

21 March 2018

DCI-ASIE/2014/350-601
EU-China Social Protection Reform Project

Component 1 Macro-Activity 1.1

Considering universal pensions in China

1 Short-Term Chinese Expert

(Annual Work Plan 2018 – Activity 1.1.3)

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:

Component 1: Consolidation of institutional capacity for social protection policy development and reforms in collaboration with the National Development and Reform Commission (“NDRC”);

Component 2: Enhancing of institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance (“MoF”); and

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 1 of the Project.

2. Description of the Assignment

2.1 Overall and Specific Objectives

2.1.1 Overall Objective:

The overall scope of the SPRP project is to further develop social equity and inclusiveness of economic development throughout Chinese society. Under the leadership of the NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.

There are 5 topics of Component 1 to be considered for deep study this year according to the Plan Activities 2018:

1.1.1 Methods and experiences of strengthening vocational training;

1.1.2 Tools for redistribution of primary income;

1.1.3 Employment and Social security issues under the background of population movement;

1.1.4 Gender considerations in employment and social security

1.1.5 Prospects of using resident pensions as basic layer for universal pensions in China.

This ToR is only for the topic 1.1.5

2.1.2 Specific Objective:

Since the reform of resident pension schemes in 2009, the number of persons covered under that scheme has considerably and rapidly increased in China. In 2016, the coverage under urban and rural resident or employees pension schemes was of some 900 million persons, which was considered as close to 90% of the eligible population.

However, this quasi-universal coverage is not achieved through a unified, coherent system, and raises a number of questions about equity, social efficiency, sustainability and mobility.

The question of achieving a fair and decent protection in old age for the whole China population is a core preoccupation for the Government at all levels, all the more when this population is experiencing a rapid demographic ageing.

It was therefore decided to recruit one short-term Chinese expert (hereafter referred to as “the Expert”) to conduct a study and analysis of the prospect to make use of resident pensions in China to consider the possibility of developing at the national level a truly integrated, satisfactory and sustainable universal pension scheme.

2.2 Requested Services

The Expert will perform this assignment under supervision of the EU C1 Resident Expert and NDRC, in close collaboration with the main Chinese Expert for research. He/she will take part in briefing and peer review sessions organized in the course of his/her assignment and submit a mid term draft for comments and amendment suggestions by the project team. He/she will also take part in the dedicated pre-training briefing session referred to in paragraph 2.1.2 above.

The Expert will produce in English a detailed study and thorough analysis accompanied by policy recommendations on the **Prospects of using resident pensions as basic layer for universal pensions in China** which may include the items listed in attachment 1 to these ToR (**CONSIDERATIONS ON UNIVERSAL PENSION COVERAGE UNDER CHINESE CIRCUMSTANCES – SUGGESTIONS FOR A RESEARCH PAPER**)

The international context especially the actual experience in selected EU countries with most relevant experience in social protection concerns in relation with population movements MAY be addressed in the report as well as the position of international organisations notably the ILO and the World Bank Global Partnership for Universal Social Protection USP2030.

2.3. Expected Results

The result of the assignment will provide an informed input into the State council considerations of the progress of China towards universal social protection in old-age.

The outputs of the assignment will be:

- a research report of 50 pages in English
- an executive summary of 5 pages in English
- a power point corresponding to a 30 minutes presentation in English and Chinese.

3. Experts' Profile

The Expert's required qualifications are:

Professional qualification:

Relevant University Degree within the relevant sectors of Demographic Analysis, Social Protection, Law, Political Science, and Economics Study;

Experience

- 10 years experience of working in areas related to Social Protection and/or Employment policies at the domestic and international levels with specific reference to the contents of these ToR
- A proven record of accomplishment in preparing and implementing EU or other donor technical cooperation funded projects.
- Excellent organizational, communication, writing and interpersonal skills

Working Languages

The incumbent should be fluent in English and in Chinese both verbally and in writing.

4. Location, Duration and Budget

Location: Beijing

Timing: 15 April to 31 October 2018

Working days: maximum 20 w/days for a net fee of 150 Euros a day for the report
Fees will be paid at the end of the assignment completed at the satisfaction of the project authorities.

Deadline First draft of report by mid-May 2018

5. Proposed CV:

Incumbents should address their CVs plus a letter of motivation to the project Component 1 Resident Expert in Beijing contact@sprp-cn.eu before 10 April 2018

ANNEX - CONSIDERATIONS ON UNIVERSAL PENSION COVERAGE UNDER CHINESE CIRCUMSTANCES SUGGESTIONS FOR A RESEARCH PAPER

The Social Protection Floors Recommendation, 2012 of the ILO insists that member States should include in their basic social guarantees “basic income security, at least at a nationally defined minimum level, for older persons”. Basic income security should also be guaranteed to persons in active age unable to earn sufficient income in cases of sickness, unemployment, maternity and disability. While China has achieved very high levels of personal coverage in old age – with almost 900 million contributors or beneficiaries in 2016 – this quasi universality is attained through different schemes that are not interconnected, with high coverage in the scheme with lower level of protection “masking” in a sense lower coverage under the scheme with higher social protection¹. Through the proposed research paper, the Project would like to explore possible ways of overcoming the structural divide across the components of the Chinese pension system. It is suggested that the research include key aspects of the current practice (part I), and formulate optional policy recommendations for the development of a universal pension system (part II). The aim of this research paper is to provide an informed contribution to the on-going debate on the desirable integration and coherence of the Chinese social protection system.

Part I – The current “universality” under Chinese pension system

I.1 Describe the current gaps in universal coverage, quantitative and qualitative (e.g. non covered population, population covered under the resident scheme while eligible to the employees’ scheme, beneficiaries denied access to benefits (returning migrant workers), permanently disabled persons, unemployed widows and widowers ...

I.2 Describe the convergence and divergence among existing provisions under the urban and rural residents’ pensions and social assistance (dibao) provisions. What is the guaranteed income level among the two schemes, how do they compare?

I.3 What are the effects of geographical fragmentation on the coherence and functioning of the pension coverage as a system (different contribution rates, different levels of benefits, different standards of living and average wages, impediments to labour mobility, coverage of family members under different schemes)?

I.4 What is the specific situation of women in existing schemes (over or under representation, replacement rate above or below the threshold)?

I.5 Provide some relevant experiences from the development of universal pension (social pension or non-contributory pension) schemes in the world.

I.6 Provide the main statistical sources for evaluation of existing schemes

I.7 Provide the main bibliographical references on the subject matter (previous or on-going research and literature on universal pension system in China including from international organisation notably the ILO-WB Global Partnership for Universal Social Protection USP2030)

See EU-China SPRP Component 1 Assessment reports volume III, 2017 - Zheng Bingwen, Evaluation of social security policies: in 2016, the total personal coverage under the residents’ and the employees’ pension schemes was of 887 million persons, including 253 million retirees. 278 million workers contributed to the employees’ pension scheme, which is 65% of the total estimated number of employees. The coverage rate among residents was however as high as 85%.

Part II – Towards an integrated universal pension system in China

II.1 What would be an appropriate definition of universal pension coverage under Chinese circumstances / Should the universal pension (social pension) scheme expand to employees covered by the urban work pension system and how?

II.2 What goal(s) should be attained through universal pension coverage – personal coverage, level of benefits, sustainability (e.g. expressed in terms of affordable percentage of GDP), qualifying conditions and portability, how the benefits will be indexed)

II.3 Should universal coverage supplement, or replace existing benefits? How to ensure that universal coverage is not used as an alibi to restrain access to higher levels of protection – as is in a sense already the case for a large part of the floating population, and within the employees' pension scheme with the choice to contribute at minimum level.

II.4 Should universal protection be established and managed at the national or at the decentralised level? What institution(s) should be in charge of management?

II.5 How should universal pension protection be financed – out of contributions from the population, deducted from tax income for those who pay, as a percentage of indirect taxation, out of the general budget, through a special tax ...

II.6 Should coverage under universal pension protection attract coverage against other social risks such as health care, long term care, survivors' benefits, access to vocational rehabilitation, access to social services ...

JV Gruat
Fang Lianquan
21 March 2017