STANDARD SUMMARY PROJECT FICHE - TRANSITION FACILITY

1. Basic Information
   1.1 CRIS Number: 2006/018-182.03.02 (TW-number: CZ06-IB-SO-02)
   1.2 Title: Strengthening of the Czech Social Security Administration (CSSA) capacity in the field of social security premium collection, claims and bankruptcy in international environment
   1.3 Sector: Employment, Social Affairs and Health
   1.4 Location: Czech Republic, Ministry of Labour and Social Affairs

2. Objectives
   2.1 Overall Objective
   To improve the functioning of the social security and its coordination by strengthening the system of premiums collection in an international context.

   2.2 Project Purpose:
   Strengthening the organisational structure of Czech Social Security Administration (CSSA) and its instruments, especially increasing effectiveness of the collection of social security contributions, claims and bankruptcy proceedings.

   2.3 Justification
   Comprehensive Monitoring Report, chapter C. Commitments and requirements arising from the accession negotiation, point 1. Administrative and judicial capacity in Public administration, page 12, states that: “The officials of regional and municipal authorities are governed by the Act on Officials of the Territorial Self-Governing Units adopted in June 2002. This Act aims to set up a framework for professionalism and focuses on more transparent procedures and stringent criteria for recruitment by strengthening continuous training of officials and increasing standards of service to the public”.

   According to CMR chapter B. Economic issues, point 1. Economics developments, page 6: “The government has amended the commercial code and is preparing a new Bankruptcy Law. It also provided training to improve the skills of judges and trustees involved ...”

3. Description
   3.1 Background and justification:
   The CSSA is obliged to fulfil the tasks related to the EU principles of financial control and to apply bankruptcy proceedings as one of the forms of its activity aimed at the satisfaction of claims to social security contributions and state employment policy contributions.

   The CSSA is a part of a civil service structure which ensures collection of social insurance and state employment policy contributions - premiums (hereafter premium). The premium is the state budget revenue and its receipt enables the state to finance, by means of state budget, expenditures on sickness insurance benefits (attendance allowance, maternity benefits), pension insurance benefits and active and passive state policy of employment.

   The collected premium contains several components:
   - Premium on pension insurance
   - Premium on sickness insurance
   - Contribution on state policy of employment

   The employer is obliged to calculate premium for employees, deduct it from their wages as provided by law, together with benefits which the employer is obliged to pay for itself and it should transfer it to state budget accounts which are administered by the CSSA. A self-employed person pays premium for himself/herself. The CSSA collects accordingly premium from premium payers, i.e. employers and self-employed persons.

   A relevant premium payer is obliged to hand over to the CSSA a review of paid premiums on the payday and to ensure the premium settlement to the state budget the very same day. The CSSA is obliged to account premiums provided by law and its payment by payers. The CSSA checks the accuracy and the opportuneness of paid premium and in case of late payment it charges a penalty payment to the premium payer. If the premium payer doesn’t pay the due premium, the CSSA is authorized to recover it in executory procedure for which it has legal
Instruments., one of them bankruptcy proceedings. The CSSA has to solve any situation either in national, or in international context and application of the social security coordination rules cause some special situations.

In situations when rules for applicable legislation in accordance to Regulation 1408 are applied CSSA must prescribe and collect premiums and even claim them in accordance with its national legislation although the relevant subjects act abroad (or underlay in other aspects to other MS’s legislation). Financial controlling in these cases is very complicated also due to the fact that a part of premiums is to be paid by employer and a part of employee. As far as claims are concerned then there may be differences in national instruments used in different states and without intensive international cooperation the whole claiming process would get slow, costly and ineffective. Therefore, it is necessary finding out which legal conditions on national level and which instruments of international cooperation should be introduced in order to create a functioning environment (effectiveness of claiming premiums from abroad, instruments of prescribing and collecting premiums from foreign subjects – improvement of CSSA Integrated Economic Information System, instruments and methods in international cooperation based on good practise of old MSs).

Prescription, collection and claiming premiums from subjects settled or living in the territory of the other state is a problem common for all the Member States but since the old ones mostly managed to introduce their own mechanism (national legal instruments, international cooperation) the new ones face this problem since their accession. CSSA discusses this at any negotiation with the new MS’s institutions and with no doubt, results of the project would be of great help for them. On the other hand, also old MS’s may profit from better cooperation with CSSA.

In the field of internal financial control CSSA is obliged to meet the task related to EU-compliant principles of public internal financial control that need to be transposed into the internal control and audit systems. CSSA therefore needs know-how of the more experienced MS institutions in the area of the application of the EU regulations, in cooperation between the EU Member States (forms, obligations, procedures) in undue benefit payments, and in the control systems. As a result of this project the CSSA capacity for levying undue paid benefits will be strengthened.

Insolvency law, or bankruptcy proceedings, are on the national level currently regulated solely by Act No. 328/1991 Coll., on Bankruptcy and Settlement, as amended, whose purpose it is to settle the proprietary relations of a debtor unable to pay the debts. Czech law, however, does not differentiate between primary and secondary bankruptcy proceedings, and does not provide for either the collective insolvency proceedings, or the governing law to begin, conduct and end the proceedings, etc., i.e. areas regulated by Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings which has a direct impact on the Czech Republic’s legislation. Legislative efforts are currently under way to draft a comprehensive amendment of the insolvency law with the objective to eliminate the above-mentioned deficiencies. CSSA is obliged first to participate in bankruptcy proceedings which concerns also subject that underlie Czech legislation but have their seat in other EU MS, second to provide the administrative assistance to the other MS’ institutions.

In bankruptcy proceedings the CSSA applies for the recovery of claims (submits claims) ensuing from social security, especially claims ensuing from contributions. Within the intention of Section 4 of Act No. 328/1991 Coll., on Bankruptcy and Settlement, as amended, the CSSA becomes a participant in the proceedings but, at the same time, it is entitled to file a bankruptcy petition as a creditor.

Apart from creditors and insolvent debtors, it is the bankruptcy trustee to whom significant acts are entrusted in the proceedings, along with legal obligations in performing the duties of a bankruptcy trustee in such proceedings within the intention of Section 8 of the Bankruptcy and Settlement Act. The bankruptcy trustees report on their activities not only to the creditor and insolvent debtor but also to the court having jurisdiction over the bankruptcy proceedings. This is linked to the obligations defined in Section 9d of the same act providing for co-operation with bankruptcy trustees. Therefore, an integral part of the project is the strengthening of the organisational structure of the CSSA in order to enable the CSSA to apply not only the above mentioned provisions of national legislation, i.e. the Bankruptcy and Settlement Act, but especially the Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings, which was transposed into the Czech Act No. 321/1991 Coll. only in 2005 and there is a real lack of experience in implementing it.

Provisions of Regulation No. 1408/71 (especially Art. 13 – 17) on legislation applicable incur situations when the national law must be applied on subjects acting out of the territory of the competent State.
The basic rule (Art. 13 (2)(a) Regulation 1408 says that “a person employed in the territory of one MS shall be subject to the legislation of that State even if he resides in the territory of another MS or if the registered office or place of business of the undertaking or individual employing him is situated in the territory of another MS”. This means that CSSA must collect premiums from any employer who employs his employees in the territory of Czech Republic although his seat is abroad.

There are many special rules in Regulation 1408 for simultaneously employed persons, f.i. Art. 14 (2)(a)(ii) says “where a person is employed principally in the territory of the MS in which he resides, he shall be subject to the legislation of that State, even if the undertaking which employs him has no registered office or place of business or branch or permanent representation in that territory”, or for special groups persons (civil servants, mariners, diplomatic staff etc.).

Regulation so creates situations when national social insurance law of one state has to be applied in the territory of the other state and when international cooperation is needed. It is caused by the fact that premiums on social insurance must be very often collected also from subjects which are either settled in other MS or are working and living during the respective insurance period abroad, eventually have moved to other MS, or their incomes (insurance basis) are earned abroad. It may even happen, that national legislation is applicable although such a subject has never ever been settled or living or working in the territory of the state which legislation is to be applied. Before accession such situations did not happen, experience is very low and national legislations as well as administrations of new MS’s are not sufficient prepared to them.

There also exist special provisions in the EU social security legislation that CSSA must implement first as a competent institution, second as a liaison body for the whole Czech Republic. CSSA is obliged to provide an active cooperation to the other MS’ institutions due to provisions of Regulation No. 574/1972, Art. 110 “Mutual administrative aid relating to the recovery of benefits which were not due”; and Art. 111 “Recovery by social security institutions of payments not due, and claims by assistance bodies.”

There are also special provisions in the EU social security legislation that CSSA must implement first as a competent institution, second as a liaison body for the whole Czech Republic. CSSA is obliged to provide an active cooperation to the other MS’ institutions due to provisions of Regulation No. 574/1972, Art. 110 “Mutual administrative aid relating to the recovery of benefits which were not due”; and Art. 111 “Recovery by social security institutions of payments not due, and claims by assistance bodies.”

The project will result in a strengthened CSSA capacity in relation to bankruptcy proceedings with a national or an international element, introducing relevant instruments on national level (i.e. legal and administrative ones) and the improvement of administrative cooperation the CSSA is obliged to provide to entitled institutions from other EU member states. Recommendations, from the projects concerning bankruptcy proceedings and collecting or claiming premiums from abroad will be provided to the other MS’s institutions.

3.2 Related activities:

CZ 00-03-03 Project “Support to Pension Reform.” The general objective of this project was to prepare the CSSA for the transformation into a fully operational social insurance agency, with the necessary internal procedures and operational capacities (technical and personnel) to administer a digitised pension system meeting the requirements of EU legislation and social policy co-ordination, emphasizing the quality of state supervision of the system of supplementary pension schemes, including the employer sponsored schemes analysed/defined, with a strengthened supervision system. The project paid special attention to the collection of contributions; general recommendations were voiced bearing relation also to bankruptcy proceedings. The construed project “Strengthening the administrative capacity of the Czech Social Security Administration in the field of social security contribution premium collection” will generate specific recommendations together with the manner of their implementation into the current CSSA conditions.

During the project (Component 2.2) discussions on contributions collection model in Germany as well as internal budget of the insurance public company were held and relevant papers were by the German experts produced but due to the recent CSSA position and internal organisational structure no detailed recommendations were published. General experts remarks are involved in mission reports of Mr. Schlichtmann.

CZ 01-08-02 Project “Testing the Preparedness for the Application of EC Social Security Legislation.” The objective of this project was to analyse and improve the capacity of the central institutions that will be responsible for co-ordinating and implementing EU social security legislation (e.g. Reg. 1408/71, 574/72), and to recommend the necessary changes to ensure a properly functioning social security system by the time of accession. The project “Strengthening the administrative capacity of the Czech Social Security Administration in the field of social security contribution premium collection” will build on these recommendations when proposing changes of the CSSA’s organisational structure in order to make sure that there is the necessary personnel and equipment to ensure the application of bankruptcy proceedings in line with the legislation in force.
In the 4th Quarterly Report – chapter Recommendations, part Budgeting and Planning Processes, Page 32 is recommended: “The MoLSA and the CSSA should develop their organizational and managerial structures and invest more on the capacity building of the staff.” On the page 33 is suggested: “The MoLSA and the CSSA should clarify the review process by integrating it to the budget process”. In the part EU Training, Page 51 is advised: “Training should be given to all employees involved in the process.” In the part Benefit Control, Page 104 is recommended: “The CSSA has to assess the essential risks of different benefit procedures and to develop remedies to manage and to mitigate the effects of the risks…” and “The continuous system of statistics is needed e.g. for the EU units’ own internal control activities”.

3.3 Results:

**Component A – Bankruptcy proceedings**
1. CSSA experts from the Headquarters and all the regions trained in development tendencies in the EU and on the experience with international cooperation in bankruptcy proceedings.
2. CSSA staff members (Central Administration and regions) trained in the implementation of Council Regulation No. 1346/2000.
4. Recommendations drafted for the CSSA concerning international cooperation, CSSA procedures related to the activities of bankruptcy trustees in bankruptcy proceedings and the improvement of the CSSA’s organisational structure for the application of bankruptcy proceedings.
5. Experts from the CSSA and other institutions in the Czech Republic trained in insolvency law and the implementation of Council Regulation No. 1346/2000 while taking into consideration the ECJ judicature.
6. Methodology drafted for the procedure to be taken by CSSA staff members in bankruptcy proceedings.

**Component B – Strengthening of financial control and data administration in the field of social insurance**
7. Analysis of the CSSA social insurance premium collecting system realized, incl. excess payments and arrears of payments at the CSSA
8. CSSA specialists trained in collecting premiums from subjects settled or living in the territory of other MSs.
9. Recommendation related to improvement of effectiveness in social insurance premium collecting at the CSSA given.
10. Specialists from CSSA and other Czech institutions involved trained on latest EU developments in relation to social insurance premium collecting incl. claiming debts abroad.
11. MS’ experience concerning social insurance premium collecting suggested and taken into account in the insurance premium collecting.
12. Experience of the partner’s country with performing of financial control in the field of insurance premium collecting
13. Assessment of Integrated Economic Information System developments in the context of European experience
14. Know-how in the field of the application of EU legislation provided, as well as cooperation between the EU states in undue payment benefits, incl. description of modern control, legal and other used methods provided
15. The control system of the CSSA and its regional offices in the field of social insurance premium collecting improved, with special attention to the subjects underlying more than one state’s legislation
16. CSSA staff (specialist from Headquarters and regional offices) trained in the sphere of premium collecting with respect to the EU rules.
17. Guidelines for premium collecting at the CSSA updated.

3.4 Activities:

**Component A – Bankruptcy proceedings**
1a. 2 seminars (each for approx. 20 participants) on development tendencies in the EU and on bankruptcy proceedings in selected member states. Description of bankruptcy proceedings carried out by the member states in the field of social insurance in accordance with Council Regulation No. 1346/2000, its interpretation and implementation in the national systems. Comparison of several national systems. Experience with cooperation among member states, giving and requiring international cooperation in bankruptcy proceedings, management costs.
1b. Analysis of risks linked to the application of bankruptcy proceedings. Comparison of law regulations and procedures on EU and CR level. Presentation of the results at a workshop.
2a. Training CSSA staff members (approx. 50 experts) in the issues of application of Council Regulation No. 1346/2000.

2b. Workshop for approx. 30 specialists on collecting premiums from subjects settled or living in the territory of other MS


4a. Drafting of recommendations for giving and requiring international cooperation in bankruptcy proceedings, for CSSA procedures related to the activities of bankruptcy trustees in bankruptcy proceedings and the improvement of the CSSA’s organisational structure for the application of bankruptcy proceedings.

4b. Drafting of recommendations on the basis of the conclusions of the analysis and the workshop.

4c. A study visit (6 people x 5 days) in a specialised institution dealing with insolvency law as part of the training of CSSA experts.

5. Organising a law seminar on the issues of bankruptcy proceedings under Council Regulation No. 1346/2000 for experts (approx. 40 people) from the CSSA and other institutions in the CR (especially the Ministry of Labour and Social Affairs, Ministry of Finance and Ministry of Justice)

6. Drafting methodology for CSSA’s procedures in bankruptcy proceedings in cooperation with CSSA Central Administration experts.

Component B - Strengthening of financial control and data administration in the field of social insurance

7. Analysis of insurance premium collecting system at the CSSA

8. On the basis of above mentioned analysis elaboration of recommendation for planning of further CSSA activities in this area, focused especially on outsourcing as one of the tools used for debt recovery and on premium collecting from foreign subjects or subjects settled or living abroad presented at a special workshop for approx. 30 specialists (CSSA, health companies), incl. claiming debts abroad

9. Workshop for approx. 20 CSSA specialists concerning the results of analysis and recommendations for the CSSA.

10. Organising seminar for approx. 40 specialists from CSSA and other Czech institutions on latest EU developments in relation to social insurance premium collecting, bankruptcy proceedings, law aspects related to the debts

11, 12. Training of CSSA Headquarters and regional offices staff (approx. 100 specialists) in questions of social insurance premium collecting, also with respect to the EU rules and praxis, and in questions of debts administration.

13. Evaluation of CSSA Integrated Economic Information System in the area of social insurance premium collecting, experience with operation of such a system in the partner’s country and with the information system of insurance premium collecting

14. Specialized seminar for approx. 20 CSSA Headquarters specialist on costs proceeding in social insurance premium collecting

12,16. Study visit (5 persons / 5 days) – transmission of know-how and experience of chosen partner in the field of financial control of insurance premium collecting

15,17. Updating the CSSA guidelines for premium collecting with respect to the recommendations and know-how introduced within the project (in co-operation with CSSA experts)

Profile of the experts:

1 RTA for 12 month and STEs for approx. 250 man-days. Only public servants or mandated body staff are eligible as RTA, STEs and Project Leader.

RTA’s profile
- is a highly qualified expert with university degree
- has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage
- has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs
- has good organisational and communication skills
- he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and translation
- he/she will participate in some activities according to his/her specialisation and he/she will be responsible for testing trainers

Project Leader (MS)
- has knowledge about the project’s item, has 5-years experience, previous participation on similar projects will be of favour
• is responsible for project management, especially human resources, budget discipline
• solves problem in cooperation with RTA and Steering Committee members
• is responsible for generating of outputs and meeting the objectives

Project Leader (CZ)
• he/she will be nominated by CSSA
• after finishing the project he/she will ensure the relevant recommendations of the project will be implemented

Component A – Bankruptcy proceedings
Approx. 4 STEs have law education, at least 5 years of practical experience in the activity that is central to the project and are experts in insolvency law. Practical experience linked to the execution of insolvency law in the field of social security is also required.

Component B – Strengthening of financial control and data administration in the field of social insurance
Approx. 2 STEs with 10 years experience in the field of debts recovery and with experience with law and administrative execution. They should be related to the social security and to the bankruptcy law.

Approx. 2 STEs for insurance premium collecting in the field of social security with at least five years of experience in the above mentioned field, with university education in economics and with ability to perform a data analysis in the above mentioned field (number of insured persons of his/her country comparable with number of insured persons in the Czech Republic)

Approx. 2 STEs have at least 5 years of respective praxis in the field related to social security, knowledge of bankruptcy law and be experienced at judicial and administrative execution, one of them specialized at debt recovery and the other at bankruptcy law. One STE has the specialization and at least 10 years of experience in the subject.

3.5 Lessons learned
In previous projects the careful choice of the project partner was of great effectiveness. Experience of the project partner contributed to the flawless realization of the project. Experience from the previous projects proved that coordination of inputs in projects dealing with training of staff, with more activities and institutions involved is hardly substitutable and the role of RTA is therefore very important. It is also uneasy to coordinate such project without a good knowledge of conditions on that twinning partner side who delivers experts for the project as the results of the project are relying on the experts quality and good timing of their input. RTA has an unsubstitutional role in coordinating and realising all project activities, while project leader concentrates more on ensuring human resources involved (on Czech side) and on generating of outputs and meeting the objectives. After finishing the project he/she will ensure the relevant recommendations of the project will be implemented.

4. Institutional Framework
The main coordinator in the field of social insurance collecting and related bankruptcy proceeding in the Czech Republic is the Ministry of Labour and Social Affairs (MoLSA). It is responsible for social policy (e.g. people with disabilities, social services, social benefits, family policy), social security (e.g. pensions, sickness insurance), employment (e.g. labour market, employment support, employment of foreigners), labour legislation, occupational safety and health, equal opportunities of women and men, migration and integration of foreigners, European Social Fund and other social or labour related issues.

The beneficiary is Czech Social Security Administration (CSSA), which is the organization body of state directed -according to the Act No. 210/1990 Coll.- by the Ministry of Labour and Social Affairs, which provides CSSA also with the methodological guidance.

CSSA is the biggest financial-administrative body in the Czech Republic and an amount of financial resources (incomes and expenditures) is about 550 billion CZK. Main tasks of the CSSA are to collect contributions for the basic pension insurance system, the sickness insurance scheme and the system of state employment policy (unemployment insurance and employment policy programs) and to arrange the calculation and payment of benefits from the above mentioned schemes as well as the keeping of records on insured individuals (excluding the state employment policy system).
The application of bankruptcy proceedings in the CSSA falls under the responsibility of the CSSA Central Administration (Section for the Collection and Legal Security of Debts) and the Regional Departments for Debt Collection (15 in total) that are managed by the above section. The CSSA, including the district branches, employs approx. 8,500 staff members.

**Steering Committee**

There will be established Steering Committee of the project. It shall be composed of the representative of CFA, CFCU, representative of MoLSA and CSSA and project leaders. It will coordinate and supervise the implementation of activities and will meet at least every three months.

5. **Detailed Budget** (in M €)

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<tr>
<th></th>
<th>Transition Facility support</th>
<th>Co-financing</th>
<th>Total cost (TF plus co-financing)</th>
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<tr>
<td></td>
<td>Investment Support</td>
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<td>Total Transition Facility (=I+IB)</td>
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<td>Twinning contract</td>
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<tr>
<td>Total</td>
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(*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(**) Private funds, FIs loans to private entities

(***)The following activities will be financed from the parallel co-financing provision in the budget table (chapter 313 MoLSA): study visits travel costs, seminar venues, office space and facilities for MS expert.

The amounts for national co-financing indicated in the table correspond to cash co-financing. Contributions from the Czech administration for an effective implementation of the twinning may be further detailed in the twinning contract.

VAT does not constitute eligible expenditure except where it is genuinely and definitely borne by the final beneficiary. VAT which is considered recoverable, by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.

6. **Implementation Arrangements**

6.1 **Implementing Agency**

The Implementing Agency will be the CFCU. The project implementation will fall under direct responsibility and coordination of the MoLSA, with CSSA consultations.

The contact person is Jan Slaviček, Programme Authorising Officer (PAO), phone +420-2-5704-4551, fax +420-2-5704-4550, E-mail: jan.slavicek@mfcr.cz

**National Contact Point** (NCP) of Centre of Foreign Assistance (CFA) is Ms. Jana Hendrichová, Dorector dpt.58-phone +420-2-5704-4568, e-mail: jana.hendrichova@mfcr.cz. The CFA is fully responsible for overall monitoring and interim evaluation of the project.

6.2 **Twinning**

The twinning arrangement is envisaged with MoLSA as the beneficiary institution.

The contact person at MoLSA is Čestmír Sajda, Deputy Minister responsible for the European Integration and International Relations, Ministry of Labour and Social Affairs, tel. +420 2 21922300, fax +420 2 21922223, E-mail cestmir.sajda@mpsv.cz.
The contact person at the CSSA is Jitka Konopásková, Head of International Relations Department, tel. +420 2 5706 2115, fax +420 2 5706 3032, E-mail jitka.konopaskova@cssz.cz

6.3 Non-standard aspects
n.a.

6.4 Contracts

1) Twinning 0.400 M€

7. Implementation Schedule

7.1 Start of tendering/call for proposals 3Q/2006
7.2 Start of project activities 1Q/2007
7.3 Completion of the project 1Q/2008

8. Sustainability

The CSSA staff members assigned to implement the above mentioned activities are appropriately experienced and have the necessary skills to undertake the required tasks. CSSA also has adequate staff and financial resources to maintain project results beyond the end of the project.

9. Conditionality and sequencing

Component A

The carrying out of the analysis and holding the workshop and seminars will be followed by the drafting of methodology for staff members. Subsequently, staff members will be trained in bankruptcy proceedings issues.

The main milestones of the project will be:

- Recommendations on the application of financial control in social insurance premiums collection, incl. claiming debts and on application of bankruptcy proceedings on the international level;
- Training of staff members;
- Enhancing the quality and efficiency of CSSA activities linked to the social insurance premiums collection and to the application of bankruptcy proceedings.

Component B

After elaboration of the analysis and recommendations seminars and training will follow with the aim to improve procedures linked with social insurance premium collecting at the CSSA, including control and legal and economic aspects.

The most important results of the project are following:

- Recommendations concerning social insurance premium collecting data centralization;
- Increasing effectiveness in working procedures associated with social insurance premium collecting;
- Staff informed and trained.

ANNEXES TO PROJECT FICHE

1. Logframe planning matrix
2. Detailed Implementation Table
3. Contracting and disbursement schedule
# LOGFRAME PLANNING MATRIX

**Project Title:** Strengthening of the Czech Social Security Administration (CSSA) capacity in the field of social security premium collection, claims and bankruptcy in international environment

**Contracting period expires:** 15 December 2008

**Disbursement period expires:** 15 Dec 2009

**Total Budget:** **0.410 M€**

**TF Budget:** **0.400 M€**

## Overall Objective

To improve the functioning of the social security and its coordination by strengthening the system of premium collection in an international context.

**Objective verifiable indicators**
- Acknowledgement by the European Commission
- Increase of administrative and judicial capacity of Czech institutions

**Sources of verification**
- Relevant EC documents
- Reports issued by the IFI and OECD

## Project Purpose

Strengthening the organisational structure of Czech Social Security Administration (CSSA) and its instruments, especially increasing effectiveness of the collection of social security contributions, claims and bankruptcy proceedings.

**Objective verifiable indicators**
- CSSA and its branches are able to solve problems related to the application of bankruptcy proceedings in line with European legislation.
- CSSA and its regional offices capable to deal within the EU as a modern insurance institution being able to manage and administer all aspects of free movement of persons
- 70 CSSA experts trained in the implementation of Council Regulation No. 1346/2000 and in the field of risk analysis in the application of bankruptcy proceedings
- Increase in the field of successfulness of premium collecting esp. from subjects settled/living abroad, respectively reduction of the number of pending cases by 3 % within five years
- 50 CSSA experts administering EU bankruptcy law properly trained and equipped by appropriate legislative and other tools by the end of the project
- 100 CSSA experts administering premium collection and debts demanding from subjects settled abroad and providing administrative assistance on international level properly

**Sources of verification**
- Evaluation by relevant national bodies (MoLSA, Ministry of Finance)
- Audit reports on different levels

## Results

**Component A – Bankruptcy proceedings**

1. CSSA experts from the Headquarters and all the regions trained in development tendencies in the EU and on the experience with international cooperation in bankruptcy proceedings.

**Objective verifiable indicators**
- relevant CSSA experts (approx. 70) trained in development tendencies in the EU, implementation of Reg. No. 1346/2000 and in risk analysis by the end of the project

**Sources of verification**
- Project progress reports and the final report
- Record of progress made
- Project outputs reflected in individual CSSA policies
- Action Plan and Strategy

**Assumptions**
- All tasks under the umbrella of this Project are effectively coordinated and all people involved are well informed
| 2. | CSSA staff members (Central Administration and regions) trained in the implementation of Council Regulation No. 1346/2000. |
| 4. | Recommendations drafted for the CSSA concerning international cooperation, CSSA procedures related to the activities of bankruptcy trustees in bankruptcy proceedings and the improvement of the CSSA’s organisational structure for the application of bankruptcy proceedings. |
| 5. | Experts from the CSSA and other institutions in the Czech Republic trained in insolvency law and the implementation of Council Regulation No. 1346/2000 while taking into consideration the ECJ judicature. |
| 6. | Methodology drafted for the procedure to be taken by CSSA staff members in bankruptcy proceedings. |

**Component B – Strengthening of financial control and data administration in the field of social insurance**

| 7. | Analysis of the CSSA social insurance premium collecting system realized, incl. excess payments and arrears of payments at the CSSA |
| 8. | CSSA specialists trained in collecting premiums from subjects settled or living in the territory of other MSs. |
| 9. | Recommendation related to improvement of effectiveness in social insurance premium collecting at the CSSA given. |
| 10. | Specialists from CSSA and other Czech institutions involved trained on latest EU developments in relation to social insurance premium collecting incl. claiming debts abroad. |
| 11. | MS’ experience concerning social insurance premium collecting suggested and taken into account in the insurance premium collecting. |
| 12. | Experience of the partner’s country with performing of financial control in the field of insurance premium |

- Recommendations for the CSSA drafted on the basis of the conclusions of analysis and workshop and submitted and accepted by the end of the project. 
- Methodology for bankruptcy proceedings drafted, submitted and accepted.

**Component B**

- Recommendations on improvement of effectiveness in collecting premiums elaborated on the basis of the results of the analysis, submitted and accepted by the end of the project.
- Seminars for approx. 90 persons held
- Guidelines for CSSA staff drafted and accepted
- Training CSSA staff for approx. 120 persons organised
- Recommendations related to the Integrated Economic Information System developments drafted, submitted and accepted
- Recommendations checked and relevant recommendations introduced into CSSA praxis

- Personal capacity of CSSA/SIA strengthened as planned in order to ensure properly implementation of acquis
- Non existence of a legal basis
- Non functional system of public finance
- Non existence of a legislation in corresponding with aquis
- Staff that does know the EU principles and legislation

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MoLSA-13.doc
13. Assessment of Integrated Economic Information System developments in the context of European experience.

14. Know-how in the field of the application of EU legislation provided, as well as cooperation between the EU states in undue payment benefits, incl. description of modern control, legal and other used methods provided.

15. The control system of the CSSA and its regional offices in the field of social insurance premium collecting improved, with special attention to the subjects underlying more than one state’s legislation.

16. CSSA staff (specialist from Headquarters and regional offices) trained in the sphere of premium collecting with respect to the EU rules.

17. Guidelines for premium collecting at the CSSA updated.

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<th>Activities</th>
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<tr>
<td><strong>Component A – Bankruptcy proceedings</strong></td>
<td><strong>Twinning:</strong> (0.400 MEUR) <strong>Profile of the experts:</strong> 1 RTA for 12 month and STEs for approx. 250 man-days. Only public servants or mandated body staff are eligible as RTA, STEs and Project Leader. <strong>RTA’s profile</strong>  • is a highly qualified expert with university degree  • has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage  • has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs  • has good organisational and communication skills  • he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and • All tasks covered by this project are effectively coordinated and all people involved are well informed</td>
<td>• Lack of time coordination of experts and activities  • Lack of information provided mutually by both parties  • Failure to adopt the national law regulations transposing Council Regulation No. 1346/2000 as of the day of the start of the project.  • Efficient coordination of all activities and regular provision of information to all stakeholders.</td>
</tr>
<tr>
<td>1a. 2 seminars (each for approx. 20 participants) on development tendencies in the EU and on bankruptcy proceedings in selected member states. Description of bankruptcy proceedings carried out by the member states in the field of social insurance in accordance with Council Regulation No. 1346/2000, its interpretation and implementation in the national systems. Comparison of several national systems. Experience with cooperation among member states, giving and requiring international cooperation in bankruptcy proceedings, management costs.</td>
<td><strong>Profile of the experts</strong>  • is a highly qualified expert with university degree  • has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage  • has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs  • has good organisational and communication skills  • he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and • All tasks covered by this project are effectively coordinated and all people involved are well informed</td>
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</tr>
<tr>
<td>1b. Analysis of risks linked to the application of bankruptcy proceedings. Comparison of law regulations and procedures on EU and CR level. Presentation of the results at a workshop.</td>
<td><strong>Profile of the experts</strong>  • is a highly qualified expert with university degree  • has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage  • has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs  • has good organisational and communication skills  • he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and • All tasks covered by this project are effectively coordinated and all people involved are well informed</td>
<td>• Lack of time coordination of experts and activities  • Lack of information provided mutually by both parties  • Failure to adopt the national law regulations transposing Council Regulation No. 1346/2000 as of the day of the start of the project.  • Efficient coordination of all activities and regular provision of information to all stakeholders.</td>
</tr>
<tr>
<td>2a. Training CSSA staff members (approx. 50 experts) in the issues of application of Council Regulation No. 1346/2000.</td>
<td><strong>Profile of the experts</strong>  • is a highly qualified expert with university degree  • has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage  • has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs  • has good organisational and communication skills  • he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and • All tasks covered by this project are effectively coordinated and all people involved are well informed</td>
<td>• Lack of time coordination of experts and activities  • Lack of information provided mutually by both parties  • Failure to adopt the national law regulations transposing Council Regulation No. 1346/2000 as of the day of the start of the project.  • Efficient coordination of all activities and regular provision of information to all stakeholders.</td>
</tr>
<tr>
<td>2b. Workshop for approx. 30 specialists on collecting</td>
<td><strong>Profile of the experts</strong>  • is a highly qualified expert with university degree  • has knowledge of social insurance premium collection, eventually claims demanding and bankruptcy law, knowledge of social security coordination rules will be an advantage  • has at least 5-years experience in social security and is specialised either in training, or in one of the further mentioned subjects as the STEs  • has good organisational and communication skills  • he/she is responsible, in close cooperation with CSSA, for coordination and organisation of all activities including communication with other Czech institutions, preparation of relevant documents and ensuring interpretation and • All tasks covered by this project are effectively coordinated and all people involved are well informed</td>
<td>• Lack of time coordination of experts and activities  • Lack of information provided mutually by both parties  • Failure to adopt the national law regulations transposing Council Regulation No. 1346/2000 as of the day of the start of the project.  • Efficient coordination of all activities and regular provision of information to all stakeholders.</td>
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</table>
4a. Drafting of recommendations for giving and requiring international cooperation in bankruptcy proceedings, for CSSA procedures related to the activities of bankruptcy trustees in bankruptcy proceedings and the improvement of the CSSA’s organisational structure for the application of bankruptcy proceedings.
4b. Drafting of recommendations on the basis of the conclusions of the analysis and the workshop.
4c. A study visit (6 people x 5 days) in a specialised institution dealing with insolvency law as part of the training of CSSA experts.
5. Organising a law seminar on the issues of bankruptcy proceedings under Council Regulation No. 1346/2000 for experts (approx. 40 people) from the CSSA and other institutions in the CR (especially the Ministry of Labour and Social Affairs, Ministry of Finance and Ministry of Justice)
6. Drafting methodology for CSSA’s procedures in bankruptcy proceedings in cooperation with CSSA Central Administration experts.

**Component B - Strengthening of financial control and data administration in the field of social insurance**

7. Analysis of insurance premium collecting system at the CSSA
8. On the basis of above mentioned analysis elaboration of recommendation for planning of further CSSA activities in this area, focused especially on outsourcing as one of the tools used for debt recovery and on premium collecting from foreign subjects or subjects settled or living abroad presented at a special workshop for approx. 30 specialists (CSSA, health companies), incl. claiming debts abroad
9. Workshop for approx. 20 CSSA specialists concerning translation

- he/she will participate in some activities according to his/her specialisation and he/she will be responsible for testing trainers

**Project Leader (MS)**
- has knowledge about the project’s item, has 5-years experience, previous participation on similar projects will be of favour
- is responsible for project management, especially human resources, budget discipline
- solves problem in cooperation with RTA and Steering Committee members
- is responsible for generating of outputs and meeting the objectives

**Component A – Bankruptcy proceedings**

Approx. 4 STEs have law education, at least 5 years of practical experience in the activity that is central to the project and are experts in insolvency law. Practical experience linked to the execution of insolvency law in the field of social security is also required.

**Component B – Strengthening of financial control and data administration in the field of social insurance**

Approx. 2 STEs with 10 years experience in the field of debts recovery and with experience with law and administrative execution. They should be related to the social security and to the bankruptcy law.

Approx. 2 STEs for insurance premium collecting in the field of social security with at least five years of experience in the above mentioned field, with university education in economics and with ability to perform a data analysis in the above mentioned field (number of insured persons of his/her country comparable with number of insured persons in the Czech Republic)

Approx. 2 STEs have at least 5 years of respective praxis in the field related to social security, knowledge of bankruptcy law
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<tbody>
<tr>
<td>10. Organising seminar for approx. 40 specialists from CSSA and other Czech institutions on latest EU developments in relation to social insurance premium collecting, bankruptcy proceedings, law aspects related to the debts</td>
<td>and be experienced at judicial and administrative execution, one of them specialized at debt recovery and the other at bankruptcy law. One STE has the specialization and at least 10 years of experience in the subject.</td>
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<tr>
<td>11, 12. Training of CSSA Headquarters and regional offices staff (approx. 100 specialists) in questions of social insurance premium collecting, also with respect to the EU rules and praxis, and in questions of debts administration</td>
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<tr>
<td>13. Evaluation of CSSA Integrated Economic Information System in the area of social insurance premium collecting, experience with operation of such a system in the partner’s country and with the information system of insurance premium collecting</td>
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<tr>
<td>14. Specialized seminar for approx. 20 CSSA Headquarters specialist on costs proceeding in social insurance premium collecting</td>
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<td>12,16. Study visit (5 persons / 5 days) – transmission of know-how and experience of chosen partner in the field of financial control of insurance premium collecting</td>
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<td>• 15,17. Updating the CSSA guidelines for premium collecting with respect to the recommendations and know-how introduced within the project (in co-operation with CSSA experts)</td>
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</tbody>
</table>

Preconditions: None
DETACHED IMPLEMENTATION TABLE

Project Title: Strengthening of the Czech Social Security Administration (CSSA) capacity in the field of social security premium collection, claims and bankruptcy in international environment

<table>
<thead>
<tr>
<th>Year</th>
<th>Activity</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<td>MA</td>
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<td>J</td>
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<tr>
<td></td>
<td>Start of tendering</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Start of project activity</td>
<td></td>
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<td></td>
<td>Project completion</td>
<td></td>
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<td>X</td>
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ANNEX 3

CONTRACTING AND DISBURSEMENT SCHEDULE

Cumulative Quarterly Contracting Schedule (in mil.€)

<table>
<thead>
<tr>
<th>Project title:</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>1Q/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of the Czech Social Security Administration (CSSA) capacity in the field of social security premium collection, claims and bankruptcy in international environment</td>
<td>0,400</td>
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<td></td>
<td></td>
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<td>0,400</td>
</tr>
</tbody>
</table>

Cumulative Quarterly Disbursement Schedule (in mil.€)

<table>
<thead>
<tr>
<th>Project title:</th>
<th>1Q/07</th>
<th>2Q/07</th>
<th>3Q/07</th>
<th>4Q/07</th>
<th>1Q/08</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of the Czech Social Security Administration (CSSA) capacity in the field of social security premium collection, claims and bankruptcy in international environment</td>
<td>0,320</td>
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<td></td>
<td>0,400</td>
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<td>0,400</td>
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