

SOCIAL SECTOR

Summary Project Fiche

Project n°: LI9803.02

Title: Support to Social and Labour Sector - strengthening institutional capacity through the development of an Integrated Information Technology System for social insurance (SoDra), capacity-building of the staff of the Ministry of Social Security Labour (MSSL) and of Occupational Safety and Health Institutions and introduction of an evaluation system for personal protective equipment for OSH.

Location: Vilnius

Objectives:

1. General Objective

In line with the priorities identified in the Accession Partnership and the NPAA related to the strengthening of the budgetary and financial capacity of the administration, the social security financing system needs further enforcement. This will facilitate implementation of social security and occupational safety and health legislation and administration of social insurance and occupational safety - thereby contributing to the development and improvement of Lithuanian society (especially those who depend on social security) and facilitating the smooth functioning of the labour market.

2. Specific Objective

To continue the Phare support for the development of a modern European social security system in Lithuania. This will require continued strengthening of the institutional capacity of SoDra (social insurance agency), the Ministry of Social Security and Labour (MSSL) and Occupational Safety and Health Institutions. Key elements in this capacity-building are :

- (a) the development of an integrated IT system for SoDra (*components 1 and 2*) and
- (b) establishment of a system of evaluation of personal protective equipment for OSH, together with associated organisational development and transfer of skills (*component 3*).

This new IT system (a) - *components 1 and 2* , in addition to incorporating existing systems and providing additional functionality (e.g. the automation of sickness benefits and Social Insurance Fund accounting), will enable SoDra to automate it's data and contribution collection and recording process. It will also create a new contribution collection, employer registration and billing system which will have the capacity to be unified with the tax collection system and which can be transferred to another organisation, if required in the future. This system will also enable a single personal identifier to be established which will also facilitate linkage with the tax collection system, the health insurance and labour/unemployment systems.

With regard to the strengthening of workplace safety (b) - *component 3* (to be managed by the Labour side of the MSSL) a system of evaluation of personal protective equipment for OSH will be introduced.

Components 1 and 2

This first Phase of the system development will require 2 mecu to be divided between :

- (i) the provision of technical assistance to the MSSL for project management and control, and
- (ii) the development of the IT system itself which will comprise of :

- (a) the completed Analysis, Design and Scoping of a new integrated IT system with a Central Client Database as it's hub.
- (b) the production of Terms of Reference for Software, Hardware and associated Training, Organisational Development and Implementation.

These latter activities resulting from (b) could begin in late 1999 or early 2000 and will require additional funding from 1999 and 2000, 2001 Programmes.

Component 3

An additional 130,000 ecu will be allocated for 2 sub-activities

- (i) Training of the Staff of Occupational Safety and Health Institutions – 85,000 ecu;
- (ii) Integration Activity Strengthening and Improvement for the staff of MSSSL – 45,000 ecu.

Description

Components 1 and 2

The construction of a system with the capacity described below will be a complex task and will require a time frame of 3-4 years at least. It will require a high level of external and local expertise and will need to be very carefully managed to ensure that the financial inputs (which will be considerable) are optimised.

In view of this complexity, and of the need to ensure careful management of such a large project over a number of years, it will be necessary to provide high-level skills, expertise and ongoing advice to the Ministry of Social Security and Labour (MSSSL). In addition to these tasks it will also be necessary to establish and train key project teams (e.g. quality assurance, communications, training) in SoDra. Therefore, a separate project - Project 1 - (within the allocated 2 mecu) will be required to enable the MSSSL acquire the necessary expertise. It is deemed necessary to have two separate projects, with separate tenders and contracts, in order to ensure that MSSSL / SoDra are provided with independent management and technical advice. This will also enable better control, accountability and transparency in the preparation and development of the IT system.

The funding to be allocated to these 2 components should be as follows :

Component 1 - 0.6mecu

Component 2 - 1.4mecu

This new integrated IT system will comprise of :

- Registration, Contribution Collection and Billing system
- Central Client Database - based on personal identity
- Pensions/Benefits Administration and Payments system
- Management systems, including accounting and statistical

The Central Client Database and the full suite of systems which will enable the automated collection of social insurance data and contributions, the automated recording of all employments in Lithuania, the automated processing of social insurance pensions and benefits, and the automated accounting for income and expenditure. This system will also comprise of ancillary activities such as allocating single social insurance, health (and tax?) personal identity numbers, providing management information, planning statistics and a public information service. The system will enable linkage with the tax collection and recording system. The possibility of linking to Health, Labour and Social Assistance administration (and systems) will also be provided for. The Registration, Contribution Collection and Billing system (which will also have accounting and reconciling functions) will be designed in such a way as to enable it to be located elsewhere (e.g. with tax administration) at a future date if this is desired by Government.

The IT system will be constructed in a number of phases. These can be categorised as :

- (a) Initial Analysis, Prioritising and Preparation;
- (b) Analysis, Design, Scoping, Pilot of Model Collection/Billing and Implementation Planning;
- (c) Hardware Procurement and Installation
- (d) Software Procurement and Installation
- (e) Training and Implementation Programme

The initial phase (a) is currently underway within the Community's Phare 'Support to SoDra' project being implemented by SWS-Ireland.

Phases (b) to (e) above will require a complementary programme of organisational development, including re-design and piloting of administrative systems and methodologies, and intensive management/staff training.

It is planned that the MSSL will develop the TOR for Phase (b)- *Component 2*. The proposed budget of 1.4 mecu for Phase (b) will enable a model of the new employer registration, contribution collection and billing system to be built and tested. A number of activities within the complementary programme of organisational development will also be undertaken. The output from Phase (b) above will result in TORs for Phases (c), (d) and (e).

Previous bilateral, multilateral and Phare activities have extensively covered the establishment of organisational structures in the area of Occupational Safety and Health. New institutions and bodies such as the State Labour Inspectorate, Labour Safety Centre and Labour Safety Committees in enterprises have been established in order to meet demands of the developing labour market in Lithuania. However, there is now an urgent need to build on this progress by training the staff of these institutions on application of the Community's instruments in national legislation and their further implementation. Moreover, a complementary system of evaluation of personal protective equipment is being introduced in Lithuania. Therefore, there is a need to get acquainted with best practices and principles of corresponding systems in EU countries in order to introduce these principles into Lithuanian system.

The OSH project (*Component 3*) is aimed at training of the staff of the Ministry of Social Security and Labour, Labour Safety Centre and Lithuanian Labour Market Training Authority. It will also assist with the introduction of the new Protective Equipment Evaluation system.

Institutional Framework

The construction of an integrated IT system for social insurance will take place within the framework of building institutional capacity to adequately meet the statutory and institutional obligations required of EU membership. This new system will be a key element in ensuring that the Lithuanian social insurance system fulfils its key role in the overall implementation of the social cohesion 'acquis' by the Lithuanian Government. The Ministerial responsibility for social insurance policy rests with the MSSL whilst the execution of that policy is the responsibility of the State Social Insurance Fund Board (SoDra). In order to meet its responsibility to MSSL, the Lithuanian Government and Lithuanian society the SoDra must possess the administrative systems, skills and capacity to ensure that the social insurance policy is properly executed. This new system will be the key factor in ensuring that this capacity is available and the benefits which will be derived from the system (proper regulation of employment and benefits, reduction in illegal employment, improved social insurance income etc.) will make a valuable contribution to the overall development of the Lithuanian labour market and social system.

The Ministry of Social Security and Labour is responsible for policy, legislation development and implementation in the field of Occupational Safety and Health. The responsibilities of OSH institutions are to control whether the organisations and enterprises in Lithuania observe the normative documents, regulating labour safety standards, salary, work and leisure time of employees, labour

requirements for minorities and women. In the context of this project the MSSL will oversee the introduction of the new Protective Equipment Evaluation system and of the training programme regarding EC standards to be implemented in the OSH institutions.

The feasibility study are being carried out at the moment under the current Phare programme, the inception report is being presented by the consultants in mid-June 1998. The State budget is expected to incorporate the reports recommendations for future funding.

Budget – Components 1, 2 and 3

	Investment	Institution Building	Total Phare (=I+IB)	Recipient*	IFI*	TOTAL*
Component 1		600,000	600.000			600.000
Component 2	1,250,000	150,000	1,400.000			1,400.000
Component 3		130,000	130.000			130.000
TOTAL (MECU)	1,250,000	880,000	2,130,000			2,130,000

Implementation Arrangements

In the context of the new Phare orientation and decentralised implementation system (DIS) the overall responsibility for tendering, contracting and financial monitoring of the project will be the Central Finance and Contracts Unit. The Ministry responsible for the project will be the MSSL although the project will be implemented within SoDra. The Programme Officer should be within MSSL but it is recommended that a joint 'Project Steering Group' (comprising of MSSL, SoDra, Ministry of Health and Tax Administration). This Steering Group will be advised and supported by the high-level expertise provided for in Project 1 above, and will work in conjunction with the Programme Officer.

This will mean that Component 1 will precede Component 2 in order to establish the management framework within which Project 2 will be implemented and to enable assistance to be given to MSSL in its evaluation role in relation to the tenders for Component 2, if required.

Implementation Schedule

Component 1 (0.6 mecu)

Start of tendering June 1998	Start of project activity December 1998	Completion December 1999
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Component 2 (1.4 mecu)

Start of tendering September 1998	Start of project activity December 1998	Completion December 1999
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Component 3 (0.130 MECU)

Start of tendering: September 1998	Start of project activity December 1998	Completion: December 1999
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Equal Opportunities

Components 1 and 2

The strengthening of institutional capacity which will result from this programme will lead to an enhanced social protection service for all insured persons within Lithuania thereby further contributing to social cohesion and social solidarity. By enabling SoDra to standardise and improve its service delivery systems to clients throughout Lithuania it will facilitate timely income maintenance payments and reduce barriers to mobility of labour. This latter feature will result from improved administration of employment and social insurance records. In turn, this will secure pension and benefit entitlements from possible losses due to inadequate recording of employment history. It will also facilitate the equalisation of social insurance benefits (e.g. pensions) between men and women.

The new IT system will also enable improved contribution compliance and assist in identifying areas where the informal/illegal economy can be targeted and reduced.

Component 3

The introduction of improved OSH measures will apply equally to men and women in the workplace. Particular attention will be paid to improvements in protection equipment used by women in the workforce.

Environment: N/A

Rates of Return: N/A

Investment Criteria

In the strict sense of the term investment criteria are not applicable to these projects as they are not capital investments but rather focus on building institutional capacity. However, they do provide an element of additionality as they build on existing projects and can only be sustainable through the combined resources from the national budget and Phare. In particular SoDra is committed to continuing the redesign of the Local Offices and this will ensure that the proposed IT system will complement a modern environment of work practices and procedures. This will lead to better customer service, improved administration and thus a greater sustainability of the social insurance system. Sustainability will further be ensured with the modern IT system in place along side modern work practices and procedures, automated and improved administration, greater controls against abuse, improved collection systems, skilled up management and staff within the modern Social Insurance Agency (SoDra). The projects are catalytic in that they are designed to stimulate the sub-sector into modernisation and being prepared for accession. Although the collection system will be developed for SoDra it can be transferred to the National Tax administration at a later date if the Government decides to have a single collection system. They are ready for implementation as soon as the funds come available and the conditionalities are met. As this is investment in state institution and human resources, competition will be encouraged through Phare tender procedures.

Conditionality and Sequencing

This project is conditional upon the continuation of the social insurance reform plan, as outlined in the NPAA, and on the availability of local counterparts co-financed by the national budget.

The 2 mecu being provided for in 1998 will cover the first Phases of the new system. Further funding will be required to enable implementation of Phases (c), (d) and (e) detailed in the ***Description*** above.

There are plans for the introduction of social security cards to enable clients to access social insurance services (e.g. payments etc.). It will be necessary to ensure that the proposed card system (which is being funded separately by Lithuania) does not adversely impact on the development of the Integrated IT system.

SoDra are currently implementing a Strategic Business Plan, with the support Phare until mid-98 ("Preparation for the Design and Scoping of the new SoDra Integrated IT system for Social Insurance"). This project has defined a number of tasks relating to key business activities of SoDra and the basic requirements and infrastructure necessary for the new IT system.. These tasks have resulted in recommendations relating to, inter alia, contribution collection, human resource development and training, pensions and benefits administration, reform of procedures and practices at Local Offices. It is expected that these recommendations will continue to be implemented by SoDra as a requisite to further and continued support by Phare.

ANNEX 2

LI9803.02

Social Cohesion-SoDra IT

(MSSL /SoDra- Project management and training team)

Detailed Cost Breakdown

Components 1 and 2

	Investment	Institution Building	Total Phare (=I+IB)	1998	1999	TOTAL*
Project 1						
EU Experts		326,000	326,000	76,000	250,000	326,000
Local Experts		90,000	90,000	20,000	70,000	90,000
Per Diem/Accomm		45,000	45,000	10,000	35,000	45,000
Travel		19,000	19,000	5,000	14,000	19,000
Secretarial etc.		50,000	50,000	10,000	40,000	50,000
Study Visits		20,000	20,000	3,000	17,000	20,000
Fellowship/Equipm		50,000	50,000	8,000	42,000	50,000
Total		600.000	600.000	132.000	468.000	600.000
Project 2						
EU Experts	475,000		475,000	75,000	400,000	475,000
Local Experts	180,000		180,000	20,000	160,000	180,000
Per Diem/Accomm		80,000	80,000	10,000	70,000	80,000
Travel		50,000	50,000	5,000	45,000	50,000
Secretariat/Transl/ Telecomms etc.	80,000		80,000	10,000	70,000	80,000
Study Visits		20,000	20,000		20,000	20,000
Fellowships	20,000		20,000		20,000	20,000
Collection System (Development/ Equipment/ Training)	300,000		300,000		300,000	300,000
Seminars	50,000		50,000	10,000	40,000	50,000
Contingency	145,000		145,000		145,000	145,000
TOTAL	1,250,000	150.000	1.400.000	262,000	1,738,000	1.400.000

ANNEX 2

LI9803.02

Social Cohesion-OSH training and equipment inspection

Detailed Cost Breakdown

Component 3

	Investment	Institution Building	Total Phare (=I+IB)	1998	1999	TOTAL*
Project 3						
Sub-activity 1						
Foreign experts for 20 working days:		12,000	12,000	3,000	9,000	
Local expert for 20 working days:		3,000	3,000	1,000	2,000	
Travel expenses:		4,000	4,000	1,000	3,000	
Language training		26,000	26,000	6,000	20,000	
Sub-activity 2						
Workshops:		43,000	43,000	10,000	33,000	
Foreign expert:		30,000	30,000	5,000	25,000	
Study visit:		5,000	5,000		5,000	
Travel expenses:		7,000	7,000	1,000	6,000	
TOTAL		130,000 ecu	130,000 ecu	27,000	103,000	130,000 ecu

Annex 3

Sub-Programme No LI 9803.02								Document: Phare 98 Programme Fiches							
Section:								Version: 1				Page: 1			
Implementation Schedule of the Programme.															
Date of Drafting: April 27, 1998								Planning Period: 1998 to 2000							
Programme Title: Social Cohesion - Lithuania															
Projects <															

Legend:

D: development

T: tendering

C: contracting

I: implementation

Annex 4

Programme No. LI9803.02										Document: Phare 98 Programme Fiches									
Section:										Version: 1					Page: 1				
Contract (Commitment) Schedule of the Programme.																			
Date of Drafting: April 27, 1998										Planning Period: 1998 to 2000									
Programme Title: Social Cohesion - Lithuania																			
Projects <																			

Annex 4

Programme No. LI9803.02										Document: Phare 98 Programme Fiches									
Section:										Version: 1					Page: 1				
Disbursement Schedule																			
Date of Drafting: April 27, 1998										Planning Period: 1998 to 2000									
Programme Title: Social Cohesion - Lithuania																			
Projects Sub-Project		Disbursement Schedule (Semester)												Budget Allocation Cost Estimate					
		Planned																	
		1998				1999				2000									
		1	2	3	4	1	2	3	4	1	2	3	4						
(1)		(2)												(3)					
1. Components 1&2 SoDra IT system																2.0 MECU			
1.1. MSSL /SoDra- Project management and training team.						0.3	0,3									0.6 MECU			
1.2. Scope, Design of Integrated IT system + pilot collection/billing system.						0.4	0,5	0,5								1.4 MECU			
2. Component 3																0.130 MECU			
2.1.OSH training- strengthening SS+L institutions							0,13									0.130 MECU			
TOTAL														2.130 MECU					

ANNEX 5

Relation of project with previous Phare activities and with ongoing projects financed from other sources

LI9803.02 Social Cohesion-SoDra IT (MSSL /SoDra- Project management and training team)

The initial phase is currently underway within the Phare ‘Support to SoDra’ project being implemented by SWS-Ireland.

LI9803.02 Social Cohesion-OSH training and equipment inspection

Continuation of Phare assistance to OSH and MSSL under framework contract.

ANNEX 4: COMMITMENT SCHEDULE

LI 9803.02

All figures in MECU

	1998	1999				2000				2001			Total
Component	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Commitment													
<i>Components 1&2: SODRA IT system</i>													
MSSL/SoDra-project management and training team	0,60	0,60	0,60	0,60	0,60	0,60	0,60	0,60	-				0,60
Scope, design of integrated IT system + pilot collection, billing system	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	-				1,40
<i>Comonent 3</i>													
OSH training strengthening SS+L institutions	0,13	0,13	0,13	0,13	0,13	0,13	0,13	0,13	-				0,13

ANNEX 4: DISBURSEMENT SCHEDULE

LI 9803.02

All figures in MECU

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Programme Number LI9803.02		Document: FICHE -LOGFRAME	Section	Version 1	Page 1	
LOGFRAME PLANNING MATRIX FOR : OSH training- strengthening SS+L institutions (component 3)					Date of Drafting	April 27,1998
					Planning Period:	1998 - 2000
Programme Number: LI9803.02 Project Title: Social Cohesion - OSH training- strengthening SS+L institutions					Total Budget	0.130 MECU
(1) Wider Objective		(2) Indicators of Achievement		(3) Sources of Information		(4) Assumptions and Risk
Assist with reform of Lithuanian social policy.		Improvement in administration of social policy		Evaluation Mission Programme records and reports.		The Government will continue to support reform and will pursue necessary policy and legislative changes. Timely technical assistance.
(5) Immediate Objectives		(6) Indicators of Achievement		(7) Sources of Information		(8) Assumptions and Risk
Learn about best EC practices in harmonising existing legislation and drafting the new one		Seminars, training sessions and study visits completed.		Evaluation reports by MSSL T.A. and by EU. Project records and reports.		Support of participating governmental institutions.
Establish the Protective Equipment Evaluation system in Lithuania		Protective Equipment Evaluation system introduced		Terms of reference for strengthening social and occupational safety and health policy		
Train workers' representatives at the enterprises on occupational safety and health issues		Training sessions completed and workers' representatives trained.		Management records within MSSL. Project Steering group records.		
Exact description of functions of European integration division and other divisions engaged in the integration process; their interrelation and co-ordination of integration process between division of the Ministry		Description of functions prepared.				
Co-ordination of foreign technical assistance within the Ministry		Action plan for co-ordination of foreign technical assistance within the Ministry prepared.				
Link between co-ordination of foreign technical assistance and co-ordination of European integration activity within the Ministry		Link established.				
Preparation of long-term strategy for accession in the area of employment and social affairs		Long-term strategy prepared.				
Prioritisation of issues for training Strategy of Communication with the social partners and the public on employment and social policy with regard to integration process		List of priorities prepared.				
Language training activity		Staff of the MSSL trained.				
Identification of accession-related issues where closer co-operation with ministries, reviewing European issues, preparation of negotiations, approximation of laws, training and communication issues, could assist the Ministry preparation for accession		List of identified accession-related issues prepared.				
(9)Results of Projects		(10) Indicators of Achievement		(11) Sources of Information		(12) Assumptions and Risk
Protective Equipment Evaluation system introduced.		Protective Equipment Evaluation system starts to function.		Project records and reports. Interim and final technical evaluation. Legislative changes. Revised management procedures and staff instructions.		Close co-operation between all parties. Timely technical assistance.
Capacity of the staff of MSSL and occupational safety and health institutions strengthened to meet new challenges of EU integration process.		Improved institutional capacity - trained and skilled staff.				
Inputs						
(13)						

Technical assistance, training, study visits.		
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Programme Number LI9803.02	Document: FICHE -LOGFRAME	Section	Version 1	Page 1
LOGFRAME PLANNING MATRIX FOR : SoDra - Integrated IT system + associated MSSL project management support (components 1 &2)				Date of Drafting
				April 27,1998
				Planning Period:
				1998 - 2000
Programme Number: LI9803.02 Project Title: Social Cohesion - SoDra IT system				Total Budget
				2 MECU
(1) Wider Objective	(2) Indicators of Achievement	(3) Sources of Evaluation	(4) Assumptions and Risk	
To further strengthen Lithuanian public sector institutional capacity in the social sector.	Improved management and administration of social insurance.	Programme records and reports.	Continued SoDra and Government support Timely technical assistance.	
(5) Immediate Objectives	(6) Indicators of Achievement	(7) Sources of Information	(8) Assumptions and Risk	
Strengthen social insurance systems by improving the efficiency and effectiveness of policy and administration. To develop capacity to achieve required efficiencies and effectiveness, by strategic development of an Integrated IT System. To enable future collection of social insurance, health and tax payments to be unified within one system and within one organisation. To further develop organisational capacity (especially management skills) though strategic use of IT systems. To develop institutional capacity within MSSL in the context of their role in overseeing Phare expenditure on social cohesion measure.	Organisational Development Plan for SoDra to complement the introduction of Integrated IT System. Agreed Design and Scope plan for new Integrated IT System . Completed pilot model of new employer registration ,contribution collection and billing system. Model has been tested in selected locations and has demonstrated its effectiveness. Full trained quality assurance and business planning teams - with skills necessary to manage introduction and use of Integrated IT System. MSSL team equipped with strategic (incl. project) management skills.	Evaluation reports by MSSL T.A. and by EU. Project records and reports. Terms of reference for construction of Integrated IT system. Management records within MSSL and SoDra Project Steering group records.	Continued support of Government, and MSSL senior SoDra management. SoDra willingness to undertake major organisational change programme. Steering group will be inclusive of Health, STI and Labour interests. SoDra support for single collection, registration and billing system - to be located outside of SoDra in the medium term. Risk - legacy SoDra IT plans, including 'Smart Cards' may impede project or divert resources. Risk - necessary STI, Health and Labour co-operation may not be forthcoming.	
(9)Results of Projects	(10) Indicators of Achievement	(11) Sources of Information	(12) Assumptions and Risk	
Completed Scope and Design of new integrated IT system, including TORs for hardware and software. Completed pilot model of new employer registration ,contribution collection and billing system. Fully trained quality assurance and project management personnel within SoDra and MSSL. Improved employer registration system which can be accessed by others (e.g. STI, Health and Labour). Improved control of social ins. contribution collection. Improved managerial and administrative skills - especially planning - within SoDra and MSSL.	Agreed TORs which are tendered for next phase of project - software ,training and hardware procurement. Implementation plan for Integrated IT System Completed programme of staff training. Completion of 1 st phase of organisational development plan. Completed pilot model of new employer registration ,contribution collection and billing system - which has demonstrated the functionality required to permit access by Health, STI, Labour systems. Improved institutional capacity - trained and skilled SoDra IT implementation planning teams.	Project records and reports. Revised management procedures and staff instructions. Contribution collection records from pilot model. CFCU within Min of Finance. Reports and evaluations by MSSL T.A.	Close cooperation between all parties. Administrative and technical resources will continue to be made available to program by SoDra and MSSL. Timely technical assistance. International and further EU support will be available for implementation of Integrated IT system. Risk - Phare funding may not become available in 2000-2002 period.	
Inputs				
(13)				
Technical assistance , training , study visits, limited equipment.				