

## Standard Summary Project Fiche

### 1. Basic Information

- 1.1 CRIS Number: **2003/004-979-04-02**
- 1.2 **Twinning Number: LV/2003/IB/SO-01**
- 1.3 Title: **Co-ordination of social security schemes**
- 1.3 Sector: Social Policy / Health Protection
- 1.4 Location: The Republic of Latvia
  - Leading institution: Ministry of Welfare
  - Involved institutions: Ministry of Health  
State Social Insurance Agency,  
State Compulsory Health Insurance Agency  
State Revenue Service  
State Employment Service  
State Working Capacity Medical Expert Commission

### 2. Objectives

#### 2.1 Overall Objective(s):

To ensure that Latvia is in position to apply the co-ordination of social security schemes

#### 2.2 Project purpose:

Preparation for practical application of Regulations (EEC) No.1408/71 and No.574/72 (refer to Annex 5: list of relevant laws and regulations) in the Latvian institutions involved

#### 2.3 Accession Partnership and NPAA priority

Priorities and intermediate objectives of the Accession Partnership 2002 – *Ability to assume the obligations of membership* - Free Movement of Persons: “Reinforce the administrative structures for the co-ordination of social security”.

The National Programme for the Adoption of the Acquis 2001: “Preparation for application of free movement of workers and co-ordination of social security schemes” (LA-073).

### 3. Description

#### 3.1 Background and justification:

As the Republic of Latvia officially concluded accession negotiations with the European Union on December 13, 2002 it is essential to prepare for implementation of co-ordination of social security schemes. According to Accession Partnership 2001 the Republic of Latvia must reinforce the administrative structures for the co-ordination of social security and according to Regular Progress Report 2001 the institutional capacity needs to be strengthened so as to enable Latvia to apply the *acquis* on the co-ordination of social security: Regulations (EEC) No.1408/71 and No.574/72.

As concerns the approximate future workload of involved institutions it is anticipated that the migration of employed persons to and out of the Republic of Latvia will increase gradually. The information on expenses for Latvia when applying Council Regulation (EEC) No.1408/71 provided by Latvia at the request of the European Commission during accession negotiations on 22/03/2001 (doc. CONF-LV 13/01) includes also provisional data on anticipated number of EU nationals and candidate country nationals employed in Latvia which can influence future workload of institutions involved upon accession to the European Union.

Application of Regulations (EEC) No.1408/71 and 574/72 upon accession to the European Union is a highly complex issue and requires smooth co-operation of institutions involved. At present and upon accession to the European Union the main institutions responsible for social security co-ordination will be as follows:

- Ministry of Welfare (functioning as competent authority, responsible for policy issues and social security co-ordination) - MOW;
- Ministry of Health (functioning as competent authority, responsible for social security co-ordination as regards health care in kind) – MOH;
- State Social Insurance Agency (granting and payment of pensions and benefits, keeping of records, exchange of information, co-operation with administration of member states, functioning as competent institution) - SSIA;
- State Compulsory Health Insurance Agency (reimbursement of expenses for health care benefits in kind, exchange of information, co-operation with administration of member states, functioning as competent institution in relation to health care) - SCHIA;
- State Revenue Service (administrating collection of contributions, providing of information on individual records) – SRS;
- State Employment Service (implementation of employment policy, job placements and registration of the unemployed, organization of the dialogue between the employers and the employees and confirmation of job summons) - SES;
- State Working Capacity Medical Expert Commission (providing of an expertise of natural persons, establishment of the disability (restriction of person's physical or mental ability) and a percentage of the loss of capacity for work) - SWCMEC.

Due to reforms in public administration and formation of new ministries (Ministry of Health and Ministry of Children and Family) performed by recently appointed government (November 2002) the preparation of mutually agreed proposals on distribution of responsibilities among the institutions is still in process. The proposals mentioned above will be worked out by May, 2003 by the working group in the field of social security co-ordination (established in July, 2001 by the Ministry of Welfare).

Presently as a result of previous Phare projects and other pre-accession activities a network of experts has been established and general understanding of the European Union social security co-ordination has been acquired. Responsible structures in the Ministry of Welfare and in agencies involved have been identified and proposals for co-operation discussed in the working group on co-ordination of social security schemes.

Still the capacity of institutions involved in application of Regulations (EEC) No.1408/71 and No.574/72 should be improved. There is no specific software available to calculate pensions, benefits and average health care costs, and data available in the institutions involved have not been examined as to their adequacy in order to apply social security co-ordination rules.

The staff involved in social security co-ordinations needs additional training and understanding of EU co-ordination rules. Co-operation of administrative structures must be improved taking into account future needs.

Moreover the experience of the staff involved in implementation of co-ordination of social security schemes in the Republic of Latvia is limited to administrating a few bilateral agreements. Upon accession to the European Union the scope of work of administration will be extended to co-ordination of social security schemes with all the member states of the European Union. Thus institutional reinforcement and improved strategy is of great importance.

Activities proposed under Phare 2003 project "Co-ordination of social security schemes" will strengthen the capacity of the staff involved and provide the software and data necessary for application of Regulations (EEC) No. 1408/71 and No. 572/72: software for calculation pensions, benefits and average costs for health care according to above mentioned Regulations, E-forms adapted to Latvian conditions for exchange of information among member states and appropriate data base in institutions involved. The project will also deal with the issue of confidentiality of social data on individuals. It will improve communication between institutions involved and their clients. An informative material on Latvian social security system for migrant workers will be prepared.

The project proposed will provide an additional input and prepare Latvian social security administration for application and proper enforcement of the *acquis communautaire* which relates to regulating relationships among different national social security systems.

Following non-governmental organisations were consulted during project preparation: Free Trade Union Confederation of Latvia and Latvian Employers' Confederation. Both confederations include number of NGOs.

### 3.2 Linked activities:

The projects already accomplished in relation to social security are the following:

Consensus-Phare international conference in September 1998 “Co-ordination of social security schemes in connection with the accession of Central and Eastern European states”. The outcome of the conference was promotion of EU law on social security co-ordination.

Multilateral Consensus project (contract No. ZZ-9710-0027-02) “Detailed preparation and planning for the implementation of the EC co-ordination rules” was completed in 1999. Within the framework of the project existing organisational structure linked to implementing bilateral agreements in Latvia, Bulgaria, Lithuania, Romania, Slovak Republic was examined as well as manual on European and international social security law was prepared. According to the strategic long term action programme proposed in the Country Report “institutional building with respect to cross-border issues of social security must take place, i.e. the establishment of more effective administrative bodies and procedures at government level, more effective organisations, more effective co-ordination between the different social actors involved in the co-ordination process. The training of the concerned personnel requires not only training in administration management but also specialised technical training with respect to statistics on cross-border issues. Furthermore, the collection of data, the exchange of data, also across-borders, and the protection of data in the interest of the individuals concerned are getting more and more important”.

Meantime developments in national social security administration have taken place and the issues still to be dealt with are incorporated in the proposed project fiche.

Phare project LE 95/96 (B) “EU accession related support to social protection reform in Latvia” was implemented in 1998. Project improved capacity of the Ministry of Welfare to fulfil its statutory role in the field of social protection in Latvia. Within the framework of this project national legislation and classification of benefits according to EU law as well as impact of international rules on the Latvian legislation was examined. The competent institutions involved in social security co-ordination were determined. Proposals to amend Latvian legislation were worked out. Training of staff relating to the basic principles of EU co-ordination rules was provided.

The Ministry of Welfare has had preliminary discussions with the Danish Ministry of Social Affairs on the possibility (under FEU programme) to get more detailed information on how residence-based schemes function in the European social security co-ordination system. The proposal will be forwarded to the Latvian European Integration Bureau to evaluate its concordance with the priorities of the Republic of Latvia upon accession to the European Union. The proposal mentioned above will not overlap with the activities covered by Phare 2003 project “Co-ordination of social security schemes”.

### 3.3 Results:

#### **Component 1 - Improved administrative capacity for social security co-ordination:**

- co-operation model and strategy for institutions involved in social security co-ordination improved
- procedures for international and national co-operation for social security administration elaborated
- trained staff involved in social security co-ordination

#### **Component 2 - IT solution for application of Regulations (EEC) No.1408/71 and No.574/72:**

- software for calculation of pensions and benefits according to the community provisions provided
- software for calculation of average health care costs provided
- E-forms available electronically in Latvian
- necessary data for social security co-ordination in the institutions involved available
- compatible system for electronic information exchange among the institutions involved provided

#### **Component 3 - Communication strategy for information of public on social security rights when moving within the European Union improved**

- communication strategy improved
- informative material on Latvian social security system (social security rights for migrant workers) prepared

#### **Twinning results:**

- co-operation model and strategy for institutions involved in social security co-ordination improved
- procedures for international and national co-operation for social security administration elaborated
- trained staff involved in social security co-ordination
- requirements for software for calculation of pensions, benefits and average health care costs elaborated
- necessary data for social security co-ordination in the institutions involved available
- compatible system for electronic information exchange among the institutions involved provided
- communication strategy improved
- informative material on Latvian social security system (social security rights for migrant workers) prepared

### 3.4 Activities:

#### 3.4.1 Component 1 - Improved administrative capacity for social security co-ordination

##### 3.4.1.1 Evaluation and improvement of social security co-ordination model and strategy, and elaboration of procedures for co-operation:

- PAA (12 m/m in total for all project components; see profile and tasks of PAA below)
- Twinning expertise on improvement of co-ordination model and strategy, and elaboration of procedures
- 4-days workshop on model and procedures for approximately 20 representatives from MOW, MOH, SSIA, SCHIA, SRS, SES. Discussion on existing model of co-operation among institutions and on possible improvements to it as well as on strategy and setting procedures for work on national and international level
- 1-day seminar: presentation of proposals for improved co-operation model, strategy and proposed procedures for approximately 20 representatives from MOW, MOH, SSIA, SCHIA, SRS, SES and SWCME

##### Profile of participants for all the workshops and seminars:

- Ministry of Welfare

Department of social insurance, International Agreements and Relations Division – head of the division, senior officers

Department of social insurance, Pension Policy Division – head of the division, deputy head of the division

Department of Social Insurance, Benefit Division – head of the division, deputy head of the division

- Ministry of Health

Department of Health, Health Care Policy Division – head of the division, deputy head of the division, senior officers

- State Social Insurance Agency

International Services Division – head of the division, senior expert

Insurance Supervision Division – head of the division, senior experts

- State Compulsory Health Insurance Agency

Legal Department – head of the department, legal advisers

- State Revenue Service

National Tax Board, Direct Taxes Methodology and Co-ordination Division:

Methodology Development and Analysis Unit – head of the unit, chief tax inspector

Co-ordination and Methodology Application Unit – head of the unit, chief tax inspector

- State Working Capacity Medical Expert Commission

experts

- State Employment Service

Foreign Affairs Division – head of the division, deputy head of the division, inspectors

#### Means: Contract 1 - Twinning Covenant

##### Long-term Pre-Accession Adviser – 12 m/months

The main tasks of the Pre-Accession Adviser are to co-ordinate the work within all the project components, provide general management as well as to support the Latvian administration with the entire implementation of the project, including transfer of knowledge and providing advice.

#### Profile of the EU twinning expert PAA:

- Recognised academic qualifications in law, economy, social sciences or other relevant education
- At least 10 years EU practical experience in the field of social security co-ordination and work with international organisations and partners
- Knowledge of EU co-ordination rules and case-law relating to social and health care matters
- Knowledge of the recent trends relating to social and health care matters in the EU
- Project management experience
- Good analytical and organizational skills
- Communicative and co-operative personality
- Fluency in English, both spoken and written
- Knowledge on Latvian social security system will be considered as an advantage

#### **Short-term twinning expert estimated 2 m/months**

The main task of the twinning expert is to deal with the improvement of co-ordination model and strategy, to elaborate appropriate procedures for national and international co-operation as well as to elaborate a report on proposals for model, strategy and procedures (including instructions for co-operation), organise a workshop and a seminar on higher mentioned issues.

#### Profile of the EU twinning expert:

- Recognized academic qualifications in law, public administration or social sciences
- Minimum 8 years EU practical experience in the field of social security administration and knowledge of EU co-ordination rules
- Experience in work with international partners
- Knowledge on European social security systems, institutions and processes
- Fluency in English, both written and spoken

#### **3.4.1.2 Training of the staff involved in co-ordination of social security schemes:**

- Twinning expertise on benefits in cash
- Twinning expertise on benefits in kind
- **4 workshops** on social security co-ordination:
  - 1) 4-days workshop on calculation of pensions and benefits according to EU rules for approximately 20 representatives from MOW and SSIA;
  - 2) 3-days workshop on legislation applicable: determination of legislation applicable, anti-cumulation for approximately 20 representatives from MOW, SSIA and SRS;
  - 3) 4-days workshop on exchange of information on international level (except health care benefits in kind), practical work with E-forms for approximately 20 representatives from MOW, SSIA, SRS, SES and SWCMEC;
  - 4) 4-days workshop on legislation applicable concerning health care benefits in kind, degree of invalidity, practical work with E-forms, data necessary for exchange, calculation of average costs for health care for approximately 20 representatives from MOW, MOH, SCHIA and SWCMEC.
- **5 training seminars** on social security co-ordination:
  - 1) 3-days seminar on general questions of co-ordination including definitions (Regulation No.1408/71) for approximately 30 representatives from MOW, MOH, SSIA, SCHIA, SRS, SES and SWCMEC;
  - 2) 4-days seminar on each of the branches of social security (except health care benefits in kind) as well as export of benefits, most important EU case law for approximately 20 representatives from MOW and SSIA;
  - 3) 2-days seminar on legislation applicable, posting, frontier workers for approximately 20 representatives from MOW, SSIA and SRS;
  - 4) 1-day seminar on exchange of information on national and international level, including special schemes for approximately 20 representatives from MOW, MOH, SSIA, SCHIA, SRS and SES;
  - 5) 4-days seminar on general issues of EU co-ordination rules linked to providing health care, legislation applicable, mechanism of reimbursement, most important EU case law for approximately 20 representatives from MOW, MOH, SCHIA and SWCMEC.

- **2 study visits:**

- 1) 5-days study visit to get acquainted with experience and organisation of work of competent institutions in EU member states involved in co-operation on national and international level as well as practical problems faced by these institutions (pensions, benefits, health care, contributions, data bases) for approximately 6 representatives from MOW, MOH, SSIA, SCHIA and SRS;
- 2) 2-days study visit to get acquainted with the role of competent authorities in social security co-ordination for approximately 3 representatives from MOW, MOH.

### **Means: Contract 1 – Twinning Covenant**

#### **Short-term twinning expert estimated 3 m/months**

The main task of the twinning expert is to train the staff involved on issues relating to social security benefits in cash; to organize and lead seminars on general questions of co-ordination including definitions (Regulation No.1408/71), each of branches of social security dealt with separately as well as levying of contributions, legislation applicable, posting, frontier workers, export of benefits, case-law and exchange of information, including special schemes. To hold workshops on calculation of pensions and benefits, on legislation applicable and on exchange of information on international level, practical work with E-forms (including adaptation for Latvian needs where necessary). To elaborate training and self-study materials on issues dealt with in seminars and workshops. The short-term expert is expected to co-operate with short-term expert dealing with elaboration of requirements for software for calculation of pensions and benefits according to the Community provisions.

Profile of the EU twinning expert:

- Recognized academic qualifications in law
- Knowledge of European social security systems, institutions and processes
- Minimum 8 years EU practical experience in application of EU co-ordination rules in social security administration
- Fluency in English, both spoken and written
- General knowledge of the Latvian social security system will be considered as an advantage

#### **Short-term twinning expert estimated 1 m/month**

The main task of the twinning expert is to train the staff involved in health care issues; to organize and lead the seminars on general issues of EU co-ordination rules linked to providing health care, legislation applicable, mechanism for reimbursement, case law; to hold the workshops on calculation of average costs, work with E-forms, data necessary for exchange, degree of invalidity; to elaborate the training and self-study materials on issues dealt with in seminars and workshops. The short-term expert is expected to co-operate with short-term expert dealing with elaboration of requirements for software for calculation of average health care costs.

Profile of the EU twinning expert:

- Recognized academic qualifications in law
- Minimum 8 years EU practical experience in social security administration dealing with provision of health care
- Knowledge of European social security systems, institutions and processes
- Fluency in English both written and spoken

### **3.4.2 Component 2 - IT solution for application of Regulations (EEC) No.1408/71 and No.574/72:**

#### **3.4.2.1 Elaboration of software for calculation of pensions, benefits and average health care costs:**

- twinning expertise on calculation of pensions and benefits
- twinning expertise on calculation of average health care costs
- elaboration of software for calculation of pensions and benefits
- elaboration of software for calculation of average health care costs

## **Means: Contract 1 – Twinning Covenant and Contract 2 – Framework Contract (*Global Price*)**

### **Contract 1 - Twinning Covenant:**

#### **Short-term twinning expert estimated 4 m/months**

The main task of the twinning expert is to elaborate requirements for software for calculation of pensions and benefits according to the Community provisions. The short-term expert is expected to co-operate with the short-term expert involved in issues relating to social security benefits in cash.

Profile of the EU twinning expert:

- IT expert with minimum 8 years EU practical experience in social security administration who has been involved in design, operation and maintenance of information systems related to pensions in the context of EU social security co-ordination
- Being familiar with Notional Defined Contribution pension schemes will be considered as an advantage
- Fluency in English both written and spoken

#### **Short-term twinning expert estimated 2 m/months**

The main task of the twinning expert is to elaborate requirements for software for calculation of average costs for health care. The short-term expert is expected to co-operate with the short-term expert involved in health care issues.

Profile of the EU twinning expert:

- IT expert with minimum 8 years EU practical experience in social security administration who has been involved in design, operation and maintenance of information systems related to health care benefits in kind in the context of EU social security coordination
- Fluency in English both written and spoken

### **Contract 2 – Framework Contract (*Global Price*)**

- elaboration of software for calculation of pensions and benefits:  
the IT company is expected to elaborate the software in Latvian for calculation of pensions and benefits according to Regulations (EEC) No.1408/71 and No.574/72 based on requirements prepared previously by the twinning expert as well as to provide all necessary documentation, testing and training of the staff on the software.
- elaboration of software for calculation of average health care costs:  
the IT company is expected to elaborate the software in Latvian for calculation of average health care costs according to Regulations (EEC) No.1408/71 and No.574/72 based on requirements prepared previously by the twinning expert as well as to provide all necessary documentation, testing and training of the staff on the software.

#### **3.4.2.2 Elaboration of E-forms for Latvia:**

- preparation of electronic E-forms for Latvia:  
preparation of all necessary E-forms according to Regulations (EEC) No.1408/71 and No.574/72 (for example, general form, posting, health care, pensions, unemployment, family, non-contributory benefits forms) providing a possibility to fill in them electronically in Competent Institutions.

### **Means: Contract 2 – Framework Contract (*Global Price*)**

#### **3.4.2.3 Examination of data available, determination of missing information and working out proposals for appropriate data bases on personal records:**

- Twinning expertise on working out proposals for data bases

- 3-days **workshop** - discussion on data available in Latvia for application of EU co-ordination rules, assessment of the needs for improvement, for approximately 20 representatives from MOW, MOH, SSIA, SCHIA, SRS and SES.
- 2-days **seminar** on confidentiality of social data on individuals, experience in adaptation of existing data bases to changing requirements of EU law, developments in TESS system for approximately 20 representatives from MOW, MOH, SSIA, SCHIA, SRS and SES.

#### **Means: Contract 1 - Twinning Covenant**

##### **Short-term twinning expert estimated 3 m/months**

The main task of the twinning expert is to examine the data available, to determine the missing information and to work out proposals for appropriate and compatible data bases. To organize and lead the seminar on confidentiality of social data on individuals. To hold the workshop in order to discuss data available in Latvia for application of EU co-ordination rules and assess the need for improvement.

Profile of the EU twinning expert:

- Knowledge and minimum 8 years EU practical experience in exchange of information on national and international level relating to EU social security co-ordination rules
- Work experience in social security administration
- Knowledge of information required by EU member states for co-ordination purposes
- Fluency in English both written and spoken

#### **3.4.3 Component 3 - Communication strategy for information of public on social security rights when moving within the European Union improved**

##### **3.4.3.1 Improving communication strategy and preparing of informative material:**

- Twinning expertise on improving communication strategy and preparing of informative material on Latvian social security system (social security rights for migrant workers)

#### **Means: Contract 1 - Twinning Covenant**

##### **Short-term twinning expert estimated 1 m/month**

The main task of the twinning expert is to improve communication strategy and prepare informative material on Latvian social security system (social security rights for migrant workers).

Profile of the EU twinning expert:

- PR expert with minimum 8 years EU practical experience in social security administration
- General knowledge of EU co-ordination rules
- Fluency in English both written and spoken

#### **3.5 Lessons learned:**

According to the Final Report of the Phare project LE 95/96 (B) "EU accession related support to social protection reform in Latvia" it is useful to provide further training on the job later on, particularly for key persons of the International Agreements and Relations Division of Social Insurance Department (Ministry of Welfare) and in the concerned institutions for persons involved in preparation for implementing EU law.

Following the recommendations of the Multilateral Consensus project ZZ-9710-0027-02 "Detailed preparation and planning for the implementation of the EC co-ordination rules" certain steps were taken in strengthening units dealing with social security co-ordination in institutions concerned.

According to the European Commission 2002 Regular Report on Latvia's Progress Towards Accession "with a view to the future co-ordination of social security systems, further work to develop the necessary administrative structures is needed. Institutional capacity needs to be strengthen further so as to enable Latvia to apply the *acquis* on co-ordination of social security".



Following the experience gained from implementation of previous Phare projects, a project Steering Committee will be set up including staff members in a decision-making position. According to the recommendations of the projects and practical experience in co-ordination, it was clear that it is necessary to go further from general understanding of EU social security coordination rules to a concrete and deep understanding of the relevant *acquis communautaire* in the field of social security as well as to concentrate on solving practical issues for successful co-ordination of social security schemes like national and international co-operation between institutions concerned, data required for application of Regulations (EEC) No.1408/71 and No.574/72, software for calculation of benefits according to the Community provisions and for calculation of average costs for health care.

#### 4. Institutional Framework

The leading institution for implementation of the project will be the Ministry of Welfare.

Involved institutions in the implementation of the project will be:

- Ministry of Health (functioning as competent authority, responsible for social security co-ordination as regards health care in kind);
- State Social Insurance Agency (granting and payment of pensions and benefits, keeping of records, exchange of information, co-operation with administration of member states, functioning as competent institution);
- State Compulsory Health Insurance Agency (reimbursement of expenses for health care benefits in kind, exchange of information, co-operation with administration of member states, functioning as competent institution in relation to health care);
- State Revenue Service (administrating collection of contributions, providing of information on individual records);
- State Employment Service (implementation of employment policy, job placements and registration of the unemployed, organization of the dialogue between the employers and the employees and confirmation of job summons);
- State Working Capacity Medical Expert Commission (providing of an expertise of natural persons, establishment of the disability (restriction of person's physical or mental ability) and a percentage of the loss of capacity for work).

Project Steering Committee will be established to monitor project implementation. The Steering Committee will comprise representatives from competent authorities and competent institutions – European Commission Delegation, Ministry of Finance (NAC Office), Ministry of Welfare, Ministry of Health, State Social Insurance Agency, State Compulsory Health Insurance Agency and State Revenue Service.

The Steering Committee will be led by Senior Programme Officer and it will review and approve the project reports and make recommendations in regard of the project activities for the following period.

#### 5. Detailed Budget

in EUR

	Phare Support			National Cofinancing			
	Investment Support	Institution Building	Total Phare (=I+IB)	Eligible costs	Non-eligible costs	IFI	TOTAL
<b>Contract 1</b> Twinning Covenant		456 000	456 000	50 600*			506 600*
<b>Contract 2</b> Framework Contract		149 000	149 000	50 000**	9 000		199 000**
<b>Total</b>		<b>605 000</b>	<b>605 000</b>	<b>100 600</b>			<b>705 600</b>

\* Parallel co-financing. Parallel co-financing will be applied for covering of office costs for experts, infrastructure facilities and travel costs for national counterparts.

\*\*Joint co-financing, excluding all taxes and duties.

#### 6. Implementation Arrangements

## 6.1 Implementing Agency

Implementing agency of the project will be the Central Finance and Contracting Unit of the Ministry of Finance (CFCU). CFCU will be responsible for the financial and administrative management of the project in accordance with Extended Decentralised Implementation System.

Central Finance and Contracting Unit – Mr Armands Eberhards, Director

1 Smilšu street, Riga, Latvia, LV-1050

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Programme Authorising Officer – Ms Valentina Andrejeva, State Secretary of the Ministry of Finance

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The Ministry of Welfare will carry out technical implementation of the project. Ministry of Health, State Social Insurance Agency, State Compulsory Health Insurance Agency, State Revenue Service, State Employment Service and State Working Capacity Medical Expert Commission will be involved in the implementation.

Ms. Ruta Zilvere, Deputy State Secretary of the Ministry of Welfare (28 Skolas street, Riga, Latvia, LV-1331, tel: +(371) 7021605, fax: +(371) 7276445) is the Senior Programme Officer and responsible for the technical implementation of the project.

## 6.2 Twinning

The leading PAA will be situated in the Ministry of Welfare. Mr. Ingus Alliks, Director of Social Insurance Department of the Ministry of Welfare will be the Latvian counterpart of the PAA.

Beneficiary institutions:

### Ministry of Welfare

Project leader and counterpart for the PAA

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Director of Social Insurance Department,

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### Ministry of Health

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### State Social Insurance Agency

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### State Compulsory Health Insurance Agency

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State Revenue Service  
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Riga, LV-1978

State Employment Service  
Mr Alvis Vitols  
Director  
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Riga, LV-1010

State Working Capacity Medical Expert Commission  
Ms Mara Ozola  
Director  
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13 Pilsonu street, 37 block  
Riga, LV-1002

### 6.3 Non-standard aspects

There will be no non-standard aspects regarding implementation of the project. Standard procedures of the Commission in accordance with Practical Guide to PHARE, ISPA and SAPARD contract procedures as well as Twinning manual will be followed under Extended Decentralised Implementation System. Prior to EDIS accreditation, DIS will be followed. EDIS will apply from the date of accession at latest.

Ratio: if during project implementation the project cost for some reasons will decrease, the Phare financing will also decrease proportionally.

### 6.4 Contracts

- Contract 1: Twinning Covenant – 456 000 EUR (parallel co-financing);
- Contract 2: Framework Contract – 199 000 EUR (joint co-financing, excluding all taxes and duties)

## 7. Implementation Schedule

- 7.1 Start of tendering/call for proposals: Q IV 2003
- 7.2 Start of project activity: Q 1 2004
- 7.3 Project Completion: Q I 2005

## 8. Equal Opportunity

Equal opportunity principles and practices in ensuring equal gender participation in the Project will be guaranteed. The institutions involved will ensure equal access of men and women to the project activities and results.

## **9. Environment**

Not applicable.

## **10. Rates of return**

Not applicable.

## **11. Investment criteria**

### **11.1 Catalytic effect:**

The implementation of this project will ensure that Latvia is in position to apply the social security schemes to employed persons, to self-employed persons and to members of their families moving within the European Union in accordance with requirements of Regulations (EEC) N.1408/71 and No.574/72 in order to fulfil obligations of EU Member State.

### **11.2 Cofinancing:**

The project will be co-financed by the government of the Republic of Latvia through the state budget funds for contracting in the amount of 100 600 EUR.

The co-financing will be allocated in state budget for the years 2004 and 2005 as soon as Phare funds will be available.

### **11.3 Additionality:**

The Phare funds will not displace other financiers.

### **11.4 Project readiness and size:**

The project will be ready for tendering process as soon as funds will be available. The total budget is 705 600 EUR. To ensure project implementation Terms of Reference and Technical Specifications will be ready before the start of the project.

### **11.5 Sustainability:**

The equipment provided to the responsible institutions will be maintained by their own means, the necessary costs will be envisaged in each institution's yearly budget.

### **11.6 Compliance with state aids provisions:**

The state aids provisions of the Europe Agreement will be respected.

### **11.7 Contribution to National Development Plan:**

Not applicable.

## **12. Conditionality and sequencing**

- Adequate number of competent staffing in the beneficiary institutions has to be in place for implementation and monitoring of project activities
- Co-financing via national budget ensured
- Established Project Steering Committee

**ANNEXES TO PROJECT FICHE**

1. Logical framework matrix.
2. Detailed implementation chart.
3. Cumulative contracting and disbursement schedule by quarters.
4. List of relevant laws and regulations.
5. Scheme on institutions involved.
6. Information on distribution of responsibilities among the institutions involved.

LOGFRAME PLANNING MATRIX FOR Project	Program name and number	
CO-ORDINATION OF SOCIAL SECURITY SCHEMES	Contracting period expires	Disbursement period expires
	Total Budget: 705 600 EUR	<b>Phare Budget: 605 000 EUR</b>

Overall objective	Indicators of Achievement	Sources of Information	
To ensure that Latvia is in position to apply the co-ordination of social security schemes	Successful operation of social security co-ordination rules of the European Union in Latvia	<ul style="list-style-type: none"> <li>Regular Progress Report</li> </ul>	
Project purpose	Indicators of Achievement	Sources of Information	Assumptions
Preparation for application of Regulations (EEC) No.1408/71 and No.574/72 in the Latvian institutions involved	<ul style="list-style-type: none"> <li>Competent staff in the institutions involved in practical implementation of Regulations (EEC) No.1408/71 and No.574/72</li> <li>Fully elaborated co-operation procedures</li> <li>Necessary software provided for applying Regulations (EEC) No.1408/71 and 574/72</li> <li>Informed public on social security rights within the European Union</li> </ul>	<ul style="list-style-type: none"> <li>Social report (issued by the Ministry of Welfare)</li> <li>Final project report</li> <li>Reports from institutions involved</li> <li>Official publications</li> </ul>	<ul style="list-style-type: none"> <li>Effective co-operation of institutions involved</li> <li>European Union co-ordination rules implemented</li> </ul>
Results	Indicators of Achievement	Sources of Information	Assumptions
<b>Improved administrative capacity for social security co-ordination:</b> <ul style="list-style-type: none"> <li>co-operation model and strategy for institutions involved in social security co-ordination established</li> <li>procedures for international and national co-operation for social security administration elaborated</li> <li>trained staff involved in social security co-ordination</li> </ul> <b>IT solution for application of Regulations (EEC) No.1408/71 and No.574/72:</b> <ul style="list-style-type: none"> <li>software for calculation of pensions and benefits according to the community provisions provided</li> <li>software for calculation of average health care costs provided</li> <li>E-forms available electronically for Latvia</li> <li>necessary data for social security co-ordination in the institutions involved available</li> <li>compatible system for electronic information exchange among the institutions involved provided</li> </ul> <b>Communication strategy for information of public on social security rights when moving within the European Union improved</b> <ul style="list-style-type: none"> <li>communication strategy improved</li> <li>informative material on Latvian social security system prepared</li> </ul>	<ul style="list-style-type: none"> <li>Smooth co-operation of institutions</li> <li>Co-operation procedures in place and operational</li> <li>Number of involved staff trained in social security co-ordination (30 persons)</li> <li>Calculation of pensions, benefits and health care costs performed electronically</li> <li>Necessary data on personal records available</li> <li>Informative material available</li> </ul>	<ul style="list-style-type: none"> <li>Social report (issued by the Ministry of Welfare)</li> <li>Project reports</li> <li>Reports from institutions involved</li> <li>Official publications</li> <li>Monitoring reports</li> </ul>	<ul style="list-style-type: none"> <li>Support from relevant institutions</li> <li>Appropriate resources allocated</li> </ul>

Activities	Means		Assumptions
Evaluation and improvement of social security co-ordination model and strategy, and elaboration of procedures	<ul style="list-style-type: none"> <li>• 1 long-term twinning expert (PAA) 12 m/m</li> <li>• 1 short-term twinning expert 2 m/m on improvement of co-ordination model and strategy, and elaboration of procedures</li> <li>• 4-days workshop on model and procedures (approx. 20 participants)</li> <li>• 1-day seminar: presentation on model and procedures (approx. 20 participants)</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Monitoring reports</li> <li>• Project records</li> </ul>	<ul style="list-style-type: none"> <li>• Public administration reform accomplished</li> <li>• Suitable staff recruited</li> </ul>
Training of the staff involved	<ul style="list-style-type: none"> <li>• 1 short-term twinning expert 3 m/m on benefits in cash</li> <li>• 1 short-term twinning expert 1 m/m on benefits in kind</li> <li>• 4-days workshop on calculation of benefits (approx. 20 participants)</li> <li>• 3-days workshop on legislation applicable (approx. 20 participants)</li> <li>• 4-days workshop on exchange of information (approx. 20 participants)</li> <li>• 4-days workshop on legislation applicable concerning health care (approx. 20 participants)</li> <li>• 3-days seminar on general questions of co-ordination (approx. 30 participants)</li> <li>• 4-days seminar on each of the branches of social security (approx. 20 participants)</li> <li>• 2-days seminar on legislation applicable (approx. 20 participants)</li> <li>• 1-day seminar on exchange of information (approx. 20 participants)</li> <li>• 4-days seminar on health care (approx. 20 participants)</li> <li>• 2 study visits</li> </ul>		
Elaboration of software for calculation of pensions, benefits and average health care costs	<ul style="list-style-type: none"> <li>• 1 short-term twinning expert 4 m/m on calculation of pensions and benefits</li> <li>• 1 short-term twinning expert 2 m/m on calculation of average health care costs</li> <li>• elaboration of software for calculation of pensions and benefits</li> <li>• elaboration of software for calculation of average health care costs</li> </ul>		

Elaboration of E-forms for Latvia, including in Latvian	<ul style="list-style-type: none"> <li>• preparation of electronic E-forms, including in Latvian</li> </ul>		
Examination of data available, determination of missing information and working out proposals for appropriate data bases on personal records	<ul style="list-style-type: none"> <li>• 1 short-term twinning expert 3 m/m</li> <li>• 3-days workshop on data available in Latvia (approx. 20 participants)</li> <li>• 2-days seminar on confidentiality of social data on individuals (approx. 20 participants)</li> </ul>		
Improving communication strategy and preparing of informative material	<ul style="list-style-type: none"> <li>• 1 short-term twinning expert 1 m/m on improving communication strategy and preparing of informative material on Latvian social security system</li> </ul>		
		<u>Preconditions</u> <ul style="list-style-type: none"> <li>• Adequate number of competent staffing in the beneficiary institutions has to be in place for implementation and monitoring of project activities</li> <li>• Co-financing via national budget ensured</li> <li>• Established Project Steering Committee before the start of the project</li> </ul>	



## ANNEX 2

### DETAILED IMPLEMENTATION CHART

	2004												2005		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
<b>Twinning Covenant</b>															
Long-term Pre-Accession Advisor 12 m/m	X	X	X	X	X	X	X	X	X	X	X	X			
Short term twinning expert 2 m/m on improvement of co-ordination model and strategy, and elaboration of procedures										X	X				
Workshop on co-ordination model and procedures											X				
Seminar: presentation on model and procedures											X				
Short-term twinning expert 3 m/m on benefits in cash	X	X	X												
Short-term twinning expert 1 m/m on benefits in kind				X											
4 workshops on social security co-ordination	X	X	X	X											
5 training seminars on social security co-ordination	X	X	X	X											
2 study visits									X	X					
Short-term twinning expert 4 m/m on calculation of pensions and benefits	X	X	X	X											
Short-term twinning expert 2 m/m on calculation of average health care costs				X	X										
Short-term twinning expert 3 m/m on working out proposals for data bases					X	X	X								
Workshop on data available in Latvia							X								
Seminar on confidentiality of social data on individuals						X									
Short-term twinning expert 1 m/m on improving communication strategy									X						
<b>Framework Contract</b>															
Elaboration of software for calculation of pensions and benefits								X	X	X	X	X	X	X	X
Elaboration of software for calculation of average health care costs								X	X	X	X	X	X	X	X
Preparation of electronic E-forms for Latvia								X	X	X	X	X	X	X	X

**ANNEX 3 CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE**  
**(EUR)**

	2004				2005			
	I	II	III	IV	I	II	III	IV
<b>Contract 1 – Twinning Covenant*</b>								
<b>Contracted total:</b>	<b>456 000</b>							
Phare:	456 000							
<b>Disbursed total:</b>	<b>364 800</b>	<b>410 400</b>			<b>456 000</b>			
Phare:	364 800	410 400			456 000			
National:	14 900	29 000	39 700	50 600				
<b>Contract 2 – Framework Contract**</b>								
<b>Contracted total:</b>			<b>199 000</b>					
Phare:			149 000					
National:			50 000					
<b>Disbursed total:</b>			<b>119 400</b>		<b>149 250</b>	<b>199 000</b>		
Phare:			89 400		111 750	149 000		
National:			30 000		37 500	50 000		

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\* Parallel co-financing

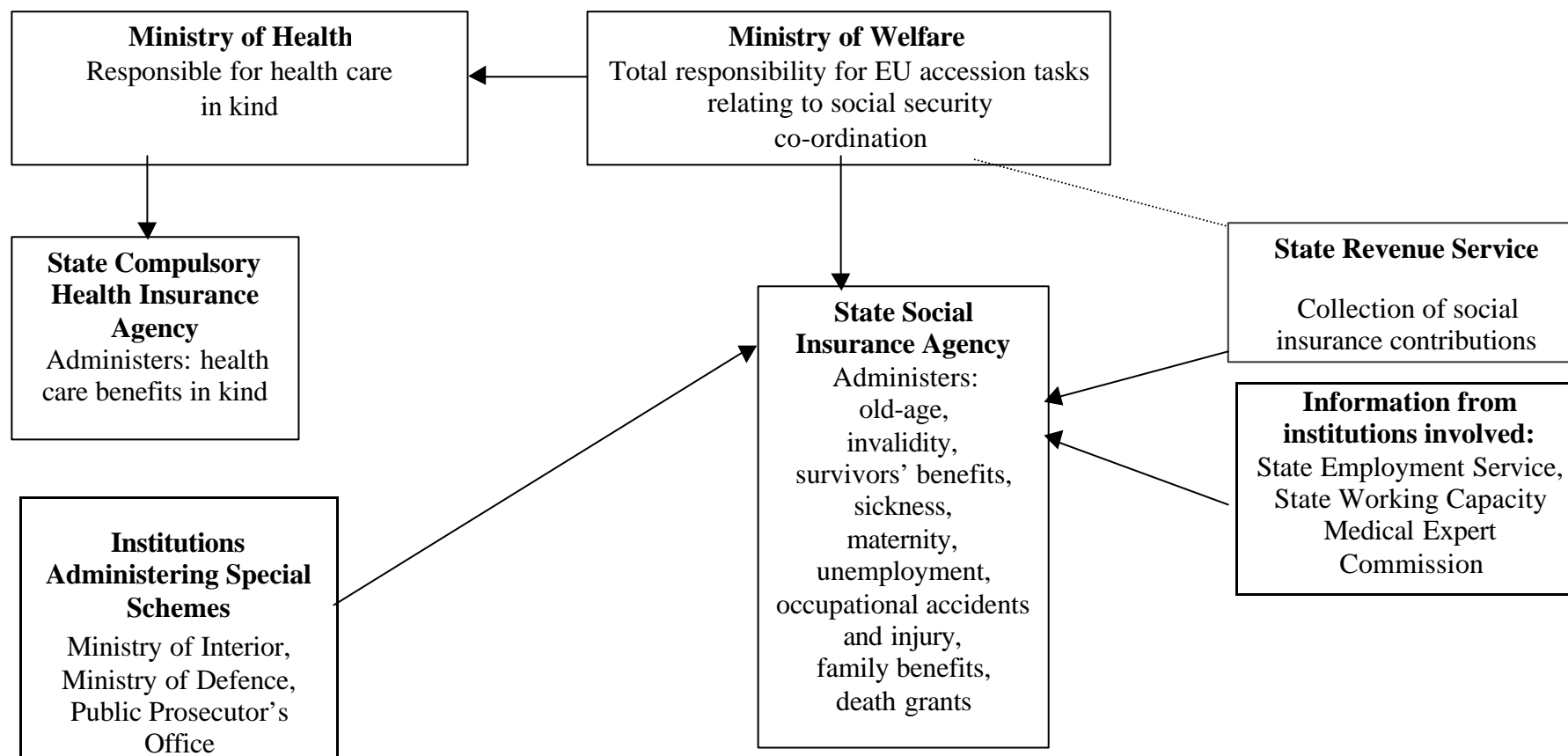
\*\* Joint co-financing, excluding all taxes and duties

## **ANNEX 4**

### **LIST OF RELEVANT LAWS AND REGULATIONS**

- 1) Council Regulation (EEC) No.1408/71 of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community;
- 2) Council Regulation (EEC) No.574/72 of 21 March 1972 laying down the procedure for implementing Regulation (EEC) No. 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community.

**ANNEX 5: Institutions involved in co-ordination of social security schemes in Latvia**



## **ANNEX 7 - Information on distribution of responsibilities among the institutions involved**

### **Ministry of Welfare**

Ministry of Welfare will function as **Competent Authority** in the meaning of Regulation No.1408/71 and is responsible for policy issues and social security co-ordination. The Ministry of Welfare presently has the total responsibility for EU accession tasks related to co-ordination of social security and other social policy issues.

The ministry consists of 6 separate departments: the Department of Social Insurance, Social Services and Assistance, Labour, Financial Management, European and Legal Affairs and Administrative Department.

Functions and statutory tasks of the Ministry of Welfare include:

- to elaborate national policy in respect of social security issues,
- to have a good knowledge of the situation and to solve by using political, economic and legal means the matters of social insurance, social care and assistance, problems related to work, labour protection, employment and unemployment,
- to elaborate national demographic policy and to co-ordinate its implementation,
- to promote co-ordination of national social security legislation as well as its harmonization in order to comply with the requirements of Council of Europe and EU,
- to carry out the tasks regarding preparation of the national budget, the budget execution and control for efficient and economic expenditure.

The overall responsibility for preparation for the implementation of EC laws including co-ordination *acquis* is assumed by Under-secretary of State of the Ministry of Welfare - also the leader of working group on co-ordination of EU Integration Issues in the Ministry.

Inter-institutional working group for co-ordination of social security schemes has been established by the Ministry of Welfare. The main tasks of the mentioned group are the following:

- to establish co-operation model for institutions involved in social security co-ordination;
- to co-ordinate and supervise preparatory activities for EU co-ordination purposes;
- to determine possible problems which may arise in the implementation of Regulation No.1408/71 and to work out proposals for solving problems if necessary.

The representatives of Ministry of Welfare, Ministry of Health, Ministry of Finance, State Social Insurance Agency, State Compulsory Health Insurance Agency and State Revenue Service take part in work.

### **The Department of Social Insurance of the Ministry of Welfare**

*The Department of Social Insurance* is responsible for the organisation of the social insurance and security, which implies a uniform application of the social insurance legislation, the elaboration of targeted social insurance programmes, the development of family benefits system and the co-ordination of international relations and agreements related to social security. In other words, the Department of Social Insurance is in charge of all traditional social security programmes except health care.

**International Agreements and Relations Division** of the Department of Social Insurance (consisting of 3 staff members) is responsible for co-ordination and monitoring of the issues relating to bilateral agreements (i.e. the work of the health care side of the Ministry and possible social assistance issues); drafting, negotiating, interpretation, monitoring agreements in the field of social security as well as for preparation for the implementation of EU social security co-ordination law. The position of the Department is that each division should be able to assume its responsibilities arising from the EU integration and be familiar with the requirements of relevant EU law in order to draft national legislation in accordance. The administrative work is the responsibility by State Social Insurance Agency and State Compulsory Health Insurance Agency.

### **Ministry of Health**

Ministry of Health was formed in February 1, 2003. It will function as **Competent Authority** in the meaning of Regulation No.1408/72 and is responsible for social security co-ordination as regards health care in kind.

### **State Social Insurance Agency**

State Social Insurance Agency will function as **Competent Institution** in the meaning of Regulation No.1408/71 - granting and payment of pensions and benefits, keeping of records, exchange of information, co-operation with administration of member states.

The State Social Insurance Agency currently is a non-profit organization state stock company. Its management bodies are the General assembly of the shareholders, the Council and the Board. The Agency is responsible for administering functions of the State in social insurance and services - granting and payment of state pensions and benefits. The Agency administers the following branches of social security: old-age, invalidity, sickness, maternity, unemployment, occupational accidents and diseases, family benefits, death grants.

Information technologies are widely used in the Agency, but not in the exchange of information concerning social security agreements. As to the information on social security stored in the IT system, it contains individual insurance records starting from January 1, 1996 concerning all insured persons. Previous periods will be fully included at a later stage, this process has already started.

### **International Services Division of State Social Insurance Agency**

In order to implement bilateral social security agreements a separate functional unit – *International Services Division* consisting of 7 staff members is responsible for drafting administrative arrangements necessary to implement bilateral agreements and implementation of these agreements.

The unit carries out the following functions:

- participates in negotiating social security agreements,
- works out implementing arrangements for applying effective agreements,
- works out forms necessary for implementing the agreements and updates these forms,
- carries out the analyses of implementation of agreements and produces statistical information,
- makes decisions as regards individual pension rights in accordance with the agreements, grants and pays benefits,
- organizes payments in accordance with agreements,
- provides consultations and guidance as regards granting and payments of pensions in accordance with agreements.

International services are rendered in a centralized manner by International Services Division of the Agency if the 10 year insurance requirement in Latvia is not met. In all other cases the Division has mostly control function. Still it is planned that in future branch offices will not be involved in rendering international services.

A person can submit application for pension or benefit in local branch office of the Agency, which in its turn sends the application to the central office. Branch offices also grant pensions in accordance with national legislation to persons entitled to pensions while residing abroad (law "On State Pensions" provides that persons leaving the country for permanent residence abroad retain the right to pensions granted earlier). The payments are transferred to an account in a Latvian credit institution free of charge. The expenses for further operations - transfer to a foreign bank are covered by the client.

Pension records stored in International Services Division:

- if a person is in receipt of Latvian state pension granted in accordance with Agreements with Estonia, Lithuania, Ukraine or Finland and the insurance record of that;
- if pension export in relation to Latvian pensioner, who has taken permanent residence in Estonia, Lithuania, Ukraine or Finland is being carried out;
- if a pension has been granted in accordance with the exchange of notifications with the USA.

### **State Compulsory Health Insurance Agency**

State Compulsory Health Insurance Agency will act as **Competent Institution** in the meaning of Regulation No.1408/71 relating health care benefits in kind -reimbursement of expenses for health care benefits in kind, exchange of information, co-operation with administration of member states.

The State Compulsory Health Insurance Agency is a non-profit organization - state stock company. The agency is a state institution that manages the resources of the state compulsory health insurance and performs the payments for the health care services to the sickness funds, health care organizations and other service providers. The agency performs the accounting for the income and utilization of the funds for the health care services in the sickness funds and health care or other organizations as well as monitors the utilization of the funds. A sickness fund in this context is an institution formed by one or more municipalities that acts according to the principles of a non- profit organization and has signed a contract with the Agency on the provision of health care service minimum to the persons contributing to the sickness fund.

In relation to bilateral agreements the Agency administers health care benefits in kind.

Tasks of the Agency related to agreements:

- participation in negotiations relating to bilateral agreements, implementation arrangements;
- responsibility for implementation - granting health care benefits in kind;
- consultations for clients and health care providers;
- participation in establishing health care costs - work group established in order to implement Latvian- Finnish agreement.

So far the Agency has an experience with effective agreements relating to health care benefits in kind with Estonia (1997), Sweden (1998) and Finland (1999). A special agreement with Russia, concerning military pensioners residing in Latvia is in force. The costs incurred for their treatment in Latvia are reimbursed on real cost basis.

### **State Revenue Service**

State Revenue Service will administrate collection of contributions and providing of information on individual records. Presently State Revenue Service is also responsible for collecting contributions and providing information for individualized records. The Social Insurance Agency shall assume the tasks related to exchange of information (E-forms), but State Revenue Service will still have a role in insuring workers who do not fall under the personal scope of national social security legislation. A change in national legislation or routines might be necessary in order to levy contributions from persons who are not taxed in Latvia or to exempt certain persons from obligatory insurance contribution payment.

The State Revenue Service is responsible for:

- records on tax payers,
- collection of taxes and duties within the territory of the Republic of Latvia and on customs border,
- custom policy and affairs,
- implementing law on liquidation of corruption,
- in eradicating crimes in the field of tax and duty payments,
- training measures for State Revenue Service employees,
- registration of tax payers in accordance with laws and Cabinet Regulations,
- control over registration documents.

Other relevant institutions:

### **State Working Capacity Medical Expert Commission**

State Working Capacity Medical Expert Commission will carry out medical examination relating to establishing the fact of disability.

The Commission is an institution under the supervision of Ministry of Welfare that provides expertise of persons relating to loss of working capacity and health situation. The Commission of experts establishes the disability (restriction of person's physical or mental ability) and a percentage of the loss of capacity for work. The Commission is also responsible for establishing the causes and degrees of disability (3 groups). There are also Regional commissions. The Commission provides the medical examination of persons who receive the pension benefits (disability or accident at work compensation) also in case of need from foreign countries.

### **State Employment Service**

State Employment Service is currently responsible for implementation of employment policy, job placements and registration of the unemployed, organization of the dialogue between the employers and the employees and confirmation of job summons.

State Employment Service will have a role in providing information - for example as to the status of the unemployed person and whether he/she regularly registers and seeks employment.

The Foreign Affairs Division (4 persons) and the Director deal with the EU issues.