

Annual Work Plan 2017

Activity 1.8.1

Provincial Pilot Sites Review and Identification of Prospects for Future Bi-lateral Co-operation

(February-March 2017)



CONTENTS

ACKNOWLEDGMENTS	4
1. INTRODUCTION	5
1.1. Objectives of the mission	5
1.2. Practical arrangements	5
2. DESCRIPTION OF THE VISIT TO TWO PILOT SITES	9
2.1 Meeting visit local authorities in Shanghai	9
2.2 Field trip to local companies in Shanghai area	10
2.3 Visit to the Shanghai City Xuhui Social Welfare Institute	11
2.4 Meeting with provincial authorities in Guangdong province	11
2.5 Meeting with local authorities in Qingyuan	13
3. PROPOSED ACTIONS TO INITIATE LONG-TERM COOPERATION	14
3.1 Proposed modalities of action	14
3.2 Proposed cooperation on long-term care	15
3.3 Proposed cooperation on social security liaison services	15
3.4 Proposed cooperation on basic and supplementary health insurance organisation and coordination	15
3.5 Proposed cooperation on awareness-raising	16
3.6 Proposed action related to Monitoring	16
Main principles of monitoring and evaluation of social policies	17
Key challenges for Chinese social security system	18
Set of possible topics to explore for future cooperation	20
French institutional framework able to mobilise necessary resources	20
4. CONCLUSIONS AND NEXT STEPS	20
ANNEX A: SUMMARY OF PROPOSED COOPERATION PROGRAMMES	23

ACKNOWLEDGMENTS

We, the team of EU Public Sector Experts that participated in the mission would like to thank the NDRC, both its Department Employment & Income Distribution and its ICC, for their very professional organization of this mission, for the quality of the appointments they set-up and for their heartwarming welcome in China.

These thanks should be extended to the C1 team in Beijing, which constant support was crucial for the good implementation of the mission.

Finally, we would like to thank our numerous hosts in Shanghai, Guangzhou and Qingyuan that participated actively in this mission. We hope this report will set the ground for long-term cooperation with them.

1. INTRODUCTION

1.1. Objectives of the mission

The purpose of the EU-China Social Protection Reform Project is to contribute to the improvement and inclusiveness of China's social protection system through strengthening the institutional capability for developing policies, for implementing legal and regulatory frameworks and for supervising systems of social insurances, social assistance and financial management in the area of social security.

In particular, the project's first component aims at consolidating the institutional capacity for social protection policy development and reforms in collaboration with the National Development and Reform Commission (NDRC).

The project document specifies that, in order to achieve the expected results, regions of local levels could be selected in order to fit in the policy analysis carried out by the central level. NDRC has chosen three pilot regions namely Sichuan – rural-urban integration of pension schemes -, Guangdong – social security rights of migrant workers – and Shanghai – Ageing population challenge – with which the project Component 1 has collaborated on many occasions in country and abroad.

The project document further notes that “Local Practices will allow the Consortium, the NDRC and the involved stakeholders to point out elements to fine tune the reform proposal, to highlight issues and topics to be reviewed and lessons learned to take into account during future projects that the Government will carry out. It is established that Local Practices will contribute to strengthening the dialogue between EU and China on the Social Security reform and the partnership between EU MS and the NDRC. These contributions are useful to establish a mechanism for EU-China high level policy dialogue (Expected Result R1).”

On the basis of the project activities to date as well as of past and on-going bilateral cooperative experience, it was decided by NDRC and the Pilot authorities in Guangdong and Shanghai that cooperation with EU countries would be likely to successfully develop into lasting relations with pilot provinces beyond the scope of existence of the project.

It was therefore decided that representatives from the consortium would visit the concerned sites, in order to get better acquainted with the economic and social situation in the places visited, and to formulate with NDRC proposals for future long-term cooperation activities, matching the expectations of the pilot sites, as well as the competences and availability of the European party.

1.2. Practical arrangements

The mission was implemented from the 26th of February to the 3rd of March 2017. The EU Team was composed of the following participants:

- Mr Laurent de Lespinay C1 coordinator, Expertise France
- Mr Andrej Tretyak, Head of Social security, Expertise France (Guangdong Province only)
- Mr Koen Vleminckx, Director of Research and International Relations, Federal Social Security, Belgium

- Mr Massimo Antichi, Director of INPS Research and Studies Department, Italy (Shanghai only)
- Ms Maria Teresa Pasqua, SISPI (project secretariat), Italy (Shanghai only)
- Mr Jean-Victor Gruat, EU Resident Expert
- Mr Zhang Guoqing, Main Chinese expert (Operations) (Shanghai only)
- Ms Li Lingxi, Component 1 assistant

NDRC participants include:

- Mrs. Zhu Yingjuan, Director General, Department of Employment and Income Distribution
- Mrs. Tang Ling, Division Director, Department of Employment and Income Distribution
- Mr. Chang Hao, Division Director, International Cooperation Center
- Mr. Dai Bowen, Official, International Cooperation Centre

Shanghai participants include:

- Mrs. Cao Jizhen, Deputy Director General, Shanghai Development and Reform Commission
- Mr. Liu Jun, Deputy Division Director, Division of Employment, Income Distribution and Social Security, Shanghai DRC
- Mr. He Manlin, Official, Division of Employment, Income Distribution and Social Security, Shanghai DRC
- Mrs. Chen Xiaoying, Official, Division of Employment, Income Distribution and Social Security, Shanghai DRC
- Mr. Liu Bin, Deputy Division Director, Research Office, Shanghai Human Resources and Social Security Bureau
- Mr. Ma Xiao, Deputy Division Director, Division of Urban Pension Insurance, Shanghai Human Resources and Social Security Bureau
- Mr. Li Chao, Deputy Division Director, Division of Rural Pension Insurance, Shanghai Human Resources and Social Security Bureau
- Mr. Yin Zhigang, Director, Research office of Shanghai Civil Affairs Bureau
- Mrs. Pu Haihong, Deputy Director, Shanghai Academy of Reform and Development
- Mrs. Shi Qian, Deputy Director, Shanghai Xuhui District DRC
- Mr. Shi Tao, Director, Shanghai Xuhui District Civil Affairs Bureau
- Mr. Jin Congli, Deputy Director, Shanghai Hongkou District DRC

Guangdong participants include:

- Mr. Gu Wanjun, Division Director, Division of Social Development, Guangdong Provincial Development and Reform Commission
- Mr. Li Gangchao, Deputy Division Director, Division of Social Development, Guangdong Provincial DRC
- Mrs. Su Yanxian, Deputy Division Director, Division of Social Development, Guangdong Provincial DRC
- Mrs. Zhang Xiaoling, Deputy Division Director, Division of Service Industry Development, Guangdong Provincial DRC
- Mr. Zhuo Qiang, Deputy Division Director, Division of Pension Insurance, Guangdong Provincial Department of Human Resources and Social Security
- Mr. Wu Yuandong, Deputy Division Director, Division of Employment Promotion, Guangdong Provincial DHRSS
- Mr. He Qibin, Official, Division of Rural Insurance, Guangdong Provincial DHRSS
- Mr. Que Guangchang, Director, Guangdong Provincial Social Security Fund Administration
- Mr. Dong Bingguang, Deputy Director, Guangdong Provincial Social Security Fund Administration
- Mr. Luo Ruisheng, Deputy Head, Unit of Information and Archives, Guangdong Provincial Social Security Fund Administration
- Mrs. Zeng Shaoli, Head of Unit of Social Insurance Benefit, Guangdong Provincial Social Security Fund Administration
- Mrs. Ke Chunyuan, Acting Head of Unit of Social Insurance Benefit Transfer, Guangdong Provincial Social Security Fund Administration
- Mr. Zhao Jian, Official, Unit of Archives, Guangdong Provincial Social Security Fund Administration
- Mr. Chen Yuyuan, Deputy Director General, Guangzhou Municipal Human Resources and Social Security Bureau
- Mr. Chen Nan, Division Director, Division of Population, Guangzhou Municipal DRC
- Mrs. Li Mei, Deputy Division Director, Division of Population, Guangzhou Municipal DRC
- Mr. Chen Xiaohua, Deputy Division Director, Division of Elder Care, Guangzhou Municipal Civil Affairs Bureau
- Mr. Zheng Yong, Deputy Division Director, Division of Employment, Guangzhou Municipal Civil Affairs Bureau
- Mr. Bai Mingwen, Deputy Division Director, Division of Rural Social Security, Guangzhou Municipal Civil Affairs Bureau

Qingyuan Participants:

- Mr. Li Xinquan, Executive Deputy Mayor of Qingyuan
- Mr. Wu Jiahui, Deputy Secretary General, People's Government Office of Qingyuan
- Mr. Cai Xudong, Director, Qingyuan DRC
- Mr. Liu Xinmao, Deputy Director, Qingyuan DRC
- Mr. Peng Decai, Deputy Director, Qingyuan Human Resources and Social Security Bureau
- Mr. Xie Wancheng, Deputy Director, Qingyuan HRSSB
- Mr. Liu Guoqing, Deputy Director, Qingyuan HRSSB
- Mr. Yang Shiwen, Deputy Head, Investigation Team to Qingyuan from State Statistics Bureau

This team held discussion with interested parties focusing on the sectors of main interest for project pilot activities.

The detailed planning and meetings held are summarised hereafter:

Date	Activities
Feb. 26 Sunday	Beijing (T3) to Shanghai(Hongqiao T2) CA1885 18:30-20:40
Feb. 27 Monday	09:30-11:30 Meeting with Shanghai Academy of Development and Reform, Shanghai Municipal Bureau of Human Resources and Social Security, Shanghai Municipal Bureau of Civil Affairs. 14:30-16:30 Field trip to Jiading District (Shanghai Automobile Gear Works).
Feb. 28 Tuesday	09:30-11:30 Field trip to Hongkou District (Mingzhu Creative Industrial Park) 14:00-16:00 Field trip to Xuhui District (Social Welfare Home).
Mar. 1 Wednesday	Shanghai (Hongqiao) to Guangzhou MU9301 8:30-11:05 14:30 Meeting with Guangdong Provincial Bureau of Social Security for an introduction of IT management system, and the social security management of migrants in Guangdong Province; 16:30 Field trip to social security administration authority of Guangzhou City
Mar. 2 Thursday	09:00 Meeting with Guangdong Provincial Development and Reform Commission (PDRC) for an introduction of employment and social security, regional gap of basic pension insurance (reasons and countermeasures) in 2016 of Guangdong Province and Guangzhou City 14:30 Meeting with Qingyuan Municipal Bureau of Social Security

	16:30 Field trip to social security administration authority of Qingyuan City
Mar. 3	09:00 Meeting with Qingyuan Development and Reform Bureau (DRB)
Friday	Guangzhou to Beijing (T3) CA1340 16:30-19:35

2. DESCRIPTION OF THE VISIT TO TWO PILOT SITES

2.1 Meeting visit local authorities in Shanghai

The visit to Shanghai was coordinated by Mr Liu Jun, Director of the social security department in Shanghai provincial development and reform commission who took part in all sessions.

On 27 February in the morning, the delegation met with Shanghai Academy of Development and Reform, Shanghai Municipal Bureau of Human Resources and Social Security, Shanghai Municipal Bureau of Civil Affairs. Ms Cao Jizhen, Deputy Director for Shanghai municipal development and reform commission chaired the meeting.

Mr Liu Bin, from Shanghai Municipal Bureau of Human Resources and Social Security introduced the overview of social security in Shanghai 2016. According to the law about social insurance and the basic social policy in China, the policy for pension could be divided into 2 parts:

- 1) employees' basic pension insurance;
- 2) rural and urban residents' basic pension insurance.

People who are employed participate in the employees' basic pension insurance scheme, and those people who are not employed (or self-employed) participate in the rural and urban residents' basic pension insurance scheme.

In 2016, the population of employees who joined the social insurance came to 14.38 million (among them, 4.27million employees received their pensions) and the population for the people who joined the rural and urban residents' basic pension insurance scheme came to 0.79 million.

Mr Liu Bin introduced a unique scheme for social security in Shanghai called "Social insurance for small township". This scheme will be reformed this year. The participants in this scheme will be included into the former two schemes.

Mr Liu also introduced the reforms for the social insurance scheme which have taken place in 2016:

- 1) Lowered the contribution rate (2.5%) of employees' basic social insurance.
- 2) Improved the methods of social insurance for the migrant workers.
- 3) Increased the pension levels for the retirees.
- 4) Improved the level of maternity insurance.
- 5) Contribution rates differed among different industries on injury insurance.

6) Promoted the construction of long-term care insurance system

Mr Yin Zhigang, from Shanghai Municipal Bureau of Civil Affairs, began with introduction of the background of ageing population in Shanghai. Mr. Yin shared some figures of ageing population in Shanghai: the proportion of people (who have the residence certificates in Shanghai) over 60 years old is more than 30%, over 65 years old is more than 20%, and over 80 years old is more than 5.5%.

Mr Yin introduced the 5 parts of top-level design for the old-age service in Shanghai:

- supply system,
- security system,
- policy system,
- assessment system,
- supervisory system.

Based on China's situation, Shanghai focused on the development of home-based care service for old age, inspired by the German example. In this regard, the government not only provides policy support, but also subsidies for pension institutions, and subsidies for the elderly population. For the future, the local government wanted to invite more social organizations to get involved in the industry of old-age service to improve the development of senior care.

Ms. Pu Haihong, director of Shanghai Academy of Development and Reform, pointed out that since Shanghai has entered the aging society much earlier than other cities in China, the local government started an earlier exploration in related scheme design. In 2016, Shanghai Academy of Development and Reform mostly focused on 3 topics: social security; elderly insurance and industry of senior service.

Ms. Pu further indicated that the impact of ageing on the economy is important in Shanghai with a declining labour force, an increased role of pension fund in capital market and a development of the commercial insurance market.

During the exchange that followed, it was clearly evidenced that both parties had a lot of commonalities and could easily consider mutually beneficial

2.2 Field trip to local companies in Shanghai area

The first field trip was organized at the Shanghai Automobile Gear Works (SAGW), which produces automotive transmissions and key components manufacturing for cars.

The company introduced basic figures concerning its human resources and further detailed the social protection schemes from which its employees benefit.

Among the main topics, the management team of SAGW pointed out high contribution rates; limited impact of the payment on the pension level and the low level of health care offered through the basic social insurance.

Another visit was organized with innovation technology companies, all located in the Mingzhu creative industrial park, the companies presented their activity, their employment conditions and their policy recommendations.

Those companies presented the cost of social protection (43% of the salary for basic schemes) as an important preoccupation for the employer as well as for the employee whose willingness to pay more is “non-existing”.

2.3 Visit to the Shanghai City Xuhui Social Welfare Institute

As a final step of the trip to Shanghai, a visit was organised to the Shanghai City Xuhui Social Welfare Institute.

Mr. Shi Tao, director of Civil Affairs Bureau of Xuhui District, gave a brief introduction of the context of the ageing population in Xuhui District, where the figures speak for themselves: the elderly represent 31.95% of this district, and among the elder population those who above 80 years old accounts for 20%.

Focus on the key findings from the visit in Shanghai:

➡ *Shanghai is characterized by a fast ageing population process (30% of the population, it is more than most EU countries – around 20% - and twice more than the national average).*

➡ *The social protection schemes are perceived as a burden by many employers and as a threat for their future development. This creates a context in which the extension of social protection can hardly be supported by an increase of the mandatory social contributions.*

➡ *The ageing population and the increased demand for old-age care services encourage the development of new services that can be of mutual interest for EU and Chinese partners of the project.*

2.4 Meeting with provincial authorities in Guangdong province

The visit to Guangdong Province was coordinated by Mr Gu Wanjun, Division Director of Guangdong Provincial Development and Reform Commission.

The first meeting organised with the Guangdong Provincial Bureau of Social security provided an opportunity to discuss various practical technical issues. This included information systems that currently works for 1.7 million insured persons and 400.000 retirees who are handled directly at the provincial level.

A number of operations can therefore be performed online, ranging from rights certification, pension follow-up, health insurance, information on population registration (with Hukou-related cooperation with security bureaux).

The Province is in the process of establishing its own Data analysis bureau within the Provincial social insurance bureau. For this, having explored the possibilities of both main statistical software, SPSS and SAS, it finally opted for SAS, as many European social security institutions.

The computerization of social security is well advanced with potential for enhancement in the field of data analysis, based on the information collected.

The following meeting, held with the provincial NDRC and from Guangzhou municipal bureau of Human Resources and Social Security to discuss issues related to employment and income distribution.

The average disposable income in the Province is in the high range, at 30,296 Yuan¹ per year but differences are important between urban (37,684 Yuan) and rural (14,512 Yuan) populations. Direct salaries – excluding bonuses counted as “income from property”- represent roughly 70% of the total disposable income.

Employment services intervened in the job identification process of 100.000 students in 2016 – of which 95% got employed. Employment services practice all aspects of active labour market policies. Subsidized positions are being created for new graduates, to help for their first recruitment. Encouragement is provided to innovation through competitions and special loans. The need for new job creations is of 1.1 million every year. Whereas non-skilled workers are still abundant, there is definitely a lack of skilled candidates required for boosting local economic development.

Social insurance has enjoyed 30 years of development in the Province. Out of an insured population of 47 million people (total Provincial population 107 million). The social insurance fund collects every year 300 billion Yuan from contributions, while expenditure are of some 200 billion. There are 5.000.000 pensioners whose benefit averages 2.500 Yuan per month. However, within this overall provincial surplus, there are deficits in several pooling areas.

The objective of the scheme for salaried employees is to expand coverage – for which help is required at the local level; reinforce the law and education of the population, improve efficiency in providing services; strengthen the redistribution function of the pension pooling.

Besides the scheme for salaried employees, the pension scheme for the rural and urban non-employed population is also important. Between 2014 and 2016 one of the ten Government priorities was to increase the basic benefit that, as provincial average, grew from 55 to 110 Yuan per month.

Improvements in the scheme are difficult because lack of matching capabilities of local governments. A model for the adjustment of the pension system is going to be established, and work is on its way to expand coverage.

Demographic ratio in Guangzhou city is 5:1 (5 contributors for 1 retiree). In the city, the pension for casual employment (contributory with lower requirements than the general scheme) is of 900 Yuan a month, the average pension for urban-rural non-employed is of 324 Yuan a month. Guangdong had introduced a scheme that is not frequent in the rest of China, whereby farmers whose land they worked was appropriated by the Government for development plans. While these farmers were granted an urban instead of rural Hukou, they were credited with some mounts in a special pension saving schemes based on individual accounts.

For health insurance, where the contribution rate is of 7%, **in-patient** reimbursement under the salaried employees' scheme can be as high as **85.22%**. It is of **60.95%** for the urban-rural cooperative scheme. A pilot scheme for long-term care is under testing. It is financed via a debit of 150 Yuan per year on the pooled amount for each insured person. Cost of

¹Exchange rate on 1 March 2017, 100 Yuan = 13.7 euros

services have been established at 135 Yuan/day if institutional care, and 100 Yuan/day if care at home.

For unemployment insurance, Guangdong has recently introduced a procedure rewarding those enterprises that have a positive action towards the labour market, through the payment of employment subsidies. Eligible enterprises are those who paid their unemployment insurance contributions on time and in full, and during the past year did not dismiss workers at a higher frequency than the unemployment rate. The scheme represented 1.38 billion Yuan in Guangzhou in 2016, and benefited to 26,000 eligible companies.

2.5 Meeting with local authorities in Qingyuan

In Qingyuan, two Deputy Mayor of the City, Ms Guo Weili and Mr Li Xinquan chaired working sessions that consisted in a presentation of the general social and economic characteristics, with a focus on the social security system in Qingyuan.

Representatives of the local Development and Reform Commission, as well as of the Department of Human resources and social security presented the respective findings.

Qingyuan was established in 1998 as a prefecture-level city in northern Guangdong, on the banks of the Bei (North) River. Its permanent population in 2016 is 3.846 million, out of whom 1.5711 million live in the urbanized Qingcheng and Qingxin districts. Covering 19,036 km², Qingyuan is Guangdong's largest prefecture by land area. According to a North-South divide, it presents characteristics of modern development because of the vicinity with Guangzhou, and of under-development similar to what is seen in Northern bordering provinces of Hunan and Guangxi. Qingyuan is a famous touristic area with exceptional water and mountain landscapes and sites.

The regular fiscal revenue of Qingyuan city was 9.6 billion yuan in 2016, as against an expenditure of 30 billion. 78% of the fiscal revenue comes from taxes. Higher level subsidies are either regular, from taxation refund, or earmarked for special pilot projects. The transformation of the business tax into VAT of which the City retains only 25% has decreased its financial autonomy.

The average disposable income was of 18,859 yuan in 2016, of which 25,267 yuan for urban residents and 12,873 yuan for rural residents.

The Qingyuan social security IT system contains data concerning 7.8 million people – each insured person being counted under each branch of insurance for 2 billion entries in total. The Health care system for employees has some 500,000 affiliates, the health scheme for non-employees 3.5 million. Some 400,000 employees are member of their pension scheme.

The system functions with 9 inter-connected modules, which are:

- Core module (contributions and payments, employees schemes)
- Health care insurance collection for non-employed
- Health insurance real time settlement
- Health insurance inter-city settlement
- “Suspicious behaviour” from hospitals (derived from Wuhan city experiment)
- Online public service social security system (2015 reform)

- Social security card management
- Transfer module

Focus on the key findings from the visit in Guangdong province

➡ In such a large province coordination issues is crucial for the good functioning of social security schemes. This concerns interoperability of IT systems, exchange of information, coordination between actors from the provincial and local levels.

➡ In the context of a “new normal” economy, employment may become a major issue that requires much attention. Entrepreneurship and the impact of social security on entrepreneurship is a topic to explore

➡ There is a mutual interest in exploring possibilities to further improve the use of available data to better target and document existing policies (including gender impact) and to better plan future policies

3. PROPOSED ACTIONS TO INITIATE LONG-TERM COOPERATION

3.1 Proposed modalities of action

Based on the meetings held in Shanghai and in the Guangdong province, the team of EU experts tried to potential areas of potential cooperation which are further detailed hereafter, this includes:

- Long-term care
- Social security liaison services
- Organisation of health insurance
- Awareness-raising on social protection and entrepreneurship
- Monitoring and evaluation of statistics and decision-making information system data

For those topics, we tried to identify the most relevant modalities of operation for different topics of mutual interest. The idea is to recommend a type of action that matches the reality and level of advancement met on the field.

For the topics on which China made great progresses and reached a level comparable to – or exceeding – the one of European countries, the idea is to favour policy dialogue and peer-to-peer exchange visits where EU and Chinese stakeholders can share views in the framework of visits and conference to be organised in China and in Europe. Subject to the approval of the Project authorities, the initial activities could be organised in the framework of and with the financial support of the Project, to be later directly managed by the concerned institutions.

For other topics, where the European experience could be presented to Chinese stakeholders as a reference and where European experts could build capacities to enhance

public policies, we recommend to organise short-term expert mission in China and to invite Chinese staff in Europe for a short internship. There again, this could be initiated during the year 2018 as part of the Project work plan and be later on pursued on bilateral basis.

Finally, we have identified one key topic where EU partners do have an extension experience that might be useful in the Chinese context. A detailed specific action plan is to be found hereafter. This requires several EU partners that could be mobilised as of the beginning of 2018.

3.2 Proposed cooperation on long-term care

As detailed above, the old-age population is major feature in Shanghai. The rapid demographic transition that is experienced all across China is particularly fast in Shanghai and this comes with many challenges to address the needs of the Elderly.

The context is quite similar to the one experienced in most European countries and EU policy makers are facing similar challenge to offer long-term care services, to adapt the legal framework, to identify suitable financing modalities and to efficiently manage services or to delegate the management of services to specialised organisations.

Considering the mutual interest from local authorities on the topic, we recommend the organisation of peer-to-peer exchange visits where the delegations could include representatives from the local government, the Social welfare services and from selected Institutes involved in long-term care.

Since Shanghai and Marseille are sister cities, we recommend to use the opportunity of a workshop to be organised in France (in the framework of the research work on pensions reforms) to organise a meeting and explore potential partnerships.

The workshop could therefore be organised in Marseille during half a day or a full day. This workshop would be followed by a meeting where the representatives from the NDRC could meet with the City Council of Marseille and the Local Council for Social Action to agree on the detailed form of the peer-to-peer exchange visit.

This activity could generate fruitful exchanges where best practices from both sides could feed the policy and management reform.

3.3 Proposed cooperation on social security liaison services

Workers mobility is a key issue in the field of social security in Guangdong Province. The transition from rural to urban areas and its impact on the social security rights could somehow benefit from the experience gained by European liaison bodies.

As shown already last year, when a pilot training was organised in Foshan, expertise in the management of workers mobility could be of interest for Guangdong Provincial Development and Reform Commission.

If approved by the NDRC, the members of the consortium may approach their respective liaison bodies to initiate a cooperation that could later lead to the organisation of an internship in Europe.

3.4 Proposed cooperation on basic and supplementary health insurance organisation and coordination

Both the Guangdong Provincial Development and Reform Commission and the Guangzhou China Social Insurance Agency mentioned the organisation of health care and the coordination between the health insurance and the health care providers.

In 2010, France experienced an important reform that merged regional administrations in charge of health care organisation and those in charge of the regional coordination of the local health insurance centres. The Regional Health Agency that were created through this reform have developed extensive experience in the overall coordination of the health sector stakeholders at the regional level.

Other EU countries, have different approaches that may be of interest to the Chinese partners in Guangzhou.

We recommend the organisation of a top policy dialogue on the topic, where managers from selected hospitals, representatives from the Medical Doctors, etc. would exchange on a regular basis. This activity would mix experiences and recommendations from both the national and the provincial level.

3.5 Proposed cooperation on awareness-raising

While many challenges faced by the Qingyuan authorities require a solution to be implemented at provincial level, we noted from our discussions that there was an important discrepancy in the population's awareness on social protection and employment opportunities.

It was also noted that a gap exists between the Northern (more rural) and Southern (closer to Guangzhou) parts of Qinyuan.

At a local level, we encourage the organisation of activities to raise awareness among the population, which could be organised through a partnership with local schools. The French Mutual Fund for the National Education, has a long-lasting experience working with teachers in many different countries in order to promote education and awareness-raising on social protection, on solidarity and responsibility, as well as on social economy.

Based on this experience, it can be envisaged to mobilise short-term EU public sector experts to work with Qingyuan counterparts on the definition of a teaching module that could be tested in the local schools. If successful, this pilot experiment could later be expanded in the entire province.

3.6 Proposed action related to Monitoring

A more detailed set of actions is proposed on the above topic as, Chinese authorities have demonstrated their interest in further development of statistical analysis, monitoring and evaluation of social policies based on their existing databases, and the consortium is confident that it can mobilize high quality public expertise from various institutions. This chapter will therefore start with brief reminding of principles for monitoring and evaluation of social policies used nowadays in France and in some other EU countries. Afterwards, it will highlight the key challenges for Chinese social security system in order to develop the comprehensive framework for monitoring and evaluation based on existing data sources. These key challenges were identified during preliminary 3-day visit in Guangdong subject for further fine-tuning based on more deep analysis of situation. Based on these key challenges we are proposing the possible topics for future cooperation and the French administration available for mobilising additional expertise. In the short-term period, this cooperation can be pursued in form of exchange of study visits and expert missions in order to deepen the mutual understanding concerning identified topics. Further cooperation can be pursued in the

framework of existing project as well as going beyond. This is a subject of further development of cooperation links between French and Chinese administrations and should be based on mutual interest. We also use the opportunity of this report to share with the other countries represented in the consortium, and beyond, our set of proposals.

Main principles of monitoring and evaluation of social policies

Monitoring and evaluation (M&E) methods help improving government performance and achieve results. More precisely, the overall purpose of monitoring and evaluation is the measurement and assessment of performance, defined as achievement of results or progress towards them, in order to manage more effectively the outcomes and outputs.

Traditionally, monitoring and evaluation focused on assessing inputs and implementation processes (« process M&E »). Nowadays, the focus of M&E tools is moving on assessing the contributions and impact of various factors and particularly a given policy intervention to a given outcome (« impact or « results-oriented » M&E). Wide scope of evaluation methods used by public administrations is trying to answer the fundamental question: "What would the situation have been if the intervention had not taken place?". Although it is impossible to observe such a situation in reality, it is possible to develop a range of indicators and methods allowing to make a sound approximation as well as to study more precisely the scope of population which was targeted by this intervention but didn't acted as it was initially expected.

The main objectives of contemporary results-oriented M&E are:

- to enhance organisational and development learning;
- to ensure informed decision-making;
- to support substantive accountability.

Hence, the information produced by such M&E system can be used in different ways: to allow more efficient resources' reallocation in the budget process; to assist in preparation of national and sectorial planning; to aid on-going management and delivery of government services; or to underpin accountability relationships. The more ambitious government systems endeavour to achieve two or more of these desired goals. As a consequence, a single, « best approach » to a national or sectorial M&E system does not exist.

On the contrary, the country approaches are highly diverse. The starting points faced by each country are different as well as the destinations to which they aspire. For example, countries such as Brazil or France have stressed a whole-of-government approach to the setting of program objectives and the creation of a system of performance indicators. Others such as Colombia have combined this with an agenda of rigorous impact evaluations. Yet others, such as Australia, the United States and the United Kingdom, have stressed a broader suite of M&E tools and methods: including performance indicators, rapid reviews, impact evaluations and performance audits.

Key measure of « success » of an M&E system is the utilization of the data that the system produces. Substantive demand from the government is a prerequisite to successful institutionalisation of M&E systems. And a barrier to demand is lack of knowledge about what M&E actually encompasses.

The first way around this conundrum is to try to increase awareness of M&E — its range of tools, methods and techniques — and of its potential uses. Evaluation designs are determined by the choice of methods used to identify the counterfactual and vary in feasibility, cost, and degree of selection bias. They may be qualitative or quantitative. Far from being mutually exclusive, they may reinforce each other.

Secondly, the different stakeholders should be involved at every stage of the evaluation process. Evaluation questions as well as evaluation designs (data and methods to be used to answer these questions) should be agreed at a decisional level and, whenever possible, based on a large consensus.

Indicators are maybe the most accessible evaluation method, because their production requires limited financial means and specific competences. Warning indicators may also be used to launch more detailed evaluation. Therefore, a vast majority M&E systems use indicators.

Indicators should be built and constructed for all strategic elements in order to track and monitor progresses with respect to input, activity, output, outcome and impact. Monitoring and tracking at every strategic level provides a continuous flow of information, which provides a feedback on areas of success and areas in which improvements are required. One should nevertheless be careful about not over-engineering the system since a huge number may appear as unwieldy for its accountability uses of the information.

Key challenges for Chinese social security system

From management IT systems to decision making tools

During the visit of the Guangdong province's social security administration it was observed the existence of contemporary and very good shaped IT system registering the beneficiaries and allowing the Chinese social security to fulfil its obligation towards the population. The needs expressed by the Chinese colleagues concerns the creation of decision-making tools allowing better analysis of the impact of different social programs on the poverty alleviation. In this regards it is necessary to make further steps in creation of statistical database based on an efficiently functioning information system. This database could rely primarily on corrected and cross-checked administrative data. Data exchange between different provinces and other institutions is also crucial so as to cover the whole field of social insurance.

The elements of information system used to manage payments of various benefits and allowances of the Chinese social insurance system are structured in a homogeneous architecture. This information system represents a solid starting point upon which it is possible to rely in order to create the statistical databases to be used for the statistical treatments. It is necessary to make the extractions for the statistical databases based on management database, with a regular periodicity. According to the international experience it is better to work with separated statistical databases without disturbing the management database by statistical treatments. Additional equipment could be necessary in order to create and manage these statistical databases.

According to Chinese administration, a stable national ID number is existing and provided by ministry of interior. However, in order to build comprehensive monitoring and evaluation framework, it is necessary to check out any discrepancies in attribution of national ID number related to age, change of situation etc.

From input based indicators to result-oriented monitoring and evaluation of social insurance

Indicator development processes are key in setting out a M&E system since it drives all the subsequent data collection, analysis and reporting. The relevance of the indicators to key stakeholders and actors, which requires a series of consultation and discussion on the best possible indicator that could satisfy the interest and needs of key stakeholders, needs to be taken into account to evolve a participatory system.

A crucial point in the indicator development process is also its ability to reflect the ground situation and availability of data. More precisely, to be really informative, indicators should meet the SMART criteria meaning that they should be Specific, Measurable, Attainable, Relevant and Time-related.

The activities of monitoring and evaluation of social policies should demonstrate not only the number of beneficiaries of different social programmes but rather the impact of different social programmes on poverty alleviation:

- Are the social programmes targeting the most vulnerable persons?
- What is an average duration of use and frequency for different social benefits and services by the same users?
- What is the impact of every type of social benefits on disposable income of the household?
- What is the link between social benefits and social services provision?
- Who is benefiting these services and what is the impact on poverty alleviation (if any)?
- What is the geographical distribution of beneficiaries on the territories (on micro level) in the pilot region?

Foster the cooperation between different public stakeholders involved in the social policy and exchange of social data

The existing practices of monitoring and evaluation of social policies are mainly based on administrative data. However, the administrative data only offers a partial coverage of performance information. To be informative, an evaluation often needs data on the general population. In this regards the Chinese social insurance administration should be able to have an access at least to the primary data of Household Budget Survey and, if this data is not available or appropriate, be able to carry out their own surveys and treat the data. In this regards, the necessary skills for advanced statistical analysis should be available at least on provincial level.

In order to get exhaustive presentation of social insurance system it is better to take into consideration the data of different entities covering the same social risks. This will require the establishment of protocols for data exchange between different parts of administration (social security, fiscal administration, employment agencies, ministry of interior etc.). Political will and institutional framework defined on highest political level are necessary in order to ensure an efficient and successful exchange of information and change of procedures.

Needs in capacity building for the staffs the social security administration on monitoring and evaluation

The limited available skills and unclear decision makers' vision for analysis may form an important obstacle for a well-functioning M&E system. In Guangdong province, the first steps for creation of the department for Monitoring, Evaluation and Statistical Analysis seems to be made. This department may have the independence from program managers required to conduct objective assessments of programs' merits. Adequate and regular training seems

however necessary to ensure that the department is able to elaborate and transmit reports on a regular and systematized basis. Although the existence of well-trained staffs on national labour market does not raise any doubt, then use of new methods of work, handling the big databases, will require additional training for the staffs of the Department.

Set of possible topics to explore for future cooperation

Support in establishing of monitoring and evaluation departments on provincial and local level

- Presentation of skills necessary for successful functioning of statistics, monitoring and evaluation departments
- Assistance in development of organization and workflow
- Define an overall organizational framework for data exchange and the production of evaluative studies
- Develop guidelines and procedures for the production of monitoring and evaluation studies
- Organisation of capacity building initiatives

Analysis of existing data exchange mechanisms

- Analysis of the existing sources of data and data production processes (internal and external)
- Support in creation of data warehouses for statistical purposes based on management IT systems
- Assistance in elaboration and updating of the glossary of data
- Analysis of information existing in the system in order to avoid the double request from beneficiary by different branches of the system
- Analysis of consistency of data and development of data correction tools
- Recommendations for choice of IT tools

Development of decision-making tools

- Assistance in definition of monitoring and evaluation framework based on strategic objectives of social security system and national strategic documents
- Definition of outcome-oriented indicators
- Analysis of impact of different kind of social security benefits of poverty alleviation
- Using of mapping method in order to evaluate possible policy
- Analysis of characteristics of population attained by poverty in order to improve the targeting of social security benefits
- Assistance in development and running of micro-simulation models allowing better decision-making process

Development of performance monitoring tools

- Support in development of modern personal identification tools like Personal Medical File
- Analysis of delay of treatment of the beneficiaries
- Analysis of big data indicators for better targeting of control and evaluation function
- Assistance in creation of supplementary data sources based on questionnaires

French institutional framework able to mobilise necessary resources

Over the last ten years, the French public authorities have introduced a range of significant social protection reforms: introducing laws on the financing of social security, reforming pensions, creating the universal medical coverage programme, launching the social security scheme for the self-employed (RSI) through the merger of various existing funds... In doing so they developed undeniable expertise in the management of such extensive reform. This work contributed to the development of skills in dealing with the social partners and all others involved, starting with health professionals.

France has also developed further analytical and planning skills, introducing national planning authorities, entrusted with forecasting changes and enlightening the decision-making process: the Pension Advisory Council, the High for the Future of Health Insurance and the High Council for the Family... The various branches have also developed tools for the planning and simulation of changes to regulations.

The governance of the social protection organisations saw far-reaching changes with the generalisation of mutual commitments ("contractualisation"). Whilst the public authorities continue to sponsor these organisations, links between the State and the national funds are now based on agreements on objectives and management (COG), which define their reciprocal commitments and grant the organisations further autonomy in implementing measures, in return for an improvement in the quality of service and increased productivity. Finally, the specific characteristics inherited from the past (the high number of profession-based schemes), provide France with particular expertise in regards to inter-scheme coordination, demographic compensation and network management. In the health sector, France has put in place a new regulatory authority, the French national health authority (HAS) which is notably responsible for the scientific assessment of the medical interest of medicines, medical instruments and professional acts as well as the recommendation, or not, of their refunding by the health insurance system.

French institutions, which can be mobilised for the cooperation with Chinese authorities:

French national health authority (HAS) uses many indicators of demography, health status, health determinants, resources and uses of the health system, and health policies, to compare the situation in France with that in other European Union (EU) countries.

Pension Advisory Council or COR (the acronym for Conseil d'orientation des retraites), a permanent body which brings together members of parliament, unions, independent experts and representatives of the administration, and whose mission is to monitor the French retirement system.

Direction for research, studies evaluation and statistics (Drees - la Direction de la recherche, des études, de l'évaluation et des statistiques) is one of the central Directions of the social and health ministry's which is responsible for monitoring and evaluation of social policies. This administration is in charge of micro-simulation models for different social programmes.

The national health insurance fund (CNAM - Caisse Nationale d'Assurance Maladie) which is in charge of mandatory health insurance for general scheme. This entity is managing the Personal Medical File (DMP), which is available to health professionals since early 2011. It is also directly accessible to patients since April 2011. Furthermore, CNAM participate in the works of ASIP-Santé (Agency of shared health information systems), in order to create and implement the conditions needed to support the deployment of a national-level shared health information system: interoperability of repositories, a national health identifier, mobilization of stakeholders, and user-support.

A public administrative institution, the National Insurance Fund for Old Age (CNAV - Caisse nationale d'assurance vieillesse des travailleurs salariés), manages the retirement pension of the General Social Security Scheme.

National Family Allowances Fund (CNAF - Caisse nationale des allocations familiales), manages benefits allocated by the family branch organized into five main priorities: Early Childhood, Large families, Single-parent families, Housing for families, Fight against poverty.

4. CONCLUSIONS AND NEXT STEPS

After two years of project implementation where the focus was on the national level, there is a real opportunity to expand the project scope to concrete activities to be experimented locally with hands-on professionals that contribute to the daily management of social protection system.

Through a first visit to two of the three Pilot, we have identified several topics of mutual interest and several modalities of action. The proposals detailed are summarised as an annex A to this report and the EU partners are looking forward to receiving the feedback from the Chinese partners from the national, provincial and local levels. Indeed, these proposals can be further discussed before a decision is taken on the selected actions.

Ideally, discussions should be carried out through throughout the summer, so the period from September to November can be a moment for integrating the activities in the 2018 work plan and budget.

Expertise France,

June 2017 v.2

ANNEX A: SUMMARY OF PROPOSED COOPERATION PROGRAMMES

Theme	Modality of operation	Chinese partner	EU Partner
Long-term care : legal, financial and operational management of services for the elderly	<ul style="list-style-type: none"> Peer-to-peer exchange visits in China and Europe 	<ul style="list-style-type: none"> Shanghai MDRC Municipality of Shanghai Xuhui District Social Welfare Institute 	<ul style="list-style-type: none"> Municipality of Marseille (France) Municipal Center for Social Action Local Family Allowances Fund
Enhancement of Statistics Management as a tool for decision-making in the field of Social Security	<ul style="list-style-type: none"> Internships in Europe Short-term technical assistance in China 	<ul style="list-style-type: none"> Guangdong PDRC 	<ul style="list-style-type: none"> Banque Carrefour de la Sécurité Sociale (Data exchange and warehousing system of the Belgian Social Security) French National Old-Age Insurance Fund (CNAV) French National Family Allowances Fund (CNAF)
Management of social security in a context of workers mobility	<ul style="list-style-type: none"> Internship in Europe Short-term technical assistance in China 	<ul style="list-style-type: none"> Guangdong PDRC 	<ul style="list-style-type: none"> EU Social Security liaison bodies
Organisation basic and supplementary health insurance, in coordination with health providers	<ul style="list-style-type: none"> Policy dialogue 	<ul style="list-style-type: none"> Guangdong PDRC Guangzhou Social insurance Agency 	<ul style="list-style-type: none"> Regional Health Agency of Lyon Region
Preparation of teaching material to raise awareness on the importance of solidarity in social protection schemes and entrepreneurship	<ul style="list-style-type: none"> Short-term technical assistance in China Delivery of teaching sessions in elementary schools 	<ul style="list-style-type: none"> Municipality of Qingyuan 	<ul style="list-style-type: none"> French National Employment Public Service (Entrepreneurship) French National Education Mutual Fund (Solidarity in social Protection)