

EU-China Social Protection Reform Project

Component 2 macro-activities

EU Short Term Experts

(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

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

2.2. 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 outlined:

- 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 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 problems related mainly to effective coverage, and adequacy of benefits; more specifically:

- the collection method has confused the rights and obligations of the employer;
- the contributory base is not realistic, limiting the growth of the contribution fund;
- the nominal contribution is high, which impacts on the compliance of employers;
- the coverage of social security schemes is not sufficient to protect the rights of insured employees;
- the advantages of the tax authorities in collecting contribution cannot be fully applied.

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 EU Best Practice report will identify the main collection models existing in Europe, outline their historical origin and provide a comparative analysis of their relative advantages and disadvantages for the Chinese context.

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.

2.3. Requested Services

The Expert will take all necessary action to provide a study to the satisfaction of the Project represented by the Component 2 coordinator (INPS) on the above-mentioned topic. The Expert will perform his assignment in close collaboration with the EU C2 Resident Expert. He will submit a mid term draft for comments and amendment suggestions by the project team. He will present the main results of the survey at the dedicated Panel Discussion to be organized in Beijing, in June 2018.

2.3. Outputs

- a report around 30 pages, in English
- a power point presentation in English (maximum 20 slides).

The expert will present the main contents of his work during the Panel Discussion to be organized in Beijing in June 2018.

3. Experts' Profile

Requirements for Experts	Requirement/Asset
Qualifications and skills	
University Degree within the relevant sectors of Demography, Social Protection, Law, Political Science, and Economics	R
Excellent organizational, communication, writing and interpersonal skills	R
Strong analytical and drafting skills	R
Previous experience in execution tasks in other international projects	A
Fluent in English both verbally and writing	A
Ability to develop and maintain good professional relations with stakeholders, particularly counterparts and staff members in an international setting	R
General professional experience	
At least 5 years of experience working in areas related to Social Protection and/or Employment policies	R
Public servant within one of the Applicant Entities of the Consortium or staff from public institutions cooperating with the Applicant Entities of the Consortium or researcher from the research institution outside Consortium. Public servants and staff from public institutions cooperating with the Applicant Entities who fulfill the requirements take precedence over candidates outside Consortium.	R
Previous working experience in international projects, preferably with EU funded projects	A
Previous working experience in China	A
Specific professional experience-related to action	
Possessing professional experience relevant to the ToR for his/her specific assignment	R
Previous experience in research or previous publications in the area of social sciences	A

3.1 Working Languages

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

4. Location & Duration

Location: Experts' countries and Beijing

Timing: May-July 2018. First draft report by 30th June 2018, final document by 30th July 2018. Power point presentation by the Panel Discussion timing.

Working days: Maximum 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), pdf 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 31st May.

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 electronic 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.