

Minutes

PAC Meeting

6th April 2016



Social Protection Reform Project
中国-欧盟社会保护改革项目

Location: EU Delegation to China and Mongolia

Time: 9:00 am-14:30 am

Chairmen: Ms. **Chen Hongying**¹ (Department of International Trade and Economic Affairs, Ministry of Commerce, First Secretary); Mr. **Lars Gronvald** (EU Delegation, Head of Development & Cooperation Section).

Members: Ms. **Ji Ning** (Department of Employment and Income Distribution, National Development and Reform Commission, Deputy Director General); Ms. **Tang Ling** (Department of Employment and Income Distribution, Division Director); Mr. **Chang Hao** (International Cooperation Centre, Division Director); Ms. **Wang Yingsi** (International Cooperation Centre, NDRC Programme Official); Ms. **Wang Yue** (International Cooperation Centre-NDRC-Programme Official); Mr. **Di Donghui** (Department of Social Security, Ministry of Finance, Division Director); Ms. **Zhang Si Cong** (Department of Social Security, Ministry of Finance, Principal Staff Member); Mr. **Liu Xitang** (Department of Social Assistance, Ministry of Civil Affairs, Director General); Ms. **Zhang Lin** (Department of Social Assistance, Division Director); Ms. **Begoña Garcia Alamar** (EU Delegation, Financial Officer), Ms. **Yi Xiaolin** (EU Delegation, Project Officer).

Observers: Mr. **Giuseppe Conte** (INPS, Head of Central Directorate for International and European Conventions - Project Leader); Ms. **Sharon Di Nepi** (INPS-Support to Project Leader); Ms. **Francesca Giannini** (INPS-Support to Project Leader); Mr. **Edmondo Salinaro** (INPS, Manager of Civil Invalidation Department-Representative of C2 Coordinator); Mr. **Gabriele Uselli** (SISPI, CEO, Head of the Central Department for the Individual Account-Project Secretariat C2 and Horizontal Activities); Ms. **Maria Teresa Pasqua** (SISPI-Junior Project Coordinator); Mr. **Marcin Pietruszka** (Ministry of Family, Labour and Social Policy-Head of Unit, International Cooperation Department-Representative of C3 Coordinator); Mr. **Laurent de l'Espinay** (Expertise France, Project Manager-Component 1 Coordinator and Project Secretariat C1-C3); Ms. **Lucía Ortiz** (MEYSS, Deputy Director of International Social and LR); Mr **Koen Vleminckx** (FPS Social Security, Director Research and Publications, DG Strategy-Research and International Relations).

Secretariat: Mr. **Stefano Patriarca** (EU Resident Expert C2 and Team Leader); Mr. **Jean-Victor Gruat** (EU Resident Expert C1); Ms. **Marzena Breza** (EU Resident Expert C3); Ms. **Ma Lan** (Project Assistant); Ms. **Valentina Pignotti** (C2 Assistant); Ms. **Xu Chenjia** (C1 Assistant); Ms. **Zhang Caihua** (C3 Assistant); Mr. **Lin Guowang** (Interpreter); Mr. **Zhang Liang** (Interpreter).

1. Opening remark by Mr. Lars Gronvald

The first year implementation was the experimental period of the project. Although the project encountered many challenges, some encouraging results have been achieved by the collaborative efforts from all parties.

The project welcomes the new consortium and the new leadership under Mr. Conte, Head of Central Directorate for International and European Conventions of INPS, and it is acknowledged the contribution given by Mr. Uselli during the past year.

¹ Apologies for not attending. The speech and observation of Ms. Chen Hongying were reported by Mr. Lars Gronvald.



- 1) **Mobilization of EU experiences.** It is clear that the EU has a lot of experiences in social protection that could be a valid support to China's reforms and practices in the field. Nevertheless, more discussion and exploration is required to advance the understanding of how to best mobilize the EU practices for the specific scenarios and settings of China, and how the EU experiences can be better structured in order to be more relevant and ready for the Chinese partners.
- 2) **Reorganization of budget structure.** The re-organisation of the consortium is most welcome. It is suggested to focus the use of budget on substantive activities and control the administration costs. The discussion and inputs from the beneficiary side are also crucial to the success of the project in 2016.
- 3) **ROM Report outcome.** The ROM report highlighted the achievement of the technical results. Its recommendations need to be respected during the project implementation. The Consortium's follow-up action plan responding ROM recommendations is a good start point. Project communication and visibility strategy plan as well as the monitoring system are essential factors to the monitoring and management of the project, so they have to be set up as soon as possible.
It is recognized that SISPI in its role of Secretariat already responded positively to its duty with the website implementation.

2. Opening remark by Ms. Chen Hongying

Though absent from the meeting due to urgent engagement, Ms. Chen still offers several remarks and suggestions as reported by Mr. Gronvald, with regards to the first-year activities and the activity plans for 2016.

Firstly, there could be a joint meeting mechanism that brings all stakeholders together and keep each of them well informed of the administrative procedures and processes in prevention of delayed reimbursement and confusion of responsibilities. Secondly, all the documents and project information have to be shared in due time. Thirdly, project managers should provide specific and clarified information on the contract and agreements. Specifically, the issue related to the sharing of the financial aspect of the project is addressed, and the implementation of 2015 budget should be shared among all parties, so as to prompt the better implementation of the project activities in 2016.

3. Introduction of project first year outcomes, financial situation and new Consortium Structure

Coordinator of the session: Project Leader – *Mr. Giuseppe Conte, INPS - Head of Central Directorate for International and European Conventions*

- **Remarks by Project Leader -*Mr. Giuseppe Conte- Head of Central Directorate for International and European Conventions, INPS***



The new Project Leader, Mr. Giuseppe Conte introduces himself to all the participants of the PAC. Mr. Conte acknowledges the EUD, which has provided continuous full support to the project. Special thanks are also dedicated to Chinese beneficiaries, which contributed significantly to the successful implementation of the project in the first year, as well as to the European partners and Resident Experts for their cooperation demonstrated during the first months of the second year of the project.

The first year outcomes are focused on good scientific achievements also given by important events organized, both in China and in Europe, to share EU best practices with the Chinese beneficiaries.

The first year of the project has been closed also from the financial point of view. In fact the Consortium has shared the official first financial report, validated by the dedicated Audit Company, and has shared it with all the project stakeholders, including Chinese Beneficiaries, in order to ensure transparency. Mr. Conte highlights that some expenses related to the first year have not been included yet, because the needed justifications are under reviewing.

As the new Project Leader, Mr. Conte introduces the new management structure of the project. Considering the leave of the Project Secretariat, Formez, from the Consortium of SPRP, on 31st December 2015, during the Internal Management Committee of the project, held on 3rd December 2015, the Consortium decided to assign to Expertise France the role of Secretariat concerning activities related to Component 1 and 3, and to SISPI the role of Secretariat for horizontal and Component 2 activities. The Project Leader is confident that these two Secretariats will be smooth and trusted as the project deserves.

In relation to Formez issues, Mr. Conte ensures that the situation will be solved soon, as INPS has also involved Italian Government authorities in order to faster close this process and in case Formez will not respect its pending obligations, it will be INPS to do so. The new Project Leader is very confident that the new organizational structure will ensure an improved and stronger visibility of the project, guarantying a major involvement of other European Countries also outside the Consortium.

- **Remarks by Project Secretariat of Component 1 and 3 - *Mr. Laurent de l'Espinay, Project Manager, Expertise France***

The fact that Formez has left the consortium will leave some place for possible changes and a new start of the project. It is a sorrow that a lot of issues came up during the first year of project implementation, but all the project members should be confident that the new Secretariat organization can prevent issues as such from hindering the operation of activities during the year of 2016. Thanks to the experience of the first year, the new Secretariat structure is able to

put into place a closer support and faster connection with the Component, as well as to provide higher level of autonomy.

A good progress has already been achieved; standard procedures on the operation of research projects have been implemented, for instance regarding the subcontracting of short-term experts and staff for the local office. The Secretariat is also working towards the long-term mechanism to handle all sorts of tasks as depicted or not depicted in the agreement. Mr. De l'Espinay concludes by emphasizing that a well-functioning Secretariat will definitely contribute to the better performance of the project.

● **Remarks by Project Secretariat of Component 2 and Horizontal activities - Mr. Gabriele Uselli, CEO, SISPI**

Mr. Uselli, CEO of SISPI gives an introduction on the Secretariat structure and duties of SISPI.

- 1) **New Secretariat structure.** Currently, the project Secretariat has two pillars: SISPI and Expertise France. Expertise France is the Secretariat of C1 and C3, and SISPI is the Secretariat of C2 and horizontal activities. The main tasks of SISPI include the management of the local office based in Beijing, contractual arrangements, management of electronic facilities and the office, organization of institutional meetings, management of electronic archives of the project, project visibility, and support to the production of financial report. The local staff consists of three Resident Experts and their assistants, administration assistant, and two interpreters. The tasks of the organization of institutional meetings include the preparation of documents, logistics and the management of the mobilization of Consortium Representatives.
- 2) **Reimbursement issue.** With special regards to the expenses of overseas, ongoing discussions and work have been devoted to setting up a feasible plan to smooth the procedure of payment and reimbursement.
- 3) **Visibility.** SISPI set up a new website for the project, and all the documents and reports will be periodically stored on the website.

Mr. Uselli concludes by listing the overall activities performed up until now by SISPI, which are: the local staff hiring, recruitment of horizontal Secretariat staff, local office lease, organization of PAC meeting and website release.

4. Discussion on the first year outcomes, financial situation and proposed new Consortium Structure

● **Remarks by Ms. Ji Ning - NDRC**

The component 1, benefiting from the cooperation and collaboration of all partners, has managed to accomplish all planned activities. Some of the research outcomes have already provided important contribution to the project. The following points have been highlighted:



- 1) **The selection of Chinese and EU experts.** One issue on this regard is that there is a great diversity in terms of the experts from the Chinese side, yet C1 had a single source of EU expert. For the future, more participation of EU experts in C1 activities is highly recommended, and not only limited to the consortium members.
- 2) **Financial budget and final account.** There has been a progress in documentation sharing. The discussion on the budget will be followed in the afternoon session. Overall, more budget should be allocated on activities and the management efficiency should be enhanced.
- 3) **The international airfare.** Both sides have encountered some financial difficulties for many reasons, which though gained understandings and supports from the PAC and member states. In order to better facilitate the project, Chinese beneficiaries and EU experts have also made considerable efforts in delivering all sorts of activities.
- 4) **Financial management in 2015.** The EU has paid the fund on time, and the Chinese beneficiaries also have carried out activities according to the plan and agreement. In the future, delays in the payment and reimbursement shall not happen again, in the case there is a delay, a proper explanation shall be provided. As for the international cooperation, the project also has to comply with Chinese new regulations on this. In response to the issues of 2015, few measures have been adopted after rounds of communication with the EU side.

The issues mentioned above are raised with the intention to have a better and improved performance in 2016. Despite some issues, the project still achieved a productive year in 2015.

● **Remarks by Mr. Di Donghui -MOF**

It is a matter of fact that in 2015 C2 achieved a certain progress and useful outcomes have been produced. Due to some technical reasons, connected with the establishment of the new Secretariat, C2 had to deal with some obstacles in the first months of 2016, nevertheless these issues have been overcome and C2 was able to jointly draft and agree on 2016 Work Plan.

In 2015, C2 was engaged in the implementation of four topics, namely: *Nominal Personal Account Reform in the Basic Pension Insurance System; Division of Power and Expenditure Responsibility in Social Pension System; Models and Methodologies for the Social and Economic sustainability analysis in social protection system; Social security coverage on informal employment: methodologies and tools of analysis and management.* The main activities jointly performed by MoF with C2 RE were two Panel Discussions on the above mentioned topics and the first Workshop made in December. MoF acknowledges that these activities involved many high qualified EU and Chinese experts.

It has already been communicated the consensus of MoF to the Resident Expert for the 2016 activity plan. In 2016, C2 will finish the analysis phase on the four research topics of 2015 and share the experiences of EU and China in the fields of analysis. C2 will also start with new research areas, but EU and Chinese sides already agreed that it is better envisaged to keep a



shorter number of topics, so that not to overburden the activities, and guarantee higher quality level of results.

Mr. Di concludes by emphasizing the observations on the project implementation made by Ms. Ji Ning and the need to follow the procedures, yet also by underlining that the project should simplify the procedures and give more flexibility to guarantee the achievement of the expected results.

- **Remarks by Mr. Liu Xitang - MoCA**

The Director General of Department of Social Assistance from MoCA, Mr. Liu Xitang, makes a summary of the last year's work. Mr. Liu Xitang stresses that, in general, C3 had fruitful achievements and the outcomes fulfilled the expected goals. The activities are mainly on the following three parts:

From the High Level Forum held in September last year, C3 enhanced the communication between China and EU countries in the field of social assistance. Lots of high level officers, scholars and experts from both China and EU side participated in this meeting in 2015.

According to the work plan, C3 conducted a series of policy researches, which focused on the evaluation of the legal framework, the methodology of unified minimum living standard, and also the social assistance policy on vulnerable groups, especially the old adults, in rural area. This activity has already finished and policy recommendation reports by experts were also submitted.

In the policy dialogue aspect, C3 have finished the summarizing and identification of EU experience by EU experts, and also sorted out relevant laws and regulations on social assistance field from many European countries. Last year, there were four EU experts that came to China for the communication and exchange of knowledge on Social Assistance system.

Mr. Liu stresses that the outcomes in 2015 owned to the SPRP Beijing Office, especially the support of Ms. Marzena Breza, as well as the support of EUD, MoF and NDRC. Problems existing in reality are unavoidable, because the project needs to coordinate many countries and departments, and the coordination procedure and contacts are complicated. This year, the project has a new Secretariat and new organization, the coordination and implementation capacity will be enhanced.

- **Feedback by EUD**

One of the difficulties of the project is the integration among three different Chinese ministries and departments into one unified project, as well as the consistency between the top design and the flexibility of the work on the practical level. With the new management structure of the project we are optimistic and we thank everyone for the effort showed.



5. Introduction of the second year work plan and presentation of the new budget proposal

Coordinator of the session: Project Leader – *Mr. Giuseppe Conte, Head of Central Directorate for International and European Conventions, INPS*

● **Presentation by Project Leader - *Mr. Giuseppe Conte, Head of Central Directorate for International and European Conventions, INPS***

The Consortium has submitted a new project budget to the European Delegation in order to obtain their final approval and ensure the satisfaction of project needs. In particular, this proposal reflects the administrative effort needed to manage the complexity of this project.

Despite the complex structure of the project, with the new Secretariat organization that has been established from 2016, the Project Leader ensures that last year's issues will be definitely overcome. With the new two pillars structure, the project members will have a smoother cooperation, higher efficiency in problem solving, more productivity in the recruitment and payment of experts. The Secretariats will also be able to keep a close cooperation with the RE to improve the management procedure of the different project components.

Finally, Mr. Conte introduces the major changes which occurred in Component 2. First of all, INPS is the new Component Coordinator of Component 2 and it will be led by Mr. Antonello Crudo, the Head of Pension direction of the Institute with the support of a technical team composed by INPS experts and specific competences related to statistics matter. Furthermore, the current Resident Expert and Team Leader, Mr. Stefano Patriarca, will leave the project from 15th May and will play a new important role in the Italian Government. Mr. Conte expresses his appreciation to C2 RE relevant contribution to the project during the first year. The new Resident Expert and Team Leader has been chosen among the candidate's lists of the previous selection process. The new RE and TL will be Mr. Michele Bruni, who has a wide experience in international projects and deep competences in Chinese demography and labour market. Mr. Bruni has been already welcomed by the European Delegation and MoF, and will start his new experience in the project from the beginning of May.

● **Introduction of the second year work plan by Component 1 Coordinator - *Mr. Laurent de l'Espinay, Project Manager, Expertise France; Resident Expert Component 1 - Mr. Jean Victor Gruat***

C1 started preparing the activity plan from September 2015, the details of which are listed in the Aide Mémoire. 2016 will be the first year of the implementation of the 13th 5 Year Plan, which will have major impacts on the project. After the first year, where C1 reviewed the fundamental issues in social protection and pension reform, in 2016 C1 will focus on sustainability issues. In 2016, C1 will also reach higher-profile with activities on a higher level, including the policy dialogue and the High Level Event. In order to better facilitate the



communication between China and EU, C1 planned not only the visits of EU experts to China but also several trips by Chinese officials to the EU.

C1 will continue working with pilot sites, where work has already started in 2015. Two of the six research topics of 2016 will be the continuation of the research topics initiated in 2015, which deal with the social insurance reform and the integration of rural-urban social insurance. Two topics, listed in the initial proposal, deal with demographic aging and the relation between economic development and social protection. Two new topics focus on pension schemes economic and social sustainability.

In 2016, C1 focuses more on the implementation instead of theoretical discussions, such as research projects, seminars and other activities; one example is the scheduled policy dialogue to prompt the employment creation. C1 will also carry out provincial-level training for the pilot sites. Later this year, there will be a two-week training visit to Spain on ageing and social protection. In September, the C1 High Level Event will gather hundreds of participants in Beijing, the event will be a benchmark for the project. During the second half of the year, there will be two additional dialogue and visits to Belgium and France of high-level officials from NDRC, and dialogue and study visits for provincial officials of pilot sites to Czech Republic and France, during which a limited group of participants will also pay a one day visit to Germany.

C1 will also try its best to have EU experts and Chinese experts interact more so as to make the EU experience closer to the Chinese beneficiaries. It has to be noted that though various overseas activities direct exposure to a great variety of European systems was already achieved in 2015. As C1 conducts the activities, the RE makes sure that certain results are achieved. The evolution in terms of working towards the targets delineated in the plan is monitored.

Finally, C1 RE expresses his sincere appreciation to the positive dynamics between NDRC and Component 1, as well as his special thanks to the support of the Project Leadership, the Consortium and the EU Delegation.

- **Introduction of the second year work plan** by the Component 2 Coordinator -
Represented at the PAC by Mr. Edmondo Salinaro, Manager of Central Directorate for Social Assistance, INPS; Resident Expert Component 2 and Team Leader - Mr. Stefano Patriarca

In the first part of the year, Component 2 has been highly affected by the transition to the new Secretariat. Nevertheless, thanks to the good cooperation established between MoF and C2 RE, C2 managed to jointly draft the 2016 Activity Plan on time. In order to recover the lost time, it would be necessary a full engagement by EU and CN experts, as well as by the CN beneficiary and RE.



For more details on C2 2016 Activity Plan, it is possible to refer to the Aide Mémoire document, which contains all the research topics and activities foreseen in 2016 under C2. It is important to underline that C2 has only 23% of the resources of the project and this directly reflects the number of activities which can be performed under C2. Nevertheless, in 2015, C2 showed to actively engage many professors and experts in the dialogue on specific topics. In total, six Chinese experts belonging to various important Universities and Academies of China and five EU experts worked together and analyzed four research areas.

Important topics that will be further developed in 2016 are: *Nominal personal account reform in the basic insurance system; Social security coverage on informal employment and Models and Methodologies for the social economic sustainability analysis in social protection system.* An important topic introduced in 2016 will be the *Social security benefits and the assessment of the household socio economic conditions.* In the second half of the year C2 will start with the topic *Investment strategies of social funds and risk control methodologies.*

In 2015, C2 faced many challenges, but overall also reached great results and had an excellent experience, especially by establishing a great relationship with MoF. In 2016, C2 wants to focus not on the quantity of topics and activities, but rather on the quality of results and outcomes achievement. In order to better plan and monitor the Component activities, the RE set up a “Mid-term Component Workshop”, which will involve MoF, the new RE and Team Leader, Mr. Bruni, and C2 Component staff, so that to give an evaluation of the past activities and better re-plan the following ones.

A special thank is given to MoF, EUD, INPS and all the support from the local project staff.

- **Introduction of the second year work plan** by Component 3 Coordinator - *Represented at the PAC by Mr. Marcin Pietruszka, Head of Unit, International Co-operation Department, Ministry of Family, Labour and Social Policy; Resident Expert Component 3 - Mrs. Marzena Breza*

C3 work plan for 2016 has been done under the guidance of the MoCA team, especially of Mr. Liu Xitang. C3 started with the communication for the PAC meeting six months before. From the Aide-Mémoire, it is possible to find the activities performed in 2015. Based on the work plan, the Aide-Mémoire is a milestone for the project work. When designing the work plan for this year, C3 was based on the High Level Forum in September of last year. In 2016, C3 will follow up the High Level Event and deepen different topics and also deepen the co-operation between departments, from China and EU. Based on the achievements of last year, C3 will conduct a new framework from EU side. This year C3 will cover 3 topics based on the central and local governments’ demands on the governance framework for social assistance administration and management process; the processes and activities of policy transmission and implementation carried out at central and local level of social assistance and lastly the monitoring and evaluation of social assistance schemes.



Based on the former challenges, C3 deepened the research and discussion on the social assistance reform in China's situation, and in fact, C3 conducted some local visits and researches to analyze the important parts in social assistance system.

The goals and targets for 2016 can be found in the Aide-Mémoire. As for the activities of 2016, the first is the visit of Mr. Minister Li Liguo and senior officials from MoCA to Poland and Spain, already scheduled for April. The other overseas activity of C3 will be a study visit in June.

C3 did not have this kind of overseas activities before; in 2015, the chance for the communication between EU and China was the HLF. As the follow up of the High Level Forum of September 2015, C3 plans to publish a report on the event and then will deepen the knowledge and research on the social assistance achievements in China within the research study, which should be finished and released within a policy dialogue meeting in November. All the activities like local visits, policy dialogue, panel discussions and workshops are supported by MoCA, the Component 3 Coordinator the Polish Ministry of Family, Labor and Social Policy, the Secretariat – Expertise France, the Consortium, and the EUD, which is very much appreciated by the C3RE.

6. Discussion on the second year work plan and the new budget proposal

● Comments by Ms. Ji Ning - NDRC

The 2016 Activity Plan sticks closely to the 13th 5 Year plan, which focuses on pension reform, job promotion and demographic aging. The plan is the product of the continuous efforts in communication, discussion and modification among the different stakeholders. In general, NDRC approves the plan. However, due to the time constraint, the details have not been under full review. The feedback on the details will be provided in the written form.

With special reference to the C1 High-Level Event, both EU and Chinese sides attach great importance to the event, as it will be the highlight of the whole project. Since the second half of 2015, NDRC started preparing on the event and sought advices from Ms. Breza and Mr. Liu Xitang from C3. NDRC is hoping that C1 can be allowed with greater independence and autonomy in terms of financial arrangement, so that the quality of the event would be enhanced. The details on this matter will be discussed in the afternoon.

C1 2016 Work Plan is an ambitious one, which builds on the experiences and achievements of 2015 and will bolster the high quality of performance. 2016 will also be the first year of the implementation of the 13th-5 Year Plan, which highlights pension reform. In this regard, the project itself will serve as the contribution to the Chinese policy implementation and execution. NDRC also seeks the cooperation and collaboration within the three components.



● **Comments by Mr. Di Donghui - MoF**

Component 2 2016 Work Plan is based on the negotiation and agreement achieved by both sides, thanks to the establishment of a great cooperation. Hence, Mr. Di Donghui agrees on C2 work plan.

Regarding the number of Panel Discussions and Workshop planned for 2016, MoF is a bit concerned, as the Ministry is limited in its financial and human resources to be allocated to the project. Indeed, MoF believes that if EU and CN experts need to communicate and exchange their ideas on the research fields, it can be arranged a more flexible and easier way to carry out activities and discussion.

Regarding the Pilot Sites, differently from C1 and C3, MoF does not believe these should be integrated in Component 2.

For other details MoF will communicate directly to C2 RE in other meetings.

● **Comments by Mr. Liu Xitang - MoCA**

The work plan in 2016 is based on the communication and discussion between C3 and MoCA from last year. Mr. Liu Xitang agreed with the C3 work plan. In 2016, activities are mainly based on the study visits and the sharing of EU experiences. Regarding the three topics in the Aide- Mémoire, C3 original work plan design is reasonable, the topics to be covered have been discussed previously.

Regarding the exchange and communication aspects, MoCA promoted the ministerial level visit to Poland and Spain leaded by the Minister, Mr. Li Liguo. This year, C3 plans to summarize the EU best practice experience, and will rely more on EU experts. MoCA will make some preparations for the year 2017, for example, choosing the pilot sites, preparing draft the materials for the promotion of social assistance policies. In 2016, C2 has a new topic on the ISEE, and MoCA is also interested in it and going to get involved.

At last, Mr. Liu Xitang gave three suggestions:

1. On the selecting of EU experts, it is better to keep the EU experts for a relatively longer time to gain a better knowledge on China's situation and better understand the needs of the beneficiary. Based on this, the EU experience could be more valuable.
2. The work plan should be flexible, because the reality is complicated, and the budget should be adjusted according to the activities.
3. For the CN side, the international flight tickets is a problem in financial management and budget, both the EUD and China have different mechanisms.

● Observations by EUD

All the research areas within the project are relevant and look interesting. This year will be concept and analysis phases of the project implementation, so the involvement of EU experts is a core element. The EU has the suitable experts to share a number of different EU experiences that could be useful for the Chinese beneficiaries, such as sustainability and affordability of the social security system, mean test etc. A solution to involve more experts to share the same practice from different countries' perspective would be to involve the Embassies of the EU countries in Beijing, which would provide an alternative source to recruit experts from the appropriate background. The project should also maintain close contact with countries outside the consortium.

7. Conclusion by MOFCOM and the EUD

The following points have been highlighted by the EUD:

- 1) **Flexibility of the project organization:** the flexibility in terms of the organization and administration is appreciated, but there should be a review of how effective it is after a half year and a modification if necessary.
- 2) **Involvement of EU experts:** the project needs to involve more and diverse EU experts.
- 3) **Project budget of 2016:** the discussion will continue in a separate meeting, where the details will be further scrutinized.
- 4) **Synergies among the three Components:** the integration of the project should be enhanced, especially the links and exchanges among different components. Indeed, it is suggested to devise a mechanism of joint meeting, so as to enhance the inter-component communication.
- 5) **Visibility:** the Secretariat should articulate a communication and visibility strategy plan.
- 6) **Project Monitoring:** It is preferable to have regular dashboard of the project implementation so as to better monitor the progress, outcomes and performance. EUD will also provide all parties with the list of actions to be taken afterwards.
- 7) **Aide Mémoire:** The Aide-Mémoire has come into a good shape, even though some details will be further modified. The updated Aide-Mémoire needs to be provided as soon as possible.

Drafted by Component Assistants: Ms. Xu Chenjia; Ms. Valentina Pignotti; Ms. Zhang Caihua.

