

Terms of reference

Technical advisory services for the Actuarial valuation of the Social Security and National Insurance scheme of Kurdistan Region of Iraq

Senior Actuary External Collaborator (15 Feb 2022 – 14 Feb 2023)

Background:

The contributory social insurance system in Kurdistan Region of Iraq (KRI) is composed of two funds: the state pension system (covering, inter alia, civil servants and employees in state-owned enterprises) are covered by Iraq's social insurance system, which provides for pensions in case of old-age, disability and death. Workers in the private sector are covered by Social Security Law No. 4 of 2012, an amendment to the Social Security Law No. 39 of 1971 which applies to both Federal Iraq and KRI. Although the law provides for several social security benefits, including for sickness and maternity, only the pensions system is currently accessible to private sector workers. Despite total expenditure on pensions accounting for a large share of GDP, there are large coverage gaps. Indeed, workers in the informal economy, which accounts for a considerable share of private sector employment in KRI, are not covered by any form of social insurance.

ILO's interventions for the past two years paved the way for the reform of the social security system in *Federal Iraq* by conducting the first ever actuarial valuation and conducting a legal assessment for social insurance draft law. These reports have paved the way for the completion of the Draft Social Security Law, which is now with parliament. The Ministry of Labour and Social Affairs of the KRI region requested the ILO to provide technical support in the form of conducting an actuarial assessment of the Draft Social Security Law for the Private Sector, which is itself closely aligned with the draft law for Federal Iraq.

The objective of this consultancy is to lead and carry out the actuarial valuation of the social security schemes for the private sector workers and the planned social security coverage extension in both new workers groups as well as new benefits and ensuring the financial sustainability of the schemes. The project also includes ILO's support to develop the capacities of the staff (actuaries and statisticians) at the public and social security institutions in KRI on ILO's actuarial models and techniques.

This actuarial assessment will be carried out by the sought senior actuarial expert and supported by an actuarial analyst. The sought senior actuarial expert will supervise the work of the actuarial analyst.

Under this contract, the senior actuarial expert will assume the responsibilities as laid down below, within **80 working days** over the period stated above.

Activities:

Under the supervision of the CTA Social Security ILO Iraq, the external collaborator will use the carry out the following task:

- 1) Inception report detailing the methodological approach, timeframe, data requirements.
- 2) Supervise the work of the actuarial analyst regarding the modelling of the general demographic and macroeconomic framework for Iraq and the actuarial modelling of social security projections under status quo and reform options.
The modelling exercise will use **both** the newly developed “online ILO/PENSIONS” model and the “ILO-PENS”.
- 3) Ensure the actuarial analyst work closely with the identified national actuarial student staff for knowledge transfer and in-house training
- 4) Presenting findings at two different stakeholder meetings.
- 5) Draft the actuarial report.

Outputs:

The deliverable output of the assignment under this contract will be:

- 1) Inception report
- 2) Using both the newly developed “online ILO/PENSIONS” model and the “ILO-PENS”, a general demographic and macroeconomic model for Iraq and an actuarial model for social security projections under status quo and reform options.
- 3) Two presentations of findings.
- 4) A draft actuarial report.

Timeframe:

The contract will start on 15 Feb 2022 – 14 Feb 2023.

Contract duration and fees and travel expenses:

- The duration of the assignment of this contract is 80 working days within the period from 15 Feb 2022 – 14 Feb 2023.
- The fees for the work under this consultancy amount to 40,000 US\$ (80 days x 500 US\$ fees/day).

Modalities for payment of fees and travel costs:

- 5,000 USD upon delivery of the inception report.
- 25,000 USD upon delivery of the general demographic and macroeconomic model for Iraq and the actuarial model for social security projections (excel files and the online version).
- 10,000 USD upon delivery of all deliverables.