1. **Basic Information**

   1.1 Désirée Number: SK006.02
   1.2 Title: Guarantee Fund Administration Strengthening
   1.3 Sector: Employment and Social Policy
   1.4 Location: Slovak Republic

2. **Objectives**


   2.2 Immediate Objective: Guarantee Fund is effectively operational.

   2.3 Accession Partnership and NPAA Priority

      Accession Partnership - medium-term priority

      Establish an independent Guarantee Fund for employees in the case of employers’ insolvency.

      NPAA

      The revised National Programme for the Adoption of the Acquis outlines the Government’s new employment policy strategy until 2002, i.e. for its whole period in office and indicates how its Programme Declaration is being fulfilled. In this context, it stresses the need to strengthen the operation of the Guarantee Fund, including legislative changes and training of the implementing staff.

3. **Description**

   3.1 Background and justification

   The cash-flow problems which are being faced by many companies and led in many cases to their insolvency had a negative socio-economic impact on the concerned employees. The objective of the Guarantee Fund is to ensure the protection of employees’ rights, as set in their labour contracts, enabling them to receive the payments they are entitled to in full or in the amount as stipulated by the law.

   The Guarantee Fund was adopted by the Act 292/1999 Coll. on 27.10.1999 and established in May 2000. The Fund is expected to be operational as of July 2000. The National Labour Office is being preparing the set of rules for its administration.

   The Slovak legislation currently into force is only partially harmonised with the Labour Law acquis. Further alignment will be necessary as well as improvement.
of the implementation of the Labour Law and the strengthening of structures in particular:

- protection of the workers against insolvency of the employer
- protection of workers with a fixed-duration or temporary contract
- protection in cases of transfer of undertakings,
- conditions applicable to the work contract,
- part-time work.

Phare assistance (through a twinning arrangement) will aim at providing advisory services for an efficient operation of the Guarantee Fund, and in particular its administration. It will, moreover, compare the EU legal provisions with Slovak legislation with respect to the state guarantee and the role of the National Labour Office. Where appropriate, legislative changes will be proposed.

The Pre-Accession Adviser will also:

- assist in the implementation of the acquis, with particular focus on establishing a Guarantee Fund in case of insolvency of employers, ensuring proper evidence of relevant debt and ensuring smooth reimbursement of workers' wages.
- help in the enhancement of rules for the administration of each particular activity of the Guarantee Fund – i.e. for funds mobilisation, advisory and information service for affected workers, for the evaluation of their rights, reimbursement of due payments and following enforcement process with the employers, as appropriate
- assist in developing the co-ordination of NLO offices with courts of justice in cases of bankruptcy

3.2 Linked activities:

Amendment of the Act No. 387/1996 on Employment introduces the establishment of the Guarantee Fund, which is stipulated in the Act No. 292/99 Coll. In connection with the establishment of the Guarantee Fund it has further been proposed to amend the Act No. 328/1991 Coll. on bankruptcy and composition as subsequently amended, the Act No. 233/1995 Coll. on legal distrainers and distraining activity (Distrainment Order). Further changes have been proposed in the Acts 71/1992 Coll. on court fees and on the fee for the extract from the Penal Register as subsequently amended.

3.3 Results:

The Guarantee Fund is fully operational in line with the acquis. This implies in particular that:

- the necessary regulatory framework is in place
- the administrative structures are created, the recruiting process of the necessary staff (50) is completed
- the information system for the full operation of the GF is installed and operational
- the Advisory Centre of the GF is established, staffed, equipped and works effectively
3.4 Activities:

- Evaluation of the Guarantee Fund (GF) function and efficiency
- Comparison of the NLO GF legislation with that of EU Member States (contribution to the Guarantee Fund in relation to the state macro-economic indicators, state contribution, state guarantees, etc.) and proposals for legislative changes
- Support in improving the rules of administration of the GF and proposals for legislative changes with the aim to improve the efficiency of the GF
- Statements, proposals to the system of indicators, balances, plans of the NLO GF
- Preparation and participation at the training seminars, workshops for trainers and administrative staff responsible for the NLO GF administration
- Studies, expertises, recommendations for higher efficiency in the Guarantee Fund administration in all areas of its activities (funds collection, usage and enforcement procedures)
- Evaluation of the software efficiency for the collection, use and enforcement procedures of the GF means
- Evaluation of the efficiency and proposals for the GF information system – collection, payers’ registration, applications, payment of wages and claims, resources allocation, statistic outputs (developing a central database).
- Advisory centre for the GF methodology established and equipped
- Delivery of the consultancy services in the field of GF methodology

Means and costs:

The PAA (12 months) shall have the following profile:
- profound knowledge and experience (at least 10 years) on all aspects of a Guarantee Fund as functioning in Member States, with concrete experience especially in the administration and evaluation of GFs in EU countries
- ability to make recommendations for improvement and changes of GF functioning
- university education level
- good command of oral/written English

In addition, three short-term experts will be needed for special advice on legislative issues, training and activities linked to the information system.

Total Twinning budget: 0.35 EUR

Investment component - technical equipment

The Guarantee Fund will require adequate IT equipment (workstations, printers with accessories, cabling and software). Existing equipment cannot ensure the necessary technical quality of the information system. The new workstations for the administration of the GF activities have to be established within the existing IntraNet of the National Labour Office, the software developed and used on a pilot basis for a regular administration of the GF.
One (IT equipment) supply contract:
- Workstations (50 pcs) 60,000 EUR
- Printers (50 pcs) 20,000 EUR
- Software 70,000 EUR
Total investment: 150,000 EUR

4. Institutional Framework

National Labour Office (NLO) – Beneficiary Body

National Labour Office
General Directorate
Ludovít Mlynarcík
Župné námestie 5-6
812 67 Bratislava
Phone: ++421 7 59 330 330, *331
Fax: ++421 7 54 410 438
E-mail: ludovit.mlynarcik@nup.sk

5. Detailed Budget

<table>
<thead>
<tr>
<th>Phare</th>
<th>Support</th>
<th>Total Phare (I+IB)</th>
<th>National Co-financing*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>IT supply</td>
<td>150,000</td>
<td>150,000</td>
<td>50,000</td>
<td>200,000</td>
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<tr>
<td>Total</td>
<td>150,000</td>
<td>350,000</td>
<td>50,000</td>
<td>550,000</td>
</tr>
</tbody>
</table>

(*) Equipment for the Guarantee Fund will be used by NLO and after project completion will become the property of the NLO.

6. Implementation Arrangements

6.1. Implementing Agency

CFCU
PAO Milan Michalicka
Mlynské Nivy 61
821 09 Bratislava
Tel: ++421 7 534 18 093
Fax: ++421 7 534 18 095
E-mail: michalicka@cfcu.sk
6.2. Twinning

The PAA will be located in the premises of the NLO, which is the beneficiary institution. The project implementation will be supervised by the International Relation Department (official in charge: Ludovít Mlynarcík, Head of the Department).

6.3. Non-standard aspects: not relevant

6.4. Contracts
- One twinning covenant: 350,000 EUR
- One Equipment supply contract: 150,000 EUR

7. Implementation Schedule

7.1. Call for proposals/Start of tendering 4th quarter 2000 (twinning)/1st quarter 2001 (equipment)
7.2. Start of project activity: 2nd quarter 2001
7.3. Project completion: 2nd quarter 2002

8. Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed

9. Conditionality and sequencing

The beneficiary institution will ensure that adequate financial and human resources be made available prior to the project implementation is started. Each expert will be fully supported by competent local personnel made available by the beneficiary institution.

The State Administration will ensure that the obligations for financial contribution to the GF will be abided and if necessary enforced.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. List of relevant Laws and Regulations
5. Reference to relevant Government Strategic plans and studies
<table>
<thead>
<tr>
<th>Programme name: Guarantee Fund administration strengthening</th>
<th>Date of drafting: April 2000</th>
<th>Total budget (MEUR)</th>
<th>0.55</th>
<th>Sheet no. 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme no.: SK0006.02</td>
<td>Contracting period expires: 31.12.2002</td>
<td>PHARE contribution (MEUR)</td>
<td>0.5</td>
<td></td>
</tr>
</tbody>
</table>

### Intervention logic

<table>
<thead>
<tr>
<th>Overall objectives:</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The legal regulation on the GF in line with the Council Directive No. 80/987/EEC on approximation of the Member States legislation concerning the protection of employees’ rights in case of employers’ insolvency is implemented</td>
<td>• The employees rights in case of employers’ insolvency are protected</td>
<td>• Monthly and quarterly statistical reports (NLO, Statistical Office)</td>
<td>Co-financing by relevant partners is ensured</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Adequate analyses and studies (Research Institute …)</td>
<td></td>
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</tbody>
</table>

### Project purpose:

The performance of the newly established Guarantee Fund administration is strengthened

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<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Recommendations for higher efficiency of the GF administration are adopted</td>
<td>• Monthly and quarterly statistical reports (NLO, Statistical Office)</td>
<td></td>
</tr>
<tr>
<td>Training seminars for GR administration staff are delivered</td>
<td>• Guarantee Fund annual reports</td>
<td></td>
</tr>
</tbody>
</table>

### Results:

The GF is fully operational in line with acquis. This includes in particular:
- the necessary regulatory framework is in place
- the administrative structures are created, the recruiting process of the necessary staff (50) is completed
- the information system for the full operation of the GF is installed and operational
- the Advisory Centre of the GF is established, staffed, equipped and works effectively

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<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Relevant knowledge and skills achieved and used (higher quality outputs) in field of Guarantee Fund implementation</td>
<td>• Adequate reports and statistics</td>
<td>Sufficient financial resources</td>
</tr>
<tr>
<td>Expertise and studies to optimise the administration activities of the GR are adopted</td>
<td>• Analyses and financial statements of NLO</td>
<td></td>
</tr>
<tr>
<td>Higher efficiency of data processing is achieved</td>
<td>• NLO annual report of GF balance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Level of harmonisation to EU standard externally evaluated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Feedback from benefiting employers to GF through annual report</td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Specification of means</td>
<td>Specification of costs</td>
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<tr>
<td>------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>1. Evaluation of the GF function and efficiency</td>
<td>♦ 1 PAA (12 months)</td>
<td>(to be developed in the twinning covenant)</td>
</tr>
<tr>
<td>2. Comparison of the NLO GF legislation with that of EU Member States (contribution to the GF in relation to the state macro-economic indicators, state contribution, state guarantees, etc.) and proposals for legislative changes</td>
<td>♦ 3 short-term EU-experts</td>
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</tr>
<tr>
<td>3. Support in improving the rules of administration of the GF and proposals for legislative changes with the aim to improve the efficiency of the GF</td>
<td>♦ Full-Time Local Assistant for the PAA</td>
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</tr>
<tr>
<td>4. Statements, proposals to the system of indicators balances plans of the NLO GF</td>
<td>♦ Training of trainers, 15 participants x 5 days</td>
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<tr>
<td></td>
<td>♦ Training of users, 6 groups x 20 participants x 5 days</td>
<td></td>
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<tr>
<td></td>
<td>♦ Workshops/seminars 3 x 50 participants x 3 days</td>
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<tr>
<td></td>
<td>♦ Internships for 4 participants x 1 month</td>
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<tr>
<td></td>
<td>♦ Translation of training materials</td>
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**TIME IMPLEMENTATION CHART FOR PROJECT NR. SK0006.02**

Guarantee Fund Administration Strengthening

<table>
<thead>
<tr>
<th>Sub-Projects</th>
<th>Time Implementation Chart (in quarters)</th>
<th>Budget allocation</th>
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<table>
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<tr>
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<td>Institution Building</td>
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<tr>
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<tr>
<td>Investment</td>
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<tr>
<td>Equipment supply</td>
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CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (in MEUR)

Guarantee Fund Administration Strengthening – SK0006.02

<table>
<thead>
<tr>
<th></th>
<th>31/03/01</th>
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<td>Disbursed</td>
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<td>0.4</td>
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<td>0.5</td>
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</tr>
</tbody>
</table>
List of relevant Laws and Regulations

- Act on Employment as amended by Act No. 292/ 1999
- Act No. 281/1999 on Bankruptcy and Composition
- Labour Law as amended by Act No. 297/1999
- Act No. 328/1991 Coll. on Bankruptcy and Composition
- Act No. 233/1995 Coll. on Court Distrainers and Distraining Activity
- Act No. 71/1992 Coll. on Court Fees and the Fee for the Extract from the Penal Register
Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc)

1. NPAA, Economic and Social Cohesion (3.5) and Employment and Social Policy (3.5.1)
2. MoLSAF SR - Priorities of Employment Policy (on annual basis)
3. Medium-term Employment Policy up to 2002 (MoLSAF, July 1999)
4. Priorities of National Labour Office on annual basis
5. Concept of Social Reform of Slovak Republic Government