



Aid Coordination Unit

**Minutes of the Sectoral Monitoring Subcommittee Meeting
INTERNAL MARKET DEVELOPMENT**

1.	Location: Bôrik Hotel, Bratislava
2.	Date: 11 May 2006
3.	Participants: Ms Kornélia Čajková, Aid Coordination Unit, Office of Government of the SR Ms Magdaléna Srncová, Aid Coordination Unit, Office of Government of the SR Mr Milan Petro, Aid Coordination Unit, Office of Government of the SR Ms Soňa Gabčová, Aid Coordination Unit, Office of Government of the SR Ms Andrea Daubnerová, Head of Phare/TF Unit, National Fund, Ministry of Finance of the SR Mr Tomáš Adamkovič, National Fund, Ministry of Finance of the SR Ms Martina Galabová, Central Finance and Contracting Unit, Ministry of Finance of the SR Mr Miroslav Škvarka, Central Finance and Contracting Unit, Ministry of Finance of the SR Ms Veronika Konická, Central Finance and Contracting Unit, Ministry of Finance of the SR Mr Vojtech Kišš, Central Finance and Contracting Unit, Ministry of Finance of the SR Ms Elena Benková, Statistical Office of the SR Mr Juraj Gavora, Ministry of Environment of the SR Ms Miroslava Tužinská, Ministry of Environment of the SR Ms Eva Karasová, SPO, National Bank of Slovakia Ms Monika Čunderlíková, National Bank of Slovakia Mr Matej Dostál, Deputy SPO, Ministry of Finance of the SR Ms Lucia Vakulová, Ministry of Finance of the SR Ms Nadežda Nikšová, Deputy SPO, Office of Geodesy, Cartography and Cadastre of the SR Ms Michaela Špetková, Office of Geodesy, Cartography and Cadastre of the SR Ms Eva Kolesárová, SPO, Ministry of Agriculture of the SR Ms Michaela Motajová, Ministry of Agriculture of the SR Ms Iveta Krbáčová, Deputy SPO, Ministry of Health of the SR Mr Mikuláš Turner, SPO, Nuclear Regulatory Authority of the SR Ms Jarmila Rácová, Nuclear Regulatory Authority of the SR Mr Miroslav Lupták, Regulatory Office for Network Industries Ms Zuzana Rajčoková, SPO, Ministry of Culture of the SR Ms Erika Kraslanová, Office of Standards, Metrology and Testing of the SR Ms Dagmar Gombitová, Phare Interim Evaluation Cell, D&D Consulting Mr Pavel Tomasta, Transition Facility Interim Evaluation Cell, CEEN
5.	Minutes taken by: Aid Coordination Unit
6.	Minutes approved by: SMSC members by written procedure

Agenda of the Meeting

1. Sectoral Component Monitoring Reports
 - taking stock of the implementation of the projects covered by the SMSC
 - recommendations for improvement of the programmes/ projects' implementation
2. Proposals for project fiche modifications, reallocations and extensions
3. On-the-spot monitoring conducted by the European Commission
 - 3.1 European Commission's proposal for updating of project fiches after contract signature
 - 3.2 Monitoring of publicity and visibility requirements
4. Conclusions, suggestions for the Joint Monitoring Committee

The Sectoral Monitoring Sub-committee (SMSC) meeting was chaired by Ms Kornélia Čajková, on behalf of the Aid Coordination Unit (ACU) Director. She reminded the purpose of the SMSC

meeting and informed about the upcoming Joint Monitoring Committee (JMC) meeting scheduled for 15 June 2006.

The above-mentioned agenda was adopted.

Ad 1) Sectoral Component Monitoring Reports

Ms Čajková introduced the Sectoral Component Monitoring Reports (MR) issued by the ACU covering the period from 31 August 2005 to 28 February 2006 (cut-off date).

Agriculture, Cadastre and Statistics

Agriculture

2003 Support of Agricultural Food Chain in Comprehensive Food Safety Policy

TWL: trainings took place in four different regions (Bratislava, Košice, Nitra, Žilina) with participation of veterinary inspectors of eight different regions in Slovakia during October 2005 – February 2006. Three study visits for CCTIA and one study visit for SVFA were organised. The PIU hold four Steering Committee meetings concerning inception, quarterly and final reports. Activities were finished till 15 February 2006. Invoice from SVFA to EPLC concerning interpretation was not paid till the end of monitoring period. Final Report was signed by SPO after SVFA confirmation of reimbursement of interpretation costs on 21 April 2006.

INV: all equipment from the first tender has been delivered; the equipment from the second tender is being delivered.

2003 Veterinary and Phytosanitary Border Inspection Posts – II. Phase (Bratislava Airport BIP)

TW: finished last year with all activities carried out (veterinary and phytosanitary inspectors are well prepared for the practical controls at the BIP).

INV: all equipment from the first tender has been delivered; the equipment from the second tender is being delivered.

2003 Animal Protection during Transport

TWL: successfully finished in February 2005 by achieving all benchmarks of all activities assigned in ToR.

INV: the SVFA used the savings in the amount of € 3 600 by procuring additional supporting devices making the already procured HW more sufficient and versatile. The device was delivered and installed on 2 December 2005.

TA: implementation is ongoing.

2003 UIBF Monitoring of the Classical Swine Fever (CSF) in Wild Boar

TWL: finished in August 2005. Vaccination campaign against CSF in wild boar was prepared by the Slovak side and all foreseen activities were conducted in time. The data provided by the Slovak authorities were suitable for evaluation of the monitoring system. The workshops and study visits contributed to the success of the project.

2003 UIBF Audit Assistance to the Agricultural Paying Agency in Execution of Audit of Guarantee Section in Agricultural Paying Agency

Originally TWL turned to TA and re-titled *Preparation of Trainings Plan and its Accomplishment in Areas Important for Execution the Internal Audit to the Agricultural Paying Agency*. On 15 December 2005 the first meeting of the Steering Committee took place, the inception report was eventually presented on 12 January 2006. Project activities are in the course of implementation. Addendum was prepared concerning one new expert for the trainings.

2004 Strengthening Control Systems in the Area of Food Safety

Supply: contracts for two parts were signed on 15 May 2006 (delivery date is three months after contract signature). Contract for the third part of supply is being prepared.

TWL: contract signed on 21 April 2006. Kick-off meeting was held on 23 May 2006. Project is in the course of implementation.

TW: contract was signed on 11 October 2005. Project is in the course of implementation. The Second Quarterly Report was delivered to all participants of the third Steering Committee that was held on 3 May 2006.

2004/016-764.08.03 UIBF Technical Assistance for enhancement of the Control Section of the Agricultural Paying Agency

TA: contract was signed on 28 April 2006. Project is in the course of implementation. The first meeting of Steering Committee took place on 15 May 2006.

2004/016-764.08.03 UIBF Data Synchronisation for the Central Variety Register

TA: tender launched on 9 May, deadline for submission of offers on 3 July 2006.

2005 Reinforcement of the Agricultural Paying Agency's Administrative Capacity in the Field of Market Organisation

TA: draft ToR was delivered to the CFCU in time (i.e. by the end of Nov. 2005), tender to be launched in 4Q 2006.

2005 Strengthening of the Management Capacity of the CCTIA in the Area of Organic Farming –

TWL: DPF under preparation, to be circulated in 4Q 2006.

2005 Enhancement of the APA and Implementation of the Single Payment Scheme according to the Reformed CAP

TA: draft ToR was delivered to the CFCU in time (i.e. by the end of Nov. 2005), tender to be launched in 4Q 2006.

2005 Reinforcement of the National Control System for Forest Reproductive Material

TA: draft ToR was delivered to the CFCU in time (i.e. by the end of Nov. 2005), tender to be launched in 4Q 2006.

Supply: TS under preparation, tender to be launched in 4Q 2006.

The CFCU invited the Agriculture Ministry to determine priority projects to start the preparation of tender dossier.

Cadastral

2003 Land Administration and Cadastral Infrastructure – TWL: fully and successfully implemented in 2004. TA: the project is mostly implemented, the project team identified the necessity to prolong the duration of component B – System integration until 30 June 2006, the addendum to contract was prepared and approved by the CFCU. Resulting from the new situation in the component B of the project, the project team updated time and resource planning, where concrete shifts and prolongation of particular project phases were taken into consideration as well as reallocation of man/days. The tendering procedure for the Supply Component I for Hardware and System Software was not successful and tender was cancelled due to the purposely raised objections from unsuccessful candidates. Request for project fiche modification has been prepared to finance this component from State Budget Phare reserve in a form of parallel co-financing with extended disbursement deadline. The tendering procedure for the Supply Component II for the Hardware and System Software was successful and the contracts with successful tenderers were

signed in December 2005. Currently the Supply II is at the stage of the equipment delivery and final acceptance.

2004 Strengthening the Efficiency of Cadastre Services – TWL: DPF under preparation by beneficiary and shall be submitted to the CFCU in June and circulated in July 2006. TA: draft ToR received on 9 March 2006, tender dossier under preparation, tender to be launched in May 2006. Supply: beneficiary is working on the TS, which shall be submitted to the CFCU in June and tender to be subsequently launched in July 2006.

Statistics

2002 INTRASTAT – implementation of the project was finished at the end of the year 2005. Within the project, all activities were gradually carried out. The experts explained the different methods of imputation and different way of calculation of price indices, different principles of imputation were tested, analysis of data as to their quality and, testing of trends in foreign trade of selected reporting units, were done and also use of statistical methods on prediction of development of import and export. Analysis was focused on testing of quality of data, help-desk staff and the users of this system were trained as well. Activity was also oriented on promotion campaign amongst the daily users of INTRASTAT-SK system. Analysis of technical environment, new hardware and software were ensured as well.

2002 REGSTAT – all parts of the project were carried out on time and project objectives were met. Data are stored in “data cubes” with different dimensions and the system allows work with data in accordance with the methodology, functionality and technology of EU standards and the needs of users. Within the project a new Internet portal and application tools for user-friendly on-line access of users to regional statistical information were designed. Recently, the developed REGSTAT system has been implemented into practice in the real environment of the SO SR.

2003 Enforcement of New Acquis in the Field of Statistics – project activities are being implemented without major difficulties. Contract for software development (part Financial accounts) in amount of 343 666 EURO was signed on 30 November 2005, contract for Iron and steel statistics was signed on 5 August 2005. The goods were delivered.

2004 Use of Administrative Sources for Enhancement and Improvement of the Statistical Information System – the contract with TWL partner Statistics Denmark was signed on 5 January 2006. The kick-off meeting took place on 7 February 2006 and an introductory seminar on 14 February 2006. Consultation of Statistics Denmark experts with individual administrative sources on providing and exchanging data will follow. TA tender was launched on 31 January 2006, evaluation commenced on 27 March 2006, applied remedies were rejected, contract to be signed in June 2006.

UIBF 2004 Supplement of Software for INTRASTAT-SK System – tender to be launched in July 2006.

Environment, Energy and Transport

Environment

Three projects were implemented under FM 2002 (Discharges of Dangerous Substances into Aquatic Environment; IPPC; Conservation of Natural Habitats and of Wild Fauna and Flora). Overall, all envisaged objectives were achieved as planned in programme and contract documents. However, there are technical problems as regards supplied PCs under 2002 project *Conservation*

of Natural Habitats and of Wild Fauna and Flora. The independent expert company will prepare a new analysis by 31 May 2006. On the basis of its findings and conclusions, the lawyer expert consultation regarding the quality of the supply is planned.

As regards five FM 2003 projects, the situation is as follows: 1) *Institutional and Capacity Building in the Environment Sector* – TW and Supply successfully finished, TA SW development to be finished by the end of May 2006. 2) *Bio-safety Monitoring System* – successfully finished, laboratory equipment was delivered. 3) *Implementation of Council Directives on Electric and Electronic Scrap* – cooperation with the contractor is smooth, in-depth quarterly report analysing the current state of play was issued, second Steering Committee meeting to be held on 25 May 2006. 4) *UIBF Institutional Strengthening of the Management of Equipment Containing PCB* – implementation is ongoing without any difficulties, study trip to the Netherlands was organised. 5) *UIBF Capacity Building for Effective Implementation of Environmental Acquis through Environmental Investment Projects* – implementation is ongoing.

2004 UIBF Establishment of the Type Specific Reference Conditions for Classification of the Ecological Status – contract with Finnish partner was signed on 21 October 2005, implementation is ongoing without any problems.

2004 UIBF Selection of National Lake and Water Reservoir Monitoring Network Compatible with EEA Monitoring Network – tender dossier is under preparation and tender to be launched in June 2006.

2005 Establishment of the Environmental Quality Standards for Water and Strengthening of Regional and District Environmental Offices for Implementation of Water Controls and Monitoring – TW: partner selected, draft TW workplan still not approved by the EC Steering Committee. TA: ToR under preparation, tender to be launched in 1Q 2007.

Energy

2003 Technical Support in Establishing National Agency for Radioactive Waste Management consist of two parts. The supply contract is implemented according to schedule, without difficulties so far. TA delivered two proposals for establishing the National Agency. Contractor advises to establish the agency under a new law. Ministry of Economy as the beneficiary asked the contractor to submit more proposals.

ToR and TS for *2004 Improvement of the Management and Institutional Radioactive Waste* were sent to the CFCU in April 2005 to prepare tender dossier. Currently, CFCU asked the SPO for more intensive co-operation to prepare the public procurement documentation following the changes in implementation of the new public procurement law of February 2006. Duration of the project is planned for 18 months. Both tenders (TA and supply) are expected to be launched in May-June 2006.

Project 2005 Development of an Information and Tracking System for Radioactive Waste and Spent Fuel – ToR is under preparation and tender should be launched in the third quarter 2006.

2005 Preparation for the Opening of the Market in Electricity and Gas to Household – the EC sent positive binding opinion by the end of April 2006. TW Contract is prepared for signature by contracting authority. Project implementation is in delay in comparison what was planned in PF. Beneficiary emphasized the necessity to start implementation as soon as possible.

Transport

2004 Capacity Building in the Area of Road Transport (enforcement of social legislation) – TWL contract notified on 4 April and kick-off meeting held on 25 April 2006, the preparation of training courses and training documents is ongoing.

Internal Market

Finance

As regards 2003 UIBF project *Strengthening of the Ministry of Finance Administrative Capacity for Providing Official Development Aid*, the project activities commenced in January 2006. The project is implemented without difficulties so far. Currently, the international conference is being prepared.

Project 2004 *Strengthening Public Finance Management* consists of three sub-projects. Implementation of the *Improving Public Finance Accounting and Reporting System* has started, the inception report was approved. The tender dossier for *Strengthening the Monitoring & Evaluation System of Public Funds* is being prepared by the CFCU and beneficiary and the tender should be launched in June 2006. The tender dossier preparation is heavily delayed as regards the *State Treasury* sub-project (TA). The SPO will ask the beneficiary to intensify the cooperation with the CFCU and the SPO himself by preparing the ToR. The project was identified by the CFCU as a risky one from the contracting point of view.

TW project 2004 *Systematic Changes in Tax Audit* is implemented without any difficulties. First two Quarterly Reports were approved by SPO on 14 February and 2 March 2006.

Implementation of 2004 *Capacity Building in the Area of Internal Audit* TW project started, the inception report was approved by beneficiary.

Customs

The supply contract for 2003 *Equipment Supply to the Slovak Customs Laboratory* was signed in November 2005. The delivery of equipment is without any difficulties so far.

Two supply contracts for 2003 *X-ray Inspection Systems for Protection of the Future EU External Border* were signed. Partner institutions have eight months to deliver equipment. Delivery of Mobile X-ray System is without difficulties so far. In April 2006, because of technical problems, the contractor together with SCA identified that the Fixed X-ray cannot be installed in Čierna nad Tisou as it was originally planned. They identified the railway station Mat'ovce as an appropriate place of delivery for relevant equipment. Unfortunately, there is some building work needed to be done before equipment instalment. SCA requested CFCU to prolong the project implementation period within Financing Memorandum. CFCU agreed the extension with the contractor. Consequently, SCA/CFCU via NAC/NAO is requesting the EC for approval of the disbursement deadline extension for this project (and for Financing Memorandum 2003) with the aim of achieving the results and objectives of the project in the most efficient and effective way.

Implementation of 2003 UIBF *Strengthening of Administrative Capacity of Slovak Customs Administration* started, the inception report was approved on 13 April 2006.

2003 UIBF *Implementation of the Naples II Convention* project activities were implemented but project is not officially finished for administrative reason. In February 2006 the CFCU decided

that all expenses incurred after the official end of the project's contract will be covered by the Customs Directorate. Payment has not been disbursed yet.

Tender dossier of *2004 Strengthening of the Anti-fraud Traffic Control Systems at the EU External Border* is being prepared by beneficiary and the CFCU. PIN republished in March 2006, tender to be launched in June 2006.

The TWL contract *UIBF 2004 Training Focused on Handling Informants* was signed in January 2006 with Netherlands Ministry of Finance as a twinning partner. The activities are being delivered properly. Inception Report was approved on 27 February 2006.

Banking

2003 Support to the Implementation of the Risk Based Supervision – TA sub-project: in relation to current needs of the supervision of the financial market, particularly capital market, insurance and pension funds, the contractor agreed on forthcoming activities, which should further develop the results achieved under the former project. The key element will remain a continued training of regulators in specific seminars. Activities are prepared in line with the agreed arrangements with beneficiaries, the second interim report was approved by the steering committee without major comments. As regards the Design of SW for the Capital Market Supervision sub-project, the contract was signed on 30 November 2005. The integral part of the supply is SW installation and testing, providing all related documentation and training of the programme users, developers and technicians. As of 1 January 2006, the FMA merged with the NBS and this change led to the need of reevaluating the compatibility of the application with the existing IS in order to prevent any complications. The contractor is currently preparing an inception report and clarifying the time plan of the activities.

Ad 2) Proposals for project fiche modifications, reallocations and extensions

As regards *2003-004-995-02-01 Land Administration and Cadastral Infrastructure*, the tender for project's supply component I – Supply of Equipment, Software and Software System for Permanent Global Navigation Satellite System (GNSS) was launched late, formal objections logged by unsuccessful tenderers prevented the CFCU from signing the contract by 30 November 2005, the contracting deadline was missed and the tender had to be cancelled. Slovak authorities are looking for appropriate arrangements that would enable them to substitute the EC grant, contract and implement the project's supply component I to achieve the project purposes and overall objectives as given in the project fiche. A request for project fiche modification, reallocation and extension was submitted to the Commission in May 2006. Consultations with the Commission are ongoing to agree on the most appropriate handling of the issue for both sides.

As regards *2003-004-995-03-26 X-ray Inspection Systems for Protection of the Future EU External Border*, in April 2006, because of technical problems, the contractor together with Slovak Customs Administration (SCA) identified that the equipment cannot be installed in Cierna nad Tisou as it was planned. They identified the railway station Matovce as an appropriate place of delivery for relevant equipment. Unfortunately, there are some building works needed to be done before equipment instalment. That is why the SCA/CFCU via NAC and NAO is planning to request the Commission Services for the disbursement deadline extension for this project with the aim of achieving the results and objectives of the project.

Ad 3) On-the-spot Monitoring Conducted by the European Commission

Ad 3.1) European Commission's Proposal for Updating of Project Fiches after Contract Signature

The ACU informed about the European Commission's proposal to update project fiches' objectively verifiable indicators (OVIs) after contract signature (after inception phase) as it is important for measuring the progress of individual projects. The SMSC members agreed that the current arrangements (project fiche modification before contract signature; update of project via the ToR/ TS and in particular the possibility to adjust the OVIs in the monitoring reports) are sufficient for conducting future monitoring as well as evaluation activities. The SMSC members also expressed their concern over transparency of such an approach.

Ad 3.2) Monitoring of Publicity and Visibility Requirements

The ACU reminded the requirements for monitoring and publicity as given in Annex D of financing memoranda. The SMSC agreed that the publicity and visibility requirements were taken seriously to increase public awareness and transparency of EU actions and create a consistent image of EU-funded measures. The CFCU will also send a reminder concerning publicity and visibility requirements to all contractors and beneficiaries and will include these requirements into General Conditions of the contracts. The CFCU will also focus on respecting publicity and visibility requirements during its upcoming on-the-spot monitoring visits (site checks) to be conducted in line ministries.

Ad 4) Conclusions, suggestions for the Joint Monitoring Committee

SMSC reminded to beneficiaries the necessity to submit DPFs, ToRs and TS within 6 months after the Commission's Financial Decision. This concerns mainly Transition Facility 2005 projects.

Contracting of some TF 2004 projects, mainly those where tender has not been launched yet, is in risks. Some contracting delays are caused by the adjustments of public procurement documentation to the new public procurement law of February 2006 what could limit the time available for project implementation. The beneficiaries together with the CFCU were invited to enhance cooperation to bring the contracting of 2004 projects to a successful end. Concern about the administrative capacity at the CFCU was mentioned by the Ministry of Environment in this respect.

Concerning the programming of UIBF 2005 envelope, five projects were recommended by the Steering Committee for submission to the European Commission. The Commission gave its positive opinion on all four projects from the INT sector.

Programming of Transition Facility 2006 is in its final phase. It is assumed that Slovakia will have 10 projects within this programme to be submitted for the approval of Phare Management Committee at the end of June/ beginning of July 2006.

Ms Čajková brought the meeting to a close by thanking all those who had attended for their active participation.