

Component 2 macro-activities

(Annual Work Plan 2017 – Macro-Activity 2.6)

One Chinese short-term expert

Topic 2.3.1

Investment strategies of social funds and risk control methodologies

POLICY SUGGESTIONS

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 2017, the Component 2 will analyze the following three topics:

2.1.4 An integrated system for the coordinated management of the social assistance system

2.1.6 Development of Old-age Service Industry and Long Term Care System

2.3.1 Investment strategies of social funds and risk control methodologies

This ToR is for the topic 2.3.1

2.1.2 Specific Objectives

The data from China’s sixth census of 2010 shows that China is the only country in the world where the elderly population has passed the 100 million mark; moreover the number of elderly people is growing by 3.2% annually. Therefore China will face increasing pressure on the pension system. Based on the current fiscal regime, the public pension system could be incapable of supporting the fallout, while the private pension fund system is not adequate to meet the crisis of future’s payments. Therefore China should institute a major national strategy for its social security system by developing

private pensions, investing properly and developing a pension system incorporating enterprise annuity and occupational pensions.

As an emerging economy, China has not yet accumulated enough pension funds for the newly retired who worked during the planned economy period. Hence, local governments are diverting the funds of the employees’ personal accounts to pay the retirees’ pensions. As a consequence, the worker’s personal accounts are de facto partly empty (Sun and Hu, 2014).

Social insurance funds are the bases of the social security system, and their proper investment would be a good measure for solving the problem created by a fast aging society. The State Council issued the “Basic Old-Age Insurance Fund Investment Management Approach (Guo Fa [2015] No.48)” in August 2015, a regulation aimed to improve the management of the public pension fund.

According to this regulation, the public pension fund can invest up to 30% of its net assets into the stock market. Additionally, it can invest up to 20% of its net assets in key state-owned or state-controlled enterprises. Fiduciary, custody and investment management agencies must establish a sound internal control system of investment management to safeguard the pension funds.

Starting from the present legislation and the existing problems in the design and implementation of the social insurance fund system, the research will recall the basic theory, present international comparisons, appraise the current situation, outline future opportunities and policy suggestions for promoting the reform of China’s pension funds.

2.3 Requested Services

Following up the outcomes of the Panel Discussion, the Chinese Expert will provide a policy recommendation report on the topic 2.3.1 based on the research activities carried out by EU and Chinese experts. The expert will coordinate his activity with the EU experts involved in the panel discussion, and the resident expert. The goal is to provide a complete policy reference to be submitted to the MoF and discussed at the Workshop, scheduled in Beijing at the end of February 2018.

The Expert will take all necessary actions to provide a policy suggestion report meeting the approval of the Project represented by the Component 2 coordinator (INPS). He will submit a mid term draft for comments and amendment suggestions by the project team. He will present the main results of the research at the dedicated Workshop.

2.4. Outputs

- a Report of around 30 pages, in English and Chinese
- an abstract of the paper, in English and Chinese
- a power point presentation in English and Chinese

The expert will also present the main contents of his work during the Workshop to be organized in Beijing at the end of February 2018.

3. Experts’ Profile

The Expert’s required qualifications are:

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 i in other international projects	A
Strong training skills	R
Professional experience	
10 years experience of working in areas related to Social Protection at the national and international levels	R
Possessing professional experience relevant to the ToR specific assignment	R

4. Location, Duration and Budget

Location: Beijing and other locations if needed

Timing: January 2018 to March 2018. First draft of policy suggestion report by 9th February 2018, final document by 23rd February 2018. Power point presentation by the Workshop timing.

Working days: Maximum 10 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 and the C2 Coordinator, Ms. Valeria Bonavolontà: valeria.bonavolonta@inps.it by or before January 21st, 2018.

6. Personal data protection

INPS – Istituto Nazionale della Previdenza sociale, based in Rome (Italy), Via Ciro il Grande 21, is the Responsible of personal data processing, as EU-China SPR Project Leader and Component 2 Coordinator. INPS informs you that your personal data contained in the application for the present ToR will be processed by the Component 2 Resident Expert of the EU-China SPR Project, his assistant and INPS employees involved in the EU-China SPR Project – Component 2, in compliance with the Italian Legislative Decree no. 196 dated 30/06/2003 on personal data protection, in order to process your application to the selection. Your personal data will be processed also with electronical instruments. Your data will be communicated to other public or private Institutions only in cases

provided by the Italian laws. INPS informs you that, in accordance to art. 7 of the above mentioned decree, you are entitled, in particular, to have access to your personal data, to request rectification, updating or deleting of information if data are incomplete or wrong. You should contact INPS at the e-mail address: Comp2.InpsProgettoCina@inps.it to exercise the rights provided in art. 7.