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EU-China Social Protection Reform Project

Component 1: Support to strengthen NDRC institutional capacity

for the development and implementation of Social Protection reforms

Eighth Six-month Component Status Report

17 May - 16 November 2018

Report submitted by EXPERTISE FRANCE,

Component 1 Coordinator

(Second draft)



November 2018

TA to improve and develop the Social

# **Introduction**

This eighth Component 1 Status report presents component-related activities under the six-month period starting from 17 May 2018. According to initial provisions, this report should have been the last Component report for the project – which ending date was expected to be 16 November 2018. However, since for a number of reasons including efficient project management and provision of services gratis pro deo by Consortium members, a substantial portion of allocated European funds were not spent despite an impressive record with project activities, Chinese stakeholders and the project Consortium jointly proposed an extension of the project duration within the initial budgetary provisions, which was accepted by the European Union.

While during the period under review, the project component C1 conducted most of the activities planned for 2018, it could start working on the design of the programme of its activities for the additional year of operations starting from mid-November 2018.

Component 1 programme of activities for 2018 was a very rich one that could not be fully implemented over the period of only ten months elapsed between its adoption by the Project advisory committee meeting in February, and the formal end of the annual period, in November of the same year. Activities related to Gender issues as well as those concerning Pilot regions therefore had to be postponed to early 2019, in full agreement between the Component Coordination and Secretariat and the Chinese beneficiaries.

Otherwise, I have pleasure in reporting that, thanks to collaborative efforts of all parties involved, all of the other events included in the component plan of activities could be conducted as scheduled and successfully concluded. Our team renewed this year the positive experience of grouping under the same broad thematic framework research, European best practices and international exchange that proved to be quite efficient according to those involved.

Further, our Component actively contributed to the contents of reflexion across China on the future of social protection through three important initiatives, namely research conducted by professor Asghar Zaidi and his colleagues on the interest and feasibility in China of the Active Ageing Index – which is intimately linked to combatting the socio-economic effects of demographic ageing; the elaboration of an original proposal, rooted in previous project works, for a reformed pension scheme for Urban employees that would clearly segregate solidarity and equity concerns in pension matters; and, in collaboration with CASS, an analysis and proposals for the future of Resident pensions, considered from the perspective of promoting universal pension coverage in China.

The main Chinese stakeholder and counterpart for Component One of the project is the National Development and Reform Commission – NDRC – which is the body entrusted by the State Council with overall responsibility concerning five-year economic and social development plans.

The Project started its works in 2014-2015 helping NDRC in the preparation for the XIIIth five-year Plan (2016-2020). To conclude its activities, in 2019, NDRC and the C1 project team felt it would be extremely useful and in line with the Component One main objective which is to achieve “*Greater effectiveness and inclusiveness of China’s social security system through strengthening the institutional capacity for developing policies*”, to devote this extra year of activities to the review of NDRC main institutional function, namely that of securing efficient planning process on behalf of the Chinese Government including for employment and social protection purposes.

The proposals for activities to be conducted from mid-November 2018 onwards submitted to the Project leader who conveyed them to the European Union Delegation in Beijing for approval therefore focus on the Social protection and Employment planning process combining a review of progress made in implementation of the current Plan with the elaboration of tentative proposals for the forthcoming XIVth five-year Plan (2021-2025). In this process, activities will be conducted in close collaboration with representatives of those European countries with most advanced practice in this crucial area for socio-economic development. Those proposals were further revised between NDRC and the C1 team in Beijing, thus leading to the version now included in this report as chapter 3.

During the year 2018, our Component consolidated its importance and presence at the core of the employment promotion and social protection reform in China. Its representatives were invited to take part in major events organised across the country, and their voices were listened to with interest and attention.

Through activities to be now devoted to the Planning process itself, we will pass on this know-how to our main stakeholder, NDRC, thus lastingly and sustainably contributing to the future of Social protection in China.

Laurent de Lespinay,

Coordinator Component 1,

30 November 2018.

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**Relevant Acronyms**

|  |  |
| --- | --- |
| Acronym | Description |
| AAI | Active Ageing Index |
| ACFTU | All-China Federation of Trade Unions |
| ACWF | All-China Women's Federation |
| AFPA | French Agency for Adult Vocational Training |
| ALMP | Active Labour Market Policies |
| ASEAN | Association of South East Asia Nations |
| BFW | Beijing Federation of Women |
| C1 | Project Component One |
| CEC | China Enterprise Confederation |
| CASS | China Academy of Social Science |
| CISS | Centre for International Social Security Studies |
| EN3S | French National School of Higher Social Security Studies |
| EUD | European Union Delegation |
| FES | Friedrich Ebert Stiftung |
| HLE | High Level Event |
| ICC | International cooperation centre of the NDRC |
| ILASS | Institute of Latin America Social security (CASS) |
| ILO | International Labour Organization |
| IMC | Internal Management Committee |
| ISS | Institute of Social Security (Renmin University) |
| ISSA | International Social Security Association |
| MIPAA | Madrid International Plan of Action on Ageing |
| MoCA | Ministry of Civil Affairs |
| MoF | Ministry of Finance |
| MOFCOM | Ministry of Commerce |
| MoHRSS | Ministry of Human Resources and Social Security |
| MoU | Memorandum of Understanding |
| NDRC | National Development and Reform Commission |
| NGO | Non-Governmental Organization |
| OECD | Organization for Economic Co-operation and Development |
| PAC | Project Advisory Committee |
| RMB | Renminbi yuan |
| ROM | Results oriented monitoring mission |
| SPRP | Social protection reform project |
| UNDP | United Nations Development Programme |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| VYV | French Mutual benefit Health insurance group |

# **Background Information and General Considerations**

CHAPTER

CHAPTER

This report describes delivery of activities under the Component 1 C1 - Support to strengthen NDRC institutional capacity for the development and implementation of Social Protection reforms - of the EU-China Social Protection Reform Project over the period 17 May – 16 November 2018 (eighth six-month period of implementation). The Grant establishing the project was signed on 17 November 2014.

## Results pursued

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

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

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

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

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

The National Development and Reform Commission NDRC is the main stakeholder and beneficiary for Component 1 activities.

Annex 1 provides a picture of the extent to which results assigned to Component one were achieved by mid-November 2018, and how activities proposed for implementation in 2019 will contribute to the fulfilment of goals not yet attained.

## Topics to be considered

Table 1 below presents the consolidated list of topics selected for implementation under C1 since 2015 activity plan. It includes all modifications previously endorsed by PAC meetings, as well as the proposed revised wording of topic 1.1.1, devoted to Planning in the realm of Social protection.

**Table 1 – Consolidated list of topics, component 1**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Topic | | Observations |
| **R2** | 1.1.1 | Contribution to five-year socio and economic development plans | Reformulated 2015, 2019 |
| 1.1.2 | Coordination of policy making among government agencies in areas related to social protection reform | On-going |
| 1.1.3 | Monitoring interaction between employment promotion and social protection policies | Introduced 2016 – 2018: Quality development. |
| **R3** | 1.2.1 | Relationship of pension benefit with minimum social wage | Merged with 1.3.6 |
| 1.2.2 | National policy evaluation technique in the area of social protection (indicators, methods and programs) | 2017 |
| 1.2.3 | Affordability of Pension schemes (contributions and Government subsidies | Introduced 2016 |
| 1.2.4 | Gender considerations in pension schemes | Introduced 2017. 2019: European experience |
| **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 – National feasibility study |
| 1.3.4 | Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension) | 2015 – 2018: Pension reform proposal |
| 1.3.5 | Occupational pension plans for public sectors and private pension plans | 2018 – Angle Income redistribution tools |
| 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. 2018: AAI |
| 1.3.8 | Issue related to the informal sector integration in social security schemes | 2018 – Angle Population mobility |
| 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 |

|  |  |
| --- | --- |
|  | Topic considered in 2018 |
|  | Topic to be considered during project extension |
|  | Topic considered both in 2018 and 2019 |

## European best practices

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

Table 2 below provides a summary of overseas activities conducted under C1 programmes to date.

Table 2 – Venues for overseas activities, C1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2015 | 2016 | 2017 | 2018 |
| International workshops | Belgium1 | (China)4 | France8 | Belgium 14 |
| Dialogue & Study visits | Spain,  Poland,  Czech republic2 | France  Belgium5  France, Czech Republic6 | Sweden, Finland9  10 | Denmark, Poland,  Belgium 15 |
| High level training | France3 | Spain7 | Germany11 | Italy 16 |
| Other |  |  | Italy, Spain, Belgium – EC 12  Italy 13 | Two countries TBD, provincial visit17 |
| Topics for overseas activities (name of non-consortium countries is highlighted)  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 commitments11 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 14High-quality development and capacity building for labour market in Europe and in China 15 High-quality development and workforce quality improvement 16  The influence on income redistribution of changes in economic and industrial structure 17 Demographic ageing,Shanghai DRC, postponed to 2019 | | | | |

During activities conducted since the beginning of the project, including the period covered by the present report, Chinese beneficiaries could interact with some 140 experts and officials coming from twenty European countries, including representatives from ten international organizations or projects. Details on the use of European and international expertise are to be found in Annex 2.

## National expertise

The project methodology relies on 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, 15 technical topics were explored under project auspices, mobilizing 33 high-level Chinese experts. Details on the use of national expertise are provided in annex 3 of this Report.

## Stakeholders

The main Chinese stakeholder for Component 1 of the project is the National Development and Reform Commission, NDRC. NDRC Department of Employment and Income distribution is the lead technical unit for Component 1, which otherwise also deals with NDRC International Cooperation Centre ICC - Division of International Cooperation.

Component 1 of the project also entertains privileged relations with entities and individuals interested in project works, outside the circle of NDRC.

The component has developed working relations with several international organizations based in Beijing, such as the ILO, the World Bank, the UNDP, the British Council, and the Friedrich-Ebert-Foundation FES.

Visiting European Experts and the Resident Expert for Component 1 have taken part in a number of meetings organized by institutions outside the project where they contributed technical papers and made the project works under Component One known in other interested circles.

Table 3 hereafter presents the main non-project events where C1 representatives were invited to take part since the inception of the project.

Table 3 – Outside events with Component One participation

|  |  |  |
| --- | --- | --- |
| **Title** | **Date** | **Organizers** |
| Workshop on Social security protection of Migrant workers in China | April 2015 | ACFTU, ILO |
| Seminar on Social security response to economic crisis | January 2016 | ILASS, CASS |
| Construction of the Governance Mechanism of Social Security during the Social Transformation | July 2016 | ISS, Renmin University |
| Social Security and Economic Development | Sept.  2016 | FES, CAoSS, ILO, ISSA |
| ILO-China-ASEAN High Level Seminar to achieve the social development goals (SDGs) on Universal Social Protection | Sept.  2016 | ASEAN, ILO, MoHRSS |
| International Symposium on Past, Present and the Future of Welfare States | August 2017 | CASS, Hitotsubashi Univ., Renmin Univ., ISSA |
| Seminar on the reform of pension benefits adjustment mechanisms in China | Sept.  2017 | MoHRSS, ILO |
| Meeting on Non-financial defined contribution pension schemes | Oct. 2017 | CISS, CASS |
| XIVth Annual Meeting of the Chinese Social Security Association | Sept.  2018 | CAoSS, Dalian University, FES |
| Dialogue on Women’s Empowerment | Sept. 2018 | BFW |
| Policy Dialogue EC DG EMPL with MOHRSS and NDRC | Oct. 2018 | MoHRSS |
| Seminar on the prospects for a Universal Pension Scheme in China | TBD | CASS |

## Human resources

The contract of the EU Resident expert for Component 1, Mr Jean-Victor Gruat (Expertise France) took effect on 20 December 2014 and expired on 16 November 2018. Within the project Beijing office, Ms Wang Qingqing acted as assistant for Component 1 from August to December 2015. Ms. Xu Chenjia has been working as C1 Component assistant from February to September 2016, Ms Li Lingxi from 1 October 2016 to 31 January 2018 and Ms Shi Chuan since 1 February 2018. 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. Contracts are in the process of being renewed according to project extension

## **C1 specific Visibility action**

Visibility activities for the whole project are entrusted to its horizontal Secretariat. A project website is accessible in English and Chinese languages. Component 1 also produces (paper and electronic versions) a quarterly bilingual (English and Chinese) Newsletter.

As for previous years, major research works from Component One were published and disseminated in printed version – usually English and Chinese -, in addition to being accessible from the project website.

Task force on Coherence and Synergies

To respond to a request by the PAC to ensure that project activities be better coordinated among components, so as to ensure internal coherence and identification of potential for synergies, a Task Force on Project technical coherence and synergies was established in April 2018 among the project Beijing office. The task force Secretariat was entrusted to Component 1.

The Task force reports directly to the Project leader. It has established its own programme of activities for 2018. Work progress can be monitored from its dedicated webpage within the project website[[1]](#footnote-1).

# **Activities**

CHAPTER

CHAPTER

The current chapter presents a summary of activities conducted during the period under review as far as Component 1 is concerned. This presentation follows the order according to which the Programme of activities was submitted to the PAC meeting on 6 February 2018.

For activities conducted earlier in 2018, kindly refer to the 7th Component status report

## Overall objective and expected results

The general framework for Component 1 activities in 2015 was the fundamentals 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.

The golden thread for 2018 activities has been the role of social protection reform in upholding societal changes, which included such issues as coordination between social security and employment mechanisms, monitoring population mobility, 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, developing optimal combination of policies and tools for income redistribution, ensuring genuine gender equality in all relevant respects, ensuring sensitization of the widest segments of the population to social protection goals and mechanisms.

Activities conducted in 2018 covered all four of the project expected results assigned to this Component. Annex 4 provides more information on progress made to date towards achieving project results, on the basis of the indicators retained for measuring such progress. The version of the Logical framework used in Annex 4 is the one resulting from the recommendations of the Project Mid-term evaluation mission conducted in April-May 2017.

## Research Topics

### Assessment reports

Topics introduced for project activities in 2018 were a research on Methods and Experiences of Strengthening Vocational training (topic 1.1.3); reports on Policies and Tools for redistribution of primary income (topic 1.3.5); a study on Employment and social security issues under the background of population movement (topic 1.3.8); a research on Considering universal pensions in China (topic 1.3.3); and a publication on Active ageing (topic 1.3.7). Further consideration of Gender issues in employment and social protection (topic 1.2.4) had to be postponed to early 2019.

Assessment reports are being posted on the project website as soon as available in English or Chinese versions.

#### Methods and Experiences of Strengthening Vocational training

Mr. Yang Weiguo – School of Labour and Human resources, Renmin University - has been selected as short term expert to conduct this research entitled “High-quality Development and Workforce Quality Improvement”.

The new development philosophy can be seen as China’s response to the issue of high-quality development which is brought about in specific social and economic context. China's economy has shifted from a high-speed growth stage to a medium-high development stage and is at a critical stage of transforming its growth model, optimizing the economic structure, changing its growth drivers. On social level, major contradiction lies between unbalanced and inadequate development and the people’s ever-growing needs for a better life. The implementation of the new development philosophy will gradually build a modern economic system and improve the quality and efficiency of development in order to meet the growing needs of the people and realize balanced and all-round development among regions, industries and different social groups.

National background reports from Belgium – Ms Ann Coenen from the Federal Public Service for Employment, Labour Market and Social Dialogue -, from France – Ms Dunaud and Mr Bagorski from the French National Agency for Vocational Training AFPA –, from Italy – Mr Alberto Vergani from Catholic University of Milan -, from Poland – Ms Majcher-Teleon from the Ministry of Family, Labour and Social Policy – and from the United Kingdom – Ms Jane Parry, Solent University in Southampton – contributed respective country experiences to this research work and related policy recommendations.

Following human capital lifecycle theory, the research comes up with a policy structure for systematically improving workforce quality which entails the following aspects:

• Improve food supply in rural areas; pay close attention to the nutritional wellbeing of poor rural residents, especially that of “left-behind” children.

• Further extend compulsory education to 12 years duration by including high school education.

• Rely on market forces to resolve the mismatch between skills learned and skills needed.

• Include in the legislation detailed stipulations on the duration, types and funding sources of training in each industry to protect the right of workers to training.

• Expand vocational trainings from the traditional technologies to new and emerging technologies.

• With the help of the Internet, create more flexible and adaptable to changing market environment new employment models supported by the platform economy and shared economy.

• Improve the infrastructures and form incentive mechanisms to effectively encourage the lifelong learning of workers.

• While building a sound legal system governing the labour market, allow the private sector to play a supplementary role in improving the quality, education and skill level of the workforce.

* + - 1. ***Employment and social security issues under the background of population movement***

Mr Jin Weigang, Chairperson of the Chinese Academy of Labour and Social Security, seconded by Ms Zhang Libin has been selected as Chinese expert for this research.

Population movement has been a continuous phenomenon in China since the beginning of industrialization and urbanization. Three groups of people constitute the majority of mobility: rural migrant workers, urban employees and retirees, among whom rural migrant workers take up the predominant proportion. In 2017, the total amount of rural migrant workers has reached 286.52 million, becoming the definite majority of industry workers in China; thus, the research focuses on this group of population when studying the mobility issues in China.

The general trends for the mobility of migrant workers have the following features: firstly, the total number of migrant workers is still increasing but the growth rate is slowing down; secondly, the average distance of mobility is shortening – 96.4% of the new generation of migrant workers are mostly moving within their home provinces; thirdly, the educational level for migrant workers is increasing slowly, which is mainly manifested by the increasing number of people with high school diploma; fourthly, more and more migrant workers are working in service industry; and lastly, there has been steady growth in average monthly income for migrant workers.

On macro level, four aspects are to be improved: firstly, to improve financial system to support population movement including the upgrading of transfer payment system and taxation, reforming resource pricing mechanism, and shaping an environmental compensation system; secondly, to adapt a moderated migrant policy to gradually remove the institutional barrier for population mobility; thirdly, to speed up the rural collective property rights system reform; and fourthly, to enhance administration and public services for migrant population.

On more detailed policy level, suggestions are made to improve employment policy as well as social protection policy for migrant workers. Public administration should strive for equality and justice for all residential population in terms of employment opportunities, employment public services and relevant subsidies. Employment protection and legal support should play a more active role for migrant workers. Vocational training for migrant workers should be strengthened. Rural-urban coordination of employment and unification of labour market should be taken into consideration. Special attention should be given to second and third generations of migrant workers. Social protection policy for migrant workers needs to focus on the overall coordination and policy convergence for transfer among different medical and pension schemes as well as the expansion of coverage to include and attract migrant workers into the social protection system.

#### Policies and Tools for Income Distribution

##### European research

European research has been assigned to Mr Jean-Yves Hocquet on behalf of the French National School for Higher Social Security Studies EN3S

The research by Mr. Hocquet aims to summarize the main challenges in income distribution policies and their main contradictions. Income policy is believed to be one of the core means of public intervention. The state intervened in the constitution of primary incomes, especially in France, during the post-world war II period through the control of collective bargaining, the purpose of which is to fight inflation, support growth, amend major unjustifiable discrepancies, and to achieve a balanced partition of incomes. In our days, market regulates primary income distribution in France, while the State runs redistribution through taxation and social benefit.

Countries where transfers are most targeted are less effective in reducing inequality which is referred to as the “paradox of redistribution”. There is a positive yet weak relationship between targeting and redistribution. Variations in income inequality over time affect preferences for redistribution. Individuals living in economies where substantial redistribution already exists do not want more redistribution as is the case of Sweden.

The general conclusions of the study are as follows:

• Taxes: both levers of taxation (tax rate and tax progressivity) reduce inequality.

• Transfers: most of the impact is due to the rate of transfers more than targeting.

• If public pensions are categorized as income rather than transfers, the redistributive effect of transfers is dramatically reduced.

• The imputation of missing taxes also challenges the usual ordering of countries in terms of efficiency in inequality reduction.

• Taxation makes a stronger contribution to inequality reduction than transfers (excluding public pensions). There are notable exceptions, such as the United Kingdom.

• The main predictor of disposable income inequality is market income inequality.

• There is a negative correlation between the progressivity of the tax system and the extent of social spending.

• Trade-off exists between progressivity and the average rate of taxes.

##### Chinese Research

The assessment report on the Chinese situation by Prof. Li Shi (Beijing Normal University, Institute for Income Distribution and Poverty Studies) and Ms Zhu Mengbing shows that there are two measures taken by the Government to exert influence on income redistribution: the first one is progressive taxation of personal income tax, consumption tax, and VAT; the second one is public transfer policy including public education, healthcare and housing subsidy.

Taxation constitutes a key element for State finance. The Chinese tax system plays an important role in income redistribution among high income group and low income group as well as resolving income discrepancy among different regions through the following two ways: firstly, direct taxation transfer which is imposing taxes upon high income group while increasing subsidies to the low-income group; secondly, indirect taxation of levying taxes on the goods purchased by high-income consumers while providing subsidies for some goods purchased by low-income consumers. The division of direct and indirect taxes is characterized by their transferability: direct taxes include personal income tax and property tax; indirect taxes include VAT, consumption tax, and certain types of business tax.

The conclusions of the research are as follows:

• China’s indirect tax system is regressive, while personal income tax is progressive. Thus, indirect taxes increase the national income inequality

• Although the progressive taxes such as personal income tax weakens the regressive effect of indirect tax, due to their small scale their role in narrowing the income gap is very limited

• The regressive effect of indirect tax is larger in rural areas, and it has a larger effect of expanding income inequality in rural China

• Social security system can help to narrow the income gap

• However, the social security contribution plays a role in increasing the income gap

• By contrast, a variety of social security and welfare programs with public transfer income have played a role in narrowing income gap, which is derived from the role of pension benefit.

Those lead to the following policy recommendations:

• First, to further reform the personal income tax system to increase its role in income re-distribution;

• Second, to increase the sources (sorts) and proportion of direct taxes;

• Third, to unify the urban and rural system to change the fragmented social security system;

• Fourth, to further improve the coverage, and achieve the goal of equally protecting all the disadvantaged people;

• Fifth, to increase the progressive effect of contribution to social protection schemes.

#### Considering Universal pensions in China

Mr Qi Chuanjun, from the Chinese Academy of Social Sciences CASS has been selected as Chinese expert for this topic, which is conducted in cooperation with CASS.

It appears that the coverage of typical pension social insurance schemes for developing countries has been far from ideal in the developing world: according to statistics, the total working population covered by such a pension scheme is around 1/3 in South American countries; the proportion is almost the same in Korea and China. The main reason for this phenomenon is due to the stagnation of the total number of population in formal employment ever since 1980s, especially with the impact of several economic crises.

Over a hundred countries now try to partially remedy this situation though non-contributory pension schemes. Generally speaking, a non-contributory pension scheme is featured by four elements: firstly, the financial source comes solely from governmental fiscal transfer; secondly, the target group of the scheme is people in informal and non-formal employment; thirdly, the pension benefit level is relatively lower than that of contributory pension scheme; and lastly, the minimum recipient age is not necessarily equivalent to the legal retirement age for urban employees.

In China, the pension system for urban employees has taken its shape since 1991, but the understanding of the logic behind a pension system is still somewhat preliminary. The combination of social pooling and individual accounts was seen as an important innovation back in the 90s, but has proved to be problematic given the contradictory priorities of the two approaches as well as the increasing polarization between urban and rural development. Therefore it is quite unrealistic to expand the coverage of the pension scheme under this model.

There was an attempt to establish a pension scheme for rural residents between 1992 and 1997 but the logic behind it was still vague and unrealistic. The scheme was designed to combine individual contribution and pooling at the village administration level, which was to be subsidized at national level as well. But as it turned out, the scheme did not manage to take in public funding because of the low public revenue at village administration level accompanied by serious inflation in the 90s. As a result, the scheme failed as individual accounts had become the sole source of funding.

In 2002 a new model of pension system was designed for rural residents, which was promoted to all rural areas in the country in 2009, and was combined with the pension system for urban residents in 2011. In 2014 the two pension systems were unified under one framework with public financial support at national level. The benefit was quite low with a national average of 55 RMB/month at the initial stage and has been raised up to 120 RMB/month last year. But the model did not deviate from the old model of social pooling combined with individual account, which proved to be unattractive to the population. As it turned out, most people choose to contribute with the smallest possible amount into their individual accounts, leaving the financial burden to the government to sustain the scheme, which essentially makes the scheme into one resembling the non-contributory pension model.

There are major issues in the current practice of the pension scheme for urban and rural residents. The first one concerns with the goal of achieving universal coverage by 2020, which is quite difficult. There are still around 156 million people who need to be covered by the pension scheme. If the coverage expands by 30 million people per year for the next three years which is quite optimistic, there will be around 70-80 million who will not yet be covered by the scheme in 2020.

Further, those residents who do not pay the annual contribution into their personal accounts consecutively till they reach 60 or for 15 years accumulatively depending on the age group are excluded by the pension scheme, which puts the very intention of building a pension scheme that covers all population into question since those who do not pay are most likely to be those who cannot afford it.

The second issue concerns the very blurry boundary between the pension scheme for urban and rural residents and the dibao[[2]](#footnote-2). The problem is twofold: the first aspect is that for those elderly who are not covered by the pension scheme due to the incomplete contributory period, they fall into poverty easily, and this situation will put a heavy burden on the social aid system because most of them qualify for the dibao scheme; the second aspect is that since the qualification for social aid is based on family income, it is quite questionable that the benefit will eventually be spent for the elderly in need.

The third issue is that there is a strong contradiction between the government’s duty to provide basic protection for all population and the advocacy for individuals to contribute through individual account, which will harm the sustainability of the system. From an economic standpoint, it is within human nature that incentives are not going to be effective if the reward is seen in a very far away future, and this is even so for disadvantaged groups. This contradiction is manifested by the fact that most people choose to pay the minimum amount of 100-200 RMB per year as individual contribution into the Residents’ pension scheme.

The fourth issue concerns the low benefit level of the pension scheme and it is not going to be effectively increased in the long run because of the very low contribution by individual accounts. According to statistics, the pension benefit per capital is significantly lower than the standard of dibao per capita in urban areas and that in rural areas. Incidentally, the administrative cost for running the dibao scheme is much higher than that of urban and rural pension scheme.

The fifth issue concerns the low level of coordination and administration of the pension scheme, which may bring risks of fund diversion and lack of monitoring mechanisms, as well as the poor maintenance of value for individual accounts. Low level of coordination also results in significant regional discrepancies in pension benefits which may harm the overall social cohesion and equality.

Other identified issues include three aspects. Firstly, there is a lack of public funding to support pension system at village level, which may further affect the progress of expanding coverage at desired speed. Secondly, there is a misallocation of governmental subsidy to the disadvantaged groups in supporting their individual contribution. At the moment, the only category of population eligible for public subsidy to pay their contribution to the pension system is the group of people with severe disability. But evidently, there are other categories of disadvantaged groups who are in need of public subsidy to pay the individual contribution. Moreover, the policy makers should also consider to reimburse those who might contribute to ease the negative effect of the coming ageing society, for example introducing economic advantages towards women in nursing period. Thirdly, the administration should work towards a non-residential-registration-based pension scheme instead of making the pension system another mechanism for restricting population movement in China.

Three aspects of policy recommendations are therefore being proposed.

Firstly, to redefine the function and logic of urban rural resident pension system. The combination of social pooling and individual account is problematic in urban rural resident pension in that the target group of the pension scheme have a less stable employment status with less competence to save up for their future and lower willingness to join the system in the first place. The very logic and function of the non-contributory pension system should be to provide basic social benefit and to prevent old age poverty instead of balancing out social wealth or redistributing social revenue.

Second, to improve the design of the system:

-To terminate contribution to individual accounts and refund people the accumulation in their individual accounts as well as their share of public fund upon agreement.

-To eliminate the regional discrepancy in pension benefit.

-To increase significantly the level of pension benefit so that it can effectively provide basic protection for the elderly and prevent old age poverty.

-To raise the administrative level of the pension system to central government and make central finance as the main source of funding.

-To design a more flexible mechanism for calculating the recipient age of the pension benefit which in turn will ease the financial burden of central administration.

The third aspect of policy recommendations consists of four points. Firstly, to eliminate the household registration control in the design of the urban rural resident pension system. Secondly, to modify the pension system so that the protection of all disadvantaged groups can be taken into consideration. Thirdly, to simplify the administration process for the pension system. Fourthly, to have a clear account of the relationship between the urban rural resident pension scheme and other pension schemes such as the urban employees pension scheme.

#### Active Ageing

Prof. Asghar Zaidi, professor at Seoul National University and visiting professor at London School of Economics and Political Science - who is lead researcher for the Active Ageing Index project of the European Commission – DG Employment, Social Affairs and Inclusion, has been approached to conduct a research on the interest for and the feasibility of the Active Ageing index in China. His research was presented during the XIVth annual meeting of the Chinese social security association (Dalian, 15-16 September 2018) and at the project Special event on Ageing (Beijing, 19 September 2018).

The Active Ageing Index, AAI, was developed for the 28 European Union member States during the 2012 European Year on Active Ageing and Solidarity between Generations. Since then, it has been extended into several non-EU countries offering an approach to measure and monitor the concept of active and healthy ageing among populations of older persons.

The strength of the AAI approach is in the selection of a dashboard of multidimensional indicators of active and healthy ageing which are then aggregated into composite measures around policy domains. The calculations are carried out at the country level, with a breakdown between older men and women aged 55 or more. The AAI provides a monitoring and benchmarking instrument on positive paradigms of ageing that is complementary to policy frameworks such as the Madrid International Plan of Action on Ageing (MIPAA).

The report calculates for the first time the Active Ageing Index for China. It reviews data sources in China and assesses their potential relevance and applicability for developing the AAI for China that is comparable (as much as possible) to the AAI for EU countries. This research work is an extension of the research commissioned by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) , during 2017.

The research offers critical policy relevant insights for China given its rapidly ageing society. Since the strength of the AAI is in its comparative analysis of multiple countries, it has also undertaken work towards the construction of the AAI for South Korea, another East Asian country where the speed of ageing is considerable. The AAI results for China have been compared with South Korea as well as with the average across the European Union countries to better appreciate the situation in China, for mutual learning and to point to strengths and weaknesses of its policies in the pursuit of active and healthy ageing.

The AAI score for China is 37.8, which is higher than that of Korea (35.4) and the EU average (33.9). If considered in the ranking together with Korea and 28 EU countries, China is 7th out of these 30 countries. On the whole, China does very well in terms of active and healthy ageing of its older population.

When disaggregated by sex, the Chinese male population would rank 4th, and its female population would rank 9th. There is thus a need for a greater examination of the AAI for female population in China, so that the gender differentiation in the active ageing experiences in China can be better understood. Note that a similar gender difference also exists in Korea and in the EU countries, especially in the Southern European countries.

The high ranking of China is mainly due to the high rate of labour force participation in China. Even though the employment rate is lower for older age groups, in China, in the population aged 70-74, still about 34.2% of male population and 31.7% of female population are working. It is a unique phenomenon in China, as many continue working on their lands till late in their lives. The other domains, ‘social participation’, ‘independent, healthy and secure living’ and 'the capacity and enabling environment' would rank China as 10th, 25th and 17th, respectively.

The analysis provides for an enhanced understanding to Chinese authorities of the active ageing experiences of its older population, and mutual learning from Europe in the Chinese economic and social contexts. The Chinese performance on the AAI is revealed to be strong in terms of employment, healthy life expectancy, physical exercise, and mental well-being. However, in several areas China’s comparative position to the EU AAI average has been low, such as in terms of older persons’ internet access, levels of lifelong learning, and on income deprivation. Comparison with another East Asian country, South Korea, indicates some notable differences in active ageing, such as high engagement in providing care to children/grandchildren and older persons in China, but levels of a relatively high unmet needs of medical and dental care amongst the elderly.

The analysis has indicated that the AAI in its current form is more suited to the needs, priorities and datasets of the EU countries, unsurprisingly since it was first developed with the EU countries in mind. However, the AAI for China offers some useful insights, especially in view of the unavailability of alternative metrics. As expertise around the AAI is becoming more attuned to the broader data compliance and adoption of positive approaches in addressing challenges of a rapidly ageing developing world, a new updated global version of the AAI is required, to offer a robust and functional set of metrics for age-disaggregated evidence and policy making on ageing.

#### Proposal for a reformed structure of the Chine pension system for urban employees

The Proposal for a reformed structure of the Chinese pension scheme for Urban employees was put forward by the Component One Resident Expert of the EU-China Social protection reform project. The Proposal was elaborated after carefully reviewing the assessment reports and pension reform proposals respectively submitted by Chinese experts under the framework of Component One programmes of activities 2015 to 2017 – as well as the most recent works produced under Component 2 auspices in 2018 concerning pensions financing and contributory patterns.

The Proposal intends at responding to the expectation that the protection under the pension system for urban employees be diversified between basic public protection and a segregated second pillar, while reinforcing the attractiveness of the system, ensuring its sustainability and resulting in pension benefits that are both equitable (fair to the most vulnerable) and efficient (fair to the contributors).

It is proposed to develop a reformed pension system for Urban employees where the amounts in existing individual accounts – mostly virtual – would be allocated to a revised proposed formula for the basic pension while the future individual contributions for pensions would go to a second pillar started from the date of the reform and managed by specific financial institutions. This second pillar would include assets already accumulated under Entreprise annuity funds arrangements, whenever appropriate.

The overall cost of the system would be kept at an acceptable level, thanks to improvements in compliance expected from Ministry of Finance future involvement in contributions collection. The reform could be implemented rapidly and be easy to understand by all those concerned.

Of course, the Proposal represents only the broad contents of a future reform. Should this be considered by Chinese authorities as worth elaborating further, a number of additional researches would have to be conducted, hopefully through an extended collaboration between European and Chinese partners.

In English and Chinese versions, the Proposal was submitted since June 2018 to a number of Chinese and European experts for peer review. It was introduced to participants in the XIVth Annual Meeting of the Chinese Social Security Association (Dalian, 15-16 September 2018).

#### Gender considerations in Employment and Social protection

The topic on Gender considerations under Employment and social protection 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 were proposed to be used for the continued topic consideration under proposed Component One Plan of Activities for the year 2018.

An international seminar on Gender considerations in pension reform was therefore initially planned to be held in China in 2018, at which time reform proposals submitted would be officially considered by NDRC. The event has now been postponed to early 2019, since NDRC would like to have it coincide with activities following the signing of a MoU with Spain (see point 2.3.4 below).

### 2018 Panel discussion meeting

Component One Panel discussion meeting on 2018 Research topics of the EU-China Social protection reform project SPRP was held on 13 September 2018 in Beijing, Tangla Yaxiu Hotel. Some 30 participants took part in the event that was chaired by Mr. Michele Bruni, SPRP European Team leader and Mr. Zhang Guoqing, Main Expert, SPRP Component One. Chinese and European experts first discussed the topic of income distribution, based on a European comparative study prepared by Mr. Jean-Yves Hocquet and a Chinese Assessment report prepared by Mr. Li Shi. The meeting then discussed the topics of Population mobility based on an Assessment report prepared by Mr. Jin Weigang, and of High-Quality Development and Workforce Quality improvement on the basis of an Assessment report prepared by Mr. Yang Weiguo. European experts from Belgium (Ms. Ann Coenen), France (Ms. Veronique Dunaud) and Poland (Ms. Agnieszka Majcher- Teleon) contributed their comments to the discussion.

## Conducting overseas activities

### Training activity in Italy

The high-level training on the Influence of the adjustment of economic and industrial restructuring on income distribution took place in Rome and Milan from 14 to 28 October 2018 for 24 participants led by Mr Ha Zhengyou, Director General, Department of Employment and Income distribution, NDRC. 18 participants came from NDRC Provincial delegations.

The Programme notably addressed 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.

The course was organized by the Italian National Institute of Social Protection (INPS), Project Leader of SPRP, and the Italian National School of Public Administration (SNA), with the support of Expertise France and SISPI-Italia Previdenza (respectively the C1 and C2 Secretariats).

The training was structured in 22 sessions, aimed to improve the participants’ knowledge and understanding of the EU experiences and best practices in the field of the income redistribution in an evolving social and economic scenario, with a focus on the impact of the new technologies on the labour market.

The 22 lecturers and experts who gave their presentations came from Academia (University of Rome, Milan, Modena) and European and Italian Institutions, such as the Organisation for Economic Co-operation and Development (OECD), the EU Commission, the Finnish Social Insurance Institution (KELA), the Italian Social Insurance Institution (INPS), the Italian National School of Administration, the Italian Agency for Active Labour Policies, the Italian National Institute for public policy analysis, etc.

The Italian Ministry of Economy and Finance, the Bank of Italy and the City of Milan hosted three sessions of the training and presented detailed analysis and data on poverty in Italy, highlighting the effects of current policies for poverty reduction.

Lectures were supplemented by field visits to relevant Italian agencies.

Pre-training briefing for participants took place in Beijing on 13 October 2018. Technically, it was imparted by the Chinese experts dealing with researches on respectively vocational training (Prof. Yang Weiguo topic 1.1.3) and Redistribution regulations and policy tools (Prof. Li Shi, topic 1.3.5)

### International workshop

The International Workshop on High quality development and Capacity building for labour market in Europe and in China was held in Brussels on 20 September 2018 for some 25 participants. Chinese participants included high level NDRC officials and experts. European side included representation from OECD and the European Commission – Employment Committee – as well as experts and Government representatives from Belgium, France, Italy, Poland and the United Kingdom.

The meeting first discussed Employment and social security issues under the background of population movement with keynote addresses on the situation in China, and on Active labour market policies (Obstacles to mobility) in OECD countries. It then turned to reviewing income distribution in its relations with and influence on the functioning of the labour market on the basis of key note addresses on the situation in Europe and in China respectively.

Finally, the meeting discussed Methods and experiences for achieving quality development on the labour market for which the situation in China and in selected European countries (Belgium, France, Italy, Poland and the United Kingdom) was introduced through national monographs presented by their authors. Closing statements were made by Mr. Li Kang, Director General, Department of Employment and Income Distribution, NDRC and Mr. Koen Vleminckx, Director of Research & Publications and Advisor General at the Federal Public Service for Social Security (Belgium).

### Central officials Dialogue and Study visit

From 19 to 28 September 2018, a delegation of high level NDRC officials led by Mr Li Kang, Director General, department of Employment and Income distribution, has visited Belgium, Denmark and Poland to get better acquainted with the relations between economic development and active labour market policies supported by social protection reform.

In Belgium, the delegation took part in the International Workshop on High-Quality Development and Workforce Quality Improvement (see above). It also had a working session with the European Commission Directorate General for Employment, Social Affairs and Inclusion.

In Denmark, the Delegation had bilateral discussions with the Ministry of Employment on Danish Active Labour Market Policies. It also had a working session with the Danish Confederation of Trade Unions L.O.

In Poland, the delegation met in Warsaw with the Ministry of Family, Labour and Social Affairs to discuss relevant policy issues. It also visited a number of ground institutions active in the implementation of Polish labour market policies in Krakow and in Warsaw.

In general, the countries of the European Union are facing the challenges of increasing non-standard employment and mismatch of skills, however, the competences of labours are improved and the employment is increased by implementing the “flexicure” labour market policies, strengthening the public employment services in a comprehensive way, and enhancing trainings. Some of these experiences were worthy to learn and take as references by the NDRC delegation, as follows:

* to strengthen top-level design and improve the policies and institutions of labour market;
* to increase investment and constantly strengthen the capacity of providing vocational training;
* to put emphasis on demand-driven and improve the quality of public employment service;
* to focus on the targeted groups and let the policy to fully play its effects.

### Memorandum of Understanding

NDRC and the Spanish Ministry of Labour, Migration and Social security have agreed in November 2018 on the text of a Memorandum of Understanding to “*establish a framework of cooperation between the Signatories, to tackle issues of common interest and concern in a context of demographic ageing, in the fields of employment and social security*”. The signature of the Memorandum by the Chairman of NDRC and the Minister of Labour, Migration and Social Security intervened in Madrid on 29 November 2018 in the presence of Chinese President Xi Jinping and Spanish Chief of Government Pedro Sanchez. The project Component One has been instrumental in reaching that agreement, notably through contributing to the financing and organisation of preparatory visits of NDRC delegations to Spain.

## Working with pilot sites

### Guangdong

Activities to be developed with Guangdong Provincial Development and Reform Commission and Huizhou Municipality[[3]](#footnote-3) correspond to the Enhancement of Statistics Management, as a tool for decision-making in the field of Social Security, and to Awareness raising on the importance of Social protection.

The mission was to be conducted by experts from Expertise France and the VYV Group. Date of the mission was tentatively fixed for the week starting 19 November. However due to unavailability of some of the European experts it had to be postponed to a later date – tentatively by mid-December 2018.

### Shanghai

It was anticipated that Shanghai Academy for Reform and Development would update their 2016 study on Confronting demographic ageing through social protection mechanisms[[4]](#footnote-4) following which a Provincial study visit to two EU countries faced with similar ageing preoccupations would be organised in early November 2018 (Spain and France had agreed to host the delegation). However, due to the heavy workload incumbent upon Shanghai authorities towards the end of the calendar year, it was agreed to postpone the activity until early 2019, project extension permitting.

## Deliverables and Outputs

Annex 5 presents the outputs and deliverables from C1 component for the period under review, which basically corresponds to the Component activity plan – with exception of the activities related to Gender and to Pilot sites that had to be postponed as just detailed above.

## Component Management

Annex 6 summarises the use made of human resources under the framework of Component 1 during the year 2018. Attention has to be drawn to the fact that changes in applicable fees makes comparison between Year One and the following periods difficult when it comes to days worked, as far as Chinese Experts are concerned. Further, since Main Chinese Experts for the component are, since project Year 2, paid on a monthly basis, the rate applicable to individual days worked does not either correspond to the project standard rate for other national experts.

## Task Force on Project Coherence and Synergy

The Task Force met once during the period under review, on 11 October 2018.

### Internal coherence

The Task Force continued to explore the issue of compatibility between recommendations on coincidental topics emanating from different components. New comparisons have been drawn concerning C2 and C3 recommendations as well as C1 and C2 recommendations that did not evidence any contradiction.

Work accomplished is evidenced in the Memorabilia, temporarily accessible through the Component repository website at <http://www.sprp-cn.eu/Memorabilia/> , point 2.10.7

### Cross Fertilization

While representatives from the various components continued to take part in each other events, the Task Force noted with great satisfaction that the C2 – led Special event on Ageing represented an important moment of full cooperation and interaction among all of its members – and that it was equally followed by a C3 initiative associating all of its members to an invitation received from the Beijing Federation of Women.

### Technical Notes

Progress remains to be made on this work item – notably concerning the homogenisation of presentation of C1 and C3 Technical notes.

### Project Memorabilia

A sample structure fully completed as far as common elements and Component One are concerned was shared among all task force members. It was clarified how to complete sections incumbent upon the other components. It was agreed that the Memorabilia are an end-of-project output, and therefore not possible to be completed very much in advance.

The drat Memorabilia is accessible from <http://www.sprp-cn.eu/Memorabilia/>

### Joint bibliography

On the basis of a sample developed by C1 Component assistant, representatives of the 3 components exchanged and agreed on the format to be used for what could better be denominated a List of references instead of a fully-fledged bibliography.

The three components produced their respective lists of references covering the period 2015-2018 inclusive that could be aggregated into one single file providing 1801 unique references – 566 from C1, 489 from C2 and 746 from C3.

The files are accessible from the draft Memorabilia, item 2.10.4

# **Planning for project extension (17 November 2018 onwards)**

CHAPTER

CHAPTER

The project Consortium met in Rome on 24 May 2018 to discuss, among other topics, the possible extension of the project from November 2018 onwards. NDRC and the C1 project team in Beijing had submitted their proposal for the contents of this extension. The substance was first discussed on a meeting held in Beijing on 14 May 2018. The Proposal is based on the same structure as for previous yearly programmes. It focuses on the perfection of one of the fundamental tasks assigned to the project, viz. to strengthen NDRC leadership capacities for national coordination in the realm of social protection reform, while securing the conditions for a longer term sustainability of project activities conducted under its Component One. It is anticipated that technical and component specific activities will be completed over a 8.5 months period running from 17 November 2018 to 31 July 2019. Initial proposals elaborated in July 2018 were subsequently revised with NDRC during the second half of November 2018, in view notably of time and other administrative constraints.

## Overall objective and expected results

At the inception of the EU-China Social protection reform project, some 18 topics contributing to 4 expected results had been assigned to Component One. Now when the initial scheduled termination date for the project has been reached, the Component is proud to report that, thanks to exemplary collaborating and working conditions among the various parties involved, practically all expected results could be achieved, and the technical fields covered through project activities indeed went beyond the anticipated topics.

The wealth of knowledge and proposals thus accumulated could however carry an even more sustainable contribution to the reform of social protection in China – in all of its social security, income distribution and employment components – through a reasoned retrospective and prospective appreciation of the situation, and of the role NDRC is called upon to continue playing, in collaboration with its European partners from the Consortium.

It was therefore proposed, pursuant to Result R.2 assigned to Component One [[5]](#footnote-5), to extend by up to twelve months the duration of activities, to carry out the tasks hereafter described, intended at the consolidation of past work results and collaborative spirit, to exert a lasting influence in the realm of social protection reform in China. Limited resources, earmarked by not spent in 2018, should also go to implementing those delayed activities described in the preceding chapter[[6]](#footnote-6) , contributing to results R1 (horizontal), R3 and R4 (component specific). Request for project extension submitted by the Project leader on behalf of the Consortium was agreed upon by the EU on 15 November 2018.

## Topics to be covered

While the main contribution of Component One at the start of the project was to help NRC carry out its role of coordinator and source of proposition for the National Economic and Social Development Plan at a time when the contents of the 13th Five-year plan was under country-wide discussion, project activities have since then accompanied the implementation of the orientations retained by the Plan in the area of social security, income distribution and employment.

The achievements of the 13th five-year Plan, covering the period 2016-2020, could already be summarily evaluated, since it will have passed already its mid-term point and would enter into its final year when a project extended by one year would come to an end. Similarly, the year 2019 would be a key period to start envisaging the contents to be covered under the forthcoming 14th five-year plan (2021-2025) to be finalized in 2020, for which NDRC overall responsibility was confirmed by the National People’s Congress at its March 2018 session.

It is therefore proposed to devote most of the remaining resources available for C1 activities to both the evaluation of known results in the implementation of the 13th Five-year plan, and the anticipation on the contents to be covered under the 14th five-year plan, as far as social security, income distribution and employment promotion are concerned. Some of these activities will deal with the planning process globally, as far as employment, income distribution and social protection are concerned, others will focus on planning for specific objectives, e.g. income replacement to be achieved upon retirement.

The corresponding activities would primarily take place under existing topic 1.1.1, which currently reads “Social insurance administration systems reform – Contribution to the XIII Five-Years Plan” but could be reformulated into “Social insurance administration systems reform – Contribution to the Social and Economic development 5-year plans” with, as attached indicators under the project logical framework the addition of the following (result R.2) “NDRC preliminary evaluation of implementation of the XIII Five-years Plan in the realm of social protection, as well as its tentative proposals for inclusion in the XIV Five-years Plan are shared and discussed with other stakeholders”. They might however also contribute to other, technically more specific topics, depending on the focus retained for the planning process.

The continuation, over the project extension period, of works foreseen for being initiated in 2018 with Guangdong province as pilot activities (statistics, and awareness-raising) would take place under the same topic. Follow-up action on the memoranda of understanding and other longer-term cooperation instruments to be finalised and agreed upon in 2018, would take place under the joint pursuance of project results R.1 (Mechanisms for EU-China high level policy dialogue on social protection reform) and R.3 (Capacity of NDRC in policy development and implementation) [[7]](#footnote-7).

Activities delayed hence still to be implemented in Ageing and Gender issues would contribute to respectively results R.3 and R.4 (Ensuring full coverage in old-age). Discussing previous findings on Universal pension coverage would also contribute to result R.4.

## Specific activities

### Completing on-going activities

During project extension, activities pertaining to 2018 programme of activities that, for a variety of reasons, could not be completed on time, will be conducted according to their specific schedules. This relates to Pilot activities with Guangdong Province and with Shanghai (see 2.4.1 and 2.4.2 above) and to Gender considerations (see 2.2.1.6 above).

A first technical mission to Guangdong Province, conducted in December 2018, will pave the way for further technical collaboration between European experts andProvincial or local administration in areas related to awareness raising in social protection, and the use of statistics for social protection governance.

An international seminar on Gender issues in Employment and Social protection is now proposed to be held in conjunction with the 2019 PAC meeting proposed to be held during the second half of January. The Seminar would hopefully be organised in Sichuan Province, which was also retained as a pilot for Component One project activities.

It is also envisaged to make use of research work conducted on Universal pensions in China under 2018 Programme of activities (see 2.2.1.4 above) to organise, during the first quarter of 2019, a round table discussion meeting with participation of Chinese and European experts.

The same period will be used to continue monitoring the conclusion of Memoranda of Understanding and other similar instruments between NDRC and its European partners, as well as the first phases of their implementation.The MOU between NDRC and the Spanish Ministry of Labour, Migration and Social security was signed on 29 November 2018, and will start implementation in January 2019, thus benefitting from initial support by the project C1.

### Component researches

Chinese experts will deliver assessment reports on the preliminary evaluation of results achieved under the implementation of the 13th five-years Plan and tentative contents to be proposed for inclusion under the 14th five-year Plan for, respectively, social security reform, income distribution and employment promotion.

As was the case in previous years, a Panel discussion meeting allowing for a peer review to take place will be organised in China at the beginning of the Spring period, with participation of European specialists previously selected to take part as experts in the International workshop referred to below.

### Overseas activities[[8]](#footnote-8)

Proposals that follow are based on the pattern used over the past four years for Component 1 overseas activities. 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 2019 will be centred on the issues of planning for social security reform, income distribution and employment promotion, since planning is considered a key for sustainability in social protection – which requires predictability and delivery in promises to efficiently play its role of social and economic stabilisation factor in modern societies.

#### International workshop, dialogue and study visit

It is proposed to hold during the first half of 2019 an international workshop in one European country followed by a dialogue and study visit to another 2 countries for a total duration of 10 calendar days (six people) around the topic of Planning for Sustainable social development.

Chinese national experts producing the above-mentioned assessment reports will submit their findings to the workshop, where European specialists from countries with most significant experience in planning for social and economic development will present their respective national circumstances. High-level contributions from the European Union as well as from specialised international agencies such as the World Bank, the OECD or the ILO will also be solicited.

Host countries for the international workshop and the subsequent study visit would include Belgium – thus allowing for continued contact with the European Commission – and two other European member States among those having established mechanisms for mid to long term planning in social protection, including relationship between central and decentralised action for social protection development.

#### High-level training

It was initially envisaged to hold, during the Spring of 2019, a two-weeks high-level training for NDRC central and provincial officials on the topic of Planning for social protection reform – design, implementation, monitoring. It appeared however that in view of the past experience time allotted for project extension would be too short for organising, conducting and evaluating a fully-fledged training activity involving Provincial representatives. It was decided instead to conduct a morenarrow training exercise for high-level HQ officials in limited numbers, akin to a study visit. The theme retained for this activity was the Planning process for multi-tier pension protection. The activity would be held in France – where NDRC representatives could draw conclusions from five years of fruitful cooperation with Expertise France and hopefully agree on future cooperation patterns with France – and two other European countries,

The reduction of the scope in training would generate important savings compared to initial budget estimates for the extension period. This will allow for the organisation of a specific activity for pilot and other Provinces, to draw a conclusion on C1 provincial initiatives over project life, for Pilot and other locations, Such an activity taking stock of past support and following upon results achieved would respond to one of the requirements for follow up mentioned during the project mid-term evaluation review[[9]](#footnote-9),

#### Longer-term collaboration

The Component technical team will monitor progress made towards the implementation of collaborative instruments between NDRC and its European partners[[10]](#footnote-10). The MOU with Spain signed in November 2018 will have as one of its first proposed activities a dialogue and provincial visit of a Spanish delegation to Sichuan Province to be held in January 2019, in conjunction with project activities related to Gender issues (see 3.3.1 above). The dialogue and study visit including to Belgium by NDRC HQ representatives will help consolidate longer-term cooperation with the European Commission (see 3.3.3.1). The focussed training cum dialogue proposed under 3.3.3.2 will hopefully be conducive to longer-term cooperation arrangements to be agreed upon between NDRC and French competent authorities.

### Pilot sites

Activities expected to start being conducted in Guangdong Province in 2018 on respectively the Enhancement of Statistics Management, as a tool for decision-making in the field of Social Security (at provincial level) and the Preparation of teaching material, to raise awareness on the importance of solidarity in social protection schemes and entrepreneurship (at municipality level) will be implemented and continued in Guangdong or other Pilot sites – aiming notably at ensuring their replicability and possible use in other locations.

An end-of-project summing up round table meeting from Pilot and other provincial representatives will be organised in Beijing to ensure that past activities were indeed positive for the work orientation and efficiency of beneficiaries outside NDRC HQ, and discuss the potential for continued collaboration involving European partners.

### Wrap-Up activities

The Component will take part in activities conducted to prepare for project closing, notably those held under the auspices of the Task force for Project Coherence and Synergies.

Such activities include the production of specialized thematic reference lists, the review of policy recommendations, the assessment of progress made towards achieving project results, the production in electronic format of project memorabilia.

## Deliverables

The following table indicates possible outputs and deliverables for envisaged 2019 C1 activities.

Table 4 – Envisaged outputs and deliverables, Project extension period

|  |  |  |  |
| --- | --- | --- | --- |
| **Topic** | **Activity** | **Envisaged outputs and**  **Deliverables** | |
| **1.1.1 Social insurance administration systems reform** | | | |
|  | **Statistics Management** | Mission report  Materials and methodology for replicability | |
|  | **Awareness raising on importance of SS** | Mission report  Materials and methodology for replicability | |
| **1.1.1 Contribution to the Social and Economic development 5-year plans** | | | |
|  | **Preliminary evaluation of achievement from 13-5 and tentative proposals for inclusion in 14-5 in areas of social security, income distribution, employment promotion** | Assessment reports | |
|  | **International workshop** | PPts, best practices reports, meeting report | |
|  | **Dialogue and Study visit– Planning for sustainable development** | Mission report | |
|  | **Panel discussion** | PPts, session report | |
|  | **Pre-training briefing** | PPts | |
|  | **3-countries training cum dialogue on Planning for multi-tier pension protection** | Mission report | |
|  | **Summing up RT Pilot and Provincial meeting on Project achievement and prospects for cooepration** | Meeting report | |
| **1.2.2 National policy evaluation techniques in social protection** | | | |
|  | **Monitoring implementation of MOUs and other collaborative instruments** | Project report | |
| **1.2.4 Gender considerations in Employment and social protection** | | | |
|  | **International seminar** | | **Reports, PPts** |
| **1.3.3 Universal pensions** | | | |
|  | **Round table meeting with CASS** | | **Event report, PPts** |
| **w/o # - Wrap-up activities** | | | |
|  | **Thematic bibliographies on social protection** | Electronic bibliographies | |
|  | **Project memorabilia** | CD ROM | |
|  | **Technical Notes** | Bilingual publication | |
|  | **Project policy recommendations** | Electronic bilingual publication | |

|  |  |
| --- | --- |
|  | *Delayed from 2018* |

## Human resources

The table below provides a tentative breakdown of human resources to be allocated for proposed implementation of activities in late 2018 - 2019.

Table 5 – Proposed use of Human resources, Project extension period

|  |  |
| --- | --- |
|  | **Total Extension** |
| Main C1 Chinese expert staff\* |  |
| *Main Chinese expert 1 Zhang Guoqing* | *8 months* |
| *Main Chinese expert 2 Fang Lianquan* | *8 months* |
| CN EXPERT SOCIAL SECURITY (13-5 and 14-5) | *35* |
| CN EXPERT INCOME DISTRIBUTION (13-5 and 14-5) | *35* |
| CN EXPERT EMPLOYMENT PROMOTION (13-5 and 14-5) | *35* |
| CN EXPERT STATISTICS - REPLICABILITY | *5* |
| CN EXPERT AWARENESS RAISING - REPLICABILITY | *5* |
| CN EXPERTS PILOT ACTIVITIES | *20* |
| CN EXPERTS GENDER | *10* |
| CN EXPERTS UNIVERSAL PENSIONS | *10* |
| ***TOTAL OTHER CN EXPERTS (C1)*** | ***155*** |
| *Component assistant* | 80 |
| Resident expert C1 JV Gruat | 144 |
| ***C1 EU PUBLIC SECTOR STAFF + SUBCONTRACTING*** | ***105*** |
| EU Expert Pilots | 30 |
| EU Experts PLANNING (BEST PRACTICES) | 25 |
| EU Experts PROVINCIAL SUMMING UP | 10 |
| EU Experts GENDER | 30 |
| EU Experts UNIVERSAL PENSIONS | 10 |
| \* Main Chinese experts enjoy monthly fees since year 2 which does not match actually worked nb of days x standard daily fee. 9 months each foreseen for the extension | |

|  |  |
| --- | --- |
|  | *Delayed from 2018* |

Annex 7 and 8 provide respectively the plan of activities for the extension period, and the updated Gantt for the extended duration of the project.

JVG, v.1

25 October 2018.

# ANNEXES

Annex 1

Results to be achieved by Component One

| **Result** | **Activities carried out to achieve it**  **(2014-2018)** | **Result completely achieved in November 2018** | **Activities to be carried out to achieve the result during the year of extension (2019)** |
| --- | --- | --- | --- |
| 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 Five-years Plan were shared with other stakeholders and taken as a basis for discussion in preparatory works in  2015 when Component based activities helped improve the quality of NDRC technical contribution to the contents of the XIIIth 5-year Plan (2016-2020) as far as social protection reform was concerned. | No | Works on technical aspects of the proposed reform in social protection and employment promotion did not allow for substantive improvements towards sustainably upgrading NDRC capacities for leadership in planning for reform in these areas. Since NDRC leadership role is intrinsically linked to the 5-years planning cycle proposals put forward for implementation in 2019 relate to that core function. Be it for research, training or policy dialogue, envisaged activities focus on the role of the NDRC as a specialised Government agency in planning for social protection and employment reform and having its views shared with and accepted by the Government and the social partners. Activities will be conducted with selected European countries known for their planning capacities in social protection like France, Belgium, Spain, the Czech Republic. In China, works will focus on the evaluation of achievements under XIIIth 5-years Plan passed its mid-term point, and the preparation for the XIVth Plan 2021-2025 (employment and social protection) |
| A comprehensive proposal for social administration systems reform was already elaborated and documented in 2015.Practical implementation of selected aspects should have been tested in November 2018 | There were delays for this activity which is now scheduled for implementation by mid-December 2019 |
| Analysis and proposals developed under project auspices and put forward by NDRC for implementation by other bodies or Ministries are made known to a broad audience, nationally and internationally. Component works are quite known and appreciated in competent circles. Renowned Chinese experts appreciate collaborating with Component One, and overseas fora where activities are presented benefit from high level European expertise. | To be continued |
| 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 was developed and tested as part of 2017 C1 activities | No |  |
| Clear goals were proposed to be assigned to the pension system in terms of replacement of past income and minimum living standards. This was documented under 2017 C1 programme of activities |  |
| A methodology to assess gender implications of proposed social protection reforms was to be developed. This will be achieved by mid-November 2018. National assessment was conducted in 2017 at provincial level, an international forum will confront national findings with European experience during the months of January/February 2019 | The confrontation of European experience with Chinese proposals on Gender assessment in the realm of Employment and Social protection, initially scheduled for early November 2018 had to be postponed due to unavailability of European consultants at that period of time. Although Chinese tentative proposals for reform in Gender are already available, it was considered useful to still organize a proper discussion between European and Chinese specialists, and to have it organized during the project extension period, tentatively in January or February 2019. |
| Interrelation between social protection and employment policies is documented and used for evaluation purposes. This topic was on the programme of activities for C1 for the years 2016, 2017, 2018 |  |
|  |  |
| 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-layer pension system** | A comprehensive model for multitier design of the pension system was developed under project auspices. A first model was developed already in 2015. In 2018, a comprehensive reform proposal was developed by the project team on the basis of previous project technical works, subsequently presented and discussed on public meetings and across bilateral contacts. | No |  |
| A comprehensive policy for developing a universal social pension model will be developed and disseminated under project auspices by mid-November 2018. A review of selected European experiences in universal pensions was conducted in 2017. A seminar to be held in October-November 2018 with the Chinese academy of Social sciences CASS will be devoted to the feasibility of Universal pensions under Chinese circumstances. | Seminar with CASS expected in Spring 2019 |
| An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices. This topic was addressed under Component One programme of activities for 2016. It was again debated in 2017 under aspects linked to redistribution and parametric reform of pension schemes and was further discussed in September 2018 under the framework of the project special event on Ageing. |  |
| R5 - **Reform efforts in response to urbanization trends, in particular the harmonization/integration of the various basic social protection systems for different groups of beneficiaries, the portability of social insurances and better suited assistance schemes are supported** | Model provisions for totalization and vesting of pension rights across regions were developed. Model provisions were detailed already in 2015. They were explained in detail in 2016 during a provincial training seminar in Guangdong Province. Since the inception of the project, substantive progress was made in vesting provisions in a number of provinces | No |  |
| An analysis of the interrelation between social and economic development and the suitability and sustainability of pension schemes was developed and used for macro projections to support systemic reform proposals. First project C1 activities around this topic were conducted in 2016, and subsequently deepened in 2017 and 2018. |  |
| Proposals for bilateral Europe- China cooperation at the decentralized level were developed and started being implemented in response to the growing urbanization trend and labor mobility across the country. Proposals for implementation in Shanghai and Guangdong Province (pilot locations) were developed in 2017 and submitted to NDRC and concerned local authorities, for initial implementation before mid-November 2018. Proposals cover the need for extended social protection in Shanghai in response to ageing urban population, and in Guangdong the required improvements in governance as well as sensitization to social protection coverage of newly salaried strata of the active population. | There will be a slight delay in implementing the proposals for Pilot locations which could only be scheduled for start during the second half of December 2018 for Guangdong and early in 2019 for Shanghai. The corresponding result could therefore be considered as achieved only subject to an extension providing the opportunity to actually implement the corresponding activities. |

Annex 2

Use of European and International experts, C1

| **Year** | **EU STE** | **Gender** | **Country** |  |
| --- | --- | --- | --- | --- |
|
|  |
| **2015** | Vleminckx, Koen | m | BE | Best practices |
| Von Nordheim | m | DK | International Workshop Brussels February 2015 |
| Holzmann | m | At |
| Queisser | f | D |
| Vleminckx | m | BE |
| Gieselinck | m | BE |
| Paldanius | m | SF |
| Crudo | m | I |
| Gortzak | m | Nl |
| Barbera | m | SPA |
| Desfosses | m | F |
| Fatome Thomas | m | F | Training in France June 2015 |
| Salinaro Edmondo | m | I |
| Guegano Yves | m | F |
| Libault Dominique | m | F |
| de Vives Aude | f | F |
| Denechere Agathe | f | F |
| Bras Pierre Louis | m | F |
| Aubert Patrick | m | F |
| Izard Jean-Luc | m | F |
| d'Yvoire Arnaud | m | F |
| Carta Allessandra | f | I |
| Ball Frederic | m | F |
| Landou Christophe | m | F |
| Pullman Tim | m | F |
| Weishaupt Thierry | m | F |
| Geraci Marco | m | F |
| Elena Dobre | f | ROM |
| Rusandu Olivia | f | ROM |
| Pablo Blazquez Antonio | m | SPA |
| Truphemus Sylvie | f | F |
| Meyet Michel | m | F |
| Pinel Philippe | m | F |
| Chastan Eric | m | F |
| Desfosses Philippe | m | F |
| **2016** | Gauvin | f | F | April 2016 Dialogue |
| Sacchi | m | I |
| Vleminckx, Koen | m | BE |
| Coyer | m | F |
| Vleminckx, Koen | m | BE | April 2016 Dialogue + Provincial Training |
| Coyer | m | F |
| Jeannerot | m | F | High Level Event September 2016 |
| Bevers | m | BE |
| Marksova | f | CZ |
| Toiu | f | ROM |
| Ortiz | f | SPA |
| Sacchi | m | I |
| Hocquet | m | F |
| Kiviniemi | m | SF |
| Kyrieri | m | HE |
| Scholz | m | D |
| Vleminckx, Koen | m | BE |
| Teresa Quílez | f | SPA | Training course in Spain June-July 2016 |
| Graciano Alia | f | SPA |
| Antonio Jesus Argüesn | m | SPA |
| Dolores Cano | f | SPA |
| Thomas Dominique | m | LUX |
| Dolores Ruiz | f | SPA |
| Thomas Filleur | m | F |
| Antonella Della Monacha | f | I |
| Beatriz Perez | f | SPA |
| Carlos Bravo | m | SPA |
| Ignacio Gutierrez | m | SPA |
| Gracia Castresana | f | SPA |
| Radek Mally | m | CZ |
| Rafael Domenech | m | SPA |
| Paula Roch | f | SPA |
| Carmen Armesto | f | SPA |
| Manuel Velazquez | m | SPA |
| Noami Garcia | f | SPA |
| Jesus Fuertes | m | SPA |
| Margarita Gomez | f | SPA |
| Raquel Herranz | f | SPA |
| Juan Villa | m | SPA |
| Antonio Blazquez | m | SPA |
| Andrew Reilly | m | OECD |
| Laura Molina | f | SPA |
| Michael Englert | m | BE |
| Ernesto Ortega | m | SPA |
| Jeronimo Gonzalez | m | SPA |
| 2018 | De Lespinay | m | F | Provincial review (Feb.March 2017) |
| Tretyak | m | F |
| Vleminckx Koen | m | BE |
| Antichi Massimo | m | I |
| Pasqua Maria-Teresa | f | I |
| Lavigne | f | F | Parametric reform (August 2017) |
| Mazzaferro | m | I |
| Skorpic/Suchomel | m | CZ |
| Birkholz | m | SW |
| Steinmeyer | m | D |
| Szybkie | m | PL |
| Thevenot | f | OECD | International Workshop (September 2017) |
| Vanhuisse | m | DK |
| Rangus | m | SV |
| Kauffmann | f | D | Policy dialogue (September 2017) |
| Scarpetta | m | OECD |
| Vleminckx | m | BE |
| Kiviniemi | m | SF |
| Langenbucher | f | OECD | ALMP Seminar (November 2017) |
| Chapron | m | F |
| Vleminckx | m | BE |
| Weber Axel | m | D | Training course in Germany  (January 2018) |
| Krost Ramona | f | D |
| Boehle Mara | f | D |
| Hött Beate | f | D |
| Kunissen Katharina | f | D |
| Ahrend Helke | f | D |
| Landwehr Claudia | f | D |
| Rinne Ulf | m | D |
| Becker Bernd | m | D |
| Weissbrod Thomas | m | D |
| Rengers Martina | f | D |
| Mai Christoph-Martin | m | D |
| Rieckhoff Christian | m | D |
| Langelüddeke Anne | f | D |
| Tippelmann Ortrun | f | D |
| Baller Dirk | m | D |
| Zaidi Ashgar | m | UK | AAI (September) |
| Coenen Ann | f | BE | International Workshop (September 2018) |
| Parry Jane | f | UK |
| Hocquet Jean-Yves | m | F |
| Bagorski René | m | F |
| Majcher-Teleon Agnieszka | f | PL |
| Langenbucher Kristin | f | OECD |
| Orsetta Causa | f | I | Training Course Italy  (October 2018) |
| Michele Raitano | m | I |
| Salvatore Pirrone | m | I |
| Stefano Sacchi | m | I |
| Maria Teresa Monteduro | f | I |
| Margherita Russo | f | I |
| Pietro Tommasino | m | I |
| Paolo Falco | m | I |
| Markus Collet | m | D |
| Paolo Naticchioni | m | I |
| Ferdinando Montaldi | m | I |
| Carlo Fiorio | m | I |
| Minna Ylikännö | f | SF |
| Marco Mazziotti | m | I |
| Efisio Espa | m | I |

Annex 3

Use of national expertise

|  |  |  |  |
| --- | --- | --- | --- |
| **TOPIC** | **NAME** | **OUTPUT** | **TIMING** |
| 1.1.1 Social insurance administration reform | Tan Zhonghe | Assessment report | July 2015 |
| 1.1.1 Input into the XIIIth Five-year Plan | Tan Zhonghe | Assessment report | July 2015 |
| 1.1.3 Monitoring interaction between employment and social security policies | Zheng Gongcheng  Zeng Xiangquan  Zhang Juwei | PPt  PPt  Assessment report | April 2016  Apr.&Sept.16  Sept.2016 |
| 1.1.3 Methods and experiences of strengthening vocational training | Wei Guowang | Assessment report | April 2018 |
| 1.2.2 National policy evaluation technique (SS) | Zheng Gongcheng | PPT, Assessment report | July 2017 |
| 1.2.2 National policy evaluation technique (EMPL.) | Yue Jinglun | PPT, Assessment report | July 2017 |
| 1.2.3 Sustainability of pension schemes (contributions and government subsidies) | Zheng Bingwen  Liu Kegu  Xiong Jun | Assessment report  Notes  PPt | Sept.2016  Sept.2016  Sept.2016 |
| 1.2.4 Gender considerations (SC) | Lin Yi | Assessment report | November 2017 |
| 1.2.4 Gender considerations (GD) | Yue Jinglun | Assessment report | November 2017 |
| 1.3.1 Pension reform for public sector | Zhang Yinghua | Assessment report | Nov.2015 |
| 1.3.2 Evaluation of the combination of basic pension and Individual accounts | Song Xiaowu | Assessment report | July 2015 |
| 1.3.3 Universal social pension model | Qi Chuanjun | Research report | April 2018 |
| 1.3.4 Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension) | Dong Keyong | Assessment report | July 2015 |
| 1.3.5 Occupational pension plans – social security and other redistribution regulations and policy tools | Li Shi | Assessment report | April 2018 |
| 1.3.6 Parametric reform | Zhou Hong | Assessment reform | October 2017 |
| 1.3.7 Ageing population and possible strategy of dealing with this situation | Pu Haihong  Dong Keyong | PPt  Assessment report | Sept.2016  July 2016 |
| 1.3.8 Issues related to informal sector integration into social security schemes | Jin Weigang | Assessment report | April 2018 |
| 1.4.2 Relationship between social-economic development and the redistribution function of social security | Li Shi  Hu Angang  Song Xiaowu | Assessment report  PPt  Notes | August 2016  Sept.2016  Sept.2016 |
| 1.4.2 Redistribution – Parametric reform | Li Shi | Assessment report  PPt | October 2016 |
| 1.4.3 Strategy of integrating social security system in urban and rural context also through the portability of social insurance | Wang Zeying  Jin Weigang  Yue Jinglun  Lin Yi | Assessment report  Notes  PPt  PPt | Nov.2015  Sept.2016  Sept.2016  Sept.2016 |
| Main Experts Component 1 | Zhang Guoqing  Fang Lianquan | Operations  Research | Since Feb.2015  Since Feb.2015 |

Annex 4

Logical framework – progress made towards achieving project results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **INTERVENTION LOGIC** | **OBJECTIVELY VERIFIABLE INDICATORS** | **SITUATION BY**  **MID-NOVEMBER 2018** | **SOURCES AND MEANS OF VERIFICATION** |
| **Overall Objective** | Furthering social equity and inclusiveness of economic development throughout Chinese society | * Social protection coverage, income distribution, poverty levels, government budget and GDP shares allocated to social protection |  | * National and provincial statistics. |
| **Specific Objectives** | C1. Greater effectiveness and inclusiveness of China’s social security system through strengthening the institutional capacity for developing policies | * Comprehensive reforms proposals are developed and subject of public discussion | * Comprehensive reform proposals have been developed in conjunction with the preparation of XIIIth Five-year plan in the realm of pensions. They were submitted to debate in meetings at different levels, and their contents shared with pilot provinces’ authorities | * See C1 six-months reports |
| **Result** | R1. Mechanisms for EU-China high level policy dialogue on social protection reform is established and partnerships between Specialized Public Bodies of EU Member States and the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the Ministry of Civil Affairs (MoCA) on social protection are developed | * High level conferences attract attention of the technical specialists and of the media * Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end of the project agreed; * Dedicated Project Website updated every month; * 2 Electronic Newsletters a year; * List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter; * Cooperative work between EU and national stakeholders in social protection is documented | * C1: 2016 HLE on relations between employment promotion and social security held in September 2016 * C1 Dialogue mechanisms with EC started in 2016, continued in 2017 and 2018. Dialogue with individual countries started in 2015, held in 2016, 2017 and 2018 * C1 contributes regularly to project website * C1: bilingual newsletter published quarterly since 2016 (one issue in 2015) * C1: Mailing list of some three hundred addresses maintained * C1: Newsletters and website keep records of cooperative work | * External project evaluation reports; * NDRC, MoF, MoCA and local government publications, documents and reports; * National and ministerial statistics; * National audit reports; * Media & news report; * Project Website; * Electronic Newsletters; * Directory of Contacts; * Constitutional PAC meeting, Press Conference, High Level International Conferences and Closing Conference minutes. |
| **Result** | R2. Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened. | * NDRC proposals on social protection reform for inclusion in the XIIIth Five-years Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works; | * The project contributed to the elaboration of NDRC proposals for inclusion in XIIIth Five-year plan. Those were discussed in a broadly opened meeting in January 2016. 2019 Programme of activities to be centered on the Planning process | * See NDRC website and report on 2015 activities * See project website |
| * NDRC preliminary evaluation of implementation of the XIII Five-years Plan in the realm of social protection, as well as its tentative proposals for inclusion in the XIV Five-years Plan are shared and discussed with other stakeholders |
| * A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices. | * A report containing comprehensive proposal for social insurance administration systems reform was produced in July 2015 * In 2017 European experience in reform was synthesised across short technical notes suitable for discussion about available options among Chinese stakeholders. Proposals for piloting selected aspects of governance in Guangdong province were formulated, for implementation in 2018 (postponed to December 2018) |
| * Analysis and proposals developed under project auspices are made known to a broad audience, nationally and internationally | * Assessment reports produced under the topics of Parametric reform and Redistribution are available. C1 team representatives and experts have been invited to present their research in a number of outside instances nationally and internationally. |
| **Result** | 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; | * Two reports on Evaluation techniques (Social security and Employment policies respectively) were produced in 2017. Activities on Planning process to be implemented in 2019 will contribute to this indicator. | * See project website |
| * 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 | * High rates of satisfaction for participants in training activities |
| * Clear goals are assigned to the pension system in terms of replacement of past income and minimum living standards | * This was first addressed under the Parametric reform and Evaluation works conducted in 2017. In 2018, a new Proposal for Pension reform elaborated by the project on the basis of previous works were submitted to public debate. |
| - A methodology to assess gender implications of proposed social protection reforms is developed | * Assessment reports (GD and SC) were produced in 2017. Methodology to be pursued early in 2019 on the basis of European experience |
| * Interrelation between social protection and employment policies is documented and used for evaluation purposes | * Since 2016, the project conducted every year research and produced recommendations on the various aspects of employment promotion and ALMP. In 2017 it evaluated the overall policies followed over the decades by the Chinese Government to promote employment. In 2018, it produced reports and recommendations on High-quality development and workforce related consequences, as well as population mobility issues. | * See project website |
| * Memoranda of understanding or equivalent instruments are discussed and concluded between NDRC and European partners, to use as a basis for continued cooperation in social protection | * A MoU on Social protection between NDRC and the Spanish Government will be signed late in 2018 or early in 2019. A long-term policy dialogue programme of cooperation has been established between the EC DG EMPL and NDRC. | * See NDRC website |
| **Result** | 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 first model was developed and transmitted to NDRC in July 2015. A completely revised version was elaborated in 2018 and submitted to open discussion. | * See project website |
| * A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices; | * Universal social pension model was addressed in 2018 in collaboration with CASS. Works to be continued in 2019. |
| * An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices. | * Analysis was conducted under 2016 activities. In 2018, a specific activity on the Active Ageing Index further contributed to this analysis. |
| **Result** | 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 | * A model was elaborated and shared with NDRC in November 2015. Works continued in 2016 (GD and SC Provinces) | * See project website |
| * 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. | * Interrelation between economic development and suitability / sustainability was first reviewed in 2016, continued in 2017 |
|  |  | * Proposals for bilateral Europe- China cooperation at the decentralized level are developed and start being implemented in response to the growing urbanization trend and labour mobility across the country | * Proposals were developed in March 2017 for implementation with GD province and SH. Start in implementation expected by late 2018 – early 2019. | * See NDRC website |

Annex 5

Main outputs and deliverables, 2018

**C1 OUTPUTS AND DELIVERABLES – 2018 PROGRAMME OF ACTIVITIES**

**SITUATION AT MID NOVEMBER 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| **Topic** | **Activity** | **OUTPUTS AND**  **DELIVERABLES** | **STATUS** |
| **1.1.1 Social insurance administration systems reform (Pilot level)** | | | |
|  | **Statistics Management Guangdong** | Assessment and mission reports | Postponed |
|  | **Awareness raising on importance of SS, Huizhou** | Mission report, sensitization materials | Postponed |
| **1.1.3 Monitoring interaction between employment promotion and social protection policies** | | | |
|  | **Seminar Rome, ALMP** | PPts, session report | Completed |
|  | **Research on Vocational training** | Assessment reports/ National monographs | Completed |
|  | **Panel discussion** | Ppts, session report | Completed |
|  | **Pre-training briefing** | PPts | Completed |
|  | **Two-weeks training** | Training report, training materials | Completed |
| **1.3.5 Towards affordable and acceptable social protection levels in old-age** | | |  |
|  | **Research reports on Income distribution** | Assessment reports, best practices reports | Completed |
|  | **Panel discussion** | Meeting report | Completed |
|  | **International workshop Brussels** | PPts, meeting report | Completed |
|  | **Proposal on reforming the pension scheme for Urban employees** | Technical note | Completed |
| **1.3.3, 1.4.3 Universal income** | | |  |
|  | **Research reports** | Assessment report, best practices report | Completed |
| **1.2.4 Gender considerations in pension reform** | | |  |
|  | **European Research reports** | Best practices reports | Postponed |
|  | **Seminar** | Seminar report | Postponed |
| **1.3.7 Ageing population and possible strategy of dealing with this situation** | | |  |
|  | Concluding MOU with Spain on future cooperation with spell on Ageing | MoU | On-going |
|  | Research into Active ageing index for China | Research report | Completed |
|  | Research report Shanghai pilot scheme on Long term care | Assessment report | Postponed |
|  | Provincial Dialogue and study visit for Shanghai DRC, Ageing | Mission report | Postponed |
| **1.3.8 Issues related to informal sector integration in social security schemes** | | |  |
|  | **Research reports on Population mobility** | Assessment report, national monographs | Completed |
|  | **Panel discussion** | Meeting report | Completed |
|  | **International workshop** | PPts, meeting report | Completed |
|  | **Dialogue and Study visit** | Mission report | Completed |

Annex 6

Use of human resources, 2018

|  |  |  |  |
| --- | --- | --- | --- |
| **PROJECT\*** | **Y 1 TO 3\*** |  | **Total Y 4\*\*\*\*** |
| 1193 |  | Main C1 Chinese expert staff\*\* |  |
|  |  | *Main Chinese expert 1 Zhang Guoqing* | *Monthly* |
|  |  | *Main Chinese expert 2 Fang Lianquan* | *Monthly* |
|  |  | CN EXPERT VOCATIONAL TRAINING | 35 |
|  |  | CN EXPERT UNIVERSAL PENSION | 20 |
|  |  | CN EXPERT REDISTRIBUTION | 35 |
|  |  | CN EXPERT POPULATION MOBILITY | 35 |
|  | 442 | ***TOTAL OTHER CN EXPERTS (C1)*** | *125* |
|  |  | *Component assistant* | *Monthly* |
|  | 599 | Resident expert C1 JV Gruat | *135* |
| 646 | 357 | ***C1 EU PUBLIC SECTOR STAFF+SUBCONTRACTING\*\*\**** | 110 |
|  |  | EU Experts Training Germany | 40 |
|  |  | EU Experts Training Italy | 40 |
|  |  | EU EXPERTS VOC. TRAINING+POPULATION MOBILITY | 30 |
|  |  | EU EXPERT REDISTRIBUTION | na |
|  |  | EU RESEARCH ACTIVE AGEING | na |

|  |
| --- |
| \* 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 |
| \*\*\* Redistribution and Active ageing activities to be covered under dedicated Research budget lines |
| \*\*\*\* 10.5 months only (until 16 November 2018) |

Annex 7

Tentative work plan – Project extension

| Topic | Activity | Nov. 18 | Dec.  18 | Jan.  19 | Feb.  19 | Mar.19 | Apr. 19 | May  19 | June 19 | July  19 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1.0.1 | Monitoring MOUs and other collaborative instruments |  |  |  |  |  |  |  |  |  |
| 1.1.1 | Contribution to the Social and Economic development 5-year plans | | | | | | | | | |
|  | Assessment reports |  |  |  |  |  |  |  |  |  |
|  | Panel discussion |  |  |  |  |  |  |  |  |  |
|  | International workshop |  |  |  |  |  |  |  |  |  |
|  | Policy dialogue & Study visit |  |  |  |  |  |  |  |  |  |
|  | Training cum dialogue – Planning for Multitier |  |  |  |  |  |  |  |  |  |
|  | Pilot and Provincial summing-up RT meeting |  |  |  |  |  |  |  |  |  |
| 1.3.1 | Gender considerations in Employment and Social security | | | | | | | | | |
|  | International Seminar (Sichuan Province) |  |  |  |  |  |  |  |  |  |
| 1.4.1 | (Pilot) Extending protection in urban areas to address demographic ageing (Shanghai) | | | | | | | | | |
|  | Documenting experiments |  |  |  |  |  |  |  |  |  |
|  | Policy dialogue and Study visit (F & Sp) |  |  |  |  |  |  |  |  |  |
| 1.4.2 | (Pilot) Improving governance and raising awareness about social protection (new urban categories) - Guangdong | | | | | | | | | |
|  | Statistics Management |  |  |  |  |  |  |  |  |  |
|  | Awareness raising on importance of SS |  |  |  |  |  |  |  |  |  |
| 1.3.3 | Universal Pension system | | | | | | | | | |
|  | RT Seminar |  |  |  |  |  |  |  |  |  |
| w/o # | Wrap Up | | | | | | | | | |
|  | Thematic bibliographies on social protection |  |  |  |  |  |  |  |  |  |
|  | Project memorabilia |  |  |  |  |  |  |  |  |  |
|  | Technical Notes |  |  |  |  |  |  |  |  |  |
|  | Project policy recommendations |  |  |  |  |  |  |  |  |  |

Annex 8

Revised GANTT – Component 1

(SEE IN ANNEXED EXCEL FILE)

1. Link from <https://www.euchinasprp.eu/en/horizontal-en/documents-en> [↑](#footnote-ref-1)
2. The Dibao is the Chinese social assistance scheme for guaranteed minimum income to poor families [↑](#footnote-ref-2)
3. Due to restructuring in Qingyuan municipal Government proposed local activities are to me moved to Huizhou municipality, which already had developed relations with the project Component one (see C1 second six-month Component report) [↑](#footnote-ref-3)
4. See <https://www.euchinasprp.eu/images/documents/ReportHLE/HLEENV1.pdf> page 246 sqq. [↑](#footnote-ref-4)
5. Result R.2 reads: “Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened.” [↑](#footnote-ref-5)
6. See notably points 2.2.1.4, 2.2.1.6 and 2.4 above. [↑](#footnote-ref-6)
7. This would be congruent with the relevant recommendations contained in annex 6 of the project mid-term evaluation report. [↑](#footnote-ref-7)
8. The proposals made for Overseas activities are based on the fact that the current “translation vs. international tickets” schemes was extended, at a level of financing corresponding, retroactively, to the average cost of international tickets estimated by Expertise France at some 1.600 euros for the type of activities considered.Six tickets are earmarked for C1 overseas activities during project extension period. [↑](#footnote-ref-8)
9. EU-China Social Protection Reform Project – Mid-Term Evaluation, recommendation n. 5 [↑](#footnote-ref-9)
10. It is expected that, by the end of 2018, memoranda of understanding or other collaborative instruments will exist or be under advanced negotiations between NDRC and, at least, the European Commission, Spain and France [↑](#footnote-ref-10)