

## **Iraq**

### **Terms of reference**

#### **Technical advisory services for the Actuarial valuation of the Social Security and National Insurance scheme of Federal Iraq**

**Actuarial Modeler External Collaborator (1 May 2022 – 30 June 2022)**

### **Background**

The contributory social insurance system in Federal Iraq 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 currently 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 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 ILO in Iraq is now working in partnership with the IMF to draft a policy paper supporting reforms of the pension system in Iraq. The policy paper will draw on a range of research and assessment activities to put forward concrete reform options with the objective of closing the coverage gap, increasing adequacy and efficiency, and promoting the financial sustainability of the pension system in Iraq.

One key activity to support this policy paper – but also wider ILO support to the Government of Iraq's reform agenda – is to update the actuarial valuation of the social security system. The IMF is leading on the actuarial valuation for the state pension system, while the ILO is leading on this activity for the pension covering private-sector workers.

The ILO already contracted with a senior actuary to build the actuarial models, lead discussions on the possible reform options, and contribute a chapter to the policy options paper based on previous evaluations. It is noted that there is a need for an actuarial modeler to model set of scenarios and their implication on the sustainability of the scheme.

Under this contract, the actuarial modeler will assume the responsibilities as laid down below, within 5 working days.

### **Deliverables**

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

- 1) Using the underlying assumptions, demographic, macroeconomic, labor market modules that are prepared by the lead actuary, the actuarial modeler is expected to model the valuation of the reform package proposed
- 2) Ensure consistency with IMF and World Bank actuarial modeling

### **Contract duration and fees**

The duration of the assignment of this contract is 5 working days within the period from May 1 – June 30, 2022.

The fees for the work under this consultancy amount to **USD 2000** (5 days x US\$400 fees/day).

### **Modalities for payment of fees**

➤ payment of USD 2000 upon delivery of all deliverables.

**Please Email to:** [Rabi@ilo.org](mailto:Rabi@ilo.org) and [alkaram@ilo.org](mailto:alkaram@ilo.org) and refer to the title name ( **Technical advisory services for the Actuarial valuation of the Social Security and National Insurance scheme of Federal Iraq**) in the subject