

Annex 3
Action Fiche for Syria/ENPI/Social Protection

1. IDENTIFICATION

Title/Number	Reforming Social Protection		
Total cost	EC contribution €5,000,000		
Aid method / Method of implementation	Project approach - Joint management with International organisation (EC-ILO / EC-UNDP)		
DAC-code	16010	Sector	Social/Welfare Services

2. RATIONALE

2.1. Sector context

The transition from a state-dominated economy into a social market economy envisaged in the 10th Five-Year Plan for the years 2006-2010 presents Syria with major challenges, such as the restructuring of its social protection system. 10th FYP emphasises the principle of “Human Development First” and calls for a “new social contract” through the following operational objectives related to social security enhancement: (i) ensuring the financial sustainability of social insurance; (ii) improving the effectiveness and efficiency of social insurance; (iii) extending the coverage of social insurance to larger groups of the population, including more contingencies in social insurance; and (iv) strengthening social safety nets.

Syria’s socio-economic background and its main demographic and labour market trends have important implications for the existing system of social protection. First, a significant proportion of the population is either living in poverty or just above the poverty line. While the official poverty headcount was 11.4% of the population in 2004 (61.2% of whom in rural areas), a much higher proportion of the population is at risk of falling into poverty, bringing poor and vulnerable groups to over 30% of the population. Vulnerability and poverty among the population have been further worsened by the recent decrease of consumer subsidies (e.g. fuel), which were previously estimated as more than 13% of GDP and continue to constitute a substantial proportion of public spending.

Social protection benefits in Syria are mainly provided through the Public Sector Pension Fund (PSPF) and the General Establishment for Social Insurance (GESI) operating on a contributory basis and covering old-age, disability and survivors’ benefits as well as benefits in case of an employment injury. In addition, the state administers multiple non-contributory social welfare programs and provides several types of consumer and producer price subsidies. It also gives universal health care access to the population (including for Iraqi refugees, estimated at around 1.5 million). Health care and social services to Palestinian refugees living in Syria are provided by UNRWA.

The existing system of social protection in Syria faces however many **challenges** that need to be urgently addressed:

- Coverage of GESI is generally limited to workers in formal employment, leaving significant segments of the population without social security coverage. Although coverage of workers in GESI's employment injury branch is broader for employment injury as compared to old age pensions (workers in small enterprises legally covered), the system faces serious challenges in terms of incomplete coverage, financial management and weak prevention mechanisms in occupational safety and health.
- The lack of an unemployment insurance scheme is of particular concern. The existing employment services and referral systems to vocational rehabilitation and training also lack the capacity of effectively supporting the labour market integration of the unemployed. The absence of a maternity insurance scheme is also of concern in view of low female labour force participation rates and the concentration of qualified women in the public sector. The lack of adequate supervisory measures in the social security legislation and its application and monitoring opens the door to abuse, including full or partial evasion of contributions undermining the financial sustainability of the scheme.
- The absence of regular actuarial valuations inhibits the timely, equitable and sustainable adaptation of the social security system to changing demographic and socio-economic conditions. The current social welfare system and social assistance arrangements are scattered between a variety of different programmes that are neither well coordinated nor targeted to the most vulnerable groups and therefore without clear redistributive effect in practice.

2.2. Lessons learnt

This is the first EC project in Syria in the field of social protection. As regards the two international agencies involved in this project, previous experience in Syria shows that opportunity-enhancing programs targeting the poor can be successful. United Nations Development Programme (UNDP) has launched a micro-credit project in the disadvantaged area of Jabal al-Hoss, linked with a comprehensive rural community development project. The International Labour Organisation (ILO) has worked closely with the Government of Syria (GoS) and social partners in areas related to this project on several occasions (child labour, youth employment, SME, etc).

2.3. Complementary actions

EC activities

In the field of employability, the EC is supporting the demand driven **Modernisation of Vocational Education and Training (MVET)** project through three pilot Employment Services (Damascus, Aleppo, Homs). Close cooperation will also be sought with ongoing and planned projects in related areas, such as the **Health Sector Modernisation Programme** and the project **Supporting Public Finance Reform in Syria**. Several **education projects** (HIBA, UHES 2006-2010, Secondary Education 2008, VET in service training 2010) are contributing to better skills for labour market.

ILO activities

The ILO is committed to fund the preparatory work for the project that will include the following: (i) review of the financial and policy aspects of the existing reform; (ii) legal assessment of the social security legislation for workers in the formal

economy and its application in practice; (iii) start to carry out the necessary activities for the preparation of the Social Protection Performance and Expenditure Review (SPER) and the Social Budget, which will constitute the first activity under the proposed project. The ILO is also planning to help Syria to further strengthen its labour inspection system.

UNDP, UNFPA and UNICEF activities

An ongoing project by UNDP and UNFPA addresses some of the functional gaps of the existing social assistance programmes with the establishment of the National Social Aid Fund (NSAF), which intends to provide cash transfers to ultra-poor vulnerable groups. UNDP is also supporting the Government of Syria in finalising labour market surveys for targeted labour and employment policies. It is also introducing modern career guidance into public employment services through the establishment of a pilot Career Guidance Centre under the MoSAL's Commission for Employment and Enterprise Development in Damascus, to be replicated. UNDP is also supporting the MoSAL in extending micro-credits to disadvantaged households. The Government itself is expected to upscale micro-credit provision.

World Bank, EIB and KfW activities

The WB has provided in 2005 – 2006 some TA to the GoS to assess challenges and needs in terms of pension schemes, social assistance and insurance, active labour market policies, tackling child labour. The World Bank has recently decided to recover operation in Syria. Further, under a law of June 2007, the first micro-credits bank has been set up under the auspice of the Syrian Central Bank. EIB and KfW have already embarked in supporting this new social inclusion strand.

2.4. Donor coordination

The EC gathers coordination meetings with international partners involved in this area (GTZ, EIB, KfW, UNDP, ILO, WB, Aga Kahn...). Meetings and exchanges with the State Planning Commission (SPC) also take place (the latter having the role of coordination of the different line ministries). This effort is completed by UNDP and ILO, which support the SPC toward the implementation of the Paris Declaration.

Close collaboration between the four actors involved in this project (MoSAL, UNDP, ILO and the EC) is necessary to ensure the success of the project. Regular exchanges with the World Bank, currently preparing proposals on a reform of the main old age pension scheme and the possible introduction of unemployment insurance, are also important.

3. DESCRIPTION

3.1. Objectives

The **overall objective** of the project is to contribute to poverty reduction. The **project purpose** is to address the problems of the existing social protection system by developing sustainable social security policies and strategies and assisting in their implementation. More particularly, it will:

- Enhance and extend the role of the NSAF (at the governorate and district level).
- Support social protection in the framework of the Decent Work Country Programme (DWCP) which was signed in February 2008 by the Government, workers' and employers organisations of Syria and the ILO.

3.2. Expected results and main activities

Result 1. Enhancement and extension of the role of the NSAF:

1. Outreach and coverage of the NSAF at the governorate and district level established. It is planned that by the end of 2009, NSAF will be covering Syria through centres at the Governorate level (14 Governorates), while the establishment of the additional centres at the district level will be achieved during 2010 – 2012 (61 districts).

2. Service provision to beneficiaries enhanced through decentralisation.

Main Activities: needs assessment covering the allocated facilities (refurbishment, equipment); assessment of HR needs for the centres; needs assessment for the training of the centres' staff (case management, targeting, communication skills, etc); linking cash transfers to labour market measures; raising awareness of governorates/local authorities.

Result 2. Support of the Social Protection in the framework of the DWCP:

1. Existing social security schemes for workers in the formal economy strengthened and national dialogue process on social security reform supported.

Main Activities: carry out a Social Protection Performance and Expenditure Review (SPER) and a Social Budget covering GESI and all other relevant institutions; preparation of a comprehensive financial report and institutionalisation of the social budget as regular monitoring mechanism; assessment of the employment injury insurance branch of GESI; and preparation of a feasibility study for the establishment of a maternity insurance scheme.

2. Social security extended to informal economy workers and their families.

Main Activities: preparation of a feasibility study on the establishment of a basic social security floor through a minimum benefit package, based on the findings of the SPER and the Social Budget and building on existing social assistance measures, including the proposed NSAF; development of proposals for social protection measures for vulnerable families in view of abolishing the worst forms of child labour and development of proposals for alternative forms of protection.

3. Institutional capacity strengthened for (re-)integration of the unemployed and other vulnerable groups into the labour market.

Main Activities: strengthening institutional capacities of employment services in view of facilitating job placement and access to adequate training for the unemployed; and provision of support to the development of labour market integration measures for vulnerable groups.

4. Labour inspection policies strengthened with particular emphasis on social security, and occupational safety and health.

Main Activities: establishment of high-level tripartite committee chaired by Minister of Labour and Social Affairs on the coordination of labour inspection; development of coordinated labour inspection policies and strategies which also include the extension of the systems to the informal sector; strengthening of labour inspection systems and workplace risk assessment and monitoring mechanisms.

3.3. Risks and assumptions

Assumptions:

- The continuity of the political and institutional commitment by the Syrian Government and social partners to support the strengthening of social security in Syria and extension of coverage to all;
- Sufficient capacity and commitment of the MoSAL, as well as other Ministries in charge of social security related matters
- The Presidential Decree and related bylaws for the NSAF are adopted and implemented;

Risks and risk mitigation measures:

- The envisaged outcomes do not lead to the expected political decisions and legal action;
- Data and information necessary to carry out activities are unavailable or inaccessible;
- Complicated and lengthy recruitment and procurement processes.

The mitigation of these risks will stem from the establishment of effective and intensive social dialogue, as well as the active involvement of all stakeholders before the onset and at each stage of the project. The continuous involvement of national counterparts and officials will be of paramount importance.

3.4. Crosscutting Issues

The project will contribute to **poverty alleviation**, as it will further strengthen the Government's capacity to ensure the right to social security for everyone, thus contributing to helping Syria fulfilling its obligations under the international human rights instruments. The NSAF is a Social Safety Net that will complement the Syrian social protection system. This project will contribute to **gender equality** and the empowerment of women (the NSAF will target poor marginalized individuals, especially women) and the reduction of **child labour**. It will also contribute to **good governance** through enhanced social dialogue, law enforcement and effective and just policies in the social field.

3.5. Stakeholders

The main stakeholders would be:

- The Ministry of Social Affairs and Labour (MoSAL), as the main Ministry responsible for social security and other Ministries in charge of related programmes;
- The Syrian Government relevant ministries and commissions (in particular the MoF and the SPC);
- The Institution for Social Insurance as the entity administering the private sector social insurance scheme would also be an important stakeholder;
- Employers' and workers' organisations and all those groups involved in shaping national social protection policies and their administration;
- UNDP and ILO (supported by the EC).

The direct beneficiaries will be workers and their families in Syria, as well as the society as a whole.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

A Financing Agreement will be signed between the EC and the MoSAL as beneficiary and the State Planning Commission (SPC) as national co-ordinator. On the basis of Article 53.1 a) of the Financial Regulation, the programme will be implemented by the **joint management with an international organisation** with the signature of standard contribution agreements with ILO and UNDP. This modality is based on the request of the MoSAL, which is also the national implementing partner of the ongoing NSAF project. ILO and UNDP will coordinate their efforts in managing the joint project through assigning and cost sharing one management unit, while using the parallel funding modality.

4.2. Procurement and grant award procedures

All contracts implementing the action will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the ILO and by UNDP.

4.3. Budget and calendar

The indicative budget breakdown is as follows:

A. Indicative budget-Contribution Agreement ILO	2,500,000
B. Indicative Budget-Contribution Agreement UNDP	2,500,000
TOTAL BUDGET	5,000,000

The **overall implementation period** of the programme shall be 48 months as from the signature of the Financing Agreement.

4.4. Performance monitoring

The ILO and UNDP will submit progress reports to the EC as stipulated through the implementation arrangements, as well as a final project report after the completion of the project’s activities. The EC will be systematically consulted in all phases of the implementation, monitoring and evaluation of the project. The EC will be systematically informed on the financial implementation and will be systematically consulted on any needed reorientation of the overall programme under the supervision of the MoSAL. The external monitoring of the programme will be carried out through the ROM–result oriented monitoring system- on-going for the European Neighbourhood countries.

4.5. Evaluation and audit

Internal assessments will be undertaken every year during the entire project duration. An independent evaluation team will be tasked to assess at mid-term and at the end of the project about achievements and results and make recommendations for future action. It is proposed to carry out the final independent evaluation at the latest three months after the termination of the project activities. All auditing issues related to this project are governed by the Verification Clause annexed to and forming an integral part of the Financial and Administrative Framework Agreement between the European Commission and the United Nations (FAFA).

4.6. Communication and visibility

Regular communication and visibility activities will be carried out. This will include the preparation of various visibility materials, such as brochures and newsletters for various important events, including tripartite workshops and launch of a national social security campaign during the project. All publicity material will clearly identify the EU as a partner and as the funding agency in line with the EC visibility guidelines.