

**6<sup>th</sup> February 2018**

**Social Protection Reform Project**

**4<sup>th</sup> Project Advisory Committee**

**Meeting Minutes**



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

**Location:** EU Delegation to China and Mongolia

**Time:** 9:00 am-1:30 pm

**Chairman:** Mr. **Jerome Pons** (EU Delegation, Head of Cooperation Section).

**Members:** Ms. **Tang Ling** (NDRC, Department of Employment and Income Distribution, Division Director); Mr. **Chang Hao** (NDRC International Cooperation Centre, Division Director); Mr. **Dai Bowen** (NDRC International Cooperation Centre, Project Officer), Mr. **Yang Liangjin** (MOF Actuarial Division, Department of Social Security, Division Director), Mr. **Li Yan** (MOF, Department of Social Security, Principal Staff); Mr. **Liu Xitang** (MoCA, Department of Social Assistance, Director General); Ms. **Zhang Lin** (MoCA, Department of Social Assistance, Division Director); Mr. **Li Chen** (MoCA, International Department, Project Officer); Ms. **Xue Qiuji** (MoCA, Center for Monitoring and Verification of Low Income Families, Director) Ms. **He Tianchun** (Ministry of Human Resource and Social Security, Technical Cooperation Division, International Cooperation Department, Principle Staff); Ms. **Wang Xiaofei** (China Population and Development Research Center, International Cooperation Department, Associate Researcher); Ms. **Sakura Moretto** (EU Delegation, Attaché).

**Observers:** Mr. **Massimo Antichi** (INPS, Project Leader); Ms. **Valeria Bonavolontà** (INPS, C2 Coordinator); Ms. **Sharon Di Nepi** (Staff of the Project Leader); Ms. **Francesca Giannini** (Staff of the Project Leader); Mr. **Laurent de l'Espinay** (Expertise France, Project Manager-Component 1 Coordinator and Project Secretariat C1-C3); Mr. **Marcin Grzegorz Pietruszka** (Ministry of Family, Labour and Social Policy, Poland, C3 Coordinator) ; Mr **Koen Vleminckx** (Belgium, Federal Public Services Social Security, Director Research and Publications, DG Strategy-Research and International Relations); Ms. **Adelaida Bosch Vivancos** (Ministry of Employment and Social Security, Spain).

**Secretariat:** Mr. **Michele Bruni** (EU Resident Expert C2 and Team Leader); Mr. **Jean-Victor Gruat** (EU Resident Expert C1); Ms. **Marzena Breza** (EU Resident Expert C3); Mr. **Zhang Guoqing** (Operation Expert for C1); Ms. **Ma Lan** (Project Assistant); Ms. **Valentina Pignotti** (C2 Assistant); Ms. **Sophie Shi** (C1 Assistant); Ms. **Iwona Rogacka-Hu** (C3 Assistant); Mr. **Lin Guowang** (Interpreter).

## 1. Opening remark by the EUD

Mr. Pons, new Head of the Cooperation, warmly welcomes all the participants to the fourth Project Advisory Committee meeting of the EU-China Social Protection Reform Project (SPRP), while introducing his colleague, Ms. Sakura Moretto, who took operations in replacement of the previous Project Officer, Ms. Xiaolin Yi. The European Delegation welcomes representatives of the National Development Reform Commission, Ministry of Finance, Ministry of Civil Affairs, Ministry of Human Resources and Social Security, other invited agencies, and members of the Consortium. The support and cooperation of the project partners has been fundamental to the project success up to now, yet the EU Delegation wishes continuous engagement from all parties in the 2018 program.

The year 2017 was very positive, all the three Components reached good results and carried out a series of fruitful activities. Between April and May 2017, the Project was subject of an external evaluation; its results were highlighted in the report that was shared with all the partners. The present meeting gives the opportunity to discuss the recommendations of the mid-term evaluation report, in particular on regards to the synergies among the three

components, and the activation of the role of the Team leader, which can better support the implementation of the project.

## 2. Opening remark by the Project Leader

Mr. Antichi thanks the EU Delegation for hosting the fourth PAC meeting of the project and all the participants attending. This PAC meeting is an important milestone not only for the project but also for Mr. Antichi, who attends for the first time as Project Leader since he joined the project. The Project Leader hopes the meeting will allow the participants to strengthen relationships and facilitate the coordination among project components in order to achieve overall project objectives through a functioning project implementation.

The third year of the project outcomes were focused on good scientific achievements given by high level events organized, both in China and in Europe. Furthermore, the purpose of increasing external collaborations led the project components to establish new contact with non-Consortium countries, enhancing expertise and exchanges.

Aiming at sharing some useful information with the participants and evaluating the status of the Project, Mr. Antichi introduces few slides that show the overall progress of the project and possible projections both from a scientific and financial point of view. The first slide represents the relation between the pre-financing received by the EUD and the expenditures incurred by the project during its implementation. During the initial project year, the first pre-financing is about 1,8 million euros. If we compare this amount with the total expenditures submitted to the EUD about 650 thousand euros, we can notice that the pre-financing resulted higher than the amount spent by the project in 2015, that was due the management difficulties faced in the beginning of the project.

In 2016, the pre-financing was about 1.7 million euros, while the project expenditure is about 1.2 million. The increase of expenditure is a result of changes that occurred during the second project year, which were crucial from the management point of view and allowed a smoothly implementation of project activities. Moving forward to the third year, the figures are estimations of both expenses incurred and possible pre-financing, based on information and forecasts shared by the project secretariats. In 2017, the expenditure should be about 1,8 million euros and the pre-financing expected to be received would be about 260 thousand euros (due to unspent funds). In 2018, we can expect to see an increase in the pre-financing, that could be about 1,7 million €, almost equal to the request of pre-financing, based on the forecast of the activities to be carried out in the last project year.

Considering the expenditures estimated for 2018, we estimate to reach a total expenditure of 5.5 million € by the end of the project, instead of 7.7 million, so the project is going to save 1.2 million Euros completing all the activities as foreseen in the Aide Memoire.

A following graph shows, in a cumulate view, the funds allocated up to date and the funds that are expected to be received before the end of the project, with the funds spent up to date and the funds that are expected to be spent. Moving to the expenditures incurred in each Component, a graph shows the expenditure, actual and foreseen, over the years by each Component of the project and for Horizontal activities. To sum up, at the end of the project, C1 will have completed the activities spending 78 % of its funding; while C2 will have completed the activities spending 90% of the funds; and C3 spending 77% of the funds. Overall, considering also the expenditure related to the horizontal activities about the 88% of the total

horizontal funds, we can estimate that the 82% of the project funds will be consumed at the end of 2018.

### 3. Introduction of project third year outcomes (2017)

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

If we look at the results achieved all along the previous years, 2015 topics was focusing on the fundamentals of pension systems, 2016 was focusing on sustainability issues, and aging issues with training in Spain, 2017 and continued in 2018 is on relevance and social efficiency. Now to go to details, concerning the research topics in last year, C1 looked into three new topics, namely employment and social protection policies and the evaluation of such policies, pension schemes parametric reforms, and introduced the topic of gender considerations in pension schemes while distribution was already explored in 2016 and was continued last year. These topics were materialized by EU background reports on pension parametric reforms including national reports of 7 different countries, and Chinese assessment reports were compiled by very well-known academics here in China including policy recommendations. There are two major events organized last year, one is in Beijing in August, the panel discussion with European experts who prepared the EU background reports to discuss parametric pension reforms. This panel discussion enabled the Chinese experts to discuss their concerns which were later presented in the international workshop in Paris in September. Now moving on to overseas activities committed last year, training on evaluation of social protection policies was organized in Germany a few days ago; in addition to that was the study visit and policy dialogue in France, Sweden, and Finland, providing NDRC with a chance to better understand redistribution issues in Nordic countries; and finally, the high-level visit to Italy, Spain and Brussels by NDRC representative to advance on future bilateral cooperation. One activity foreseen in 2017 which was a study visit to Romania was unfortunately not realized due to policy changes in Romania. Now a few words on the pilot sites, Consortium and NDRC conducted visits to Shanghai and Guangdong in February and March 2017 which led to a series of proposals that are formulated, shared and revised to be embodied in 2018 action plan. In addition to these activities, C1 participated as well in relevant events by other stakeholders, produced newsletters as well as contributions to the project website. The work achieved in 2017 was conducted with the full support of the NDRC and the Consortium.

- **Component 2 Coordinator – *Ms. Valeria Bonavolontà, Executive manager of Central Directorate for Studies and Researches, INPS***

Ms. Bonavolontà is pleased to share the 2017 results of the Component 2. In 2017, C2 addressed three topics, namely: 1) An integrated system for the coordinated management of the social assistance system; 2) Development of Old-age Services and Long-Term Care System; 3) Investment strategies of social funds and risk control methodologies. All the topics are based on the previous negotiation with the Ministry of Finance, and all are aiming at tackling the challenge of population ageing, which is also a common challenge faced by EU Countries, hence the discussions on the topics have been very interesting for both sides.

A series of experts have been engaged in the project providing assessments and research reports that will lead to the elaboration of policy suggestions. In 2017, the C2 held three panel discussions between August and early September, then in September carried out a Training course in France, which focused on the policy responses to the demographic challenges in the social security field. Finally, in order to complete the activities, the C2 will hold a Workshop on February 2018, for which a team of experts is already working to provide policy suggestions. For each topic, the C2 made a policy suggestions team, composed by both EU and Chinese experts. The upcoming Workshop has already been organized and representatives of other Components and external stakeholders are welcome to attend. C2 also hope to have a follow up activity of the Training course held in France, given it was also a recommendation underlined in the Mid-term evaluation report.

- **Component 3 Coordinator – *Mr. Marcin Grzegorz Pietruszka, Ministry of Family, Labour and Social Policy***

Mr. Marcin followed a presentation on 2017-year activities, and its results and outputs. He referred to the main events and the achievements of the both Chinese and Europe side in 2017 related C3 activities. In 2017 the project was supported by both Chinese and European experts. It is the consistence of the action designed that was approached from the beginning in C3, covering three results of the Project (R9-R11) and actions from the general assessment of the Chinese social assessments system and the execution of the several topics for social assistance in China with support with EU countries in connection with EU as report connected to those results.

Mr. Marcin states that in 2017 there were three topics specifically covered, mainly optimization of social assistance procedures and eligibility criteria for social assistance benefits, coordination of overall social assistance resources and fraud in social assistance identification, coping strategy and prevention. Instead of those mentioned above, outputs like assessment reports and policy recommendations reports are well prepared. Mr. Marcin mentioned that the MoCA Ministerial visit to Italy in May with the Chinese delegation led by deputy minister Mr Gong Pugang and the content of the visit focused mainly on high level policy dialog with the Italian Ministry of Labour and INPS. The role of means testing instruments, monitoring and social organisations in the social assistance were presented to MoCA delegation. In June, together with Expertise France, a two weeks training was organised and the main topics were the policy designing, practice sharing on social assistance benefits and services, as well implementation of these tools. In September, the study visits to Romania and Poland focused mainly on standards and accessibility of benefits and services, policy design and financial schemes. In December, the study visit to Italy and Belgium was organised. The visit was organised by several public institutions and the main focus was on social assistance means testing, policy implementation and monitoring.

Finally, Mr Marcin stated that in 2017 there were submitted three assessment reports by Chinese experts, three policy recommendation reports by Chinese experts, three best practices reports by EU experts and three policy recommendation report by EU experts. Mr Marcin emphasized the constructive planning of the pilot activities to be taken this year and it

is being in development at the moment. Mr. Marcin mentioned that in November, there was quite big mission of six senior EU experts as it was connected with several knowledge and practice exchanges with MoCA, MoCA Center of Verification and Identification for Low-Income Families, Chinese SPRP experts, academics from BASS, Nankai University, Sichuan University, and the others. Mr. Marcin mentioned the exchanges with academics, EUD and other EU projects in China, some technical notes, some newsletters every three months and regularly updated Project webpage. Mr. Marcin finalised with hopes to develop further fruitful cooperation in year 2018.

#### **4. Discussion on the third-year outcomes (2017)**

**NDRC, Ms. Tang Ling:** 2017 saw tremendous results from the hard work C1 and NDRC embarked upon together. Overall speaking, NDRC is very happy with the achievements of last year. NDRC expresses gratitude to all the project managers, coordinators and colleagues for their support and dedication in the overseas visits last year. There are two highlights in the 2017 activities for C1, first being the Consortium-NDRC joint visit to Shanghai and Guangdong. The delegation saw great progress in these two sites regarding social protection reform. EU experts also noted that some of the practices in the two sites are quite new and unique even for European countries. The second highlight was the Paris meeting in 2017, which was originally planned as the second China-EU policy-dialogue meeting on employment and social protection, to which could be added a small-scale policy dialogue meeting for officials from both EU member states and NDRC to sit together on topic of increasing social inclusion. From the feedback of participants, the meeting was very fruitful. NDRC would like to thank all counterparts and the Consortium for their support and dedication.

**MoF, Mr. Yang Liangjin:** Mr. Yang Liangjin is pleased to share with the participants that in the past year the C2 has reached many results, the MoF is very satisfied with the work performed up to now. Many reports have been produced and all the activities provided good achievements in the areas tackled by the Component 2 of the project. In 2017, the Training course carried out in France was a successful and meaningful activity. The policy suggestions elaborated by the team of experts, will be presented at the upcoming February Workshop that has already been organized. Finally, Mr. Yang expresses gratitude, on behalf of the Social Security Department of MoF, for the collaboration and good cooperation of all the EU and Chinese project partners.

**MoCA, Mr. Liu Xitang:** Mr. Liu Xitang noticed that the Polish college has just updated participants of the PAC meeting with the progress MoCA achieved on C3 during last year and stressed MoCA is very satisfied with the progress done during that year and since the Project began.

On behalf of MoCA Mr. Liu Xitang expressed his appreciation to the experts from EU and Chinese representatives for the hard work done and also thanks EU for supporting C3 activities. Mr. Liu just added one comment that besides the researches and special workshop in 2017 MoCA has also done couple preparations for the final projects activities (pilots). In 2017 MoCA invited prof. Guan Xining from Nankai University to draft the proposal on the

implementation plan of the final project pilots (which still has to be modified). Mr. Liu expressed that MoCA believes that this proposal is the key point for the future work on pilots.

At the end of the speech Mr. Liu thanks for support to all partners of Component 3.

**EUD:** From the European Union delegation side, it is good to see the progress made and achievements of 2017, a lot of good quality activities have been carried out by the three Components. This was also confirmed by the external mid-term evaluation. In relation to cross-cutting issues considered in implementation, in particular in relation to gender equality it is very good to see the attention being placed on this topic given also the EU's commitments to ensuring gender equality feature much more prominently in our external cooperation and relations. It was also good to see inclusive approaches adopted throughout the activities addressing the policy measures on regards to vulnerable groups, including people with disabilities, migrants, children, etc.

### 5. Introduction of 2017 Mid-term evaluation by the EUD

Ms. Moretto introduces the findings of the past mid-term evaluation, which is a common feature of EU projects as a tool to externally assess the quality of the intervention and to assure the transparency of the use of EU funds. After the evaluation was completed, the report was shared with all the partners, but there was no chance to discuss it comprehensively, thus it is good to see the PAC meeting putting this issue on the agenda.

The evaluation covered five criteria, namely: relevance; efficiency; effectiveness; impact; sustainability.

- **Relevance:** Overall the project's progress is very positively assessed in relation to relevance to stakeholders and main beneficiaries. The EUD is happy that the project well reflects the needs of the Chinese beneficiaries;
- **Efficiency:** shows spending is behind schedule up to November 2016, and some issues were raised in relation to the management structure of the project;
- **Effectiveness:** there is a recommendation to ensure the knowledge sequence of activities (Chinese research, EU best practice, panel discussion and formulation of policy recommendation) be completed with a synthesis of Chinese and European policy recommendations of individual research undertaken (we know the project is already taking actions on this direction); another useful recommendation noted was to capitalize on the study visits and training programs with with a unified best practice approach.
- **Impact:** the evaluator put forward a recommendation that the project adjust its mechanisms towards more synergies among the project components to achieve more impact.
- **Sustainability:** the report raises the issue of the long-term viable solutions for the existing social insurance scheme according to economic development and financing and that the private sector need to be approached in future activities as their views and those of the workers must be taken into account for social protection and pension system.

In particular, the EUD would like to discuss two recommendations that are systemic. The first is the the synergies among components, we know this issue is not new as it was already addressed during the last PAC and followed by a discussion, the issue was also addressed in the last Coordination Meeting, where Resident experts and participants raised some proposals. It would be important to see the synergies among the components within the

activity plan, where there are crossing issues (as the financial sustainability that covers various topics). Actual analytical review of such synergies is welcomed, and a synergy component is to be included in the work plan. The EUD would like to see the synergies more explicitly identified. It is important to underline that this is not seen as a problem but as an opportunity for the project to reach better objectives.

The second issue to be discussed is the activation of the “team leader” role within the project. The TL should be operationalized, the role should be carried out in Beijing and the creation of synergies among components would be one of the tasks. Other possible activities would be the development of a common model for technical notes, the establishment of monthly meetings with EUD representatives, and other tasks that would be useful to the project.

Finally, the evaluation recommended to encourage the information sharing among project and EU Member States, on this direction, the EUD has organized a meeting on Friday with representatives of EU member States, encouraging more information sharing.

## **6. Discussion on the 2017 mid-term evaluation**

Mr. Pons, invites the three Components to introduce any initiative that has already been implemented since the mid-term evaluation.

**Project Leader, Mr. Antichi:** the issue of synergies was deeply discussed in the last IMC meeting in Paris, all the partners agreed that it is important to strengthen the synergies among the components, yet at the moment, we do not have discussed on how to enforce the role of the TL. Mr. Antichi needs to discuss with the other partners on this issue. In the last Coordination Meeting, the participants discussed with the Resident experts and one possibility to strengthen synergies is holding periodical meetings among REs and integrate the collaboration among components in the activities, such as pilots visits. The Project Leader will discuss the issue with the REs and then make a final proposal.

Regarding the recommendation on involving more non-Consortium EU Member States, C1 and C3 have carried out overseas Study visits exploring the Scandinavian model, and a study visit in Germany, including EU countries outside the Consortium. Regarding the dissemination of results and the preparation of short documents, we have received proposal for C1, C3 and are waiting for C2.

**C2 Resident Expert, Mr. Bruni:** after the mid-term evaluation, the C2 started to make policy suggestions, which are based on both EU experts and Chinese experts, then unified in a final document.

As per the information sharing, Mr. Bruni has proposed and produced a statistical bulletin, but then he stopped because there was some resistance. Meanwhile, the C2 in the past year produced a periodical Newsletter that contain a statistic corner, for instance last two issues cover the topic of the One Belt and One Road initiative. Furthermore, the C2 would like to open a blog to extend a discussion on the topics and research touched upon the project and Newsletter. Finally. Mr. Bruni says that as he was supposed to be the Team Leader, but considering that the description of this role in the Grant is general and he has not been supported to clearly define the TL tasks. Proposing the way forward these tasks and role require aspecific description and should be developed.

**MOCA, Mr. Liu Xitang:** Mr. Liu believed that objective findings on joining the evaluation were achieved and Mr. Liu is happy with this. In relation to the issue of synergy, Mr. Liu gives a brief introduction about the background of the EU-China Social Protection Reform Project in China because some may be not very familiar with this project. Mr. Liu underlined that this project is very different from the previous one – Social Security Reform Project which was carried out by the Ministry of Human Resources and Social Security as Project Coordinator and current one has been done by NDRC, MoCA, MOFCOM and MoF. NDRC is mainly responsible for design the proposal of social security system and pension system, MoF is mainly responsible of management of the social funds and MoCA is more concerned about legal issues within the project topics.

Mr. Liu explained that C1 and C2 are focus more on social insurance system while C3 is more focused on the social assistance and that's these are very different topics against the background in China as a social security system. So that's why the position of the team leader has not been installed. The project is mainly led by NDRC, in this space MoCA has adopted different model which was adopted in the human resources and social security. Mr. Liu believes that also because of this organization structure wonderful results during the evaluation were achieved.

Mr. Liu explained how MoCA worked on C3 component, first evaluate the current existing system in China and then trying to identify the problems and then learning from the EU in terms of the best practices and after that have been doing pilot projects. Mr. Liu believed that because of this logic both sides have been able to achieve a wonderful results regarding C3. At the end Mr. Liu suggested that's better to focus more on how do better communicate between different component then talking about the consolidation of all the 3 components because this project is already moving to the end.

**NDRC, Ms. Tang Ling:** NDRC agrees with Mr Liu about his remarks on the background and the management of the project as well as his feedback and suggestions concerning the issues brought up by the evaluation. Taking lead in the SPRP, the Ministry of Commerce is also one of the chairing organizations for the PAC meeting today; it is safe to say that their opinions on the evaluation are in accordance with Mr. Liu's remarks. Mr. Liu and the NDRC representative were involved from the very beginning of the project, both believe that the nature of the project from its very fundament is designed to tackle different issues in social protection reform faced respectively by the three departments from their own perspective, thus synergy is not that big an issue from the beneficiaries' stand point. NDRC would also like to comment on the relevance issue, which was highly praised by the external evaluators; it has to be pointed out that this high relevance of the project is rooted in the flexibility given to different components. For C1, the project first focused on reform of social protection system, and then realized that the reform of social protection system was linked closely with employment and distribution policy, thus these two issues were added to the project at a later phase. As for project outcome and result visibility, the policy recommendations received during the project were shared, discussed and taken into consideration within stakeholders' own channel in departments of Chinese government besides the communication with EU counterparts. As for information sharing with EU member states, NDRC is more than happy to take part in such events. C1 ensures information sharing by the compilation of research reports, overseas visit reports, EU best practices, and other relevant documents which are sent to all stakeholders in both Chinese and English. As for efficiency of the project, especially concerning financial aspects, both EU and China have invested significantly with funding and logistics, and accounting was an issue during the first part of the project, but this issue was resolved by

personnel relocation, which is even more evident after Mr. Antichi assumed office in 2017. NDRC believes improvements will be revealing in the final evaluation.

**MoF, Mr. Yang Liangjin:** Mr. Yang agrees with the results of the mid-term evaluation. Yet the project partners should take into account that the three project components are carried out independently, maybe some name of the topics are similar, but the key points of focus are different. Mr. Yang agrees with Mr. Liu Xitang, it is not necessary to reform the project model, especially at the final stage of the project. The stakeholders can surely improve coordination among the three components and the Chinese Ministries.

**EUD:** Overall, the conclusion of the mid-term evaluation is positive. The EUD aims at identifying, among the recommendations, those elements that can be ameliorated and addressed in the future. On synergies and Team Leader the project as the Project Leader already have a number of ideas. These are to be included in the Aide Memoire for implementation in 2018.

Now that the project is at its final stage and the partners would like to request an extension, it is important to focus on the impact and to capitalise on the trainings so that we can demonstrate concrete results and sustainability of the action.

Finally, the EUD is looking forward to carrying out dialogue activities in 2018 with the participation of EU Member States and the Chinese stakeholders focusing on knowledge exchange.

## **7. Introduction of the fourth-year work plan (2018)**

- **Resident Expert of Component 1 - *Mr. Jean Victor Gruat***

In the previous years, at the beginning of the project C1 tried to identify the common threads for all events and research works. For 2018, the common thread is the role of social protection in upholding societal changes based on the references of the 13th Five-Year Plan and the outcome of XIXTH Congress. Topics envisaged for inclusion in the research activities in 2018 will thus complete the enriched project list assigned to C1 component. These topics refer to three of the objectives assigned to this component by project document. The first three topics: universal pension models, the occupational pension plans and the issues related to the informal sector integration; will be newly introduced to C1 program this year. The fourth topic, gender consideration is “to be completed” because this topic was covered in 2017 by two prominent Chinese experts with provincial reports and the results will be considered in a broader national scale and with European comparison in the 2018 program. Topic no. 5, interaction between employment and social security policies, contributes to the result of interagency cooperation and is an extension of work previously conducted since 2016. These topics are designed to incorporate a series of activities, of which the first batch is research. Research on these topics is a combination of analysis of EU background, China reports and the confrontational results from both sides. The research topics look quite similar to the previous topics except that these research topics go into details about the contents to be conducted in each topic. For example, concerning interaction between employment and social protection policies, the research will focus more on the issues of strengthening vocational training. Whereas for the issue of possible universal pension models which is a pure research activity, it will be conducted with China academy of social sciences and of course bear relations to the concerns relating to growing urbanization. The issue of occupational pension plans relates directly to the issue of how to involve the private

sector because the issue is how to do better to improve the situation in social provision with less governmental resources; and this is linked directly with the issue of extension of coverage through second and third pillars. Concerning the informal sector integration, the research will focus on the so-called Fourth Industrial Revolution which bears new approaches to work situation: work from home, internet working, multiple employers, etc. plus one important component both for EU and China which is active aging. Now moving on to the subject of overseas activities, the general content of the program and the proposed timing and venues are ready for implementation subject to approval by Chinese competent higher-level authorities. The third part of activities is in-country meetings. Two events are foreseen, one is a panel discussion with both Chinese and EU experts, and the second one is specifically a seminar or workshop on gender issues in employment and social protection. And finally the activities related to pilot sites of Guangdong and Shanghai. There will be practical activities in Guangdong on topics of management of social insurance; and the activities in Shanghai relates to demography issues of aging, also involving overseas visit to EU countries where aging is equally a major concern in social protection policy.

- **Resident Expert of Component 2 and Team Leader - *Mr. Michele Bruni***

In 2018 the Component 2 is focusing on three main topics agreed upon with MoF: 1) Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system; 2) Social contribution collections: toward a unified system; 3) The role of public finance and the enterprise annuities funds in the Chinese social security system. The activities on these topics will lead to the elaboration of concrete policy suggestions to support the MoF. The approach and methodology of the 2018 activities used by Component 2 will follow the standard procedures, as previously illustrated by J. Victor, including research carried out by both EU and Chinese experts, policy dialogue activities in Beijing, and overseas capacity building.

In 2018, the C2 plans to use of the budget provisions (Studies and research) to carry out in depth research on three complementary fields that have not been tackled up to now, namely: 1) Long term care for the elderly, occupational profiles, gender segmentation and training programs; 2) China's fiscal, economic, and demographic imbalances at the provincial level; 3) The sustainability of the welfare system: the methodological approach of the EU ageing commission and other organizations. Research 1) will be carried out by a EU expert, while research 2) and 3) will be carried out by Chinese experts.

In July, C2 will organize a training course for a delegation of around 15 MoF officials that will be held in Italy. In cooperation with MoF, C2 will try to organize a follow up of the training activities for the participants of the 2016 and 2017 training programs, as well as for those that will participate to the 2018 program. The format, the time and the place of the activity will be defined, possibly before the end of February 2018, with MoF. Finally, C2 in 2018 is also planning a few local study visits aimed at deepening the study on the situational analysis regarding the 2018 topics.

- **Resident Expert of Component 3 - *Ms. Marzena Breza***

Ms Marzena Breza said that C3 is being undertaking within the Project the research and technical exchanges between China and EU from the beginning of the project. For 2018 C3 part of the Project will cover two new research topics. One of them is a key part of the social inclusiveness – social services, which is a key activity for this year within C3 action plan. The

other is information policy of social assistance especially in terms of reforms and new instruments to be implemented in the social policy in China by MoCA.

Ms Marzena mentioned that to continue the approach from the last three years – Project will support MoCA with assessments reports, policy recommendation reports, including the best practices coming from the EU countries. The operational activities (follow up of the research done) will be executing some pilots in China, Ms Marzena said that pilots will also include training for a quite number of MoCA staff members. Ms Marzena stressed that performing pilots will also provide to an evaluation of pilot exercise, which should be a support to MoCA for the developing legal framework of social assistance. She mentioned someone information about the pilots will be directly provided by Mr. Director Liu Xitang from MoCA in the next part of discussion. Ms Marzena emphasized that following the last three years' direction, it is important to hold high level policy dialog events. The same plan is for C3 in 2018 to continue policy dialog in Europe and maintain a high level policy dialog between EU Member States and China. The other opportunity for having EU-China exchanges is to offer MoCA regular study visits (this year possibly to have some knowledge exchange and practice sharing with non-consortium countries). Ms Marzena stressed that for activities besides the research which is already ongoing, the team has already identified Chinese experts, who are working on the specific topics. The key issue for the C3 in 2018 are pilots and the follow up of the pilot exercise, which as was planned will support MoCA in terms of social assistance policy framework drafting. All the activities undertaken within C3 including year 2018's activities are strictly related to the 13th 5-year-plan that should be achieved by 2020. Ms Marzena emphasized that this year's focus is given to the social services, to support vulnerable groups like disabled, children, elderly people, etc. Ms Marzena stressed that for each and every activity: the research pillar, the technical exchanges - sharing knowledge and practices pillar activities within C3 are supported by EU experts, who are mostly public staff; (base on a kind of agreement and the expectation already expressed by MoCA before). The same kind of pattern is going to be repeated during the current year of implementation of the Project activities.

### **8. Discussion on the fourth year work plan (2018)**

**MoCA, Mr. Liu Xitang:** Mr. Liu started by saying that as Ms Marzena just shared with us work plan for 2018 and this work plan is achieved base of mutual efforts of both sides (SPRP C3 and MoCA).

Mr. Liu underlined that the pilot projects will be the most important in 2018 activities of C3. MoCA is participating in this pilot projects and will focus much of final project because MoCA want to contribute to the legislation issues of social assistance in China. Mr. Liu expressed that MoCA want to learn from special experiences learn from pilot projects and finally make contribution to legislation on social assistance for National Congress. China National People's Congress is working on legislation on social assistance so pilot projects may overlook of this legislation and Mr. Liu believes that pilot project be able to contribute some thoughts to national legislation of social assistance.

**NDRC, Ms. Tang Ling:** As for the plan of C1 overseas visit in 2018, NDRC agrees with what has been put forward by Mr Gruat because the plan is a result of deliberate discussion with Mr Gruat, Mr de l'Espinay and delegates from relevant EU member states. Bilateral cooperation with Spain and EU will be consolidated during the SPRP project. The cooperation plan with Spain has reached the stage of MOU confirmation. The cooperation with EU also sees great progress. Meanwhile, it is possible that some of our overseas activities will occur in EU countries which are not in the consortium, so NDRC sincerely hopes that it will get continuous support from EUD and the relevant member states in 2018.

**MoF, Mr. Yang Lianjin:** A series of meetings have been held with Mr. Bruni to elaborate and finalize the 2018 work plan. The research topics identified, well respond to the request and needs of the MoF. Regarding the Training, the parties will need to do more discussion to set the details. A proposal of the MoF is to increase the MoF participants from 15 to 18 people.

**EUD:** Mr. Pons remarks it would be important that part of the 2018 plan will include the gender issue and social inclusion. Social participation is also an important issue for 2018 and EUD would be very happy to assist in offering contacts and setting up meetings with certain organizations. Ms. Moretto Sakura points out that as the project is at its last year, the completion of the topics and activities must follow the original Grant contract. Even if topics have been amended according to the Chinese development needs, the Components still have to keep the original Grant project and make sure that the activities will be implemented on time, as for the case of C3 for instance, we also need to see effectiveness of the pilots via evaluation.

Both sides agree on the 2018 work plan. For future needs, the EUD is always available for consultancy.

As per the visibility, the EUD is looking forward to promoting the project and the image of EU in China. The details regarding the October (international day of older persons) visibility activity can be discussed in detail later on.

Regarding the reporting, it is necessary to simplify it in order not to overburden the project members in producing material the EUD will never read while ensuring respect for the contractual obligations which foresee annual reports both narrative and financial being produced after every 12 months of project implementation. It is important that these reports be submitted without the current delay. Narrative reports should refer to the provisions of the Logical framework.

Finally, given that the project is at its final stage, it is important to report on the progress towards achieving the expected results and impact of the project.

### **9. Open issues to be still possibly addressed**

**MoCA, Mr. Liu Xitang:** First Mr. Liu thanks Mr. Pons for holding the fourth PAC meeting in Beijing.

Mr. Liu confirmed that the 2018 is the year that we have to conclude EU-China SPRP project and Mr. Liu agreed with Mr. Pons that every and each side should try to present ideal result which have been achieved during the SPRP project.

Mr Liu underlined that the result of the C3 are mainly presented through the results achieved through the pilot projects and the 2018 will be the year that the results will be concluded with the pilot projects so that might be very challenging for C3 to presents the ideal results.

Mr. Liu reminded that the Project is started already behind the schedule because of the lack of the funds from the EU and when the Project was launched officially MoCA spent a lot of time for selecting experts and also to coordinate work between MOFCOM, MoF and NDRC. So Mr. Liu said that actually the pilot projects last less than fourth year. Mr. Liu hopes that for C3 (if the financial recourses allows) the period of this project can be extend. Mr. Liu said that in this way MoCA will be able to achieve the results which have been intended to achieve when this Project was started. Mr. Liu also underlined that when the Project will be extended MoCA will be able to achieve the quality research results and many other results which is very important to the whole Project.

Mr. Liu noticed that if this project will be finished in this Oct. MoCA will also stick to it but the results may be improvable. Mr. Liu hopes that the period of this Project can be extended. Mr. Liu shared that MoCA trough this Project could support National People's Congress of China to managed/to produce the national legislation on social assistance (as it was the case for the previous EU Project in terms of the social insurance legal act). Mr. Liu believes that MoCA can do a lot of work within C3 and that it can help National People's Congress to produce a national legislation on social assistance.

**NDRC Ms. Tang Ling:** Normally the annual activity plan of C1 includes 5 researches, 3 policy dialogues and 1 overseas training activity covered under project financial provisions. The work of NDRC focuses on macro level policy making and strategic planning thus the result of NDRC work can be less visible and less concrete than that of MoCA. Yet the reports of overseas visits would reach Political Bureau of the Central Committee of the CPC. NDRC plays a vital role in general policy making at national level. The year 2019 is the preparatory year for the 14th Five-Year Plan in China; there are a lot of work in the field of employment and social protection for NDRC to look ahead, and therefore it is willing to extend the project according to funding situation. However, according to what Mr Antichi just mentioned, the residual funding for 2019 would be about of 1 million EURO; NDRC needs a more detailed and focused discussion on what to do with this much funding and how long it will last. In principle NDRC welcomes an extension of the project and proposes a 6-month extension according to the residual funding. Just to add one more thing, in December 2017, NDRC has published a featured report about SPRP on its website, and further information concerning future activities will also be published in the same column.

**MOF, Mr. Yang Liangjin:** Mr. Fu Jinling, General Director of the Social Security Department of MoF already expressed MoF interest and willingness to extend the project. With the extended year, the outcome of the cooperation will be much better, and the results will be much reachable.

## 10. Discussion on open issues

- **Project Leader – Mr. Massimo Antichi, Head of Central Directorate for Studies and Researches, INPS**

It is possible to estimate the project expenditure until 2018 and the funds that will be still available. To do so, it is necessary to make assumptions; keeping the fixed cost constant for the extended year, we can assume that the project will carry out the same level of activities at

the same cost of the last three years (because the first year is the starting year, where there was not much expenditure), in this way it is possible to estimate the expenditure. According to the computation made, the project would need an amount of funds approximately around 1.8 million euros. Within this amount are included the basis costs, which are mainly related to salaries and logistics; these basic costs are about 1 million euros. We know that among the estimations made there are also overseas activities that, mainly for logistics, results really expensive. For this reason it could be an option to limit these activities while focusing on activities to be performed in China. For instance, it might be useful to focus on the pilot sites activities, because performing this type of activities in China might reduce the cost, the resources could be sufficient and the pilots could be a good occasion to explore the synergies among Components while providing policy solutions for the beneficiaries (for example, is the universal pension scheme a good solution? How to improve the funding system of the pension system?, etc.).

- **Delegation of European Union to China and Mongolia**

The EUD appreciates that all the project parties express their willingness to extend the project, which shows that the cooperation is going well. The financial constraint is an issue, as the EU cannot put additional funds, so it is important to see what the project can do with the funds available. As for the logic behind an extension, the EU would not agree on the extension just because there is money left, rather it must be justified based on the project's objectives and expected results not yet fully achieved and high likelihood that with an extension they would be achieved. This principle can help the parties identifying what can be continued and also for how long, that means there can be an extension of any of the components or some specific components, considering a defined timeline.

Hence, the EUD expects to receive, the latest, by the beginning of July, a concrete proposal. Also in this case, the EUD is available to support the process of project extension.

### 11. Other issues

Mr. Antichi presents that the EU partners recently encountered difficulties in receiving invitation letters from the Chinese beneficiaries to attend the yearly project PAC Meeting. Mr. Liu Xitang, from MoCA, explains that given that the PAC is a meeting organized by all the three components, MoCA cannot issue invitation letters, neither other Ministries can. The EUD will consult with MofCOM on this regard.

### 12. Conclusion by the EUD

To conclude, Mr. Pons makes some remarks:

**Aide Memoire:** the Aide Memoire in principle is approved subject to further modifications (synergies and Team leader issues need to be included in the document). The case of gender and inclusiveness should also be emphasized in the document. It is important for the project implementing stakeholders that objectives and results need to be included and pursued as per the original contract, . In terms of fine tuning the document, considering the Chinese New Year holidays in the middle, the document can be finalized by the end of February.

**Extension:** all the parties agreed in principle to explore the preparation of an extension of the project after November 2018. It is now for the Consortium to engage in the discussion on

objectives, activities, and timeline of the extension in order to provide a formal proposal to the EUD by the beginning of July 2018, at the latest. During this time, it is strongly suggested to regularly keep the EUD informed. The EUD can surely provide the best recommendations to present the proposal.

**Visa:** the project is to provide the EUD with the details of how the new visa policy impacts on project activities, upon receipt of this the EUD would approach the MoFCOM for support.

Finally, Mr. Pons thanks again all the participants for the good work performed so far, encouraging all the parties to continue their engagement in 2018.

*Prepared by the Project Office-Beijing*