Serbia Strengthening Agriculture Sector Capacities for Evidence-Based Policy Making

Terms of Reference

Assessment of the contribution base for the calculation of the pension and tax contributions for the agricultural producers in Serbia

PART C – Cost benefit and socio-economic impact analysis

# Background

Serbia requested the support of the World Bank to strengthen its agriculture M&E systems and capacity. Recognizing the limitations in the current M&E framework, the Ministry of Agriculture, Forestry and Water Management (MoAFWM) requested support for improving sector-related data collection and analyses to better inform policy actions and monitor the progress of ongoing (and future) agriculture programs and projects. To this end, Japan’s Policy and Human Resources Development Fund Technical Assistance (PHRD TA) Grants Program under the Performance and Results with Improved Monitoring and Evaluation (PRIME) Window approved a grant to support this request. The improvement of M&E systems and capacity is imperative for Serbia as the country prepares for EU accession. Specifically, the recent CAP reform towards results-based programming requires that future member states have the capacity to formulate indicators and monitor results. The MoAFWM is viewed as a strong candidate for the PHRD support due to its demonstrated commitment to policy reform, its awareness of the need to improve its capacity for policy analysis and policy formulation, and its recent efforts to strengthen its capacity for monitoring and evaluation. Strengthened government ownership of the policy process is viewed as an important, outcome of the grant support. The PHRD activities will build on the World Bank's ongoing engagement with the MoAFWM under a new Commercial Agriculture Project (P167634).

Within the PHRD project, Republic of Serbia identified several studies to be financed. One of the identified studies is the analysis of the current pension and disability insurance system for farmers and potential options for it’s reform.

Given the complexity of the pension system and the fiscal implications that it has on the state budget and income effects on agricultural producers, the MoAFWM has a limited scope in the potential reform of the system. Its functions are limited to proposing a fairer, equitable and implementable system of calculating the contributions to be paid by agricultural producers.

In that respect, the MoAFWM intends to prepare an assessment bringing together local and international knowledge on best practices and models on pension systems for the agricultural segment of the productive population in rural areas to address the specificities of the Serbian legal context and socio-economic situation.

The assessment will be carried out in three sequential parts:

1. Modelling and identification of typologies of agricultural holdings
2. Implementation modalities and changes in the system
3. Cost-benefit and socio-economic analysis

# Institutional structure

MAFWM has a central role in agricultural policy in the Republic of Serbia. Its responsibilities are defined primarily within the Act on Ministries as well as the special acts like Act on Agriculture and Rural Development or Act on Food Safety as well as the other special acts arising and complementing their overall function.

Directorate for Agrarian Payments as a subordinate body to the MAFWM performs it’s functions in line with the Act on Agriculture and Rural Development where it is established that DAP maintains and implements several national level registries one of which is the Register of Agricultural Holdings (hereinafter RAH).

General description and functioning of RAH is also given in the abovementioned Act.

## Other activities and related donor support

In 2010, USAID in association with CLDS and SEGA analyzed the pension system and produced a study “Farmer’s Pension Insurance” which clearly questioned the current contribution base for the calculation of the premiums.

Overall, study (Annex I) should be included in the reference list when describing the system history.

# Objective, purpose and expected results

The requested service is broken down into three separate parts which are connected through the overall objective

## Overall objective

Overall objective of this work is to provide the MAFWM with clear options on potential resolution of historical problems with the farmers pension system based on the Standard Output (SO) framework which could then be formulated and addressed by the government.

Aging of population is recognized on EU level as one of the biggest threats for the livelihood of rural areas where EU is putting a significant resource to mitigate this issue through support of generational renewal. Serbia is no different in this respect where the index of aging of population significantly increased over the years (22,42 in 1950; 111,43 in 2010; 144,05 in 2019) thus giving even more importance on the needed generational renewal in Serbian rural areas. This study should also contribute to slowing down the trends making the pension system fairer and giving - especially for currently younger people in rural areas - more security for their retirements and alleviating one of the reasons for their migrations.

Furthermore, by assessing the functionality of the available registers (i.e. Farm Register) and their subsequent improvement the ‘evidence based decision making’ should significantly improve.

## Purpose

Purpose of this task is:

* to provide the MAFWM with calculations, estimations and projections of overall financial implications of the models proposed under Part A and Part B
* to assess the socio-economic impact of the model
* to align, assist and lead the work of experts hired under Part A and Part B

# Scope of services

This TOR focuses on the third part (Part C) of the overall pension system assessment. Under the first part of the assessment, the MoAFWM intends to test the potential application of Standard Output (Economic Size of the Agricultural Holdings) as a proxy for pension-related calculations. Currently, the contributions are calculated based on the size of land that each producer owns according to the Cadastral Service. This calculation does not take into consideration actual agricultural and livestock production or use of the land.

Second part, Part B shall deal with the application of the model developed under the Part A. Furthermore, the assessment of the reliability and availability of data is crucial. In that respect, the expert will assess the available data and systems as well as plans for development of IT within the MoAFWM and subordinated institutions.

Part C shall assess the cost savings of the models as well as socioeconomic impact of the model. Furthermore, Part 3 shall propose the general timeline for the application of the model as well as the steps that need to be taken in order to implement the model in legal and above all timely fashion.

## Envisaged activities

The consultant will carry out the following activities:

* Collaborate with the other experts hired under Part A and Part B
* Analyse and incorporate best-practice in the evaluation of administrative and fiscal impact, development of methodology for the socio-economic analysis and design of the timeframe
* Evaluate the impact of the proposed solution on the state budget with regards the obligation Serbia has towards the IMF.
* Assessment of the socio-economic impact of the proposed changes and proposal for eventual remedial actions
* Consolidation of the Report and preparation of the Final Report

# Institutional Arrangement

MAFWM will not provide office space for the consultant.

MAFWM will and can invite the expert for one or more meetings.

# Engagement

The expert will be hired by the MAFWM and work under the supervision of the International Expert for Monitoring and Evaluation hired under the PHRD grant.

It is expected that the expert will use no more than 25 men days which shall be used over the period of 5 months.

## Expected outputs

The expert will produce a single report covering all the mentioned activities on no more than 50 pages summarizing the Reports from Part A and Part B.

The Report shall be submitted to the M&E expert for validation and further, to the hiring authority for the approval.

All outputs must be delivered in English in hard copy and MS Word or similar.

## Timeline

The hiring authority expects output to be submitted for the approval not later than 5 months after the signature of the contract.

# Qualifications

* University degree attested by diploma in agriculture, management, economics, organization sciences, natural sciences, monitoring and evaluation, sociology; Postgraduate Degree in one or more of the above is highly desirable.
* At least 6 years of demonstrated work experience dealing with pension system, socio economic and/or cost-benefit (impact) analysis.
* At least 5 years of experience in coordination and supervision of teams
* Written and spoken fluency in English is required
* Computer literacy is required