

In this issue:

- Welcoming and project purpose
- Brief overview of the implemented activities
- The Official Project website
- Six months Chinese Government Policy Outlook
- Focus on Memorandum of Understanding – tool of cooperation
- The Ministry of Civil Affairs delegation visit in Italy

Welcoming and project purpose

Dear reader, as new Project Leader (PL) of EU-China Social Protection Reform Project (SPRP), it's a pleasure for me to introduce you the purposes and main objectives of the activities that the European Consortium, composed by 7 countries (Belgium, Czech Republic, France, Italy, Poland, Romania and Spain), and the Chinese Beneficiaries (National Development and Reform Commission, Ministry of Finance and Ministry of Civil Affairs) are addressing through the EU-China SPRP.

The project aims at supporting the Chinese central Government in further developing social security and inclusiveness of economic development throughout its society, by contributing to create a more complete and harmonized social protection system nationwide.

The EU-China SPRP arises from the need to address the problems of the Chinese system, identified in the followings: gap between rural and urban areas, ageing population weaknesses in the social protection

system, illegal labor.

Due to the European experience in facing similar issues and thanks to the knowledge acquired, the European Union started supporting the Chinese Government by defining an integrated plan for the Social Protection System Reform.



The Project contributes to bring tangible benefits to Chinese citizens through the improvement of the social protection policy framework, social protection schemes and practices.

The focus is, therefore, on the following themes, organized in three components:

Component 1

- Strengthening of institutional capacity for social protection policy development and reforms.

Component 2

- Enhancement of institutional capacity for financial management and supervision concerning private social security funds.

Component 3

- Improvement of legal framework and policy enforcement for social assistance.

In addition to the specific project results, the EU-China Social Protection Reform Project provides a unique mechanism to support cooperation and partnership that has been set up between Europe and China, as by establishing a mechanism for EU-China High Level Dialogue on other significant matters at a more global level and creating several partnerships between specialized Public Bodies of EU Member States and the Chinese Government Agencies.

Let me finally highlight that this project has a strong potential in paving the way for a better future and a performing cooperation among all the stakeholders involved.

Enjoy the reading!

Drafted by PL Massimo Antichi

Brief overview of the activities performed during the 1st semester of 2017

The 2017 started with two important coordination meetings, both by European than by Chinese side. The 12 of January 2017, the Representatives of the European Consortium Members attended the **Internal Management Committee** in Prague, in order to discuss about the mid-term status of the Project and the activities to plan for the third year. The meeting was a great opportunity to discuss about the coordination among Components and the visibility of the overall Project. At the same time, in Beijing, the European Delegation hosted the first **Coordination Meeting** of the year, with local Project Team and the Chinese beneficiaries to discuss about the Components based progress in 2016 and the activities and topics to be addressed in 2017.



The third **Project Advisory Committee** was held in Beijing on February 24, chaired by the European Delegation and MOFCOM, among representatives of Chinese stakeholders, European Consortium Mem-

bers, Project Secretariats and the Beijing Office. The meeting was an occasion to share the 2016 project outcomes, officially endorse the 2017 plan of activities and discuss issues to further promote the SPRP outputs among Chinese and European stakeholders.

Furthermore, under the auspices of Component 1 2017 program of activities, NDRC and the interested Consortium members led a **mission to C1 Pilot Sites in Shanghai and Guangdong Province** from February 26 to 3rd of March. The Consortium members' objective was to get better acquainted with the economic and social situation in the Pilot Sites, and formulate with NDRC proposals for future cooperation activities matching the expectations of the pilot sites, as well as the competences and availability of the European party.

During the **MoCA Ministerial visit to Italy** from 24 to 26 of May, a delegation of the Ministry of Civil Affairs of the P.R. China, under the leadership of the Deputy Minister Mr. Gong Pugang, participated in several policy dialog meetings. MoCA Deputy Minister met the Italian Under-Secretary of State of Labour and Social Policies, Hon. Franca Biondelli; Mr. Tito Beori, President of INPS; and Ms. Rita Visini, the Regione Lazio Assessor for Social Policies.

Read Ms. Marzena Breza article about the MoCA visit to Italy!



On June 8 2017, the EU Delegation to China held an **Information meeting** on the EU-China Social Protection Reform Project (SPRP) in Beijing, a very successful and promising opening for future cooperation. More than 30 participants attended the meeting, gathering the SPRP Resident Experts, the representatives of the Chinese beneficiaries of SPRP, EU Member States and International and Chinese agencies working in the field of social protection.

As a part of the 2017 Component 3 Work Plan, a **2-weeks Training to France** has been organized for the **Ministry of Civil Affairs P.R. China** with participation of a delegation of 15 central and local government staff. The main goal of the training was sharing information on policy design, knowledge and practices in terms of Social Assistance Benefits and Services Legal Framework, Implementation and Monitoring.



On June 29 2017, Ministry of Civil Affairs hosted the **4th Panel Discussion of Component 3**, attended by 50 participants. The main goal of the event was to present first research outputs on the issues of targeting in social assistance, coordination of social assistance resources and fraud identification and prevention in social assistance, as well as the outputs of the study on social assistance structures of P.R. China. The presentations were followed by comments coming from scholars invited to the event by MoCA and local staff, while Ms. Marzena Breza, C3 EU Resident Expert presented conclusions.

The Official Project Website

Visit the official Project Website <http://www.euchinasprp.eu> and read about all the news, events and activities of the EU-China Social Protection Reform Project.

The Project website is both in English and Chinese language and is an important tool where all the documents and reports delivered thanks to the Project activities are stored. In each Component page, you can find the main activities performed and download all the documents drafted by the European and Chinese Experts who are involved in the Project, while in Tenders and

Recruitment page, all the Term of Reference for the recruitment of the European and Chinese Experts are published.

*Drafted by the Horizontal Secretariat
July 2017*

CHINESE GOVERNMENT POLICY OUTLOOK FEBRUARY-JULY 2017*

FEBRUARY - Plan to promote employment

The State Council released the 13th Five-Year Plan (2016-2020) on employment, which set a target of creating more than 50 million jobs by 2020, with reasonable rises in wages and decreasing the urban registered unemployment rate to below five percent.

Improvements on the entrepreneurial environment and human resource structure are also urged.

FEBRUARY - China to establish medical centers at national and provincial levels

The National Health and Family Planning Commission announced its plan for medical centers during the 13th Five-Year Plan period (2016-2020).

According to the document, China is planning to establish national medical centers across the country and set up one regional center for comprehensive medical treatment in every province by 2020.

February - China pledged to guarantee paid maternity and paternity leave

The National Health and Family Planning Commission issued a development plan for the country's family planning during the 13th Five-Year Plan (2016-2020) period.

The plan called for promoting the implementation of maternity leave, nursing leave and related policies, and urged efforts to guarantee employees' pay and other benefits during the period of extended maternity and paternity leave.

It also encouraged women to give birth at childbearing ages and to return to work after maternity leave.

February - Plan to curb chronic diseases



The State Council released a medium to long-term plan (2017-2025) on the prevention and treatment of chronic diseases.

It set a goal that by 2020 premature death rate in 30 to 70-year-olds caused by chronic diseases such as cardiovascular diseases, cancer, respiratory diseases and diabetes would be reduced 10 percent compared

*This policy brief is an extract from the State Council website: <http://english.gov.cn/policies/policywatch/>

with 2015, and 20 percent by 2025. The number of people who regularly exercise is expected to reach 500 million and the smoking rate among people over 15 years old would be within 20 percent by 2025, the plan said.



February - Smart health and elderly care

China plans to develop smart health and the elderly care industry over the next four years, the Ministry of Industry and Information Technology (MIIT) announced on Feb 17. According to an action plan made by the MIIT, Ministry of Civil Affairs and National Health and Family Planning Commission, China will build a smart health and elderly care industry with more than 100 industrial leading enterprises and a number of brands by 2020. Advanced health devices will be developed, such as health management wearables, portable health monitors and home service robots, the plan said.

Intelligent analysis technologies will be promoted, such as real-time health status analysis and health trend analysis based on big data, so

as to provide more types of health-care services to the public.

February - Improve poor counties' autonomy with subsidies

The pilot reform that aims to improve the efficiency of the poverty alleviation fund will be expanded to all 832 registered poor counties, according to a circular issued by the Ministry of Finance and the national poverty alleviation office.

According to the reform, the mechanism of allocating funds from upper authorities to poor counties remains unchanged, while the autonomy of local authorities to use the fund will be improved.

MARCH - Regulation of poverty relief fund

Six departments including Ministry of Finance and the State Council Leading Group Office of Poverty Alleviation and Development released a regulation to manage the poverty relief fund set up by the central government.

The regulation stipulates expenditure amounts on poverty alleviation and development, poverty relief through offering jobs to build infrastructure, ethnic groups development, and relief work in State-owned farms and forestry lands.

MARCH - Worker resettlement in overcapacity reduction

Five departments including the Ministry of Human Resources and

Social Security and the National Development and Reform Commission issued a circular regarding worker resettlement in overcapacity reduction of steel and coal sectors this year.

According to the plan, efforts will be made to resettle workers and ensure their jobs and livelihoods amid overcapacity reduction.

MARCH - Focus on employment in 2017

Ministry of Human Resources and Social Security and Ministry of Finance released a circular to implement current policies on employment and entrepreneurship.

Worker resettlement amid overcapacity reduction of steel and coal sectors will be among the top priorities.

APRIL - Treatment of critical illnesses cover poor rural population by 2018



According to a document released by the National Health and Family Planning Commission and Ministry of Civil Affairs, special treatment of critical illnesses will cover all the

disadvantaged population, residing in rural areas, by 2018. By 2020, around 90 percent of local patients will be diagnosed and treated in counties.

APRIL - Interest rates of pension insurance unified

According to a document jointly issued by the Ministry of Human Resources and Social Security and Ministry of Finance, pension insurance interest rates for employees of enterprises, government departments and public institutions will be unified.

The rate will be based on the wages of employees, as well as the performance of the insurance fund, and determined by the government every year. The rate, however, will not be lower than a fixed-term deposit rate.

MAY - Further support to private healthcare services



According to a circular released by State Council, China will encourage development of diverse private healthcare services, in an attempt to meet people's growing demand for healthcare and regulate the private medical market.

More efforts will be made to develop general medical services, traditional Chinese medicine, frontier medicine, and personalized services.

By 2020, private healthcare services will be substantially improved with better technology, services, and reputation.

JUNE - China to establish credit system in healthcare

The National Health and Family Planning Commission and the State Administration of Traditional Medicine of China jointly released a guideline on strengthening the codes of conduct in the health care system. The guideline clarified that the healthcare industry should establish a credit system to list institutions and individuals with bad records in medicine purchasing and health services.

Those with poor credit records will be banned from the industry.

JUNE - Premier Li to ensure reliability of nursing care insurance

Premier Li Keqiang said that private pension care insurance, similar to social security fund, comes from people's pockets, and all insurance organs must ensure its security, during the State Council executive meeting on June 21. The meeting decided to speed up measures in the development of private pension care insurance to improve the social insurance system and provide basic healthcare for the elderly.

According to the Premier, govern-

ment organs should implement financial and taxation policies to support the insurance and elderly care service industry, accelerate commercial pension insurance trials, encourage commercial pension insurance institutions in basic pension insurance fund and investment management, and offer quick and convenient service for commercial pension insurance capital.

JUNE - Sharing economy, private pension insurance support flexible employment

The State Council executive meeting held on June 21 laid out measures to promote the sharing economy and private pension insurance, two important sectors for employment.

With employment as a top priority, the government has created 50 million new jobs for the urban population in the past four years.

According to a report from the International Institute for Management Development in Switzerland, China ranked first in terms of employment and national economy.

As an emerging sector, the sharing economy can create more jobs and dissolve excessive production capacity while optimizing scattered resources.

Statistics from the National Development and Reform Commission showed that 600 million people were engaged in the sharing economy in 2016, and 60 million people provided services.

Among the 60 million, many are flexible employees, a new pattern emerging in the sharing economy. Changes in employment require different social security systems for individuals, Premier Li Keqiang said at the meeting.

Unlike traditional enterprises and employees, flexible employment needs a diversified pension system to ensure a stable future for everyone involved. According to Premier Li, private pension insurance is both necessary and pragmatic to support the development of the sharing economy, which is conducive to an aging population and the new employment landscape.

As China's society is undergoing profound changes, the decisions made at the meeting will continue to help maintain social stability with ensured employment and pensions.

JULY - China to further promote commercial pension insurance



The State Council released a guideline to speed up the development of commercial pension insurance. According to the guideline, commercial pension insurance, provided by commercial insurance institutions, is defined as insurance prod-

ucts and services that mainly serve an older age group with major functions, including pension risk control and old pension fund management. The move is aimed at establishing a multi-level, old age security system, as a way to cope with the aging population and to improve people's livelihoods.

Until 2020, commercial pension insurance will play a major role in the promotion of both individual and family commercial pension plans, as well as in the healthy development of elderly care service industries, so as to become a stable contributor to financial safety and economic growth.

To achieve the target, the guideline required related industries and departments to supply diversified and individualized pension insurance products and services according to people's demands.

*Drafted by Michele Bruni C2RE,
30 June, 2017*

Towards sustainable cooperation - the aftermath of the Project

One of the key results expected from SPRP activities is to identify and activate mechanisms for partnerships between Chinese stakeholders and European specialized agencies that will ensure, after the project is formally completed, that policy dialogue and cooperation continue smoothly in the areas covered by social protection reform. Such prospects for continued

mutual exchange is enshrined in the SPRP logical framework as Result 1, and embodied in its strategic planning. To this end, the Chinese National Development and Reform Commission NDRC has indeed started to explore, with his project partners in France, Spain and Italy, as well as with the European Commission in Brussels, ways and means to conclude specific bilateral agreements to guarantee a future to their current very effective and intense phase of cooperative activities.



The Chinese Ministry of Civil Affairs MoCA has been working along the same path, and notably negotiated instruments on cooperation in the field of social welfare with its counterparts in Poland and in Italy during project life. Such agreements, commonly named "Memoranda of Understanding" are indeed of great value to facilitate, under a very flexible format, that partners are at all time legitimate and ready to react promptly whenever an opportunity or a need arise, without having to recourse to sometimes cumbersome and lengthy negotiations. Under the previous EU-China project on Social security reform (2006-2010) such a Memorandum of Understanding was concluded that allows, until now, for the con-

tinuation of ad hoc bilateral cooperation between the French and the Chinese schools for high-level social security studies. It is to be expected that the Memoranda currently in the process of finalization will provide similar opportunities for continued policy dialogue in social protection. Interestingly enough, Memoranda of Understanding can cover both broad areas of joint exchanges and reflection and specific fields for practical intervention. Already in early 2017, a team of European and Chinese representatives undertook a joint mission to Shanghai and Guangdong province, designated Pilot sites by NDRC, to identify possible areas for future practical cooperation in the field of social insurance reform management. Towards the end of the current year, a coordination meeting between Consortium partners and all three main Chinese stakeholders – NDRC, MoF, MoCA – will be held in Rome to jointly prepare for a successful last year in project implementation, and elaborate a strategic plan for continued collaboration – notably on the basis of Memoranda of Understanding which by then will not doubt have been concluded and signed.

Drafted by JV Gruat, 30 June, 2017

MoCA Ministerial visit to Italy May 2017

In the framework of cooperation between MoCA and several EU countries within EU-China Social Protection Reform Project, Mr. Gong Pugang, Deputy Minister of Civil Affairs P.R.China, together with high

level officials, hold a study visit to Italy. Same as last year when MoCA Minister was visiting to Poland and Spain, Component 3 of EU-China SPRP supported this event.

The main goal of the visit was to hold a policy dialog between the Deputy Minister of MoCA Mr. Gong Pugang and the Italian Under-Secretary of State of Labour and Social Policies, Hon. Franca Biondelli.



Beside that, several exchanges with Italian governmental bodies under the leadership of INPS Italian Social Security Institute have been organized.

During the few days visit, MoCA delegation had several opportunities for knowledge exchange and with national and regional level authorities dealing with social assistance in Italy including policy makers, experts and practitioners e.g. NGOs providing social services.

One of the main focus of the visit was knowledge exchange between MoCA and INPS President Mr. Tito Boeri and high level staff responsible for ISEE (Indicator of the economic situation) on the means testing procedure, family allowances, benefits for disable persons, home care premium, etc. As for the exchanges with Regional level government, the focus of the dialog was given to the

issue of coordination for assistance on the field for old-age people and long-term illness.

The field visits was organized to Caritas, which is supporting socially excluded and poor people included these one with migrant background.

The MoCA ministerial visit was concluded by setting and a proposal of signing a Memorandum of Understanding to be signed between MoCA and Italian Ministry of Labour and Social Policies together with INPS. The key points of further cooperation have been specified as follows:

- a. procedure of social assistance applications - eligibility criteria; assessments of family income and assets;
- b. monitoring of the socio-economic conditions of the applicants and beneficiaries of social assistance scheme;
- c. role, mandate and funding procedures for NGOs acting as social services providers;
- d. monitoring and evaluation of the social policy instruments (benefits and services).

The MoU is planned as an active instrument for mutual cooperation between Italy and China currently based on the EU-China SPRP capabilities and later on for strengthening follow up activities. The MoU is proposed as a cooperation platform for exchanging the new legal framework and reforms undertaken in the field of social assistance as well for deepening the knowledge at operational level (implementation process) which is coordinated in Italy by INPS.

*Drafted by Marzena Breza C3RE,
11 July, 2017*



Social Protection Reform Project
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