STANDARD SUMMARY PROJECT FICHE

1. Basic information
1.1 Project Number: SR0106
1.2 Title: Rail Sector Harmonisation
1.3 Sector: Transport
1.4 Location: Slovak Republic

2. Objectives:

2.1 Wider objectives

a) Liberalisation and promotion of competition in transport market
b) Enhancement of quality and effectiveness of the railway transport services

2.2 Immediate objectives:

- The railway sector operational according to EU standards (Directives 91/440/EC as amended, 95/18/EC as amended and future acquis in this area, including the new Directives replacing Directive 95/19 and the New Directive on conventional interoperability)
- Support to the establishment of Independent Rail Regulatory Body (IRRB).

2.3 Accession Partnership and NPAA Priorities:

Accession Partnership – medium-term priorities:
Transport: “align rail transport rules”

2000 NPPA

In the areas of access to the market and accounting systems, compliance has been achieved with Council Decision 82/529/EEC on the fixing of rates for the international carriage of goods by rail and 83/418/EEC on the commercial independence of the railways in the management of their international passenger and luggage traffic. The provision of Council Regulation 11/60/EEC concerning the abolition of discrimination in transport rates are fully implemented. Conditions have also been created to secure the implementation of Council Regulations 2830/77/EEC on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings and 2183/78/EEC laying down uniform costing principles for railway undertakings. Existing provisions in the Slovak Republic allows for enable a system of calculation of costs as foreseen in the above-mentioned Regulations.

Compliance with Council Directive 95/19/EC on the allocation of railway infrastructure capacity and the charging of infrastructure fees has not been achieved. No system for the allocation of railway infrastructure capacity has been elaborated and no special authority
allocating this capacity has been established. An agreement must be concluded between the rail operator (the Railways of the Slovak Republic) and transport operators in this respect.

3. Description

3.1 Background and justification

The Government is preparing the restructuring of the Railways of the Slovak Republic into a 100% state owned joint-stock company. The project was approved by the government on 18 October 2000 and anticipates that inter alia, the Railways of the Slovak Republic will be transformed into 2 separate legal entities (enterprises), one of which will act as infrastructure manager and the other as railway operator (providing transport services in passenger and freight transport). The gradual privatisation of the undertaking carrying out the activities of a railway operator with the participation of both domestic and international entities, is expected by 2005. At the same time, the undertaking should be divided into two companies - one operating passenger transport and the other freight transport.

The restructuring Project of the Slovak Railways foresees that the Slovak Railways will align the Slovak legislation to the applicable E.U. primary and secondary legislation, including the establishment of new independent regulatory authority. The restructuring Project was prepared with the EU technical assistance financed by EIB.

Primary legislation will be based on the new Act on Railways, which is under preparation. Drafting of secondary legislation will follow. It is in mutual interest of Slovakia and EU that this legislation is compatible not only with existing EU legislation, but also with EU legislation that is under preparation and will be in force at the time of accession of Slovakia to the EU. The Slovak government has set 1st January 2004 as a reference date for accession.

Currently, control and permissions in the field of technical parameters and safety standards fall within the competence of Rail Permanent way Administration Office. This competence will be transferred to the future regulatory body. As Slovak Railways has been so far the only existing operator in this sector, there has been so far no need to regulate access of other operators to the use of permanent way. In the framework of the liberalisation of transport market, other operators are expected to make use of the infrastructure. The awarding of licenses and the general regulation of access for new operators will fall within the competence of the new regulatory body - IRRB.

The establishment of the IRRB will be necessary in the framework of the alignment process, for the following reasons:

- Need to provide the lines to various carriers
- Liberalisation of transport market
- Need of allocation of infrastructure and lines
- State quality assessment and approval of rolling stock and infrastructure
- State control and approval of rolling stock and infrastructure, in terms of their impact on environment


**Linked activities**

- Restructuring Plan of the Slovak Railways approved by Government in October 2000
- Separation of Railways into two independent undertakings, one for infrastructure and other for operation

**3.2 Results**

The following results will be achieved through the implementation of this programme:

- The Slovak Rail Act implemented in compliance with EU Directives 91/440, 95/118 and new directives currently under preparation.
- The Independent Rail Regulatory body strengthened in line with acquis

**3.3 Activities**

The following activities are foreseen in the course of programme implementation:

1. For the achievement of Result 1, assistance in the transposition into the Slovak legislation of Directives 91/440, 95/18 and new directives currently under preparation and in their implementation will be provided through:

   - Review of Slovak legislation (primary and secondary) in the field of railways and its compatibility with the acquis
   - Drafting of the necessary primary and secondary legislation to ensure alignment with the railway related acquis
   - Advising on setting up of the necessary administrative structures to implement the acquis

2. For the achievement of result 2, assistance to the IRRB will be provided in order to assure its function in conformity with EU standards. To this end, the project foresees what follows:

   - The transfer of EU know-how on rail regulatory body operation
   - Assistance in the establishment of the organisational and operational structure of IRRB
   - (Identification of personnel, financial and technical needs, Drafting of IRRB Operational Rules and guidelines)
   - Strengthening of the professional capacity of the IRRB staff through adequate training

**Means**

The following experts will be needed to carry out the project tasks through Twinning:

One long term Pre-Accession Advisor (18 months), the project’s team leader, who will have the overall responsibility of supervising the transposition of EU legal expertise into the Slovak transport legislation.
He/she will assist the Slovak authorities in drafting the Slovak Railway Legislation and its implementation in line with the acquis communautaire.

He/she will co-ordinate the assistance to the newly established Independent Rail Regulatory Authority (IRRA) and will supervise the drafting of guidelines and operational rules for its implementation in line with the acquis.

The PAA should have the following profile
- University degree in a relevant field
- senior official (with at least 10 years of relevant experience) from relevant rail transport authority of a EU Member State
- proven management skills
- experience in the implementation of relevant EU directives.
- good command of written and spoken English

Two short-term seconded officials (input 4 months) will be responsible for tasks related to activities 1:
- review of relevant Slovak legislation (primary and secondary) to verify its compatibility with the acquis communautaire,
- assist in drafting amendments to the Slovak Railway legislation in line with the acquis communautaire,
- identify the most appropriate ways for its implementation.

Experts should have the following profile:
- at least 7 years of working experience in a transport ministry or independent regulatory authority for rail transport
- experience in implementing EU transport directives
- good command of written and spoken English

Two short-term seconded officials from a relevant EU transport authority (input 4 months) will be responsible for tasks related to activities 2:
- assist in drafting of IRRA Operational Rules and Guidelines,
- assist in identifying the financial, technical and personnel needs,
- assist in co-ordinating the training of IRRA staff.

Experts should have the following profile:
- 7 years of working experience in transport ministry or independent regulatory authority for rail transport
- experienced in operation and management of transport regulatory authority and human resource management
- good command of written and spoken English

A pool of short-term experts will support the above mentioned seconded officials in particular as regards the training activities and the transfer of know-how from Independent Rail Regulatory Authorities existing in the member states to the newly established IRRA in Slovakia.
Experts should have the following profile: officials from an EU transport authority, experienced in the operation, management and administration of Transport Regulatory Authorities. Good command of written and spoken English

4. Institutional Framework:

Recipient:

The Ministry of Transport, Posts and Telecommunications will be in charge of the overall coordination of the project activities. The project team will be set up, with the team leader nominated by the Railway Section of the Ministry of Transport, Posts and Telecommunications – Railway Section.

Beneficiary: Ministry of Transport, Posts and Telecommunications – Railway Section.

5. Budget: (in EUR):

<table>
<thead>
<tr>
<th>Phare support</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare</th>
<th>National Co-financing(*)</th>
<th>Total</th>
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<tbody>
<tr>
<td>Twinning</td>
<td>500.000</td>
<td>500.000</td>
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<td>500.000</td>
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<td>Total</td>
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</table>

(*) The Slovak authorities will provide adequate office space, equipment, telephone and fax facilities to the PAA and short-term experts

6. Implementation Arrangements:

6.1 Implementing Agency

Central Finance and Contracting Unit (CFCU)
PAO: Milan Michalička
Mlynské Nivy 61, Bratislava
tel: 421 753418093
fax.: 421 753418095

6.2 Twinning

The project will be carried out through a twinning arrangement between the Ministry of Transport of the Slovak Republic and the relevant authority of the selected EU Member State.

Contact person for the Beneficiary:

Mr. Dusan Pajdlhauser, Director General
Ministry of Transport, Posts and Telecommunications
Rail Transport Section.
tel: 421 752442275
fax.: 421 752442274

6.3 Non-standard aspects: not relevant
6.4 Contract: One twinning covenant for a total amount of EUR 500 000

7. Implementation Schedule:
7.1 Start of call for proposals: 4th quarter 2001
   Twinning covenant signed: 2nd quarter 2002
7.2 Start of project activity: 2nd quarter 2002
7.3 Partial result of the monitoring of regulatory bodies in July 2002
7.4 Project completion: end of 2nd quarter 2003

8. Equal opportunity

Equal opportunity for women and men for participation in the project will be ensured.

9. Environment: not applicable

10. Rate of Return: not applicable

11. Investment criteria: not applicable

11.2 Co-financing
Co-financing will be guaranteed by the Slovak authorities through provision of adequate
office space, including communication facilities for the whole team of experts involved

11.3 Additionality: not applicable.

11.4 Project readiness: project can be implemented immediately.

11.5 Sustainability

Transposition of EU legislation and establishment of the IRRB is a long-term measure,
necessary for a proper functioning of the rail market.

11.6 Compliance with state aids provisions
Project is in compliance with regulations concerning state aid.

11.7 Contribution to National Development Plan: not applicable.

12. Conditionality and sequencing
Implementation of project is conditional upon:
• Adoption of the Slovak Rail Act by the Slovak Parliament by the end of 2001
Annexes to the Project Fiche

1. Log-frame planning matrix in standard format
2. Detailed implementation chart
3. Implementation time chart
4. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
5. List of relevant government decisions
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<tr>
<td>Overall Objective:</td>
<td>Objectively verifiable indicators</td>
<td>Source of verification</td>
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<tr>
<td>• Liberalisation and promotion of competition in transport market</td>
<td>• Various domestic and international carriers operating in Slovak Railroads</td>
<td>• Statistical Yearbook of Slovak Republic</td>
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<td>• Enhancement of quality and effectiveness of the railway transport service</td>
<td>• Effectiveness of Slovak Railways increased by 5% in the year 2003</td>
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<td>Project purpose</td>
<td>Objectively verifiable indicators</td>
<td>Source of verification</td>
<td>Assumptions</td>
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<td>• The railway sector operational according to the EU standards (Directives 91/440/EC, 95/18/EC and 95/19/EC consequently being replaced by the new directives currently under preparation and the New Directive on conventional interoperability) and support to the establishment of Independent Rail Regulatory Body</td>
<td>• 90% of concerned EU railway legislation transposed by the end of the Year 2003</td>
<td>• Annual Report of the Ministry of Transport</td>
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<td>• Progress report by EU</td>
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<td>Results:</td>
<td>Objectively verifiable indicators</td>
<td>Source of verification</td>
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<td>1 The Slovak Rail Act implemented in compliance with EU directives 91/440, 95/118 and new directives being prepared</td>
<td>• Legislation compliant with EU standards by 90% in place by the end of the Year 2003</td>
<td>• New Act on Slovak Railways</td>
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<td>2 The Independent Rail Regulatory Body (IRRBB) strengthened in the line with acquis</td>
<td>• The IRRB functional in the line with acquis with 95% of its planned capacity is mobilised by the end of the Year 2003</td>
<td>• Numerous secondary legislative provisions</td>
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<td>• Progress report by EU</td>
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<td>• Annual Report of the Ministry of Transport</td>
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<td>• Annual Report of IRRBB</td>
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<td></td>
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<td>• Licence and authorisations issued by the IRRBB</td>
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<td>Activities</td>
<td>Means</td>
<td>Specification of cost:</td>
<td>Assumptions</td>
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<tr>
<td>1. Assistance in transposition of Directives 91/440, 95/118 and new Directives to the Slovak legislation and in its implementation:</td>
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<td>• Effective co-operation between Slovak and twinning experts</td>
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<tr>
<td>1.1 Review of Slovak legislation (primary and secondary) in the field of railways and as compatibility with the acquis</td>
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<td>• Relevant legislation approved by the Slovak Parliament</td>
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<td>1.2 Drafting of the necessary primary and Secondary legislation to ensure alignment with the railway related acquis</td>
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<td>• Budgetary and material provision as well as staffing supplied adequately</td>
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<td>1.3 Advising on setting up of the necessary Administrative structures to implement acquis</td>
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<td>500.000 EUR</td>
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<td>2 Assistance to the Independent Rail Regulatory Body to assure his function compliant with EU standards</td>
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<td>2.1 EU know-how transfer on IRRB operation</td>
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<td>2.2 Assistance in the establishment of the organisational and operational structure of IRRB (Identification of personnel, financial and technical needs, Drafting of IRRB Statute and Operational Rules and Guidelines)</td>
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<td>2.3 Strengthening of the professional staff of IRRB by adequate training</td>
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<td>500.000 EUR</td>
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**Preconditions**

- Adoption of the Rail Act by the Slovak Parliament by the end of 2001
- Establishment of the IRRB by January 2002
DETAILED IMPLEMENTATION CHART FOR PROJECT

RAIL Sector Alignment

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<tr>
<th></th>
<th>2002</th>
<th>2003</th>
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<tbody>
<tr>
<td></td>
<td>1st</td>
<td>2nd</td>
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<tr>
<td>Start of project</td>
<td>X</td>
<td></td>
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<tr>
<td>1. Assistance in transposition of legislation</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Report on recommendations for Slovak legislation</td>
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<tr>
<td>2. Assistance to the IRRB</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Report on recommendations for IRRB</td>
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</table>
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (in EUR)

**Rail Sector Alignment**

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<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
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<tbody>
<tr>
<td></td>
<td>1st</td>
<td>2nd</td>
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<tr>
<td>Contracted</td>
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<tr>
<td>Disbursed</td>
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<td>250</td>
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</table>
List of Relevant Laws and Regulations

- EC Directive 91/440 on separation of infrastructure and operation
- Government resolution no. 830 as of 18 October 2000 on Project of Transformation of Slovak Railways
Reference to relevant Government strategic plans and studies

The project is in accordance with the Updated Principles of the State Transport Policy approved by the Slovak Government Resolution 21 as of 12 January 2000.