

TERMS OF REFERENCE

FOR

**CONSOLIDATION OF THE PIOM'S DATABASE OF HISTORICAL EARNINGS OF INSURED
INDIVIDUALS - M4 Reports**

1. Consultancy Services Required

The Government of the Republic of North Macedonia has received a Loan from the International Bank for Reconstruction and Development, for implementing the Macedonia Social Insurance Administration Project (SIAP).

The Ministry of Labour and Social Policy (MLSP) is seeking the services of a Consultancy Company (Contractor) to support implementation of a second part of the Component 1 of SIAP: **Business process improvement and modernization in Pension and Disability Insurance Fund (PIOM).**

The Contractor is required to provide a team of experts with specific experience in pension insurance processes and regulations in the Republic of North Macedonia as well as IT experts.

The Contractor's services are required for a minimum of 10 calendar months.

2. Background Information

The SIAP project activities will address specific functional and technical areas within the administration of social insurance. The project will support the Government's efforts to continue the process of improving the quality of services delivered by the social insurance administration. The SIAP project will make investments in:

- (a) developing a central single unified registry of socially insured individuals (SURS)
- (b) improving the Pension and Invalidation Fund's (PIOM) capacity and business processes
- (c) establishing a Central Disability Certification Coordination Unit (CDCCU)
- (d) revising the list of hazardous occupations eligible for early retirement with extended service period (ESP), and,
- (e) supporting implementation of the legal and institutional framework for employment and professional rehabilitation of persons with disabilities.

The overall SIAP project will be organized into two main components, with a third component related to project management.

- **Component 1.** Improving the quality of the social insurance administration services
- **Component 2.** Strengthen the regulatory framework for people with disabilities and for hazardous occupations
- **Component 3.** Project Management

This project is within Component 1 and will implement '**Subcomponent 2 - Business process improvement and modernization in PIOM.**

3. Objectives of Assignment

The strategic objective of this reform to the social insurance administration system is to provide a more effective and efficient service to all clients of the social insurance system including Pension system.

The rights from the pension systems acquires in the future, more than 30 years after starting work. Pension rights are linked to data on working years and the level of earnings at the individual level for all working years. Within the current system of pension and disability insurance, the absence of individual historical data has been detected, which are a problem in the realization of pension rights.

The Government of the Republic of Northern Macedonia has decided to analyse all types of reasons for the absence of M4 records and to find appropriate solutions to eliminate the weaknesses in the current system, and to direct and simplify the functions for registration and data collection through the relevant law and bylaws regulations. This will lead to a more sustainable system that provides quality service to all its customers.

4. Specific Objectives and Scope of Work

The specific objectives of the task are analysing individual service records (M4) database in PIOM, technical and legal options for consolidation, drafting legal documents and consolidation procedure.

The Contractor shall work closely with representatives of Pension and Disability Insurance Fund (PIOM) and MLSP, and other institutions to ensure their active participation.

The Contractor's main tasks shall include (but not be limited to):

- 1) Analysis of individual records of missing M4 reports in the PIOM database and detection of all kinds of reasons for missing M4 reports. Analysis is expected to present and reflect on:
 - a. Estimated number and share of missing M4s, and value of corresponding paid and unpaid contributions,
 - b. Historical distribution of missing M4 reports,

- c. Structural features of the stock of missing M4s (by sectors, industries, company size, wage levels, etc.)
- 2) Options and impacts analysis of solutions on how to create M4 reports and proposing a solution. Options analysis is expected to include:
 - a. Technical options and control mechanisms for generating M4s (and awarding accruals) for service periods with paid contributions,
 - b. Financial and technical options for generating M4s (awarding accruals) for service periods with unpaid but collectible contributions,
 - c. Financial and technical options for generating M4s (and awarding accruals) for service periods with uncollectible contributions,
 - d. Financial and technical evaluation of all options (with Contractor's recommendation optional)
- 3) Draft legal documents, Law and possible bylaw for implementation of the solution selected by the Government under point 2
- 4) Technical procedure, draft operational plan, budget and Terms of Reference for consolidation and implementation of the solution selected by the Government under point 2.

5. Deliverables

The Contractor shall submit the following key deliverables. The Contractor may also propose additional deliverables based on the Contractor's proposed approach and methodology.

- 1) **Project Inception Report and Project Plan:** Describes Contractor's approach to project; affirmation of project timeline, activities and outputs; mobilization of Contractor's team; project management; identified risks and mitigation strategies; quality assurance plan; and a communications plan (for resolving project implementation issues) with MLSP Project Management Unit.
- 2) **Summary Report:** Describing current databases of all M4 records, identifying their weaknesses and detection of level of missing M4 and all kinds of reasons for it; analysis of collected, collectible and uncollectible contributions for the missing M4s; presentation and analysis of solutions on how to create and/or restore M4 records for all kinds of reasons respectively and impact of each solutions (fiscal and technical impacts and other).
- 3) **Draft Law and bylaw for implementation of the proposed solutions.**
- 4) **Technical Implementation Proposal** including draft technical procedures, draft operational plan, budget and Terms of Reference for consolidation and implementation of the solution

The Contractor is expected to hold meetings and workshops throughout the project when required. These events should be used to gather and verify information, discuss existing problems and potential solutions, brief management and key staff in the participating institutions, and reach agreement on future solutions. The Contractor shall work closely with a special Workgroup, comprising representatives of the PIOM and MLSP, and shall use the opportunity to transfer skills and knowledge to help the Workgroup.

6. Reporting Arrangements

The Contractor will report on a regular basis to MLSP's SURS Project Management Team to ensure work undertaken is delivered on schedule and to the quality expected. All written reports shall be available in Macedonian as shall any Consultants' presentations delivered at workshops or at meetings. Materials defined by the Client as needed for subsequent processes should also be available in English. All written reports should be discussed in full with the Workgroup and this should be reflected within the final version of the report being written. The MLSP and the PIOM shall give the final approval with regards to document acceptance and any disagreements.

7. Duration of Assignment

This task is expected to begin in the 3rd quarter of 2020 and duration of assignment is 10 months.

The Contractor shall start working after receiving written notification from the Client

8. Resources Available to Contractor

The Pension and Disability Insurance Fund will provide the Contractor with all data from own database, documents and all relevant materials needed.

9. Team Requirements (Skill and Experience Requirements)

The Client seeks a Company (Contractor) with experience in social insurance sectors and assignments of similar scope and size. The Contractor will engage (or hire) a team of experts with the required mix of skills, experience and qualifications. The Contractor, through the engagement team, shall clearly demonstrate strong practical work

experience in analysing and developing database and practical work experience in legal procedures.

The Consultancy Company shall have (at minimum):

- ISO 9001 (version 2008 minimum, but preferably version 2015) quality certificate for consulting in the fields of information technologies, project management and business
- Should have performed at least two assignment in the public sector, but at least one assignment in social insurance system, in the past five years (name of the assignment, description, duration, contract amount, reference)
- Should have a minimum of 15 (fifteen) employee on a regular basis

It is expected that the Contractor's team will be comprised of professional and technical persons who must possess minimum university degree qualification in ICT/engineering, Law, and Economics.

It is expected that the Contractor's team will be comprised of:

1. At least 4 experts to be hired by the Contractor for the implementation of the contract, with at least 5 years experience, supported by appropriate certificates in the following areas:
 - 2 (two) ICT/engineers, 1 (one) lawyer and 1(one) economist.
1. **Team Leader**, Responsible for implementing the contract, with a minimum of 10 (ten) years of work experience and will be appointed from the Contractor's staff. The team leader should have:
 - Professional experience as a team leader
 - Proven experience of at least two project in public sector, but at least one project in social insurance.

The Team Leader shall coordinate the work of all experts and ensure that their schedules are coordinated. The Team Leader will also ensure the quality of reports, and that the work of Contractor's staff is coordinated with each other so that their outputs are consistent and delivered on time.

10. Selection Method and Contract

The selection method is “Consultant’s Qualifications Based Selection” and the contract shall be Lump Sum according to the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations) issued in July 2016, revised November 2017 and August 2018., www.worldbank.org.