

Audience of the Project results

Macro-activity 0.1 – Component 1



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

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1. Document Scope

Macro-activity 0.1 of the Grant application form establishes that “After the setting up of the Office in Beijing, the Resident Experts, in collaboration with the three Component Coordinators and the Project Leader, will (...) carry out an in-depth analysis regarding the Audience of the Project’s Results”. This document responds to the above requirement, as far as Component 1 is concerned.

For the purpose of the analysis to follow, the “*Audience of the Project Results*” is to be understood as representing mainly the conjunction of the project beneficiaries and target groups. For each of these clusters, the relevance of the project expected results would be assessed in the light of the Problems and Needs – including horizontal issues – to which activities to be conducted are expected to provide an answer. Project results will also be of interest to a broader audience, composed of international stakeholders, partners of China in implementing social protection reforms and of the general public in country and abroad, contacted through the project’s visibility strategy (macro-activity 0.2).

Table 1 below summarizes the identified Problems and Needs, and the Results to be achieved through project activities as far as Component 1¹ is concerned.

Table 1 – Component 1: Problems, Needs and Results

I	P	R	
1			Gender Equality
2			Disability
3			Good governance
4			Human rights
	1		Major disparities between rural & urban regions
	2		Steady growth of ageing population
	3		Separate social insurance schemes applied to different social groups
	4		Inappropriate supervision and management of the social security funds
	5		Weak and partial legal framework in social assistance system
	6		Unbalanced, multilayer social protection system
	7		Difficulty and complexity to the service delivery
		2	Coordination of policy making among agencies
		3	National policy evaluation technique
		4	National policy framework for full coverage of OA insurance system
		5	Harmonization & integration of various basic soc.prot. systems, soc.ins. portability, better assistance schemes

I: Cross cutting issues; P: Problems and Needs; R: Expected results

The five results pertaining to Component 1 are to be pursued through 16 topics that may be grouped under four broad headings or themes around which a social protection reform may be conceptualized, developed and implemented. Those broad headings are as follows: Conceptual and managerial issues; issues related to social protection system relevance and sustainability; issues addressing equity concerns notably for those contributing to the financing of the system; and, issues of universality and continuity on coverage, including considerations about vesting.

¹ Component 1 overall objective is “Strengthening institutional capacity for social protection policy development and reforms”

Table 2 hereafter relates the topical contents of each “theme” to identified problems, needs and horizontal issues and to the results, they are to contribute to.

Table 2 – Component 1: Topics to be covered through project activities

THEME	SHORT TITLE	ID	TOPICS DESCRIPTION	R.	P.	I.	DATE STARTS
		1	Component 1 - Strengthening institutional capacity for social protection policy development and reforms				
1	CONCEPTUAL & MANAGERIAL ISSUES	1.1.1	Social insurance administration systems reform (Contribution to the XIIIth Five-years Plan)	2	4, 7	3	M. V (April 15)
1		1.3.4	Multi-tiered design of pension systems (public pension, enterprise annuity and individual pension)	4			M. V (April 15)
1		1.4.1	Improvement of the individual account component in public pension system for urban workers	5			2016
2	RELEVANCE & SUSTAINABILITY	1.1.2	Coordination of policy making among government agencies in areas related to social protection reform	2	1, 2, 4	1, 2, 4	2016
2		1.2.2	National policy evaluation technique in the area of social protection (indicators, methods and programs)	3			2016
2		1.3.3	Universal social pension models	4			2017
2		1.3.2	Social pooling of the basic pension component (Evaluation of combination of basic pension and individual accounts in employees' pension schemes)	4			M. V (April 15)
2		1.3.7	Ageing population and possible strategy of dealing with this situation	4			2017
2		1.4.2	Relationship between social-economic development and the redistribution function of social security	5			2017
3	EQUITY (CONTRIBUTION RECORDS)	1.2.1	Relationship of pension benefit with minimum social wage	3	1, 6	1, 2	2017
3		1.3.1	Pension reform for public sectors	4			M. VII (July 15)
3		1.3.5	Occupational pension plans for public sectors and private pension plans	4			2016
3		1.3.9	NDC (notional defined contribution) pension reform)	4			2017
4	MOBILITY, UNIVERSALITY	1.3.6	Vesting, indexation and adjustment mechanisms of pension benefit	4	1, 3, 5	1, 4	2017
4		1.3.8	Issue related to the informal sector integration in social security schemes	4			2016
4		1.4.3	Strategy of integrating social security system in urban and rural context also through the portability of social insurances	5			M. VII (July 15)

The Chinese National development Reform Commission (NDRC) – and more specifically its Department for Employment and Income distribution - is the main Government stakeholder for Component 1. Other Government or quasi-Governmental stakeholders identified in the Grant Application form are the **Ministry of Human Resources and Social Security (MoHRSS)**; the **Ministry of Agriculture (MoA)**; the **National Health and Family Planning Commission (NHFP)**; the **Chinese Insurance Regulatory Commission (CIRC)**; the **All-China Women's Federation (ACWF)**; and the **Legislative Affairs Office of the State Council (LAO)**.

The list of stakeholders as established in the Grant application form might usefully be complemented, by adding the **All-China Federation of Trade Union (ACFTU)** and the **China Enterprise Confederation (CEC)** as representatives of the main co-financers of the social protection system, contributing workers and enterprises. Table 3 summarizes the list of target groups for project activities as far as Component 1 is concerned.

Table 3 – Component 1: Target groups

Target Groups, Component 1
High level officials, managers and staff of NDRC
High level officials, managers and staff of MoF
High level official of MoCA
High level officials, managers and staff of MoHRSS
High level officials, managers and staff of MoA
High level officials, managers and staff of NHFP
High level officials, managers and staff of LAO
Members of CIRC
Representatives of ACWF
Representatives of ACFTU
Members of CEC
Local administrators, officials and staff *

** If requested due to involvement of local units*

Beyond the target groups the most significant audience for project’s results will be that of the many individuals and groups whose social protection level should be improved through project activities. The Grant application forms lists those beneficiaries as described in table 4 hereafter.

Table 4 – Component 1: Final beneficiaries *

Final beneficiaries, Component 1
Private sector workers
Commercial activity owners
Self-Employed
Informal Employees
Foreign workers
Private sector pensioners
Rural landless households
Rural workers
Public sector workers
Public sector pensioners
Unemployed people
Relatives of workers
Women
Persons afflicted by occupational accidents
Minors workers
Migrant workers

** As per Grant application form*

Categories such as elderly people, children, the disabled, the enterprises or the patients are not listed as final beneficiaries under Component 1 in the Grant application form. Project results may well however contribute to improving their level of social protection or, through inclusion of more workers under social protection mechanisms, affect their daily and prospective operations and turnover. Those categories will therefore equally be considered as deemed relevant under the considerations to follow.

Over several decades now, China has established solid international, multilateral and bilateral partnerships with international organizations interested in its social protection system. In addition to members of the Consortium, a number of national agencies from and outside EU member States have conducted technical assistance projects in the area of social security or social protection reform in China. As noted in the China UNDAF 2011-2015 (outcome 2.2), a variety of UN Agencies and the World Bank are committed towards programs and projects targeting improved social protection and reduction in socio-economic and regional disparities. As such, the international community will indeed be part of the overall audience interested in project results. In that regard, it is worth recalling that, the SPRP was designed as the continuation of the EU-China social security reform cooperation project – 2006-2011 –, a major component in China's on-going improvements in its social protection system. The SPRP therefore attracts a high level of attention and raises significant expectations for all foreign partners of China involved in such a sensitive field of action.

Similarly, the importance attached under “new normality” circumstances to the proper and satisfactory functioning of social protection – under which mechanisms virtually all Chinese residents fall, including 820 million affiliated or beneficiaries of old age insurance schemes – is likely to attract the special attention of media. Results achieved – or not achieved – by the project may therefore acquire a degree of visibility unprecedented in social protection technical cooperation in China.

2. Relevance of project's results

2.1 Audience: Target groups

Among the target groups, five are expected to be concerned with project's results at all levels of their respective structure, namely high level officials, managers and staff.

NDRC is the main stakeholder for Component 1 of the project, and the overall leader on behalf of Chinese agencies for the three components of the project. As a matter of fact, NDRC is the body responsible for the strategic overview of the national social and economic development, including for social protection reform through its Department for Employment and Income distribution. As a strategic body, the Commission is called upon to intervene at all levels where social protection reforms may be discussed and decided upon, i.e. national, provincial and local.

NDRC is not however in charge of implementing policy decisions – a task which, in the area of social security, is incumbent upon **Ministry of Human resources and Social security** and specialized Agencies, such as the National Social insurance administration Center, the National social security fund (under close monitoring by Ministry of Finance) and the various local social security bureaux and commissions – 8400 Agencies functioning in 2013 throughout the country.

Ministry of Finance plays a key role in financing social protection, notably for old-age benefits since all schemes – workers, urban and rural residents, public employees – require subsidization on top of contributions paid if any². Those three Ministries are a priori interested in all of the project results, topics and sub-topics.

Improvements in social protection is a key to retain on farming activities younger generations of rural workers which otherwise would join the cohorts of migrant workers in ever-growing numbers. It is also a key for agricultural efficiency and sustainability that, for those workers choosing to alternate urban and rural employment, bridging social protection operations, including vesting of pension rights and access to comprehensive medical care function as smoothly and efficiently as possible. **Ministry of Agriculture** is therefore expected to monitor relevant project results at all levels of its staff – with interest primarily focusing on 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* .

The **National Health and Family Planning Commission (NHFPC)** is basically interested in project activities having an impact on access to medical care – which will mobilize its staff at all level of responsibilities. In that respect, activities contributing towards achieving results 2 - *Under the leadership of NDRC, coordination of policy making among government agencies in areas related to social protection reform is strengthened* – and 5 are expected to be of highest interest for NHFPC staff at all levels of responsibilities.

The **Legislative Affairs Office of the State Council (LAO)** is instrumental in the design and finalization of all legal instruments of national significance, including those related to social protection. Its staff at all levels will have a direct interest in following upon instruments that might emerge from project activities, notably those pursuant to the implementation of the 2011 Social insurance law and the 2015 state council decision concerning Pension reform for staff in public institution. It is to be expected that, without prejudice to the legal contents to be possibly emerging

² The decision to collect contributions from public employees for financing their pension scheme was enacted in January 2015.

from the pursuance of other results, that results 2 and 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* – will mostly attract the attention of LAO staff involved in Component 1 project activities.

Ministry of Civil Affairs **MoCA** is no more directly in charge of the rural pension scheme which it was proactive in implementing in its early years. It is therefore only higher levels of its management that will be interested in closely following upon project results, notably inasmuch as improvements in social protection via social insurance may interfere with social assistance / social welfare mechanisms. In that respect, it is anticipated that result 5 will mobilize most of the attention of MoCA high level staff involved in Component 1 activities.

The **All China Women's Federation ACWF** was founded in 1949, and acquired the NGO status in 1995. Its mission is to promote the cause of women and to mobilize women to uphold progress in the country social and economic development. It counts several dozens thousands branches and cadres throughout the country. The main action of the All-China Women's Federation is *funu gongzuo* (women's work). The federation currently has seven functional departments to carry out this work: the Department for Children, the International Liaison Department, the Department for Women's Development, the Publicity Department, the Department for Women's Rights and Interests, the Human Resources Development Department and the General Office.

The **All China Federation of Trade Unions ACFTU** is the largest trade union in the world with 134 million members in 1,713,000 primary trade union organizations. The ACFTU is divided into 31 regional federations and 10 national industrial unions. ACFTU attaches a great attention to social security including pensions, and the situation of migrant workers. It monitors the situation, puts forward proposals for reform and is a member of social security committees in some provinces or localities. It has developed a supplementary medical coverage scheme for its members. It has an important Social security department operating at the federal and decentralized levels.

The **China Enterprises Confederation CEC** members are mainly enterprises, companies, entrepreneurs, provincial and municipal association, industry association and trade associations. Today CEC/CEDA comprises 436,000 members, including all kinds of ownership enterprises and individual employers representing 34 industrial sectors in 30 provinces, 260 industrial cities and regions. Application for membership is voluntary. CEC is directly interested in social security reform since it applies to its members, who contribute to financing through contributions based on payroll and are the direct counterparts of all social security schemes for employees.

2.2 Audience: Beneficiaries

Social security in China is considered as composed of five branches or insurances – pensions, health, accident injury, unemployment and maternity benefits. Personal coverage among these schemes is uneven, since global and systematic registration of all workers under the five branches is still not frequent. Coverage levels in terms of benefits also varies depending on the schemes. In old-age protection, there are four major schemes, for urban employees, for rural and urban residents, for public employees. Coverage is altogether of some 900 million persons – with big progresses being achieved over the past recent years – which leaves an estimated 200 million persons uncovered. There are drop outs from the urban employees scheme, which is viewed as expensive and not generous in terms of benefits in case of short careers. Rural migrant workers – totalling some 250 million persons – are not systematically covered under the employees scheme – in fact their rate of enrollment represents some 30%. The old age system is not integrated nation wide, and the pooling of contributions and benefits remains at the local level (Provincial or lower). There is currently no coordination of legislations or vesting of pension rights. China also has a growing number of foreign migrant workers, and sends more and more of its workers abroad, notably on industrial projects. The question of international relations in social security therefore becomes topical.

The medical care scheme for urban employees covered some 275.000.000 persons in 2013. Other schemes in force are the Urban Residents basic medical insurance schemes – urban persons not considered as employees - and the New rural cooperatives medical scheme, which altogether are not far from providing universal coverage in health care – the total number of affiliates being estimated at 95% of the population. The schemes differ through their referral mechanisms, and their results in terms of out-of-pocket expenditure are different (actual reimbursement rate of some 65% for Urban employees, 55 % under the other schemes). Provisions exist to help poor people cover the high costs of some treatments – via the Critical Illness Insurance (CII) and the Medical Financial Assistance Programme (MFA). The system is financed by contributions, with important subsidies by the Government.

Accident injury insurance covers some 200 million workers, including some 72 million rural migrant workers. Unemployment insurance includes 165 million workers, of which 37 million rural migrant workers. Maternity insurance covers 164 million workers.

The main challenges facing the system – to be addressed during the XIIIth Five-years Plan, 2016-2020 – are usually seen as the need to reach universal coverage, the improvement in its equity and adequacy, the strengthening of its financial sustainability, the lack of integration and bridges among geographical and occupational/societal components.

The report on Baseline data produced by Component 1 main Chinese expert – Research – provides more detailed information on the current situation and challenges.

2.3 Audience: International partners

With the launching of the Social Protection Reform Project, the European Union confirms its status of major partner of China in the field of social reforms, following the successful implementation over five years – 2006-2011 – of the EU-China Social security reform project (component 1, Policy; Component 2, Provincial reform plans) of which the current project is viewed as a successor.

Other major international actors in the field of social security / social protection reform are the International Labour Organization – ILO – which first involvement in social security reform in China dates back to 1987, and the World Bank, which has been monitoring the evolution of the situation in this area for a couple of decades while financing and conducting a number of studies and projects. China has marked its interest for a possible ratification of ILO Convention 102 on Social security (minimum standards).

Among the other actors in the area of social reforms in China, aside from the UN and Bretton Woods institutions, it has to be mentioned that the Asian development Bank always showed a keen interest on pension and health care reforms. OECD has conducted a few studies on social security reform and took part in a number of international initiatives in that area. Bilateral partners such as France, Germany, the UK or USA also developed a variety of limited projects of interest for social security reform over the last few decades.

The international community being actively involved for a number of years in social reforms in China will therefore follow with great attention and interest developments occurring under the framework of the current project – and its participation in major project events is to be commanded (such as that of the WB and OECD in the meeting on pension reform organized in Brussels in February 2015 under the auspices of the SPRP, or the participation of C1 resident expert on a joint ILO/ACFTU meeting on social security protection for rural migrant workers held in Kunming in April 2015).

2.4 Audience: Media, and the general public

With the growing importance of social security protection across the Chinese society, and the uncertainties concerning the social and economic future linked to the emergence of the “new normal” situation, it is likely that project activities will attract attention from the media, and through them from the general public, provided they may be presented in a simple, understandable and pragmatic manner.

While some topics to be considered under the project may appear as far too technical to retain broad public attention, other issues, such as the contribution to the XIIIth Five-years plan, the design of multi-tier pension protection system, the integration of civil servants in the general pension scheme for employees or the vesting of pension rights for migrant workers, have a potential to generate public discussion.

The project has to develop its own public relations and visibility strategy. There is no doubt that the a priori attention of the media for certain topics will contribute to shaping future visibility plans to be elaborated by the competent SPRP authorities.

JV Gruat, 5 April 2015.