1</td>
<td>0.3</td>
<td>0.45</td>
<td>0.65</td>
<td>1.30</td>
<td>1.40</td>
<td>1.50</td>
<td></td>
</tr>
</tbody>
</table>
Reference to other Phare activities:

**PHARE National Programmes for Telecommunications for FM 1991:**
* Sectorial Reform in Czech and Slovak Republics (Assistance in Setting Telecommunication Office)*
The goals of the project were to define the mission and objectives of the Telecommunication Office (TO) in the Czech and Slovak Republic and how the both TO will operate, to develop procedures for key-subsystems within the regulatory process.

**PHARE National Programmes for Telecommunications for FM 1992:**
* Organisation and Methodology for Quality of Slovak Telecom services*
The goal was to set-up methodology and monitoring regime for monitoring of quality for Slovak Telecom services.

**PHARE National Programmes for Telecommunications for FM 1995**
* Assistance for preparation of new telecom legislation*
The goal was to support of Slovak Government in starting period on preparation of new telecom legislation.

**PHARE Multicountry Programmes for Telecommunications FM 1995**
* Cost Allocation Tools for Telephony Services*
Developing of standard cost allocation tool, training and installation

**PHARE Multicountry Programmes for Telecommunications FM 1996**
* Interconnection of Telecommunications Networks*
Workshop I: Relevant EU Legislation,
Workshop II: Acquis Communautaire EU Directive on Interconnection presented,
Workshop III: Models of Interconnection Agreements (legal, technical & financial issues),

* Spectrum Management and Frequency Monitoring (SMFM)*
Workshop I: International best practice report for frequency allocation, assignment, licensing procedures, monitoring and enforcement; Financial aspects & information for contact with International financial institutions and manufacturers; Questionnaire for Fact finding missions,
Workshop II: Discussion on results of country visits,
Workshop III: Presentation of Plans of action for each participating country (frequency management, current charge systems and relevant regulation),

The Situation report of the above mentioned project concerning Slovakia states the following:

“Loan financing and lease financing cannot be provided directly to a state agency, but to a business entity, e.g. a limited liability company. Such company cannot be created by a state agency, but could be created by the State in the form of a State Investment Fund (SIF), fully State owned, that could be the financial intermediary between banks and leasing companies on the one hand and state agencies, such as TO, on the other hand. The SIF could also be the intermediary of earmarked funds, e.g. from spectrum fees. The SIF could be established not only for SMFM requirements but for other sector requirements as well. The SIF could be the recipient of loans and leases for SMFM investments to be made available to TO. The SIF would enable urgent investment requirements to be financed by loans or leases thereby spreading the investment expenditures over time and avoid sudden substantial increases in spectrum fees and/or budget allocations to SMFM.”

The project was focused mainly on investment needs identification, on ways of their funding and on procurement procedures. It was not oriented to technical solutions of the tasks. The project proposed financing of the areas through a “State Investment Fund”. At the present, State Investment Fund (SIF) does not exist in the Slovak Republic. Establishing of a SIF is a long time period task, which must be
solved in co-operation with the Ministry of Finance, and beforehand, due legislation changes must be done. Therefore, the SIF could be established on 1st January 2001 at the earliest. On the basis of the project recommendations, the necessary steps for starting the process for establishing a SIF in the Slovak Republic will be initiated soon. Total investment needs for a 6-year period (1998 – 2003) were estimated in the Phare MPTP project to 410 million SKK (= 11.7 million USD, at the currency rate USD/SKK in the time of finalisation of the project). It means that average investment need for a year is around 1.95 million USD (1.84 MEUR).

* **Seminars/Conferences on topics:**
  Universal Service Obligations, Telecommunications Infrastructure Liberalisation, Cost Based Tariffs
  Open Network Provisioning, Telecommunications Licensing, Number Portability

* **National Regulatory Authority**
  Studies produced on Generic Policy, Definition of a Regulatory Authority, Conditions a Regulatory Authority May Define, Rights of a Regulatory Authority, Implementation strategies

* **Assistance for Drafting and Implementing Licensing Regulations and Procedures**
  Workshop I: Licensing framework and procedures; Draft legislation; Individual license
  Workshop II: Discussion of policy statement, Draft License Model, License Classification Note; CEEC presentations; Discussion of implications for implementing Licensing Directive,
  Workshop III: Finalisation of submitted reports

**PHARE Multicountry Programmes for Telecommunications FM 1997 (in implementation stage):**
* Telecommunications — Quality of Service
* Spectrum Management Practices
* Telecommunications Liberalisation and Standardisation

**Programme of the Dutch Government (PSO)**
The Programme consisted from projects as follows:
- “Legal advising in preparation of new telecommunications legislation” — already completed.
- “Improving Slovak frequency management system” — ongoing project
  - total budget 0.23 MEUR
  - SW for frequency monitoring (installation scheduled till the beginning of May’99)
  - training of 3 specialists to the software (planned on 9th – 19th May 1999)

**Conclusion:**
The submitted project “Telecommunications – Regulatory Framework Reform” does not repeat any of the previous PHARE (or other) projects. It uses information gained at the above mentioned projects and it is complementary to them.
Annex 5

List of relevant Laws and Regulations

Current Legislation

1. Act No.347/1990 Coll. on organisation of the Ministries and other state central authorities (Competency Law) + amendments
4. Decree of the Federal Ministry of Communications No.144/1973 Coll. relating to wireless telecommunications equipment operated outside the uniform telecommunications network;
5. Decree of the Federal Ministry of Communications No.73/1974 Coll. relating to common cable distribution frames for radio and television signals, as amended by Decree of the Federal Ministry of Communications No.360/1991 Coll.;
7. Decree of the Ministry of Transport, Posts and Telecommunications No.69/1997 Coll., stipulating the seats of regional telecom offices and their territorial coverage;

Legislation under preparation

1. new TELECOMMUNICATION ACT
2. Ministry Decree for Execution Process for the Telecommunication Law (new)
3. Ministry Decree on Liberalisation of Services, Networks and Terminal Equipments (new)
4. Ministry Decree on Using of Properties (new)
5. Ministry Decree on Regulation Process (new)
6. Ministry Decree on Universal Telecommunication Service (Telephone Order) (new)
7. Ministry Decree on Internet (new)
8. Ministry and Telecommunication Office Decree on Licensing (new)
9. Telecommunication Office Decree on Type Approval Process (new)
10. Ministry Decree on EMC (new)
Annex 6

Reference to relevant Government strategic decisions

1. Government Resolution No. 981/95 “State Telecom Policy”: The material stipulates priorities of the State Telecom Policy for the period 1995 – 2000. (Adoption of telecom legislation to that of EU, Liberalisation of telecom services, Creation of new regulatory framework, Slovak Telecom transformation, speeding-up of the technical development of telecommunications)

2. Government Resolution No.403/97 “Tariff Re-balancing Reform”: Time schedule for implementation of Tariff Mechanism Formulas in telecommunication in Slovakia

3. Government Resolution No.438/97 “Liberalisation of Telecom Market”: Time schedule for implementation of liberalisation of telecommunication services and telecommunication networks in Slovakia
STANDARD TWINNING PROJECT FICHE

Key Facts
1. **Country:** Slovakia
2. **Sector:** Telecommunications
3. **Beneficiary institution and contact persons:**
   1) Telecommunications Office of the Slovak Republic
      Jarošova 1
      830 08 Bratislava 3
      Slovakia
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4. **PHARE Programming 1999**
   No of project:
   Title of project: **Telecommunications - Regulatory Framework Reform**
   Budget: Total: 4,46 MEUR (Phare: 1,5 MEUR)

5. **Twinning component:**
   Title: 1. **Legislation**
   2. **NRA & Telecom Division of the Ministry of Telecommunications re-organisation**
   No:
   Total twinning project budget: 0.3 MEUR

Contextual Framework

6. **Most recent Accession Partnership**
   “Important decisions are needed to establish and implement a satisfactory policy for the telecommunications sector. Far reaching new legislation is needed to secure compliance with EU Directives, in particular to create a properly constituted regulatory authority. At the same time, the aquis now requires governments to ensure that modern telephone service is available everywhere at an affordable price. Meeting this obligation will require significant investment in the system.”

7. **Most recent NPAA:**
   Time schedule of tasks of the Slovak Government:
   - “Task No.62: - To elaborate a Concept of ensuring market environment in the area of telecommunications“ (task for MTPT and Antimonopoly Office) – till the end of June 1999
   - “Task No. 64: - To establish an independent National Regulatory Authority“ – year 2000 (task for MTPT)
Project Details

8. Objectives of the project

8.1 Broad Objectives
Institutional and administrative capacities in telecommunication regulatory framework reinforced.
1. NRA established in accordance with the new Law on Telecommunications
2. Legal framework for NRA operation improved (secondary legislation)
3. NRA & Telecom Division of the Ministry of Telecommunications successfully reorganised
4. Frequency management system effectively developed and implemented
5. Frequency monitoring system effectively developed and implemented

8.2 Guaranteed results/ Expected outputs
Effective functioning of the NRA
Guaranteed technical means for proper functioning of the NRA
Fully competent and skilled staff of the NRA

9. Scope of the twinning assignment:
- assistance in restructuring of NRA and Telecommunications Division of the Ministry
- assistance in finishing of secondary legislation
- assistance in selecting HW/SW for spectrum management and frequency monitoring
- training of the involved NRA staff

10. Required inputs:

10.1 Profile of the PAA (LT) for Legislation
- lawyer with experiences in preparation of new telecom legislation in some of EU Member State and/or European Commission
- knowledge of EU legal documents, especially in telecommunications
- some previous legislative advising in some of CEE country, especially in Slovakia, Czech Republic, Poland, Hungary and Estonia
- some experiences in Ministry/Regulatory Authority position
- English language (speaking & writing)

10.2 Profile of the PAA (ST) for NRA & Telecom Division of the Ministry of Telecommunications re-organisation
- Human Resources Development/Human resources Management expert
- expert with experiences in re-organisation of telecom regulatory bodies in some of EU Member State and/or European Commission
- knowledge of EU legal documents, especially in telecommunications
- some previous advising in some of CEE country, especially in Slovakia, Czech Republic, Poland, Hungary and Estonia
- some experiences in Ministry or state central administration position
- English language (speaking & writing)

10.3 Other components
- organisation of workshops, seminars, conferences on specific topics solved during project
11. Operating Environment/Implementation

There are three regulatory bodies in the telecommunications sector in the Slovak Republic:
- Ministry of Transport, Posts and Telecommunications (MTPT)
- Ministry of Finance (MF)
- Telecommunications Office (TO)

Other bodies such as Antimonopoly Office have competencies that marginally affect the telecommunication sector.

Competencies in Telecommunications Regulation are currently divided between MTPT and TO (e.g., licensing for public telecom networks and services is MTPT competence, licensing for non-public telecom networks and services is in the competence of TO). Price regulation is divided between MTPT (international tariffs, proposals of domestic tariffs) and MF (approval of domestic tariffs).

The Director of the TO is appointed by the Minister for Telecommunications.

The TO is financed from the State Budget.

The spectrum management and frequency monitoring functions of the TO need to be strengthened.

Adoption of the New Telecom Act is the crucial point for creation of an independent NRA. The draft New Telecom Act:
- stipulates independent status of the TO (director of TO appointed by Parliament or by the Government)
- clearly defines the TO and the Ministries competencies in the area of telecommunications regulation.

Planned time schedule of the New Telecom Act approval procedure is as follows:
- June ’99 - the Draft New Telecom Act should be submitted to the Legislation Board of the Slovak Government
- September ’99 – to the Parliament (expected)
- 1st January 2000 – entry into force (expected)

In direct connection with the Telecom Act approval, 9 new Ministerial Decrees will be completed and issued. (At present of those 40-70% is ready, and their final version depend on the approved content of the new Telecom Act.)

It is necessary, that immediately after the new Telecom Act adoption, the independent NRA for telecommunications starts functioning effectively.

It is necessary to:
- completely preparation of new secondary legislation to the new telecom Act
- set-up the organisation of the NRA, which will be based on the existing staff of MTPT and TO plus new specialists as required.
- transfer of regulation competencies from the Ministries to the NRA
- recruit new specialists to the NRA
- train the NRA staff to the new responsibilities
- implement the necessary steps.

To successfully complete the above, Phare will provide assistance by twinning experts (PAA) for:
- a) legislation
- b) NRA & Telecom Division of the Ministry of Telecommunications re-organisation

Co-financing by the recipient is foreseen for all the project components.

12. Other relevant projects in the sector

**PHARE National Programmes for Telecommunications for FM 1991:**

**Sectorial Reform in Czech and Slovak Republics (Assistance in Setting Telecommunication Office)**

The goals of the project were to define the mission and objectives of the Telecommunication Office (TO) in the Czech and Slovak Republic and how the both TO will operate, to develop procedures for key-subsystems within the regulatory process.
**PHARE National Programmes for Telecommunications for FM 1992:**
**Organisation and Methodology for Quality of Slovak Telecom services**
The goal was to set-up methodology and monitoring regime for monitoring of quality for Slovak Telecom services.

**PHARE National Programmes for Telecommunications for FM 1995**
**Assistance for preparation of new telecom legislation**
The goal was to support of Slovak Government in starting period on preparation of new telecom legislation.

**PHARE Multicountry Programmes for Telecommunications FM 1995**
**Cost Allocation Tools for Telephony Services**
Developing of standard cost allocation tool, training and installation

**PHARE Multicountry Programmes for Telecommunications FM 1996**
**Interconnection of Telecommunications Networks**
Workshop I: Relevant EU Legislation,
Workshop II: Acquis Communautaire EU Directive on Interconnection presented,
Workshop III: Models of Interconnection Agreements (legal, technical & financial issues),

**Spectrum Management and Frequency Monitoring**
Workshop I: International best practice report for frequency allocation, assignment, licensing procedures, monitoring and enforcement; Financial aspects & information for contact with International financial institutions and manufacturers; Questionnaire for Fact finding missions,
Workshop II: Discussion on results of country visits,
Workshop III: Presentation of Plans of action for each participating country (frequency management, current charge systems and relevant regulation),

**Seminars/Conferences on topics:**
Universal Service Obligations, Telecommunications Infrastructure Liberalisation, Cost Based Tariffs
Open Network Provisioning, Telecommunications Licensing, Number Portability

**National Regulatory Authority**
Studies produced on Generic Policy, Definition of a Regulatory Authority, Conditions a Regulatory Authority May Define, Rights of a Regulatory Authority, Implementation strategies

**Assistance for Drafting and Implementing Licensing Regulations and Procedures**
Results:
Workshop I: Licensing framework and procedures; Draft legislation; Individual license
Workshop II: Discussion of policy statement, Draft License Model, License Classification Note;
CEEC presentations; Discussion of implications for implementing Licensing Directive,
Workshop III: Finalisation of submitted reports

**PHARE Multicountry Programmes for Telecommunications FM 1997 (in implementation stage):**
- Telecommunications — Quality of Service
- Spectrum Management Practices
- Telecommunications Liberalisation and Standardisation

**Programme of the Dutch Government (PSO)**
The Programme consisted from projects as follows:
- “Legal advising in preparation of new telecommunications legislation” – already completed.
- “Improving Slovak frequency management system” – ongoing project
  - total budget 0.23 MEUR
  - SW for frequency monitoring (installation scheduled till the beginning of May’99)
  - training of 3 specialists to the software (planned on 9th – 19th May 1999)
Annex: **Background information on the beneficiary institutions:**

**Ministry of Transport, Posts and Telecommunications of the Slovak Republic**
The Ministry is the central body of the State Administration for Postal and Telecommunication Sectors. The Ministry is in the Telecom Sector responsible for:
- the State Telecommunication Policy,
- the Telecommunication Legislation,
- preparation and implementation of Strategic Aims,
- it represents the Slovak Republic in International Governmental Telecommunication Organisations,
- it is the Regulatory Body for Public Telecom Services and Networks provided inside the UTN,
- setting-up of International Tariffs,
- the control of radio-frequency bands usage for all Sectors,
- it manages the Telecommunication Office.
The Ministry is founder of the Slovak Telecom, joint stock company with 100% state ownership.

**Telecommunication Office of the Slovak Republic**
The Telecommunication Office of the Slovak Republic (TU SR) and Regional Telecommunication Offices (OTUs) are the State Administration Authorities responsible for Telecommunications. They perform the Function of a Regulatory Body in Telecommunications by granting Permissions for Non-public Networks and Services provided outside the UTN and also Function as a Special Office for Construction.
The TU SR is responsible for the following functions:
- protection of Rights of Users and Operators of Telecommunication Networks and Services (the second Level of the Claims and Disputes Administration System),
- Management of Frequency Spectrum,
- regulation of Networks and Services outside the UTN,
- Type Approval Process in Telecommunications,
- granting Permissions for Installation, Change, Maintenance and Modernisation of Terminals connected to the UTN,
- granting Permissions for Installation and Operation of Radio-Transmission Equipments,
- performing State Inspection in Telecommunications and of State Supervision over the Usage of Frequency Bands,
- granting Permissions for Telecom Construction Activities,
- Sanctions activities,
- Managing the Regional Telecommunication Offices.
The Seat of the TU SR is Bratislava.

**Regional Telecommunication Offices (OTUs)**
They provide the Functions of State Administration Authorities and Regulatory Bodies for Telecommunications on the Regional Level in 8 geographic Regions. They are responsible especially for the following functions:
- protection of Rights of Users and Operators of Telecommunication Networks and Services (the first Level of the Claims and Disputes Administration System),
- regulation of Networks and Services outside the UTN,
- granting Permissions for Installation, Maintenance, Establishment and Operation of Telecommunication Terminals excluding Radio Equipment,
- Sanctions activities,
- performing of the State Inspection in Telecommunications.
The OTUs Offices are located in Bratislava, Trnava, Nitra, Trenčín, Banská Bystrica, Žilina, Košice and Prešov.