

# Social Protection Reform Project

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Social Protection Reform Project  
中国-欧盟社会保障改革项目

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## Relevant Acronyms

Acronym	Description
ACFTU	All-China Federation of Trade Unions
ACWF	All-China Women's Federation
ADECRI	Agence pour le Développement et la Coordination des Relations Internationales (Agency for the
CEC	China Entreprise Confederation
CASS	China Academy of Social Science
CIRC	Chinese Insurance Regulatory Commission
EN3S	Ecole Nationale Supérieure de Sécurité Sociale (National School of Advanced Social Security
ESF	European Social Fund
EU	European Union
EU MS	European Member State
EUD	European delegation to China and Mongolia
IAC	Insurance Association of China
IASIA	International Association of Schools and Administration Institutes
IBRD	International Bank of Reconstruction and Development
ICT	Information and Communication Technology
ILO	International Labour Organization
IMC	Internal Management Committee
ISSA	International Social Security Association
LAC	Latin America & the Caribbean
M&E	Monitoring and Evaluation
MIS	Management Information System
MoA	Ministry of Agriculture
MoCA	Ministry of Civil Affairs
MoF	Ministry of Finance
MOFCO	Ministry of Commerce
NHFPC	National Health and Family Planning Commission
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
OHS	Occupational Health & Safety
OPHRD	Operational Programme Human Resources Development
PAC	Project Advisory Committee
SAFEA	State Administration of Foreign Experts Affairs
SAI	Shanghai Administration Institute
SAWS	State Administration for Work Safety
SOCIEUX	Social Protection European Union Expertise in development cooperation
UNDP	United Nations Development Programme

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## 1. Executive summary of 2016

The following sections report the executive summary of the horizontal activities and of the activities carried out by each of the project Component.

### 1.1. Horizontal activities

#### 1.1.1. *Visibility activities performed*

In relation to the visibility activities, the new Horizontal Secretariat supported by the Project Leader has proposed and shared with all the Project stakeholders a communication strategy. This document aims to better highlight methods and tools for the best visibility and dissemination of Project progresses and results.

After having evaluated different proposals and quotations, the Horizontal Secretariat has selected a supplier of graphics services for the production of communication materials which have been used for project events in Europe.

During the second year of the Project, the following visibility tools have been produced:

- Posters for Component 1 Training Activity in Spain;
- Chinese Project Brochure;
- 1<sup>st</sup> and 2<sup>nd</sup> semester Newsletter 2016;
- Publication for C1 Training Activity in Spain.

Beijing local office have produced several visibility material with project logo to be disseminated during the Project events, in particular the High Level Event of Component 1 held on September (USB, bags, notebooks, pens).

As resolved during the IMC held on 30<sup>th</sup> September, the Horizontal Secretariat will commission the production of visibility materials, which will be realized in Rome and delivered to all Consortium members involved with project events.

In order to ensure an adequate visibility of the Project, it has been produced and shared a joint project newsletter for the second semester 2016, published on a biannual basis, collecting the main Project events and activities, as well as studies, researches and main Project outcomes.

Considering changes occurred in 2016 to the structure of the Project, it has been commissioned an updated Project brochure reflecting the new organization of the activities. . This new version of the brochure has been still shared within the Consortium.

#### 1.1.2. *Management of local office in Beijing*

In order to guarantee the best management of human resources and payments in China, the Horizontal Secretariat started the registration process to establish a Representative Office in Beijing in March 2016.

Following the appointment of SISPI's new Board of Directors on May 2016, and considering that the outgoing Chief Executive Officer was also the Authorized Signatory in charge to establish SISPI Representative Office in Beijing, the application process was restarted.

After the expiration of the agreement with the Italian Chamber of Commerce in China who supported SISPI in recruiting employees during the first semester 2016 and pending the procedure to register SISPI Representative Office, the local staff was hired through the outsourcing service company Fesco-Adecco.

The registration procedure of the Representative Office was concluded on 11<sup>th</sup> October 2016, getting the Chinese registration certificate. The Chinese bank account was released on 23<sup>rd</sup> December 2016 allowing direct payments and recruitment of the local staff.

As assessed by the Resident Experts who are entrusted to organize the daily work of the local staff, and in line with project documentation and official meeting resolutions, it was agreed to recruit one full time Administrative Assistant (Ms. Ma Lan) and, instead of two part-time interpreters, one part time Interpreter (Mr. Guowang Lin) increasing the working hours per month.

During the reference period, the Project local office was maintained at Guangyao address and SISPI has kept on providing petty cash to the Financial Assistant to cover the daily office costs.

### *1.1.3. Horizontal events*

In the first semester of 2016, the project faced a transition period related to the significant changes applied within the Consortium. The collaboration and communication among Project Leader, Component Coordinators and Consortium Partners have been kept at high level in order to find solution on a daily basis to all the operative and managerial challenges related to this such complex project. Under this context, the fourth IMC was organized in Beijing on 5<sup>th</sup> April 2016, in order to keep all the Consortium Partners aligned about the project strengths and weaknesses, and improvements have been identified and adopted.

During the Project Advisory Committee - PAC, held in Beijing on 6<sup>th</sup> April 2016, participants took note of progresses made during the first year of project implementation, under the scientific point of view, and adopted the proposed programme for 2016 activities. The PAC also highlighted the significant improvements recognized to the new management structure of the project, with a stronger secretariat support and the resolution of most of the first year of project issues. After this event, the guidelines provided by the EU Delegation in China and the Ministry of Commerce, which both chaired the committee, are mainly focused on an enhanced cooperation among the 3 Project Components as well as among the European and Chinese project stakeholders.

The first Project Coordination Meeting was held on 11<sup>th</sup> July 2016 among the EU Delegation in China, the Chinese Beneficiaries and Resident Experts. It represented a good occasion to share updates on the progresses of the 3 Components, exchange ideas and discuss horizontal aspects. In details, the three Components presented the summary and the feedbacks on the activities carried out and ideas about different possibilities to enhance the coordination among components.

The fifth Internal Management Committee has taken place in Beijing on 30<sup>th</sup> September in occasion of the High Level Event of Component 1. This internal meeting among Project Leader, Component Coordinators and Consortium Partners gave the opportunity to deepen and agreed upon the main aspects to be outlined during the last months of 2016. In details, it has been discussed about the project operating procedures, the new addendum to the Internal Cooperation Agreement, the overseas activities for the third project year and future cross component activities.

The first Internal Coordination Meeting was held in Beijing on 29<sup>th</sup> September 2016 and it has represented an important occasion to bring the EUD, the Consortium Partners and the Resident Experts together and keep all of them well informed on the project progresses, forthcoming activities, pending issues and project challenges. In details, it has been a good occasion for the three Resident experts to provide a short summary of the performed activities and outputs produced following the 2016 PAC Meeting and for the Project Management to update the Consortium and EUD about the main progresses and challenges of the project during these months.

#### *1.1.4. Coordination and monitoring*

Coordination and monitoring activities follow the ones already realized in the first year of the project. In particular, for the Coordination and Monitoring of this Project, the Consortium foresees the following activities and tools, performed mainly by the Project Leader with the support of the Component Coordinators and the Project Secretariats:

- *Project Work Plan Management*, it includes the planning of activities related to the 3 Components and the horizontal section during the whole second year of the project. This plan has been prepared by the Components and the Secretariats with the coordination of the Project Leader at the beginning of 2016 and it has been approved during the Project Advisory Committee held in Beijing on 4<sup>th</sup> April 2016. The project work plan is defined on year basis with the close collaboration of Chinese counterparts, in order to be sure that the project keeps following their needs and requests. For details on the project work plan, see the component based chapters.
- *Missions Management*: the process for the selection of short term European expert and the template as reference for their qualification (Term of Reference), have been kept as for the first year of the project. Each TOR template has been modified by the Resident Expert according to the need related to each specific activity to be performed. The recruitment of short term Chinese experts has followed the same procedure, mutatis mutandis. In particular, the selection has been conducted in China, in agreement between the relevant resident experts and main Chinese stakeholders. The Consortium, on the basis of the proposals received by the new project Secretariats, has defined new operative procedures for the selection and the hiring of short term experts in order to better satisfy the need of smoothness and simplicity always ensuring the transparency and the fairness that this project requires.
- *Project Management and Knowledge Sharing Tools*: the project management and knowledge sharing activities has been simplified through the realization of dedicated informatics tools. The new project structure proposed by the Consortium and in particular the substitution of the Project Secretariat allowed a more efficient and smooth management of supporting activities, also thanks to the provision of important tools like:
  - the selection of experts through a dedicated section in the web site “tenders and recruitment” for the publication of TORs.
  - management of the project Website. Following the suggestions of the local office staff, in particular the specific requests of the Resident Experts, a restyling of the official project website ([www.euchinasprp.eu](http://www.euchinasprp.eu)) has been provided. The Home page and the webpages of the three Components have been renovated inserting the section “Main news and Events”, while the webpages and functionalities have been improved. Following the requests of the local staff and the discussions about the website during the IMC on September 30<sup>th</sup>, in order to avoid delay in uploading main news and events

realized in China, SISPI IT Service provided Administrator credentials and tutoring to Beijing local staff, in order to allow a direct and immediate upload of web pages and documents.

Meanwhile, the Chinese version of the Project website has been improved and local staff is gradually finalizing the translation of the *Event* pages in order to conclude the Chinese version of the website.

- management of a Project Electronic Directory of Contacts. The updated version of the Directory of Contacts was shared in June with the Consortium members asking them any additional information.

After the collection of data coming from all Consortium members, the updated version of the Directory of contacts has been uploaded in the Shared area of the Project website since August, while the newest version has been shared with all Consortium Partners again in November.

- management of an electronic archive of project documents. The Shared area, created within the project website, is now available for all Consortium members who have requested the access to share/download project documents.
- management of Project Newsletters. Different than originally foreseen, the first six-month newsletter has been realized by an outsourcing company and has been printed and shared during the High Level Event, as well as uploaded in the official project website.

- *Issues & Risk Management*: during the transition period that characterized the first months of second project year, the collaboration and communication among Project Leader, Component Coordinators, Project Secretariats, Consortium Partners and Beijing office have been kept at high level in order to find solution on a daily basis; thanks to the implementation of the new project operating procedures, the supporting activities have been increasingly improved. To enhance the coordination among Consortium Partners and keep all of them about the project issues, solutions and follow up activities, one IMC has been performed during this first semester of 2016 in Rome and one in Beijing during the second one.

Under the scientific point of view, the Monitoring of this Project has been performed with:

- A project dashboard, performed on a quarterly basis and realized by each Resident Expert and Component Coordinator. This table, which is currently under review to make it clearer and simpler, includes the following information: timing, deadlines (foreseen and actual) for activities related to the component; deliverables Status and Quality; human resources involved; risks and measures taken to avoid or solve issues, whenever possible.
- A Component Status Report, performed on a six months basis and realized by each Resident expert, Component coordinator and the two Secretariats.

- *Project Monitoring*: this activity aimed to monitor the overall progress of the Project. During the current year two related reports will be produced by the Project Leader on the basis of other 3 Component Status Reports produced by the Resident Experts and Component Coordinators. The Project Leader collects all the 3 Component Status Reports in one Project Status Report, in order to organize them in an effective way and also include horizontal activities and other project common information. All the reports planned will guarantee coherence and adherence to administrative reports required by EU Commission Visibility Guidelines.

From the financial point of view, it has been realized the first annual financial report related to budget expenditure of 2015 and, as foreseen by the contract requirement, it has been shared and validated by the Audit Company involved to perform this activity in the SPRP project scope. This report has been shared also with Consortium Partners, European Delegation and Chinese Stakeholders in order to keep ensuring transparency on all the relevant aspect of the project.

As also foreseen in the contractual documents, the Interim report related the first project year has been recently approved by the EUD and just signed by Project Leader. The report summarizes all the main outcomes and results achieved during the first project year and has been prepared with the strong support and collaboration of Resident Experts and Component Coordinators, starting from the template included in the contract annexes.

The official submission of both these documents, the Interim Report and the Financial Report approved by the Audit Company, will enable the EUD to provide the project with the second tranche of European project funds.

Finally, a Result Oriented Monitoring Evaluation has been performed from an external company to the whole project and it highlights project strengths and point of attention. The Consortium shared an official answer on 23<sup>rd</sup> December 2016 with the European Delegation, including all the clarifications needed to better illustrate the status of the project and the actions taken in order to improve the project points of attention.

#### *1.1.5. Logical Framework*

During the PAC occurred in 2016 the Logical Framework has not been modified with reference to the one approved in the first project PAC and included in the related Aide-Mémoire of 2015.

## 1.2. Component 1

### 1.2.1. 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).

Topics starting being explored during the year 2015 directly contributed to the pursuance of results R2 – 1 topic -, R4 – 3 topics – and R5 -1 topic. Topics explored in 2016 further contributed to results R2, R3, R4 and R5.

### 1.2.2. Topics considered

Table 1 below presents the topics selected for implementation under C1 both for 2015 and 2016 activity plans. The PAC meeting on 6<sup>th</sup> 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**

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 13 <sup>th</sup> National Five Year Plan (2016-2020)]	2	April 15
1.1.3 (new)	Monitoring interaction between employment promotion and social protection policies	2	February 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	April 15
1.3.7	Ageing population and possible strategy of dealing with this situation	4	April 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

### *1.2.3. Best Practices*

In order to increase the relevance and to improve the focusing 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 organized before the departure of the delegations; 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).

During activities conducted since the beginning of the project Chinese beneficiaries had the opportunity to interact with more than 150 experts and officials, coming from sixteen European Countries, including representatives from ten international organizations or projects.

Relevant European experience was identified and highlighted mainly through two documents, a comparative study of the relations between Employment and Social security policies in Europe (author Jean-Yves Hocquet, included in volume II of the 2016 High Level Event Report) and seven country profiles reports – one per country represented on the consortium – specifically responding to current Chinese interrogations on items related to pension reform in a changing economic and social environment (reproduced in volume III of the 2016 High Level Event report).

Further, a number of power points presentations presented the European situation and experience on each of the topics considered as part of the project Component 1 program of activities for 2016. Those presentations were notably included in volume I for the 2016 High Level Event report and in the ad hoc publications compiled by NDRC to include all relevant project activities for 2016. Those documents are also available from the project website.

### *1.2.4. Situational analysis*

Situation analysis were conducted by Chinese experts on 4 topics, namely Demographic ageing (expert Dong Keyong), Relations between Employment and Social security policies (expert Zhang Juwei), Relationship between Socio economic development and the redistribution function of social security (expert Li Shi), Sustainability of pension schemes (expert Zheng Bingwen). Those works were published as volume II (Assessment reports) of the 2016 High Level Event Report.

### *1.2.5. Cross-topic activities*

A panel discussion meeting was held on 6<sup>th</sup> September 2016 to review progress made on each of the topics retained for through analysis in 2016. The outcome of the Panel discussion was a compendium of reform proposals for 2016, available in English and Chinese language from the project website.

### *1.2.6. In-country central activities*

#### **Seminar on Crisis and Social security**

At the request of NDRC endorsed during the PAC meeting on 20<sup>th</sup> April 2015, the C1 component of the project included in its program of activities for 2015 a review of the European social security response to the economic crisis.

The EU-China Social Protection Reform Project Component 1 therefore held a Seminar on Social security reform trends after Economic crisis at the Institute of American Studies, CASS on 21<sup>st</sup> January 2016. Some 20 participants (EU Experts, scholars from SPRP, from NDRC and from CISS, CASS) shared and exchanged their research findings and perspectives, making the workshop a very lively and productive event.

The Seminar was considered particularly useful by all participants in that it provided a unique opportunity to confront Chinese and overseas experiences even beyond Europe in making use of Social security mechanisms to alleviate the effects of economic crisis, while highlighting circumstances and hypothesis under which social security systems themselves could be considered by some as contributing to the crisis.

The seminar expressed the view that the fundamental guideline for pension reform was to ensure that the system actually helps those in need of protection. To achieve this ultimate goal, and to not only survive but also overcome the economic crisis, a balance shall be sought between the desirable and the affordable. The seminar felt that the project should continue working in this direction.

### **Policy Dialogue and International workshop on Employment and Social security**

At the initiative of NDRC, a China-EU Employment and Social Security Policy Dialogue & International Workshop was held on April 26<sup>th</sup>, 2016. Around 40 participants attended the meeting. The audience was composed of officials from the European Commission and the European delegation to China and Mongolia, as well as of Chinese and European government officials and experts in the realm of employment and social protection. The meetings were placed under the auspices of the EU-China Social protection reform project Component 1, and organized by the NDRC and the project C1 teams.

These meetings allowed for, on the one hand, the instauration of a high level exchange between EU and NDRC officials, around the employment situation in the respective context, the policies likely to promote employment opportunities, and the relations between social protection and employment promotion policies and, on the other hand, presentations by experts from Europe and from China on specific aspects under the global theme of employment promotion in relation with social security protection.

These events were considered as particularly important to pave the way for more activities related to the employment and social security policy issues which are at the core of the 13<sup>th</sup> Five-years Plan of China and the Europe 2020 strategy for Smart, Sustainable and Inclusive Growth – notably the High Level Event held in September 2016 in Beijing and the Dialogue and Study visit to Belgium and France for NDRC national officials scheduled for the month of August of the same year.

### **High Level Event**

The High Level Event on *Perspective of Employment Policy and Social Security Reform during 2016 to 2020* was held on 28<sup>th</sup> and 29<sup>th</sup> 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<sup>th</sup> September 2016. Furthermore, to facilitate mutual understanding and

policy dialogue between Chinese and European specialists on the occasion of the High Level Event, 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.

#### 1.2.7. *Overseas activities*

##### **Training in Spain**

A high-level two-weeks training course for 22 senior officials from the Chinese National and Provincial Development and Reform Commission NDRC was held from 20<sup>th</sup> June to 1<sup>st</sup> 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.

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.

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 will be finalized 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.

##### **Provincial Dialogue and Study Visit**

As part of the overall program of activities with pilot sites a specific overseas Dialogue and study visit was organized 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.

#### 1.2.8. *Pilot sites*

While two field visits had already been organized in September 2015, to respectively Huizhou and Guangzhou cities (Guangdong Province) and Luzhou and Chengdu cities (Sichuan Province), a third visit – to Shanghai city – took place on 2<sup>nd</sup> and 3<sup>th</sup> February 2016. This mission, jointly conducted by NDRC and by the C1 project team, was focusing on the consequences of demographic ageing, which is a lasting and acute phenomenon in Shanghai, on social protection, with special reference to special care for the elderly.

The mission was technically related to topic 1.3.7 (Ageing population and possible strategy of dealing with this situation) for which specific inputs are expected from Shanghai representatives in the course of future related project activities – including forthcoming training in Spain.

The 2016 program of activities for Component 1 included the organization of a short training session involving European experts for Guangdong and Sichuan pilot sites. Topics to be addressed during the training would be those identified for that purpose by the pilot sites themselves, i.e. European social security principles and reforms, Social security management, financing and monitoring, Vesting and portability of social security rights. The training would therefore contribute to achieving results R2, R3 and R5 of the project.

Making use of the presence of European experts in China for the April 2016 Policy Dialogue and International Workshop, NDRC and the C1 team could agree with Provincial authorities that such training session would be held in Foshan on 27<sup>th</sup> and 28<sup>th</sup> April. Twenty-six persons attended the event, with participants coming from Development Reform Commission and Social security administration from various government levels in Guangdong and Sichuan Provinces. European and Chinese specialists delivered lectures on the aforementioned topics, linking international experience, national policies and local practices. Discussions held after each presentations were particularly lively, and participants' evaluation for the event was extremely positive.

Pilot sites (Shanghai City, Guangdong and Sichuan provinces) of Component 1 were closely associated to technical events organized 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 of 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.

A specific dialogue and study visit for two of the three Pilot sites – Sichuan and Guangdong provinces.

#### 1.2.9. *Human resources*

The contract of the EU Resident expert for Component 1, Mr. Jean-Victor Gruat (Expertise France) took effect on 20<sup>th</sup> 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 Table 2 for details on HR management under Component 1 of the project.

Table 2 - 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. – 31 DEC. 2016
1193	248*	370	C1 Chinese expert staff	346	24	
	(91)	120	<i>Main Chinese expert 1 Zhang Guoqing</i>	120	0	Contract since Feb2016 - Monthly
	(55)	75	<i>Main Chinese expert 2 Fang Lianquan</i>	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 Kegou
			5 HLE CN KEYNOTE SPEAKERS	25		Hu Angang, Zeng Xiangquan, Yue Jinglun, Lin Yi, Xiong Jun
	(240)	175	<i>Total other C1 CN experts</i>	151	24	
	54	120	<i>Component assistant Xu Chenjia</i>	84	0	Contract Feb. to Sept. 2016 - Monthly
			<i>Component assistant Li Xingli</i>	30	6	Contract since Oct. 2016, monthly
	216	200	Resident expert C1 JV Gruat	200	0	
			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, Llana-Lozal, Dolls
646	30	185	Total EU ST Experts	108	77	* AR = Assessment report
		1	Research EU Employment & Social Security	1	0	EN3S (Hocquet)

\* Data of days worked between Year 1 and subsequent years for Chinese experts are not comparable, because of changes in unit costs.

### 1.3. Component 2

#### 1.3.1. Results pursued

Component 2 is expected to pursue 3 of the 11 results identified by the project - results R6 to R8 inclusive - namely:

- R6: The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid -terms budgeting of fund, and performance assessment model.
- R7: Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.
- R8: The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened.

The four topics that started in 2015 and continued in 2016 have contributed to the achievement of two of the three results and, more specifically, the topics 2.1.1, 2.1.2 contributed to Result 6, and the topics 2.2.1 and 2.2.2 contributed to Result 7. New topics foreseen in 2016 Work Plan directly contribute to the achievement of Result 6 (Topic 2.1.4) and Result 8 (Topic 2.3.1).

### 1.3.2. Topics considered

Table 3 below reports the list of the four topics implemented in 2015 and in the first seven months of 2016. The table also includes two topics (2.1.4 and 2.3.1) that were selected in agreement with MoF for 2017 activities. Topic 2.1.4 “Social security benefits and the assessment of the household socio-economic conditions” is a new topic that was included in the topics’ list during the meeting held in December 2015 among MoF, C2 Resident Expert and EU STE<sup>1</sup>.

**Table 3 - Topics considered in 2015 and 2016**

<b>Component 2</b> Enhancing institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance (MoF)			
ID	DESCRIPTION	Result.	DATE STARTS
2.1.1	Division of decision power and expenditure responsibilities on social security between central and local government	6	April 2015
2.1.2	Social security coverage on informal employment: methodologies and tools of analysis and management	6	July 2015
2.2.1	Nominal personal account reform in the basic pension insurance system	7	April 2015
2.2.2	Models and Methodologies for the Social and Economic sustainability analysis in social protection system	7	July 2015
2.1.4	Social security benefits and the assessment of the household socio-economic conditions	6	July 2016
2.3.1	Investment strategies of social funds and risk control methodologies	8	July 2016 <sup>2</sup>

### 1.3.3. Best practices

C2 has pursued the presentation of EU best practices to MoF officials by mirroring the papers written by Chinese experts on the four 2015 topics, with 6 papers covering EU experiences and having the authors of the papers present the results of their research and actively participate to the two panels held in 2015, the workshop held in December 2015 and the workshop held in July 2016.

After the July workshop, at the request of the representative of the actuarial department of the Ministry of Human Resources and Social Security, Carlo Mazzaferro and Angela Legini held an in-depth meeting in the Beijing Office to share more details on the macro and micro models of actuarial evaluation with five working staff of the actuarial department of MoHRSS.

EU best practices were at the core of the two weeks training program “European practices for a fair and sustainable social security system. Governance, Long term strategies and financial management”, held in Italy from 16<sup>th</sup> to 30<sup>th</sup> October 2016. Around 30 experts coming from six EU countries and representing various institutions, universities, and research centres presented a series of lectures and introduced technical tools.

<sup>1</sup> In the same occasion, it was also decided: to substitute the new topic to the topic “Mid Term budgeting of social security”; which was combined to Topic 2.2.2 “Models and Methodologies for the Social and Economic sustainability analysis in social protection system” given their similar content.

<sup>2</sup> Postponed to 2017.

At the beginning of the second semester 2016, the EU best practices reports drafted in the previous period have been reviewed, under previous contracts and following the indications of C2 RE, by the respective authors. Some papers required only minor editing, while others were partially rewritten. Moreover, in order to obtain a more complete analysis related to topics 2.1.2 and 2.2.2, while providing a better representation of EU practices, the drafting of two new papers was entrusted to two new EU experts.

Furthermore, a series of power point presentations covering various topics within the list of C2 were presented and disseminated to MoF officials in occasion of the Training programme organized in October. The training material is collected in the Training Report, currently under revision.

#### *1.3.4. Situational analysis*

Starting from May 2015, the new Resident Expert engaged the Chinese experts Ms. Wang Xiaojun for topic 2.2.2 (Models and Methodologies for the Social and Economic sustainability analysis in social protection system), and Ms. Zhou Xiao for topic 2.1.2 (Social security coverage on informal employment: methodologies and tools of analysis and management) in adjusting the situational analysis reports conducted in the previous semester. The topics covered by the researches were debated with EU experts, MoF officials and other relevant stakeholders in the workshop held in July, 2016.

Meanwhile, Mr. Jiang Zhen started the situational analysis on topic 2.1.4, which was re-titled as *An integrated system for the coordinated management of the social assistance system*. The research was closely implemented with the cooperation of the Dibao Division of MoF. A first draft of the Report was submitted to the RE and is currently under revision.

#### *1.3.5. Cross-topic activities*

### **Workshop 2016**

The research activities of the 2015 were brought to a conclusion by a workshop jointly organized by the EU-China Social Protection Reform Project Component 2, and by the Chinese Ministry of Finance. The workshop titled: “The Sustainability of the Social Protection System in a Changing Working Environment”, was held on 12<sup>th</sup> July 2016 at Renmin University. It was attended by some 30 participants, including representatives from MoF, Chinese scholars and professors from prominent research institutes as CASS, Peking University, RUC, University of Finance and Economics, as well as the European Delegation, the project Resident Experts, EU short term Experts from INPS and from the University of Bologna and Paris.

Mr. Fu Jinling, Director General of the Social Security Department of MoF, and Mr. Michele Bruni, Team Leader and EU Resident Expert of Component 2, jointly chaired the Workshop. The workshop included two sessions devoted respectively to “Social security coverage of atypical employment: methodologies and tools of management”, and “Models and methodologies for the social and economic sustainability analysis in social protection system”.

The Chinese experts presented the results of the national research by highlighting the critical issues faced by today's China and some proposals for future policy improvements. The EU practices presented by the EU experts were discussed and debated. The participants actively exchanged views and technical knowledge on the interaction between social security and employment policies, the challenges of the economic transformation and new employment forms, as well as the importance of the actuarial practice to assess and monitor the sustainability of the social protection policies and reforms.

Drawing the conclusions of the meeting, Mr. Di Donghui, Division Director of the Actuarial Department of the Social Security Department of MoF, and Ms. Geng Shuyan, Actuarial Department of the Social Insurance Administration Center of MoHRSS, stressed the relevance of the discussed topics for the Chinese context and the importance to continue the collaboration in the EU-China SPRP to learn more from the EU experiences.

Eight papers revised prior to the workshop were delivered during the workshop, while the finalized versions of the new papers presented by Mr. Carlo Mazzaferro and Ms. Marta Fana were transmitted to MoF on 13<sup>th</sup> September 2016.

#### *1.3.6. Overseas activities*

##### **Training in Italy**

As part of the 2016 Component 2 activity program, a training course “European Practices for a Fair and Sustainable Social Security System. Governance, Long term Strategies and Financial Management” was held from 16<sup>th</sup> to 30<sup>th</sup> October, 2016, in Italy (Rome and Florence). The course was attended by 15 officials from the Social Security department of the Chinese Ministry of Finance (3 from the central government and 12 from 12 provincial offices). The delegation was led by Mrs. Zu Guoying, Deputy Director-General of the Social Security department.

The activity was jointly organized by the Italian Institute of Social Protection (INPS), acting both as Project Leader and Component coordinator; the Italian National School of Public Administration (SNA), a Consortium partner of the project; SISPI, Secretariat of the Component; and the Component Two team of the Beijing project office. Other relevant institutions that contributed to the training course are: The Institute for the development of workers’ vocational training (ISFOL); the Ministry of Economy and Finance; the Bank of Italy, and the Pension Funds Security Commission (COVIP).

A pre-training briefing to introduce the participants to the training course was co-organized by C2 and the head of the delegation, Ms. Zu, in Beijing on 15<sup>th</sup> October.

During the two-weeks training, some 30 lectures were delivered by Italian and other European specialists, each training session also included time for discussion.

The first part of the training was devoted to a background analysis of different European social protection systems; the following to a presentation of INPS, its role and organization, with a focus on the Italian social protection system. The analysis of the impact of the demographic transition on the population of EU countries led to a discussion on the sustainability of the EU social protection systems and of the analogies with the Chinese situation.

The problem of sustainability introduced: i) the presentation of the tools used by INPS and by the Ministry of Economy and Finance - in particular by the State General Accounting Department of the Ministry (RGS) - to forecast, monitor and evaluate the impact of alternative welfare policies; ii) the issue of contribution collection and the special challenges created by the increasing presence of atypical employment. The following training sessions dealt with the financial management of complementary pension funds, long term care, and means testing. A publication of all course materials is at the time of writing this report in the process of finalization by the C2 with support of the project horizontal secretariat as part of the project visibility activities.

Judging from the average rating for the quality of the program as a whole, the training has been a successful one: 12 of the 20 questions scored 5 (out of a maximum of 5 points), six scored 4.93, one 4.67 and one 4.53. All the 15 participants rated 5 the training as a whole, and more specifically they rated 5 also the logistics, the technical contents of the sessions and the open discussions.

### 1.3.7. Pilot Sites

MoF indicated that the Component 2 should not consider peculiarities of pilot sites to be included in the research, but rather focus on a national approach.

### 1.3.8. Human resources

The first months of 2016 were covered by C2 Resident Expert Mr. Stefano Patriarca, while starting from May 2016 this role has been officially covered by Mr. Michele Bruni. Furthermore, considering the transition period from Formez and SISPI, as C2 Secretariat, the contract for Ms. Valentina Pignotti started from March of 2016. Ms. Li Zhen acts as Main Chinese expert since June 2016. For additional information on C2 HR management during the period under review, see table 4.

Table 4 - Human Resources

COMPONENT 2 -USE OF HUMAN RESOURCES, 2016 ACTIVITY PLAN					
Years 1 to 4	Budget Year 2		Total	Balance Yr2	USED 1 JAN. – 16 NOV. 2016
585	260	C2 Chinese expert staff	100	150	
		<i>Main Chinese expert Li Zhen</i>	30		Contract since June 2016
		<i>CN EXPERT ATYPICAL EMPL</i>	5 <sup>3</sup>		Zhou Xiao June-July 2016
		CN EXPERT ACTUARIAL EVALUATIONS	5		<i>Wang Xiaojun</i> June-July 2016
		CN EXPERT DIBAO INFORMATION PLATFORM	35		<i>Jiang Zhen</i> Contract since September 2016
		CN JUNIOR STATISTICIAN	25 <sup>4</sup>		<i>Zheng Bang</i> Contract since October 2016
		Resident expert C2 Stefano Patriarca	Full time		Contract until May 2016
		Resident expert C2 Michele Bruni	Full time		Contract since May 2016
		<i>Component assistant Valentina Pignotti</i>	Full time		Contract since March 2016 - Monthly
		EU Expert Atypical Employment	20		Marta Fana
		2 EU Expert Actuarial Evaluations	24		Carlo Mazzaferro, Angela Legini

<sup>3</sup> Unit rate 90 Euro/day

<sup>4</sup> Unit rate 90 Euro/day

		EU EXPERTS TRAINING ITALY	23		Several
277	125	Total EU ST Experts	67	58	
4	2	Study/Research	0	2	

#### 1.4. Component 3

##### 1.4.1. Results pursued

Within Component 3 of the project there are 3 of 11 identified results - results R9 to R11 inclusive, namely:

- Promulgating and enforcing the Social Assistance Law and the regulations on rural and urban minimum standards of living;
- Developing of legal framework on unified standards for defining social assistance benefits, target groups, low income families; and,
- Improving care for poor rural people and disabled people as well public information and transparency on social assistance policy.

Topics being explored in 2016 contribute mainly to the R9 – topics 3.1.2; 3.1.3; 3.1.4.

For 2017 there are foreseen another 3 topics to complete Result 10 of the Project.

##### 1.4.2. Topic considered

The PAC meeting held on 6<sup>th</sup> April 2016 agreed on the topics to be considered within Component 3 activities. Some adjustment has been made to take into account the priorities of MoCA since the elaboration of the Grant application form.

In 2016, under Component 3 three topics have been elaborated (see table 5). Component 3 was performing research activities related mainly to the topics 3.1.2; 3.1.3; and 3.1.4. All topics have been subject of an evaluation in a view of continued relevance, and to the constant monitoring of the evolving socio-economic situation, as well as Government priorities in terms of social assistance system.

**Table 5 - Topics elaborated in 2016**

ID	DESCRIPTION	R.	DATE STARTS
Component 3 - Improving of legal framework and policy for social assistance			
3.1.2	Governance framework for Social Assistance administration and management process	9	March 2016
3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	9	March 2016
3.1.4	Monitoring and evaluation of Social Assistance schemes	9	March 2016

Identification and situation analysis for topics 3.1.2, 3.1.3, 3.1.4 have been finalized by the three Chinese experts as indicated in the Table 6.

Table 6 - Situational analysis in 2016

R	No	Topic	Incumbent	Output	Observation
9	3.1.2	Governance framework for Social Assistance administration and management process	Zuo Ting	EN&CN report	Assessment report submitted to MoCA
9	3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	Guo Yu	EN&CN report	Assessment report submitted to MoCA
9	3.1.4	Monitoring and evaluation of Social Assistance schemes	Gang Shuge	EN&CN report	Assessment report submitted to MoCA

As agreed for the topics 3.1.2, 3.1.3, 3.1.4 being analysed local study visits for the C3 Team (including CN short-term experts) have been organised in June and August 2016. This exercise was a significant support for the situational analysis process executed by the Chinese short-term experts.

All reports will be published in a C3 2016 volume and shared with a broader audience via the Project website.

#### 1.4.3. Best practices

Component 3 identification of the most relevant best practices (related to topics 3.2.1 and 3.3.1) from the EU for China was provided in strong cooperation and consultation with MoCA.

For the 3<sup>rd</sup> C3 panel discussion on the topics 3.1.2, 3.1.3, 3.1.4 Component 3 was able to select and ensure mission for three EU experts Ms. Laramioara Corches; Mr. Davor Dominkus and Mr. Mel Cousins. All experts contributed actively to the panel discussion hosted by MoCA on September 2<sup>nd</sup>, 2016 and provided solid base of the knowledge on the best practices report for each of the topic.

Those will be published in a C3 2016 volume (bilingual version pending) and shared with a broader audience via the Project website.

Table 7 - Best practices reports in 2016

TOPIC	TITLE	INCUBENTS	OUTPUT	OBSERVATIONS
3.1.2	Governance framework for Social Assistance administration and management process	Davor Dominkus	1 report EN and CN version	Best practice report submitted to MoCA
3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	Lacramioara Corches	1 report EN and CN version	Best practice report submitted to MoCA
3.1.4	Monitoring and evaluation of Social Assistance schemes	Mel Cousins	1 report EN and CN version	Best practice report submitted to MoCA

Additionally, experts' advice has been asked by MoCA on complementary contributions – following 3<sup>rd</sup> C3 Panel Discussion meeting. An *Ad-hoc seminar meeting on the social assistance arrangements in the view of the IT support used* at the Center of Monitoring and Verification for Low Income Families, Ministry of Civil Affairs, P.R.China was organised within the capabilities of Component 3. All three EU

experts have shared their countries' experiences in terms of social assistance data base for the purpose of means testing and avoiding fraud of public funds.

Currently both types of the reports (Chinese and EU experts) have been submitted to MoCA and are under a process of sharing further comments.

In December 2016 next wave of EU expertise sharing was organized and it supported the 2<sup>nd</sup> C3 Workshop hosted by MoCA. Based on the briefing of Chinese social assistance in the field of 2016 topics as well discussion and exchanges Chinese experts provided policy recommendations (for the purpose of reform proposals) for the three topics 3.1.2; 3.1.3 and 3.1.4.

The implementation of the project proved that in order to increase the relevance and to improve the focus of exposure to European best practices under each of the related topics, the selection of European best practices should respond to the needs identified by the Chinese counterparts.

For 2016 Component 3 work plan 2 additional EU missions were foreseen. One of them for the 3<sup>rd</sup> Panel discussion (September 2016) and the final one for the 2<sup>nd</sup> C3 Workshop in December 2016.

An extended opportunity for exchange EU practices was performed within 10 days C3 June study visit to 3 EU Countries with dozen EU experts involved on the national and regional level to share their experience in front of MoCA delegation.

### 1.4.4. *Situational analysis*

Situation analysis for the three topics has been conducted by three Chinese experts selected jointly by MoCA and the C3 Resident Expert and shared with the C3 Component Coordinator.

Due to the priority treatment of the topics 3.1.1, 3.2.1, 3.3.1, that should be still reviewed in 2016, the evaluation of topics 3.1.2, 3.1.3, 3.1.4 started in March as shown in table 8 below.

The main priority is to complete the first result (R9).

**Table 8 - Topics considered in 2016**

ID	DESCRIPTION	R.	DATE STARTS
Component 3 - Improving of legal framework and policy for social assistance			
3.1.2	Governance framework for Social Assistance administration and management process	9	March 2016
3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	9	March 2016
3.1.4	Monitoring and evaluation of Social Assistance schemes	9	March 2016

While the official requirement of the Project is to prepare reports in English, all authors agreed that the impact of their work would be more immediate if a Chinese version was also available for the direct use of national stakeholders. In case of Component 3 main steps to ensure the CN and EN reports are undertaken by MoCA with some support of EU-China SPRP Office.

Following the experience of 2015, the project in 2016 was implemented in close cooperation with MoCA, which is the main national stakeholder for Component 3 – 3 topics see Table 9.

Table 9 - Schedule for situational analysis

R	No	Topic	Incumbent	Deadline for providing situation analyses
9	3.1.2	Governance framework for Social Assistance administration and management process	Zuo Ting	First draft report by July 2016 Final assessment report by September / October 2016 Submitted to MoCA
9	3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	Guo Yu	First draft report by July 2016 Final assessment report by September/October 2016 Submitted to MoCA
9	3.1.4	Monitoring and evaluation of Social Assistance schemes	Gang Shuge	First draft report by July 2016 Final assessment report by September/October 2016 Submitted to MoCA

Coherence among the various situational analysis will be provided by mid-term peer review and quality control conducted by Chinese short-term experts working under the supervision of the C3 EU Resident expert and MoCA.

It is envisaged that a European expert will be provided for the situational analysis for each topic, in order to ascertain that the assessment reports correspond to the level and quality of information required allowing for proper matching with the corresponding EU experience in terms of best practices.

The situational analysis was supported by organizing local study visits to Component 3 (Chinese short-term experts and Resident expert).

Table 10 - Local study visits for the CN short-term experts and C3 team in 2016

No	Topic*	Participants	Destination	Date
1	Governance framework for Social Assistance administration and management process	Zuo Ting - CN short-term experts	Hohhot and other Cities /counties in Inner Mongolia	July 2016
		C3 team - C3RE accompanied by MoCA	Jilin Province / Qinghai Province	July / October 2016

2	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	Guo Yu - CN short-term experts  C3 team (C3RE and C3 Assistant) accompanied by MoCA	Guangzhou and Jiangmen in Guangdong Province  Jilin Province / Qinghai Province	August 2016  July / October 2016
3	Monitoring and evaluation of Social Assistance schemes	Gang Shuge CN short-term experts  C3 team - C3RE accompanied by MoCA	Chengdu City and place in suburb  Jilin Province / Qinghai Province	July 2016  July / October 2016

#### 1.4.5. Cross-topic activities

##### Panel discussions

The C3 activity plan for 2016, as adopted by the PAC meeting on 6<sup>th</sup> April 2016, foresees one panel discussion aiming at reviewing the topics analyzed.

The 3<sup>rd</sup> C3 panel discussion has been organized at MoCA premises on September 2<sup>nd</sup>, 2016.

For this panel discussion, it has been foreseen a participation of three short-term EU experts: one for each topic to be discussed namely 3.1.2; 3.1.3 and 3.1.4.

##### Workshops on the analysis phase

The 2016 work plan for C3 provides a 1<sup>st</sup> C3 Workshop on the three topics which were under the consideration in 2015 (originally scheduled for December 2015). This Workshop has been hosted by MoCA on March 1<sup>st</sup>, 2016.

2<sup>nd</sup> C3 Workshop on the three topics - 3.1.2; 3.1.3; 3.1.4 of the Second batch of the research has been held in December 2016.

For this workshop, it has been foreseen a participation of three short-term EU experts: one for each topic to be discussed, namely 3.1.2; 3.1.3 and 3.1.4.

#### 1.4.6. Overseas activities

Component 3 work plan for 2016 has included two study visits for MoCA delegation to few EU Countries. One of them under the leadership of Minister MoCA Mr. Li Liguang and the other one for technical purpose.

##### Ministerial visit to Poland and Spain (April 21<sup>st</sup>-25<sup>th</sup>, 2016)

Under the leadership of Mr. Li, the Minister of MoCA, a visit to EU Countries (two EU-China SPRP Consortium members - Poland and Spain) has been organized. On this occasion a High Level Policy Dialog on Social Assistance in Poland was also organized. The main goal of the meeting between

Ministry of Family, Labour and Social policy of Poland – the Component 3 Coordinator - and Ministry of Civil Affairs of the P.R. China as the C3 Chinese counterpart was to discuss activities foreseen for the next years between both ministries. During the visit a policy dialog was focused on the three topics of the C3 EU-China SPRP. The achievements of the visit confirmed that EU-China SPRP project activities have been an excellent opportunity for a closer cooperation between China and EU respective ministries which can be deep within more bilateral agreements.

#### *1.4.7. Pilot Sites*

MoCA has not decided to select the pilot sites in 2016. The main reasons that the decision was not taken yet was first to make situational analysis in China much more advanced and then continue with a concrete proposal on province/city for pilots experience.

Even if no choice on pilots has been made, MoCA focused on the regional and local challenges and experiences. The aim was to make situational analysis as comprehensive and suitable to the current situation in different provinces which have some autonomy on social assistance measures. Therefore C3RE was asked to organize local study visits for Chinese experts for the first and second batch of the situational analysis.

Concerning C3 component, after having defined local study visits were identified jointly with MoCA, for the first situational analysis phase six local visits have been performed.

Thanks to the local study visits all three Chinese short-term experts supported their reports by case studies which are a key part of the assessment reports on 3.1.2; 3.1.3.; and 3.1.4.

#### *1.4.8. Human resources*

The contract of the EU resident expert for Component 3, Ms. Marzena Breza took effect on 23<sup>th</sup> December 2014. The EU resident expert of Component 3, within the Beijing Office was assisted by Ms. Caihua Zhong from February 2016. Component 3 is lacking operational Chinese expert mainly due to budget limitations and availability of Chinese experts in social assistance. This makes the daily cooperation with Chinese beneficiary (MoCA) of Component 3 much more challenging also from the perspective of limited efficiency of English communication between the Resident Expert and MoCA.

As from 1<sup>st</sup> January 2016 C3 team is supported by a new Secretariat – Expertise France which has eliminated the obstacles related to the contracts management and payment for staff and experts experienced before.

Beside that cooperation with MoCA counterparts is functioning on a daily basis - regular joint meetings are held to review all pending, outstanding or proposed questions mainly coordinated by the C3RE.

For Component 3 during the period under review three Chinese experts were allocated. Around 150 working days (under new budget arrangements) were allocated among CN experts in 2016. For the EU experts 37 working days were allocated in August/September 2016 (including subcontracting).

Table 11 - Human resources in 2016

EU-CHINA SOCIAL PROTECTION REFORM PROJECT COMPONENT THREE - MONITORING OF HUMAN RESOURCES - 2016 as for November 2016									
#	CATEGORY			POSITION	DURATION W/D		INCUMBENT	OBSERVATIONS	
	CN EXPERT	EU EXPERT	OFFICE		ALLOC.	CONTRACT			
1		X		RESIDENT EXPERT			MARZENA BREZA	FULL-TIME / INCLUDING LOCAL VISITS WHEN DEFINED	
2			X	COMPONENT ASSISTANT	in total 10 months in 2016 (part-time)		CAIHUA ZHANG	PART-TIME / INCLUDING LOCAL VISITS WHEN DEFINED	
3	X			1. Policy recommendations report on 3.3.1 2. RESEARCH 3.1.2 Governance framework for Social Assistance administration and management process	51		ZUO TING	INCLUDING LOCAL VISITS WHEN DEFINED	
4	X			1. Policy recommendations report on 3.1.1 2. RESEARCH 3.1.3 Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance	51		GUO YU	INCLUDING LOCAL VISITS WHEN DEFINED	
5	X			1. Policy recommendations report on 3.2.1 2. RESEARCH 3.1.4 Monitoring and evaluation of Social Assistance schemes	51		GANG SHUGE	INCLUDING LOCAL VISITS WHEN DEFINED	
6		X		CONSULTANCY FOR THE WORKSHOP ON THE TOPICS: 3.1.1 & 3.2.1 & 3.3.1 FROM YEAR 2015	37		3 EU EXPERTS FOR 2 WEEKS EACH (including 1 subcontractor 17 w/d)	IN CHINA	FEBRUARY/MARCH, 2016 - 1ST C3 WORKSHOP
7		X		Best practises report - post mission	5		LACRAMIOARA CORCHES	Report on the IT supporting system for cash benefits arrangements	
8		X		Best practises report - post mission	5		MONIKA GABNYI	NGO role on social services delivery	
9		X		CONSULTANCY FOR THE 3RD PANEL DISCUSSION ON TOPICS: 3.1.2 & 3.1.3 & 3.1.4	37		3 EU EXPERTS FOR 2 WEEKS EACH (including 1 subcontractor 17 w/d)	IN CHINA	September 2016 - 3RD C3 PANEL DISCUSSION
10		X		CONSULTANCY FOR THE 2ND WORKSHOP ON TOPICS: 3.1.2 & 3.1.3 & 3.1.4	21		3 EU EXPERTS FOR 7 w/d EACH	IN CHINA	December 2016 - 2ND C3 WORKSHOP
11	x	x		POLICY DIALOG - FOLLOW UP OF THE HLF	lump sum of 4000 euro for CN		CN&EU EXPERTS	IN CHINA	Prof. Guan Xinping-Nankai University

## 2. Activity plan for 2017

### 2.1. Horizontal activities

According to the Grant Application Form and the Visibility Guidelines, the overall communication objective is to ensure the widest visibility of the Project activities and results both to an International audience and to Chinese Beneficiaries.

In the Communication Strategy drafted in 2016, the different Visibility activities to be carried out have been detailed, in order to ensure the dissemination of the key and sensitive initiatives promoted by the Project as well as the pursued results.

#### 2.1.1. Visibility Activities

The Visibility activities that will be implemented are based on the three Components Work Plans. Considering that the validation of the Work Plans is still underway, the visibility plan is not definitive, and therefore the quantity and the type of visibility tools to be produced for dissemination during Project events may be modified.

##### *2.1.1.1. Design and Management of the project Website*

The Horizontal Secretariat manages a dedicated Project Website developed by SISPI, published both in English and Chinese language, respectively at the following web addresses [www.euchinasprp.eu/index.php/en/](http://www.euchinasprp.eu/index.php/en/) and Chinese version [www.euchinasprp.eu/index.php/cn/](http://www.euchinasprp.eu/index.php/cn/).

In order to maintain relevant pages constantly up to date the Horizontal Project Secretariat updates the Project website charging all news, events, Terms of Reference and Project documents as requested by Resident Experts and Component Coordinators. In November 2016 SISPI began training the Team Leader Assistant in order to allow the direct and immediate uploading of website content by Beijing Project Staff.

Actually the Project Secretariat is selecting a Company for webmaster services which will directly support the local staff in Beijing to smoothly upload new contents and documents on the Project website. Furthermore, in order to improve the website usability by Chinese users, the Horizontal Secretariat is evaluating to transfer the website on a Chinese server.

##### *2.1.1.2. Design and Management of a Project Electronic Directory of Contacts.*

The Directory of contacts has been updated and shared on the Project Website Shared Area, allowing all the authorized users (Project Consortium Representatives and Project Local Staff) to display and download the Data Base. The Directory of Contacts will be periodically updated and shared in the specific section of the website.

##### *2.1.1.3. Design and Management of Project Newsletters*

In 2016 the joint Project Newsletter has been realized and published every six months, collecting all the experiences and activities carried out by each Component during the reference period. Each Resident Expert provided his own contribution summarizing the activities carried out and the reports produced, while INPS drafted the final text and SISPI, supported by a supplier duly selected, realized the graphic design.

During the last IMC meeting held in Prague in January 2017 and the meeting with the local staff and Consortium members held in Beijing on February 23<sup>rd</sup>, the Newsletter structure of contents has been discussed.

Each Resident Expert will keep on producing on a quarterly basis a Component Newsletter that will be shared with the Chinese Beneficiaries summarizing in detail the activities performed and reports produces. At the same time, the Horizontal Secretariat supported by the Team Leader and INPS will realize a bi-annual joint Newsletter, providing more appealing and less technical news about Social Protection in China and Europe, as well as a brief overview of the activities performed in the reference period within the Project.

Therefore, the Horizontal Secretariat will share a proposal of joint newsletter with local staff and Consortium members to discuss about any possible change and realize a final shared version. Furthermore, the Horizontal Secretariat will recruit a communication expert, in order to maximize the project visibility within the budget limitation.

The Project Newsletter will be published both in English and Chinese language on the official Project Website and shared among all the relevant actors.

#### *2.1.1.4. Management of official project page on Social Networks*

The Project local staff in Beijing is working for the registration of the Social Media Application Weibo, one of the most popular social media platform in China, the Chinese equivalent to Twitter or Facebook, which allows to disseminate short information and pictures of Project events.

#### *2.1.1.5. Customization of the Communication Strategy for each event*

According to the Components Work Plans and the Project local Office reporting, the following visibility tools will be produced for events to be held in Beijing:

- Leaflet: 100 to 200 copies
- 2017 Aide Memoire: 40 copies (once finalized)
- Updated Newsletter: 100 (once finalized)
- Paper bag or cotton bag: 200 (to be produced before big event)
- Pull-up (displaying board): 1 (to be produced for big event)
- Project Brochure: 200 copies (to be produced for big events)

The Project local Office will take care of the production of visibility material that will be delivered during the Components events in China.

According to the Component 2 Work Plan, the 2017 High Level Event will not take place and an international workshop in Beijing in early December 2017 has been proposed. In case of approval and organization of this event, the typology and quantity of visibility material to be produced and delivered will be evaluated.

Considering the Overseas Activities planned by each Component for the 2017, the Horizontal Secretariat is planning to produce:

- Leaflets: 250 copies

- Paper bags or cotton bags with the Project logo: 400 units
- Project Brochures: 250 copies
- USB keys: 400 units
- Notebooks with pens: 400 units

For each event, the Component in charge may require additional communication items (posters, Project reports, display boards) that the Project Secretariat will realize according to the budget limitation. Once collected all the relevant information and after consulting Component Coordinators and Resident Experts which will provide information about the number of participants to the event, the Horizontal Secretariat will deliver the communication tools to the hosting Consortium Partner.

#### *2.1.1.6. Implementation of Visibility Actions*

The Horizontal Secretariat will deal with design, printing and dissemination of Brochures, Leaflets and Project Information Reports. Furthermore, the Horizontal Secretariat, if requested and according to the budget limitation, will organize Press Releases for both traditional and electronic newspapers and will provide support in preparing Audio and Visual materials suitable for television and Web dissemination. These activities will be performed one month before the Event and will last until the end of the Event.

If requested by the Component in charge, the Horizontal Secretariat will provide its support carrying out visibility activities to be conducted within the framework suggested by Chinese main stakeholders.

Lastly, at the end of the Project, the Horizontal Secretariat will provide commemorative plaques.

#### *2.1.1.7. Additional products for project dissemination and visibility*

Following the recommendations received by the second year *Result Oriented Monitoring* and after discussion among Partners, the Consortium and the Secretariat are evaluating the production of additional material in order to enhance the dissemination and visibility of the SPRP Project. Actually, the following proposals are under discussion:

- Interviews during specific project events
- Audio – Video material to be registered during specific project events
- Executive summary reports related to some specific project events, including highlights and links to all the documents and presentations disclosed during the event
- Dedicated newsletters to be disseminated for specific events representing project progresses

The list above includes some proposals coming from the Consortium following the recommendations of the ROM report; it will be further assessed and implemented.

### **2.1.2. Coordination and monitoring**

#### **Statistical Bulletins**

With reference to the standard tools for monitoring and coordination, already foreseen in the Grant Application Form, it has been proposed the realization of a statistical database that will collect all the main data and information related to the 3 project components and it will represent a solid basis for project activities, studies and researches.

In fact, China is not only a complex and rich mosaic of different landscapes, languages, and cultural traditions; it is also composed by 31 provinces and municipalities with different levels of socioeconomic development, production structure, educational attainments, levels of urbanization, physical infrastructures, etc.

The Bulletins will also try to contribute to a better understanding of China's socioeconomic complexity through an easy-to-read and updated statistical information on the current socio-economic situation at the provincial level. Priority will be given to the statistics and indexes necessary to reach a better understanding of the themes of social security and social assistance<sup>5</sup>.

Each bulletin will be devoted to a specific set of themes starting from national accounts and demography – that will be covered in the first issue- followed by labor market, education, public health and social services, social insurance, etc. After a short discussion of national trends, the analysis of each topic will be focused at the provincial level<sup>6</sup>. The analysis will be mainly limited to a descriptive level, but when possible some simple correlations will be introduced to explain the main reasons of the provincial differentials that will emerge. Each bulletin will contain a Statistical Annex with the time series of the variables discussed in the text.

The preparation of the Bulletins will also allow verifying which statistical information is present and which is lacking with respect to the needs of a provincial scoreboard allowing for a better and earlier identification of situations undermining social cohesion and the monitoring of the process of socio-economic convergence, crucial for a harmonious development of the country.

The Bulletins, in English and Chinese, will be published on a quarterly basis and uploaded on the project website. Given the difficulty to accessing and consulting the latest Chinese data from abroad, they could, therefore, provide a potential discussion platform among academics and policy makers and facilitate the policy dialogue between EU public bodies and the Chinese stakeholders.

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<sup>5</sup> See ILO (2014-15), World Social Protection Report.

<sup>6</sup> The bulletins will mainly use data published by the Chinese National Bureau of Statistics and other Chinese public institutions.

### 2.1.3. Logical Framework

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2016	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
<b>Overall Objective</b>	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.	- Guidelines and priorities of the Chinese government regarding the reform do not change - The EU and Chinese institutions remain interested in the project activities
<b>Specific Objectives</b>	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 XIII 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) <a href="http://sprp-cn.eu/reports/2015DraftReformProposalsEN.pdf">http://sprp-cn.eu/reports/2015DraftReformProposalsEN.pdf</a> <a href="http://sprp-cn.eu/reports/2015DraftReformProposalsCN.pdf">http://sprp-cn.eu/reports/2015DraftReformProposalsCN.pdf</a>	- NDRC, MoF, MoCA and other Stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium; - NDRC, MoF, MoCA, Chinese Expert, and other Stakeholders ensure their availability for operational meeting, interviews etc, according to the plan shared in order to contribute actively to the project;
	C2. Implementation of appropriate legal and regulatory frameworks and for enhanced and sustainable financial management of the social security system	- Mechanisms for Social security financial management are clarified and subject of public discussion	PAC meeting minutes.	- PAC meeting minutes - Evidence of public debate (e.g. media excerpts) - Statistical reports from MoCA	- The EU and Chinese institutions remain interested in long-term cooperation/partnership

	C3. Improvement of the policy and legal framework and policy enforcement of social assistance.	- Reports concerning access to social assistance show improvements in benefits targeting	PAC meeting minutes.	- PAC meeting minutes - Evidence of public debate (e.g. media excerpts) - Statistical reports from MoCA	
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	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	C1:SITUATION BY DECEMBER 2016 C3: AS FOR JANUARY 2017*	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	<b>R1.</b> 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	<ul style="list-style-type: none"> <li>- High level conferences attract attention of the technical specialists and of the media</li> <li>- Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end of the project agreed;</li> <li>- Dedicated Project Website updated every month;</li> <li>- 2 Electronic Newsletters a year;</li> <li>- List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter;</li> <li>- Cooperative work between EU and</li> </ul>	<ul style="list-style-type: none"> <li>- C1: First Dialogue mechanisms with EC started in 2016. Dialogue with individual countries started in 2015</li> <li>- C1: repository for component 1 created in 2015, regularly updated (<a href="http://www.sprp-cn.eu">http://www.sprp-cn.eu</a>)</li> <li>- C1: newsletters published quarterly, En and CN.</li> <li>- Mailing list of over 150 addresses maintained</li> <li>- C1: Newsletters and project website keep records of cooperative work</li> <li>- C3: High Level Forum on Social Assistance (Beijing 2015) gathered ministers from China and EU countries; a. 30 EU participants for a comprehensive exchange on the social assistance in EU and China.</li> <li>- C3: High Level Policy Dialog meeting was held in Warsaw;</li> </ul>	<ul style="list-style-type: none"> <li>- External project evaluation reports;</li> <li>- NDRC, MoF, MoCA and local government publications, documents and reports;</li> <li>- National and ministerial statistics;</li> <li>- National audit reports;</li> <li>- Media &amp; news report;</li> <li>- Project Website;</li> <li>- Electronic Newsletters;</li> <li>- Directory of Contacts;</li> <li>- Constitutional PAC meeting, Press Conference, High Level International Conferences and Closing Conference minutes.</li> </ul>	<ul style="list-style-type: none"> <li>- NDRC, MoF, MoCA and other Stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium;</li> <li>- NDRC, MoF, MoCA, Chinese Expert, and other Stakeholders ensure their availability for operational meeting, interviews etc, according to the plan shared in order to contribute actively to the project;</li> <li>- The EU and Chinese institutions remain interests in long-term cooperation/partnership;</li> <li>- The main Chinese stakeholders promptly satisfy operational</li> </ul>

		national stakeholders in social protection is documented	<ul style="list-style-type: none"> <li>- C3: Signing the Memorandum (second one) between MRPIPS and MoCA</li> <li>- C3: Other individual policy dialog countries started in 2016</li> <li>- C3: newsletters published quarterly, EN and CN.</li> <li>- Mailing list of over 130 addresses maintained</li> <li>- C3: Newsletters and project website keep records of cooperative work</li> </ul>		requests of the Consortium.
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	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2016	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	<b>R2.</b> Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.	<ul style="list-style-type: none"> <li>- NDRC proposals on social protection reform for inclusion in the XIII Five-years Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works;</li> <li>- A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices.</li> </ul>	<ul style="list-style-type: none"> <li>- The project contributed to the elaboration of NDRC proposals for inclusion in XIII Five-year plan. Those were discussed in a broadly opened meeting in January 2016</li> <li>- A report containing comprehensive proposal for social insurance administration systems reform was produced in July 2015</li> </ul>	<ul style="list-style-type: none"> <li>- See NDRC website and report on 2015 activities</li> </ul>	<ul style="list-style-type: none"> <li>- NDRC and other Component 1 Stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium ;</li> <li>- NDRC, Component 1 Chinese Expert, and other Component 1 Stakeholder ensure their availability for operational meeting, interviews etc., according to the plan shared in order to contribute actively to the project;</li> </ul>
	<b>R3.</b> Capacity of NDRC in policy development and	<ul style="list-style-type: none"> <li>- A national policy evaluation technique</li> </ul>	<ul style="list-style-type: none"> <li>- Evaluation techniques to be addressed in 2017</li> </ul>	<ul style="list-style-type: none"> <li>- See component repository <a href="http://sprp-cn.eu">http://sprp-cn.eu</a></li> </ul>	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2016	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
	implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced.	<p>in the area of social protection is developed and tested under the auspices of the project;</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- Clear goals are assigned to the pension system in terms of replacement of past income and minimum living standards</li> <li>- A methodology to assess gender implications of proposed social protection reforms is developed</li> </ul>	<ul style="list-style-type: none"> <li>- High rates of satisfaction for participants in training activities</li> <li>- Remains to be thoroughly addressed</li> <li>- To be addressed under 2017 and 2018 programmes of activities</li> </ul>	<ul style="list-style-type: none"> <li>- See evaluation reports from respective activities</li> </ul>	<ul style="list-style-type: none"> <li>- The EU and Chinese institutions remain interests in long-term cooperation/partnership</li> </ul>

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2016	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
	<b>R4.</b> National policy framework for a full coverage of old-age insurance system throughout China is consolidated by strengthening the interface of various schemes, permission funding pooling, old-age insurance scheme for civil servants/the employee of public agencies and the existing multi-lawyer pension system	<ul style="list-style-type: none"> <li>- A comprehensive model for multitier design of the pension system is developed under project auspices;</li> <li>- A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices;</li> <li>- An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices.</li> </ul>	<ul style="list-style-type: none"> <li>- A model was developed and transmitted to NDRC in July 2015</li> <li>- Universal social pension model not yet addressed</li> <li>- In June 2016 a training in Spain upgraded NDRC's understanding on the subject, a report with policy recommendation was produced in September 2016</li> </ul>	<ul style="list-style-type: none"> <li>- See component repository <a href="http://sprp-cn.eu">http://sprp-cn.eu</a></li> <li>- See component repository <a href="http://sprp-cn.eu/HLE2016/">http://sprp-cn.eu/HLE2016/</a></li> </ul>	
	<b>R5.</b> 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	<ul style="list-style-type: none"> <li>- Model provisions for totalization and vesting of pension rights across regions are developed and piloted in selected places</li> <li>- An analysis of the interrelation between social and economic development and the</li> </ul>	<ul style="list-style-type: none"> <li>- A model was elaborated and shared with NDRC in November 2015. Works continued in 2016. Model was popularized at pilot provinces' level (Apr.16)</li> <li>- Interrelation between economic development and suitability/sustainability reviewed in 2016 – extended to</li> </ul>	<ul style="list-style-type: none"> <li>- See component repository <a href="http://sprp-cn.eu">http://sprp-cn.eu</a></li> <li>- See component repository <a href="http://sprp-cn.eu/HLE2016/">http://sprp-cn.eu/HLE2016/</a></li> </ul>	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2016	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
		suitability and sustainability of pension schemes is developed, and used for macro projections to support systemic reform proposals.	relations between social protection and employment promotion (2 assessment reports, European research report, 7 European country profiles all EN-CN)		

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY JANUARY 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
<b>Results</b>	<b>R6</b> The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid - terms budgeting of fund, and performance assessment model.	<ul style="list-style-type: none"> <li>- A comprehensive policy proposal on division of decision power and expenditure responsibilities between central and local government is developed under project auspices</li> <li>- Methodologies and tools for managing social protection expenditure, financial resources, and strategies to extend the social insurance coverage are elaborated under the project auspices</li> <li>- A comprehensive policy proposal for the promotion of a coordinated management of the social</li> </ul>	<ul style="list-style-type: none"> <li>- The project contributed to identification of practices introduced and debated with MoF officials</li> <li>- A report with policy recommendations has been drafted and will be submitted to MoF in March 2017.</li> <li>- Practices in the field of the extension of social insurance coverage have been debated and analyzed.</li> <li>- A training in Italy upgraded MoF's officials' knowledge on the field.</li> <li>- To be addressed in 2017</li> </ul>	<ul style="list-style-type: none"> <li>- PAC meeting minutes;</li> <li>- Approval surveys at the end of the Training / Study Visit in China and in Europe;</li> <li>- Minutes and reports of the Workshops /Panel Discussion/ in China;</li> <li>- Project Website Documentation on C2</li> </ul>	<ul style="list-style-type: none"> <li>- MoF and other Component 2 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium;</li> <li>- MoF, Component 2 Chinese Expert, and other Component 2 stakeholder ensure their availability for operational meeting, interviews etc, according to the plan shared in order to contribute actively to the project;</li> <li>- The EU and Chinese institutions remain</li> </ul>

		<p>assistance system is developed under project auspices.</p> <ul style="list-style-type: none"> <li>- A set of social security performance indicators is developed, tested and discussed with interested stakeholders</li> <li>- An analysis on the development of old age services and the suitability and sustainability of a Long Term Care Insurance scheme is developed, and used to support reform proposals.</li> </ul>	<p>-To be addressed in 2018</p> <p>- To be addressed in 2017</p>		<p>interested in long-term cooperation/partnership.</p>
	<p><b>R7</b> Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.</p>	<ul style="list-style-type: none"> <li>- A comprehensive reform proposal for the establishment of a multi-pillar pension system is proposed under project auspices and debated with interested stakeholders for future implementation;</li> <li>- A set of methodologies to assess the economic sustainability and adequacy of the Chinese pension system are proposed to MoF under</li> </ul>	<ul style="list-style-type: none"> <li>- A reform model for the development of a multi-pillar pension system was transmitted to MoF and tabled for future implementation.</li> <li>- Pro and Cons of EU pension models based on a NDC system were comprehensively debated in a Training program</li> <li>- Actuarial models for the long-term sustainability of the social protection system were analysed and debated in the workshop. The Training activity in Italy raised MoF officials knowledge on</li> </ul>		

		<p>the project auspices and debated for future policy development</p> <ul style="list-style-type: none"> <li>- Actuarial models are analyzed and disseminated under project auspices.</li> </ul>	<p>actuarial forecasting methodologies.</p> <ul style="list-style-type: none"> <li>- Policy proposals to establish a regular national social security valuation system have been drafted and debated.</li> </ul>		
	<p><b>R8</b> The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened.</p>	<ul style="list-style-type: none"> <li>- A set of strategies for the investments of pension funds and techniques to strengthen risk control management are introduced and discussed under project auspices.</li> <li>- A comprehensive policy to promote the management of pension funds is developed and discussed.</li> </ul>	<ul style="list-style-type: none"> <li>- To be addressed in 2017</li> <li>- To be addressed in 2018</li> </ul>		

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	AS FOR JANUARY 2017*	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	<p><b>R9.</b> Capacity of MoCA for promulgating and enforcing the Social Assistance Law and the regulations on rural and urban minimum standards of living are strengthened; the skills of local officials in policy</p>	<ul style="list-style-type: none"> <li>- The legal framework for social assistance is reviewed and widely discussed, reform proposals are developed and tested under project auspices;</li> </ul>	<ul style="list-style-type: none"> <li>- Review of the government documents have been included in the 2015 Volume on research topics of 2015 and deeply discussed with MoCA during several events organised with</li> </ul>	<ul style="list-style-type: none"> <li>- PAC meeting minutes;</li> <li>- Approval surveys at the end of the Training / Study Visit in China and in Europe;</li> <li>- Minutes and reports of the High Level Event on Social Assistance/Panel Discussion/ Workshops in China;</li> <li>- Approval surveys at the end of the Workshops in China.</li> </ul>	<ul style="list-style-type: none"> <li>- MoCA and other Component 3 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium;</li> <li>- MoCA, Component 3 Chinese Experts, and other Component 3 stakeholder ensure their availability for</li> </ul>

	transmissions and implementation are upgraded.		<p>active participation of the EU experts.</p> <ul style="list-style-type: none"> <li>- Preliminary policy proposals report shared with MoCA.</li> <li>- Several research outputs within the Volume 2016 for publishing in February 2017</li> <li>- Local visits to several provinces across China performed</li> </ul>		<p>operational meeting (panel discussion), interviews etc, according to the plan shared in order to contribute actively to the project;</p> <ul style="list-style-type: none"> <li>- The EU and Chinese institutions remain interests in long-term cooperation/partnership.</li> </ul>
	<b>R10.</b> The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits, b) recognition of social	<ul style="list-style-type: none"> <li>- 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;</li> <li>- Better access of clients to social assistance mechanisms (at urban and rural levels) is documented through project activities;</li> </ul>	<ul style="list-style-type: none"> <li>- High rate of satisfaction of the events organised based on the evaluation reports</li> <li>- Not applicable yet.</li> </ul>		

	assistance target groups and c) identification of low-income families are consolidated.	<ul style="list-style-type: none"> <li>- A methodology for functional identification of social assistance beneficiaries (target groups) is developed, discussed and tested under project;</li> <li>- A definition and quantification of goals to be assigned to social assistance benefits are developed and discussed under project auspices.</li> <li>- A methodology for and requirement for social assistance services is developed;</li> </ul>	<ul style="list-style-type: none"> <li>active participation of the EU experts.</li> <li>- Preliminary policy proposals report shared with MoCA.</li> <li>- Local visits to several provinces across China performed</li> <li>- Special EU-China exchanges (including one thematic report) on the data collection and monitoring of social assistance performed in 2016</li> <li>- Not yet addressed by C3</li> <li>- Special EU-China exchanges (including one thematic report) on the social services and the role of NGOs within social assistance performed in 2016</li> </ul>		
	<b>R11.</b> Efforts of MoCA in improved care for poor	- Targeting of social assistance towards the	- Review of the government		

	<p>rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level.</p>	<p>specific groups (children, elderly, people with disabilities, poor rural people); service delivery for them is documented and discussed under project auspices, mechanisms for improving the situation are developed and tested.</p> <ul style="list-style-type: none"> <li>- Tools for public information and its transparency i.a. via campaigns and awareness on social assistance, are developed and tested under project auspices.</li> </ul>	<p>documents have been included in the 2015 Volume on research topics of 2015 and deeply discussed with MoCA during several events organised with active participation of the EU experts.</p> <ul style="list-style-type: none"> <li>- Preliminary policy proposals report shared with MoCA.</li> <li>- Local visits to several provinces across China performed</li> </ul> <p>- To be addressed in 2018 and partly during the pilots which starts in 2017</p>		
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\*all outputs bilingual

## 2.2. Component 1

### 2.2.1. *Overall objective and Expected results*

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 homogenization 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 3<sup>rd</sup> Project Result assigned to that component, viz. Enhancing NDRC capacity in Policy development, notably through the angle of policy evaluation.

Table 12 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 12 - Consolidated list of topics

	Topic		Observations
R2	1.1.1	Social insurance administration systems reform – Contribution to the 13 <sup>th</sup> 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
	1.4.3	Strategy of integrating social security system in urban and rural context also through the portability of social insurances	2015

Table 13 - Results pursued

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.

### 2.2.2. Topics to be covered

#### 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
- **T. 1.4.2** Economic development and social security – Works conducted on Income redistribution through social security mechanisms in China by Prof. Li Shi should be continued in relation with the Plan for Parametric reform. A study visit to Nordic countries and an international workshop will 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 and Guangdong provinces, specifically in relation with the situation of women.

#### 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 (Ms.), who recently retired from CASS, acts 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. Redistributive effects of Chinese possible parametric reform are addressed under topic 1.4.2. 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. While early exchanges would take place among them Chinese and European works would then be presented in an international workshop held in Europe.
- **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. Chinese Expert Zheng Gongcheng was selected for the social security

component of this topic, while the expert remains to be identified for the employment component.

- **Topic 1.1.2** Interagency coordination is a key for achieving Result 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.

## 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 two of the Component pilot sites, in cities from Sichuan and Guangdong provinces respectively, to avoid remaining at a too general and too theoretical level. The assessment will focus on issues directly related to the project scope, namely Gender considerations in Employment and related social protection mechanisms. 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.

### *2.2.3. Specific Activities*

Specific activities related to the above mentioned topics will consist of the production of assessment reports/technical memorandum supplemented by European national country profiles. Those will be discussed on the occasion of a panel discussion meeting to be held in July-August 2017, and submitted to the High level Policy dialogue summarily described below.

### *2.2.4. 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 program. It might be required, however, to involve another German partner in the organization 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 organized in France on the occasion of the study visit.

NDRC is aware of the fact that under the previous project, study visits could be organized 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 September/October 2017 are preferred by NDRC because of other impending commitments later on during the year.

#### **High level dialogue 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 High level dialogue International Workshop around the topic of Parametric reform and Income Redistribution through Social security in China and in Europe. The activity 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 selected European Countries in July 2017, at a cost for the project limited to costs for logistics and organization. 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. Mr. Wang's visit will include the European Commission to further discuss possible future joint program of actions.

#### **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 program. This one day extension would allow for holding preliminary contacts with potential host for the future training activity.

#### *2.2.5. Cross-topics activities.*

#### **Panel discussion (activity 1.3.1)**

While the finalized 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 organized in Beijing hopefully by early September 2017 to facilitate finalization of their works by Chinese experts including in view of remarks put forward by European counterparts. Selected European experts might be invited to China to exchange with Chinese experts on the topic of parametric reform during the period of completing the related assessment report and country profiles.

### 2.2.6. Pilot Sites

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 and Guangdong provinces in relation with the situation of women (Gender considerations). 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 activity resulted from a Component's initiative.

An invitation was extended to a delegation from the Consortium 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 over 5 working days following the PAC meeting to be held in Beijing on 24<sup>th</sup> February 2017 and include Shanghai and Guangdong pilot sites. Expertise France, as coordinator for Component 1, will take the lead for this activity and subsequent action.

### 2.2.7. Deliverables

Table 14 hereafter summarizes the outputs and deliverables resulting from the implementation of the draft program which was just described.

In particular, it is mentioned the topic and the activity to be performed within the topic scope, the input used to perform the activity, the main deadlines, the provision of best practices, the expected output and the main target.

Table 14 - Outputs and deliverables

Topic #	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	March	Yes	Briefing materials	Provincial Dialogue	Mar-17
						Provincial TCO program	Mar-17
1.1.2	Public consultation parametric reform law	CN Expert + EU Experts	May	Yes	Memorandum on draft Plan for parametric reform (Assessment report)	International workshop	Oct-17
1.1.3	Ministerial visit Spain and Italy	Briefing materials	July	Yes	Mission report	NDRC program of works	Jul-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	May	Yes	Memorandum on draft Plan for Parametric reform (assessment report)	International workshop	Oct-17
1.2.4	Assessment Gender consideration in pension reform, SC & GD	CN experts + EU expert	September	Yes	Assessment report	Reform proposals, system evaluation	2018
	Dialogue and Study visit to Romania	Briefing materials	October	Yes	Mission report	NDRC program of works	Oct-17
1.3.6	Analysis parametric pension law (Vesting indexation, adjustment of pension benefits, benefit formula ...)	CN Expert + EU experts	May	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	May	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	May	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	May	Yes	Memorandum on draft Plan for parametric reform (Assessment report)	International workshop	Mar-17
1.4.2	High level policy dialogue International workshop on parametric reform and redistribution function of social security	CN Experts + EU Experts	September	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, GD Case study Strategy of integrating social security system in urban and rural context also through the portability of social insurances	CN Experts	October	Yes	Reports	Policy formulation	2018
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### 2.2.8. Human Resources

Table 15 provides the related anticipated use of Human resources.

**Table 15 - Human resources**

w/d total			Activities	
Proj.	Y.1&2	Y. 3		
1193	248*+ 346	394	C1 Chinese expert staff	
	(91)+1 20	120	Main Chinese expert 1 Zhang Guoqing	
	(55)+7 5	84	Main Chinese expert 2 Fang Lianquan	*AR= Assessment Report
		45	CN EXPERT PARAMETRIC REFORM	AR* 1.3.6 and related (Parametric reform)
		25	CN EXPERT EVALUATION SOCIAL SECURITY	AR* 1.2.2 Evaluation techniques
		25	CN EXPERT EVALUATION EMPLOYMENT	AR* 1.2.2 Evaluation techniques
		45	CN EXPERT REDISTRIBUTION	Second AR* 1.4.2 (Eco.dev.& Redistribution-link with Parametric reform)
		25	CN EXPERT GENDER SICHUAN	AR* 1.2.4 Gender considerations
		25	CN EXPERT GENDER GUANGDONG	AR* 1.2.4 Gender considerations
	(240)+ 151	190	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)

\* Data of days worked between Year 1 and subsequent years for Chinese experts are not comparable, because of changes in unit costs.

### 2.2.9. Summary

**Table 16 - Activities foreseen for 2017 (chronological order)**

No	Activity	Date	Location
1	Social insurance management reform - Provincial Exchange	Feb.-March 2017	Shanghai, Guangdong
2	Situation analysis evaluation technique Emp. & SS policies	June	Beijing
3	Training course Evaluation & Relevance of SS & Emp. Policies	June	Bonn, Berlin
4	Ministerial visit Belgium, Spain and Italy	July	Europe
5	Country reports, Parametric reform	July	Europe
6	Analysis parametric pension law	July	Beijing
7	Panel discussion Parametric reform	September	Beijing
8	High level dialogue International workshop on parametric reform and redistribution function of social security	September	France
9	Dialogue and Study visit, Redistribution, Nordic countries	October	Finland, Sweden
10	Dialogue and Study visit to Romania	October	Romania
11	Exploratory mission, 2018 Training preparation	October	TBD - Europe
12	Case studies Strategy of integrating social security system in urban and rural context also through the portability of social insurance with special reference to Gender considerations	November	Sichuan, Guangdong

## 2.2.10. Revised Gantt

Component 1 - Overall Plan of Activities - November 2016 - February 2018																	
ID	DESCRIPTION	Y2		Y 3												Y 4	
				S 1						S 2						S 1	
		M 24 XI 16	M25 XII 16	M26 I 17	M27 II 17	M28 III 17	M29 IV.17	M30 V.17	M31 VI.17	M32 VII.17	M33 VIII.17	M34 IX.17	M35 X.17	M36 XI.17	M37 XII.17	M38 I.18	M39 II 18
0.1	Selection of sub-topics to be covered under specific year	Y3	Y3										Y4	Y4	Y4		
0.2	TOR, selection, recruitment CN & European expert	Y3	Y3													Y4	Y4
0.3	TOR Situation analysis & Best practices under specific sub-topics	Y3	Y3													Y4	Y4
1	<b>Identification Phase</b>																
1.1.	<b>Situational Analysis</b>																
1.1.1	In-depth analysis on the topics 1.3.6, 1.3.7,1.3.9,1.4.1,1.2.1 (parametric reform)																
1.1.2	In-depth analysis for topic 1.2.2 (evaluation technique)																
1.1.3	In-depth analysis continued for topic 1.4.2 (redistribution)																
1.1.4	In-depth analysis on the topic 1.2.4 (gender considerations)																
1.1.5	Preparation of the Situational Analysis Reports for topics 1.3.6, 1.3.7,1.3.9,1.4.1,1.2.1																
1.1.6	Preparation of the Situational analysis for topic 1.2.2																
1.1.7	Preparation of the Situational analysis for topic 1.4.2																
1.1.7	Preparation of the Situational Analysis Reports for topic 1.2.4																
1.2	<b>Identification and review of possible relevant EU experience</b>																
1.2.1	Preparation of Country Reports on the topics 1.3.6, 1.3.7,1.3.9,1.4.1,1.2.1 plus 1.2.2																
1.2.2	Preparation of Country Reports on the topic 1.2.4																

ID	DESCRIPTION	Y2		Y 3												Y 4	
				S 1						S 2						S 1	
		M 24 XI 16	M25 XII 16	M26 I 17	M27 II 17	M28 III 17	M29 IV.17	M30 V.17	M31 VI.17	M32 VII.17	M33 VIII.17	M34 IX.17	M35 X.17	M36 XI.17	M37 XII.17	M38 I.18	M39 II 18
1.3	Panel discussions with stakeholders on the Identification Phase																
1.3.1	Panel discussion on topics 1.3.6, 1.3.7,1.3.9,1.4.1,1.2.1 plus 1.2.2																
1.3.2	Panel discussion / International workshop on topic 1.2.4																
Analysis Phase																	
1.4	Specific analysis of relevant EU experience																
1.4.1	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics																
1.4.2	Definition of a first draft of reform proposal																
1.5	Training/Study Assignments to EU countries																
1.5.1	2-Weeks training in Germany on Evaluation of Employment and Social security policies (topic 1.2.2)																
1.5.2	8 days study visit to Finland and Sweden on Social security as income redistribution mechanism (topic 1.4.2)																
1.5.3	One-week dialogue and study visit of NDRC vice chairman to Spain and Italy (topic 1.1.3)																
1.5.4	Study visit to Romania on Gender issues (topic 1.2.4)																
1.5.5	Visit to Italy and Spain by NDRC Vice-Chair																
1.6	Workshop with stakeholders on the Analysis Phase																
1.6.1	International workshop on Income redistribution and parametric reform (topics 1.4.2, 1.3.6 and others - linked with1.5.2)																
1.7	Elaboration of reform proposals																
1.7.1	Final identification of reform proposals on topics 1.3.6, 1.3.7,1.3.9,1.4.1,1.2.1																
1.7.2	Final identification of reform proposals on topic 1.2.2																
1.7.3	Final identification of reform proposals on topic 1.4.2																
1.7.3	Final identification of reform proposals on topic 1.2.4																

ID	DESCRIPTION	Y2		Y 3												Y 4	
				S 1						S 2						S 1	
		M 24	M25	M26	M27	M28	M29	M30	M31	M32	M33	M34	M35	M36	M37	M38	M39
		XI 16	XII 16	I 17	II 17	III 17	IV.17	V.17	VI.17	VII.17	VIII.17	IX.17	X.17	XI.17	XII.17	I.18	II 18
<b>Follow Up Phase</b>																	
<b>1,8</b>	<b>Pilot activities</b>																
1.8.1	Visit to pilot sites by EU partner to prepare future activity programmes																
1.8.2	Case study on Rural-Urban integration - Sichuan																
<b>Horizontal macro activities</b>																	
<b>1,9</b>	<b>Coordination meeting in Italy to prepare for project last year and aftermath</b>																
<b>1,10</b>	<b>Reporting and Evaluation</b>																
1.10.1	EU Results-oriented mission																
1.10.2	Component reports																
<b>1,11</b>	<b>PAC meetings</b>																

## 2.3. Component 2

### 2.3.1. Overall objective and Expected results

The overall scope of the EU-China SPRP project is to further develop social equity and inclusiveness of economic growth throughout Chinese society. Within the project, the Component 2 aims to enhance the institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance (MoF).

The 13<sup>th</sup> Five year plan for economic and social development of China contains extremely relevant indications for this activity plan.

Starting from the macro-level, the Five year plan recognizes first of all the necessity to face a potentially declining labor force by indicating the need of an average increase in productivity higher than that of GDP, in spite of a targeted increase in the value added share of the service sector by 5 percentage points. Over the next five years, GDP is expected to increase by almost 37 per cent which will put the Chinese economy in a class of its own, and productivity by more than 37.5 per cent.

Technological innovation in every area, both public and private, is therefore expected to play a major role in promoting economic growth and social development. Moreover, since the growth in total population will be extremely low, the rate of growth in total GDP will translate almost completely into a similar rate of growth in GDP per capita. The growth in GDP is also expected to produce a higher educational level of the people in working age, a reduction in the number of rural citizens in poverty, and an increase in the coverage of basic old age insurance. At the same time increasing labor force participation and ensuring full employment represents a priority goal to be achieved also by guiding young people to start their own business, supporting flexible employment and new forms of employment, providing efficient public services for employment and business startup.

The plan does also underline the importance of information for decision making indicating the need to establish a modern statistical survey system and strengthening economic monitoring and forecasting to properly support macroeconomic policies.

The reform of the Administrative system must be deepened and the way in which government services are provided be made more transparent, effective, convenient, fair and easy-to-access. The plan does then indicate the need to accelerate the reform of the fiscal and tax system in the direction of strengthening the powers and increasing the spending obligations of the central government, while adjusting the distribution of revenues between the central and local governments and improving the system of transfer payments from the central to local governments.

Among the numerous measures aimed to alleviate extreme poverty, the plan includes an increased access to medical insurance and medical treatment, while social security policies should ensure to everybody the satisfaction of basic needs. The effort to improve the medical insurance system requires to incorporate maternity insurance into the basic medical insurance scheme, the development of supplemental medical insurance, and the establishment of insurance schemes for long term care.

Coming to social security, the general goal is to complete a social safety net covering all the people entitled by law, while specific goals more relevant to the project include:

- Insuring the actuarial balance of the social security system
- improving funding mechanisms

- clearly defining the role of government, enterprises and individuals
- improving the basic old-age insurance system, based on social pooling and individual accounts
- establishing a multilevel old age insurance system

For what relates to social assistance, the plan underlines the necessity to strengthen policy and program integration and more specifically to promote the cohesion between social assistance systems and other social security systems, as well as between special assistance programs and subsistence allowance programs.

Finally, the plan recognizes the need to immediately address the connected issues of declining working age population and aging. The first issue will be faced by gradually increasing retirement age and raising the employability of older members of the work force. In relation to the second issue and more specifically to the health problems that it will create the plan indicates that the improvement of the welfare system should focus on the care and assistance of the elderly, also through the establishment of a multilevel elderly care system based on at-home care supplemented by elderly care institutions.

Among the eleven results that the project is expected to achieve, three are explicitly assigned to this component, namely:

- **Project Result 6:** The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid -terms budgeting of fund, and performance assessment model.
- **Project Result 7:** Enhance the top-level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.
- **Project Result 8:** The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened.

### *2.3.2. Topics to be covered in 2017*

Among the topics included in the original list (as amended in 2015 and 2016), and on the basis of the indications of the FYP, some topics have been combined, and others have lost their relevance. In 2017, in line with the new government priorities and evolving circumstances, a new topic has been added to the C2 list.

During the elaboration phase of the 2017 activity plan, the MoF has identified three research areas to be covered, namely:

- An integrated system for the coordinated management of the social assistance system (topic 2.1.4);
- The Development of Old-age Services and Long Term Care System (topic 2.1.6);
- Investment strategies of social funds and risk control methodologies (topic 2.3.1).

Table 17 - Overall C2 topics

R6 The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid -terms budgeting of fund, and performance assessment model.		
2.1.1	Division of decision power and expenditure responsibilities on social security between central and local government	2015
2.1.2	Social security coverage on atypical employment: methodologies and tools of analysis and management	2015-2016
2.1.3	Fiscal policies in support to social security, leverage among different financial sources and efficiency of fund use	2018
2.1.4	An integrated system for the coordinated management of the social assistance system	2017
2.1.5	Models for evaluating effects of social security policy implementation	2018
2.1.6	Development of Old-age Services and Long Term Care System	2017
R7 Enhance the top-level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.		
2.2.1	Nominal personal account reform in the basic pension insurance system	2015
2.2.2	Models and Methodologies for the Social and Economic sustainability analysis in social protection system	2015-2016
2.2.3	Methodologies and Actuarial Models for pension insurance	2018
R8 The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened.		
2.3.1	Investment strategies of social funds and risk control methodologies	2017
2.3.2	Management of basic Pension Fund	2018

Legend:

Topics implemented in 2015-2016	White colour
Topics foreseen in 2017	Green colour
Topics foreseen in 2018	Orange colour

**Topic 2.1.4 – “An integrated system for the coordinated management of the social assistance system”.**

In recent years, Chinese social assistance has rapidly progressed. The promulgation of the Interim Measures on Social Assistance (2014) has represented a fundamental step that has determined a better integration of funds and institutions, promoted a better coordination among departments and the rapid development of means-test procedures, as well as the identification and check of the beneficiaries. However, a notable level of fragmentation still exists and the 3<sup>rd</sup> Plenary Session of the 18<sup>th</sup> CPC Central Committee has stressed the need to pursue and fully realize the modernization of the governance system and the governance capacity of the country.

MoF underlined some of the main problems that affect the expenditure performance of the Chinese Social Assistance system, hence challenging the poverty alleviation effectiveness:

- In the first place the connection and coordination among schemes are insufficient and the resources devoted to social assistance are too scattered, which leads to a sub-optimal articulation between programs and policies, and results in the use of social assistance funds less effective than desired
- The management of the system needs improvement
- The sharing of information and resources among departments is not adequate
- Multi-departmental, overlapping and missed delivery of benefits co-exist in the system-

In relation to these problems, MoF listed the following challenges to be considered as priority:

- Optimize institutional design and coordinate social assistance resources
- Strengthen the integration and coordination of social assistance funds
- Standardization and scientification of Social Assistance and increase of protection level in line with socioeconomic development
- Establish positive incentive mechanisms
- Establish mechanism to promote a reasonable balance of responsibilities among the state, the society, and the individuals
- Construct information sharing platforms and strengthen the mechanisms to check information

In order to find the best solutions for the challenges just outlined, MoF consider of extreme importance to take into account the most relevant experiences in EU countries.

**EU Research program**

EU countries have a long history in the field of social assistance, on the coordination of social policies and funds, on the adoption of passive and active policies, on the division of power between central and local governments, and on the construction of information systems.

In consideration of the extension and complexity of the themes involved, and in order to develop policy suggestions useful to MoF, Component 2 will devote to the topic both a Comparative EU Analysis on Social Assistance spending performance and EU countries Best practice research, based on case studies of selected EU countries<sup>7</sup>. Both research will be policy oriented.

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<sup>7</sup> The selection of the four EU countries will be made together with the MoF and Chinese Short Term Experts in the situational analysis phase.

The first will set the general background analyzing different approaches to social assistance schemes and evaluating the advantages and disadvantages; the second will point out best practices in a chosen sample of countries for a specific set of issues.

### **Comparative EU Analysis on Social Assistance Spending Performance<sup>8</sup>**

The research will cover the following topics and eventually other topics that could be suggested by the expert/s that will be chosen to do the research:

- Social assistance models in EU: differences and similarities
- Tax burden and spending in social assistance: levels and trends
- Tax burden structure: direct and indirect taxation, social contributions
- The structure of public social expenditure
- Social assistance models, coordination of programs and integration of resources
- The roles of local governments
- Recent adjustments on social system and policies
- The sustainability of different models

### **EU Best practices research**

This research will aim to produce a country based analysis of how the following issues (that will be eventually integrated and better specified with the help of the chosen expert/s) are dealt with in different EU countries, and evaluate the different measures in terms of their capacity to reach the set goals. Each country study should describe and discuss:

- The integration of social assistance schemes and policies
- Coordination of social assistance with other social protection schemes and poverty reduction programs
- Classification of beneficiaries and alternatives methodologies to assess eligibility
- Integration and coordination of funds
- Benefit bundling, benefit traps and incentives to work
- The role of central and local government in: financing social assistance, assessing eligible beneficiaries, and allocating social assistance funds
- Information platforms

### **Topic 2.1.6 – “Development of Old-age Services and Long Term Care System”**

China is affected by demographic trends brought about by an extremely fast demographic transition and by deep socio economic changes that have affected the traditional structure and role of the family.

The parallel decline in fertility and increase in life expectancy are producing the largest and one of most rapidly aging population in the world. As of 2013 people aged 60 and more were 213 million, those 65 and above 137 million and finally those 80 or more 26 million. The number of the people in these age groups will progressively increase as their share in total population. Those 65 and above are projected to be 245 million in 2030 (17.3 per cent), and 374 million in 2050 (27.5 per cent)<sup>9</sup>. The oldest of the old (80+) will be 41 million in 2030 (2.9 per cent) and 121 million in 2050 (8.9 per cent). In the following 50 years the number of those 65 or more is expected to decline. However, population will decreased even more so that their percentage will reach almost 34 per cent. Finally, aging has also

<sup>8</sup> For this research C2 will use the provisions contained in the project budget (Studies and Research, line 6.2).

<sup>9</sup> Assuming that 3 per cent of older persons need institutional care (Wu and others, 2013, p. 149) , the need of institutional care beds will increase from around 7 million in 2015, to 11 million in 2030 to 15 million in 2050.

a gender and provincial dimension. It is to be expected that the fast aging population will lead to new patterns of growing morbidity requiring both health and social care services.

In the second place, China is witnessing deep changes in values and social norms that have reduced the traditional role of the family in taking care of the elderly.

Informal care provided by family at home is rooted in the norm of filial piety, and is still the predominant pattern of care provision in China<sup>10</sup>. The increase in social mobility and in the number of elderly have created difficulties for people to fulfill traditional filial duties towards their elderly parents. In addition, due to smaller families with fewer children, the availability of family members to provide care and support to elderly parents is also decreasing (Wey et al). In urban areas, the emerging '4-2-1' family structure (four grand-parents, two parents and one child) is emblematic of the potential problem. In rural areas, rural to urban migration starting in the 1990s has meant that elderly parents and grandparents living in rural areas are now geographically remote from their children.

All this suggests that "the provision of affordable and accessible services to older people has already become an urgent issue to be immediately tackled by the Chinese government (Leung 2010) and should become one of the major focus of social policy in the very near future.

The Chinese Government has already emphasized the need for the development of old age services and Long-Term Care system. In 2006, the Government published a report on ageing proposing the development of a national support system for the care of the elderly, based on the family support as the foundation; community care support; and institution as supplement (State Council Information Office, 2006). The 13<sup>th</sup> Five Year Plan stresses the necessity to establish a multilevel elderly care service system based on at-home care, supported by communities, and supplemented by elderly care institutions; the enforcement of coordinated plans for building public-interest elderly service facilities and support the building of nursing homes and community day-care centers for disabled elderly persons; establishing systems for providing subsidies for very elderly persons and senior citizens suffering from loss of physical and/or mental capacity, who are experiencing financial difficulties; exploring the establishment of insurance schemes for long-term care and begin launching trials in this regard, etc.

Up to now, China still does not have a comprehensive structure for the old age service delivery and a consolidated long-term care policy/regulation. China still lacks a consolidated model of LTC and this results in a situation largely fragmented in terms of legislation, distribution of power between different institutions, department cooperation, organization of the structure for the delivery of services, etc.

The followings weak points have been identified in the literature:

- Community-based old age care services remain largely nonexistent, except in a few major urban centers like Shanghai
- Policy initiatives to support home or community-based care have been largely limited to urban areas, and even there, the number of beneficiaries is still relatively small.
- In much of rural China, the development of home and community-based services faces many practical challenges because of the physical environment and the lack of resources and infrastructure.
- Current practice and policy directions in rural areas favor institutions by encouraging "centralized support and care" in rural homes for the aged that are run, or subsidized, by the local county or township government-

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<sup>10</sup>"For thousands of years, filial piety was China's Medicare, Social Security and long-term care, all woven into a single family value."

The main challenges are the followings:

- To define methodologies to assess elders' health care needs and criteria to allocate public funds while ensuring the provision of appropriate services to meet the needs of frail elders
- Design policies and create an environment that will encourage private and non-profit organizations to establish institutional care facilities
- Create a more equitable market competition between government-sponsored welfare institutes and those that are private, non-government-sponsored, eventually by direct cash payment to eligible individuals (e.g., wubao elders)
- Integrate different Long-Term Care policies and programs in a better way
- Set up reasonable and sustainable financing mechanisms for guaranteeing the development of the Long-Term Care system and more specifically encourage private capital to take part in the development of the old-age service industry
- Prioritize education and training initiatives to grow a professionalized long-term care workforce.

### EU Experience

Long before China, EU countries have experienced socio-demographic and economic pressures related to elderly care. Therefore, EU countries can offer a wide range of experience to China on the development of old age service provisions and policies, as well as on the introduction and implementation of LTC schemes.

### Part 1) Services for the elderly

Within the topic of old age services, which also includes the LTC system, the MoF would like to analyze EU best practices on the following subtopics:

- Policies that encourage the development of old age services provision (tax incentives, fiscal subsidies, and financial support)
- Standardization and regularization of old age services
- Home care/Institutional care facility management
- Government purchase of old age service provisions
- Government policy to encourage social participation
- Improvement quality of the institutional old age service
- HR development
- Development of information platform
- Government policy to encourage private insurance companies to enter the old age service market

### Part 2) Long Term Care system

EU countries are characterized by different models of LTC system that are the result of different cultural/social values, institutional settings, and welfare regimes. They differ in many important dimensions: the financing system; the level of spending, public/private mix & coverage; the level of integration of programs and services; the level of decentralization; and the type of services provided (the balance between formal care and informal care).

The lack of clear indications of which LTC model China intends to adopt and the diversified experiments carried on by local governments do not allow to choose a single EU country as a reference point. On the contrary it suggests the need to provide a well-documented and large range of experiences, showing both the positive and negative implications of each model.

A recent Multiple factor analysis of 29 European countries<sup>11</sup> based on a set of 8 indicators over the period 2003-2007 shows the presence of four main patterns of LTC, and therefore of four groups of countries, based on the two main factors that emerge from the analysis: i) the alignment between old age related expenditures and elderly needs, ii) the relevance of formal care. The table below exemplifies the result of the study showing the four groups generated by the two factors and listing the countries belonging to each group

The countries in Group 1 and 3 both well fulfill the needs of the elderly. However, the countries in the first group are characterized by “a supply oriented system” in which the level of formal care is high<sup>12</sup> and the state has a strong responsibility for providing formal care; the countries in the second group reach the same goal but mainly through social protection schemes based on cash for care, which are seen as less expensive than traditional formal provisions; therefore, these countries are “consumer choice oriented”.

**Table 18 - European Countries by alignment between expenditure and needs, and formal/informal provision**

	High alignment	Low alignment
High Formal care	1) Sweden, Norway, the Netherlands, Iceland and Belgium	2) The majority of south - eastern European countries, plus Slovakia and Hungary
Low formal care	3) Italy, France and the United Kingdom	4) Spain, the Czech Republic and Poland

The third and fourth group include countries characterized by low level of formal care but different level of performance.

The previous analysis suggest that the EU experts should provide a concise but clear presentation of the LTC systems adopted in at least one country for each of the previous groups. Possible countries could be Sweden, France, Italy, the Czech Republic but also UK and Belgium<sup>13</sup>.

Each country report should describe and discuss the following topics, also taking into account the set of issues related to the services for the elderly.

- Historical development of the LTC legislation and institutional framework
- The values and the demographic and socioeconomic elements that have determined the choices made by the legislators
- Relationship between health insurance and LTC system (independent/dependent scheme)
- The presence of health assessment mechanisms fitted for LTC
- The characteristics of the system in term of coverage, eligibility, types of benefits provided (cash benefits/ in kind) and the way in which they are delivered (formally or informally)
- Coordination of LTC benefits
- Financing schemes
- Strong points and weak points of each model
- Challenges to be faced, internal debate and prospects for policy development

<sup>11</sup> They include 27 EU countries, Norway and Iceland

<sup>12</sup> However some Nordic systems have introduced cash for care schemes to bring some flexibility into LTC that were seen as too supply oriented, costly and unresponsive, e.g. the Personal Budget for Care and Nursing in the Netherlands, the Care Wage in Norway, and the Attendance Allowances and the Care Leave in Sweden.

<sup>13</sup> The selection of the EU countries will be made together with the MoF and Chinese Short Term Experts in the situational analysis phase.

- The sustainability of the system: needs and expenditures projections

### Topic 2.3.1 – Investment strategies of social funds and risk control methodologies

The 1997 pension reform established the passage from a state-or entity-secured, pay-as-you-go (PAYG) system to a new system that “combines social pooling and personal account”. In this system employers contribute 20% of the salary into a social pooling account and employees pay 8% into their personal accounts. The social pooling is similar to the US payroll tax, while the personal accounts need appropriate investment channels to preserve and possibly increase the values of the contributions.

As an emerging economy, China has not yet accumulated enough pension funds for the newly retired who worked during the planned economy period. Hence, local governments have to divert the funds of the employees’ personal accounts to pay the retirees’ pensions. As a consequence, the worker’s personal accounts are de facto partly empty (Faure and Xu 2014).

In a recent study on pension sustainability of 54 large economies, China ranked 53<sup>th</sup> (Allianz, 2016 Pension Sustainability Index), and there were clear indications that the Chinese pension system was, in the long run, one of the least sustainable.

Moreover, it has been computed that, from 1997 to 2010, the average rate of return of China’s pension fund was less than 2%, a value lower than the average rate of increase of the CPI in the same period, causing a total loss of more than RMB 600 billion (\$95.4 billion).

A first effort to deal with these problems was the enactment in 2011 of the Social Insurance Law which established that, in order to preserve and possibly increase its value, the social insurance fund should make investments and operations, regulated by the State Council. The investments could include investments in the capital market.

In August 2015, China’s State Council published investment guidelines allowing local pensions to be invested in a wider range of riskier assets, with the maximum stocks and equities ratio set at 30 percent of total net assets, equivalent to around 600 billion RMB.

Finally, the 13<sup>th</sup> Five Year Plan of the CPC, has stressed the necessity to appropriate a portion of state capital to replenish social security funds, and strengthen risk management in order to ensure increasing rates of returns on investments.

On this regard, the international (and more specifically the EU experiences) could provide a benchmark on the management strategies and practices that have been implemented by numerous countries to warranty the financial sustainability of their pension funds.

#### The international background

Government policies related to pension fund investment can be classified into two groups depending on the origin of their legal systems [La Porta et al. (1998, 2008)]. A first group of countries, the common-law countries (whose legal system originates in English law) is characterized by a PPR approach, in which pension funds are invested prudently, as someone would do in the conduct of his or her own affairs, and generally there is no strict restriction on particular assets. A second group of countries (whose legal system originates from Roman law) involves strict quantitative asset restrictions (QAR); in this case the government defines limits of the amount of a particular class of assets.

Germany, France, Korea and Japan are representative of this group of countries and up to now also the Chinese legislation adheres to the QAR approach, as shown by the fact that the Interim Provisions on

the Administration of Investment by the National Social Security Fund stipulates a limit of 40% in the investment in securities funds and stocks.

Given that pension funds' investments must observe the three principles of safety, profitability, and liquidity, in the previous order due to their social security function, important questions should be dealt by the incoming legislation. More specifically it should be decided whether to move from a strict QAR approach toward a more liberalized, market oriented regulatory approach. To understand advantages and disadvantages of such a shift and the rules and regulations to be adopted to control social funds' investments while promoting their profitability, a review of some of the most interesting experiences of EU countries appears not only useful, but necessary.

### Research on international best practices

The research will promote the draft of three case studies covering a country belonging to the first group (Great Britain) and two belonging to the second group (France and Germany). Each country study will cover the following aspects:

- Background analysis on country national old-age pension funds
- Analysis of different investment management policies for pension plans
- Expected asset returns, appropriateness of these strategies for use with different types of plans effects on pension expense and plan's annual contribution requirement
- Risk management and monitoring strategies

The reports would provide MoF officials with a better understanding of the issues surrounding investment of pension assets and the accompanying fiduciary responsibility as well as the impact of these decisions on the stability of the plan's funded status and its actuarial calculations.

**Table 19 - Topics proposed for consideration in 2017**

ID	DESCRIPTION	R.	DATE STARTS
Component 2 - Enhancing the institutional capacity for financial management and supervision concerning social security funds			
2.1.4	An integrated system for the coordinated management of the social assistance system	6	September 2016
2.1.6	Development of Old-age Services and Long Term Care System	6	February 2017
2.3.1	Investment strategies of social funds and risk control methodologies	8	April 2017

The following sections of this document will introduce the activities to be conducted in 2017 for each of the listed topics, following the overall approach suggested by the Grant application form that distinguishes between an Identification phase and an Analytic phase. The Identification phase is expected to provide a review of the current situation in China and in European countries, while the Analytic phase should lead to the elaboration of policy suggestions on the basis of the results of the previous phase.

Some activities will be the same for all topics (e.g. panel discussions or workshops) and therefore are described in separate paragraph.

### 2.3.3. Specific Activities

#### Situational Analysis

The Situational analyses will be subject to quality control that will be ensured by MoF and the C2 RE.

The output of this activity is a solid knowledge of the Chinese situation on the related topic. The deliverables will be the assessment reports produced by the Chinese experts<sup>14</sup>.

**Table 20 - Situational analysis by topic - Chinese expert (incumbent) and time schedule**

R	Topic No	Topic title	Incumbent	Time schedule
6	2.1.4	An integrated system for the coordinated management of the social assistance system	Jiang Zhen	First draft report: February 2017 Final assessment report: June 2017
8	2.1.6	Development of Old-age Services and Long Term Care System	TBD	First draft report: April 2017 Final assessment report: June 2017
8	2.3.1	Investment strategies of social funds and risk control methodologies	Hu Jiye	First draft report by June 2017 Final assessment report: end of August 2017

#### Identification and review of possible relevant EU experiences

EU experts will deliver reports that collect, compile and analyze the most relevant EU best practices for each topic, paying special attention to the experiences and lessons learned more relevant to the Chinese stakeholders and in line with their expectations. The reports will detail the existing situation in the selected countries, present the relevant legislation and practices in an historical perspective, analyze their impacts (positive and negative), and the mechanisms to change and improve them.

A first draft of the papers for topics 2.1.4 and 2.1.6 will be delivered at the beginning of April and submitted to MoF for comments and suggestions that will be incorporated in the papers before the panel discussion to be held in June 2017.

A first draft of the paper related to topic 2.3.1 will be delivered in June and submitted to MoF for comments and suggestions that will be incorporated in the papers before the panel discussion to be held in September 2017.

After the Panel discussions all the papers will be reviewed and finalized in view of the workshops.

The output of this activity will be a documented knowledge on EU best practices relevant to Chinese social protection reform.

The deliverables will be EU best practices reports.

<sup>14</sup> It is expected that each Situational analysis be limited to some 40 pages.

Table 21 - Identification and review of possible EU experience by topic and time schedule

R	Topic No	Topic title	Incumbent	Time schedule
6	2.1.4	An integrated system for the coordinated management of the social assistance system	EU Experts	First draft report: April 2017 Final assessment report: June 2017
8	2.1.6	Development of Old-age Services and Long Term Care System	EU Experts	First draft report: April 2017 Final assessment report: June 2017
8	2.3.1	Investment strategies of social funds and risk control methodologies	EU Experts	First draft report: June 2017 Final assessment report: end of August 2017

#### 2.3.4. Training in France

One of the main activities foreseen in the 2017 work plan of Component 2 is represented by a training course that will be conducted in France involving for two weeks duration 18<sup>15</sup> participants: three officials coming from the central government, and 15 from provincial governments. MoF's Staff to be involved in the training course will be identified by MoF's top managers in the following months.

Both in China and the EU, population ageing and low fertility rate represent a major challenge for the financial sustainability of the social protection system, highly impacting the public expenditure of pension and healthcare, as well as economic growth. As in the case of most EU countries, the Chinese Government has stressed the need to introduce new social security policies and reform the pension system to mitigate the effects of population ageing. The training will focus on the experiences of EU countries in responding to the aging population challenge in the social protection field<sup>16</sup>.

- The training will provide a reference point on the instruments introduced in EU countries to overcome the financial sustainability of the pension system, such as postponing the retirement age, restricting early retirement, providing fiscal incentives to continue working, and transitional arrangements of the reforms. The characteristics and financial sustainability of NDC pension systems on a PAYG basis, such as Poland, Norway, Sweden, and Italy on the one hand; and other EU countries systems based on DB/DC schemes on the other hand, such as France, Spain and Germany will be analyzed, considering the design of the pension systems, recent policies to enhance financial sustainability of the system, reasons for the adjustments, and effects of the policies.
- Secondly, the Training will address the impact of population ageing on the design of old age services and long term care schemes, presenting around 5 EU countries different Long -Term Care models.
- Following the analysis on EU LTC models, the Training will provide EU practices on the promotion of elderly-care industry and nursing service, homecare and community care

<sup>15</sup> The number of officials of provinces may slightly decrease.

<sup>16</sup> The list presented below on the main topics to be addressed during the Training may be adjusted during the phase of "Assessment of MoF Training needs".

management, focusing on the promotion of social participation; HR development; standardization of the service and development of information platform service, etc.

The Training will combine lectures presenting a variety of EU experiences in all the aspects related to the selected topics, as well as field visits to relevant social security institutions.

The Training program, directly linked to three topics analyzed in 2017 and previous years (2.1.1; 2.2.1; 2.1.6), would provide a unique opportunity for the MoF officials to further learn about EU social security practices and reforms, share knowledge, and discuss key policy challenges as these directly relates to the design and delivery of national social security programs. The research carried out during 2017 on the topic Development of old age service industry and Long Term Care system (2.1.6) will provide technical input to the Training program, both through the assessment report on the Chinese situation, as well as through the review of EU best practices.

The output of this activity will be for the group of Chinese officials an improvement of internal knowledge, competences, and skills on the addressed topics, confronting with EU policy makers, officials and academics. This activity will be necessary for an effective implementation of the reforms under discussion by the Chinese government. Deliverable of the course will be a compendium of support material (Power point presentations and eventually reports) to be used as reference for the officials; training report made by the Chinese delegation; and evaluation report of the training course.

#### *2.3.5. Cross-topics activities*

##### **Panel discussions**

In 2017, C2 will organize two panel discussions to be held in Beijing: the first, covering topics 2.1.4 and 2.1.6, is scheduled in June 2017, the second, for topic 2.3.1, is scheduled in September 2017.

The meetings will be the occasion to discuss the situation analyses of the three topics and receive policy suggestions from EU experts on the basis of the EU best practices reports. The meeting will gather the Chinese and EU experts working on the topics to be discussed, MoF representatives, C2 team and external Chinese experts and stakeholders.

The panel discussion is expected to provide a solid knowledge of the Chinese situation and a review of relevant EU best practices as a basis for the development of policy suggestions to be presented during the workshops.

The panel discussion will provide EU experts with a better an understanding of MoF interest on EU best practices that will be used to improve and finalize their papers. At the same time, the Chinese experts will take stock of the EU best practice to better focus the problems and issues of the Chinese situation.

The output of this activity will be a solid ground for a preliminary formulation of desirable areas for reforms for each topic, and a selection of European best practices.

Deliverables will be reports on the Panel discussion sessions.

Table 22 - Panel Discussions schedule

ITEM	Participants/ Duration	Date
Panel discussion Topics: 2.1.4; 2.1.6	20 participants, 1 day	June 2017
Panel discussion Topic: 2.3.1	20 participants, 1 day	September 2017

### Workshop on the Analysis Phase

Workshops represent the logical continuation of the Panel discussions and a unique opportunity to start discussing policy suggestions and reform proposals for each topic, also on the basis of the analysis of the Chinese situation and of the most relevant EU best practices.

The Workshop on topic 2.1.4 and 2.1.6 is tentatively scheduled in September 2017, while the Workshop on topic 2.3.1 is scheduled in December 2017.

The Workshop will gather representatives of the Chinese stakeholders, Chinese and European experts and Component 2 representatives to discuss policy suggestions for the Chinese government, relevant EU experiences on the field, applicability of the EU practices for the Chinese situation. For the Workshop, MoF will identify some Chinese peer reviewers from Universities or Research Centers to act as discussants of the identified EU experiences.

The preparation, holding and subsequent reporting of the workshop would benefit from the support of Chinese and EU experts for each of the three topics. The results and conclusions of the Workshop would be of direct use in designing and proposing policy suggestions and reform proposals.

Table 23 - Specific analysis of relevant EU experience by topic and time schedule

R	No	Topic	Incumbent	Deadline for providing situation analyses
6	2.1.4	An integrated system for the coordinated management of the social assistance system	EU Experts	First draft report: September 2017 Final assessment report: November 2017
8	2.1.6	Development of Old-age Services and Long Term Care System	EU Experts	First draft report: September 2017 Final assessment report: November 2017
8	2.3.1	Investment strategies of social funds and risk control methodologies	EU Experts	First draft report: December 2017 Final assessment report: February 2018

The output of the Workshop is the acquired information necessary to design and provide policy suggestions and reform proposals on the EU most relevant models to be potentially introduced in the

Chinese context. Based on the results of the Workshop, the Component in cooperation with MoF, will identify further possible research to be undertaken.

The deliverables are the workshop reports.

**Table 24 – Workshops schedule**

ITEM	Participants / Duration	Date
Workshop topics: 2.1.4 and 2.1.6	35 participants, 1 day	September 2017
Workshop topic 2.3.1	30 participants, 1 day	December 2017

#### *2.3.6. Pilot Sites*

According to the Social Security Department of MoF, the activity plan of C2 should not include pilots; this issue could be reconsidered for 2018 activity plan.

#### *2.3.7. Deliverables*

The analysis conducted under specific topics of C2 will be used as preparatory material for the corresponding cross - topic activities and the Training in France. Mid-term reviews with the authors and European experts will be organized in due time for the documents to be finalized ahead of the event in which they would formally be presented. The Component 2 Coordinator will call upon European specialists from within and outside the Consortium to produce focused report of relevance for the Chinese situation.

Adding to the EU short term missions to Beijing, C2 plans also to use the provisions contained in the project budget (Studies and Research, line 6.2) to conduct two comprehensive academic studies on EU experiences/case studies on the topics of Long Term Care and on the integrated system of social assistance management. The content of each research will be better defined in coordination with MoF, also in line with the Training activity-needs analysis, in such a way to provide additional and relevant contribution to the understanding of EU best practices in the two areas of research previously indicated. The studies will be commissioned preferably to research centers with a history of research in the specific topic.

The following table presents the deliverables of C2 Activity plan for the year 2017.

Table 25 - Deliverables (preliminary list)

Topic #	Activity item	Input	Deadline semi-final draft	Best practices	Output/ deliverable	Final Use	Date
2.1.1; 2.1.2; 2.2.1; 2.2.2	Elaboration of reform proposals	CN Experts		Yes	Reform Proposals	Training course	Jan-17
2.1.1; 2.1.2; 2.2.1; 2.2.2	Compilation of Assessment Reports	Existing Documentation		Yes	Package of final reports from 2015/2016	Training course	Jan-17
2.1.4	Situational analysis-A coordinated system for the management of social assistance resources	CN Expert	April		Report	Panel Discussion and Workshop	Jun-17
	EU Best Practice Research	EU Expert	April	Yes	Report	Panel Discussion and Workshop, Training	Jun-17
	Studies and Research	Academic study	Jun-17	Yes	Report	Workshop, Training, Reform Proposals	Aug-17
	Policy recommendation	EU Expert, CN Expert	Sep-17	Yes	Report	Workshop, Training, Reform Proposals	Nov-17
2.1.6	Situational analysis- Development of Old-age Services and Long Term Care System	CN Expert	April		Report	Panel Discussion and Workshop	Jun-17
	EU Best Practice Research	EU Expert	Apr-17	Yes	Report	Panel Discussion and Workshop, Training	Jun-17
	Studies and Research	Academic study	Jun-17	Yes	Report	Workshop, Training, Reform Proposals	Aug-17
	Policy recommendation	EU Expert, CN Expert	Sep-17	Yes	Report	Workshop, Training, Reform Proposals	Nov-17
2.3.1	Situational analysis - Investment strategies of social funds and risk control methodologies	CN Expert	Jun-17		Report	Panel Discussion and Workshop	Aug-17
	EU Best Practice Research	EU Expert	Jun-17	Yes	Report	Panel Discussion and Workshop, Training	Aug-17
	Policy recommendation	EU Expert, CN Expert	Dec-17	Yes	Report	Workshop, Training, Reform Proposals	Feb-17

## 2.3.8. Human Recourses foreseen for 2017

Table 26 - Human resources (forecast)

Years 1 to 4		Budget Year 3	Incumbent
585	Total C2 Chinese expert staff	165	
	Main Chinese expert Li Zhen	20	Contract since June 2016
	CN EXPERT Integrated system for the management of SA	50	Jiang Zhen Contract since September 2016
	CN EXPERT Old age services & Long Term Care	60	TBD
	CN EXPERT Investment Strategies of social security funds	30	Hu Jiye
	CN JUNIOR STATISTICIAN	25 <sup>17</sup>	Zheng Bang
	CN EXPERT REFORM PROPOSALS	10	Wang Xiaojun NOV 2016-JAN 2017
	Resident expert C2	Full time	Michele Bruni
	Component assistant	Full time	Valentina Pignotti
	3/4 EU Expert Integrated system for the management of SA	50	TBD
	3/4 EU Expert Old age services & Long Term Care	50	TBD
	3/4 EU Experts Investment Strategies of social security funds	50	TBD
	EU EXPERTS TRAINING FRANCE	TBD	Several
277	Total EU ST Experts	150	
4	Study/Research	2	

<sup>17</sup> Unit rate 90 Euro/day

### 2.3.9. Summary

Table 27 - Activities foreseen for 2017 (chronological order)

No	Activities	Date
1.	Situation analyses on topics 2.1.4 and 2.1.6	From February/April to June 2017
2.	Situation analyses on topic 2.3.1	From June to August 2017
3.	Training in France	TBD
4.	Panel discussion on topics 2.1.4 and 2.1.6	June 2017
5.	Panel discussion on topic 2.3.1	September 2017
6.	Best practice reports -first batch (for Panel Discussion) on topics 2.1.4 and 2.1.6	From April to June 2017
7.	Best practice reports -first batch (for Panel Discussion) on topic 2.3.1	From June to August 2017
8.	I C2 Workshop on topics 2.1.4 and 2.1.6	September 2017
9.	II C2 Workshop on topic 2.3.1	December 2017
10.	Best practice reports / policy recommendations (for Workshop) on topics 2.1.4 and 2.1.6	from September to November 2017
11.	Best practice reports / policy recommendations (for Workshop) on topic 2.3.1	from December 2017 to <i>February 2018</i>

## 2.3.10. Revised GANTT

Component 2 - Overall Plan of Activities - November 2016 - February 2018																	
ID	DESCRIPTION	Y2		Y 3												Y 4	
				S 1						S 2						S 1	
		M 24	M25	M26	M27	M28	M29	M30	M31	M32	M33	M34	M35	M36	M37	M38	M39
		XI 15	XII 16	I 17	II 17	III 17	IV.17	V.17	VI.17	VII.17	VIII.17	IX.17	X.17	XI.17	XII.17	I.18	II 18
0.1	Selection of sub-topics to be covered under specific year	Y3	Y3										Y4	Y4	Y4		
0.2	TOR, selection, recruitment CN & European expert	Y3	Y3													Y4	Y4
0.3	TOR Situation analysis & Best practices under specific sub-topics	Y3	Y3													Y4	Y4
2	Identification Phase																
2.1.	Situational Analysis is																
2.1.1	In-depth analys is on the topics 2.1.4; 2.1.6																
2.1.2	In-depth analysis is on the topic 2.3.1																
2.1.3	Preparation of the Situational Analysis Reports for topics 2.1.4; 2.1.6																
2.1.4	Preparation of the Situational Analysis Reports for topic 2.3.1																
2.2	Identification and review of possible relevant EU experience																
2.2.1	Preparation of selected Country Reports/E U Best Practice reports on topics 2.1.4; 2.1.6																
2.2.2	Preparation of selected Country Reports/EU Best Practice reports on topics 2.3.1																

ID	DESCRIPTION	Y2		Y 3														Y 4	
				S 1							S 2							S 1	
		M 24	M25	M26	M27	M28	M29	M30	M31	M32	M33	M34	M35	M36	M37	M38	M39		
		XI 15	XII 16	I 17	II 17	III 17	IV.17	V.17	VI.17	VII.17	VIII.17	IX.17	X.17	XI.17	XII.17	I.18	II 18		
2.3	Panel discussions with stakeholders on the Identification Phase																		
2.3.1	Panel discussion about the specific topics 2.1.4; 2.1.6								PD										
2.3.2	Panel discussion about the specific topics 2.3.1											PD							
Analysis Phase																			
2.4	Specific analysis of relevant EU experience																		
2.4.1	Technical feasibility of EUMS Best Practices to be introduced in China and preliminary reform proposals about the specific topics																		
2.4.2	Definition of a first draft of reform proposal																		
2.5	Training/Study Assignments to EU countries Topics 2.1.1; 2.1.2; 2.2.1																		
2.5.1	2 weeks Training in France on the Reform of the EU pension systems																		
2.6	Workshop with stakeholders on the Analysis Phase																		
2.6.1	Workshop on the topics 2.1.4; 2.1.6																		
2.6.2	Workshop on the topics 2.3.1																		
2.7	Elaboration of reform proposals																		
2.7.1	Final identification of reform proposals on topics Year II																		
2.7.2	Final identification of reform proposals on topics 2.1.4; 2.1.6																		
2.7.3	Final identification of reform proposals on topics 2.3.1																		

ID	DESCRIPTION	Y2		Y 3											Y 4				
				S 1							S 2							S 1	
		M 24	M25	M26	M27	M28	M29	M30	M31	M32	M33	M34	M35	M36	M37	M38	M39		
		XI 15	XII 16	I 17	II 17	III 17	IV.17	V.17	VI.17	VII.17	VIII.17	IX.17	X.17	XI.17	XII.17	I.18	II 18		
Follow Up Phase																			
2.8	Training activity abroad																		
2.8.1	Technical assistance and Tool development, training needs analysis									?									
Horizontal macro activities																			
2.9	Coordination meeting in Italy to prepare for project last year and aftermath																		
2.10	Reporting and Evaluation																		
2.10.2	Component reports																		
2.11	PAC meetings											?							

**Topics:** 2.1.1-Division of decision power and expenditure responsibilities on social security between central and local government; 2.1.2-Social security coverage on atypical employment: methodologies and tools of analysis and management; 2.1.4 -An integrated system for the coordinated management of the social assistance system; 2.2.1-Nominal personal account reform in the basic pension insurance system ; 2.2.2-Models and Methodologies for the Social and Economic sustainability analysis in social protection system; 2.1.6 - Development of Old-age Service Industry and Long Term Care System; 2.3.1 -Investment strategies of social funds and risk control methodologies.

Topic of the previous years

2017 Topic

## 2.4. Component 3

### 2.4.1. Overall objective and Expected results

The EU-China SPRP project aims overall at further development of social equity and inclusiveness of economic growth throughout Chinese society. Within the project, Component 3 deals with the improving of legal framework and policy for social assistance in collaboration with the Ministry of Civil Affairs (MoCA) – which is the national agency responsible for the social assistance policy in China.

For the government policy in China the main driving act for policy makers are the Interim Measures on Social Assistance and the 13<sup>th</sup> Five-Years Plan. The Project activity related to Component 3 could be seen as a part of the social policy goals which refer to:

- Poverty alleviation – Chinese government wants to eliminate poverty by 2020 (10 mln every year);
- Better access to social services for most vulnerable children, women and elderly;
- Encourage the participation of social force on antipoverty actions.

Social policies should ensure basic needs according to the Report on the work of the government made by Premier of State Council Mr. Li Keqiang on March 5<sup>th</sup>, 2016. In the report, Premier Li stressed that the government needs to ensure that the continuous progress is made in raising living standards, and development is shared among all. The government also needs to combat poverty and help lift out of poverty all rural residents falling below the current poverty line and achieve poverty alleviation in all poor counties and areas. Social organizations will be developed and regulated in accordance with the law, and support will be given to the development of specialized social work, volunteer services and charity. The government will further develop the social credit system and ensure the full protection of the rights and interests of women, children and people with disabilities. The support and services provided to the children, women and elderly, who remain in rural areas while their family members work away in the cities will be strengthened<sup>18</sup>.

The importance of social assistance actions has been acknowledged by the 13<sup>th</sup> Five-Year Plan for economic and social development of the people's republic of China (2016-2020):

*“We will coordinate the development of social assistance systems in urban and rural areas, improve the subsistence allowance program, strengthen policy integration, promote program integration, and ensure that the basic needs of groups with difficulties are met. We will strengthen cohesion between social assistance systems and other social security systems as well as between special assistance programs and subsistence allowance programs. We will build an integrated structure for social assistance-related work, enrich social assistance services, raise standards of assistance as appropriate, and ensure that issues related to any of the diverse range of social assistance services can be dealt with at one place through the concerted efforts of relevant departments. We will establish a sound mechanism for verifying the financial situation of families receiving social assistance, and work to ensure that wherever possible, entitled families are listed for the receipt of assistance while families that do not qualify for entitlement are removed from the list. We will launch comprehensive trials of providing assistance to those*

<sup>18</sup> Report on the work of the government, delivered at the Fourth Session of the 12<sup>th</sup> National People's Congress of the People's Republic of China on March 5, 2016.

*experiencing exceptional difficulties, and we will improve community-level service facilities for offering assistance to beggars and the homeless.*"<sup>19</sup>

In 2017 three topics (out of overall eleven topics within Component 3) are foreseen to be researched – all of them are a part of activities contributing to the achievement of result 10 of the Project. The three topics for 2017 have been renamed comparing with the Grant Application Form – please see Table 28.

All three topics will be explored in a parallel way by different Chinese experts starting from January/February 2017.

#### 2.4.2. Topics to be covered

In 2016, three topics (3.1.2, 3.1.3 and 3.1.4) have been a subject of the situational analysis. Three assessments reports have been completed by September 2016. Full publication covering 2015 research topics have been distributed among all interested stakeholders on the occasion of the 2016 EU-China High Level Event on Social Protection Reform on Perspectives of Employment Policy and Social Security Reform 2016 to 2020 held in Beijing on September 28<sup>th</sup>-29<sup>th</sup>, 2016.

From the remaining 5 topics to be considered under Component 3, three topics will be a subject of situational analysis in 2017, namely: 3.2.2, 3.2.3, 3.2.4. All topics will be a subject of evaluation in view of continued relevance, and to the constant monitoring of the evolving socio-economic situation, as well as Government's priorities in terms of social assistance system.

Due to the priority treatment, all the three topics (3.2.2, 3.2.3, 3.2.4) will be simultaneously under review and assessment, which will start in January/February as shown in table 28.

The main priority in 2017 is to complete topics related to the result 10.

**Table 28 - Topics to be considered<sup>20</sup>**

ID	DESCRIPTION	R.	DATE STARTS
Component 3 - Improving of legal framework and policy for social assistance			
3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	10	January/February 2017
3.2.3	Coordination of overall social assistance resources	10	January/February 2017
3.2.4	Fraud in social assistance: identification, coping strategy and prevention	10	January/February 2017

The subsequent sections of this document will introduce the corresponding activities for each of above listed topics (point 3.4.3) to be conducted in 2017 following the overall approach in the Grant application form across Identification and Analysis phases. Identification phase corresponds mainly to

<sup>19</sup> Chapter 64 Carry Out Social Security Reform; Section 2 Social Assistance.

<sup>20</sup> The topics as from Grant Application Form have been renamed to respond to the current focus of MoCA. 3.2.2. Identification of Social Assistance target groups is named as: Optimization of social assistance – procedures and eligibility criteria for social assistance benefits; 3.2.3 Overlapping and "cliff" effect management and policy framework as Coordination of overall social assistance resources; 3.2.4 Procedures and methods for requirement verification within Social Assistance system at central, local, urban and rural level as Fraud in social assistance: identification, coping strategy and prevention.

the review of the current situation in China and in European countries for a given topic, while the Analysis phase leads to the elaboration of the adequate reform proposals taking into account the most relevant EU best practices for the same topic.

Some activities will be the same for all topics (e.g. panel discussions or workshops) and therefore are described in separate point (point 3.4.5). A separate chapter is dedicated to Pilot sites which will start in 2017 for Component 3.

### 2.4.3. Specific Activities

#### Situational Analysis

Following the experience of 2015 and 2016, the project in 2017 will be implemented in close cooperation with MoCA.

**Table 29 - Schedule for situational analysis**

R	No	Topic	Incumbent	Deadline for providing situation analyses
10	3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	CN expert 1 - Mr. Jianping Yao	First draft report by May 2017 Final assessment report by mid July 2017
10	3.2.3	Coordination of overall social assistance resources	CN expert 2 - Ms. Zhang Haomiao	First draft report by May 2017 Final assessment report by mid July 2017
10	3.2.4	Fraud in social assistance: identification, coping strategy and prevention	CN expert 3 - Mr. Lin Yi	First draft report by May 2017 Final assessment report by mid July 2017

Coherence among the various situational analysis will be provided by mid-term peer review and quality control conducted by Chinese short-term experts working under the supervision of the C3 EU Resident expert and MoCA.

It is envisaged that a European expert will be provided for the situational analysis for each topic, in order to ascertain that the assessment reports correspond to the level and quality of information required allowing for proper matching with the corresponding EU experience in terms of best practices.

The output of this activity is to provide an adequate knowledge of Chinese situation related to the topic under consideration. The assessment reports in English document the findings and conclusions of the Chinese experts<sup>21</sup>.

#### Identification and Review of Possible Relevant EU Experience

In compiling the best practices contributions from EU Member states, special attention will be paid to experiences and lessons learned of adjusting social assistance policies to adapt to economic crisis in EU Countries. Three short-term EU experts will be recruited for the project (one to each of the topics) to prepare the EU best practices report (collect, analyze and compile most relevant EU best practices and their compatibility with the expectations and requirements of the Chinese stakeholders).

<sup>21</sup> It is expected that each Situational analysis will be limited to some 40 pages.

The best practices reports will be prepared by recruited EU short-term experts:

First batch on the occasion of Panel Discussion by June 2017 – for topics 3.2.2; 3.2.3; 3.2.4.

Second batch on the occasion of Workshop by November 2017 – for topics 3.2.2; 3.2.3; 3.2.4.

The output of this activity will be a documentation on EU best practices relevant to Chinese social protection reform listed priorities, while deliverables will be the best practices reports for each of the topics considered under Component 3 plan of activities for 2017, including a special contribution on experiences and lessons learned in addressing economic crisis, demographic change including ageing.

For the year 2017 the EU experts are foreseen for each topic separately for the panel discussion and the workshops. Additionally, several missions could be organized if requested by MoCA on specific topics according to the selection procedure under the supervision of the Consortium.

#### 2.4.4. Overseas Activities

##### Policy dialog / Study assignments to EU countries<sup>22</sup>

For the 2017 three-four EU activities<sup>23</sup> are foreseen for Component 3. Since just two overseas activity have been organized till now and also considering a significant progress on having a solid assessment of the Chinese social assistance situation, more EU-China exchanges are required.

In May a study visit on standards implemented in the social policy scheme (social assistance for poor, support for families with children, social services for disabled, elderly and socially excluded people) is envisaged. It is preliminarily planned that the visit will be organized to Germany and Hungary. The main target is to share the EU experiences in terms of social assistance database for means testing; payments and monitoring purpose. In addition standards in social services for different vulnerable groups will be shared.

**Table 30 - Study Visit schedule – May**

Study visit - topic: Study visit on Standards in social policy schemes	May/June 2017
	Participants / Duration
Germany/Hungary(TBC) – Topics 3.1.1;3.1.4&3.3.1	a.7 participants 8 days

In June 2017, under the leadership of MoCA, a training in France has been planned.

The detailed program and activities to be undertaken will be decided by January 2017 (most possibly Paris and Strasbourg will be chosen as training venues). It is foreseen that the outputs of the training (mission report) will be shared within the Project.

<sup>22</sup> As for February 13th, 2017 MoCA is still waiting final approval for the EU study visits (dates & venues).

<sup>23</sup> In May MoCA ministerial visit to Italy is planned.

Table 31 - Training schedule

Training - topic: Training on Social Assistance Benefits and Services Legal Framework, Implementation and Monitoring	May/June 2017
	Participants / Duration
France (Paris&Strasbourg) – Topics 3.1.1; 3.2.1; 3.3.1&3.1.2;3.1.3;3.1.4	a.20 participants, 2 weeks

In November, a study visit jointly with a *PAC meeting/Coordination meeting* in Europe (possible in Rome/Italy) will be organized (TBD). This study visit is planned to focus on means testing techniques and methods as well as on the monitoring and evaluation of Social Assistance schemes. In addition this study visit will focus on issues related to professionalization of social assistance staff and social workers; experimentation and innovation in social assistance (for most excluded people) and a multilateral cooperation for better implementation of social assistance policy.

The details on the agenda and the program of the C3 EU event will be decided on a later stage considering also the outputs of the 2016 research topics assessments.

Table 32 - Study Visit schedule - November

Study Visit - topic: Study visit on Social assistance: means testing; policy implementation and monitoring	November 2017
	Participants / Duration
Study visit to Italy/Belgium (TBC) – Topics 3.1.4; 3.2.1; 3.2.2&3.2.4	a. 7 participants, 8 days

#### 2.4.5. Cross-topics activities

##### Workshop meeting on social assistance assessment in China

The HLF 2015 has given an excellent opportunity for a high-level dialog between the EU and China. Consortium member countries have been represented by speakers and panelists.

As a follow up, Component 3 undertook two types of research. One relates to the study on social assistance structures of P.R. China - main achievements of and challenges; the other one focuses on most relevant EU countries experiences for social assistance structures of China. The first one has been completed in the period of the current review. The EU leg of the research will be continued until first months of 2017. Finally, an event summing up all the outputs from both research will be discussed possibly within a workshop with experts and policy makers participation. The event will be arranged jointly with the Panel discussion meeting scheduled for June 2017.

##### Panel discussion

Panel discussion for three interrelated topics has been tentatively scheduled for June 2017.

This Panel discussion will gather the Chinese experts in charge of the respective situational analysis (see Table 34), representatives of the interested Chinese stakeholders and the Component management. Consideration will be given to the possibility of arranging videoconference for the event, to facilitate

participation of interested EU Member States specialists. However due to the time constraints it can be a challenging issue.

To support the Panel discussion sessions and the production of subsequent panel reports, the preliminary set of typical reform proposals to follow with the corresponding requirement to deepen knowledge on most relevant European best practices will be prepared. Ad hoc support will be provided by 3 Chinese and 3 European experts - one for each of the three reports.

**Table 33 - EU best practices reports**

R	No	Topic	Incumbent	Deadline for providing situation analyses
10	3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	EU expert 1	First draft report by July 2017 Final assessment report by mid August 2017
10	3.2.3	Coordination of overall social assistance resources	EU expert 2	First draft report by July 2017 Final assessment report by mid August 2017
10	3.2.4	Fraud in social assistance: identification, coping strategy and prevention	EU expert 3	First draft report by July 2017 Final assessment report by mid August 2017

The output of this activity will be a solid ground for a preliminary formulation of desirable areas for reforms under the concerned topics, and a selection of European best practices worth deepening for that purpose. Deliverables will be reports on the Panel discussion sessions prepared by Chinese and European experts.

**Table 34 - Panel discussion schedule**

ITEM	June 2017
	Participants / Duration
Panel discussion Topics: 3.2.2; 3.2.3; 3.2.4	20 participants, 1 day

### Workshop on the Analysis Phase

This activity represents a logical continuation of the Panel discussion sessions. The workshop will represent a unique opportunity, after duly analyzing the Chinese situation and the most relevant EU best practices, to start considering a set of draft reform proposals concerning the variety of topics already introduced under Component 3 Plan of activities, 2017.

The 3<sup>rd</sup> Component 3 Workshop has been tentatively scheduled for November 2017.

The Workshop will gather high level representatives of the Chinese stakeholders, Chinese and European experts and Component 3 representatives. Provisions could be made to facilitate attendance via videoconference of interested consortium members and project leadership. However due to the time constraints it can be a challenging issue.

The preparation, holding and subsequent reporting of the workshop would benefit from the support of 1 Chinese and 1 EU expert for each of the three topics recruited for the project. The results and conclusions of the Workshop would be of direct use in shaping reform proposals and designing related technical assistance activities, including development of ad hoc tools, as foreseen under the Grant application form Follow Up phase (Macro-activities 3.8 and ff.).

**Table 35 - Policy recommendations reports**

R	No	Topic	Incumbent	Deadline for providing situation analyses
10	3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	EU expert 4 CN expert 1	First draft report by November 2017 Final assessment report by mid December 2017
10	3.2.3	Coordination of overall social assistance resources	EU expert 5 CN expert 2	First draft report by November 2017 Final assessment report by mid December 2017
10	3.2.4	Fraud in social assistance: identification, coping strategy and prevention	EU expert 6 CN expert 3	First draft report by November 2017 Final assessment report by mid December 2017

Output of the Workshop will be a solid ground for considering further possible reform options to be finalized, and designing a programme of accompanying technical assistance and technical tools development to be implemented under project auspices. The deliverables will be the Workshop report including proposals for reform options on each of the three topics being a subject of situational analysis in 2017, and a first set of proposed activities for a technical assistance programme and the development of relevant technical tools under the framework of the project Component 3.

**Table 36 - Workshop schedule**

ITEM	November/December 2017
	Participants / Duration
Workshop to discuss first proposals for reform options, topics: 3.2.2; 3.2.3; and 3.2.4.	35 participants, 1 day

#### 2.4.6. Pilot Sites

The first wave of pilot sites for Component 3 will start in the second half of 2017. The 2<sup>nd</sup> C3 Workshop, held in December 2016, gave the opportunity to discuss in depth the main focus for pilots to be undertaken in 2017. In addition, some research could be undertaken to support baseline data and outputs of the pilots.

Considering the broaden assessment research already done as well EU-China exchanges there is an availability for piloting exercises. Two venues will be chosen for pilot sites. Based on the outputs from the local visits performed by the C3 Team, as well as considering outputs from the research Chinese and EU side, then goals and subjects for the pilot will be decided.

Very preliminary targets and goals of the pilots<sup>24</sup>:

Organise 3 pilots in 2017-2018 for three C3 SPRP results to be achieved within the Project (for each results specified activities should be undertaken).

- **Result 9** Promulgating and enforcing the Social Assistance Law and the regulations on rural and urban minimum standards of living

Focus on Dibao/Wubao possibly in the province which adopted or is planning to issue legal basis (on provincial level) for Dibao benefit which is more focused than central level Interim measures of Social Assistance.

The main target of the pilot could be to support provincial and local staff with training on drafting strategies, action plans and other government documents based on the EU experiences.

The output of the pilot could be support provincial and local staff with unified (across province): Dibao applications (paper and IT based), unified standards of assessing the applications, reassessing procedure of Dibao households, making payments etc. based on the EU practices.

- **Result 10** Developing of legal framework on unified standards for defining social assistance benefits, target groups, low income families

Focus on broaden social assistance measures beside current existing benefits (Dibao and Wubao) introduce social services for low income families and support with legal basis and EU experience in this respect.

The main target of the pilot could be to support provincial and local staff (including social workers) with training on social assistance measures to support people in need. The different target group according to different socio-economic background of the social assistance beneficiaries will be presented.

The output of the pilot could be based on the EU practices providing guidance on different benefits and targeting procedures which will be a background material for drafting provincial binding document (notice, opinion, etc).

- **Result 11** Improving care for poor rural people and disabled people as well public information and transparency on social assistance policy.

The main target will be to involve volunteers and NGOs in the social assistance services delivery.

The main output of the pilot could be to offer training to provincial office for social workers and volunteers as well NGOs representatives on care giving in remote areas including using ITC technology mainly for elderly and disabled living in remote areas, for example in Qinghai province.

The pilot sessions could be summarized by an event organized in Beijing in late 2018 among 3 provinces participating to C3 pilots for exchanging their experiences.

<sup>24</sup> Research on specific issues related base line data for the pilot exercising and evaluation is planned. Additionally the exact pilots topics will be based also on the 2017 research outputs.

#### 2.4.7. Deliverables

For 2017 within Component 3 deliverables are provided according to the work plan and activities perform through the year.

**Table 37 - Deliverables (preliminary list)**

DATE	TITLE	AUTHOR	OBSERVATIONS
Feb 2017	2016 C3 Volume	Package of CN and EU final reports from 2016	EN/CN
March/April 2017	C3 Newsletter 1/2017	Marzena Breza Comp 3 Assistant	EN/CN
May 2017	5 <sup>th</sup> Component Status report	MRPiPS & Marzena Breza	EN
May/June 2017	Study visit to Europe (1) background materials	Coordinated by MRPiPS C3RE	EN & possibly in CN
May/June	Training background materials	Coordinated by MRPiPS C3RE	EN & possibly in CN
June 2017	Study visit to Europe (1) mission report	MoCA	EN&CN
June 2017	C3 Newsletter 2/2017	Marzena Breza Comp 3 Assistant	EN/CN
June/July 2017	Assessment report Identification of Social Assistance target groups - 3.2.2	CN expert 1	EN/CN
June/July 2017	Assessment report Overlapping and “cliff” effect management and policy framework - 3.2.3	CN expert 2	EN/CN
June/July 2017	Assessment report Procedures and methods for requirement verification within Social Assistance system at central, local, urban and rural level – 3.2.4	CN expert 3	EN/CN
June 2017	Workshop meeting on assessment of social assistance in China – meeting report	Marzena Breza Comp 3 Assistant	EN
June 2017	4 <sup>th</sup> Panel Discussion meeting report	Marzena Breza Comp 3 Assistant	EN
July 2017	BEST PRACTICES REPORT – 3.2.2	EU expert 1	EN
July 2017	BEST PRACTICES REPORT – 3.2.3	EU expert 2	EN
July 2017	BEST PRACTICES REPORT – 3.2.4	EU expert 3	EN
July 2017	C3 Newsletter 3/2017	Marzena Breza Comp 3 Assistant	EN/CN

DATE	TITLE	AUTHOR	OBSERVATIONS
July/August 2017	Training – mission report	MoCA	EN&CN
July-Dec 2017	Pilot sites – papers, background materials	Marzena Breza Comp 3 Assistant	EN/CN
September 2017	Study visit to Europe (2) background materials	Coordinated by MRPiPS	EN
September 2017	Study visit to Europe (2) mission report	MoCA	EN&CN
November 2017	Study visit to Europe (3) background materials	Coordinated by MRPiPS	EN
Dec 2017	Study visit to Europe (3) mission report	MoCA	EN/CN
Dec 2017	Policy recommendations / Best practices report 3.2.2	CN expert 1 / EU 4 expert	CN/EN&EN
Dec 2017	Policy recommendations / Best practices report 3.2.3	CN expert 2 / EU 5 expert	CN/EN&EN
Dec 2017	Policy recommendations / Best practices report 3.2.4	CN expert 3 / EU 6 expert	CN/EN&EN
Dec 2017	3 <sup>rd</sup> C3 Workshop report	Marzena Breza Comp 3 Assistant	EN
Dec 2017	C3 Newsletter 4/2017	Marzena Breza Comp 3 Assistant	EN/CN

2.4.8. Human Resources

Table 38 - Human resources (estimation)

EU-CHINA SOCIAL PROTECTION REFORM PROJECT COMPONENT THREE - MONITORING OF HUMAN RESOURCES - 2017 as for January 2017								
#	CATEGORY			POSITION	DURATION W/D		INCUMBENT	OBSERVATIONS
	CN EXPERT	EU EXPERT	OFFICE		ALLOC.	CONTRACT		
1		X		RESIDENT EXPERT			MARZENA BREZA	FULL-TIME / INCLUDING PILOTS WHEN DEFINED
2			X	COMPONENT ASSISTANT			TBC	PART-TIME / INCLUDING PILOTS WHEN DEFINED
3	X			1. RESEARCH 3.2.2 3.2.2 Identification of Social Assistance target groups	max 40		CN expert 1	
4	X			2. RESEARCH 3.2.3 Overlapping and "cliff" effect management and policy framework	max 40		CN expert 2	
5	X			3. RESEARCH 3.2.4 Procedures and methods for requirement verification within Social Assistance system at central, local, urban and rural level	max 40		CN expert 3	
6	X	X		CONSULTANCY FOR THE WORKSHOP MEETING ON ASSESSMENTS OF SOCIAL ASSISTANCE IN CHINA	max 3		1 EU EXPERT 1 CN EXPERT	IN CHINA Jun-17
7		X		CONSULTANCY FOR THE 4TH C3 PANEL DISCUSSION ON THE TOPICS: 3.2.2&3.2.3 &3.2.4	max 30		3 EU EXPERTS FOR 2 WEEKS EACH	IN CHINA Jun-17
8		X		CONSULTANCY FOR THE 3RD WORKSHOP ON TOPICS: 3.2.2 & 3.2.3 & 3.2.4	max 30		3 EU EXPERTS FOR 2 WEEKS EACH	IN CHINA NOV 2017 - 3RD C3 WORKSHOP
9	x	x		TRAINING IN FRANCE - 2 WEEKS	TBC		EU EXPERTS	IN FRANCE

2.4.9. Summary

Table 39 - Activities foreseen for 2017 (chronological order)

No	Topic	Date	location
1.	Situation analyses on topics 3.2.2; 3.2.3; 3.2.4.	from January to July 2017	China
2.	Study visit to Europe (1)	May 2017	EU –DE/HU
3.	MoCA ministerial visit to Italy	May 2017	Italy-Rome
4.	Training in France	May/June 2017	EU - France

5.	Workshop meeting on assessment of social assistance in China (jointly with Panel Discussion)	June 2017	Beijing-China
6.	Panel discussion on topics 3.2.2; 3.2.3; 3.2.4.	June 2017	Beijing-China
7.	Best practices reports -first batch (for Panel Discussion)	from June to July 2017	China/EU
8.	Pilot sites	July-Dec 2017	China
9.	Study visit to Europe (3)	November 2017	EU-IT/BE (TBC)
10.	3 <sup>rd</sup> C3 Workshop on topics 3.2.2; 3.2.3; 3.2.4.	November 2017	Beijing-China
11.	Best practices reports / policy recommendations (for 3 <sup>rd</sup> C3 Workshop)	from November to December 2017	China/EU

Tentative number of short-term experts contributing to C3 activities held in China in 2017:

EU experts: 2 for the *Workshop meeting on assessment of social assistance in China* in June 2017; 3 for Panel discussion in June 2017; 3 for the 3<sup>rd</sup> C3 Workshop in November. Each mission of the EU expert is foreseen for max 10 working days.

Chinese experts: 3 CN experts – one for each research topic selected for 2017 for max 40 w/d each of them.

## 2.4.10. Revised Gantt

Component 3 - Overall Plan of Activities - March 2015 - February 2018 - revision January 2017																
ID	DESCRIPTION	Y 2		Y 3												Y4
		S 2		S 2												S1
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18
		WS						EU SV	T PD					EU SV / WS		
0,1	Selection of sub-topics to be covered under specific year	Y3	Y3										Y4	Y4	Y4	
0,2	TOR, selection, recruitment CN & European Experts	Y2		Y3	Y3			Y3					Y3			Y3
	<b>Identification Phase</b>															
3.0	Preparation of brief diagnosis, establish baseline data, analysis audience of project results (macro-activity 0.1)															
3.1.	<b>Situational Analysis</b>															
3.1.1	In-depth analysis on the topics 3.1.1;															
3.1.2	In-depth analysis on the topic 3.2.1; 3.3.1															
3.1.3	In-depth analysis on the topic 3.1.2; 3.1.3; 3.1.4															
3.1.4	In-depth analysis on the topic 3.2.2; 3.2.3; 3.2.4															
3.1.5	Preparation of the Situational Analysis Reports for topics 3.1.1;															

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
3.1.6	Preparation of the Situational Analysis Reports for topics 3.2.1; 3.3.1																
3.1.7	Preparation of the Situational Analysis Reports (including local study visits) for topics 3.1.2; 3.1.3; 3.1.4																
3.1.8	Preparation of the Situational Analysis Reports for topics 3.2.2; 3.2.3; 3.2.4																
3.2	<b>Identification and review of possible relevant EU experience</b>																
3.2.1	Preparation of General Country Reports (cross topics)																
3.2.2	Involvement of other EU Countries in the research on EU Best Practice on the specific sub-topics																
3.2.3	Research and preparation of reports on EU Countries Best Practices on the specific sub-topics																
3.3	<b>Panel discussions with stakeholders on the Identification Phase</b>																
3.3.1.1	Preparation of Panel discussion contents on possible EU Best Practices to apply in China about the specific topics 3.1.1;																
3.3.1.2	Preparation of Panel discussion contents on possible EU Best Practices to apply in China about the specific topics 3.2.1; 3.3.1																
3.3.1.3	Preparation of Panel discussion contents on possible EU Best Practices to apply in China about the specific topics 3.1.2; 3.1.3; 3.1.4																

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
3.3.1.4	Preparation of Panel discussion contents on possible EU Best Practices to apply in China about the specific topics 3.2.2; 3.2.3; 3.2.4								PD								
3.3.2	Identification and travels organisation of EU Expert on the topics included in Panel discussion																
3.3.3	Meetings to share and discuss the EU Best Practices and to select models to be possibly applied in China																
3.3.4	Preparation of reports with the Panel discussion results and sharing with the Main Chinese stakeholders																
Analisis Phase																	
3.4	Specific analysis of relevant EU experience																
3.4.1.1	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics 3.1.1																
3.4.1.2	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics 3.2.1; 3.3.1																
3.4.1.3	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics 3.1.2; 3.1.3; 3.1.4																
3.4.1.4	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics 3.2.2; 3.2.3; 3.2.4																

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
3.4.2	Definition of a first draft of reform proposal/policy recommendations																
3.5	Policy Dialog/Study Assignments to EU countries																
3.5.0	High Level Policy Dialog / Ministerial visit to two EU-China SPRP Consortium Member Countries - PL and ES on topics 3.1.1; 3.2.1; 3.3.1.																
3.5.1	10-days study tour to Europe (3 EU-China SPRP countries-PL,CZ and RO) on the topic of legal framework of Social Assistance																
3.5.1.1	Organisation of study tour to Europe (best practices on topics 3.1.1; 3.2.1; 3.3.1)																
3.5.1.2	Travels and logistic organisation of study tour																
3.5.1.3	Carrying out study tour																
3.5.1.4	Reports on study tour and sharing with main Chinese stakeholders																
3.5.2	2 weeks training in France on on Social Assistance Benefits and Services Legal Framework, Implementation and Monitoring																
3.5.2.1	Organisation of training to Europe																
3.5.2.2	Travels and logistic organisation of training																

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
3.5.2.3	Carrying out training																
3.5.2.4	Reports on training and sharing with main Chinese stakeholders																
3.5.3	<b>8-days study tour to Europe (2 EU-China SPRP countries-DE,HU) on Standards in social policy schemes</b>																
3.5.3.1	Organisation of study tour to Europe																
3.5.3.2	Travels and logistic organisation of study tour																
3.5.3.3	Carrying out study tour																
3.5.3.4	Reports on study tour and sharing with main Chinese stakeholders																
3.5.4	<b>MoCA ministerial visit to Italy (TBC)</b>																
3.5.5	<b>8-days study tour to Europe (2 EU-China SPRP countries-IT, BE) on</b>																
3.5.5.1	Organisation of study tour to Europe																
3.5.5.2	Travels and logistic organisation of study tour																
3.5.5.3	Carrying out study tour																
3.5.5.4	Reports on study tour and sharing with main Chinese stakeholders																
3.6	<b>Workshop with stakeholders on the Analysis Phase</b>																
3.6.1	Preparation of Workshop contents on proposals about the specific topics																

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
3.6.2	Identification and travel organisation of EU Experts on the topics included in Workshop																
3.6.3	Meeting for discussing the contents previously identified on the on concrete final proposals																
3.6.4	Workshop closing event		WS											WS			
3.6.5	Preparation of a report with the Workshop results and sharing with the Main Chinese stakeholders																
3.7	<b>Elaboration of reform proposals</b>																
3.7.2.1	Final identification of reform proposals on topics 3.1.1																
3.7.2.2	Final identification of reform proposals on topics 3.2.1; 3.3.1																
3.7.2.3	Final identification of reform proposals on topics 3.1.2; 3.1.3; 3.1.4																
3.7.2.4	Final identification of reform proposals on topics 3.2.2; 3.2.3; 3.2.4																
3.7.3	Definition of a detailed plan activities for testing the proposals locally (if requested) and for the following stages																
3.7.4	Preparation of the final reform proposal document and sharing with the Main Chinese stakeholders																

ID	DESCRIPTION	Y 2		Y 3												Y4	
		S 2		S 2						S2						S1	
		M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39
		XI 16	XII 16	I 17	II 17	III 17	IV 17	V 17	VI 17	VII 17	VIII 17	IX 17	X 17	XI 17	XII 17	I 18	II 18
Follow Up Phase																	
3,8	Technical assistance and tool development, training needs																
3,9	Pilot activities																
Horizontal macro activities																	
3.10.	2015 EU-China High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance																
3.10.1	Choose topic for High Level Event																
3.10.2	Prepare programme, choose venue, arrange logistics for HLE																
3.10.3	Select speakers, panleists and researches																
3.10.4	Prepare visibility activities related to the HLE																
3.10.5	Hold HLE																
3.10.6	Report on the HLE																
3,11	Reporting and Evaluation																
3.11.1	EU Results-oriented mission (ROM) / Midterm evaluation																
3.11.2	Components reports																
3,12	PAC meetings																

**LSV - local study visits**

**HLE - High Level Forum on Social Assistance**

**PD - Panel Discussion**

**WS - Workshop**

**HLPD - High Level Policy Dialog**

## 2.5. Cross Components activities

The horizontal activities proposed by the Project team for 2017 are the following:

### 1. SPRP International Workshop in Beijing

The project plans to carry out an international workshop within the scope of the EU-China SPRP, as a horizontal activity aimed at integrating the three Components outcomes in a common activity that could benefit all the three main beneficiaries of the Project, as well as external Chinese stakeholders. The workshop would be useful to sum up and deepen the analysis of issues of common interest to the three components and represent an important step in preparation to the closing event of the Project.

The three components have agreed on the following topic:

#### **Social protection in the 21<sup>st</sup> century: challenges for a reform.**

It is envisaged that the event will be held in Beijing, in early December 2017, with the organizational support of the SPRP project office in Beijing and SISPI; the SPRP project will solicit the co-sponsorship of the Chinese Association of Social Security, the Faculty of Public Administration of Renmin University, and the Chinese Association of Social Sciences.

China and EU are both experiencing major economic and social changes that are affecting their social protection systems, their relevance, efficiency and sustainability, as well as the role of social assistance in national and human development. Both areas are confronted with the need to fully understand the implication of an aging society, redefine modernization, the role of competition and globalization, while facing a new economic situation and climate. China has stepped in what is defined the New normal economy, characterized by lower economic growth, the need to change the quality of development, while improving the social protection institutional design, its quality and coverage in order to promote a more equitable society, a precondition for social stability. At the same time many EU countries are still confronted by low economic growth, high unemployment, increasing poverty and political uncertainties and many initiatives have been undertaken or are in the way to better adapt social protection to the new political and socio-economic environment.

The Workshop will call on EU and Chinese experts to outline the challenges confronting the social protection systems of China and EU countries and help in the formulation of appropriate responses; it will also aim to establish a dialogue between academics and decision makers from both geographical areas.

The workshop will last one day and include four working sessions, as well as an opening ceremony and concluding remarks. After an introductory session devoted to outline the economic and social background in China and EU, the following three sessions will be devoted to the Financial and Economic challenges (MoF and Component 2); to the Social Challenges (MoCa and Component 3); to the Policy challenges (NDRC and Component 1).

The interventions will be compiled in a SPRP bilingual publication.

The cost for the organization of the workshop would be covered through amounts earmarked for 2017 HLE that will not be realized.

The previous indications as well as more detailed program of the workshop and a tentative estimate of the cost of the initiative are detailed in the attached proposal.

Table 40 - Tentative proposal for an international workshop (three components)

<b>TITLE</b>	SOCIAL PROTECTION IN THE XXI <sup>ST</sup> CENTURY – CHALLENGES FOR A REFORM
<b>CO-SPONSORS</b>	SPRP; CHINESE ASSOCIATION OF SOCIAL SECURITY; RENMIN UNIVERSITY; CASS
<b>GOAL</b>	To identify the challenges confronting social protection in a changing world, characterized in China by the New Normal Economy, and in the EU by globalization, flexibility, competition and spreading uncertainties. To help in the formulation of appropriate responses to the challenges thus identified. To this end, to establish a dialogue between academics and decision makers from both geographical entities.
<b>RATIONALE</b>	The overall aim of the EU-China Social protection reform project, common to its three components, is to contribute to the development of social equity and inclusiveness of economic development throughout Chinese society. To this end, the Project is to establish a high level policy dialogue on social protection reform between the EU and China, and to develop partnership between specialized public bodies of EU member States and main Chinese stakeholders involved in planning for social protection reform – identified for project implementation purposes as NDRC, MoCA and MoF of the PRC. The project is implemented at a historical point in time when both China and the EU are experiencing major economic, social and societal changes directly affecting social protection, its relevance, its efficiency and its sustainability as well as its role in national and human development. The proposal therefore intends to take stock of the situation expressed in terms of new challenges for social protection policy, implementation and financing emerging from rapidly and dramatically changing contexts, and to articulate possible appropriate responses to such challenges, confronting the European and the Chinese experiences in this regard.
<b>SECRETARIAT AND ORGANIZATION</b>	SPRP project office in Beijing, SISPI
<b>FORMAT</b>	80 + participants, 60 Chinese and 20 European + international. From academics and decision making circles. All Chinese stakeholders (members and observers on PAC) invited to participate. European participation from Consortium members and selected research institutions. International: WB, ILO, OECD, EISS
<b>LOCATION</b>	Renmin University or private venue in Beijing
<b>DURATION</b>	One day
<b>TIMING</b>	December 2017 (tbc)
<b>OUTPUT</b>	Bilingual publication
<b>STRUCTURE</b>	<p>Six sessions, of which</p> <ul style="list-style-type: none"> <li>- Opening ceremony</li> <li>- A changing environment for social protection</li> <li>- Financial and Economic challenges</li> <li>- Social challenges</li> <li>- Policy challenges</li> <li>- Conclusions</li> </ul> <p>For each technical session, one CN and one EU co-chairs, one CN and one EU key-note speaker. Lunch and dinner will be provided to participants.</p>

Table 41 - Time table and draft agenda

TIME	SESSION TITLE	CO-CHAIRS	KEYNOTE SPEECHES	SPEAKERS
8:30-9:00	Registration of participants			
9:00-9:15	Opening ceremony	TBD (CN)	EUD, CAoSS	
9:15-10:45	A changing environment for social protection	Song Xiaowu	Relations between the “new normal” and social protection in China	Chair CAoSS
		TBD (EU)	The Europe 2020 strategy in the area of social protection	EU Social protection committee
10:45-11:00	Tea break			
11:00-12:30	Financial and Economic challenges	MOF	Promote growth and fund social protection	Zheng Bingwen
		INPS	Economic & financial sustainability of social protection policies in the EU	Italian specialist
12:30-14:00	Lunch			
14:00-15:30	Social challenges	MOCA	Vulnerable groups and needs urban and rural residents (current and prospective)	Shanghai / Jilin representative
		Polish Ministry of Family, Labour and Social policy (TBD)	Policies to support elderly and child care (home & institutional)	French/German specialist
15:30-15:45	Tea break			
15:45-17:15	Policy challenges	NDRC	Relevance and Efficiency of social protection	Zheng Gongcheng
		Expertise France	Social protection at times of	EISS

			globalization: the public/private dilemma	
17:15-17:30	Conclusions	Project leader	NDRC, MOF, MOCA	
17:45-	Banquet			

## 2. Coordination Meeting in Europe

A Coordination meeting akin to a PAC meeting will be held in Italy towards the end of the year 2017, involving Consortium members and Chinese main stakeholders. This Coordination meeting will provide the opportunity to review progress made on the project, to prepare for its final year activities and to envisage continued collaboration between Chinese and European partners after the completion of the project.