1. Basic Information
1.1. CRIS Number: 2002/000-580-02-04 Twinning number: PL/IB/2002/SO/03
1.2. Title: Co-ordination of social security systems
1.3 Sector: Public Administration
1.4 Location: Poland

2. Objectives:
2.1 Overall objective:
Inclusion of the Polish social security system to the Community co-ordination of social security systems

2.2 Project purpose:
1. Preparation of social security administration (competent authorities and competent institutions) for co-ordination related tasks
2. Creating a broad understanding of the system in the wider society

2.3 Accession partnership and NPAA priority:
The strategic objective of the project is to prepare the Polish state administration and insurance institutions for participation in the Community system of co-ordination of social security systems. This objective has been defined as a priority in the area of free movement of persons in the National Programme for the Adoption of the Acquis (priority 2.3: “Joining the common system of co-ordination of social security”). The project directly addresses the Accession Partnership priority in the area of social security systems (“Reinforcement of the administration structure for the co-ordination of social security system”).

2.4 Contribution to the National Development Plan
n/a

2.5 Cross Border Impact
n/a

3. Description
3.1 Background and justification
Applicant countries for membership to the European Union face the co-ordination of social security schemes as a part of the acquis communautaire in the social policy field. Although there is no requirement to harmonise social security legislation, the Community’s co-ordination rules require technical adaptation of legislation. At the same time the administrative capacity to implement the co-ordination rules is one of the cornerstones for the effective operation of Regulation 1408/71. It is important to note that Community co-ordination of national social security laws does not just require correct, consistent interpretation of the underlying rules, as provided by the case-law of the Court of Justice. To be effective, it also relies on the co-operation of the authorities and institutions of the Member States. In other words, the principle of mutual administrative assistance is the key to the smooth running of the machinery of co-ordination.

Co-ordination of social security systems, as provided by Regulation No 1408/71 on application of social security schemes to employed persons, self-employed persons and to members of their families moving within the Community and Regulation No 574/72 laying down the procedure for implementing Regulation No 1408/71, is one of key elements of acquis communautaire in the area of free movement of persons.

At the moment of becoming a Member State the national social security administrations and institutions should be ready to implement EU law effectively as regulations 1408/71 and 574/72 will become directly applicable and binding in the new Member States. Therefore, from Poland’s point of view, it is crucial to begin preparatory actions for application of the above regulations as early as possible. A crucial point for the successful application of the regulations is the capacity of staff to implement the regulations’ rules. International communication requires new skills, personal development as well as retraining of staff. In the future, more people will be engaged in administrative procedures for implementing the co-ordination Regulations. It seems that the national social security administration will encounter problems related to the inadequate capacity to operate in an international environment. Although there are bilateral agreements on social security concluded between countries, the national social security administrations have a lack of experience operating according to the administrative rules of Regulations 1408/71 and
Growing international communications with other government institutions, the need for increasing staff for international operations and developing training programmes, should be taken into account when the development plans of social insurance administrations are discussed. Among the most painful administrative problems are appeals which are an important part of the legal protection of persons. The submission of claims, declarations and appeals to an authority, institution or tribunal of a Member State other than the competent State are set out in the Regulation. Therefore, it is extremely important to fine tune the judicial capacities.

At present the Polish administration and insurance institutions are at the stage of on-going preparations to the EU co-ordination scheme. Within this preparatory stage some of the activities have been carried out by Polish experts (draft annexes to the regulations 1408/71 and 574/72, draft translation of forms accompanying those regulations, a number of analyses) and some were assisted by Consensus programme. In the framework of this programme till the end of October 2002 twenty one organisational units in the Ministry of Labour and Social Policy, Ministry of Health, Social Insurance Institution, Sickness Fund, Agricultural Social Insurance Fund will be prepared to the co-ordination related task and co-operation with the relevant institutions in the Member States. About 80 trainers will be trained and ca. 200 civil servants, 100 kinds of standard forms will be translated into Polish and a computer system for form management and proceeding will be designed. The model of price list for health benefits in kind will be developed. The procedures for handling the following applications will be developed:
- calculation and recalculation of pension benefits,
- export of benefits,
- posting of workers,
- application of rules in relation to cross-border workers,
- unemployment benefits,
- co-ordination of family benefits for workers and persons doing a business on own account,
- collection of contributions ( incl. Confirmation of some social assistance benefits),
- co-ordination of health benefits in kind.

The procedures for collecting the contributions, in particular from the foreign employers will be worked out.

The communication strategy, which is being prepared at the moment, will be put into operation. Final versions of the annexes to EU Regulation 1408/71 and 574/72 will be completed. On the basis of the comparative analyses done so far the amendments to the national legislation will be elaborated. The analyses of the selected rulings of the European Court of Justice will be finalised. The overview of the organisational aspects and procedures applied in the respective institutions in the Member States should facilitate the communication and co-operation with these bodies.

The recommendations on organisation and infrastructure of the institutions concerned as well as the applied procedures will be set forth.

A number of the above mentioned activities have been completed, some of them are still being implemented. The continuation of a number of them is foreseen for 2003 with the special emphasis on the training of civil servants in the competent authorities and competent and liaison institutions. It is crucial for the proper implementation of the rights of the insured Polish and particularly EU citizens provided with the freedom of movement. To this end the question of social benefits will inevitably have to be taken into account. The last but not least is the fact that the appropriate preparation of the staff in competent authorities and institutions will contribute to avoiding undue disadvantages.

In the period directly preceding the envisaged Poland’s accession to the EU (i.e. the 1th of January 2004) namely in 2003 the following priorities in the area of preparation for co-ordination of social security systems should be considered:
- practical preparation of Polish civil servants of social security institutions which will effect the Council Regulations 1408/71 and 574/72
- preparation of Polish judges in the courts competent for labour and social security claims (rulings of the European Court of Justice, Council Regulations 1408/71 and 574/72)
- preparing all Polish social security institutions for the co-operation with social security institutions in Member States.
- complete and intense communication activities to make people aware of their social security rights when moving in the EU seems necessary.
3.2. Linked activities:

Previous programmes:

- **Phare 1995 – 1997 Consensus**: multi-country project, sub-project “Detailed preparation and planning of implementation of the principles of co-ordination of social security systems”, whose aim was to analyse institutional potential of candidate countries with regard to their future participation in co-ordination of social security systems and to prepare a strategic work programme.
- **Phare 1997 - 1999 Consensus II**: multi-country project, sub-project “Co-ordination of social security systems”, whose implementation was completed with the conference in Riga (12-16 September 1998). The conclusions of this conference, namely the establishment of efficient and competent administrative offices and qualitative staff were the grounds on which the present project has been developed.

Current Programme:

**Phare 99 Consensus III**: “Inclusion of the Polish social security system to the Community co-ordination of social security system in the Member States”. Within this project the activities focused on: building institutional capacity (i.a. training) and preparation of final versions of annexes to Regulations number 1408/71 and 574/72 (draft versions of annexes had been prepared before the project implementation started). The whole project is implemented in the form of twinning with the National Social Security Board in Sweden.

The following outputs have been achieved as a result of the programme PHARE 1999 – Consensus III:

- the process of preparing competent authorities and competent institutions to effect the tasks resulting from the need for co-ordination of social security systems in EU has been started, however the training covered only the managerial staff in these institutions. The proper preparation for co-ordination tasks requires training of the staff directly involved in these activities. To this end the legal analyses and expertise carried out so far will be used.
- final versions of Polish annexes to the Council Regulations 1408/71 and 574/72
- proposals of amendments to Polish social security legislation. With a view to the dynamic amendments in the Polish legislation on social security it will be necessary to assess its compliance with EU legislation.
- analyses of the selected European Court of Justice rulings in the area of social security.

3.3. Results:

**Objective 1**

1. Appropriate staff of competent authorities and institutions trained in the following fields:
   - the principles of contributions settlement
   - old age benefits
   - invalidity benefits and invalidity assessment
   - sickness benefits (in cash)
   - accidents at work benefits
   - family benefits (including social assistance benefits)
   - unemployment benefits

2. Analyses and assessment of the binding Polish legislation from the point of view of its compliance with the EU legislation in the following areas:
   - work accidents insurance (the new regulations are being prepared)
   - old age insurance (calculation of pensions, pension age)
   - transfer of contributions paid by foreign employers

3. A number of judges trained in co-ordination issues

**Objective 2**

1. The information campaign elements prepared for:
   - mass media (radio, press, info-line)
   - public institutions (banks, post offices, self-governments’ units, etc.)

2. General public informed on their rights and obligations resulting from the EU co-ordination of social security systems

3.4. Activities:

**Contract 1 - twinning:**

Long–term PAA (18 man/months EU expert) and 30 man/months short-term Polish experts. Long-term PAA will assist the MoLSP in training, organising study visits and overall co-ordination of project activities. PAA will be placed in the Department of Pre-accession and Structural Programmes of the
MoLSP and should have relevant experience in the field of social security, particularly in social security in different Member States and should be familiar with legal provisions. She/He should be fluent in English.

**Short-term EU experts** (20 man/moths EU experts). They will be responsible for analysis under Objective 1 and training.

**Training:** training for 1100 civil servants of competent authorities and competent institutions in the area of their co-operation to the aim of effecting the Council Regulations 1408/71 and 574/72 as well as for 100 judges from the labour and social security courts.

**Contract 2 - Technical Assistance:**

**TA:** Short-term experts specialised in two fields are needed: - EU and Polish social security legislation and - in public relations technique. They will develop communication tools and co-ordinate communication activities.

**Publications:** brochures, leaflets on relevant co-ordination issues (160 000 copies): detailed presentation on specific benefits (the principles of contributions settlement old age benefits, invalidity benefits and invalidity assessment, sickness benefits - in cash, accidents at work benefits, family benefits - including social assistance benefits, unemployment benefits), procedures applied in granting specific benefits, application of forms in Poland since the guide prepared by the European Commission gives the basics of co-ordination rules seen from the Member States' perspective.

**Mass-media:** publication of a series of articles on practical information related to the free movement of persons (social security issues).

**Seminars:** for 150 journalists (central and local press) and public relations officers.

**Info-line:** put into operation to enable the average citizen to get information on his/her rights and obligations within the social security scheme while travelling to the EU Member States.

**Website:** in compliance with the recommendations of Consensus II - development of a website (linked to the MoLSP website) on social security co-ordination in the Polish context (focusing on administrative proceedings i.e. who is responsible for what in Poland, to what institutions to apply in a given case), a kind of practical guide on social security scheme in Poland (Polish and English version).

**4. Institutional Framework**

The main beneficiary of all actions under this project will be the Ministry of Labour and Social Policy (MoLSP).

**Department for Pre-accession and Structural Programmes of the MoLSP.** The Project Management Team will be placed in this Department. The Department is responsible for the administrative and technical services The Implementation Team, in co-operation with PAA will be responsible for day-to-day programme management and co-ordination of the project activities (training courses, seminars, contribution by short-term experts, etc.). It will also keep regular contacts with and monitor work done by other departments/ institutions that will benefit from the project implementation.

**Social Insurance Department of the MoLSP** which is responsible for developing of social security legislation and social security co-ordination. The social security co-ordination unit is a part of this department.

**The Social Insurance Institution (ZUS).** The administration, which – on the 1 January 1999 became a new public organisation of legal entity, entrusted with new functions resulting from the social security reform. These new functions are the following:

- collecting contributions for 2nd pillar of the pension insurance and their distribution among the pension funds as well as keeping the central register of pension funds members;
- maintaining individual insurance records (so called insurance accounts) for 30 million insured persons as well as a central register of insured persons
- collecting contributions for the health insurance system and transferring them to 16 regional and 1 branch sickness founds.

In order to perform new tasks resulting from the social insurance system reform, a Complex Information System (KSI – ZUS) has been created. It is an organisational and technical project of a great scale, never encountered before in the social insurance system in Poland. The project involves creation of a modern computer infrastructure and profound structural transformation of the organisation.

**The Agricultural Social Insurance Fund (KRUS)** is an institution established to realise tasks connected with full servicing of farmers' social insurance. KRUS has 1,9 million pension beneficiaries and 1,5 million insured persons.

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5. Detailed budget (in MEUR)

<table>
<thead>
<tr>
<th>Contract</th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare (I+IB)</th>
<th>National co-financing</th>
<th>Private Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1: twinning</td>
<td>--</td>
<td>1.100</td>
<td>1.100</td>
<td>0.350</td>
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<td>1.450</td>
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<tr>
<td>Contract 2: TA</td>
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<td>0.900</td>
<td>0.900</td>
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<td>Total:</td>
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</table>

Co-financing will be available.

6. Implementation Arrangements

6.1. Implementing Agency:

**PAO:** Ms Krystyna Gurbiel, Under-Secretary of State in the Office of the Committee for European Integration (UKIE), Al. Ujazdowskie 9, 00-918 Warszawa, Polska, tel. +48 22 455 52 41, fax. +48 22 455 52 43

**CFCU:** Mr. Wojciech Paciorkiewicz, Director of Central Financial and Contracting Unit (CFCU), Foundation “Co-operation Fund”, ul. Górnoslaska 4a, 00-444 Warszawa, Polska, tel. +48 22 450 99 00, fax. +48 22 622 75 65 (CFCU is responsible for handling tendering, contracting and payments of contracts on behalf of the Ministry of Labour and Social Policy which itself shall be responsible for preparing projects and managing their technical implementation).

6.2. Twinning:

Beneficiary will be the Ministry of Labour and Social Policy. Activities related to Objective 1 will be implemented in the framework of twinning. Twinning package will consist of the assistance of a long-term PAA, short-term EU experts, study visits, training and internships. The twinning expert will guide the whole project.

**Contact person in the MoLSP:** Ms. Mala Bielawska, Head of the Pre-accession Programmes Division of the Department for Pre-Accession and Structural Programmes, ul. Limanowskiego 23, 02-943 Warszawa, Polska; tel +48 22 642 62 22, fax. +48 22 642 61 43, e-mail: mala_bielawska@mpips.gov.pl

Ms. Bielawska is responsible for programming and implementation of all Phare Institutional Building projects under the Ministry of Labour and Social Policy.

Twinning will not cover other activities (objective 2) which involve technical work.

6.3 Non-standard aspects:

n/a

Tender procedures and contracts will be carry out according to Practical Guide for Phare, Ispa & Sapard and to the Twinning Manual

6.4. Contracts:

- **Contract 1** - Twinning (1.1 MEUR), Polish co-financing (0.35 MEUR) for Polish short-experts, co-financing of training and seminars, purchases of equipment for PAAs’ office, translation and interpretation; TOTAL 1.450 MEUR

- **Contract 2** – Technical Assistance (0.9 MEUR), Polish co-financing (0.15 MEUR) for Polish experts, logistic support for seminars, translation and interpretation; TOTAL 1,050 MEUR

7. Implementation Schedule

7.1 Start of tendering/call for proposals: I quarter 2003

7.2 Start of project activity: III quarter 2003

7.3 Project completion: I quarter 2005

8. Equal Opportunity

The project will involve in all phases of its implementation specific provisions for guaranteeing equal opportunity of access to activities and benefits resulting from its implementation. Gender related indicators will be gathered and monitored throughout the projects implementation to ensure that corrective steps can be taken at an appropriate moment in the projects life cycle.

9. Environment:

n/a

10. Rates of return:

n/a
11. Investment criteria:
  n/a

12. Conditionality and sequencing:
12.1 Funding will be conditional on:
  • Co-financing of project by the Polish public financing
  • Good co-operation between EU and Polish experts involved in the implementation of the project
  • Good knowledge of the Polish reality which will be an advantage in designing the communication campaign.
12.2 Benchmarks:
The key benchmarks during project implementation will include:
  • Twinning covenant agreed and signed by III quarter 2003
  • Contract 2 agreed and signed by IV quarter 2003
  • Activities start in III quarter 2003
  • End of training in I quarter 2005

Successful implementation of the project depends on the appropriate co-ordination of the project activities.
<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion of the Polish social security system to the Community co-ordination of social security systems</td>
<td>Respective staff of competent authorities and institutions prepared for co-ordination related tasks</td>
<td>1. Appropriate international settlements with EU social security institutions 2. Smooth and effective servicing the foreigners (social security clients)</td>
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</table>

<table>
<thead>
<tr>
<th>Project purpose (Immediate Objectives)</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preparation of social security administration (competent authorities and competent institutions) for co-ordination related tasks 2. Creating a broad understanding of the system in the wider society</td>
<td>1. Training activities organized (courses) 2. Public information campaign prepared</td>
<td>Quarterly reports on activities implemented under the project</td>
<td>1. Appropriate project co-ordination 2. Proper promotion of training courses 3. Proper distribution of published brochures and leaflets 4. Co-operation with the institutions involved</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Appropriate staff of competent authorities and institutions trained in the following fields:</td>
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<td>the principles of contributions settlement</td>
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<td>old age benefits</td>
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<td>invalidity benefits and invalidity assessment</td>
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<td>sickness benefits (in cash)</td>
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<td>accidents at work benefits</td>
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<td>family benefits (including social assistance benefits)</td>
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<td>unemployment benefits</td>
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<td>2.</td>
<td>Analyses and assessment of the binding Polish legislation from the point of view of its compliance with the EU legislation in the following areas:</td>
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<td>work accidents insurance (the new regulations are being prepared)</td>
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<td>•</td>
<td>old age insurance (calculation of pensions, pension age)</td>
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<td>•</td>
<td>transfer of contributions paid by foreign employers</td>
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<td>3.</td>
<td>Judges from labour and social security courts trained</td>
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<tr>
<td>4.</td>
<td>The public information campaign elements for mass media (radio, press, internet info-line, banks, post offices and self-governments’ units) prepared.</td>
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<tr>
<td>5.</td>
<td>General public informed on their rights and obligations resulting of the EU co-ordination of social security systems</td>
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</table>

| 1. | 1 100 persons trained in the respective areas |
| 2. | 100 judges trained |
| 3. | Appropriate analyses carried out |
| 4. | 160 000 copies of leaflets and brochures |
| 5. | Infoline, Website, publications created |
| 6. | 150 journalists and public relations officers trained |

| 1. | Training reports and evaluation forms |
| 2. | EU and Polish experts reports |
| 3. | Manuals, brochures |

<p>| 1. | Appropriate project co-ordination |
| 2. | Proper promotion of training courses |
| 3. | Proper distribution of published brochures and leaflets |
| 4. | Co-operation with the institutions involved |
| 5. | Securing co-financing for the project |</p>
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Contract 1: Analyses and assessment of the binding Polish legislation from the point of view of its compliance with the EU legislation in the following areas:  
- work accidents insurance (the new regulations are being prepared)  
- old age insurance (calculation of pensions, pension age)  
- transfer of contributions paid by foreign employers  
Training for civil servants and judges from the respective institutions  
**Contract 2:** TA: developing communication tools and co-ordinating communication activities  
Publications: brochures, leaflets on relevant co-ordination issues, Info-line, Website  
Training for journalists and public relation officers | Contract 1: twinning                                                                                                | Contract 2: technical assistance                                      |

**Preconditions**  
Securing co-financing for the project
### ANNEX No. 2 + 3: Implementation, Contracting and disbursement schedule

<table>
<thead>
<tr>
<th>Planning Period</th>
<th>Date of Drafting</th>
<th>02.04 Co-ordination of social security systems</th>
<th>(Budget Allocation Cost Estimate)</th>
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<tbody>
<tr>
<td></td>
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<td>PLANNED</td>
<td>(in MEUR)</td>
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<td></td>
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<td>I     II    III    IV    V     VI    VII   VIII  IX   X   XI</td>
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(1) (2) (3)

<table>
<thead>
<tr>
<th>Implementation schedule</th>
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<th>D</th>
<th>D</th>
<th>C/I</th>
<th>C/I</th>
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<tbody>
<tr>
<td>Contracting schedule</td>
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<td>1.1</td>
<td>2.0</td>
<td>I</td>
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<tr>
<td>Disbursement schedule</td>
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<td>0.8</td>
<td>1.1</td>
<td>1.3</td>
<td>1.5</td>
<td>1.8</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**Legend:**

- D = design of sub-projects
- C = tendering and contracting
- I = contract implementation and payment

The table shows the planned schedule for the implementation, contracting, and disbursement of social security systems, with specific dates for each phase from 2002 to 2005.