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EU-China Social Protection Reform Project

Component 1: Support to strengthen NDRC institutional capacity

for the development and implementation of Social Protection reforms

Fourth Six-month Component Status Report

17 May – 16 November 2016

Report submitted by EXPERTISE FRANCE,

Component 1 Coordinator

(Fourth draft)



December 2016

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# **Introduction**

This fourth Component 1 Status report presents component-related activities under the six-month period starting from 17 May 2016.

During the period under review, the project component C1 practically completed its cycle of activities for 2016, mostly dealing with the sustainability of a reformed pension scheme in China and its compatibility with the country’s current and prospective socio-economic situation.

The project 2016 programme of activities for C1 was marked by an activity of particular significance, the organisation on 28 and 29 September in Beijing of the High Level Event on the Perspectives of Employment policy and Social security reform 2016 to 2020 with over 120 participants attending the sessions, practically in equal proportions between Chinese representatives and representatives from European countries and international organizations. Chinese participants came from central ministries, academic circles and provincial governments, while 11 European countries and 4 international organisations were represented.

The technical preparation of the High Level Event allowed for the production of very useful and original research and compilation works, both from China and from Europe that will remain as a legacy and a contribution of the project Component 1 to the design and implementation of the social protection reform in China. While all materials in bilingual version are accessible in electronic format from the component repository, a comprehensive publication is under preparation jointly between NDRC and Component 1 technical team.

During the period under review, activities abroad were also conducted according to the Plan approved by the Project advisory committee, in the form of a two-weeks training course in Spain (June-July 2016) and a central Government study visit to France and Belgium including to the European Commission (August 2016). These activities attracted a high level of satisfaction from the participants, as indeed had been the case for activities conducted under the 2015 Component programme. In that respect, our component was honoured to learn that the training organized in France in June 2015 was recommended by the NDRC training centre to SAFEA as one of the two best overseas training for the period cover by the Twelfth Five-year Plan.

Pilot sites – Shanghai municipality, Guangdong and Sichuan Provinces – continued to be associated to project research activities and actively participated in the High Level Event. Furthermore, a Provincial study visit to the Czech Republic and to France for provincial delegations from Guangdong and Sichuan (October 2016). On this occasion accompanying members from NDRC and its ICC conducted talks with Expertise France on the draft 2017 programme of activities, as well as on the prospects for future cooperation after the termination of project activities late in 2018. A visit to Germany – Rhein-Bonn-Sieg University – was organised to specify the conditions for organising a training course in that country as part of the said programme.

In terms of visibility, while duly contributing to the project website and central publications, Component 1 produced on a quarterly basis a bilingual newsletter, which is distributed to over 150 recipients in China and abroad. News about the project are posted on NDRC website as well as on the EUD Electronic bulletin. The Component technical team representatives have taken part in meetings convened by other organisations such as the ILO, MoHRSS, the Friedrich Ebert Stiftung and Renmin University, thus contributing to the recognition of the project contribution to the overall reform process in China.

The main components of the project Component 1 programme of activities for 2017 started being discussed with NDRC during the period under review. It appears that that year will again be a very rich and innovative one in terms of contribution to the on-going social protection reform process. This contribution was acknowledged by the second Results Oriented Monitoring ROM mission conducted by the EU Commission that took place early in November 2016

After briefly recalling the project background and activities conducted during the period covered by the fourth six-months progress report (May - November 2016), this document details the activities performed during the period under review following the sequence adopted for the Plan of activities for Component 1 approved by the PAC meeting. It then provides information concerning activities foreseen for the period to come, anticipating on the possible contents of the Component 2017 Plan of Activities.

Laurent de Lespinay,

Coordinator Component 1,

16 November 2016.

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**Relevant Acronyms**

|  |  |
| --- | --- |
| Acronym | Description |
| ACFTU | All-China Federation of Trade Unions |
| ACWF | All-China Women's Federation |
| CEC | China Enterprise Confederation |
| CASS | China Academy of Social Science |
| CISS | Centre For International Social Security Studies |
| EN3S | Ecole Nationale Supérieure de Sécurité Sociale (National School of Higher Social Security Studies) |
| EU | European Union |
| EU MS | European Member State |
| EUD | European Union Delegation |
| FES | Friedrich Ebert Stiftung |
| HLE | High Level Event |
| ICC | International cooperation centre of the NDRC |
| ICT | Information and Communication Technology |
| ILO | International Labour Organization |
| IMC | Internal Management Committee |
| ISSA | International Social Security Association |
| M&E | Monitoring and Evaluation |
| MoCA | Ministry of Civil Affairs |
| MoF | Ministry of Finance |
| MOFCOM | Ministry of Commerce |
| MoHRSS | Ministry of Human Resources and Social Security |
| NDRC | National Development and Reform Commission |
| NGO | Non-Governmental Organization |
| OECD | Organization for Economic Co-operation and Development |
| PAC | Project Advisory Committee |
| ROM | Results oriented monitoring mission |
| SAFEA | State Administration of Foreign Experts Affairs |
| SOCIEUX | Social Protection European Union Expertise in development cooperation |
| UNDP | United Nations Development Programme |
| UN Women | United Nations Entity for Gender Equality and the Empowerment of Women |

# **Background Information and General Considerations**

CHAPTER

CHAPTER

This report describes delivery of activities under the Component 1 - Support to strengthen NDRC institutional capacity for the development and implementation of Social Protection reforms - of the EU-China Social Protection Reform Project over the period 17 May – 16 November 2016 (third six-month period of implementation). The Grant establishing the project was signed on 17 November 2014.

Results pursued

Component 1 of the project has specifically to pursue 4 of its altogether 11 identified results - results R2 to R5 inclusive -, namely:

- Improved interagency cooperation in social protection reform (R2);

- Enhanced capacity in policy development, implementation and evaluation (R3);

- Strengthening the interface of the various pension schemes towards full coverage in old-age (R4); and,

- Reform efforts in response to urbanization trends, concerning notably basic protection and portability of rights (R5).

NDRC is the main stakeholder and beneficiary for Component 1 activities.

Topics starting being explored during the year 2015 directly contributed to the pursuance of results R2 – 1 topic -, R4 – 3 topics – and R 5 -1 topic. Topics explored in 2016 further contributed to results R2, R3, R4 and R5. The pursuance of all results assigned to Component 1 will therefore have started before or during the period under consideration.

Annex 1 provides a picture of progress made in terms of results to be achieved by C1 component of the project, based on indicators included in the revised logical framework adopted by the PAC, meeting in April 2015. This table is dated 29 September 2016, corresponding to the IMC meeting for which it was produced.

It is worth noting that In May 2016, since the two training activities of the EU-China SPRP had gained consecutive approval from the Chinese State Administration of Foreign Experts Affairs (SAFEA) and both had been implemented successfully, the Training Centre of NDRC has recommended the Component 1 Training for National and Provincial NDRC officials on Multi-tiered Pension System held in France in June 2015 as one of the two best overseas trainings for official purposes during the 12th five year Plan period. This nomination is indeed a great honour for the project. It testifies to its relevance for the on-going Chinese reform process, and to the quality of its design and implementation as far as Component 1 is concerned.

Topics to be considered

Table 1 below presents the topics selected for implementation under C1 both 2015 and 2016 activity plans. The PAC, meeting on 6 April 2016, upheld the adjunction of two new topics to the initial list (topics 1.1.3 and 1.2.3) to better respond to the evolving national priorities since the elaboration of the Grant application form.

Table 1 – Topics considered in 2015 and 2016, component 1

|  |  |  |  |
| --- | --- | --- | --- |
| ID | DESCRIPTION | R. | DATE STARTS |
| 1 | Component 1 - Strengthening institutional capacity for social protection policy development and reforms | | |
| 1.1.1 | Social insurance administration systems reform [contributing to the elaboration of the XIIIth National Five Year Plan (2016-2020)] | 2 | April 15 |
| 1.1.3 (new) | Monitoring interaction between employment promotion and social protection policies | 2 | June 16 |
| 1.2.3 (new) | Sustainability of pension schemes (contributions and government subsidies) | 3 | June 16 |
| 1.3.1 | Pension reform for public sectors | 4 | July 15 |
| 1.3.2 | Evaluation of the combination of basic pension and Individual accounts | 4 | April 15 |
| 1.3.4 | Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension) | 4 | April15 |
| 1.3.7 | Ageing population and possible strategy of dealing with this situation | 4 | June 16 |
| 1.4.2 | Relationship between social-economic development and the redistribution function of social security | 5 | June 16 |
| 1.4.3 | Strategy of integrating social security system in urban and rural context also through the portability of social insurances | 5 | July 15 |

European best practices

In order to increase the relevance and to improve the focussing of exposure to European best practices under each of the related topics, the 2016 Component strategy was two-fold: first, to fully exploit the possibilities offered by overseas activities in maximizing exposure to relevant European experience notably through advanced translation of materials to be presented and participation in briefing sessions organised before the departure of the delegations; and, second, to produce European comparative analysis and national profiles from Consortium member countries on the main topics and subjects addressed during the High level Event. These documents were translated into Chinese (as was the case for the 2015 Best practices report) and are accessible from the Component repository.

During activities conducted since the beginning of the project, including the period covered by the present report, Chinese beneficiaries could interact with more than 150 experts and officials (79 during the period under review), coming from sixteen European countries, including representatives from ten international organizations or projects. Details on the use of European and international expertise are to be found in Annex 2.

National expertise

The project methodology relies on expertise from Chinese experts to provide assessment of topics under consideration, and submit related draft reform proposals for further discussion among Chinese stakeholders, in view notably of the matching most relevant European and international experience. Since the beginning of the project, 9 technical topics were explored under project auspices, mobilizing 19 high-level Chinese experts including 11 during the period under review. Details on the use of national expertise are provided in annex 3 of this Report.

Stakeholders

The main Chinese stakeholder for Component 1 of the project is the National Development and Reform Commission, NDRC. NDRC Department of Employment and Income distribution is the lead technical unit for Component 1, which otherwise also deals with the Commission's International Cooperation Centre ICC - Division of International Cooperation. Stakeholders include target groups and final beneficiaries in selected pilot sites (Guangdong and Sichuan provinces, Shanghai city).

Component 1 of the project also entertains privileged relations with entities and individuals interested in project works, outside the circle of NDRC. The component has developed working relations with several international organizations based in Beijing, such as the ILO, the World Bank, the UNDP, the British Council, the Friedrich-Ebert-Foundation FES. It has taken part in activities co-organized by other members of the Project Advisory Committee, such as the Ministry of Human Resources and Social security MoHRSS and the All-China Federation of Trade Unions ACFTU.

During the period under review, Component 1 was notably invited to attend in Beijing a panel on social security reform held at the School of Public Administration and Policy of Renmin University (June 2016), the ILO-China-ASEAN High Level Seminar to achieve the Social Development Goals on Universal Social Protection through South-South and Triangular Cooperation co-organized by the International training centre of the ILO and the Ministry of Human resources and Social security (September 2016), an International Conference on Social security and International development co-organised by China Association of Social Security (CAoSS), Renmin University of China, Friedrich-Ebert-Stiftung (FES) and the International Labour Organization (ILO) (September 2013).

These contacts all contribute to improve the project networking, and the perspectives for broadened cooperation activities, while enriching the knowledge base from which component experts can draw.

Human resources

The contract of the EU Resident expert for Component 1, Mr Jean-Victor Gruat (Expertise France) took effect on 20 December 2014. Within the project Beijing office, Ms Wang Qingqing acted as assistant for Component 1 from August to December 2015. Ms. Xu Chenjia has been working as C1 Component assistant from February to September 2016, and Ms Li Xingli from 1 October 2016. Mr Zhang Guoqing and Mr Fang Lianquan act as Main Chinese experts for the project Component 1 since April 2015 – respectively Main expert Operations and Main expert Research. See also Annex V for details on HR management under Component 1 of the project during the period under review.

Budgetary considerations

The new budget of the project, based on more specific allowances for activities conducted within any given component, has been formally approved on 22 August 2016. These revised budgetary provisions notably take into account an agreement reached between the project management, the Chinese stakeholders and the EUD that the project would starting in 2016 cover the expenses related to international travel of a selected number of high level Chinese government officials, in exchange of translation by Chinese stakeholders of the corresponding number of pages calculated at a mutually agreed rate.

For the purpose of this agreement, the cost of one international return ticket should not exceed on average 1200 euros. A total of 15 tickets was initially to be provisioned over the 3 years ahead for project duration. A total of 40 standard pages eligible for translation under project rules should be translated into Chinese for each ticket. In 2016, 8 tickets were purchased by the project for NDRC, which translated 345 “eligible” pages into Chinese language – 25 pages credited towards 2017 activities.

**C1 specific Visibility action**

Visibility activities for the whole project are entrusted to its horizontal Secretariat. A project website was tested and became accessible in English language in April 2016. Otherwise, during the period under review, actions towards ensuring some visibility to C1 activities were undertaken by NDRC, which posted in Chinese language on its website information concerning significant events and by C1 technical team that issues bilingual electronic newsletters on a quarterly basis. On the occasion of the September 2016 High Level Event, NDRC and the C1 project team prepared a bilingual publication presenting a summary of their activities. Several compendia of reports, training materials, policy recommendations were also issued under C1 or NDRC auspices (2015 Assessment reports, 2015 Training in France, 2016 Training in Spain, 2015 Policy recommendations, Interaction between Employment and Social security policies in Europe).

Selected important C1 project activities are reported in the bilingual Electronic bulletin of the EUD to China and Mongolia.

Access to documentation

The project website – <http://www.euchinasprp.eu/> provides access to selected outputs from C1 in English language. The Component has created and maintains, for internal use, a specific repository where all of its outputs can be consulted in Chinese or English language – <http://sprp-cn.eu>.

On the occasion of the September 2016 High Level Event, NDRC and the C1 project team prepared a bilingual publication presenting a summary of their activities. Several compendia of reports, training materials, policy recommendations were also issued under C1 or NDRC auspices (2015 Assessment reports, 2015 Training in France, 2016 Training in Spain, 2015 Policy recommendations, Interaction between Employment and Social security policies in Europe).

Monitoring mission

A results oriented monitoring mission ROM was conducted to the project between 1 and 9 November 2016 by Ms Marget Davies who had already led the previous mission in 2015. The report from Ms Davies’ mission was not yet available at the time of writing this report.

As far as C1 was concerned, Ms Davies met with all interested stakeholders in Beijing, and had contacts with provincial participants from pilot sites selected to collaborate into component activities.

She could also check on the changes occurred in project management, and progress made towards project’s expected results since and as a follow up of her previous mission.

On the occasion of the ROM mission, it was clarified that achievements attributable t Component 1 could indeed be classified under three headings, namely contribution to building up Chinese pension reform, paving the way for future and lasting partnership between NDRC and relevant European agencies, developing the capacity of NDRC leadership to actually play its full role as Government advisor for decision making in the field of social protection.

On all three fronts, significant progress was made since the inception of the project:

* contribution to the pension reform is documented in two volumes of assessment reports and policy recommendations, those corresponding to 2015 activities being accessible to all interested parties, and those related to 2016 activities being under finalisation at the time of writing this report. This contribution will continue and be enhanced in 2017, through contribution to the public discussion around the proposed draft parametric pension reform law, and initiatives taken by NDRC under project auspices to bring forward new ideas for additional chapters in the reform, such as gender based consideration and evaluation / governance / monitoring of pension schemes ;
* networking for future activities will be made possible through the variety of contacts held with specialised European institutions across C1 project activities. Of particular relevance is the acknowledgment by NDRC of the quality and relevance of European contribution to its own work process through its commitment to translate into Chinese of submitted documents – best practices reports and country profiles – and the renewed explicit call for collaboration from European partners, on substantive matters to be reviewed during the public discussion of the proposed draft law on pensions’ parametric reform (see below, 1.3.2). Further, promising contacts have already been established with the French, Spanish and Italian members of the consortium, which will hopefully result in the conclusion of longer-term memoranda for bilateral technical cooperation. The same is true, to a certain extent, of relations with the European Commission General Directorate for Employment, Social Affairs and Inclusion, even though the conclusion of a formal agreement with the latter may require a complex and long procedure;
* upgrading the capacity of NDRC leadership to take place in policy discussion at the national or local level, and to play fully its advisory role for decision-making on pension matters at the highest possible levels of Government is of course difficult to evidence. However, the project has conducted multiple activities geared at these results, in terms of training and study visits abroad, in which very high level officials were involved and actively participated, far beyond the protocol requirements of their functions. It is the openly expressed opinion of NDRC national and provincial leadership (pilot sites) that its members participating in project activities feel more confident and efficient in addressing social protection matters with their hierarchy, with experts, with other Government departments or indeed with the highest national and provincial levels of decision-making.

# **Activities**

CHAPTER

CHAPTER

The current chapter presents a summary of activities conducted during the period under review as far as Component 1 is concerned. The presentation follows the structure of the Plan adopted by the Project advisory committee meeting on 6 April 2016. It therefore distinguishes between Preparing and organizing the High Level Event; Conducting overseas activities; and, Working with pilot sites. The Panel discussion held on 6 September 2016 is included under the Preparation for the HLE.

For activities conducted earlier in 2016, kindly refer to the 3rd Component status report (notably: Seminar on Social security and crisis, January 2016; Policy dialogue and International workshop and Provincial training course in Foshan, both event being held in April 2016).

Preparing and Organizing the High Level Event

The High Level Event on Perspective of Employment Policy and Social Security Reform during 2016 to 2020 was held on 28 and 29 September 2016 in Beijing. It gathered some 150 participants – academics, high-level civil servants, and experts – practically at par between Chinese and European representatives. For the technical preparation of the event, the project Component 1 had financed a study on the Coordination between Employment and Social security policies in Europe, awarded after a competitive call for interest to the French National School for Higher Social Security Studies – EN3S. It also asked eminent Chinese experts to produce assessment reports on the main items to be addressed during the Event – which were the subject of peer review and interactive discussion during a Panel discussion meeting held on 6 September 2016.

### European Research

#### Comparative study

The European research report on Employment and Social policies in Europe was conducted under chapter 6.2.1 of the project budget. The author, Mr Jean-Yves Hocquet, submitted his finalized text by early June. The report was then submitted to members of the consortium for peer review and was subsequently translated into Chinese language after amendment. It was printed and distributed at the High Level Event, for which it represented an important element of technical documentation. The author presented his works during the relevant session of the HLE.

The report in both versions is available for download from the component repository. It was submitted by mid-October to the project webmaster for inclusion in the project website at the same time as other documents produced by C1 in 2016 (not effective yet at the time of writing).

The report – entitled *Social protection and Employment: Partnership or Rivalry?* - recalls that in Europe, social protection was affirmed as one of the main objectives of European construction. However its place was limited in European law to the achievement of the single labour market. Because social protection is organized in the Member States according to very different models (level, funding, benefits) reflecting the national diversity, it offers to the third country policymakers a wide range of possibilities even if, in all the countries, there is a major trend towards adapting the post-World War II systems to the sociological changes taking care not to load the wages with undue charges. Through the development of social security coordination, Europe is trying to identify these changes (new risks, new forms of work) but also to fight against social fraud that can distort labour markets. The need for coordination is responding to adapting European Regulations, by improving the convergence of national social policies and by better bridging the employment and social policies through the Open method of coordination. The contribution of recent studies shows that social protection could have a direct although limited impact on employment. Its main added value to a sustainable growth and to employment lies in traditional social objectives as the reduction of inequalities in the search of a more employment friendly balance.

#### Country profiles

To facilitate mutual understanding and policy dialogue between Chinese and European specialists on the occasion of the High Level Event, the project team drafted a list of topics of specific interest to the Chinese audience, according to the items on the agenda of the Event. The Background note transmitting these questions to Consortium members included, for each of the points on the agenda, a summary of the Chinese current and prospective situation. Countries member of the European Consortium managing the project on behalf of the European Union were then invited to produce national country reports, describing in turn the situation in their respective countries on each of the concerned topics.

Seven national country profiles (from Belgium, the Czech Republic, France, Italy, Poland, Romania, Spain) were produced, dealing in details with the following issues: Macro Socioeconomic Situation during the period 2016-2020; Labour market policies (including Improving the functioning of the labour market; Unemployment insurance; Migrant workers); Universal coverage and adaptation to mobility (including Relations between social security and employment policies and Universal coverage); Social efficiency and inclusive growth; and, Sustainability and Financial reform.

These reports were shared with all participants in the HLE, and translated into Chinese by NDRC. They represent a highly valuable contribution of the project to the knowledge base accessible to Chinese stakeholders when considering options for the national social protection reform.

### Panel discussion on 2016 Topics

In line with the topics to be discussed in the forthcoming High Level Event the 2016 panel discussion was held on 6th September 2016, in the ICC of NDRC, Beijing. The Panel covered the topics 1.1.3 –Monitoring interaction between employment promotion and social protection policies; 1.2.3 - Sustainability of pension schemes (contributions and government subsidies); 1.3.7 -Ageing population and possible strategy of dealing with this situation; and 1.4.2 -Relationship between social-economic development and the redistribution function of social security.

Mr. Ha Zengyou, Deputy Director General, Department of Employment and Income Distribution, NDRC, chaired the Panel which some 20 participants attended, including representatives of the Department of Employment and Income Distribution of NDRC, the International Cooperation Centre of NDRC, the EU Delegation to China, the team leader and the EU Resident expert for Component 1 with the C1 team and Chinese Short term Experts as well as members of the SPRP Beijing Project Office.

The presentation and discussion allowed for fine-tuning and finalization of the materials to be presented at the HLE as well as of the proposals to be discussed further as part of the overall Chinese social protection reform process.

### The High Level Event

The project 2016 High Level Event was held in Beijing (Diao Yutai Hotel) on 28 and 29 September 2016. The theme for the event was Perspective of Employment and Social security reform, 2016-2020. More than 120 participants attended the sessions, practically in equal proportions between Chinese representatives and representatives from European countries and international organizations. Chinese participants came from central ministries; academic circles and provincial governments, while 11 European countries and 4 international organisations were represented.

Mr. Wang Xiaotao, vice chairman of the NDRC, and Mr. Hans Dietmar Schweisgut, ambassador of the European Union to China and Mongolia, addressed the opening ceremony, chaired by Ms. Cheng Jianlin, Deputy Secretary General of NDRC.

The meeting consisted of 5 technical sessions, each of them co-chaired by eminent Chinese and European personalities. Mr. Claude Jeannerot, Ambassador of France in charge of International social relations, and Mr. Xu Lin, Director general of the Department of Development planning of NDRC, co-chaired the first session devoted to the review of Macro-economic and employment situation during the period 2016-2020. During this session, key-note speeches were delivered by Mr. Pu Yufei, Director-general of the Department of Employment and Income distribution of NDRC, on Persisting in Employment-prioritized strategy–Striving to realize relatively full employment and higher job quality, and Mr. Michel Servoz, Director general of the European Commission Directorate general for Employment, Social Affairs and Inclusion, on the Perspectives of Employment policies and Social security in the EU. Two eminent scholars, Mr. Hu Angang, Director of the Center for China studies at Tsinghua University and Mr. Stefano Sacchi, from the University of Milano, Italy, also delivered speeches on, respectively, Innovation driving development and employment during China’s thirteenth five-year plan, and Labour market policies in the European countries complementing structural reforms with growth.

The second session, co-chaired by Mr. Pu Yufei, Director general of the Department of Employment and Income distribution of NDRC and Mr. Tom Bevers, Chairman of the European Union Employment Committee EMCO, reviewed New-type urbanization and support policies for employment and job creation. Keynote speeches were delivered by Mr. Stefan Olsson, Director for Employment policies at the Directorate general for Employment, Social Affairs and Inclusion of the European Commission, on EU Employment and Social Priorities – EU initiatives, Mr. Zeng Xiangquan, Director of the China Institute for Employment research at Renmin University on Youth Employment policies –Good models from China, Mr. Jean-Yves Hocquet, Civil Administrator of the Ministry of Social Affairs and author of the report from the National School for Higher Social Security Studies EN3S, France, on Social protection and employment – Trade off or synergies, and Mr. Zhang Juwei, Director, Institute of Population and Labour Economics at the Chinese Academy of Social Sciences, on Population changes, labour market and reform of the Urban employees basic pension insurance system.

Mr. Jin Weigang, Director general of the Research Institute for Social security of the Ministry of Social security and Human resources, and Ms. Michaela Marksová, Minister of Labour and Social affairs of the Czech Republic, co-chaired the third session devoted to Universal coverage of Social security systems and adaptation to Mobility. Mr. Koen Vleminckx, Director of Research and international cooperation at the Federal Public Service Social Security of Belgium delivered a keynote speech on Universal coverage, while Ms. Katerina-Marina Kyrieri, from the Ministry of Finance of Greece, addressed the Protection of Migrant workers under social security schemes in Europe. Professor Yue Jinglun, Deputy Dean, School of Public administration of Sun Yat-Sen University then introduced the Guangdong province case study on transfer and continuation of pension insurance of migrant workers, while Professor Lin YI, Director of he Centre for Insurance and Social security studies of the South-western University of Finance and Economics submitted a case study on the interaction of Urban and Rural social security schemes in Sichuan Province.

The fourth session devoted to Social efficiency and inclusive growth, was co-chaired by Ms. Oana Silvia Țoiu, Secretary of State, Ministry of Labour, Family and Social protection of Romania, and Mr. Song Xiaowu, Former Director of the Office of North-East Region Revitalization, State Council. Mr. Cao Wenlian, Director general of the International Cooperation Center ICC of NDRC, delivered a keynote speech on Understanding China’s pension system reform from the perspective of equity and redistribution function, followed by Mr. Antero Kiviniemi, from the Permanent representation of Finland to the European Union, who presented Income distribution, social fairness and welfare policies in Finland. Ms. Jiang Wei, Deputy Director general of the Department of Social assistance, Ministry of Civil Affairs, introduced Social assistance and poverty alleviation under the security of basic life needs during the period of the 13th five-year plan in China, while Ms. Pu Haihong, Deputy director of Shanghai Academy of Development and Reform, presented the Shanghai case study on population ageing and related counter-measures.

Session five reviewed the sustainability of social security systems and the financial reform, with Ms. Lucia Ortiz Sanz, deputy Director general of International social and labour relations of the Ministry of Employment and Social security of Spain and Mr. Liu Kegu, Deputy director, Academic Advisory Board, China Centre for Economic Exchanges, former vice-governor of Liaoning Province, former vice-governor of the National Development Bank, acting as co-chair persons. Mr. Wolfgang Scholz, from Rhein-Bonn-Sieg University of Germany, introduced the “Riester Pensions” financing experience in his country. Mr. Xiong Jun, Director general of the Department of Planning and Research of the National council for Social security fund talked about improvements in the financing and management system of the social security fund, while Mr. Zhang Bingwen, Director of the Centre for International social security studies of the Chinese academy of social sciences delivered a keynote speech on the Financial sustainability of the Urban basic old-age insurance system in China.

Mr. Jean-Victor Gruat, Resident expert for Component One of the EU-China Social protection reform project, presided over the closing ceremony, where Mr. Giuseppe Conte, SPRP Project leader, INPS, Mr. Cyril Bouyeure, Special adviser to the President, Expertise France, and Ms. Song Gongmei, Deputy director general of the International cooperation Center ICC of the NDRC, addressed the audience.

All documents submitted to the meeting can be downloaded from the Component repository <http://sprp-cn.eu/HLE2016>.

### The aftermath

Comments received from all quarters following the High Level Event testify to a high level of satisfaction relating both the organization of the Event, and to the quality of its technical contents.

The publication of the bilingual record of proceedings for the HLE including relevant documentation, reports and presentation should be ready before the end of the current year. At the time of finalizing this report, a 3-volume English version of the report on HLE – Record of proceedings, Chinese and European Assessment reports, European Country profiles – has been finalized and is ready for printing,

The parties involved also agreed that the very rich technical contents of the Event should be further reviewed, in order to be fully taken into account when elaborating the Component programme of activities for 2017 and subsequent year.

## Conducting overseas activities

### Training activity in Spain

A high-level two-weeks training course for 22 senior officials from the Chinese National and Provincial De elopement and Reform Commission NDRC, led by Mr. Ha Zengyou, Deputy Director General of NDRC Employment and Income distribution department, was held from 20 June to 1 July 2016 in Spain (Madrid and Valladolid) around the topic of challenges posed to social security, notably pensions protection, by demographic ageing. This activity was organized jointly by the Spanish Ministry of Employment and Social security, Expertise France acting both as Component coordinator and secretariat for Component One project activities, and the Component One team within the Beijing project office, with support from the project horizontal component.

The participants in the training course benefited from a one days technical briefing in Beijing before their departure, where Mr. Dong Keyong, from Renmin University of China and Mr. Michele Bruni, a renowned demographer newly appointed team leader for the Beijing-based project team, explained the issues at stake for social security in a context of rapidly ageing societies.

During the two-weeks training, some 30 lectures were delivered by Spanish and other European specialists, while Chinese members of the delegation also introduced the relevant characteristics of their demographic and social security environment. The Spanish Secretary of State for Social security and the Chinese Ambassador in Madrid inaugurated the training course.

The training consisted of five major sections as follows:

- The Social Security system in Spain, its current situation and the reforms carried out to address future challenges

- Social services and dependency in Spain

- How Social Security policies in each EU member state follow the recommendations of the Commission with respect to the open method of coordination and best practices

- In-depth analysis of technical aspects that have an effect on the reforms of the pension systems in Spain and the rest of the EU countries:

- The participation of the political parties represented in parliament and of the social partners in monitoring Social Security.

All power point presentations presented by the lecturers could be translated into Chinese ahead of the event, thus representing a very comprehensive material for the further use and replication of the training. A publication of all course materials is at the time of writing this report in the process of finalization by the project horizontal secretariat as part of the project visibility activities.

The overall evaluation rating of the course by participants was of between 4.7 and 5 (out of a maximum of 5 points) for each of the 20 questions constituting the evaluation questionnaire, which is considered as high for this type of exercise.

### Central officials Dialogue and Study visit

A Dialogue and Study Visit for a delegation of 6 high level officials from central level of NDRC and its ICC was organized over eight days in Belgium and France between 28 August and 4 September Influence of Employment and Social Security Policies on Income Distribution in Post-Crisis Era. This Dialogue and Study visit allowed for a continuation and deepening of the direct contacts held with the European Commission and with most influential Government representatives in the two countries on the occasion of the April 2016 Policy Dialogue and International Workshop, and helped in the preparation of the then forthcoming High Level Event (see 2.1 above).

When in Paris, the delegation held discussions with representatives from Ministry of Labour, Employment, Vocational training and Social dialogue, with the General Commission for Strategy and Policy Planning, as well as with the National Agency in charge of Unemployment compensation and Employment promotion. They also held discussions with Expertise France, which acts both as the Technical Coordinator and the secretariat for Component 1 of the project, on forthcoming activities, including the organization of the 2016 High Level Event and the tentative programme of activities for 2017.

In Brussels, the delegation had in-depth discussions with eminent specialists from Belgium, Germany, the UK and European institutions gathered for the occasion by the Federal Public Services Social security of Belgium. The delegation also held a meeting at the European Commission with the Director General of the Directorate for Employment, Social Affairs and Inclusion to notably discuss the perspective and implementation of next-step cooperation with EU in terms of optimizing income distribution and increasing the number of middle class.

NDRC report on the Dialogue and Study visit was under finalization at the time of writing this report.

### Provincial Dialogue and Study visit

As part of the overall programme of activities with pilot sites (see 2.3 below) a specific overseas Dialogue and study visit was organised for representatives from Guangdong and Sichuan provinces – 6 from each Province – accompanied, for ensuring overall coherence with project objectives and national policies, by 2 NDRC and 2 ICC representatives. The visit was conducted from 24 to 29 October 2016 to France and the Czech Republic, to review topics the Pilot sites themselves declared to be of specific interest – namely general administration and sustainability of social security and migrant workers vesting rights.

After completing the visit to the two countries with the Provincial groups, NDRC and ICC representatives undertook a two days study visit to the Rhein-Bonn-Sieg University in Bonn (Germany). The goal of this visit was to review long term care issues and dependency insurance as part of the preoccupations linked to the ageing of the population – and to explore the possibility to hold a training course in Germany under the component activity programme for 2017.

## Working with pilot sites

In addition to organizing a specific dialogue and study visit for two of them as described just above, pilot sites (Shanghai City, Guangdong and Sichuan provinces) of Component 1 were closely associated to technical events organised during the period under review. Ad hoc research conducted in Shanghai on demographic ageing and its consequences for social security protection were presented by the provincial Development and Reform Commission and its Academy both on the occasion if the training held in Spain around the same topic, and during the relevant session of the 2016 High Level Event.

During the same Event, the experiences of Guangdong province with migrant workers’ social security rights, and that of Sichuan province in integrating Urban and Rural social insurance schemes were introduced by eminent professors from specialized university departments in the said provinces.

## Deliverables and Outputs

Annex 4 presents the outputs and deliverables from C1 component for the period under review, which fully corresponds to the Component activity plan – the slight delay affecting research on Demographic ageing mentioned under the 3rd Component status report having been absorbed. .

## Component Management

Following the departure from the project of Ms Xu Chenjia on 1 October 2016 – she went back to the UK to complete her PH.D studies, Ms Li Lingxi was recruited as component assistant for C1 (half time) with effect from 1 October 2016.

Annex V summarises the use made of human resources under the framework of Component 1 during the year 2016.

# **Planning for next period (17 November 2016 – 16 May 2017)**

CHAPTER

CHAPTER

The next six months period of the project will embrace the dates between 17 May and 16 November 2016. Over these months, the C1 team will complete most of its programme of activities for 2016.

Preliminary discussions were held with NDRC on 14 October and 10 November on the possible contents of C1 programme of activities for 2017. Those proposals had also been discussed in Paris with Expertise France representatives. This resulted in the contents hereafter reproduced. Primarily concerned members of the consortium were contacted, to ascertain their interest in and availability for proposed involvement.

The tentative revised work plan and GANTT, reproduced as annexes 6 and 7 to this report, provide the anticipated evolution as far as C1 is concerned for the rest of the year 2016 and the year 2017. The Project Advisory Meeting to decide on project activity plans has been proposed to be held on 22 February 2017 – which implies that some activities may be start being planned or even be conducted before formal approval, for the sake of efficiency and project continuity, as indeed was the case in early 2015 and 2016.

## Research activities (activities 1.2, 1.4)

Among the topics included in the original list (as amended in 2015 and 2016), some may be combined; others have lost their relevance. New topics can always be added depending upon evolving circumstances and priorities.

The following take into account the works of the recently concluded HLE that pointed to promising areas of work and EU-China collaboration for the future.

### Rationale

During the first year of the project (2015) Component 1 activities reviewed the fundamentals of the pension system in China.

During the second year (2016) they addressed the question of its sustainability.

It is now proposed that, beyond continuing those tasks that represent a central preoccupation for social security governance – namely managerial concerns, collaboration among all concerned government bodies and institutions, preservation of rights for rural-urban migrant workers – an sustainability – namely demographic, income redistribution and economic affordability questions -, research activities to be conducted in 2017 focus on the relevance and social efficiency of a reformed pension system.

This will include such fields as the **parameters** used for granting and calculating the level of benefits, which should be taken altogether, and not in isolation, and the determination of the extent to which the pension system efficiently contributes to the objectives otherwise assigned to it.

Under the “new normal” economic conditions, women may be more affected than men by the changes occurring in the economic and social pattern,. There is otherwise definitely a trend towards homogenisation of qualifying conditions and resulting pension benefits for both men and women.

The Component therefore proposes to introduce a new topic for review to start in 2017 with conclusion expected to be reached during the final year of the project (2018), namely that of Gender considerations under pension schemes reform.

This new topic will contribute towards achieving the 3rd Project Result assigned to that component, viz. Enhancing NDRC capacity in Policy development, notably through the angle of policy evaluation.

Table 1 below provides a consolidated list of topics for Component 1, including the proposals contained in this draft plan of activities for 2017.

It appears that, over the first three years of the project, 13 of the 16 initial topics assigned to Component 1 will have been addressed through specific project research activities with limited reformulation applied to two of them to better reflect evolving Government priorities, three main topics were added to respond to emerging prominent preoccupations – relations between employment and social security; sources of financing of pension schemes – or anticipated societal evolutions – gender aspects.

This indeed testifies to the comprehensiveness of the initial list included in the Project document as far as Component 1 was concerned, and to the reasonably flexible technical management of the component’s technical content, that allowed for an adapted and coherent response to the expressed priorities of the major stakeholders.

Table 1 provides a consolidated list of topics for Component 1, including the proposals contained in this draft plan of activities for 2017.

Table 1 – Consolidated list of topics – Component 1

|  |  |  |  |
| --- | --- | --- | --- |
|  | Topic | | Observations |
| R2 | 1.1.1 | Social insurance administration systems reform – Contribution to the XIIIth Five-Years Plan | Reformulated 2015 |
| 1.1.2 | Coordination of policy making among government agencies in areas related to social protection reform | On-going |
| 1.1.3 | Monitoring interaction between employment promotion and social protection policies | Introduced 2016 |
| R3 | 1.2.1 | Relationship of pension benefit with minimum social wage | Merged with 1.3.6 |
| 1.2.2 | National policy evaluation technique in the area of social protection (indicators, methods and programs) | 2017 |
| 1.2.3 | Affordability of Pension schemes (contributions and Government subsidies | Introduced 2016 |
| 1.2.4 | Gender considerations in pension schemes | Introduced 2017 |
| R4 | 1.3.1 | Pension reform for public sectors | 2015 |
| 1.3.2 | Social pooling of the basic pension component – Evaluation of the combination between basic pension and individual accounts | Reformulated 2015 |
| 1.3.3 | Universal social pension models | 2018 ? |
| 1.3.4 | Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension) | 2015 |
| 1.3.5 | Occupational pension plans for public sectors and private pension plans | 2018 ? |
| 1.3.6 | Parametric reforms of pension system (Vesting, indexation, adjustment mechanisms of pension benefit, benefit formula etc.) | Reformulated 2017 – Merged with 1.2.1, 1.3.9, 1.4.1) |
| 1.3.7 | Ageing population and possible strategy of dealing with this situation | 2016 |
| 1.3.8 | Issue related to the informal sector integration in social security schemes | 2018 ? |
| 1.3.9 | NDC (notional defined contribution) pension reform | Merged with 1.3.6 |
| R5 | 1.4.1 | Improvement of the individual account component in public pension system for urban workers | Merged with 1.3.6 |
| 1.4.2 | Relationship between social-economic development and the redistribution function of social security | 2016 – Ctd 2017 |
| 1.4.3 | Strategy of integrating social security system in urban and rural context also through the portability of social insurances | 2015 |

Table 1-a Results pursued (component 1)

|  |  |
| --- | --- |
| R2 | Under the leadership of the NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened. |
| R3 | The capacity of the NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced. |
| R4 | National policy framework for a full coverage of old-age insurance system throughout China is consolidated by strengthening the interface of various schemes, pension funding pooling, old-age insurance scheme for civil servants/the employee of public agencies and the existing multi-layer pension system. |
| R5 | Reform efforts in response to urbanization trends, in particular the harmonization and integration of the various basic social protection systems for different groups of beneficiaries, the portability of social insurances and better suited assistance schemes. |

### Topics to be continued

- T. 1.1.1 Social insurance administration reform (of special interest for pilot regions)

- T. 1.2.3 Sustainability (clear goals and guidance for the pension system remain to be elaborated – this is one of the indicators from the logical framework. Could be jointly conducted with C2 and MOHRSS actuaries)

- T. 1.3.7 Ageing – This topic may be further considered as part of the discussion on the Plan for Pension system parametric reform (see below, 1.3.6)

- T. 1.4.2 Economic development and social security – Works conducted on Income redistribution through social security mechanisms in China by Prof. Li Shi李实 should be continued in relation with the Plan for Parametric reform. A study visit to Nordic countries and an international workshop could be devoted to this issue (see below, Overseas activities)

- T. 1.4.3 Integration Urban-Rural – This topic will be continued at the pilot level, notably in Sichuan province

### Topics to be addressed for the first time

Topic 1.3.6 (Vesting, indexation, adjustment) is the closest to the requirements of participation in the public debate to accompany the discussion of the forthcoming Plan on pension reform (parametric adjustment) to be disclosed by the State Council. This should include other elements like ageing (1.3.7), benefit formula (1.3.9, 1.4.1), minimum pension (1.2.1), basis for contributions and benefits … grouped under a “meta-topic” Parameters for reformed pension system, with associated indicator “Efficient participation in the public debate around State Council Plan on parametric reform of the pension system”. It is envisaged that Prof. Zhou Hong 周弘 (Ms.) who recently retired from CASS act as core Chinese expert for this meta-topic. Prof. Zhou will assemble a team for that purpose, from which some other members may need separate contracting – which is taken into account under table 3 below concerning proposed use of Human resources (“Other Chinese Experts”). Redistributive effects of Chinese possible parametric reform are addressed under topic 1.4.2, point 1.2 above. From the European side, it was considered to ask a few experts from the Consortium to submit national reports on their experience with parametric reform. Chinese and European works would then be presented in an international workshop held in Europe (see below 2.3).

Topic 1.2.2 National policy evaluation technique is central to successful pension and social protection reform. It is envisaged that the 2017 Overseas training in Germany be devoted to this issue – which would require as was the case in 2015 and 2016 a national assessment for pre-training of participants.

Topic 1.1.2 Interagency coordination is a key for achieving Result R.2 of the project framework. This topic should best be considered jointly with topic 1.3.6 (parametric reform) after being partially addressed in 2015 under 1.1.1 (Preparation for 13-5).

### New Topic

Gender considerations are to be pivotal to employment promotion and social protection reform considerations. It is therefore being proposed to add a topic Gender considerations in Employment and Social protection reforms under pursuance of result R.3 (new topic 1.2.4). From Chinese side, it is envisaged that the Assessment study be conducted at the level of one of the Component pilot sites, to avoid remaining at a too general and too theoretical level. From the European side, NDRC would like to establish working relations with Romania on this topic, since it appeared from the HLE that this country’s government has a dynamic approach to such questions. Contact could also be made with the European Center for Gender Equality, based in Lithuania. While research on the topic would be initiated during the second half of 2017, the topic would not be concluded before the year 2018.

### Panel discussion (activity 1.3.1)

While the finalised assessment by the experts, and the interaction between Chinese and European experiences and viewpoints and reform orientations on new topics would culminate in the International Workshop scheduled for the fall of 2017, it is expected that a peer review in the form of a Panel discussion meeting can be organised in Beijing hopefully by early September 2016 to facilitate finalization of their works by Chinese experts including in view of remarks put forward by European counterparts.

## Overseas activities

### Training (activity 1.5.1)

It is envisaged that the 2017 training be held in Germany in June – July over a period of 2 weeks for some 20 participants. Proposed topics are Evaluation of Employment and Social security policies, as well as the Services to provide care to the elderly, both aspects being covered under “Relevance and Efficiency of Employment and Social protection policies in Germany and in Europe with special reference to long term care” (provisional title). Contacts were made with the Rhein-Bonn-Sieg University to arrange for the programme. It might be required, however, to involve another German partner in the organisation of the training, depending on the outcome of on-going discussions between all interested parties.

### Dialogue and study visit (activity 1.5.2)

NDRC proposes that the 2017 Dialogue and study visit be devoted to Social security as redistribution mechanisms, and be conducted in Nordic countries (hopefully Finland and Sweden). An international workshop will be organised in France on the occasion of the study visit (see below 2.3).

NDRC is aware of the fact that under the previous project, study visits could be organised in countries with no consortium representation through hiring of a local facilitator, and suggests the same approach be used if necessary.

The proposed timing for the Dialogue and Study visit is fall 2017. The month of October 2017 is preferred by NDRC because of other impending commitments later on during the year.

### International Workshop (activity 1.6.1)

On the occasion of the afore-mentioned dialogue and study visit, it is envisaged to organize in France a one day International Workshop around the topic of Parametric reform and Income Redistribution through Social security in China and in Europe. The Workshop would associate Chinese and European Experts, and be also attended, from the Chinese side, by those high level officials taking part in the Study visit.

### Visit by the vice-chairman of NDRC (activity 1.5.5)

It is envisaged that Mr. Wang Xiaotao undertake a visit to Spain and Italy in April or May 2016, at practically no cost for the project (except costs for organisation). The topic for this study visit would be around Employment and Social security policies, and derived from the analysis of materials presented at the HLE. Since missions at this level have to be approved by the State Council, it was urgent to receive an agreement in principle from concerned consortium members and contacts were already made with potential hosts in Italy and Spain, who provided a positive feedback to the request. If things have progressed well enough, Mr. Wang’s visit may include the European Commission to conclude an agreement on future joint programme of actions.

### Coordination meeting in Europe (activity 1.9)

Since 2018 will be the last year of the project, it is proposed to hold in Europe, towards the end of 2017, a coordination meeting with members of the consortium to discuss the process to conclude project works, and mechanisms to start after project cooperation. This coordination would take the form of an ad hoc PAC meeting and be scheduled by mid-November in Italy to accommodate for other plans and commitments of the various components. These special circumstances, and the involvement of the three components, will hopefully justify an exception to be granted by the EUD for additional financing of international travel.

### Study Visit to Romania (activity 1.5.4)

During the HLE the Romanian Secretary of State invited the Chinese stakeholders to visit her country for a continued dialogue on topics of mutual interest. It is proposed to make use of the Coordination meeting to organize a subsequent visit to Romania – hopefully for components handled by NDRC and Ministry of Finance respectively - on a topic of joint interest that might be linked to Gender considerations. The study visit would be continued for one day to a third country, to be selected according to envisaged training activities related to 2018 training programme. This one day extension would allow for holding preliminary contacts with potential host for the future training activitiy.

## Pilot sites (activities 1.8.1, 1.8.2)

Generally speaking, pilot sites should continue to be associated to research activities of particular relevance for them.

Activities concerning topic 1.4.3 (Integration of urban and rural pension schemes) should continue with Sichuan province. While bilateral collaborative activities that might develop between France and Luzhou (Sichuan Pilot site) in the area of medical insurance fall outside the scope of the project, Component 1 will be kept abreast of developments and provide limited support as possibly requested, since this activitiy resulted from a Component’s initiative.

During the second half of 2017, with possible extension into 2018, Mr Lin Yi , Director of the Centre for Insurance and Social Security Studies, Southwestern University of Finance and Economics, who prepared a case study on rural-urban integration in Sichuan Province submitted to the HLE event 2016, will be requested to deepen its study and to come up with more specific and detailed recommendations.An invitation will be extended to a delegation from Expertise France to visit the pilot sites over a few days, so that its representatives may gain a direct knowledge of grassroots reality. This is considered as fully congruent with the contents of macro-activity 1.11 inasmuch as “*Local Practices will contribute to strengthening the dialogue between EU and China on the Social Security reform and the partnership between EU MS and the NDRC. These contributions are useful to establish a mechanism for EU-China high-level policy dialogue*”. The delegation may have technical exchanges with authorities in the pilot sites in addition to policy level discussions. This visit will take place following the PAC meeting to be held in Beijing on 22 February 2017 and include Shanghai and Guangdong pilot sites.

## Outputs and deliverables, time table, human resources

Table 2 hereafter summarizes the outputs and deliverables resulting from the implementation of the draft programme which was just described. Table 3 provides the related anticipated use of Human resources.

Annexes I and II provide the corresponding revised GANTT diagram, and the proposed detailed plan of activities for the year 2017.

**Table 2 – Outputs and deliverables – Component 1 – 2017 Plan of activities**

| To-pic # | Activity item | Input | Deadline semi-final draft | Best practices | Output | Final Use | Date |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1.1.1 | Social insurance management reform - Provincial Exchange | Existing documentation + EU experts | February | Yes | Briefing materials | Provincial Dialogue | Feb-17 |
| Provincial TCO programme | Feb-17 |
| 1.1.2 | Public consultation parametric reform | CN Expert + EU Experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Oct-17 |
| 1.1.3 | Ministerial visit Spain and Italy | Briefing materials | April | Yes | Mission report | NDRC programme of works | Apr-17 |
| 1.2.1 | Analysis parametric pension law (minimum pension) | CN Expert + EU Experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Oct-17 |
| 1.2.2 | Situation analysis evaluation technique Emp.& SS policies | CN Expert + EU Experts | June | Yes | Assessment report | Reform evaluation | Sep-17 |
| Training course Evaluation & Relevance of SS & Emp. Policies | EU Experts | June | Yes | Training materials | Capacity building | Jul-17 |
| 1.2.3 | Analysis parametric pension law (sustainability) | CN Expert + EU experts | March | Yes | Memorandum on draft Plan for Parametric reform (assessment report) | International workshop | Oct-17 |
| 1.2.4 | Assessment Gender consideration in pension reform | CN expert + EU experts | Novemb. | Yes | Assessment report | Reform proposals, system evaluation | 2018 |
| Dialogue and Study visit to Romania | Briefing materials | October. | Yes | Mission report | NDRC programme of works | Oct-17 |
| 1.3.6 | Analysis parametric pension law (Vesting indexation, adjustment of pension benefits, benefit formula …) | CN Expert + EU experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Oct-17 |
| 1.3.7 | Analysis parametric pension law (Demographic ageing ) | CN Expert + EU experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Mar-17 |
| 1.3.9 | Analysis parametric pension law (NDC) | CN Expert + EU experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Mar-17 |
| 1.4.1 | Analysis parametric pension law (Improvement individual account component) | CN Expert + EU experts | March | Yes | Memorandum on draft Plan for parametric reform (Assessment report) | International workshop | Mar-17 |
| 1.4.2 | International workshop on parametric reform and redistribution function of social security | CN Experts + EU Experts | Septemb. | Yes | Assessment report | Evaluation of pension legislation | Oct-17 |
| Dialogue and Study visit, Finland and Sweden | EU Experts | October | Yes | Mission report | Evaluation of pension legislation | Oct-17 |
| 1.4.3 | Sichuan Case study Strategy of integrating social security system in urban and rural context also through the portability of social insurances | CN Expert | October | Yes | Report | Policy formulation | 2018 |

**Table 3 – Proposed use of Human resources, 2017 Activities, Component 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| w/d total | | |  | Activities |
| Proj. | Y.1&2 | Y. 3 |  |  |
| 1193 | 732 | 344 | C1 Chinese expert staff |  |
|  | 120 | 120 | Main Chinese expert 1 Zhang Guoqing |  |
|  | 75 | 84 | Main Chinese expert 2 Fang Lianquan | \*AR= Assessment Report |
|  |  | 35 | CN EXPERT PARAMETRIC REFORM | AR\* 1.3.6 and related (Parametric reform) |
|  |  | 20 | CN EXPERT EVALUATION | AR\* 1.2.2 Evaluation techniques |
|  |  | 20 | CN EXPERT GENDER | AR\* 1.2.4 Gender considerations |
|  |  | 20 | CN EXPERT REDISTRIBUTION | Second AR\* 1.4.2 (Eco.dev.& Redistribution-link with Parametric reform) |
|  |  | 20 | CN EXPERT RURAL-URBAN INTEGRATION | 3 Experts, international .workshop |
|  |  | 25 | OTHER CN EXPERTS | Ad hoc experts, international workshop & researches |
|  | 151 | 140 | Total other C1 CN experts |  |
|  | 120 | 120 | Component assistant | Half time |
|  | 416 | 200 | Resident expert C1 JV Gruat |  |
| 646 | 215 | 219 | C1 EU Public sector staff+Subcontracting |  |
|  |  | 50 | EU Experts Parametric reform | 10 EU experts for country profiles Parametric reform |
|  |  | 15 | EU Experts Provincial activities | 3 EU Experts for Provincial activities (1.8.1, 1.8.2) |
|  |  | 18 | EU Experts Training in Germany | 6 lecturers from Consortium countries |
|  |  | 80 | EU Subcontracting Training in Germany | 8 German sub-contracted experts for 10 w/d each |
|  |  | 16 | EU Subcontract Study vis.Finland-Sweden | 2 subcontract.experts, 1 each SF & SW, 8 w/d each |
|  |  | 40 | EU Experts Redistribution | 8 Experts, Intern.Wkshop on Redistribution & Parametric reform |
|  |  | 123 | Sub-Total 1 EU Public sector staff |  |
|  |  | 96 | Sub-Total 2 Subcontracted |  |
|  |  |  | Research SS Gender considerations in EU | EU Research 1.2.4 (Gender) |

# ANNEXES

Annex 1

Pursuance of project results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **INTERVENTION LOGIC** | **OBJECTIVELY VERIFIABLE INDICATORS** | **SITUATION BY**  **DECEMBER 2016** | **SOURCES AND MEANS OF VERIFICATION** |
| **Overall Objective** | Furthering social equity and inclusiveness of economic development throughout Chinese society | * Social protection coverage, income distribution, poverty levels, government budget and GDP shares allocated to social protection |  | * National and provincial statistics. |
| **Specific Objectives** | C1. Greater effectiveness and inclusiveness of China’s social security system through strengthening the institutional capacity for developing policies | * Comprehensive reforms proposals are developed and subject of public discussion | * Comprehensive reform proposals have been developed in conjunction with the preparation of XIIIth Five-year plan in the realm of pensions. They were submitted to debate in meetings at different levels, and their contents shared with pilot provinces’ authorities | * See C1 six-months reports * COMPENDIUM OF FIRST SET OF PENSION REFORM PROPOSALS (EN-CN)   <http://sprp-cn.eu/reports/2015DraftReformProposalsEN.pdf>  <http://sprp-cn.eu/reports/2015DraftReformProposalsCN.pdf> |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **INTERVENTION LOGIC** | **OBJECTIVELY VERIFIABLE INDICATORS** | **SITUATION BY**  **DECEMBER 2016** | **SOURCES AND MEANS OF VERIFICATION** |
| **Results** | **R1.** Mechanisms for EU-China high level policy dialogue on social protection reform is established and partnerships between Specialized Public Bodies of EU Member States and the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the Ministry of Civil Affairs (MoCA) on social protection are developed | * High level conferences attract attention of the technical specialists and of the media * Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end of the project agreed; * Dedicated Project Website updated every month; * 2 Electronic Newsletters a year; * List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter; * Cooperative work between EU and national stakeholders in social protection is documented | * C1: First Dialogue mechanisms with EC started in 2016. Dialogue with individual countries started in 2015 * C1: repository for component 1 created in 2015, regularly updated (<http://www.sprp-cn.eu>) * - C1: newsletters published quarterly, En and CN. * Mailing list of over 150 addresses maintained * C1: Newsletters and project website keep records of cooperative work | * External project evaluation reports; * NDRC, MoF, MoCA and local government publications, documents and reports; * National and ministerial statistics; * National audit reports; * Media & news report; * Project Website; * Electronic Newsletters; * Directory of Contacts; * Constitutional PAC meeting, Press Conference, High Level International Conferences and Closing Conference minutes. |

|  | **INTERVENTION LOGIC** | **OBJECTIVELY VERIFIABLE INDICATORS** | **SITUATION BY**  **DECEMBER 2016** | **SOURCES AND MEANS OF VERIFICATION** |
| --- | --- | --- | --- | --- |
| **Results** | **R2.** Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened. | * NDRC proposals on social protection reform for inclusion in the XIIIth Five-years Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works; * A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices. | * The project contributed to the elaboration of NDRC proposals for inclusion in XIIIth Five-year plan. Those were discussed in a broadly opened meeting in January 2016 * A report containing comprehensive proposal for social insurance administration systems reform was produced in July 2015 | * See NDRC website and report on 2015 activities |
| * See component repository   <http://sprp-cn.eu> |
| **R3.** Capacity of NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced. | * A national policy evaluation technique in the area of social protection is developed and tested under the auspices of the project; * At least two-thirds of local officers involved in the training in China and in Europe demonstrate a high level of approval of the training activities; * Clear goals are assigned to the pension system in terms of replacement of past income and minimum living standards * A methodology to assess gender implications of proposed social protection reforms is developed | * Evaluation techniques to be addressed in 2017 * High rates of satisfaction for participants in training activities * Remains to be thoroughly addressed * To be addressed under 2017 and 2018 programmes of activities | * See evaluation reports from respective activities |
| **R4.** National policy framework for a full coverage of old-age insurance system throughout China is consolidated by strengthening the interface of various schemes, pension funding pooling, old-age insurance scheme for civil servants/the employee of public agencies and the existing multi-layer pension system | * A comprehensive model for multitier design of the pension system is developed under project auspices; * A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices; * An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices. | * A model was developed and transmitted to NDRC in July 2015 * Universal social pension model not yet addressed * In June 2016 a training in Spain upgraded NDRC’s understanding on the subject, a report with policy recommendation was produced in September 2016 | * See component repository   <http://sprp-cn.eu>   * See component repository <http://sprp-cn.eu/HLE2016/> |
|  | **R5.** Reform efforts in response to urbanization trends, in particular the harmonization/integration of the various basic social protection systems for different groups of beneficiary, the portability of social insurances and better suited assistance schemes are supported | * Model provisions for totalization and vesting of pension rights across regions are developed and piloted in selected places * An analysis of the interrelation between social and economic development and the suitability and sustainability of pension schemes is developed, and used for macro projections to support systemic reform proposals. | * A model was elaborated and shared with NDRC in November 2015. Works continued in 2016. Model was popularized at pilot provinces’ level (Apr.16) * Interrelation between economic development and suitability/sustainability reviewed in 2016 – extended to relations between social protection and employment promotion (2 assessment reports, European research report, 7 European country profiles all EN-CN) | * See component repository   <http://sprp-cn.eu>   * See component repository   <http://sprp-cn.eu/HLE2016/> |

Annex 2

Use of European and International experts, C1

EXPERTS INVOLVED IN PROJECT ACTIVITIES

Component 1, 17 November 2014 to 16 November 2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **VENUE** | | | | **NAME** | **NAT.** | **INTERN.** |
| BRUSSELS  International Workshop on Pubic pensions reform, February 2015 | | | | Von Nordheim  Holzmann  Queisser  Vleminckx  Gieselinck  Paldanius  Crudo  Gortzak  Barbera  Desfosses  Wang | DK  At  D  Be  Be  SF  I  Nl  Sp  F  CN | EC  WB  OECD  WB |
| FRANCE  Training on Multitier pension systems,  June-July 2015 | | | | Salinaro  Carta  Geraci  Yamabana  Hu  Rusandu  Blazquez  (20 lecturers) | I  I  F  JN  CN  Ro  Sp  F | SOCIEUX  ILO  ILO |
| SPAIN | | | 3-countries study visit on Empl.&SS for migrant workers Oct.-Nov.2015 | (16 experts) | Sp |  |
| CZECH REPUBLIC | | | (3 experts) | Cz |  |
| POLAND | | | (10 experts) | Pl |  |
| BEIJING DIALOGUE & INTERN. WORKSHOP[[1]](#footnote-1)  Employment and Social security April 2016 | | | | Curell  Strauss  Gauvin  Coyer  Sacchi | SP  UK  F  F  I | EC/DG-EMPL  EC/DG-EMPL |
| SPAIN  Training on Demographic ageing  June-July 2016 | | | | Dominique  Pamies Sumner  Delle Monache  Laurent  Merz  Peglow  Reilly  (25 Experts) | LX  F  I  F  D  D  UK  Sp | EC  OECD |
| FRANCE | | 2-Countries study-visit on employment and social security policies  August 2016 | | (10 experts) | F |  |
| BELGIUM | | Sutherland  Rastrigina  Llena-Lozal  Dolls  Bevers  Pennels  Van Dam  Olsson  Servoz  (7 experts) | UK  LV  Sp  D  Be  F  Be  DK  F  B | EUROMOD/ISER  EUROMOD/ISER  OECD  EMCO  ICPES  EC/ISG/SPC  EC/DG-EMPL  EC/DG-EMPL |
| BEIJING  High Level Event  September 2016[[2]](#footnote-2) | | | | Jeannerot  Hocquet  Marksova  Kyrieri  Toiu  Kiviniemi  Ortiz  Scholz | F  F  CZ  HE  Ro  SF  Sp  D |  |
| FRANCE | Provincial Study visit on Social security management and migrant workers  October 2016 | | | (7 experts) | F |  |
| CZECH REPUBLIC | (6 experts) | Cz |  |
| China RE | | | | Gruat | F | SPRP |

Annex 3

Use of national expertise

|  |  |  |  |
| --- | --- | --- | --- |
| **TOPIC** | **NAME** | **OUTPUT** | **TIMING** |
| 1.1.1 Social insurance administration reform | Tan Zhonghe | Assessment report | July 2015 |
| 1.1.1 Input into the XIIIth Five-year Plan | Tan Zhonghe | Assessment report | July 2015 |
| 1.1.3 Monitoring interaction between employment and social security policies | Zheng Gongcheng  Zeng Xiangquan  Zhang Juwei | PPt  PPt  Assessment report | April 2016  Apr.&Sept.16  Sept.2016 |
| 1.2.3 Sustainability of pension schemes (contributions and government subsidies) | Zheng Bingwen  Liu Kegu  Xiong Jun | Assessment report  Notes  PPt | Sept.2016  Sept.2016  Sept.2016 |
| 1.3.1 Pension reform for public sector | Zhang Yinghua | Assessment report | Nov.2015 |
| 1.3.2 Evaluation of the combination of basic pension and Individual accounts | Song Xiaowu | Assessment report | July 2015 |
| 1.3.4 Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension) | Dong Keyong | Assessment report | July 2015 |
| 1.3.7 Ageing population and possible strategy of dealing with this situation | Pu Haihong  Dong Keyong | PPt  Assessment report | Sept.2016  July 2016 |
| 1.4.2 Relationship between social-economic development and the redistribution function of social security | Li Shi  Hu Angang  Song Xiaowu | Assessment report  PPt  Notes | August 2016  Sept.2016  Sept.2016 |
| 1.4.3 Strategy of integrating social security system in urban and rural context also through the portability of social insurance | Wang Zeying  Jin Weigang  Yue Jinglun  Lin Yi | Assessment report  Notes  PPt  PPt | Nov.2015  Sept.2016  Sept.2016  Sept.2016 |
| Main Experts Component 1 | Zhang Guoqing  Fang Lianquan | Operations  Research | Since Feb.2015  Since Feb.2015 |

Annex 4

Outputs and deliverables

Component 1 - Outputs and Deliverables, June-November 2016

| **Topic #** | **Activity item** | **Input** | **Best practices** | **Output/ Deliverable** | **Final Use** | **Date** |
| --- | --- | --- | --- | --- | --- | --- |
| 1.1.1, 1.3.1, 1.3.2, 1.3.4, 1.4.3 | Compendium of draft reform proposals, 2015 | Workshop Conclusions |  | White paper | Capacity building, policy formulation | June 2016 |
| 1.1.1, 1.3.1, 1.3.2, 1.3.4, 1.4.3 | First European Best Practices Report (CN version) | Expert's report | Yes | Report | Briefing of senior managers, capacity building, policy formulation | August 2016 |
| 1.1.3 | Relations between employment and social security policies in Europe | EU ST Expert | Yes | Report, PPT | HLE, policy formulation | August 2016 |
| 1.1.3 | Labour Market and Social security in China | CN ST Expert | Yes | Report, PPT | HLE, policy formulation | October 2016 |
| 1.1.3, 1.2.3, 1.3.7, 1.4.2 | European Country Profiles | Seven ad hoc country reports | Yes | Reports | HLE, policy formulation | September 2016 |
| 1.1.3, 1.2.3, 1.3.7, 1.4.2 | 3rd Panel discussion meeting | CN ST Experts | Yes | Reports, PPTs | HLE | September 2016 |
| 1.1.3, 1.2.3, 1.3.7, 1.4.2 | HLE on Employment promotion and Social security polciies | EU and CN ST Experts | Yes | Report (EN), PPTS | Capacity building, policy formulation | November 2016 |
| 1.2.3 | Sustainability of pension schemes and financial reform | CN ST Expert | Yes | Report, PPT | HLE, policy formulation | September 2016 |
| 1.3.7 | Training in Spain on Demographic ageing | CN ST Expert, EU ST Experts | Yes | Report, training materials | Capacity building, policy formulation | September 2016 |
| 1.3.7 | Demographic Ageing and Social security | CN ST Expert | Yes | Report | Capacity building, policy formulation | October 2016 |
| 1.4.2 | Redistributive effects of Social security | CN ST Expert | Yes | Report | Capacity building, policy formulation | September 2016 |
| 1.1.3, 1.2.3, 1.3.7, 1.4.2 | Compendium of draft reform proposals, 2016 | Experts Reports |  | White paper | Policy formulation | November 2016 |

Annex 5

Utilization of Human resources

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **COMPONENT 1 -USE OF HUMAN RESOURCES, 2016 ACTIVITY PLAN** | | | | | | |
| **Years 1 to 4** | **Used Y.1** | **Budget Year 2** |  | **Total** | **Balance Yr2** | **USED 1 JAN. – 16 NOV. 2016** |
| 1193 | 386 | 370 | C1 Chinese expert staff | 346 | 24 |  |
|  | 91 | *120* | *Main Chinese expert 1 Zhang Guoqing* | *120* | *0* | Contract since Feb2016 - Monthly |
|  | 55 | *75* | *Main Chinese expert 2 Fang Lianquan* | *75* | *0* | Contract since Feb.2016 - Monthly |
|  |  |  | CN EXPERT AGEING | *25* |  | *AR\* 1.3.7 Demographic Ageing Dong Keyong* |
|  |  |  | CN EXPERT EMPLOYMENT | *25* |  | *AR\* 1.1.3 Employment & Social security Zhang Juwei* |
|  |  |  | CN EXPERT EVALUATION | *30* |  | *AR\* 1.2.3 Affordability & Sustainability Zheng Bingwen* |
|  |  |  | CN EXPERT REDISTRIBUTION | *25* |  | *AR\* 1.4.2 (Eco.dev. & Redistribution) Li Shi* |
|  |  |  | 2 CN EXPERTS INTERN.WKSHOP EMP&SS | *10* |  | *Zheng Gongcheng, Zeng Xiangquan* |
|  |  |  | 3 HLE CN CO-CHAIRS | *11* |  | *Jin Weigang, Song Xiaowu, Liu Kegu* |
|  |  |  | 5 HLE CN KEYNOTE SPEAKERS | *25* |  | *Hu Angang, Zeng Xiangquan, Yue Jinglun, Lin Yi, Xiong Jun* |
|  | 240 | *175* | *Total other C1 CN experts* | *151* | *24* |  |
|  | 54 | *120* | *Component assistant Xu Chenjia* | *84* | *0* | Contract Feb. to Sept. 2016 - Monthly |
|  |  |  | *Component assistant Li Xingli* | *30* | *6* | Contract since Oct. 2016, monthly |
|  | 216 | 200 | Resident expert C1 JV Gruat | *200* | *0* | 181 |
|  |  |  | 4 EU Experts Intern.Workshop | 20 |  | Gauvin, Sacchi, Vlemickx, Coyer |
|  |  |  | 2 EU Experts Provincial training | 10 |  | Coyer, Vleminckx |
|  |  |  | 5 HLE EU CO-CHAIRS | 15 |  | Jeannerot, Bevers, Marksova, Toiu, Ortiz |
|  |  |  | 6 HLE EU KEYNOTE SPEAKERS | 30 |  | Sacchi, Hocquet, Kiviniemi, Kyrieri, Scholz, Vleminckx |
|  |  |  | EXPERTS TRAINING SPAIN | 21 |  | Dominique, Pamies Sumner, Delle Monache, Laurent, Merz, Peglow, Reilly |
|  |  |  | EXPERTS VISIT BELGIUM | 12 |  | Sutherland, Rastrigina, Llena-Lozal, Dolls |
| 646 | 30 | 185 | Total EU ST Experts | 108 | 77 | \* AR = Assessment report |
|  |  | 1 | Research EU Employment & Social Security | 1 | 0 | en3s (Hocquet) |

Annex 6

Tentative work plan until February 2018

(SEE IN ANNEXED EXCEL FILE)

Annex 7

Revised GANTT – Component 1

(SEE IN ANNEXED EXCEL FILE)

1. Not included Mr. Koen Vleminckx, since already listed under Brussels workshop [↑](#footnote-ref-1)
2. Not included Mr. Vleminckx, Mr. Servoz, Mr. Olsson, Mr. Sacchi and Mr. Bevers. since already listed under previous events [↑](#footnote-ref-2)