

STATUS OF PROJECTS IN EXECUTION – FY06
SOPE
REGION: EUROPE AND CENTRAL ASIA
COUNTRY: SLOVAKIA

Operations Policy and Country Services
SEPTEMBER 19, 2006



Report on the Status of Projects in Execution - FY06
SOPE
Region: Europe and Central Asia
Country: Slovakia

Introduction

The Status of Projects in Execution (SOPE) Report for FY06 provides information on all IBRD/IDA projects that were active on June 30, 2006.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY06 SOPE report¹ contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date for all active projects.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.



Country: Slovakia

Project Name (ID): Social Benefits Reform Administration (P038090)

Country: Slovakia

Board Approval Date : 02/21/2002

Midterm Review Date : 05/12/2005

Closing Date : 12/31/2007

Loan/Credit/Grant Number : IBRD-70980, IBRD-P3790

Sector(s): Compulsory pension and unemployment insurance (66%), Central government administration (34%)

Theme(s): Tax policy and administration (P), Social risk mitigation (P), Law reform (S)

Project Development Objectives:

The objective is to (a) improve the quality of pension reform design, (b) increase compliance for social contributions, (c) improve effectiveness of administration of social contributions, (d) improve the image of social insurance institutions, and (e) improve quality of employment and social programs.

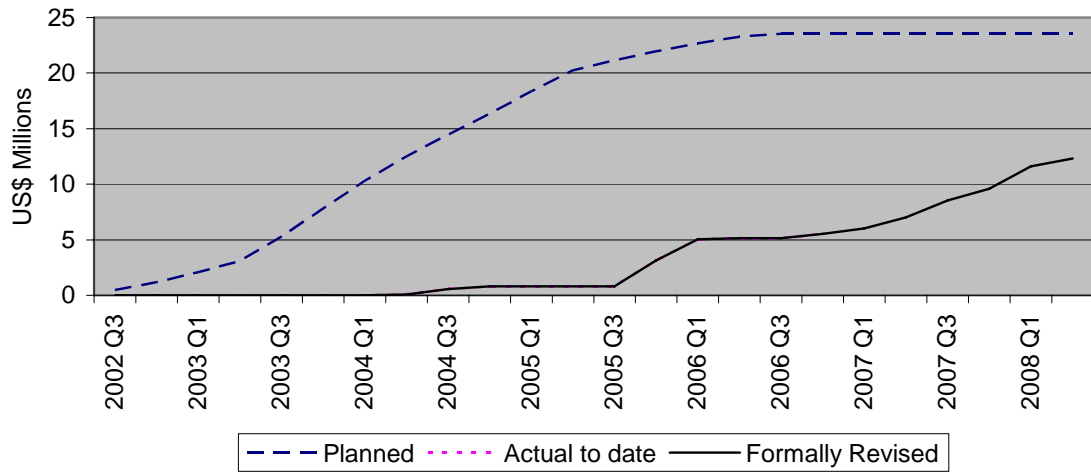
Progress toward achieving development objective(s):

While the pension system design has now been fully established, the Slovak Government informed the Bank of its intention of undertaking the IT reform of the Social Insurance Agency which was meant to improve the effectiveness of social contribution administration without Bank financing. As a result, the Government cancelled almost 60% of the total loan amount on February 14, 2006.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-70980	Effective	32.92	5.54	7.26	19.09
IBRD-P3790	Closed	0.37	0.00	0.37	0.00





Project Name (ID): Health Reform (P065954)

Country: Slovakia

Board Approval Date : 09/11/2003

Closing Date : 12/31/2006

Loan/Credit/Grant Number : IBRD-71950, JPN-26121

Sector(s): Health (60%), Compulsory health finance (20%), Central government administration (20%)

Theme(s): Health system performance (P), Debt management and fiscal sustainability (S), Other social protection and risk management (S)

Project Development Objectives:

The objective is to support comprehensive health sector reforms that promote fiscal sustainability while continuing to provide quality health care services and financial protection for the population.

Progress toward achieving development objective(s):

The on-going health sector reforms which the project supports have successfully achieved fiscal stabilization to reduce systemic debts. In 2004, for the first time in recent years, the health sector generated a surplus of 3.76 Sk billion. The stock of debts has been cleared by a complete settlement funded by the government. Consolidation of hospitals in the three big cities is on track, leading to a significant reduction in the number legal hospital entities and in-hospital beds. The Health Care Surveillance Authority is fully functional.

Following the general elections and change of the government, a number of measures have been suggested which, if implemented, will effectively undo many of the reforms initiated by the previous government. The first draft of the government manifesto indicates that the state will gradually increase payments for those insured whose premiums are paid by the state from 4% to 5% of the average wage. State health insurers will transform from joint stock companies to public institutions, and private ones will have a limited administration fund. Doctors and hospitals will lose income from the 20 Sk and 50 Sk fees, but lower VAT should compensate them for the losses. With effect from September 1, 2006, co-payments are proposed to be cut to zero (currently 20 Sk for outpatient fees, 50 Sk daily for stays in hospital and 60 Sk for using emergency services). The prescription issue fee will be cut from 20 Sk to 5 Sk. Reporting of annual health insurance balance will be discontinued. Private investors will not be welcome in large state hospitals.

If implemented, these measures will potentially have serious fiscal implications and may even neutralize all the gains made in recent years in balancing revenues and expenditures



in the health sector. Effectively, these measures will reverse the far-reaching sectoral reforms introduced by the previous government.

Early indications from the Ministry of Health suggest that the Ministry will continue to maintain a dialogue with the Bank and will continue to seek the Bank's expertise in the health sector. There is also a suggestion that the Ministry of Health will process the request for release of the third tranche of the development policy loan (SECAL), though it may not be supported eventually by the Ministry of Finance. A decision to this effect is expected to be taken very soon.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71950	Effective	69.11	36.31	31.41	0.00
JPN-26121	Closed	0.51	0.45	0.00	0.06



Project Name (ID): Public Finance Management (P069864)

Country: Slovakia

Board Approval Date : 06/10/2003

Midterm Review Date : 07/04/2005

Closing Date : 01/01/2007

Loan/Credit/Grant Number : IBRD-71780, IBRD-P3960

Sector(s): Central government administration (100%)

Theme(s): Public expenditure, financial management, and procurement (P), Debt management and fiscal sustainability (P), Economic statistics, modeling, and forecasting (S), Other public sector governance (S)

Project Development Objectives:

The objective is to strengthen Slovakia's institutional capacity to use public resources more effectively, efficiently and transparently, in line with Government priorities, by improving the budget process, debt management and treasury functions, and strengthening macroeconomic analytical capacity in the Ministry of Finance.

Progress toward achieving development objective(s):

This project has made admirable progress toward achieving its objectives.

The budget process has improved considerably with the full adoption of multiannual programmatic format in 2005-07, which is taking hold in line ministries as the framework for planning and execution. This progress far exceeds what is normally expected (in terms of timing) with such long-term institutional reforms of budget processes. The government is working steadily on outstanding issues involved in extending the focus of line ministries to the three-year horizon. Some progress has been made in appointing program managers accountable for the program results in line ministries, but will require some further reorganization.

The Financial Policy Institute continues to receive the appreciation of both public and private sector counterparts and has retained qualified personnel that can maintain these outputs.

The Debt and Liquidity Management Agency is fully staffed and operational, and the cost of borrowing for the Slovak Republic has already been reduced.

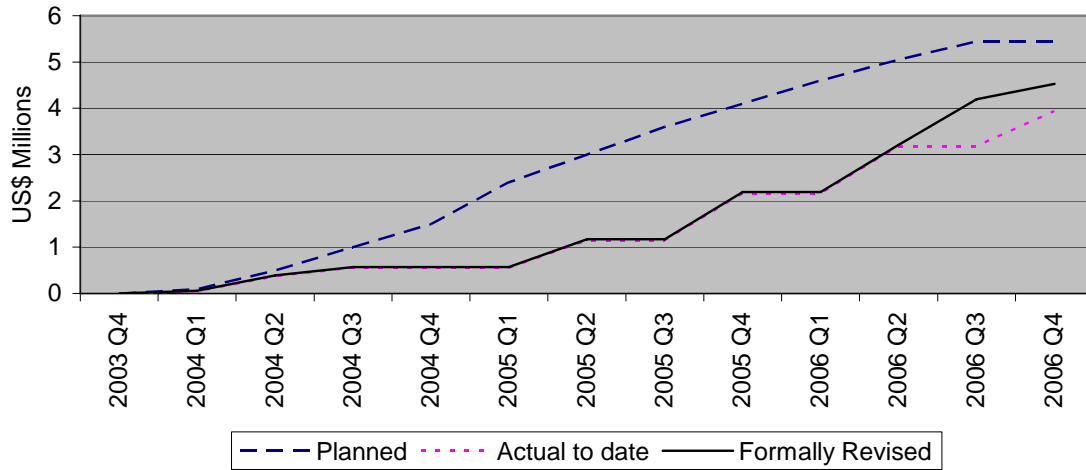


The road map to accrual accounting has been approved and the EU assistance is to be provided to further its implementation.

As such, the government's performance in seizing and achieving the benefits of this loan have exceeded what was originally expected and in a shorter time that expected.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71780	Effective	6.28	3.94	1.33	0.94
IBRD-P3960	Closed	1.00	0.00	0.00	1.00



Project Name (ID): Health Sector Modernization Support Technical Assistance (P082879)

Country: Slovakia

Board Approval Date : 09/11/2003

Midterm Review Date : 05/03/2005

Closing Date : 06/30/2007

Loan/Credit/Grant Number : IBRD-71960, IBRD-P4010

Sector(s): Central government administration (65%), Health (25%), Compulsory health finance (10%)

Theme(s): Health system performance (P), Law reform (S), Administrative and civil service reform (S)

Project Development Objectives:

The objective is to build capacity of the health system to become more efficient in financing and delivering health care services and improving the quality of services while maintaining access to care for the population, especially the vulnerable groups.

Progress toward achieving development objective(s):

Project implementation is on track, and there is full likelihood that the project development objectives will be achieved when all the activities are finalized.

Assessment of provider payment systems is completed and contracting guidelines have been developed. Methodology for control and evaluation of the performance of health insurance companies has been developed and has been put into practice. Training for hospital managers and health care providers has been completed, and restructuring of hospitals has started. As a result, the Health Care Surveillance Authority is better equipped to provide the necessary oversight of the health care provision and financing framework, and all necessary tools for better management and supervision have been made available to providers of health care, ministry and other organizations operating in the health care sector.

Most activities planned in the component on health management information systems have been completed. These include completion of the audit; design of a data model for the current health system; design of security and confidentiality measures; design of a decision support system; and migration and implementation plan for the National health Information center.

The component on long-term care is fully executed and all outputs delivered, including: an analysis of long-term care in Slovakia and a comparison to systems in selected OECD



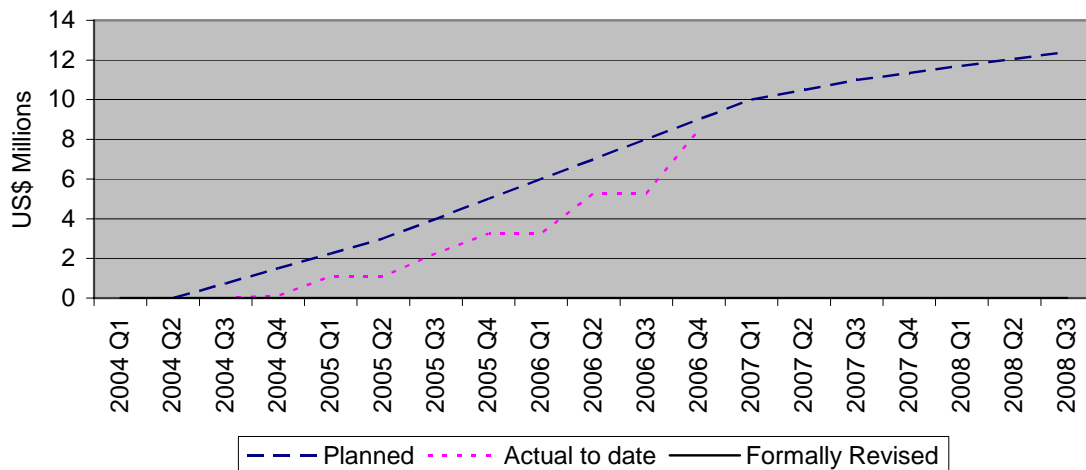
countries; the design of a new model of long-term care in Slovakia; and the drafting of new long-term care legislation. Implementation of long-term care will start after the draft legislation is enacted into law.

Under the quality component, four general practitioner clinical guidelines/protocols and eight hospital guidelines/protocols have been developed, and a National Plan for Quality Assurance has been designed.

Following the change in political leadership after the June 2006 elections, some of the reform directions may change, which may alter some of the existing priorities. The team is closely monitoring the situation.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71960	Effective	13.29	8.49	4.71	0.00
IBRD-P4010	Closed	0.75	0.00	0.00	0.75



Project Name (ID): Leader Preparation Technical Assistance (under the SIDEM Facility) (P090884)

Country: Slovakia

Board Approval Date : 03/02/2006

Closing Date : 06/30/2008

Loan/Credit/Grant Number : IBRD-73640

Sector(s): Other social services (57%), Central government administration (31%), Sub-national government administration (9%), General agriculture, fishing and forestry (3%)

Theme(s): Rural policies and institutions (P), Other rural development (S), Participation and civic engagement (S), Rural non-farm income generation (S)

Project Development Objectives:

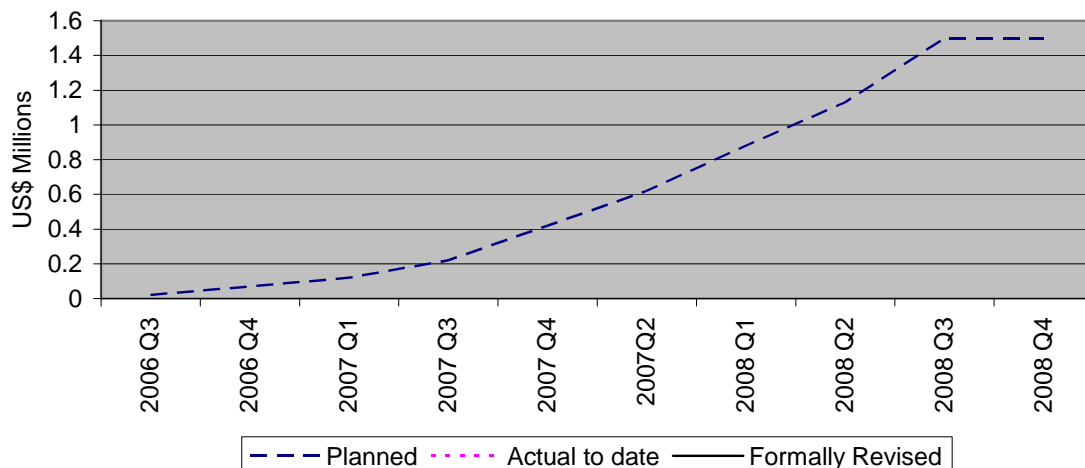
The objective of the project is to assist the Ministry of Agriculture and its subordinate organizations, as well as local governments, communities and civil society organizations, to develop their capacity to prepare for and implement the European Union Leader Axis in the period 2007-2013.

Progress toward achieving development objective(s):

The project has had a strong start, primarily in efficient contracting of the early phase consultancies. These consultancies include mapping, preparation of various operational manuals and guidelines, and training for local action groups. However, the project is in its first few months, and the contracts are just now starting implementation. It is, therefore, still too early to evaluate actual progress towards meeting the objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73640	Effective	1.63	0.00	1.63	0.00



Project Name (ID): Human Capital Technical Assistance (SIDEM APL #1) (P092786)

Country: Slovakia

Board Approval Date : 01/25/2005

Midterm Review Date : 07/03/2006

Closing Date : 06/30/2008

Loan/Credit/Grant Number : IBRD-72710

Sector(s): Central government administration (100%)

Theme(s): Administrative and civil service reform (P), Education for all (S), Social analysis and monitoring (S), Poverty strategy, analysis, and monitoring (S), Improving labor markets (S)

Project Development Objectives:

The objective is to develop institutional capacity for evidence-based policy making in the Ministry of Education and the Ministry of Labor and Social Affairs and to improve the management, monitoring and evaluation of employment and education systems.

Progress toward achieving development objective(s):

Procurement documentation is under preparation, but actual implementation has been delayed by political uncertainty surrounding the recent elections. The prior government was unwilling to take any project actions that would commit the new government.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72710	Effective	6.28	0.54	5.73	0.00

