

EU-China Social Protection Reform Project

Component 2 macro-activities

1 Chinese Short Term Expert

(Annual Work Plan 2018 – Macro-Activities 2.1 to 2.12)

Topic 2.1.5

Social contribution collections: toward a unified system

TERMS OF REFERENCE (ToR)

1. Background

1.1 General

The purpose of the EU-China Social protection reform project (“the Project”) is to contribute to the improvement and inclusiveness of China’s social protection system through strengthening the institutional capability for developing policies, for implementing legal and regulatory frameworks and for supervising systems of social insurances, social assistance and financial management in the area of social security. In particular, the Project’s purpose will be pursued through the following three components in relation to which specific Chinese government entities playing the role of partner of the consortium have been identified:

- i. Component 1: Consolidation of institutional capacity for social protection policy development and reforms in collaboration with the National Development and Reform Commission (“NDRC”);
- ii. Component 2: Enhancing of institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance (“MoF”); and
- iii. Component 3: Improving of legal framework and policy for social assistance in collaboration with the Ministry of Civil Affairs (“MoCA” and, together with NDRC and MoF, the “Chinese Ministries”),

These ToR fall under Component 2 of the project.

2. Description of the Assignment

2.1. Overall and Specific Objectives

2.1.1 Overall Project Objectives

The overall scope of the SPRP project is to further develop social equity and inclusiveness of economic development throughout Chinese society. For the Component 2, the main target is to enhance the institutional capacity for financial management and supervision concerning social security funds.

In 2018, the Component 2 will analyze the following three topics:

- 2.1.3 - Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system;
- 2.1.5 - Social contribution collections: toward a unified system;
- 2.3.2 - The role of public finance and enterprise annuities funds in the Chinese social security system.

This ToR is for the topic 2.1.5

2.1.2 Specific Objectives

The efficiency of contributions collection deeply affects the financial sustainability of pension funds and is therefore a key aspect of all pension systems. As a matter of fact, a pension system must stand on a reliable revenue collection that establishes a strong financial base. The issue has been crucial to many countries, especially those in a transition phase, which have been struggling to reach an effective strategy of contributions collection in line with the characteristics of their pension system.

The main challenges to implement a more integrated and efficient approach come from the overall administrative structure of the pensions and revenue institutions; more specifically, a pivotal role is played by the coordination among different institutions in charge of contributions collection.

According to IMF (IMF, 2004) three broad approaches can be identified:

- Full-service pension institutions that handle all major functions, including collection;
- Arrangements involving closer coordination between tax administration and pension institutions, including data sharing and joint audit operations;
- Collection responsibility is concentrated in a single administration.

EU Countries, but not only, have been facing the problem of contribution collection for long time and can provide valuable insights for the Chinese context. The methodologies of contribution collection usually depend on the historical circumstances of a specific country. In Western Europe, and more specifically in France and Germany, a parallel collection system emerged, while in the countries in which social insurance institutions developed later, such as in Australia and in the United States, integrated collection system prevails. To achieve greater efficiency, some countries, like the UK, Sweden and Italy have converted parallel systems into an integrated collection system. Yet, most countries still adopt mix systems which are a combination of different collection mechanisms, involving fund managers, government, etc. In China, the situation of contributions collection is scattered among provinces where different agencies oversee the collection of social contributions. In some provinces, the agencies are administrative centres of social security, while in others the agencies are tax authorities. In some provinces, the two agencies are responsible for different sorts of contributions.

Therefore, as highlighted by the Social Security Department of the Chinese Ministry of Finance, the current collection regime is affected by many problems related mainly to the effective coverage, and the adequacy of benefits.

Moreover, the 2010 Social Insurance Law of the PRC¹ states that “The people’s governments at and above the county level shall strengthen the collection of social insurance premium” and “Social insurance premiums shall be uniformly collected, and the implementation steps and specific measures shall be formulated by the State Council”.

The Assessment report will cover the following issues:

- A detailed map of the contribution collection systems in China;
- Analysis of the origin and motivation of the different systems;
- Identification and classification of the main models;
- The efficiency of different systems and agencies in handling the collection of social contributions (coverage, contribution level, adequacy of benefits, etc.);
- Toward a unified system: motivation, possible steps, and procedures.

2.2. Requested Services

The Expert(s) will submit a draft of the report for comments and suggestions to the project team and a final report that should meet the expectations of the Resident Expert and the Project Leader (INPS).

¹ Chapter VII Collection and Payment of Social Insurance Premiums, Social Insurance Law of the People’s Republic of China, Standing Committee of the National People’s Congress.

The Expert(s) will then present the main results of the research at the dedicated Panel Discussion in June, 2018.

2.3. Outputs

- a report of around 40 pages, in English and Chinese, that will include an executive summary, a table of contents, and a bibliography
- a power point presentation in English and Chinese

3. Experts' Profile

Requirements Short Term Expert	Requirement/asset
Qualifications and skills	
University Degree within the relevant sectors of Social Protection, Law, Political Science, Economics	A
Fluent in English and Chinese both verbally and in writing	A
Strong analytical and drafting skills	R
Ability to develop and maintain good professional relations with stakeholders, particularly counterparts and staff members in an international setting	R
Ability to work in team and share knowledge relating to social security to the counterpart	R
Previous experience in execution tasks in other international projects	A
Strong training skills	R
Professional experience	
10 years experience of working in areas related to Social Protection at the domestic and international levels	R
Possessing professional experience relevant to the ToR for his/her specific assignment	R

4. Location & Duration

Location: Beijing and other locations if needed

Timing: February-June 2018. Draft report by 1st April 2018, final report by 1st June 2018. Power point presentation one week before the Panel Discussion.

Working days: 30 w/days

5. How to apply:

Interested Expert(s) are requested to submit three documents:

1. Candidacy – Letter of intents
2. A CV in English (Europass format suggested), possibly in word format
3. A copy of her/his Identification Document

Applications are to be sent to C2 Resident Expert, Mr. Michele Bruni: Michele.bruni@eucsprp.org by or before February 11th, 2018