

Iraq

Terms of reference

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

Actuarial Analyst 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.

This actuarial assessment will be carried out by a senior actuarial expert and an actuarial analyst. The actuarial analyst and modeller will carry out the macro-stimulation model to be used for the various valuation. In addition, the actuarial analyst work closely with the staff (actuaries and statisticians) at the public and social security institutions in KRI to transfer knowledge on the ILO's actuarial models and techniques.

Under this contract, the actuarial analyst will assume the responsibilities as laid down below, within 100 working days.

Activities:

Under the coordination of the CTA Social Security ILO Iraq and the supervision of the senior actuary, the external collaborator will carry out the following tasks:

- 1) Contribute to the Inception report prepared by the senior actuary detailing the methodological approach, timeframe, data requirements.
- 2) Prepare the modelling of the general demographic and macroeconomic framework for Iraq.
- 3) Build the actuarial model for social security projections under status quo.
- 4) The modelling exercise will use both the newly developed “online ILO/PENSIONS” model and the “ILO-PENS”.
- 5) Prepare model simulations for assessing the financial impact of reform options.
- 6) Undertake a mission to Erbil in, to train Iraqi experts on the ILO actuarial model.
- 7) Contribute to draft actuarial report.

Outputs:

The deliverable outputs 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) A mission report containing detailed analysis of meetings held and training provided.
- 4) A draft actuarial report.

Timeframe:

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

Missions:

The consultant will undertake a one-week mission to Erbil from ---- in order to train KRI experts on the ILO actuarial model.

Contract duration and fees and travel expenses:

- The duration of the assignment of this contract is 100 working days within the period from 15 Feb 2022 – 14 Feb 2023.
- The fees for the work under this consultancy amount to 35,000 US\$ (100 days x 350 US\$ fees/day), plus travel expenses. The travel expenses for the mission to Erbil amount to:
 - DSA: X,XXX US\$ (6 days x XXX US\$ daily DSA), plus
 - Travel: reimbursement of an economy ticket (from xx to Erbil).
- **Total fees: XX,XXX US\$ + cost of economy return ticket from xx to Erbil.**

Modalities for payment of fees and travel costs:

- First payment: 16,000 USD upon delivery of the general demographic and macroeconomic model for KRI.
- Second payment: 16,000 USD upon delivery of the actuarial model for social security projections (status quo and reform options).
- Third payment: 80% of the DSA + reimbursement of ticket costs, one week before the mission.
- Fourth payment: 20% of the DSA + 3,000 USD upon delivery of the mission report.