COMMISSION DECISION
OF 1999

Establishing a programme for Social Protection Reform and Social Acquis Implementation - Consensus III,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 1266/99 of 21 June 1999, and in particular article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be 0.5 MEUR to be financed through Budget line B7-500 in 1999.

Done in Brussels,

For the Commission
1. Identification

Countries: All Phare accession countries
Programme: CONSENSUS III - Programme for Social Protection
Reform and Social Acquis Implementation
Year: 1999
Cost: 18,62 MEUR
Implementing: European Commission
Authorities: European Commission
Expiry date: 31 December 2001 (contracting),
31 December 2002 (disbursement)
Group: O
Sector: SO
Budget line: B7-500
Task Manager Fabienne Lévy, Enlargement DG
(MISSOC: Kevin Dench, Employment DG)
Programme Manager: Head of Phare section in each delegation

2. Summary

The social acquis is of ever-increasing importance as the Candidate Countries intensify their preparation for accession. From 2000, assistance in adopting and implementing the social acquis will be supported under Phare national programmes following the priorities set in each country’s Accession Partnership. There will be a particular focus on institution building, based on a twinning approach. In the meantime, the current Consensus III programme is being proposed as a bridge from the previous Consensus multi-country programmes in this sector.

It will be implemented as a horizontal facility, i.e. the total funds available will be divided between the ten accession countries and used to cover twinning projects in each country. Standard twinning procedures will apply.

A small budget will be reserved to assist the partner countries in preparing their eventual input into the MISSOC (policy and legislation monitoring) programme. This budget will be sub-delegated to the Employment and Social Affairs Directorate-General of the Commission.

3. Strategy

The Consensus Programme was launched within the PHARE framework by the European Commission in 1995, initially for a duration of 2 years (1996/97). An extension of activities for a further two years (1998/1999) was decided in 1997. The programme has always operated in a complementary fashion to the social and health programmes of the national Phare programmes.
Consensus I laid the foundations in the form of Country Policy Papers, setting up the Interinstitutional Reform Commission (IIRC) secretariats in all CEECs, screening legislation of equal treatment and of protection of rights of applicants for social benefits, and supporting conferences on health care and pension reform. Consensus II systematically monitored social policy developments in all CEECs. It helped develop glossaries on social protection, set up a social crisis centre in Latvia, developed social security statistics in Albania and Lithuania, assisted the revision of the labour code in Romania, of pension reform in Slovenia, assisted with a new guarantee fund in Hungary, supplementary pensions in Bulgaria, trained administrators in the health care systems of several CEECs, and consulted on the reform of social insurance institutions in all CEECs. Consensus III in its horizontal facility will continue its policy monitoring functions (preparation for eventual participation in MISSOC) systematically and pursue its task to guide the social security reform process depending on each country's needs and state of progress.

The present proposal has been adjusted to take fully into account:

- the new accession driven orientation of PHARE;
- the pre-accession strategy;
- the practical experience gathered so far through the implementation of Consensus;
- the changing picture of social protection and social acquis implementation in the CEECs;

4. Objectives

The purpose of the programme is to move towards the full adoption and implementation of the acquis in the field of social policy.

The attainment of this objective implies the following short-term aims:

- strengthen institutions responsible for the implementation of the social acquis;
- strengthen social protection systems so as to facilitate adoption and implementation of the acquis;
- enhance dialogue between governments and social partners, NGOs and the public in general about reforming and modernising social protection and adopting the social acquis;
- prepare the way for a strongly reinforced social dimension in the PHARE 2000-02 programmes;
- full provision of necessary information for preparations for eventual participation in MISSOC
5. Programme description

i) The developing acquis

The extension of social policy provisions in the Amsterdam Treaty provides new scope for social acquis development. The acquis that is already in place includes labour law, social dialogue, equal treatment, social protection and coordination of social security schemes.

Importance is also attached to non-binding Council provisions relating to the establishment of effective administrative and judicial systems and to the creation of a suitable economic and social environment.

Combating poverty and social exclusion and safeguarding social justice are pre-conditions for the social stability needed to create a favourable environment for enlargement. The Consensus programme operates and should continue to operate within this context.

ii) Present situation of social policy in CEECs

The process of modernisation and adaptation of social protection legislation and institutions so as to allow the full implementation of the developing acquis in social policy by the CEECs upon accession is far from complete.

Among the issues on the agenda are:

(a) Development of appropriate labour market structures and joint review of employment policies as preparation for participation in EU co-ordination;
(b) alignment of labour and occupational health and safety legislation and development of enforcement structures in particular early adoption of the framework directive on health and safety at work;
(c) enforcement of equal opportunities;
(d) further development of active, autonomous social dialogue;
(e) further development of social protection in line with EU norms,
(f) steps to bring public health standards into line with EU norms.

These tasks have been identified as medium term priorities and objectives in all Accession Partnerships.

iii) Consensus III – country projects

In its accession orientation Consensus III will deal specifically with the social policy acquis of the Union. It will directly support the implementation of the acquis as well as issues of sustainable social and health protection which are fundamental to social security in the EU and which are a pre-condition for the effective implementation of the acquis. All CEECs face significant managerial and financial problems in this respect.
Until now, Consensus has been the major instrument available to support the adoption and implementation of the EU’s social policy acquis by the CEECs. From 2000 it is expected that adoption and implementation of the social acquis will be increasingly covered by national programmes, reflecting the priority given in the various Accession Partnerships. Consensus III will be used to bridge the gap between the previous multi-country programmes and the future national programmes. This “bridging” is reflected in the implementation arrangements proposed for the programme.

The approach taken in Consensus III will be to support projects that:

(a) develop a twinning partnership between a CEEC and one or two Member States;

(b) produce concrete, tangible and sustainable (guaranteed) results in terms of policy development and/or of institution building which lead towards the achievement of EU good practice and prepare for, or implement directly, the social acquis;

(c) build on the development of know-how and technical proficiency which has already been achieved in the CEECs themselves, in particular through Consensus I and II;

(d) mobilise the know-how and experience of EU experts especially national civil servants;

(e) avoid the duplication with parallel activities of other international or regional aid organisations, while developing with them dialogue and collaboration.

iv) selection of projects

The main component of the programme will operate through support to well-designed individual twinning projects which fit the criteria specified above.

Eligible projects hence cover the following policy areas:

- social protection reform (including health protection),
- labour law,
- equal opportunities for women and men,
- social dialogue,
- safety and health at work,
- co-ordination of social security schemes.

Projects have been developed by expert teams within each Ministry of Social Affairs and Labour and have been presented in the form of the standard project fiche. They must contain a twinning component. The projects have been subject to a preliminary assessment of their conformity with the objectives of the programme. The selected projects are summarised in annex.

Partner countries have been invited to develop fully-detailed twinning fiches which should be ready by the end of 1999.
Once the project fiches have been approved, the process of developing the twinning covenant will start. Typically this takes up to eight months so that the twinning programmes are expected to run (i.e. twinning covenants be approved) as from September 2000. Up to 50,000 EURO may be used in each country to cover preparatory actions until such time as the twinning covenants become operational.

The risks attached to the successful implementation of the programme include:

1) Excessive focus on inputs and outputs rather than impact and the guaranteed result required in all twinning programmes may make it difficult to develop adequate twinning fiches.

2) Commitment from CEEC governments to the guaranteed result may be inadequate in terms of financial resources, managerial capacity and political will.

v) Consensus III – support to MISSOC

Support will be given to allow all the Phare candidate countries to prepare their full participation in the MISSOC exercise. This involves the provision by the partner countries to the Commission of information relating to legislative and regulatory developments and to implementation arrangements in the field of social policy. The project is intended to build upon a pilot project supported under Consensus II, by which five candidate countries were involved with a much simplified version of the MISSOC database.

This component of Consensus III will be identified and managed directly by the European Commission (Employment and Social Affairs DG), which will ensure guidance to CEECs, monitoring, quality control, and management and accountability for the sub-delegated funds, in line with Phare rules. Each beneficiary country will nominate an official to collect and collate the required material to an appropriate standard. The nominated official will be assisted in his task by a contractor appointed by Employment and Social Affairs DG
6. Budget

The budget allocation requested for financing the proposed two-year extension of Consensus is 18,62 MEUR, to be earmarked as follows:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project fund/national programmes</td>
<td>18,120</td>
</tr>
<tr>
<td>Multi-country facility (MISSOC)</td>
<td>500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>18,620</strong></td>
</tr>
</tbody>
</table>

Based on the projects submitted by the partner countries on 24.9.99 the maximum allocations by country are as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>1,88</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2,0</td>
</tr>
<tr>
<td>Estonia</td>
<td>1,97</td>
</tr>
<tr>
<td>Poland</td>
<td>2,0</td>
</tr>
<tr>
<td>Lithuania</td>
<td>2,0</td>
</tr>
<tr>
<td>Romania</td>
<td>2,0</td>
</tr>
<tr>
<td>Hungary</td>
<td>0,92</td>
</tr>
<tr>
<td>Slovakia</td>
<td>2,0</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2,0</td>
</tr>
<tr>
<td>Latvia</td>
<td>1,35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,12</strong></td>
</tr>
</tbody>
</table>

6. Implementation arrangements

The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures with the exception of the multi-country (MISSOC) facility which will be managed by the Commission’s Employment and Social Affairs DG. The National Aid Coordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in each country is in the Ministry of Finance. Each National Fund is headed by the National Authorising Officer (NAO) who will supervise the financial management of the Programme and will be responsible for reporting to the European Commission. Appropriate financial control shall be carried out by the competent National Control Authority with respect to the implementation of the programme.
The Commission will transfer the funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Ministry of Finance. Funds will be transferred following requests from the NAO as follows:

An initial payment of 20% of the allocation for each country will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreement (FAs) between the NF and the Implementing Agencies (IAs)/Central Finance and Contracts Unit (CFCU).

The provisions foreseen in articles 2 and 13 of the MoU on the NF must also be met. Furthermore, the NAO must submit to the Commission the designation of the PAO and a description of the system put in place, highlighting the flow of information between the NF and the IA/CFCU and the manner in which the payment function will be carried out.

Four replenishments will be made up to 20% of the funds to be managed locally or the full balance which ever is the lesser amount. The first replenishment will be triggered when 10% of the budget has been disbursed by the CFCU. The second replenishment may be requested when 30% of the total budget in force has been disbursed. The trigger point for the third replenishment is 50%, and for the final fourth instalment when 70% is disbursed. Save for express prior authorisation from the Commission HQ, no replenishment request may be made if the aggregate of the funds deposited in the NF and the IAs exceeds 10% of the total budget in force of the commitment. Exceptionally the NAO may request an advance payment of more than 20% in accordance with the procedures laid down in the aforesaid Memorandum of Understanding.

The National Fund will transfer funds to the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreements (FAs) to be signed between the NFs and the CFCU. Each individual FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU there will be no transfer of funds from the NF to the CFCU. The CFCU will be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the CFCU.

The CFCU has overall responsibility for tendering, contracting and payments.

A separate bank account, denominated in EURO, will be opened and managed by the NF in a separate accounting system in the central banks or in a Bank agreed in advance with the Commission. Interests will be reported to the European Commission; if the Commission so decides, on the basis of a proposal from the NAO, interests may be reinvested in the Programme. In principle, all bank accounts will be interest bearing. The same principle will apply to any funds transferred to the CFCU.

The same procedures will apply to any funds transferred to an IA or CFCU.

The NAO and the PAOs will ensure that all contracts are prepared in accordance with the procedures for twinning communicated by Commission services.

All contracts must be concluded by 31 December 2001 and all disbursements must be made by 31 December 2002.
Any funds not used by the expiry date of the programme will be recovered by the Commission.

For those contracts with funds retained for a warranty period extending beyond the end of the disbursement period of the programme, the overall total of funds related to those contracts, as calculated by the PAO and established by the Commission, will be paid to the Implementing Agency before the official closure of the programme. The Implementing Agency assumes full responsibility of depositing the funds until final payment is due and for ensuring that said funds will only be used to make payments related to the retention clauses. The Implementing Agency further assumes full responsibility towards the contractors for fulfilling the obligations related to the retention clauses. Interests accrued on the funds deposited will be paid to the Commission after final payment to the contractors. Funds not paid out to the contractors after final payments have been settled shall be reimbursed to the Commission. An overview of the use of funds deposited on warranty accounts - and notably of the payments made out of them - and of interests accrued will annually be provided by the NAO to the Commission.

7. Monitoring and Assessment

A Joint Monitoring Committee (JMC) is to be established for each country. It includes the NAO, the NAC and the Commission. The JMC meets at least once a year to review all Phare funded programmes in order to assess their progress towards meeting the objectives set out in Financing Memoranda and the Accession Partnership. The JMC may recommend a change of priorities and/or the re-allocation of Phare funds.

The JMC is assisted, inter alia, by a Monitoring Sub-Committee (MSC) for this programme and will include the NAC, the PAO of each IA (and of the CFCU where applicable) and the Commission Services. The MSC will review in detail the progress of each programme, including its components and contracts, on the basis of regular monitoring and assessment reports produced with the assistance of an external consultant (in accordance with the provisions of the DIS manual), and will put forward recommendations on aspects of management and design, ensuring these are effected. The MSC will report to the JMC, to which it will submit overall detailed reports on all Phare financed programmes.
8. Audit and Evaluation

The accounts and operations of the National Fund, and, where applicable, the CFCU and all relevant Implementing Agencies may be checked at the Commission’s discretion by an outside auditor contracted by the Commission without prejudice to the responsibilities of the Commission and the European Union’s Court of Auditors as referred to in the General Conditions relating to the Financing Memorandum attached to the Framework Agreement.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the Programme.

9. Visibility/Publicity

All projects supported by Consensus will have to identify their Phare support prominently in their publications, conferences and other public presentations. The appropriate Programme Authorising Officer will be responsible for ensuring that the necessary measures are taken to ensure appropriate publicity for all activities financed from the programme. This will be done in close liaison with the Commission Delegation. Further details are at the Annex ‘Visibility/Publicity’.

10. Special Conditions

In the event that agreed commitments are not met for reasons which are within the control of the Government of the country concerned, the Commission may review the programme with a view, at the Commission’s discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Phare programme.
## ANNEX 1 - LogFrame Matrix - Programme Identification Consensus 1999

<table>
<thead>
<tr>
<th>WIDER OBJECTIVES</th>
<th>INDICATORS OF ACHIEVEMENT</th>
<th>MEASUREMENT OF INDICATORS</th>
<th>RISKS/ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption and implementation of the acquis in the social sectors</td>
<td>No derogation or transition period needed on accession</td>
<td>Countries’ position papers in negotiations</td>
<td>Affordability of social protection</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IMMEDIATE OBJECTIVES</th>
<th>INDICATORS OF ACHIEVEMENT</th>
<th>MEASUREMENT OF INDICATORS</th>
<th>RISKS/ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>strengthen institutions responsible for implementing social acquis</td>
<td>capacity to produce clear, costed accession strategy</td>
<td>NPAA</td>
<td>Willingness to change</td>
</tr>
<tr>
<td></td>
<td>management skills</td>
<td></td>
<td>Adequate leadership/ownership from senior mgt</td>
</tr>
<tr>
<td>strengthen social protection systems so as to facilitate subsequent adoption and implementation of the acquis</td>
<td>Improved user satisfaction</td>
<td>Survey of users</td>
<td>Affordability</td>
</tr>
<tr>
<td></td>
<td>Reduced degree of social exclusion</td>
<td>Social statistics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health care effectively available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>enhance the dialogue of governments with the social partners, NGOs and the public in general about reforming and modernising social protection and adopting the social acquis</td>
<td>Increased involvement of partners</td>
<td>Survey of partners</td>
<td>Ministries’ unaccustomed to/ threatened by consultation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Weakness of NGOs</td>
</tr>
<tr>
<td>prepare the way for a strongly reinforced social dimension in the PHARE 2000-02 programmes</td>
<td>Accession Partnership priorities in social acquis reflected in ready projects financed from National Programmes</td>
<td>Project fiches 2000-02</td>
<td>Inadequate project design /management skills</td>
</tr>
<tr>
<td>possible participation in MISSOC</td>
<td>Project report</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESULTS</th>
<th>INDICATORS OF ACHIEVEMENT</th>
<th>SOURCES OF INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning fiches developed by end 1999</td>
<td>“Guaranteed results” achieved</td>
<td>Progress monitoring reports</td>
</tr>
<tr>
<td>Twinning fiches implemented in 2000-01</td>
<td>Structures set-up/operating according to (realistic) timetables and plans</td>
<td>Project report</td>
</tr>
<tr>
<td>Countries capable of producing MISSOC input</td>
<td>MISSOC-type input provided</td>
<td>Project management capacity of twins (both Member States and PECO)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Availability of resources</td>
</tr>
</tbody>
</table>