

Ministry of Economy of the SR and Structural Funds of the European Union

In accordance with article 18(2.d) of the Council Regulation No. 1260/1999/EC the Slovak Government's Resolution No. 133/2002 appointed Ministry of Economy of the Slovak Republic (hereinafter referred to as „MoE SR“) as the **Managing Authority for the Sectoral Operational Program – Industry and Services** (hereinafter „SOP IS“). According to the above-mentioned Government's Resolution is MoE SR with the others relevant ministries responsible for providing a functional structure of steering, payment and control bodies in line with the [National Development Plan](#). The draft of the National Development Plan of the SR was approved according to the Slovak Government's Resolution No. 166/2003.

MoE of the SR as a Managing Authority for SOP IS has a unique position among all the [managing authorities](#) and institutional bodies since SOP IS represents integrated and harmonised SOP for the following areas (sub-sector programs):

- Energy policy,
- Industrial policy,
- Trade and Investment policy,
- Tourism,
- Protection of the Consumers.

With the regards to the above-stated fact and economical importance, the SOP I&S will be able to draw the sources from the following EU [Structural Funds](#) and in shortened program period 2004 – 2006: from [ERDF](#), and in the perspective from ESF and EAGGF, that will be difficult in administrative and institutional management. Concerning the Slovak Republic does not reach the economy level of the EC level, the instruments, assigned to purposes of sustainable development by means of Structural Funds, will be subject of strict criteria, that have been established and are valid in the EC Member states. Conditions of obtaining the finances from the Structural Funds, that must be fulfilled by every country, are determined and issued by organs of the EU in the form of [regulations](#), directives and decisions. Their legal force is stated in Art. 249 of the EC Treaty.

The implementation of the European strategy for economic and social development with a regional aspect and support for boosting competitiveness of Slovak industry is the basis for the material and content focus of MoE's activities over the next periods prior to and upon the Slovak Republic's accession to the European Communities.

The exercise of the functions of the Managing Authority for SOP IS has been entrusted to the MoE SR's division entitled Managing Department of the Sectoral Operational Program – Industry and Services (hereinafter MDSOPIS) established within the Section of European Affairs. A structure of payment, managing, control and implementing bodies for SOP IS was set up within MoE SR in accordance with EC regulations; and its full functionality will be provided by 1 January 2004 (see the annex No. 1 which shows the [diagram](#) of the management of SOP IS within the Ministry).

Within the above mentioned internal structure, has been guaranteed the separation of the functions connected with the implementation of SOP IS and the respecting of

the principle: „*Whoever programs does not finance, and whoever finances does not implement and whoever finances does not finance*“. The structure is comprised of the following units:

- [SOP IS Managing Unit](#)
- [Payment Unit – Intermediate body under the Paying Authority \(Ministry of Finance of the SR – MF SR\)](#)
- [Internal Audit Unit](#)
- [Control Unit](#)
- [Internal Supervisory Body](#)
- [Communication Unit](#)
- [Information Department](#)
- [Implementing agencies – Intermediate bodies under the Managing Authority for the SOP IS](#)

On the basis of Governmental Resolution No. 678/2002 in accordance with the Council Regulation No. 1260/99 was established in the external structure of the MoE the [Monitoring Committee for SOP IS](#).

National Development Plan of the SR

On March 15, 2001, the Slovak Government issued Resolution No. 240/2001, which approved the *National Plan of the Regional Development (NPRD)*, which identified four Regional Operational Programmes and seven Sectoral Operational Programs.

Under Government's Resolution No. 133/2002 of 13 February 2002 the NPRD has been reviewed into the *National Development Plan (NDP)* and redrafted taking into account the comments from the European Commission. The number of Regional Operational Programmes was reduced to one, and the number of Sectoral Operational Programmes (SOP) to five (Economic Development; Human Resources; Environment; Agriculture, Rural Development and Fisheries; Transport and Telecommunications).

The Economic Development SOP was renamed to *Sectoral Operational Programme Industry and Services* and in connection with Slovak Government's Resolution No. 110/2003 of 13 February 2003 was approved merging of Transport and Telecommunications Sectoral Operational Programme, Environment SOP and Regional Operational Programme to the one final *Basic Infrastructure Operational Programme*. That's why the number of Sectoral Operational Programmes was reduced to four:

- OP – Basic Infrastructure**
- SOP – Industry and Services**
- SOP – Human Resources**
- SOP – Agriculture and Rural Development.**

Managing authorities

According to the Government's Resolution No. 133/2002 the following structure of Managing Authorities was established:

- Managing Authority for the Community Support Framework is the Ministry of Construction and Regional Development
- **Managing Authority for the SOP Industry and Services is the Ministry of Economy;**
- Managing Authority for the Human Resources SOP is the Ministry of Labour, Social Affairs and Family;
- Managing Authority for the Agriculture and Rural Development SOP is the Ministry of Agriculture;
- Managing Authority for the Basic Infrastructure SOP is the Ministry of Construction and Regional Development (The Ministry of Transport, Posts and Telecommunications and the Ministry of the Environment are Intermediate bodies for the Basic Infrastructure SOP).

Structural funds of the European Union

Part of the Treaty establishing the European Community (hereinafter called the EC) is strengthening of economic and social cohesion of the member states, whereby the EC seeks to implement by setting objectives to lower disparities among development levels of various regions and backwardness of the least-favored regions.

The Slovak Republic must prepare even before its accession to the EU the conditions for acceptance of means from SF's and the Cohesion Fund (hereinafter called the CF) to be drawn by it upon joining the EU.

SF's and the CF are the main EU instruments to accomplish the structural and regional policy objectives.

EU structural funds include:

- **European Regional Development Fund (ERDF)** - aimed to contribute to the development of the least developed EU regions
- **European Social Fund (ESF)** - aimed to help attain the objectives in particular in active employment policy and free movement of labour, in fighting against unemployment, and against putting at a disadvantage a variety of people groups on the labour market
- **European Agricultural Guidance and Guarantee Fund (EAGGF)** aimed to promote the adaptation of agricultural structures to long-term structural changes in agriculture, development of agricultural infrastructure, development and rehabilitation of rural heritage and forest
- **Financial Instrument for Fisheries Guidance (FIFG)** aimed to ensure balanced, harmonious development of the fishery industry

Means from these funds are intended for meeting three priority objectives:

- **Objective 1** - support to regions lagging behind where GDP per capita accounts for less than 75% of the EU average
Contributions for Objective 1 - European Regional Development Fund, European Social Fund, European Agricultural Guidance and Guarantee Fund, Financial Instrument for Fisheries Guidance
- **Objective 2** - conversion of regions afflicted with industry decline
Contributions for Objective 2 - European Regional Development Fund, European Social Fund
- **Objective 3** - development of human resources with the focus on the adaptation and upgrade of the employment, educational, training and educational program system
Contributions for Objective 3 - European Social Fund

To ensure the efficiency of funds spent on the regional policy, all those involved are obliged to follow five principles:

1. **concentration** - this means that assistance should only be directed to those regions as are most in need of it
2. **partnership** - guarantees that national governments will take into consideration the needs and positions of social partners, region, town and municipality officials while making decisions
3. **programming** - is to prevent the lack of control in regional policy. It imposes the obligation to develop operational programmes for regions and identify priority areas of their development
4. **complementariness** - the principle holds that funds from SF's must not replace in the full amount monies of national states
5. **monitoring and evaluation** - serves the EU to verify efficacy of funds expended and their contingent misuse.

In fulfilling the set objectives reflected in particular programmes developed for the conditions of a particular member country, SF's represent EC complementary financial instruments in each of the member states.

European Regional Development Fund

Pursuant to Regulation (EC) No. 1783/1999 of the European Parliament and of the Council (EC) of 12 July 1999 on the European Regional Development Fund, the Fund can be used in particular to:

- eliminate regional imbalances,
- contribution toward reducing the gap between the levels of development of respective regions and lagging behind in least-favoured areas, including rural ones,
- promotion of environment productivity and enterprise competitiveness (in particular small and medium-sized ones),
- local economic development and employment, including in the fields of culture and tourism where these contribute to the creation of sustainable jobs,
- research and technological development,
- the development of local, regional and trans-European networks in the sectors of transport infrastructure, telecommunications and energy,
- the protection and improvement of the environment,
- fostering the clean and efficient utilization of energy, development of renewable energy sources,
- equality between men and women in the field of employment.

The ERDF contributes towards the financing of:

1. productive investment to create and safeguard sustainable jobs,
2. investment in infrastructure, namely pursuant to Council regulation No. 1783/1999,
3. the development of endogenous potential by measures designed to encourage and revive local development and employment initiatives and the activities of small and medium-sized enterprises,
4. technical assistance measures.

EU legislative framework for use of EU SF's

For the planning period 2000 - 2006, the most important EC Council Regulations include:

- Council Regulation (EC) No. **1260/1999** dealing with general provisions of structural funds
- Council Regulation (EC) No. **438/2001** laying down detailed rules for the implementation of Council Regulation (EC) No. 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds
- Commission Regulation No. **1685/2000** dealing with detailed rules for the implementation of Council Regulation No. 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds
- Council Regulation (EC) No. **1783/1999** on the European Regional Development Fund
- Commission Regulation No. **1159/2000** on information and measures to be carried out by the Member States concerning assistance granted under the Structural Funds
- Council Regulation (EC) No. **1784/1999** on the European Social Fund
- Council Regulation (EC) No. **1257/1999** on support for rural development from the EAGGF
- Council Regulation (EC) No. **1263/1999** on the Financial Instrument for Fisheries Guidance

The cited regulations represent the underlying legal framework for SF uses and they also constitute background papers for building management and administrative structures in Slovakia.

The implementation of the European strategy for economic and social development with a regional aspect and support for enhancing competitiveness of European industry considered to be the key sector of the economy is the contents and subject matter of the conclusions and decisions by [European summits](#).

European summits

■ ***Lisbon Summit (23 and 24 March 2000)***

The summit adopted new EU strategic objectives focused on enhancing competitiveness and dynamism, economic growth, the creation of higher-quality job opportunities and social cohesion increase. The strengthening of the position of European research, investment and innovations, access of society to all facilities of the information system, the creation of a favourable environment for start and development of innovative business, in particular small and medium-sized enterprises, and the strengthening of economic reforms for the full functioning of the EC single market are to be ensured by implementing these challenges and objectives.

■ ***Santa Maria Da Feira Summit (19 and 20 June 2000)***

It confirmed the adopted objectives for transforming the member states into a competitive, dynamic and educational economy, directed to the area of implementation of the Action Plan for the Implementation of e-Commerce, the Action Plan for Financial Services, developing and strengthening the European research base, the adoption of the European Charter for Small Enterprises, new objectives for the policy of business and fulfilling the strategy for EC single internal market principles.

■ ***Nice Summit (7 to 9 December 2000)***

It adopted new impulses for European economic and social policy with the focus on economic growth, employment strategy and objectives in fighting poverty and prevention of all forms of discrimination. Significant attention was paid to the social policy with an emphasis placed on pension economic policy and financial costs of the European population of their implementation, innovations and education (mobility, Europe plan, research, and innovations). The summit highlighted the need for co-ordination of economic policy by the member states (list of structural indicators, regulation of financial markets, introduction of the EURO, tax policy, the issue of corporate management). A significant space in its conclusions is devoted to the environment protection and its relation to sustainable economic growth.

■ ***Stockholm Summit (23 and 24 March 2001)***

The summit defined new priorities in the area of economic and social policies which are aimed at the full employment in a competitive EU (full employment, education, retraining and job skills, labour mobility in the open European labour market, acceleration of economic reforms, new aspects in external economic and political relations). It confirmed the validity of the Lisbon conclusions and strategic objectives (more competition and dynamism for a educational economy, constant economic growth creating higher-quality job opportunities, higher social cohesion).

■ ***Göteborg Summit (15 and 16 June 2001)***

The summit adopted a strategy for sustainable development that includes major proposals for changing the current trends (political, economic and social additions with environmental protection dimensions). It called on the officials of industrial circles to actively proceed to the introduction of environment-friendly technologies in the power and transport sectors, and it stressed the global dimension to sustainable

development (fight against climatic changes, economical utilisation of natural resources, threats to health of the population). It confirmed the correctness of the Stockholm summit conclusions and approved the General Economic Outlook for the full employment in a competitive Europe.

■ ***Laeken Summit (14 and 15 December 2001)***

It confirmed the strategic objectives in economic and social policies and sustainable development, set action priorities until the year 2010 for their fulfilment (R&D, life quality, environmental protection, and the Kyoto Protocol, the conclusions of the Marrakech Conference on climatic changes and environmental protection, the conclusions of the Johannesburg World Summit for sustainable development).

■ ***Barcelona Summit (15 and 16 March 2002)***

The summit confirmed the importance of the central themes of economic, social and environmental situation in the European Union. It searched for clear frameworks for economic reforms in order to enhance the competition potential for economic growth, employment and long-term strategy (co-ordination of economic policies, sustainable development, the creation of a favorable business environment, the elimination of administrative barriers to business, the full implementation of single internal market legislation). It welcomed the European Investment Bank's position on the Ghent Summit (19 October 2001) conclusions on granting loans in support of the sectors that will contribute to structural changes in the EU economy. It identified a wide range of specific impulses for the common economic policy and change in the level of economic growth (active labour market policy directed to the full employment, creation of higher-quality jobs, strengthening the task of social strategy, economic and financial matters, integration of the sectors of energy, transport and communication systems, the quality of public services, the internal market and consumer matters, tourism, educational economy).

■ ***Seville Summit (21 and 22 June 2002)***

It solved the questions connected with the future of the union, enlargement, asylum policy and immigration, growth and competitiveness towards full employment, external relations.

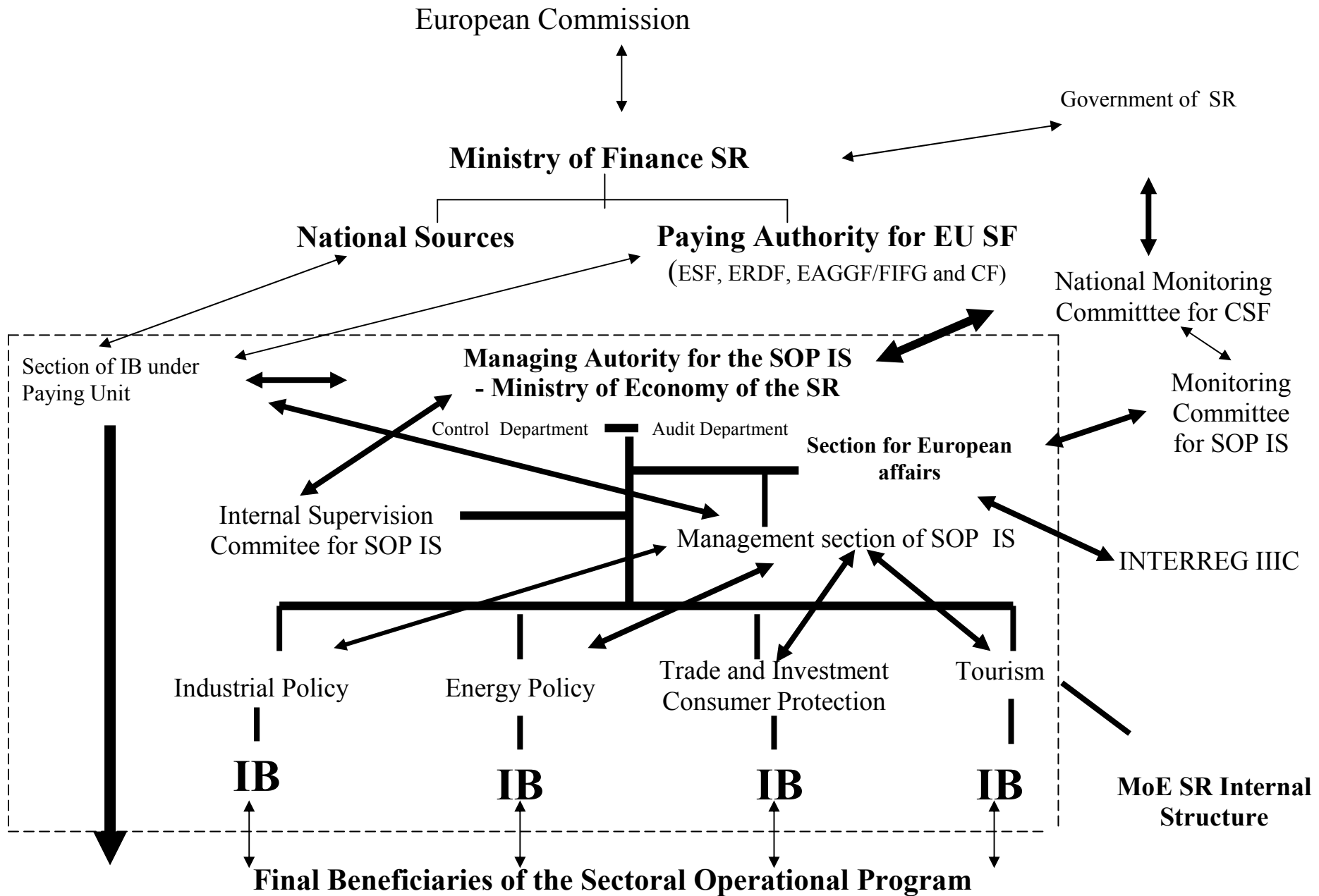
■ ***Copenhagen summit (12 and 13 December 2003)***

This summit was very important for Slovak Republic because the process of accession negotiations with SR and other acceding states was concluded and the Union looked forward to welcoming these states as a members from 1 May 2004. By successfully concluding the accession negotiations the Union has also honored its commitment that the ten acceding states will be able to participate in the 2004 European Parliament elections as members. Besides enlargement other negotiated items were European security and defence policy, Middle East (Iraq) etc.

■ ***Brussels Summit (20 and 21 March 2003)***

The summit assigned (in connection with the Lisbon reform programme) the priority objectives for European Union (raising employment and social cohesion, giving priority to innovation and entrepreneurship, connecting Europe - strengthening the internal market, environmental protection for growth and jobs) and number of orientations and specific measures in order to achieve these objectives.

Management of the SOP – Industry and Services in conditions of the MoE SR



The Managing Unit – Managing department of SOP IS (MD SOP IS)

Being an autonomous unit, MD SOPIS for SOP IS provides the SOP IS management towards the EC, the Delegation of the European Commission in Slovakia and the Managing Authority for CSF (Ministry of Construction and Regional Development of the SR), Paying Authority (MF SR) on behalf of all the relevant departments of the MoE SR. This department's role is to integrate and harmonize the sub-sector programs of SOP IS - Energy policy, Industrial policy, Trade and Investment policy, Tourism, Protection of the Consumers, into a single common and integrated SOP IS. The neutral position of the department consists in that it provides, within the organizational structure of the MoE SR, an objective and professional approach to the relevant specialist units, pursuing the principal strategies of the EC in the economic surroundings of Slovakia, in connection with changes upon, and during subsequent implementation of the National Development Plan of the Slovak Republic („NDP SR“), arising from the always new EC strategy and priorities of the economic development of Slovakia. As a consequence of the above, the activities of MD SOP IS as the Managing Department of the Sectoral Operational Program Economic Development have to be divided into 4 basic areas:

1. Management of SOP IS implementation with the competent departments of the MoE SR of subject matter-related responsibilities

- In the individual implementation agencies (intermediate bodies under the Managing Authority for SOP IS), regularly organizes monthly control days (monthly meetings) under the participation of the relevant institutions.
- Operatively consults outputs from control days aiming at arriving at the solutions of problems, in working with other managing units of the relevant ministries that are responsible for SOP linked to SOP IS.
- Operatively consults outputs from control days aiming at arriving at the resolution of problems, in working with the competent EC Directorate General.
- Suggestions for changes of the SOP IS forwards to the Section of Industry to be reviewed, which will, in working together with the relevant departments of the MoE SR of subject-matter related responsibility, prepare changes in the SOP IS.
- Within the management system, MD SOP IS represents the secretariat for the SOP IS Internal Supervisory Body and Monitoring Committee for SOP IS.

2. Coordination of SOP IS implementation within the MoE SR and with the other 3 SOPs and with related bilateral assistance and INTERREG III A, III B, an III C; the MoE SR has been determined on behalf of Slovakia as the Managing authority for Interreg III C.

- Coordinates with the relevant departments of the MoE SR of subject matter-related responsibility the implementation of the individual sub-sectors programs aiming at their mutual harmonization.
- Provide the mutual coordination with other ministries responsible for SOP related to SOP IS.
- Provide the coordination of the implementation of SOP IS with INTERREG IIIA, IIIB and IIIC.
- Provide the coordination of the implementation of SOP IS with the Cohesion Fund.

3. Monitoring of the SOP IS – Managing unit is a secretariat for Internal Supervisory Body and Monitoring Committee for SOP IS

- Being the secretariat for the Internal Supervisory Body and the Monitoring Committee for SOP IS, elaborates quarterly harmonized Monitoring Reports for the whole SOP IS.
- Provides the gathering of financial and statistical information on the provision of the assistance in the SOP IS area, for monitoring indicators, and for the submission of data in accordance with the mechanisms agreed within the EC.
- In working with the EC, at the mid-implementation process provides the elaboration of the so-called Interim Report.
- Provide the elaboration of the Annual Report for the corresponding implementation process, and – after having it approved by the Internal Supervisory Body and the Monitoring Committee for SOP IS - presents them to the EC.
- Closely cooperates with the Control Department of the MoE SR and Internal Audit Department in monitoring and evaluating implementation process of SOP IS.
- Closely cooperates with External Auditor at the MF SR in monitoring and evaluating implementation process of SOP IS.
- Surveillance of having a separate accounting system of EC funds assigned for SOP IS.

4. Other activities

- Provide the documents related to SOP IS intended to inform the public within the Communication strategy.
- Directly cooperates with the IT Department in developing terms of reference for the monitoring system and logistics.

Managing unit directly cooperates with Organization and Management Department with respect to organizational changes that the SOP IS implementation process requires.

Paying Unit (PU) - Intermediate body under the Paying Authority (MF SR)

The Paying Authority (MF SR) delegates its duty to intermediate bodies under the Paying Authority. The scope of the delegated powers is laid down in the Agreement on Power Delegation. The overall responsibility for the delegated powers will remain within the Paying Authority. The Paying Authority may not delegate certification of expenditures to the European Commission, submission of applications for payments and receipt of funds from the EC. Managing Authority for SOP IS entrusted the exercise of the function of the intermediate body under the Paying Authority to the Payment Unit established within the Section of Organization, Management and Financing (Dpt. of budget and EU project) the MoE SR.

Paying Unit as the intermediate body, which is within the organizational structure of the MoE SR, will be taking care of the following activities:

- keeping separate accounts with respect to financial assistance provided via SOP IS and archiving of documents in accordance with the legal regulations of the EC and the SR;
- gathering of financial and statistical data;
- developing of annual payment plans with quarterly precisions and monthly forecasts;
- immediate transfer of advance and interim payments and the final payment to the final beneficiary;
- return to the Paying Authority of unauthorized or retained payments (irregularities), including interest on delayed payments;
- present to the Paying Authority, without any delay, reports on irregularities;
- inform the Paying Authority on irregularities identified;
- submitting to the Paying Authority of the necessary information to „Reports on Irregularities Identified and with it related Amounts“ and to „Reports on Corrections to Irregularities Identified and with it related Amounts“;
- submitting to the competent Paying Authority of the necessary information to „Reports on Unenforced Amounts“;
- monthly submissions to the Paying Authority of statements of its expenditure account;
- submission to the Paying Authority of quarterly reports on irregularities identified and related amounts that are not to be reported immediately;
- drafting and submitting to the Paying Authority of quarterly reports on reimbursements of funds whose use was unauthorized or that have been retained, and reports on amounts exacted;
- carrying out of ex-ante controls prior to the making of payments, including formal control of applications for payment, correspondance of applications with the financial plan, and control of documents required that have been submitted by the intermediate body under the Managing Authority for SOP IS, after having been approved by the relevant department and MD SOP IS (copies of accounting documents and other supporting documents).

The establishment of the PU will eliminate the conflict of interest between the implementation of the SOP IS and its financial links since implementation will be separated from financing. It should be stressed that the PU will not be dealing with operating costs of the MoE SR and organizations within the organizational structure of the Ministry. This agenda must be separated from the PU.

Internal audit

Internal Auditor shall be directly reporting to Minister of Economy who will be appointing and recalling him/her to and from his/her office. Internal Auditor shall be independent, as for his/her functioning, from the Ministry's internal control and shall also be evaluating the efficiency of the internal control system as part of his/her activities. Internal Auditor's status will be independent since he/she only will be bound by the Constitution, laws and generally binding legal regulations with respect to the discharging of his/her activities. Internal Auditor for SOP IS has been established in accordance with the Financial Control Act that the MF SR is responsible for. With respect to subject matter-related issues of the preparation of SOP IS, he/she will be working together with External Auditor at the MF SR.

In the framework of his/her activities, he/she is responsible for:

- performance of internal audit of all activities of the audited entity, in particular of those connected with risks because of their nature, extent and the way of realization;
- checking whether a functioning system of internal control is in place within the Managing Authority for SOP IS, through division of powers, separation of the payer and committer (which already is taken care of through the above mentioned management structure of SOP IS);
- verification of the existence of authorisations to sign to handle cash, and compliance with all the applicable regulations, and maximally efficient, economical and purposeful spending of the funds;
- taking care of the audit of accounts and finances and of the evaluation whether the data shown in financial reports of the Managing Authority for SOP IS and intermediate bodies truly reflect the status of assets and liabilities, sources of financing and their management;
- taking care of the test of correspondence, i.e. verification whether the individual transactions of financial and operating management are in compliance with the legal regulations and internal governance acts;
- taking care of the performance audit, i.e. review of how financial, property, personnel resources are organised and managed; evaluation of outputs from the aspects of the funds spent, with the main focus on economy, efficiency and effectivity;
- audit of the management system and the control system that has to be focused on identification whether the systems are operated effectively, to prevent errors and irregularities, and to find out whether the systems are efficient in detecting and correcting any errors and irregularities;
- preparation of reports on the results of internal audits after the performance of internal audits, containing mainly the description of the object of the internal audit, shortcomings identified by the internal audit, and recommendations to the audited entity with respect to the elimination of the shortcomings identified;
- submission reports on the performance of internal audits to MD SOP IS, the head of the audited entity and the head of the MoE SR. If the outcome of the internal audit suggests that criminal activity may be suspected or if authorities competent pursuant to special regulations are authorized to deal with the audit results, the Internal Audit Unit shall present the report on the performance of the internal audit to also criminal authorities or bodies competent pursuant to special regulations.

As for their organization, internal control and internal audit are mutually independent, they however cooperate with each other aiming at meeting the objectives and goals of the Ministry.

Internal Control Unit

The Internal Control Unit performs financial controls of the MoE SR together with financial auditors, as required by Financial Control Reports (Act No. 440/2000 Coll.). The Internal Control Unit is responsible for the controlling of at least a 5% sample of eligible expenditures under SOP IS. It takes care of the exercise of its function in accordance with the negotiation chapter No. 28 – Financial Control.

In accordance with **§ 7(3) of Act No. 10/1996 Coll. on Control in State Administration** as amended by **Act No. 502/2001 Coll. on Financial Control and Internal Audit and on Amendments and Supplements to Some Laws**, the status of the functional independence of the auditors (including financial auditors) within the Internal Control Units is guaranteed through the organizational structure under which is the unit directly managed by the Minister of Economy.

Financial auditors also monitor the compatibility of the national legislation with the legal standards of the European Communities from the aspect of financial control, in particular with the Act on Accountancy, Act on Public Procurement, Act on State Property Administration, Act on State Assistance, etc. Ministry of Finance coordinates their control activities at 6-month basis.

The control is responsible for the following tasks:

- control at least 5% sample of total eligible expenditures under SOP IS prior to the completion of the assistance, with respect of the risk factors identified by the SR and EU control bodies;
- performance of ex-post financial control;
- checking the compatibility with the generally binding legal regulations upon the performance of financial control;

checking the compatibility with Act No. 502/2001 Coll.. on Financial Control and Internal Audit and on Amendments and Supplements to Some Laws, to be performed by the MF SR Control Unit.

Internal Supervision Committee for SOP IS

Internal Supervision Committee (ISC) for SOP IS is established within the internal structure of the MoE SR, being a body that has to supervise the whole SOP IS implementation. The Internal Supervision Committee for SOP IS shall be receiving from Managing Authority SOP IS (that at the same time will be its secretariat) quarterly harmonized monitoring reports for the various areas of SOP IS that will be regularly controlled by internal control and Internal Auditor. The charter of Internal Supervision Committee for SOP IS was negotiated and approved 24. April 2003. This document adjusts the position, tasks, responsibilities and structure of Internal Supervision Committee.

The Internal Supervision Committee for SOP IS assess the efficiency and the quality of implementation of financial assistance and at the same time assessing documents relating to SOP IS implementation prior to their submission to the Advisory body of the Minister of the Economy and their subsequent submission to the SOP IS Monitoring Committee and the National Monitoring Committee.

The Internal Supervision Committee for SOP IS has 17 members and comprises chairman, secretary, general directors of sections of the MoE SR, that are responsible for implementation of competent parts of SOP IS and representatives of intermediate bodies under the Managing Authority for SOP IS.

The Internal Supervision Committee for SOP IS is commenting the following issues:

- working group's proposals, SOP IS program complement;
- selection criteria for operations financed under each of the measures;
- mutual relations among OP's and suggests measures for mutual connection efficiency;
- annual and final implementation reports before their submission to Monitoring Committee;
- re-allocation of funds among the measures;
- selection criteria for projects and conferring grants;
- ISC monitors achieved level of progress and fulfilling specific assistance objectives (monthly before the meeting of Monitoring committee),
- ISC negotiates and approves implementation measures of the projects.

Communication Department

In accordance with the Commission Regulation No. 1159/2000/EC and art. 46 of the Council Regulation No. 1260/99/EC, the Communication Department is taking care of information and publicity concerning the preparation of SOP IS and assistance from EU Structural Funds, in working together with MD SOP IS.

The Communication Department is carrying out the following activities:

- SOP IS publicity in the process of it's preparation and approval
- it shall be responsible for the providing of the publicity for the whole block of financial assistance, and in particular for the informing of:
 - a) potential final beneficiaries of the assistance, business and professional entities, economic and social partners, entities pursuing equality of men and women, and the competent non-governmental organizations, on opportunities offered by the assistance;
 - b) the public, on the role played by the Community in the respective assistance and on its outcomes.

Information Department

In accordance with article 34 of the Council Regulation No. 1260/99/EC, the Managing Authority for SOP IS shall be responsible for the efficiency, correctness of management and discharge of the assistance. In this connection, a transparent system of gathering of reliable financial and statistical information on the implementation of the assistance, for monitoring and evaluation parameters will have to be introduced into the MoE SR's information system. Via IT monitoring system connectivity (that Ministry of Construction and Regional Development of the Slovak Republic in charge of), the Information Department will be taking care of the forwarding of the data in accordance with the mechanism agreed upon between the Managing Authority for SOP IS and the EC, using computer systems whenever possible.

Implementation agencies - Intermediate bodies under the Managing Authority for SOP IS

The delegation of responsibilities between the Managing Authority for SOP IS and the intermediate bodies (since they are part of the same Ministry with respect to SOP IS) shall be provided through decisions of Minister that will exactly define the rights and responsibilities of the individual bodies.

The importance of the position of the intermediate bodies under the Managing Authority for SOP IS within the operational program is based on the fact that they are linked with the regions through Regional Chambers of Commerce, Business Innovation Centers (hereinafter „BIC“), Regional Counseling and Information Centers (hereinafter „RPIC“), Regional Development Agencies (hereinafter „RRA“), etc.. These mandatory regional links will be transferred to the relevant departments of the MoE SR that will be directly managing the intermediate bodies under the Managing Authority for SOP IS. Contractual relationships between intermediate bodies under the Managing Authority for SOP IS and regional representations may arise only provided that e.g. RPIC, BIC are non-for-profit business entities and operate on non-for-profit principle. Only in such a case intermediate bodies under the Managing Authority for SOP IS can make agreements on cooperation so as to directly implement projects within the given region through RPIC and/or BIC. Otherwise, if a limited liability company or a shareholding company is involved, they are not allowed to enter a contractual relationship via a tendering procedure.

Based on the general regulation and the Council Regulation No. 438/2001 (EC), intermediate bodies under the Managing Authority for SOP IS will be taking care of activities in public interest, and this determines (according to the applicable Slovak legislation; Act No. 303/95 Coll. on Budgetary Rules) their legal status, namely: State budgetary and/or contributory organizations, organizations established by the operation of law or public law institutions.

Intermediate bodies under the Managing authority for SOP IS in the field of projects implementation within Industry and Services SOP are:

- for the area of **industry and consumer protection**: **NADSME – National Agency for Development of Small and Medium Enterprises**;
- for the **energy** area: **SEA - Slovak Energy Agency and its branches**;
- for the area of **investment and trade policy**: **SARIO – Slovak Agency for Investment and Trade Promotion**;
- for the area of **tourism**: **SACR – Slovak Tourism Agency**.

Monitoring Committee for SOP IS

In accordance with Government Resolution No. 678/2002 which has passed "Report on Ensuring the Enclosure of Chapter 21 - Regional policy and co-ordination of structural instruments" Ministry of Economy was obliged to establish Monitoring Committee for SOP IS by August 31, 2002. The task to monitor assistance from the Structural funds provided by the European Union is based on the Council Regulation No. 1260/99. According to Article 35 of this Regulation monitoring committees must be established within three months from the first granting of assistance.

In accordance with Council Regulation (EC) No. 1260 and Government Resolution No. 678/2002 Monitoring Committee (MC) as a supervising body over preparation and implementation of Sectoral Operational Programme Industry & Services (SOP IS) has been created in external structure of Ministry of Economy of SR. Secretariat for MC is performed by Department of SOP IS management.

Status of MC for SOP IS has been discussed and approved on April 24, 2003 at the directorial session. Number of members of MC is 23 and consists of representatives of Ministry of Economy SR, representatives of ministries linked to SOP IS (Ministry of Construction and Regional Development, Ministry of Transport, Ministry of Finance, Ministry of Environment, Ministry of Agriculture, Ministry of Labor, Social Affairs and Family) and in accordance with partnership principle representatives of non-governmental organizations (Association of Industrial Unions, Association of municipalities, Slovak Chamber of Commerce and Industry, Slovak Trades Chamber, Public Procurement Office, State Aid Office, Association of banks) and self-governing regions underlying Objective 1 of EU Structural Funds.

Main task of MC is regular surveillance and evaluation of SOP IS implementation. To further tasks of MC belongs in particular:

- confirmation or adjustment of Programme Complement, including material and finance indicators used for monitoring of assistance. Its approval is prior to any adjustment,
- discussion and approval of criteria for selection of activities, financed within each measure as late as six months after granting assistance,
- periodical monitoring of progress leading to accomplishment of specific goals of assistance,
- examination of results of performed assistance, in particular goals stated within continuous evaluation for various measures,
- discussion and approval of annual and final reports on execution which are sent to European Commission,
- discussion and approval of each proposal for changes in contents of EC decision on financial subsidy from Funds,
- proposals of adjustments or examination of assistance to Managing Authority for SOP IS,
- approve reallocation of financial assistance between measures within Operational Programme and submit it for approval to Paying Authority (Ministry of Finance) and consequently to inform EC on alternations,

participates in harmonization of activities of public administration bodies, self-governing regions and municipalities, economic and social partners and other organizations aiming at support for regional development.