

Interim Report 2015



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

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ANNEX VI INTERIM NARRATIVE REPORT

1. Description

1.1 Name of Coordinator of the grant contract: Italian Institute of Social Security (INPS).

1.2 Name and title of the Contact person: Mr. Giuseppe Conte, Head of Central Directorate for International and European Convention.

1.3 Name of Beneficiaries and affiliated entities in the Action:

- Italian Institute of Social Security (INPS);
- Expertise France (former ADECRI);
- Federal Public Services Social Security (FPS);
- Ministry of Labour, Family, Social Protection and Elderly People (MoLFSPE);
- Ministry of Family, Labour and Social Policy (MRPiPS) (former Ministry of Labour and Social Policy);
- Ministry of Employment and Social Security (MEySS);
- Ministry of Labour and Social Affairs (MoLSA);
- International and Iberoamerican Foundation for Administration and Public Policies (FIIAPP);
- Italia Previdenza (SISPI);
- National School of Administration (SNA).

1.4 Title of the Action: EU-China Social Protection Reform Project (SPRP).

1.5 Contract number: DCI-ASIE/2014/350-601

1.6 Start date and end date of the reporting period: 17 November 2014 – 16 November 2015.

1.7 Target country(ies) or region(s): People's Republic of China.

1.8 Final beneficiaries and/or target groups¹ (if different) (including numbers of women and men):

The overall scope of the SPRP project is to further develop social equity and inclusiveness of economic development throughout Chinese society. To better describe the specific objectives both problems/needs and cross cutting issues have been analysed in order to define the three different Components of the SPRP project. For each Component specific Chinese government entities have also been identified. The three Components are the following:

Component 1	Consolidation of institutional capacity for social protection policy development and reforms in collaboration with the National Development and Reform Commission (NDRC), China's "super ministry" and comprehensive policy making agency, responsible for strategic overview of the national social and economic development of China.
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¹ "Target groups" are the groups/entities who will be directly positively affected by the project at the Project Purpose level, and "final beneficiaries" are those who will benefit from the project in the long term at the level of the society or sector at large.

Component 2	Enhancing of institutional capacity for financial management and supervision concerning social security funds in collaboration with the Ministry of Finance (MoF), responsible for China's economic and public finance policy, the central government's annual budget and for public finance legislations.
Component 3	Improving of legal framework and policy for social assistance in collaboration with the Ministry of Civil Affairs (MoCA), responsible for policy development in the area of social assistance and the operation of the social assistance/welfare system.

Other Stakeholders

In addition to the Main Stakeholders, other Stakeholders involved in the SPRP have been identified.

- **The Ministry of Human Resources and Social Security (MoHRSS)** is responsible for the operation of the social insurance schemes and the development of social insurance policies/regulations;
- **National Health and Family Planning Commission (NHFPC):** will be involved in the project activities related to the impacts on medical insurance;
- **The Chinese Insurance Regulatory Commission (CIRC)** is a sector supervision body on insurance companies;
- **All-China Women's Federation (ACWF)** is a semi-government institution which is fully devoted to gender protection;
- **All-China Federation of Trade Unions (ACFTU):** represents the interests of the workers who are the main beneficiaries of and contributors to social security schemes;
- **The Legislative Affairs Office of the State Council (LAO)** is an administrative office within the State Council of the People's Republic of China which assists the Premier in providing legal advice and administrative laws to govern the behaviour of the different government departments.

Final Beneficiaries

The Final Beneficiaries of the Social Protection Reform Project are potentially all Chinese citizens. In order to focus our attention to the different beneficiaries, different clusters have been identified. It is important to stress that these clusters are not mutually exclusive; thus, a citizen can belong to more than one cluster. The following table describes each cluster as well as the impact of the three project Components on each of them.

Final Beneficiaries		Components		
		1	2	3
Private Sector Workers	Employees who have a regular contract of employment with a private sector entity	X	X	
Commercial Activity Owners	People who own their own business	X	X	
Self-Employed	People who are not formally hired by companies but they are paid for services provided	X	X	
Informal Employees	People who have a temporary, seasonal, part-time or hourly-paid work	X	X	
Foreign Workers	Non-Chinese citizens working in China	X	X	
Private Sector Pensioners	People who have concluded their work in a private sector entity and they are eligible to receive retirement benefits	X	X	
Rural Landless Households	Farmers without landed property	X	X	X
Rural Workers	Farmers with landed property	X	X	X
Public Sector Workers	Employees who have a contract of employment with a public sector entity	X	X	
Public Sector Pensioners	People who have concluded their work in Government entity and they are eligible to receive retirement benefits	X	X	
Unemployed People	People without a job at present moment	X	X	X
Relatives of Workers	Families of every type of workers	X	X	
Women	Adult female Citizens	X	X	
Elderly People	People who are over the retirement age (In China the retirement age is about 60 year-old for the men and 55 year-old for the women)		X	X
Children	People aged less than 16 years		X	X
Disabled People	People who are physically or mentally disabled		X	X
Person afflicted by Occupational Accidents	Workers suffering of occupational injury or disease	X	X	
Enterprise	A company organized for commercial purposes		X	
Minors Workers	Workers between 16 and 18 years old	X	X	
Patients	People who are under medical care or treatment		X	X
Migrant Workers	People who leave their administrative division (Province, County or Municipality) and settle in another administrative division for working reasons	X	X	X
Indigent People	People that cannot provide the necessities of life (food, clothing, decent shelter etc.) for themselves		X	X

As clearly showed in the above table, Component 1 has an impact on all clusters active in the working world or receiving a pension benefit. In addition, Component 2 deals with the general management of the funds and is crosswise and cuts across all cluster. Finally, Component 3 aims to improve the living conditions of individuals most needy and destitute.

Final beneficiaries, Component 1
Private sector workers (female ca 45%)
Commercial activity owners
Self-Employed
Informal Employees
Foreign workers
Private sector pensioners (female 45%)
Rural landless households
Rural workers
Public sector workers (female 40%)
Public sector pensioners
Unemployed people (female unemployment rate 3.9%, male 3.6% - the WB)
Relatives of workers
Women
Persons afflicted by occupational accidents
Minors workers
Migrant workers (Female 33% - ILO)

Target Groups

The Target Groups of the Social Protection Reform Project are Entities that will be directly and positively affected by the project. This includes all the staff of the Chinese Government institution involved in the SPRP.

The following table contains a first list of the Target Groups identified and it shows how the three Components activities affect them.

Target Group	Components		
	1	2	3
High level Officials of NDRC	x	x	x
Managers of NDRC	x		
Staff of NDRC	x		
High level Officials of MoF	x	x	x
Managers of MoF	x	x	x
Staff of MoF	x	x	x
High level Officials of MoCA	x	x	x
Managers of MoCA			x
Staff of MoCA			x
High level Officials of MoHRSS	x	x	x
Managers of MoHRSS	x		
Staff of MoHRSS	x		
High level Officials of MoA	x	x	x
Managers of MoA	x		
Staff of MoA	x		
High level Officials of NHFPC	x	x	x
Managers of NHFPC	x		x
Staff of NHFPC	x		x
High level Officials of LAO	x	x	x
Managers of LAO	x	x	x
Staff of LAO	x	x	x
Members of CIRC	x	x	x
Representatives of ACWF	x		x
Local Administrators*	x	x	x
Local Officials*	x		x
Local Staff*	x		x

*if requested by stakeholders or ministries due to the involvement of local units in the project

High level officials, managers and staff of ACFTU are target groups for C1

1.9 Countries in which the activities take place (if different from 1.7):

- Italy → Internal Management Committee;
- France → Training;
- Spain → Dialogue and Study visit;
- Poland → Dialogue and Study Visit;
- Czech Republic → Dialogue and Study Visit;
- Belgium → International Workshop.

2. Assessment of implementation of Action activities

2.1. *Executive summary of the Action*

During this first year, scientific activities of the 3 Components have been planned and launched, both in Europe and in China, and priority topics have been defined in order to start project activities. Furthermore, actors (Component Coordinators, Resident Experts and Short Term Experts), who could take part in scientific activities, have been identified.

The project starts its activities with the setup of a stable presence in Beijing, through the Team Leader and Resident Experts, who promptly contacted their Chinese counterparts in order to share all the main aspects of the project and define the scientific plan of activities, on the basis of their needs, requests and specifications. Such collaboration will ensure a complete qualitative and quantitative analysis of the main features of each topic and a clear identification of processes, beneficiaries, target groups, issues and risks of the current social protection Chinese system.

The work performed has allowed the Consortium to refine the provisions in the Grant Application Form in order to make it more suitable to the needs of the Chinese Beneficiaries to whom this project is dedicated. In this context, it is also important to underline the flexibility demonstrated by the Resident Experts, the Team Leader and the Consortium as a whole to accept the various requests made by the Chinese Beneficiaries and the EUD, always in accordance with the Grant Application Form and the project guidelines.

Specific Objectives:

- **Component 1:** Greater effectiveness and inclusiveness of China's social security system through strengthening the institutional capacity for developing policies.
 - Indicator: Comprehensive reforms proposals are developed and subject of public discussion.
- **Component 2:** Implementation of appropriate legal and regulatory frameworks and for enhanced and sustainable financial management of the social security system.
 - Indicator: Mechanisms for Social security financial management are clarified and subject of public discussion.
- **Component 3:** Improvement of the policy and legal framework and policy enforcement of social assistance.
 - Indicator: Reports concerning access to social assistance show improvements in benefits targeting.

2.2. *Results and Activities*

Starting from the three Components, eleven Expected Results for the SPRP project have been identified. The first Expected Result is generally broad while the other 10 are strictly connected to each specific Component.

Horizontal result and activities

R1 - "Mechanisms for EU-China high level policy dialogue on social protection reform is established and partnerships between Specialized Public Bodies of EU Member States and the National Development and Reform Commission (NDRC), the Ministry of Finance (MoF) and the Ministry of Civil Affairs (MoCA) on social protection are developed"

- *"Indicator 1":* High level conferences attract attention of the technical specialists and of the media. → Achieved - Thanks to the participation of more than 100 experts, policy makers (including ministers from China and EU countries) and practitioners a solid visibility of the project has been achieved. In addition, due to the internal rules, media has been invited (after an agreement on that with MoCA and EUD).² (Activities A1.2, A1.3, A1.4.)
- *"Indicator 2":* Mechanisms for further high level dialogue on social protection policy development, financial management and social assistance after the end of the project are agreed. → Not achievable at this stage of the project - This indicator is related to mechanisms to be agreed after the end of the project and, for this reason, it can't be considered achieved when the project is ongoing. However, solid basis have being built for high level dialogue on social protection among project stakeholders, both in Europe and in China, especially through the organization of the high level event and Policy Dialogue. (Activities A1.2, 1.3.)
- *"Indicator 3":* Dedicated Project Website updated every month. → Partially achieved - The website originally developed did not fully meet the needs emerged in the unfolding of the project and it has been updated with the project information multiple times per year but not on a monthly basis; thus, a new domain was acquired that now hosts a renovated Project Website, managed and updated by the new Project Secretariat and all the European participants. Meanwhile, Components 1 and 3 created temporary websites that were periodically updated. (Activity 1.4.)
- *"Indicator 4":* 2 Electronic Newsletters a year. → Partially achieved - Components 1 and 3 published and disseminated components newsletters. Component 2 didn't produce a newsletter for 2015, due to issues arisen during the first year by Project Secretariat and Component Coordinator. However, the new Horizontal Project Secretariat foresees to produce a unique newsletter for all the 3 Components, starting from the one related to the first year of the project. (Activity 1.4.)
- *"Indicator 5":* List of users registered to the Electronic Directory of Contacts is widespread among the participants each quarter. → Partially achieved - During 2015 the directory of contact has been shared among project stakeholders through e-mail. The electronic version will be included in the new project web site. (Activity 1.4.)
- *"Indicator 6":* Cooperative work between EU and national stakeholders in social protection is documented. → Achieved - Component 1, 2 and 3 have produced and shared with the EUD various documents such as best practices, situational analyses and assessment reports, as well as the summaries of STEs' missions. Cooperative work has been performed also for organising the events held in China. (Activities A1.1, A1.2, A1.3.)

A1.1 "First PAC meeting in Beijing on 21 April 2015"

² Invited media for 2015 HLF: 人民日报, 新华社, 中央人民广播电台, 中国社会报, 民政部网站, 民政部档案馆, 中央电视台, 中国民政, Austrian Radio & TV ORF, 奥地利广播集团, AGI news agency 意大利 AGI 通讯社, POLISH RADIO 波兰电台, Portugal News Agency - Lusa 葡萄牙通讯社.

The PAC meeting is the formal event to share and approve all the decisions taken during the Inception phase of the project. During this event all major stakeholders have shared the project's guidelines, the plan of the project activities for the next 12 months and the relative priorities to be addressed. The meeting has also provided sessions dedicated to individual Component, which has advanced scientific themes with all the major players involved, both European and Chinese.

A1.2 “Opening Event of the Social Protection Reform Project”

This event had more than 100 participants (ministers, policy makers, experts, practitioners and Chinese officials from MoCA, NDRC and MoF) and it took place on 15th September 2015 in Beijing.

During this event, which represents the official launch of the EU-China SPRP project, there was the formal presentation of the European Partners of the Consortium and of the three Components of the project to the Chinese stakeholders. This event had a political-institutional resonance, with the involvement of highly influential world level experts in the field of social security and welfare, and have been emphasized by press coverage of the event, following the instructions provided by the Chinese Beneficiaries and in compliance with the EU visibility guidelines.

The opening event was initially planned on the same date of the first PAC (Month 4) but, considering the importance of emphasizing the scientific activities rather than the visibility of the project and considering some organizational issues, it has been decided, together with the Chinese beneficiaries and European Delegation, to postpone the event in September (Month 9).

A1.3 “2015 EU-China High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance”

This event had more than 100 participants (ministers, policy makers, experts, practitioners and Chinese officials from MoCA, NDRC and MoF) and it took place on 15th-16th September 2015 in Beijing. The 2 days event were accompanied by the previously mentioned launch event of the EU-China SPRP.

In April 2015, MoCA expressed the willingness to organize the High Level Event in Beijing due to the limited possibility, at ministerial level, to participate in the events organized in Europe. The High Level Event allowed high level representatives (such as policy makers) of the Consortium and Chinese counterparts to ensure a focused discussion on the main challenging issues in the field of Social Assistance in China by using the EU experiences and different social assistance policy instruments.

The HLE provided for an excellent opportunity of High Level Policy Dialog between the EU and China.

A1.4 Visibility activities

The activity of Visibility, assigned to Formez in its role of Project Secretariat, wasn't carried out by them for lack of resources and a critical situation due to some politics guideline related to the spending review. As a consequence, INPS, for the most important events, has taken the responsibility of this activity with the support of Partners, local agencies and Chinese Beneficiaries, which directly invited the local press for the High Level Forum. In this occasion, as also in other local European events as workshop, training and study visits, leaflets, brochures, banners and photographs have been prepared and disseminated to the event participants.

The project website has been realized by Formez and it was mainly used for the publication of Term of References. The web site missed other requests from European Delegation due to the lack of resources. The newsletter has been prepared and duly disseminated under the scope of Component 1 and Component 3, organized directly by the component participants.

The newsletter related to Component 2 was missing, for the already described issues. Finally, a directory of contacts has been prepared and shared with all the project stakeholders and it included names, belonging institutions, positions owned, addresses, telephone numbers. This file will be available in the project website with the new Project Secretariat.

Component 1 results and activities

The 2015 Activity plan for Component 1 endorsed by the PAC meeting establishes that “for each of the five topics to be considered under the project component 1 in 2015, the project will conduct a situational analysis of the Chinese circumstances”. Competent Chinese experts were selected jointly by NDRC and the project C1 team among a roster of eligible and interested candidates.

In order to increase the relevance and to improve the focusing of exposure to European best practices under each of the related topics, the selection of European best practices should respond to the needs identified by the Chinese counterparts. The Component strategy was therefore to identify and field a European expert in charge for each batch of topics to be explored in 2015 to review with national Chinese counterparts actual key technical and policy preoccupations, and to identify best matching European experiences - inside and outside the Consortium member countries. Expert's preliminary findings were submitted for comments to those Consortium members most interested in C1 activities (Belgium, the Czech Republic, France, Italy and Spain) for subsequent finalization.

Reports produced by the Chinese experts, after discussing them with the Best practices expert, were submitted to peer review during Panel discussions held in July and in October 2015. The Best practices reports were presented during the same panel discussions, held respectively on 27th July - topics 1.1.1, 1.3.4 and 1.3.2 - and on 13th November 2015 - topics 1.3.1 and 1.4.3. Participants in the panel discussion meetings included NDRC officials, representatives from other Chinese stakeholders, representatives from Chinese provincial Governments as well as EU experts and EUD representatives.

Reports produced were published and disseminated in English and Chinese language. They are available on the project website under the Component 1 section - <http://www.euchinasprp.eu/>. A compendium of draft reform proposals submitted in 2015 can be also accessed in the website.

In addition to research activities as described above, pursuance of the project objectives and results made use of capacity building activities overseas and in China, at the central and decentralized (pilot sites) levels.

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

- *2.1 "Indicator 1":* NDRC proposals on social protection reform for inclusion in the XIII Five-year Plan are shared with other stakeholders and taken as a basis for discussion in preparatory works. → Achieved - The project contributed to the elaboration of NDRC proposals for inclusion in XIII Five-year plan. Those will be discussed in a broadly opened meeting in January 2016. This indicator is being pursued under topic 1.1.1 “Social insurance administration systems reform” for which activities conducted in 2015 included a situational analysis (activity A2.1), a best practice mission (activity A2.2) and a panel discussion (activity A2.3).
- *2.2 "Indicator 2":* A comprehensive proposal for social administration systems reform is elaborated and disseminated to interested stakeholders under project auspices. → Partially Achieved - The results of these activities remain to be used further (within the framework of pilot activities, work plan for 2016). A report containing comprehensive proposal for social insurance administration systems reform was produced in July 2015.

A2.1 "Situational Analysis"

- *Topic 1.1.1: Social insurance administration systems reform [contributing to the elaboration of the XIII National Five Year Plan (2016-2020)].*

The situation analysis highlighted the following elements, selected as particularly relevant for shaping NDRC contribution to the XIII five-year plan for the subject of pension reform, including related managerial issues.

From the onset of the 12th Five Year Plan period, a social security system covering urban and rural residents has been tentatively established in China, with expanding coverage, growing participants, and enhanced the social security. Significant stride has been made in the undertaking of social security, which laid a solid foundation for the development of social security during the 13th Five Year Plan period.

Further progress and reform now need to focus on:

- enhancing the governance of China's social security system and its pension system in particular;
- improving China's legal and regulatory framework of social security, its management and servicing system;
- improving communication and training of employers and employees;
- improving the contribution base and compliance, upgrading the actuarial system, modelling, and enhancing social security research.

A2.2 "Best Practices mission - July 2015"

- *Topic 1.1.1: Social insurance administration systems reform [contributing to the elaboration of the XIII National Five Year Plan (2016-2020)].*

In view of the main concerns identified in the situation analysis, the Best practice mission concluded that the following were the most relevant European Best practices examples for the topic under consideration.

- **Improving management and servicing system**
 - New scientific tools for managing social security administrations and networks (e.g. performance agreements): Belgium, etc.
 - Systematic use of electronic data to improve administrative performance and for strategic policy support: Belgium, Spain, etc.
- **Improve actuarial system, modelling, enhance social security research**
 - Best practices identified by European working groups on actuarial modelling: EPC's Subgroup on Pensions
 - Actuarial expertise and pension modelling: Belgium, Czech Republic, France, etc.
 - Economic and budgetary projections: Spain, etc.
- **Improve communication towards employers and employees**
 - Communication strategy to increase pension awareness: Poland, Spain, Estonia, Ireland, Sweden, etc.
- **Improve contribution base compliance**
 - Improvement of contribution base and the monitoring of compliance: France, Belgium, etc.
 - Anti-fraud strategy based on data-mining: Belgium, etc.

A2.3 "First Panel discussion meeting in Beijing for 24 participants on 27th July 2015"

- *Topic 1.1.1: Social insurance administration systems reform [contributing to the elaboration of the XIII National Five Year Plan (2016-2020)].*

For the topic under consideration, the following reform proposals suggested for inclusion into NDRC contribution to the XIII five-year plan were tabled:

1. Improve policy for self-employed labourer and flexible employment to participate in social security and pay;
2. Fully implement operation rules for basic old-age insurance fund investment;
3. Establish system of providing allowance for the sick and the disabled;
4. Introduce policy on compensating family members of the deceased;
5. Fully implement reform on old-age insurance system in government organizations and institutions;
6. Introduce national coordinating program;
7. Improve the mechanism for employees and residents to normally adjust basic pension;
8. Announce the scheme of gradually delay retirement age;
9. Implement the plan of register everyone for social insurance;
10. Research and formulate "Old-Age Insurance Act" ;
11. Research to extend the payment period;
12. Research to implement the scheme of delaying retirement age;
13. Improve multi-layer old-age insurance system;
14. Research on methods to enrich old-age insurance fund from multi channels;
15. Research on the use of social security strategic reserve fund.

The above was used as a basis by NDRC to finalize its contribution on pension reform to be included in the draft XIII five-year Plan.

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

- *3.1 "Indicator 1": A national policy evaluation technique in the area of social protection is developed and tested under the auspices of the project. → Evaluation techniques to be addressed in 2017.*
- *3.2 "Indicator 2": At least two-thirds of local officers involved in the training in China and in Europe demonstrate a high level of approval of the training activities. → High rates of satisfaction for participants in 2015 training activities - those activities include an international workshop in Brussels on public sector pension reform (activity A4.1), a training in France on multi-tier pension systems (activity A 4.2), and a three-country dialogue and study visit on vesting and portability of pension rights for migrant workers (activity A.5.2.).*
- *3.3 "Indicator 3": Clear goals are assigned to the pension system in terms of replacement of past income and minimum living standards. → Remains to be addressed tentatively under 2017 programme of activities.*

R4 – "National policy framework for a full coverage of old-age insurance system throughout China is consolidated by strengthening the interface of various schemes, permission funding pooling, old-age insurance scheme for civil servants/the employee of public agencies and the existing multi-lawyer pension system"

- *4.1 "Indicator 1": A comprehensive model for multitier design of the pension system is developed under project auspices. → Achieved - A model was developed and transmitted to NDRC in July 2015. Corresponding activities include an international workshop on Public*

sector pension reform (Activity A.4.1), a two-weeks overseas training on multi-tier pension systems (Activity A.4.2), three situation analysis on related topics - 1.3.1, 1.3.2 and 1.3.4 - (Activity A.4.3), best practices missions (Activity A.4.4), panel discussion meetings (Activity A.4.5).

- 4.2 "Indicator 2": A comprehensive policy for developing a universal social pension model is developed and disseminated under project auspices. → Universal social pension model not yet addressed. Will be considered under plans of activities for forthcoming years.
- 4.3 "Indicator 3": An analysis of the consequences of demographic ageing on the pension system is conducted and discussed under project auspices. → Demographic ageing is topic for 2016 activities.

A4.1 "Workshop in Brussels for 2 days on 2nd - 3rd February 2015"

- *Topic 1.3.1: Pension reform for public sectors.*

Under C1 macro-activity 1.5 - Training/Study Assignments to EU countries - it was foreseen to organize a workshop in Brussels (Belgium) on the topic of pension reform for public sector, which is part of the comprehensive model for multitier pension system - indicator 4.1 above -, with the participation of Consortium Member States and other European Countries. The Brussels Workshop was unanimously praised as a high quality event, which provided a broad European panorama of major reforms in public pension systems that could be put in a truly Chinese perspective, thanks to a wealth of national and international reports.

Presentations were made on experiences in public sector pension reform from SPRP member states of Italy, Belgium, France and Spain, experts and scholars from international organizations of the European Commission, the World Bank, Organization for Economic Co-operation and Development (OECD) and the Austrian Academy of Sciences. Representatives from the pension management institutions in Netherlands and Finland also introduced their national situations. Chinese experts contributed technical papers to the meeting, thus allowing for a true exchange among participants.

Initially planned for December 2014, the Workshop had to be postponed for logistical reasons and was finally held on 2nd and 3rd February 2015, under the auspices of the Federal Public Service (FPS) of Social Security, working closely with the RVP/ONP (National Pension Office) of Belgium.

A4.2 "Training in France for 20 high-level HQ and provincial NDRC officials for 2 weeks from 21st June to 5th July 2015"

- *Topic 1.3.4: Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension).*

A total of 20 training sessions were organized, covering a variety of topics such as Providing comprehensive responses to the challenges of pension systems reforms, the Strategic analysis and monitoring of pension system, Inter-schemes coordination, Providing basic pensions to specific populations, Management and financing of public pension schemes, Pension and international labour standards, Active ageing, Pension schemes for non-salaried workers - farmers and the self-employed, Implementing the pensions reform at the regional level, IT management and database management for pensions, The impact of economic crisis on pension system reforms.

The good organization of the training event, the variety of the topics covered, the high professionalism of the lecturers and the quality of training materials produced were highly appreciated by the participants, who confirmed this exercise would be of great practical

value for their work in support of the Chinese social security reform at the central level, or at that of Provincial governments of China.

This activity directly contributed to the pursuance of indicator 4.1 - development of a comprehensive model for the design of a multitier pension system.

A4.3 "Situational Analysis"

- Topic 1.3.1: Pension reform for public sectors

The situation analysis highlighted the following elements, to be addressed in further deepening and fine-tuning of the reform.

The public sector pension reform in 2015 established a two-pillar mandatory social insurance pension system for China's public sector, with a basic pension pillar and an occupational DC pension pillar similar to the Urban employees' pension system.

The new civil service sector pension faced two potential risks. The first is financial sustainability risk, mainly because the pension divisor of the new public sector pension system is too low. The second risk is the lack of persistent contribution abilities in some local governments. As a result, expenditures of local governments will have to depend largely on central government transfer payments.

- Topic 1.3.2: Social pooling of the basic pension component (Evaluation of the combination of social pooling and individual accounts techniques in pension schemes for employees)

The situation analysis highlighted the following elements:

In order to further improve the basic old-age insurance system, solidarity mechanisms should be reinforced, while the size of individual accounts cannot be expanded to the detriment of the pooled part of the system. With regard to the personal accounts, the main question remains whether they should remain funded ("real") or become "notional". While the first option might seem preferable and conditions should be created to gradually reinforce the funded individual pension accounts, there may be some practical problems that may justify small NDC accounts, a second option.

- Topic 1.3.4: Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension)

The situation analysis highlighted the following elements:

In its current set-up the Urban employees' pension system has difficulties in coping with the challenge of China's ageing crisis. Hence the reform proposals for the establishment of China's three-pillar pension model. In Mr. Dong's view, on the basis of combination of social pooling and individual accounts, the separation of existing social pool and personal accounts are to be converted into first and second pillar. To accelerate the enterprise annuity system (3rd pillar) while achieving a fair system, organizations and institutions should be subject to mandatory occupational pension system, while annuity coverage rate is only about 7% currently.

A4.4 "Best Practices mission - July and November 2015"

- Topic 1.3.1: Pension reform for public sectors

In view of the main concerns identified in the situation analysis, the Best practice mission concluded that the following were the most relevant European Best practices examples for the topic under consideration.

- **Portability of Pension Rights**
 - (between public sector and public sector/private sector)
 - France (separate civil sector scheme), Sweden, Netherlands (both separate but similar)
 - **Deferred retirement in the public sector**
 - Belgium (experience with bonus system to promote deferred retirement among public sector employees)
 - **Public Sector Occupational Pension Fund Management**
 - France (ERAFF - French public service additional pension scheme)
 - **Investment regulation of pension funds**
 - Belgium, the Czech Republic, France, Italy, Poland ... (Dutch case is particularly interesting)
 - Other sources
 - OECD regularly reviews regulations, UNJSPF
 - **Creation of pension fund regulatory authority**
 - Italy, the Czech Republic, etc.
 - EIOPA (European Insurance and Occupational Pensions Authority)
- *Topic 1.3.2: Social pooling of the basic pension component (Evaluation of the combination of social pooling and individual accounts techniques in pension schemes for employees).*

The most relevant European best practices for the topics of concern were considered to be the following.

- **Option 1: funded individual accounts as 2nd tier**
 - Clearing house model: Poland Sweden, etc.
 - Creation of pension fund regulatory authority: Italy, Czech Republic, etc.
 - EIOPA (European Insurance and Occupational Pensions Authority)
 - Relationship Basic Pension and supplementary pensions: France, etc.
 - **Option 2: introducing notional individual accounts (NDC type or mimicked)**
 - NDC practices: Italy, Poland, Sweden, etc.
 - Mimicked within PAYG: Germany (point system)
 - **Calibration of pensions**
 - Retirement (dis)incentives - NDC: Italy, Poland, Sweden, etc.
 - Retirement (dis)incentives - PAYG DB: Belgium
 - **Adjusting to longevity**
 - Within NDC: Italy, Poland, Sweden
 - Within PAYG DB or altered PAYG DB with NDC characteristics: Germany, Czech Republic
 - Taking into account specific circumstances (e.g. arduous occupations): Czech Republic, France
 - **Indexation of pensions**
 - Inflation and wage -> CPI: Czech Republic
- *Topic 1.3.4: Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension).*

The identified most relevant European best practices for the topic under consideration are the following.

- **Investment regulation of pension funds**
 - Belgium, Czech Republic, France, Italy, Poland ... (Dutch case is particularly interesting)
 - Other sources
 - OECD regularly reviews regulations, UNJSPF
- **Tax incentives for occupational pension plans**
 - Most EU Countries: In EU 90% of 140 occupational pension plans catalogued by EIOPA benefited from tax incentives, mostly EET system (Italy: ETT)³
 - Cross-national information
 - EIOPA
- **Portability of Occupational Pension Plans**
 - European Commission
 - EU Directive 98/49/EC and new "Portability Directive
 - Pan European Pension Plans (EU Directive 2003/41/EC)
- **Tax incentives for third pillar individual pension plans** (deductibility of premiums, taxation of benefits ...)
 - Belgium, Italy, Spain (both premiums and benefits), France (benefits)

A4.5 «Panel discussion meetings in Beijing for 24 participants on 27 July 2015 and for 32 participants on 13 November 2015»

- Topic 1.3.1: Pension reform for public sectors.

The following reform proposals were tabled for discussion during the second panel discussion meeting (public sector pension reform):

- The need to set a reasonable contribution base.
 - The implementation of measures to facilitate the mobility of employees between different public sector employers and between private and public sector employers.
 - The implementation of measures to improve the sustainability of the new public sector system:
 - i. Implementation of long-term actuarial technology
 - ii. Enlarge investment capacity of pension fund
 - iii. Enlarge the social pooling
 - iv. Encourage deferred retirement
 - The need to improve investment performance of the pension fund:
 - i. Keep fiduciary independent from government
 - ii. Evaluate investment performance
 - iii. Establish personal limited investment option for occupational pension funds
 - iv. Set guaranteed return rates
- Topic 1.3.2: Social pooling of the basic pension component (Evaluation of the combination of social pooling and individual accounts techniques in pension schemes for employees).*

³ EET: a system that exempts contributions from tax, does not tax fund income, but does tax the pension in payment. ETT exempts contributions, taxes fund income and pensions.

The following reform proposals were tabled during the first Panel discussion meeting (Social pooling).

To maintain the current pension structure for urban workers, including the repartition of funding (20/8), while improving and modernizing the individual accounts system, for which two options were identified with a preference for the first one:

1. Reinforcing the funding of the individual accounts, or
2. Replacing the funded individual accounts with notional individual accounts, in line with the NDC model.

- *Topic 1.3.4: Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension).*

The following reform proposals were tabled for consideration during the first panel discussion meeting (multi-tier pension system)

The main proposal is to merge the second tier individual accounts with the second pillar occupational pension plans that are currently underdeveloped in China. The second pillar would become mandatory and tax subsidized. The first pillar's basic pension would be reserved for social pooling. It is also suggested to further develop the third pillar as these are more individual and flexible and could thus provide a solution for covering freelance workers etc. that could not be covered by the second pillar. The development of the third pillar would be supported by tax incentives.

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

- *5.1 "Indicator 1":* Model provisions for totalization and vesting of pension rights across regions are developed and piloted in selected places. → A model was elaborated and shared with NDRC in November 2015. Works to continue in 2016. Corresponding activities were a situation analysis A5.1, an overseas study visit on social security for migrant workers A.5.2, a Best practices mission A.5.3, a panel discussion meeting A.5.4 and the planning of activities with pilot provincial sites A.5.5, all under topic 1.4.3.
- *5.2 "Indicator 2":* An analysis of the interrelation between social and economic development and the suitability and sustainability of pension schemes is developed, and used for macro projections to support systemic reform proposals. → Interrelation between economic development and suitability/sustainability to be reviewed in 2016.

A5.1 "Situational Analysis"

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

The situation analysis highlighted the following elements to be considered under reform strategies for the integration of rural and urban pension schemes. There are a number of elements in China's pension system that complicate the portability of pension rights. Furthermore, there are prominent contradictions and problems regarding the system and mechanism of operation management service. The management system is not smooth because of various inconsistencies, while service capability and infrastructure is inadequate. Procedures need to be made more efficient and standardized. The use of information technology in the pension insurance system needs to be improved.

A5.2 "Three-countries Dialogue and Study visit for 6 high-level NDRC officials and experts for 10 days from 27th October to 5th November 2015"

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

A group of 6 high-level NDRC officials and experts, led by Mr. Pu Yufei, Director General, Department of Employment and Income distribution, NDRC, undertook a Dialogue and Study visit to Spain, the Czech Republic and Poland between 27th October and 5th November, on the topic of Employment and Social security reform with special reference to Migrant workers questions. This activity was submitted to the PAC meeting held on 21st April 2015, which endorsed it as part of C1 2015 program of activities.

The Three-country Dialogue and Study visit had to be postponed from September to late October, in order to find a suitable solution for the financing of the international flights for Central Government officials. As a matter of fact, while the Grant application form is based on the assumption that a major part of Chinese cost-sharing is represented by the cost of international transportation for Chinese participants in overseas activities, Government regulations taken after the signature of the agreement drastically restrict the possibility of financing international transportation for Central government officials out of public funds. Extensive discussions were therefore held among all concerned partners to find ways to circumvent this major difficulty.

With the explicit but exceptional agreement of the EUD in Beijing, the project undertook to finance three international trips for Central government representatives taking part in the study visit - while tickets for other three participants were covered by their respective organizations.

A5.3 "Best Practices mission - November 2015"

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

On the basis of concerns highlighted in the situation analysis, the best practices mission identified the following most relevant EU experiences (vesting of pension rights).

- **Portability of Pension Rights**
 - EU Social Security Coordination, Regulation (EEC) No 1408/71, Regulation (EC) No 883/2004
 - The Mobility Network of legal and statistical experts on free movement of workers and social security coordination
 - Coordination agreements
- **Portability of Occupational Pension Plans**
 - EU Directive 98/49/EC and new "Portability Directive
 - Pan European Pension Plans (EU Directive 2003/41/EC)
- **Systematic use of electronic data to improve administrative performance**
 - Belgium, Spain, etc.

A5.4 "Second Panel discussion meeting in Beijing for 32 participants on 13th November 2015"

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

The following reform proposals (integration of urban and rural pension insurances) were tabled during the Second panel discussion meeting.

1. Integrate basic pension insurance systems further
2. Improve the policies regarding basic pension insurance
 - a. Promulgate policies to encourage urban and rural residents to voluntarily participate in the basic pension insurance for urban enterprise employees
 - b. Improve the policies on the integration of urban and rural pension insurance systems
 - c. Improve the policies on transfer and continuation of credentials of basic pension insurance for urban employees
3. Rise the overall planning level of basic pension insurance
4. Improve the capacity of pension insurance operation management service
5. Strengthen the promotion of information technology

A5.5 Planning with pilot provinces

Among pilot sites for the project, two are explicitly host to activities related to the integration of urban and rural pension insurance, which contributes to pursuing indicator 5.1. Those pilot sites are located in Guangdong and Sichuan provinces. At the initiative of NDRC, two field visits were organised in September 2015, to respectively Huizhou and Guangzhou cities (Guangdong Province) and Luzhou and Chengdu cities (Sichuan Province). Those missions aimed at gaining first-hand knowledge of the situation in pilot sites concerning notably migrant workers social security rights, and at listening to the expectations of local authorities concerning their collaboration with the project C1 component. Representatives from the EU delegation took part on the mission to Sichuan province, thus marking their interest in project activities.

Component 2 results and activities

The 2015 Activity plan for Component 2 endorsed by the PAC meeting establishes that “for each of the four topics to be considered under the project component 2 in 2015, the project will conduct a situational analysis of the Chinese circumstances”. Competent Chinese experts were selected jointly by MoF and the project C2 team among a roster of eligible and interested candidates.

In order to increase the relevance and to improve the focusing of exposure to European best practices under each of the related topics, the selection of European best practices should respond to the needs identified by the Chinese counterparts. The Component strategy was therefore to identify and field a European expert in charge for each batch of topics to be explored in 2015 to review with national Chinese counterparts actual key technical and policy preoccupations, and to identify best matching European experiences – inside and outside the Consortium member countries.

Reports produced by the Chinese experts, after discussing them with the Best practices expert, were submitted to peer review during Panel discussion held in September 2015. The Best practices report was presented during the panel discussion, held on 17th September – topics 2.1.1 and 2.2.1. Participants in the panel discussion meeting included MoF officials (Social Security Department), representatives from other Chinese stakeholders, such as MoHRSS, as EU experts and EUD representatives.

The reports produced were published and disseminated both in English and Chinese, and are available on the Project website - <http://www.euchinasprp.eu/index.php/en/>.

R6 – “The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid -terms budgeting of fund, and performance assessment model”.

- *6.1 “Indicator 1”:* An analysis and model on governance experiences and methods on the division of decision power between central and local government is developed under project auspices. → Partially achieved - See activities A6.1, A6.2 and A6.3, topic 2.1.1. A comprehensive analysis on the Chinese governance experience on the division of decision power between central and local government was produced. European experiences and methods on the division of decision power between central and local government were shared and discussed first on the occasion of a panel discussion (topic 2.1.1) in September 2015; a dedicated Best Practice report was produced. Work will continue in the forthcoming years through the analysis of other research areas and dedicated follow up activities, including the final policy suggestions report.
- *6.2 “Indicator 2”:* Methodologies and tools for managing social protection expenditure, financial resources, budget and coverage extension are developed and tested. → Partially achieved through activity A6.1, topic 2.1.2. A comprehensive analysis on the Chinese current development of informal employment was produced. Works to continue with other activities in 2016, including the final policy suggestions report.
- *6.3 “Indicator 3”:* A model of social security performance indicators is developed, discussed and tested among interested stakeholders under the project. → Not achievable at this stage of the project. Topic 2.1.3 is considered under the 2016 activity plan, while topic 2.1.5 will be addressed in forthcoming years.

A6.1 "Situational Analysis"

- *Topic 2.1.1: Division of decision power and expenditure responsibilities on social security between central and local government.*

The situational analysis phase reviews the historical evolution of China's social security system, focusing on the current division of power and expenditure responsibilities between central and local government. The mismatch between power and expenditure responsibility on pension system turns out to cause several problems such as budget constraint and sustainability issues, as well as issues related to regional equity, incoherence and difficult coordination between institutions and mechanisms; inefficient management and collection of social contributions.

- *Topic 2.1.2: Social security coverage on atypical employment: methodologies and tools of analysis and management.*

The situational analysis phase reviews the development process and present the situation of atypical employment in China, analyzes the current policy of informal employees' way of joining, paying and receiving pension and medical insurance. Both statistical data analysis and field research provide information on objective practice of social security, analyze employees' joining behaviors and causes, and then introduce some local governments' exploration and innovation on the design of social security of informal employment.

A6.2 "Best Practices missions"- July 2015

- *Topic 2.1.1: Division of decision power and expenditure responsibilities on social security between central and local government.*

In view of the main concerns identified by the Chinese expert in the situational analysis phase, the following European best practices have been proposed:

- The EU open method of coordination in the social field (OMC);
- The Italian experience on the regulation of central-local relationships in the social field;
- The EU Stability and Growth Pact (SGP).

A6.3 "First C2 Panel discussion meeting in Beijing on 17th September 2015"

- *Topic 2.1.1: Division of decision power and expenditure responsibilities on social security between central and local government.*

During the Panel Discussion the following issues were put forward:

- Problems related to the statement "the central order, while the local pays";
- Challenges to the sustainability due to decision power and responsibility being separated;
- The moral risks in short term behaviours of local governments;
- The level of regulation is too low and the legislation is not updated to the reality;
- The implicit debts problem is still not clearly resolved: fiscal subsidy or other method.

The Panel Discussion allowed a better comprehension of the critical issues to MoF within the topic under analysis. It emerges the need of the enforcement of a legislation which provides a better designation of procedures to be followed from the central to local government, the role of each department and specific relation between the central government and local governments in the field of social insurance.

R7 – “Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform”.

- *7.1 "Indicator 1":* A comprehensive methodology for the evaluation of economic effects on coverage, sustainability and adequacy of a specific design of a universal pension system is developed and disseminated under project auspices. → Partially achieved through the activities A7.1, A7.2 and A7.3, topic 2.2.1. A comprehensive analysis on the Chinese public pension reform scheme for urban employees was produced. EU experiences on the tools and methodologies to evaluate economic effects on coverage, sustainability and adequacy of a pension system were identified and shared with MoF on the occasion of a Panel discussion held in September 2015; a dedicated Best Practice report was produced. Deeper analysis will be achieved through the activities planned for 2016, including a final policy suggestions report.
- *7.2 "Indicator 2":* Actuarial models are analysed and disseminated under project auspices. → Partially achieved through the activity A7.1, topic 2.2.2. A comprehensive analysis on the Chinese social budgeting and actuarial assessment was produced. A first analysis on some Italian actuarial models and practices to assess the sustainability of the social protection system were elaborated and presented to MoF on the Panel Discussion; a dedicated Best Practice report was produced. Work will continue in 2016, including a final policy suggestions report.

A7.1 "Situational Analysis"

- *Topic 2.2.1: Nominal personal account reform in the basic pension insurance system.*

The situational analysis provided a report, which examines the Chinese public pension scheme for urban employees and reviews the development of the pension policy for urban and rural residents. The paper shows that these last measures rapidly extended social security coverage to people who could not take part in the traditional public pension system for employees, largely improving the equity of the Chinese pension system. However, the Chinese pension system remains heavily dependent on financial subsidies, which could end up raising sustainability issues in the future. Finally, the paper provides a series of proposals to reform the current Chinese pension system, especially focusing on the introduction of the notional defined contribution (NDC) account.

- *Topic 2.2.2: Models and Methodologies for the Social and Economic sustainability analysis in social protection system.*

The report produced in the situational analysis phase provides an overview of the evolution of the actuarial assessments and of the current situation, pointing out that two main departments, one in MoF and one in MoHRSS, are devoted to the actuarial modelling. The paper highlights the current problems of social budgeting and social insurance assessment in China.

A7.2 "Best Practices missions - July 2015"

- *Topic 2.2.1: Nominal personal account reform in the basic pension insurance system.*

In view of the main concerns identified by the Chinese expert in the situational analysis report, the following European best practices have been analyzed, discussed and proposed:

- The Italian Unified Account Statement as a management tool of a nominal personal account;
- The flow of information;
- The proactive and consulting INPS service “my Pension”.

A7.3 "First C2 Panel discussion meeting in Beijing on 17th September 2015"

- *Topic 2.2.1: Nominal personal account reform in the basic pension insurance system.*

During the first panel discussion the following reform proposals were discussed:

- To establish the dual basic old-age social insurance for urban employees, separating individual account from basic public pension system and establishing voluntary personal-saving-account for retirement.
- To call-off the existing public pension system for urban & rural residents, and establish a new "zero-pillar" Pension System.
- To establish, strengthen and encourage the national voluntary personal saving accounts (The Third-pillar):
 - Source of fund: Individual account separated from public pension system for urban and rural pension system plus certain amount of household saving from urban and rural residents.
 - Feasibility: Fast growth rate of urban & rural residents' income, and strong saving preferences and value-added preference especially for rural residents who have been paid little attention to before.
 - Significance: Function transformation from "flowers added to embroidery" into "fuel delivered in the snow".

The Panel Discussion report is available on the project website.

R8 – "The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened".

- *8.1 "Indicator 1":* A set of proposals about methodologies and tools about budgeting and managing pensions funds is developed, discussed and tested under the project. → Not achievable at this stage of the project. The topics on budgeting of social security expenditure and fund management (2.3.1 and 2.3.3) have not been addressed yet. These topics will be considered under plans of activities for forthcoming years.
- *8.2 "Indicator 2":* A model on investment strategies for social security funds and risk control methodologies is developed, discussed and tested. → Not achievable at this stage of the project. The topic 2.3.2 will start with the situational analysis on July 2016.

Component 3 results and activities

To achieve below mentioned indicators, several activities has been undertaken in line with the EU-China Grant Application Form. Firstly, for each topic in-depth research has been undertaken which was followed by a panel discussion to present main outcomes and some suggestions and comments on the thematic assessment reports. In addition, a high level policy dialog meeting has been organised to share Chinese and European experiences in the field of social assistance with a main focus on the Component 3 topics on legal framework, standards for minimum income schemes and services for most vulnerable groups.

The 2015 Activity plan for C3 endorsed by the PAC meeting on 21 April states: "For each of the three topics to be considered under the project Component 3 in 2015, the project has conducted a situational analysis of the Chinese circumstances". Situation analysis for the three topics were conducted by five Chinese experts selected jointly by MoCA and the C3 resident expert and shared with the C3 Component Coordinator.

According to the MoCA needs and expectations there is a significant need to support situational analysis by the local study visits of Chinese experts and C3 Resident Expert. In June and July for the topic 3.1.1 five local study visits were organised for three Chinese experts.

R9 – "Capacity of MoCA for promulgating and enforcing the Social Assistance Law and the regulations on rural and urban minimum standards of living are strengthened; the skills of local officials in policy transmissions and implementation are upgraded"

- 9.1 "Indicator 1": The legal framework for social assistance is reviewed and widely discussed, reform proposals are developed and tested under project auspices; → Partly achieved - social situational analysis (activity A9.1), best practices (activity A9.4), panel discussion (activity A9.2) as well as 2015 High Level Forum on Social Assistance (activity A9.3) on the topics related to R9 have been provided and discussed among EU and Chinese experts and policy makers. Some policy recommendations has been shared with MoCA - further policy development and testing will be arrange within pilot sites. This indicator is being pursued under topic 3.1.1 *Legal framework on Social Assistance*.
- 9.2 "Indicator 2": At least two-thirds of local officers involved in the training in China and in Europe demonstrate a high level of approval of the training activities; → Not achievable at this stage of the project (no training provided yet).
- 9.3 "Indicator 3": Better access of clients to social assistance mechanisms (at urban and rural levels) is documented through project activities: → Not achievable at this stage of the project, an ongoing process related mainly to topic scheduled for 2017.
- 9.4 "Indicator 4": Percentage of decrease in overlapping benefits. → Not achievable at this stage of the project as related to the topics of 2016.

A9.1 "Situation Analysis"

- *Topic 3.1.1: Legal framework on Social Assistance.*

The situational analysis report focused on subsistence assistance system in China, i.e. urban and rural Dibao schemes and rural Five Guarantee Scheme. This Minimum Livelihood Guarantee Scheme (MLGS, Dibao, or subsistence allowance) is the core content in Chinese social assistance policy, as well as the most important assistance program. At present, China has basically established the basic framework of the social assistance system including employment assistance, education assistance, legal aid, medical assistance, disaster relief, temporary assistance and housing security. The system of Social Assistance relies on lots of policies and notices from MoCA and local governments. Document of the highest level of

authority is Interim Measures for Social Assistance (2014). The report begins with the addressing of the various aspects of China's social assistance from a legal point of view.

Further development of social assistance legal framework should:

- consider assessment of the existing legal framework (central and local level);
- based upon a mature social assistance system (experiences learned till now);
- strengthen cooperation between different levels and departments of government both in legislation process and literally written the social assistance law;
- clearly structure social assistance levels and the government's liability;
- improve the enforcement ability of the front-line officials;
- stress coordination within the overall social security system;
- promote the government information and transparency.

A9.2 "First Panel discussion meeting in Beijing on 29th June 2015"

- *Topic 3.1.1: Legal framework on Social Assistance.*

The C3 activity plan for 2015 as adopted by the PAC meeting on 21st April 2015 foresees two panel discussions aiming at reviewing the topics analysed during 2015. The first Panel discussion was organised at MoCA premises on June 29th, 2015. The Meeting was chaired by Deputy Minister of MoCA, Mr. Gong, with the participation of Mr. Radoslaw Mleczko, Deputy Minister of MPiPS, and other 30 participants including national experts, MoCA representatives, MPiPS representatives (C3 Coordinator), EU Delegation representatives and C3 technical team. For the 1st C3 Panel discussion a comprehensive situational analysis report on legal framework on social assistance in China has been presented.

The main conclusions from the discussion on social assistance legal framework research is relatively general and should be more focused. It will be undertaken and continued under 3.2.1 and 3.3.1 topics later on.

A9.3 "2015 EU-China High Level Forum on Social Protection Reform on Challenges for Legal Framework of Social Assistance" held in Beijing on 15th - 16th September 2015.

- *Topic 3.1.1: Legal framework on Social Assistance.*

In April 2015, MoCA expressed the willingness to organise the High Level Event in Beijing due to the limited possibility at the ministerial level to participate in the events organised in Europe. The final date of the event was shared with the Consortium in late July.

On 15th-16th September 2015, with more than 100 participants (ministers, policy makers, experts, practitioners and Chinese officials from MoCA, NDRC and MoF) and with close cooperation with MoCA and EUD, the 2015 EU-China High Level Forum on Social Protection Reform on Challenges for Legal Framework of Social Assistance took place. The two-day event was accompanied by a Launch Event of the EU-China SPRP.

The 2015 EU-China High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance has been an opportunity for an extended exchange of knowledge, experience and view among EU and Chinese policy makers, experts, academics and practitioners. It was the first high level event within EU-China Social Protection Reform Project within whom social assistance is one of the key elements.

High Level Forum conclusions and highlights have been follow up within further C3 research activity mainly on the 3.1.1; 3.2.1 and 3.3.1 topics.

A9.4 "Best Practice"

- *Topic 3.1.1: Legal framework on Social Assistance.*

The implementation of the project proved that in order to increase the relevance and to improve the focus of exposure to European best practices under each of the related topics, the selection of European best practices should respond to the needs identified by the Chinese counterparts.

Component 3 identification of the most suitable best practices from the EU to China was provided in strong cooperation and consultation with MoCA. The first experience on the EU practices in the field of Component 3 was shared with MoCA and other Chinese experts on the occasion of the first panel discussion in June 2015. The exchange was limited to a video conference with Ms. Zofia Czepulis-Rutkowska, expert in the field of legal provisions of social assistance in Europe. This kind of exchange was done on a voluntary basis since MoCA at that time was in favour to postpone any EU experts visits having in mind that the main focus should be on the situational analysis in China before asking on the most suitable experience and practice from the EU to be adaptable in China.

The comprehensive exchange of the good practices from the EU was done on the occasion of the 2015 EU-China High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance.

Background report has been prepared by all Consortium member Countries and shared with Chinese stakeholders within Background information on Social Assistance report. This has been presented before the 2015 EU-China High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance held in Beijing in September 2015. Additionally in EU expert report was stressed (following HLF debate) the importance of:

- comprehensive legal framework one social assistance legislation;
- introduction of a complex reform involving many stakeholders;
- recognition of division of responsibilities (central, local levels):
- benefit level calculation since there is no exact standard for cash benefits calculation;
- multi-tier social assistance also involving social organisations in the social assistance delivery.

Several EU countries experience (UK, Poland, Germany, etc.) has been used to promote above mentioned suggestions.

The finalized consolidated EU best practices report including comments and suggestions will be included in the policy recommendations by EU experts reports and the 1st C3 Workshop activity (March 2016).

R10 – "The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits, b) recognition of social assistance target groups and c) identification of low-income families are consolidated"

- **10.1 "Indicator 1":** A set of proposals for unification of benefits standards in social assistance is developed, discussed and tested under project auspices. → Partly achieved - social situational analysis (activity A10.1), best practices (activity A10.2), as well as 2015 High Level Forum on Social Assistance (activity A9.3) on the topics related to R10 have been provided and discussed among EU and Chinese experts and policy makers. Some policy recommendations has been shared with MoCA - further policy development and testing will be arrange within pilot sites. This indicator is being pursued under topic *3.2.1 Experiences on unified standards for calculation of Social Assistance benefits*.
- **10.2 "Indicator 2":** A methodology for functional identification of social assistance beneficiaries (target groups) is developed, discussed and tested under project. → Partly

achieved - social situational analysis (activity A10.1), best practices (activity A10.2), as well as 2015 High Level Forum on Social Assistance (activity A9.3) on the topics related to R10 have been provided and discussed among EU and Chinese experts and policy makers. Some policy recommendations has been shared with MoCA - further policy development and testing will be arrange within pilot sites. This indicator is being pursued under topic *3.2.1 Experiences on unified standards for calculation of Social Assistance benefits*.

- *10.3 "Indicator 3": A definition and quantification of goals to be assigned to social assistance benefits are developed and discussed under project auspices. → Partly achieved as C3 background documents support MoCA on long-term planning activities to be taken.*
- *10.4 "Indicator 4": Increase of Beneficiaries satisfaction on the social assistance assessment process. → Not achievable at this stage of the project as an on-going process which could be confirmed by piloting exercise.*

A10.1 "Situation Analysis"

- *Topic 3.2.1: Experiences on unified standards for calculation of Social Assistance benefits.*

The situational analysis report focuses on the Minimum Livelihood Guarantee Scheme (MLGS, Dibao, or subsistence allowance) is the core content in Chinese social assistance system, as well as the most important assistance program. Currently, dedicated social assistance benefit largely depends on Dibao entitlement, i.e. if the applicant' family income cannot reach MLGS standard, they will be likely to receive dedicated social assistance in line with their specific needs. The MLGS is an income supplementary assistance system, which makes sure that the income of the population in poverty can be kept in a certain level (Dibao standard), so that they have the capacity to purchase basic living consumables. Therefore the Dibao Standard (Dibao line) is quite essential in defining people's eligibility and benefit level. It has been long a challenge for Civil Affair Departments to calculate and adjust the standards along with the economic growth. Civil Affair departments are making great efforts in establishing the adjusting mechanisms to maintain the balance between welfare and productivity.

This report analyses the issue of Dibao Standards in China. Section 1 introduces the definition, significance, theoretical methods and current policy framework and practice. Based on data and statistics, Section 2 analyses the historical development and changes in Dibao standards, and it also examines the affecting factors of Dibao standards. The last section summarizes the pressing issues and the challenges faced with civil affair departments and it briefly discusses the future direction as well.

Further development on minimum income scheme (Dibao) should include:

- formulating the unified methodology of calculation and adjustment of Dibao standard;
- implementation the active policy of Dibao standard;
- adjust the Dibao standard gradually;
- enhance the coordination and cooperation among the relevant branches government;
- enhance the categorized management of social assistance;
- coordinate the liability of social assistance fund between central government and local government.

A10.2 "Best Practice"

- *Topic 3.2.1: Experiences on unified standards for calculation of Social Assistance benefits.*

EU Best Practices report was submitted by EU expert Ms. Lacramioara Corches from Romania selected within an open call. The expert contributed actively to the bilateral exchanges with Chinese experts. Before the expert provided solid base of the knowledge on the best practices report additional bilateral technical exchange with MoCA officials and Chinese experts has been organised. Expert Ms. Lacramioara Corches has discussed with Chinese experts the detailed contents of analysis and proposals so as to better identify most relevant European best practices. Mission altogether was for 10 working days. Moreover, MoCA asked the expert for a supplement report on the payment and assessment procedure on social assistance benefits.

In the view of situation analysis best practises report identified common characteristics for minimum income scheme in EU Countries (in relation to the Chinese Dibao scheme):

- they are 'guaranteed' and 'non-contributory' as they are granted on a universal basis and not depending on previous contributions to social protection insurance systems (like Dibao);
- they are 'minimum' as they are conceived as the ultimate 'safety nets' of the social protection and related to national or local perceptions of minimal living standards or needs (like Dibao);
- they are the expression of a subjective and non-discretionary right to social assistance, meaning that they have to be claimed by individuals and are not granted automatically, (like Dibao);
- their level is set by law or administrative rules in an equal manner for all (like Dibao); they are generally paid as a means-tested differential cash amount, i.e. their attribution and amount is calculated like the balance between the level established by the law/administrative rule and the income of the family/household/individual (like Dibao);
- the receiving of the benefit is conditioned to active job search for those able to work;
- the amounts of the benefits are adjusted according to the composition of households (like Dibao);
- the basis of entitlement is generally the legal residency, either individual or the household/family (like Dibao);
- a common trend in many countries is the decentralisation of schemes which are fully or partially ruled and managed directly by regional levels with a growing involvement of local levels(like Dibao).

Some challenges for minimum income scheme has been addressed and shared as relevant for Chinese social assistance system:

- Low level benefit (low generosity);
- Targeting and coverage of the social assistance benefits;
- Relation between labour market availability and social assistance dependency.

The finalized consolidated EU best practices report including comments and suggestions within policy recommendations by EU experts reports and the 1st C3 Workshop activity (March 2016).

R11 – "Efforts of MoCA in improved care for poor rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level"

- *11.1 "Indicator 1": Targeting of social assistance towards the specific groups (children, elderly, people with disabilities, poor rural people); service delivery for them is documented and discussed under project auspices, mechanisms for improving the situation are developed and tested. → Partly achieved - social situational analysis (activity A11.1), best practices (activity A11.2), as well as 2015 High Level Forum on Social Assistance (activity A9.3) on the topics related to R11 have been provided and discussed among EU and Chinese experts and policy makers. Some policy recommendations has been shared with MoCA - further policy development and testing will be arrange within pilot sites. This indicator is being pursued under topic *3.3.1 Social Assistance specific vulnerable groups - services for children, elderly, people with disabilities, with a special focus on poor rural people*.*
- *11.2 "Indicator 2": Tools for public information and its transparency i.e. via campaigns and awareness on social assistance, are developed and tested under project auspices; → Partially achieved via "2015 EU-China High Level Forum on Social Protection Reform on Challenges for Legal Framework of Social Assistance" (activity A9.3) and C3 background materials supporting MoCA. Thanks to the participation of more than 100 participants - policy makers and practitioners from Social Assistance filed. This indicator is being pursued under topic *3.3.1 Social Assistance specific vulnerable groups - services for children, elderly, people with disabilities, with a special focus on poor rural people*.*
- *11.3 "Indicator 3": Increase of Beneficiaries satisfaction on the public information on social assistance. → Not achievable at this stage of the project as it is a topic for activities foreseen for late 2017 to be conducted.*

A11.1 "Situation Analysis"

- *Topic 3.3.1: Social Assistance specific groups - services for children, elderly, people with disabilities, with a special focus on poor rural people.*

The situational analysis report focused on Specific Vulnerable Groups (SVG) which were referred as who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory obligors to provide for them, practically, or "three None's" Group called in Five Guarantee scheme (FG), by Interim Measures for Social Assistance, and Social assistances should be provided. Social Assistance to Specific Vulnerable Group (SASVG) system is the continuation and development of traditional FG. The major research object of this report is the system of SASVG. A systematic presentation and assessment of SASVG has been conducted by the researcher from multi-perspectives including the defining and distinguishing of specific vulnerable group, the mode of social assistance and its effects.

The further development of social policies directed to SVG should:

- improve cross sector institutional coordination including the articulation in different programs;
- base on the new "guidance" to conduct policy pilot experimentation;
- enhance financial input from government regular budget for sound service;
- strengthen organizational and staff building for rural super-township support organization for better services;
- recognise more roles of rural community and village committee for individual support;
- encourage local innovation in SVG support system.

A11.2 "Best Practice"

- *Topic 3.3.1: Social Assistance specific groups - services for children, elderly, people with disabilities, with a special focus on poor rural people.*

EU Best Practices report was submitted by EU experts Ms. Monika Gabanyi selected within an open call. The expert contributed actively to the bilateral exchanges with Chinese experts. Before the expert provided solid base of the knowledge on the best practices report additional bilateral technical exchange with MoCA officials and Chinese experts has been organised. Expert Ms. Monika Gabanyi from Germany has discussed with Chinese experts the detailed contents of analysis and proposals so as to better identify most relevant European best practices. Mission altogether was for 10 working days. Moreover, MoCA asked the expert for a supplement report on the NGO as providers of social assistance services.

The EU best practices report stressed that EU has a lot of experience to offer since its Member States have dealt with aging societies for quite some time. Europe is far from being able to offer a ready-made solution - but on its way to achieving a "Harmonious Society", China might take into consideration some of the conclusions drawn in the previous years. The report advocated for a more comprehensive solution and intends to initiate a discussion between policy makers on the one hand and practitioners in the area of care provision to the elderly on the other hand. Beside social assistance scheme by means of cash, both, benefits in cash and in kind are in the focus. The latter, benefits in kind, also contributes to develop new job opportunities and boost the economy. The report presented long term care model in Germany as i.e. an instrument for decreasing poverty and model of public and private providers of social services

The finalized consolidated EU best practices report including comments and suggestions within policy recommendations by EU experts reports and the 1st C3 Workshop activity (March 2016).

2.3. If relevant, submit a revised logframe, highlighting the changes.

Please list all contracts (works, supplies, services) above €60 000 awarded for the implementation of the action during the reporting period, giving for each contract the amount, the award procedure followed and the name of the contractor.

Not applicable, as all contracts individually awarded for the implementation of the action during the reporting period are below €60 000.

2.4. Please provide an updated action plan⁴

Overall presentation of activities - Component 1												
ID	DESCRIPTION	Y1		Y 2								
		M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22
		XI 15	XII 15	I 16	II 16	III 16	IV 16	V 16	VI 16	VII 16	VIII 16	IX 16
1	Component 1 - Strengthening institutional capacity for for social protection policy development and reforms											
1.1	Result 2: Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened											
1.1.1	Social insurance administration systems reform - Contribution to XIIIth 5-Year Plan			WS IT								
1.1.2	Coordination of policy making among government agencies in areas related to social protection reform										HL E	
1.1.3	Monitoring interaction between employment promotion and social protection policies						IW				HL E	
1.2	Result 3: Capacity of NDRC in policy development and implementation, notably establishing and enforcing a national policy evaluation technique in the area of social protection, is enhanced											
1.2.1	Relationship of pension benefit with minimum social wage											
1.2.2	National policy evaluation technique in the area of social protection (indicators, methods and programs)											
1.2.3	Affordability of Pension schemes (contributions and Government subsidies)						IW				HL E	

⁴ This plan will cover the financial period between the interim report and the next report.

Overall presentation of activities - Component 1													
ID	DESCRIPTION	Y1		Y 2									
		M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22	M 23
		XI 15	XII 15	I 16	II 16	III 16	IV 16	V 16	VI 16	VII 16	VIII 16	IX 16	X 16
1	Component 1 - Strenthening institutional capacity for for social protection policy development and reforms												
1.3	Result 4: National policy framework for a full coverage of old-age insurance system throughout China is consolidated by strengthening the interface of various schemes, pension funding pooling, old-age insurance scheme for civil servants/the employee of public agencies and the existing multi-layer pension system												
1.3.1	Pension reform for public sectors	PD		WS									
1.3.2	Social pooling of the basic pension component - Evaluation of the combination of basic pension & individual accounts			WS									
1.3.3	Universal social pension models												
1.3.4	Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension)			WS									
1.3.5	Occupational pension plans for public sectors and private pension plans												
1.3.6	Vesting, indexation and adjustment mechanisms of pension benefit												
1.3.7	Ageing population and possible strategy of dealing with this situation								OT			HL E	
1.3.8	Issue related to the informal sector integration in social security schemes												
1.3.9	NDC (notional defined contribution) pension reform												
1.4	Result 5: Reform efforts in response to urbanization trends, in particular the harmonization/integration of the various basic social protection systems for different groups of beneficiary, the portability of social insurances and better suited assistance schemes												
1.4.1	Improvement of the individual account component in public pension system for urban workers												
1.4.2	Relationship between social-economic development and the redistribution function of social security											HL E	PS
1.4.3	Strategy of integrating social security system in urban and rural context also through the portability of social insurances	PD		WS				T					

Overall presentation of activities - Component 2														
ID	DESCRIPTION	Y1		Y2										
		M	M	M	M	M	M	M	M	M	M	M	M	M
		12	13	14	15	16	17	18	19	20	M 21	22	23	24
		XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
		15	15	16	16	16	16	16	16	16	16	16	16	16
2	Component 2 - Enhance institutional capacity for financial management and supervision concerning social security funds													
2.1	Result 6: The capacity of MoF financial management and supervision of central and local model of social security system and the extension of social security system coverage are enhanced, in particular in the fields of division of expenditure responsibilities, mid -terms budgeting of fund, and performance assessment model													
2.1.1	Division of decision power and expenditure responsibilities on social security between central and local government		WS											
2.1.2	Social security coverage on informal employment: methodologies and tools of analysis and management		PD							WS				
2.1.3	Fiscal policies in support to social security, leverage among different financial sources and efficiency of fund use													
2.1.4	Social security benefits and the assessment of the household socio economic conditions Isee													PD
2.1.5	Models for evaluating effects of social security policy implementation													

Overall presentation of activities - Component 2														
ID	DESCRIPTION	Y1		Y2										
		M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22	M 23	M 24
		XI 15	XII 15	I 16	II 16	III 16	IV 16	V 16	VI 16	VII 16	VIII 16	IX 16	X 16	XI 16
2	Component 2 - Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform													
2.2	Result 7: Enhance the top level design ability in the basic pension insurance; establish actuarial analysis models for basic pension insurance reform													
2.2.1	Nominal personal account reform in the basic pension insurance system		WS											
2.2.2	Models and Methodologies for the Social and Economic sustainability analysis in social protection system		PD							WS				
2.2.3	Methodologies and Actuarial Models for pension insurance													
2.3	Result 8: The capacity of the MoF in the management of social insurance funds, focusing on fiscal support budgeting, account system, investment techniques and adjustment mechanisms for pension benefits is strengthened													
2.3.1	Budgeting of social security expenditures and fund management													
2.3.2	Investment strategies of social funds and risk control methodologies													PD
2.3.3	Management of basic Pension Fund													

Overall presentation of activities Component 3														
ID	DESCRIPTION	Y1		Y2										
		M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22	M 23	M 24
		XI 15	XII 15	I 16	II 16	III 16	IV 16	V 16	VI 16	VII 16	VIII 16	IX 16	X 16	XI 16
3	Component 3 - Improving of legal framework and policy for social assistance	C	C		C	C				C	C			C
3.1	Result 9: The capacity of the MoCA for promulgating and enforcing the Social Assistance Law and the regulations on rural and urban minimum standards of living are strengthened; the skills of local officials in policy transmission and implementation are upgraded.													
3.1.1	Legal framework on Social Assistance					WS	HLPD		SV					
3.1.2	Governance framework for Social Assistance administration and management process							LSV	LSV	PD			LSV	WS
3.1.3	Processes and activities of policy transmission and implementation carried out at central and local level of Social Assistance							LSV	LSV	PD			LSV	WS
3.1.4	Monitoring and evaluation of Social Assistance schemes							LSV	LSV	PD			LSV	WS

Overall presentation of activities Component 3														
ID	DESCRIPTION	Y1		Y2										
		M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22	M 23	M 24
		XI 15	XII 15	I 16	II 16	III 16	IV 16	V 16	VI 16	VII 16	VIII 16	IX 16	X 16	XI 16
3	Component 3 - Improving of legal framework and policy for social assistance	C	C		C	C				C	C			C
3.2	Result 10: The legal frameworks on a) formulation of unified standards for the estimation and calculation of social assistance benefits b) recognition of social assistance target groups c) identification of low-income families are consolidated													
3.2.1	Experiences on unified standards for calculation of Social Assistance benefits		PD			WS	HLPD		SV					
3.2.2	Identification of Social Assistance target groups													
3.2.3	Overlapping and “cliff” effect management and policy framework													
3.2.4	Procedures and methods for requirement verification within Social Assistance system at central, local, urban and rural level													
3.3	Result 11: Efforts of the MoCA in improved care for poor rural people and disabled people are strengthened, and public information and transparency of social assistance policies are raised at provincial level													
3.3.1	Social Assistance for specific groups - services for children, elderly, people with disabilities, with a special focus on poor rural people		PD			WS	HLPD		SV					
3.3.2	Social Assistance services for poor people and families – service delivery approach													
3.3.3	Communication techniques and channels of public information on Social Assistance policy													

LEGENDA	
	Identification Phase: Situation analysis, Identification and review of possible relevant EU experience, Workshop with Stakeholders on the Identification Phase.
	Analysis Phase: Specific analysis of relevant EU experience, Training/visits to EU countries, Workshop with Stakeholders on the Analysis Phase, Elaboration of reform proposal.
	Follow-up Phase: Follow-up and ongoing technical assistance and tool development, Training needs analysis and training definition, Possible Training conducted (EU and/or China), Possible pilot application, Evaluation of follow-up phase and lesson learned.
T	In-country training
OT	Overseas training
S	Study visit abroad
PS	Pilot sites study visit abroad
PD	Panel Discussion
WS	Workshop
IW	International Workshop
HLE	High level event
C	Technical consultancy by European expert

3. Beneficiaries/affiliated entities and other Cooperation

- 3.1. How do you assess the relationship between the Beneficiaries/affiliated entities of this grant contract (i.e. those having signed the mandate for the Coordinator)? Please provide specific information for each Beneficiary/affiliated entity.

The Consortium has set up procedures for managing the internal (Consortium) and external (EUD-China) relationships. These procedures have affected the selection of Short Term Experts (European and Chinese), the management of reimbursements and payments and the definition of the template to be used for drawing up project's documentation and reports. Dedicated mailboxes have also been created in order to facilitate communication between the different actors involved in the project.

The main difficulties observed during the first year of the project were uncertainties and inefficiencies in the administrative procedure and in the division of responsibilities stemming, to a large extent, from the announced change of the institution running the Project Secretariat, which undoubtedly affected the quality of the work conducted under the project's auspices. However, it has to be noticed that the extra effort required after the Formez withdrawal has been totally absorbed by INPS and Expertise France that, more than the other Partners, have been able to force internal procedures in order to ensure the proper project activities continuation: INPS has involved internally all the directions dedicated to manage resources and all the aspects related to their involvement, while Expertise France acted autonomously for most of the operative activities and events related to Component 1.

The Project Leader, with the main objective to make the project continuing without significant delays, decided to internally evaluate extraordinary procedure to be followed in the cases in which Formez wouldn't carry out important project activities such as contracts, payments and part of visibility needed for most important events, whose tasks can't be easily performed by a public authority and, for this reason, they have been consequently slowed down. In this context, the support of Component Coordinators and Consortium Partners has been also fundamental in order to carry out the planned activities and achieve the important objectives for the project. Thanks to the new Secretariat structure that the Consortium is foreseeing, persisting problems related to project management and visibility can, hopefully, be overcome.

Furthermore it needs to be also mentioned that INPS has taken charge of providing clear and defined procedures in order to manage the Selection of the Short Term Experts and in order to guarantee transparency in the management of reimbursements.

- 3.2. How would you assess the relationship between your organisation and State authorities in the Action countries? How has this relationship affected the Action?

Relationships with State authorities in the Action countries were excellent. The Consortium has received both from Chinese and European Authorities full availability and support for the organization of the Project activities and events. We can fully state that it has been achieved the collaboration spirit required to carry out a co-financing projects.

- 3.3. Where applicable, describe your relationship with any other organisations involved in implementing the Action:

- Associate(s) (if any)

The relationship with authorities that joined the Consortium as Associates is the same one described with reference to the Beneficiary/affiliated entity under point 3.1 of the present report.

- Sub-contractor(s) (if any)
- Final Beneficiaries and Target groups
- Other third parties involved (including other donors, other government agencies or local government units, NGOs, etc.)

(C1)

The Ministry of Labour and Social Affairs of the Czech Republic, which is an associate to the co-Applicants, fully contributed to the organization of a 3-countries dialogue and study visit organized in November 2015. The said Ministry also shared its best practices with the EU Resident Expert and the European expert on best practices as and when solicited.

Through the EU Delegation in Beijing, contacts were established with representatives of the EU member states in Beijing interested in Social protection reform.

Contact was also established and maintained with international organisations most active in the field of social protection reform in China, viz. the ILO and the World Bank.

Contact was established and maintained with the MoHRSS and ACFTU, which are two of the national project stakeholders most directly, interested and involved in social security reform in China.

3.4. Where applicable, outline any links and synergies you have developed with other actions.

(C1)

The Resident Expert has been asked to intervene as keynote speaker in a seminar organized by the ILO and ACFTU in March 2015 in Kunming (Yunnan Province) on Social security rights of migrant workers.

The Project C1 has contributed to the briefing of the President of the French Retirement scheme orientation council, Mr. Pierre-Louis Bras, who visited China in November 2015.

3.5 If your organisation has received previous EU grants in view of strengthening the same target group, in how far has this Action been able to build upon/complement the previous one(s)? (List all previous relevant EU grants).

Not Applicable.

4. Visibility

During the first year of the project the activity of Visibility, assigned to Formez, suffered some low support, mainly caused by the management of the Institute by a special Commissioner who has conducted due diligence regarding Formez activities, requiring strong limitations in its possibility of action. As a consequence, INPS, for the most important events, has taken the responsibility of this activity with the support of Component Coordinators and Partners. In the new organizational structure of the Project, which Consortium has defined and agreed during the last December, it will be given highest importance to this issue, in particular concerning the complete project website available in two languages, newsletters and dissemination of material in addition to a communication strategy which will be shared with all the major stakeholders of the Project.

Despite the project has, at this stage of the project, a poor website, one page was dedicated to advertise job openings and provided a calendar of events when they were being confirmed, in addition to other component information.

On the occasion of the Opening Event of the project and the 2015 High Level Forum on Social Protection Reform Challenges for Legal Framework of Social Assistance, the Project Leader with the support of the Component 3 Coordinator, Resident Expert and Consortium Partners, prepared text and iconographic material for project visibility, such as project background information, briefing on activities performed, as well as Component related information for dissemination.

Furthermore, Component 1 has produced and shared a Newsletter presenting the main Activities carried out by Component 1 during 2015.

A strong support in visibility activities has been provided from Chinese Beneficiaries that posted on their website information in Chinese language concerning all significant activities and the Resident Experts that create a temporary component dedicated website/repository.

List of acronyms used in the report

Acronym	Description
ACFTU	All-China Federation of Trade Unions
ACWF	All-China Women's Federation
ADECRI	Agence pour le Développement et la Coordination des Relations Internationals
CEC	China Enterprise Confederation
CASS	China Academy of Social Science
CIRC	Chinese Insurance Regulatory Commission
EN3S	Ecole Nationale Supérieure de Sécurité Sociale (National School of Advanced
ESF	European Social Fund
EU	European Union
EU MS	European Member State
EUD	European Union Delegation
IAC	Insurance Association of China
IASIA	International Association of Schools and Administration Institutes
IBRD	International Bank of Reconstruction and Development
ICT	Information and Communication Technology
ILO	International Labour Organization
IMC	Internal Management Committee
ISSA	International Social Security Association
LAC	Latin America & the Caribbean
M&E	Monitoring and Evaluation
MIS	Management Information System
MoA	Ministry of Agriculture
MoCA	Ministry of Civil Affairs
MoF	Ministry of Finance
MOFCO	Ministry of Commerce
NHFPC	National Health and Family Planning Commission;
MoHRSS	Ministry of Human Resources and Social Security
NDRC	National Development and Reform Commission

NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health & Safety
OPHRD	Operational Programme Human Resources Development
PAC	Project Advisory Committee
SAFEA	State Administration of Foreign Experts Affairs
SAI	Shanghai Administration Institute
SAWS	State Administration for Work Safety
SOCIEUX	Social Protection European Union Expertise in development cooperation
UNDP	United Nations Development Programme

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