



EU-CHINA

Social Protection Reform Project

中国欧盟社会保护改革项目

TERMS OF REFERENCE TASK FORCE FOR PROJECT TECHNICAL COHERENCE AND SYNERGIES

1. The EU-China Social protection reform project – hereafter referred to as “the Project” - is articulated on three components which, through collaboration with the project main Chinese stakeholders – NDRC, MOCA, MoF, pursue goals and results specific to these entities, in relation to respectively social protection policy development, social assistance and social welfare requirements, social protection related financial and quantitative analysis.
2. However, the Project is pursuing overall objectives which go beyond the aggregated scope of its three components. As a unique vehicle for EU-China cooperation in the realm of social protection the project is expected to provide a coherent response to the related main problems and needs confronting the Chinese authorities, with support from the EU institutional and national experience and expertise.
3. It was therefore decided to establish within the project office in Beijing a Task force on Technical coherence and synergies – hereafter referred to as “the Task Force”.
4. Owing to the pivotal role played by Component 1 and its main Chinese stakeholder, the National Development and Reform Commission NDRC in promoting integrated approaches to social protection notably through their contribution to the national economic and social development Planning process, the Task force will be placed under the responsibility of the EU Resident Expert for Component One, acting as its convener.
5. The Task force will draft an action plan with integration and coordination activities, in coherence with the Aide-Mémoire provisions, to be submitted to the Project Leader and presented to the European Union Delegation in Beijing.
6. The terms of reference of the Task force are as follows:
 - a. To ensure that the project provides appropriate responses to the main problems and needs of the Chinese social protection system identified in the Grant application form (annex I);
 - b. To ensure that the project addresses the cross-cutting issues identified in the Grant application form (annex II);
 - c. To ensure that activities conducted under one Component benefit to and from inputs by other interested components (cross-fertilization);
 - d. To review respective findings and recommendations of the project components on similar or connected issues, with a view to ensure their internal coherence;
 - e. To produce its own analytical works and publications on issues it considers of relevance for project coherence and quest for synergies;

- f. To look after the compilation, analysis and publication of statistical and other data and materials supporting project coherence and synergies;
 - g. Within the limits inherent to the project objectives, procedures and means of action, to propose and implement appropriate action and activities to promote its overall coherence and synergies.
 - h. To ensure that compatible formats are used for similar outputs from the various components (including Technical notes).
- 7. The Task Force will integrate the three Resident Experts, the main Chinese Experts and the Component assistants. It will associate to its works as and when warranted EU and Chinese project short term technical experts. The possible participation in works of the Task Force will be a standard component in Terms of reference for project Short term experts and proposed activities.
- 8. Reporting on the Task Force will be part of the monthly or otherwise meetings held with the European Union Delegation in Beijing, in order to present the overall project progresses. After such meetings briefing on issues related to the Task Force will be part of overall summary provided to the Project leader.
- 9. The task force will meet at the diligence of its convener or any of its members. It will report on progress on the occasion of regular project reporting exercises.
- 10. For reporting purposes, it will be considered that the Task Force contributes to Result R1 of the project intervention logic, with the following indicator attached: "A Task Force to ensure coherence and synergies in project intervention is established, which contributes to enhancing the level of policy dialogue on social protection reform between the EU and China".
- 11. The C1 Component assistant within the Project office acts as Secretary to the Task Force. For administrative and budgetary purposes, the Task Force is considered as part to the horizontal activities conducted by the Beijing Office of the EU-China SPRP Project.
- 12. The Team Leader and Resident Experts will retain all of their competences if not incompatible with the provisions above.

1 March 2018

Annex I – Main Problems & Needs

P1	Major disparities between rural and urban areas (between and within regions)
<p>Due to rural and urban disparities as well as between and within regions, China has been experiencing a process of <u>rapid urbanization</u>, with a massive urban influx of rural migrants (230 million by the end of 2011). In fact, the rapid growth rate of the Chinese economy has coincided with a <u>rural-to-urban migration</u> on a massive scale. Notwithstanding their contribution to the dramatic performance of the Chinese economy, rural migrants have been disadvantaged in various ways. Rural migrants encounter high barriers in acquiring the status of an urban inhabitant with full rights and opportunities, and most of them lack the social security cover available to their urban counterparts. The treatment of rural migrants creates a segmented urban population.</p>	
P2	Steady growth of ageing Society
<p>Population aged 60 years and over, is 185 million, (13.7% of total population), and it will reach a projected 487 million in 2053, (35% of total population). <u>Ageing Society</u> will significantly raise the needs for elderly support and social care, and challenge the sustainability of pension fund and public finance.</p>	
P3	Separate social insurance schemes, applied to different social groups
<p>To date, various separate social insurance schemes exist for different social groups (such as civil servants, Urban Resident and Rural Workers). Social insurances schemes for the employees of public institutions and for the civil servants (ca. 8 million civil servants and more than 30 million employees in public institutions) are separated from the general contribution scheme, relying instead on state finance. For various groups – the self-employed one and irregular workers – participation in social insurance is voluntary and expensive, since they have to pay all contributions themselves. Even where participation is mandatory for law, there is widespread non-compliance. Social insurance entitlements should be portable in order to retain workers when they change jobs or place.</p>	
P4	Inappropriate supervision and management of the social security funds
<p>In China, the financial volume of the five main social security funds (pension, health, unemployment, working injury and maternity insurances) has rapidly increased, (up to 2.7 trillion of Yuan at the end of 2011). It is however estimated that approximately 33% of those funds have been lost during the past 10 years due to the increased inflation rate and unduly restrained investment options. Moreover, the basic pension contributions are managed in a fragmented manner at lower government levels (counties or cities) across more than 2000 units. The latter are too small to ensure adequate sustainability for social security schemes. Finally, the lack of appropriate centralized supervision and management of the social security funds in China has increased the risk of misuse or embezzlement.</p>	
P5	Weak and partial legal framework in social assistance system
<p>The weakness of the legal and regulatory framework has a negative impact on the effective functioning of the social assistance scheme. Inappropriate mechanisms for the identification of social assistance target groups and lack of unified standards for the estimation and calculation of social assistance benefits, negatively affect all recipients of social assistance. Furthermore, central government intentions may be mismanaged or locally ignored. Local authorities have a great deal of autonomous power in the system. They have the power to interpret implementation duties and to regulate the program coverage and the benefit levels. They can decide on the degree of inclusion or exclusion of rural migrants. They hold power over social insurance capital and have the power to divert these funds to uses of their own. They have vast spending responsibilities but also revenues of their own, for example land rent, and have the power to raise debt. As a result, poor local authorities, down to the village level, have poor provisions and the affluent ones have more generous provisions, including through social provisions of their own. The outcome is a system with limited and unequal implementation and vast and complex inequalities of provision across localities.</p>	
P6	Unbalanced, multi-layer social protection system
<p>The administration related to the social protection system is mainly operated by government while private-public partnership in the delivery of social protection services is underdeveloped and non-governmental organizations (NGOs) do also play a very limited role. More generally, the <u>administration of the social protection system is inadequate and need to be unified</u>. Social assistance has low efficiency and the level of support is inadequate for the protection against poverty and Welfare services are minimal. In terms of social insurance, there are regional and occupational variations in relation to provisions, including government and enterprise employees as well as urban and rural residents, and to the exclusion of rural migrants. Civil servants, party and military personnel and some other state employees are a privileged group in terms of pension and health care provisions.</p>	
P7	Difficulty and complexity to the services delivery
<p>Social assistance and social service benefits are provided by local government agencies and social workers, often with low capacity. Social insurance cash benefits are provided through local social insurance bureaus, which may be inefficient. Usually the payment of benefits and entitlements is poorly targeted and widely misallocated. Social insurance benefits in kind, such as health care, are provided by service institutions and practitioners, all of which, private or public, operate on a fee-for-service basis. Furthermore, the Chinese system of household registration named "<u>Hukou</u>" is separated for each geographical area and excludes rural migrants from city-wide social welfare services provided in urban areas. This complexity, along with that of government levels, contributes to the pattern of vastly differentiated provisions across the country.</p>	

Annex II – Cross-cutting Issues

I1	Gender Equality
Various forms of discrimination against women do exist in China's social security system including unemployment, retirement age, social insurance coverage etc. Some key policy debates in relation to gender issues need to be deepened (e.g. reforming retirement age of women, social protection schemes for female family members of migrants, social impact of unbalanced sex ratio of ageing population and survivor pension).	
I2	Disability
The Chinese social security system should pay more attention in improving social protection benefit for disabled people.	
I3	Good Governance
The institutional capacity of the government in social protection reform has to be enhance by promoting governance and regulation of law in social protection policy development as well as transparency and accountability in policy implementation.	
I4	Human Rights
Vulnerable groups have to be more supported by national social security system. An improved social protection system will further reduce poverty and develop social equity by improving social benefits and living standards of the vulnerable people, consequentially contributing to further improving the overall human rights situation in the country.	