Social Protection Reform Project

Aide-Mémoire 2018

March 2018

Contents

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 Internationals (Agency for the
CEC	China Enterprise 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

List of tables

1. Executive summary of 2017

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 Horizontal Secretariat carried out all activities according to the 2017 Activity Plan and the procedures discussed with the Consortium Members during the 6th Internal Management Committee, held in Prague last January.

In April 2017, after the ratification of the Aide Mémoire, the Horizontal Secretariat started the selection procedure to recruit a supplier in order to ensure the production of customized communication tools and gadgets:

- brochures;
- leaflets;
- cotton shoppers;
- notebooks and pens;
- USB pen-drives.

The selection procedure was concluded in May. In September, in view of the Coordination meeting to be held in December, SISPI commissioned the production of UBS pens, notebooks, pens and cotton shoppers. All the gadgets have been customized with the Project logo and have been disseminated during the event in Rome. SISPI has also commissioned to the selected supplier the realization of the new Project Brochure, containing updated contents and information, drafted with the contribution of the Project Leader and all the Consortium members.

Furthermore, the Beijing local office has commissioned several visibility materials with project logo to be disseminated during Project events in China, such as notebooks, pens and printed Project documents (such as 2017 Aide Mémoire, Component 2 Newsletter, Component 2 Report Books both in English and Chinese).

Before the PAC meeting held in Beijing in February, a meeting among the European attendants and the Project local staff took place in order to discuss two important visibility issues: the official project newsletter and the project website. Regarding the first issue, following the specific request of the EU Delegation, it was agreed to produce one official, biannual and bilingual joint Newsletter, focused on general arguments, while each Component will keep on producing more specific and scientific quarterly Newsletter. Both Component Newsletter and official Newsletter are bilingual; they have been shared among all contacts and uploaded to the Project Website, ensuring their dissemination to the target audience. The official joint Newsletter of the first semester 2017 has been realized with the contributions of Project Leader, Resident Experts and Horizontal Secretariat, which have been collected in November. Meanwhile, each Resident Expert has drafted and disclosed quarterly Component Newsletters.

Given the problems encountered by internet users from China in accessing the official Project Website, and in order to avoid delays in updating and uploading contents on the official website, in April the Horizontal Secretariat started a selection procedure to recruit a Chinese webmaster by collecting quotations from web suppliers operating in China. The selection procedure was concluded in May and, starting from June, the Project website is hosted in a server located in China, granting an easier access to users from China. Therefore, the official Project Website is managed by a Chinese webmaster, who provides server hosting and is in charge of daily maintenance and update of the webpages. Both the Horizontal Secretariat and the Local staff are entitled to require uploads of new contents to the webmaster that are promptly completed.

As far as the Directory of Contacts is concerned, it has been updated according to the information collected from the Consortium Members and Beijing Project staff in November.

1.1.2. Management of local office in Beijing

In December 2016, the SISPI Beijing Bank account was released, ensuring a full functioning of SISPI Representative Office that, starting from that moment, has been able to speed up the process of payment of salaries to the local staff, the office rent and other suppliers. At the same time, through the Representative Office, SISPI has been able to easily provide petty cash to the Financial Assistant in order to cover the daily office costs and expenses.

Starting from January 2017, SISPI Representative Office hired the Local Project staff (one full time financial and administrative assistant and one part-time interpreter) through the outsourcing service company China Star, signing a fixed term labour contract, which will expire at the end of the Project.

As discussed with all Consortium Members and the Local Project staff, due to the unsuitability of the local office premises located at Guangyao Building and in order to cover the cost for renting a more expensive premises duly authorized for office use, a modification of the budget has been asked first of all to the Project Leader and then to the EU Delegation for its final approval. Since June 2017, a new version of the project budget has become effective, adopting changes made due to the increased cost of the project office rent in Beijing, which is now located in a building with regular permission.

In order to locate the new Project Office, the local staff and a Real Estate company have supported the Secretariat in the collection of five different quotations. Following the evaluation of the proposals, the new headquarters of the Project has been located at Fullink Plaza Building, in the same area of Guangyao Building.

SISPI Representative Office has consequently signed a rent contract with the lessor and, in late June 2017, end of the lease contract with the Guangyao Apartment (namely 19th June 2017), the local Project office moved to the new premises in Fullink Plaza Building.

1.1.3. Horizontal events

The Horizontal Secretariat provided the usual logistical support for the organization of official meetings held in 2017, including payments of per diems and purchase of return flight tickets to the attendants, in particular for:

- the Internal Management Committee held in Prague on 12ᵗʰ January 2017;

- the Project Advisory Committee held in Beijing on 24ᵗʰ February 2017;

- the Internal Management Committee held in France on 13ᵗʰ September 2017.

SISPI provided support to INPS and to Expertise France that, respectively as Project Leader and as Component 1 and 3 Secretariat, were entrusted to organize three events in Rome in late November - early December: the Coordination meeting held on 1ˢᵗ December and hosting both European Consortium Partners and delegations of the main Chinese stakeholders (NDRC, MoF and MoCA); the Component 1 workshop held on 30ᵗʰ November; the Component 3 Study visit held from 2ⁿᵈ to 4ᵗʰ December.

1.1.4. Coordination and monitoring

Coordination and monitoring activities follow the ones already realized in the first two years 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 entire third year of the Project. This plan has been prepared by the Components and the Secretariats under the coordination of the Project Leader at the beginning of 2017 and it has been approved during the Project Advisory Committee held in Beijing on 24ᵗʰ February 2017. The project work plan is defined on yearly basis with the close collaboration of Chinese counterparts, in order to be sure that the Project keeps following their needs and requests.

- *Missions' Management*: the process for the selection of short-term European expert and the template as reference for their qualification (Term of Reference), has been kept as for the first two years 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 other hand, continues to follow the new operative procedures set in the second project year 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 the project requires.

- *Project Management and Knowledge Sharing Tools*: the project management and knowledge sharing activities have been simplified through the realization of dedicated informatics tools. The new Project Secretariats managed efficiently and smoothly supporting activities thanks to the following tools:

  - Project Website (www.euchinasprp.eu/cn) – the new project website provides to target audience improved and updated webpages and functionalities. In order to allow a direct and immediate upload of web pages and documents, it has been foreseen the involvement of a Chinese webmaster, who can easily upload to the website main news and events realized.

- ▪ Creation and management of the electronic archive of project documents - the *Shared Area*, created within the project website, is available for all Consortium members who have requested the access to share/download project documents.

- ▪ Project Newsletters – two types of newsletter are foreseen starting from the third project year: Official Newsletter and scientific Component Newsletter.

- ▪ Creation and management of the Directory of contacts - 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 in November 2017.

- *Issues & Risk Management*: as done in previous years, the collaboration and communication among Project Leader, Component Coordinators and Consortium Partners have been kept at high level in order to find solutions on a daily basis to all operative and managerial issues related to such a complex Project. Under this context, two IMC meeting have been held during the 2017, in order to keep all the Consortium Partners aligned about the project issues, the solutions and the follow up activities.

  Under the scientific point of view, the monitoring of this Project has been performed, following the request of the European Delegation in China during the past Project Advisory Committee, through a Component related dashboard to be sent on quarterly basis by each Resident Expert and Component Coordinator. This table has been improved in order to allow easy reading and understanding of project intermediary outputs and milestones based on the time framework and provide in one document a summary of all the main activities performed in a defined period (quarter). The operational purpose is to track clearly and briefly, against the approved activity plan, what has been done, what has been postponed and what are the ongoing activities. The Project Leader, in collaboration with the Resident Experts and according to the proposals shared by the EUD, has reframed the former dashboard template and the new one is already in use.

- *Project Monitoring:* this activity aimed to monitor the overall progress of the Project. Every six months each Component Coordinator, supported by the Resident Expert, produce a "Component Status Report" on the progress of the work stream to be shared with the Project Leader. On the basis of the three Component Status Reports, the Project Leader drafts the Project Status Report, organizing collected information in an effective way and including also horizontal activities together with other project common information. In this way, coherence and adherence to project reports required by EU Commission Visibility Guidelines are guaranteed.

1.1.5.Logical Framework

During the year 2016, the Logical Framework has not been modified since the last version, which has been approved during the PAC of April 2015 and included in the related Aide-Mémoire. At the beginning of 2017, the Logical Framework has been revised and it has been approved during the PAC meeting of February 2017 together with the related Aide Mémoire. The new version is reported below and it will be used by all three Components during the last two project years.

Table 1 - Logical Framework updated in 2017

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Overall Objective	Furthering social equity and inclusiveness of economic development throughout Chinese society	- Social protection coverage, income distribution, poverty levels, government budget and GDP shares allocated to social protection		- National and provincial statistics.	- Guidelines and priorities of the Chinese government regarding the reform do not change - The EU and Chinese institutions remain interested in the project activities
Specific Objectives	C1. Greater effectiveness and inclusiveness of China's social security system through strengthening the institutional capacity for developing policies	- Comprehensive reforms proposals are developed and subject of public discussion	- Comprehensive reform proposals have been developed starting 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) http://sprp-cn.eu/reports/2015DraftReformProposalsEN.pd http://sprp-cn.eu/reports/2015DraftReformProposalsCN.pdf	- 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; - The EU and Chinese institutions remain interests in long-term cooperation/partnership
	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	- A comprehensive set of policy proposals in the fields of: division of decision power and expenditure responsibilities on social security between central and local government; social security coverage on atypical employment; nominal personal account reform in the basic pension system; models and methodologies for the social and economic sustainability analysis in social protection system	- PAC meeting minutes - Evidence of public debate (e.g. media excerpts) - Statistical reports from MoCA	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
			have been debated and submitted to MoF officials. - Two overseas training courses provided MoF officials with enhanced knowledge on financial management of the social security system and inspiration for future policy development. - The interaction with a wide range of EU and China experts, and the submission of policy reports contributed to the EU-China dialogue in the field of financial management of the social security system.		
	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	- A package of policy reform proposals has been shared with MoCA. Additionally during several event in China and Europe policy recommendations have been discussed with Chinese beneficiaries.	- PAC meeting minutes - Evidence of public debate (e.g. media excerpts) - Statistical reports from MoCA	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R1.** Mechanisms for EU-China high level policy dialogue on social protection reform is established and partnerships between Specialized Public Bodies of EU Member States and the National Development and	- High level conferences attract attention of the technical specialists and of the media - Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end	- C1: First Dialogue mechanisms with EC started in 2016. Dialogue with individual countries started in 2015 - 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	- External project evaluation reports; - NDRC, MoF, MoCA and local government publications, documents and reports; - National and ministerial statistics; - National audit reports; - Media & news report; - Project Website; - Electronic Newsletters; - Directory of Contacts;	- 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

Reform Commission (NDRC), the Ministry of Finance (MoF) and the Ministry of Civil Affairs (MoCA) on social protection are developed	of the project agreed; - Dedicated Project Website updated every month; - 2 Electronic Newsletters a year; - List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter; - Cooperative work between EU and national stakeholders in social protection is documented	in EU and China. - C3: High Level Policy Dialog meeting was held in Warsaw; - C3: Signing the Memorandum (second one) between MRPiPS and MoCA - Policy Dialog between MoCA and Italian Ministry of Labour and Social Policy and INPS (Preparation to signing the MoU) - C3: Other individual policy dialog countries started in 2016 and continued in 2017 (all Consortium countries have been visited – three of them at the MoCA ministerial level) - C3: newsletters published quarterly, EN and CN. - Mailing list of over 130 addresses maintained - C3: Newsletters and project website keep records of cooperative work	- Constitutional PAC meeting, Press Conference, High Level International Conferences and Closing Conference minutes.	availability for operational meeting, interviews etc., according to the plan shared in order to contribute actively to the project; - The EU and Chinese institutions remain interests in long-term cooperation/partnership; - The main Chinese stakeholders promptly satisfy operational requests of the Consortium.

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R2.** Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.	- NDRC proposals on social protection reform for inclusion in the XIII Five-years Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works; - A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices.	- The project contributed to the elaboration of NDRC proposals for inclusion in XIII Five-year plan. Those were discussed in a broadly opened meeting in January 2016 - A report containing comprehensive proposal for social insurance administration systems reform was produced in July 2015 - Technical notes on European experience and best practices in pension reform were produced and made available in September 2017	- See NDRC website and reports on 2015 activities - See component repository http://sprp-cn.eu	- NDRC and other Component 1 Stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium ; - 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; - The EU and Chinese institutions remain interests in long-term cooperation/partnership.
	R3. Capacity of NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced.	- A national policy evaluation technique in the area of social protection is developed and tested under the auspices of the project; - At least two-thirds of local officers involved in the training in China and in Europe demonstrate a high level of approval of the training activities; - Clear goals are assigned to the pension	- Recommendations on the contents of social insurance and employment policy evaluation techniques were documented in 2017 - High rates of satisfaction for participants in training activities - The adequacy of pension systems was addressed in activities conducted in 2017 - Provincial-based reports on Gender situation in social insurance and employment fields	- See evaluation reports from respective activities	

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
	system in terms of replacement of past income and minimum living standards - A methodology to assess gender implications of proposed social protection reforms is developed	started developing the basis for a relevant methodology		
R4. 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	- A comprehensive model for multitier design of the pension system is developed under project auspices; - A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices; - An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices.	- A model was developed and transmitted to NDRC in July 2015 - Universal social pension model to be addressed in 2018 - In June 2016 a training in Spain upgraded NDRC's understanding on the subject, a report with policy recommendation was produced in September 2016	- See component repository http://sprp-cn.eu - See component repository http://sprp-cn.eu/HLE2016/	
R5. Reform efforts in response to urbanization trends, in particular the harmonization/integration	- Model provisions for totalization and vesting of pension rights across regions are developed	- A model was elaborated and shared with NDRC in November 2015. Works continued in 2016. Model was popularized at pilot	- See component repository http://sprp-cn.eu	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
	of the various basic social protection systems for different groups of beneficiary, the portability of social insurances and better suited assistance schemes are supported	and piloted in selected places - An analysis of the interrelation between social and economic development and the suitability and sustainability of pension schemes is developed, and used for macro projections to support systemic reform proposals.	provinces' level (Apr.16) - Interrelation between economic development and suitability/sustainability reviewed in 2016 and 2017 – extended to relations between social protection and employment promotion (2 assessment reports, European research report, 7 European country profiles all EN-CN)	- See component repository http://sprp-cn.eu/HLE2016/	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**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	A comprehensive policy proposal on division of decision power and expenditure responsibilities between central and local government is developed under project auspices	- The project contributed to the identification of best practices on division of decision power and expenditure responsibilities between central and local government which were debated with MoF officials and deepened in the Training Activity conducted in Italy. - Comprehensive policy	- PAC meeting minutes; - Approval surveys at the end of the Training / Study Visit in China and in Europe; - Minutes and reports of the Workshops /Panel Discussion/ in China; - Project Website Documentation on C2	- MoF and other Component 2 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium; - MoF, Component 2 Chinese Expert, and other Component 2 stakeholder

	-terms budgeting of fund, and performance assessment model.		recommendations were submitted to MoF	ensure their availability for operational meeting, interviews etc., according to the plan shared in order to contribute actively to the project;
		Methodologies and tools for managing social protection expenditure, financial resources, and strategies to extend the social insurance coverage are elaborated under the project auspices	- Practices in the field of the extension of social insurance coverage have been identified, debated and analysed. - The 2016 training course in Italy contributed to upgraded MoF officials' knowledge in this field. - Comprehensive policy recommendations were submitted to MoF	- The EU and Chinese institutions remain interested in long-term cooperation/partnership.
		- A comprehensive policy proposal for the promotion of a coordinated management of the social assistance system is developed under project auspices.	- A policy recommendation report for the promotion of a coordinated management of the social assistance system has been drafted and will be submitted to MoF in February 2018. - The 2016 training course in Italy contributed to upgrade MoF officials' knowledge in this field.	
		- A set of social security performance indicators is developed, tested and discussed with interested stakeholders	- To be addressed.	
		- An analysis on the	- A comprehensive analysis on old age services and Long-Term Care system	

	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.	development has been carried out and discussed. - A report with policy recommendations has been drafted and will be submitted to MoF in February 2018. - The 2017 training in France contributed to upgrade MoF officials' knowledge in this field.		
R7 Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.	- 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; - A set of methodologies to assess the economic sustainability and adequacy of the Chinese pension system are proposed to MoF under the project auspices and debated for future policy development - Actuarial models are analysed and disseminated under project auspices.	- A reform model for the development of a multi-pillar pension system was debated, transmitted to MoF and tabled for future implementation. - Pro and Cons of EU pension models based on a NDC system were comprehensively debated in the 2016 Training program. - Actuarial models for the long-term sustainability of the social protection system were analysed and debated in the workshop. The 2016 Training course raised MoF officials' knowledge on actuarial forecasting methodologies. - A set of policy proposals to establish a regular national social security valuation system have been submitted to MoF and debated.		
R8 The capacity of the MoF in the management of social insurance funds,	- A set of strategies for the investments of pension funds	- Strategies for the pension fund portfolio management: risk & risk premium,		

focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened.	and techniques to strengthen risk control management are introduced and discussed under project auspices.	diversification, allocation and governance were discussed. The 2016 Training course raised MoF officials' knowledge on investment methodologies, risk management techniques and management of social security funds. - A report with policy recommendations has been drafted and will be submitted to MoF in February 2018.	
	- A comprehensive policy to promote the management of pension funds is developed and discussed.	- To be addressed in 2018	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SITUATION BY DECEMBER 2017	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R9.** 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 transmissions and implementation are upgraded.	- The legal framework for social assistance is reviewed and widely discussed, reform proposals are developed and tested under project auspices;	- Review of the government documents have been included in the 2015 and 2016 Volume on research topics of 2015&2016&2017 and deeply discussed with MoCA during several events organised with active participation of the EU experts. - Preliminary policy proposals report shared with MoCA. - Several research outputs within the Volume 2015	- PAC meeting minutes; - Approval surveys at the end of the Training / Study Visit in China and in Europe; - Minutes and reports of the High Level Event on Social Assistance/Panel Discussion/ Workshops in China; - Approval surveys at the end of the Workshops in China.	- MoCA and other Component 3 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium; - MoCA, Component 3 Chinese Experts, and other Component 3 stakeholder ensure their availability for operational meeting (panel discussion), interviews

		/2016 and 2017 to be published in February 2018 - Local visits to several provinces across China performed - High rate of satisfaction of the events organised based on the evaluation reports - To be addressed in 2018 and partly during the pilots which starts in 2017		etc., according to the plan shared in order to contribute actively to the project; - The EU and Chinese institutions remain interests in long-term cooperation/partnership.
	- 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; - Better access of clients to social assistance mechanisms (at urban and rural levels) is documented through project activities;			
R10. The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits, b) recognition of social assistance target groups and c) identification of low-income families are consolidated.	- A set of proposals for unification of benefits standards in social assistance is developed, discussed and tested under project auspices;	- Review of the government documents have been included in the 2015 and 2016 Volume on research topics of 2015&2016&2017 and deeply discussed with MoCA during several events organised with active participation of the EU experts. - Preliminary policy proposals report shared with MoCA. - Local visits to several provinces across China performed		

		- A methodology for functional identification of social assistance beneficiaries (target groups) is developed, discussed and tested under project; - A definition and quantification of goals to be assigned to social assistance benefits are developed and discussed under project auspices. - A methodology for and requirement for social assistance services is developed;	- Special EU-China exchanges (including one thematic report) on the data collection and monitoring of social assistance performed in 2016 - Not yet addressed by C3 - Special EU-China exchanges (including one thematic report) on the social services and the role of NGOs within social assistance performed in 2016		
	R11. Efforts of MoCA in improved care for poor rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level.	- Targeting of social assistance towards the 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.	- Review of the government documents have been included in the 2015 and 2016 Volume on research topics of 2015&2016&2017 and deeply discussed with MoCA during several events organised with active participation of the EU experts. - Preliminary policy proposals report shared with MoCA. - Local visits to several provinces across China performed		

		- Tools for public information and its transparency i.e. via campaigns and awareness on social assistance, are developed and tested under project auspices.	- To be addressed in 2018 and partly during the pilots which starts in 2017	

1.2. Component 1

1.2.1. Results pursued

Component 1 of the Project has to pursue specifically 4 of its altogether 11 identified 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);

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

All of the above mentioned results have been actively pursued.

1.2.2. Topics considered

Table 11, reported later in the document, presents the consolidated list of topics selected for implementation under Component 1 since 2015 activity plan. It includes all modifications endorsed by the PAC meetings on 6th April 2016 and 24th February 2017, as well as the proposed revised wording of topics to be considered in 2018. While initially 18 technical topics were considered for possible review under the project working methodology (analysis and assessment of the situation, confrontation with most relevant European best practices, formulation and adoption of reform proposals by the Chinese side), the evolution in national priorities and the opportunity to jointly consider a number of topics linked to parametric pension reform, led to a number of amendments in the list of topics, endorsed by the PAC meeting on 24th February 2017.

The PAC meetings upheld the adjunction of new topics to the initial list (topics 1.1.3, 1.2.3, 124) to better respond to the evolving national priorities since the elaboration of the Grant application form. It also took note of the merger of various topics all corresponding to one aspect of the same consideration, namely the parametric reform of pension schemes (topics grouped under 1.3.6).

1.2.3. Best Practices

The project Component 1 benefits from exposure to European best practices through two main channels: one, being direct exposed to outside realities through overseas capacity building, dialogue and study visits; the other, through exchange with European experts on topics of interest for the Chinese social security reform process.

During activities conducted since the beginning of the Project, Chinese Beneficiaries have interacted with some 100 experts and officials coming from eighteen European Countries, including representatives from ten international organizations or projects.

1.2.4. Situational analysis

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), Component 1 addressed the question of its sustainability. Beyond continuing those tasks, which 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 –, sustainability research activities (namely demographic, income redistribution and economic affordability questions) were conducted in 2017, focusing on the relevance and social efficiency of a reformed pension system.

Activities conducted in 2017, therefore, covered all four of the project expected results assigned to this Component.

Assessment reports

Three new topics were introduced for project activities in 2017: National policy evaluation technique in the area of social protection (indicators, methods and programs) – topic 1.2.2; Gender considerations in pension schemes – topic 1.2.4; Parametric reforms in pension reform – topic 1.3.6[1]. Relationship between social-economic development and the redistribution function of social security (topic 1.4.2) was continued through the review of the effects of parametric reforms on redistribution through social security.

A national expert – Prof. Zhou Hong, from the Chinese Academy of Social Sciences – undertook the analysis and assessment of the Chinese situation in terms of parametric reform of the pension schemes. This study benefitted from the works conducted in parallel by EU experts who produced national country briefs on the situation in their respective Countries resulting from parametric reforms conducted over the last decade or so. Countries involved were France, Italy, the Czech Republic, Poland, Germany and Sweden. Chinese and European experts interacted on two occasions, one for a peer review (panel discussion) held in Beijing in August 2017, and one during an International Workshop held in France in September 2017 on Parametric reforms and Redistributive functions of pension schemes.

Mr. Li Shi, from Beijing Normal University, prepared a report (analysis, assessment and reform proposals) on the link between changes in pension parameters and redistribution. The expert interacted duly with the experts dealing with parametric reforms, and took part in the above mentioned International workshop. His works were presented by one of his assistants during the Panel discussion meeting held in Beijing in August 2017.

The newly introduced topic on *Gender considerations under pension reform* was addressed at the local level. Prof. Lin Yi, from Sichuan South-West University, and Prof. Yue Jinglun, from Guangdong based Sun Yat Sen University, conducted these reviews targeting women's social security rights and employment positions (including for female migrant workers). These reviews include both national and local considerations and

---

[1] The PAC meeting on 24th February 2017 noted that: "Topic 1.3.6 (Vesting, indexation, adjustment) was 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" – Result 2 "

will be used for the continued topic consideration under proposed Component 1 Plan of Activities for the year 2018.

Assessment reports will be posted on the project website as soon as available in English and Chinese versions[2].

1.2.5. Cross-topic activities

Panel discussion

On 30th August 2017, Component 1 held a peer review panel discussion meeting in People's palace hotel, Beijing. The Panel covered the topics:

1.3.6 - Pension systems parametric reforms;

1.4.2 - Redistribution effect of pension schemes' parametric reforms;

1.2.2 - Evaluation of Social protection policies including both employment and social security policies.

32 participants took part in the meeting, including NDRC high level officials, Chinese and European experts, and European and project representatives.

The panel discussion members had in advance first draft reports prepared by Chinese experts Ms. Zhou Hong – Parametric reform; Mr. Li Shi – Redistribution effects; Mr. Yue Jinglun – Evaluation of employment policies; and Mr. Zheng Gongcheng – Evaluation of social security policies. In addition to Chinese national experts and officials, European experts, namely Mr. Skorpik and Mr. Suchomel from the Czech Republic, Mr. Steinmeyer from Germany, Mr. Mazzaferro from Italy, Mr. Birkholz from Sweden, who had prepared national monographs on the situation regarding parametric pension reform in their respective Countries, took part in the discussions.

The meeting was opened by Mr. Li Kang, Director General of the Employment and Income Distribution department of NDRC, who had a brief courtesy call with the team before the opening ceremony and gave a brief introduction of employment and social security in China. Ms. Zhu Yingjuan, Inspector General with NDRC and Mr. Chang Tiewei, Deputy Director General, chaired technical sessions.

Ms. Yi Xiaolin, representing the EU Delegation for China and Mongolia, addressed the meeting mentioning that this event was the last one in which she participated before her retirement. Ms. Yi mentioned she had been involved in China's social security program for more than 10 years, and has witnessed the development of social security in China. From the establishment of rural old-age insurance in the 1990s to the consolidation of old-age insurance for urban and rural residents at last, China's social security reform has been rapidly developed. She was very pleased to be able to make contribution to the China's social security reform.

All participants expressed their warmest thanks and gratitude to Ms. Yi for her dedication to the progress of social protection in China, and her restless work in favour of China – EU cooperation.

---

[2]http://www.euchinasprp.eu/en/components-en/component1-en ; http://www.euchinasprp.eu/cn/components-cn/component1-cn

1.2.6. *Overseas activities*

Under Component 1 auspices, overseas activities were already conducted in Belgium, France, Spain, Poland and the Czech Republic. As part of 2017 programme of activities, overseas visits were conducted in Germany, Spain, Belgium, Italy, France, Finland and Sweden.

Table 10, reported later in the document, provides a summary of overseas activities conducted under Component 1 programme to date, including anticipated 2018 events.

Training activity in Germany

Early contact had been made by NDRC and Expertise France with a German University expected to host a two weeks training course for some 20 NDRC High Level Officials on the topic of Evaluation of Social security and Employment policies, including long term care services for an ageing population. However, difficulties concerning budgetary and procedural matters led to delays, and another potential host institution in Germany had to be identified. The activity, initially foreseen for the month of June 2017, will be postponed to 14th to 28th January 2018 – which, according to Chinese administrative practice, can still be considered as part of activities conducted under 2017 work programme – and held under the auspices of Johannes Gutenberg University in Mainz. The project Component 1 Coordinator has identified Prof. Axel Weber from Germany as main technical organizer for the training.

The participants to the training course will benefit from a one-day technical briefing in Beijing before the date initially scheduled for their departure. The two specialists, Mr. Zheng Gongcheng, from Renmin University of China, and Mr. Yue Jinglun, from Sun Yat Sen University, who agreed to address in assessment reports the issues at stake for the evaluation of respectively social security and employment policies, had completed their first draft at the original date. It was therefore agreed that, notwithstanding briefing in due time for participants, they would present their findings during the first Panel discussion meeting on 2017 research topics held on 30th August 2017 in Beijing.

International workshop

It had been decided that, on the occasion of the NDRC Dialogue and Study visit to Nordic Countries on the topic of income redistribution, an International Workshop would be held in Paris to complete research on the topics of parametric reform and redistributive effects addressed under the Project Component 1 programme of activities for 2017. The Workshop was held in Paris on 14th September 2017. Some 20 participants took part in the discussions, among which Chinese and European high-level officials as well as Academics and Experts. The EU Social Protection Committee and the OECD were also present.

The Workshop was opened by Mrs. Nathalie Nikitenko, Delegate for the European and International Affairs, Ministry of Solidarities and Health, Ministry of Labour (France) and Mr. Li Kang, Director General, Department of Employment and Income distribution, NDRC.

Mr. Andraz Rangus, Chair of EU Social Protection Committee Working Group on the Pension adequacy report, also made a presentation on Pension adequacy in European Union Countries.

Mr. Koen Vleminckx, Director General Strategy, Research and International, Federal Public Service Social Security, Belgium chaired the 1st session on Parametric Reforms in Public Pension System. Ms. Zhou Hong, Researcher, Member of Academic Board of Chinese Academy of Social Sciences (CASS), made her presentation on Chinese pension reform and the relevance of the European experience. Following, experts from EU Member States gave reviews on pension systems in their respective Countries namely Mr. Jan Skorpik and Mr. Marek Suchomel, from Ministry of Labour and Social Affairs of Czech Republic; Ms. Anne Lavigne, General secretary, Pensions Orientation Council from France; Mr. Carlo Mazzaferro, from University of Bologna, Italy; Mr. Andrzej Szybkie, from the Social Insurance Institution ZUS, Poland; and Mr. Karl Birkholz, from the Swedish Pensions Agency, Sweden.

Ms. Zhou Hong, CASS, chaired the second session on The Influence of Parametric Reform on Redistribution through Public Pension Schemes. Mr. Li Shi, Dean of China Institute for Income Distribution, Beijing Normal University, made his presentation on Current and prospective redistribution through the Chinese pension scheme for urban employees. Mr. Pieter Vanhuysse, Danish Center for Welfare Studies, made his presentation of 30 minutes on Political Economy of Pensions and Redistribution effects in Europe and Ms. Céline Thévenot, Social Policy Division, Directorate for Employment, Labour and Social Affairs, OECD, made her presentation on Trend, causes and remedies to income inequality in OECD.

Following the second session was the general discussion, and then Mr. Li Kang, Director General, DEID, NDRC and Mr. Bertrand Barbé, Director General Delegate, Expertise France made closing comments on the international workshop, marking the success of the conference.

Policy Dialogue in Paris

Policy Dialogue is a core activity of the EU-China SPRP Component 1. This type of event usually takes place between NDRC and the EU institutions decision makers, with participation from a limited number of academics and experts. The First Dialogue under project auspices was held in Beijing in April 2016. The Second Dialogue took place in Paris on 15th September 2017 with some 15 participants.

Mr. Michel Villac, Vice-President of French High Council of Family, Children and Aged Persons (HCFEA) and Director General Li Kang co-chaired the sessions.

The dialogue was divided into two sessions, Employment and Social Integration and Social security and income redistribution.

Ms. Barbara Kaufmann, Director in the Employment, Social Affairs and Inclusion DG, European Commission and Mr. Stefano Scarpetta, Director for Employment, Labour and Social Affairs, OECD made keynote presentations. Comments were delivered by Mr. Antero Kiviniemi, Social Protection Expert, Finland Representation to the EU; Mr. Koen Vleminckx, Federal Public Service Social Security, Belgium; Ms Zhou Hong, Chinese Academy of Social Sciences and Mr. Li Shi, Beijing Normal University.

Dialogue and Study visit in Sweden and Finland

Between 18th and 21st September 2017, a high level delegation of 4 officials from the Chinese National Development and Reform Commission NDRC led by Mr. Li Kang, new Director General of the Department of Employment and Income Distribution, conducted a Policy Dialogue and Study visit in Sweden and

Finland, around the topic of income redistribution through social security mechanism in these two Nordic Countries. Mr. Lin Guowang, from the project office team in Beijing, accompanied the delegation.

In Sweden, the delegation first met with the Swedish Pension Agency representatives led by Mr. Mats Öberg, Head of Fund and Finance. Presentations were made by Ms. Estrella Zarate, team manager and actuary of Swedish Pension Agency, and Mr. Karl Birkholz, analyst of the Agency, who had also participated in the International Workshop in Paris. The presentation was on the pension system of Sweden, with more detailed information. During the presentation, Mr. Erik Granseth, analyst of the Agency, had made additional explanation to several points and the Chinese attendants also raised their questions, such as what is the comment of the speakers on the Swedish pension system and what are the challenges facing this system.

During the meeting between NDRC delegation and Swedish Ministry of Social Affairs and Health Ms. Cecilia Ryberg and Ms. Helena Kristiansson-Torp, officials from Ministry of Social Affairs gave joint presentation on the reform made by the current Swedish government, and what is the function of the Ministry during the reform. Problems that Sweden is concerned with were also introduced. After the presentation, the two Swedish officials also presented materials regarding Swedish reform to the Chinese delegation.

In Finland, the Delegation first met with United Nations University World Institute for Development Economics Research, UNU-WIDER, located in Helsinki; UNU-WIDER provided economic analysis and policy advice with the aim of promoting sustainable and equitable development for all, particularly developing countries. Prof. Finn Tarp, director of UNU-WIDER, hosted the meeting and gave the first presentation to NDRC, which was the introduction to UNU-WIDER and the researches the organization had done by then. Three more presentations were made, respectively by researchers at UNU-WIDER, as follows: Dr. Carlos Gradín, research fellow from Spain, Dr. Miguel Niño-Zarazúa, research fellow from Mexico, and Dr. Rachel M. Gisselquist, research fellow from US made presentation on their respective researches that included inequality of pension protection among different ethnical groups.

The Delegation then met with the Finnish Unemployment Insurance Fund, TVR, which is the public body that manages unemployment insurance system for Finnish citizens. Mr. Janne Metsämäki, Managing Director of the TVR, hosted the meeting, with the participation of Mr. Tapio Oksanen, economist and Deputy Managing Director of TVR. Two presentations were given to the NDRC delegation. The first one, by Mr. Janne Metsämäki, was mainly on the general features of TVR, its mission and relationship with other public organs in Finland. Mr. Tapio Oksanen made the second presentation mainly on economic analysis on Finish situation, especially the situation after the 2008-2009 crisis. A key issue in the presentation is the recovery of employment after the crisis, following the recovery of Finnish economy, for which Mr. Oksanen made economical comparison between Finland and China.

The Delegation also met with KELA, which is the Social Insurance Institution of Finland, managing the national pension for the Finnish citizens. It is conducting the experiment on universal minimum income on behalf of the current Finnish government, which is interesting to social protection policy makers and researchers around the world. The presentation was given by Mr. Simanainen Miska, one of the key participants in the experiment on universal minimum income. He listed the basic concepts related to and background of the experiment, in which the Chinese delegation was interested.

The Delegation then met with the Finnish Center for Pensions, ETK, which mainly manages earnings-related pension in Finland. Mr. Mika Vidlund, Liaison Manager of Planning Department, ETK, organized the meeting for the NDRC delegation, and Mr. Kaarlo Reipas, mathematician of ETK, also participated. Mr. Vidlund gave a presentation named Finnish Pension System at A Glance, which is on the general features of

Finnish pension system, including the earnings-related pension and other kinds of pension. In particular, he introduced to the Delegation information on the legislation, supervision and execution of the earnings-related pension system in Finland. Mr. Kaarlo Reipas, as a mathematician, gave a presentation on Adapting to Changes to Life Expectancy in the Finnish Earnings-related Pension Scheme in which he introduced the basic situation on the reform 2015 and reform 2017 on Finnish pension system, the aim of which is mainly to adapt the pension system to changing life expectancy. Technological issues, such as simulation of life expectancy, were also contained in the presentation.

While the full report of the Delegation is under finalisation at the time of writing, it was clear from exchanges with participants after their return to China that NDRC Study Visit to France, Sweden and Finland was successful, with fruitful gains from the conference and meetings, satisfying the needs of Chinese beneficiary. The Chinese delegation had also established and consolidated the foundation for further cooperation with the EU agencies, which is also one of the objectives foreseen in the EU-China SPRP.

Visit by NDRC vice-chairman

It was envisaged that Mr. Wang Xiaotao, NDRC vice-chairperson, would be on a few days official visit with project support to Italy, Spain and the European Commission. The visit initially scheduled for April 2017 had to be postponed because of conflicting commitments. It finally took place early from 6th to 15th July 2017. However, due to conflicting commitments, it was finally Inspector Zhu Yingjuan who led the delegation of 4 high level officials. The delegation held policy dialogue with the Italian INPS, with the Spanish Ministry of Employment and Social Security (MEYSS), and the Directorate General for Employment, Social Affairs and Inclusion of the European Commission (DG EMPL) on the areas of employment, social security and income distribution. It also conducted negotiations for future bilateral cooperation with MEYSS of Spain and DG EMPL of the European Commission.

Preparation for 2018 activities

Based on the experience of previous years, it has been considered useful, at the request of NDRC, to organise an event on the eve of the Coordination meeting to allow for proper advanced contacts with available representatives from host Countries for proposed Component 1 overseas activities to be held in the year 2018. These contacts took place on the occasion of a half-day round table discussion meeting scheduled for 30th November 2017 in Rome, around the topic of Active labour market policies.

The Round table discussion has indeed helped most directly concerned representatives from EU Member States to better understand the Chinese situation and expectations concerning active labour market policies, thus contributing to the preparation of overseas events to be included under Component 1 2018 programme of activities concerning Employment promotion and its relevance for social protection reform policies.

1.2.7. *Pilot sites*

From 26th February to 3rd March 2017, NDRC and the interested Consortium members led a mission to Component 1 pilot sites in Shanghai and Guangdong Province. This activity took place at the request of NDRC. Its objective for members of the consortium was to get better acquainted with the economic and social situation in the visited places, and to formulate with NDRC proposals for future cooperation activities

matching with the expectations of the pilot sites, as well as the competences and availability of the European side.

Mission leaders were Ms. Zhu Yingjuan, who was just appointed as Director General, Department of Employment and Income distribution, for NDRC and Mr. Laurent de L'Espinay, Coordinator for Component 1 (Expertise France), for the Consortium. Mr. Tretyak (France), Mr. Vleminckx (Belgium), Mr. Antichi and Ms. Pasqua (Italy) participated as well. The NDRC delegation included representatives from Employment and Income distribution Department, and International Cooperation Center. The Beijing-based Component 1 project team took part in the mission as well.

In Shanghai, the mission focused on long-term care and innovative enterprises. It had fruitful discussions with representatives of the local Development and Reform Commission as well as with representatives from innovative enterprises, from the Department of Human Resources and Social Security and the Department of Civil Affairs. It appeared that Shanghai authorities had developed very interesting ways of handling long term care including a pilot social insurance scheme, and that its technique was in a number of cases not second to that of European organizations. This opens interesting avenues for mutually beneficial cooperation that should be explored further.

In Guangdong Province, the mission focused more on social security computerization and the integration of rural and urban pension schemes, including through schemes coordination for the vesting and portability of pension rights. The mission had first contacts with provincial authorities and Municipal Government in Guangzhou city, before discussing the situation also in Qingyuan, which is a very vast half urban/rich and half rural/poor prefecture in Guangdong Province. In the course of the discussion, where experts had ample time to reflect on the local situation and to refer to their own national backgrounds, it was very clear that the plans to be developed by the Chinese side for extension of social protection and improved computerization in social security would benefit from further direct cooperation from European partners. In turn, European partners would benefit in getting better acquainted with approaches taken in Guangdong province, where modern technology is becoming more and more accessible, and is actually used in all aspects of social security management.

1.2.8. Human resources

The contract of the EU Resident Expert for Component 1, Mr. Jean-Victor Gruat (Expertise France) took effect on 20th 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 Component assistant for Component 1 from February to September 2016, and Ms. Li Xingli from 1st 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.

The project methodology relies on Chinese experts to provide assessment of topics under consideration, and submit related draft reform proposals for further discussion among Chinese stakeholders with involvement of European experts. Since the beginning of the project, 12 technical topics were explored under project auspices, mobilizing 29 high-level Chinese experts.

Table 2 - Human resources

Project	Y.1&2	Y. 3		Names	Activity / Output
(1193)	102** +150	190	**C1 Chinese expert staff except Main Experts**	** Data of days worked between Year 1 and subsequent years for Chinese experts are not comparable, because of changes in unit costs	
	Monthly fees		Main Chinese expert 1	Zhang Guoqing	Half-time - Operations
	Monthly fees		Main Chinese expert 2	Fang Lianquan	1/3 of time - Research
		45	CN EXPERT PARAMETRIC REFORM	Zhou Hong	AR* 1.3.6 and related (Parametric reform)
		25	CN EXPERT EVALUATION SOCIAL SECURITY	Zheng Gongcheng	AR* 1.2.2 Evaluation techniques
		25	CN EXPERT EVALUATION EMPLOYMENT	Yue Jinglun	AR* 1.2.2 Evaluation techniques
		45	CN EXPERT REDISTRIBUTION	Li Shi	Second AR* 1.4.2 (Eco.dev.& Redistribution-link with Parametric reform)
		25	CN EXPERT GENDER SICHUAN	Lin Yi	AR* 1.2.4 Gender considerations
		25	CN EXPERT GENDER GUANGDONG	Yue Jinglun	AR* 1.2.4 Gender considerations
					* AR = Assessment report
	Monthly fees		Component assistant	Li Lingxi	Half-time
	416	183	Resident expert C1	JV Gruat	
646	215	142	**C1 EU Public sector staff+ Subcontracting**		
		40	EU Experts Parametric reform	Lavigne, Birkholz, Steinmeyer, Mazzaferro, Skorpik, Suchomel, Zybkie	7 EU experts for country profiles Parametric reform
		10	EU Experts Provincial activities	Vleminckx, Tretyak	2 EU Experts for Provincial activities (1.8.1, 1.8.2)
		12	EU Experts, International Workshop and Policy dialogue	Rangus, Vleminckx, Vanhuysse, Thevenot	4 EU Experts for IWS and Policy dialogue in Paris
		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

1.3. Component 2

1.3.1. Results pursued

Component 2 is expected to pursue 3 of the 11 results identified by the Project, 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-term 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.

All three results have been addressed through activities related to the topics. The initial eleven topics have been partially revised to better meet the priorities of MoF as indicated in the 13th Five Year Plan and the new list has been presented to and endorsed by the PAC meeting on 24th February 2017.

1.3.2. Topics considered

Table 15, reported later in the document, presents the amended topic list as approved by the last 2017 PAC meeting. Since the beginning of the Project, Component 2 has modified the original list of the topics included in the Grant application form, according to the indications and priorities of the MoF, moving the focus from technical topics to policy oriented themes.

1.3.3. Best practices

The Component 2 provides the MoF with European best practices on the thematic areas assigned to Component 2. In order to do so, Component 2 engages European experts to be involved in capacity building activities, performed in Europe, and dialogue activities (working meetings, panel discussions, and workshops), and performed in China.

The activities conducted in 2017 allowed the MoF to interact with some 80 experts and officials coming from eight European Countries.

Best Practice Reports

- Mr. Jean Yves Hocquet made a report on topic 2.1.6 titled "Long-term care in France: in search for a balanced policy". France has struggled to implement a comprehensive social protection system. The health sector (about 12% of the gross domestic product), with a high level of spending but rather efficient, was the main provider of services for elderly people. It has offset during a long time the emergence of new needs and new responses. With the introduction of a new benefit aiming to better address the question of dependency, large progresses have been done. For the Chinese experts this presentation does not want to show the French

experience as a completed system but rather as a work in progress which even challenges the principles of the French welfare organization. To deal with Long-Term Care (LTC) means also to develop a cross sector approach, a multilevel coordination to which the public policies are not used. Prevention, which is usually the poor relation in French policies, could be a major innovation for the policy related to aging.

- Mrs. Monika Gabanyi made a report on topic 2.1.6 titled "Development of Old Age Services and Long-Term Care System in Germany". The German Long-Term Care system came into force in 1995 through the fifth pillar embedded in the social insurance system. The Long-Term Care insurance follows the Bismarck system, which is based primarily on social insurance contribution. Main reason for introducing this 5th pillar was the steadily increase of the elderly who were dependent from social care support and, in parallel, rising expenditures of social welfare scheme, mainly due to transfers to residential care facilities. Long Term Care insurance system implementation implicated also the definition of dependency and subsequently entitlement to benefits. At that time, physical impairment was in the focus and the assessment result distinguished three grades of dependency linked to time required for care per day. The benefit package offered by the insurance consists of cash and/or kind options and aims at services related to ADL/IADL. The paper provides a detailed overview of the German LTC system, including provision of services, the market, the funding of the system and its sustainability, recent reform and policy debate.

- Prof. Marcello Morciano made a report on topic 2.1.6 titled "Long-term care in Europe: a review and synthesis of the most recent evidence". The report provides an overview of the Long-Term Care regimes in place in Europe. By taking a comparative perspective, Section 2 highlights past and future trends in the demand for care and support for older people in Europe. It provides a quantitative framework of the demographic changes and the prevalence of disability. It also discusses the main issues around the supply of informal and formal LTC services. The framework helps in setting the scene for the subsequent review of the main features of the EU-LTC regimes. Fully aware of the vast differences between the Member States of the European Union (EU), Section 3 examines the coverage of publicly funded LTC, its intensity and the range of options adopted by EU member states in the financing, management and organization of their LTC programmes. The final part is devoted in summing up all the differences by defining five different clusters of EU countries. Section 4 outlines the main challenges that the European LTC systems face, recent reforms implemented and the current policy debate in a broad range of EU member states.

- Prof. Vincenzo Atella made a report on topic 2.1.6 titled "Organization, financing and delivery of LTC in Italy - In search of a common policy". Starting from the definition and measurement of LTC in Italy and European Countries, the paper analyses the financial LTC and elderly care in Italy, including the provision of the services, costs and role of the LTC on the welfare. Additionally, the research present the regional differences in eligibility rules for long term care in Italy, by analysing the different methodological choices for evaluation of vulnerability, accessibility and the LTC programs. Finally, the paper provides a comparison of the potential coverage of LTC programs based on the country regional differences.

- Mr. Mel Cousins provided a report on topic 2.1.4 titled "An integrated system for the coordinated management of the social assistance system: Case studies of the Netherlands, Sweden and the United Kingdom". The three countries selected provide an interesting variation in terms of their approach to social assistance. The UK has a highly centralised system while Sweden and the Netherlands have locally-administered systems but the Netherlands system is more centrally driven with financial incentives

for local governments to follow central policy while Sweden leaves more autonomy to local government. The three Countries range from the relatively small (Sweden) to one of the largest EU Member States (UK). They are all among the wealthier member states which tend to have better developed models of social protection. The three Countries also provide an interesting comparison of the approach adopted by EU Countries as they are generally seen as representing different welfare types within the European model. Sweden is the archetype of the Scandinavian or Nordic model. The United Kingdom is the main liberal welfare state in Europe. The Netherlands has its origins in the continental welfare model (like countries such as France and Germany) but can now be seen largely as sui generis (in a class by itself). The Netherlands has introduced a range of innovative reforms across different types of social protection and, as we will see, this also applies to social assistance. Finally, the report indicates the main challenges of the current policies, trends and future perspectives for reform.

-Mr. Renzo Turatto provided a report on topic 2.1.4 titled "An integrated system for the coordinated management of the social assistance system: the case of Italy". The paper documents relevant experiences of Italy, including a background of the social assistance programs. In particular, the report covers the following themes: 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 and Information platforms. The report also indicates the main challenges of the current policies, trends and future perspectives for reform.

- Mr. Pavel Janeck provided a report on topic 2.1.4 titled "An integrated system for the coordinated management of the social assistance system: the case of the Czech Republic". The paper covers the social assistance benefit schemes in the Czech Republic, their administration and the cooperation between the organizations involved. Individual social benefit schemes are introduced with description of each major benefit and criteria for its granting. In this regard, the history of the Living Minimum and Existence Minimum has been described in detail to enable understanding of this criteria used for assessment of eligibility, and also for the calculation of some benefits. Concerning the administration, the Labour Office of the Czech Republic is covered in detail as it is the authority responsible for all non-contributory (=social assistance) benefit schemes. In the second half, the paper covers the linkage of social assistance benefit schemes with other schemes. The cooperation between the responsible administrative bodies is also described in a separate chapter.

Reform Proposals

The research work on the 2015 and 2016 topics was compiled in a Publication "Enhancing Institutional Capacity for Financial Management of the Pension System: A Collection of Papers from EU and Chinese Experience on the Governance, Sustainability, and Equity". It covered several topics, namely:

- Division of decision power and expenditure responsibilities on social security between central and local government;

- Social security coverage on atypical employment: methodologies and tools of analysis and management;

- Nominal personal account reform in the basic pension insurance system;

- Models and Methodologies for the Social and Economic sustainability analysis in social protection system.

The final policy suggestions on the same topics were elaborated by Prof. Li Zhen and Prof. Wang Xiaojun in a separate document and submitted to MoF. These publications (English and Chinese versions) are also available on the project website.

The research work on the 2017 topics implemented will lead to the compilation of policy suggestions to be presented at a Workshop planned in January 2018. In particular, the topics to be covered are:

- An integrated system for the coordinated management of the social assistance system;

- Development of Old-age Services and Long Term Care System;

- Investment strategies of social funds and risk control methodologies.

The policy suggestions will be elaborated by both EU and Chinese experts under the supervision of the Component 2 Resident Expert and will be submitted to MoF.

1.3.4. Situational analysis

Assessment Reports

Three new topics were implemented for project activities in 2017: An integrated system for the coordinated management of the social assistance system (topic 2.1.4); 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).

A national expert – Prof. Jiang Zhen, from the Chinese Academy of Social Sciences – prepared the analysis and assessment of the Chinese situation for the topic "An integrated system for the coordinated management of the social assistance system". He cooperated in the research with the EU experts already identified and recruited, who produced country briefs on the situation in a selected group of countries: France, Italy, the Czech Republic, UK, Sweden, and the Netherlands. The Chinese and European experts interacted on the peer review (panel discussion) held in August in Beijing.

Prof. Tang Jun, from the Chinese Academy of Social Sciences, prepared the situational analysis report on the "Development of old age services and Long-Term Care system". The Component recruited four EU experts that delivered EU country reports (EU general, France, Italy, and Germany). The EU and Chinese experts presented their reports at the panel discussion in September 2017.

Prof. Hu Jiye, China University of Political Science and Law, prepared the situational analysis report on the topic "Investment strategies of social security funds and risk control methodologies". Meanwhile, one EU expert has provided the best practice report for UK. Furthermore, the Component 2 has selected an additional expert that will provide a report on the "pension fund portfolio management", and pension fund system in Italy. The panel discussion on this topic is scheduled on 21st November 2017.

All the finalized reports are available on the Project website both in Chinese and English language.

Preparatory Material - Training in France

Adding to the EU best practice reports prepared within Component 2, in preparation of the Training organized in France "Social Security in an Ageing Society: EU Practices Responding to the Demographic Challenge", a wide range of support material (EU best practice reports, country profiles, annual reports, background information about institutions involved in the training, etc.) was shared with MoF officials, during the period August-September 2017.

1.3.5. Cross-topic activities

Panel Discussion on the topic *An integrated system for the coordinated management of the social assistance system*

The panel was held on 29th August in cooperation with the Dibao Division of the MoF. It was devoted to a theme that is becoming very crucial in a phase in which China is confronting new socioeconomic challenges connected with aging and the entrance in the phase of normal economy: to improve the organizational arrangements of social assistance in order to improve its efficiency.

In the morning session, Prof. Jiang Zhen introduced the discussion describing the existing situation and defining the main challenges faced by China in order to build a coordinated system of social assistance. He recalled that the Chinese system evolved in accordance with the establishment and improvement of the socialist market economy and plays the essential role of "safety net" and "shock absorber". However, the system is still subject to a number of major challenges (functional segmentation and dispersion of relief resources, poor coordination between social assistance and poverty alleviation, welfare bundling, insufficient capacity to keep track of the changes of the economic conditions of the beneficiaries, etc.) that need to be addressed as soon as possible, also by taking advantage of local experiences.

China needs to develop a better and more relevant framework of laws and regulations, to coordinate the use of funding, to integrate the management of relevant department as well as key information and eventually improve the allocation of social assistance resources. Prof Jiang Zhen, on the basis of his report, did therefore propose a series of specific policy suggestions aimed to reach the previous goals.

EU Countries have chosen different solution for creating a well-coordinated and efficient system of social assistance. In the second part of the morning session, Mel Cousins outlined the solution proposed by UK, Sweden, and the Netherlands, Pavel Janeček illustrated the Czech Republic model, while Renzo Turatto and Alessandro Longhi introduced the Italian case.

In China decisions are taken at the central level, but historically important suggestions often came from the local level that very often play the role of laboratory and testing ground of new ideas.

For this panel, Component 2 and MoF had therefore decided to devote the afternoon session to the presentation of relevant initiatives taken by the provinces of Hebei, Shandong and Hanui in order to effectively improve the management of the local Social assistance system. The presentations were represented respectively by Wenzhou Liu, Wei Song and Meimei Sun.

The panel was attended by around 25 participants, including representatives from Dibao and Actuarial Divisions of the Ministry of Finance, China International Economic Exchange Center, National School of Administration, Chinese Academy of Social Sciences, the EU Delegation to China and Mongolia, and the UK Embassy.

Panel Discussion on the topic *The development of Long Term Care system and old age services*

The panel was held on 5th September 2017, in cooperation with the Medical Insurance Division and Veteran Benefit Division of the Ministry of Finance. The Division Director Mr. Jiang Yu chaired the meeting.

The first paper covering the Chinese context, illustrating the main challenges and proposing a first set of policy suggestions was delivered by Prof. Tang Jun. He started his presentation outlining the main characteristics of the aging process that is affecting China and that, according to the last Chinese forecasts, is expected to accelerate in the near future; in his opinion, the aging process is irreversible, but its consequences will not be as dramatic as sustained by Chinese media and some foreign researchers.

The second part of the presentation was devoted to define LTC and old age services as well as the concepts of successful aging, healthy aging, and active aging. Learning from the experiences of more developed countries Prof. Tang Jun stressed that LTC should adhere to the three principles of "continuity, self-decision, and autonomy, and include daily life assistance, medical care, nursing and rehabilitation". As a consequence of their different socioeconomic developments, historical and cultural traditions different countries adopt different models of LTC.

From the financing perspective, we can distinguish between welfare models, financed by taxes, and insurance models financed by insurance premiums. A mixed model, financed by both insurance contribution and tax, and administered by local governments has been adopted by Japan. Prof. Tang Jun did then suggest that "LTC insurance should be an independent social insurance program, separated from medical insurance; should cover both daily life needs and rehabilitation, initially should target only the function-reduced old people".

There is no doubt that during the 12th Five-Year Plan, the problem of LTC and old-age services had made great progress and more importantly a general consensus has been reached on developing an old-age service system based on home care, supported by community care and supplemented by institutional care. It must however be recognized that some wrong choices have been made like putting attention on increasing the number of beds but not to their effective use, considering more the potential demand than the effective demand, while the large amount of legislation that has been enacted has however missed some key points.

Finally, starting from the proposal of Xi Jinping to "implement policies to support the development of old-age services" and establish "a long-term care system that articulates relevant insurance, welfare and social assistance schemes", Prof. Tang Jun started to outline some policies proposal that will be formalized, in cooperation with the EU experts and the Component 2 Resident Expert and presented in the workshop to be held in January.

The rest of the meeting was devoted to the EU experiences. The first intervention was made by Marcello Morciano that provided an overview of EU LTC. After presenting the future trends in the demand for care and support for older people in Europe, he examined the coverage of publicly funded LTC, its intensity and

the range of options adopted by EU member states in the financing, management and organization of their LTC programmes. Then he summed up the differences by defining five different clusters of EU Countries. He concluded his intervention by outlining the main challenges that the European LTC systems face, the recent reforms implemented and the current policy debate in a broad range of EU Member States.

Building on the general framework presented by Morciano, Jean-Yves Hocquet presented the French system, Renzo Turatto the Italian system, while Michele Bruni illustrated the German model on the basis of a paper written by Monica Gabanyi, who could not attend the seminar. Also the second panel was attended by around 30 participants, including representatives from the Medical Insurance Division, the Veteran Benefit Division and the Actuarial Division of the MoF, the Chinese Academy of Social Sciences, the Renmin and Wuhan Universities, the Italian Embassy.

1.3.6. Overseas activities

Training in France

The training program "Social Security in an Ageing Society: EU Practices Responding to the Demographic Challenge" was held in France from 10th to 24th September 2017, the first 10 days in Paris and the last three in Marseille. The course was attended by fourteen officials from the Social Security department of the Chinese Ministry of Finance (three from the central government and eleven from provincial offices). The delegation was led by Mr. Fu Jinling, Deputy Director-General of the Social Security department of the Ministry of Finance.

The training was organized in strict cooperation by ty the Italian Institute of Social Protection (INPS), the Italian National School of Administration (SNA), the Component 2 Beijing office, with the logistic support of Expertise France and SISPI Italia Previdenza.

The content of the course was in line with the policy priorities of the Chinese Government, which is currently trying to cope with the rapid ageing of the population and to define adequate policies in the social protection field.

The main objectives of the course were: 1) the assessment of the European situation on structural problems such as population ageing, on the sustainability of public pensions and health care vis-à-vis ageing, and on long-term care; 2) the analysis of the EU Member Countries policy responses to the impact of population dynamics on pension systems, healthcare and long-term care, including the role of financial markets; 3) to discuss and deepen the understanding of the main lessons coming from EU experiences on the interplay between ageing and societies' well-being; 4) to draw, when possible, comparisons between the European and the Chinese situations and derive suggestions that could inspire the Ministry of Finance to design and propose effective new policy measures.

Coherently, the broad program of the training included four main parts. The first was devoted to the demographic trends in EU and China and their impact on the sustainability of the pension, healthcare and long-term care systems. The second mainly focused on the financial management of pension funds, investment strategies, risk control methodologies, and the role of private pensions to guarantee the financial sustainability of the pension system in aging societies. The third analysed the Long-term care systems of

some EU Member Countries as well as their financial sustainability; it did also focus on the relevance of technology and information platforms, while discussing the relative role of the public sector and of the market, including the third sector. Local experiences were at the centre of the fourth part of the training program in which public officials of the regional administration of Lazio (Italy) and of the municipality of Marseille (France) presented their experiences in providing and managing services for the elderly and dis-abled people.

Overall, more than 25 international experts (academicians and public officials) from Italy, France, Germany, the Czech Republic and UK were engaged in the training that included both lectures and visits to leading institutions involved in social assistance. In each occasion, the trainees had the time to engage in lively debates that did guarantee a better understanding of the EU experiences, while giving the possibility to appreciate their relevance for the challenges faced by China.

The MoF report on the Training course and the evaluation report can be found on the project website.

1.3.7. Pilot Sites

According to the Social Security Department of MoF, the 2017 activity plan of Component 2 did not include pilots.

1.3.8. Human resources

The contract of the Component 2 Resident Expert Mr. Michele Bruni took effect on 16th May 2016. Within the project Beijing office, Ms. Valentina Pignotti acted as assistant for Component 2 from April to December 2015, and from 24th March 2016 until present. Ms. Li Zhen acted as Main Chinese expert since June 2016 until February 2017. For additional information on Component 2 HR management, see table below.

Table 3 - Use of Human Resources, 2017

COMPONENT 2 -USE OF HUMAN RESOURCES, 2017 ACTIVITY PLAN				
Years 1 to 4	*Y 1 &2*		**Total w/d used 1st Jan. 2017- 16th Nov. 2017**	**Incumbent**
585	*198*	Chinese Experts	130	
		CN EXPERT REFORM PROPOSALS	*15*	*Wang Xiaojun Nov 2016-Jan 2017*
		CN Expert Old age services & LTC	*60*	Tang Jun Contract since April 2017
		CN Expert Investment Strategies of Social security funds	*40*	*Hu Jiye Contract since April 2017*
		CN Expert Coordination of social assistance system	*15*	*Jiang Zhen (contract since end 2016)*
		Resident expert C2 Michele Bruni	*Full time*	Contract since 16th May 2016
		Component assistant Valentina Pignotti	*Full time*	Contract since 24th March 2016 - Monthly
428	142	Total EU ST Experts	148	

		EU Experts *Old age services & LTC*	60	Marcello Morciano, Jean Yves Hocquet, Monika Gabanyi, Vincenzo Atella
		EU Experts *Coordination of social assistance system*	45	Pavel Janeck, Renzo Turatto, Mel Cousins Alessandro Longhi
		3 EU Experts *Investment Strategies of Social security funds*	15	Grayson Clarke
		EU Experts Training France	28	Several
4	/	Study/Research	1	Guido Canavesi

For each topic considered by Component 2 activity plan, the Component relies on Chinese experts to provide assessment reports, and submit a first draft of reform proposals to be further discussed among Chinese stakeholders, in view of matching the most relevant European and international experience. Since the beginning of the project, 7 topics were explored, involving 10 Chinese experts.

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;

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

Topics being explored in 2017 contribute mainly to the R10 – topics 3.2.2; 3.2.3; 3.2.4. ("Result 10: The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits, b) recognition of social assistance target groups c) identification of low-income families are consolidated") and are foreseen to complete research supporting that result of the Project.

1.4.2. Topic considered

The PAC meeting held on 24th February 2017 agreed on the topics to be considered within Component 3 activities; see table below. Some adjustments have been made to take into account the priorities of MoCA since the elaboration of the Grant application form.

Table 4 - Topics considered in 2017

Result	#	Topic	Date starts
R10	3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	January/February 2017

3.2.3	Coordination of overall social assistance resources	January/February 2017
3.2.4	Fraud in social assistance: identification, coping strategy and prevention	January/February 2017

In 2017, under Component 3 three topics have been elaborated, as shown in Table 4. Component 3 is performing research activities related mainly to the topics 3.2.2, 3.2.3, and 3.2.4. All topics are subject to 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.

1.4.3. Best practices

Activities from 2017 were continued and planned activities for Component 3, approved by the PAC meeting on 24th February, were also performed.

Due to the delay in selection of EU experts the best practice reports have been submitted by the end of 2017 and respective exchanges have been provided during the 3rd Component 3 Workshop hosted by MoCA on 24th November 2017. Based on the briefing of Chinese social assistance in the field of 2017 topics as well as discussion and exchanges between Chinese and EU best practices report for the three topics 3.2.2; 3.2.3 and 3.2.4 have been provided.

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.

Table 5 - Best practices reports in 2017

TOPIC	TITLE	INCUBENTS[3]	OUTPUT	OBSERVATIONS
3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	Julien Van Geertsom	1 report EN	Best practice report to be submitted to MoCA
3.2.3	Coordination of overall social assistance resources	Heinz-Dietrich Steinmeyer	1 report EN	Best practice report submitted to MoCA
3.2.4	Fraud in social assistance: identification, coping strategy and prevention	Stephane Pacaud	1 report EN	Best practice report submitted to MoCA

1.4.4. Situational analysis

The 2017 Activity plan for Component 3 endorsed by the PAC meeting on 24th February states that "under Component 3 three topics will be a subject of situational analysis in 2017, namely: 3.2.2, 3.2.3, 3.2.4."

---

[3] The EU experts mission to Beijing started on November 21st, 2017

Situation analysis for the three topics has been conducted by three Chinese experts selected jointly by MoCA and the Component 3 Resident Expert and shared with the Component 3 Coordinator.

All topics have been subject to 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.

The evaluation of topics 3.2.2, 3.2.3 and 3.2.4 started in January/February as shown in Table 7 below.

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 were undertaken by MoCA with some support of EU-China SPRP Office.

Table 6 - Schedule for situation analyses

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 have been 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 has envisaged that a European expert was 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.

Identification and situation analysis for topics 3.2.2, 3.2.3 and 3.2.4 have been finalized by the three Chinese experts as indicated in the Table 8.

Table 7 - Situational analysis in 2017

R	No	Topic	Incumbent	Output	Observation
10	3.2.2	Optimization of social assistance – procedures and eligibility criteria for social assistance benefits	CN expert 1 - Mr. Jianping Yao	EN&CN report	Assessment report submitted to MoCA By July 2017
10	3.2.3	Coordination of overall social assistance resources	CN expert 2 - Ms. Zhang Haomiao	EN&CN report	Assessment report submitted to MoCA By July 2017
10	3.2.4	Fraud in social assistance: identification, coping strategy and prevention	CN expert 3 - Mr. Lin Yi	EN&CN report	Assessment report submitted to MoCA By July 2017

All finalised reports will be published in a Component 3 2017 volume for each of the three topics and shared with a broader audience via the Project website.

Identification and Review of possible European experience

An extended opportunity for exchange EU practises has been performed within 3rd Component 3 Workshop that took place on 24th November 2017. For this workshop six short-term EU experts - two for each topic namely 3.2.2; 3.2.3 and 3.2.4 – have presented best practises and preliminary policy recommendations.

1.4.5. Cross-topic activities

Panel discussions

Following actions have been already successfully accomplished:

- The 3-topics 4th C3 Panel Discussion hosted by MoCA on 29th June 2017. The event was supported by 3 CN short-term experts and several external senior experts from across the country specializing in the topics discussed.

For the time of 4th C3 Panel Discussion on the topics 3.2.2, 3.2.3, 3.2.4, Component 3 was not able to select and ensure mission for EU experts. Therefore, the Panel discussion meeting in June was mainly supported by Chinese experts working for the Project and external one from the respective fields of expertise.

The 4th Panel discussion under the 2017 work plan was hosted by MoCA on 29th June 2017, namely for topics 3.2.2, 3.2.3 and 3.2.4.

Workshops on the analysis phase

The Component 3 activity plan for 2016 as adopted by the PAC meeting on 6th April 2016 foresees a workshop aiming at reviewing the topics analysed in 2016.

The 2nd Component 3 Workshop has been organized by MoCA on December 13th, 2016. For this workshop three short-term EU experts - one for each topic namely 3.1.2; 3.1.3 and 3.1.4 have presented best practices and policy recommendations.

The Component 3 activity plan for 2017 foresees a Workshop aiming at reviewing the topics analysed in 2017.

The 3rd Component 3 Workshop has been organised by MoCA on 24th November 2017. For this workshop six short-term EU experts - two for each topic namely 3.2.2; 3.2.3 and 3.2.4 – have presented best practises and preliminary policy recommendations.

1.4.6. Overseas activities

Component 3 work plan for 2017 has included up to four EU activities (training and study visits) for MoCA delegation to several EU Countries. One of them under the leadership of Deputy Minister MoCA Mr. Gong Pugang and the other one for technical purpose for high level officials from central and provincial level MoCA.

Ministerial Visit to Italy

In May 2017, Delegation of Ministry of Civil Affairs of the P.R. China under the leadership of Mr. Gong Pugang, Deputy Minister, visited Italy (24th 27th May 2017). During several days visit, policy dialog meetings were hold among Deputy Minister of MoCA, Mr. Gong Pugang, and the Italian Under-Secretary of State of Labour and Social Policies, Ms. Franca Biondelli, Mr. Tito Boeri, President of INPS and Ms. Rita Visini, Regione Lazio Assessor for social policies.

Additionally, at the Italian Ministry of Labour and Social Policies a round table with the Directors General was organized, focusing on the role of third sector in the social assistance and on social inclusion policy in Italy. During the meeting at INPS, a dialog on the Component 3 of the EU-China Social Protection Reform Project (outputs and developments), on the means testing procedure in Italy (ISEE) family allowances, invalidity as well as social assistance pension and Home care premium was held.

MoCA delegation visited CARITAS, an NGO acting as a service delivery provider for homeless people, elderly, migrants, etc.

During the visit to Regione Lazio, coordination for assistance on the field for old-age people and sick people has been presented.

Final meeting was organized by INPS with the participation of Mr. Gong Pugang and other MoCA delegation members, INPS officials including Mr. Massimo Antichi, the EU-China SPRP Project Leader, and Component 3 Resident Expert, Ms. Marzena Breza. Discussion was dedicated to further steps in the cooperation on social assistance within EU-China Social Protection Re-form Project. Additionally, some proposals has been made for deepening cooperation among Italian Ministry of Labour and Social Policy, INPS and MoCA.

Training in France

In June 2017, as a part of the 2017 Component 3 of the EU-China SPRP work plan, a two-week training to France has been organized for the Ministry of Civil Affairs P.R. China with participation of central and local government staff. The training was coordinated by Expertise France with cooperation of MoCA, the Component 3 Coordinator Ministry of Family, Labour and Social Policy of Poland and Ms. Marzena Breza, the EU Resident Expert of Component 3, who was also accompanying the MoCA delegation to France. MoCA delegation consisted of 15 participants, officials from Ministry of Civil Affairs, with the head of the delegation Mr. Liu Yong, Deputy Director General of Social Assistance Department and ten provincial level staff - directors of social assistance offices from Heilongjiang, Jiangsu, Anhui, Shandong, Hubei, Guangxi, Chongqing, Guizhou, Shaanxi and Gansu.

The main goal of the training was sharing information on policy design, knowledge and practices in terms of on Social Assistance Benefits and Services Legal Framework, Implementation and Monitoring. During the training following issues were specifically deepened and discussed: experience of French and other EU Countries and European institutions - European Parliament and Council of Europe - actions done for social cohesion; reporting; reviewing as a part of policy making and designing new policy instruments; European 'focus' on comprehensive approach towards labour and social policy and instruments/benefits – cooperation of labour office with social assistance beneficiaries; legal framework (national and European approach); cooperation between different levels of the government, state and NGO within social assistance system; tar-get groups of social assistance – elderly, disabled, children, etc.

During the two weeks training several training sessions, presentations and field visits were organized. Intuitions involved in the training included French one located in Paris and Strasbourg - Expertise France; Ministry of Social Affairs and Health; National Family Allowances Fund Autonomy Solidarity Fund (CNAF); Department Social Assistance Office, Bas-Rhin Region; Public Employment Agency Strasbourg, Hautepierre; Local Family Allowances Fund (CAF), Bas-Rhin Region; School of Social Work in Strasbourg (ESTES), Strasbourg; Obernai – creche and Social Action Center (public institution); and European level like the European Parliament (Commission for Employment and Social Affairs) and Council of Europe (Department of Social Cohesion and Diversity) -. Beside the governmental level intuitions, some NGOs (NGO Caritas France and NGO services Secours Populaire - People's aid) contributed to the knowledge and practice exchanges during the training period.

Thanks to the engagement in the training of policy makers, EU experts and practitioners in the field of social assistance at the national (French) and EU level, MoCA delegation had the opportunity for concrete knowledge exchange and sharing practices in a view of challenges for social assistance system in Europe and China.

Study Visit in Romania and Poland

In September 2017, continuing the work plan foreseen for 2017, Component 3 of the EU-China SPRP Project supported the Ministry of Civil Affairs P.R. China with EU-China knowledge and practical exchanges. A study visit coordinated by Ministry of Labour and Social Justice of Romania and the Ministry of Family, Labour and Social Policy of Poland focused on standards and accessibility of benefits and services (for poor people, families with children, elderly and the disabled) in social assistance as well as monitoring tools used in social assistance schemes. MoCA officials (central and provincial level) held

several exchanges with central and local government staff as well as took part in a field visits to social services providers (NGOs). The delegation was also hosted by the National Agency for Payments and Social Inspection and the Prahova County in Romania, where several social assistance institutional support schemes for vulnerable groups and monitoring tools used for social assistance were presented. In Poland, the local Social Assistance Office (Warszawa Praga Południe), a day care centre, and NGO (Otwarte Drzwi), have been visited.

The main goal of the study visit was sharing information on policy design, payment and financing schemes, legal and institutional framework as well as defining main challenges for the social assistance. MoCA delegation had the opportunity to learn the latest achievements of the social assistance system and reform planned in these two Countries as well as to share knowledge on social assistance progress in China.

Study visit to Italy and Belgium

In December Ministry of Civil Affairs P.R.China was having exchanges in Italy with the Italian Institute of Social Security and the Ministry of Labour and Social Policies & in Belgium with the Federal Public Service Social Security and the Federal Public Planning Service for Social Integration.

The visit was organised jointly with the Coordination Meeting of the SPRP Project in Rome on December 1st.

Italian Institute of Social Security, Federal Public Service Social Security and the Federal Public Planning Service for Social Integration from Belgium hosted the Ministry of Civil Affairs P.R.China visit organized within Component 3 Social Protection Reform Project on November 30th-December 7th, 2017.

The main focus of the visit was given to social assistance means testing; policy implementation and monitoring. Component 3 of the EU-China SPRP Project through the visit continue supporting the Ministry of Civil Affairs P.R.China with EU-China knowledge and practical exchanges.

In Italy the MoCA visit was coordinated by the INPS following issues had been addressed:

Equivalent Economic Situation Indicator (ISEE) and its strategic role in the Italian Social Protection system as well as a monitoring tool of the Italian households' wealth and a guide for the evolution of Social Protection policies. "ISEE Simulator" was demonstrated through the INPS webpage. In addition, INPS presented the Italian National Social Assistance register for all the benefits and services provided to each citizen by each institution (public and private, at central and local level). Finally, Social Assistance for specific groups – services for children, families and vulnerable people - allowances for children, motherhood and low-income families were shared during the visit.

In Belgium the MoCA visit was coordinated by the Federal Public Service Social Security and the Federal Public Planning Service for Social Integration.

The Federal Public Service Social Security was introducing MoCA delegation to means testing in the three social assistance schemes: minimum income for the elderly, people with disabilities and people on active age and sharing the main assumptions of the Crossroadsbank for Social Security.

The Federal Public Planning Service for Social Integration presented to MoCA delegation means testing – measures, data base; main achievements as well institutional responsibilities and funding sharing. Finally, poverty reduction policies, main responsibilities and activities undertaken in Belgium were presented.

Moreover, in Belgium few field visits in Gent and in Brussels were organised. In gent MoCA delegation visited the social assistance innovative service delivery at Campus Prince Filip, the local center for public welfare of Ghent and the Care center "Het Heiveld" (providing service flats; local service center Wibier and active volunteers at Wibier).

In Brussels MoCA delegation visited the local center for public welfare of Saint-Gilles (municipality in Brussels). During this visit coordination of social services; participatory approach and collaboration with the private sector as well structure and financing of the local center were presented and discussed. In addition, short visit to services users (cooking services) were organized.

The study visit gave an opportunity to MoCA delegation for sharing knowledge and practices on the policy design and policy making as well holding practical exchanges with the central and local social assistance staff and NGOs.

Further cooperation will be continued during the coming activities of the Component 3 SPPR activities.

1.4.7. Pilot Sites

MoCA has not selected the pilot sites yet. However the comprehensive framework of the pilots has been discussed. A research will take place in the next months first to support MoCA in proper programing the pilots (setting goals based on a solid motivation for choosing particular topics) and secondly local staff with the topics and instruments to be used when piloting EU examples.

For this specific task senior Chinese expert (Prof. Guan Xinping) has been selected to review policy proposals made by EU and Chinese experts (including motivation) and furthermore propose a program for the pilots to be undertaken in late 2017 or early 2018 in a few provinces in China.

The last Component 3 Panel Discussion was followed by a seminar – workshop on the assessment of social assistance in China. The aim was to focus the discussion on target, measures and scope of the pilots for the 2017-2018. Foundation for the discussion was a previous research (one of them relates to study on social assistance structures of P.R. China - main achievements of and challenges and the other focuses on most relevant EU Countries experiences for social assistance structures of China) executed by Prof. Guan Xinping and Mr Mihai Magheru on Chinese and European social assistance system respectively.

1.4.8. Human resources

The contract of the EU Resident Expert for Component 3, Ms. Marzena Breza took effect on 23rd December 2014. The EU Resident Expert of Component 3, within the Beijing Office in the assessed period was assisted by Ms. Miao Yijun. 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. For details on Component 3 Human

	CATEGORY			POSITION	DURATION W/D		INCUMBENT	OBSERVATIONS
#	CN EXPERT	EU EXPERT	OFFICE		ALLOC.	CONTRACT		
				EU-CHINA SOCIAL PROTECTION REFORM PROJECT COMPONENT THREE - MONITORING OF HUMAN RESOURCES - 2017 as for early November 2017				
1		X		RESIDENT EXPERT			MARZENA BREZA	FULL-TIME / INCLUDING PILOTS WHEN DEFINED
2			X	COMPONENT ASSISTANT			Miao Yijun/Sun Wei	PART-TIME / INCLUDING PILOTS WHEN DEFINED
3	X			1. RESEARCH 3.2.2 Optimization of Social Assistance – Procedures and Eligibility Criteria for Social Assistance Benefits	max 40		Yao Jianping	
4	X			2. RESEARCH 3.2.3 Overall coordination of social assistance resources in China	max 40		Haomiao Zhang	
5	X			3. RESEARCH 3.2.4 Fraud in social assistance: identification, coping strategy and prevention	max 40		Lin Yi	
6	X	X		CONSULTANCY FOR THE WORKSHOP MEETING ON ASSESMENTS OF SOCIAL ASSISTANCE IN CHINA	within research study budget line	4000 EURO EACH	1 EU EXPERT - MIHAI MAGHERU 1 CN EXPERT - GUAN XINPING	IN CHINA Jun-17
7	X			RESEARCH ON COMPONENT 3 PILOTS PROGRAM AND FINAL POLICY RECOMMENDATION REPORT ON TOPICS 3.1.1&3.1.2&3.1.3&3.1.4&3.2.1&3.3.1	within research study budget line	4000 euro	1 CN EXPERT - GUAN XINPING	IN CHINA Oct-17
8		X		CONSULTANCY FOR THE 4TH C3 PANEL DISCUSSION ON THE TOPICS: 3.2.2&3.2.3 &3.2.4	0		not selected - postponed till 3rd Workshop in November 2017	IN CHINA Jun-17
9		X		CONSULTANCY FOR THE 3RD WORKSHOP ON TOPICS: 3.2.2 & 3.2.3 & 3.2.4	max 45		6 EU EXPERTS FOR 5-10 working days each	IN CHINA NOV 2017 - 3RD C3 WORKSHOP
10	x	x		TRAINING IN FRANCE - 2 WEEKS	1		EU EXPERT - Mihai Magheru	IN FRANCE

Table 8 - Use of Human Resources, 2017

resources in 2017 please consider table 9.

For Component 3, three Chinese experts were allocated during the period under review (2017). Around 120 working days (under new budget arrangements) will be allocated among CN experts by the end of 2017. Around 50 working days are foreseen to be allocated in 2017 for the EU experts.

2. Activity plan for 2018

2.1. Horizontal activities

According to the Grant Application Form and the Standard Operating Procedures, the Horizontal Secretariat will keep on performing the following tasks:

- management of the Office based in Beijing, including the mobilization of local staff (Administrative and Financial Assistant, Interpreter) working on horizontal activities;

- organization of institutional meetings according to the scheduling approved by the Consortium (PAC and IMC meetings and closing ceremony), including the management of travels for Consortium Representatives;

- contribution to the preparation of project financial reporting and supporting documents, as well as certifications required by the Company in charge of the project audit;

- support in the realization of the visibility activities; detailed information are included in the paragraph below.

2.1.1. Coordination and monitoring

The project reporting will be simplify it in order not to overburden the project members in producing unnecessary material for the EUD while focusing only on the respect of contractual obligations which foresee annual reports both narrative and financial being produced after every 12 months of project implementation. As done in the past years, the narrative report will be based on provisions of the Logical framework.

2.1.2. Visas

Recently in China, the procedures for issuing visas have been modified, generating some difficulties to the regular functioning of the project activities. Certainly, a "leaner" procedure for obtaining the visa, as well as an earlier application for the visa itself, could help solving the problem.

For these reasons, the Project Leader will better detail to the EUD the situation in order to ask the MoFCOM for support.

2.2. Visibility Activities

As stated in the Grant contract and in the Visibility Guidelines, the overall communication objective is to ensure the widest visibility of project activities and results both to an International audience and to Chinese Beneficiaries.

The Communication Strategy drafted in 2016 has detailed the different Visibility activities that the Consortium has intended to carry out in order to ensure the dissemination of the key and sensitive initiatives promoted by the Project as well as the pursued results.

2.2.1. Design and Management of the project Website

The Horizontal Secretariat manages a dedicated Project Website that has been developed by SISPI. Actually it is published both in English and Chinese languages, respectively at the following web addresses www.euchinasprp.eu/index.php/en/ and www.euchinasprp.eu/index.php/cn/.

Starting from May 2017, SISPI has outsourced the server hosting and the daily management and maintenance of the website to a Chinese Company in order to allow the direct and immediate uploading of the website contents by the Project Staff in Beijing as well as an easier web surfing both for Chinese and European users.

2.2.2. 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 dedicated section of the website also in 2018.

2.2.3. Design and Management of Project Newsletters

While each Resident Expert will keep on producing a detailed Component Newsletter on a quarterly basis, the Horizontal Secretariat, supported by the local staff and INPS, will realize a biannual joint Newsletter on Social Protection topics in China and Europe, which will include also a brief overview of the activities performed during the reference period within the Project.

2.2.4. Management of official project page on Social Networks

The local staff has applied to register an official account of the Project in Weibo, the most popular Social Network in China. Nevertheless, the official certification of the account has not been granted due to administrative issues. The Local staff is trying to solve the problem with the Weibo management in order to obtain a compliance certification of the Project account and, once achieved, contents and photos for each event will be published.

2.2.5. Customization of the Communication Strategy for each event

Considering that the Components have agreed upon a customization approach of the visibility activities, these will be implemented according to the three Components Work Plans and to the specific requests that will be disclosed by the Resident Experts and their Chinese Beneficiaries for every single event.

The Project local Office will take care of the production of visibility material that will be disseminated during Components events in China, while the Horizontal Secretariat will be in charge for the production of gadgets to be disseminated in Europe

2.2.6. Implementation of Visibility Actions

The Horizontal Secretariat will deal with design, printing and dissemination of Brochures, Leaflets and Project Information Reports.

Furthermore, 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 and within the budget limitation

2.2.7. Additional products for project dissemination and visibility

The meagre financial resources allocated to Visibility activities do not allow the elaboration of additional products. Given the budget constraint, the objective for the next year is to implement the visibility activities requested by each Component maximizing the financial resources devoted to this specific activity.

2.2.8. Special Event on Elderly Social Protection

A special event, called "Special Event on Elderly Social Protection", will be hold in Beijing on the 17th October 2018 in order to enhance the visibility of the project in China in connection with the International Day of Older Persons. Details about the event will be defined later on.

2.3. Logical Framework

The following table shows an updated version of the project Logical Framework.

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Overall Objective	Furthering social equity and inclusiveness of economic development throughout Chinese society	-Social protection coverage, income distribution, poverty levels, government budget and GDP shares allocated to social protection	- National and provincial statistics.	-Guidelines and priorities of the Chinese government regarding the reform do not change -The EU and Chinese institutions remain interested in the project activities
Specific Objectives	C1. Greater effectiveness and inclusiveness of China's social security system through strengthening the institutional capacity for developing policies	-Comprehensive reforms proposals are developed and subject of public discussion	- See C1 six-months reports - COMPENDIUM OF FIRST SET OF PENSION REFORM PROPOSALS (EN-CN) http://sprp-cn.eu/reports/2015DraftReformProposalsEN.pd http://sprp-cn.eu/reports/2015DraftReformProposalsCN.pdf	-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; -The EU and Chinese institutions remain interests in long-term cooperation/partnership
	C2. Implementation of appropriate legal and regulatory framework to enhance financial management of a sustainable social security system	-Mechanisms for Social security financial management are clarified and subject of public discussion	- See C2 6months and interim reports - See evaluation and reports of overseas Training courses - PAC meeting minutes	

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 -Evidence of public debate (e.g. media excerpts) -Statistical reports from MoCA	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R1.** Mechanisms for EU-China high level policy dialogue on social protection reform is established and partnerships between Specialized Public Bodies of EU Member States and the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the Ministry of Civil Affairs (MoCA) on social protection are developed	- High level conferences attract attention of the technical specialists and of the media - Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end of the project agreed; - Dedicated Project Website updated every month; - 2 Electronic Newsletters a year; - List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter; - Cooperative work between EU and national stakeholders in social protection is documented	- External project evaluation reports; - NDRC, MoF, MoCA and local government publications, documents and reports; - National and ministerial statistics; - National audit reports; - Media & news report; - Project Website; - Electronic Newsletters; - Directory of Contacts; - Constitutional PAC meeting, Press Conference, High Level International Conferences and Closing Conference minutes.	- 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; - The EU and Chinese institutions remain interests in long-term cooperation/partnership; - The main Chinese stakeholders promptly satisfy operational requests of the Consortium.

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R2.** Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.	- NDRC proposals on social protection reform for inclusion in the XIII Five-years Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works; - A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices.	- See NDRC website and reports on 2015 to 2017 activities - See project website	- NDRC and other Component 1 Stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium ; - 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; - The EU and Chinese institutions remain interests in long-term cooperation/partnership.
	R3. Capacity of NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced.	- A national policy evaluation technique in the area of social protection is developed and tested under the auspices of the project; - At least two-thirds of local officers involved in the training in China and in Europe demonstrate a high level of approval of the training activities; - Clear goals are assigned to the pension system in terms of replacement of past income and minimum living standards - A methodology to assess gender implications of proposed social protection reforms is developed	- See evaluation reports from respective activities - See project website - Reports to be subject of peer review and confrontation with EU experience in 2018	

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
R4. 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	- A comprehensive model for multitier design of the pension system is developed under project auspices; - A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices; - An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices.	- See project website	
R5. Reform efforts in response to urbanization trends, in particular the harmonization/integration of the various basic social protection systems for different groups of beneficiary, the portability of social insurances and better suited assistance schemes are supported	- Model provisions for totalization and vesting of pension rights across regions are developed and piloted in selected places - An analysis of the interrelation between social and economic development and the suitability and sustainability of pension schemes is developed, and used for macro projections to support systemic reform proposals.	- See project website	

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**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.	- A comprehensive policy proposal on division of decision power and expenditure responsibilities between central and local government is developed under project auspices - Methodologies and tools for managing social protection expenditure, financial resources, and strategies to extend the social insurance coverage are elaborated under the project auspices - A comprehensive policy proposal for the promotion of a coordinated management of the social assistance system is developed under project auspices. - An effective strategy for the efficient collection of social insurance contribution is elaborated and discussed with stakeholders under project auspices - 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.	- PAC meeting minutes; - Approval surveys at the end of the Training / Study Visit in China and in Europe; - Minutes and reports of the Workshops /Panel Discussion/ in China; - Project Website Documentation on C2	- MoF and other Component 2 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium; - 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; - The EU and Chinese institutions remain interested in long-term cooperation/partnership.

R7 Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.	- 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; - A set of methodologies to assess the economic sustainability and adequacy of the Chinese pension system are proposed to MoF under the project auspices and debated for future policy development - Actuarial models are analysed and disseminated under project auspices.		
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.	- A set of strategies for the investments of pension funds and techniques to strengthen risk control management are introduced and discussed under project auspices. - A comprehensive policy to promote the management of pension funds is developed and discussed.		

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
Results	**R9.** 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 transmissions and implementation are upgraded.	- The legal framework for social assistance is reviewed and widely discussed, reform proposals are developed and tested under project auspices; - 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; - Better access of clients to social assistance mechanisms (at urban and rural levels) is documented through project activities;	- PAC meeting minutes; - Approval surveys at the end of the Training / Study Visit in China and in Europe; - Minutes and reports of the High Level Event on Social Assistance/Panel Discussion/ Workshops in China; - Approval surveys at the end of the Workshops in China.	- MoCA and other Component 3 stakeholders remain fully committed to share the experience, the Best Practices and the proposals suggested by the Consortium; - MoCA, Component 3 Chinese Experts, and other Component 3 stakeholder ensure their availability for operational meeting (panel discussion), interviews etc., according to the plan shared in order to contribute actively to the project; - The EU and Chinese institutions remain interests in long-term cooperation/partnership.

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
R10. The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits, b) recognition of social assistance target groups and c) identification of low-income families are consolidated.	- A set of proposals for unification of benefits standards in social assistance is developed, discussed and tested under project auspices; - A methodology for functional identification of social assistance beneficiaries (target groups) is developed, discussed and tested under project; - A definition and quantification of goals to be assigned to social assistance benefits are developed and discussed under project auspices. - A methodology for and requirement for social assistance services is developed;		

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
R11. Efforts of MoCA in improved care for poor rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level.	- Targeting of social assistance towards the 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. - Tools for public information and its transparency i.e. via campaigns and awareness on social assistance, are developed and tested under project auspices.		

2.4. Component 1

NDRC and the Component 1 team in Beijing, in close collaboration with Component 1 Coordinator, jointly elaborated the proposals that follow. Discussions have initiated during the visit of Director General Li Kang to Expertise France in September 2017. A first draft was elaborated on that basis and reviewed in Beijing and Paris. Joint working sessions were held on 16th October and on 6th – 9th November 2017, leading to the current set of proposals. Those proposals take into account the latest developments in identification of priorities for the Chinese Government, including those emerging from the recently held XIX Congress of the CPC.

2.4.1. Overall objective and Expected results

The year 2018 will be the fourth and, according to initial plan, final year for the EU-China SPRP. As far as Component 1 is concerned, the initial list of topics as amended in 2016 and 2017 – see Table 11 – should still be used to frame proposed activities in the year to come.

Changing and newly emerging priorities can and should of course influence upon the contents to be considered for activities under any given topic. Proposed activities should also build upon past and on-going experience in project management. In that regard, due consideration should be paid to the outcome of the planning visit held in February-March 2017 to pilot sites in Shanghai and Guangdong, while activities already started but not necessarily completed on topics like Gender issues, Parametric reform, Ageing and Managerial optimization will require additional efforts.

Another important consideration is the criteria for selecting hosts to activities to be conducted abroad – be it for workshops, for dialogues and study visits, or for high level training. Experience in conducting activities in 2017 has shown that the existence of previous contacts at a decision making level, confirmed agreement to host activities and relevance of host national conditions for the goals pursued at project or component levels, are key elements for a successful endeavour.

Table 10 presents Countries visited over the past years for Component 1 activities, including suggestions for tentative venues concerning 2018 activities.

Table 9 - Countries visited for Component 1 activities

	2015	**2016**	**2017**	**2018 proposed**
International workshop	Belgium[1]	(China)[4]	France[8]	Belgium [14]
Policy dialogue		(China)	France	Belgium-EC
Study visit	Spain, Poland, Czech republic[2]	France Belgium[5] France, Czech Republic[6]	Sweden, Finland[9] [10]	Denmark, Poland [15]
High level training	France[3]	Spain[7]	Germany[11]	Italy [16]
Other			Italy, Spain, Belgium – EC [12] Italy [13]	France and Spain (visit for representatives of

				provincial authorities [17])

Topics for overseas activities (name of non-consortium Countries is highlighted in yellow)

[1] Reform of public pension schemes

[2] Social protection and employment of migrant workers

[3] Multi-tier pension systems

[4] Relations between employment promotion and social security reform

[5] Influence of Employment and Social Security Policies on Income Distribution in Post-Crisis Era

[6] Provincial study visit on general administration and sustainability of social security and migrant workers vesting rights

[7] Challenges posed to social security, notably pensions protection, by demographic ageing

[8] Income redistribution and parametric reform – Pension schemes

[9] Income redistribution through social security

[10] A study visit to Romania on Gender issues in Social protection initially foreseen for 2017 had to be postponed because of conflicting commitments

[11] Evaluation of employment and social security policies, including relevance for social needs

[12] Official visit to review employment and social security reforms, discuss prospects for future cooperation

[13] Coordination meeting & RT discussion, ALMP

[14] Active labour market policies within the framework of Social protection

[15] Active Labour Market Policies as an integral part of Social protection

[16] The influence on income redistribution of changes in economic and industrial structure

[17] Shanghai DRC

The general framework for Component 1 activities in 2015 was the fundamental of the pension system reform in China; 2016 addressed more the issue of sustainability of the reform, while 2017 focused on the relevance and social efficiency of a reformed system.

It is now envisaged that the golden thread for 2018 activities will be the role of social protection reform in upholding societal changes, which would include such issues as coordination between social security and employment mechanisms, adapting to the Fourth Industrial Revolution, developing entrepreneurial spirit and potential including for senior citizens, promoting lifelong training and education as part of social protection, ensuring genuine gender equality in all relevant respects, ensuring sensitization of the widest segments of the population to social protection goals and mechanisms, as well as continued monitoring and evaluation of social protection performance, within a context of well-established goals and acknowledged constraints.

Adding emphasis to Active labour market policy issues (ALMP) indeed responds to the ambitions of the XIII Five-year Plan that "puts great emphasis on the national strategies of science, technology and innovation as well as industrial upgrading. This, in the long run, may positively respond to the new demographic structure, featured by the decline of total workforce and the ageing population."

This equally responds to the plea of President Xi Jinping at the opening of the XIX Congress of the CCP, when he declared that "Employment is pivotal to people's well-being. We must give high priority to employment and pursue a proactive employment policy, striving to achieve fuller employment and create better quality jobs". This focus on Employment policies is of course not exclusive, to the contrary, of continuously seeking sustainable reforms of social security schemes which have to accompany, not run counter efforts towards better and more employment opportunities, as part of a comprehensive social protection model suitable for China's needs.

2.4.2. Topics to be covered

Table 11 provides a consolidated list of topics dealt with under Component 1 framework, including those retained for first consideration during the year 2018. It is worth noting that the introduction of 3 new topics taken from the list initially assigned to the Component in the project Grant application form will allow, for the integrity of concerned subjects, to be addressed over the project's (first) four years of implementation.

Table 10 - Consolidated list of topics under Component 1

	Topic		Observations
R2	1.1.1	Social insurance administration systems reform – Contribution to the XIII Five-Years Plan	Reformulated 2015
	1.1.2	Coordination of policy making among government agencies in areas related to social protection reform	On-going since 2015
	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)	Introduced 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 – Social security and other redistribution regulations and policy tools	2018 reformulated
	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 – The influence of the 4th Industrial revolution on policies for employment & social security	2018 - reformulated
	1.3.9	NDC (notional defined contribution) pension reform	Merged with 1.3.6
R5	1.4.1	Improvement of the individual account component in public pension system for urban workers	Merged with 1.3.6
	1.4.2	Relationship between social-economic development and the redistribution function of social security	2016 – Ctd 2017
	1.4.3	Strategy of integrating social security system in urban and rural context also through the portability of social insurances	2015

RESULTS:

R2. Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.

R3. Capacity of NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced.

R4. 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

R5. Reform efforts in response to urbanization trends, in particular the harmonization/integration of the various basic social protection systems for different groups of beneficiary, the portability of social insurances and better suited assistance schemes are supported

Topics to be continued from previous years

- **Result 2 (Coordination of policy making)**

  1.1.1 Social insurance administration systems reform - Pilot level.

  1.1.2 Coordination of policy making among government agencies in areas related to social protection reform.

  1.1.3 Monitoring interaction between employment promotion and social protection policies (Methods and experiences of strengthening vocational training).

- **Result 3 (Policy evaluation)**

  1.2.2 National policy evaluation technique in the area of social protection (indicators, methods and programs) - Pilot level.

  1.2.3 Affordability of Pension schemes (contributions and Government subsidies).

  1.2.4 Gender considerations in pension schemes.

- **Result 4 (Full coverage, pension schemes)**

  1.3.7 Ageing population and possible strategy of dealing with this situation.

- **Result 5 (Response to urbanization trend)**

  1.4.3 Strategy of integrating social security system in urban and rural context also through the portability of social insurances.

Topics to be addressed in 2018

- **Result 4 (Full coverage, pension schemes)**

  1.3.3 Universal pension models.

  1.3.5 Occupational pension plans for public sectors and private pension plans (Social security and other redistribution regulations and policy tools).

  1.3.8 Issues related to the informal sector integration in social security schemes (Influence of the 4th Industrial revolution).

2.4.3. Specific Activities

Component Researches

1.1.3 Monitoring interaction between employment promotion and social protection policies (Methods and experiences of strengthening vocational training)

China will proudly host the Skills Olympics competition in 2018. In order to facilitate the transition from mass unskilled labour to skilled employment, which is required to accompany the development of the new normal economy where massive export of raw materials and modest quality cheap goods will no more be the vehicle for national development, it is important to identify the ways and means through which social protection embodies modern, lifelong vocational training technique, in which European experience will prove to be most useful. Chinese and European researches will be conducted in parallel for this important topic, also to be dealt with during overseas training in 2018.

1.2.4 Gender considerations in pension reform

The two reports entrusted to national experts (on the situation in Sichuan and Guangdong respectively) were delivered by end October 2017. During the first half of 2018, France (National fund for Family benefits) will be requested to produce a report on the situation in Europe with special reference to issues of productivity and competitiveness of women in employment in relation with social security protection. Collaboration with the European Institute for Gender Equality – EIGE – could also be sought.

1.3.3 (also relates to 1.4.3) Universal pension model

A report will be produced by a Chinese expert on the possible role of Resident pensions – urban and rural – in representing a basic, universal layer of protection in old-age or in case of disability. Considering this possible integration, an extension of rural and urban provisions for residents in old-age pensions and its inclusion as basic tier in the otherwise more ambitious schemes for salaried employees would contribute significantly to the development and influence of China's theoretical and practical contribution to the development of a social protection model suitable for the developing world.

1.3.5 (also relates to 1.1.3 and 1.2.3) Occupational pension plans: social security and other redistribution regulations and policy tools

It is considered that the main aspect in coordinating social security and employment promotion policies to guarantee a fair distribution of primary and secondary income is to ensure that the financial burden on enterprises remain affordable and does not appear as reducing the opportunities for job creation. However, Government financial capability to alleviate the burden on enterprises is also limited. The idea of spreading the responsibility for overall acceptable levels of protection in old age over different mechanisms relying on different financial options is being reviewed. A research would therefore be conducted in China on the need and possibility to reduce the rate of contributions based on salaries without affecting the overall level of protection, and to assess the potential and experience to date in supplementary pension plans, both for civil servants and for other categories of employees. As for the European side reports on the national experience on social security financing and redistribution will be requested from individual members of the Consortium. Reports on the experience to date and prospects in supplementary pension provisions would be requested from the three Countries where this type of protection is most developed, namely the Netherlands, Belgium and France.

1.3.8 Issues related to informal sector integration in social security schemes – the influence of the Fourth Industrial Revolution on policies for Employment and Social Security

> Reports will be requested from Chinese experts on the influence of the 4th Industrial revolution and the ensuing new forms of economic development and societal arrangements. This would also include issues like removing the obstacles to developing entrepreneurial spirit among the active population, the role of social protection in promoting lifelong training and personal development and the possibilities to extend active life for senior citizens, including through enterprise creation and innovative employment. From the European side, reports on active labour market policies geared at different segments of the population could be requested from competent international organizations such as the European Commission, the ILO or the OECD, as well as from Italy, Germany or Austria where such policies are highly developed.

2.4.4. Overseas activities

Proposals that follow are based on the pattern used over the past three years for Component 1 overseas activities, namely a Dialogue and Study Visit of 6 to 10 days in 2 to 3 Countries; a high level Training course of two weeks for both central level and provincial level officials; and, an International Workshop with participation of Chinese and European decision makers and experts. Themes for overseas activities are linked to the topics otherwise retained for research works, which allows for peer reviews and ad hoc briefings/debriefings to accompany all such activities.

Overseas activities proposed for the year 2018 will be centred on the issues of employment promotion, since the development of suitable, decent employment opportunities will be the touchstone for the final success of Chinese social policies conducted under the circumstances of the "New normal" economic situation.

International Workshop

It is proposed to hold in Belgium, during the first half of 2018 (tentatively in April 2018), an International Workshop on the topic of Active labour market policies within the framework of Social protection – Chinese and European experiences. The delegation from China would include experts reporting on issues related to informal sector. Depending on the agenda, the workshop could be of one or two days' duration and be followed by contacts in Italy with competent national authorities. This activity is related to topic 1.3.8 (see table 11).

Dialogue and Study visit

Immediately after the workshop, a delegation would go on a Policy dialogue and Study visit on Active labour market policies as an integral part of social protection. The visit would last for a period of six days, and be conducted in 2 Countries where records concerning ALMP are particularly interesting, namely Poland and Denmark. The combined duration of the Workshop and Study visits would be of 10 calendar days, for a delegation of up to six people. Topic under consideration (table 11) is the 1.3.8.

Visit by the vice-chairman of NDRC

As was the case in 2017, it is expected that the Project will provide limited support to the visit of NDRC vice-chairman, Wang Xiaotao, to the European Commission and to Spain, where he would finalize and sign

cooperative agreements negotiated during the year 2017. This visit will hopefully be coordinated with the proposed Dialogue and Study visit in Belgium. Related topics are 1.1.3 and 1.1.3 (table 11).

Concerning France, discussions should continue with France Stratégie - French General Commissary for Strategy and Prospective CGSP – to reach an agreement for extended collaboration. It is hoped that a representative from France Stratégie could visit China on the occasion of one of the project events, to hold specific discussions on the contents of the corresponding instrument.

High-level Training

It is proposed that the two-week training for NDRC central and provincial levels officials will be held in Italy during the second half of 2018 – tentatively October 2018 - around the theme of Influence of the adjustment of economic and industrial restructuring on income distribution. The training will notably address the major European experiences in promoting social integration through expanding the middle-income group by the combined use of employment and social security policies; the main measures to prevent polarization and spreading social risks by the governments; the main measures to regulate and control the high-income group, and to provide subsistence allowances to the low-income group.

Pre-training briefing for participants would be assigned to Chinese experts dealing with researches on respectively vocational training (topic 1.1.3), redistribution regulations and policy tools (topic 1.3.5) and Informal sector integration (topic 1.3.8). Experts from various European Countries inside and outside the Consortium would be called upon to participate, as well as representatives from competent international organizations and the European social partners.

Study Visit to France and Spain

As a follow up on activities already conducted with Shanghai under topic 1.3.7 Issues related to dependency insurance, it is proposed to call again on the Shanghai Academy of Development and Reform requesting an update on their on-going pilot experiment. A study visit to France and Spain, which are among European Countries having developed relevant researches and social programmes, would be organized for representatives of Shanghai authorities (2 Countries, 10 participants, 8 days).

Training in Germany

As part of the 2017 programme of activities a two weeks training course for 20 NDRC High Level Officials on the topic of Evaluation of Social security and Employment policies, including long term care services for an ageing population, will be organized from 14th to 28th January 2018 under the auspices of Johannes Gutenberg University in Mainz. Further details have been included in paragraph 1.2.6 of this document. Pre-training briefing is scheduled for 13th January 2018 in Beijing. Topics concerned (table 11) are 1.1.3 and 1.2.4.

2.4.5.Cross-topics activities

Panel Discussion

Following upon the successful example of past years, it is proposed that national activities in China include a peer review – with participation of international experts – in the form of a panel discussion meeting tentatively scheduled for the month of July 2018. The Panel discussion meeting would address three research activities – namely that devoted to Monitoring interaction between employment promotion and social protection policies (Methods and experiences of strengthening vocational training), that dedicated to Occupational pension plans for public sectors and private pension plans (Social security and other redistribution regulations and policy tools) and the one related to Issues related to the informal sector integration in social security schemes (Influence of the 4th Industrial revolution). The Panel discussion meeting would be held with the presence of selected authors of national European reports. It could take place in Beijing or in one of the Component pilot venues.

Seminar on Gender issues

Works of the Chinese and European experts on Gender issues will be presented on the occasion of a one-day national seminar to be held in China – possibly in Guangdong or Sichuan province - in collaboration with a Chinese interested academic institution. Representatives from competent international organizations would also be invited to attend. The event has been tentatively scheduled for October 2018.

2.4.6. Pilot Sites

As mentioned above, the planning mission conducted to pilot sites in Shanghai and Guangdong in late February 2017 identified a number of potential sectors for future decentralized cooperation activities in the area of social protection policies. Those proposals were submitted by NDRC to the local authorities concerned, and subsequently amended to take their feedback into account.

Guangdong

To start implementing this programme of cooperation, two subjects linked with topic 1.1.1, Social administration systems reform, may be proposed for implementation in Guangdong already in 2018, namely:

- The Enhancement of Statistics Management, as a tool for decision-making in the field of Social Security with Guangdong Provincial Development reform Commission. This activity might include internship in Europe and short-term assistance in China. It would be led by the Belgian Banque Carrefour de la Sécurité Sociale (Data exchange and warehousing system of the Belgian Social Security system) and two French Social security funds, the National Old-Age Insurance Fund (CNAV) and the National Family Allowances Fund (CNAF);

- The Preparation of teaching material, to raise awareness on the importance of solidarity in social protection schemes and entrepreneurship with Qingyuan municipality. This activity would include short-term technical assistance in China and delivery of sensitization sessions for the public. It would be led by the French National Employment Public Service (Entrepreneurship) and National Education Mutual Fund (Solidarity in social Protection), which already has experience in working in China with comparable packages.

2.4.7. Deliverables

The following table indicates the possible outputs and deliverables for 2018 envisaged activities.

Table 11 - Outputs and deliverables for 2018

Topic	Activity	ENVISAGED OUTPUTS AND DELIVERABLES
1.1.1 **Social insurance administration systems reform (Pilot level)**		
	Statistics Management Guangdong	Assessment and mission reports
	Awareness raising on importance of SS, Qingyuan	Mission report, sensitization materials
1.1.3 **Monitoring interaction between employment promotion and social protection policies**		
	Visit of NDRC vice-chairman	Mission report/MOUs
	Research on Vocational training	Assessment reports/ National monographs
	Panel discussion	Ppts, session report
	Pre-training briefing	PPts
	Two-weeks training	Training report, training materials
1.1.3, 1.2.3, 1.3.5 **Towards affordable and acceptable social protection levels in old-age**		
	Research reports	Assessment reports, best practices reports
	Panel discussion	Meeting report
1.3.3, 1.4.3 **Universal income**		
	Research reports	Assessment report, best practices report
1.2.4 **Gender considerations in pension reform**		
	Research reports	Assessment reports, Best practices report
	Seminar	Seminar report
1.3.7 **Ageing population and possible strategy of dealing with this situation**		
	Research report Shanghai pilot scheme on Long term care	Assessment report
	Study visit to France and Spain (for Shanghai DRC, Ageing)	Mission report
1.3.8 **Issues related to informal sector integration in social security schemes**		
	Research reports	Assessment report, best practices report
	Panel discussion	Meeting report
	International workshop	PPts, meeting report
	Dialogue and Study visit	Mission report

2.4.8. Human Resources

Table below provides a tentative breakdown of human resources to be allocated for proposed implantation of activities in 2018.

Table 12 - Human Resources, 2018

PROJECT*	Y 1 TO 3*	Y 4		Total Y 4
1193			Main C1 Chinese expert staff**	
			Main Chinese expert 1 Zhang Guoqing	
			Main Chinese expert 2 Fang Lianquan	
			CN EXPERT STATISTICS GD	*10*
			CN EXPERT AWARENESS RAISING QY	*10*
			CN EXPERT VOCATIONAL TRAINING	*35*
			CN EXPERT UNIVERSAL PENSION	
			CN EXPERT AFFORDABLE SOCIAL PROTECTION LEVELS	*35*
			CN EXPERT GENDER GUANGDONG	*5*
			CN EXPERT GENDER SICHUAN	*5*
			CN EXPERT AGEING SHANGHAI	*20*
			CN EXPERT INFORMAL SECTOR	*40*
	442	160	***TOTAL OTHER CN EXPERTS (C1)***	*160*
		110	*Component assistant*	*110*
	599	179	Resident expert C1 JV Gruat	*179*
646	357	180	***C1 EU PUBLIC SECTOR STAFF+SUBCONTRACTING****	180
			EU Experts Provincial activities	20
			EU Experts Training	40
			EU EXPERTS VOCATIONAL TRAINING	30
			EU EXPERTS AFFORDABLE SOC.PROTEC.LEVELS	30
			EU EXPERTS GENDER	30
			EU EXPERTS INFORMAL SECTOR	30
* Nb of days is notional since daily rates changed after first year				
** Main Chinese experts enjoy monthly fees since year 2 which does not match actually worked nb of days x standard daily fee				
*** Gender related activities may be covered under dedicated Research budget line, totally or partially				

2.4.9. Summary

Table 13 - Tentative timetable for implementation of Component 1 activities

Topic	Activity	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sept-18	Oct-18	Nov-18
1.1.1	**Social insurance administration systems reform (Pilot level)**													
	Statistics Management Guangdong								■	■				
	Awareness raising on importance of SS, Qingyuan								■	■				
1.1.3	**Monitoring interaction between employment promotion and social protection policies**													
	Visit of NDRC Vice-Chairman						■							
	Research on Vocational training				■	■	■	■	■	■				
	Panel discussion									■				
	Pre-training briefing												■	
	Two-weeks training												■	
1.1.3, 1.2.3, 1.3.5	**Social security and other redistribution regulations and policy tools**													
	Research reports				■	■	■	■	■	■				
	Panel discussion									■				
1.3.3, 1.4.3	**Universal income**													
	Research reports				■	■	■	■	■					
1.2.4	**Gender considerations in pension reform**													
	Dialogue and study visit		■											
	Research reports	■			■	■	■	■	■	■	■	■		
	Seminar												■	

Topic	Activity	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sept-18	Oct-18	Nov-18
1.3.7	**Ageing population and possible strategy of dealing with this situation**													
	Research report Shanghai pilot scheme on Long term care									■	■	■		
	Study visit to France and Spain (for Shanghai DRC, Ageing)												■	
1.3.8	**Issues related to informal sector integration in social security schemes**													
	Research reports				■	■	■	■	■					
	Panel discussion								■					
	International workshop						■							
	Dialogue and Study visit						■							

2.4.10. Revised Gantt

ID	DESCRIPTION	Y3		Y4											
				S1						S2					
		M36	M37	M38	M39	M40	M41	M42	M43	M44	M45	M46	M47	M48	
		XI 17	XII 17	I 18	II.18	III.18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18	
0.1	Selection of sub-topics to be covered under specific year	X	X												
0.2	TOR, selection, recruitment CN & European expert		X	X	X										
0.3	TOR Situation analysis & Best practices under specific sub-topics		X	X	X										
1	**Identification Phase**														
1.1.	**Situational Analysis**														
1.1.2	In-depth analysis on the topics 1.1.3, 1.2.3, 1.3.5 (Social security and other redistribution regulations and policy tools)	X	X	X	X	X	X	X	X	X					
1.1.3	In-depth analysis for topics 1.3.3, 1.4.3 (universal income)		X	X	X	X	X	X	X						
1.1.4	In-depth analysis for topic 1.3.8 (informal sector integration)		X	X	X	X	X	X	X	X	X				
1.1.5	In-depth analysis on the topic 1.2.4 (gender considerations)						X	X	X	X	X	X	X	X	
1.2	**Identification and review of possible relevant EU experience**														
1.2.1	Preparation of Country Reports on the topics 1.1.3, 1.3.5, 1.3.8	X	X												
1.3	**Panel discussions with stakeholders on the Identification Phase**														
1.3.1	Panel discussion on topics 1.1.3, 1.3.5, 1.3.8									X					

Component 1 - Overall Plan of Activities - November 2017 - November 2018

ID	DESCRIPTION	Y3		Y4										
				S1						S2				
		M36	M37	M38	M39	M40	M41	M42	M43	M44	M45	M46	M47	M48
		XI 17	XII 17	I 18	II.18	III.18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18
	Analisys Phase													
1.4	**Specific analysis of relevant EU experience**													
1.4.1	European research report on the topic 1.2.4 (gender considerations)				█	█	█	█	█	█	█	█		
1.4.2	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics	█	█	█	█	█	█	█	█	█	█	█		
1.4.3	Definition of a first draft of reform proposal											█	█	
1.5	**Training/Study Assignments to EU countries**													
1.5.0	2-weeks traing on Evaluation of Social protection policies (topic 1.2.2) (carried over from 2017)			█										
1.5.1	2-Weeks training on Monitoring interaction between Employment and Social security policies (topic 1.1.3) (carried over from 2017)												█	
1.5.2	NDRC vice-chairman visit to EC, Spain						█							
1.5.2	8 days study visit on issues related to informal sector integration in social security schemes (topic 1.3.8)						█							
1.6	**Worshop with stakeholders on the Analysis Phase**													
1.6.1	Seminar on Active LabourMarket Policies	█												
1.6.2	Seminar on Gender considerations in pension reform												█	
1.6.3	International workshop on issues related to informal sector integration into social security schemes (topic 1.3.8)						█							
1,7	**Elaboration of reform proposals**													
1.7.1	Final identification of reform proposals on topics 1.1.3, 1.3.5, 1.3.8											█		
1.7.2	Final identification of reform proposals on topic 1.2.4												█	

ID	DESCRIPTION	Y3		Y4											
				S1						S2					
		M36	M37	M38	M39	M40	M41	M42	M43	M44	M45	M46	M47	M48
		XI 17	XII 17	I 18	II.18	III.18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18
Follow Up Phase															
1,8	**Pilot activities**														
1.8.1	Cooperation on Statistics management, Guangdong								■	■				
1.8.2	Cooperation on awareness raising on the importance of SS, Qingyuan								■	■				
1.8.3	Research report on long term care, Shanghai									■				
1.8.4	SH overseas Provincial study visit on ageing												■	
Horizontal macro activities															
1,9	**Coordination meeting in Italy**		■											
1,10	**Reporting and Evaluation**													
1.10.1	Component reports	■						■						■
1,11	**PAC meetings**				■									

Topics: 1.1.1-Social insurance administration systems reform (Preparation of the XIIIth Five-years Plan); 1.1.2-Coordination of policy making among government agencies in areas related to social protection reform; 1.1.3 Monitoring interaction between employment promotion and social protection policies; 1.2.1-Relationship of pension benefit with minimum social wage; 1.2.2-National policy evaluation technique in the area of social protection (indicators, methods and programs); 1.2.3 - Affordability of Pension schemes (contributions and Government subsidies); 1.2.4 (new) Gender considerations in pension schemes - 1.3.1-Pension reform for public sectors; 1.3.2-Social pooling of the basic pension component (Combination of basic pension and individual accounts); 1.3.3-Universal social pension models;1.3.4-Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension); 1.3.5-Occupational pension plans for public sectors and private pension plans; 1.3.6-Vesting, indexation and adjustment mechanisms of pension benefit; 1.3.7-Ageing population and possible strategy of dealing with this situation; 1.3.8-Issue related to the informal sector integration in social security schemes; 1.3.9-NDC (notional defined contribution) pension reform; 1.4.1-Improvement of the individual account component in public pension system for urban workers; 1.4.2-Relationship between social-economic development and the redistribution function of social security; 1.4.3-Strategy of integrating social security system in urban and rural context also through the portability of social insurances.

Topic introduced in 2018
Previous years'topics

2.5. Component 2

2.5.1. 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 13th Five Year plan for economic and social development of China provides indications extremely relevant for the formulation of this activity plan.

Starting from the macro-level, the 13th Five Year plan recognizes first of all the necessity to face a potentially declining labour 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 be accompanied by an increase in the 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 labour force participation and ensuring full employment represent a priority goal to be achieved also by guiding young people to start their own business, supporting flexible employment and new forms of employment, and by providing efficient public services for employment and business start-ups.

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 incorporating 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.

Xi Jinping speech at the recent 19th National Congress of the Communist Party of China has outlined the ideological framework of China political setting and socioeconomic development while indicating the main strategies to be adopted in order to reach the two centenary goals: first, to build a moderately prosperous society in all respects for the centenary of the Communist party; second, to build a modern socialist Country that is prosperous, strong, democratic, culturally advanced and harmonious for the centenary of the People's Republic of China.

In the short run the primary goal of the Chinese government is to successfully face the contradiction between, on the one hand, unbalanced and inadequate development and, on the other hand, people's ever-growing needs for a better life.

The document stresses over and over again that the fundamental goal of development is the well-being of the people. This implies that development policies must promote well round human development and common prosperity for everyone and satisfy people's aspiration to live a better life. This does, therefore, require a steady progress in ensuring people's access to childcare, education employment, medical services, elderly care, housing and social assistance, while intensifying poverty alleviation and control pollution will be necessary to earn people's approval.

Coming to development policies, Xi has stressed that the Chinese economy has been transitioning from a phase of rapid growth to a stage of high quality development[4], and this requires transforming the growth model and foster new drivers of growth.

---

[4] while we may add has been able to satisfy the GDP growth target set by the 5YP

More specifically, China should give priority to improving the quality of the supply system, raising total factor productivity, developing advanced manufacturing, and promoting further integration of internet, big data and artificial intelligence with the real economy. It will also be necessary to strengthen the infrastructure networks, encourage more entities to make innovations and start business.

Innovation is seen as the key factor to build a modern economy. This will imply not only to strengthen basic research in applied sciences, but especially to develop a market oriented system for technological innovation in which enterprises are the main players and synergy is created through the joint efforts of enterprises, universities, and research institutes.

The effort to improve the socialist market economy will require improving the property rights system, ensuring the free flow of factors and flexible prices, while further reforming SOEs, and developing mixed-ownership economic entities. In this context Xi did also stress the necessity to expedite the creation of a modern public finance system, and establish a fiscal relationship between the central and local governments build upon clearly defined powers and responsibilities, appropriate financial resource allocation and greater balance between regions. A performance-based management system will be implemented nationwide. At the same time China will deepen the institutional reform of the financial sector to make it better serve the real economy and promote the healthy development of a multi-level capital market.

Let's finally underline that in 2016 and 2017 China has reached a rate of GDP growth in line with the FYP indications.

Results to be achieved

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

- **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.

- **Result 7:** Enhance the top-level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform.

- **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.

2.5.2. Topics to be covered

Among the topics included in the original list (as amended from 2015 to 2017), and on the basis of the indications of the FYP, some topics have been combined while others have lost their relevance.

During the elaboration phase of the 2018 activity plan, the MoF decided to delete the topic 2.2.3 "Methodologies and Actuarial Models for pension insurance", which was merged and already addressed

within the topic 2.2.2; and to delete the topic 2.3.2 "Management of Basic Pension Fund", substituted by a more relevant topic. Furthermore, the MoF identified a total of three research areas to be covered in 2018, namely:

- Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system (topic 2.1.3), assigned to the project Result 6;

- Social contribution collections: toward a unified system (topic2.1.5), assigned to the project Result 6;

- The role of public finance and enterprise annuities funds in the Chinese social security system (topic 2.3.2), assigned to the project Result 8.

Table 14 - Component 2 consolidated list of 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	Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system	Introduced 2018
2.1.4	An integrated system for the coordinated management of the social assistance system	2017
2.1.5	Social contribution collections: toward a unified system	Introduced 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
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	The role of public finance and enterprise annuities funds in the Chinese social security system	Introduced 2018

Legend:

Topics implemented in 2015-2016	White colour
Topics implemented in 2017	Green colour

| Topics foreseen in 2018 | Orange colour |

Component 2 activity plan is build taking into consideration the main indication contained in the 13th FYP and emerged from the 19th Party Congress:

- The issue of improving the working of the administrative system is reflected in topic 2.1.5 and topic 2.3.2;

- The issue of information is present in all topics but especially in topic 2.1.3 and topic 2.1.5, and in all 3 Research projects;

- The poverty issue is considered by topic 2.1.3;

- The issue of aging and declining population is at the centre of topic 2.1.3, but also of Research 1 and Research 2 (see *infra* paragraph 2.5.7).

It should also be noted that Component 2 activities will try to provide informed discussion of the contradiction indicated by Xi Jinping, to consider the problem of the economic transition that China is facing as well as some supply side issues especially in relation a to the LTC sector.

Finally, Research 1 will be devoted to two topics that will necessarily acquire more and more importance in the next years, the quantitative and qualitative coherence between labour demand and labour supply, and the very important issue of gender equality in the labour market.

We should also underline that in relation to Result 6, the research activities of C2 will reflect the understanding that the extremely fast aging process that is affecting the Chinese society as well as the still large economic differential between urban and rural areas represent serious challenges for the sustainability of a still imperfect welfare system.

This situation does also suggest the necessity to strengthen the public system -that should allow reducing the poverty risk in the areas characterized by the presence of a developed labour market- with a universal pension model aimed to cover those who will not be able to pursue a working career.

Finally, China should encourage the development of a private sector providing supplementary pension plans and LTC coverage (R6-R8).

For what relates to the occupational pension plans, attention will be given to: i) the management of financial resources in the collection phase; ii) the public supervision of the monitoring of investments' risks; iii) fraud control.

For what relates to LTC, China will have to face the decline of the number of potential caregivers; this will require not only the development of public services, but also of supplementary private services coming from the civil society (R6).

To better reach these results and complement the activities carried out by C1 and C3, in 2018, C2 will promote pilots aimed to study and document local experiences related to supplementary pension plans and the provision of LTC services by the private sector and the civil society.

Topic 2.1.3 – *"Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system"*

Population aging is an irreversible phenomenon that is affecting and will affect all the Countries of the world. In China aging has already become a very hot topic of political and scholarly analysis.

The range of opinions is extremely broad, going from the most catastrophic visions fomented by the humongous number of people that will be above 60, 70 or 80 in the near future, to the more optimistic ones based on the idea that there is no problem that China cannot solve, obviously in a Chinese way.

At the global level the number of people aged 65 and above was 129 million in 1950 (5.1 per cent), it had increased to 612 million (8.3 per cent) in 2015 and is forecast to reach 1,549 million (15.9 per cent) in 2050.

Table 15 - World total population by main age group: absolute values and percentage composition

	0-14	15-64	65+	Total
	Absolute values			
1950	869	1539	129	2536
2015	1931	4841	612	7383
2050	2085	6137	1549	9771
	Percentage composition			
1950	34.3	60.7	5.1	100.0
2015	26.1	65.6	8.3	100.0
2050	21.3	62.8	15.9	100.0

Aging is the outcome of two concomitant phenomena: the decline in fertility and the increase in life expectancy, both linked to the level of socioeconomic development. As a consequence not only the percentage of elderly is higher in High income Countries but the difference with low income Countries will continue to grow, signalling that the socioeconomic differential between rich and poor Countries has been increasing and will most probably continue to do so.

Table 16 - High Income Countries (HIC), Medium Income Countries (MIC), Low income Countries (LIC), the World and China; percentage of elderly people (65+); 1950, 2015 and 2050

	1950	2015	2050
HIC	7.9	17.0	29.5
MIC	4.1	7.0	15.8
LIC	3.1	3.3	5.3
World	5.1	8.3	15.9
Min-Max	**4.8**	**13.7**	**24.2**
China	4.4	9.7	26.1

In 1950 in China the percentage of elderly people was below the world average, but in 2015 it was notably above and starting to close the gap with the average value of High income Countries. This was due to the extraordinary decline registered by fertility and the even more astonishing increase in life expectancy as shown by the international comparison with other Countries, reported in Table 18.

Table 17 - High Income Countries (HIC), medium Income Countries (MIC), Low income Countries (LIC), the World and China; Total fertility rate and Life expectancy at birth; 1950, 2015 and 2050

	Total fertilty rate			Life expectancy at birth		
	1950-1955	2010-2015	Diff.	1950-195	2010-2015	Diff.
High-income countries	2.98	1.69	-1.3	65.3	80.4	15.1
Middle-income countries	5.64	2.40	-3.2	43.4	70.0	26.5
Low-income countries	6.39	5.00	-1.4	34.8	60.6	25.8
WORLD	**4.96**	**2.52**	**-2.4**	**47.0**	**70.8**	**23.8**
China	**6.03**	**1.59**	**-4.4**	**43.8**	**75.7**	**31.8**

The speed with which the decline in fertility and the increase in longevity took place will have a notable impact on the speed of the aging process. Between 2015 and 2030 the number of elderly will increase on the average by 7 million per year and in the following 30 years by 5 million per year so that percentage of elderly is expected to pass the 30 per cent mark.

Table 18 - China total population by main age groups; absolute values and percentage composition; 2015, 2030 and 2060

	0-14	15-64	65+	Total
	Absolute value			
2015	247	1,015	135	1,397
2030	223	978	246	1,447
2060	182	731	395	1,308
	Percenatge composition			
2035	17.7	72.6	9.7	100.0
2040	15.4	67.6	17.0	100.0
2045	13.9	55.9	30.2	100.0

Table 20 reports the percentage of elderly people in China and in other 14 populous Countries in different stage of development; values below 10 per cent are reported on the right side of each column, value between 10 and 20 in the middle, and values above 20 in the far right.

Table 19 - Percentage of elderly people in China and in 14 other populous Countries in different stage of development

	2015	2030	2060	2100
China	9.7	17.0	30.2	31.5
Japan	26.0	30.5	37.3	36.1
Bangladesh	5.0	7.6	21.0	33.2
India	5.6	8.4	16.5	25.7
Turqie	7.8	12.1	23.6	32.0
France	18.9	24.4	28.0	31.3
Germany	21.1	28.2	35.1	35.4
Italy	22.4	29.2	36.1	35.5
Spain	18.9	26.2	37.8	37.0
UK	18.1	22.9	29.3	32.2
Russia Fed	13.5	19.6	24.6	24.6
Egypt	5.1	6.6	12.3	21.4
Nigeria	2.7	2.9	4.7	11.3
Brasil	8.0	13.6	27.3	33.5
USA	14.6	21.3	26.3	29.8

In 2015 Japan is the oldest Country in our sample, followed by Germany and Italy. Intermediate levels are registered by the other EU Countries and USA. China together with all developing Countries is still below 10 per cent[5]. In 2030 Japan is forecast to be the only Country in which the percentage of elderly will be above 30 per cent; all other developed Countries will have values above 25 per cent, with the exception of France, the UK and the USA. China is forecast to reach the middle level together with Turkey, the Russian Federation and Brazil. By 2060 China is expected to have a percentage of elderly above 30 per cent together with Japan, Germany, Italy, and Spain and well ahead of France, the UK, and the USA.

Finally, aging has also a gender and provincial dimension: it will be accompanied by unprecedented socio-economic changes affecting the traditional structure and the role of the family and it will most probably lead to new patterns of growing morbidity.

By now, demographic scenarios produced by international organizations and national institutions are available so that statistical information is not the issue. In spite of minor differences to be imputed to the basic assumptions of fertility, mortality and international migrations, the demographic scenarios largely confirm the trends we have shown using Population Division data. What is still largely lacking is a full understanding of the implications of the demographic transformation and of the range of possible policies measures that can be adopted.

Ageing is by definition a relative phenomenon. While it is clear that its demographic relevance is correctly measured by the percentage of people above a certain age, its socioeconomic impact will need more specific indicators, and the definition of the policies to be adopted should take into consideration the fact generally overlooked that also the population level and the age structure can and should be considered dependent variables.

---

[5] According to C the china

The Assessment report should provide a mapping of the anti-aging measures that:

- have been already implemented at provincial level,

- have been already decided but not yet implement at the central and local level and the suggested time of implementation,

- have been suggested by Chinese scholars but not adopted by the Chinese government.

The Assessment report should provide a discussion and a (quantitative) evaluation of the measures already adopted and that will be adopted as well of the more interesting measures that have been proposed.

The EU best practice report should provide a comparative analysis of the measures adopted by EU Countries, with a summary of the economic and political discussions that have accompanied their implementation; provide whenever possible evaluation of the impact of these measures.

Finally, a team of EU and Chinese expert, coordinated by the Resident Expert, will provide a set of motivated policies proposals.

Topic 2.1.5 – *"Social contribution collections: toward a unified system"*

The efficiency of contributions collection deeply affects the financial sustainability of pension funds and is therefore a key aspect of all pension systems. As a matter of fact, a pension system must stand on a reliable revenue collection that establishes a strong financial base. The issue has been crucial to many Countries, especially those in a transition phase, which have been struggling to reach an effective strategy of contributions collection in line with the characteristics of their pension system.

The main challenges to implement a more integrated and efficient approach come from the overall administrative structure of the pensions and revenue institutions; more specifically, a pivotal role is played by the coordination among different institutions in charge of contributions collection.

According to IMF (IMF, 2004) three broad approaches can be outlined:

- Full-service pension institutions that handle all major functions, including collection;

- Arrangements involving closer coordination between tax administration and pension institutions, including data sharing and joint audit operations;

- Collection responsibility is concentrated in a single administration.

EU Countries have been facing the problem of contribution collection for long time and can provide valuable insights for the Chinese context. The methodologies of contribution collection usually depend on the historical circumstances of a specific Country. In Western Europe, and more specifically in France and Germany, a parallel collection system emerged, while in the Countries in which social insurance institutions developed later, such as in Australia and in the United States, integrated collection system prevails. To achieve greater efficiency, some Countries, like the UK, Sweden and Italy have converted parallel systems into an integrated collection system. Yet, most Countries still adopt mix systems which are a combination of different collection mechanisms, involving fund managers, government, etc. Finally, the table below classifies some EU Countries depending on the predominant type of collection agencies.

Table 20 - Classification of EU Countries depending on the predominant type of collection agencies

Tax collection agencies	Social security institutions
United Kingdom, Norway, Sweden, Italy, Ireland, Estonia, Latvia, Croatia, Hungary, Bulgaria, Romania.	Belgium, France, Germany, Poland, Czech Republic.

In China, the situation of contributions collection is scattered among provinces where different agencies oversee the collection of social contributions. In some provinces, the agencies are administrative centres of social security, while in others the agencies are tax authorities. In some provinces, the two agencies are responsible for different sorts of contributions.

Therefore, as highlighted by the Social Security Department of the Chinese Ministry of Finance, the current collection regime is affected by problems related mainly to effective coverage, and adequacy of benefits; more specifically:

- the collection method has confused the rights and obligations of the employer;

- the contributory base is not realistic, limiting the growth of the contribution fund;

- the nominal contribution is high, which impacts on the compliance of employers;

- the coverage of social security schemes is not sufficient to protect the rights of insured employees;

- the advantages of the tax authorities in collecting contribution cannot be fully applied.

Moreover, the 2010 Social Insurance Law of the PRC[6] states that "The people's governments at and above the county level shall strengthen the collection of social insurance premium" and "Social insurance premiums shall be uniformly collected, and the implementation steps and specific measures shall be formulated by the State Council".

The Assessment report will cover the following issues:

- A detailed map of the contribution collection systems in China;

- Analysis of the origin and motivation of the different systems;

- Identification and classification of the main models;

- The efficiency of different systems and agencies in handling the collection of social contributions (coverage, contribution level, adequacy of benefits, etc.);

- Toward a unified system: motivation, possible steps, and procedures.

The EU Best Practice report will identify the main collection models existing in Europe, outline their historical origin and provide a comparative analysis of their relative advantages and disadvantages for the Chinese context.

---

[6] Chapter VII Collection and Payment of Social Insurance Premiums, Social Insurance Law of the People's Republic of China, Standing Committee of the National People's Congress.

Finally, a team of EU and Chinese expert, co-ordinated by the RE, will provide a set of motivated policies proposals.

Topic 2.3.2 – *"The role of public finance and enterprise annuities funds in the Chinese social security system"*

One of the key issues in China's pension reform is how to define the responsibility of public finance's subsidy for social security funds: that is whether the subsidies should be used as contributory payment for the equally-considered period or should be used to cover the expenditure deficit.

Many Countries provide public finance subsidies to social insurance funds, such as the pension fund. Subsidies are used in many ways and in some Countries more than one system is adopted.

The first way consists in using subsidies to fully or partially pay pension contribution for specific groups, such as parents (especially mothers) during paternity/maternity leaves.

The second way consists in using subsidies to pay a given share of employees' contributions. For example, in Luxembourg, the public finance subsidizes 8% of salary for pension contribution, and the contribution rate of both employer and employee is 8%.

A third method consists in using subsidies to cover a given proportion of social fund's annual expenditure. For example, in Japan, a certain proportion of National Pension (which corresponds to China's Pension for Resident) is paid with public subsidies. In 2009, the subsidies accounted for 1/3 of the annual expenditure and later the proportion was increased to 1/2.

A fourth way consists in subsidizing pension fund with a given percentage of tax revenues. For example, in Germany a certain proportion of VAT and of the ecological tax on fossil energy are used to subsidize German pension fund.

The fifth way consists in using subsidies to cover the deficit in social fund's balance, which means that the public finance takes the responsibility for the balance of the fund.

A sixth way consists in using subsidies to cover the deficit resulting from pre-defined causes. For example, in Poland, there is a Demographic Reserve Fund funded by different channels (private revenues of state-owned enterprises and contributory revenue) aimed to provide subsidies to cover the pension deficit resulting from demographic change (ageing), and to offer zero-interest loans to pension funds for covering deficit caused by short-term lack of liquidity.

A seventh way consists in using subsidies to guarantee minimum pension schemes. For example, some pensioners of low-level pensions can receive subsidies from public finance to supplement their pension income to reach a pre-defined level. This is an institution seen in Chile, Mexico, Hungary, Poland and Sweden.

A eighth way consists in using subsidies to pay transitional costs resulting from transformation of a PAYG system to a Fully Funded system. The Chilean reform in 1980s adopted this approach.

In general, the first four ways are used to pre-subsidizing social fund; the 6th and 5th are post-subsidizing the deficit; the 7th is a direct subsidy to individual pensioner, and the 8th is a special subsidy used during institutional transformations.

For the first step, technical analysis can be made on the subsidizing ways (as well as subsidizing proportions). In fact, some Countries have increased subsidy from normal budget for pension funds. Some of them consider in this way: due to working population reduced by population ageing and increasing flexible employment, specific social contribution (tax) based on salary is not good for increasing contributory (tax) base and controlling contribution (tax) rate. Therefore, labour costs will increase, which is not good for promoting employment. Besides, because in the income composition of low-income group labour income is the major part while property income is a small part, only relying on social contribution (tax) is not a funding way good for adjusting income distribution and promoting equality. Of course, only depending on normal budget to subsidize social funds will causes many problems, such as the correspondence between right and responsibility will be weakened, people's activeness for employment will be reduced, and reliance on benefit will be increased, etc. In reality, what is the way that a Country chooses and how much subsidy is from the public finance are not only resulted from technical analysis. In most cases, they are results of political considerations and compromises.

The Article 13 of China's Social Insurance Law provides that before participating in the Basic Old-Age Insurance, for an employee of state-owned enterprise and public institutions, the contribution that should be paid during the equally considered contributory period shall be paid by the government, and when pension fund cannot provide sufficient pension, the government is responsible for subsidizing the insufficient part. In recent years, the amount of subsidy from normal public budget to the Basic Old-Age Insurance for Enterprise Employees has kept increasing, from RMB 242.7 billion in 2012 to RMB 429.1 billion in 2016.

A second equally important point is to understand the role that an occupational annuity system can play in the future Chinese security system. It is expected that private funds will receive occupational annuities of more than RMB 200 billion per year. China's second pillar pension assets of corporation and occupational annuities will therefore notably increase in the in coming years and will play an increasingly important role in the capital market:

The Assessment report will aim to analyse the present situation in China from both a qualitative and quantitative perspective, discuss the proposals present in the literature and discuss advantages and disadvantages of each proposal. More specifically it will analyse the situation of private pension funds at the provincial level also with study visits to Chinese provinces that present the most interesting case studies. The local visits will involve the Chinese expert, Component 2 team and EU experts. The local visits' missions will be better defined during the situational analysis phase on the topic.

The EU Best Practice report should map the different methods used by EU member countries to subsidize pension funds with tax revenues; collect time series data on the amount of such subsidies and their relevance, analyse their historical origin and rational, while providing an evaluation of their impacts, relative advantages and disadvantages.

Finally, a team of EU and Chinese expert, coordinated by the Resident Expert, will provide a set of motivated policies proposals to improve the relation between public finance and social insurance funds in China.

The research will aim to analyse the present situation in China, discuss the proposal present in the literature and discuss advantages and disadvantages of each proposal.

The paper should map the different methods used by EU member Countries to subsidize the pension funds with tax revenues, analyse their historical origin and rational, while providing an evaluation of their impacts, relative advantages and disadvantages.

Table 21 - Topics proposed for consideration in 2018

ID	DESCRIPTION	R.	DATE STARTS
Component 2 - Enhancing the institutional capacity for financial management and supervision concerning social security funds			
2.1.3	Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system	6	January 2018
2.1.5	Social contribution collections: toward a unified system	6	January 2018
2.3.2	The role of public finance and enterprise annuities funds in the Chinese social security system	8	January 2018

The following sections of this document describe the activities to be conducted in 2018 for each of the three previous 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.

2.5.3. Specific Activities

In order to complete the activities of the 2017 work plan the Component 2 will:

- Supervise the production of the policy suggestions papers;

- Organize a 2-day workshop in the last week of February 2018;

- Publish the research papers and the policy suggestions papers related to the three topics covered in the 2017 activity plan.

Policy suggestions papers

Immediately after each of the two panel discussions of topic 2.1.4 and topic 2.1.6, Component 2 held meetings with the Chinese and EU experts in order to constitute for each topic a working group in charge of elaborating evidence based policy suggestions and choose a coordinator that would draft a proposal to be

analysed together with the Chinese proposal and finalized in a single document under the supervision of the Component 2 Resident Expert. Therefore, while in the past the policy suggestions were the sole responsibility of the Chinese experts, from now on the proposals will reflect both the ideas and contributions of the EU experts and of the Chinese experts.

Situational Analysis

The Situational analyses will be subject to a quality control ensured by MoF and the Component 2 Resident Expert.

For each topic the output of this activity is a good presentation of the Chinese situation, while the deliverable is represented by the assessment report produced by Chinese experts[7].

Table 22 - Situational analysis by topic - Chinese expert (incumbent) and time schedule

R	Topic No	Topic title	Incumbent	Time schedule
6	2.1.3	Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system	TBD	First draft: April 2018 Final report: June 2018
6	2.1.5	Social contribution collections: toward a unified system	TBD	First draft: April 2018 Final report: June 2018
8	2.3.2	The role of public finance and enterprise annuities funds in the Chinese social security system	TBD	First draft: April 2018 Final report: June 2018

Identification and review of possible relevant EU experiences

EU experts will deliver reports that collect, compile and analyse the most relevant EU best practices for each considered 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, analyse their impacts (positive and negative), and the mechanisms to change and improve them.

A first draft of the papers will be delivered and submitted to MoF in April for comments and suggestions that will be incorporated in an updated version before the panel discussion to be held in June 2018.

After the Panel discussions all the papers will be reviewed and finalized for the workshops that will be held in October 2018.

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

---

[7] It is expected that each Situational analysis be limited to some 40 pages.

Table 23 – Identification and review of possible EU experience by topic and time schedule

R	Topic No	Topic title	Incumbent	Time schedule
6	2.1.3	Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system	EU Experts TBD	First draft: April 2018 Final report: June 2018
6	2.1.5	Social contribution collections: toward a unified system	EU Experts TBD	First draft: April 2018 Final report: June 2018
8	2.3.2	The role of public finance and enterprise annuities funds in the Chinese social security system	EU Experts TBD	First draft: April 2018 Final report: June 2018

2.5.4. Overseas Activities

Training in Italy

One of the main activities foreseen in the 2018 work plan of Component 2 is represented by a two weeks training course that will be conducted in Italy in June/July[8] for 18 participants[9], considering the budget availability, involving both officials coming from the central and local governments. MoF's Staff to be involved in the training course will be identified by MoF's top managers in the following months.

Possible topics of the training will be the issues related to the financing of be the pension system, active labour policies and employment promotion policies. The content of the training will be better defined in the upcoming months

The Training, which will be preceded by a pre-training activity to be carried out in Beijing, 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 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.

Finally, the C2 will organize some follow up activities of the Training activities to be held in China, which will be better defined with MoF.

---

[8] The exact time and locations of the Training will be identified in the following months.
[9] Up to 18 participants.

2.5.5. Cross-topics activities

Panel discussions

In 2018, Component 2 will organize three panel discussions covering the topics previously indicated. The panel discussions will be held in Beijing in the month of June.

The meetings will be the occasion to discuss the situation analyses of the three topics and to introduce main results of the EU best practices reports. The panels will be attended by the Chinese and EU experts working on the topics to be discussed, MoF representatives, Component 2 team and external Chinese experts and stakeholders. The panel discussions are 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 discussions 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 24 - Panel Discussions schedule

ITEM	Participants/ Duration	Date
Topics: 2.1.3; 2.1.5; 2.3.2	20 participants (each panel), 3 days in total	June 2018

Workshops to be held in February 2018 and October 2018

Workshops represent the logical continuation of the Panel discussions. In order to create more synergies between EU experts, Chinese Experts and stakeholders, the three workshops foreseen in February as well as the three workshops foreseen in October will be respectively integrated in a two days long event.

For what relates to the first workshop, which will conclude the 2017 activity plan, it will cover the following topics:

- 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).

The event will see the contemporary presence of the experts that have worked on the three topics and, if the budget will allow it, of high level Chinese and EU discussants.

The first goal of the workshop is to create an environment conducive to an open, informed and constructive discussion of the policies proposal that will involve together with EU and Chinese experts, the Resident Experts and other members of the project team, the stakeholders of the project. The main aim remains, however, that of thoroughly discussing and finalizing the policy suggestions and reform proposals designed for the three topics by the Component 2 on the basis of team work involving both EU and Chinese experts with the coordination of the Resident Expert.

In order to explicit and fully exploit the interconnections between the three topics, the workshop will start with a morning session devoted to outline the demographic, social and economic transformations that are affecting China and discuss whether and in which measure they represent challenges or opportunities for the Chinese policy makers. The introductory session will be followed by half a day session devoted to summarize the main finding of the research activities conducted for each topic. The second day will be devoted to the discussion of the policy suggestions outlined by the team of EU and Chinese experts.

The two-day workshop will be held at the end of February.

Table 25 - Tentative list of Experts that could be involved in the two-day workshop by topic

Topic 2.1.4 -An integrated system for the coordinated management of the social assistance system	
Experts	**Title of the paper**
Jiang Zhen (in charge of making policy suggestions)	Coordination of Social Assistance Resources; the Chinese context
Mel Cousins (Coordinator of the European policy suggestion team)	The northern Europe Experience: UK, Sweden and the Netherlands
TBD 1 EU and 1 Chinese Discussants	
Topic 2.1.6 - The Development of Old-age Services and Long-Term Care System	
Tang Jun (in charge of making policy suggestions)	The development of old age services and LTC system: the Chinese context
Marcello Morciano (Coordinator of the European policy suggestion team)	Long term care in Europe. A review and synthesis of the most recent evidence
Li Zhen (in charge of the policy suggestions paper)	Policy suggestion report on LTC system
TBD	

1 EU and 1 Chinese Discussants	
2.3.1- Investment strategies of social funds and risk control methodologies	
TBD (in charge of making policy suggestions)	Investment Strategies of Social Insurance Funds and Risk Control Methodologies in China
TBD	Investment strategies for LGPS Funds in the UK
TBD (Coordinator of the European policy suggestion team)	Portfolio Management and risk control
TBD 1 EU and 1 Chinese Discussants	

The October workshop will follow a similar pattern and will cover the three topics that Component 2 will address in 2018.

The output of the workshops will be a set of integrated policy suggestion and reform proposals, while the deliverables will be represented by the related reports.

Table 26 - Workshops schedule

ITEM	Participants / Duration	Date
Topics: 2.1.4; 2.1.6; 2.3.1	35 participants (per day), 2 days in total	February 2018
Topics: 2.1.3; 2.1.5; 2.3.2	35 participants (per day), 2 days in total	October 2018

2.5.6. Pilot Sites

The C2 will carry out up to three pilots at the provincial level to improve the situational analysis related to topic 2.3.2 and the research 1) by studying respectively the existing private funds experiments and the private management of long term care[10].

The pilots will provide specific suggestions to improve the financing and the management of social security private funds and reduce the risks of default and frauds.

2.5.7. Deliverables

---

[10] Content and objectives of the pilot sites will be better specified in cooperation with MoF in the research phase.

The analysis conducted under specific topics of Component 2 will be used as preparatory material for the corresponding cross-topic activities and the overseas Training. 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, Component 2 plans also to use the provisions contained in the project budget (Studies and Research, line 6.2) to conduct three comprehensive academic studies. The three research studies will address the following areas:

- Long term care – Occupational profiles, gender segmentation and training programs (EU expert);

- China's fiscal, economic, and demographic imbalances at the provincial level;

- The sustainability of the welfare system: the methodological approach of the EU aging commission and other international organization (EU expert).

The content of each research will be better defined in coordination with MoF, in such a way to provide additional and relevant contribution to the understanding on the areas addressed by the project Component 2. The studies will be commissioned preferably to research centres with a history of research in the specific topic.

Research 1 - *Long term care for the elderly – Occupational profiles, gender segmentation and training programs*

A key element in the implementation of a LTC system is the availability of a work force with the required skills and competences. An overview of this problem and connected issues appears of extreme importance in today China since:

- The aging process is at its beginning, but it will proceed at an extremely high speed: the number of people above 70 is by now of around 83 million, it will almost double in the next 15 years and is expected to double again in the following 30, so that by 2060 the number of very elderly people is forecast to reach 305 million;

- Little or no work has been done to estimate the future labour demand of the sector, to identify the occupational profiles that will be needed, to design and implement the educational and training programs necessary make the production by the educational and vocational training system coherent with the demand;

- Data suggest that Chinese labour supply could be largely insufficient, while the shortage of labour of the LTC sector will depend on the organizational structure that will be adopted and on the technological innovations that will be introduced;

- Women live longer and, therefore, they account for the majority of beneficiaries of the LTC system, while they tend to be over-represented among caregivers, paid and unpaid. This raises serious concerns about gender equity in the labour market as well as within household, concerns that China should tackle immediately.

By now the aging process in EU Member Countries is much more advanced and the number of very elderly people is expected to triple by 2060. This has generated numerous research activities dealing with the problems we have just outlined and brought to the collection of relevant statistics. Therefore the research aims, on the one hand, to collect relevant information from OECD Countries and, on the other, to use this information to discuss the future of the LTS in China.

More specifically the first part of the research will survey the exiting literature and data base:

- To identify the present employment by occupations of the LTC sector in OECD Countries and explore its relation with the organization structure in different Countries;

- To identify the methodologies adopted to estimate the future labour demand of the LTC sector;

- To identify the main educational and vocational training programs adopted for the occupations of the sector;

- To summarize the discussion on the gender issues;

while the second will:

- Try to assess the future labour demand of the sector by occupation;

- Discuss its coherence with the potential supply;

- Suggest the necessary steps to be taken by the educational and vocational training system to provide the skills that the sector will require.

Research 2 – *China's fiscal, economic, and demographic imbalances at the provincial level*

The Chinese fiscal system presents a striking contrast between a very low level of provincial autonomy and a relatively high importance of subnational revenues (Bird, 2012). It has also been suggested that the key to China public finance stability and political stability may lie in getting subnational taxes and the other critical components of its intergovernmental fiscal system right (Wong and Bird, 2008).

Under the planned economy all expenditures were determined at the centre, but the responsibilities for day-to-day public administration and social services such as education (except universities), public safety, health care, social security, housing etc., were all delegated to subnational governments, financing being provided by a revenue sharing system, largely negotiated.

With the introduction of the market economy tax revenues (that were collected at the provincial level) started to decline also due to the inability of the central government to monitor local situations.

A drastic reform of the fiscal system was introduced in 1994. It aimed to recentralize the fiscal system and pursue two main objectives: stop the decline in revenues and strengthen the situation of the central government. Together with the introduction of new taxes (VAT an the business tax on services), the new system changed the way revenues were shared between central and provincial governments by shifting from a negotiated system to a system in which all taxes are either specifically assigned to central or subnational governments or shared. Another important element was the establishment of a national tax administration that largely eliminated opportunities for local governments to divert central revenues into their coffers. New

fiscal reforms were then introduced in 1998 "to convert fees into taxes" and in 2002. However in spite of all these reforms, the Chinese fiscal system continues to be affected by serious challenges.

In the first place, the huge fiscal gaps of subnational governments that by now are all dependents on central government to finance expenditures. Moreover this situation has pushed local governments to attempt to cope with their increasing fiscal problems by increasing revenues in a variety of legal and quasi-legal ways. In particular this has resulted in a rapid growth of extra budgetary funds while the fiscal system has become more and more pervaded by a host of implicit and hidden revenues, transfers, and expenditures driven in part by the lack of any good formal local tax bases and facilitated by the continuing obscurity of the line between governments and business especially at the local level.

Finally the concentration of economic and demographic growth in coastal region has been increasing income provincial disparities and a deterioration in public services provided by inland provinces.

All this suggests that China needs to find solution to fiscal provincial imbalances. The research aims to suggest policies measures to face these complex issues starting from a clear representation of the problems faced by China, also on the on the basis of the solution adopted by countries faced by similar problems.

The suggested goals of the research project are the following:

- To provide a clear description of the Chinese tax system and of the ways in which revenues are collected and shared;
- Mapping provincial fiscal imbalances and transfers and their historical evolution;
- Discuss the problem of extra budgetary finance and provide quantitative estimates of this phenomenon;
- Analyse the impact of economic and demographic provincial differences on past present and future fiscal imbalances;
- Provide a survey of the theory of fiscal dc federalism, discuss some relevant country studies, and discuss its applicability to the Chinese case.

Research 3 - *The sustainability of the welfare system: the methodological approach of the EU aging commission and other international organization (EU expert)*

In spite of the worries created by the fast aging of the population, the long run sustainability of the Chinese social security system has not been appraised yet and little discussion has been carried on, both at the academic and ministerial level, on the methodology to be adopted to face the problem.

Interesting suggestions in this direction could be derived by the work done at EU level. In response to the mandate of the Economic and Financial Affairs (ECOFIN) Council the Economic Policy Committee (EPC) has been regularly producing, starting in 2001, Economic and budgetary projections for the 28 EU Member States. The fifth report[11], covering the period (2013-2060) and based on a new Eurostat population projection (EUROPOP2013), has been published in 2015. It covers not only the 28 EU Member States, but also Norway.

---

[11] European Commission. Directorate-General for Economic and Financial Affairs (2015), The 2015 Ageing Report. Economic and budgetary projections for the 28 EU Member States (2013-2060)

The report is based upon a common set of assumptions and methodologies that allow projecting a set of exogenous macroeconomic variables covering labour force (participation, employment and unemployment rates), labour productivity and the real interest rate. These combined set of projections enable the calculation of GDP for all Member States up to 2060.

On the basis of these assumptions, the Report presents separate budgetary projections for five government expenditure items: pensions, health care, long-term care, education and unemployment. The following graph summarizes the methodology adopted by ECP.

Table 27- Demographic and economic projections
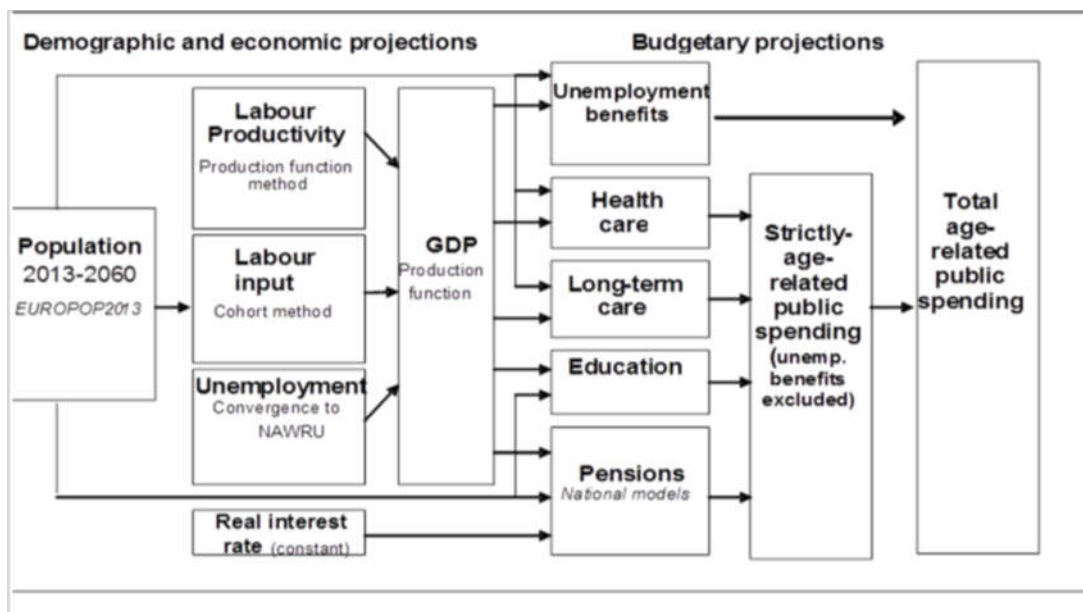
The research will:

- provide a critical assessment of the ECP methodology;
- analyse its suitability to China;
- and provide, if possible, a first application of the model or of a revised formulation, to China.

The following table presents the deliverables of Component 2 Activity plan for the year 2018.

Table 28 - Deliverables (preliminary list)

Topic #	Activity item	Input	Deadline semi-final draft	Best practices	Output/ deliverable	Final Use	Date
2.1.4; 2.1.6; 2.3.1	Elaboration of reform proposals	CN and EU Experts	/	Yes	Reform Proposals	MoF reference	Jan-18
2.1.4; 2.1.6; 2.3.1	Compilation of Assessment Reports	CN and EU Experts	/	Yes	Package of 2017 final reports	Project	Jan-18
2.1.3	Situational analysis-Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system	CN Expert	April		Report	Panel Discussion and Workshop	Jun-18
	EU Best Practice Research	EU Experts	April	Yes	Report	Panel Discussion and Workshop, Training	Jun-18
	Policy recommendation	EU Experts, CN Expert	Aug-18	Yes	Report	Workshop, Training, Reform Proposals	Oct-18
2.1.5	Situational analysis- Social contribution collections: toward a unified system	CN Expert	April		Report	Panel Discussion and Workshop	Jun-18
	EU Best Practice Research	EU Experts	Apr-18	Yes	Report	Panel Discussion and Workshop, Training	Jun-18
	Policy recommendation	EU Experts, CN Expert	Aug-18	Yes	Report	Workshop, Training, Reform Proposals	Oct-18
2.3.2	Situational analysis -The role of public finance in subsidizing the social security system	CN Expert	Apr-18		Report	Panel Discussion and Workshop	Jun-18
	EU Best Practice Research	EU Experts	Apr-18	Yes	Report	Panel Discussion and Workshop, Training	Jun-18
	Policy recommendation	EU Experts, CN Expert	Aug-18	Yes	Report	Workshop, Training, Reform Proposals	Oct-18
	Studies and Research	Academic study	May-18	Yes	Report	Workshop, Training, Reform Proposals	Aug-18
	Studies and Research	Academic study	May-18	Yes	Report	Workshop, Training, Reform Proposals	Aug-18
	Studies and Research	Academic study	May-18	Yes	Report	Workshop, Training, Reform Proposals	Aug-18

2.5.8.Human Recourses

Table 29 - Human resources (forecast)

Years 1 to 4		Budget Year 4	Incumbent
585	Total C2 Chinese short term expert	215	
	CN EXPERTs REFORM PROPOSALS Integrated system for the management of SA	*10*	*Jiang Zhen*
	CN EXPERT Old age services & Long-Term Care	*10*	*Li Zhen*
	CN EXPERT REFORM PROPOSALS	*10*	*TBD*
	CN EXPERT REFORM PROPOSALS Investment Strategies of social security funds	*10*	*TBD*
	CN Expert Situational Analysis 2.1.3	*30*	*TBD*
	CN Expert Situational Analysis 2.1.5	*30*	*TBD*
	CN Expert Situational Analysis 2.3.2	*30*	*TBD*
	CN EXPERTs REFORM PROPOSALS 2.1.3; 2.1.5; 2.3.2	*30*	*TBD*
	Resident expert C2	*Full time*	Michele Bruni
	Component assistant	*Full time*	*Valentina Pignotti*
428	Total EU Short Term Experts[12]	139	
	EU Experts Best Practice Investment Strategies of social security funds	20	Davide Cipparrone
	EU Expert reform proposals Integrated system for the management of SA	20	Mel Cousins
	EU Expert reform proposals Old age services & Long-Term Care	10	Marcello Morciano
	EU Expert reform proposals Investment Strategies of social security funds	10	TBD
	EU Experts Best Practice 2.1.3; 2.1.5; 2.3.2	90	TBD
	EU Expert reform proposals 2.1.3; 2.1.5; 2.3.2	30	TBD
	EU EXPERTS OVERSEAS TRAINING	25	Several
4	Study/Research	3	TBD

The above table provides an overview of the HR forecasted to complete the 2018 activity plan of Component 2. In particular, it can be noted that the Component 2 has a surplus of 55 w/d for Chinese experts and needs additional 66 w/d for EU experts.

---

[12] Including both EU public sector staff and Subcontracting.

2.5.9.Summary

Table 30 - Activities foreseen for 2018 (chronological order)

No	Activities	Date
1.	Workshops on 2017 research topics	January 2018
2.	Situation analyses on topics 2.1.3, 2.1.5 and 2.3.2	From January to June 2018
3.	Best practice reports -first batch (for Panel Discussion) on topics 2.1.3, 2.1.5 and 2.3.2	From January to June 2018
4.	Panel discussion on topics 2.1.3, 2.1.5 and 2.3.2	June 2018
5.	Overseas Training	June/July 2018
6.	Best practice reports / policy recommendations (for Workshop) on topics 2.1.3, 2.1.5 and 2.3.2	From June to October 2018
7.	Workshops on topics 2.1.3, 2.1.5 and 2.3.2	October 2018

2.5.10. Revised GANTT

ID	DESCRIPTION	Y3		Y4										
				S 1						S 2				
		M36	M37	M38	M39	M40	M41	M42	M43	M44	M45	M46	M47	M48
		XI 17	XII 17	I 18	II 18	III 18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18
0.1	Selection of sub-topics to be covered under specific year			Y4										
0.1	Selection of sub-topics to be covered under specific year			Y4										
0.2	TOR, selection, recruitment CN & European expert	Y3	Y3	Y4	Y4					Y4	Y4			
0.3	TOR Situation analysis & Best practices under specific sub-topics	Y3	Y3	Y4	Y4					Y4	Y4			
2	**Identification Phase**													
2.1.	**Situational Analysis**													
2.1.1	In-depth analysis on the topics 2.1.3; 2.1.5; 2.3.2													
2.1.3	Preparation of the Situational Analysis Reports for topics2.1.3; 2.1.5; 2.3.2													
2.2	**Identification and review of possible relevant EU experience**													
2.2.1	Preparation of selected Country Reports/EU Best Practice reports on topics 2.1.3; 2.1.5; 2.3.2													
2.3	**Panel discussions with stakeholders on the Identification Phase**													
2.3.1	Panel discussion about the specific topic 2.3.1	PD												
2.3.2	Panel discussion about the specific topics 2.1.3; 2.1.5; 2.3.2								PD					

ID	DESCRIPTION	Y3		Y 4											
				S 1						S 2					
		M36	M37	M38	M39	M40	M41	M42	M43	M44	M45	M46	M47	M48
		XI 17	XII 17	I 18	II 18	III 18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18
Analisys Phase														
2.4	**Specific analysis of relevant EU experience**									▨	▨	▨	▨	▨
2.4.1	Technical feasibility of EU MS 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 country**								?	?				
2.5.1	**2 weeks overseas Training**								?	?				
2.6	**Worshop with stakeholders on the Analysis Phase**				▨								▨	
2.6.1	**Worshop on the topics 2.1.4; 2.1.6; 2.3.1**				WS									
2.6.2	**Worshop on the topics2.1.3; 2.1.5; 2.3.2**												WS	
2.7	**Elaboration of reform proposals**													
2.7.1	Final identification of reform proposals on topics Year III	▨	▨	▨	▨									
2.7.2	Final identification of reform proposals on topics Year IV											▨	▨	
2.7.3	Research and study (Three research)						▨	▨	▨	▨				
Follow Up Phase														
2.8	Training activity abroad						▨	▨	▨	▨				
2.8.1	**Technical assistance and Tool development, training needs analysis**						▨	▨						

ID	DESCRIPTION	Y3		Y 4											
				S 1						S 2					
		M 36	M 37	M 38	M 39	M 40	M 41	M 42	M 43	M 44	M 45	M 46	M 47	M 48
		XI 17	XII 17	I 18	II 18	III 18	IV.18	V.18	VI.18	VII.18	VIII.18	IX.18	X.18	XI.18
	Horizontal macro activities													
2,10	**Reporting and Evaluation**													
2.10.1	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; 2.1.3- Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system; 2.1.4 -An integrated system for the coordinated management of the social assistance system; 2.1.5-Social contribution collections: toward a unified 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; 2.3.2- The role of public finance in subsidizing the social security system

	2015-2016 Topics		2017 Topics		2018 Topics

2.6. Component 3

2.6.1. 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 *XIII 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.

The importance of social assistance actions has been acknowledged by the 13th 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." [13]

Additionally, at the 19th CPC Congress which took place in Beijing last October President Xi Jinping refers to social support system and made specific plans in terms of fighting poverty.

"We will promote the coordinated development of the social assistance systems for urban and rural residents, and improve the subsistence allowances system. We must adhere to the fundamental national policy of gender equality, and protect the legitimate rights and interests of women and minors. We will improve our systems for social assistance, social welfare, charity and entitled groups' benefits and services. We will improve the system for supporting and caring for children, women and elderly people left behind in rural areas. We will develop programs for people with disabilities and work to provide better rehabilitation services for them. (...)

We will continue to advance poverty reduction drawing on the joint efforts of government, society, and the market. We will pay particular attention to helping people increase confidence in their own ability to lift themselves out of poverty and see that they can access the education they need to do so. We will strengthen collaboration on poverty alleviation between the eastern and western regions; and we will provide focused assistance to areas of extreme poverty. We must ensure that by the year 2020, all rural residents living below the current poverty line will have been out of poverty, and poverty is eliminated in all poor Countries and regions. (....)

---

[13] Chapter 64 Carry Out Social Security Reform; Section 2 Social Assistance.

We will strengthen the system for community governance, shift the focus of social governance to the community level, leverage the role of social organizations, and see that government's governance efforts on the one hand and society's self-regulation and residents' self-governance on the other reinforce each other."

In 2018, two topics (out of overall eleven topics within Component 3; see Table 31) are foreseen to be researched – all of them are a part of activities contributing to the achievement of Result 11 of the Project.

All two topics will be explored in a parallel way by different Chinese experts starting from January/February 2018.

2.6.2. Topics to be covered

In 2017 three topics (3.2.2, 3.2.3 and 3.2.4) have been subject of the situational analysis. Three assessments reports have been completed by July 2017. Full publication covering 2017 research will be completed early 2018.

From the remaining 2 topics to be considered under Component 3 both will be subject of situational analysis in 2018, namely: 3.3.2, 3.3.3. All topics will be 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.

For both topics, the review and assessment activities will start in January as shown in Table 32.

The main priority is to complete the result 11 (R11 - *Efforts of the MoCA in improved care for poor rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level*).

Table 31 - Topics to be considered

ID	DESCRIPTION	R.	DATE STARTS
Component 3 - Improving of legal framework and policy for social assistance			
3.3.2	Providing services for social assistance beneficiaries	11	January 2018
3.3.3	Publicity of social assistance laws and regulations (techniques and instruments used for dissemination of information)	11	January 2018

The subsequent sections of this document will introduce the corresponding activities for each of above listed topics to be conducted in 2018 following the overall approach in the Grant application form across Identification and Analysis phases. Identification phase corresponds mainly to 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. A separate chapter is dedicated to Pilot which will possibly include research activities foreseen for 2018.

2.6.3. Specific Activities

Situational Analysis

Following the experience of previous three years, the Project in 2018 will be implemented in close cooperation with MoCA, which is the main national stakeholder for Component 3.

Table 32 - Schedule for situation analyses

R	No	Topic	Incumbent	Deadline for providing situation analyses
11	3.3.2	Providing services for social assistance beneficiaries	CN expert 1	First draft report by May 2018 Final assessment report by mid July 2018
11	3.3.3	Publicity of social assistance laws and regulations (techniques and instruments used for dissemination of information)	CN expert 2	First draft report by May 2018 Final assessment report by mid July 2018

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 Component 3 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[14].

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. Two short-term EU experts will be recruited for the Project (one to each of the topics) to prepare the EU best practices report (collect, analyse and compile most relevant EU best practices and their compatibility with the expectations and requirements of the Chinese stakeholders).

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

---

[14] It is expected that each Situational analysis will be limited to some 40 pages.

- First batch on the occasion of Panel Discussion by June 2018 – for topics 3.3.2; 3.3.3;
- Second batch on the occasion of Workshop by October 2018 – for topics 3.3.2; 3.3.3.

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 2018, including a special contribution on experiences and lessons learned in addressing economic crisis, demographic change including ageing.

For the year 2018 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.

2.6.4. Overseas Activities

Policy dialog / Study assignments to EU Countries[15]

For the 2018 two EU activities are foreseen for Component 3.

In May 2018, under the leadership of MoCA, a study visit to two EU Countries has been planned. The topic will refer to 2017 research issues namely to social assistance overall resources; targeting and antifraud methods and prevention.

The detailed program and activities to be undertaken will be decided by January 2018. It is foreseen that the outputs of the study visit (mission report) will be shared within the Project.

Table 33 - Study Visit schedule - May

Study visit topic: Study visit on Social Assistance overall resources; targeting and antifraud methods and prevention	June 2018
	Participants / Duration
TBC - Lithuania and Sweden – non Consortium Countries – Topics 3.2.2;3.2.3;3.2.4	a. 6 participants, 8 days

The main idea of the June 2018 study visits is to refer to the 2017 topics mainly 3.2.2, 3.2.3 and 3.2.4, which have been finalised by proposing EU best practises and preliminary policy recommendations by December 2017.

It is planned that the study visit mentioned above will be organized possibly to non-consortium EU Countries.

Table 34 - Study Visit schedule – September/October

Study visit - topic: Study visit on social assistance for	September/October (TBC)

---

[15] As for December 20th, 2017 MoCA is still waiting final approval for the EU visits plan (dates & venues).

vulnerable groups	Participants / Duration
Countries TBC – Topics 3.3.2 and 3.3.3	a.6 participants 8 days

The second study visit to be held in 2018, possibly in September or October 2018, will refer to social services and vulnerable groups in social assistance system.

In 2018, training activities for Component 3 are foreseen to be undertaken in China. The main target would to offer training (based on previous research outputs) to the Country and township level staff in locations selected as pilot sites.

2.6.5. Cross-topics activities

Panel discussion

Panel discussion for two interrelated topics has been tentatively scheduled for June 2018.

This Panel discussion will gather the Chinese experts in charge of the respective situational analysis, 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 constrains 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 2 Chinese and 2 European experts – one Chinese and one European for each of the two reports.

Table 35 - EU best practices reports

R	No	Topic	Incumbent[16]	Deadline for providing situation analyses
11	3.3.2	Providing services for social assistance beneficiaries	EU expert 1	First draft report by July 2018 Final assessment report by mid-August 2018
11	3.3.3	Publicity of social assistance laws and regulations (techniques and instruments used for dissemination of information)	EU expert 2	First draft report by July 2018 Final assessment report by mid-August 2018

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.

---

[16] Possibly public staff members.

Table 36 - Panel Discussion schedule

ITEM	June 2018
	Participants / Duration
Panel discussion Topics: 3.3.2; 3.3.3.	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 analysing 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, 2018.

The 4th Component 3 Workshop has been tentatively scheduled for October 2018. It 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 constrains 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 two 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 37 - Policy recommendations reports

R	No	Topic	Incumbent	Deadline for providing situation analyses
11	3.3.2	Providing services for social assistance beneficiaries	EU expert 3 CN expert 1	First draft report by September 2018 Final assessment report by October 2018
11	3.3.3	Publicity of social assistance laws and regulations (techniques and instruments used for dissemination of information)	EU expert 4 CN expert 2	First draft report by September 2018 Final assessment report by October 2018

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 2018, 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 38 - Workshop schedule

ITEM	September / October 2018
	Participants / Duration
Workshop to discuss first proposals for reform options, topics: 3.3.2; 3.3.	35 participants, 1 day

2.6.6. Pilot Sites

Pilots for Component 3 should start practically early 2018 (possibly end of March). It is foreseen that pilots will be implemented in three different locations at county level (covering urban and rural areas). Considering the needs and development of social assistance in China the West and North China provinces are at the main interests for the pilot location[17].

The first step was setting the main goals and techniques to be used at pilot sites. For this purpose a research has been conducted. The final Program of the Component 3 pilot will be decided MoCA based on the research delivered by Prof. Guan Xining and consideration of local condition in the pilots locations.

In the framework of Pilot exercise Component 3 could support MoCA by involving Chinese research institutions working in the field of social assistance as well Chinese and European experts. The main assumption is to provide the county level with baseline reports; detailed program of the pilots to be undertaken; provide training for the social assistance staff; monitoring and evaluation of the pilot outputs.

The Component will organize a training for MoCA staff dedicated to take part in a pilot. Activities to be undertaken will include: training in China for county and township social assistance staff. Before the pilots start there is a need of providing training to explain the goals of the pilot; actions to be undertaken and monitoring methods.

For smooth implementation of the pilot a local agency-possibly training/research institution will be selected to ensure proper preparation of the pilots (executing baseline reports for the counties chosen for the pilots; organizing training; daily monitoring of the pilot process and their evaluation).

Finally, the pilot should provide a solid publication on the outputs of the pilots and their evaluation as well possible follow up. This should include also other visibility actions on the pilot area.

Based on above Component 3 pilots could gather a reasonable number of social assistance officials getting professional knowledge and learning from experiences of the EU member states social assistance system. This due to the internal rules and costs is not feasible when such events are organized in Europe.

The very final result of implementation and execution of the pilots would be policy suggestions coming out from the pilots used for reform proposals within the legal framework of social assistance in China.

---

[17] Most possibly the pilots will be pursued in Inner Mongolia; Jillin; Sichuan and Jiangsu provinces and county/district level – one location at each and every province.

2.6.7.Deliverables

For 2018 within Component 3 deliverables are provided according to the work plan and activities perform through the year.

Table 39 - 2018 deliverables (preliminary list)

DATE	TITLE	AUTHOR	OBSERVATIONS
Feb 2018	2017 C3 Volume	Package of CN and EU final reports from 2017	EN/CN
March 2018	C3 1/2018 Newsletter	C3RE Comp 3 Assistant	EN/CN
May 2018	7th Component Status report	MRPiPS & C3RE	EN
June 2018	Study visit to Europe (1) background materials	Coordinated by MRPiPS C3RE	EN & possibly in CN
TBD	MoCA ministerial visit to Europe	Background materials	EN
June/July 2018	Study visit to Europe (1) mission report	MoCA	EN&CN
June 2018	C3 2/2018 Newsletter	C3RE Comp 3 Assistant	EN/CN
June/July 2018	Assessment report on topic 3.3.2	CN expert 1	EN/CN
June/July 2018	Assessment report on topic 3.3.3	CN expert 2	EN/CN
June 2018	5th Panel Discussion meeting report	C3RE Comp 3 Assistant	EN
July 2018	BEST PRACTICES REPORT – 3.3.2	EU expert 1	EN
July 2018	BEST PRACTICES REPORT – 3.3.3	EU expert 2	EN
September 2018	Study visit to Europe background materials	Coordinated by MRPiPS	EN
September 2018	Study visit in Europe mission report	MoCA	EN&CN
September 2018	C3 3/2018 Newsletter	C3RE Comp 3 Assistant	EN/CN
Oct 2018	Policy recommendations / Best practices report 3.3.2	CN expert 1 / EU 3 expert	CN/EN&EN
Oct 2018	Policy recommendations / Best practices report 3.3.3	CN expert 2 / EU 4 expert	CN/EN&EN
Sep/Oct 2018	4th C3 Workshop report	C3RE Comp 3 Assistant	EN
November 2018	C3 4/2018 Newsletter	C3RE Comp 3 Assistant	EN/CN

DATE	TITLE	AUTHOR	OBSERVATIONS
Throughout the year	C3 Pilot outputs (including baseline reports; monitoring; evaluation reports)	MoCA, SPRP	EN/CN

2.6.8. Human Resources

Table 40 - Human resources in 2018 (estimation)

#	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			TBD	PART-TIME / INCLUDING PILOTS WHEN DEFINED	
3	X			1. RESEARCH 3.3.2	max 40		TBD		
4	X			2. RESEARCH 3.3.3	max 40		TBD		
5		X		CONSULTANCY FOR THE 5TH C3 PANEL DISCUSSION ON THE TOPICS: 3.3.2 & 3.3.3	max 30		2 EU EXPERTS FOR 2 WEEKS EACH	IN CHINA	Jun-18
6	x	x		REEARCH AND OTHER KINDS OF SUPPORTING ACTIVITIES UNDERTAKEN BASED ON THE PILOTS NEEDS	TBD		TBD	IN CHINA	Jan-Sep 2018
7		X		CONSULTANCY FOR THE 4th WORKSHOP ON TOPICS: 3.3.2 & 3.3.3	max 30		2 EU EXPERTS FOR 2 WEEKS EACH	IN CHINA	October 2018 – 4th C3 WORKSHOP
8	x	x		TRAININGS IN CHINA WITHIN THE C3 PILOTS FRAMEWORK	TBC		EU EXPERTS CN EXPERTS	CHINA	

Caption above table: EU-CHINA SOCIAL PROTECTION REFORM PROJECT COMPONENT THREE – MONITORING OF HUMAN RESOURCES – 2018 as for DECEMBER 20TH, 2017

2.6.9.Summary

Table 41 - Activities foreseen for 2018 (chronological order)

No	Topic	Date	location
1.	Situation analyses on topics 3.3.2; 3.3.3.	from January to July 2018	China
2.	Pilot sites	April-Sep 2018	China
3.	Study visit to Europe (1)	June 2018	EU
4.	Study visit to Europe (2)	September 2018	EU
5.	Panel discussion on topics 3.3.2; 3.3.3.	June 2018	Beijing-China
6.	Best practices reports -first batch (for Panel Discussion)	from June to July 2018	China/EU
7.	4th C3 Workshop on topics 3.3.2; 3.3.3.	September/October 2018	Beijing-China
8.	Best practices reports / policy recommendations (for 4th C3 Workshop)	October 2018	China/EU

Tentative number of short-term experts contributing to Component 3 activities held in China in 2018:

- EU experts: 2 for Panel discussion in June 2018; 2 for the 3rd Component 3 Workshop in October. Each mission of the EU expert is foreseen for max 10 working days. Possibly several EU experts will be involved for the research/training activities of the purpose of the pilots in China to be decided at the later stage.

- Chinese experts: 2 CN experts – one for each research topic selected for 2018 for max 40 w/d each of them. Possibly several CN experts will be involved for the research/training activities of the purpose of the pilots in China to be decided at the later stage.

2.6.10. Revised Gantt

Component 3 - Overall Plan of Activities - November 2017 - November 2018

ID	DESCRIPTION	Y3		Y4											
		S2		S1								S2			
		M 36	M 37	M 38	M 39	M 40	M 41	M 42	M 43	M 44	M 45	M 46	M 47	M 48
		XI 17	XII 17	I 18	II 18	III 18	IV 18	V 18	VI 18	VII 18	VIII 18	IX 18	X 18	XI 18
		EU SV / WS						SV	PD			SV	WS	
0,1	Selection of sub-topics to be covered under specific year	Y4	Y4											
0,2	TOR, selection, recruitment CN & Euroepan Experts			Y4	Y4	Y4	Y4	Y4	Y4	Y4	Y4	Y4	Y4	Y4
	Identification Phase													
3.0	**Preparation of brief diagnosis, establish baseline data, analysis audience of project results (macro-activity 0.1)**													
3.1.	**Situational Analysis**													
3.1.9	Preparation of the Situational Analysis Reports for topics 3.3.2; 3.3.3;													
3.2	**Identification and review of possible relevant EU experience**													
3.2.2	Involvement of other EU Contries 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	**Panel discussions with stakeholders on the Identification Phase**													
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													

ID	DESCRIPTION	Y3		Y4											
		S2		S1						S2				
		M 36	M 37	M 38	M 39	M 40	M 41	M 42	M 43	M 44	M 45	M 46	M 47	M 48
		XI 17	XII 17	I 18	II 18	III 18	IV 18	V 18	VI 18	VII 18	VIII 18	IX 18	X 18	XI 18
3.3.1.5	Preparation of Panel discussion contents on possible EU Best Practices to apply in China about the specific topics 3.3.2; 3.3.3;							▓	▓					
3.3.2	Identification and travels organisation of EU Expert on the topics included in Panel discussion/Workshop										▓			
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/Workshop results and sharing with the Main Chinese stakeholders	▓										▓	▓	
Analisys Phase														
3.4	**Specific analysis of relevant EU experience**													
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	▓	▓											
3.4.1.5	Technical feasibility of EU MS Best Practices to be introduced in China and preliminary reform proposals about the specific topics 3.3.2; 3.3.3;											▓	▓	
3.4.2	Definition of a first draft of reform proposal/policy recommendations		▓	▓										
3.5	**Policy Dialog/Study Assignments to EU countries**													
3.5.3	**PL) on Social Assistance Support for Vulnerable Groups Standards and Accessibility of Benefits, Monitoring and Key**	▓												
3.5.3.4	Reports on study tour and sharing with main Chinese stakeholders	▓												
3.5.5	**8-days study tour to Europe (2 EU-China SPRP countries-IT, BE) on calculation of benfits standards**	▓												
3.5.5.1	Organisation of study tour to Europe	▓												
3.5.5.2	Travels and logistic organisation of study tour	▓												

ID	DESCRIPTION	M 36 XI 17	M 37 XII 17	M 38 I 18	M 39 II 18	M 40 III 18	M 41 IV 18	M 42 V 18	M 43 VI 18	M 44 VII 18	M 45 VIII 18	M 46 IX 18	M 47 X 18	M 48 XI 18
	Y 3 / S2 → **Y4 / S1 / S2**													
3.5.5.3	Carrying out study tour		▓											
3.5.5.4	Reports on study tour and sharing with main Chinese stakeholders			▓										
3.5.6	**8-days study tour to Europe (2 non-Consortium countieres)**				▓	▓	▓							
3.5.6.1	Organisation of study tour to Europe				▓	▓	▓							
3.5.6.2	Travels and logistic organisation of study tour					▓	▓							
3.5.6.3	Carrying out study tour						▓							
3.5.6.4	Reports on study tour and sharing with main Chinese stakeholders							▓						
3.5.7	**8-days study tour to Europe (2 EU countries)**									▓	▓	▓		
3.5.7.1	Organisation of study tour to Europe									▓	▓	▓		
3.5.7.2	Travels and logistic organisation of study tour										▓			
3.5.7.3	Carrying out study tour											▓		
3.5.7.4	Reports on study tour and sharing with main Chinese stakeholders												▓	
3.6	**Workshop with stakeholders on the Analysis Phase**	▒									▒	▒	▒	
3.6.1	Preparation of Workshop contents on proposals about the specific topics										▓	▓		
3.6.2	Identification and travel organisation of EU Experts on the topics included in Workshop										▓	▓		

ID	DESCRIPTION	Y 3 S2 M 36 XI 17	S2 M 37 XII 17	Y4 S1 M 38 I 18	M 39 II 18	M 40 III 18	M 41 IV 18	M 42 V 18	M 43 VI 18	S2 M 44 VII 18	M 45 VIII 18	M 46 IX 18	M 47 X 18	M 48 XI 18
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	**Elaboration of reform proposals**		▓	▓								▓	▓	
3.7.2.4	Final identification of reform proposals on topics 3.2.2; 3.2.3; 3.2.4			▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
3.7.2.5	Final identification of reform proposals on topics 3.3.2; 3.3.3;			▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
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	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
Follow Up Phase		▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
3,8	**Technical assistance and tool development, training needs**	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
3,9	**Pilot activities**	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
Horizontal macro activities		▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓
3,11	**Reporting and Evaluation**													
3.11.2	Components reports	▓						▓						▓
3,12	**PAC meetings / CM**		▓		▓									

LSV - local study visits

HLE - High Level Forum on Social Assistance

PD - Panel Discussion

WS - Workshop

HLPD - High Level Policy Dialog

SV - Study Visit

MSV - Ministerial Study Visit

PAC - Project Advisory Committee

CM - Coordination Meeting

2.7. Cross Components activities

2.7.1. Task Force

This project is articulated on three components which, through collaboration with the project main Chinese stakeholders - NDRC, MOCA, MoF - pursue goals and results specific to these entities, in relation to respectively social protection policy development, social assistance and social welfare requirements, social protection related financial and quantitative analysis.

However, the Project is pursuing overall objectives which go beyond the aggregated scope of its three components. As a unique vehicle for EU-China cooperation in the realm of social protection the project is expected to provide a coherent response to the related main problems and needs confronting the Chinese authorities, with support from the EU institutional and national experience and expertise.

It was therefore decided to establish within the project office in Beijing a Task force on Technical coherence and synergies - hereafter referred to as "the Task Force" - that will directly report to the Project leader.

Owing to the pivotal role played by Component 1 and its main Chinese stakeholder, the National Development and Reform Commission NDRC in promoting integrated approaches to social protection notably through their contribution to the national economic and social development Planning process, the Task force will be placed under the responsibility of the EU Resident Expert for Component One, acting as its convener.

The Task force will draft an action plan with integration and coordination activities, in coherence with the Aide-Mémoire provisions, to be submitted to the Project Leader and presented with the European Union Delegation in Beijing.

One clearly identified topic for inclusion in the action plan of activity integration and coordination is 'Long Term Care'. The Three Components during the last years of the Project have analysed the theme of Long Term Care from different perspectives. Some further aspects of this relevant topic will be object of study during 2018 by the C1 and the C2, as illustrated in the previous paragraphs. Considering the importance of the Topic for the Chinese Partners, in 2018 the Resident Experts of the three Components of the Project will work together to a study aimed to integrate the results of all the works performed so far on this subject by each Component. The paper will analyse, as well, the gender issues related to the Long Term Care Services.

The action plan is expected to identify the other areas if integration and coordination to be pursued during 2018.

The terms of reference of the Task force are as follows:

- To ensure that the project provides appropriate responses to the main problems and needs of the Chinese social protection system identified in the Grant application form (annex I);

- To ensure that the project addresses the cross-cutting issues identified in the Grant application form (annex II);

- To ensure that activities conducted under one Component benefit to and from inputs by other interested components (cross-fertilization);

- To review respective findings and recommendations of the project components on similar or connected issues, with a view to ensure their internal coherence;

- To produce its own analytical works and publications on issues it considers of relevance for project coherence and quest for synergies;

- To look after the compilation, analysis and publication of statistical and other data and materials supporting project coherence and synergies;

- Within the limits inherent to the project objectives, procedures and means of action, to propose and implement appropriate action and activities to promote its overall coherence and synergies.

- To ensure that compatible formats are used for similar outputs from the various components (including Technical notes)

The Task Force will integrate the three Resident Experts, the main Chinese Experts and the Component assistants. It will associate to its works as and when warranted EU and Chinese project short term technical experts. The possible participation in works of the Task Force will be a standard component in Terms of reference for project Short term experts and proposed activities.

Reporting on the Task Force will be part of the monthly or otherwise meetings held with the European Union Delegation in Beijing, in order to present the overall project progresses. After such meetings, briefing on issues related to the Task Force will be part of overall summary provided to the Project leader.

The task force will meet at the diligence of its convener or any of its members. It will report on progress on the occasion of regular project reporting exercises.

For reporting purposes, it will be considered that the Task Force contributes to Result R1 of the project intervention logic, with the following indicator attached: "A Task Force to ensure coherence and synergies in project intervention is established, which contributes to enhancing the level of policy dialogue on social protection reform between the EU and China".

The C1 Component assistant within the Project office acts as Secretary to the Task Force. For administrative and budgetary purposes, the Task Force is considered as part to the horizontal activities conducted by the Beijing Office of the EU-China SPRP Project.

The Team Leader and Component based EU resident experts will retain all his/their competences if not incompatible with the provisions above.

2.7.2. Cross-cutting issues

As foreseen in the Grant, the project will focus on gender issues and social inclusion, integrating the analysis that will be performed by all the three Components.

In particular, it was pointed out that in 2018 more attention should be destined to regulations and policies which are intended to improve female participation in the labour market and to promote social inclusiveness for all women.

Moreover, it should be paid more attention to the topics regarding disability and migratory phenomena between metropolitan areas and rural areas, especially related to the potential issues in the welfare framework.

All this topics are included in the Grant as cross-cutting issues and are listed below:

I1	Gender Equality
Various forms of discrimination against women do exist in China's social security system including unemployment, retirement age, social insurance coverage etc. Some key policy debates in relation to gender issues need to be deepened (e.g. reforming retirement age of women, social protection schemes for female family members of migrants, social impact of unbalanced sex ratio of ageing population and survivor pension).	

I2	Disability
The Chinese social security system should pay more attention in improving social protection benefit for disabled people.	

I3	Good Governance
The institutional capacity of the government in social protection reform has to be enhance by promoting governance and regulation of law in social protection policy development as well as transparency and accountability in policy implementation.	

I4	Human Rights
Vulnerable groups have to be more supported by national social security system. An improved social protection system will further reduce poverty and develop social equity by improving social benefits and living standards of the vulnerable people, consequentially contributing to further improving the overall human rights situation in the country.	