

Component 2 macro-activities

(Annual Work Plan 2018 – Macro-Activity 2.4; 2.6)

***The sustainability of the welfare system: the methodological
approach of the EU aging commission and other
international organization***

STUDIES AND RESEARCH

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, Component 2 plans to use the provisions contained in the project budget (Studies and Research, line 6.2) to conduct three comprehensive academic studies. This ToR is for the following research:

The sustainability of the welfare system: the methodological approach of the EU aging commission and other international organization

2.1.2 Specific Objectives

In spite of the worries created by the fast aging of the population, the long run sustainability of the Chinese social security system has not been appraised yet and little discussion has been carried on, both at the academic and ministerial level, on the methodology to be adopted to face the problem.

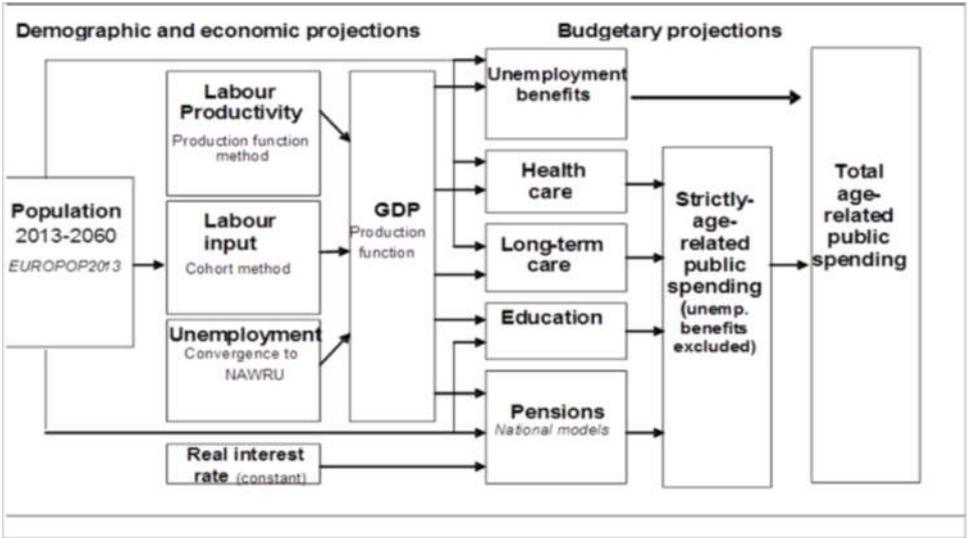
Interesting suggestions in this direction could be derived by the work done at EU level. In response to the mandate of the Economic and Financial Affairs (ECOFIN) Council the Economic Policy Committee (EPC) has been regularly producing, starting in 2001, Economic and budgetary projections

for the 28 EU Member States. The fifth report¹, covering the period (2013-2060) and based on a new Eurostat population projection (EUROPOP2013), has been published in 2015. It covers not only the 28 EU Member States, but also Norway.

The report is based upon a common set of assumptions and methodologies that allow projecting a set of exogenous macroeconomic variables covering labour force (participation, employment and unemployment rates), labour productivity and the real interest rate. These combined set of projections enable the calculation of GDP for all Member States up to 2060.

On the basis of these assumptions, the Report presents separate budgetary projections for five government expenditure items: pensions, health care, long-term care, education and unemployment. The following graph summarizes the methodology adopted by ECP.

Table 1- Demographic and economic projections



The general

objective of the research is to provide a methodology suited to estimate the sustainability of alternative welfare and security systems in China.

The first part of the research will provide a critical assessment of the ECP methodology and more specifically of the logical path it follows. The implication of this procedure is that demographic projections play a major role since they are seen as an exogenous variable that is not influenced nor by production trends, nor by the future changes of its age structure. Starting from this critical assessment, the research will develop an alternative methodology in which demographic and economic trends interact through the migration flows needed to sustain the hypothesized production levels.

¹ European Commission. Directorate-General for Economic and Financial Affairs (2015), The 2015 Ageing Report. Economic and budgetary projections for the 28 EU Member States (2013-2060)

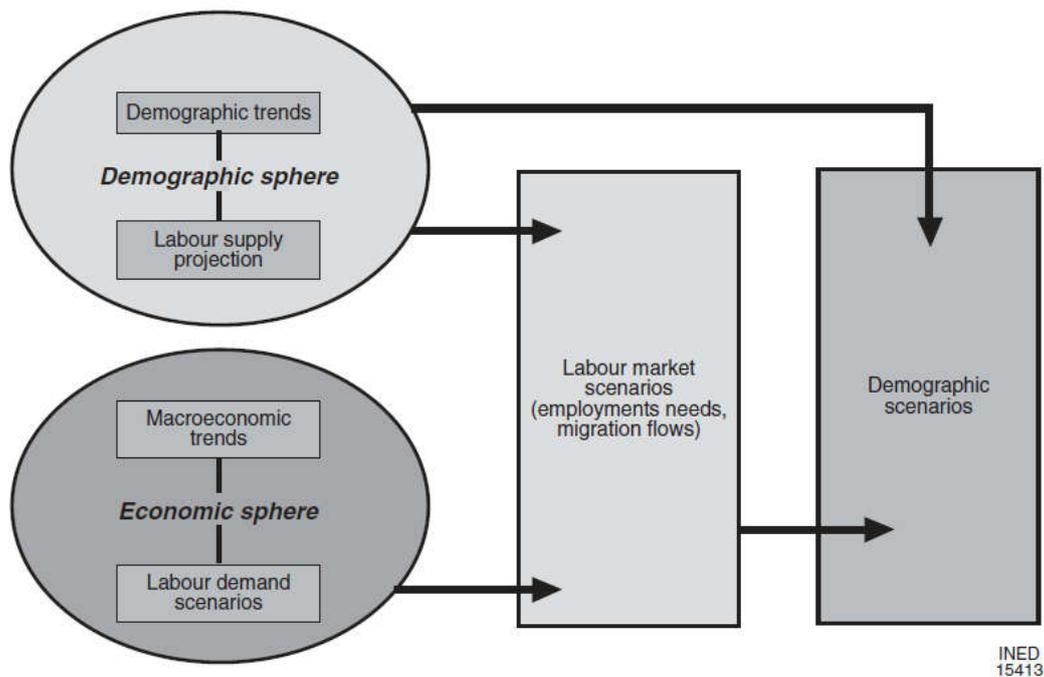


Fig. 12.3 Methodology to build labour market and demographic scenarios: an overview

The second part of the research will test the suitability of the model developed in the first part to the Chinese case. In order to do so, it will follow the following steps:

- 1) Build demographic forecast for China up to 2050.
- 2) Create the database necessary to estimate the model.
- 3) Identify the set of assumptions related to GDP growth, productivity growth, rate of employment, rate of participation needed to carry on the exercise.
- 4) Project China's expenditure for the pension system, and more precisely the expenditure for the basic pension system for the urban workers and the basic pension for urban and rural residents.
- 5) Produce a set of scenarios based on the previous hypothesis

The research will be completed by a discussion of the results obtained and, more specifically, the reliability of the model and the sustainability of alternative welfare systems.

2.3 Requested Services

The Grant application form indicates that “Comparative studies of EU Member states, specific insights and detailed studies (... will be conducted) to investigate on issues related to the options selected (...). This Term of Reference provide for the completion of an in-depth study on *The sustainability of the welfare system: the methodological approach of the EU aging commission and other international organization.*

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/her assignment in collaboration with the C2 Resident Expert. The expert will submit a midterm draft for comments and amendment suggestions by the project team.

2.4. Outputs

- a Report of around 50 pages, in English

- an abstract of the Report in English

3. Procedure and Selection criteria

This call for interest is primarily intended at research and other institutions located within one of the Consortium member countries.

Criteria for selection are summarized in the table below.

Requirements incumbent institution	Requirement/Asset
Proven experience in conducting comparative research at European level in Social protection and Labour market fields	R
Publication/research record in English language	R
Previous participation in international research projects	R
Knowledge of Chinese labour market and social protection context	A
International network of labour market and social protection correspondents	A
Based in one of the Consortium members 'countries	A

Entities from the Consortium are as follows: from **Italy** INPS – National Social Security Institute; from **Belgium**, Federal Public Service Social Security; from **Poland**, Ministry of Family, Labour and Social Policy (MRPiPS); from **Romania**, Ministry of Labor, Family, Social Protection and Elderly (MoLFSPE); from **Spain**, Ministry of Employment and Social Security (MEySS) and International and Ibero-American Foundation for Administration and Public Policies (FIIAPP); from **France**, EXPERTISE FRANCE. Associates of the Applicant also participating in the action are Scuola Nazionale dell'Amministrazione (National School of Administration) from Italy and the Ministry of Labour and Social Affairs of the **Czech Republic**.

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

A team of experts can also conduct the research study in a coordinated manner and submit just one application for all the members of the group, by clearly indicating the division of work among the

experts.

4. Location, Duration and Budget

Location:	Expert's country. If visits to other places are required, cost is to be covered by the honorarium.
Timing:	The draft of the report to be delivered in June 15 th 2018, finalized report by 30 th August 2018.
Working days:	----
Budget	Honorarium lump sum, 8.000 euros. The honorarium is for the outputs required (see 2.4 above). If a team of Experts will be selected, the sum above will be shared among them, according to the criteria that will be illustrated in the contract.

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 or before April 17th, 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 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.