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Chapter 1: Topic 3.1.1 Legal framework for Social Assistance

3.1.1 Legal framework for Social Assistance Assessment Report

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Introduction

As an integral part of the social protection system, social assistance programmes in different countries may embrace a wide range of services with benefits either in-kind or in cash. Primarily, social assistance is a means-tested scheme where eligibility is dependent on an income test. Financed mainly by public funds, social assistance programmes have received growing attention from governments and social policy analysts in recent years in both developed welfare states and in transitional economies.

In China, social assistance is one part of the social security system. It provides benefits in-kind or in cash for needy families both in rural and urban areas. This allows them to withstand a life crisis and maintain the minimum standard of living. The social assistance system mode is restrained by the economic system, political will, employment, specific social conditions, culture, and social security system.

From the very beginning of P.R. China's existence, emergency assistance was the main mode of helping citizens. Social assistance usually provided temporary assistance for many post-war poor civilians to help them to recover from the war. During the comprehensive socialist construction period, the Working Unit System was the most universal and basic form of social organization. Social assistance reached a wide variety of recipients, such as the childless, the elderly, the sick, the disabled, those without a working unit and some of the needy with special identity. Social assistance functioned well in overcoming omissions and deficiencies.

Since the start of "Reform and Opening-Up", China has been undergoing large-scale socio-economic transformation. With the shift from a planned to a market economy, China's social security system has been fundamentally transformed. In the earlier stages of "Reform and Opening-Up" social assistance in China resumed the residual assistance mode from the era of the planned economy. This followed a pattern of urban/rural divide in social assistance. In the late 1990s, to pacify the vulnerable social groups consisting of redundant workers, the unemployed, retirees and poor farmers, the Chinese government started to reform its public assistance policy and established a social assistance system with the Minimum Livelihood Guarantee Standard scheme (Dibao, MLGS) at its core. The social assistance system was developed in many ways, including coverage, modes and funding. From the start of the 2000's a new social assistance system, in accord with a socialist market economy, was eventually set up. This featured the Minimum Livelihood Guarantee Scheme, the Five-Guarantee Scheme and was supplemented with dedicated assistance schemes. The new social assistance system reached both the urban and rural areas and changed the notion from passive poverty relief to positive social assistance. Therefore, a standardized and systematized of social assistance system came into being.

As a policy response to the rapid demographic, social and economic transformation, the current social assistance system in China indicates a statist approach to social development as it provides essential support to people in need. It is believed that Chinese social assistance policy will be more practical and effective, an increasing number of people with difficulties will benefit from the system, and the social security net will be further improved. However, there still exists a need to redefine the role of social assistance in China within the overall social protection framework. Besides continuing to increase the Government's input and further improve the social assistance policy system, Chinese social assistance policy will continue to be reformed in the near future. Among others, it is widely agreed that the legal foundation of the Chinese social assistance should be strengthened. As a situational analysis, this report provides the general picture of the social assistance system in China, and analyzes the progress, achievements and weaknesses of the legal framework for social assistance.

The rest of the report is organized as follows: the first chapter introduces and analyzes the subsistence assistance system, i.e. urban and rural Dibao and the Five Guarantee Scheme; the

second chapter examines the seven categories of dedicated social assistance schemes in detail; the third chapter introduces the existing legal provisions for each assistance scheme, summarizes the progress of the legal framework of social assistance, and concludes with the policy suggestions to overcome the weaknesses in the legal framework. This report is the result of the research conducted by SPRP experts. It is not a governmental opinion from the Ministry of Civil Affairs, P.R. China.

1. Urban and Rural Subsistence Assistance System (Minimum Livelihood Guarantee and Five Guarantee)

Executive Summary

This chapter focuses on China's subsistence assistance system, i.e. the urban and rural Dibao schemes and the rural Five Guarantee Scheme. This Minimum Livelihood Guarantee Scheme (MLGS, Dibao, or subsistence allowance) is the core component of China's social assistance policy, as well as the most important assistance program. MLGS is an income supplementing assistance system, which ensures that the income of the population in poverty can be kept at a certain level (Dibao line). This gives them the capacity to purchase basic living consumables. The Five Guarantee scheme was established right immediately after the foundation of the PRC and has been functioning for decades. Dibao was first initiated in Shanghai in the early 1990s and was then rolled-out nationally during the mid- and late 1990s. To be specific, China's Dibao program officially started in the cities in 1999, and then was rolled out into rural areas in 2007.

The first and second sections of this chapter introduce the historical development and policy framework of the urban and rural Dibao schemes separately, and analyze the hurdles through case studies. The third section introduces the historical development and the policy framework of the rural FG, and predicts its future reforms through case studies.

1.1 Urban Dibao

1.1.1 Historical Background and Policy Evolution

China's Dibao program started in the cities. One key element of the economic reforms was to allow private-, individual-, and foreign-owned enterprises to compete with SOEs (state-owned enterprises). After two decades of reforms, the share of value-added produced by non-state enterprises in the industrial and service sectors has increased significantly from almost zero to more than 50 per cent. The development of the non-state sector greatly augments economic growth and provides enormous job opportunities. However, on the other hand it also posed fierce competition to the SOEs, which were plagued with the heavy burdens of social welfare provisions. To provide new impetus to the SOEs, the government launched an enterprise-restructuring program in 1996. The central theme of the SOE reforms was to transfer welfare-provision obligations, such as healthcare and housing, from enterprises to the social insurance agencies and individuals.

Meanwhile, the urban reforms and severe competition from other sectors resulted in soaring financial losses of state- and collective-owned enterprises. A large number of urban workers had to be laid off. As a social safety net was largely not in place, liberalization of the welfare system may have made some disadvantaged groups more vulnerable to shocks such as severe illnesses. Consequently both urban income inequality and urban poverty increased in the 1990s (Fang et al., 2002).

The "Minimum Livelihood Guarantee Scheme", popularly known as *Di Bao* (DB), was the government's main response to cope with the new poverty challenge during the 1990s. The scheme started in Shanghai in 1993. It then became a national policy with the formal regulations issued by the State Council in 1999. The program expanded rapidly once it became national policy and by 2003, participation had leveled off at 22 million people, representing 6% of urban residents, at a

cost of about 0.1% of GDP (O’Keefe, 2004). The scheme is administered by the Ministry of Civil Affairs (MoCA).

1.1.2 The Policy Framework

In 1997, the State Council issued the “*Notice on Establishing Urban Minimum Livelihood Guarantee Scheme Nationally*” to extend local experiments to a national policy framework.

In 1999, the State Council passed the “*Regulations on Guaranteeing Minimum Subsistence for City Residents*” to strengthen the legal framework of the MLGS. Meanwhile, local governments were to formulate and announce the subsistence allowance standards according to the expenses required to maintain a basic living standard, and then investigate and assess the average family income of the applicant.

These regulations were formulated for the purpose of standardizing the system of guaranteeing a minimum subsistence and guaranteeing a basic livelihood of city residents. In particular, the 1999 “*Regulations on Guaranteeing Minimum Subsistence for City Residents*” built up the policy framework for the Urban Dibao nationally. It contains specific articles which stipulate the targets, the administrative body, funding, Dibao line (standard), verification and dynamic management procedures.

According to Article 2, this scheme’s targets are city residents holding urban (non-agricultural) registered permanent residence with an average income of family members living together lower than the local standard for guaranteeing the minimum subsistence for city residents

According to Article 4, responsibility for the system is local people's governments at all levels who shall administer the system for guaranteeing the minimum subsistence for city residents. The Departments of Civil Affairs of the local people's governments at, or above, county level shall be responsible for the administration of guaranteeing minimum subsistence for city residents in their respective administrative areas. The financial departments shall, in accordance with the provisions, secure the funds required for guaranteeing the minimum subsistence for city residents. The departments of statistics, pricing, auditing, labor and social security, and personnel, etc. shall, according to their division of work functions, and each being responsible for their own work, be responsible for the relevant work of guaranteeing the minimum subsistence for city residents within their respective functions and duties. The Departments of Civil Affairs of the people's governments at county level, neighborhood offices and the people's governments of towns (hereinafter collectively referred to as organs of administration, examination and approval) shall be responsible for the concrete work in relation to administration, examination and approval of guaranteeing the minimum subsistence for city residents. Residents’ committees may, in accordance with the delegation by the organs of administration, examination and approval, undertake day-to-day administration and services for guaranteeing the minimum subsistence for city residents. The Department of Civil Affairs of the State Council shall be responsible for administering the guaranteed minimum subsistence for city residents throughout the country.

Article 5 indicates that the funds required for guaranteeing the minimum subsistence for city residents shall be included in the financial budget of the local people's government, incorporated as an item of expenditure of the special social relief fund, and administered as a special item as special funds for a special use.

Article 6 stipulates that the standards for guaranteeing the minimum subsistence for city residents are determined in the light of the clothing, food and living expenses which are required for local city residents to maintain a basic livelihood, and appropriate consideration shall be taken into account of expenses for water, electricity, fuel coal (gas) and expenses for compulsory education for minors. The standards for guaranteeing the minimum subsistence for city residents in municipalities directly under the Central Government and cities divided into districts shall be

formulated by the Departments of Civil Affairs of the people's governments of the municipalities or cities in conjunction with such departments as the finance, statistics and pricing. They shall be submitted to the people's governments at the same level

for approval and then be published for implementation. The standards for guaranteeing the minimum subsistence for city residents in counties (cities at the county level) shall be formulated by the Departments of Civil Affairs of the people's governments of the counties (cities at the county level) in conjunction with such departments as the finance, statistics and pricing, and after being submitted to the people's governments at the same level for approval and to the people's governments at the next higher level for the record, published for implementation. When the standards for guaranteeing minimum subsistence for city residents need to be raised, a reappraisal and new decision shall be done in accordance with the provisions of the preceding two paragraphs.

Article 7 spells out how to apply for benefits under the guaranteed minimum subsistence for city residents. In doing so, the head of a household shall submit a written application to the neighborhood office or the people's government of the town where the residence is registered, present relevant evidentiary materials and fill out an "Examination and Approval Form for the Benefits of Guaranteeing Minimum Subsistence for City Residents". The benefits of guaranteeing minimum subsistence for city residents are initially examined by the local neighborhood office or the local people's government of the town, and the relevant materials and the opinion on the preliminary examination are to be submitted to the Departments of Civil Affairs of the people's governments at the county level for examination and approval.

The body for administration, examination and approval may investigate and check the applicant's family economic status and their actual living standards by visiting the household, interviewing neighbors and obtaining evidence through correspondence for the purpose of examining and approving the benefits under the guaranteed minimum subsistence for city residents. The applicant and the relevant units, organizations or individuals shall accept investigations and accurately provide relevant information.

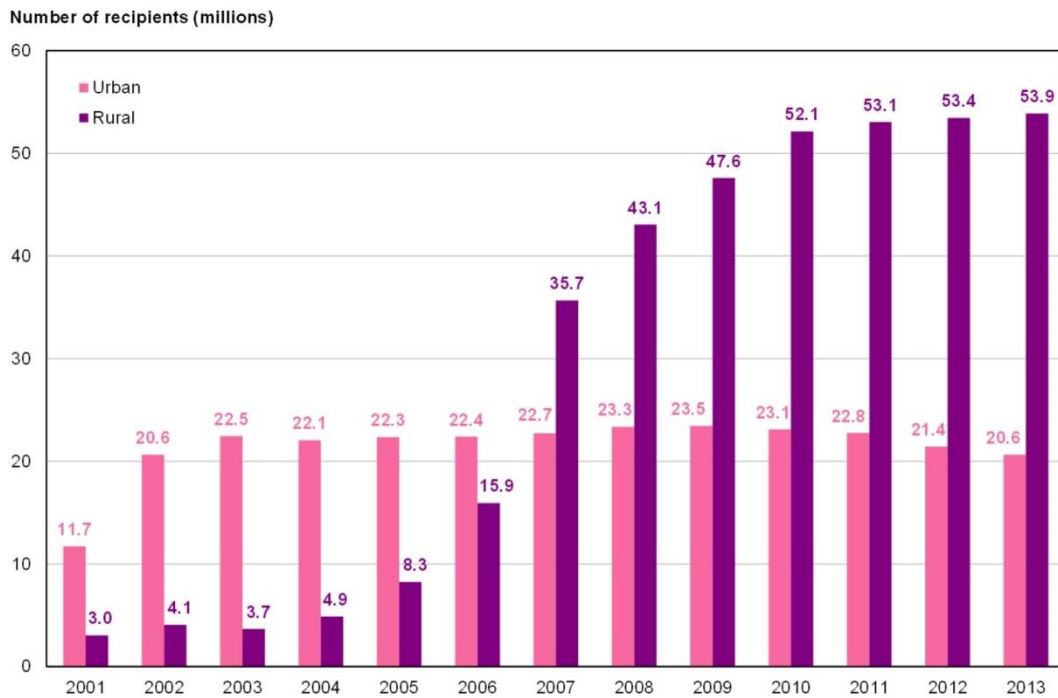
1.1.3 Evaluation of policy implementation/effects

This evaluation basically includes the scheme's coverage, funding, standards, benefits and administration.

Coverage

Faced with rapid demographic, social and economic transformation, China has taken steps to extend and strengthen the urban MLGS. The extension of the MLGS led to a rise in the number of beneficiaries from 2.6 million in 1999 to 20.6 million in 2002 (although long-term poor rural migrants remain excluded). From 2002, the rural MLGS started to local pilot local programs and since 2007 it has become a national program. This shows that the State was eventually able to expand the program into rural areas as a further step towards integrating the development of social assistance in urban and rural areas. In recent years, social assistance has become one of the government's priorities, as it seeks to address the basic needs of poor households in both urban and rural areas via, for example, cash transfers in the form of the Dibao programme. By 2014, Dibao covered almost 21 million people in urban areas and 54 million people in rural areas. Figure 1 shows the increasing of number of MLGS recipients over the past 15 years.

Figure 1. 1 Number of Urban and Rural MLGS recipients (Unit: Million)



Source: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014

Budget and Funding

MLGS is one of the few social programs in China financed solely by the government. Owing to the vast territory and diversified social-economic conditions among different regions, MLGS is regulated, administered and partly funded by local authorities, under the guidance, support and supervision of the central government. Administered by the Ministry of Civil Affairs (MoCA), the Urban MLG has grown considerably in terms of expenditures during the recent decade. According to latest data of MoCA, by the end of 2014, the urban MLGS costs about 0.11% of GDP¹. The central government usually finances the principal part (e.g. more than three-fifth in 2014) of the total expenditure whilst, local governments are responsible for the remaining cost (Ministry of Civil Affairs, 2015).

Table 1 shows that the central government takes greater responsibility in providing for MLGS funding than local governments. Matching funds from local government are usually shared between the provincial, municipal and county or district governments in different proportions. These proportions vary considerably across localities.

Table 1.1 Expenditure on urban & rural MLGS in Recent Years (RMB)

Year	Total expenditure (100 million)	Local financial expenditure		Central financial subsidy	
		Amount (100 million)	Proportion	Amount (100 million)	Proportion
1999	13.8	9.8	71%	4	28.9%

¹ The government spent 72.2 billion RMB (around \$US11.6 billion) in 2014. A full year of Chinese GDP was 63640 billion RMB (more than \$US10 trillion).

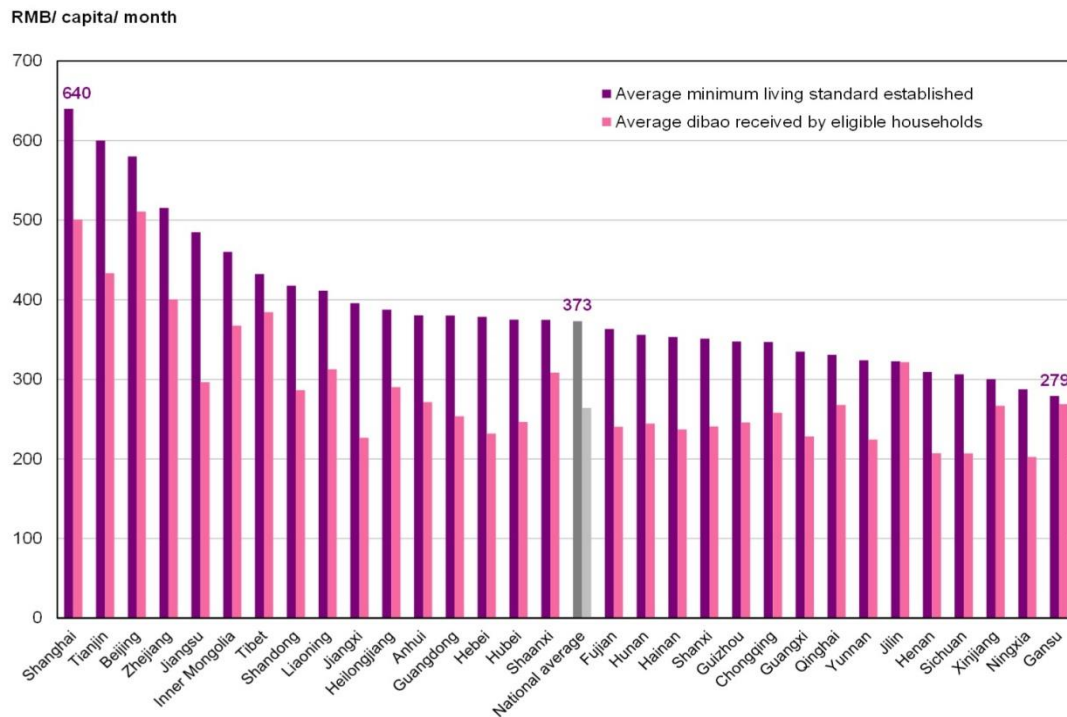
2000	25.6	17.6	69%	8	31%
2001	46.3	23.3	50%	23	50%
2002	115.8	69.8	60%	46	40%
2003	162.4	70.4	43%	92	57%
2004	188.9	86.9	46%	102	54%
2005	191.5	105.2	48%	112	52%
2006	267.6	131.6	49%	136	51%
2007	386.4	196.4	51%	190	49%
2008	622.1	266.1	43%	356	57%
2009	845.1	304.3	36%	540.8	64%
2010	969.7	335.1	36.7%	634.6	63.3%
2011	1327.6	323.0	24.3%	1004.6	75.7%
2012	1392.3	521.8	37.5%	870.5	62.4%
2013	1623.6	455.7	29.1%	1167.9	71.9%
2014	1592.0	570.6	35.9%	1021.4	64.1%

Source: *Annual China Social Service Development Report* (various years) and internal data from Ministry of Civil Affairs.

Standards and Average benefit

Dibao aims to provide a transfer to all registered urban households with incomes below the Dibao line set at the municipal level. The aim is to close the gap between the recipient's income and the local Dibao line (hereafter the "Dibao gap"), so that a minimum income is guaranteed. In other words, the allowance received by eligible households serves to "top up" household income so that it reaches the locally established minimum living standard. This amount varies from RMB 279 to RMB 640 per month across provinces in urban areas (shown in Figure 1 2).

Figure 1. 2 Average monthly Dibao received by eligible households and minimum living standard in urban areas, by province, 2013



Source: Ministry of Civil Affairs, *China Civil Affairs' Statistical Yearbook*, 2014

Administration

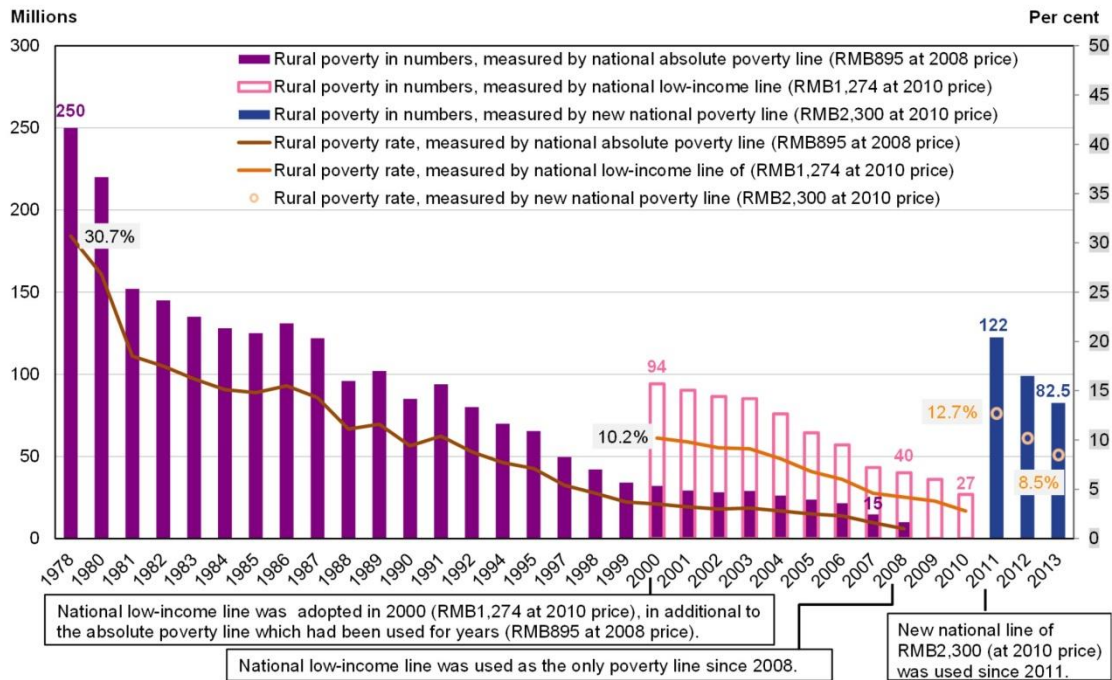
To facilitate the development of the programme, each city government has to establish a cross-departmental leading group to formulate operational policy and guidelines. Being community-based in operation, each applicant has to make his or her application to the local residents' committee. A residents' committee is a neighborhood-based mass organization, supervised by the street office, the agency of the district People's Government. An applicant has to show all the relevant documents, including household registration card, income receipts and household bills. The cadres of the residents' committee would carry out the investigations and make recommendations to the street office and then the district civil affairs bureau for approval. After approval, the residents' committee would be responsible for the delivery of benefits, the keeping of records and reviewing the recipient's situation of periodically. In this way, the administrative costs of setting up and operating the programme can be kept to a minimum.

1.2 Rural Dibao

1.2.1 Policy Background: Anti-poverty in rural areas

The poverty of China's rural areas is a critical issue that arose over many years in the past. Impoverished regions in China are characterized mainly by a large area and population stricken into poverty (shown in Figure 3). Based on its understanding of the basic national conditions, especially the reality of the poverty-stricken areas and people, the Chinese Government has formulated rural Dibao for development-oriented poverty alleviation that conforms to the reality in China. It sets mainly solving the problem of food and clothing of the rural poor as its basic objective and central task in this regard, starting from the most urgent problems, acting according to its capability, giving priority to key areas, and advancing step by step.

Figure 1. 2 Rural poverty, 1978–2013



Sources: National Bureau of Statistics, China Rural Household Survey Statistical Yearbook, 2011 (1978-1999 data); National Bureau of Statistics, Poverty Monitoring Report of Rural China, 2011 (2000-2010 data); National Bureau of Statistics, annual Statistical Communiqué of the People's Republic of China on the National Economic and Social Development (2011-2013 data)².

Over the past three decades, progress in rural poverty reduction has been tremendous, as measured by any of China's official poverty lines. The government has increased official rural poverty lines twice since 2000. It adopted a national low-income line of RMB 1,274 (at 2010 prices) in 2000, in addition to the absolute poverty line which had been used for years, and then the low-income line has been used as the only poverty line since 2008. In 2011 when the government launched the new ten-year Rural Poverty Reduction Strategy (2011–2020), the official poverty line was increased to RMB 2,300 (at 2010 prices, equivalent to 2005 PPP US\$1.6 per person per day). The near-doubling of the poverty line means that more people are now eligible for government assistance, reflecting both the government's increased fiscal capacity and its greater attention to poverty alleviation. In 2013, there were 82.5 million or 8.5% of rural residents living below the new poverty line of RMB 2,300³.

1.2.2 Policy Development and Current Framework

In order to help the new vulnerable groups in cities, the government started to set up the Dibao system for the urban residents in 1993. However, it was unfair if the same government provided Dibao to urban residents but not to rural residents as well. Therefore, in 1996, MoCA issued "*Suggestions on Accelerating the Development of Rural Social Security System*", calling for wherever the rural social security system is developed, the focus should be placed on improving the basic living allowance system. The policy should be established even starting with low standard if necessary. At the same time, the government also formulated the "*Guiding Methods to Establish Rural Social Security System*", asking local financial authorities and villages to share the cost. The exact sharing formula should depend on the circumstances specific to each area. In 2000, around 3 million villagers received Dibao.

² retrieved from <http://www.unicef.cn/en/index.php?m=content&c=index&a=show&catid=197&id=824>

³ UNICEF (2014) retrieved from <http://www.unicef.cn/en/index.php?m=content&c=index&a=show&catid=197&id=824>

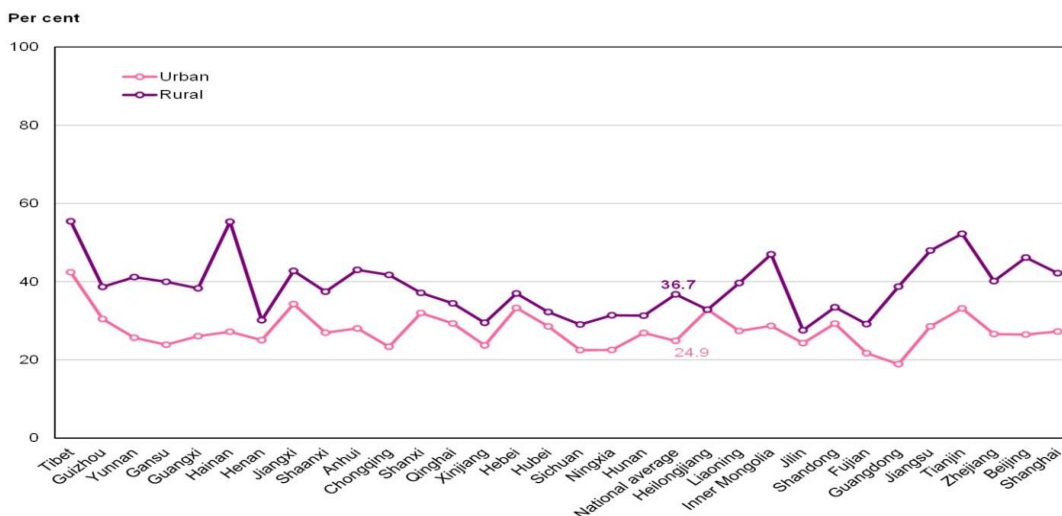
Nevertheless, the exemption of agricultural taxation in the mid-2000s greatly reduced local funding for Dibao. Therefore, the central government fulfilled its responsibility in promoting the national rural Dibao. In July 2007, the State Council issued the “*Circulars on Establishing the Rural Basic Living Allowance*”, aiming to set up Dibao nationwide. On August 2nd, 2007, the Ministry of Finance and the MoCA issued the Notice Related to the Funding of the Rural Dibao. The government earmarked three billion RMB to support local governments, especially those with fiscal difficulties. By the end of 2007, all the 31 provinces had produced Dibao policy documents. The minimum livelihood guarantee scheme for rural household residents covers all rural households whose income is below the local minimum living standard. Funding for the rural minimum livelihood guarantee scheme comes from local governmental budgets and central government grants with appropriate subsidies to poor regions. In terms of specific regulations, as rural Dibao largely follows its urban counterpart, the targeting mechanism, fund source, Dibao standard, application, verification and delivery are quite similar to the urban Dibao.

1.2.3 Evaluation of policy implementation

In principle, the minimum livelihood guarantee scheme for rural residents covers all rural households whose per capita net annual income is below the local minimum living standard. Nearly 52 million people were covered by the rural Dibao as of the end of 2014 with an average amount of 129 Yuan per capita per month, which is under the Dibao line of 2777 Yuan per capita per year⁴. Figure 1.1 shows the number of Rural MLGS recipients in recent years.

Figure 1.4 shows urban and rural Dibao lines as a percentage of consumption expenditures. The urban and rural Dibao cash transfer programmes have been rolled out nationally, although the minimum living standards differ widely from province to province, and between rural and urban areas, reflecting local development conditions and local government fiscal capacity. Nationally, the rural Dibao line is equivalent to 37 per cent of rural consumption expenditure, while the urban Dibao line is 25 per cent of urban consumption expenditure. All provinces have set urban Dibao lines while 9 provinces set rural Dibao lines higher than the new national poverty line of RMB 2,300 (at 2010 prices) per person per year. Rural Dibao lines of provinces in eastern China are generally higher than in provinces in the other parts of the country⁵.

Figure 1. 3 Urban and rural minimum living standards as a percentage of consumption expenditures, by province, 2013



⁴ Ministry of Civil Affairs (2015). Social Service Statistics Bulletin of 2014. Retrieved from <http://cws.mca.gov.cn/article/tjbg/201506/20150600832439.shtml>

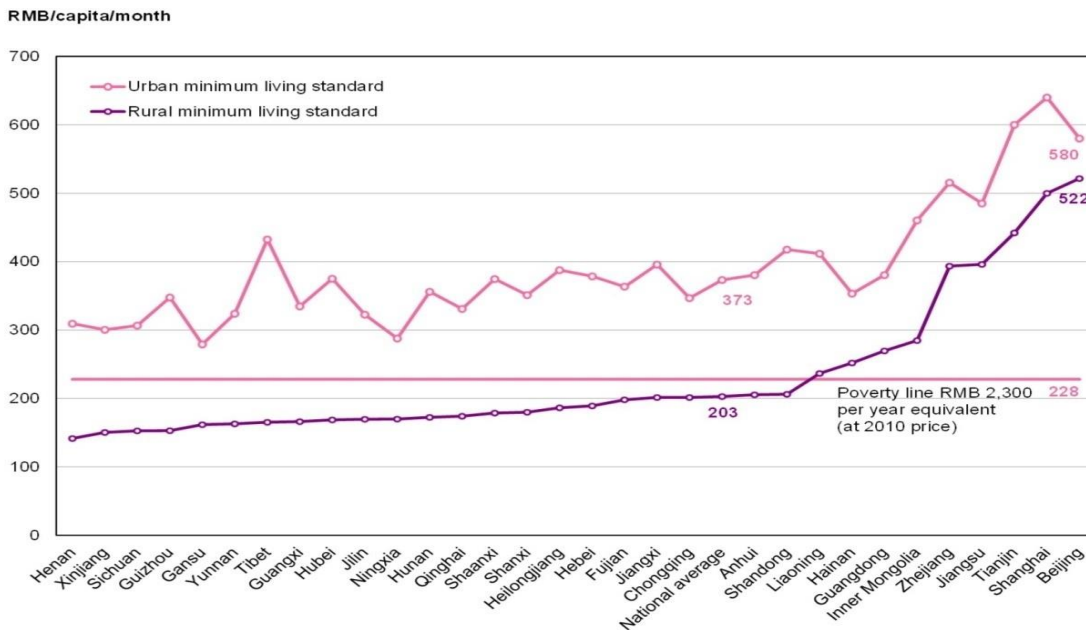
⁵ Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014; National Bureau of Statistics, China Statistical Yearbook, 2014

Sources: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014; National Bureau of Statistics, China Statistical Yearbook, 2014

Geographic variation in Dibao participation rates is considerable. In 2009 Dibao participation rates (calculated using the CHIP data) ranged from less than 1% in Hebei and Zhejiang provinces to 5 or 6% in Guangdong and Chongqing. Variation in participation rates is also evident in the official data. Such variation reflects differences across locations in Dibao thresholds, financing and implementation, as well as differences in incomes and therefore eligibility.

According to official policy, the Dibao thresholds are set locally and so can vary across counties. The MOCA county-level data indeed show substantial variation in thresholds.

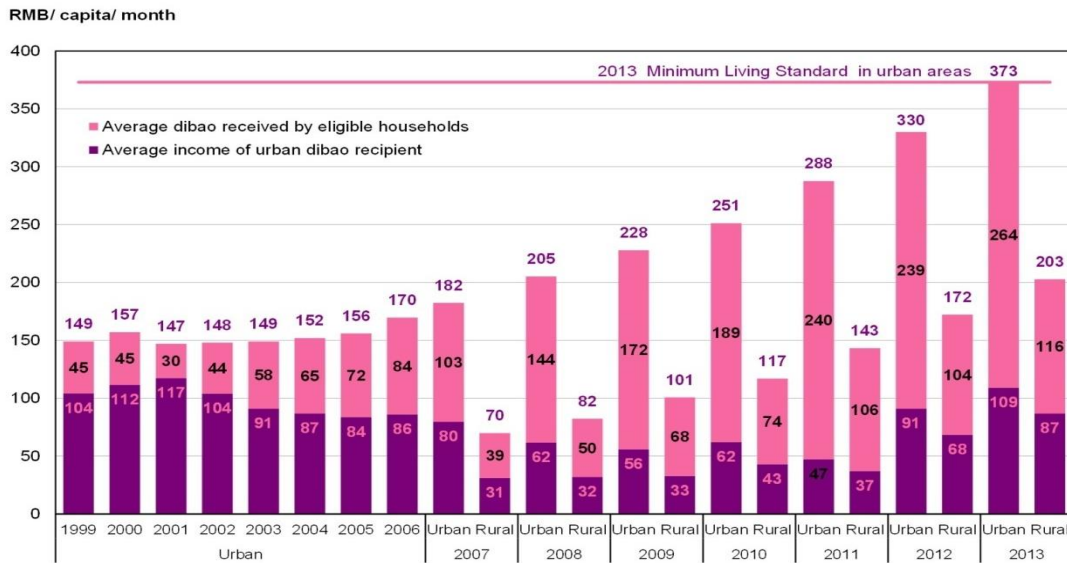
Figure 1.4 Urban and rural minimum living standards and national poverty lines, by province, 2013



Source: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014

The urban and rural dibao cash transfer programmes have been rolled out nationally, although the minimum living standards differ widely from province to province, and between rural and urban areas, reflecting local development conditions and local government fiscal capacity. Nationally, the rural dibao line is equivalent to 37 per cent of rural consumption expenditure, while the urban dibao line is 25 per cent of urban consumption expenditure. All provinces have set urban dibao lines while 9 provinces set rural dibao lines higher than the new national poverty line of RMB 2,300 (at 2010 prices) per person per year. Rural dibao lines of provinces in eastern China are generally higher than in provinces in other parts of the country.

Figure 1. 5 Average income, dibao received by eligible households and minimum living standard in urban and rural areas, 1999-2013



Source: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014

To summarize, MLGS is the major component of social assistance in China. The Dibao cash transfers in both urban and rural areas, have benefited from increased government commitment and financing. This has not only allowed an increase the population covered but has also in the level of average benefit received by poor households.

Case Study of Wuhan and Tsingdao

Background:

This case study refers to the key developments and challenges relevant to urban and rural Dibao schemes, and basic contextual information on the institutional framework of Dibao.

Purpose:

The primary purpose of this study is to develop an enhanced understanding of the issues associated with the development and implementation of urban and rural Dibao, including normative procedures of verification and approval of Dibao entitlement (e.g. household visits, letters, and public announcements); how much could Dibao guarantee the living/basic needs of people living in poverty; and how does Dibao coexist with other dedicated assistance schemes?

It should be noted that it is not the intention of this study to evaluate the success or failure of Dibao.

Key Development:

Wuhan has established the Family Economic Status Verification Center. This center coordinates among 10 different departments/bureaus such as Industrial and Business Bureau, banks, housing department, Vehicle Administration Bureau etc. to obtain necessary information for family income and asset verification. This is a significant achievement as it has made the assessment of family income and assets much more accurate and valid.

Wuhan has set up a clear standard for the application and approval flow of Dibao entitlements, i.e. Normative Procedures, which include household visits, an economic status

report, letters, and public announcements as verification measures.

Wuhan has set up a regular mechanism for adjusting the amount of Dibao allowance along with inflation and wages. One of the most important measures is that the Wuhan Bureau of Civil Affairs, Wuhan Bureau of Statistics and other relevant departments monitor 200 households to get information of inflation and how inflation affect people's living, etc.

Major Challenges:

Entitlement granting and dynamic administration

In general, the information system for Dibao needs to be further improved. The verification of income and assets is vague income in rural areas.

There is no Social Assistance Law so basically there is no case for welfare fraud. Neither the Ministry nor the Local Department of Civil Affairs has the right to punish applicants who falsify the income and asset record when applying for Dibao.

Administration: current entitlement is based on the household registration system, so the a change of address would cause an entitlement loss or inappropriate grant.

2. How to define and adjust the Dibao line?

The original policy framework only examined a family's income when applying for Dibao and then the government took assets into consideration, i.e. income & asset. However, it is observed that for certain group of people, including the disabled and those who are severely ill, their consumption is much higher than the normative spending.

How to adjust Dibao line along with the increase of inflation and wage?

Dibao is bearing too many responsibilities for other social assistance/welfare schemes, i.e. it is performing a larger role than it is supposed to. Currently, Medical Assistance, Educational Assistance, Welfare Housing and even Welfare for the Disabled are all based on a Dibao entitlement.

Intra-governmental relations (Multi-sector cooperation)

Dibao involves multi-sector cooperation, in particular, in terms of funding, information systems and dedicated assistance, such as education, health, and housing. However, the Ministry (Bureau) of Civil Affairs is not a super governmental department at both central and local levels.

5. Ambivalence between the low level of benefit and welfare dependency

At this stage, the benefit level is indeed low; however, welfare dependency has been observed among some recipients.

The reason lies partly in that, a large number of recipients are severely ill or disabled, so they have no working capacity, in other words, work-fare cannot truly be realized for them.

Another reason is that some recipients make a reasoned choice between work and welfare, they realize it is favorable to enjoy Dibao rather than to take on a job.

Conclusions

Dibao, including rural and urban dibao, has been well developed through recent years and is performing as an important role as the safety net.

However, there is still much room to improve Dibao. A legal framework for social assistance is needed and multi-sector cooperation for Dibao needs to be improved.

1.3 Five Guarantees (FG)

1.3.1 Policy Development and Framework

The Chinese government has been making great efforts to establish a new rural welfare system to protect the vulnerable groups. Those eligible for FG are undoubtedly some of the most vulnerable citizens in rural China. Because of the vast regional differences and imbalances, the central government has adopted a pragmatic approach to undertaking social welfare reform. Local governments in different provinces are allowed to make experiments with different program designs (Zhang and Sun, 2011).

In the rural areas of China, since the traditional source of living security is mainly farmland security and family support, in the 1950s the government established the *five-guarantee scheme* to support those (mainly the elderly, disabled, and minors below 16 years old) who have no ability to work, no source of income or no statutory caregiver to look after them, or those whose statutory caregivers have no ability to look after them. “FG” refers to the basic needs of the poorest residents which should be guaranteed in a collective form. ‘Five’ is not an exact number. Generally speaking, the contents of the ‘five guarantees’ consist of food, fuel, clothing, education and burial. In reality, its contents vary in different times and different areas. This scheme continues to function as an important part of the current social assistance system.

China started to implement a rural welfare system after the People’s Republic of China was founded in 1949. In 1956, the First National People’s Congress (NPC) published a directive entitled “Exemplary Charter for Advanced Rural Cooperatives” in which the rural communes were required to provide to farmers who were in extreme need the so called “five guarantees” including food, clothing, fuel, education and burial expenses and who had absolutely no responsible kin to care for them or who were too old, too young or too sick to support themselves⁶⁶. Since then, the vulnerable group has been called ‘Five-Guarantee Households’ (FGHs) . The central government prioritizes providing FG with a base line of public services.

After China started to undertake economic reform in 1978, local government was required to take the prime responsibility for the well-being of rural FG. However, some local governments in the middle and western provinces of China did not have enough funds to provide adequate social care for rural FG due to their fiscal difficulties. For example, 2.74 million out of 5.71 million FG in rural China were not supported by the government scheme in 2003. In 2005, each dispersed FG in Zhuzhou County and Xiangtan County of Hunan Province received RMB 400 and RMB 480 from the local government respectively, which only amounted to about 10 percent of average net income of local farmers⁷.. Even in the wealthy coastal provinces, the local government cannot totally meet the needs of rural FG. For example, health should be taken as basic need of people, and it is indeed included in FG. However, medical expenses may be much higher than the Five Guarantees Allowance, or in other words, not every FG recipient could be guaranteed with proper treatment.

With the founding of the People’s Republic of China in 1949, FG were given priority to enjoy social welfare. In 1953, the Central Government of China formulated a policy of “Food and Money Distribution for Famine Relief in Rural Areas” This gave destitute elderly people priority for social support. The first constitution of the People’s Republic of China in 1954 had a provision that any “Chinese laborer who loses their ability to work due to old age or illness has the legal right to material assistance.” This provided the legal foundation for the FG system. The “National Agricultural Development Programme and Exemplary Charter for Advanced Rural Cooperatives”

⁶ Office of the State Committee on Agriculture (ed.) (1981) *Compilation of Important Documents of Collectivization Agriculture (1949-1957)* (the 1st volume). Beijing: Central Party School Edition Association.

⁷ Wu X.(2010) The current policy and living conditions for „Five-guarantees“ in China, *Population and Development*,3:81-86

passed by the National People's Congress in 1956, required agricultural cooperatives to guarantee the needy members, including FG, with adequate welfare for their daily lives including food, clothing, fuel, education and burial expenses. These provisions were the foundation of FG policy in rural China⁸. Afterwards, the FG policy went through four main transformations (Table 1 2).

In the first phase from 1956 to 1977, the rural cooperatives and communes were responsible for the well-being of FG under the direction of the state. The Central Government stipulated that the members of cooperatives who were vulnerable could use communal welfare funds to maintain their basic livelihood. Two percent of the net income of the cooperatives was set aside for cultural and welfare affairs. In December 1958, the Sixth Session of the Eighth Chinese Communist Party Conference passed “Resolutions on Some Questions Concerning the People’s Communes”, which encouraged the construction of nursing homes for the FG. Under this policy, the cooperatives would pay living expenses for the FG. Nonetheless, the Central Government only formulated a legal framework for supporting the FG. As rural collectives varied widely in different parts of China, there was no uniform standard for implementing the FG policy. If the collective economy could not distribute free grain, they usually made alternative arrangements of subsidized work-points. In some poor communities, only food was guaranteed while the other four guarantees were ignored⁹.

In the second phase from 1978 to 2001, townships were responsible for the well-being of FG under the direction of the State. After the economic reform started in 1978, it became very difficult for the townships to collect communal welfare funds to implement the FG policy because collective communes became disintegrated in rural China. Therefore, FG had to rely on the limited help offered by some local villagers. The Bans on “Arbitrary Charges and Suppression of the Levy on Farmers and Guidelines on Rural Five-Guarantee Support Schemes” were introduced in 1985 and 1994 respectively, requiring townships to guarantee the basic livelihood of FG by establishing new communal welfare funds. The new communal welfare funds were financed through levying rural residents and township and village enterprises (TVEs). However, some local governments diverted the welfare funds for FG to other projects¹⁰.

⁸ National People’s Congress(1991) *Compilation of Literature of National People’s Congress of the P.R.C.* Beijing: China Democracy and Legal System Press.

⁹ Hong D. Y. and Fang L. J. (2004) Problems and solutions: A research on rural Five-guarantees work in post-collective era, *Journal of Renmin University of China*,1,1-7.

¹⁰ Wu X. and Wan G. (2009) A research on the social security policy for the „Five-Guarantees“ and its practice since the founding of New China, *Northwest Population*, 5,51-55.

Table 1.2 Five Guarantees Policy Evolution

Periods	FGs Policy	Financing	Policy Goals	Factors Affecting the Well-being of FGs	Well-being of FGs
1956-1978	<i>Exemplary Charter for Advanced Rural Cooperatives</i>	Communal welfare funds	Guarantee Clothing, Food, Housing, Education (for orphans), and a Proper Burial of FGs	Low economic level; Leftist line; the Cultural Revolution	The basic livelihood of FGs was guaranteed.
1978-2001	<i>Guidelines on Rural Five-Guarantee Support Schemes (1994)</i>	Tax from rural residents as well as from township and village enterprises	The townships should guarantee the basic livelihood of FGs by establishing new communal welfare funds.	Financial crisis of townships	The well-being of FGs improved, but some local governments diverted the welfare funds for FGs to other projects.
2002-2005	<i>The Circulars on Improving the Five-Guarantee Support Provisions (2004)</i>	1.4 per cent of extra agriculture tax levied by counties. Funding for FGs were shifted to the provincial and county level fiscal budget.	All villages should allocate some funding for the FGs from extra agricultural tax income after the normal expenditure of the village community.	Tax reform in 2004	The well-being of FGs deteriorated in some areas because the FGs subsidy from the central government decreased.
2006 onwards	<i>New Guidelines on Rural Five-Guarantee Support Provisions (2006)</i> <i>Adjusted Five-guarantee Standards for 31 Provinces (2007)</i>	Fiscal income from the local government and subsidies for the poor regions from the central government	The living standards of FGs should be higher than average local villagers, keeping in pace with the increase in local living standard.	Abolition of agricultural tax in 2006	The number of FGs covered and the amount of coverage increased, but most of FGs still lack psychological support.

Source: Wu, X. & Wang, J. (2011). The Well-being of Five-Guarantee Households (FG) in Rural China, Ninth Rural Entrepreneurship Conference Paper, Retrieved from http://www.ntu.ac.uk/nbs/document_uploads/109338.pdf.

In the third phase from 2002 to 2005, local government supported the FG with the funds from the agricultural tax. China undertook tax reform to reduce financial burdens of farmers at the beginning of 2000. The central government abolished almost all the charges, fees, and levies on farmers, except for agricultural tax, which increased to 7 percent¹¹. However, most of the local governments charged the farmers a surtax of 20 percent. Therefore, farmers had to pay 8.4 percent, with 1.4 percent earmarked for village administration and social welfare. As a result, the well-being of FG actually deteriorated in some areas, because some counties were too poor to take care of the FG without receiving the subsidy from the central government. At the end of 2002, only 52 percent

¹¹ Yep R. (2004) Can "Tax-for-Fee" reform reduce rural tension in China? The process, progress and limitations, *The China Quarterly*, 177: 42-70.

of FG (about 3 million people) obtained welfare benefits. Meanwhile, the subsidy for FG from the central government decreased. FG who lived in nursing homes received only a yearly subsidy of RMB 1,691 on average in 2002 compared with RMB 2,173 in 2001. Those FG who lived in their own homes received RMB 958 in 2002 on average compared to an average RMB 1,262 in 2001. In some provinces, only the burial of destitute elder persons was guaranteed¹². In 2004, the Ministry of Civil Affairs, the Ministry of Finance and the National Development and Reform Commission, issued “*The Circulars on Improving the Five-Guarantee Support Provisions*”. These circulars required that all villages should allocate some funding for FG from extra agricultural tax income after the normal expenditure of the village community. The county and township governments should subsidize the villages in financial difficulty.

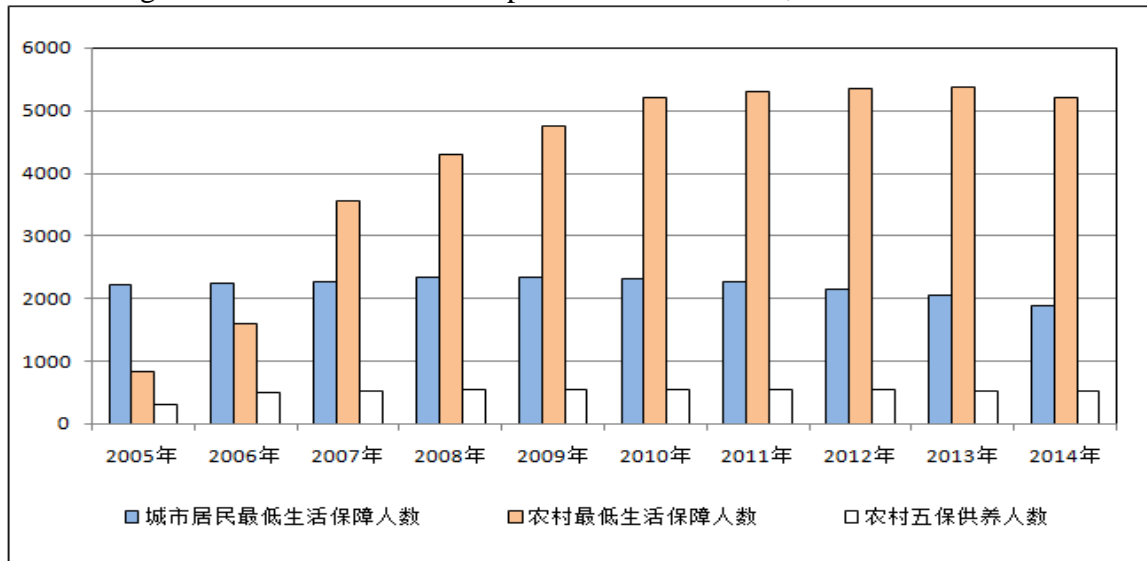
In 2006, the State Council adopted “New Guidelines on Rural Five-Guarantee Support Provisions”, explicitly stating that local governments should include FG within their fiscal budget for the first time. The Central Government would subsidise local governments that faced financial difficulty in implementing the FG policy. In some wealthy areas such as Shanghai City, Zhejiang province, other parts of East China and Guangdong province, the FG pension has increased by 60-70% since 2006. But it is still hard for some provinces in the middle and western parts of China to increase FG due to the reduction of fiscal income after the abolition of the agricultural tax in January 2006. In addition, most of FG in China still lacked psychological support.

In 2006, the State Council issued “*Regulations on Rural Five-Guarantee Scheme*” to reinforce this scheme. The “*Regulations on the Work of Providing Five Guarantees in Rural Areas*” adopted at the 121st Executive Meeting of the State Council on January 11, 2006, were then promulgated and became effective as of March 1, 2006. These Regulations are formulated for the purpose of bringing to success to the work of providing FG in rural areas, ensuring a normal life for persons receiving FG in rural areas and promoting the development of the social security system in rural areas. Article 6 indicates that villagers who are aged, disabled or under the age of 16 and have no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them, shall enjoy FG in rural areas.

Up to the end of 2014, there are 5.29 million rural FG recipients nationally. As of 2014, China has spent 18.98 billion RMB on FG in total, which has an increase of 10.2% over the previous year. There are 1.74 million people who are supported collectively (in a welfare institute), who have an annual FG allowance of 5371 RMB per capita on average; while, 3.54 million are living in their own household, who have an annual FG allowance of 4006 RMB per capita on average.

¹² Gong S. (2004) Institutional problems and countermeasures for Five-guarantees pension, *Jiangsu Social Sciences*, 3, 231-236.

Figure 1. 7 The number of recipients of urban Dibao, rural Dibao and FG



Note: Blue bar for Urban Dibao; Pink bar for Rural Dibao and White bar for FG.

Source: Ministry of Civil Affairs (2015) Social Service Statistical Bulletin 2014
<http://cws.mca.gov.cn/article/tjbg/>

1.3.2 Evaluation of Policy Implementation/effects and Future Reform

FG are undoubtedly some of the most vulnerable citizens in rural China. The well-being of this vulnerable group indicates the fairness and justice of society as a whole. The FG village in Guangxi Zhuang Autonomous Region offers a good social care model to improve the social well-being of rural FG for other less developed provinces in China. It not only meets the level of local economic development, but also takes into account the life habits of rural FG in the less developed regions. It is hard for the local government to establish nursing homes to accommodate all the FG in the less developed regions with its fiscal income.

However, we have to realize that the social care model of rural FG village can be improved further when it is spread to other less developed regions. Firstly, more opportunities need to be created for the elderly FG to take part in social activities and enrich their lives. Secondly, it is critical for local governments to guarantee the funding for constructing FG villages and exploring the feasibility of treating the projects as rural infrastructure. Thirdly, it is meaningful to explore if the FG village can be included in the rural social aid system.

In a couple of years the Five Guarantees program is to be included into “assistance for people in extreme difficulty” as can be observed and foreseen from the latest policy document on it. The “Interim Measures for Social Assistance” were issued and came into force on May 1, 2014. As such, Chapter Three “*Support of the Especially Poor Interim Measures for Social Assistance*” contains the Five Guarantees. Article 14 stipulates that the state shall grant support to the especially poor, i.e. the elderly, the disabled and minors under 16 years of age who have no persons with statutory obligations to support aging parents, children, or other persons or persons with statutory obligations to provide support but who do not possess the capacity to support them. Article 15 indicates that the support of the especially poor includes:(1) providing basic living conditions;(2) looking after those who cannot take care of themselves;(3) providing disease treatment; and (4) handling funeral matters. The support of the especially poor shall be integrated with the systems of pension insurance for urban and rural residents, basic medical insurance, minimum subsistence guarantee, and basic living guarantee for orphans.

Case Study of Wuhan and Tsingdao: FG

Background:

This case study refers to the key developments and challenges relevant to the Five Guarantees scheme, and basic contextual information on the institutional framework of FG.

Purpose:

The primary purpose of this study is to develop an enhanced understanding of the issues associated with the development and implementation of FG.

It should be noted that it is not the intention of this study to evaluate the success or failure of FG.

Key Development:

To increase FG allowance, Qingdao combined the Five Guarantees with the rural Dibao to increase the amount of allowance to Five Guarantee recipients.

Recently, Qingdao and Wuhan are paying more attention to the reconstruction of welfare institutes for FG.

Major Challenges:

Even with the foundation of the Family Economic Status Verification Center, it is still difficult to assess rural households' income and assets.

For Five Guarantee recipients, there is a dilemma of collective care and individual support. On the one hand, they prefer to living in their own housing even when they are old; however they have no relatives or care givers. This would cause risks as they are increasingly becoming fragile. On the other hand, collective care costs much more than individual living as it needs housing, maintenance, staff (care givers) and other expenses.

Five Guarantees include food, clothes, housing, health and funeral. While recipients have a low level of benefits, which actually cannot cover their medical expenses, local governments generally cover all the expenses on top of the medical insurance. This is necessary to maintain Five Guarantee beneficiaries' living. However, this sometimes would lead to the problem of over-treatment.

Conclusions:

For a long time, FG has played an important role in securing vulnerable groups' living. However, it is still faced with major challenges as previously mentioned. In the future, as the "Interim Measures for Social Assistance" stipulates, FG will turn into "Support for Persons in Extreme Difficult" and as such it is expected that there will have to be further fundamental reforms.

2. Specific Regulation

Executive Summary

Social assistance is the first building block of a modern social security system. It embodies the government's public responsibility and the moral conscience of the community. At present, China has established the basic framework for the social assistance system including three sub-systems: - long-term living assistance, special classification assistance and temporary emergency relief aid. The special classification assistance includes medical assistance, housing assistance, education assistance, relief and rehabilitation of the disabled and legal aid. Temporary emergency relief includes disaster relief and payments to beggars and vagrants. The main contents of this report include seven aspects: employment assistance, education assistance, legal aid, medical assistance, disaster relief, temporary assistance and housing security.

The employment assistance system is aimed at increasing household labor income and is targeted at people with difficulties in finding jobs. The government formulates special assistance policies, develops public-welfare jobs through multiple channels and provides a variety of targeted assistance measures to help people with difficulties in finding jobs to quickly find a job. However, the employment assistance system has many problems. The macro problems existing in the employment assistance system mainly include the chaotic concept of employment assistance, an imperfect construction of the legal system, varying legislative levels and institutional discrimination. Micro-problems are mainly manifested in poor connection between laws and regulations at the technical level of the employment assistance legislation, “scattering”, “chaos” and “absence” of specific legal clauses, and the absence of a dispute settlement mechanism at the implementation level of the employment assistance system.

As one aspect of the special classification assistance, education assistance is an assistance system for vulnerable group family members in the stages of compulsory education, senior secondary education and higher education. It plays a very important role in safeguarding the right to education and the right to the development of vulnerable group family members and in particular alleviating poverty among vulnerable group families.

Legal aid is a legal protection system, in which legal institutions set up by the Government organize legal aid workers and social volunteers to provide free legal services to citizens with financial difficulties or who are a party to special criminal cases in order to safeguard their legitimate rights and interests.

To guarantee housing for all under market economy conditions, the government should implement some special policy measures to help groups with housing difficulties in the market. The generalization of these policies is the housing security system.

As an organic component part of China's multi-level medical security system, medical assistance embodies the fact that the State respects and safeguards human rights. Medical assistance helps poor people alleviate the difficulties of not accessing basic medical services due to economic incapacity. It prevents impoverishment caused by disease and enhances the ability of poor people in health security, survival and development.

The above mentioned four aspects of the social assistance are addressed in separate sections and their respective problems are presented and discussed thereon.

Disaster relief is a social assistance system in which the state or society provides rescue services and assistance to persons impacted by various disasters. It aims to get disaster afflicted people out of the crisis through assistance and resuming production and life in the disaster area as soon as possible. However, disaster relief has many problems: weak awareness of the Government and the public of disaster prevention and the absence of disaster prevention and reduction education; lack of

a legal basis for disaster relief; the need for quantity and quality of emergency disaster relief teams and professional rescue teams to be improved; the difficulty of raising and operating disaster relief funds and insufficient reserves for disaster relief; and the long-term and arduous task of improving the psychological assistance system.

Temporary assistance means emergency and transitional assistance provided by the state to households or individuals who live in strained circumstances due to emergency events, accidental injuries, serious diseases or other special reasons and who are not covered by other social assistance systems for the time being or who still have serious difficulties in basic living after receiving other social assistances. However, temporary assistance has many problems: there are many subjective factors in defining recipients of assistance; it takes a long time to approval temporary assistance; there are limited funds to be spent on temporary assistance; and there is incomplete coverage of temporary assistance items.

Case studies corresponding to each of the 7 aspects are shown as appendices.

2.1 Employment Assistance

2.1.1 Definition

The employment assistance system is aimed at increasing household labor income and is targeted at people with difficulties in finding jobs. The Government formulates special assistance policies and develops public-welfare jobs through multiple channels and provides a variety of targeted assistance measures. It includes supporting and encouraging people in strained circumstances to find a job, giving priority to implementing various assistance policies, providing necessary living security, creating job opportunities by organizing employment skills' training and job recommendations.

As an assistance measure, employment assistance is targeted at urban retrenched or unemployed people living in poverty, who have labor capacity but face difficulties in employment. It covers a variety of aids and assistances to individuals as well as policy preferences, tax concessions and rewards to labor and employment service enterprises, to other enterprises employing unemployed people and to re-employment training institutions in order to encourage them to absorb unemployed people and to launch free or low-charge employment training. The basic elements of employment assistance include employment post assistance, employment policy assistance, employment legal assistance and employment service assistance.

2.1.2 History and Status Quo

2.1.2.1 Founding of New China – Before “Reform and Opening-Up”

In 1950, after the founding of P.R.C China, the Government Administration Council issued the “Interim Measures for Assistance to Unemployment Workers” to make appropriate provisions for unemployed people. Later, to further promote employment of the disabled, the Ministry of Internal Affairs of the State Council, the Ministry of Finance and the People's Bank of China jointly issued the “Notice on Tax Reduction and Exemption and Loan Support for Production Units of Urban Families of Revolutionary Martyrs and Servicemen and Poor People” in 1957, pioneering tax deduction and exemption of employment assistance for disabled persons in China. By then employment assistance system, in the real sense, had come into being in China, but had single assistance recipients, mainly including unemployed workers and disabled people.

2.1.2.2 Beginning of the “Reform and Opening-Up” to the End of the 20th Century

In 1980, the Central Committee of the Communist Party of China (“CPC” or the “Party”) proposed the employment guideline of “Combined Job Recommendation by Labor Department, Voluntary Employment Organization and Self-Employment under Unified Planning and Guidance of the State” at the National Labor Working Conference. Consequently, single employment subjects were

diversified, employment channels were expanded, foundations for the urban labor market were laid and competition mechanism was introduced into the employment field.

In 1982, the clause that “the state and society help make arrangements for the work, livelihood and education of the blind, deaf-mutes and other handicapped citizens” appeared in Paragraph 3, Article 3 of the Constitution of the People's Republic of China for the first time.

In 1986, the State Council promulgated the “Provisional Regulations on the Institution of the Labor Contract System in State-Owned Enterprises and the Provisional Regulations on for Employees of the State-owned Enterprises”, establishing China’s unemployment insurance system. In 1990, the Standing Committee of the National People's Congress (NPC) issued the Law of the People's Republic of China on “The Protection of Disabled Persons”, the first law safeguarding disabled persons in China’s history.

In 1933, the State Council published the “Measures for Resettlement of Surplus Employees of State-owned Enterprises”.

In 1995, the Ministry of Labor enacted the “Measures for Employment Registration and the Measures for Job Recommendations”.

In 1998, the CPC Central Committee and the State Council issued the “Notice on Effectively Doing a Good Job in Minimum Subsistence Allowances and Reemployment for Laid-off Workers of State-owned Enterprises”, further enhancing China’s employment security system.

In 1999, the Regulations on “Unemployment Insurance” were issued and implemented. China started, and preliminarily developed, its employment assistance legislation during the period from “Reform and Opening-Up to the end of the 20th century. Chinese state-owned enterprises were being restructured, so the targets of unemployment assistance mainly included disabled persons and laid-off workers of state-owned enterprises. Unemployment assistance mainly guaranteed a basic living and rarely involved improving the labor skills of these groups.

2.1.2.3 Beginning of 21st Century till Now

Since the beginning of the 21st century, more and more policy measures have been taken for people with difficulties in finding a job. This covers disabled persons, laid-off workers, families with no employment and farmers who have lost their land. Moreover, the “Employment Promotion Law” of the People's Republic of China was enacted. In other words, employment assistance for people with difficulties in finding jobs has witnessed rapid development and progress over this period.

On September 30, 2002, the CPC Central Committee and the State Council issued the Notice on “Further Doing a Good Job in Reemployment for Laid-off and Unemployed Workers” (Zhong Fa [2012] No.12). Targeted at the re-employment of laid-off and unemployed workers, the Notice summarized employment and reemployment work in China, established a proactive employment policy framework with Chinese characteristics and clearly defined assistance policies for needy recipients in accordance with the new situations and new characteristics of employment and re-employment.

On October 17, 2002, the General Office of the State Council published the “Notice on Charge Preference Policies for Laid-off and Unemployed Workers Engaging in Self-employment” (Guo BanFa [2002] No.57). On December 24, 2002, the People’s Bank of China, the Ministry of Finance, the State Economic and Trade Commission and the Ministry of Labor and Social Security jointly issued the Notice on “Printing and Distributing the Administrative Measures for Small-sum Guaranteed Loans for Laid-off and Unemployed Workers” (Yin Fa [2002] No.94), further segmenting relevant tax and fee policies for employment assistance.

In 2005, the Circular of the State Council on “Further Intensifying the Work of Employment and Re-employment” (Guo Fa [2005] No.36 further inherited, expanded, adjusted and enriched the original proactive employment policies. As a consequence, policy measures assisting the reemployment of people with difficulties were further improved with the following four adjustments.

First, the coverage of recipients was expanded. Employment assistance covered laid-off workers in their 40s and 50s from factory-run collective enterprises as well as long-term unemployed persons enjoying subsistence allowances for urban citizens in addition to the original older laid-off workers with difficulties in finding jobs from state-owned enterprises.

Second, insurance items were increased. Basic medical insurance was added in addition to original the subsidized endowment insurance and unemployment insurance.

Third, the period of the subsidy was extended. The period of the social insurance subsidy may be extended for laid-off and unemployed workers in their 40s and 50s who work for more than three years.

Fourth, older people with difficulties in finding jobs and who engaged in flexible employment could enjoy social insurance cover of a certain amount.

In 2007, the “Employment Promotion” Law of the People's Republic of China was officially promulgated, turning a series of proactive employment policies into legal provisions and starting long-term and law-based work of employment assistance. The Law devoted special chapters to formulating provisions of the employment assistance system by summarizing policy practices. Compared with the original policies, the legal provisions weakened the identity of state-owned and collective enterprises of recipients with difficulties, strengthened employment assistance for people with job hunting difficulties such as disabled persons and families with no employment as well as areas and industries in strained circumstances such as resources-exploitation cities and independent industrial and mining areas and embodied the orientation of the long-acting law.

On August 6, 2007, the Ministry of Labor and Social Security issued the Notice on “Further Strengthening Entrepreneurship Training and Promoting Employment” (Lao She Bu Fa [2007] No.30). On October 30, 2007, the “Provisions on Employment Services and Employment Management” were adopted and issued at the 21st session of the Ministry of Labor and Social Security and came into force on 1 January 2008. The applicability of the “Employment Promotion” Law of the People's Republic of China was strengthened slightly.

In 2008, the Notice of the State Council on “Doing a Good Job in Promoting Employment” (Guo Fa [2005] No.5) specified and clearly defined various measures of the legal provisions concerning employment assistance and detailing and expanding the employment assistance system. Compared with the [2005] No.36 Document of the State Council, this Notice featured the following enhancements.

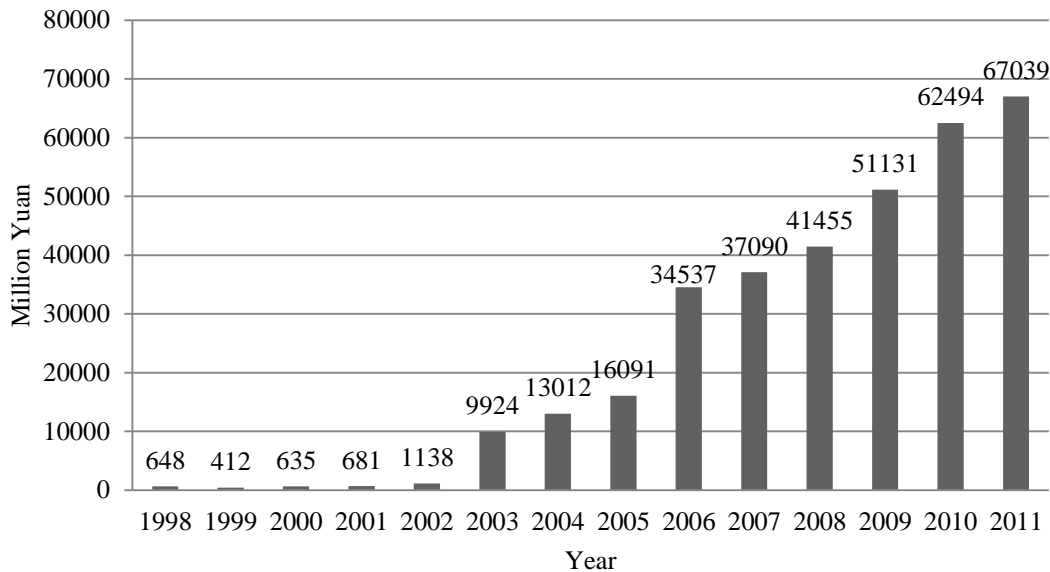
First, the scope of recipients was expanded. Employment assistance covered people with job hunting difficulties, including older people, disabled persons, persons unemployed for one and more consecutive years, people enjoying subsistence allowances and farmers who had lost their land.

Second, the term of the subsidy was extended. The term of the social insurance subsidy and the post allowance for people who were five years away from legal retirement age might be extended to retirement age.

Third, the scope of the subsidy was expanded. Subsidies of basic endowment insurance, basic medical insurance and unemployment insurance were granted to enterprises which employed people with job hunting difficulties, signed a Labor Contract and paid social insurance premiums within a certain time limit. Moreover, the Notice also granted a social insurance subsidy of certain amount to

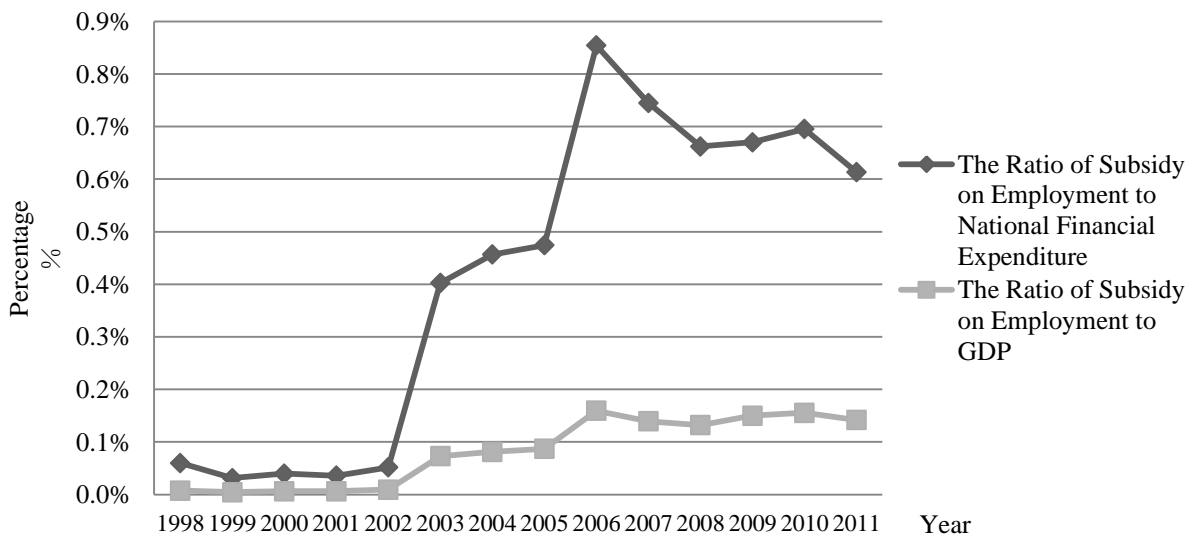
people with difficulty in finding a job who declared flexible employment and paid social insurance premiums.

Figure 2.1 Expenditure on Employment Subsidies



Sources: *Finance Statistical Yearbook of China 2012, China Civil Affairs Statistical Yearbook 2012*

Figure 2. 2 Ratios of Employment Subsidies



Sources: *Finance Statistical Yearbook of China 2012, China Civil Affairs Statistical Yearbook 2012*

The subsidy for employment has demonstrated an increasing tendency year by year. In 2011, the subsidy reached 67,039 million yuan, which accounted for 0.61% of the national fiscal expenditure and 0.14% of GDP (Figures 2.1 and 2.2).

Please refer to Appendix 1 for a case study.

2.1.3 Problems and Discussion

2.1.3.1 Macroscopic Aspect

Macro problems existing in employment assistance mainly include the chaotic concept of employment assistance, development of an imperfect legal system, varying legislation levels and institutional discrimination.

Firstly, the concept of employment assistance does not clearly embody people's orientation, fairness or justice. Some local governments continue the concept of employment assistance taking place during the Cultural Revolution (1966-1976) and regard providing necessary assistance to people with job hunting difficulties as charity or a philanthropic grace. However, actually, the legislative concept of employment assistance should abandon the concept of charity and the concept of right because it is a modern law concept embodying people's orientation, justice and fairness.

Secondly, the legal system of employment assistance is imperfect and the level of legislation varies. China has not established a sophisticated legal system although it has formulated numerous laws, regulations and policy documents. The one issue may be covered by various pieces of legislation whereas there are no legal provisions governing some issues. A low level of legislation gives rise to weak enforcement of the laws and regulations concerning employment assistance and makes it more difficult to apply these laws and regulations to practices.

Thirdly, numerous institutional discriminations or other discriminations exist. Many institutional discriminations exist in China's employment assistance, mainly evidenced by different employment security measures, employment reliefs, social insurances and benefits for agricultural laborers and non-agricultural laborers. Even non-agricultural laborers with different household registrations are discriminated in salary, medical treatment of work-related injury, children's education, housing assistance and social benefits. They thus face higher employment costs and heavier cost of living burdens.

2.1.2.2 Microcosmic Aspect

Micro problems are mainly manifested in the poor inter-connectivity between laws and regulations at the technical level of the employment assistance legislation, "scattering", "chaos" and "absence" of specific legal clauses, and the absence of a dispute settlement mechanism at implementation level of employment assistance.

Firstly, poor inter-connectivity between the laws and regulations exist at the technical level of the employment assistance legislation. The "Employment Promotion" Law of the People's Republic of China lacks a specific employment assistance system and relief mechanism. It guarantees effective implementation of employment promotion by supervision, examination and legal responsibility. However, the chapter concerning supervision and examination only briefly mentions the target accountability system, the special fund management system and the reporting system. The chapter concerning legal responsibility establishes too many macro provisions without involving the legal responsibility for employment assistance.

Secondly, the "scattering", "chaos" and "absence" of specific legal clauses exist. Chinese policies, laws or regulations on employment assistance are redundant, overlap, are inconsistent and even contradictory in terms of both their form and content. On the other hand, "redundancy", "scattering", "disorder" and even contradiction exist between the laws and the policies. For example, the "Employment Promotion" Law and the "Provisions on Employment Services and Employment Management" have roughly the same provisions and clauses on employment assistance.

Thirdly, there is no dispute settlement mechanism nor an practical enforcement system at the implementation level of employment assistance. Several dispute settlement mechanisms of reconciliation, mediation, arbitration and lawsuit for labor disputes are ineffective for people with job hunting difficulties and not receiving employment assistance. The employment assistance system lacks a dispute settlement mechanism because it is difficult to classify an employment assistance dispute as a labor dispute.

2.2 Education Assistance

2.2.1 Definition

Education assistance is an assistance system for vulnerable-group family members over the stages of compulsory education, senior secondary education and higher education. It plays a very important role in safeguarding the right to education and the right to development of family members of vulnerable groups and in particular shaking off poverty for families of vulnerable-group. China's education assistance is divided into three parts by education stages:

- 1) Compulsory education assistance: This financially assists needy students by reducing and exempting miscellaneous fees and textbook fees or granting student subsidies and establishing education assistance funds. Funds from the "Project of the National Project of Compulsory Education in Poverty-stricken Areas" contribute to subsidizing students from vulnerable-group families and providing free textbooks.
- 2) Senior secondary education assistance. This allocates proportional funds from tuition fees collected by schools to establish stipends and scholarships. There is a "delayed payment, reduction and exemption" of tuition fees for students with financial difficulties according to the degree of family poverty. Local governments allocate special appropriations from the financial fund to grant stipends to help needy students.
- 3) Higher education assistance: There continues to be implementation of diversified policy systems to assist needy students dominated by scholarships, student loans, work-study funds, special subsidies and tuition reductions and exemptions at institutions of higher learning in China.

2.2.2 History and Status Quo

1) In the early years of the New China, free elementary and secondary education were implemented until the reform of the education system in the early 1980s. China began to make nine years of compulsory education universal on a national scale, exempted tuition and miscellaneous fees at the stages of compulsory education and collected tuition and fees from students in the non-compulsory education stages. As a result, some families with financial difficulties faced problems such as difficult school enrollment and high tuition and fee costs. The Chinese Government should guarantee that no students who had financial needs left school and began to explore the establishment of an education assistance system in the middle of the 1980s. The "Compulsory Education Law" of the People's Republic of China came into force in 1986 and the "Detailed Rules for Implementation of the Compulsory Education" Law of the People's Republic of China was promulgated in 1992. These formed the basis of the education assistance system for needy students at the stage of compulsory education. Then consequential developments in this field were:

In 1995, the State Education Commission and the Ministry of Finance issued the "Notice on Improving Grant-in-aid System for Elementary and Secondary School Students" to implement the grant-in-aid system.

In October 1997, the State Education Commission and the Ministry of Finance established the "State Grant-in-aid in Poverty-stricken Areas", making a substantial step forward in China's education assistance system.

In May 2001, the State Council issued the Decision on Reform and Development of Basic Education, establishing the basic framework for the "Two Exemptions and One Subsidy" policy.

In February 2004, the Ministry of Finance and the Ministry of Education issued the Notice on "Printing and Distributing the Interim Administrative Measures for the Work of Free Textbooks to Needy Students in the State of Compulsory Education in Rural Areas", stipulating that the "State

shall provide free textbooks and subsidize boarding fees to rural needy students in western areas and exempt tuition costs and fees at the stage of compulsory education in rural areas”.

“We must exempt rural students at the stage of compulsory education from tuition costs and fees, provide free textbooks and boarding fee subsidies to needy students and expand the coverage of tuition costs and fee exemptions and subsidies in areas where conditions permit,” pursuant to the Several Opinions on “Actively Developing Modern Agriculture and Making Steady Progress in the Construction of the New Socialist Countryside” issued by the CPC Central Committee and the State Council. The education assistance system at the stage of compulsory education was gradually expanded from western and central poverty-stricken areas to rural areas nationwide.

“Boarding students from poverty-stricken families and students from families enjoying urban minimum subsistence allowance shall receive boarding fee subsidy,” was emphasized by the State

Council in the “Notice on Doing a Good Job in Exempting Urban Students at the State of Compulsory Education from Tuition and Fees” issued in August 2008. As of October 2008, the education assistance system benefited all needy students at the stage of compulsory education in urban and rural areas nationally.

2) There are a few assistance policies for students at the stage of senior secondary education, and only those students with good academic performance rather than needy students with ordinary academic performance are subsidized. At present, China is actively establishing a new financial aid policy for needy students at secondary vocational schools to guarantee all needy students can receive vocational education and to help rural needy students realize their dream of going to school.

3) Education assistance policy for Chinese impoverished college students roughly goes through four development periods, namely free enrolment + people’s stipend (beginning of the New China – 1983), coexisting people’s stipend and scholarship (1983-1986), coexisting scholarship and loan funds (1987-1994) and preliminary establishment and increasing improvement of the aid and subsidy system for impoverished college students made up of “scholarships, loans, stipends, subsidies and tuition reductions) (1994-now).

The Impoverished College Student Aid System has been gradually established and improved since 1994. China began to gradually reform the costs of college education in accordance with the “Outline of Education Reform and Development in China” and in 1997, all universities and colleges merged and China implemented charging system for higher education in a universal way. Reform of the costing system led college student assistance reform to a new phase in China, mainly as evidenced by the diversified assistance forms and methods. In terms of government aid, the State Education Commission launched assistance measures supported by government allocations and organized by institutions of higher learning such as “work-study fund”, “subsidy for most needy students” and “tuition reduction and exemption” in addition to scholarships for outstanding students, professional scholarships, directed scholarships and a loan fund in the late 1980s. The Impoverished College Student Aid System consisting of “scholarships, loans, subsidies and tuition reductions” took its initial shape.

In September 1999, the General Office of the State Council approved and forwarded the “Measures for the Administration of State-subsidized Student Loan (Trial)” issued by the People’s Bank of

China, the Ministry of Education and the Ministry of Finance among others, and decided to launch a pilot of state-subsidized student loans at institutions of higher learning affiliated to central ministries and commissions in Beijing, Shanghai, Tianjin, Chongqing, Shenyang, Wuhan, Nanjing and Xi’an.

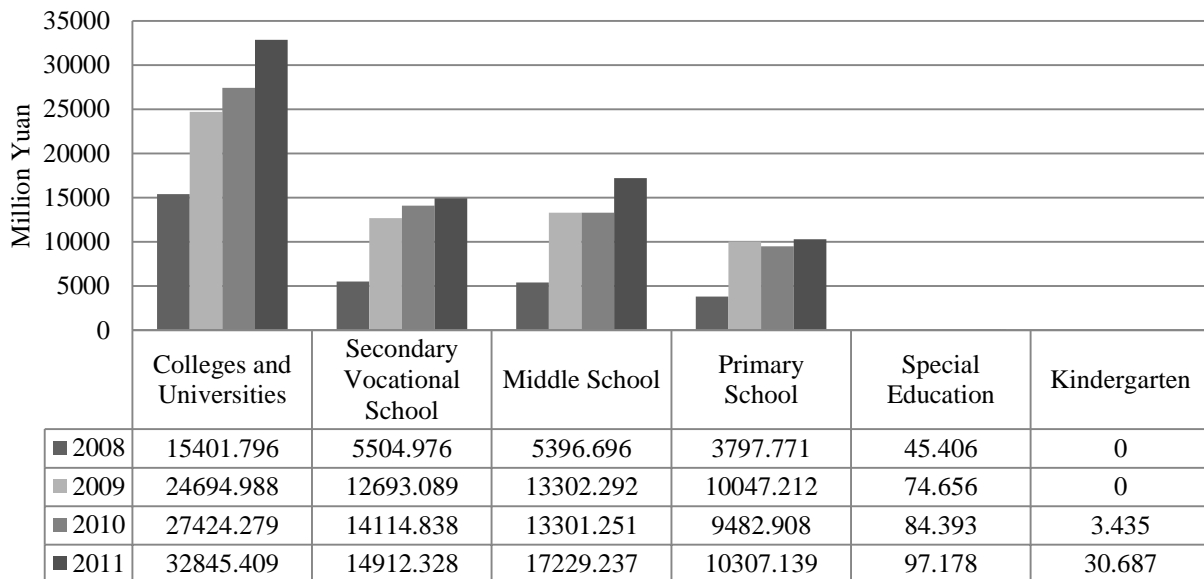
In August 2000, the General Office of the State Council forwarded the “Notice on Supplementary Opinions on the Administration of State-subsidized Student Loans” and the Notice of the People’s

Bank of China on the “Measures for the Administration of State-subsidized Student Loans”, expanding the coverage of state-subsidized student loans from full-time undergraduate and junior college students at regular institutions of higher learning to all students and shifting the form of the loan from a guaranteed loan to a student credit loan.

In February 2002, the People’s Bank of China, the Ministry of Education and the Ministry of Finance issued the Notice on “Issues Concerning Effectively Advancing the Work of State-subsidized Student Loan” so as to improve the original state-subsidized student loan policies, implement measures of “four determinations” and “three assessments”, further improve the relevant management systems of state-subsidized student loans and put forward specific measures for strengthening the management of state-subsidized student loans, establishing risk prevention mechanisms and further improving organization and leadership.

In June 2004, the General Office of the State Council forwarded the Notice of the Ministry of Education, the Ministry of Finance, the People's Bank of China and the Banking Regulatory Commission on “Several Opinions on Further Perfecting the Work of State-subsidized Student Loans”. The Opinions further defined relationships among state institutions of higher learning, students and banks concerning principles of loan facilitation and risk prevention and proposed specific measures for improving the management system of state-subsidized student loans, reforming the loan approval process and loan application methods, strengthening the management responsibilities of regular institutions of higher learning and banks and improving the loan repayment mechanism and the risk prevention mechanism.

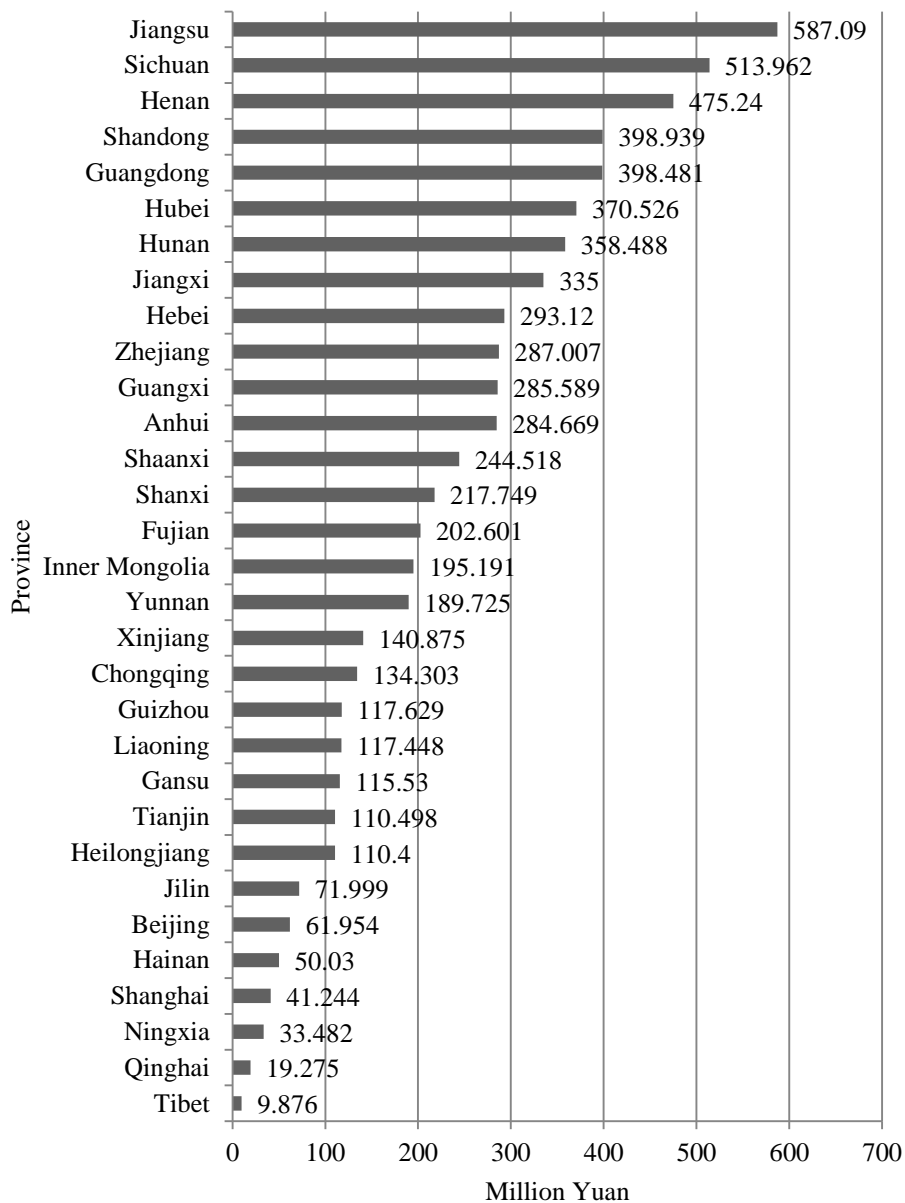
Figure 2. 1 Student Grants



Source: China Educational Finance Statistical Yearbook 2012

Grants for students from poor families continued to increase from 2008 to 2011. Grants for student in colleges and universities are the bulk of the loans. (Figure 2.3).

Figure 2. 2 Student Grants in Ponvinces in 2010



Sources: China Educational Finance Statistical Yearbook 2012

In 2010, Jiangsu Province handed out the highest amount of the student grants, 587.09 million yuan (Figure 2.4).

Please refer to Appendix 2 for case study.

2.2.3 Problems and Discussion

To guarantee equal educational access to the children of poverty-stricken families, the Chinese Government has promulgated many policies and measures relating to educational assistance, such as assistance responsibility for compulsory education in legal form, special education appropriations from the fiscal budget to poverty-stricken areas, encouraging the establishment of charity foundations and mass organizations to provide educational assistance, preference policies for school-run enterprises and encouraging study-work programs for self-assistance. However, many problems exist in these measures, including the following:

The coverage of education assistance is very narrow, way of assistance is irregular and there are few assistance elements

The Chinese Government mainly makes investment in education assistance to guarantee that the nine years of compulsory education is accessible to the population of the appropriate age. However it provides little assistance at the stage of senior secondary education or higher education which have the highest expenses and charges. The basic means of assistance are scholarships, subsidies and work-study programs supplemented by a few tuition reduction and exemption measures, which are not standardized across the corresponding systems. Implementers face no limitations in determining the types of assistance according to their economic resources rather than according to the actual economic difficulties of poor students. There are very limited assistance measures. They are unable to meet the educational needs of children of families with financial difficulties.

The rights/obligation relationship is not clearly defined during the implementation of Education Assistance and there is no special management institution

Education assistance is both a right of the needy students and an obligation of the state and society. However, the laws and regulations on education assistance in China are still to be improved, there are many institutional loopholes and the right/obligation relationship is ill-defined, making it impossible to smoothly implement the education assistance system. China has not established a special management institution for the education assistance fund and the education assistance mechanism is operated in an inefficient way, impacting the development of the education assistance system and weakening its role in assisting students.

Obvious administrative flaws exist in the education assistance process

Judging from the structure and working model of China's Education Assistance, it is dominated by financial aid and the system shows obvious administrative flaws. The existing financial aid function is an extension of the government's function. Most education assistance jobs are attached to school level and education assistance departments and are at the end of the whole education assistance system. Education assistance administration is conducted from top down and is mainly subject to a superior's notices and requirements. The whole education assistance administration system is characterized by high operating costs, poor organizational competence and low-level collaboration among assistance elements.

It is difficult to implement the education assistance fund

At present, the education assistance fund is mainly sourced from government appropriations at all levels, funds raised by schools and social contributions. Funds raised by schools are an important approach making up the shortfall in fiscal appropriations at all levels, but it has some limitations. It is difficult for institutions of higher learning to contribute much money to education assistance because their interests will be damaged if they spend too much money on education assistance. Therefore, there is a large gap in the education assistance fund, which is a key issue that needs consideration as part of the further improvements needed for the education assistance system. Very few needy students receive education assistance in China due to the restrictions in funding this assistance.

The body responsible for Education Assistance is ill-defined

The department which is responsible for the management of education assistance is unclear. Only a few counties assign special staff to take charge of Education Assistance. In some areas, governments at all levels depend on payroll finance (a large proportion of the budget has been earmarked for paying salaries of government functionaries) due to their low level of economic development. They have no more money to spend on assistance for needy students. Consequently,

they invariably fail to bear due responsibility for assisting needy students , resulting in the obvious abrogation of responsibility.

Assistance procedure is not standardized

First, there is no long-term plan for education assistance measures and temporary assistance prevails. Most assistance measures adopted by China for vulnerable groups are provisional and highly random. They play a very limited role in aiding vulnerable groups. Second, the absence of a powerful education assistance guarantee mechanism makes it difficult to guarantee the implementation of assistance policies. This results in ill-defined responsibilities in institutions related to education assistance. As a result of non-standard distribution of the education assistance fund, some needy students are deprived of an education because they receive no assistance, some needy students get repeated assistance and some assistance funds are not timely distributed to needy students.

Recipients of education assistance are ill-defined

The State formulates no unified and detailed criteria for defining the recipients of education assistance. As a consequence, some local governments determine the recipients of education assistance randomly using personal emotion or choosing relatives. This is leading to a failure of the education assistance to needy students, or the absence of a public information platform on the recipients of the assistance leads to falsifications in defining the recipients of the assistance.

Way of education assistance is under-developed

At present, education assistance in China is dominated by financial assistance. Psychological aid to assistance recipients and the subsidizing of educational facilities are ignored.

Allocation proportion for finance at all levels is unreasonable

The existing social assistance system places an overwhelming emphasis on the responsibility of local governments. They however, have much weaker financial resources than the central government. This inevitably leads to inadequate investment in education assistance due to its heavy financial burden.

2.3 Legal Aid

2.3.1 Definition

Legal aid is a system of providing legal protection. Legal institutions established by the government organize legal aid workers and social volunteers to provide free legal services to citizens with financial difficulties or those who are parties to special criminal cases in order to safeguard their legitimate rights and interests. Legal aid is a system of free legal services and creates no direct economic benefit. Legal aid is part of a social security system that is implemented for the purpose of maintaining long-term social stability and sustained economic development subject to criteria of social benefit and social equity. Investors in legal aid can only be government and legal aid in essence is a government action of buying legal services for specific groups.

Chinese legal aid institutions are divided into four levels from central to local governments The specific legal aid implementation institutions include regulatory authorities of legal aid at all levels in addition to law offices and grassroots legal work departments. By the end of 2009, China had set up a total of 3,274 legal aid institutions. At present, in addition to legal aid services provided by dedicated legal aid institutions, lawyers, community legal workers, social organizations, law schools and colleges as well as social volunteers also provide legal aid, and the initial basic framework of legal aid has taken shape. In 2009, there were 13,081 legal aid workers in China, including 10,337 legal professionals, highlighting the fact that legal professionals are still the backbone of legal aid.

Funding is a key issue for legal aid and a basic guarantee for its smooth implementation. Pursuant to the Regulation on Legal Aid, it is the responsibility of the government to provide legal aid. People's governments at county level and above shall provide funds for legal aid to guarantee the smooth implementation of legal aid funds. In 2009, income from legal aid funds totaled 757.6037 million yuan, an increase of 11% compared to 2008 (682.4968 million yuan). Fiscal appropriations amounted to 748.7503 million yuan, an increase of 11.8% over 2008 (669.4758 million yuan), accounting for 98.8% of the fund's total income, a slight year on year increase over 2008.

2.3.2 History and Status Quo

The legal aid system has operated for 21 years since it was first proposed by the former Minister of Justice Xiao Yang in 1994. There have been three stages.

2.3.2.1 The Stage of Exploration and Establishment

The stage of exploration and establishment of China's legal aid system lasted from 1994 to 1996. In 1994, the then Minister of Justice proposed to build a Chinese legal aid system and his proposal was strongly echoed nationwide. "We must explore effective approaches and methods of building a legal aid system to provide free legal aid to parties with financial difficulties. This year, we must put this work formally on the agenda for full demonstration and intensify the effort to develop a feasible plan to establish the Chinese legal aid system at an early date," said Xiao Yang at the National Justice Department (Bureau) Directors Meeting on February 16, 1995. The Guangzhou Municipal Legal Aid Center was set up on November 19, 1995. It handled 75 criminal and civil legal aid cases in a period of less than 100 days after its establishment, winning social praises. Xiao Yang called to "introduce the practice in Guangzhou nationwide". In March 1996, the Preparatory Group of the National Legal Aid Center at the Ministry of Justice was established.

2.3.2.2 Stage of Rapid Development

The period from late 1996 to 2003 witnessed rapid development of the Chinese legal aid system. After over one year of operation, the Guangzhou Municipal Legal Aid Center gathered a rich experience, and the Ministry of Justice decided to popularize the Guangzhou model after its investigation and comparison. On December 28, 1996, the Legal Aid Center, Ministry of Justice was formally established, ushering in an upsurge in the establishment of legal aid institutions nationwide. Legal aid centers were set up in all provinces after the founding of legal aid center in Tibet Autonomous Region on August 22, 2001. Chinese legal aid institutions had taken their initial steps and legal aid entered a stage of rapid development.

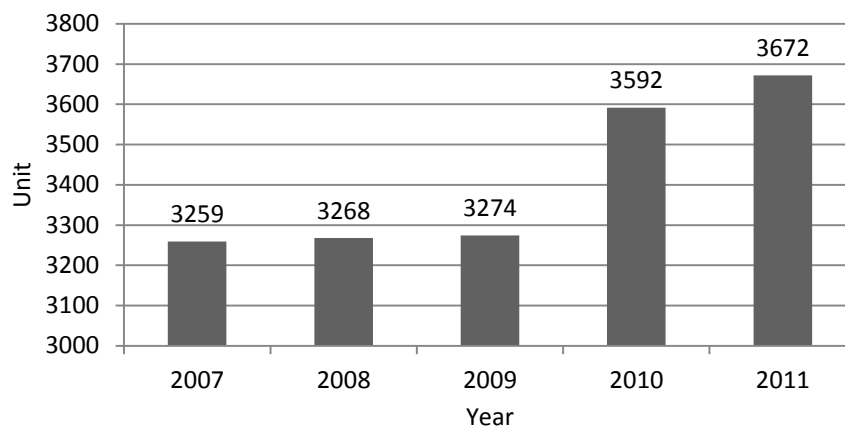
Concurrently, the institutional development of legal aid was further strengthened. Article 34 of the "Criminal Procedure Law" of the People's Republic of China was amended in March 1996. It stipulated that the basic principles and framework for the criminal legal aid system. The "Lawyers Law" of the People's Republic of China issued in 1996 specially set forth detailed provisions on legal aid in Chapter 6. On April 28, 1997, the Supreme People's Court and the Ministry of Justice issued the "Joint Notice on Criminal Legal Aid", promoting participation in the criminal legal aid system by social lawyers and facilitating the smooth implementation of criminal legal aid. On April 12, 1999, the Supreme People's Court and the Ministry of Justice issued the "Joint Notice on Several Issues Concerning Civil Legal Aid"; on April 24, 2000, the Supreme People's Procuratorate and the Ministry of Justice issued the "Joint Notice on Launching Legal Aid in Criminal Proceedings". In April 2001, the Ministry of Justice and the Ministry of Public Security issued the "Joint Notice on Launching Legal Aid in Criminal Proceedings". On April 3, 1999, Qingdao promulgated the first local law on legal aid in China, and afterwards, a variety of local laws and regulations on legal aid were gradually enacted. In March 2001, the National People's Congress (NPC) issued the "Tenth Five-year Plan for National Economic and Social Development", and "building the legal aid system" was written into the Plan for the first time. It was the first time that

highest organ of state power included legal aid in its plan for national economic and social development. This played a significant role in promoting the improvement of the legal aid system in China.

2.3.2.3 Stage of Legislation and Standardization

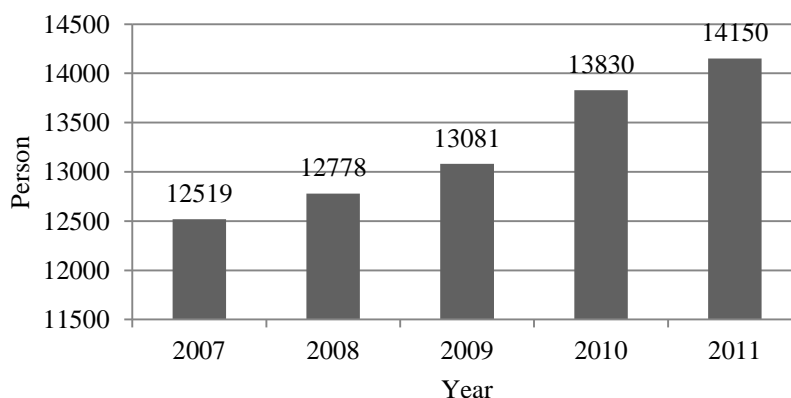
The period from July 2003 until the present represents the stage of legislation and standardization of legal aid. On July 21, 2003, the Regulation “on Legal Aid of the People’s Republic of China” was officially issued, marking a milestone in the history of China’s legal construction. The Regulation specified the basic framework of China’s legal aid system, clearly defined that it is the responsibility of the government to provide legal aid and prescribed the scope, standards, implementation procedures, rights and obligations of all parties concerned. It provides an important legal basis for promoting and standardizing the legal aid system. The Regulation marked the formal establishment and implementation of the Chinese legal aid system as well as the beginning of the legislation and standardization of legal aid. Legal aid was mentioned twice in the Report on the Work of the Government adopted at the Second Session of the Tenth National People’s Congress in March 2004, indicating that the Government had become fully aware of the importance and necessity of legal aid and was promoting its further implementation.

Figure 2. 5 Number of Legal Aid Institutions



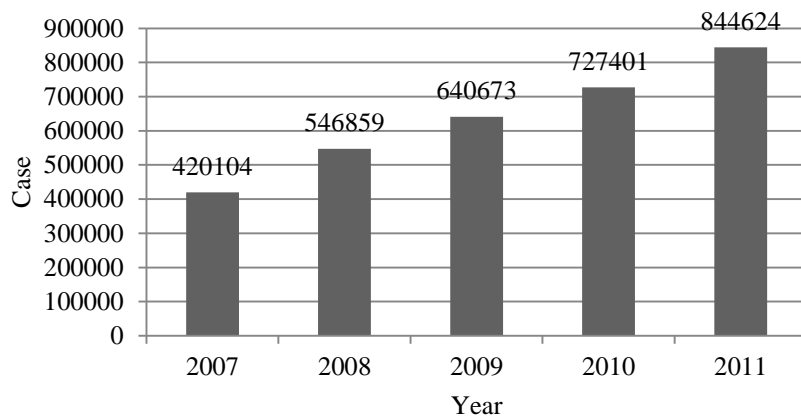
Sources: *China Social Statistical Yearbook 2012*

Figure 2. 6 Number of Legal Aid Staff



Sources: *China Social Statistical Yearbook 2012*

Figure 2. 7 Number of Cases Handled



Sources: *China Social Statistical Yearbook 2012*

The number of legal aid institutions, the number of legal aid staff and the number of cases handled has progressively increased since 2007 (Figure 2.5, 2.6 and 2.7).

Please refer to Appendix 3 for a case study.

2.3.3 Problems and Discussion

2.3.3.1 Low Legislative Level of Legal Aid

China started its legal aid system later than western countries and the relevant legislation is still to be further improved. Many provisions and clauses on legal aid are scattered across the “Criminal Procedure Law” of the People's Republic of China, the “Lawyers’ Law” of the People's Republic of China and other laws as well as provincial and municipal laws, regulations and rules at a low legislative level. China has implemented legal aid for more than 20 years since 1994, preparing corresponding conditions and possibilities for developing and issuing a unified Legal Aid Law. “Only when all citizens really enjoy rights in legal provisions can law become an incarnation of safeguarding social justice.” Legislative work is imperative.

2.3.3.2 Problems Existing in the Procedure Setting

Defects exist in the procedures of the existing Chinese legal aid system. These are mainly in the following two areas. Firstly, the application procedure is too tedious and miscellaneous. Pursuant to Article 14 of the Regulation on “Legal Aid”, a party shall apply to different institutions for legal aid for the five legal issues of different natures. A tedious and miscellaneous application procedure is adverse to the provision of smooth legal aid and makes some applicants desperate for legal aid. Secondly, the application procedure is vague. Since legal aid is classified into civil, administrative and criminal categories, the application procedures should be divided accordingly. However, the Regulation on “Legal Aid” provides for a general application procedure and thus is unable to guarantee the smooth implementation of the legal aid system. In addition, the Regulation on “Legal Aid” also specifies materials to be submitted as part of the legal aid application as well as measures to be taken by the legal aid institutions after receiving a legal aid application. The application still has obscure provisions on the detail needed.

2.3.3.3 Narrow Scope of Legal Aid Recipients

Pursuant to the Regulation on “Legal Aid”, “the present Regulation has been formulated for the purpose of ensuring that citizens with financial difficulties obtain the necessary legal services and promoting and regulating the work of legal aid”. However, the Regulation does not define the

concept of “criterion of financial difficulty” and only authorizes local provincial-level governments to specify that criterion. In other words, there is only “local criterion” rather than “national criterion” for what constitutes financial difficulty.

2.3.3.4 Problems Existing in the Institutional Setup

Regional economic development imbalances in China give rise to seriously unbalanced developments of the relevant legal aid institutions. Legal aid institutions are widely distributed in Beijing, Shanghai and other economically developed areas, through a distribution network ranging from districts and counties to streets. Legal aid centers are generally distributed in some urban areas or in individual counties in central areas such as Anhui. However, the legal aid center is only set up in some counties in the less developed Western areas such as Xinjiang and Tibet. At present, those people who need legal aid in China are concentrated in the remote and less economically developed areas, where more legal aid institutions should be set up. However, the contrary is the case. Legal aid institutions are concentrated in the economically developed areas and are scarce in the central and western areas, whose governments are adverse to the implementation of legal aid.

2.3.3.5 Problems Existing in Information

The absence of information on legal aid in many areas leads to the following three problems. First, legal aid information is developed to cater to leaders and fails to give play to its due role. Second, information areas are very narrow and the focus of the work is in the city. However, legal aid information is poor in remote areas and is even non-existent in some areas. Third, the information method is too simple and the information is confined only to leaflet distribution and banners in many areas. Consequently, many citizens do not accurately understand what the meaning of legal aid is.

2.3.3.6 Problems Existing in Funding Legal Aid

Insufficient funding of legal aid has always restricted the further implementation of legal aid in China. “Without adequate funds guaranteed, legal aid can only be an illusion. Funding has always been an important factor causing concern about and hindering the sound development of legal aid since its birth.” To be specific, the following two problems mainly exist in respect of funding China’s existing legal aid system. The first one is insufficient government appropriations and the second one is limited capacity for social fund-raising.

2.4 Housing Assistance

2.4.1 Definition

Housing security is a wide concept. In a broad sense, “homestead” and “welfare-oriented public housing distribution” are specific forms of housing security system, which guarantees “housing for all” under circumstance of low productivity level. Neither does housing resource allocation by market mean that all citizens buy a house only by their own income nor that all citizens can get housing only by market competition and independent and disperse policy decision. To guarantee housing for all under market economy conditions, the government should implement some special policy measures to help groups with housing difficulties under the market economy conditions. The generalization of these policies is housing security system.

2.4.2 History and Status Quo

2.4.2.1 Housing Security during 1978-1997

1) “Every household has an affordable house.” In 1986, the General Office of the State Council issued the Notice on Highlights of Technology Policies in Twelve Sectors. As the Highlights of Technology Policies in Urban Construction put it, we will endeavor to “realize high housing level and guarantee every household has an affordable, practical, comfortable and convenient house and

every citizen has living area of eight square meters on average and good dwelling environment” at the end of 20th century.

Pursuant to the Highlights of Technology Policies in Urban and Rural Housing Construction, “to realize well-off life of Chinese people, improvement in dwelling condition of urban and rural people is one of key elements. According to China’s national conditions, we will endeavor to guarantee that every urban household has one affordable house and national per capita living area reaches eight square meters and that every rural household has one applicable, sanitary and compact house and per capita living area of rural residents is slightly larger than that of urban resident to basically meet life and production needs”. China set a goal of “one affordable house for all households by 2000”, said Ye Rutang, Chairman of the “International Housing Year” China Commission and Minister of Urban and Rural Construction and Environmental Protection, in 1987.

2) “To address housing issue for urban households with special housing difficulties”. In September 1990, the Ministry of Construction and the All China Federation of Trade Union issued the Several Opinions on Addressing House Issue for Urban Households with Special Housing Difficulties. According to the Opinions, “the issue of housing difficulty has not been fundamentally addressed. In 1989, there were 5.4 million urban households with housing difficulties, including nearly 500,000 households with special housing difficulties whose per capita living area is less than two square meters. All local governments are required to strengthen leadership, work out proposals and build working group to address housing issue in a planned and step-by-step way.” It was the first time that China put addressing housing difficulty for urban residents on important agenda of the government.

3) Economically affordable housing went on the arena of history. In 1991, the State Council issued the Notice on Continuing to Actively Yet Prudently Reforming Urban Housing System, proposing to “vigorously develop affordable and practical commodity housing and give priority to addressing house issue for unallocated households and households with housing difficulties”. In 1993, the Ministry of Construction and other departments jointly issued the Opinions on Strengthening Macro Management of Real Estate Market and Promoting Sound and Sustained Development of Real Estate Industry, requiring local governments to “accelerate construction of economically affordable housing by fund-raising housing construction and cooperative housing construction and guarantee steady growth of housing construction”. In July 1994, the State Council promulgated the Decision on Deepening Reform of the Urban Housing System, emphasized that “we will build economically affordable housing supply system of social security nature targeted at low- and middle-income families and commodity housing supply system targeted at high-income families”. In late 1994, the Ministry of Construction and other departments jointly printed and distributed the “Administrative Measures for Construction of Urban Economically Affordable Houses”. In 1995, the General Office of the State Council forwarded the “Implementation Plan of the National Affordable Housing Project” to “advance the National Affordable Housing Project with a focus on large and medium-sized cities in a planned and incremental way by following the principles of government aid, unit support and individual expense bearing”.

4) The housing provident fund was established and became popular. In 1991, Shanghai took the lead to build its housing provident fund system by mirroring the Singapore experience. By the end of 1993, 104 cities nationwide had established housing provident fund systems. In July 1994, the State Council issued the Decision on “Deepening Reform of the Urban Housing System”, taking a decision to implement housing provident fund system in an all-round way and build a policy-related and commercial housing credit system. Afterwards, the Ministry of Finance, the Housing System Reform Leading Group of the State Council and the People’s Bank of China jointly issued the “Interim Provisions on Building the Housing Provident Fund System”, imposing specific requirements on building the housing provident fund system on a national scale.

2.4.2.2 Housing Security during 1998-2006

On 3 July 1998, the State Council issued the Notice on “Further Deepening the Reform of the Urban Housing System and Accelerating Housing Construction” (Guo Fa [1998] No.23) (hereinafter referred to as the “No.23 Document”), requiring cessation of housing allotment in kind and proposing to “implement different housing supply policies for families of different incomes, under which low-income families lease low-rent houses subsidized by the government or unit, middle-income families buy economically affordable houses and other high-income families purchase or rent commodity houses at market prices”, and began to comprehensively implement and improve the housing provident fund system. Afterwards, China started large-scale housing reform, but adopted a few practical housing security measures.

1) Economically affordable housing. The No.23 Document proposed to “build and improve the multi-level urban housing supply system dominated by economically affordable housing” and stipulated the support policies for land use, loans and so on. As the Ministry of Construction put it in the Present Housing System Reform Q&As, “currently, low-income families account for nearly 80% of urban households in China. In other words, nearly 80% of urban households rely on economically affordable housing to address the housing issue”. (Department of Housing and Real Estate Industry, Ministry of Construction, 1998, p.39) In June 2003, the National Development and Reform Commission (NDRC) and other departments jointly distributed the “Construction and Investment Plan for Economically Affordable Housing 2003-2004”, still emphasizing that “governments at all levels must further become aware of the important significance of economically affordable housing construction”. However, the Notice of the State Council on “Promoting the Sustained and Sound Development of the Real Estate Market” issued in August 2008 suddenly adjusted the policy of economically affordable housing, defined economically affordable housing as “policy-related commodity housing of a security nature” and shifted the focus of housing supply to “ordinary commodity housing”. The proportion of economically affordable housing showed an upwards trend year on year after 2001 and economically affordable housing only accounted for 5.1% of the total commodity housing capital invested in 2006, and new construction areas and sales areas also witnessed a decline in absolute value.

2) Low-rent housing. The No.23 Document stipulated “that low-income families lease a low-rent house subsidized by the government or unit”. The Ministry of Construction issued the “Measures for the Administration of Urban Low-rent Houses” in 2002 and issued the “Measures for the Administration of Urban Low-rent Housing for Families with the Lowest Incomes” in 2003. However, poor efforts have been made to implement the low-rent housing system which faces many problems such as narrow coverage, insufficient funds and unstable financial sources.

3) Housing provident fund. The No.23 Document required “comprehensive implementation and constant improvement of the housing provident fund system”, and the State Council also issued and implemented the Regulations on “Housing Provident Fund” in 1999. According to summary by the Ministry of Construction, the housing provident fund system is confronted with such problems as low coverage rate, widening gap in employee payments, imperfect internal control mechanisms of the regulatory authorities, non-standard uses of the fund, poor risk prevention and dissolution, unsound supervision and regulation mechanisms and poor supervision.

2.4.2.3 Housing Security after 2007

As the Minister of Housing and Urban-Rural Development, Jiang Weixin, said in 2009, “governments at all levels also need a process to understand housing security. The period of ten years after the large-scale housing reform in 1998 witnessed an absence of housing security. After 2007, the situation was improved. The housing security system had gradually taken shape and some achievements were accomplished in housing security.

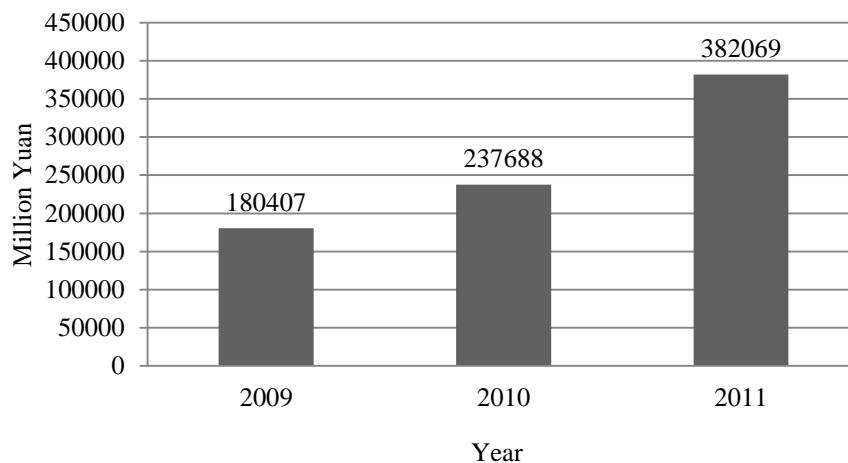
In terms of the security mechanism, the Ministry of Construction set up the Department of Housing Security and Housing Provident Fund Supervision and Management in late 2007. In March 2008, the Eleventh National People's Congress made a decision at the First Session to reorganize the Ministry of Construction to the Ministry of Housing and Urban-Rural Development. Afterwards, the Ministry of Housing and Urban-Rural Development founded the Department of Housing Security. In July 2009, the Coordination Group of the Government-subsidized Affordable Housing Project was resumed and set up subject to the approval of the State Council. Later, the Ministry of Housing and Urban-Rural Development signed target responsibility agreements with various provinces and municipalities year by year on behalf of the Coordination Group of the Government-subsidized Affordable Housing Project.

With regard to security policy, in August 2007, the "Several Opinions of the State Council on Addressing Housing Difficulties for Urban Low-income Families" proposed to "regard addressing housing difficulties of urban low-income families as an important task of safeguarding the people's interests, an important element of the housing system reform and an important function of government public services and to accelerate the pace of building and improving the policy system that is focused on low-rent housing system and addressing the housing difficulties of urban low-income families through multiple channels". In December 2008, the "Several Opinions of the General Office of the State Council on Promoting the Sound Development of the Real Estate Market" officially stated "we will intensify efforts in security housing construction" and expanded the object of housing security to urban low-income families with housing difficulties. Government-subsidized affordable housing projects were constructed on a large scale from 2008, and onwards. Security housing construction projects kept increasing year on year and the focus of housing security also gradually shifted to security in kind. In January 2010, the Notice of the General Office of the State Council on "Promoting the Steady and Sound Development of the Real Estate Market" proposed to "address the housing difficulties for low- and middle-income families". In June 2010, the Ministry of Housing and Urban-rural Development and other departments issued the "Guiding Opinions on Accelerating the Development of Public Rental Housing" stating that "the accountability system under which Provincial People's Governments bear overall responsibility and municipal- and county-level governments take charge of implementation should be implemented for the development of public rental housing". In 2011, the "Notice of the General Office of the State Council on Issues Concerning Further Doing a Good Job in the Regulation of the Real Estate Market" proposed to "gradually expand the coverage of the housing security system". In the same year, the "Guiding Opinions of the General Office of the State Council on the Construction and Administration of Government-subsidized Affordable Housing Projects" imposed requirements to "advance the construction of government-subsidized affordable housing projects in an all-round way, further strengthen and standardize the administration of the security housing, intensify efforts to address the housing difficulties of low- and middle-income families and realize the goal of housing for all" and to "endeavor to basically address the issue of housing difficulties of urban middle- and low-income families, effectively alleviate the issue of housing difficulties of new employees and significantly improve the housing conditions of migrant rural workers". Pursuant to the "Notice of the State Council on Approving and Relaying the Opinions on Key Work for Deepening the Reform of the Economic System" in 2013 (Guo Fa [2013] No.20) and the "Guiding Opinions of the General Office of the State Council on the Construction and Administration of Government-subsidized Affordable Housing Projects" (Guo Ban Fa [2011] No.45), China would merge public rental housing and low-rental housing into public rental housing in 2014, and the objects of public rental housing after the merger would cover the security objects of the original public rental housing and the public low-rent housing, namely qualified urban low-income and middle-income families with housing difficulties as well as qualified new employees without housing and migrant rural workers with stable employment. On August 4, 2014, the General Office of the State Council issued the "Notice on Further Strengthening Renovation of Shanty Towns",

stating that it should further improve planning for the renovation of shanty towns, optimize planning layout, improve site selection for resettlement housing and ameliorate planning layout of the supporting facilities.

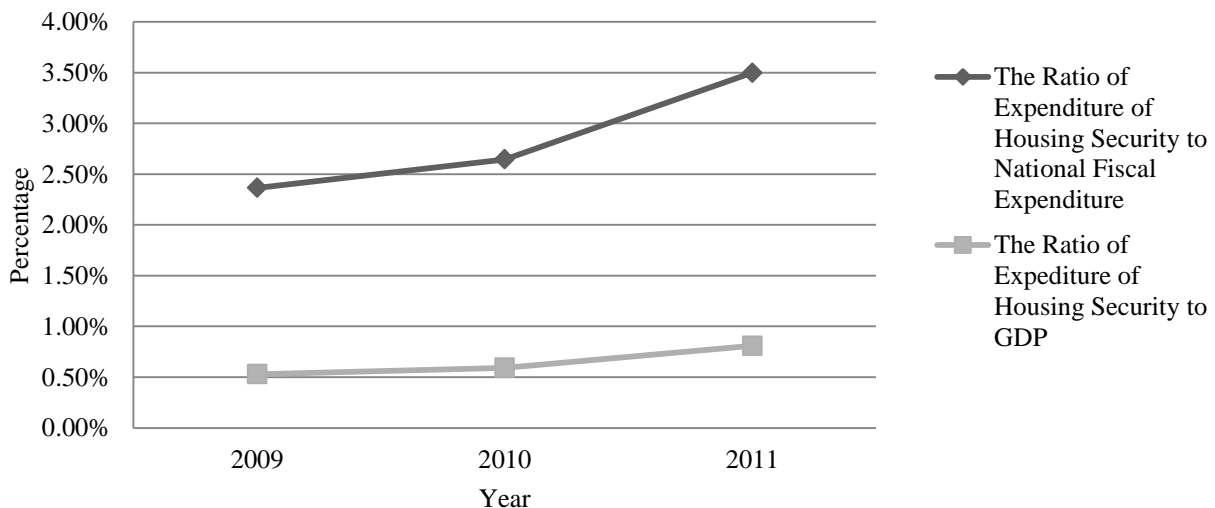
3) In regard to the security fund, the Central Government intensified efforts to subsidize security affordable housing projects and successively promulgated a series of fund implementation policies. For example, the Central Government required “urban people’s governments to contribute proportional net income from land transfers to the construction of low-rent housing” in May 2006. It specified the proportion as 5% or so of net income from land transfer in July 2006 and required that “the proportion of net income from land transfers contributed to the low-rent housing security fund should not be less than 10%” in August 2007. One priority of 4 trillion yuan of investment in boosting domestic demand in late 2008 was the construction of security affordable housing projects. In March 2014, the Ministry of Finance issued the “Notice on Financial Work in Merger of Public Rental Housing and Low-rent Housing”, requiring provincial-level financial authorities to distribute central and provincial subsidy funds in a unified way in line with public rental housing tasks after the merger and municipal- and county-level financial authorities should make overall arrangements of the funds in line with public rental housing tasks after the merger.

Figure 2.3 Expenditure of Housing Security



Source: *Finance Statistical Yearbook of China 2012*

Figure 2.4 The Ratio of Expenditure of Housing Security



Source: *Finance Statistical Yearbook of China 2012*

From 2009 to 2011, housing security expenditure showed an increasing trend. The 2011 national housing security expenditure reached 382069 million yuan, which was 3.50% of national fiscal expenditure and 0.81% of GDP (Figure 2.8 and 2.9).

Please refer to Appendix 4 for a case study.

2.4.3 Problems and Discussion

2.4.3.1 Narrow Coverage of Security

There are major defects in China's existing urban housing security systems, which are mainly embodied in the following issues:

1) The “sandwich-class” group is not covered by housing security. Due to the limitations of the coverage of housing security policy, the price of commodity houses in some developed cities in the eastern coastal areas keeps rising and employees have woefully inadequate housing affordability capacity in the process of urbanization, giving rise to increasingly prominent housing problem for most migrant rural workers. The sandwich-class group, a new group in the field of urban housing security in China, comes into being in such a context. At present, the relatively closed urban housing security system basically addresses the housing issue for low-income families with urban household registration and invariably excludes the migrant permanent resident population.

2) A deficiency exists in coverage of housing provident housing fund. Most members of many low-income families are jobless and thus do not enjoy either the housing subsidy or the housing provident fund. Consequently, the housing difficulties of low-income families are not effectively addressed.

3) Coverage of low-rent housing, economically affordable housing and public rental housing is narrow. These housing security policies impose strict requirements on the household registration of residents in the application qualifications. If housing security recipients are confined to families with urban household registration, disadvantaged housing groups such as floating people and migrant rural workers in the cities will be excluded from housing security, being more adverse to the principle of equity.

2.4.3.2 Deviation of Security Recipients

Economically affordable housing is an important component part of China's urban security affordable housing project. China started to push ahead with the construction of economically affordable housing in nationally in 1998 in a hope to meet the housing needs of urban low-income families. However, the economically affordable housing policy has a dual nature in its positioning, making it difficult to clearly distinguish economically affordable housing from commodity housing. Some high income earners invest and speculate in economically affordable housing, and thus low- and middle-income families really needing economically affordable housing are excluded from the housing security system. At present, many cities in China are unable to scientifically and accurately define the housing security recipients in the specific implementation process of the housing security system. Due to the absence of sophisticated resident housing archives in China, the security housing supply is invariably inconsistent with the housing security recipients. This is particularly true in the implementation process of the low-rent housing system. Deviations in respect of housing security recipients during the specific practices of the low-rent housing system is mainly embodied in the failure to define the recipients of low-rent housing and “households enjoying the minimum living guarantee” respectively. In addition, the payment mode of the housing provident fund widens the gap between the rich and the poor. Employees of enterprises with poor profitability receive a low proportion of new housing provident fund payments, and consequently high income earners get more from the housing provident fund while low and middle income earners receive small housing provident fund payments, widening the gap between the rich and the poor. Finally, only rich, high

income earners can afford housing, while low- and middle-income families do not benefit from the housing provident fund. This obviously goes against the original intention of the housing provident fund policy.

2.4.3.3 Decentralized Management of Housing Security Management System

Housing security is a systematic project. Improving the housing security management system is an important element of enhancing housing security's construction and operation. At the central level, the State Council requires multiple ministries and commissions to jointly participate in, and push ahead with, effective implementation of housing security policies. Joint participation of multiple ministries and commissions leads to typically decentralized management of the housing security system. Decentralized management clearly defines the rights and responsibilities of government departments, forms a pattern of housing security involving multiple departments, breaks the "hierarchy barriers" of a bureaucratic system, helps concentrate land, capital and other factors in the housing security sector and meets the needs of housing security development in China to some extent. However, it also has obvious disadvantages. First, functional departments are loosely organized with difficulties in coordination. Second, decentralized management is prone to departmental selfishness. Various departments are "rational economic persons" and are accustomed to striving for more self-interest and avoiding more responsibilities in their own interest, resulting in "bargaining" in the policy making process. Third, each department is prone to acting on its own. Various departments have the right to promulgate relevant housing security policies, making it difficult to clearly define the responsibilities of management and making it difficult for local governments to implement relevant policies.

2.5 Medical Assistance

2.5.1 Definition

Medical assistance is a medical security system in which government grants special aid and economic support through financial, policy and technological support and social charitable acts to poor people who cannot afford treatment of a disease or people with financial difficulties due to the payment of high medical expenses. It is an attempt to offer them necessary health services, maintain their survival ability and improve their health. As an organic component part of China's multi-level medical security system, medical assistance embodies the principle that the State respects and safeguards human rights. Medical assistance helps poor people alleviate their difficulties in accessing basic medical services due to their economic incapacity, prevents impoverishment caused by disease and enhances the abilities of poor people in respect of health security, survival and development.

2.5.2 History and Status Quo

2.5.2.1 Three Development Stages of Medical Assistance Development in China

The medical assistance system in China has constantly evolved by undergoing three important development stages, namely the primary stage (2003-2007) of "insurance" design and tendency to "bid disease", the second stage (2008-2011) characterized by the dominance of inpatient assistance and the close link with the new rural cooperative medical system and basic medical insurance for urban residents, and the development stage (2012-now) of comprehensive assistance made up of inpatient assistance, outpatient assistance (chronic disease included) and medical assistance for critical and serious diseases.

The main characteristics of the medical assistance system development are as follows. In the first stage, woefully inadequate health services accessible to assistance recipients coexisted with an abundant surplus of medical assistance funds, actually forming an "inverse subsidy" from the poor to the rich. In the second stage, the concept of an assistance system returns to "basic security", the

level of health services accessible to regional medical assistance recipients progressively links up with the new rural cooperative medical system and basic medical insurance for urban residents, fund expenditures soar and the balance of payments is maintained due to an accumulated surplus. In the third stage, as a result of the gradual establishment of the medical security mechanism for big diseases, the targets of medical assistance are gradually expanded from households enjoying the minimum living guarantee and households enjoying the FG (food, clothing, medical care, housing and burial expenses) to low-income groups and other vulnerable groups and the scope of assistance is expanded from single inpatient assistance to outpatient assistance and critical and serious diseases. Moreover, medical assistance institutions are gradually established outside the counties. It becomes more difficult to control medical expenses and more assistance funds are demanded.

2.5.2.2 Development and Changes of the Systems Related to China's Medical Assistance System

China's urban-rural medical assistance system follows a model of forging rural medical assistance followed by urban medical assistance and then the integration of rural and urban medical assistance. In 2003, the "Opinions on Implementing Rural Medical Assistance" (Min Fa [2003] No.158) put forward specific implementation opinions on building the rural medical assistance system for the first time and became the first administrative regulation promulgated for the purpose of addressing medical assistance for farmers. In early 2004, the "Interim Measures for the Administration of Rural Medical Assistance Funds" (Cai She [2004] No.1 Document) were officially issued, stipulating the specific operations of the rural medical assistance funds. These two administrative documents marked the formal implementation of the rural medical assistance system. In 2005, the "Notice on Opinions Concerning Pilot Work of Building the Urban Medical Assistance System" (Guo Ban Fa [2005] No.10) and the "Opinions on Strengthening the Administration of Urban Medical Assistance Funds" (Cai She [2005] No.39) were issued, symbolizing the implementation of the urban medical assistance system. Urban and rural medical assistance systems were established and integrated step by step, and urban medical assistance system was built on a national scale. As of the end of 2006, the rural medical assistance system was established in all of the agriculture-related counties (cities and districts) in China in a universal way. At the end of 2008, the urban medical assistance system was established in all prefecture-level cities. In June 2009, the "Opinions on Further Improving the Urban and Rural Medical Assistance Systems" (Min Fa [2009] No.81) were promulgated. These were of important significance in the development history of China's medical assistance. They mark the beginning of the standard development stage of China's medical assistance as separate from the exploration stage.

In 2012, the Chinese Government attached greater importance to medical assistance and successively issued a series of documents, including the "Opinions on Launching Medical Assistance to Serious and Critical Diseases" (Min Fa [2012] No.12), the "Guiding Opinions on Building an Emergency Disease Assistance System" (Guo Ban Fa [2013] No.15), the "Notice of the General Office of the State Health and Family Planning Commission on Doing a Good Job in Medical Assistance to Disadvantaged Groups" (Guo Wei Ban Yi Han [2013] No.467) and the "Measures for the Administration of Medical Assistance Funds in Urban and Rural Areas" (Cai She [2013] No.217).

Thanks to these documents, China's urban and rural medical assistance schemes entered a stage of in-depth development.

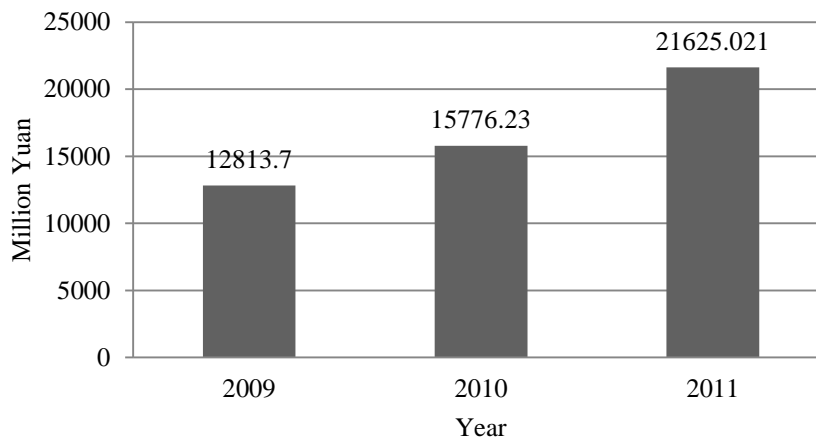
2.5.2.3 The Status Quo of Implementing Medical Assistance in China

In 2003, medical assistance was provided to persons on 108.323 million occasions, including 10.984 million times for inpatient assistance, 15.413 million times for outpatient assistance and 91.826 million times for subsidized insurance participation. In the same year, 21.8 billion yuan was raised, including 13.2 million yuan of appropriations from central finance. 25.76 million yuan of medical funds was spent and the average expenditure on inpatient assistance, outpatient assistance

and subsidized insurance participation service reached 1,673 yuan, 142 yuan and 63 yuan respectively. Medical assistance to serious and critical disease was provided on 1.562 million occasions and 3.768 million yuan of funds was spent, including outpatient assistance being provided on 818,000 occasions, with expenditures of 370 million yuan and an average amount of assistance expenditure of 452 yuan. Inpatient assistance was provided on 747,000 occasions with expenditures of 3.398 billion yuan and an average amount assistance expenditure of 4,567 yuan. “One-stop” instant settlement services of medical assistance were provided in 81% of counties (cities and districts) nationwide.

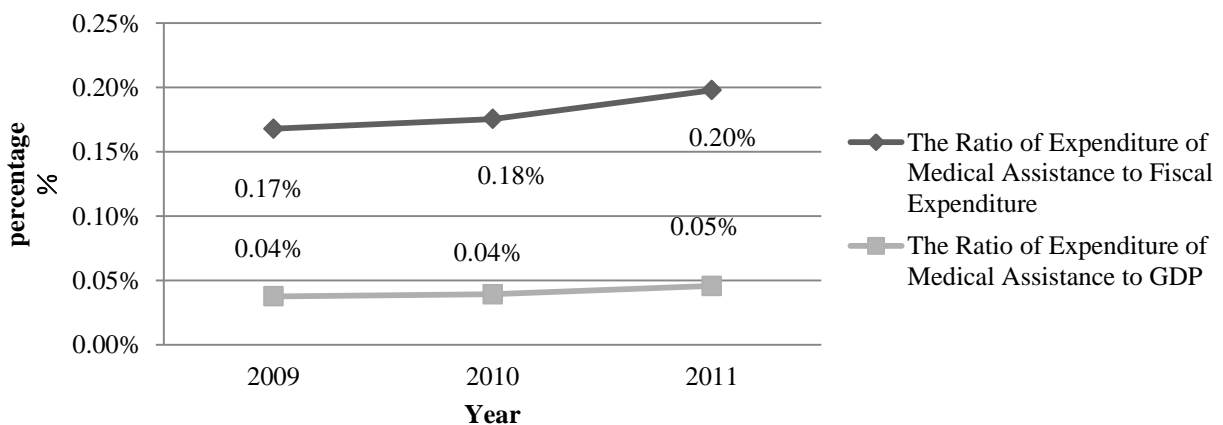
China has constantly improved coverage, fund expenditure and the level of medical assistance and has accomplished remarkable achievements in medical assistance ever since the operation of urban and rural medical assistance began in 2005, according to relevant data in the China Statistical Yearbooks of 2001 and 2003 and the Analysis Report on the Operations of Chinese Medical Assistance of 2013.

Figure 2.10 Total Expenditure on Medical Assistance



Source: *China Civil Affairs Statistical Yearbook 2012, Finance Yearbook of China 2012*

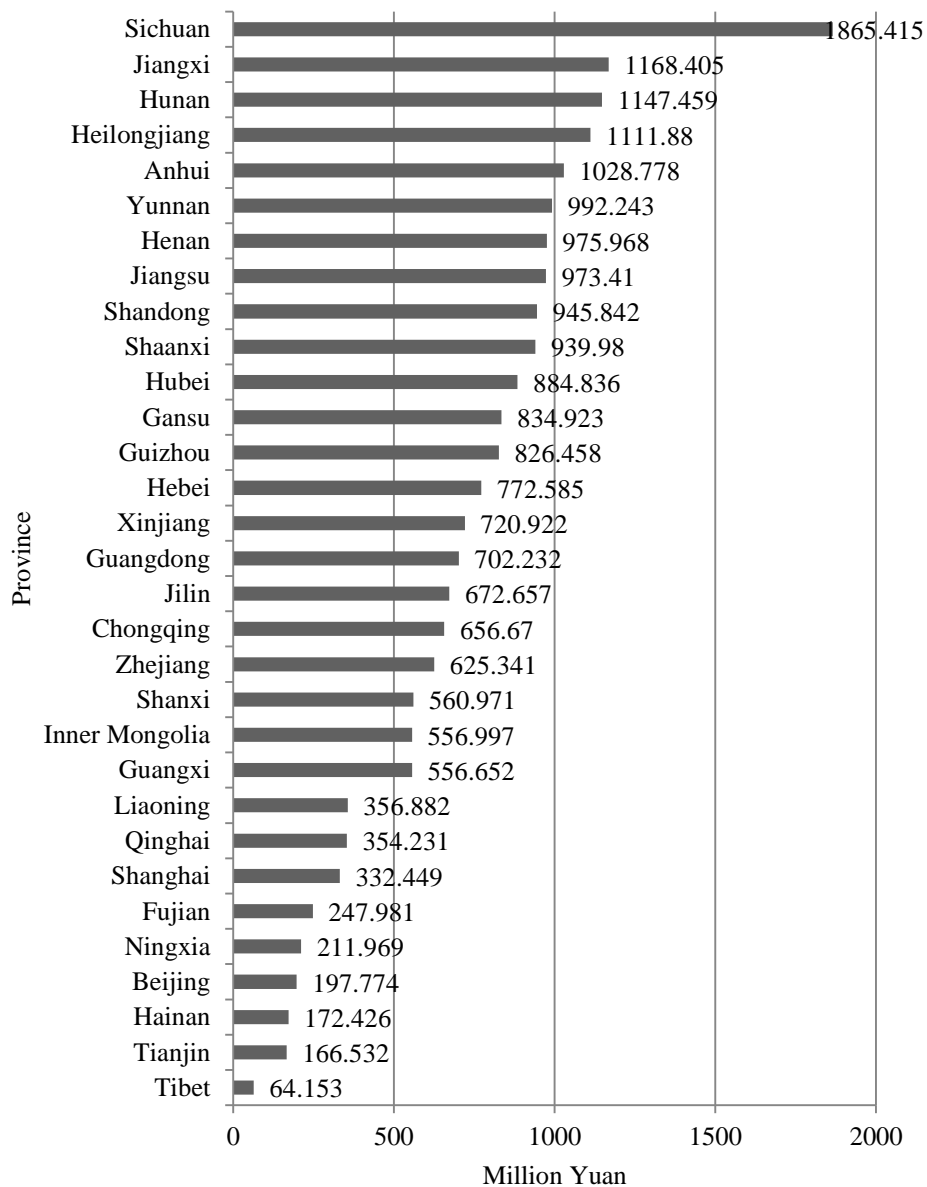
Figure 2.11 Ratios of Total Expenditure on Medical Assistance



Source: *China Civil Affairs Statistical Yearbook 2012, Finance Yearbook of China 2012*

From 2009 to 2011, national medical assistance spending continued to increase. Among them, the 2011 fiscal expenditure of medical assistance at all levels was 21.6 billion yuan, accounting for 0.20% of the total national expenditure and 0.05% of GDP (Figure 2.10 and 2.11).

Figure 2.12 Expenditure by Province on Medical Assistance



Sources: *China Civil Affairs Statistical Yearbook 2012, China Health Statistical Yearbook 2012.*

According to figure 5.3, the expenditure on medical assistance in Sichuan province in 2011 was the highest at 1865.41million yuan. This accounts for 8.63% of the total national financial expenditure in 2011(Figure 2.12).

Please refer to Appendix 5 for a case study.

2.5.3 Problems and Discussion

2.5.3.1 Deviation in Policy Orientation

Medical assistance policy in China is dominated by inpatient assistance supplemented by outpatient assistance. The orientation of the existing medical assistance policies runs counter to practical needs. Local governments mainly provide assistance to serious and critical diseases in practice and impose limitations on the variety and scope of serious diseases. The Government subsidizing poor people’s participation in medical insurance for urban residents or the new rural cooperative medical insurance is the main approach to outpatient assistance. This alleviates the medical burden on poor

people, but resulting in some practical problems. China implements a three-tier patient transfer system, in which the proportion of outpatient reimbursement greatly drops when a patient is transferred from a designated grassroots medical institution to a second or third tier medical institution. Consequently, people in strained circumstances still bear heavy a burden of paying expenses themselves. Disadvantaged groups live in poor conditions and thus ignore their health, delay their treatment for minor diseases and endure major diseases. The disease incident of poor people is higher than that of ordinary people. In 2013, 25.67 billion yuan was spent on medical assistance in China, an increase of 17% compared with 22.08 billion yuan in 2012. 18.38 billion yuan was spent on inpatient assistance, accounting for 71% of total expenditures, and 2.18 billion yuan was spent on outpatient assistance, accounting for 8% of total expenditures. When the proportion of expenditures on outpatient assistance is too low, that makes it more difficult to meet needs of disadvantaged groups for outpatient assistance, provide timely assistance for common and frequently occurring diseases of disadvantaged groups and hinders the full impact of the role that could be played by medical assistance system in helping those in distress and aiding those in peril.

2.5.3.2 Incomplete Coverage of Assistance Recipients

The existing medical assistance system classifies assistance recipients into urban and rural categories. Urban assistance recipients include urban residents enjoying the minimum living guarantee not participating in the medical insurance for urban residents, residents participating in the medical insurance for urban employees but bearing heavy personal burdens and other people with special difficulties. Rural assistance recipients cover households enjoying the five guarantees (food, clothing, medical care, housing and burial expenses) in rural areas, poverty-stricken family members and other qualified poverty-stricken farmers subject to local government provisions. Local medical assistance systems exclude non-local migrant workers, most of whom earn a low income and live in penury. Pursuant to the provisions of the medical assistance system, they are unable to get local medical assistance in the places where they work. Migrant workers contribute their youth and toil to urban construction, but are excluded from medical assistance when they are in need of help, violating the principle of all people benefiting from the medical assistance system.

2.5.3.3 Absence of Effective Fund-raising Mechanisms

The medical assistance system is a long-term process of institutionalization and needs steady multi-channel funding sources. Medical assistance is also a systematic project and needs mutual coordination and concerted participation of the civil affairs, health, financial and social security departments. Since various departments adopt relatively independent management systems, raising the allocation and use of medical assistance funds needs a long process, but there are numerous problems in coordination. Medical assistance funds are mainly sourced from a central government subsidy and a local government subsidy, supplemented by appropriations from lottery funds and social contribution. Various provinces and municipalities generally grant certain fiscal fund subsidies according to their actual fiscal conditions. In 2013, 21.8 billion yuan was raised for urban and rural medical assistance nationally, including 13.2 billion yuan allocated from central finance, accounting for 61% of the total, and 8.6 billion yuan raised at local levels, accounting for 39% of the total. The proportion of the social contribution can be ignored when considering total social assistance funds. In 2013, medical assistance expenditures exceeded funds raised for the third consecutive year, and the efficient utilization of funds was significantly improved. China faces heavy pressure in funding this operation in the context of slow growth in raising funds. The fund's Deficiency becomes a main factor which is hindering the rapid development of medical assistance.

2.5.3.4 The Unscientific Setting of the Minimum Payment Line and the Assistance Ceiling

An obvious disadvantage in medical assistance practices is the system of setting the minimum payment line and the assistance fund's ceiling. Many local governments set the minimum payment line and the ceiling line when providing medical assistance to poor groups in order to avoid risk.

Poverty-stricken families lead a hard life. The minimum payment line closes the door on absolute poor groups needing medical assistance, who thus fail to get this most badly needed assistance. When a member of an extremely poor family develops a serious disease, the family has to pay huge hospitalization expenses. However, due to the assistance fund ceiling, the assistance recipients cannot get adequate assistance and the families are forced to give up the treatment. This does not conform to actual conditions of medical treatment and does not embody the social value of medical assistance.

2.6 Disaster Relief

2.6.1 Definition

Disaster relief is a social assistance system in which the state or society provides rescue and assistance to people afflicted by various disasters. It strives to get disaster-afflicted people out of survival crisis mode through assistance and resuming production and life in the disaster area as soon as possible.

2.6.2 History and Status Quo

2.6.2.1 Development History

1) Disaster relief from 1950s to 1990s

In the 1950s, China had weak national strengths and the Chinese Government was unable to spend much money on solving problems of disaster-affected people. In 1949, the Ministry of Internal Affairs proposed a guideline of “disaster prevention by thrift, self-relief by production, mutual help among people and work relief” for the work of disaster relief. This, however, ignored the basic living arrangements of disaster-afflicted people. Later, after a series of reforms, China gradually guaranteed a disaster relief fund to be distributed to all disaster-affected people and strictly used special funds and special materials for special purposes only. This model lasted until the early 1980s.

In the 1980s, China implemented the household contract responsibility system with remuneration linked to output in rural areas, greatly emancipating the productive forces and significantly improving farmers’ resistance and self-relief against natural disasters. However, the separation of central and local finances led to woefully inadequate disaster relief funds and an outstanding contradiction between supply and demand. As a result, a new guideline for the work of disaster relief of “relying on the people and the collectives, self-relief by production and mutual help and relief supplemented by necessary national relief and assistance” was worked out at the National Civil Affairs Conference in 1983. This greatly increased the initiatives and enthusiasm of local governments at all levels in providing relief to natural disasters.

As a result of the “Reform and Opening-Up” in China, the planned economy system was replaced by the market economy system and traditional natural disaster relief could no longer meet the requirements of the new social situations. The Ministry of Civil Affairs presented a brand-new reform idea to deepen the reform of disaster relief and to build a disaster relief management system characterized by hierarchical management and level-to-level sharing of disaster relief funds at the National Disaster Relief Working Conference in November 1993. This reform idea was well received at the Tenth National Civil Affairs Conference in 1994, at which the hierarchical management of disaster relief was proposed as an important measure of “building a social security system suited to economic development”.

In January 1996, the Ministry of Civil Affairs specifically discussed the hierarchical management of disaster relief at the National Civil Affairs Department (Bureau) Directors Meeting and put forward the following objectives of hierarchical management of disaster relief in the future, namely “to eliminate short-comings in disaster relief on a national scale, strive for a county-level disaster

relief budget in all counties and realize the synchronous growth of central and local disaster relief funds as well as local financial budgets at all levels funding the equivalent of more than a half of the central budget; to implement an effective social mutual assistance mechanism; to build a scientific natural disaster assessment system, set grading criteria for natural disasters and define the responsibilities of governments at all levels in disaster relief according to grade of natural disaster to standardize and legislate for the hierarchic management of disaster relief”.

2) Natural disaster relief in the 21st century

Thanks to the rapid development of science and technology and improvement in living standards, a series of changes have occurred in natural disaster relief in China in the 21st century.

First, changes to the guidelines for the work of disaster relief: After decades of development and improvement, the guideline of “disaster prevention by thrift, self-rescue by production, mutual help among people and work relief” for disaster relief in early years of New China was changed into the guideline of “government dominance, hierarchical management, social assistance and self-rescue by production” at the Twelfth National Civil Affairs Conference convened by the State Council in 2006. The core principles and spirit of disaster relief in the final analysis are highly unified and are aimed at self-relief by production despite the changes to the guidelines for disaster relief over different historical periods.

Second, changes to the concept of disaster relief: The focus of China’s natural disaster relief has been gradually shifted from post-disaster rescue in the past to the present pre-disaster prevention strategy. The concept of natural disaster relief in China was confined to “rescue” and “relief” after natural disasters prior to 1990s. Thanks to international exchanges and cooperation, China has achieved a rapid development in disaster prevention and in reducing natural disaster relief since the establishment of the China International Disaster Reduction Ten Years Committee in 1989.

Third, changes to the goals of disaster relief: Natural disaster relief in China was mainly aimed at reducing economic losses and even some individuals died in order to protect state properties in a long period prior to” Reform and Opening-Up. In the 21st century, the first priority in delivering disaster relief is given to the “lives and livelihoods of people in disaster-affected areas” thanks to the establishment of people-oriented “Scientific Outlook on Development”.

Fourth, changes to the subjects of disaster relief: In the planned economy era, the Government took on all things related to disaster relief and charitable organizations set up during the Republic of China (1912-1949) were cancelled. Government departments basically did not recognize disaster rescue and relief. The “new mechanism of diversified, regular fund-raising activities implemented by social and grassroots organizations under the coordination of Party and government leaders and civil affair departments” has been gradually established ever since the issuance of the Notice of the Ministry of Civil Affairs on “Giving Full Play to Charitable Organizations in Social Assistance” in the late 20th century.

Fifth, changes to the content of disaster relief: Assistance to natural disasters was dominated by post-event relief in the past. A natural disaster was firstly checked before the contents of the disaster relief package were determined based on the results of the check. Thanks to the progress and development of international disaster relief work, China has developed an all-inclusive relief package for natural disasters characterized by pre-disaster prevention, in-disaster emergency response and post-disaster reconstruction.

Sixth, changes to the subsidy standard: For a long time, China used to adopt low subsidy standard for disaster relief. The disaster subsidy standard has been considerably raised thanks to the rapid development of the national economy in China since “Reform and Opening-Up”. For example, the government subsidy standard for renovation and reconstruction of collapsed rural houses in natural disasters was raised from 65 yuan per room in the 20th century to 10,000 yuan per household and

14,000 yuan per household in alpine regions after the Wenchuan Earthquake of 2008. The subsidy standard for the Ya'an Earthquake in 2013 followed the standard set for the Wenchuan Earthquake in 2008.

Seventh, improvement in disaster relief and reduction capacity: In the 21st century, China is implementing new developments in natural disaster relief and reduction. It is starting to focus on “system building” and “capacity building”. It is improving the natural disaster relief system and is significantly speeding up the emergency responses of state and local governments at all levels. Take the Wenchuan Earthquake as an example. “When the catastrophic disaster arrived, the Chinese government took timely, resolute and effective rescue and relief measures, setting an example for the successful response to natural disasters and demonstrating the remarkable ability of the Chinese government to cope with these disasters”.

2.6.2.2 Legal Systems Related to Natural Disaster Relief in China

China has progressively implemented natural disaster relief since the founding of the New China, during which period the corresponding legal systems have undergone a tortuous path of development.

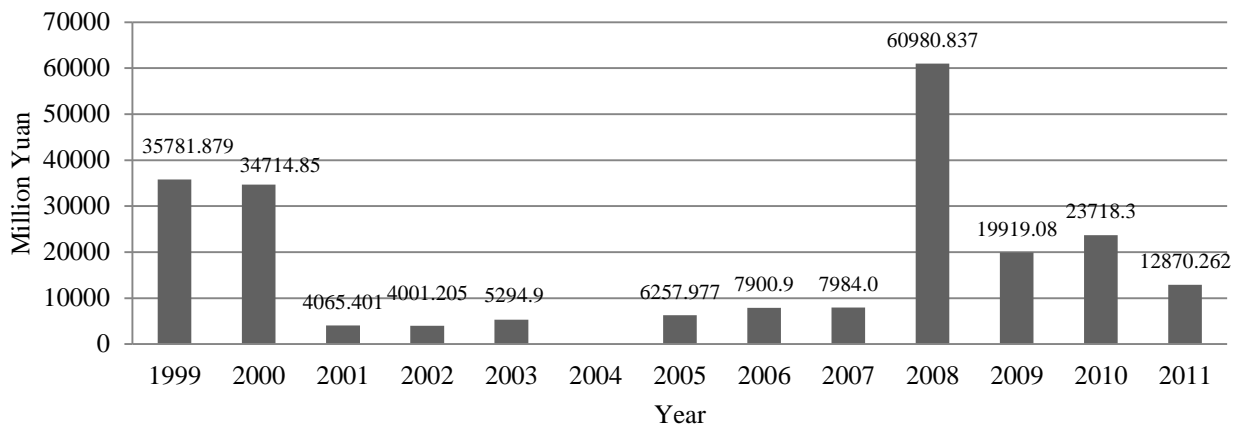
To support disaster-relief work, a variety of legal systems related to natural disaster relief took shape gradually during a period of more than 10 years from the founding of the New China up to to 1966, mainly including the “Instructions of the Government Administration Council on Disaster Relief by Production” on December 19, 1949, the “Notice of the Central Manufacture Disaster Relief Commission” on March 9, 1951, the “Instructions of the Ministry of Internal Affairs on Methods of Leading the Work of Disaster Relief Through Production” on May 14, 1952, the “Notice of the Ministry of Internal Affairs on Strengthening the Work of Disaster Investigation, Disaster Reporting and Disaster Information Statistics” on November 3, 1952, the “Instructions of the Ministry of Internal Affairs on Strengthening the Work of Relief for New Disasters” on June 10, 1954, the “Notice of the Ministry of Internal Affairs on Strengthening the Specific Leadership of Distribution of Relief Funds for Summer Famine” on June 2, 1955, the “Decision of the Ministry of Internal Affairs on Strengthening Disaster Relief” on September 21, 1956, the “Decision of the State Council on Further Doing a Good Job in Disaster Relief” on September 6, 1957, the “Notice of the Ministry of Internal Affairs on Contents of Natural Disaster Report” on May 19, 1961, the “Decision of the CPC Central Committee and the State Council on the Work of Disaster Relief Through Production” on September 21, 1963, and the “Opinions of the Ministry of Internal Affairs on Doing a Good Job in Disaster Relief” on August 2, 1965.

The legal system for disaster relief in China entered a period of stagnation as a result of the great damage to national politics, the economy and culture during the period of the Cultural Revolution from 1966 to 1976. The Ministry of Internal Affairs was abolished in 1969, a result of which was that no legal system related to natural disaster relief was promulgated and after which the legal system for natural disaster relief in China effectively disappeared.

The legal systems and policies relating to natural disaster relief mushroomed after the Third Plenary Session of the 11th CPC Central Committee in 1978, mainly including the “Notice of the Ministry of Civil Affairs and the Ministry of Finance on Reprinting and Redistributing” (62) Nei Zheng Ting CaiZi No.16 Document and the (62) Cai Wen Xing Zi No.42 Document (the Measures for the Administration and Use of Pension and Relief Funds) on December 20, 1978, the “Instructions of the State Council on Accepting UNDRRO Aid” on October 4, 1980, the “Notice of the General Administration of Customs on Tariff Exemption for the Imported Equipment for Aid Projects” on March 10, 1980, the “Notice of the Ministry of Civil Affairs on Strictly Implementing the Principle of Special Use of Relief Funds to Disaster-afflicted People for Relief Purposes Only” on November 29, 1983, the “Notice of the Ministry of Civil Affairs on Effectively Strengthening the Administration and Use of Disaster Relief Funds on May 5, 1987, the Provisions of the State

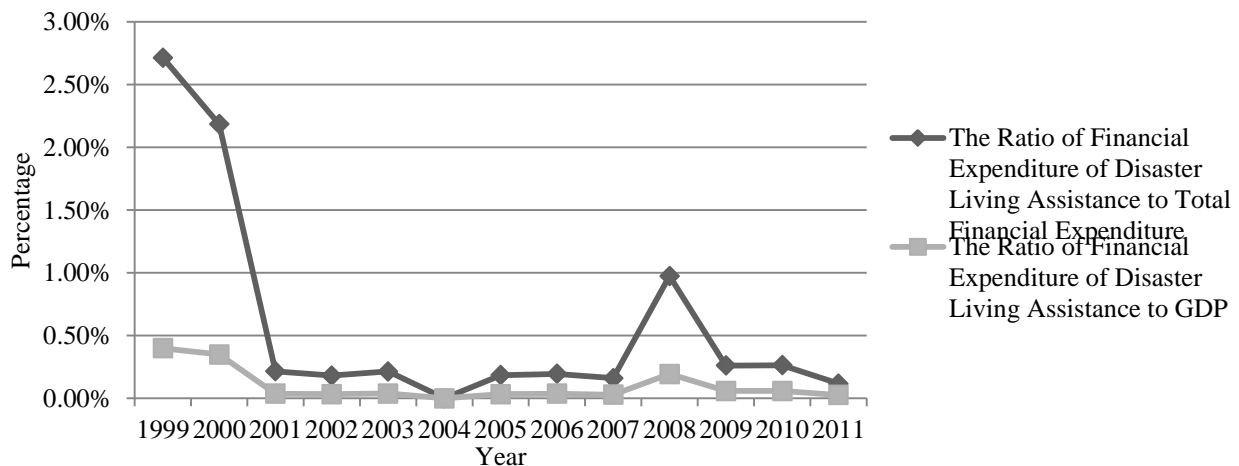
Seismological Bureau on Issuing Earthquake Prediction” in September 1988, the “Notice of the General Office of the Ministry of Civil Affairs on Issues Concerning Domestic Raising of Clothes, Quilts and Other Materials to Aid Disaster-affected Areas” on September 12, 1989, the “Fire Protection Law” of the People's Republic of China and the “Regulations on Forest Fire Prevention” in 1993, the “Interim Measures for Disaster Information Statistics, Verification and Reporting” issued by the Ministry of Civil Affairs on March 28, 1997, the Law of the People's Republic of China on “Protecting Against and Mitigating Earthquake Disasters” in 1998, the “Notice of the Ministry of Civil Affairs and the Ministry of Finance on Further Strengthening the Administration of Use of Disaster Relief Funds” on February 23, 1999, the “Notice of the State Council on Effectively Doing a Good Job in Disaster Relief” on July 28, 2000, the “Notice of the Ministry of Civil Affairs and the Ministry of Finance on Issues Concerning Standardizing the Allocation and Administration of Relief and Subsidy Funds for Extraordinarily Serious Natural Calamities” on August 15, 2002, the “Flood Control” Law of the People's Republic of China and the “Emergency Response” Law of the People's Republic of China in 2007, and so on. In 2010, the State Council issued the “Regulation on the Relief of Natural Disasters”, filling a void in China’s natural disaster relief program. However, the Regulation has a low legislative rank, does not stipulate provisions on some controversial systems, impacts the authority of the legal system for natural disaster relief, and fails to play a role in enhancing the basic law on disaster relief.

Figure 2.13 National Expenditure on Disaster Assistance



Source: China Civil Affairs Statistical Yearbook 2012

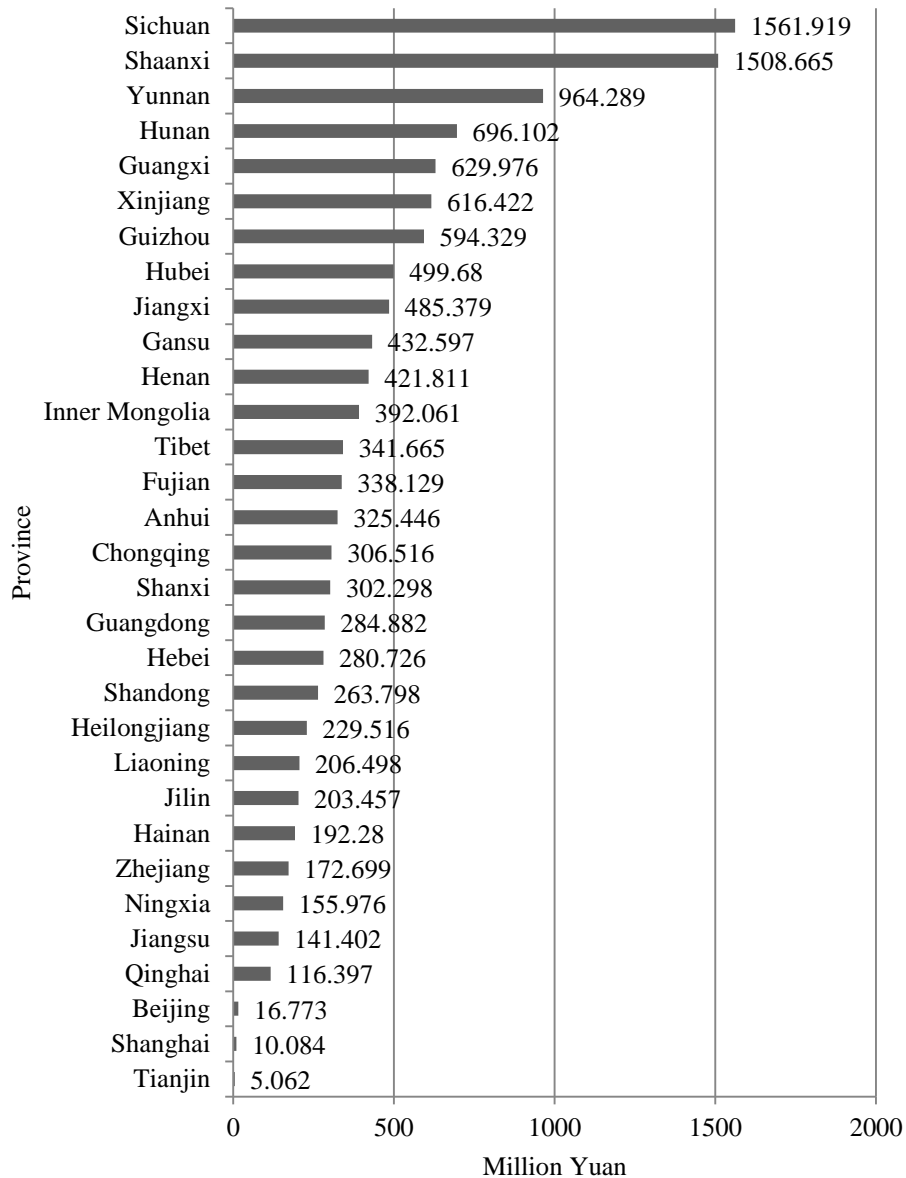
Figure 2.14 Ratio of Financial Expenditure on Disaster Assistance



Source: China Civil Affairs Statistical Yearbook 2012

Expenditures on disaster assistance are different in each year. The Wenchuan Earthquake in Sichuan province caused the substantial increase in 2008 (Figures 2.13 and 2.14).

Figure 2. 15 Provincial Expenditures on Disaster Assistance in 2011



Source: *China Civil Affairs Statistical Yearbook 2012*

In 2011, the expenditure on Disaster Assistance in Sichuan province reached the highest level. A total of 1561.919 million yuan, accounting for 0.014% of the total national fiscal expenditure was spent. (Figure 2.15).

Please refer to Appendix 6 for a case study.

2.6.3 Problems and Discussion

2.6.3.1 Weak Awareness of the Government and the Public on Disaster Prevention and the Absence of Disaster Prevention and Reduction Education

In China, knowledge of disasters and their prevention and relief is poorly communicated. Public awareness of disaster defense is very weak and only a few initiatives for effective disaster prevention and reduction acts are taken. There is poor knowledge on disaster prevention and relief.

This greatly restricts the psychological endurance, emergency response and relief skills of the government and the people to disasters, and thus has an overall impact on disaster prevention and relief. The best and most effective relief when a disaster occurs is self-relief. However, self-relief is closely related to training and drills at ordinary times, including contingency plans, law and regulation drills and experience in operating devices. These have been ignored for a long time in China.

2.6.3.2 Lack of a Legal Basis for Disaster Relief

There are no explicit provisions concerning the obligations of the Government and citizens, the rights of disaster-impacted people, disaster relief procedures during a disaster, disaster relief or post-disaster reconstruction. The “Emergency Response” Law of the People's Republic of China sets forth detailed provisions on the establishment of the disaster warning, disaster relief and reconstruction systems. However, it is a law in the general sense. It lacks a legal basis for responding to catastrophes and is unable to address a lot of the legal issues when an earthquake occurs. The legislative deficiencies lead to disorder and low efficiency in the judiciary. The seismological bureau, meteorological department, civil affairs department and other departments cope with natural disasters based on their own understanding and disaster situations for relief are classified by department.

2.6.3.3 The Quantity and Quality of Emergency Disaster Relief Teams and Professional Rescue Teams are Yet to Be Improved

China needs to improve the quantity and quality of professional emergency disaster relief rescue workers. There is a gap between the quality of the rescue teams and the actual need. This is due to the absence of special national and local training on disaster relief. Currently the Chinese volunteer management system is imperfect as shown by the following issues. Volunteers receive no training or professional knowledge of disaster prevention and relief prior to the rescue action, the service will of volunteers is not matched with aid-accepting the willingness of the disaster-affected areas to accept aid, and volunteers do not know the places needing rescue services and how to provide rescue and relief. The non-standard volunteer management system greatly dampens the volunteers’ enthusiasm for disaster relief and leads to an immense waste of volunteer resources. China must establish a powerful professional rescue team, provide powerful professional rescue devices, develop more scientific search and rescue technologies, improve the efficiency of its search and rescue system and intensify efforts in research and investment in these aspects.

2.6.3.4 Difficulty in Raising and Operating Disaster Relief Funds and Insufficient Reserves for Disaster Relief

The material reserves for disaster relief in China have problems of a single variety and have an unreasonable structure. They are unable to timely meet the needs of disaster affected areas. The existing 10 central-level disaster relief material reserve centres mainly store relief tents and disaster relief materials of local reserves. They are confined to tents, cotton-padded clothes, quilts with cotton wadding and a few lifesaving items. They are unable to meet the relief needs for extraordinarily serious natural calamities. For example, essential drugs and medicines that were most badly needed in Wenchuan Earthquake were hardly in the reserves of national and local disaster relief warehouses. Existing material reserves are unable to meet needs of a major natural disaster in terms of both variety and quantity. Moreover, non-governmental public welfare and charitable organizations are lagging in their development. They face great difficulties in launching social donations and contributions. Even though adequate disaster relief funds are raised, such disaster relief funds are used in a low efficiency way because there is no special organization for managing and supervising the operation and allocation of disaster relief funds.

2.6.3.5 It is a Long-term and Arduous Task to Improve the Psychological Assistance System

Disaster-afflicted people still need long-term psychological therapy after a major disaster to eliminate the shadow and pain of the disaster. A variety of problems exist in psychological assistance in China and professional psychological assistance volunteers are badly needed. Most psychological assistance volunteers receive no professional guidance or training, vary greatly in their psychological assistance competence and lack adequate experience in psychic trauma therapy. This easily gives rise to a series of problems such as disorder, secondary hurt, show and mere formality.

2.7 Temporary Assistance

2.7.1 Definition

Temporary assistance means emergency and transitional assistance provided by the state to households or individuals who live in strained circumstances due to emergency events, accidental injuries, serious diseases or other special reasons and are not covered by other social assistance systems for the time being or still have serious difficulties in meeting basic living needs after receiving other social assistances.

2.7.2 History and Status Quo

In June 2007, the Ministry of Civil Affairs issued the “Notice on Further Building and Improving Temporary Assistance System” (Min Fa [2007] No.92), requiring local governments to fully understand the important position of temporary assistance in the social assistance system and adopt effective measures to strengthen temporary assistance.

In August 2008, the “Social Assistance Law (Exposure Draft)” was published, which devoted a special chapter to specifying the provisions of temporary assistance. According to the Draft, temporary assistance is an important part of the social assistance legislative system and special legislation of temporary assistance is necessary to improve the social assistance legislative system, enhance coordination and the inter-connection between temporary assistance and social assistance in order to intensify the application of China’s social assistance law.

In 2009, the National Working Conference on the Minimum Livelihood Guarantee and Temporary Assistance in Rural Areas and the Conference on Temporary Assistance and the Administration of the Urban Minimum Livelihood Guarantee Funds in Some Provinces were successively convened, imposing further requirements on developing the system of temporary assistance.

In 2011, the Twelfth Five-year Plan for Development of Civil Administration further proposed to build the temporary assistance system in a universal way during the Twelfth Five Year Plan period. These measures marked the beginning of the development of the temporary assistance system in China.

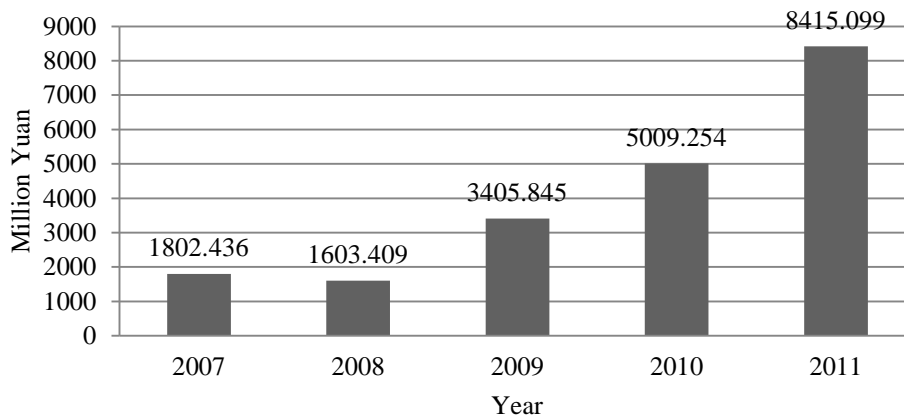
In October 2014, the “Notice of the State Council on Building the Temporary Assistance System in a Universal Way” (Guo Fa [2014] No.47) was issued, indicating that China had built temporary assistance system in a universal way and would further consolidate the safety network of the Chinese people’s livelihood guarantee.

Many local special policy documents were successively promulgated to stipulate the principle provisions on coverage, conditions, standards, approval procedure, fund raising and other important links to temporary assistance after the Ministry of Civil Affairs issued the Notice in 2007. In 2010, a total of 4,801 million urban and rural families with financial difficulties received temporary assistance in areas covered by the temporary assistance program. Temporary assistance fund expenditures totaled 2.47 billion yuan, with a per household assistance expenditure of 515 yuan. In terms of the reasons for receiving temporary assistance, 3.588 million families were reduced to temporary difficulties in life by excessive medical and educational expenditures, accounting for 74.7% of the total and 1.213 million or 25.3% families had temporary difficulties in life due to

sudden events such as fire, mining disaster, drowning, traffic accident or natural disasters. As of the end of April 2014, 21 provinces, autonomous regions and municipalities directly under the central government as well as four cities specifically designated in the state plan had developed temporary assistance policies. According to data in the “Statistical Communiqué on Social Service Development 2011” issued by the Ministry of Civil Affairs, temporary assistance was provided to 2.901 million urban person-time residents and 5.968 million rural person-time residents (meaning how many times in total residents have used the assistance), 5.294 million families received temporary assistance and 3.1 billion yuan of temporary assistance funds was spent. Average Per household expenditure reached 586 yuan. Various indicators were the reasons for the great increase when compared with 2010.

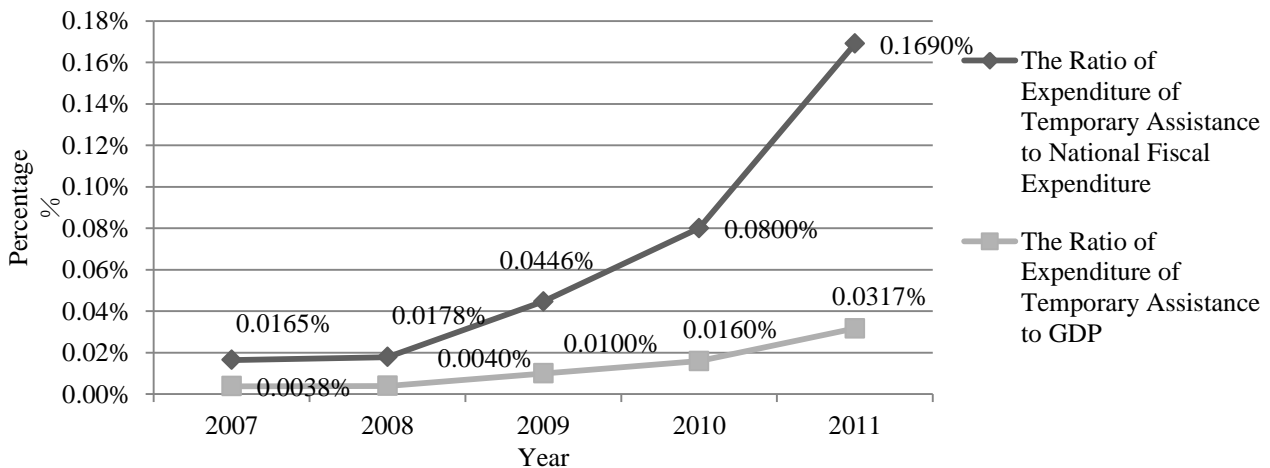
Pursuant to the Twelfth Five-year Plan for Development of Civil Administration formulated in late 2011, the temporary assistance system should be built in a universal way and reasonable temporary assistance standards should be developed during the Twelfth Five-year Plan period. Afterwards, the pace of building the temporary assistance system was accelerated in various areas. As of the end of October 2012, the temporary assistance system took its formative shape in 26 provinces, autonomous regions and municipalities directly under the central government nationwide, representing great progress in building the temporary assistance system.

Figure 2.16 Expenditure on Temporary Assistance



Source: *China Civil Affairs Statistical Yearbook 2012*

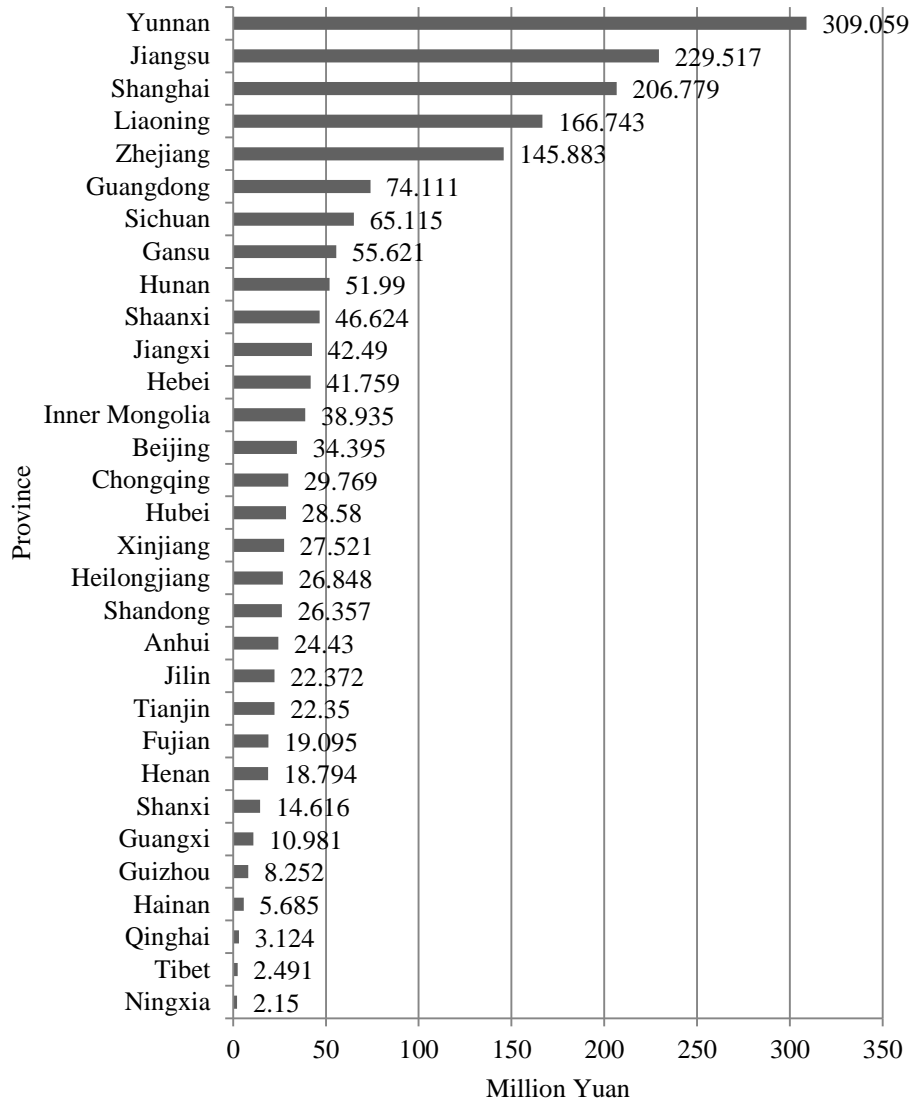
Figure 2.17 Ratio of Expenditure on Temporary Assistance



Source: *China Civil Affairs Statistical Yearbook 2012*

The expenditure on temporary assistance has been increasing since 2007. It reached 8,415 million yuan in 2011. This accounted for 0.169% of national fiscal expenditure and 0.0317% of GDP (Figures 2.16 and 2.17).

Figure 2.18 Provincial Expenditure on Temporary Assistance in 2011



Source: *China Civil Affairs Statistical Yearbook 2012*

In 2011, the expenditure on temporary assistance in Yunnan Province reached 309.05 million yuan. This accounted for 0.0062% of National Fiscal Expenditure and 0.0012% of GDP (Figure 2.18)

Please refer to Appendix 7 for case study.

2.7.3 Problems and Discussion

2.7.3.1 There are Many Subjective Factors for Defining Temporary Assistance Recipients

Various local governments explicitly define temporary assistance recipients in their “measures for, or opinions on, the implementation of temporary assistance”. Temporary assistance recipients basically include those residents having a local household registration and residing in the city. Key temporary assistance recipients are local people living on the minimum subsistence allowance, the “three-no people” (people without identification papers, a normal residence permit, and a source of

income) and households enjoying the five guarantees (food, clothing, medical care, housing and burial expenses) as well as local low-income families and poverty-stricken families due to accidents and natural disasters. However, temporary assistance institutions have no temporary assistance plan and thus temporary assistance workers invariably determine the temporary assistance recipients through subjective factors during the implementation of the temporary assistance program. The temporary assistance recipients and funding for temporary assistance fund are determined by the leader's intention or the perceptual understanding of temporary assistance workers.

2.7.3.2 Long-time to Approve Temporary Assistance Payments

Community temporary assistance is provided to community residents who are unable to independently solve their difficulties and is characterized by its emergency and temporary nature. Hence, paying temporary assistance must be handled timely. However, it is very hard to realize this goal due to the existing temporary assistance procedures of application to the community then review by the street committee and then approval by the civil affairs bureau. The whole process takes at least seven or eight business days. In other words, a temporary assistance applicant must go through three complicated procedures. These procedures guarantee the seriousness of the request for temporary assistance in a sense, but take a long time and do not embody timeliness of the need for temporary assistance.

2.7.3.3 Limited Funds Spent on Temporary Assistance

The proportion of expenditure on temporary assistance in national fiscal expenditure is still very low although China keeps has kept increasing funds for temporary assistance year by year in recent years. Social assistance funds generally account for 1%-2% of GDP in developed countries. Therefore, we must integrate more social resources into the assistance funds under government control. The degree of social participation in the temporary assistance fund is very low despite its vigorous advocacy by governments at all levels.

2.7.3.4 Incomplete Coverage of Temporary Assistance Items

Recipients of temporary assistance are families or individuals who have temporary difficulties in basic living due to special reasons. Seemingly, they lack money and materials, but actually they have more and more complicated problems than a lack of money and materials. Their problems may involve family, individual aspects and self-psychology. Therefore, there are multiple aspect aspects of the need for temporary assistance. However, the present temporary assistance items are dominated by fund provision regardless of other aspects.

This Minimum Livelihood Guarantee Scheme (MLGS, Dibao, or subsistence allowance) is the core element in Chinese social assistance policy, as well as the most important assistance program. The MLGS is an income supplementing system, which makes sure that the income of the population in poverty can be kept at a certain level (Dibao line) and that they have the capacity to purchase the basic living consumables. Dibao was first initiated in Shanghai in early 1990s and was then promoted nationally during the mid- and late 1990s. China's Dibao program officially started in the cities in 1999, and then was rolled-out into rural areas in 2007.

3. The Legal Framework of Social Assistance - Executive Summary

The system of Social Assistance relies heavily on policies and notices from MoCA and local governments. The document of the highest level of authority is the "Interim Measures for Social Assistance (2014)". This part of the report begins by addressing the various aspects of China's social assistance system from a legal point of view.

Legislations and regulations concerning the Minimum Subsistence Guarantee (Dibao), Five Guarantees, Relief for Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance, Temporary Assistance, Relief for Vagrants and Beggars without Assured

Living Sources as well as Legal Aid are separately addressed with a focus on the key clauses as stated in these important documents.

Then the four characters of the legislative framework of China's social assistance system are summarized. Firstly, the content of social assistance moves from single life assistance towards diversified comprehensive assistance. Secondly, social assistance changes from temporary assistance to regular institutional assistance. Thirdly, the territory that social assistance used to focus has moved from the urban areas to now both urban and rural areas. Finally, the persons targeted were previously decided on the basis of their identity whereas now it is the household that is approved for obtaining social assistance based on their economic status and the causes of their poverty. Some successes have been achieved. The basic social assistance law has been established over two stages - stage 1, the founding of the People's Republic of China to 1999 and stage 2, from 2000 to currently. Two pieces of legislation are the criteria for the division. . Minimum Substance Guarantee system covers both urban and rural areas. Five Guarantees used to be supported by collectives and is now supported by the government. The Relief for Vagrants and Beggars moves from restrictions on freedom to assistance. All kinds of special assistance systems have been established through legislation. However, there are still some obstacles. There is no comprehensive social assistance legal system. The functions of different special social assistances are a little confused. Cooperation among different departments needs to be strengthened. The executive capability of the social assistance agency is not strong. Special Social Assistance should be improved. The government's information and publicity is still insufficient.

For the recommendations on the reform on social assistance in the future, the government should continue to promote the social assistance legal system. It should set up a reasonable social assistance system and strengthen cooperation between departments. It should improve the enforcement ability of officials at the lower levels of government and improve the content of each specific social assistance program as well as promoting government information disclosure and transparency.

3.1 Introduction to the Development of the Legal Framework

3.1.1 Background and Challenges: A Solid Legal Framework Is Needed

As shown in chapters 1 and 2, an integrated framework for social assistance has been built up in China. However, there are still a number of challenges when implementing the existing regulations: 1) social assistance schemes are largely fragmented; 2) there is a lack of an explicit standard of benefit level and how to adjust it; 3) the executing agencies need legal provisions and effective tools for targeting and verification of the identify of beneficiaries; 4) some of the current legal provisions are so simple that local governments should develop their own policies and methods for implementation; 5) it is hard for civil affairs bureaus/sectors to ensure funding and get administrative support from other government departments.

Central to these challenges is a lack of an effective and coherent legal framework. Currently, China's social assistance legislation has a weak normative authority. Policies and measures in social assistance are not regulated by laws but are instead promulgated as administrative regulations, guidelines, notices, decisions, and opinions issued by the State Council and Ministries. Only Urban Dibao and the Five Guarantees had "regulations"; while, other schemes only have "documents" (guidelines, notices, decisions, and opinions). Therefore, the legal provisions are rather weak and narrow. A social assistance law is needed for the development of the social assistance system over the long term.

Developing social assistance legislation was initiated in 2005. Since then, the 10th and 11th National People's Congresses both included it into their legislation plans. Particularly, in 2008, the State Council released the full text of a draft regulation. However, the draft regulation failed to be

passed twice when reviewed by the State Council in 2009 and 2010 respectively. In October 2012, the Minister of Civil Affairs made a report “*State Council’s Report of social assistance*” to National People’s Congress. Some of the representatives raised the issue that it is problematic as the social assistance system, which involves the spending of a huge amount of funds, lacked a solid legal framework. Therefore, the NPC required the State Council to resubmit the draft of “social assistance law” for review.

However, this version of the draft did not contain provisions on medical assistance, education assistance, housing assistance or other dedicated assistance schemes. Then the “Interim Measures for Social Assistance” were issued by Premier Li Keqiang on February 21, 2014 and came into force on May 1, 2014.

3.1.2 Interim Measures for Social Assistance: Key Articles, Achievements and Weakness

China’s social assistance system has been built up over a long time despite there being up until today no Social Assistance Law. The system relies on lots of policies and notices from MoCA and local governments. The highest level of authority document is the “*Interim Measures for Social Assistance*”¹³, which was issued by the State Council of the People’s Republic of China and came into force on 1st May, 2014. It is a comprehensive piece of legislation about social assistance and includes thirteen chapters such as General Provisions, Minimum Subsistence Guarantee, Support for the Especially Poor, Relief of Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance, Temporary Assistance, Participation of Social Organisations, Supervision and Administration, Legal Liability and Supplementary Provisions. According to the “*Interim Measures*”, different departments have their own responsibility for the administration of social assistance.

The interim measures, for the first time, include the regulations of all social assistance programs together in the one administrative regulation. They provide the legal basis for the social assistance system. Formulated in accordance with the Constitution, it aims to strengthen social assistance, guarantee the basic livelihood of citizens, promote social equity, and maintain social harmony and stability. The social assistance system shall adhere to the principles of maintaining the baseline, responding to emergencies and difficulties and being sustainable. It is integrated with other social security systems, and sustains a level of social assistance that can adapt to the level of China’s economic and social development. There are some particular chapters and articles which are key to the development of the social assistance system.

Funding

Article 5 stipulates the People’s Governments above the county level shall include social assistance into their national economic and social development planning. They shall establish a sound social assistance coordination mechanism in which the governments assume the leadership with the departments of civil affairs taking the lead, the relevant departments cooperating, social organisations participating. They should improve the safeguard mechanisms of the social assistance funds and materials, and incorporate the social assistance funds arranged by the governments and the operating expenses of the social assistance programs into their fiscal budgets. The social assistance funds shall be subject to special-purpose administration, separate accounting, and use assets for designated purposes only. No entity or individual may misappropriate or embezzle such funds. The payment of social assistance funds shall be governed by the relevant provisions of the State Treasury Administration rules.

Social assistance administrative departments

¹³ http://www.gov.cn/zwqk/2014-02/27/content_2622770.htm.

Article 3 indicates that the department of civil affairs under the State Council shall coordinate the development of the social assistance system across the country. The departments of civil affairs, health and family planning, education, housing and urban-rural development, and human resources and social security under the State Council shall be responsible for the administration of social assistance according to their respective functions. The departments of civil affairs, health and family planning, education, housing and urban-rural development, and human resources and social security under the people's governments above the county level shall be responsible for the administration of social assistance within their respective jurisdictions according to their respective functions. The administrative departments as listed in the preceding two paragraphs are referred to as the social assistance administrative departments.

Article 4 indicates that People's Governments at the township level and the sub-district offices shall be responsible for accepting the relevant applications for social assistance benefits and conducting the investigations and examinations. Specific work shall be assumed by social assistance handling agencies or handling personnel. The villagers' committees and residents' committees shall assist in effectively conducting the relevant work of social assistance administration.

Article 6 points out that People's Governments above the county level shall establish an information system for social assistance administration according to the uniform national planning. This will achieve the interconnection and interworking of social assistance information and the sharing of resources.

Extremely difficult population

Article 14 stipulates the state shall grant support to the especially poor, to the elderly, the disabled and minors under 16 years of age who have no persons with statutory obligations to support aging parents, children, or other persons or persons with statutory obligations to provide support but who do not possess the capacity to support them.

Article 15 indicates that the support of the especially poor includes:

- (1) providing basic living conditions;
- (2) looking after those who cannot take care of themselves;
- (3) providing treatment for diseases and
- (4) handling funeral matters.

Social impact participation

In Chapter X "Participation of Social Organisations", Article 52 stipulates that the State shall encourage entities, individuals and other social organisations to participate in social assistance by means of donations, establishing sponsorship programs, establishing service agencies, and providing the services of volunteers. Article 53 indicates that when participating in social assistance, social organisations shall enjoy such policies as financial subsidies, tax preference and expense deductions and exemptions. Article 54 stipulates People's Governments above county level may purchase services for specific social assistance service matters from social organisations by means of entrustment, contracting, and purchase. Article 55 stipulates the local people's governments above the county level shall facilitate the roles of social service agencies and social workers and provide such specialized services as social integration, capacity improvement, and psychological counseling for the social assistance recipients.

Liability

Article 66 indicates that whoever violates the provisions of these Measures and falls under any of the following circumstances shall be ordered by the administrative authority at the higher level or the supervisory organ to make corrections and disciplinary action shall be taken against the persons directly in charge and other directly responsible persons in accordance with law:

- (1) failing to accept an assistance application that meets the application requirements;
- (2) failing to approve an assistance application that meets the assistance requirements;
- (3) approving an assistance application that does not meet the assistance requirements;
- (4) disclosing the personal information of citizens to which they have access to during their work and causing consequences;
- (5) losing or tampering with records of the social assistance funds, materials and services provided and other data;
- (6) failing to grant social assistance funds and materials or provide the relevant services as required; and
- (7) undertaking other acts of abusing powers, neglecting duties, or practicing favoritism for personal gains in performing social assistance functions.

Article 67 indicates where, in violation of the provisions of these Measures, anyone withholds, embezzles, misappropriates, or expends privately social assistance funds and/or materials, the relevant authority shall order the recovery of such funds and materials. If there is any illegal income it shall confiscate the illegal income; and impose disciplinary actions on the persons directly in charge and other directly responsible persons in accordance with the law.

Article 68 stipulates that where anyone fraudulently obtains social assistance funds, materials, or services by means of making a false report, concealing or forging information, the relevant authority shall decide to terminate the social assistance benefit and order the recovery of the illegally-obtained assistance funds and materials. It may impose a fine not less than the amount of gain but it cannot be more than three times the illegally-gained assistance funds or materials. If the action constitutes a violation against the public security administration, the violator shall be given a public security administrative punishment in accordance with the law.

Policy Circulation Mechanism

Article 62 stipulates that People's Governments above county level and the social assistance administrative departments shall publicize the laws, regulations and policies of social assistance through the press, broadcasting, television, internet and other social media. The People's Governments at county level and the social assistance administrative departments should timely disclose information on the administration and use of social assistance funds and materials through public consulting rooms, inquiry offices, information disclosure bulletin boards, and other means accessible to the general public and should accept social supervision.

3.1.3 Shortfalls of the Interim Measures and the Future Reforms

As mentioned, the Interim Measures were the first document to contain all the social assistance schemes. However, various challenges remain to be addressed.

First and foremost, the Interim Measures' legal provisions are formulated in broad terms, mainly providing general guidelines and principles with regard to eligibility, standards, and implementation procedures, including the methods of beneficiary identification and selection. Provincial government and municipal governments should release their own supporting materials as well. This results in a significant local discretion in the regulation, financing, and implementation of social assistance.

In addition, the legal framework is not sufficiently adequate to ensure synergies between the social assistance and the social insurance programs. It does not ensure that benefits accord with existing needs rather than with the fiscal constraints of local governments.

Finally, the current legislation does not adequately promote participation of NPOs in the delivery of social assistance, both in partnership with the government and as independent providers.

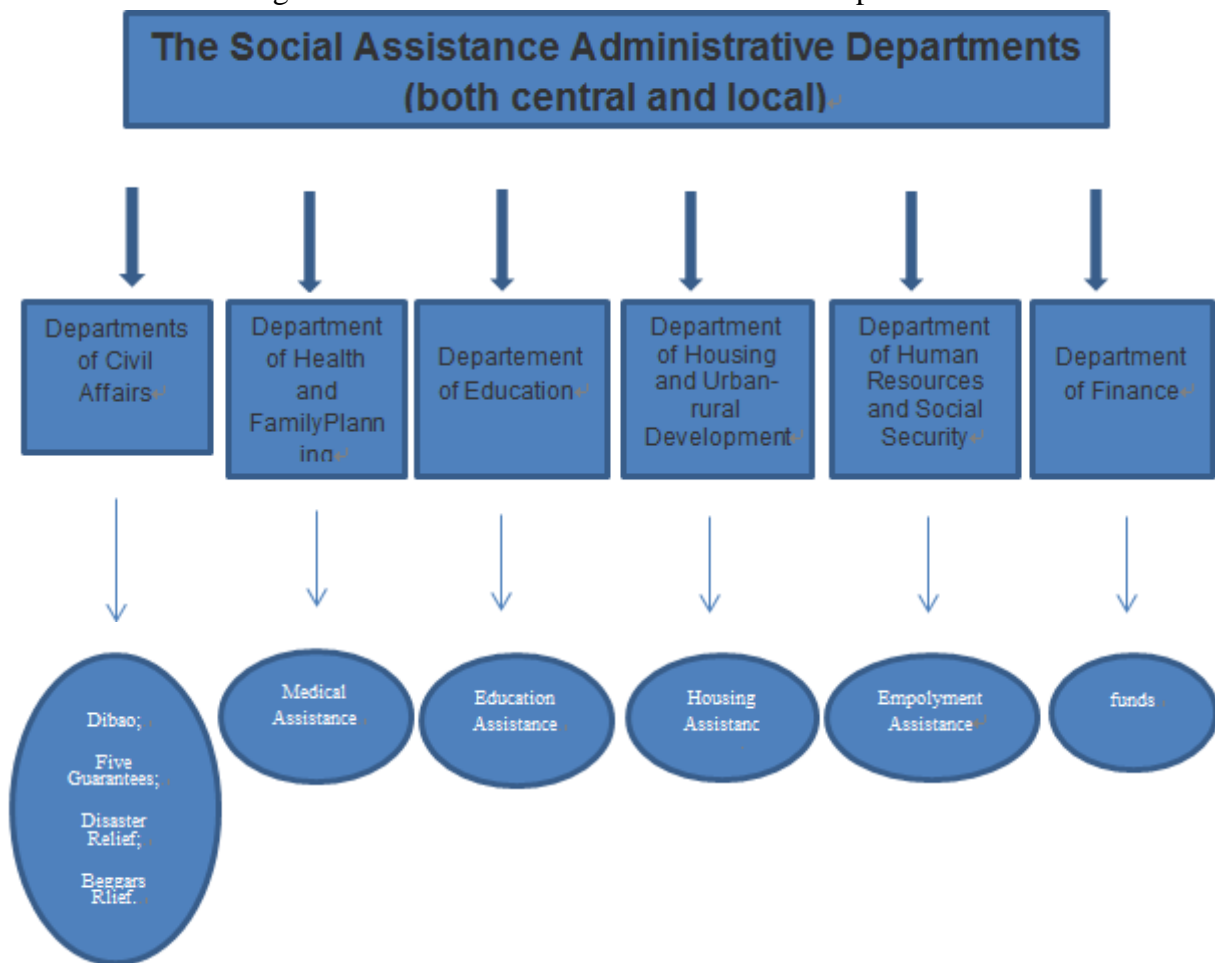
The Dibao thresholds do not adequately consider the vulnerabilities that individuals and families with different socio-economic characteristics face. The national regulations do not contain specific provisions in this respect. In restructuring the benefits, it is crucial to develop national legal requirements for adjusting social assistance standards in line with the change in commodity price inflation. In addition, benefits must be adjusted in line with earnings to reflect the actual incomes of the population. Improved beneficiary selection procedures and improved effectiveness of targeting are needed. The national legislation grants discretionary powers to local governments, not only in relation to social assistance regulation, but also in setting rules and administrative procedures for program delivery.

To improve the effectiveness of targeting, the government must establish consistent criteria and procedures for program implementation. The national legal framework must stipulate standardized methodologies, criteria, and procedures for measuring incomes, the extent and mechanisms of public scrutiny in the selection process and procedures for income and asset determination.

Address the urban-rural divide. The “Interim Measures on Social Assistance” seek to streamline the legal framework for urban and rural MLSG. This is crucial for achieving greater equity across the urban– rural dimensions. However, the “Interim Measures on Social Assistance” provide only general provisions and require further elaboration. In particular, more detailed and specific regulations and operational guidelines are required to replace the existing regulations on MLSG Urban, MLSG Rural, the Rural Five Guarantees, and so on.

3.1.4 The Legal Provisions of Dedicated Social Assistance Schemes

Figure 3.1 Social Assistance Administrative Departments



Besides the national measures, there are some local regulations and rules about the social assistance system:

Regulation of Zhejiang Province on Social Assistance (01-11-2014)¹⁴;

Implementation Measures of Sichuan Province on Social Assistance (01-03-2015)¹⁵;

Measures of Jiangsu Province on Social Assistance (01-02-2015)¹⁶;

Measures of Shandong Province on Social Assistance (01-11-2014)¹⁷;

Implementation Measures of Hubei Province on Social Assistance (01-11-2014)¹⁸;

Measures of Shanghai City on Social Assistance (01-01-1997, revised on 20-12-2010)¹⁹.

-Minimum Subsistence Guarantee (Dibao)

Dibao was first initiated in Shanghai in early 1990s and was then promoted nationally during the middle and late 1990s.

¹⁴<http://dbs.mca.gov.cn/article/shqztx/dfwj/201408/20140800680414.shtml>.

¹⁵<http://dbs.mca.gov.cn/article/shqztx/dfwj/201501/20150100758676.shtml>.

¹⁶<http://dbs.mca.gov.cn/article/shqztx/dfwj/201412/20141200747547.shtml>.

¹⁷<http://dbs.mca.gov.cn/article/shqztx/dfwj/201410/20141000721485.shtml>.

¹⁸<http://dbs.mca.gov.cn/article/shqztx/dfwj/201410/20141000721476.shtml>.

¹⁹[http://baike.baidu.com/link?url=Kwk6dW3ZKa-](http://baike.baidu.com/link?url=Kwk6dW3ZKa-LvfzCAEI_MsqzUZ_chkwzme7XIi1xwgHNLApWiSEAsbNErfl61T3UiaJSJOLA9NbTPeoRQqObysZs1fMRoUK0QEw_q0PcYL3gR6qDZoCPLD3P2MjOmmpltMyKCjo6EvW19IH_JfJq74QBuTP_q1ygaArx9DQVebBBorvEj1HjKQ-8DSdBtUMhs)

[LvfzCAEI_MsqzUZ_chkwzme7XIi1xwgHNLApWiSEAsbNErfl61T3UiaJSJOLA9NbTPeoRQqObysZs1fMRoUK0QEw_q0PcYL3gR6qDZoCPLD3P2MjOmmpltMyKCjo6EvW19IH_JfJq74QBuTP_q1ygaArx9DQVebBBorvEj1HjKQ-8DSdBtUMhs](http://baike.baidu.com/link?url=Kwk6dW3ZKa-LvfzCAEI_MsqzUZ_chkwzme7XIi1xwgHNLApWiSEAsbNErfl61T3UiaJSJOLA9NbTPeoRQqObysZs1fMRoUK0QEw_q0PcYL3gR6qDZoCPLD3P2MjOmmpltMyKCjo6EvW19IH_JfJq74QBuTP_q1ygaArx9DQVebBBorvEj1HjKQ-8DSdBtUMhs).

In 1997, the State Council issued the “*Notice on establishing Urban Minimum Subsistence Guarantee Scheme Nationally*”²⁰ to extend local experimentation to the national policy framework.

In 1999, the State Council passed the “*Regulations on Guaranteeing Minimum Subsistence for City Residents*”²¹ to strengthen the legal framework.

There were many measures and detailed rules proclaimed by local governments to implement the *Regulation*. Two years later, another notice was issued to emphasize the importance of the Urban Minimum Guarantee System. This was the “*Notice of the General Office of the State Council on Further Strengthening the Work of Urban Minimum Guarantee*” (12-11-2001)²².

In 2007, the State Council decided to develop Dibao in the rural areas and issued the “*Notice on establishing Rural Minimum Subsistence Guarantee Scheme Nationwide*”²³. That means that the Dibao System appeared about eight years later in the rural areas than in the urban areas.

“*Opinions of the State Council Concerning Further Strengthening and Improving the Work of Guaranteeing Minimum Subsistence*”²⁴ came into force on September 1st 2012. This is the first document of the State Council about Dibao to cover both urban and rural areas.

Dibao is the main system of Social Assistance, so there are more legal documents for it than for the other systems. “*Regulations on Guaranteeing Minimum Subsistence for City Residents (1999)*” is the main legal source of Dibao and has 17 articles. It has been considered the beginning of the modern social assistance system. Such words as “right to obtain assistance” and “guaranteeing a basic livelihood” firstly appeared in the legislation.

Article 2 City residents holding non-agricultural registered permanent residence and whose average income of family members living together is lower than that of the local standard for guaranteeing minimum subsistence for city residents shall have the right to obtain basic livelihood material assistance from the local people's government.

The income stated in the preceding paragraph refers to all monetary income and material income of family members living together, including alimony, payments for support or payments for foster care that should be paid by persons providing statutory alimony, payments for support or for foster care, but not including the pensions and subsidies for the disabled or the family of the deceased enjoyed in accordance with the provisions of the State.

Article 3 The system of guaranteeing the minimum subsistence for city residents adheres to the principle of guaranteeing city residents a basic livelihood, and insists on the policies of uniting government guarantees and social support and encouraging self-help through work.

Article 4 A responsibility system of local People's Governments at all levels shall be exercised for the system of guaranteeing the minimum subsistence for city residents. The departments of civil affairs of the local People's Governments at or above the county level shall be responsible for the administration of guaranteeing the minimum subsistence for city residents in their respective administrative areas. The financial departments shall, in accordance with the provisions, secure the funds required for guaranteeing the minimum subsistence for city residents. The departments of statistics, pricing, auditing, labor and social security, and personnel and so on shall, according to their division of functions, each take responsibility for their own work, be responsible for the relevant work of guaranteeing the minimum subsistence for city residents within their respective functions and duties.

²⁰ <http://www.mca.gov.cn/article/zwgk/fvfg/zdshbz/200711/20071110003522.shtml>.

²¹ http://www.gov.cn/banshi/2005-08/04/content_20243.htm.

²² http://www.gov.cn/gongbao/content/2001/content_61215.htm.

²³ http://www.gov.cn/zhengce/content/2008-03/28/content_6245.htm.

²⁴ http://www.gov.cn/zhengce/content/2012-09/26/content_7218.htm.

The departments of civil affairs of the People's Governments at the county level, neighborhood offices and the People's Governments of towns (hereinafter collectively referred to as organs of administration, examination and approval) shall be responsible for the concrete work in relation to the administration, examination and approval of guaranteeing the minimum subsistence for city residents. Residents' committees may, in accordance with their delegation by the organs of administration, examination and approval, undertake day-to-day administration and services for guaranteeing the minimum subsistence for city residents.

The department of civil affairs of the State Council shall be responsible for the administration of guaranteeing the minimum subsistence for city residents throughout the country.

Article 5 Funds required for the guaranteeing minimum subsistence for city residents shall be included in the financial budget of the local People's Government, incorporated as an item of expenditure of the Special Social Relief fund and administered as a special item while following the rule of special funds for special uses.

The State encourages social organizations and individuals to provide contributions and financial assistance for guaranteeing the minimum subsistence for city residents. All contributions and financial assistance provided shall be incorporated in the funds for guaranteeing the minimum subsistence for local city residents.

Article 6 The standards for guaranteeing the minimum subsistence for city residents are determined in light of the cost of clothing, food and living expenses which are required for local city residents to maintain a basic livelihood. Appropriate consideration shall be taken into account of expenses for water, electricity, fuel coal (gas) and the expenses for compulsory education for minors. The standards for guaranteeing minimum subsistence for city residents in municipalities directly under the Central Government and for cities divided into districts shall be formulated by the departments of civil affairs of the People's Governments of the municipalities or cities in conjunction with such departments as finance, statistics and pricing. They shall be submitted to the People's Governments at the same level for approval and then published for implementation. The standards for guaranteeing the minimum subsistence for city residents in counties (cities at the county level) shall be formulated by the departments of civil affairs of the people's governments of the counties (cities at the county level) in conjunction with such departments as finance, statistics and pricing, and after being submitted to the People's Governments at the same level for approval and to the People's Governments at the next highest level for record, publication and for implementation.

When the standards for guaranteeing the minimum subsistence for city residents need to be raised, a re-appraisal and re-decision shall be done in accordance with the provisions of the preceding two paragraphs.

Article 16 The People's Governments of provinces, autonomous regions and municipalities directly under the Central Government may, in accordance with these Regulations, and in the light of the actual circumstances of their work in guaranteeing the minimum subsistence for city residents within their respective administrative areas, formulate measures and steps for its implementation.

Besides the “*Administrative Regulations (1999)*”, there are about 27 normative documents from the Ministry of Civil Affairs, 3 local regulations and 90 local rules. The local regulations are as follows:

*Measures of Xiamen City on Guaranteeing the Minimum Subsistence (01-07-2004, revised On 04-12-2014)*²⁵

*Regulation of Nanjing City on Guaranteeing the Minimum Subsistence (01-11-2004, revised On 19-11-2010)*²⁶,

²⁵ <http://fujian.hexun.com/2014-12-04/171074847.html>.

*Regulation of Chongqing on Guaranteeing the Minimum Subsistence for Urban and Rural Residents (01-10-2008)*²⁷.

- Five Guarantees

The Five Guarantees System was founded in the middle of the 1950s. There were no formal regulations or rules about it for many years. It was only mentioned in some notes or minutes of meeting. In 1994, the State Council passed the “*Regulations on the Work of Providing Five Guarantees in Rural Areas*” (effective in 1994), and these were revised in 2006²⁸. In 2010, The Ministry of Civil Affairs made the “*Measures for the Administration of the “Five Guarantee” Service Institutions in Rural Areas*”²⁹ as one of the instrumentalities of the State Council. It has seven chapters, which are General Provisions, Persons Enjoying the Five Guarantees, The Five Guarantees, Forms of Support, Supervision and Administration, Legal Liability and Supplementary Provisions. The main contents of the *Regulations* (2006) cover the following:

Article 2 The term "providing five guarantees in the rural areas" in these Regulations means providing villagers with care and material support in their daily lives in terms of food, clothing, housing, medical care and burial expenses in accordance with the provisions of these Regulations.

Article 3 The civil affairs department of the State Council shall be in charge of the work of providing the five guarantees in rural areas throughout the country. The civil affairs department of a local People's Government at or above the county level shall be in charge of the work of providing five guarantees in the rural areas within its administrative area. The people's government of a township, nationality township, or town and shall administer the work of providing the five guarantees in the rural areas within its administrative area. A villagers' committee shall assist the People's Government of a township, nationality township, or town in carrying out the work of providing the five guarantees in rural areas.

Article 6 Villagers who are aged, disabled or under the age of 16 and who have no ability to work, no source of income, and no persons with statutory obligations to provide for them, bring them up or support them, or whose persons with statutory obligations have no ability to provide for them, bring them up or support them, shall enjoy the five guarantees in rural areas.

Article 10 The standard for the five guarantees in rural areas shall not be lower than the average living standard of local villagers, and shall be adjusted as the average living standard of local villagers improves. The standard for the five guarantees in rural areas may be established by the People's Government of the province, autonomous region or municipality directly under the Central Government, and be published and implemented within its administrative area. It may also be established by the People's Government at the level of a city divided into districts or at the county level, and be published and implemented after being submitted for recording to the People's Government of the province, autonomous region or municipality directly under the Central Government where the people's government at the city or county level is located. The civil affairs department and the finance department of the State Council shall strengthen their guidance on the establishment of the standard for the five guarantees in rural areas.

Article 11 The funds for the five guarantees in rural areas shall be included in the financial budget of the local people's government. Where there is income from rural collective operations, the funds may be arranged from such income to subsidize and improve the daily lives of the persons enjoying the five guarantees in rural areas. Where a person enjoying the five guarantees in rural areas entrusts another person with the cultivation of his contracted land, the proceeds therefrom shall

²⁶ http://www.nanjing.gov.cn/njgov_2014/zxfw_6528/xinzhutifuwu/shebao/shjz_22599/cxzdsbzb_22600/zcyjd_22601/201409/t20140927_3000450.shtml.

²⁷ http://www.npc.gov.cn/npc/xinwen/dfrd/chongqing/2008-09/19/content_1450471.htm.

²⁸ http://www.gov.cn/zhengce/content/2008-03/28/content_6253.htm.

²⁹ <http://dbs.mca.gov.cn/article/ncwb/zcfg/201206/20120600321564.shtml>.

belong to the person enjoying the five guarantees in rural areas. The specific measures in this respect shall be formulated by the People's Governments of provinces, autonomous regions and municipalities directly under the Central Government. The central financing agency shall provide appropriate subsidies in the form of funds to the areas which have financial difficulties in financing the five guarantees in the rural areas. The funds earmarked for the five guarantees in the rural areas shall specifically be used for the daily lives of the persons enjoying the five guarantees in the rural areas, and no organizations or individuals may embezzle, misappropriate, withhold, or divide up the funds in secret.

Some local governments made measures linked to the implementation of this system, such as

“Measures of Beijing Municipality for the Implementation of the Regulations on the Work of Providing the Five Guarantees in Rural Areas”(31-03-2008)³⁰;

Measures of Jiangxi Province for the Implementation of the Five Guarantees Subsistence Program in the Rural Areas (13-01-2008)³¹;

Measures of Henan Province for the Implementation of the Five Guarantees Subsistence Program in the Rural Areas (01-11-2007)³²;

Measures of Hunan Province for the Implementation of the Five Guarantees Subsistence Program in the Rural Areas (01-12-2007)³³.

- Relief for Victims Suffering from Disasters

Natural disaster occur frequently in China, so there are some laws which are related to natural disasters, such as the *Law of the People's Republic of China “on Protecting Against and Mitigating Earthquake Disasters”*³⁴ (29-12-1997, revised in 2008) and the *“Flood Control Law” of the People's Republic of China*(29-08-1997, revised in 2015)³⁵. Although these laws are very important they don't aim at *providing* relief to victims who suffer from a disaster.

The central and local departments of civil affairs took some measures to help the victims of disasters on the basis of rules and normative documents. *“Guiding Opinions of the General Office of the Ministry of Civil Affairs on the Reform Work of the Disaster Relief System”* (08-04-1998) took effect on 4th August, 1998. It requires Liaoning, Zhejiang and Guangdong Provinces to pilot a disaster relief system. In response to the requirement, the People's Government of Guangdong Province made *“Provisions of Guangdong Province on Natural Disaster Relief”*³⁶ (01-09-2002). The State Council issued the *“National Plan for Emergency Response to Natural Disaster Relief”*³⁷ on 16 October, 2011. Then the local governments made a number of detailed plans to enforce the national plan. *The “Regulation on the Relief of Natural Disasters”*³⁸ was adopted at the 117th Executive Meeting of the State Council on 30 June, 2010, and was promulgated on 1 September, 2010. It is the foundation for the relief from natural disasters.

Article 3 The administrative leaders of the People's Governments at all levels shall be responsible for the relief of natural disasters. The National Disaster Reduction Commission shall be responsible for organizing and leading the natural disaster relief work of the whole nation and coordinating the disaster relief activities for major natural disasters. The civil affairs department under the State

³⁰ <http://mztt.mca.gov.cn/article/wbgygzhy/zcfg/201011/20101100117296.shtml>.

³¹ <http://mztt.mca.gov.cn/article/wbgygzhy/zcfg/201011/20101100117290.shtml>.

³² <http://mztt.mca.gov.cn/article/wbgygzhy/zcfg/201011/20101100117287.shtml>.

³³ <http://mztt.mca.gov.cn/article/wbgygzhy/zcfg/201011/20101100117286.shtml>.

³⁴ http://www.npc.gov.cn/wxzl/gongbao/2009-02/05/content_1505230.htm.

³⁵ <http://www.88148.com/Info/201503133489.html>.

³⁶ http://www.gdmz.gov.cn/zcfg/jzjj/200506/t20050607_1016.htm.

³⁷ <http://www.mca.gov.cn/article/zwgk/fvfg/jzjj/201111/20111100191129.shtml>.

³⁸ http://www.gov.cn/zhengce/content/2010-07/14/content_6111.htm.

Council shall be responsible for the natural disaster relief work of the whole nation and undertake the specific work of the National Disaster Reduction Commission. The relevant departments under the State Council shall conduct the work related to nationwide natural disaster relief within the respective scopes of their functions and duties.

The local People's Governments at or above the county level or the emergency coordination bodies for natural disaster relief (hereinafter referred to as the “emergency coordination bodies”) of the People's Governments shall organize and coordinate the natural disaster relief work in their respective administrative regions. The civil affairs departments of the local People's Governments at or above county level shall be responsible for the natural disaster relief work within their respective administrative regions. Other relevant departments of the local People's Governments at or above county level shall conduct the work related to the relief of natural disasters in their respective administrative regions.

Article 4 The People's Governments at or above county level shall incorporate natural disaster relief work into their national economic and social development planning, establish mechanisms to guarantee the funds and materials needed for relief from natural disasters, and include the funds allocated for, and the expenditures on the relief of, natural disasters into their fiscal budgets.

Article 5 Villagers' committees, neighborhood committees, the Red Cross, charities, public foundations and other social organizations shall assist the People's Government in the relief from natural disasters. The State encourages and leads entities and individuals to make donations for relief from natural disasters, provide voluntary services and participate in other such activities.

Article 26 The civil affairs department and the financial department of the People's Government of the area which is suffering from a disaster and the relevant social organizations shall, via newspapers, periodicals, radio, TV and internet, voluntarily disclose the source, quantity and use of the money and goods allocated or donated for relief from natural disasters that have been accepted. The villagers' committees and neighborhood committees of the disaster area shall disclose the information about the people receiving relief, the amount of money or goods granted to them and the use of such money or goods.

Here are some the local rules on the relief of victims suffering from disasters:

*Measures of Anhui Province on Natural Disaster Relief (01-06-2015)*³⁹;

*Measures of Jiangxi Province for Implementing the Regulations on Relief from Natural Disasters (01-08-2014)*⁴⁰;

*Provisions of Yunnan Province on Natural Disaster Relief (01-03-2013)*⁴¹.

- Medical Assistance

Medical Assistance was first founded in 2003 in the rural areas based on the “*Opinions of the Ministry of Civil Affairs, the Ministry of Health and the Ministry of Finance on the Implementation of Medical Assistance in Rural Areas*” (expired). About one and half years later, the system was extended to the urban areas. “*Opinions of the Ministry of Civil Affairs, the Ministry of Health, the Ministry of Labor and Social Security Affairs and the Ministry of Finance for Pilot Work on Establishing the Medical System in Urban Areas*”⁴² (effective) was issued on 14 March, 2005. In order to manage the system, the four ministries jointly issued another opinion, “*Opinions of the Ministry of Civil Affairs, the Ministry of Health, the Ministry of Labor and Social Security Affairs and the Ministry of Finance on Further Improving the Medical Assistance in Rural and Urban*

³⁹ <http://www.ahmz.gov.cn/thread-22347-1.html>.

⁴⁰ http://www.jxmzw.gov.cn/zcfg/2014-07/30/content_1702023.htm.

⁴¹ <http://yunnan.mca.gov.cn/article/ztzl/fzjzjz/tzgg/201302/20130200418851.shtml>.

⁴² http://www.gov.cn/zhengce/content/2008-03/28/content_6157.htm.

Areas” (2009, effective)⁴³. The important issue of medical assistance is its funding, so a special notice was issued about funding. This was the “*Opinions of the Ministry of Finance and the Ministry of Civil Affairs on Strengthening the Administration of Urban Medical Assistance Funds*” (2005, expired). It was replaced by the “*Notice of the Ministry of Finance and the Ministry of Civil Affairs on Issuing the Measures for the Administration of Medical Assistance Funds in Urban and Rural Areas*” (23-12-2013, effective)⁴⁴.

The latest notice about this system is the “*Notice of the General Office of the State Council on Forwarding the Opinions of the Ministry of Civil Affairs on Further Improving the Medical Assistance System and the National Roll-Out of Medical Assistance to Serious and Critical Diseases*” (21-04-2015, effective)⁴⁵. Chapter V of “*The Interim Measures for Social Assistance*” (01-05-2014) is about Medical Assistance. This is the primary supreme legal authority source. According to it, the State should establish sound medical assistance rules and ensure that medical assistance recipients obtain basic medical and health services. Besides the notice and opinions from the central government and ministries, there are over six hundreds of rules and measures from local governments. For example:

*Interim Measures of Gansu Province for Medical Assistance in Urban and Rural Areas (01-01-2010)*⁴⁶;

*Implementation Measures of Anhui Province for Medical Assistance (01-01-2013)*⁴⁷;

Interim Measures of Guangxi Province for Medical Assistance in Urban and Rural Areas for Especially Poor People in the Hospital (01-08-2013);

*Measures of Wenzhou City for Medical Assistance in Urban Areas (08-01-2015)*⁴⁸;

*Measures of Ningbo City for Medical Assistance (01-07-2006)*⁴⁹;

*Measures of Dalian City for Medical Assistance in Rural Areas for Poor People (23-02-2008)*⁵⁰.

- Education Assistance

Education Assistance evolved along with the other special social assistance programs however it was not considered as important as the others. The only notice from the central department is the “*Notice of the Ministry of Civil Affairs and the Ministry of Education on the Further Efforts about the Education Assistance for Minors in Urban and Rural Areas*” (26-08-2004)⁵¹. Chapter VI of the “*Interim Measures for Social Assistance*” (01-05-2014) is about Education Assistance. The state should grant education assistance to members of households under the minimum subsistence guarantee program and persons enjoying the support of the especially poor in the compulsory education phase. Appropriate education assistance shall, in the light of their actual circumstances, be granted to members of households under the minimum subsistence guarantee program and persons enjoying the support of the especially poor during senior high school education (including secondary vocational education) and regular higher education and to disabled children who cannot receive compulsory education in schools. There are not many local government documents about this system but the following are worth mentioning:

⁴³<http://www.mca.gov.cn/article/zw/gk/fvfg/zdshbz/200906/20090610031974.shtml>.

⁴⁴<http://www.mca.gov.cn/article/zw/gk/fvfg/zdshbz/201403/20140300610941.shtml>.

⁴⁵<http://dbs.mca.gov.cn/article/csy/jz/zcfg/201504/20150400809646.shtml>.

⁴⁶http://baike.baidu.com/link?url=sUf_EXnkJIbFN3bd0ktpnR2BEYgMJj8utZmRqW1pwm5K0CA7_cjm7tSawzWmcWJ6leEY2BywtyLMUG3nIS6f3.

⁴⁷<http://www.hefei.gov.cn/n1070/n304559/n4317942/27482879.html>.

⁴⁸http://www.wenzhou.gov.cn/art/2015/1/9/art_5575_1102.html.

⁴⁹<http://baike.haosou.com/doc/7656339-7930434.html>.

⁵⁰<http://baike.baidu.com/view/8124996.htm>.

⁵¹<http://fss.mca.gov.cn/article/etfl/zcfg/200809/20080910019772.shtml>.

*Interim Measures of Weihai City about Medical Assistance and Education Assistance for Persons under the Minimum Subsistence Guarantee Program (01-01-2005)*⁵²;

*Interim Implementation Measures of Nanjing City about Educaiton Assistance for Poor Families in Urban and Rural Areas (05-01-2005)*⁵³;

Notice of the Department of Civil Affairs of Hainan Province on Implementing the Education Assistance for Poor Families in Urban and Rural Areas (21-08-2012).

- Housing Assistance

The Housing Assistance is a program to establish and improve the urban subsidized housing system and to guarantee the basic housing needs of the families with the lowest incomes. *The “Measures for the Administration of Urban Subsidized Housing for Families with the Lowest Incomes”*⁵⁴, which was adopted at the 22nd Executive Meeting of the Ministry of Construction on 15 November, 2003 was promulgated and came into force on 1 March, 2004. (Order of the Ministry of Construction, the Ministry of Finance, the Ministry of Civil Affairs, the Ministry of Land and Resources, and the State Administration of Taxation, Order No.120). Housing Assistance was only established in urban areas according to the above Measures.

Three years later, the “*Notice of the State Council on Solving the Housing Difficulties of Low-income Families in Urban Areas*” (20007)⁵⁵ came into force. This required the establishment of low-rent housing finance. Accordingly the Ministry of Finance made “*Measures for Managing Low-rent Housing Funds (2007)*”⁵⁶. The “*Measures for the Guarantee of Low-rent Homes*”⁵⁷ were discussed and adopted at the 139th Executive Meeting of the Ministry of Construction on 26 September, 2007. This document was then signed by the National Development and Reform Commission, Ministry of Supervision, Ministry of Civil Affairs, Ministry of Finance, Ministry of Land and Resources, People's Bank of China, State Administration of Taxation and National Bureau of Statistics and promulgated and came into force as of 1 December, 2007. It is clear that “*Measures for the Guarantee of Low-rent Homes*” expands housing assistance to rural areas.

In 2014, the “*Notice of the Ministry of Housing and Urban-rural Development, Ministry of Civil Affairs and Ministry of Finance on the Work of Housing Assistance*” was promulgated (2014). The “*Interim Measures for Social Assistance*” were issued and come into force on 1 May, 2014. These are superior to the “*Measures for the Administration of Urban Subsidized Housing for Families with the Lowest Incomes*”. So The Interim Measures replaces the former measures.

Chapter 7 of the Interim Measures focuses on housing assistance. Housing assistance shall be granted to households under the minimum subsistence guarantee program and persons enjoying the support of the especially poor in a decentralized manner who have difficulties with housing and who meet the prescribed criterion. Housing assistance shall be implemented by means of the renting of public rental housing, granting of housing rental subsidies, and renovating rural dilapidated housing. Although the “*Measures for the Administration of Urban Subsidized Housing for Families with the Lowest Incomes*” is still effective, most of its content about housing assistance is covered by the “*Interim Measures for Social Assistance*”. Besides the measures from the central government and departments, there are some measures from provincial governments such as

⁵²http://www.weihai.gov.cn/art/2004/12/1/art_562_102963.html.

⁵³http://www.nanjing.gov.cn/njszfnew/bm/mzj/200801/t20080124_1213683.html.

⁵⁴http://www.gov.cn/test/2005-06/30/content_11348.htm.

⁵⁵http://www.gov.cn/zwgk/2007-08/13/content_714481.htm.

⁵⁶http://fgk.mof.gov.cn/law/getOneLawInfoAction.do?law_id=64656.

⁵⁷<http://www.mca.gov.cn/article/zwgk/mzyw/200711/20071100004824.shtml>.

Administrative Measures of Tianjin Municipality on Basic Housing Security (17-08-2012)
Provisions of Zhejiang Province for the Guarantee of Low-Rent Housing (08-09-2010) ; *Measures of Jiangsu Province on Guarantee on Low-Rent Housing (12-03-2008)*.

- Employment Assistance

Employment assistance appeared at the same time as the economic reforms. A lot of people lost their jobs because of the economic reforms so the government had to make some measures to deal with the situation. There were some notices about employment assistance which were of a low level. The “*Regulation of Labor Market Management*” (expired) was promulgated and came into force on 29 November, 2000. The “*Employment Promotion Law of the People's Republic of China*”⁵⁸, was adopted at the 29th session of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on 30 August, 2007 and was promulgated and came into force as of 1 January, 2008. Chapter VI is about Employment Assistance.

In order to implement the law, the “*Provisions on Employment Services and Employment Management*”⁵⁹ were adopted at the 21st executive meeting of the Ministry of Labor and Social Security on 30 October, 2007 and came into force as of 1 January, 2008. These replaced the “*Regulation of Labor Market Management*”. There is a special chapter about employment assistance in The “*Interim Measures for Social Assistance*” (01-05-2014), which is the main basis for employment assistance nowadays.

According to the Interim Measures, the State shall grant employment assistance to members of households under the minimum subsistence guarantee program who have the ability to work and who are out of work. This includes subsidized loans, social insurance subsidies, position subsidies, training subsidies, expense deductions and exemptions, the arrangement of public welfare positions, and other means.

The following are some local measures and regulations:

*Regulations of Gansu Province on Employment Promotion (31-03-2010)*⁶⁰

*Measures of Jiangsu Province on Implementation of the Employment Promotion Law of the People's Republic of China (31-12-2008)*⁶¹;

*Regulations of the Shenzhen Special Economic Zone on the Promotion of the Employment of Residents (23-02-2001)*⁶²

- Temporary Assistance

Temporary Assistance is a complement to the other assistance measures. It appeared in the early 1950s but there were not many official documents about this system. It was a customary practice of the government. There are now over one hundred and eighty documents from departments and local governments. Chapter IX of the “*Interim Measures of Social Assistance*” is about Temporary Assistance. The State shall grant temporary assistance to households with temporary serious difficulties in their basic living situation on account of unexpected events such as fire, traffic accidents or sudden and critical illness of household members or households under the minimum subsistence guarantee program with temporary serious difficulties in basic living due to sudden increase in necessary living expenses, which exceed the affordability of such households, and to households that suffer from other special difficulties.

⁵⁸http://www.gov.cn/flfg/2007-08/31/content_732597.htm.

⁵⁹http://www.gov.cn/gzdt/2007-11/07/content_798826.htm.

⁶⁰http://www.law-lib.com/law/law_view.asp?id=317179.

⁶¹<http://hk.lexiscn.com/law/law-chinese-1-497002.html>.

⁶²<http://hk.lexiscn.com/law/law-chinese-1-22159.html>.

According to the “*Interim Measures*” (01-05-2014), the State shall provide assistance in terms of temporary accommodation, acute disease treatment, and assistance in returning home for indigent vagrants and beggars. That means that the relief for vagrants and beggars without any assured living source is a kind of temporary assistance. On 27 October, 2014, the State Council issued the “*Notice on Fully Establishing a Temporary Assistance System*”.⁶³ The Notice clarifies the objectives, general requirements and main contents for the establishment of the temporary relief system. In addition, the Notice requires the building of a sound working mechanism for temporary relief and strengthening the safeguard measures for the implementation of the temporary relief system. The only local government rule is the “*Interim Measures of Gansu Province for Temporary Assistance to Urban and Rural Residents*” (27-11-2009)⁶⁴.

- Relief for Vagrants and Beggars without Assured Living Sources

This system has a long history and was first founded in the early 1950s. The first departmental regulations appeared in 1982 and were issued by the State Council. They were “*Measures of Internment and Repatriation for Vagrants and Beggars in Cities*” (1982 ineffective). In the same year, the Ministry of Civil Affairs and the Ministry of Public Security jointly issued the “*Implementation Rules for Measures of Internment and Repatriation for Vagrants and Beggars in Cities*” (1982 ineffective). In 1991, the State issued “*Opinions on the Reform for Internment and Repatriation*”, which covered the system for people without legal certificates, fixed residence or steady income. The “Sun Zhigang case”⁶⁵ led three Doctors of Laws to hand over a review proposal for the *Measures* (1982) to the Standing Committee of the National People’s Congress. As a result, the State Council promulgated the “*Measures for the Administration of Relief for Vagrants and Beggars without Assured Living Sources in Cities*” (2003)⁶⁶. One month later, the Ministry of Civil Affairs issued the “*Implementation Rules for the Measures for the Administration of Relief for Vagrants and Beggars without Assured Living Sources in Cities*” (2003)⁶⁷.

As a kind of social assistance, the People's Government of the cities at county level and above shall set up relief stations for vagrants and beggars where necessary. The relief provided to vagrants and beggars by the relief stations is a temporary public relief measure. The People's Government of the cities at county level and above shall take active and timely measures to relieve vagrants and beggars and shall include the funds needed for this relief work in their financial budgets to guarantee such funds. The State encourages and supports public organizations and individuals to assist vagrants and beggars. The departments of civil affairs of the People's Governments at county level and above shall be responsible for the work of relief for vagrants and beggars, and shall direct and supervise the relief stations. The departments of public security, public health, communications, railways, and city administration shall take care of the relevant work within the scope of their respective duties. The functionaries of public security organs and other relevant administrative departments shall, if finding any vagrant or beggar in the performance of their duties, inform that vagrant or beggar to seek relief from a relief station; and shall guide and escort that vagrant or beggar to the relief station if he/she is disabled, minor, old, or otherwise has any difficulty in action.

The local regulations and rules which matched the *Measures* (1982) lost their effectiveness as well. Some local governments made measures to implement the *Measures* (2003), which are effective now:

⁶³http://www.gov.cn/zhengce/content/2014-10/24/content_9165.htm.

⁶⁴http://hk.lexiscn.com/law/content.php?provider_id=1&isEnglish=N&origin_id=531433&keyword=55SY6IKD55yB5Z%2BO5Lmh5bGF5rCR5Li05pe25pWR5Yqp5Yqe5rOVLOWKnuazlSzmlZHliqks5Li05pe2LOWxheawkSzln47kuaEs55SY6IKDLOecgQ%3D%3D&t_kw=55SY6IKD55yB5Z%2BO5Lmh5bGF5rCR5Li05pe25pWR5Yqp5Yqe5rOVLOWKnuazlSzmlZHliqks5Li05pe2LOWxheawkSzln47kuaEs55SY6IKDLOecgQ%3D%3D&eng=0.

⁶⁵<http://baike.haosou.com/doc/5406405-5644251.html>.

⁶⁶http://www.gov.cn/zhengce/content/2008-03/28/content_6164.htm.

⁶⁷<http://www.mca.gov.cn/article/zw/gk/fvfg/shflhshsw/200711/20071100003391.shtml>.

*Administrative Measures of Jiangxi Province for Assisting Vagrants and Beggars with No Means of Support in Cities(01-04-2008)*⁶⁸ ;

*Implementation Measures of Hubei Province on Aid and Administration of the Urban Homeless Wanderers and Beggars (01-06-2006)*⁶⁹.

-Legal Aid

The purpose of the Legal Aid System is to ensure that the citizens with economic difficulties obtain necessary legal services. At the beginning of 1994, the Department of Justice put forward a proposal to officially establish the Legal Aid System in China. There were some experiments in Guangzhou, Shenzhen, Shanghai, Beijing, Wuhan, Nanjing, Zhengzhou and Qingdao starting then. The “*Criminal Procedure Law*”⁷⁰ was revised in March 1996. Article 34 is about legal aid in criminal procedure. That is the basic framework of criminal legal aid system and also “legal aid” appeared in the law for the first time.

The “*Lawyers Law*” of the People's Republic of China⁷¹, adopted at the 19th. meeting of the Standing Committee of the Eighth National People's Congress of the People's Republic of China on 15 May, 1996, was promulgated and entered into force as of 1 January, 1997. Chapter 6 is mainly about legal aid and that is the outline of Chinese legal aid system. The “*Lawyers Law*” has been revised three times - in 2001, 2005 and 2012.

The Ministry of Justice, the Supreme Court, Ministry of Civil Affairs, the other central departments and local governments also produced a series of documents about legal aid. The “*Regulation on Legal Aid*”⁷² was adopted at the 15th executive meeting of the State Council on 16 July, 2003, and was promulgated with effect as of 1 September, 2003. “*Provisions on the Procedures for Handling Legal Aid Cases*”⁷³ were published by the Ministry of Justice on 9 April, 2012.

The General Office of the Central Committee of the CPC and the General Office of the State Council recently issued the “*Opinions on Perfecting the Legal Aid System*” as well as a notice requiring serious implementation of the Opinions in all areas and by all departments based on their actual situation (30-06-2015). According to the “*Regulation on Legal Aid*” (01-09-2003), any and all citizens that meet the requirements as provided for in the present Regulation shall be entitled to obtain gratuitous legal services according to the present Regulation, including legal consultation, assistance, criminal defense, etc. It is the responsibility of the Government to provide legal aid. The People's Governments at county level and above shall take active measures to promote the work of legal aid, provide financial support for legal aid, and to ensure that legal aid progresses in coordination with the economy and social progress. The funds for legal aid shall be used for the purpose of legal aid only, and shall be subject to the supervision of the Departments of Public Finance and Auditing.

The Administrative Department of Justice of the State Council shall supervise and regulate the legal aid over the whole country. The administrative departments of justice of the local People's Governments at county level and above shall supervise and regulate legal aid work within their respective administrative divisions. The All-China Lawyers' Association and the local lawyers' associations shall, according to the constitution of the Lawyers' Association, give assistance in the legal aid work implemented according to the present Regulation.

⁶⁸http://xxgk.jiangxi.gov.cn/fgwj/fg/200807/t20080728_57875.htm.

⁶⁹http://www.hbmzt.gov.cn/xxgk/zcfg/zcfg/gfxwj/201410/t20141020_194402.shtml.

⁷⁰http://www.gov.cn/flfg/2012-03/17/content_2094354.htm.

⁷¹<http://www.lawtime.cn/faguizt/93.html>.

⁷²http://www.gov.cn/zhengce/content/2008-03/28/content_6944.htm.

⁷³http://www.gov.cn/gzdt/2012-05/10/content_2133758.htm.

The administrative department of justice under the People's Government of the municipalities directly under the Central Government, the district cities, or counties shall determine the legal aid institutions within their respective administrative divisions in light of the practical needs. The legal aid institutions shall be responsible for the acceptance and examination of legal aid applications, and for designating or arranging for people to provide legal aid to the citizens who are eligible according to the present Regulation.

Lawyers shall perform their duty of providing legal aid services according to the relevant provisions of the Lawyers' Law and the present Regulation. They shall provide qualified legal services to the beneficiaries so as to safeguard their lawful rights and interests. They shall accept the supervision of the Lawyers' Associations and the Administrative Departments of Justice.

In any of the following situations where any citizen needs an agent and fails to entrust one due to economic difficulties, he or she may apply to a legal aid institution for legal aid for the following situations: requesting state compensations; requesting social insurance treatment or minimum life alimony treatment; requesting survivor's pensions or relief funds; requesting payments for supporting parents or grandparents, and children; requesting payment for labor remunerations; or claiming civil rights and interests arising from the brave act of righteousness.

The People's Government of the provinces, autonomous regions, and municipalities directly under the Central Government may make supplementary provisions regarding the legal aid matters to be addressed other than those as described in the preceding paragraph. Citizens may seek legal consultation from the legal aid institutions in terms of the matters as described in Paragraphs 1 & 2 of the present Article.

If, in the course of criminal proceedings, any of the following circumstances occurs, a citizen concerned may apply to the legal aid institutions for legal aid: a criminal suspect fails to hire a lawyer due to their economic difficulties after he has been interrogated for the first time by the investigative body or as of the day when mandatory measures are effected; the victim or the legal agent or close relation thereof in public prosecution cases fail to hire an agent ad litem due to economic difficulties as of the day when the case is transferred for examination for filing a prosecution; a private prosecutor or the legal agent thereof in a private prosecution cases fails to hire an agent ad litem due to economic difficulties as of the day when the case is established by the People's Court.

In the case where public prosecutors appear in a court trial and of the accused fails to hire a defendant lawyer due to economic difficulties or any other reason, and if the people's court designates a lawyer for the accused, the legal aid institutions shall provide those legal aid services. Where the accused is blind, deaf, or dumb, or is a minor and fails to hire a lawyer, or if the accused who may be sentenced to capital punishment fails to hire a defendant lawyer, and if the people's court designates a defendant lawyer for him, the legal aid institutions shall offer the legal aid services without having to examine the economic standing of the accused.

The standard of economic difficulty as mentioned in the present Regulation shall be set down by the People's Government of the province, autonomous region, and municipality directly under the Central Government in the light of economic developments and the demand for legal aid in the locality. Where the standard of economic difficulty is not identical to that of the place where the legal aid institution that accepts the application is located, the standard of the place where the legal aid institution that accepts the application is located shall apply.

There are many implementation measures from local governments, such as:

*Several Provisions of Tianjin Municipality on Legal Aid (01-11-2004)*⁷⁴ ;

⁷⁴http://www.moj.gov.cn/flyzs/content/2009-04/08/content_1066884.htm?node=7678.

*Measures of Liaoning Province for the Implementation of Legal Aid Services(10-12-2004)*⁷⁵ ;
*Regulations of Jiangsu Province on Legal Aid (2005 Revision)(01-12-2005)*⁷⁶ ;
*Provisions of Shanghai Municipality on Legal Aid(01-07-2006)*⁷⁷ ;
*Regulations of Shanxi Province on Legal Aid (2008 Revision, 01-10-2008)*⁷⁸ ;
*Regulation of Beijing Municipality on Legal Aid(01-03-2009)*⁷⁹ ;
*Regulations of the Shenzhen Municipality on Legal Aid (01-05-2009)*⁸⁰ ;
*Procedures of Guangzhou Municipality for Legal Aid Implementation (01-10-2009)*⁸¹ ;
*Regulation of Chongqing Municipality on Legal Aid (01-05-2014)*⁸² .

3.2 Conclusions Concerning the Development of the Social Assistance Legal Framework Achievements

-The basic social assistance law system has been established. The development of the social assistance legislation in China can be divided into two stages: Stage 1, the founding of the People's Republic of China to 1999 and Stage 2 from 2000 to 2014. The criteria for the division are two legislative documents. The “*Regulations on Guaranteeing the Minimum Subsistence for City Residents*” was effective on October 1, 1999. This is the foundation stone of social assistance’s legislative history. It is still the core of modern Chinese social assistance. The “*Interim Measures for Social Assistance*” came into force on May 1, 2014. These integrate the different programs of social assistance and lays the foundation for a future Social Assistance Law.

In conclusion, the Chinese social assistance system has four distinctive features. Firstly, the content of the social assistance program moves from a single life assistance towards a diversified comprehensive assistance. So far the social assistance system is based on Dibao, Five Guarantees, Relief of Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance and Temporary Assistance. Secondly, social assistance transforms from temporary assistance to regular institutional assistance. Thirdly, the territorial scope of social assistance used to focus on urban areas and now focuses on both the urban and rural areas. Poor people can get assistance irrespective of where they live. Finally, in the past the targets of assistance were decided on the basis of their identity. Today a household that is approved to obtain social assistance is based on their economic status and the causes of their poverty. Because of these changes, the Chinese social assistance has developed from an old style to a modern style with standardization and institutionalization.

From what has been discussed above, we can see that the legal framework for the Chinese social assistance system includes laws, administrative regulations, departmental rules, local regulations, local rules and a lot of notices and opinions. According to the “*Legislation Law*” of the People's Republic of China⁸³ (2000, revised in 2015), they have different levels of authority.

The National People's Congress and its Standing Committee shall exercise the legislative power of the State (Article 7). The State Council shall develop administrative regulations in accordance with the Constitution and laws (Article 65). The People's Congress and its standing committee of a

⁷⁵http://www.moj.gov.cn/flyzs/content/2009-04/08/content_6057296.htm?node=7677.

⁷⁶http://www.moj.gov.cn/flyzs/content/2009-04/08/content_6057294.htm?node=7677.

⁷⁷http://www.moj.gov.cn/flyzs/content/2009-04/08/content_6057302.htm?node=7677.

⁷⁸http://www.moj.gov.cn/flyzs/content/2009-04/08/content_6057301.htm?node=7677.

⁷⁹http://www.gov.cn/gzdt/2008-12/25/content_1187594.htm.

⁸⁰<http://www.chinalaw.gov.cn/article/fgkd/xfg/dfxfg/200904/20090400130949.shtml>.

⁸¹<http://www.gzsfyc.cn/GuideLaw-detail.aspx?id=4>.

⁸²<http://baike.haosou.com/doc/5226966-5459498.html>.

⁸³http://www.gov.cn/test/2005-08/13/content_22423.htm.

province, autonomous region, or municipality directly under the Central Government may, according to the specific circumstances and actual needs of the administrative region, develop local regulations, provided that such regulations do not contravene the Constitution, laws, and administrative regulations. The People's Congress and its standing committee of a districted city may, according to the city's specific circumstances and actual needs, develop local regulations on urban and rural development and administration, environmental protection, and historical culture protection, among others, provided that they do not contravene the Constitution, laws, administrative regulations, and the local regulations of the province or autonomous region where the city is located, unless a law provides otherwise for the development of local regulations by a districted city.

The local regulations of the districted city shall come into force after being reported to, and approved, by the standing committee of the People's Congress of the province or autonomous region (Article 72). The people's congress and its standing committee of the province or city where a special economic zone is located shall, according to the empowerment decision of the National People's Congress, develop regulations to be enforced within the special economic zone (Article 74). The people's congress of an ethnic autonomous area shall have the power to develop autonomous regulations and separate regulations based on the political, economic, and cultural characteristics of the local ethnicities. The regulations of an autonomous region shall come into force after being reported to, and approved by, the Standing Committee of the National People's Congress. The regulations of an autonomous prefecture or an autonomous county shall come into force after being reported to, and approved by, the standing committee of the People's Congress of the province, autonomous region, or municipality directly under the Central Government (Article 75).

Table 3.1 Outline of the current Chinese legal framework on social assistance

	Level of Authority	Name
Social Assistance (comprehensive legislation)	Administrative Regulations(national, State Council)	<i>Interim Measures for Social Assistance (2014)</i>
	Local Regulations (provincial, Local Congress)	<i>Regulation of Zhejiang Province on Social Assistance (01-11-2014)</i>
	Local Government Rules (provincial, Local Government)	<i>Implementation Measures of Sichuan Province on Social Assistance (01-03-2015);</i> <i>Measures of Jiangsu Province on Social Assistance (01-02-2015);</i> <i>Measures of Shandong Province on Social Assistance (01-11-2014);</i> <i>Implementation Measures of Hubei Province on Social Assistance (10-09-2014);</i> <i>Measures of Shanghai City on Social Assistance (20-12-2010).</i>
	Administrative Regulations	<i>Regulations on Guaranteeing Minimum Subsistence for City Residents (1999)</i>

Minimum Subsistence Guarantee (Dibao)	(national, Council)	State	
	Local Regulations (provincial, Congress)	Local	<p><i>Measures of Xiamen City on Guaranteeing Minimum Subsistence (01-07-200, revised in 2014),</i></p> <p><i>Regulation of Nanjing City on Guaranteeing Minimum Subsistence (01-11-2004, revised in 2010),</i></p> <p><i>Regulation of Chongqing on Guaranteeing Minimum Subsistence for Urban and Rural Residents (01-10-2008).</i></p>
	Normative Document (national, MoCA)		<p><i>Notice on establishing Urban Minimum Livelihood Guarantee Scheme in the nationwide (02-09-1997)</i></p> <p><i>Notice of the General Office of the State Council on Further Strengthening the Work of Urban Minimum Guarantee (12-11-2001)</i></p> <p><i>Notice on establishing Rural Minimum Livelihood Guarantee Scheme in the nationwide (11-07-2007)</i></p> <p><i>Opinions of the State Council Concerning Further Strengthening and Improving the Work of Guaranteeing Minimum Subsistence(01-09-2012)</i></p>
Five Guarantees	Administrative Regulations (national, Council)	State	<i>Regulations on the Work of Providing Five Guarantees (2006)</i>
Relief of Victims Suffering from Disasters	Administrative Regulations (national, Council)	State	<i>Regulation on the Relief of Natural Disasters(01-09-2010)</i>
	Local Rules (provincia, Government)	local	<p><i>Measures of Anhui Porince on Natural Disaster Relief (01-06-2015)</i></p> <p><i>Measures of Jiangxi Province for Implementing Regulation on the Relief of Natural Disasters (01-08-2014)</i></p> <p><i>Provisions of Yunnan Province on Natural Disaster Relief(01-03-2013)</i></p>

Medical Assistance	Local Rules (provincia, Government)	local	<p><i>Interim Measures of Gansu Province for Medical Assistance in Urban and Rural Areas (11-27-2009)</i></p> <p><i>Implementation Measures of Anhui Province for Medical Assistance (01-01-2014)</i></p> <p><i>Interim Measures of Guangxi Province for Medical Assistance in Urban and Rural Areas for Espically Poor People in the Hospital(01-08-2013)</i></p>
	Local Rules (local, government of city)		<p><i>Measures of Wenzhou City for Medical Assistance in Urban Areas (08-01-2015)</i></p> <p><i>Measures of Ningbo City for Medical Assistance (01-07-2006)</i></p> <p><i>Measures of Dalian City for Medical Assistance in Rural Areas for Poor People(23-02-2008)</i></p>
Education Assistance	Normative Documents (national, governments)	central	<i>Notice of the Ministry of Civil Affairs and the Ministry of Education on Further Efforts about the Educaiton Assistance for the Minors in Urban and Rural Areas(26-08-2004)</i>
	Normative Documents (local, governments departments)	local or	<p><i>Interim Measures of Weihai City about Medical Assistance and Education Assistance for people under the Minimum Subsistence Guarantee Program(01-01-2004)</i></p> <p><i>Interim Implementation Measures of Nanjing City about Educaiton Assistance for Poor Families in Urban and Rural Areas(05-01-2005)</i></p>
	Normative Documents (provincial, government)	local	<i>Notice of the Department of Civil Affairs of Hainan Province on Implementing the Education Assistance for Poor Families in Urban and Rural Areas(21-08-2012)</i>
Housing Assistance	Departmental Rules (national, governments)	central	<p><i>The Measures for the Administration of Urban Subsidized Housing for Families with the Lowest Income(01-03-2004)</i></p> <p><i>The Measures for the Guarantee of Low-rent Homes(26-09-2007)</i></p>
	Local Rule (provincial)		<p><i>Administrative Measures of Tianjin Municipality on Basic Housing Security (08-17-2012) ;</i></p> <p><i>Provisions of Zhejiang Province for the Guarantee of Low-Rent Housing (08-09-2010) ;</i></p> <p><i>Measures of Jiangsu Province on Guarantee of</i></p>

		<i>Low-Rent Homes (12-03-2008)</i>
Employment Assistance	Local Rule (provincial)	<i>Regulations of Gansu Province on Employment Promotion (03-31-2010)</i> <i>Measures of Jiangsu Province on Implementation of the Employment Promotion Law of the People's Republic of China (12-31-2008)</i>
	Local Rule (local governments or departments)	<i>Regulations of the Shenzhen Special Economic Zone on the Promotion of the Employment of Residents (02-23-2001)</i>
Temporary Assistance	Normative Document (national, central departments)	<i>Notice of the State Council on Fully Establishing A Temporary Assistance System(27-10-2014)</i>
	Local Rule (provincial)	<i>Interim Measures of Gansu Province for Temporary Assistance to Urban and Rural Residents (11-27-2009)</i>
Relief for Vagrants and Beggars without Assured Living Sources	Administrative Regulations (national, State Council)	<i>Measures for the Administration of Relief for Vagrants and Beggars without Assured Living Sources in Cities(2003)</i>
	Departmental Rules (national, central departments)	<i>Implementation Rules for the Measures for the Administration of Relief for Vagrants and Beggars without Assured Living Sources in Cities”(2003).</i>
	Local Rules (provincial)	<i>Administrative Measures of Jiangxi Province for Assisting Vagrants and Beggars with No Means of Support in Cities (03-22-2008)</i> <i>Implementation Measures of Hubei Province on Aid and Administration of the Urban Homeless Wanderers and Beggars (12-03-2005)</i>
Legal Aid	Administrative Regulations (national, State Council)	<i>Regulation on Legal Aid(2003)</i>
	Departmental Rules (national, central departments)	<i>Provisions on the Procedures for Handling Legal Aid Cases</i>

	Local Regulations (provincial, local congresses or standing committees)	<i>Regulation of Beijing Municipality on Legal Aid (12-19-2008)</i> <i>Provisions of Shanghai Municipality on Legal Aid (04-26-2006)</i> <i>Several Provisions of Tianjin Municipality on Legal Aid (09-14-2004)</i> <i>Regulation of Chongqing Municipality on Legal Aid (Title Only) (03-26-2014)</i> <i>Regulations of Jiangsu Province on Legal Aid (2005 Revision) (09-26-2005)</i> <i>Regulations of Shangxi Province on Legal Aid (2008 Revision) (07-30-2008)</i>
	Local Regulations (local, local congresses or standing committees)	<i>Regulations of the Shenzhen Municipality on Legal Aid (12-29-2008)</i>
	Local Rules (provincial)	<i>Measures of Liaoning Province for the Implementation of Legal Aid Services (11-04-2004)</i>
	Local Rules (local city governments)	<i>Procedures of Guangzhou Municipality for Legal Aid Implementation (08-29-2009)</i>

-Minimum Substance Guarantee system covers both urban and rural areas.

The Minimum Substance Guarantee system was the "last line of defense" after the state-owned enterprise unemployed basic livelihood guarantee and the unemployment insurance. It was a system related to the economic reform and laid-off workers. This means that its targeted persons were those who lived in urban areas and who lost their jobs. Dibao has already been accepted widely and advocated throughout China since 1997 based on the "Notice on Establishing the Urban Minimum Livelihood Guarantee Scheme Nationwide". By contrast, it was expanded to rural areas based on the "Notice on Establishing the Rural Minimum Livelihood Guarantee Scheme Nationwide" (2007). Although the establishment time-frame is different, we established the same system both in urban and rural areas.

-Five Guarantees used to be supported by collectives and now by the government.

Before the reform of rural taxes and fees, Five Guarantees used to be supported by the village collective. That meant that Five Guarantees were a kind regional cooperative action between villagers. In 2006, the Five Guarantees were transferred from the mutual aid of farmers to the government's obligation. The funds for the five guarantees in rural areas shall be arranged in the financial budgets of the local People's Government. Where there is income from rural collective operations, these funds may be used to subsidize and improve the daily lives of the persons enjoying the Five Guarantees in rural areas. Where a person enjoying the Five Guarantees in rural areas entrusts another person with the cultivation of his contracted land, the proceeds therefrom shall belong to the person enjoying the Five Guarantees in rural areas. The specific measures in this respect shall be formulated by the People's Governments of provinces, autonomous regions and

municipalities directly under the Central Government. The central finance authority shall provide the appropriate subsidies in the form of funds to the areas which have financial difficulties in financing the five guarantees in rural areas.

- The Relief for Vagrants and Beggars changes from restriction of freedom to assistance.

The Relief for Vagrants and Beggars in urban area is based on “*Measures of Internment and Repatriation for Vagrants and Beggars in Cities*” (1982, no longer effective). In practice it was an action to restrict citizens' personal freedom. It played a very important role in our social security while it had serious disadvantages in practice. The system of take-in and repatriation transformed into an administrative compelling and punishment measure which limited the citizen's personal freedom. The State Council announced the abolition of the 21-year-old detention and repatriation system in June 2003 because of the “*Sun Zhigang Case*”, which is regarded as an important milestone in China's social development.

The present Measures are enacted in order to provide relief to the vagrants and beggars without assured living sources in cities, to guarantee their basic living rights and interests, and to perfect the public relief system. A relief station shall provide the following relief according to the recipient's needs: food in conformity with the requirements on food hygiene; and a lodging place that meets the basic conditions. In case of the recipient suddenly suffering acute disease in the relief station, the person will be sent to hospital for treatment. The scheme helps to contact the recipient's relatives or their work place; In case the recipient has no money to pay for his return to his/her domicile or place of work, he or she will be provided with a travel certificate. A relief station may not take any charges from the recipients, or the relatives or working entities thereof, or organize under any circumstance for the recipients to engage in labor work.

- All kinds of special assistance systems have been established through legislation.

Concerning disaster relief, the “*Regulation on the Relief of Natural Disasters*” (2010) was formulated to regulate the relief of natural disasters and safeguard the basic livelihood of victims. It includes seven chapters, which are General Provisions, Preparatory Work for the Relief of Disasters, Emergency Assistance, Post-disaster Relief, Legal Responsibility and Supplementary Provisions.

For legal aid, “*the Regulation on Legal Aid*” (2003) is the main legal basis. It consists of General Principles, Scope of Legal Aid, Application for Legal Aid and the Examination, Implementation of Legal Aid, Legal Liabilities and Supplementary Provisions.

For medical assistance, there is “*Opinions of the Ministry of Civil Affairs, the Ministry of Health, the Ministry of Labor and Social Security Affairs and the Ministry of Finance for Pilot Work on Establishing the Medical System in Urban Areas*” (2005). For education assistance there is the “*Notice of the Ministry of Civil Affairs and the Ministry of Education on Further Efforts about the Education Assistance for Minors in Urban and Rural Areas*” (2004). With regard to Housing Assistance, there is the “*Measures for the Administration of Urban Subsidized Housing for Families with the Lowest Incomes*” (2003). Aside from all that special assistances, temporary assistance is based on the “*Notice on Fully Establishing a Temporary Assistance System*” (2014), which is supplementary to all the other assistance measures.

Main Problems:

The development of the current social security system encounters a number of significant problems illustrated by the following.

-There is no intact social assistance legal system. Although we have set up the basic framework of social assistance and made some laws, regulations and rules, it is still not a legislative law. The critical problem is that there is no Social Assistance Law. By this we mean that the law was made by the National People's Congress or its Standing Committee. The operation of social assistance

depends on a lot of local regulations, local rules, implementation rules, notices and announcements. These documents have a relatively low level of authority. These documents are promulgated under the background of the local social situation. All the assistances look like charity from the government. The social assistance system is pushed by the local powers and there is much randomness in its enforcement. The result has a close relationship based upon the local leadership.

Through local study visits, I find that some officials in grass-root governments think that “*The Interim Measures for Social Assistance*” have little use in practice. It did not bring as big a change as was expected. It just integrates the existing systems. The content is too general. For instance the “*Regulations on Guaranteeing Minimum Subsistence for City Residents*” (1999) has much more detailed than *the Interim Measures*. So grass-root governments still implement Dibao according to the “*Regulations on Guaranteeing Minimum Subsistence for City Residents*” (1999). There are different kinds of notices or other such documents now and then from MoCA and local governments. These are so complicated that the staff do not have enough time to learn about them.

-The function of the different special social assistances is a little confusing.

There are eight special assistances (Minimum Subsistence Guarantee, Support of the Especially Poor, Relief of Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance and Temporary Assistance) at present. They aim to target different people. These systems can't work as a whole. The development of different social assistances is unbalanced.

In the near future, Support of the Especially Poor will replace the Five Guarantees. The state shall grant support to the especially poor, to the elderly, to the disabled and to minors under 16 years of age who have no persons with statutory obligations to support aging parents, children, or other persons or persons with statutory obligations to support but who do not possess the capacity to support them.

Any of the following persons may apply for the relevant medical assistance: members of a household under the minimum subsistence guarantee program; persons that enjoy the support of the especially poor; and other persons with special difficulties as prescribed by the People's Government above county level. To apply for medical assistance, an applicant shall file an application with the People's Government at the township level or the sub-district office. Upon review and publication, the department of civil affairs under the People's Government at the county level shall approve the application. The medical assistance for members of households under the minimum subsistence guarantee program and persons enjoying the support of the especially poor shall be directly handled at the department of civil affairs under the People's Government at county level. That means that those people targeted by Medical Assistance is wider than those of Dibao. It is hard for the officials to decide in individual cases.

Employment Assistance means the state shall grant employment assistance to members of households under the minimum subsistence guarantee program who have the ability to work and are out of work via subsidized loans, social insurance subsidies, position subsidies, training subsidies, expense deduction and exemption, arrangement of public welfare positions, and other means (*The Interim Measures for Social Assistance*, Article 42). This has a special Chinese characteristic. Actually, it is not social assistance but employment support.

Temporary Assistance was established for a short time. There are different understandings in practice. It is supplementary to the other assistances so it looks like a bottom line assistance system. The state shall grant temporary assistance to households with temporary serious difficulties in their basic living due to such unexpected events as fire and traffic accident or sudden and critical illness of household members or households under the minimum subsistence guarantee program with temporary serious difficulties in basic living costs due to a sudden increase in their necessary living

expenses, which exceeds the affordability of such households, and households that suffer from other special difficulties (*The Interim Measures for Social Assistance*, Article 47). The problem is if the other special social assistances work efficiently, do people still need the Temporary Assistance? In addition the state shall provide assistance in terms of temporary accommodation, acute disease treatment, and assistance for indigents, vagrants and beggars to return home (*The Interim Measures for Social Assistance*, Article 50). As is the case with Five Guarantees, the Relief for Vagrants and Beggars without Assured Living Sources will be replaced by Temporary Assistance.

-The Cooperation between different departments needs to be strengthened.

The responsibility of different department is clear in Article 3 of “*The Interim Measures for Social Assistance*”. Civil Affairs Departments (from central government to local governments) have the prime responsibility to take the lead in fulfilling their assignments. Civil Affairs Departments have to coordinate with other departments (the departments of health and family planning, education, housing and urban-rural development, and human resources and social security) in many cases. The level of communication between the different departments and their sharing information is at a low level. There is a need to take enhance efforts to promote further collaboration.

According to the “*Interim Measures*”, the state shall grant employment assistance to members of households under the minimum subsistence guarantee program who have the ability to work and who are out of work via subsidized loans, social insurance subsidies, position subsidies, training subsidies, expense deduction and exemption, arrangement of public welfare positions, and other means (Article 42). A member of a household under the minimum subsistence guarantee program who has the ability to work but is out of work shall accept the work introduced by the relevant department of human resources and social security. If he or she refuses to accept the work introduced to him or her that is appropriate for his or her health and labor capacity for three consecutive occasions without any justified reason, the department of civil affairs under the People's Government at county level shall decide to reduce or terminate the granting of minimum subsistence allowances to him or her (Article 45).

The local People's Governments at all levels and their relevant departments shall provide the necessary assistance and preferential treatment to city residents who enjoy the benefits of the guaranteed minimum subsistence for city residents in such respects as employment and engaging in individual business operations (*The “Regulations on Guaranteeing Minimum Subsistence for City Residents” 1999*, Article 11). Such wording as “the relevant departments” is not clear which means it is not clear which department's obligation it is. In practice it was thought to be the obligation of the department of Human Resources and Social Security. However, the reality is that the department of Human Resources and Social Security usually neglects their responsibility. The result is that the department of civil affairs can't reduce or terminate the grant of a minimum subsistence allowance. These articles don't work in reality. The department of civil affairs under the People's Government above county level may, according to the application or the request and entrustment of the household that has obtained social assistance, inquire and verify the income status and property status of the household through the departments of residence registration, taxation, social insurance, real property registration, business registration, housing provident fund management and so on, The relevant entities and financial institutions shall cooperate with the department of civil affairs. It is hard for the department of civil affairs to get such information.

-The executive ability of the social assistance agency is not strong. In recent years, along with the growing the targets for assistance and expanding its content, the task is increasingly heavy. The standardization of the management system requires the staff to have higher professional qualifications. Enforcement of social assistance mainly depends on low level local governments, such as those at the county and village levels. Through local visits, I find that the officials in low level local governments feel that the workload is extremely heavy. Sometimes they even have to

face threats by the applicants. Poor working conditions and a shortage of financial and human resource restrict the development of the social assistance program.

-The Special Social Assistance should be improved. The resources for social assistance are still insufficient. With the development of the economy, the content and criteria of social assistance should be improved. There is a gap between the current system and the people's expectations. Some poor people need not only the eight social assistance benefits but also daily care and psychological counseling. These services are not included in the social assistance program.

Although some households' income is higher than the basic life criteria, they live a poor life. The Dibao System only provides a guarantee to households whose per capital income of members living together is below the local criterion of the minimum subsistence guarantee. That conforms to the local provisions on the property status of households. So the income status and property status of households are decisive factors under the minimum subsistence guarantee program. The family structure and expenses are irrelevant. If a family member of a regular household falls ill then their actual living standard would be lower than the guaranteed household.

The 'Hukou'⁸⁴ is also important to Chinese people's ordinary lives. A household member shall file a written application with the People's Government at the township level or the sub-district office at their place of domicile. With the development of migration and urbanization, more and more people live in a different place from their domiciled place (the place where they have their 'Hukou'). But those emigrant people do not apply for Dibao because they do not have a local Hukou. After the application, the agency has the responsibility to check the applicant's family income and property (house, car, stock and so on). The issue is that the agency does not have that information. The information platform with integral information is being setting up in many provinces.

The urban-rural gap is still great. Rural migrants have been disadvantaged in various ways. Rural migrants encounter high barriers in acquiring the status of an urban inhabitant with its full rights and opportunities. Most of them lack social security when compared with their urban counterparts.

-The Government's information publicity is still insufficient. Few provisions mention the Government's information disclosure in social assistance legal framework. Concerning the transparency of the Government, the "*Regulation of the People's Republic of China on the Disclosure of Government Information*"⁸⁵ was adopted at the 165th executive meeting of the State Council on 17th January, 2007. It came into force as of 1 May, 2008. According to it, an administrative organ shall voluntarily disclose Government information satisfying any of the following basic requirements: Information concerning the vital interests of citizens, legal persons or other organizations; Information that should be widely known by the general public or concerns the participation of the general public; Information reflecting the structural establishment, duties, procedures for handling affairs and other situation of the administrative organ; Other information that shall be voluntarily disclosed by the administrative organ as prescribed by laws, regulations and the relevant state provisions. The publicity of governmental information shall comply with the principles of legitimacy, timeliness, genuineness and impartiality. However, the transparency of the Government still has some obstacles and the information can not be provided in accordance with the Regulations. This is formal in China and there is no exception. Government information disclosure about social assistance is still at a low level.

3.3 Recommendations for the Reform of Social Assistance

-Continue to promote the social assistance legal system.

⁸⁴Household register, which is the official document that records the basic information of the resident. It is the other identity certificate apart from ID card.

⁸⁵<http://baike.baidu.com/link?url=9iCUAvh3QA1CIJ0bJgNlKRzGhtn-MG7hlUOOrCuZLBbSaG3yVkJGhhQt0tzWsfFaYKLCmnJaDOSMOZKheLcfMYUa>.

The legislative foundation of the Chinese social assistance should be strengthened. China's legislative body is formulating a comprehensive Social Assistance Law, which covers the specific regulations on Subsistence Allowance for Residents, Measure for Urban and Rural Medical Assistance, Law on Housing Security, etc. Through the construction of laws and regulations, the scope, content, standard, management, capital raising, etc. of the social assistance system with the core of subsistence allowances will be fixed, institutionalised and normative. This will further reduce the randomness of social assistance.

A Social Assistance Law has been included in the legislative plan of the People's Congress.

According to the actual needs for the development of social assistance, the Social Assistance Law should be promulgated as soon as possible. Once promulgated the relative regulations and rules should be rectified. The ideal legal framework of social assistance would then come into force, which would include about four parts: the law to arrange all the different kinds of social assistance (National People's Congress); regulations about each kind of social assistance (the State Council), and measures about enforcement matters (MoCA and province government).

- Establish a reasonable social assistance system.

As previously mentioned above, there are too many special social assistance systems. They have different names and different functions, while they can't display overall superiority. We should create a reasonable and logical social assistance system. In my opinion, the Five Guarantees and the Relief for Vagrants and Beggars without Assured Living Sources will disappear and will be replaced by others.

Medical Assistance and Employment Assistance don't belong as part of social assistance. Social Security is a system and the social assistance is the bottom line of the overall social security system. The State should try to improve the social insurance system and ensure that the people can obtain basic medical and health services. We should establish various forms of medical insurance to provide medical services to the people. Employment assistance is something special along with China's economic reforms. We should not name it "Employment assistance" any more. Housing Assistance is only a part of the housing guarantee system. With the high price of houses in the cities, it is not only the lowest income families who can't buy or rent houses (or apartments). A middle class family would also find it difficult to afford such a purchase. The housing guarantee system is both welfare and relief. In conclusion, the social assistance should mainly include Dibao, Legal Aid, Relief of Victims Suffering from Disasters and part of the Temporary Assistance.

-Strengthen cooperation between departments.

According to the State Council's arrangement, joint inter-ministerial conferences led by the Ministry of Civil Affairs should be established to co-ordinate the different social assistance benefits at the central level. Local governments at different levels should establish social assistance coordination mechanisms accordingly. The Civil Affairs Departments play a leading role. Such mechanisms prove to be inefficient because the civil affairs departments do not have the power to order other departments. It is recommended that the State Council should take the lead. Besides, there should be more information sharing and co-operation. Family economic checks are the key step of social assistance. If there is no information sharing, it might make the family economic check impossible.

-Improve the enforcement ability of the officials at low level governments.

Officials at the lower levels of government deal with social assistance affairs and have direct contact with the applicants. Too much work pressure will affect their mood and work efficiency. We should add new staff and guarantee their work place and conditions through legislation. They should have the right to be trained every year.

-Improve the content of each specific social assistance.

As far as Dibao is concerned, it is the most important and perfect part among all the social assistance schemes, but it still needs improving. It is the target of the household registration reform to abolish the distinction between farmers and city dwellers. It is expected that China will cancel the household registration system in the near future. So the problems caused by *Hukou* will be resolved naturally. Although China started the experiment of rural minimum living standard system in early 1990's, many local governments have encountered many obstacles in the course of the experiment. This has led to the stagnancy of the system in many areas. In order to set up the rural minimum living standard system successfully, local governments should determine the reasonable level of the rural minimum living standard and improve the relevant rules. The criterion for the minimum subsistence guarantee shall be determined and released by the People's Government of province, autonomous region, municipality directly under the central government, according to the cost of local residents' minimum subsistence expenses and be appropriately adjusted on the basis of the local economic and social development level and price changes. It should be increased with the economic growth and take into consideration the family structure.

-Promote Government information disclosure and transparency.

Transparency of government information is not as good as expected in respect of social assistance. This problem exists not only in social assistance but also in other fields. Although there is the "*Regulation of the People's Republic of China on the Disclosure of Government Information*" it can not be implemented precisely. Most departments of Governments at all levels can not publish the government information in a timely manner. So it is not easy for the public to access the information. To solve this problem, the agencies should obey the above regulation.

Local Study Visit of Guangdong Province

Background

Guangdong province is one of the most developed provinces in China. Its economic development level is well in excess of the other provinces. Because of its economic development, a large number of people migrate from inland to Guangdong.

Economic and Social Aspects

In 2014, the permanent population of Guangdong Province was 107.24 million. The GDP of Guangdong Province was 6.779224 trillion (RMB), and GDP per capita was 63.452 thousand (RMB). The local province's public finance budget revenue was 806.006 billion (RMB). Per capita disposable income was 25,685 RMB. Per capita disposable income in the rural areas was 1224. RMB. Per capita disposable income in urban areas was 3,214 RMB.⁸⁶

Implementation Issues and Lessons Learned

Guangdong is one of the provinces that built Dibao in both the rural and urban areas. Before 1995 social assistance was mainly for the "three non-personnel". The "*Notice of the Department of Civil Affairs and Department of Finance on Establishing the System of Minimum of Substance Guarantees both in Rural and Urban areas*" came into force in May, 1997. According to the Notice, on basis of the Minimum of Substance Guarantees in the urban areas, the system would be expanded to rural areas. So the urban-rural integration system would come true at last. The Minimum Substance Guarantee in rural areas in Guangdong Province started earlier than in most of the other provinces. As for the standard of Dibao, the "*Notice of the General Office of People's Government of Guangdong Province on Establishing the Provincial Standard of the Minimum*

⁸⁶ "*Guangdong's Economy and Society Development Statistical Bulletin 2014*", <http://www.da.gd.gov.cn/webwww/nychq/NeiRong.aspx?ID=13231>.

Substance Guarantee came into force in April, 2014. Since 2013, the Department of Civil Affairs and the other relative departments made the standard of Dibao. The standard has four levels according to the area's four types of economy. The shortage of work expenses is another problem in the lower level governments. In order to solve this problem the "Notice of the Department of Finance in Guangdong Province on Implementing the Work Expense of Minimum Subsistence Guarantee" was made in May, 2014. Departments of Finance at all levels should budget the work expense at 3% based of the Dibao fund of the previous year. In 2013, 35.4 million was arranged as the work expense of Dibao in provincial finance.

In practice, the local governments make efforts to strengthen supervision on the enforcement of social assistance. For example, according to *Notice on Further Strengthening the Supervision of the Minimum Substance Guarantee of Department of Civil Affairs, Department of Public Security, Department of Finance and Department of Audit (23-09-2013)* it should be recorded if an official's relatives benefit from Dibao. The detailed files should be established about the situation of the officials' and Village Commission (or Residents Committee) members' whose relatives getting the Dibao allowance. The Department of Civil Affairs in Guangdong Province should check the files randomly.

The local cities started early to construct the family income verification system. According to the Ministry of Civil Affairs' arrangement, two cities in Guangdong Province, Guangzhou and Shenzhen were determined to be the pilot cities for verifying the urban residents' household income in 2009. Two years later, the other three cities, Dongguan, Zhuhai and Zhongshan were determined to be the second group of pilot cities. By the end of 2015, all the cities in Guangdong Province were to establish the system for verifying residents' household incomes.

Improve the mechanisms of cooperation among different departments. In order to solve the problem of cooperation of different departments the "Notice of the General Office of the People's Government of Guangdong Province on Establishing the Inter-departmental Meeting System for Social Assistance"⁸⁷ was made on 18 April, 2013. On basis of the Notice, the vice-governor of Guangdong Province should be in charge of the meeting and be the convener. The heads of 22 departments are its members. The Department of Civil Affairs should be responsible for the daily work. The main responsibility of the Inter-departmental Meeting is to reinforce the coordination of the different departments, the inter-connection of the different kind of social assistance, and to promote the changing and sharing of information.

Besides the above, in order to solve the problem of a shortage in human resources, the Governments implement a policy to purchase services from society. In 2014, the fund to purchase social services was more than 48.05 million RMB. This method is solving the problem of the shortage in human resources in lower-level governments to some extent.⁸⁸

Through local study visits some problems are discovered.

Firstly, the financial input into social assistance is inadequate. As previously mentioned, Guangdong is one of the most developed provinces, but the standard of social assistance in Guangdong is much lower than in the other provinces. According to the investigation of Guangdong Provincial People's Congress, although the situation has improved, there has not been much radical change. Take the standard for Dibao in December 2012 as an example, the standard for Dibao was 262 RMB per month in the rural areas and 325 RMB per month in the urban areas of Guangdong Province. Such standards are not only lower than those in Jiangsu Province and Zhejiang Province, but also in Jiangxi Province. Jiangxi is in the middle of China and is not as

⁸⁷http://zwgk.gd.gov.cn/006939748/201304/t20130428_373754.html.

⁸⁸"The Profile of Civil Affairs of Guangdong Province in 2014", http://www.gdmz.gov.cn/zwgk/zwgb/gzgzk/201503/t20150305_41653.htm.

developed as Guangdong. As far as Medical Assistance is concerned, the situation is much more serious in Guangdong. There has been no increase over the past ten years that the province has had public financial input to Medical Assistance. The per capita is only 70 RMB which is less than 18% of the central subsidies' standard. The number of recipients of Dibao in Guangdong Province in 2011 was 2.24 million people (including both rural and urban areas). This is 2.1% of the total population. Such a percentage is much lower than the national average, which is 5.6%. Meanwhile, the corresponding percentages are 4.8% in Liaoning Province and 2.4% in Fujian Province. These two provinces have the same level of economic development as Guangdong.⁸⁹ Secondly, social assistance to immigrants is a serious problem. There is a large number of immigrants in Guangdong province from the inland provinces. According to the “*Regulations of Social Assistance in Guangdong Province*” (2010), only those people who have a local Hukou can apply for social assistance. A lot of immigrants don't have that right. The government put forward that the social assistance will gradually cover the immigrants in “*The Planning Framework of the Pearl River Delta (2008-2020)*”.⁹⁰ But such an idea has made no substantive progress up until now. Thirdly, the disclosure of the public information is relatively lagging. The budget of the public financial input into social assistance can not be found on either the website of the Department of Civil Affairs of Guangdong Province or the Department of Finance of Guangdong Province. By contrast, the situation is so different in Jiangxi Province where such a figure can be found on the website of the Department of Civil Affairs of Jiangxi Province.

Appendix 1 Case Study of the Municipality of Chongqing

To targeting employment assistance for weak-in-employment groups, Chongqing City began to launch the “Employment Assistance Month Activity” in late 2011. Wanzhou District carried out an employment assistance month activity that was themed at “Employment Assistance and Help” on January 10, 2015. It focused on helping weak-in-employment groups and unemployed disabled people and aimed at actively implementing a variety of employment support policies. The activity has reaped preliminary benefits. During the activity, visits were paid to 2,270 households whose residents had with difficulty in finding a job in the district, 1,071 unemployed people who have difficulty in finding a job were registered, including 47 disabled people. 19 special job fairs were organized. The district helped 788 weak-in-employment people, including 14 disabled persons as well as 10 members of households enjoying the minimum living guarantee to successfully find a job. They provided employment services to persons on 5,376 occasions. Enterprises recruited 316 people having difficulty in finding a job and helped 646 people with difficulty in finding a job enjoy assistance policies, including 441 who were enjoying a social insurance subsidy. Wanzhou District mainly took five measures in employment assistance.

1. Developed A Work Plan and Launched an Information Campaign

To actually benefit from the employment assistance month activities, a proposal for the Employment Assistance Month Activity 2015 in Wanzhou District was developed and distributed to unify its ideological understanding and clearly define the employment assistance measures. Concurrently, the district launched an extensive information campaign via radio, TV and so on. This widely informed the population on the conditions for registration and the accreditation of persons with difficulty in employment, the specific contents of the assistance activity as well as national and local employment support policies. This involved sub-district-, town- and community-level labor employment and social security service centres posting advertisements, hanging up banners and paying visits to households, in a bid to help employers and people with

⁸⁹“The standard of Dibao in Guangdong is lower than the national average standard”, <http://gz.bendibao.com/life/2013914/135677.shtml>.

⁹⁰“The immigrants are expected to be covered by social assistance”, http://www.gdshjs.org/s/2013-05/10/content_68641389.htm

difficulty in employment get familiar with the preferential policies. According to the statistics, Wanzhou District distributed over 5,000 copies of information materials and put up 130 banners.

2. Carried Out General Survey on Employment Assistance and Handled Registration and Accreditation

203 staff from 52 sub-district and township social insurance agencies were sent to conduct a general survey of people with employment difficulties in the district. Visits were paid to 2,270 households of people with difficulty in employment, those visited were categorized and 1,072 people with employment difficulties were registered and accredited. On the other hand, local weak-in-employment people registration windows were opened to make real-name registration of qualified people, and the Unemployment Registration Certificate and the Employment Assistance Card were distributed to know information and employment demands of assistance objects. Targeting at characteristics of weak-in-employment groups, nearly 2,000 jobs with low technology content suitable for employment were reserved, laying a solid foundation for the implementation of employment assistance policies in an all-round way.

3. Provided Employment Services and Reserved Employment Positions

Various sub-district and township social insurance agencies opened a special service window to offer “one-stop services” free of charge. They actively provided policies, jobs and services to accredited assistance recipients and rendered door-to-door employment assistance contents and services to people with difficulty in employment by means of meticulous services such as assistance contact cards, one-to-one service, considerate service and service agreements signed with assistance recipients. Wanzhou District visited people with special difficulty in employment by means of condolences, door-to-door services, focused assistance and assistance help. In particular, home visits were paid to unemployed college graduates from poverty-stricken households and long-term employed people to offer them targeted occupational guidance, explain the purpose and significance of the employment assistance month activity, clearly explain policy contents and specific operating process of the employment policy and help them find a job as soon as possible and benefit from the relevant national support policies. In addition 19 job fairs were organized for people with special employment difficulties by following a unified district deployment to provide real-time employment positions, employment policy consulting and occupational guidance and offer employers employee recommendation and position matching services. During the activity, the district provided employment services to 5,376 persons with 2,171 persons receiving employment guidance and 1,690 persons receiving job recommendations. They helped 788 people with employment difficulties to successfully find a job through multiple channels. 316 people with employment difficulties registration and accreditation were recruited by enterprises.

4. Implemented Employment Support Policies and Provided Employment Assistance

During the employment assistance month activity, Wanzhou District guided weak-in-employment people by supporting a policy for them to become self-employed and independently find a job. They gradually implemented employment support policies for all households and all people, helped people with flexible employment who were in their “40s and 50s” to participate in social insurance, and granted social insurance subsidies and organized small-sum guaranteed loans for self-employed people. During the activity, the district helped 646 people with employment difficulties to enjoy preferential policies and 441 people to enjoy a social insurance subsidy to the value of 1.79 million yuan. They granted small-sum guaranteed loans to the value of 290,000 yuan to five people.

5. Improved the Assistance System and Fulfilled Their Assistance Responsibilities

With regard to the building assistance responsibility system, Wanzhou District firstly launched assistance actions in multiple forms such as door-to-door services, one-to-one help, posting recommendations and a door-to-door policy information campaign to implement assistance for all

recipients at grass-root level by depending upon the community labor security service platform. Secondly, the district built a return visit and tracking system to pay visits to assistance recipients and to track their employment conditions. Thirdly, the district sent staff who were familiar with the policies and services, who had a strong sense of responsibility and were good at communicating to provide employment assistance consulting. In terms of building a long-term assistance mechanism, the district intensified its effort in implementing and inspecting various employment support policies to ensure the implementation of these employment support policies. Moreover, it opened a special policy consulting window in the service hall of the human resources markets and sub-district and township social insurance agencies to offer unemployed people long-term policy consulting services. It mobilized various forces within its jurisdiction to provide all-round employment assistance to weak-in-employment people.

Appendix 2 Case Study of the City of Changchun)

Changchun City has adopted a wide variety of educational assistance forms and reaped bumper achievements in educational assistance in the recent years. The main forms of educational assistance in Changchun City are as follows:

1. Charitable Assistance

Orphans, children of heroes and martyrs and examinees with high scores in the senior high school entrance examination and college entrance examination in Changchun will get charitable assistance of a certain amount. Outstanding impoverished candidates for the college entrance examination refer to candidates who reach the admission score of key undergraduate colleges and enjoy urban subsistence allowances in Changchun. Rural candidates are covered by a general subsistence allowance survey; standard for candidates who enjoy urban and rural subsistence allowances and whose parents are disabled or one parent has died of disease may be granted a lowered admission score for entry to general undergraduate colleges. Outstanding impoverished candidates for senior high school entrance examination refer to candidates who are admitted to a first-class senior high school in Changchun and receive the urban subsistence allowances or are covered by the general rural subsistence allowance survey. The conditions for candidates receiving urban or rural subsistence allowances and whose parents are disabled or one parent die of disease may be lowered for entry to second-class schools.

Candidates for senior high school entrance examination and college entrance examination meeting the above-mentioned conditions may call the hotline on 16888007 or log in at www.cc-charity.com to register for assistance. The Changchun Charity Federation will timely receive, classify and sort the relevant information and distribute such information to the relevant counties (districts) and cities for separate handling. Orphans and children of heroes and martyrs may apply for educational assistance to county-level and municipal-level civil affairs departments step by step by household register. Charitable education application forms and certificates issued by schools and villages (towns).

2. “One Foundation Ocean Heaven”

The Changchun project of the “One Foundation Ocean Heaven Program” was officially launched in December 2011 and focused on providing assistance to poor autistic children aged 2-14. The first-batch funds of 50,000 yuan contributed were used to financially aid four months of tuition for 12 autistic children. Autistic children meeting the pre-conditions could apply for assistance from the project’s fund in 2012 to the Changchun Welfare Foundation for the Disabled.

3. “Changchun Love Home”

The assistance recipients of the Changchun Love Home are mainly elementary and secondary school students. A philanthropist signs a love agreement with an assistance recipient to provide at least 500 yuan to the impoverished child until he/she graduates from elementary or junior secondary school. Since 2008, the Changchun Love Home has held 63 educational assistance activities, raised contributions of more than 4.5 million yuan and helped over 1,500 students from poor families to realize their dream of going to school.

4. “Education for the Disabled”

Changchun City has rapidly developed its education for the disabled and improved its education system in recent years. This basically safeguards the right to education of the disabled people and raising their education level. The Changchun Disabled Person’s Federation has basically realized full coverage of educational assistance to all disabled children by focusing on supporting educational assistance projects for the disabled people.

Since 2014, the Changchun Disabled People’s Federation has subsidized 3,000 yuan a year in living allowances to every disabled child studying at designated preschool educational institutions in Changchun for up to three consecutive years. To solve the employment problem of graduates, a one-time subsidy of 10,000 yuan is granted to an educational institution where mentally handicapped and disabled children study to support occupational education and training for disabled people.

5. “Happy Changchun · Educational Assistance”

Changchun City began to implement the “Happy Changchun · Educational Assistance” activity in July 2012. The activity is organized under the leadership of the Changchun Municipal People’s Livelihood Office to coordinate educational assistance in the city. It is implemented by the municipal education bureau, the federation of trade unions, the municipal youth league committee, the Disabled Persons Federation, Red Cross, Charity Federation and other educational assistance institutions. On the other hand, the activity program unifies assistance for the division of labour and the assistance execution standards for various responsible assistance units in accordance with departmental functions and characteristics of assistance recipients based on fresh examinees admitted to junior colleges and above.

Specific division of labor: the Changchun Charity Federation is responsible for the assistance to students from families receiving subsistence allowances and low-income families and orphan students in urban and development districts by following the principle of “assistance to all”. The Changchun Municipal Youth League Committee, the Changchun Municipal Youth Federation and the Changchun Red Cross address students from families receiving subsistence allowances and orphan students in Yushu, Nong’an, Dehui and Jiutai Counties (cities) (quota-based assistance subject to funds). The Changchun Municipal Federation of Trade Unions addresses children of needy workers from families not receiving subsistence allowances and low-income families and the children of rural migrant workers in the city. The Changchun Municipal Disabled Persons Federation addresses disabled students from families not receiving subsistence allowances and low-income families and children of poor disabled people in urban and development districts.

Assistance recipients: students from poor families whose registered permanent residence is in Changchun and who are admitted to ministerial and provincial universities, independent colleges and private institutions of higher learning. The loan is mainly used to pay tuition and lodging fees and the remaining part may be used for living expenses.

Assistance standard: every student passing the examination can get a loan of between 1,000 yuan and 6,000 yuan (integer). The length of maturity is between 6 years and 14 years and should be up to 10 years after graduation. Students may repay the loan ahead of the loan’s maturity.

6. Other Educational Assistance Projects of the Education Bureau

The Changchun Municipal Education Bureau has made the overall design of its educational assistance projects and established a complete educational assistance system (including 16 projects), longitudinally covering the educational stages of preschool, elementary school, junior secondary school, senior secondary school and college and horizontally including basic education, special education and occupational education.

1) Project of educational assistance to children in kindergartens from families with financial difficulties in urban areas

Assistance recipients and conditions: children in kindergarten from families receiving subsistence allowances and low-income families in urban areas.

Assistance standard: 315 yuan per student per month. Assistance funding source: Municipal finance

2) Project of assistance to the children in kindergartens from families with financial difficulties in urban and rural areas

Assistance recipients and conditions: children from families receiving subsistence allowances and low-income families in urban and rural areas and orphans going to all approved kindergartens.

Assistance standard: annual living subsidy of 2,000 yuan in urban areas and annual living subsidy of 1,500 yuan in rural areas.

Assistance fund and source: Shared on the basis of 50/50 of costs by both provincial and district finances.

3) Project of assistance to needy students receiving compulsory education in cities

Assistance recipients and conditions: children receiving compulsory education from families receiving subsistence allowances and low-income families in cities as well as students at special education schools.

Assistance standard: exemption of expenses of national and provincial textbooks, exercise books and school uniforms and subsidy to students' lodging and living expenses (three exemptions and one subsidy).

Assistance fund and source: Municipal finance

4) Project of charitable grant-in-aid to candidates for the senior high school entrance examination

Assistance recipients and conditions: new candidates for the senior high school entrance examination from families receiving subsistence allowances in urban and development districts who are admitted to a senior high school or secondary vocational school (excluding self-paying candidates).

Assistance standard: 3,000 yuan per student. A one-time distribution in September of the year of enrollment.

Assistance fund and source: Funds are allocated from the "dual day donations" of the Changchun Municipal Charity Federation.

5) Project of nutritious lunch subsidies to students from families receiving subsistence allowances in the city

Assistance recipients and conditions: Elementary and secondary school students from families receiving subsistence allowances and low-income families in the city.

Assistance standard: 6 yuan per person per day for elementary school students, 7 yuan per person per day for junior secondary school students and 8 yuan per person per day for senior secondary

school students in the urban areas (including Kaifa District and Shuangyang District); 4 yuan per person per day for elementary school students, 5 yuan per person per day for junior secondary school students and 6 yuan per person per day for senior secondary school students in four counties. 195 days per academic year for elementary and junior secondary school students and 205 days per academic year for senior secondary school students.

Number of assistance objects: over 25,000 students from families receiving subsistence allowances and low-income families, including 9,210 students in urban areas and over 15,800 students in the four counties.

Assistance fund and source: the over 28 million yuan needed by the nutrition lunch subsidy is wholly borne by the municipal finance.

6) Project of state stipend for regular senior secondary schools

Assistance recipients and conditions: students at regular senior secondary schools from needy families that have a formal enrollment registration (20% of total students).

Assistance standard: 1,500 yuan per student per year on average (varying from 1,000 yuan to 3,000 yuan in two or three grades).

Assistance fund and source: 60% by national finance, 20% by provincial finance and 20% by municipal finance.

7) Project of state stipend for secondary vocational schools

Assistance recipients and conditions: new policy for freshman students and old policy for non-freshman students. The new policy was implemented for students enrolling in 2012, namely students of agriculture-related majors having full-time formal school enrollment and 15% of students from needy families not majoring in agriculture. In-school students having full-time formal school enrollment in 2011 in rural areas (including counties and towns) and students from needy families in urban areas enjoyed the state stipend subject to the old policy.

Assistance standard: 1,500 yuan per year per student (distribution by semester). State assistance for two years and subsidized internship for students in third year.

Assistance fund and source: shared cost of educational assistance by national, provincial and municipal finances in the ratio of 6:2.4:1.6.

8) Project of state tuition waiver for secondary vocational schools

Students at Grades 1-3 at public schools and at Grades 1-2 at private schools in rural areas (including counties and towns), students of agriculture-related majors in urban areas and 10% of students not majoring in agriculture in urban areas enjoy tuition waiver of 2,000 yuan per year (excluding art and performance majors). Public schools do not collect tuition from students enjoying the tuition waiver and private schools may collect the differential beyond the tuition waiver from students in Grades 1-2 and full tuition from students in Grade 3.

Assistance fund and source: shared cost of educational assistance by national, provincial and municipal finances in the ratio of 6:2.4:1.6.

Appendix 3 Case Study of Hainan Province

The Provisions on Legal Aid in Hainan Province were adopted at the Sixth Session of the Standing Committee of the Fourth Hainan Provincial People's Congress on November 28, 2008. This , required judicial administrative departments at provincial, municipal, county (district) and autonomous county levels to set up legal aid institutions in accordance with the law.

Since 2004, the Hainan Provincial Party Committee and People's Government included "providing legal aid to people in strained circumstances and rural migrant workers" in the top 10 practical events for the people for two consecutive years. It listed legal aid among the key accountable events of the work of the Standing Committee of the Provincial People's Congress for the first time in 2015.

Hainan Province focused on implementing the following measures in legal aid.

1. Strengthened Organizational Leadership

Since 2009, the Hainan Provincial People's Government has convened a legal aid working conference every year and focused on deploying the implementation of events for the people. In 2014, the Plan for the Implementation of the Practical Event for the People on "Providing Legal Aid to People in Straitened Circumstances and Rural Migrant Workers" by the Hainan Provincial People's Government was formulated and distributed at the legal aid working conference. All judicial bureaus of its 18 cities and counties developed an implementation plan and set up a lead group to advance the practical events for the people in an orderly way.

2. Expanded the Scope of Legal Aid

To provide legal aid to more people in strained circumstances, the Provisions on Legal Aid in Hainan Province (Amendment) was adopted at the Seventh Session of the Standing Committee of the Fifth Hainan Provincial People's Congress in 2014, including six areas such as compulsory land acquisition, compensation for housing demolition and compensation for damages requested by women in the scope of supplementary events of legal aid. It lowered the "financially-challenged standard" to 1.5 times the minimum living guarantee standard in a bid to cover more people in strained circumstances under legal aid. On the other hand, the legal aid service network was extended, the provincial-level "12348" legal aid service hall was established to offer people one-stop services of reception and consulting, case consulting, case acceptance, mediation organization and complaint acceptance. The "12348" legal aid service hotline was upgraded to increase its service and the number of on-duty staff and to realize a 24-hour hotline service. All cities and counties set up 508 legal aid stations in towns (sub-districts), at social organizations for workers for the young, women, the old and the disabled, at traffic police brigades, at labor arbitration commissions, at detention houses and at other departments or institutions so as to form an extensive service network and providing more convenient and faster legal aid services to people in strained circumstances.

3. Reinforced Quality Management

Local judicial administrative organs and legal aid institutions in Hainan intensified their efforts in case quality management and strengthened their guidance and supervision on the various links of legal aid case acceptance by taking measures such as court hearings, return visits to the parties concerned, case evaluation and network-based case information management to steadily improve the quality of legal aid cases. To address the shortage of lawyers in some cities and counties, the Hainan Provincial Department of Justice built a unified allocation and collaboration mechanism of case handling, coordinated Haikou, Sanya, Danzhou and other regions rich in lawyer resources to support Lingao, Baisha, Wenchang, Baoting and other regions with scarce lawyer resources to handle legal aid cases, and applied the "1+1" China Legal Aid Volunteer Action Program for six cities and counties, effectively mitigating the predicament of no lawyer to be dispatched to regions with scarce case handling resources.

4. Strictly Granted Legal Aid Funds

In 2014, 6.7034 million yuan from central funds was spent, including 5.5 million yuan transferred from the central subsidy to the local legal aid case handling and 1.2034 million yuan from the legal aid

project fund of the special central lottery public-welfare fund. 1.5 million yuan was allocated from Hainan provincial finances to provincial legal aid centres as project funds and 1.1 million yuan of transfer payments was granted to cities and counties to basically fund the demand for case handling and effectively improve the working environment and the facilities for people's convenience.

5. Carried Out an All-round Information Campaign

The Hainan Provincial Department of Justice organized "1+1" legal aid volunteer lawyers to launch a voluntary consultation activity themed at "Green Island Legal Aid - Happy Sunset Action" to answer legal questions raised by the people free of charge, accepted legal aid applications on the spot and placed legal aid signs in all villages to actively promote the legal aid system. Various cities and counties also organized staff to launch legal aid information campaigns on construction sites, street markets, towns and other places where people or rural migrant workers are concentrated through the local legal aid office of the township or the sub-district office of justice.

6. Significantly Improved Social Influence and Public Awareness

In 2014, a total of 18,394 legal aid cases were accepted and handled in Hainan, a year-on-year increase of 13%. Free legal consulting was provided to 54,833 persons, an increase of 4.4% year on year. Losses recovered or benefits obtained for people in strained circumstances amounted to 1.55 trillion yuan, a year-on-year increase of 24%.

Appendix 4 Case Study of Qinghai Province

In recent years, Qinghai province has insisted on taking the construction of indemnificatory housing and the transformation of shanty towns as powerful starting points in its structural adjustment, development promotion, growth stabilization and people's livelihood improvement. It has gradually established and improved its housing security system, and has effectively promoted the construction of the people's livelihood projects. Since the implementation of the urban housing project in 2008, there have been 453,300 units of urban indemnificatory housing and shanty towns constructed by the province - 362,300 units basically completed, and 238,200 units occupied. The specific work is as follows:

1. Improve the System, and Strengthen the Basic Work

In recent years, Qinghai province has formulated and issued more than 20 administrative regulations in succession, such as the "Implementation Advice on Accelerating the Construction of Urban Indemnificatory Housing", "Measures for the Management of Indemnificatory Housing in Qinghai Province", "Rules for the Implementation of Access Distribution Exit and Operation Management of Indemnificatory Housing in Qinghai Province etc. These form a policy system from construction to operational management. In the light of the outstanding problems found in its audit and inspection, Qinghai province has formulated and issued the "Notice On the Effective Solution to the Outstanding Problems in Urban and Rural Housing" and has put forward the opinions and measures to solve the problems. In particular the implementation of unified construction and strict supervision has solved the "live well" problems of shanty town residents moving back.

2. Define the Goal Responsibility, and Highlight the Planning Lead

Qinghai province has included occupancy indicators into the targeted responsibility assessment of local government for three consecutive years. The city, state, and county party committees and governments implement the "Leader" responsibility system. They have arranged the starting of the next year's projects in advance for three consecutive years. For example in 2013, the provincial finance arranged 67,460,000 yuan and started the implementation of the urban shanty towns reconstruction project of 10,120 households in 2014 in advance. Qinghai province has reasonably

arranged the annual plan, and prepared the shanty towns' reconstruction planning from 2013 to 2017, defragmenting the task to each year and implementing specific projects and construction sites in the city and in counties. Qinghai province also has set up the pre-conditions for the preparation of constructive detailed planning or implementation plans for the urban indemnificatory housing project included into its annual plan in 2014. Projects with constructive detailed planning or implementation plans which are not prepared will not be included into the annual plan.

3. Explore the Placement Mechanism, and Implement "two houses merging"

With the large-scale completion and delivery of the indemnificatory housing program, in the light of the large local government construction funding gap and the urgent desire of people concerning the ownership of the housing etc., Qinghai province has taken a series of measures.

Firstly, all regions have set up non-profit indemnificatory housing operations management agencies under the city and county housing urban and rural construction (real estate) competent departments.

Secondly, since 2014, the adjustment of the construction plan for low-rent housing has been included into the annual construction plan of public rental housing. The construction in progress included into the construction plan of low-rent housing before 2014 will be carried out continuously, and will be included into the public rental housing management uniformly after its completion, to realize the "two houses merging".

Thirdly, to integrate the original low-rent housing and public rental housing acceptance service windows, to further improve the application acceptance channels and the audit access procedures for public rental housing. This will facilitate application of the general public. On the basis of the comprehensive consideration of the level of housing difficulties, income level, application order, security demand and housing etc. of potential housing security recipients the office is reasonably able to determine the waiting and ordering rules and the waiting list for unified rent.

Fourthly, to adjust the public rental housing rent so as to be determined in accordance with the rent area and the rent standards. For the public rental housing invested and managed by the government, they have implemented a differentiated rent according to the payment ability of the recipients.

Fifthly, in accordance with the principle of "Rent first, sale second, common property, rent and sale develop simultaneously", they have selected in Guide (Qinghai province), Menyuan, and Datong three counties as the pilot areas for indemnificatory housing placement, to gather experience in carrying out the common property rights system for indemnificatory housing.

Sixthly, carry out the registration of indemnificatory housing properties, implement property identification and certification for the indemnificatory housing that is completed and occupied.

4. Innovate System Mechanism, and Solve Development Problems

1) Funds

The exploration of the cooperative housing construction model between the government and enterprises, the government and the people, and the implementation of the common property rights system has made up the funding gap to a certain extent. For several years, there have been more than 50 enterprises and 54,000 people cooperating in the construction of 73,900 sets of public rental housing. At the same time, the financing channels have been continuously developing, and 5 billion yuan of private debt for indemnificatory housing was successfully released in 2012. Qinghai province supported the shanty towns reconstruction policies by making use of development finance, and signed a framework agreement of 62.4 billion yuan loan for shanty town reconstruction from 2013 to 2017 with the CBD. As of the end of 2014, 10.5 billion yuan of the CBD loan had been implemented.

2) Land

The land for indemnificatory housing projects in all regions gives priority to the state-owned stock of construction land. The projects involving new construction sites are implemented once separate papers are submitted for approval. These have been recognized by the Ministry of Land and Resources and promoted in the whole country. In the annual, newly added land use planned indicators, Qinghai province implements a separate indemnificatory housing projects land use plan. Before the issuing of the planned indicators, the indemnificatory housing projects land use indicators in all regions can be paid in advance. The province allows all regions to provide the project land first, and to improve the measures of land use procedures during the year, to make the indemnificatory housing projects land be kept to the best, and ensure that the construction is completed on time.

3) Construction

The province set up a "Green Channel" for the construction of the indemnificatory housing projects, implemented a series approval and one-stop work to improve the efficiency of the administrative examination and approval. It accelerated the projects' construction, the foundation construction of the new project image must be completed in the year to achieve a positive or negative rating. At the same time, they promote and apply the new energy-saving building structural system and renewable energy utilization technology.

4) Supervision

Qinghai province has carried out a mid-term evaluation on the implementation of its indemnificatory housing projects policies, which has provided the basis for scientific decision-making and guidance for its future housing security work. At the same time, Qinghai province has organized 8 supervision groups, divided up the work and assigned a part to each individual, and carried out daily inspections, special inspections and key inspections on the construction of the indemnificatory housing, to ensure that the policy measures can be put in place. The Audit Department has implemented a full coverage audit of the annual indemnificatory housing projects, to correct the problems in time.

5. Make the Construction Procedures Strict, and Ensure the Quality Safety

Qinghai province has always put quality and safety issues in the first place for its indemnificatory housing projects. It has "zero tolerance" for quality issues. To fully implement the project quality responsibility system and the lifelong responsibility accountability system, it has strictly implemented the basic construction procedures, standards and processes. Qinghai province carries out the special inspection of quality and safety of indemnificatory housing projects every year in a timely manner. This has promptly corrected and processed a number of common quality problems and safety hazards. The province has uniformly implemented permanent signs and the sub - door acceptance system of indemnificatory housing projects within the scope of the province. Since 2014, the indemnificatory housing program has fully implemented green building standards. The newly built indemnificatory housing must reach at least a one star standard. "Housing Instructions" is implemented in the delivery of the indemnificatory housing, which is illustrated in more than two kinds of text in the national regions.

6. Well Grasp the Distribution, and Ensure the Fairness and Justice

In order to ensure the fairness of the distribution system, Qinghai province has formulated and introduced the indemnificatory housing distribution system with standard procedures and public disclosure. This has reasonably determined the access income control standards and the housing difficulties standards of the housing security recipients. The audit to the housing security recipients has been transferred gradually from basic income and housing to the income, housing, vehicles, financial securities assets, taxes, housing reserve, social security etc. i.e. a comprehensive situation. And the basic audit system of communities, streets, counties (districts) three level audit and streets,

counties (districts) two level publicity "three audit two publicity" has been implemented in all cities and counties in the province. And in accordance with the principle of people having difficulties first and taking care of the lonely old sick and disabled people, the housing is distributed by the method of "Score sorting, open lottery, notarization by notary organs". NPC deputies and CPPCC members, the discipline inspection and supervision departments and the news media fully participate in the distribution, to make sure that the process is open and transparent and the result is fair and equitable. At the same time, the housing security recipients having been assigned occupancy will be irregularly reviewed and randomly spot checked. Families having changes in their income and housing conditions which are not in conformity with the security conditions will be timely adjusted or removed.

Appendix 5 Case Study of the City of Guangzhou

In terms of medical assistance, Guangzhou issued the "Notice on Printing and Distributing Trial Measures for Medical Assistance in Guangzhou", the "Trial Measures for Medical Assistance to Major and Serious Diseases in Guangzhou", the "Detailed Rules for the Implementation of the Trial Medical Assistance Measures in Guangzhou", the "Trial Measures for Medical Assistance to People in Strained Circumstances in Guangzhou" and other policy documents to provide policy support for the implementation of medical assistance.

Medical assistance in Guangzhou is mainly made up of the 330,000 yuan medical assistance, charity society assistance and social assistance.

1. 330,000 Yuan Medical Assistance

Residents with a Guangzhou household registration can get medical assistance of up to 330,000 yuan. This medical assistance policy has been implemented since 2013. The specific implementation scheme for the application of medical assistance is as follows: a resident impoverished by disease can apply for medical assistance to other people and people with special difficulty apply to the sub-district office of their place of domicile. The medical assistance office examines the total assets of the applicant's family. If the applicant's medical expenses reach and exceed 60% of the family's total assets, the applicant can get medical assistance of up to 330,000 yuan for one year. The applicant obtaining medical assistance to other people can get reimbursement up to 40,000 yuan for medical expenses for one year. In the case of a serious disease with medical expenses beyond the 40,000 yuan, the applicant can continue to apply for medical assistance for major and serious diseases up to 100,000 yuan for one year. In addition, the applicant may apply for medical assistance to people with special difficulty and get subsidy to participate in commercial medical insurance with an annual coverage up to 150,000 yuan.

The medical assistance fund up to 330,000 yuan is made up of four parts:

- (1) Basic medical assistance: this is an annual accumulative outpatient and hospitalization assistance of up to 40,000 yuan per person to Guangzhou citizens, including households enjoying the minimum living guarantee, low-income people, households enjoying the five guarantees (food, clothing, medical care, housing and burial expenses), people without identification papers, severely disabled people and people impoverished by disease. Medical expenses of this part may be directly paid by the medical insurance system or be applied for separate reimbursements to the sub-district or township civil affairs departments.
- (2) Medical assistance for major and serious diseases: a local citizen whose annual accumulative medical assistance limit exceeds the 40,000 yuan per year may apply for medical assistance for major and serious diseases with an annual limit of 100,000 yuan per person to the municipal medical assistance service center.

(3) Supplementary assistance of commercial insurance: an annual accumulative limit of 150,000 yuan per person. People should apply for this benefit at the district and prefecture-level commercial insurance medical assistance outlets.

(4) Temporary medical assistance and charity and emergency medical assistance: people enjoying the minimum living guarantee, low-income people, those enjoying the five guarantees (food, clothing, medical care, housing and burial expenses), people without identification papers and other people in strained circumstances may apply for temporary medical assistance with an annual accumulative limit of 10,000 yuan per person. Charity and emergency medical assistance with an annual accumulative limit of 30,000 yuan per person may be applied for at county-level charity societies.

The verification of a family's economic status by the medical assistance office generally takes half a month and charity medical assistance and social help may be applied for in the case of an emergency.

2. Charity Society Assistance

The Guangzhou Charity Association opened a self-help assistance-seeking channel on its websites to enable citizens to seek social help. A citizen may register an individual account on the www.gzcf.org site which states "I want to seek help". One gets themselves registered as instructed and submits relevant materials to talk through one's difficulties and seek social help.

The institution concerned will intervene into, and track, an individual "seek-help" case of "show myself" after the case passes an examination and the Guangzhou Charity Association will do its best to provide medical assistance to the applicants.

As of September 30, 2014, charity medical and emergency medical assistance in Guangzhou had cumulatively covered 3,478 persons, involving 19 million yuan.

3. Social Assistance

Social assistance mainly refers to the "Timely Rain Care Fund of the Guangzhou Welfare Lottery". The "Timely Rain Fund" is a special fund jointly initiated and set up by the Guangzhou Welfare Lottery Center and the Guangzhou Charity Association, with voluntary contributions from winning lottery buyers. It is designed to provide timely short-term assistance to families and individuals in strained circumstances and encourage more social figures to provide social assistance.

The single assistance amount of the "Timely Rain Fund" is 2,000 to 10,000 yuan. The assistance standard may be appropriately raised up to 20,000 yuan subject to special approval under special circumstances.

The "Timely Rain Fund" was officially enacted on December 21, 2013. As of October 13, 2014, 16 winning lottery buyers had together contributed 1.513 million yuan to the fund which then had a balance of 1.318 million yuan. As of October 13, 2014, the "Timely Rain Care Fund" had provided assistance to 16 applicants with 195,000 yuan, with a wide ranging coverage of recipients including families impoverished by a sudden accident, children suffering from a serious disease and single elderly people needing emergency assistance. The assistance amount of every case ranges from 10,000 yuan to 20,000 yuan. Formalities of examination, fund allocation and assistance of all individual assistance cases are completed within seven business days upon the receipt of the case's acceptance.

Appendix 6 Case Study of Sichuan Province

In recent years, extreme weather and climate events in Sichuan province have significantly increased. There has been active seismic and during this period there have been strong earthquakes.

Sichuan province has undertaken a lot of work related to disaster warning, transfer and resettlement, emergency rescue, disaster reconstruction and warm winter and other fields. While fully protecting the basic livelihood of the affected people, the civil affairs departments at all levels have also included the "Construction of a disaster prevention and reduction system" into the overall situation of the people's livelihood projects. The comprehensive ability of the province's disaster prevention and reduction has been greatly improved.

1) The insistence on the initiative actions has reshaped the "civil affairs disaster relief". On September 1, 2010, the "Regulations on Natural Disaster Relief" were promulgated and implemented. The promulgation and implementation of the "Regulations on Natural Disaster Relief" recognizes the work principles, systems and methods of natural disaster relief work that have been formed in years in a law, marking a new stage in the historical development of the law-based administration. In real life, Sichuan province has put forward and practiced the new idea of "disaster reduction, disaster preparedness, disaster relief and post-disaster relief" the four-in-one comprehensive disaster relief mechanism around departmental responsibilities and on the basis of the refinement and the reconstruction of traditional single disaster relief operations. The disaster relief work has been extended to the pre-disaster prevention and control and post disaster relief. This has acknowledged the equal importance of pre-disaster prevention and control and emergency disposal, has combined normal disaster relief and emergency rescue, and has clarified and enriched the connotation of "civil affairs disaster relief".

2) The integrated and coordinated development has rationalized the working mechanisms. All cities (states) and counties (cities, districts) in the province have set up Disaster Reduction Committees in accordance with the requirements of the provincial Disaster Reduction Committee, through the improvement of the work engagement mechanism. The comprehensive coordination functions of the offices of Disaster Reduction Committees at all levels have been further strengthened. At the provincial level, on the one hand, by taking the standardization of the schedule as the starting point, the relationship between the offices of the Disaster Reduction Committees and the member units has been rationalized. On the other hand, by taking the convening of the disaster consultation as an opportunity, the information linkage mechanism among multiple disaster related departments has been set up. After the "4 -20" Lushan earthquake, by taking the Disaster Reduction Committee Office as a platform, Sichuan province comprehensively, scientifically and efficiently did a good job in the evaluation of earthquake disaster losses and accumulated experience in the natural disaster loss assessment. After the "11-22" Ganzi Kangding earthquake, Sichuan provincial Civil Affairs Department independently completed a full disaster loss assessment for the first time. This provided the scientific basis for the Provincial Government to introduce the post-disaster reconstruction policy and to establish the post-disaster reconstruction scheme. It also created a precedent for the national provincial civil affairs departments to independently carry out a major disaster loss assessment in the name of the office of the Disaster Reduction Committee.

3) The emphasis on the thinking of the rule of law has improved the policy system. In its practice of natural disaster relief, Sichuan province has focused on the thinking of the rule of law and adhered to the advancement, according to the law, of the new ideas of "disaster reduction, disaster preparedness, disaster relief and post-disaster relief" - the four-in-one comprehensive disaster relief mechanism. Sichuan province has summarized and refined the good practices and has good experience in this work. It has recently revised or formulated a series of normative documents such as the "Natural Disaster Relief Emergency Plan in Sichuan Province", the "Disaster Relief Material Management Method in Sichuan Province", the "Guidance on the Standardization Management of Centralized Resettlement Areas for Affected People in Sichuan Province", the "Interim Measures for the Assessment of Major Economic Losses of Major Natural Disasters in Sichuan Province", the "Work Specification for the Disaster Relief Working Group of the Sichuan Provincial Disaster Reduction Committee", the "Code for the Disaster Relief Work of Sichuan Provincial Civil Affairs

Department “, the “Work Rules for the Emergency Disaster Relief Working Group of the Sichuan Provincial Civil Affairs Department” etc., matching with the “Regulations on Natural Disaster Relief”. The civil affairs departments at all levels have also drafted and introduced a lot of detailed measures combining them with actual work practices. This has provided a system of guarantees for the orderly and efficient development of disaster relief work. Through several years of hard work, the law-based rescue policies and systems based on the national laws and the actual situation of basic levels linking and communicating with the central, provincial, municipal and county level have been established. The province's civil affairs disaster relief work has entered a scientific phase and has created a new standard for the normal situation.

4) The emphasis on the capability of construction has improved the level of security. The first point is the ability to construct technical support. The Sichuan Provincial Civil Affairs Department set up a disaster reduction center in Sichuan Province in 2009 and there are 12 cities which have set up a Municipal Disaster Reduction Centre in Sichuan province. Guangyuan City also set up a disaster relief center to be a deputy county level unit. , This has attracted professional and technical personnel and is a means of support for disaster prevention and reduction.

Meanwhile, Sichuan province has promoted the construction of a comprehensive disaster reduction and relief emergency command system at province, city, county, and townships at four levels. At present, the comprehensive disaster reduction and relief emergency command system has realized the information exchange among provinces and cities. The emergency response capability has been improved.

Another is the ability to create material support. The central relief supplies that include the Chengdu reserve, 20 municipal (state) disaster relief material reserves, more than 140 county disaster relief material reserves and 782 relief material reserves set up in towns and remote villages prone to natural disasters have been put into use. The disaster relief material reserve network system "by taking the central relief supplies Chengdu reserve as the center, the municipal (state) disaster relief material reserves as the backbone, the county (city, district) disaster relief material reserves as the basis, and the relief material reserves set up in towns and remote villages as the supplement" has been established. The province invests 30 million yuan of special funds every year for disaster relief supplies procurement. All regions also actively coordinate with the Finance departments at all levels, to increase the disaster relief supplies at this level. In recent years, the quantity of material reserves in the province has increased year by year, and the material reserve types are enriched. This has provided the conditions for the affected people in the event of a natural disaster emergency rescue to have water to drink, food to eat, clothes to wear, places to live in, and have timely assistance for sickness.

Another is the ability to construct the basic guarantee. Since 2010, the province has held more than 10 sessions of provincial disaster information officer training courses and has trained nearly 4,000 disaster information officers at city, county and town level at no cost. At the same time, according to the requirements of the “Long Term Plan for the Development of Talents in Disaster Prevention and Reduction in Sichuan Province” (2010-2020), all regions have done a good job in training disaster information officers. The total number of staff trained in disaster information is more than 40,000. Deyang city, Luzhou city, Meishan city, etc. have realized the full coverage of the township disaster information staff training. Through professional skills training, the province's natural disaster information submission level and disaster prevention and reduction work quality have been improved. On the other hand, by using the improvement of the public awareness of disaster risk as its purpose, in recent years, the construction activities of the national comprehensive disaster reduction demonstration community have been carried out vigorously.

Since 2010, there have been 286 communities in the province which have been awarded the "National Comprehensive Disaster Reduction Demonstration Community" by the National Disaster

Reduction Committee and the Civil Affairs Department. These are to the forefront of the country. Chengdu city also has coordinated with the city levels to invest more than 20 million yuan of special funds for the construction of the demonstration communities, and has proceeded to formulate the “Specification for Construction of Public Information Identification of Comprehensive Disaster Reduction in Communities (Villages)”. This has done a useful preparation in promoting disaster reduction work on standardization and standardized development. Mianyang City also has drawn on special funds from the city level budget to give a 50,000 yuan reward to the successful communities. Qingchuan county and other places have a definite objective in mind according to the characteristics of regional disasters, having realized the simultaneous construction of city communities and rural communities, and promoted the city's construction of “Comprehensive Disaster Reduction Demonstration Community” to a new level.

Appendix 7 Case Study of Gansu Province

Gansu Province issued the “Trial Measures for Temporary Assistance for Urban and Rural Residents in Gansu Province” in November 2009. It promulgated the “Plan for the Implementation of the Temporary Assistance System for Urban and Rural Residents” in March 2010 and issued the “Opinions on Further Strengthening and Improving the Work of Temporary Assistance” in December 2014, detailing the assistance contents, clearly defining the assistance procedures and standardizing limits for examining and approving authority.

Gansu lays equal stress on fund raising and system building to actively support temporary assistance. In 2014, Gansu raised fiscal guarantee funds of 212 million yuan, a growth of 4.7 times when compared with 2013. Temporary assistance was provided to 299,000 persons with a per capita assistance fund of 710 yuan. The smooth implementation of the temporary assistance system in Gansu builds the “last safety network” of the social assistance system.

In 2014, the financial departments in Gansu Province allocated 44.67 million yuan to the provincial subsidy funds in addition to the 120 million yuan temporary assistance funds appropriated by the central finance department. It encouraged the local allocation of supporting funds in full by strictly following the proportion of 1:1:1 and realized the hierarchical sharing of the temporary assistance funds. On the other hand, Gansu opened a mutual fund complementation channel between the subsistence allowance and temporary assistance in urban and rural areas. It transferred 50 million yuan surplus funds from subsistence allowances in urban and rural areas to temporary assistance in full consideration of actual balance of subsistence allowance funds in rural and urban areas as well as the actual needs of temporary assistance. It raised funds of 212 million yuan, an increase of 4.7 times when compared with 2013.

To facilitate its pilot implementation of “emergency assistance”, the Gansu Provincial Department of Civil Affairs selected Baiyin District and Huining County in Baiyin City, Minle County in Zhangye City, Tianzhu County in Wuwei City and Wudu District in Longnan City that are characterized by the importance attached by the Party and government leaders, the excellent work by the civil affairs department and a solid foundation for social assistance to launch the pilot “emergency assistance”. To strengthen the organizational leadership of the pilot work, the Gansu Provincial Department of Civil Affairs assigned its deputy director as well as the head and deputy head of the business division as the responsible persons to track and guide the pilot “emergency assistance” in the various counties and districts. They explored the experience and provided the references for the implementation of the comprehensive “emergency assistance” pilot in an all-round way.

On the other hand, Gansu Province attaches importance to the linkage between the temporary assistance system and the other social assistance systems, timely track the temporary assistance system after sorting and standardizing the subsistence allowances in urban and rural areas and effectively addressing the sudden emergencies impacting the people’s basic life. It maintains the

seriousness of the urban and rural subsistence allowance systems and gives play to the role of remedy and supplement of the temporary assistance system.

Lanzhou established the temporary assistance system in an all-round way in 2010. In 2010, it provided guarantees to 16,019 persons and in total spent guarantee funds of 10.792 million yuan. From 2010 to the first quarter of 2015, 49,007 persons were provided with guarantees and 34.821 million yuan was in total spent as guarantee funds.

In 2015, Lanzhou revised the “Measures for Temporary Assistance in Lanzhou”. While encouraging people in strained circumstances to become self-reliant and self-employed and actively improve their living conditions, Lanzhou included the following recipients in the scope of temporary assistance, namely low-income families in urban areas with great difficulties in basic life due to sudden and temporary reasons, rural families receiving subsistence allowances and families enjoying the five guarantees in rural areas, families with separate registered and actual residences who have a fixed residence, live in and work in the city and live for more than one year in the same county and district and meet the accreditation conditions for low-income families and other people with special difficulties. In 2014, Lanzhou in total provided assistance to 8,362 people from 3,848 families and spent 7.15 million yuan.

For temporary assistance system, Lanzhou adheres to the principles of combining government assistance and mutual social assistance with self-assistance through labor, one discussion for one case, timeliness, moderation, fairness and openness to provide non-quota-based and non-regular assistance to people suffering from temporary and sudden difficulties in life, guaranteeing the basic life of people in strained circumstances. In April 2015, Lanzhou revised and improved the “Measures for Temporary Assistance in Lanzhou” in accordance with the relevant provisions on temporary assistance formulated by the State Council and Gansu Province and based on the actual conditions in Lanzhou, and issued and implemented the Measures in the name of the government, giving full play to the temporary assistance system.

1) The scope of temporary assistance has been further expanded. The newly-revised “Measures for Temporary Assistance in Lanzhou” creates unified standards for urban and rural areas and enables people in strained circumstances in urban and rural areas to get equal access to assistance policies. In terms of the assistance recipients they are low-income families in urban and rural areas and families with the separation of registered and actual residences and non-local household registration in addition to recipients of subsistence allowances in urban and rural areas and recipients of the Five Guarantees in rural areas in the scope of temporary assistance, effectively addressing the issue that families with the separation of registered and actual residences have no access to the various social assistance policies in both their registered and actual residences. This is providing assistance to non-local migrant workers who make outstanding contributions to the economic and social development of Lanzhou and encounter temporary and sudden difficulties in their life. This creates a significant breakthrough in the assistance policy and the full coverage of assistance recipients. It effectively addresses temporary assistance for marginalised people in strained circumstances and fills in the gap in social assistance.

The assistance content is further detailed. Assistance is provided subject to different standards according to the degree of difficulty in life caused by various temporary and sudden reasons. This highlights the flexibility of temporary assistance when compared to the other assistance systems. A one-time benefit of 1,000 to 1,500 yuan is paid to people whose actual dwelling is damaged or collapses due to fire, whose properties are damaged and who have no self-relief ability according to the degree of property loss, and a one-time benefit of 5,000 to 10,000 yuan is paid on the death of a family member to families with death. A one-time benefit of 5,000 to 10,000 yuan is paid on the death of a family member to families who after this death still have heavy burdens even after getting the various compensations, insurances and assistance as a result of personal injury and death

due to accidents and badly need the assistance due to difficulties in basic life. A one-time benefit of 1,000 to 3,000 yuan for injury and disability of family members according to degree of injury and disability; one-time benefit of 5,000 to 10,000 yuan is paid for a death in families that face difficulties in basic life and badly need assistance as a result of personal injury and death caused by traffic accident when the traffic police department is unable to find the responsible person or the responsible person is unable to pay for compensation. A one-time benefit of 1,000 to 3,000 yuan to families whose member suffers from injury and disability according to degree of injury and disability, and a one-time benefit of 3,000 to 5,000 yuan to people hospitalized according to their degree of difficulty in basic life caused by the burden of medical expenses; a one-time benefit of 1,000 to 5,000 yuan to families that face difficulties in basic life and badly need assistance when some persons, subject to enforcement of civil compensation in personal injury cases, are unable to make compensation after the applicant's unit, sub-district office or town issues a certificate that is confirmed by court; one-time benefit of up to 6,000 yuan based on 20% to 40% of the remainder of the actual amount paid by individuals to people whose basic family life is seriously impacted by actual self-paid medical expenses, that enjoy no medical assistance and badly need assistance as a result of critical diseases subject to the diagnosis and certificate issuance by a medical institution above county-level; an annual one-time life subsidy of 800 yuan to people whose child goes to senior high school and who face difficulties in their basic life due to their educational expenses and enjoy no assistance and subsidy (except subsistence allowances in urban and rural areas), a one-time benefit of 2,000 yuan or 3,000 yuan to people whose child is formally admitted to a local university in Gansu or non-local university through the unified college entrance examination and who face difficulties in their basic life due to their educational expenses and enjoy no assistance and subsidy (except subsistence allowances in urban and rural areas) respectively, and a one-time benefit of 1,500 yuan or 2,000 yuan per academic year to a student admitted to a local university in Gansu or non-local university through other unified enrollments whose family faces difficulties in basic life due to educational expenses and enjoys no assistance and subsidy (except subsistence allowances in urban and rural areas); one-time assistance of 500 to 5,000 yuan to an applicant for temporary assistance whose family faces difficulties in basic life due to other sudden accidents and badly need assistance; a one temporary assistance benefit for one event in one year and secondary assistance in the same year subject to approval by the county- or district-level civil affairs department in the case of special circumstances, with a total assistance up to 10,000 yuan. Lanzhou has realized full the coverage of assistance for temporary and sudden difficulties in life.

3) The assistance mechanism is further improved. Pursuant to requirements of the State Council, the Ministry of Civil Affairs and the Gansu Provincial Department of Civil Affairs, the General Office of the Lanzhou Municipal Government printed and distributed the "Notice on Accelerating the Mechanism Construction of Acceptance by One Department and Coordinated Handling", set up a unified "comprehensive service window for social assistance" in the government service and the people's convenience service halls of people's governments at county or district level, township people's governments and sub-district offices, and built and improved the comprehensive service platform of "acceptance by one department" of a social assistance application to timely accept, transfer (handle) and get involved in the application of people in strained circumstances. On the other hand, the financial department, the human resources and social security department, the educational department, the health and family planning department, the housing department, the disabled persons federation, the labor unions, charity associations and other departments have become involved in establishing a mechanism of "acceptance by one department and coordinated handling" and form a work pattern of one-stop application and handling, opening a "green channel" for the timely acceptance of applications for assistance to people in strained circumstances. At present, the "comprehensive service window for social assistance" has been opened in eight counties and districts and 114 sub-district offices and towns in Lanzhou.

4) Assistance procedures are further standardized. Lanzhou adheres to three-level examination and approval process for temporary assistance. It makes public the assistance procedure and clearly requires that assistance be first and procedures be later. It provides for supplementary publication of rules for emergencies, intensifying its efforts in supervision, examination and responsible investigation for temporary assistance, standardizing assistance procedures and clearly defining the responsibilities of the temporary assistance administration authorities and staffs. On the other hand, Lanzhou adopts a process of checking and verifying a family's economic status to effectively solve the problem of inaccurate identification of assistance recipients and effectively creating an open, equal and fair "sunshine assistance" program.

5) Efforts relating to supervision are further intensified. The Assistance Fund is made up of the budget fund and funds allocated from provincial finance and social assistance as well as social donations to the fund based on a ratio of 1:1 according to the expenditure standards formulated by cities and counties (districts) based on the population within their jurisdiction and provincial provisions. Municipal and county- or district-level financial departments create a special account for the temporary assistance fund to handle fund raising, checking and allocation. The temporary assistance fund is distributed by county- or district-level civil affairs department or by township people's government or sub-district office entrusted to realize socialized fund distribution step by step. The annual balance of the temporary assistance fund may be carried-over to the following year and shall not be used to balance a budget or used for other purposes. The audit and supervision departments work with the relevant departments every year to strengthen supervision and inspection of the management and use of the temporary assistance fund. The civil affairs department makes public the number of people receiving temporary assistance and the distribution of the temporary assistance fund on a regular basis to accept social supervision.

3.1.1 Legal framework on Social Assistance - Policy Recommendations

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1. Introduction

As an integral part of the social protection system, social assistance programmes in different countries may embrace a wide range of services in kind and in cash. Primarily, social assistance is a means-tested scheme where eligibility is dependent on the test of income. Financed mainly by public funds, social assistance programmes have received growing attention from governments and social policy analysts in recent years in developed welfare states and transitional economies.

In China, social assistance is one part of the social security system which provides benefits in kind or in cash for needy families both in the rural and urban areas, so that they can withstand a crisis in their life and maintain the minimum standard of living. The social assistance system mode is constrained by the economic system, political will, employment, specific social conditions, culture, and the social security system.

Since the “Opening Up and Reforms”, China has been undergoing large-scale socio-economic transformation. With the shift from a planned economy to a market economy, China’s social security system has been fundamentally transformed. In the earlier stages of the “Opening Up and Reform”, social assistance in China resumed the residual assistance mode in the era of the planned economy, which followed a pattern of urban-rural divide in social assistance. In the late 1990s, to pacify the vulnerable social groups consisting of laid-off workers, the unemployed, retirees and poor farmers, the Chinese government started to reform its public assistance policy and established a social assistance system with the minimum livelihood guarantee standard scheme (Dibao, MLGS) as its core. The social assistance system was developed in many ways, including coverage, modes and funding. In the beginning of 2000s a new social assistance system in accord with a socialist market economy was eventually set up. This featured in the Minimum Livelihood Guarantee Scheme, the Five Guarantees Scheme and was supplemented with dedicated social assistance schemes. The new social assistance system reached both the urban and the rural areas and changed the notion from passive poverty relief to positive social assistance. Therefore, a standardized and systematized social assistance system came into being.

However, there are still a number of challenges when implementing the existing regulations: 1) social assistance schemes are largely fragmented; 2) there is a lack of an explicit standard benefit level and how to adjust it; 3) executing sectors need legal provisions and effective tools for targeting and verifying the identify of beneficiaries; 4) some of the current legal provisions are rather simple so that the local governments should develop their own policies and methods for implementation; 5) it is hard for the civil affairs bureaus/sectors to ensure funding and administrative support from other government departments.

Central to these challenges is the lack of an effective and coherent legal framework. Currently, China’s social assistance legislation has a weak normative authority. Policies and measures in social assistance are not regulated by laws but instead are promulgated as administrative regulations, guidelines, notices, decisions, and opinions issued by the State Council and ministries. Only the Urban Dibao and the Five Guarantees had “regulations”; while the other schemes only have “documents” (guidelines, notices, decisions, and opinions). Therefore the legal provisions are rather weak and narrow. A social assistance law is needed for the development of the social assistance system in the long run.

Drafting social assistance legislation was initiated in 2005. Since then, the 10th and 11th National People’s Congress both included a law into the legislation plan. Particularly, in 2008, the State Council released the full text of a draft regulation. However, the draft regulation failed to be passed twice when reviewed by the State Council in 2009 and 2010 respectively. In October 2012, the Minister of Civil Affairs made a report “State Council’s Report on Social Assistance” to the National People’s Congress. Some of the representatives raised the issue that it is problematic as social assistance system which

involves the spending of huge amount of funds lacked of a solid legal framework. Therefore, the NPC required the State Council to submit the draft of “social assistance law” again for review. However, this version of draft did not contain medical assistance, education assistance, housing assistance or other dedicated assistance schemes. Then the “Interim Measures for Social Assistance” were issued by Premier Li Keqiang on February 21, 2014 and came into force on May 1, 2014.

To summarize, the legal framework of Chinese social assistance includes law, administrative regulations, departmental rules, local regulations, local rules and a lot of notices and opinions. According to the “Legislation Law” of the People's Republic of China (2000, revised in 2015), they have different levels of authority.

2. Challenges and Problems

The development of the legal framework for social assistance system encounters a number of significant problems illustrated as follows.

-There is a lack of a comprehensive social assistance legal system.

Although we have set up the basic framework of social assistance and made some laws, regulations and rules, it is still not a legislative law. The critical problem is that there is no Social Assistance Law. Here a law means that it was made by the National People's Congress or its Standing Committee. The operation of social assistance depends on lots of local regulations, local rules, implementation rules, notices and announcements. These documents have a relatively low level of authority. These documents are promulgated under the background of the social situation. Social assistance is pushed by the powers and there is much randomness in its enforcement. The result has significant relationships with the local leadership.

“*Interim Measures*” is a comprehensive piece of legislation about social assistance and includes thirteen chapters such as General Provisions, Minimum Subsistence Guarantee, Support of the Especially Poor, Relief of Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance, Temporary Assistance, Participation of Social Force, Supervision and Administration, Legal Liability and Supplementary Provisions. According to the “*Interim Measures*”, different departments have their own responsibility for the administration of social assistance. The interim measures for the first time includes the regulations of all social assistance programs together in the one administrative regulation, and provides a legal basis for the social assistance system.

However, various challenges remain to be addressed. First and foremost, “Interim Measures” legal provisions are formulated in broad terms, mainly providing general guidelines and principles with regard to eligibility, standards, and implementation procedures, including methods of beneficiary identification and selection. Provincial government and municipal governments should release their own supporting materials as well. This results in significant local discretion in the regulation, financing, and implementation of social assistance.

In addition, the legal framework is not adequate to ensure the synergies between the social assistance and the social insurance programs. It does not ensure that benefits accord with existing needs rather than fiscal constraints of local governments.

Finally, the current legislation does not adequately promote participation of NGOs in the delivery of social assistance, both in partnership with the government and as independent providers.

In a word, the “Interim Measures for Social Assistance” is not yet complete and it has not much use in practice. It doesn't bring as big a change as was expected as it just integrates the existing systems. For instance, “Regulations on Guaranteeing Minimum Subsistence for City Residents” (1999) is much more detailed than the “Interim Measures”. So they still implement Dibao according to the “Regulations on Guaranteeing Minimum Subsistence for City Residents” (1999). There are

different kinds of notices or other such documents now and then from MoCA and local governments, which are so complicated that the staff don't have enough time to learn them.

-The function of dedicated social assistance programs are yet to be improved

There are eight special assistances (Minimum Subsistence Guarantee, Support of the Especially Poor, Relief of Victims Suffering from Disasters, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance and Temporary Assistance) at present. They aim to cover different groups of people, however, these systems can't work as a whole. The development of different social assistance programs is unbalanced, and they are highly relying on the Dibao entitlement.

In the near future, Support of the Especially Difficult people will replace Five Guarantees. The state shall grant support of the especially poor to the elderly, the disabled and minors under 16 years of age who have no persons with statutory obligations to support aging parents, children, or other persons or persons with statutory obligations to support but who do not possess the capacity to support them.

Any of the following persons may apply for the relevant medical assistance: members of a household under the minimum subsistence guarantee program; persons that enjoy the support of the especially poor; and other persons with special difficulties as prescribed by the People's Government above the county level. To apply for medical assistance, an applicant shall file an application with the People's Government at the township level or the sub-district office. Upon review and publication, the department of civil affairs under the People's Government at the county level shall approve the application. The medical assistance for members of households under the minimum subsistence guarantee program and persons enjoying the support of the especially poor shall be directly handled at the department of civil affairs under the People's Government at county level. That means that the target group for Medical Assistance is wider than Dibao. It is hard for the officials to decide in individual cases.

Employment Assistance means the state shall grant employment assistance to members of households under the minimum subsistence guarantee program that have the ability to work and are out of work via subsidized loans, social insurance subsidies, position subsidies, training subsidies, expense deductions and exemptions, arrangement of public welfare positions, and other means (The Interim Measures for Social Assistance, Article 42).

Temporary Assistance has been established for a short time. It is a supplement to the other assistances so it looks like a bottom line assistance system. The State shall grant temporary assistance to households with temporary serious difficulties in basic living due to such unexpected events as fire and traffic accidents or sudden and critical illness of household members or households under the minimum subsistence guarantee program with temporary serious difficulties in their basic living due to a sudden increase in their necessary living expenses which exceeds the affordability of such households and households that suffer from other special difficulties (The Interim Measures for Social Assistance, Article 47). The problem is that if the other special social assistances work efficiently, do they still need the Temporary Assistance program? Besides, the State shall provide assistance in terms of temporary accommodation, acute disease treatment, and assistance to return home for indigent vagrants and beggars (The Interim Measures for Social Assistance, Article 50). Just as with the Five Guarantees, the Relief for Vagrants and Beggars without Assured Living Sources will be substituted by the Temporary Assistance program.

The supplies of social assistance are still insufficient. With the development of the economy, the content and criteria of social assistance should be improved. There is a gap between the current system and the population's expectation. Some poor people need not some of the eight assistances

but also daily care and psychological counseling, while such services aren't included in social assistance.

Although some households' income is higher than the basic life criteria, they live a poor life. The Dibao System only guarantees to households whose per capital income of members living together is below the local criterion for the minimum subsistence guarantee and that conforms to the local provisions on the property status of households. So the income status and property status of households are the decisive factors under the minimum subsistence guarantee program. The family structure and expenses are not relevant. If a family member of regular household falls ill then their actual living standard would be lower than the guaranteed household.

-Cooperation between central-local government and between different departments needs to be strengthened.

The responsibilities of the different departments are clear in Article 3 of the "Interim Measures for Social Assistance". Civil Affairs Departments (from central government to local governments) have the main responsibility and take the lead to fulfill their assignments. Civil Affairs Departments have to coordinate with other departments (the departments of health and family planning, education, housing and urban-rural development, and human resources and social security) in many cases. Different departments' communication and sharing of information is at a low level. There is a need to take steps to promote further collaboration.

According to the "Interim Measures", the State shall grant employment assistance to members of households under the minimum subsistence guarantee program who have the ability to work and are out of work via subsidized loans, social insurance subsidies, position subsidies, training subsidies, expense deductions and exemptions, the arrangement of public welfare positions, and other means (Article 42). A member of a household under the minimum subsistence guarantee program who has the ability to work but is out of work shall accept the work introduced by the relevant department of human resources and social security. If he or she refuses to accept the work introduced to him or her that is appropriate for his or her health and labor capacity consecutively for three times without any justified reason, the department of civil affairs under the people's government at the county level shall decide to reduce or terminate the granting of the minimum subsistence allowances to him or her (Article 45).

The local People's Governments at all levels and their relevant departments shall provide the necessary assistance and preferential treatment to the city residents who enjoy the benefits of the guaranteed minimum subsistence for city residents in such respects as employment and engaging in individual business operations (The Regulations on Guaranteeing Minimum Subsistence for City Residents 1999, Article 11). Such words as "the relevant departments" is not clear as to which department's obligation it is. In practice it was thought to be the duty of the Department of Human Resources and Social Security. However, the reality is that the Department of Human Resources and Social Security usually neglects this responsibility. The result is the Department of Civil Affairs can't reduce or terminate the granting of minimum subsistence allowances. These articles don't work in reality.

The Department of Civil Affairs under the People's Government above the county level may, according to the application or the request and entrustment of the household that has obtained social assistance, inquire and verify the income status and property status of the household through the departments of residence registration, taxation, social insurance, real property registration, business registration, housing provident fund management and so on, The relevant entities and financial institutions shall cooperate with these departments of civil affairs. It is hard for the department of civil affairs to get such information.

-The executive ability of the social assistance agency is not strong.

In recent years, with growing the target people and the expanding content, the management task has become increasingly heavy. The standardization of the management requires higher professional techniques for the staff. The enforcement of social assistance mainly depends on lower level local governments, such as those at county and village levels. Through local visits, I find that the officials in low level local governments feel that the workload is extremely heavy. Sometimes they even have to face applicants' threats. Poor working conditions and shortage of financing and human resource restrict the development of the social assistance.

-The government information publicity is still insufficient.

Few provisions mention the government's information disclosure in the social assistance legal framework. About the transparency of government, The "Regulation of the People's Republic of China on the Disclosure of Government Information" was adopted at the 165th executive meeting of the State Council on 17 January, 2007 and came into force on 1st May, 2008. According to it, an administrative organ shall voluntarily disclose the government information that satisfies any of the following basic requirements: Information concerning the vital interests of citizens, legal persons or other organizations; Information that should be widely known by the general public or concerns the participation of the general public; Information reflecting the structural establishment, duties, procedures for handling affairs and other situations of the administrative organ; Other information that shall be voluntarily disclosed by the administrative organ as prescribed by laws, regulations and the relevant state provisions. The publicity of governmental information shall comply with the principles of legitimacy, timeliness, genuineness and impartiality. However, the transparency of the government still has some obstacles and the information can't be provided in accordance with the Regulations. This is formal in China and there is no exception. The government information disclosure about social assistance is still at a low level.

3. Recommendations for the Legal Framework of Social Assistance

-Continue to promote the social assistance legal system. The legal foundation of the Chinese social assistance system should be strengthened. The Chinese legislative body is formulating a comprehensive Social Assistance Law, which covers specific regulations on Subsistence Allowance for Residents, Measures for Urban and Rural Medical Assistance, Law on Housing Security, etc. Through the construction of laws and regulations, the scope, content, standards, management, fiscal investment etc. of the social assistance system with the core of the subsistence allowance will be fixed, institutionalised and normative. This will further reduce the randomness of social assistance.

A Social Assistance Law has been included in the legislative plan of the People's Congress. In line with the actual needs and the development of social assistance, the Social Assistance Law should be passed as early as possible, and then the relative regulations and rules should be issued accordingly. The ideal legal framework of social assistance will come into force would include four parts: the law to arrange all the different kinds of assistance (National People's Congress); regulations about each kind of assistance (the State Council), and measures about the enforcement matters (MoCA and provincial governments).

-The social assistance law should be based on an assessment of the existing legal framework

Before integrating the current legal framework, to draft the social assistance law it is necessary to evaluate the existing regulations, measures and notices etc. MOCA should carry out an all-round evaluation of the "Interim Measures" in the near future. The law should be drafted afterwards.

- The social assistance law should be built upon a mature social assistance system.

The legal framework of social assistance should rely on a mature and reasonable social assistance system. In macro terms, Social Security is a holistic system and social assistance is the bottom line of this overall system. It should be coordinated with other social security programs. Meanwhile,

social assistance should be combined with the Anti-poverty Programs, which will be developing very rapidly in the next five years.

In micro terms, there are several special social assistance systems as mentioned above. They have different names and different functions. They can not display overall superiority. In the near future, we could foresee several reforms in social assistance. For example, the Five Guarantees will be upgraded and replaced by the “Support for Persons in Extreme Difficult” program.

The state is trying to improve the social insurance system and to ensure that the people can obtain basic medical and health services and medical assistance is provided to poor people. Employment assistance should be implemented to help the recipients to jump out of the poverty trap. Moreover, social assistance should not limit itself to cash transfers, it should also include intangible social services such as counselling.

-Strengthen the cooperation between the different levels and departments of Government both in the legislative process and literally in writing the Social Assistance law

According to the State Council’s arrangement, a joint inter-ministerial conference led by the Ministry of Civil Affairs should be established to co-ordinate the different social assistances at the central level. Local governments at different level should establish social assistance coordination mechanisms accordingly. The Civil Affairs department will play the leading role. Such mechanisms prove to be inefficient because the civil affairs departments don’t have the power to order other departments. It is recommended that the State Council should take the lead. In addition there should be more information sharing and co-operation. Family economic checks are the key step of social assistance. If there is no information sharing, it might make the family economic check impossible.

-The level of Social assistance and the Government’s liability should prescribed in the law

The law should indicate how much liability the government should undertake and this closely relates with the levels of social assistance benefits. Therefore the law should contain the uniform methodology for social assistance benefits calculations and the extent to which the Government would secure people’s basic needs.

In particular, China is faced with an economic downturn. Social expenditures may be restricted by the potential long-term fiscal stress. The legislative body should take a long-term view, and the social assistance law should not be affected by current concerns.

-Improve the enforcement ability of the front-line officials

The social assistance law should insist "Rights being equal to liabilities". The “Interim Measures” stipulate that “Whoever violates the provisions of these Measures and falls under any of the following circumstances shall be ordered by the administrative authority at the higher level or the supervisory organ to make corrections; and a disciplinary action shall be taken against the persons directly in charge and other directly responsible persons in accordance with law”. However, it was observed from the local visit that administrative and front-line staff (Local Bureaux of Civil Affairs) were performing heavy workloads with limited capacity and resources. The officials at the lower levels of government deal with social assistance affairs and have contact with the applicants directly. Too much work pressure will affect their mood and work efficiency. On one hand, the law should forbid the abuse of powers, neglect of duties, or practicing favoritism for personal gains in performing the functions of social assistance but on the other, the law should also indicate the capacity and resources that are needed in executing the law. The law should protect the staff and guarantee their work place and conditions through legislation. Besides, they should be trained regularly.

- Coordination within the overall social security system

Social assistance is one part of the overall social security system. The law should cover the methodology for calculating benefits, the interaction between different benefit schemes and social services, such as the coordination between social assistance regulations and the Social Insurance Law; social assistance schemes and other anti-poverty schemes.

-Promote the government information and transparency

The transparency of government information is so far not as good as expected in the social assistance sphere, mainly at local level government. This problem exists not only in social assistance but also in other fields. Although there is the “Regulation of the People's Republic of China on the Disclosure of Government Information”, it can not be carried out precisely. Currently many of the departments of the local governments could not publish the relevant government information in time. So it is not easy for the public to access the information. To solve this problem, the agencies should obey the above regulation.

3.1.1 Legal framework on Social Assistance - EU experience and policy recommendations

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1. Introduction

A social assistance system is an important part of an overall social security system. It provides benefits in cash and in kind including services for needy families and individuals to maintain their minimum standard of living.

China has a long tradition in the field of assistance to the poor and dependent persons and families. The People's Republic of China is characterized by a relatively rapid development in the field of the modern approach towards social assistance but the system is still facing several important challenges in this regard, namely:

- Overall the system is still fragmented
- Standards of benefits and services are not clear and some are partly missing
- The legal provisions especially for those at lower levels of government (provincial, local) are sometimes too complicated and unclear
- Support and cooperation from other governmental departments is sometimes weak, again especially at the lower levels

The fact is that at the moment the whole area of social assistance is legally covered by the Interim Measures. There is no comprehensive legislation in this very important part of the social protection system. This important fact has already been recognized several times, not only by the responsible Ministry and Government, but also by the National People's Congress.

The aim of this paper is to provide some guidelines for the preparation of comprehensive social assistance legislation based on the experiences of the EU and its member states. In this regard I am aware that circumstances and historical developments in China are very specific and different to Europe. European legacy and proposals should be used critically and one should bear in mind that a specific approach is needed for China.

Before drafting the law, the Government should resolve some dilemmas and adopt some basic guidelines for the new legislation namely:

- Who will be the target group for services and benefits? Just those who are very poor or should the ambition of the new legislation be to focus on a wider target group (social assistance coverage) so that consequently social assistance will be recognised as a right of each and every citizen who will be faced with particularly difficult circumstances.
- Will the new legislation be a comprehensive set of benefits and services?
- Will the new system have an ambition to overcome division (segmentation) between "rural" and "urban" approaches towards poverty?
- How will jurisdiction and competence be divided between the various levels of government? How much discretion will local governments have?

2. European Overview

Social policy and social protection systems in the EU are the responsibility of the individual Member States. The same applies to the field of social assistance. Key tasks at the EU level are the co-ordination of social security systems, the exchange of best practices, mutual learning and statistical monitoring and analysis in this area provided mainly on the basis of so-called "open method of coordination".

The legislation and solutions in the field of social assistance between Member States vary considerably but their key characteristic is that in almost all Member States (except Greece and partially in Italy) they provide a minimum income scheme, which is means tested and that most Member States have developed a system of basic social services implemented at the local level. It is a known fact that minimum income schemes within EU "play a vital role in alleviating the worst

impact of poverty and social exclusion in many countries” (Frazer, 2016). But at the same time in most of the countries there is a lot of room to develop a more integrated and tailored approach in supporting people receiving benefits and to provide better social labour integration for them. Related to that the European Commission has prepared several documents and approaches which I am going to elaborate on in more detail.

2.1 Fight Against Poverty and Social Exclusion

2.1.1 Contextual Introduction

By adoption of the Lisbon strategy in 2000, the European Union undertook, among other tasks, very ambitious plans for the eradication of poverty and social exclusion. Despite relatively favorable economic conditions, existing up to 2008, these goals were not achieved or were only partially fulfilled. Characteristic of this period was the opinion that increased employment and general economic growth would crucially contribute to the eradication of poverty and social exclusion. In a large number of European countries, this in fact did not happen.

In 2008 the European Commission developed the so-called “Active Inclusion Strategy” in order to help those excluded from active life, unemployed and those who were without the means to live in dignity to support their active integration in life and work in their local settings.

The “Active Inclusion Strategy is based on three interconnected, yet independent pillars:

- (1) adequate income support,
- (2) an inclusive labour market and
- (3) access to quality services.

The strategy demands an integrated approach and is inclusive in nature. These are its key strengths.

In 2010 the European Union launched “Europe 2020 Strategy”. Its primary objective is “smart, sustainable and inclusive growth”. For the first time, the strategy clearly defines the aims concerning the fight against poverty. They would diminish the number of people living below the poverty threshold in Europe to below 20 million.

One of the seven flagship initiatives in the above mentioned strategy is the so called “European Platform against Poverty and Social Exclusion”.

The Platform is based on five areas of action (EC, 2010):*

- 1) Delivering actions across the whole policy spectrum such as the labour market, minimum income support, healthcare, education, housing and access to basic banking accounts.
- 2) Better use of EU funds to support social inclusion. The Commission has proposed that 20% of the European Social Fund be earmarked for fighting poverty and social exclusion.
- 3) Promoting robust evidence of what does and does not work in social policy innovations before implementing them more widely.
- 4) Working in partnership with civil society to support more effectively the implementation of social policy reforms. The participation of people experiencing poverty is now acknowledged as a catalyst for inclusion strategies.
- 5) Enhanced policy coordination among EU countries has been established through the use of the open method of coordination for social protection and social inclusion (Social OMC) and the Social Protection Committee in particular.

In 2013, the European Commission complemented the Active Inclusion Strategy with the “Social Investment Package”. The essence of this new approach is that expenditures on social protection are

not seen as a "costs" but as "investments for development". The argument for such a policy is the finding that early and effective investment in education and further human capital development, health care and different social services are success factors in economic development and combatting the economic crisis. Numerous studies show that the expenditure associated with social exclusion is much larger and not as efficient as the early investment in human capital.

In the same year the European Commission announced in its Communication on Strengthening the Social Dimension of the Economic and Monetary Union (EMU) the creation of a new scoreboard to follow key employment and social developments relevant to the well-functioning of the EMU. The scoreboard was used for the first time in the 2014 European Semester and will be applied as an analytical tool throughout the coming years.

The scoreboard focuses on employment and social trends that would threaten the stability and good functioning of the EU and the EMU by undermining employment, social cohesion and human capital, and therefore the competitiveness and sustainability of growth. Its purpose is to allow a broader understanding of social developments to be fed into the debates at institutional level. It serves as an analytical tool, allowing for the better and earlier identification of major employment and social problems and therefore allowing for prompt action (EC, 2014):

The scoreboard consists of a number of key indicators of employment and social trends that can severely undermine employment, social cohesion and human capital. Five headline indicators are the:

- (1) unemployment rate
- (2) youth unemployment
- (3) rate of those not in education, employment or training (NEET rate)
- (4) household disposable income
- (5) at-risk-of-poverty rate income inequalities.

The scoreboard covers all European Union Member States and comparisons are thus made with the European Union average. At the same time, statistical deviations from the euro area average merit particular attention as convergence in socio-economic outcomes is crucial for the good functioning of a currency union using a single monetary policy. This is why there are two annexed tables showing the Member States' situation vis-à-vis the European Union and the Euro zone averages respectively.

Respect for human dignity and social development, including social justice, integrated social protection and action against social exclusion, are the European Union's elementary principles. Clear and concise objectives, based on these principles, are stated in the various strategic documents both at the European Union and Member State levels. They are examined by the European Union through a series of indicators or their implementation is discussed in the realm of so-called method of open coordination.

2.1.2 Three Pillars of the Active Inclusion Strategy

2.1.2.1 Adequate Income Support – Minimum Income

Minimum income is intended for those who are unemployed and without the means for sustenance. It represents one of the fundamental social rights and is a cornerstone of the welfare state and the European Social Model. Crucial challenges for most Member States who implemented the minimum income scheme are:

- adequacy of the minimum income. Often the minimum income is too low to allow for a “decent life” or cannot cover all the basic needs (goods and services) of an individual or a family,
- the application process is sometimes too complicated and incomprehensible, which results non-take up,
- the right to receive minimum income often do not include any additional stimulus or does not cover the expenses of active job seeking.

2.1.2.2 Access to Quality Services

Access to quality general social services and especially such services as health care, education and vocational training, child care and eldercare, is essential when ensuring basic human rights and dignity and social inclusion.

The European Union differentiates discerns between services of “general interest” and other services. Services of the so-called “general interest” are of vital importance in most people’s lives. They include” services of general economic interest”, of an economic character and regulated in a certain degree (energy, transport, and telecommunication), and” social services of general interest” which are in the public interest as well however are of social character and are related to welfare and social protection (obligatory social insurance systems, personal social services, employment and training services, long-term care, child care, social housing etc.).

It is crucial that both types of services are available and accessible to most of the public. To successfully apply an active inclusion strategy, it is therefore important that the socially disadvantaged are ensured access to quality economic and social services.

2.1.2.3 Access to Employment – Inclusive Labour Market

Quality employment and the possibility of ensuring a regular employment status are decisive for effective social inclusion and economic independence. In the past years the approach of “employment first” was favored too much in the European Union. This paid no regard to the quality of the employment available, mostly to the recipients of social transfers. That work is to be accepted “at any cost” is a one-dimensional perception of employment and is opposed to the basics of the Active Inclusion Strategy. The strategy therefore stresses especially the activation of programmes, based on human rights principles, access to quality employment, and long-term support to those who had been excluded from the labour market and lifelong learning. It is important to realise that the longer the exclusion from the labour market lasts, the more difficult and demanding the return to work will be. An individualised approach, based on a coordinated activities and job search, counselling, and vocational training, is consequently a key to success.

2.1.3 Efficient Implementation of Active Inclusive Inclusion Strategy

According to the proposal of the “Active Inclusion Strategy” European Union Member States should prepare their own comprehensive national strategies, based on the foundations of the Active Inclusion Strategy. They are to be elaborated on the local, regional and national (central) levels. Certain systemic changes need to be executed as the prerequisite for their successful implementation:

- Establishing entry points to simplify access to services and incomes intended for the socially excluded, together with connecting employment services providers with providers of social benefits and social (personalized) services;
- Simplifying access to social rights and services;

- Establishing integrated information systems to warrant an individualised and integrated approach and to eliminate duplication and ineffectiveness of systems involved in resolving the social distress of the socially excluded;
- Simplifying the collaboration and coordination of local, regional, and national authorities.

In most Member States, the young and the elderly unemployed (the rate of unemployment and social exclusion among the young in the European Union is especially worrying), migrants and members of ethnic minorities, people of low education and qualification levels, and people with disabilities, mental and other chronic illnesses, or with difficult family conditions are at the largest risk of social exclusion and poverty.

Additionally, most individuals belonging to the groups listed above typically experience certain personal circumstances, such as lack of motivation and work habits, lack of life and social skills, and possibly also reluctance to work, related to receiving the various types of “benefits and subventions”. Local and regional factors, such as distance, poor communal structure and transport connections of certain, mostly rural areas often complement these reasons. Together with a lack of work and distinct selectivity of employers it becomes clear, how difficult and complex the employment and social integration of the long-term unemployed and socially excluded is.

2.1.4 Possible Approach to Successful Active Inclusion

As numerous examples show, the best approach to the socially excluded is one that focuses on an individual and their specific qualities, that is to say the individualised approach (person centered approach), based on continuity and “early intervention”, one that is comprehensive and does not target employability or job activation only. This points to the importance of regular contact between an individual taking part in an active inclusion programme and a single expert/key person to collaboratively shape a long-term plan of support and cooperation with clearly defined aims. The key prerequisite for successful implementation of such programmes is the realistic possibility of future employment or of a different type of active inclusion. This is why the partnership with employers and local communities is of outstanding importance.

2.1.4.1 Support Partnership for the Socially Excluded

Apart from the appropriate approach at the individual level, active partnerships with several other stakeholders should be formed, as this is the only way to overcome the obstacles of effective employment and social integration for those on the margins of society. This is essential for successful social inclusion and the employment of long-term social transfer recipients. Private providers should be allowed to develop in situations where appropriate public services are not provided, on the condition that their services are of the same availability, accessibility and quality as those of the public systems. All providers (public and private) should be oriented towards clearly measurable goals for their services.

When developing suitable partnerships, a particular task is to improve the cooperation with employers, especially to diminish their prejudices of employing social benefit recipients and those excluded from the labour market for longer periods. Different approaches are possible, depending on the size of the employer or the way their human resources departments are organized.

Those who have had success in combating unemployment and social exclusion confirm that the most successful approaches are based on intense, individually tailored programmes, depending on mutual obligations and commitments. It is of outmost importance, that solutions are linked to the local environment and the particularities of the local labour market, without forgetting the possibilities and opportunities of social entrepreneurship. Lack of quality jobs offered by “traditional” employers is a key problem, recognized by all involved in the field of social inclusion. In addition to cooperating intensively and innovatively with the existing employers it is

therefore also important to expand the possibilities of new forms of employment in the social economy, including forms of activities not directly connected to employment.

2.1.5 Conclusion

The basic goals of the “Active Inclusion Strategy” and the “2020 Anti-Poverty Platform” were to support people who are out of work and who are not included in community life to be re-employed and/or actively participate in their local environment. The Strategy was followed by a social investment package which also called for modernisation and innovative approaches in the field of social protection. Despite the noticeable shift in some Member States, in general, the number of unemployed and those living below the poverty risk has increased since 2008.

It is becoming clear that strict austerity measures in the field of social protection have proved an inadequate response to the crisis. Different solutions which should be characterized by the, innovation and modernisation on the basis of inclusion and social investment approach in social protection are essential for the preservation and development of social protection in the European Union.

The creation of comprehensive national, regional and local objectives and strategies to fight poverty and social exclusion in relation to the effective use of financial resources from various European Funds with the continuous monitoring of economic and social development are crucial for the welfare of European citizens.

In the year 2010 the concrete ambition of the European Union was to reduce the number of people in or at risk of poverty and social exclusion (AROPE) to 20 million by 2020. Speaking about the current situation (2015) we can see that contrary to the ambitious plan, the actual number gap with has increased to 27 million.

But even more important is the fact that poverty has spread among broader segments of the population. It is not predominantly limited to the traditional risk groups. The economic crisis, austerity policies and the dismantling of the welfare state have threatened other population groups. Even an increasing share of the middle class is now at risk of becoming poor at some point in their lives, because of the significant fall in real household incomes per head in times of crisis related to the fall in GDP per head and the fall in employment rates.

“The dominance of economic considerations at the expense of social considerations (for instance, in the National Reform Programmes (NRPs)) has played an important role. Austerity programmes have lacked social impact assessments integrated with fiscal sustainability assessments when agreeing conditional stability” (European Social Network, 2015).

2.2 European Legal Framework for Social Assistance

2.2.1 Legal Framework in the context of European Welfare Regimes

As I have already pointed out legal solutions in the field of social assistance within European countries vary greatly. They are very much related to the economic, political, historical and cultural situation and in particular to the welfare regimes in Member States.

Social assistance is an important part of the European social protection system. In some countries benefits and services are part of the same legislative acts. In others these two components of social assistance are separated and defined by separate laws. Most of the countries provide national (central) legislation but in some cases regions (provincial level) are responsible in particular for the service and also benefits related legislation.

To better understand the European situation it is important to be familiar with European welfare regimes. One could divide them on the basis of different criteria. For our paper I am going to

present five provisional models which are sometimes named differently but have common characteristics:

- 1) Continental (Bismarckian-conservative)
- 2) Anglo-Saxon (Beveridge-liberal)
- 3) Nordic (Scandinavian/social democratic)
- 4) Mediterranean (Southern European)
- 5) Central/Eastern European (transitional)

Regardless of their differences, the models are designed to protect people against the risks of unemployment, parental responsibilities, health care, old age, housing, poverty and social exclusion.

Basic differences between the individual regimes are mainly reflected in the various proportions within the so-called “Welfare Triangle” i.e. the relationship between the state, market and civil society.

2.2.1.1 Continental (Bismarckian-conservative) - Austria, France, Germany, Belgium and Luxembourg.

The continental model is based on compulsory insurance schemes. Transfers (benefits) are more important than services although social services are of a high quality. The term “security” is most characteristic for this model.

2.2.1.2 Anglo-Saxon (Beveridge-liberal) - United Kingdom and Ireland.

In the case of this regime, the State is providing social benefits to those who are in need, universalism is weak and social assistance is the last resort. The central government is providing clear guidelines for the delivery of social care. Most of the social security system is funded by taxation.

2.2.1.3 Nordic (Scandinavian/universalistic) Sweden, Finland, Denmark, and Netherlands

The fundamental principle of this model is universalism. Welfare is based on the principles of equality, solidarity and security. The State is a crucial player in the field of social protection. Social services are very well developed. The system promotes individual autonomy, social mobility and a human rights approach. Generally speaking poverty and social exclusion in these countries are very low.

2.2.1.4 Mediterranean (Southern European); Italy, Spain, Greece, Portugal

The basic assumption of this model is that the family has a crucial role in the social protection of their weak members. The role of the State is important but is focused only on a limited number of social issues. This system has also some similarities with the Continental model but social services are not of such a high quality, especially in rural areas. The level of social assistance is lower than in previous models, which means that poverty and social exclusion are higher.

2.2.1.5 Central/Eastern European (transitional); Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Romania, Bulgaria, Baltic countries

Central and Eastern European countries which were part of the so-called “Socialist System” before 1990 are characterized by big differences in their welfare regimes which are especially visible when comparing the so-called “Baltic countries” (Lithuania, Latvia and Estonia) with the so-called “Visegrad States” (Poland, Czech Republic, Slovakia, Hungary). The common feature for these countries is that they have mostly undertaken important social policy reforms in the field of social protection. Key characteristics of those reforms are related to the pluralisation of the social protection system and the partial withdrawal of the State from public social sector. This has also

resulted in more power and responsibilities for the regional and local levels. The role of the family and its involvement is still very much important.

Basic characteristics of those five models are shown in the following table:

Welfare models	Geographical Zones	Territorial organisation	Governance	Relationships State/Third Sector	Capacity of Innovation
Nordic/ Universalistic	North of Europe	Local autonomy centrally framed	Managerial and participative mixed	Pervasive role of the State	High capacity of innovation
Continental/ conservative	Continental Europe	Regionally /Centrally framed	Corporatist	Active subsidiarity	Later but substantial innovation
Anglo saxon/ Liberal	Anglo-Saxon Countries	Centrally framed	Pluralist and corporative mixed	Market model and residual role of the State	Proactive deregulation
Mediterranean/ Familistic	South of Europe	Regionally framed	Populist and clientelistic mixed	Passive subsidiarity	Fragmented innovation
CEE/ Transitional	Central and Eastern Europe	Transitional mixed	Highly diversified – difficult to define	Highly diversified – difficult to define	Highly diversified – difficult to define

Source: Adapted on the basis of Oosterlynck, 2013

2.2.1.6 “Welfare Mix” Model

At the end of the last century, it became increasingly clear that, for many reasons (demographic changes, revised production patterns, globalization), the concept of the welfare state no longer functioned so that it could provide social security for the majority of its population. After 1990 several scholars proposed a new approach. The almighty state is no longer at the center of the system, its responsibilities are equally shared with several other stakeholders. Instead of the welfare(social) state they started to speak about a welfare society. *Welfare mix or organized welfare pluralism* has become new paradigm discussed not only by scientists but also by the politicians (New Labour in Great Britain).

According to Bernd Marin (Marin, 2013), welfare mix is characterized by the complex interaction of five complementary sectors in society: the state, markets, social security institutions, civil society and voluntary associations and community/family/households. A new concept should be characterized by a dynamic relationship between the different actors, and based on a permanent reform process, reorganization and constant innovation. The key task of the new approach should be the optimal organization and division of labour between the five key sectors in order to provide an optimal welfare mix (Marin 2013).

In accordance with the same author's views, within the new paradigm, national governments have a crucial and very important role in shaping social policies, especially in relation to legislation, policy documents and national plans but it should be borne in mind that other actors should be always consulted and involved in the process of preparing such a document.

To promote the approach of “welfare mix” it is also important to support the role and development of civil society, not only different non-governmental organizations (traditional ones and new ones) but also households and families who are not just consumers but are also providers of social welfare.

The “welfare mix” should be also characterized by the promotion of the “Third sector of Non-governmental Organizations” in all their different varieties, namely the development of public private partnerships and the promotion of complex services where prevention, advocacy and the provision of support are provided.

Despite numerous critical views it appears that the paradigm of the welfare state is becoming history. Modern societies will have to look for new solutions within the concept of the welfare society or the welfare mix. The People's Republic of China has an ideal opportunity to use the experiences of European social policy in designing their solutions in the best possible way.

2.2.2 Selected Examples of Transitional Countries

At the end of the last century, a large number of central and eastern European countries changed their political and economic systems. These changes have had a significant impact on their social policies and on their social protection systems. Over the last 25 years they have gone through various changes, which will be highlighted in selected cases.

2.2.3 Romania – Development of a Social Benefits and Services System After 2001

After the change of the political system in 1990 the social welfare system in Romania was, as in many others socialist countries, significantly changed. The legal framework for social assistance was, and still is, divided in two parts. Separate laws were adopted for the minimum income scheme and for social services.

Between 1995 and 2001, social assistance was provided for the poor under the means-tested Social Assistance Benefit (Law 67/1995). Since January 2002, it has been provided by means of the Minimum Income Guarantee scheme (Law 416/2001). That law defines the right to a guaranteed minimum income as a form of social security. It introduces safeguard measures to mitigate the disincentives to work (i.e. obligation for beneficiaries to undertake community work, incentives for those beneficiaries getting formal employment) and combines cash benefits with in-kind provisions.

Currently, Romania has in place three main means-tested minimum income (MI) schemes – minimum income guarantee (MIG), family support allowance (FSA) and heating aids (HA). The schemes underwent a series of adjustments and redesigns during the 2000's. Their impact decreased up until 2009 due to their fiscal and administrative decentralization (Pop, 2015).

All three schemes are legally regulated at the central (national) level, while they are implemented at the local level. The first two benefits are paid directly to beneficiaries while the third one is paid to the energy providers.

The Minimum Income Guarantee is characterized by transparency and a government commitment to help the poorest individuals and groups. It is a highly targeted allowance, identifying those at risk of poverty and social exclusion. It is offering a safety net at a very low level for families that are truly dependent on this allowance, as a typical beneficiary family would still live in poverty.

Eligibility assessment, decision-making and payment of benefits is provided by the municipalities in collaboration with the network of specific public agencies - “the county-level payment and social inspection agencies (CPSIA).

The decision is made first by the municipality and then checked by CPSIA in cooperation with the local employment agency. Eligibility criteria and means testing are standardized and the degree of discretion afforded to the local community has decreased in the past years but they still have some discretionary power. The primary role of the municipality is the assessment of eligibility. The responsibility of CPSIA is mainly cross checking and the delivery of the payments.

In theory MIG is closely linked to the employment (labour market) programs but since the majority of beneficiaries are inhabitants of the rural areas where the employment opportunities are weak, and local employment offices are not fully equipped to support the most vulnerable families, in practice this is not the case. (Pop, 2016).

The level of the MIG benefit is calculated as the difference between all eligible disposable income (including self-consumption, according to the eligibility criteria) and a legally stipulated threshold, calculated according to the number of persons in the family.

Since 2010, the thresholds have been expressed in terms to the social reference index (SRI, defined by Law 76/2002 regarding unemployment insurance and employment stimulation), to which a social insertion index is applied. Unfortunately, the threshold levels are not automatically updated, and the SRI did not change after 2008 (EGO 126/2008) (Pop, 2015). Over the period of the last five years, indexation of the MGI was arbitrary.

Single persons or families are eligible for MGI if they are legal residents, irrespective of their nationality. A child is dependent if it is younger than 18 years or 26 if attending educational programs. Eligibility is means tested and income and other assets are taken into account.

Beneficiaries who are able to work and are of working age must undertake “inclusion in the community” work. The duration of the benefit payment is related to the eligibility conditions. Many old persons, who do not benefit from a social insurance pension, are long term beneficiaries of MIG. Health insurance is provided directly to the beneficiaries of MIG and they are also eligible for heating aid while there is no direct linkage to other social benefits.

According to the latest analyses (Pop, 2015) the linkage between the minimum income schemes and quality social services is weak.

Social Assistance Services in Romania

Social assistance services in Romania are provided on the basis of the Social Assistance law (no. 292/2011). The law covers both social services and social benefits (other than the minimum income schemes). Social services are (Lazar, 2013):

- Social support to ensure basic needs of the individual
- Personal care Rehabilitation
- Social inclusion

Social benefits covered by the law are:

- State allowance for the children,
- Benefits for raising a child
- Monthly allowance for severely handicapped adults and
- Heating benefit

According to the current legislation social assistance services are designed to meet general social needs as well as to meet the special needs of individuals, families or groups. (Lazar, 2013)

The National Social Assistance System is based on the principles of:

- Social solidarity,
- Subsidiarity
- Proximity (accessibility)
- Integrated approach
- Individual approach and
- Beneficiaries' participation

The social assistance system is decentralised, with a shared responsibility for developing, managing and providing social services. Thus, central public authorities are responsible for regulating the social assistance system through public policies, programmes, national strategies etc. and for coordinating their implementation, as well as for monitoring and evaluating the social services' quality. Local public administrations are responsible for organising, managing and providing social services. This local responsibility can be outsourced to NGOs, clubs, legal persons etc. (Rusandu, Lazar, 2016)

In Romania social services are financed by state and local budgets, by the contribution of beneficiary/user and by other sources.

Services are provided at a local (community) level and are delivered by public or private providers, namely, at the request of the user or his legal representative.

According to the applicable law, social services and benefits should be delivered as a complementary set of measures to effectively tackle the hardships of individuals and social groups. The current law also has a requirement that social services should be organized and implemented in conjunction with the employment services, health, education and other areas. The approach is specified in the Law as “integrated social assistance measures”.

The Public Social Assistance Service (PSAS) which is subordinated to the local authorities has the key responsibility in providing and coordinating social services. Social workers employed in the PSAS are the first contact point for people in need and should act as case managers responsible for the assessment and for directing users to a broad range of possible social services. In relation to that, clear steps for identifying and addressing the specific needs of an individual or family are defined, initially evaluated then a draft of the initial intervention prepared. This is followed by a complex evaluation plan prepared by the community team to which is added a personalized intervention plan. This is then discussed with the individual and/or their legal representatives. It is then presented to a licensed service provider.

Social services in Romania are characterized by a relatively rapid development over the recent period both in terms of their diversity and volume. Unfortunately the whole process was seriously affected by the consequences of the economic crisis that began in 2008 (Lazar, 2013) especially in terms of funding. As in many other EU countries the important challenge is how to provide sufficient finance to fund social assistance system in times of crisis.

According to several analyses (Rusandu, Lazar, 2016) currently the most important challenge is how to implement the solid existing legal framework in the best possible way.

2.2.4 The Case of Slovenia – Reform of Social Transfers System

2.2.4.1 Adoption of the New Social Assistance Legislation in 2010

Slovenia, which was previously part of Yugoslavia, gained its independence in 1990. One of the first laws adopted in the National Assembly was the Social Assistance Law (1992). This was a comprehensive law which covered both cash social assistance and social assistance services.

Since 1992 the law has been through many changes but the most important was the decision to separate the social benefit provisions from the social services provisions. The result was huge reform which actually started with preparations in 2007 and resulted in the adoption of the package of the new legislation in year 2010, amended in 2011 (later also in 2013) and implemented in 2012. With the new legislation fundamental changes in the access to, and delivery of, social benefits and subsidies that are means-tested were introduced.

The two acts which were adopted in 2010 are titled “The Social Benefits Act” and “The Exercise of Rights to Public Funds Act”.

The main objectives of the reform were:

- More transparent, efficient and user-friendly distribution of social transfers and subsidies that are means-tested (one-stop shop, one application form, one decision about all rights)
- Harmonisation of the criteria for granting the four types of social transfers and nine types of subsidies that are means-tested (criteria were related to the income, property and assets)
- A more targeted system (to investigate those who really needed the social benefits)
- More adequate income support (an increase in the minimum income as a base for social transfers – based on a study on the minimum life costs from 2009)
- Incentives for work and actively searching for solutions to one’s problems (activity supplement for beneficiaries working or in active programmes with the amount depending upon the duration and character of the activity)
- More focus on activating long-term recipients capable of work
- Income support for pensioners transferred from the pension system to the social benefits system (an income supplement for those not able to work).

2.2.4.2 Connection to an inclusive labour market

An important part of the new legislation was a variety of incentives for employers and employment offices that were supposed to promote the employment of the unemployed recipients of benefits.

The most important were:

- Subsidies for employers when they employ a long-term recipient of financial social assistance (not much interest from employers in the circumstances of economic crisis)
- Development of new programmes for hard-to-employ persons (as part of active employment policy)
- An intention to develop social activation programmes (motivation and activation programmes) for long-term recipients of financial social assistance that are far from the labour market and have different complex problems, such as addiction, mental health problems, homelessness
- An ambition to promote the development of Social Enterprises in Slovenia. The main emphasis is to support social enterprises in employing people from hard-to-employ groups (long term recipients of cash benefits)

2.2.4.3 Connection to access to services

The linkage between the benefits for basic survival and the benefits that are associated with satisfying other needs had been highlighted at the beginning of preparation process of the new

legislation. The purpose of the new legislation was to provide people from the most vulnerable groups (but not only them) with other services or rights particularly the following:

- Access to health services (compulsory health insurance for recipients of financial social assistance covered by the state; subsidy covering the difference to the full value of the health care services)
- Contribution to the payment of a family assistant (for severely disabled persons living at home)
- Rent subsidy
- Fully subsidised public child-care facilities fee (or reduced payment)
- Subsidised school meals (lunch/snack in elementary and secondary schools)
- Transport subsidy for secondary school pupils and students
- Exemption from the payment of social care services

2.2.4.4 Implimentation of the reform

Implementation of the new social legislation started on full-scale on 1st of January 2012.

A huge preparation process before the implementation was very much related to IT support (provision and connection of 44 data sources from 24 institutions, data protection issues) but also to the training of social work centres' personnel, new employment at the centers of social work, desk service support, information for the beneficiaries, etc.

The main problems during the first two months of implementation were:

- Information support (e-Social Work Centre module) – overburdening of the system with enormous huge pressure on the system leading to delays in issuing the new decisions on benefits.
- The pressure from, and critical attitude of the media and some experts, when it became clear that the effect of the property and savings of the recipients on social benefits would be higher than expected (some people were not entitled to benefits any more).

2.2.4.5 Consequences for the system and public finances

The aim of the reform was to increase the adequacy of income support as well as the coverage of the persons in need (and specific disadvantaged groups).

In the short term it was expected that the number of beneficiaries of financial social assistance and the necessary public funds (due to the increase in the minimum income and the transfer of income support for pensioners and old age pensions to the social transfer system) would increase rapidly. However, the number of recipients did not increase in the first twelve months. However after the first two years of implementation the number increased, mainly as a consequence of the economic crisis.

The effect of stricter conditions for accessing the means-tested benefits (strictly taking into account incomes and property and movable assets) and the information system support (connection of data bases which prevented fraud of the system) was estimated to be around 10% of beneficiaries (who would not be entitled to benefits any more). But after the first two years of implementation the non take-up of benefits has become an (unexpected) problem. Partially this was connected to the “Inheritance Act” from 1970s, according to which the state should be repaid the amount given as financial social assistance after the death of the beneficiary from the inheritance – except if this endangered the social security of heirs. This was rarely implemented

until the then new legislation, but became stricter with the implementation of the reform. Among older people who received income support from the pension system nearly 18% renounced the benefit when it was transferred to the social assistance system.

Over the long-term a decrease in the recipients of financial social assistance was expected, especially long-term recipients capable of work due to activation measures. It turned out that the introduction of the activation approach was a much lengthier process, which had to be very well prepared and had to involve a wide range of stakeholders.

2.2.4.6 Consequences for individuals

Just before the implementation started the Government at the time was faced with the serious challenges of the economic crisis so the decision was taken (after consultation with the social partners) that the originally proposed amount of financial social assistance for an individual would be reduced from 288 EUR to 260 EUR per month. The effect was that the objectives planned during the preparation process were not entirely fulfilled, namely:

- Improvement of the adequacy of income support aimed at improving the situation of categories with the highest poverty risk. For example: elderly people living alone are now entitled to higher benefits (including income support that was previously attached only to certain types of low pensions, while now it is available to persons with low incomes that are not capable of work regardless of age and type of income; the incapability to work is established by special committees of the Institute of Pension and Invalidity Insurance).
- Individual decisions about take-up of benefits that are to be repaid (financial social assistance and income support) - the impact of non-take-up on poverty rates?

As was already mentioned the activation measures for long-term recipients of financial social assistance who are capable of work did not show results immediately. The proposed measures were:

- activity supplement to financial social assistance recipients who are partly employed or are part of ALM programs
- obligatory cooperation of employment offices and centres of social work with the individual recipients in defining the problems, possible solutions and activities of individual
- social activation programmes and employment programmes for hard-to-employ individuals

Since the beginning of this year a new baseline amount of CSA is implemented. It is 288 EUR for the first single person.

2.2.4.7 Applicable arrangements for the Minimum Income/Cash Social Assistance (CSA)

Whilst the legal framework is adopted at the national level, the organisation and delivery of the minimum income scheme (CSA) is provided at a local level by the network of Centers for Social Work (CSW). CSW are acting as a one stop shop for all means tested transfers while also providing some key social services and activation programs for the unemployed.

The basic amount of minimum income is defined by the law and is annually indexed in accordance with the growth in the cost of living. According to the current legislation the competent ministry has to determine the minimum cost of living (which is the basis for CSA) every five years using a comparable methodology.

To determine the amount of minimum income for the family, the following equivalence scale is used:

Weight	Family member
1	The first adult
1,28	The first adult working 60-128 hours/month
1,56	The first adult working more than 128 hours/month
0,7	Single person aged 18-25, living with parents and registered as unemployed
0,76	Single person - permanently unemployable, or permanently incapable of work, or older than 63 (woman) / 65 (man) - living with persons who have sufficient means of subsistence for themselves and are not their family members (according to the definition in the Act)
0,56	Each further adult
0,71	Each further adult working 60-128 hours/month
0,88	Each further adult working more than 128 hours/month
0,76	The first child: the oldest child whom the beneficiary is obliged to maintain
0,66	Further child whom the beneficiary is obliged to maintain

Source MLFSA, 2016

Persons who are eligible for CSA must be nationals of the Republic of Slovenia with permanent residence or foreigners with a permanent residency permit or persons granted international protection or persons eligible according to international Acts. Apart from that individuals or family incomes and assets are tested in accordance with the limits laid down by the law.

Persons who are able to work must be registered at the local employment office and must actively seek employment.

CSA is provided in the form of a temporary or permanent benefit. Temporary CSA is granted for a period of three to six months so long as there are grounds for benefit. Permanent CSA is provided to those who are permanently unemployable or older than 63 for women and 65 for men. Active beneficiaries can also obtain an allowance for activity.

Beneficiaries of CSA are also entitled to some other benefits like income support, care allowance, payment of contributions for health insurance, death grant and funeral grant.

Social Assistance Services

The current legislation related to social assistance is based on the assumption of subsidiarity - everyone is primarily responsible for their own social situation. However when, due to external or internal reasons, individuals are not able to provide for their social security and well-being, they are entitled to help from the State and the local community (assistance).

The Social Assistance law provides the basis for six sets of social assistance services that are related to counseling, assistance and help for the individuals and families, and different forms of long term assistance to persons who are not, for various reasons (disability, age, chronic illness) able to live independently. The services are as follows:

- first social aid,
- personal help,
- help to the family,
- institutional care,
- guidance, protection and employment under special conditions
- help to workers in enterprises, institutions and at other employers

The conditions for the delivery and the financing of the services are precisely determined by means of specific standards which apply to the territory of the entire country. Inclusion in the service is possible for all potential users who meet the prescribed eligibility criteria and is only limited by the number of service providers or vacancies.

The network and financing of social assistance services is in the domain of the State and the local communities. The social assistance sector is entirely non-profit and basic services like first social aid or personal help are entirely free of charge. There is a surcharge for the other services which depends upon the material situation of the user. The state shall form the network on the basis of the needs within local communities and the number of people living in such communities. In relation to the organisation of the providers' networks the active role of the non-governmental sector is very important.

The current legislative framework for social assistance services is outdated and does not provide adequate mechanisms and structures to effectively increase the flexibility of the system and to provide quality prevention and provision of help and support to the individuals and groups who find themselves in a situation of economic poverty and who have various other social needs. The existing legislation does not include solutions that are in the field of social assistance promoted by the European Union.

2.2.4.9 Conclusions

After the first year of the implementation of the new legislation a comprehensive evaluation was carried out in order to eliminate the shortcomings and inconsistencies. The competent Ministry proposed further amendments to the law once it entered into force in 2014 and in 2016. In the analysis, which was carried out by the competent National Institute in 2015, it was found that the proposed changes were appropriate and that they adequately improved the situation of the social assistance recipients.

As I have already pointed, the existing legislation relating to social assistance services has not changed since 1992. In 2009 a special working group was appointed to prepare a new law, but it stopped its activities in 2010. The main goals of the new legislation were to be:

- to ensure better accessibility, affordability and availability of various types of services for individuals and vulnerable groups who are exposed to the risk of poverty and social exclusion,
- to ensure efficient cooperation among the State and local communities and other stakeholders in planning for the services networks and the different forms of assistance, their financing and the execution of supervision over the delivery of programs, services and other types of assistance (quality control),
- to ensure greater involvement of the users (or their representatives) in the planning and provision of social services,

- to ensure greater autonomy of service providers, which would increase their responsibility and ensure more efficient supervision over the delivery of services, programs and other types of services.

The Ministry responsible for social assistance is planning to start on the preparation of new legislation in 2016.

3. Objectives of New Legislation Related to Social Assistance in the People's Republic of China

3.1 Long term effort of state to help people in need

As I have already mentioned in the introductory paragraph the present situation in the social assistance field in the People's Republic of China is characterized by the interim legislation. There are several reasons for that, but at this point I do not want to discuss them. After long period of successfully implementing the *Dibao* scheme and rich experiences in this regard at the central, provincial and local levels there is a great opportunity for the relevant Ministry and the Government to show their strong commitment towards the alleviation of poverty by drafting comprehensive social assistance legislation.

A long term approach is important not only from the point of the government side but also from the citizens' point of view as it assure to all Chinese citizens that they can rely on the social protection system even in times of crises and circumstances which will affect their basic standard of living. By building a sustainable network of support for those people in need, the Government will also show its attitude towards building social cohesion and promoting better living conditions for all citizens no matter what their age, sex or other circumstances are.

It is of course important that the population is aware that the primary responsibility for their living conditions is in their hand but it is also important for them to know that they can rely on the others help (solidarity) in times of unexpected events or circumstances they were not able to influence. Effective networks of help and support are critical and crucial for their own empowerment and support on their way back to "normal" living conditions.

Of course one should always bear in mind that there are always some vulnerable groups of people who are dependent over the long-term or even permanently. This is especially true for the very old or persons with a severe disability. These groups should always experience solidarity on the basis of their rights but also on the basis of the generosity of the welfare system.

3.2 Alleviation/elimination of poverty

Although we live in an age of tremendous technical and societal progress there are still some groups of the people who cannot, for reasons which they are not responsible for, provide for themselves a decent standard of living. Deep poverty is a complex phenomenon which should be tackled from different angles. In strong economies like China's is deep poverty should be minimised or even totally eradicated. One of the best ways to fight this phenomenon is to provide, among other measures, comprehensive legislation that will ensure the effective ways (benefits and services) for help, support and empowerment of people in need.

In this regard medium- and short-term planning is also important. To successfully combat poverty, comprehensive national, provincial and local strategies are also needed. The obligation for their preparation should be also one of the components of comprehensive social assistance legislation.

3.3 Better targeting of the benefits

Financial Social Assistance (*Dibao*) is a social benefit which acts as a final safety net. It is provided to families and individuals who are unable to secure their material security, for reasons beyond their control. The purpose of Financial Social Assistance is to provide funds to meet the minimum needs

at a level which allows the basic subsistence. In this respect it is very important to act quickly and to find the people who are really in need. So the system must provide simple procedures but it has also to prevent possible frauds. This means that the circumstances of a family or individual person should be carefully considered.

3.4 Engagement of the local community and other stakeholders (social organisations)

As I have already mentioned several times poverty is complex phenomena and it should be solved in the local environment in which it occurs. That is very important in such a big country as the People's Republic of China. It is not only important just to provide enough means to survive and to cover the basic health, educational and housing needs. Sometimes inclusive tailor made services are even more important. Concrete help for a family should be planned as a combination of the different measures which are involving different stakeholders from the governmental offices in different levels but also from the social organisations. Plans to help people in need should also include involving family members and volunteers. This could be a more cost-effective and efficient solution especially in the areas with limited resources.

During the process of the assessment and planning of help/support it is very important to determine whether a family is in need of short- or long-term help. The relevant related findings can help us to prepare an effective and suitable plan of measures related to one's concrete situation.

Coordination of the different players in the local environment is crucial for successfully helping and supporting those families in need.

There are several possible approaches towards this coordination and they should be adopted by local government.

Frequently poverty is not related only to the isolated families but it also affects more numbered social groups like elderly, minorities etc. So one cannot focus only on concrete cases but should prepare more broad approaches towards those particular social groups. In those cases even more comprehensive approaches are needed. These need to include not only horizontal but also vertical coordination.

3.5 Activation of the recipients

It is a well-known fact that people adopt different strategies during their times of poverty and social exclusion. It is also known that the patterns of help vary much in relation to the traditions of family support and the welfare system. But it is always a fact that the longer they live in a state of poverty, the more passive people are. Activation of a benefit recipient is crucial for their social inclusion and the alleviation of their poverty. Possible strategies to achieve that are different but it is always necessary to make a good assessment and comprehensive plans on an individual level. Participation of the recipient is crucial so it is important that realistic and achievable targets are developed.

3.6 Transparency of the procedure

If we would like to develop a kind of welfare mix system we should define clear boundaries between segments like social insurance, social assistance and charity work. Procedures within each of those three components of social security should be clear, which is especially important when different levels of government are involved. The present system is very much characterized by unclear competencies at certain governmental levels. Civil servants are often complaining that they have too much discretion whilst on the other hand they sometimes abuse this discretion (see more in Grace's paper). It is very important to draw clear boundaries between competencies of the government at different levels and to know what their responsibilities should be. In regard to this it is also important to define the level of discretion, especially at the local level, because sometimes decisions can be quite subjective. Well trained and competent staff are also a prerequisite for the transparent implementation of the law as well as solid IT support.

3.7 Simplified and user friendly procedures

People who are facing poverty, especially some particularly vulnerable groups, are often faced with obstacles like lack of knowledge, poor literacy, difficulties in communication. To involve them in the assessment procedure, and to prepare successful and comprehensive plans to help them, we need to provide simple, clear and user friendly procedures. When many stakeholders are involved in the provision of support and different forms of services, it is important to provide one entry point and one key person who will lead them through all the stages of the process.

3.8 Effective and Efficient use of public resources

Support to people in need should be provided with funds from different levels. Their structure and scope should be defined partly in the relevant legislation and partly in budget plans. It is crucial to constantly monitor their efficiency starting from the point of the individual recipient be they family or individual user. In respect to that, clear standards and related objectives should be prepared for monitoring the progress.

Measures for the effective use of public funds are especially important when private providers are involved in providing public tasks. To prevent abuse of these funds, and to enhance their effective use, regular reporting in relation to clear objectives should be provided.

4. Preparatory Process for the New Legislation

4.1 Evidence Based Drafting

For the successful preparation of the new legislation a comprehensive drafting process is very important. The foundations for the drafting should be based on the evaluation of past legacy/tradition, analyses of good and bad practices in the present system and comparison with other relevant systems/countries. Many analytical reports are already prepared in relation to social assistance system reform in the People's Republic of China.

A possible starting point for the new legislation could be the present interim legislation but before starting a careful assessment should be prepared.

There are several possibilities for drafting new legislation. One is for drafting by experts (administrators from the Ministries and scholars). Another is drafting by a dedicated working group composed of different stakeholders. The way that first drafts are prepared influences the degree of other stakeholders' involvement in the later phases of the adoption of the legislation. Since the social assistance legislation will be related to all the levels of government, and it should be also comprehensive one covering benefits and services one could propose to draft the new act via a broad experts group. This may also provide a bigger commitment when it comes to the implementation of the new legislation. However in this case a clear leading role of the responsible Ministry must be established.

4.2 Coordination with other Ministries/Debate with stakeholders and civil society

Several times I have already pointed that poverty is a multidimensional phenomenon. Successful implementation of the different measures to fight it must involve different governmental sectors and other responsible parts of the society. The draft legislative proposals need to be discussed and agreed with the relevant Government Ministries. The Finance Ministry, Human Resource Ministry and Ministries responsible for Health, Education and Housing are of crucial importance. For there to be a successful legislative proposal not only is active approval needed but real commitment is also needed. Sometimes this process is very time consuming since Ministries' priorities are focused on other objectives but again only comprehensive vertical and horizontal solutions can provide solid results.

The formal non-governmental sector is still developing in the People's Republic of China. An important fact is that a draft of the Charity Law has been already prepared. On the other hand China has a long lasting tradition of help to the needy being provided through family and the basic local community. This is particularly the case in the rural environment. Old traditions and new solutions should be combined particularly in the urban areas where many poor families do not have an efficient safety net. Social organisations will be increasingly more important in the eradication of poverty. They have to be an important pillar in the new legislation but they also have to actively contribute to the process of preparing the new law.

5. Content of the Legislation on Social Assistance

(Each component may be further explained)

5.1 General Provisions of the Law

- *the aim and the purpose of the law basic definitions*
- *applicants and beneficiaries under the law,*
- *explanation of terms used in law*
- *principles the law is based on*
- *responsibilities of the central government*
- *responsibilities of the provincial governments*
- *responsibilities of local governments*
- *obligation to prepare strategies (plans for combating poverty and social exclusion at the central and other levels)*
- *the obligation of other ministries and players (stakeholders) to participate in comprehensive policy approach to fight poverty and social exclusion*

5.2 Special part - benefits

- *the conditions for eligibility for the financial social assistance,*
- *the methodology to define the level of Financial Social Assistance for the family,*
- *the assessment of the income and assets of a family (individual),*
- *the period of receiving a benefit,*
- *the procedure for exercising rights including the definition of the competent authority,*
- *other rights related to the Financial Social Assistance,*
- *medical assistance housing assistance educational assistance*
- *active labour market assistance*
- *promoting the employment of beneficiaries of financial social assistance*
- *obligation of financial social assistance beneficiaries to accept any job*

5.3 Special part services (European non-binding quality framework for SSGI could be used here)

General article on the services and their nonprofit nature, services could be structured according to the different methodology e.g. their nature, intensity duration, financing (totally free services (fully financed), partly co financed or fully paid by the users)

As a possible proposal I would suggest the following division of services:

- *consulting*
- *personal support*
- *personal (help)assistance*
- *coordination of assistance and support housing services with the care accompanying activities*
- *general social services for the citizens of the People's Republic of China,*

- *content,*
- *quality standards,*
- *other provisions for the services*
- *special (targeted) social services for the recipients of Financial Social Assistance*
 - *content, quality standards, other provisions for the services*
 - *eligibility criteria, assessment procedure, contracting with providers*
 - *providers of the services specified on the basis of the content of service they are providing; with special emphasis on the providers in the private sector (contracting, concessions, etc)*
 - *criteria for the provision of the networks of the services and the responsibility for their planning according to the level of the government*
 - *social assistance staff's responsibilities*
- *control of fund used (staff and recipients levels)*

5.4 Coordination and collaboration with the stakeholders involved in the process of social assistance

5.5 Appeal process if is not arranged otherwise by the other legislation

5.6 Funding of benefits and services (*based on different approaches: money is following beneficiary/direct financing/personal budgets or the money is provided to the providers/indirect payments schemes*)

- *who is responsible for what, nature and method of payments*
- *process of contracting with providers on different levels*

5.7 Monitoring (*financial control, quality control*)

5.8 Definition of responsible bodies and their competences to collect and process data

- *general article with a special regard to the privacy and security of data*
- *definition of data bases and data which should be shared*
- *the collection of data*
- *data processing*
- *storage and archiving of data*

6. Implementation of the New Legislation

6.1 Time table

When starting with the preparation of new legislation one should prepare a clear time-table of activities related to the process from the start to the end or from drafting to the implementation/exercise of the legislation. The cornerstones should be as follows:

Preparatory activities (piloting, preparation of new system structures, preparation for the transition period etc.)

Actual start of the implementation/exercising of the new Act

In this chapter we are going to focus on the activities in the transitional period from the adoption to the actual start of the implementation of the legislation. The length of this period is very much related to the content of the activities in the preparation process and changes made during the

parliamentary procedure. It is very important to start some supportive activities already during process of the drafting of the legislation.

6.2 Organizational changes

The new legislation will bring a number of changes in the structure and competencies of decision-makers at all levels. It will be necessary to decide how to separate or to connect the administrative and professional/contextual procedures. The scope of social services will begin to develop on a new basis and will have to be adapted to the existing networks of providers in the field of health, education and employment.

6.3 IT Support

Different options and possibilities for IT support should be considered and planned sufficiently early. IT specialists should be a part of drafting team and especially if we would like to achieve a transparent and simple procedure they should be involved in the design of the legislative solutions. Related to the IT support it is also important to plan the IT infrastructure which should be updated, provided on all levels and compatible. This is very important not only for the administrative support assessment, payment and monitoring of benefits and services but also for very specific activities related to the service provision.

For the decision making processes adequate IT support would be crucial. Well planned IT support will provide simplified and reliable procedures for users and administrative staff.

6.4 Training/Education of the staff/providing bodies

6.4.1 Training of administrative and professional staff on the decision makers' side

In the light of the new legislation any administrative support to the decision-making process on the rights related to the benefits and services will be changed in many aspects. It will be necessary to examine whether to combine it or to separate it. According to the decision a plan has to be set on the number and qualifications of new staff, in particular, in some areas. This can be a major challenge.

6.4.2 Training/education of professional staff on the providers' side

The new legislation will introduce a number of new services. Some of them will be able to be introduced by the existing personnel. For some there will need to be further training and for some completely new human resources will be needed.

6.5. Informing the important stakeholders and the general public/publicity

Changes in social policy are sensitive issues for the general public and those impacted. A well planned public education campaign is very important. It is related to two complex sets of activities. The first is information for the general public. The other is information for potential and actual beneficiaries of benefits and services. If the law brings important innovations/changes and especially if they are going to be IT supported, they need to be carefully explained to the potential beneficiaries. Many of the recipients are poorly educated and do not understand all the benefits of modern technologies.

7. Policy Recommendations

7.1 General recommendations

Adopt a long-term approach to the law on social assistance

With the new law/legal framework, the Government should clearly show its long term intention to support people at the risk of poverty and social exclusion, (to combat poverty and social exclusion).

Inclusion of different stakeholders in drafting and implementing the social assistance law

The fight against poverty and social exclusion is a complex process that requires the participation and cooperation of different stakeholders at central, provincial and local level, the public and the private sectors, professionals, volunteers and different political structures. In this regard the new legislation should provide a comprehensive framework for their joint and comprehensive action.

Improve the procedural transparency of social assistance

In an effort to eliminate poverty, the Government will follow the principle of transparency of procedures related to the benefits and provision of services and the effective use of public funds on all levels (vertically and horizontal).

7.2 Specific recommendations

Evidence based drafting

Before starting with the new legislation it would be preferable to gather all possible analyses, researches and examples of best practices in the field of social assistance. The new legislative framework should be built upon the legacy and solid foundations of the “Interim Measures”. Piloting in smaller areas should also be part of the preparatory process.

Improving the new legislation structure and its content

The new legal framework should be comprehensive and it should cover benefits and services for the people who are in need. Special attention should be focused on the social services part since this is still a very underdeveloped area. Appropriate legal solutions should be also adopted at the local level in accordance with the central government’s legal framework.

IT based administrative processes of the social assistance system

Administrative procedures should be clear and user friendly. They should be IT supported as much as possible. Again transparency is very important but on the other side it is also important to leave some room for the discretion of officials at the local level. It is important to also have precise divisions between the administrative and the professional parts of the procedures. Clear appeal procedures should be also part of the administrative processes.

A comprehensive approach to the implementation of the new legislation

The early preparation for the implementation is very important. Implementation should be related to human resources, premises, equipment and IT support (hardware and software). Bearing in mind that the service supply side is not very well developed, it is important to start an awareness campaign which will attract investors from the private sector.

Ensuring appropriate funding for the new social assistance provisions

To successfully implement a new legal framework, additional funds will be needed at central and local levels. It is critical to prepare clear projections in relation to this. It will be useful to develop a simulation model.

Investment in the monitoring and evaluation of the newly implemented law

Regular monitoring should be part of the new legislative framework. However it is also important to monitor the implementation of the new legislation on a yearly basis.

Raising awareness and publicity of the new provisions of the social assistance law

Provision of clear and accurate information to the general public and to the all involved parties will be an important part of the successful implementation of the new legislation. It should start early and should be delivered through the different media.

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Chapter 2: Topic 3.2.1 Experiences on unified standards for calculation of Social Assistance benefits

3.2.1 Experiences on unified standards for calculation of Social Assistance benefits
Assessment Report

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Abstract

Experiences on the unified standards for the calculation of Social Assistance benefits – short explanation of the Dibao focus in the whole report.

The Minimum Livelihood Guarantee Scheme (MLGS, Dibao, or subsistence allowance) is the core benefit in the Chinese social assistance system, as well as the most important assistance program. Currently, dedicated social assistance benefits largely depend on a Dibao entitlement, i.e. if the applicant's family income cannot reach the 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 at a certain level (Dibao standard), so that they have the capacity to purchase basic living consumables. Therefore, the Dibao Standard (Dibao line) is essential in defining people's eligibility and their benefit level. It has for a long time been a challenge for the Civil Affairs Departments to calculate and adjust the standards along with economic growth. The Civil Affairs Departments are making great efforts in establishing the adjustment mechanisms to maintain the balance between welfare and productivity.

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

1. The definition, significance, theoretical methods and current policy framework

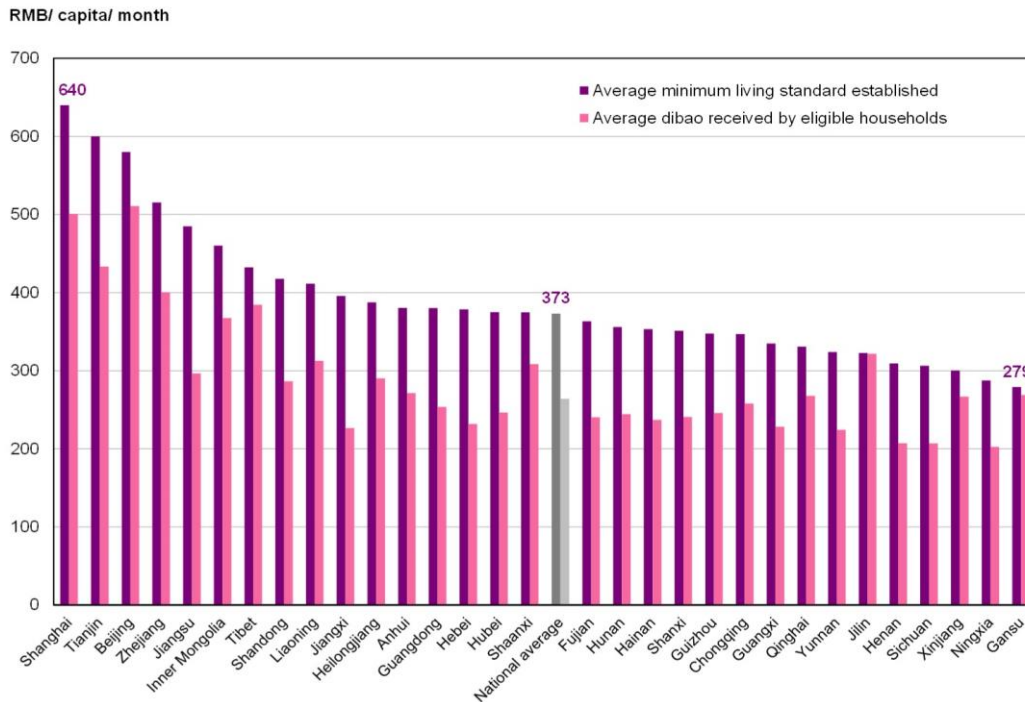
1.1 Definition of the Dibao Standards

The 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. The MLGS is an income supplementary assistance system, which makes sure that the income of the population in poverty can be kept at a certain level (Dibao standard) therefore giving them the capacity to purchase basic living consumables. Therefore, the Dibao Standard (Dibao line) basically determines people's eligibility for assistance (can/cannot receive) and the benefit level (how much).

In order to have a fair and unified standard for social welfare, the Dibao scheme must be set to provide consistent assistance. It is a basic allowance which aims to ensure poor people's basic living rights within a certain period of time. The Dibao allowance for families will not be cancelled until people's income can satisfy their own living demands. With the development of the economy, the improvement of people's living standards and national fiscal capacity, a dynamic standard will also make relevant adjustments in order to ensure that poor people can enjoy the achievements arising from economic development and live a civilized and decent living.

The Dibao standard has certain features: 1) it defines which people can receive the benefit so it must be "strong" to allow clear identification of the families in most difficulty. 2) the standard should not be high so that the working population would be discouraged. 3) it should be scientifically calculated, say, with a set of indicators to ensure its validity and reliability. 4) currently it is mainly based on a household's income (cash oriented). 5) it considers the family as whole and does measure individuals' income separately. 6) it is different from the actual Dibao subsidy received by the recipients (see figure 1.)

Figure 1. The average minimum living standard by provinces in 2013 (CNY)



Data source: Ministry of Civil Affairs, 2014.

1.2 Significance

In the process of establishing the Dibao system, it is meaningful to measure the Dibao Standard scientifically. If the Subsistence Security Standard is too low, it can not guarantee citizens' basic life demands and survival rights. This would easily trigger social unrest and impede the harmonious development of society. More seriously, it goes against the basic concept of modern public administration. If the Subsistence Security Standard is set too high, it will make employees discontented, increase the fiscal burden and create the welfare dependence phenomenon some European countries are faced with. Welfare dependence makes workers unwilling to work, hindering economic growth and social development. Therefore, setting a scientific and reasonable security standard not only helps save social resources but also protects the rights and interests of low-income groups. The Subsistence Security Standard is a criterion to measure both personal and family poverty situations. It should be set according to the social and economic development levels, as well as the expense residents need to expend in order to maintain a basic living. It is also the core of the Subsistence Security System. The study of the Resident's Subsistence Security Standard is significant in theory and practice.

In particular, the Dibao standard not only determines whether people can receive Dibao or not, in fact, as the Dibao entitlement is closely related to the other dedicated assistance programs, the application of the standard is greatly extended. It turns out to be far more significant than it was expected to be.

1.3 Poverty measurement methods

The basic goal of the Social Assistance System is to guarantee recipients' basic living. In some sense, social assistance is a special kind of "distribution according to needs" system that is possible in the current conditions. The "need" refers to the "basic living need". The problem is the amount of expenses needed to ensure a family's basic life. For such a question, different families will have different answers, because each family's reality is different. However, from the aspect of social

assistance practice, a consistent "line" must be drawn to determine the recipients of relief and assistance standard. In theory, there are some commonly used methods to measure poverty as follows.

- 1) Engle's Ratio Method. The poverty line equals the lowest food consumption spending divided by the poverty point's Engel's coefficient. This way is easy to operate and the standard calculated is connected to the level of income.
- 2) Income Ratio or International Poverty Line Method. Poverty line equals 50% to 60% of the country's or the region's average income. This method is simple to calculate and the poverty line is linked to the social average income. This allows participants to share in the achievements of economic development better.
- 3) Vegetable Basket or Basic Needs Method. The poverty line equals the expense of residents' daily necessities list. This method can reflect directly the content of the lowest food consumption spending.
- 4) Mathematical Model Method. This quantifies the indicators of poverty and obtains the poverty line by related ways. The "Martin Method" is the most representative. It can determine high poverty and low poverty lines. Although the "Martin Method" needs complicated calculations, a high poverty and low poverty line can reflect absolute poverty and relative poverty.
- 5) Extend Linear Expenditure System Method (ELES). This method uses the Extend Linear Expenditure System model with the expenses and prices of daily necessities to obtain the poverty line. The data is more objective and scientific, covering different income and expenditure levels. However, its cost is very high due to its complicated calculation and strict data requirements.

In terms of their operability and calculation basis, the measurements of poverty line above have their respective advantages and disadvantages.

Take the Engel coefficient method for an example. Although this method is simple and clear and the data it requires and provides are relevantly stable, China's regions have differences in their commodity prices and marketization levels. Moreover, researchers have debates about the use of Engel's coefficient: the question is, "which Engel's coefficient should we adopt"? The Engel's coefficient should be 50% to 60%, of a poor resident's income. Should it be measured with international recognized poverty line?

The market basket method is more intuitive and relatively easy to be accepted and understood. It can ensure the basic living of poor residents. The method needs scientific research and the participation of residents. A Dibao standard measured by this method can be compared horizontally, but it will limit the decent lifestyle of the beneficiaries.

Mathematical model method. Take the Martin method for example. This method can judge reality objectively, but it is hard to ensure consistency in determining the high and low poverty line. And individual citizens whose consumption exactly reaches the food poverty line are difficult to determine and calculate. The extend linear expenditure method itself is relatively complex, and it remains to be tested whether it is reasonable to define the poverty line based on consumption expenditure.

The income ratio and average number method is simple and can reflect the relativity of poverty and regional differences. But it can not reflect individual specific needs. The income ratio method may be empirical, subjective and arbitrary when it comes to determining ratios. The method may be stressful for the fiscal expenditure of poor regions.

1.4 Policy framework and implementation

Dibao was first initiated in Shanghai in the early 1990s and was then promoted nationally during the mid-and late-1990s. In 1997, the State Council issued the “Notice on Establishing the Urban Minimum Livelihood Guarantee Scheme Nationwide” to extend the local experimentation to a national policy framework. In 1999, the State Council passed the “Regulations on the Urban Minimum Livelihood Guarantee Scheme” to strengthen the legal framework of MLGS (Dibao). In 2007, the State Council issued the “Notice on Establishing the Rural Minimum Livelihood Guarantee Scheme Nationwide”. This allowed rural people to be secured by MLGS as well. Meanwhile, local governments should formulate and announce the subsistence allowance standard according to the expense required to maintain the basic living standard and then investigate and assess the average family income of the applicant.

In 1999, the Regulation was formulated for the purposes of standardizing the system of guaranteeing the minimum subsistence for city residents and guaranteeing a basic livelihood of city residents. It stipulates that “City residents holding non-agricultural registered permanent residence and whose average income of family members living together is lower than the local standard for guaranteeing the minimum subsistence for city residents shall have the right to obtain basic livelihood material assistance from the local People's Government. The income stated in the preceding paragraph refers to all monetary income and material income of family members living together, including alimony, payments for support or payments for foster care that should be paid by persons providing statutory alimony, payments for support or for foster care, but not including the pensions and subsidies for the disabled or the family of the deceased enjoyed in accordance with the provisions of the State.”

Article 4 indicated that “A responsibility system of local People's Governments at all levels shall be exercised for the system of guaranteeing the minimum subsistence for city residents. The departments of civil affairs of the local people's governments at or above county level shall be responsible for the administration of guaranteeing the minimum subsistence for city residents in their respective administrative areas; the financial departments shall, in accordance with the provisions, secure the funds required to guarantee the minimum subsistence for city residents; the departments of statistics, pricing, auditing, labor and social security, and personnel, etc. shall, according to their division of functions and each taking responsibility for their own work, be responsible for the relevant work of guaranteeing the minimum subsistence for city residents within their respective functions and duties.”

Article 6 explicitly sets out who should get Dibao and how to establish the Dibao standards. “The standards for guaranteeing the minimum subsistence for city residents are determined in the light of the clothing, food and living expenses which are required for local city residents to maintain a basic livelihood, and appropriate consideration shall be taken of the expenses for water, electricity, fuel coal (gas) and expenses for the compulsory education of minors.

The standards for guaranteeing the minimum subsistence for city residents in municipalities directly under the Central Government and cities divided into districts shall be formulated by the departments of civil affairs of the People's Governments of the municipalities or cities in conjunction with such departments as the finance, statistics and pricing. They shall be submitted to the People's Governments at the same level for approval and then be published for implementation. The standards for guaranteeing the minimum subsistence for city residents in counties (cities at the county level) shall be formulated by the departments of civil affairs of the People's Governments of the counties (cities at the county level) in conjunction with such departments as the finance, statistics and pricing, and after being submitted to the People's Governments at the same level for approval and to the people's governments at the next higher level for recording, be published for implementation. When the standards for guaranteeing the minimum subsistence for city residents

need to be raised, a reappraisal and re-decision shall be done in accordance with the provisions of the preceding two paragraphs.”

The 2007 Notice on Rural Dibao indicates that rural Dibao standards are set by the local governments (above county level), in line with the cost of local rural residents’ food, clothes, water, and electricity etc. The standards should be rendered to the next higher level of government and be executed after approval. The standards should be adjusted along with the prices of local living necessities and general living standards.

In 2014, the “Interim Measures of Social Assistance” indicate that “the criterion of the minimum subsistence guarantee shall be determined and released by the People’s Government of province, autonomous region, municipality directly under the Central Government, or districted city according to the expenses of local residents’ minimum subsistence and be appropriately adjusted on the basis of the local economic and social development levels and price changes.”

In practice, the local Dibao standards are set with local discretion. According to the published minimum living standard line, some cities calculated the standard by using the sample survey method; some cities used the method of consultation with the People’s Government’s finance, labor security, statistics, prices and other departments; some took the approach of contrast and reference; and some made subjective judgments based on the local financial situation.

In 2006, government representatives of Zhejiang Province, Guangzhou and Nanjing reported their method at the “*Chinese Urban Residents’ Minimum Living Standards International Seminar*”. It can be divided into several steps. The first is to list the basic necessities of life for each person each month according to local reality and then divide them into three categories: survival needs, food and clothing needs and development needs. The second is to designate the type of goods and their required quantity on the basis of the list of basic necessities of life and the basic living standards of the recipients (which can be referred to as the Standard of the Local Nutrition Society). The third is to calculate the money required to buy these goods according to the commodity prices based on a market survey or the food prices regularly published by the local statistical department. The fourth is to calculate the urban residents’ minimum living standard according to the total of the money. The fifth is to fine-tune the urban residents’ minimum living standard according to the local financial situation and other related factors and determine the standard figures. Noticeably, China has not yet set a unified formulation method for the urban residents’ minimum living standard. It has just limited the general aspects of the standard line and delivered the right to set the urban residents’ minimum living standard line to local People’s Government. Some of the problems exposed with the implementation of the standards set by local governments are:

Dibao standards and the rural poverty line: The rural poverty line is closely related to the rural minimum living standard, but it is not entirely consistent. The rural poverty line is an economic indicator for distinguishing the rural poor from the non-poor, while the rural minimum living standard line is for distinguishing the recipients of social assistance from other rural people. The rural minimum living standards should be higher than (or at least equal to) the rural poverty line. The difference between the two points of view is whether the minimum living security line is consistent with the poverty line. Gao Hai (2008) pointed out that in China, the minimum living standards are not entirely consistent with the poverty line. The poverty line is just an important reference to determine the minimum living security line.

In 2007, MoCA’s Dibao Division noted that the rural minimum living standards should not be lower than the poverty line promulgated by the State, otherwise they cannot guarantee the minimum living needs of rural residents. But the rural minimum of living standards should not be too high either, otherwise rural Dibao will discourage people’s willingness to save.

In general, the local Dibao standards have five categories of methods and procedures: 1). Sampling survey; 2) Inter-departmental discussion and negotiation: different sectors of civil affairs, finance, statistics, price and other administrative sectors discuss and negotiate, finally a standard will set to accommodate the various requirements of these sectors. 3) Reference group method: local governments could either refer to other regions' Dibao lines or social average wages or unemployment allowance or minimum wage. 4) Purposive decision method: that is to set the standards according to the judgment and will of the officials/sectors. 5) Mixed methods: to mix the methods above.

Currently, in practice, three methods are commonly used: 1) refer to the average wage e.g. Jiangsu Province sets 20 to 25% of urban disposable income and rural annual average income; 2) the consumption ratio e.g. Dalian sets 30 to 35% of the urban and rural average consumption of the previous year. 3) refer to the minimum wage e.g. in 2005, Zhejiang stipulated that the urban Dibao standard should be set at 40% of the minimum wage and the rural Dibao line at the equivalent of 60% of the urban Dibao line. Furthermore, in line with the requirement of MoCA, many regions establish temporary CPI subsidy mechanisms to reflect the CPI growth in the Dibao standards.

2. Policy implementation of the Dibao standard

As a core element of China's social assistance system, the Minimum Livelihood Guarantee for Urban and Rural Residents is the safety net for Chinese citizens. It is characterized by means-testing and an appropriate guarantee standard in the social-economic transition. For this system, the guarantee standard (Dibao standard or Dibao line) is the key issue directly related to governmental issues, such as financial delivery, poverty reduction and labor market policy. Therefore, it is among the most important topics in China's social assistance policy.

2.1 Analysis of principal social-economic factors affecting Urban and Rural Dibao Standards

2.1.1 Orientation of the development of China's social assistance system

The social assistance standard is not only an issue related to financial capacity at a certain stage of economic development, but also an issue closely associated with government's political ideas and its conception about reducing poverty. Unlike some other countries in the world where the social assistance system is at the margins of the social protection system, China's social assistance system is functioning to guarantee the basic livelihood of poor people, to maintain social stability and social harmony, to improve social inclusion and justice, to narrow the income gap and to eliminate social disruption on account of the fact that China is experiencing rapid economic development and a profound socio-economic transition. In implementing social assistance and poverty reduction in China, fairness and sustainability are considered as the fundamental orientations of policy making in the reform and the development of the social assistance system. Meanwhile, against the backdrop of economic development and the improvement in people's living standards, China's reform of the social assistance system aims to build up a harmonious society featured by co-building and sharing among the people. This is the concern when making the policy for the social assistance standard.

2.1.2 Diversity and heterogeneity of the social origins of Dibao recipients in socio-economic transition

Following the reform of State Owned Enterprises and the urban economic system that have taken place since the 1990s, unemployment has been a prominent concern in Chinese society. It has had an impact on the lives of urban residents and created a new poor stratum in the transition from a planned economy to a market economy. Therefore, changing the traditional social relief system in order to establish a new type of regulated, socialized and institutionalized social assistance system is set to be the goal of the social protection system and is the objective demand of the reform of the social assistance system. At the same time, because of the change in the urban-rural relationship and the urban-rural coordination in the context of rapid urbanization, some farmers lost their lands. This

has created new challenges in respect of rural poverty. And as the concept of social assistance in China is changing, the urban and rural Dibao are developing and social assistance is improving systematically with the regularization of its management and administration. The coverage and implementation of social assistance are respectively expanded and intensified. This has covered more and more urban and rural residents who have problems in surviving. Therefore, the social origins of the Dibao recipients has changed gradually from those unemployed who were retrenched from State Owned Enterprises at the time when the Dibao system had just been introduced to diverse social groups like the disabled, elderly, poor farmers and poor students, who have some differences in terms of the reasons for and the situation of their poverty, their ability to get employed and their type of family.

Due to the big economic disparity among regions, Dibao recipients are characterized by heterogeneity of social origins, differences in demands and the diversity of the causes of their poverty. All of these should be considered seriously in the process of managing and setting the standard for social assistance. The policies should be made with target of reducing poverty, guaranteeing livelihoods and improving social justice. The assistance should be delivered in line with the type of targeted groups, ensuring that the social assistance is managed in a suitable and specific way.

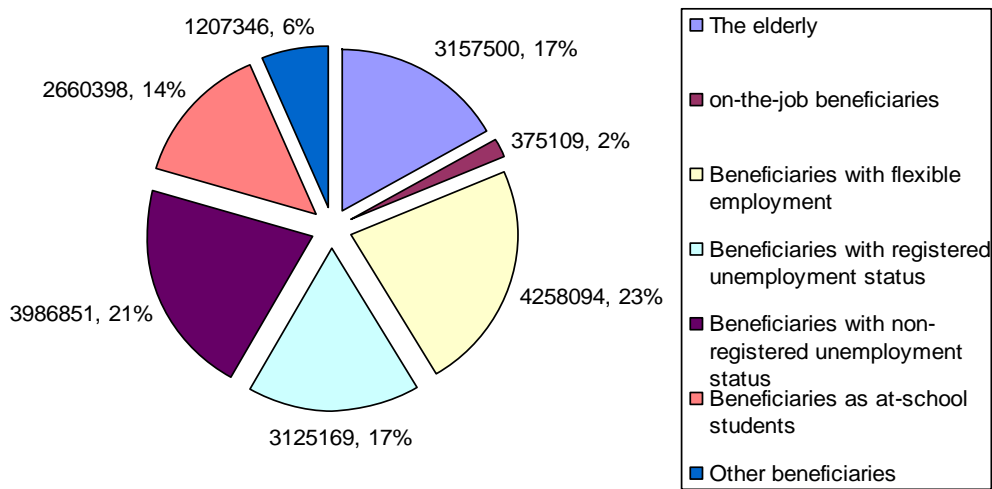
The Dibao recipients, both in urban China and rural China, have changed due to the evolution of social assistance over the years. According to the “*Statistical Yearbook of Civil Affairs in China*” (2015), urban residents covered by Dibao were 18,770,467 in 2014, of whom disabled people are 8.58% and the elderly are 16.82%. People with the capacity to work but outside of the labor market occupy a comparatively high percentage of Dibao beneficiaries. In addition students and adolescents make up 20.6% of Dibao beneficiaries.

Table 1. Urban Dibao Recipients’ profile in 2014

Composition of the urban Dibao Beneficiaries	number	percentage
The elderly	3157500	16.82%
on-the-job beneficiaries	375109	2.00%
Beneficiaries with flexible employment	4258094	22.69%
Beneficiaries with registered unemployment status	3125169	16.65%
Beneficiaries with non-registered unemployment status	3986851	21.24%
Beneficiaries as at-school students	2660398	14.17%
Other beneficiaries	1207346	6.43%
total	18770467	100.00%

Source: The Statistical Yearbook of Civil Affairs in China (2015)

Figure 2. Composition of Urban Dibao recipients in China in 2014



2.1.3 Difference and disparity of regional economic development in the context of urban-rural Dualism

Urban-rural dualism in the conditions of Chinese society, its background and the reality under which China’s social assistance system has been established is developing. For a long time in the history of China, the urban and rural areas had been split for the differentiated management of social assistance. Since the Reform and Opening Up to the outside world, especially in the 1990s when the market-oriented economy accelerated, the different economic regions corresponding to different levels of development as the Eastern region, the Western region and the Middle region have gradually emerged, and different categories of cities classified as first-tier cities, second-tier cities and third-tiers cities arose. Each of these has an obvious difference in their economic development. The people’s living standard in different regions differ from each other and the financial capacity as well as the social assistance coverage of the different regions are different. In all cases the socio-economic reality is essential in setting the standard for, and managing, social assistance.

(1) The disparity of regional economic development is the reality under which the management of the Dibao standard needs to keep under consideration. China has been in the process of transition from a planned economy to a market economy after the reforms of the 1990s. China has experienced rapid development due to marketization and urbanization. This has resulted in the disparity of the regional development of the economy and the differences in the social assistance system. According to the *Statistical Yearbook of China, 2014*, the disparity of GDP among the provinces, including state municipalities and autonomous regions in 2013 is wide. GDP per capita of some provinces is equal to or above \$10,000 which is at the level of a middle-developed country. However GDP per capita of other provinces is much lower and they would be considered as economically undeveloped areas.

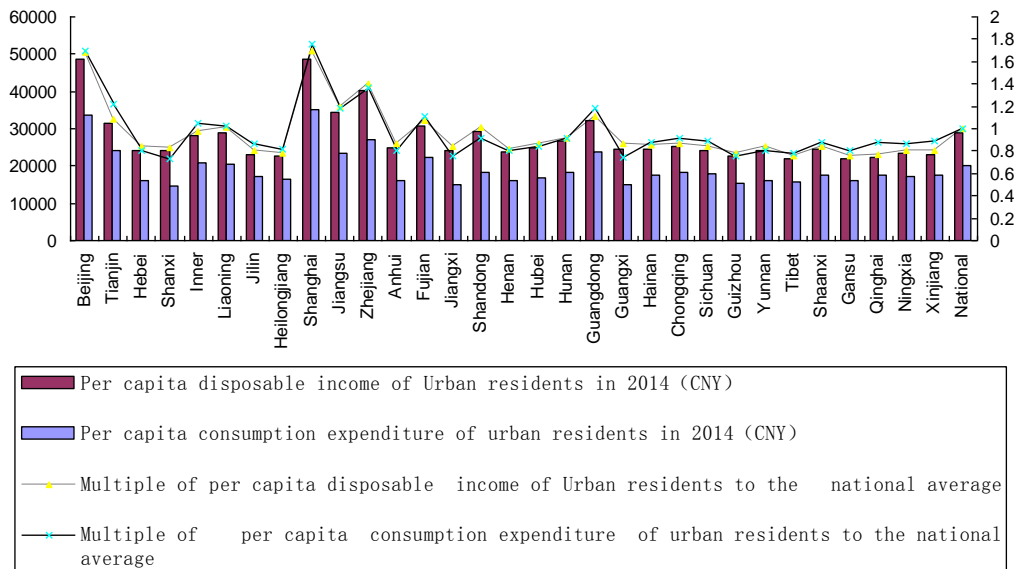
(2) The different average incomes and average consumptions in the different regions in the context of urban-rural dualism also varies in line with regional economic development. In 2014, the urban residents’ income in Shanghai amounted to 48841.4 CNY, which is the highest across China. There is very big income disparity among the different provinces in China. In addition the difference in purchasing power among the different regions is also different.

Table 2. Per Capita Disposable Income and Per Capita Consumption Expenditure of Urban Residents in 2014

	per capita disposable income of Urban residents in 2014 (CNY)	per capita consumption expenditure of urban residents in 2014 (CNY)	Multiple of per capita disposable income of Urban residents to the national average	Multiple of per capita consumption expenditure of urban residents to the national average
Beijing	48531.8	33717.5	1.68	1.69
Tianjin	31506.0	24289.6	1.09	1.22
Hebei	24141.3	16203.8	0.84	0.81
Shanxi	24069.4	14636.9	0.83	0.73
Inner Mongolia	28349.6	20885.2	0.98	1.05
Liaoning	29081.7	20519.6	1.01	1.03
Jilin	23217.8	17156.1	0.80	0.86
Heilongjiang	22609.0	16466.6	0.78	0.82
Shanghai	48841.4	35182.4	1.69	1.76
Jiangsu	34346.3	23476.3	1.19	1.18
Zhejiang	40392.7	27241.7	1.40	1.36
Anhui	24838.5	16107.1	0.86	0.81
Fujian	30722.4	22204.1	1.07	1.11
Jiangxi	24309.2	15141.8	0.84	0.76
Shandong	29221.9	18322.6	1.01	0.92
Henan	23672.1	16184.5	0.82	0.81
Hubei	24852.3	16681.4	0.86	0.84
Hunan	26570.2	18334.7	0.92	0.92
Guangdong	32148.1	23611.7	1.11	1.18
Guangxi	24669.0	15045.4	0.86	0.75
Hainan	24486.5	17513.8	0.85	0.88
Chongqing	25147.2	18279.5	0.87	0.92
Sichuan	24234.4	17759.9	0.84	0.89
Guizhou	22548.2	15254.6	0.78	0.76
Yunnan	24299.0	16268.3	0.84	0.81
Tibet	22015.8	15669.4	0.76	0.78
Shaanxi	24365.8	17546.0	0.84	0.88
Gansu	21803.9	15942.3	0.76	0.80
Qinghai	22306.6	17492.9	0.77	0.88
Ningxia	23284.6	17216.2	0.81	0.86
Xinjiang	23214.0	17684.5	0.80	0.89
National average	28843.9	19968.1	1.00	1.00

Source: Authors' calculation based on the data from the Statistical Yearbook of China (2015).

Figure 3. Per Capita Disposable Income and Per Capita Consumption Expenditure of Urban Residents in 2014



2.2 Changes in China's Urban and Rural Dibao Standards under the Economic Reform

The establishment of China's Dibao system was accompanied by the reform and transformation of China's economy. It was the policy innovation for adapting to the transition from a planned economy to a market economy. It is also an institutional innovation targeting the problems raised from the fact that the traditional social relief system had lost its economic basis during the transition. Due to the progress of marketization since 1990s, state-owned enterprises, which used to be the main source of employment and the provider of social protection, experienced enormous changes. Many workers were laid-off or became unemployed. Urban poverty, as a new social phenomenon, caused great concern and had an impact on social stability.

As unemployment and urban poverty appeared, China's economic development and social stability was significantly adversely affected. Therefore, the traditional social relief system, based on work units, was no longer effective for reducing poverty in the context of a market economy where new social demands had already developed. Because the function of social protection in State Owned Enterprises gradually lost efficacy and even didn't work over the course of the economic reform, the traditional social relief system that was not socialized and institutionalized needed to be reformed. As a result, an institutionalized and socialized Minimum Livelihood Guarantee System for Residents (Dibao system) came to be the choice of the new social policy. Therefore, since the mid-1990s, the urban Dibao system has been an important safety net that was gradually established in the urban areas. It has become the social safety mechanism for protecting urban residents with survival problems. As we move into the 21st century, China has seen great growth in its economy. This has reinforced the financial capacity supporting its social assistance policy and has continuously increased the standard of social assistance.

2.2.1. Changes in the Urban Dibao Standard

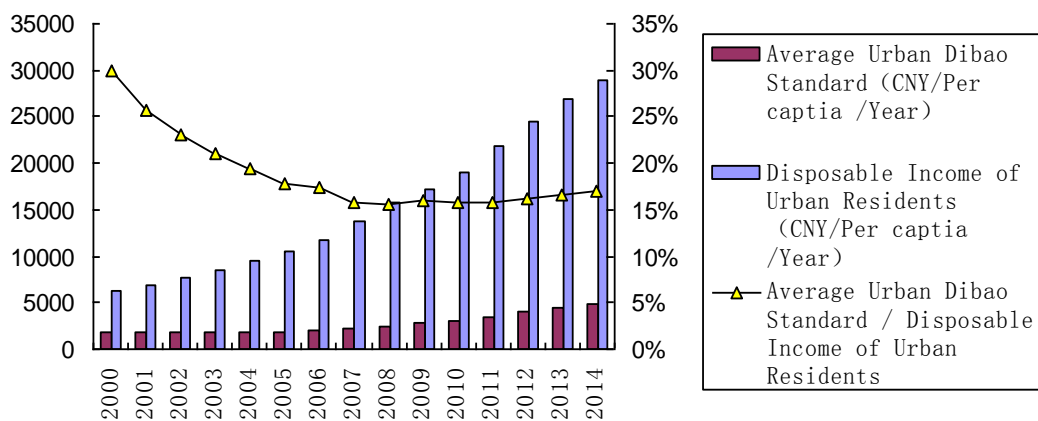
One can see that the trend in the change in the urban Dibao standard has been great. From 2000 to 2014, the Dibao standard has increased from 1884 CNY per capita per year to 4924 CNY per capita per year, and increase of 260%.

Table 3. Change in the relationship between the Dibao standard and the disposable income of urban residents since 2000

Year	Average Urban Dibao Standard (CNY/Per captia /Year)	Disposable Income of Urban Residents(CNY/Per captia /Year)	Average Urban Dibao Standard / Disposable Income of Urban Residents
2000	1884	6280.0	30.00%
2001	1764	6859.6	25.72%
2002	1776	7702.8	23.06%
2003	1788	8472.2	21.10%
2004	1824	9421.6	19.36%
2005	1872	10493.0	17.84%
2006	2035.2	11759.5	17.31%
2007	2188.8	13785.8	15.88%
2008	2463.6	15780.8	15.61%
2009	2733.6	17174.7	15.92%
2010	3014.4	19109.4	15.77%
2011	3451.2	21809.8	15.82%
2012	3961.2	24564.7	16.13%
2013	4479.6	26955.1	16.62%
2014	4926	28844	17.08%

Source: Authors' calculation based on data from the Statistical Yearbook of China (2015).

Figure 4. Change in the relationship between the Dibao standard and disposable income of urban residents since 2000



One can see from the relationship between the urban Dibao standard and the disposable income per capita of urban residents that these two factors do not have the same trend since 2000. As the average income of urban residents grew, the replacement rate between the urban Dibao standard and the average income per capita of urban residents declined in general. In 2000, the replacement rate was 30%. From 2005-2014, the replacement rate remained at around 16%-17%.

2.2.2. Changes in the Rural Dibao Standard

In the past, due to the urban-rural dualism, the urban areas and the rural areas have been governed in different ways over a long time. Thus social assistance is characterized by a disparity between the urban and the rural areas. This can be seen through its management, financing, standards, etc. Due to economic growth, China has a conspicuously stronger financial power to implement its social policy on reducing poverty. Because of rapid urbanization and the changes in the structure of rural society, especially its changing demographic structure, for example, more children and elderly remain in rural areas while the young labour force leaves for urban areas as migrant workers, poverty in rural area creates a new situation with new characteristics. The rural area, therefore, is in real need of changing its social relief system which was derived from the planned economy. It is in need of building up an institutionalized social assistance system for the development of rural economy, society and governance, after changing its economic ownership and taxation system.

Following the principle of balancing urban development and rural development, building a socialist new countryside and constructing a harmonious society, the Chinese social assistance under the urban-rural dualism needs institutional innovations. Learning from the lessons of the urban Dibao system, establishing and expanding the rural Dibao system is considered an innovation of the social assistance system in the context of coordinating and keeping urban and rural development in balance and harmony. On account of the “*State Council’s Circular on Establishing Nationwide Minimum Livelihood Guarantee System for Rural Area*” of July 11, 2007, the rural Dibao system has been gradually set up across China and the rural Dibao standard has been increased, following the growth in the economy.

Following the same trend as rural residents’ income, the rural Dibao standard has kept growing since 2006. From 2006 to 2014, the rural Dibao standard increased from 850.0 CNY per capita per year to 2,776.6 CNY per capita per year, which is 326% of the initial rate. It has seen stable growth.

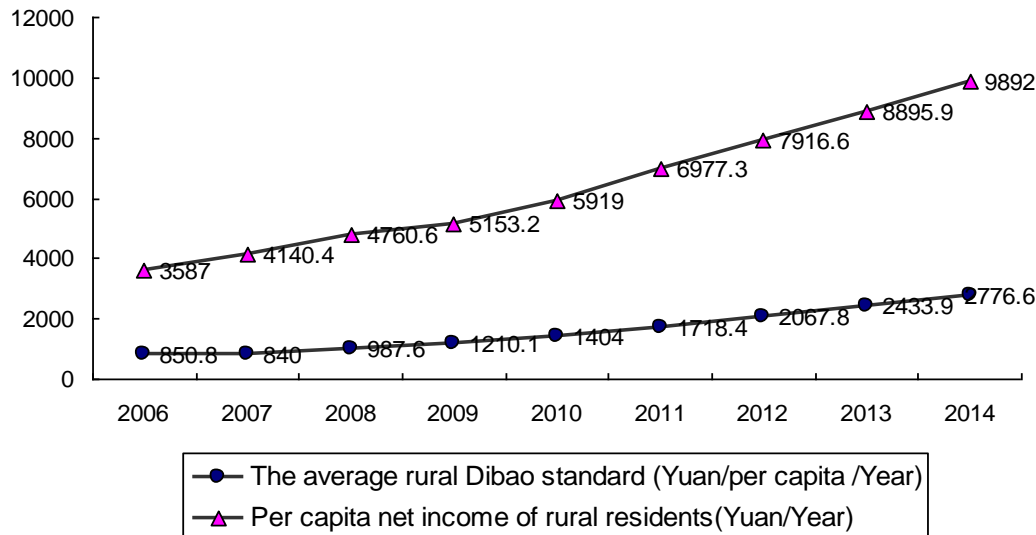
Table 4. Rural Dibao Standard and Rural Resident’s Net Income per Capita in China since 2006

year	The average rural Dibao standard (Yuan/per capita /Month)	The average rural Dibao standard (Yuan/per capita /Year)	Per capita net income of rural residents(Yuan/Year)
2006	70.9	850.8	3587
2007	70	840	4140.4
2008	82.3	987.6	4760.6
2009	100.8	1210.1	5153.2
2010	117	1404	5919
2011	143.2	1718.4	6977.3
2012	172.3	2067.8	7916.6
2013	202.8	2433.9	8895.9

2014	231.4	2776.6	9892
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Source: Author’s calculation based on data from the *Statistical Yearbook of Civil Affairs in China (2015)* and the *China Statistical Yearbook (2015)*.

Figure 5. Rural Dibao Standard and Rural Resident’s Net Income per Capita in China



2.2.3. Coordination of the Urban Dibao Standards and the Rural Dibao Standards

The urban Dibao standard and the rural Dibao standard have kept keep growing since 2006. The gap between them is greater – it has larger increased from 1184.4 CNY in 2006 to 2149.4 CNY in 2014 or now it is 82% higher than it was.

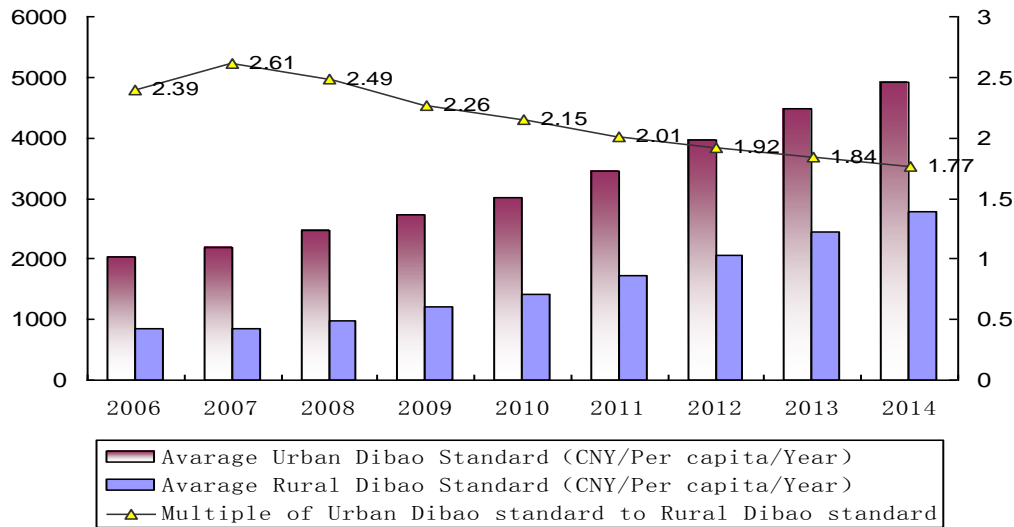
Table 5. Gap Between the Urban Dibao Standards and the Rural Dibao Standards in China

Year	Urban Dibao Standard CNY /Per Capita/ Year	Rural Dibao Standard CNY /Per Capita/ Year	Gap between Urban & Rural	Urban Dibao Standard/ Rural Standard
1999	1788	—	—	—
2000	1884	—	—	—
2001	1764	—	—	—
2002	1776	—	—	—
2003	1788	—	—	—
2004	1824	—	—	—
2005	1872	—	—	—
2006	2035.2	850.8	1184.4	2.39
2007	2188.8	840.0	1348.8	2.61
2008	2463.6	987.6	1476	2.49
2009	2733.6	1210.1	1523.5	2.26
2010	3014.4	1404.0	1610.4	2.15

2011	3451.2	1718.4	1732.8	2.01
2012	3961.2	2067.8	1893.4	1.92
2013	4479.6	2433.9	2045.7	1.84
2014	4926	2776.6	2149.4	1.77

Source: Author's calculation based on data from the *Statistical Yearbook of Civil Affairs in China (2015)*

Figure 6. Gap Between the Urban and Rural Dibao Standards in China



2.2.4. Decentralization and Diversification of the Urban and Rural Dibao Standards

Since the establishment of the Dibao system, the decentralized governance of social assistance has developed gradually. However, in the process of its development, due to China's unbalanced economic and social development as well as the diversity of the targeted groups', living costs and financial capacity in social assistance, the urban and rural Dibao standards became heterogeneous and differed by degrees in different regions and areas.

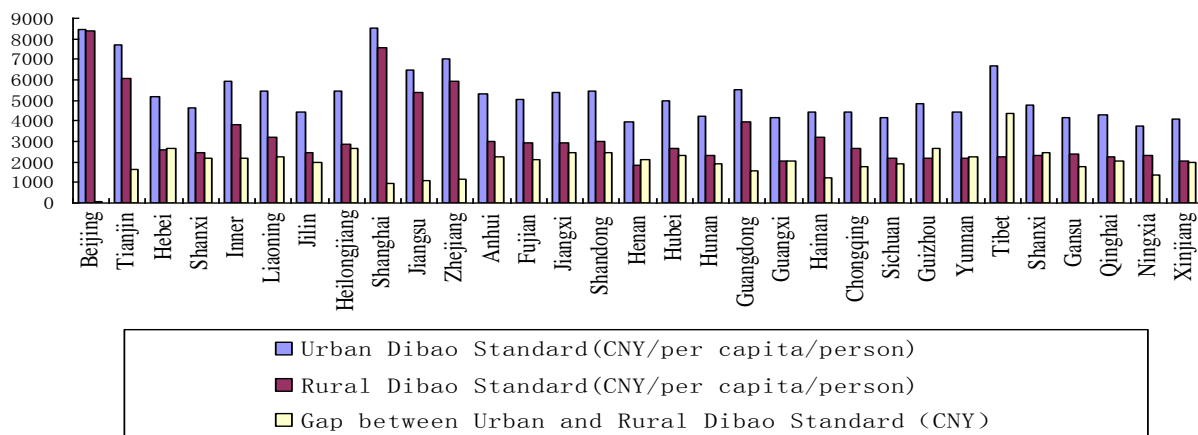
Table 6. Local Urban and Rural Standards, March in 2015

Region	Urban Dibao Standard (CNY/P/Y)	Rural Dibao Standard (CNY/P/Y)	Gap between Urban and Rural Dibao Standard (CNY)	Time of Urban Dibao Standard to Rural Dibao Standard
Beijing	8475	8390.77	84.23	1.01
Tianjin	7680	6074.18	1605.82	1.26
Hebei	5213.64	2567.94	2645.7	2.03
Shanxi	4644.72	2482.59	2162.13	1.87
Inner Mongolia	5960.04	3785.53	2174.51	1.57
Liaoning	5466.36	3206.67	2259.69	1.70
Jilin	4458.48	2466.05	1992.43	1.81
Heilongjiang	5461.92	2835.04	2626.88	1.93

Shanghai	8520	7560.00	960	1.13
Jiangsu	6457.68	5389.21	1068.47	1.20
Zhejiang	7050.6	5911.52	1139.08	1.19
Anhui	5291.04	3015.17	2275.87	1.75
Fujian	5052.6	2947.21	2105.39	1.71
Jiangxi	5413.2	2947.52	2465.68	1.84
Shandong	5470.68	2987.48	2483.2	1.83
Henan	3965.88	1853.03	2112.85	2.14
Hubei	4990.08	2666.44	2323.64	1.87
Hunan	4243.08	2339.23	1903.85	1.81
Guangdong	5521.08	3934.96	1586.12	1.40
Guangxi	4127.76	2056.65	2071.11	2.01
Hainan	4458	3216.00	1242	1.39
Chongqing	4465.56	2691.79	1773.77	1.66
Sichuan	4140.12	2204.67	1935.45	1.88
Guizhou	4842	2166.83	2675.17	2.23
Yunnan	4427.16	2189.01	2238.15	2.02
Tibet	6648.6	2280.55	4368.05	2.92
Shanxi	4796.88	2335.79	2461.09	2.05
Gansu	4171.2	2387.15	1784.05	1.75
Qinghai	4279.56	2261.51	2018.05	1.89
Ningxia	3717.24	2350.50	1366.74	1.58
Xinjiang	4058.76	2067.03	1991.73	1.96

Source: *The website of the Ministry of Civil Affairs, P.R.C (MoCA)*
<http://files2.mca.gov.cn/cws/201505/2015050509310659.htm>;
<http://files2.mca.gov.cn/cws/201505/20150505093149792.htm>

Figure 7. Local Urban and Rural Standards, March in 2015



The diversification and localization of the urban-rural Dibao standards are not only seen in different economic regions, but also in different districts of one municipality. Taking Tianjin for example, there are differences in the urban and rural Dibao standards among its districts from 2005 to 2015. (Details see below). For comparative purposes the urban Dibao was 7680 CNY per person per year.

Table 7. Rural Dibao Standard in Tianjin in 2005-2014 Unit: CNY per person per year

Year	200	200	200	200	200	201	201	201	201	201	201
District	5	6	7	8	9	0	1	2	3	4	5
Tanggu	216	216	288	300	300	300	336	384	480	528	648
Hangu	144	180	180	240	276	276	336	384	480	528	648
Dagang	184	216	216	288	309	333	369	417	513	561	648
Dongli	174	192	240	480	516	516	540	624	720	768	846
Xiqing	210	258	258	295	480	540	576	624	720	768	846
Jinnan	162	162	192	240	276	276	336	384	480	528	846
Beichen	200	200	260	260	312	420	456	504	600	648	768
Wuqing	120	120	150	240	276	300	336	384	480	528	648
Baodi	120	120	150	240	240	300	336	384	480	528	648
Ninghe	950	964	150	240	276	300	336	384	480	528	648
Jinghai	864	950	150	240	276	300	336	384	480	528	648
Ji	108	108	150	240	276	300	336	384	480	528	648
Municipal	—	—	150	240	276	300	336	384	480	528	648

Source: Social Assistance Division, Municipal Bureau of Civil Affairs, Tianjin

2.3 The Methodology and Mechanism to Set Urban-Rural Dibao standards in China

2.3.1. Evolution of policies on urban-rural Dibao standards

Since the mid-1990s, China has accelerated its reforms aimed at building a market economy. Therefore, the urban Dibao system, originally a local practice, was expanded gradually to become a nationwide social assistance system in order to meet the demands arising from promoting the reform of State Owned Enterprises, guaranteeing the basic living of poor urban households as well as maintaining social stability issues. In 1999, the “*Regulation on Minimum Livelihood Guarantee for Urban Residents*” was promulgated as a fundamental rule of the administration and management of the urban Dibao system. It regulates the composition, the reasons for an adjustment and the procedure for an adjustment of the Dibao standard, etc. According to the regulation: “*The Minimum Livelihood Guarantee Standard for Urban Residents must be set in line with the necessary living costs of clothing, food and housing of the local area, taking into account the costs of water, electricity, gas and coal as well as the cost of compulsory education for adolescents. The Minimum Livelihood Guarantee Standard for Urban Residents of state municipalities and of cities with districts must be set by the department of civil affairs of the municipal People’s Government, in collaboration with departments of finance, statistics and prices etc. It must be reported to, and be approved by the municipal People’s Government at the same level. Then it must be published and implemented after being reported to and registered by the corresponding Government one level*”

higher. When the Minimum Livelihood Guarantee Standard for Urban Residents is in need of adjustment, the procedure is the same as for the former two items”.

While the urban Dibao system was developing and improving, the “State Council Circular on Establishing Nationwide the Minimum Livelihood Guarantee Standard for Rural Area” was issued in 2007, based on the experience of the pilot sites, addressing the change in rural economic structure and ownership as well as its impact on the traditional social relief system established during the planned economy. It addressed the new features of rural poverty and the demand for innovation in rural social assistance in the context of building a new socialist countryside. This is the first time in history that an institutionalized and socialized social assistance system is established nationwide in rural China. It implements the historic social policy of constructing rural society and improving the governance of the fight against rural poverty. According to the Circular, “The Minimum Livelihood Guarantee Standard for Rural Area must be set by local People’s Governments at /or above County level in line with annually necessary costs of clothing, food, housing, water and electricity etc. It should be published and implemented after being reported to corresponding local People’s Government one level higher. The Minimum Livelihood Guarantee Standard for Rural Area must be duly adjusted in accordance with the change of local prices of the basic living necessities and the improvement of local people’s living.

Entering into the 21st. century, the climate for policy implementation and the scale of the targeted groups for the Dibao system in China has changed. Regularization, standardization and legalization became basic demands for the development of the social assistance system. Legalization is in particular the fundamental orientation and institutional guarantee for the sustainable development of social assistance. On February 21, 2014, the “Interim Measures on Social Assistance” were enacted, which promoted the legalization of the Dibao standard. According to the “Interim Measures on Social Assistance”, the Minimum Livelihood Guarantee Standard must be respectively set and published by People’s Government of Provinces, Autonomous Regions, State Municipalities and Cities with districts, and it should be duly adjusted in accordance with local socio-economic developments and changes in prices.

2.3.2. The Method of Establishing the Urban and Rural Dibao standards

On the administrative basis of the State’s policies and regulations in terms of the social assistance standard, the setting of the urban and rural Dibao standards depends on local governments, in accordance with local living costs, change in prices, financial capacity and economic development. This demonstrates an obvious localization.

In China today, a nationwide and unified method of fixing and adjusting the Dibao standard has not yet been established. The methodology of fixing and adjusting the Dibao standard varies from area to area. This report takes Beijing as an example to make some explanations on how the Dibao standard is calculated and adjusted. Taking Beijing for example, the setting of Dibao standard for urban residents in Beijing is based on Engel’s coefficient. This is also the method adopted in an international context, together with some certain coefficients for adjustment. The formula of Beijing’s urban Dibao standard is as follow.

$$S1 = (F1/E1) \pm \delta 1$$

In this formula, S1 represents the urban dibao standard; F1 represents the basic expenditure for food of urban residents determined by Beijing Municipal Bureau of Statistics according to the “Yearly Food and Nutrition Standard” provided by the Chinese Nutrition Society as well as market prices for Beijing; E1 represents Engel’s coefficient, which is the average of Engel’s coefficient of Urban Dibao Household and Engel’s coefficient of Low-Income Household (5%, calculated by the Beijing Municipal Bureau of Statistics) ; and $\delta 1$ represents an integer, which results from a comprehensive

consideration of the CPI for the basic living of urban residents, relative social security standards, disposable income per capita of urban residents, social average salary and financial capacity, etc.

The formula of Beijing's Rural Dibao Standard is as follows.

$$S2=F2/E2$$

In this formula, S2 represents Beijing's rural Dibao standard; F2 represents the basic food expenditure of rural residents, determined by the Beijing Municipal Bureau of Statistics according to the "Yearly Food and Nutrition Standard" provided by the Chinese Nutrition Society as well as market prices of Beijing; E2 represents the Engel Coefficient, which is the average of Engel's coefficient for the rural Dibao household and Engel's coefficient of low-income household (5%, counted by Beijing Municipal Bureau of Statistics).

The formula of rural Dibao standard in counties or districts subordinated to Beijing is:

$$S3= (S2 \times B) \pm \delta 2$$

In this formula, S3 represents the Dibao standard for rural residents of counties and districts subordinated to Beijing municipalities; S2 represents Beijing's rural Dibao standard; B represents a ratio of net income of rural residents in the counties and districts subordinated to Beijing, the living expenditure per capita of rural residents and the average data for Beijing, which is $B= [(RI \div BJRI) + (RE \div BJRE)] \div 2$, where RI is the net income of the rural residents in the counties and districts subordinated to Beijing, BJRE is the expenditure per capita of the rural residents; and, finally, $\delta 2$ represents a coefficient, which is results from a comprehensive consideration of the CPI for the basic living of local residents and financial capacity, etc.

2.4. Management and Adjustment of the Urban and Rural Dibao Standards

(1) A change of political ideas is essential to the adjustment of the urban and rural Dibao standards.

Since the establishment of the Dibao system, China's social assistance system has undergone great change. If China's social assistance system is observed in terms of its institutional function, policy goal and development, we can find some developmental trends of the social assistance system in the process of transition. China's social assistance system has evolved from a non-institutionalized one to an institutionalized one, from a way of splitting urban areas and rural areas to a way of coordinating the two areas, from a system of single assistance to a system of comprehensive assistance, from a system for sustenance to a system for development and from a system aiming to keep society stable to a system aiming to improve social justice. In this process, the change of Chinese Communist Party's idea on social development and the change of Chinese Government's understanding of the relationship between social assistance and social governance are critical factors in the adjustment of the Dibao standards.

In the 21st century, China emphasizes the people-oriented way of economic development and focuses on building a harmonious society, balancing the efficiency and equity of society by means of adjusting the big income disparity, sharing the benefits of development, intensifying social construction and improving the coordination and integration of the urban area and rural areas. Social assistance, in particular Dibao, functions as a safety net for the poor people and the mechanism of social security supporting social stability. This is the institutional value of this system. Furthermore, social assistance plays an important role in realizing social stability and social justice. Political concerns are the important factor affecting social assistance. The Dibao standard is to some extent affected by politics.

(2) The Government's goal for social assistance management pushes a rise in the Dibao standard

One can see from the development of China's Dibao system that the development of China's social assistance system is an integrative process of the State's behaviour from top to bottom and the local

practices from bottom to top. When it comes to establishing and adjusting the income threshold for social assistance, governments at different levels play a vital role in the management of the Dibao standards. On the one hand, the government has established the working mechanism for the social assistance system, including Dibao standard management. Currently, a joint-conference on social assistance as an institutional mechanism is set up. This is a mechanism for deliberating and deciding social assistance issues. On the other hand, China’s civil affairs development program has set the long-term objective for the Dibao standard management. In the 12th Five Year Development Program, the Ministry of Civil Affairs states that the adjustment of the Dibao standard at local level should be not less than 10% per year in terms of the growth rate. In setting and adjusting the Dibao standards, a local government tends to take other local governments as a benchmark or reference point. This promotes the increase in Dibao standards.

(3) Effective coordination between the social assistance standard and other social protection standards

As a core component of the social assistance system, the urban and rural Dibao standards are related to the livelihoods of the poor people, social equity and labor market policy. Since the establishment of the Dibao system, the replacement rate of the urban Dibao standard to the minimum wage becomes a concern in respect of the important policies on managing the social assistance standard. Taking Beijing for example, the relationship between the social assistance standard and other social protection standards is considered fairly important in the process of setting and adjusting the Dibao standard in Beijing which has a mechanism called the “6-Line Linkage”.

From 1996 to 2015, the replacement rate of the urban Dibao Standard to the minimum wage in Beijing had declined from 62.37% in 1996 to 41.67% in 2014. In the period from 2003 to 2014, the replacement rate in Tianjin city had declined from 62.23% in 2003 to 44.43% in 2014.

Table 8. Replacement Rate of Beijing Urban Dibao Standard and Other Social Protection Standards

Year	a. Urban Dibao Standard(CNY)	b. Minimum Employee Salary (CNY)	c. Minimum Unemployment Insurance (CNY)	d. Minimum Retirement Benefit (CNY)	a/b Urban Dibao Standard/ Minimum Employee Salary	a/c Urban Dibao Standard/ Minimum Unemployment Insurance	a/d Urban Dibao Standard/ Minimum Retirement Benefit
1996	170	270	189	263	62.96%	89.95%	64.64%
1997	190	290	203	293	65.52%	93.60%	64.85%
1998	200	310	217	336	64.52%	92.17%	59.52%
1999	273	400	291	396	68.25%	93.81%	68.94%
2000	280	412	300	421	67.96%	93.33%	66.51%
2001	285	435	305	441	65.52%	93.44%	64.63%
2002	290	465	326	466	62.37%	88.96%	62.23%
2003	290	465	326	466	62.37%	88.96%	62.23%
2004	290	545	347	510	53.21%	83.57%	56.86%
2005	300	580	382	563	51.72%	78.53%	53.29%

2006	310	640	392	620	48.44%	79.08%	50.00%
2007	330	730	422	675	45.21%	78.20%	48.89%
2008	390	800	502	775	48.75%	77.69%	50.32%
2009	410	800	562	900	51.25%	72.95%	45.56%
2010	430	960	632	1000	44.79%	68.04%	43.00%
2011	500	1160	782	1100	43.10%	63.94%	45.45%
2012	520	1260	842	1210	41.27%	61.76%	42.98%
2013	580	1400	892	1330	41.43%	65.02%	43.61%
2014	650	1560	1012	1463	41.67%	64.23%	44.43%

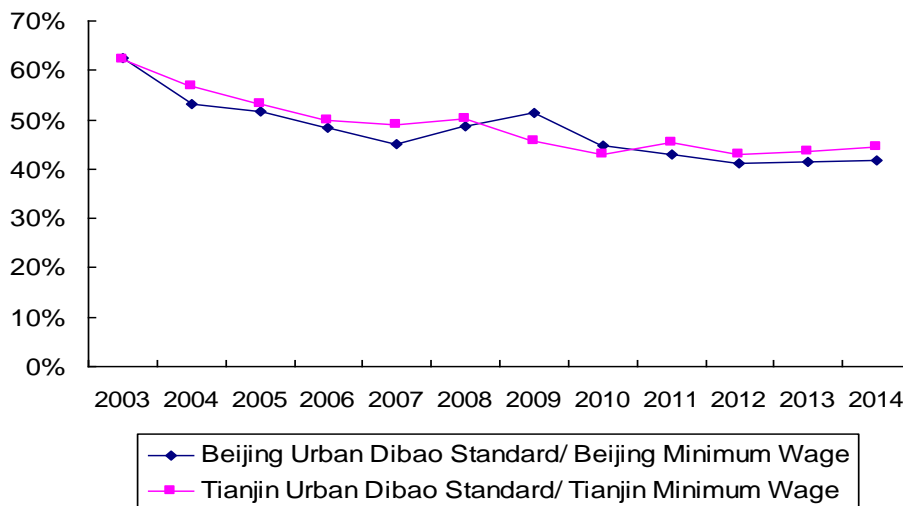
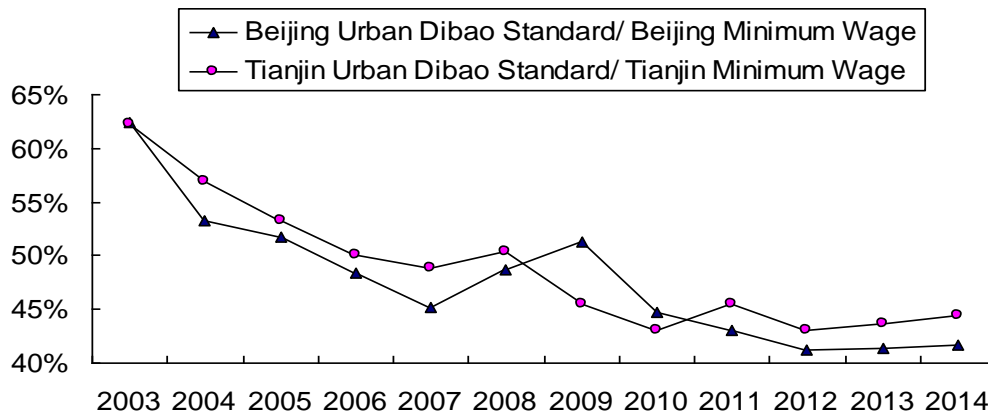
Source: Author's calculation based on data from <http://www.bjstats.gov.cn/nj/main/2015-tjnj/indexch.htm>

Table 9. Relation of Urban Dibao Standard and Minimum Wage in Beijing and Tianjin

Year	Beijing Urban Dibao Standard (CNY/per capita /month)	Beijing Minimum Wage (CNY/per capita /month)	Beijing Urban Dibao Standard/ Beijing Minimum Wage	Tianjin Urban Dibao Standard (CNY/per capita /month)	Tianjin Minimum Wage(CNY/per capita /month)	Tianjin Urban Dibao Standard/ Tianjin Minimum Wage
2003	290	465	62.37%	241	450	62.23%
2004	290	545	53.21%	241	480	56.86%
2005	300	580	51.72%	265	530	53.29%
2006	310	640	48.44%	300	590	50.00%
2007	330	730	45.21%	330	670	48.89%
2008	390	800	48.75%	400	740	50.32%
2009	410	800	51.25%	430	820	45.56%
2010	430	960	44.79%	450	920	43.00%
2011	500	1160	43.10%	480	1160	45.45%
2012	520	1260	41.27%	520	1310	42.98%
2013	580	1400	41.43%	600	1500	43.61%
2014	650	1560	41.67%	640	1680	44.43%

Source :Author's calculation based on data from the Statistical Yearbook of Beijing

Figure 8. Comparisons of the Relation of the Urban Dibao Standard and Minimum Wage in Beijing and Tianjin



(4) Place emphasis on the change in prices and its impact on the Dibao standard and set up a coordination mechanism

While setting the principles and requirements of establishing and adjusting social assistance standards, the “*Interim Measures on Social Assistance*” pay full attention to the change in prices and its influence on the lives of urban and rural Dibao recipients, emphasizing that the urban standards and the rural Dibao standards should be duly adjusted in accordance with the change in prices. In terms of the management of the social assistance standard, it emphasizes the relationship with other social protection standards and the adjustment over time. This has an impact on policy making.

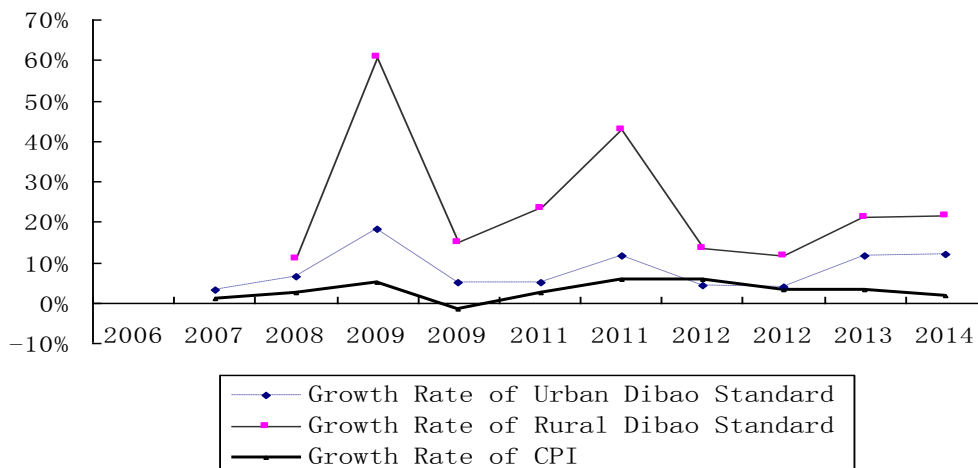
One can see from the history of the change in, and adjustment of, the urban Dibao standards and the rural Dibao standards that, most of the time, the growth rate is higher than that of the CPI. This, means the influence of the change in the CPI on people’s lives, especially the lives of poor households, is confined within a limit. One can see from the relationship between the growth rate of the urban and rural Dibao standards and that of the CPI from 2005 to 2014 that, in most years, growth in the rate of the Dibao standard has been higher than that of the CPI.

Table 10. Comparison of Beijing's Urban and Rural Standards and CPI since 2007

Date of Adjustment	Urban Dibao Standard(CNY/Year)	Growth Rate of Urban Dibao Standard	Rural Dibao Standard(CNY/Year)	Growth Rate of Rural Dibao Standard	Growth Rate of CPI
2005.7	3600				
2006.7	3720	3.33%	1000		0.9%
2007.7	3960	6.45%	1100	10.84%	2.4%
2008.7	4680	18.18%	1780	60.87%	5.1%
2009.1	4920	5.13%	2040	14.86%	-1.5%
2010.7	5160	4.88%	2520	23.53%	2.4%
2011.1	5760	11.63%	3600	42.86%	5.6%
2011.7	6000	4.17%	4080	13.33%	5.6%
2012.1	6240	4.00%	4560	11.76%	3.3%
2013.1	6960	11.54%	5520	21.05%	3.3%
2014.1	7800	12.07%	6720	21.74%	1.6%

Source: Social Assistance Division, Civil Affairs Bureau of Beijing Municipal Government, CPI data comes from the Beijing Statistical Yearbook (2015)

Figure 9. Comparison of Beijing's Urban and Rural Standards and CPI since 2007



However, the adjustment of the Dibao standard sometimes does not function well or does not work over time, which can be seen from the fact that the rapid growth of the CPI has made an impact on the lives of residents, especially Dibao recipients. Therefore, the change in the CPI is an important factor that influences the adjustment of the Dibao system. Take Tianjin for example. In 2007, the price of non-staple foods such as pork increased rapidly. This had an impact on the lives of

residents. In order to ease the impact, the Tianjin government adjusted the urban Dibao standard from 300 CNY to 330 CNY from June 1st 2007¹.

2.5 Problems in Setting and Implementing the Dibao Standard

2.5.1 The gap between social assistance theory and the national situation where the management of the Dibao standard is taking place

By comparison with some European Union Member States, the history of China's social assistance is shorter and China's social assistance system faces a more complicated reality where it is being implemented. The traditional theories and methodologies on poverty reduction may not be suitable for the Chinese situation on account of the lack of the perfect social credit system, heterogeneity of residents' income resources and the diversity of employment which lead an exact calculation of a resident's income being very difficult. Particularly, in the context of the Chinese traditional culture, family and relatives play important roles in the social assistance of a poor family. This is different from the social assistance programs of European Union countries. For example, in the Scandinavian countries and countries adopting a social market economy, the idea of social assistance policy is much different from that in China and the conditions and the theories have different backgrounds. There is the gap between China and others countries (like European Union Member States) on the conditions for the practice of social assistance policy. The theories on social assistance from foreign countries can not be applied in China directly. For example, the informal and non-institutionalized support from the relatives of Dibao recipients can not be neglected when it comes to the guaranteed livelihood of Dibao recipients. Support in cash and in kind is hard to calculate and estimate.

2.5.2 The gap between the theoretical research on social assistance standards and the practice of the policy implementation of social assistance standards

Currently, there are a lot of debates in the field of managing the social assistance standard management. In recent years, more research is being carried out in China as the Dibao system improves. Promotion of, and stimulus for, research by the Ministry of Civil Affairs also gives many chances to conduct research on the Dibao standard. However, on issues such as the as position with respect to, and the goals of, the development of social assistance, the relationship between social assistance and poverty reduction and the inter-connection of social assistance and the other social protection systems, etc, there are still many academic disputes. This is also the case in the field of research on social assistance and the methodology for establishing a Dibao standard. The divergences in the management of the Dibao standard influence directly governments at different levels in the process of managing and administering the Dibao standard.

2.5.3 The gap between the legalization of social assistance and the management of the Dibao standards

The legalization of the management of Dibao standard is still not at the expected level. This is a major problem when it comes to managing and implementing the Dibao standard in China. The reality of China's Dibao system, particularly the management of the Dibao standard, is that the legalization of the system can not follow the pace of social assistance's development. The "*Regulation on the Minimum Livelihood Guarantee for Urban Residents*", enacted on September 28th 1999, and the regulations on the Dibao standard included in the "*Interim Measure on Social Assistance*", enacted in February, 2014, are just providing social assistance with some principles and some orientation. Therefore there is a lack of detailed instructions on how to implement social assistance, especially at local levels. Currently, with regard to the management of social assistance, the subject, its reasons, governmental level and the methodology and procedures for setting the

¹ Circular on Adjusting Minimum Livelihood Guarantee Standard for Urban Residents in Our City, <http://www.tjnz.gov.cn/zwgk/system/2015/06/29/010027359.shtml>

Dibao standard are determined in form of political documents. In reality the establishment and adjustment are still determined by the subjective will of the people in charge of social assistance.

2.5.4 The gap between the performance management of Dibao standard

The establishment and the adjustment of the Dibao standard will definitely influence the lives of poor people and the financial burden of the governments. It is directly relative to the equity and justice of society and the sustainability of the Dibao system. Following the development and improvement of China’s Dibao system, scientization and legalization becomes fundamental to the policies relating to it. For example, the establishment and implementation of a social assistance standard is taking account of all the social protection benefits and living costs such as the minimum wage, residents’ purchasing power, changes in prices, standard of pension, etc. However China’s social protection system is still in transition, facing problems such as fragmentation of social assistance policies, diversification of the main body for social assistance management, complication of social protection relationship (position), heterogeneity of social assistance’s targeted groups, which lay out the difficulties that social assistance has in promoting employment. This problem will then lead to an additive effect and a cliff effect. This means that it is not an exact reflection of the poverty of a household or a signal of the labor market.

2.5.5 The gap between the administrative costs of managing the Dibao standard and the current system of social policy governance

The setting and adjustment of the Dibao standard in China is related to several governmental departments and policies. How to pave a practicable, scientific and regularized way for managing the Dibao standard is an important issue for the social assistance system. However, since there are some factors that influence the setting and adjustment of the Dibao standard, an effective collaboration of governmental departments and policies is necessary to establish a better social assistance program for protecting people and promoting the economy. Due to the high administrative costs in the scientific process of calculating the Dibao standard, particularly in the process of collecting data before carrying out the research on setting the Dibao standard, it is in need of significant funds to conduct research for better reliability and validity of the standard. This will impose a requirement on the Dibao standard to be a scientific and regularized system. Meanwhile, due to the long process of questionnaire surveys and sampling surveys, social assistance standard can not fully reflect the signals from the labor market and meet the change in prices of consumption.

3. Challenges and Reform Trends

3.1 The standard is increasing but it is still low

3.1.1 Comparison between CPI growth and the Dibao standards

The data in chapter 2 shows that the Dibao standards are increasing greatly, however, when a deduction is made for CPI growth, the increasing rates of the Dibao lines are significantly slowed. Moreover, the CPI adjustment method is lagged.

Table 10. Comparison between CPI growth and the Dibao standards

Province	2005	2006	2007	2008	2009	2010	2011	Average growth rate
National	1.03	7.19	2.91	6.52	11.98	6.66	-10.85	3.4
Beijing	1.95	2.42	3.99	12.	6.78	2.27	-0.71	4.14
Tianjin	-1.5	11.69	5.67	15.42	8.63	0.73	-8.26	4.35

Hebei	0.79	8.63	-1.46	17.6	26.46	5.07	-10.92	5.98
Shanxi	-0.79	10.33	5.16	14.82	7.35	5.25	-8.11	4.62
Inner	-0.9	13.24	12.82	7.22	24.14	20.46	-9.53	9.07
Liao Ning	0.36	5.73	-1.08	11.61	21.52	5.66	-14.03	3.74
Jilin	2.4	0.47	1.29	0.35	30.93	3.78	-12.34	3.19
Heilongjiang	0.81	27	4.38	6.98	8.46	6.57	-11.31	5.61
Shanghai	2.45	5.45	6.10	8.17	6.70	2.44	-5.13	3.66
Jiangsu	3.56	4.3	6.55	7.8	11.99	6.24	-6.61	4.69
Zhejiang	0.66	6.56	7.82	8.09	14.06	5.47	-4.97	5.23
Anhui	2.21	7.28	3.38	-1.01	11.57	5.06	-10.02	2.44
Fujian	-2.02	5.45	5.47	1.10	2.92	-1.06	-1.23	1.48
Jiangxi	4.81	6.18	5.86	19.	0.83	22.72	0.64	8.39
Shandong	3.93	7.43	10.32	3.03	11.58	6.37	-13.43	3.86
Henan	-0.45	12.56	-2.45	4.47	11.21	5.21	-11.42	2.44
Hubei	0.66	10.21	-1.92	9.3	14.76	14.71	-10.71	4.9
Hunan	-0.39	7.28	3.05	0.92	8.66	5.9	-12.73	1.58
Guangdong	-1.56	-0.46	1.67	11.	-1.88	0.70	-7.24	0.26
Guangxi	-1.37	5.86	3.02	2.62	24.15	1.74	-18.75	1.8
Hainan	1.41	-2.75	9.27	10.	28.73	-1.96	-4.72	5.3
Chongqing	1.95	5.67	-4.51	23.62	1.74	7.19	-13.25	2.67
Sichuan	-0.84	7.47	7.68	3.14	2.19	3.47	-12.05	1.38
Guizhou	8.43	9.78	-2.38	-6.17	8.82	21.15	-2.13	5
Yunnan	-1.57	3.72	-4.81	10.09	-0.12	-0.49	-13.09	-1.12
Tibet	3.5	7.64	-2.87	7.22	19.34	-3.74	-12.62	2.2
Shaanxi	2.29	8	-2.62	2.61	11.55	43.3	-15.98	5.79
Gansu	8.38	8.99	4.29	-7.98	7.73	5.48	-15.25	1.26
Qinghai	0.67	3.93	-3.72	-2.97	14.57	-2.01	-15.00	-0.99
Ningxia	1.37	4.17	0.53	-5.95	8.73	-0.53	-13.7	-1
Xinjiang	0.73	0.07	0.59	-4.14	20.19	2.27	-16.56	-0.04

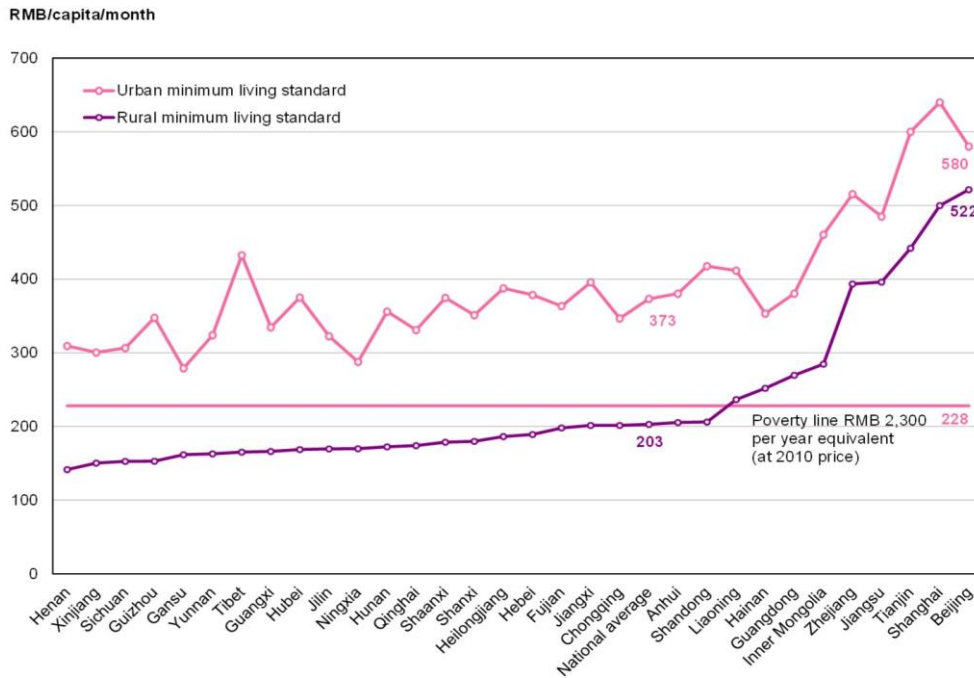
Sources: Ministry of Civil Affairs, 2006-2012; China Statistical Yearbook, 2006-2012.

3.1.2 The Comparison between the Rural Dibao Standard and the Urban Dibao Standard

The rural Dibao standards are even lower. As mentioned in Section 1, in some regions, rural standards are adjusted by the rural gross income, but not disposable income. As shown in the figure below, only 9 provinces are higher than the official poverty line of RMB 2,300 (at 2010 prices) per

person per year. The rural Dibao lines of provinces in eastern China are generally higher than those provinces in the other parts of the country.

Figure 10: Urban & rural Dibao standards and national poverty line (2013)



Data source: Ministry of Civil Affairs, 2014

The Challenge: if the Dibao standards are set too low, then citizens' basic living needs and rights to life cannot be adequately satisfied; in other words, the primary target can not be fulfilled. However, if the standards are relatively high, then the work incentive of social assistance recipients would be discouraged and the financing of social assistance would be over-burdened. Moreover, the rural Dibao standards are even harder to calculate as the household's assets and income is vague. This would increase the complexity of defining the standards and the beneficiaries.

3.1.3 Comparison Between the Poverty Line Estimation (ELES Model To Estimate) and the Dibao Standard

So far, China only has an official rural poverty line as shown in the figure above and has no official urban poverty line or national poverty line. These use the ELES method to calculate the theoretical poverty line and to compare it with the current Dibao standards.

$$p_i x_i = p_i x_i^0 + b_i^* \left(Y - \sum_{j=1}^n p_j x_j^0 \right) \quad i = 1, 2, \dots, n \quad (1)$$

Where $0 \leq b_i \leq 1$, $\sum_{i=1}^n b_i^* \leq 1$, Y stands for income. Thus, the Budget expenditure c was no

longer as exogenous variables, but as endogenous variables calculated by $\sum_{i=1}^n p_i x_i$.

Coming from the formula(1), we can get formula (2):

$$p_i x_i = (p_i x_i^0 - b_i^* \sum_{j=1}^n p_j x_j^0) + b_i^* Y + \mu_i, \quad (2)$$

$(i = 1, 2, \dots, n)$

Where, we assume $a_i^* = p_i x_i^0 - b_i^* \sum_{j=1}^n p_j x_j^0$ for the price p is fixed in the same cross section. Therefore the formula (11) turn into the following form:

$$p_i x_i = a_i^* + b_i^* Y + u_i \quad (i = 1, 2, \dots, n) \quad (3)$$

Where, u stands for stochastic error. We made use of the least squares (OLS) to get the parameters a_i^* and b_i^* of formula (3).

Because we assumed:

$$a_i^* = \left(p_i x_i^0 - b_i^* \sum_{j=1}^n p_j x_j^0 \right) \quad (4)$$

We summate each side of the equation (4), and we got;

$$\sum_{i=1}^n a_i^* = \left(1 - \sum_{i=1}^n b_i^* \right) \cdot \sum_{i=1}^n p_i x_i^0$$

We summate each side of the equation (4), and we got;

$$\sum_{i=1}^n a_i^* = \left(1 - \sum_{i=1}^n b_i^* \right) \cdot \sum_{i=1}^n p_i x_i^0$$

Further, we can get the basic consumption expenditure:

$$\sum_{i=1}^n p_i x_i^0 = \sum_{i=1}^n a_i^* / \left(1 - \sum_{i=1}^n b_i^* \right)$$

Dragging parameter value into formula (4) and summation, we can get the basic consumer spending of i -th items.

$$p_i x_i^* = a_i^* + b_i^* \sum_{i=1}^n a_i^* / \left(1 - \sum_{i=1}^n b_i^* \right) \quad (5)$$

At the same time, we also can calculate the income elasticity of demand as follows:

$$\eta_i = \frac{\partial x_i}{\partial Y} \cdot \frac{Y}{x_i} = b_i^* \cdot \frac{Y}{v_i} \quad (6)$$

v_i stands for the average expenditure of i -th items; X_i stands for the average demand of the i -th items of different types of family income.

At the same time, we also can calculate commodities own price elasticity (ϵ_i), which calculation formula is as follows:

$$\epsilon_i = \frac{\partial x_i}{\partial p_i} \cdot \frac{p_i}{x_i} = (1 - b_i^*) \cdot \frac{p_i x_i^0}{c_i} - 1$$

(7) Based on the data from the China Statistical Yearbook, the estimated poverty line calculated by using ELES is shown in the table below:

Table.11. The Estimated Rural Poverty Line and Estimated Urban Poverty Line

Year	Estimated Rural Poverty Line (RMB)	Estimated Urban Poverty Line (RMB)
1997	—	2343
1998	—	2457
1999	—	2565
2000	—	2638
2001	—	2925

2002	414	2770
2003	492	3031
2004	545	3268
2005	1111	3467
2006	1131	3543
2007	1338	4262
2008	1556	4727
2009	1876	5089
2010	1938	5323
2011	3140	6437
2012	3656	6735

Source: Author's calculation

Table: 2002-2012 Estimated Rural Poverty Line (RMB)

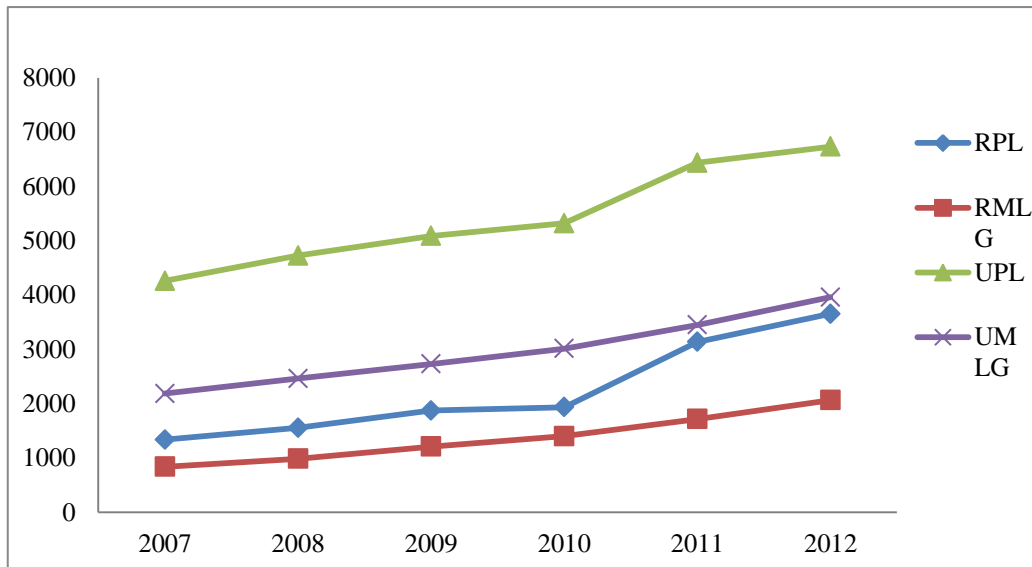
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Poverty Line	414	492	545	1111	1131	1338	1556	1876	1938	3140	3656

Table: 1997-2012 Estimated Urban Poverty Line (RMB)

Year	1997	1998	1999	2000	2001	2002	2003	2004
Poverty Line	2343	2457	2565	2638	2925	2770	3031	3268
Year	2005	2006	2007	2008	2009	2010	2011	2012
Poverty Line	3467	3543	4262	4727	5089	5323	6437	6735

The following figure shows the comparison between the Estimated Urban and Rural Poverty Line and the urban and rural Dibao Line.

Figure 11. Comparison between the Poverty Lines and the MLG thresholds



Data Source: Author's calculation

The results show that, firstly, there is a huge rural-urban gap in the poverty line and the Dibao standard in China. Secondly, up until now, both the rural and the urban estimated poverty lines are higher than “\$1.25 per day”, so the “old” absolute poverty line is not applicable. Thirdly, as the case with inflation and economic development, the estimated poverty line is increasing sharply, so the Dibao standard should be rising as well.

3.2 The Lack of an Unified Standard or Calculation Method

The previous research shows that the average wage is the most significant factor in affecting the Dibao standard and that GDP ranks second. Local fiscal capacity is positively correlated with the spending on Dibao - the correlation efficient is quite high. Last but not least, the gap between the rural and urban standards is considerable.

The urban and rural Dibao cash transfer programs have been rolled out nationally, although the minimum living standards differ widely from province to province, and between rural and urban areas, reflecting local development conditions and the local government's fiscal capacity.

Table 12: Comparison between Urban & Rural Dibao Standard

Year	Urban Dibao Standard /Per Capita/ Year	Rural Dibao Standard /Per Capita/ Year	Gap between Urban & Rural	Urban Dibao Standard/ Rural Standard
1999	1788	—	—	—
2000	1884	—	—	—
2001	1764	—	—	—
2002	1776	—	—	—
2003	1788	—	—	—
2004	1824	—	—	—
2005	1872	—	—	—
2006	2035.2	850.8	1184.4	2.39
2007	2188.8	840.0	1348.8	2.61

2008	2463.6	987.6	1476	2.49
2009	2733.6	1210.1	1523.5	2.26
2010	3014.4	1404.0	1610.4	2.15
2011	3451.2	1718.4	1732.8	2.01
2012	3961.2	2067.8	1893.4	1.92
2013	4479.6	2433.9	2045.7	1.84
2014	4926	2776.6	2149.4	1.77

Data Source: Ministry of Civil Affairs (2000-2015), and the Author's calculation

Based on the study of the present Dibao standard calculation and adjustment mechanism, we found that the separation of the calculation and adjustment mechanisms is the key reason for the large regional differences in the Dibao benefit. Obviously, it is unrealistic to achieve a national Dibao standard in the short term, due to the significant imbalance of the regional social-economic development. In practice, the management of the Dibao standard rests at County level, therefore a number of different standards emerge nationwide. However, the inconsistency of the absolute amount of money does not mean that the actual level of treatment cannot be agreed. The actual level of treatment is generally related to the local residents' living standards, income and consumption. Therefore, it is necessary to establish an evaluation index between the Dibao standard and the factors including the local residents' living standards, income and consumption, to ensure that all regions of the country enjoy roughly the same minimum treatment of beneficiaries. Meanwhile, as the separation of the standard calculation method and the adjustment mechanism is the key reason that causes the standard gap between different regions, it is difficult to guarantee the gap would not extend for a long time if the separation continues to exist.

3.3 Conceptual Approach to the Dibao Standard

3.3.1 Absolute poverty or relative poverty

Poverty line calculation methods can be generally divided into two categories: the first category is relative poverty positioning and the second is absolute poverty positioning. Generally speaking, the poverty line calculated by the calculation method of relative poverty positioning will be higher whilst the poverty line will be lower if the calculation method of absolute poverty positioning is used. For instance, the international standard method of poverty uses an average income of 50 to 60% of the median income as the poverty line in a country or region. This method belongs to relative poverty positioning. The poverty line so calculated is usually relatively high, so it is mainly used by developed countries. Developing countries are less likely to adopt this method to implement a social assistance program.

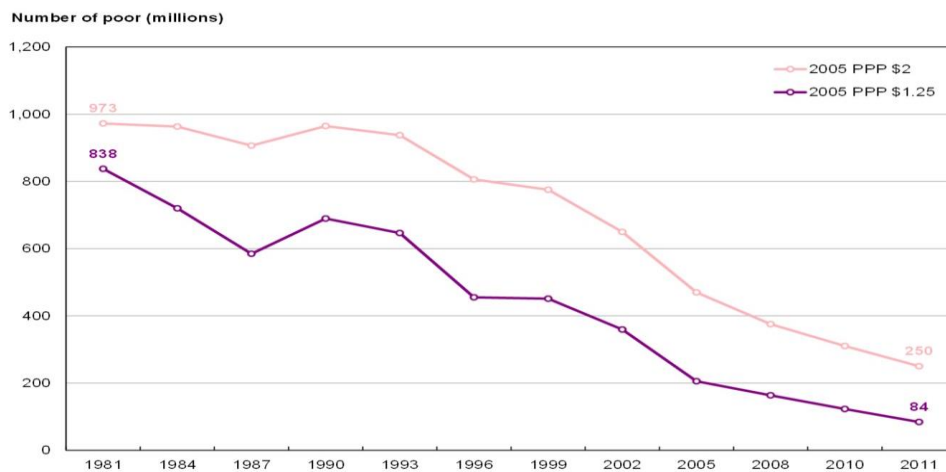
Using the World Bank's international poverty standard as the basis for measurement, the poor population in China has been greatly reduced and the anti-poverty effect is remarkable. Therefore, is the idea of absolute poverty still applicable?

3.3.2 Different Considerations of Income, Assets and Consumption

In the early days of the Dibao system's establishment and operation, the determination of Dibao standards was mainly based on income. At present, in the process of the Dibao qualification review, we have begun to examine family assets to determine whether the Dibao applicants can go through the means-test. The process for setting Dibao standards has not yet proposed how to bring assets into the calculation and the adjustment of the Dibao standards. Some developed regions have begun to use the consumption ratio to measure their Dibao line. Can we promote such thinking?

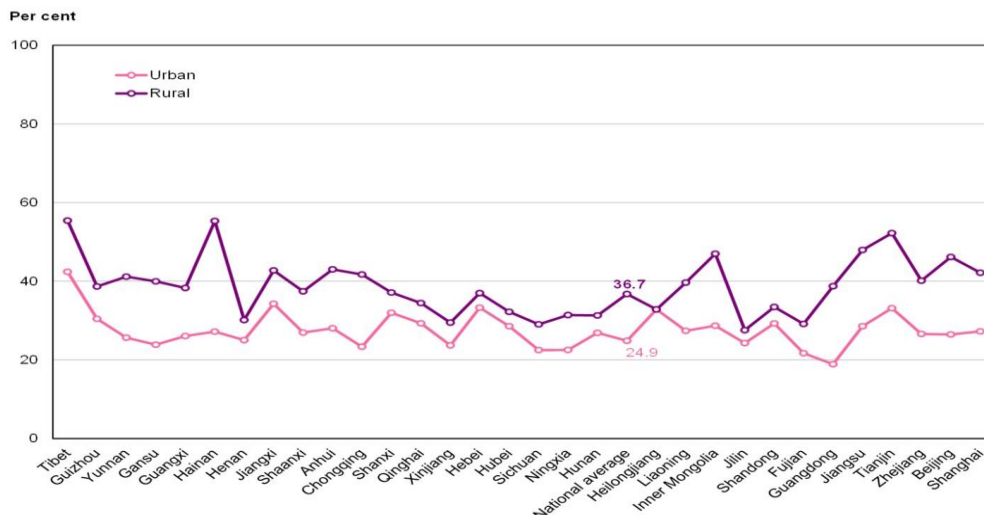
The consumption expenditure ratio method is not a relative poverty positioning in the pure sense, nor is it an absolute poverty positioning in the pure sense. It is a compromise between the two. This is because the poverty line determined by the consumption expenditure ratio method is a certain percentage of the average consumer spending. It is unlike the income ratio method (such as the international poverty line method) which when used to determine the standards are often too high and is also unlike methods such as the market basket method or the Engel's coefficient method that produce results that are too low. In China's current economic development stage which is trying to allow those in the poverty group to share the outcomes of social economic development to some degree, calculating and evaluating the minimum living standard of Dibao residents by adopting the consumption expenditure ratio method is the method of choice. Besides, in considering its operation, when compared to the other methods, its simple calculation, convenient adjustment, intuitive image and easy understanding are the biggest positives for the consumption ratio method. But the consumption ratio method may face financial difficulties in regions that have weak financial capacity or dramatic financial situation changes.

Figure 12: Consumption Poverty in Absolute Numbers, 1981–2011



Sources: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014;
National Bureau of Statistics, China Statistical Yearbook, 2014

Figure 13: Urban and Rural Minimum Living Standards as a Percentage of Consumption Expenditures, by Province, 2014



Sources: Ministry of Civil Affairs, China Civil Affairs' Statistical Yearbook, 2014;

National Bureau of Statistics, China Statistical Yearbook, 2014

3.4 The Lack of a Legal Framework for Social Assistance

Currently the minimum livelihood guarantee system is merely regulated by the “Regulations of the Urban Minimum Livelihood Guarantee Scheme” and the “Interim Measures of Social Assistance”. These have a weak legal effect and can not effectively guide local practice. For example, the current main regulation about adjustment of the Dibao standard is the sixth article in the “Regulations of the Urban Resident’s Minimum Livelihood Guarantee Scheme”. It only introduces way of determining the Dibao standard, without mentioning the Dibao standard adjustment mechanism. “Regulations of the Urban Resident’s Minimum Livelihood Guarantee Scheme” is the main regulation of the minimum livelihood guarantee system in our country. Various regions implement the Dibao standard in accordance with this regulation. This leads to the absence of a reasonable adjustment mechanism in the residents’ Dibao standard. Therefore, relative regulations about the urban and the rural Dibao standard should be established and perfected. Meanwhile, we should modify the relevant regulations and formulate a unified social assistance legal framework, making the time, range and frequency of the adjustment of the Dibao standard, its financing and the various departments’ responsibilities clear, so as to establish a regular adjustment mechanism rather than a passive means of adjusting the Dibao standard.

3.5 The Actual Dibao Standard: Family Income Checks and Estimates

It is important to define how to calculate and adjust the Dibao standard. However, in their front-line work, the street-level officials are much more concerned about how to verify and check a family’s income and assets. In so doing, many regions have founded a “Family Economic Status Verification Centre”. This centre can coordinate among around 10 different departments/bureaus such as Industrial and Business Bureau, Housing Department, Vehicle Administration Bureau etc. to obtain the information necessary for family income and assets verification. This is significant achievement as it has made the assessment of family income and assets much more accurate and valid. Moreover, most regions have set up the Normative Procedures to check and ratify a Dibao application. This includes household visits, economic status reports, letters, and public announcement as verification measures.

However, how to calculate a family’s income remains a hard question. Firstly, rural families have flexible and unstable agricultural activities and they obtain income accordingly. Secondly, for those families in difficulty with a disabled family member or one who is severely ill, the problem is how to calculate their income? It is not appropriate to include the patients’, the disabled person’s and the care giver’s income as the current system does not provide a care allowance.

Changsha is taking the lead in family income estimation and calculation. They explore how to calculate the family income in a scientific way. They divide family income into five categories: salary, family business income, property income, cash transfers and other income. The town/street office makes their own family income estimation standard and the county/municipal governments checks and records the estimation standard. This procedure can guarantee the local government’s discretion and simultaneously guarantee that the family income verification standard is authorized. It turns out to be an effective way of conducting front-line work.

3.2.1 EU Best Practices Report on Guaranteed Minimum Income Schemes (GMIS)

Lacramioara Corches, EU-China SPRP expert

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ABBREVIATIONS:

AT = Austria; BE = Belgium; BG = Bulgaria; CY = Cyprus; CZ = Czech Republic; DE = Germany; DK = Denmark; EE = Estonia; ES = Spain; FI = Finland; FR = France; EL = Greece; HU = Hungary; IE = Ireland; IT = Italy; LT= Lithuania; LU = Luxemburg; LV = Latvia; MT= Malta; NL = The Netherlands; PL = Poland; PT = Portugal; RO = Romania; SE = Sweden; SK = Slovakia; UK= United Kingdom

MIS = Minimum Income Standard

GMIS = Guaranteed Minimum Income Schemes

1. General Overview on Poverty

The definition of poverty is one of the most debated issues of the last 20 years. Scholars and governments questioned one another and deliberated over a common understanding of the answer to a “simple” question – “what does it mean to be poor?” The answers are as different as the philosophy, the economics, the psychology, the sociology could be. And, of course, we must take into consideration, apart from “who” is doing the defining, the “when” and “where” the definition is applicable.

A European definition was agreed first by the European Council in 1975: “People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.” This definition is relative to the society and the standard of living in which people live and it recognises the multiple causes of poverty and social exclusion.

In recent years, Amartya Sen has been an important voice urging that poverty needs to be seen more broadly than an inadequacy of income. He argues that poverty is the absence of one or more of the basic capabilities that are needed to achieve minimal functioning in the society in which one lives. This includes not only having enough income to ensure being adequately fed, clothed, or sheltered (income poverty) or being healthy (health poverty), as well as being denied access to education, political participation, or a full role in society. It also recognizes that poverty is sometimes relative to the norms and customs of the society in which someone lives (full participation in a wealthy society may require more money than participation in a poor one).

Combining all those aspects into one measure seems to be an unachievable goal. As well, if we refrain from taking into account issues other than income, we create a trap and are at risk of missing some important features of poverty.

For example, it is possible that a measure taken by a government, meant to reduce poverty in its broader understanding, can at the same time, increase income poverty. The measure is one connected to diminishing the net income of someone, by increasing their taxes (even for a good declared purpose, such as better payment of social services, educational, medical etc., for instance).

Equally, it is sometimes argued that rapid economic growth favours the rich, although not reducing the incomes of the poor. But this may reduce their access to public services that are redirected towards the rich, and perhaps also their democratic rights, if money influences the political process.

International institutions and organisations set up their own preferences for defining poverty, taking into account different aspects of poverty. For example the World Bank and the United Nations measure not only the number of people whose income is low, but they also pay attention to measures of health, such as infant and child mortality rates and life expectancy and participation in education.

Thinking about poverty as the inability to participate in society leads to the two basic concepts: relative poverty and absolute poverty. As the latter one is unanimously accepted, being that situation in which one is not having enough to eat, nor enjoying good health, the relative measures of poverty are often constructed by using poverty lines that are moving with average incomes. In this case the minimum acceptable income is tied to what other people get.

But relative lines are not used much in poor countries, where the main concern seems to be absolute poverty, meaning the ability to meet the basic needs of health and nutrition. In more developed

countries, where meeting basic needs is no longer an issue for the vast majority of households, there is a greater emphasis on relative poverty, bearing in mind the multiple faces of the poverty, as shown above. Thus a much more comprehensive concept was brought into the equation and social inclusion is now the key point in the welfare states.

Social inclusion is a term that can be used to describe a series of positive actions to achieve equality of access to goods and services. It assists all individuals to participate in their community and in society, to encourage the contribution of all persons to social and cultural life and to be aware of, and to challenge, all forms of discrimination. By ensuring that the marginalized and those living in poverty have greater participation in the decision-making which affects their lives, they will be able to improve their standard of living and overall well-being.

The ‘European Union poverty rate’, defined as a relative poverty¹ is primarily a scientific measurement of poverty. It is based on the data gathered according to the methodology adopted and implemented in all the EU countries, and calculated by EUROSTAT. In scientific terms, the relative poverty, as one measurement of poverty² among others, is based on a central value of income dispersion. Although there is now a more or less broad consensus among stakeholders to keep a relative poverty measurement in a central position in EU frameworks, there are nevertheless continuous debates on the place of other poverty measurements in the EU portfolio of indicators.

This turns the poverty line into a scientific tool which does not necessarily have the same understanding for the socio-political consensus of society.

A classification of the European Union countries into “richer” or “poorer” relatively compared, is done by other indicators frequently used to assess the wealth of countries, such as the level of GDP or the GDP per inhabitant. At the same time, the relative poverty rates show a picture of poverty in the European Union which are not in exactly the same.

We may extend the picture by adding other indicators, one of the latest appeared in the literature being the index of “Gross National Happiness”. But this is another story...

The relative poverty approach emphasizes more or less similar performances in the enlarged European Union but hides the increased differences in the living standards between the Member States. And this is the limit of this indicator, which is calculated based on income.

So, we have to distinguish among “income poverty”, “material deprivation”, “social participation”, “social rights” and life’s other expectations, when we need a more scientific approach of the concept of “well-being”.

2. Definitions and Concepts

¹ *Relative poverty rate* is an indicator of the relative incidence of poverty, and represents the share in the total population of persons in households with a disposable income per adult equivalent (including or excluding the value of own resources consumption) less than the poverty threshold. This indicator is determined for the threshold of 60% of median disposable income per adult equivalent. The poverty rate is calculated as the ratio between the number of poor (whose income is below the threshold) and the total population. (http://eur-lex.europa.eu/summary/glossary/open_method_coordination.html)

² In *estimating of the relative poverty rate indicator*, defined according to EUROSTAT methodology (relative poverty rate is the same with at-risk-poverty-rate, according to definitions from EUROSTAT), some steps are taken: the extension of data from the survey by applying the corresponding expansion coefficients; determining the disposable income per each household; adjustment the available income to the consumer price index (CPI); determining the disposable income per adult equivalent in every household, and award the obtained amount to each person from the concerned household; distribution (sorting) of all persons assigned by size of income in the previous operation, in increasing way; setting the middle point of the distribution of persons by disposable income per assigned adult equivalent; determining the poverty threshold by applying the proportion of 60% over the midpoint value; identifying (counting) of people who have an income below the poverty line, and calculation the relative poverty rate (<http://ec.europa.eu/eurostat/web/gdp-and-beyond/quality-of-life/at-risk-of-poverty-rate>)

As from the socio-political point of view we may have a lot of understanding and expectations of which indecent/decent living standards or basic needs can be distinguished from secondary needs, and thus, we may have different constructions for the Minimum Income Standard (MIS).

According to Veit-Wilson, a minimum income standard (MIS) has to be understood as an abstraction, a set of qualities for making judgements, in this case on the adequacy of income: A

“Minimum Income Standard (MIS) is a political criterion about the adequacy of income levels for some given minimum real level of living, for a given period of time, of some section or all the population, embodied in, or symbolized, by a formal administrative instrument or other construct”.

A minimum income standard is thus a broader concept than certain specific minimum incomes, such as GMI. It is essentially a policy tool that can be applied as a benchmark of adequacy of various welfare provisions or other socially defined minimums, such as the minimum wage, minimum State pension or minimum social benefits. It is used by policy makers and administrations as a benchmark for the assessment of the level of income which reflects the national or regional political and social consensus on an arbitrary limit under which the income of individuals and/or households is considered as insufficient to live decently according to society’s standards or to meet their basic needs.

The MIS could be used as the direct reference for the level of income of a specific provision or be itself the reference for another provision. For instance, in various countries the level of guaranteed minimum income is set as a fraction of the minimum wage or minimum State pension.

As mentioned above, the MIS is not intended to be a scientific measure of poverty, even if a scientific measurement of poverty may be involved in its definition.

These different approaches to poverty lead to different types of governmental minimum income standards which reflect their values, discourses and assumptions about poverty: Stratification, packages of values, ideas, technical language and power made by those in power to decide the “right” way.

The line between ‘absolute’ and ‘relative’ conceptions of poverty or between ‘meeting basic needs’ and ‘social quality for all’ visions is at the core of the debate on minimal standards in the social field. In fact, meeting the basic needs is just a step, the first one, and not the final aim in the European countries attempting to tackle poverty and social exclusion. Then, after the first objective is set, we may move forward and see the goals of welfare in Europe for all. The European Union is a rich entity and must have ambitious objectives, but it has also to ensure that its weakest members receive adequate support to reach these objectives.

The Member States are free to decide what should be the more pertinent indicator(s) to reflect the minimum level of adequacy, according to national traditions and the respect for subsidiarity. But as the Open Method of Coordination³ become the tool universally used throughout Europe, currently, there are 3 main indicators defining poverty used at the level of European Commission and at the level of each Member State to define and monitor its performance in minimising the number people

³ The open method of coordination (OMC) in the European Union may be described as a form of ‘soft’ law. It is a form of intergovernmental policy-making that does not result in binding EU legislative measures and it does not require EU countries to introduce or amend their laws. The OMC has provided a new framework for cooperation between the EU countries, whose national policies can thus be directed towards certain common objectives. Under this intergovernmental method, the EU countries are evaluated by one another (peer pressure), with the Commission’s role being limited to surveillance. The European Parliament and the Court of Justice play virtually no part in the OMC process. The OMC takes place in areas which fall within the competence of EU countries, such as employment, social protection, education, youth and vocational training. (http://eur-lex.europa.eu/summary/glossary/open_method_coordination.html)

living inadequately: At-risk-of-poverty rate (AROP), Severe-Low-Work-Intensity (LWI), Material Deprivation (MD).⁴

These indicators have become the commonly agreed benchmarks for the evaluation of EU Member states on their relative performance to minimise the number of persons living inadequately.

3. Guaranteed Minimum Income Schemes in the European Union

All European countries have developed, although under different forms and with different timings, universal and residual non-contributory complementary schemes in order to guarantee to all sufficient resources to 'live with dignity' or meet 'basic needs' (social assistance). They are designed for individuals and/or households 'failing' to ensure themselves a 'decent' standard of living (and/or not belonging to one of the main population/social protection categories mentioned above), and are clearly aimed at the prevention of (severe) poverty.

In countries with a long practice of social assistance these schemes were originally perceived as a residual complement to social protection that will disappear by itself when the results of full-employment and increased wealth would automatically raise all individuals to better living conditions. But the persistence of high structural unemployment, the transition to a market economy that some countries are facing, and relative failures of social policies to eradicate, or at least contain poverty, during the recent decades have demonstrated that on the contrary these schemes are increasingly important and more than ever necessary.

All the 28 Member States of the European Union, as welfare states, are engaged in promoting sustainable economic growth with more and better jobs and a greater social cohesion for their citizens. In 2010, the European Commission issued a 10 year strategy aimed at reinvigorating the economy and making possible an "intelligent, sustainable and inclusive" growth, and the better coordination of National and European policies (Europe 2020). Thus, the Member States have set, differently, from one state to another, a "Minimum Income Standard" which, in one way or another, is guaranteed by the State based on a non-contributory scheme of Social Assistance.

Social assistance minimum income schemes are means-tested in all countries, as individual, or household eligibility, is dependent upon an assessment of current or recent income and/or assets.

Social assistance could take very different forms (guaranteed and/or limited benefits in cash or in-kind, provision of social and integration services, special fares in (public) services, tax-credits, public and/or private social insurances). The means-tested or income-related benefits can be divided into three broad categories:

- General assistance through schemes providing cash benefits for all people below a specified minimum income standard (guaranteed minimum income schemes);

⁴ The AROPE consists of a combination of the three sub-indicators that are derived from EU-SILC data:

- a relative component: the at-risk-of poverty rate / monetary poverty (AROP) = People at risk-of-poverty, who have an equivalised disposable income below the risk-of-poverty threshold, set at 60 % of the national median equivalised disposable income (after social transfers).

- a "kind of" absolute component: material deprivation (MD) - People who suffer from severe material deprivation and have living conditions severely constrained by a lack of resources. They experience at least 4 out of the 9 following deprivations items. They cannot afford: i. to pay rent or utility bills, ii. keep home adequately warm, iii. face unexpected expenses, iv. eat meat, fish or a protein equivalent every second day, v. a week holiday away from home, vi. a car, vii. a washing machine, viii. a colour TV, or ix. a telephone.

- an exclusion of labour market component: severe low work intensity (SLWI) - People living in households with very low work intensity who are those aged 0-59 living in households where adults worked less than 20% of their total work potential during the past year.

This broader "at-risk-of-poverty or social exclusion" indicator is relevant in capturing several dimensions. More precisely it includes people that are at least in one of the 3 a.m. categories (<http://ec.europa.eu/eurostat/web/gdp-and-beyond/quality-of-life/at-risk-of-poverty-rate>)

- Category specific assistance which provides cash assistance for specified groups (family, disabled, elderly);
- tied assistance which provides access to specific goods or services in either cash or kind (housing assistance is an example) (Guibentif & Bouget, 1997).

Together, these social assistance forms and schemes and their various declinations and combinations at National and sub regional levels, constitute a complex and fragmented web of last-resort protection, the ‘safety nets’ protecting citizens and households from falling into (severe) poverty and social exclusion. These safety nets are the social expression of what each European nation, according to its own social consensus, perceives as being the minimal floor⁵ under which poverty and social exclusion are considered as unacceptable and contrary to human dignity.

We will focus on one of these MIS - the ‘guaranteed minimum income’ (GMI). This is of particular relevance in the fight against poverty and social exclusion, or at least its alleviation.

We may see GMI as an income provided by the welfare states to individuals and/or households who are not able to ensure by themselves a sufficient income socially recognised as necessary to live decently or to meet basic needs. It is provided through specific and universal last-resort schemes (safety nets).

The term ‘guaranteed minimum income’, used in this report, has different national understandings in the European Union. The following denominations are present in the specific legislation of each country mentioned in the brackets, but their meaning is almost the same as, GMI:

- ‘guaranteed minimum income’ (FR, LU, ES, PT, LV, RO)
- ‘social assistance’ (AU, DE, NL, DK, SE, CZ, PL, SI, MT)
- ‘integration or insertion income’ (BE, PT)
- ‘public assistance’ (CY)
- ‘income support’ (UK)
- ‘supplementary welfare allowance’ (IE)
- ‘subsistence benefit’ (EE)
- ‘benefit in material need’ (SK), or
- ‘social benefit’ (LT).

In some countries the guaranteed minimum income scheme is the sole existing safety net. In some other countries the guaranteed minimum income is part of a wider safety net including other allowances and associated rights.

- 1) they are ‘guaranteed’ and ‘non-contributory’ as they are granted on a universal basis and are not dependent upon previous contributions to social protection insurance systems (like Dibao);
- 2) they are ‘minimum’ as they are conceived as the ultimate ‘safety nets’ of social protection and are related to national or local perceptions of the minimum living standards or needs (like Dibao);
- 3) 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);

⁵ Social protection floors are nationally defined sets of basic social security guarantees that should ensure, as a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level – ILO definitio (<http://www.ilo.org/secsoc/areas-of-work/policy-development-and-applied-research/social-protection-floor/lang--en/index.htm>)

- 4) their level is set by law or administrative rules in an equal manner for all (like Dibao);
- 5) 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);
- 6) the receiving of the benefit is conditional upon an active job search for those able to work
- 7) the amount of the benefits is adjusted according to the composition of households. (like Dibao) ;
- 8) the basis of entitlement is generally the legal residency of either the individual or the household/family (like Dibao);
- 9) 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).

Thus, a general definition of the guaranteed minimum income could be:

A guaranteed minimum income (GMI) is the expression of a universal, non-contributory, subjective and non-discretionary right to social assistance, granted generally under the form of a means-tested differential income. As the main pillar of a dedicated scheme, it acts as (part of) the ultimate safety net of social protection in order to prevent individual or households, which are not covered by other social protection schemes and with insufficient resources to support themselves, from falling into (severe) poverty or under decent living standards as perceived in national societies. From this definition we notice that the basic features of the European Union Members States' GMI Schemes are similar to the ones of the Chinese Dibao program.

In the Mutual Information System on Social Protection (MISSOC) database, established in 1990 to promote a continuous exchange of information on social protection between Member States, the guaranteed minimum income schemes are classified in the broad category 'Guaranteeing of sufficient resources'. At the end of this report, there is a short description of the GMI in the different European Union Member States as they are described in MISSOC (Annex).

But in some Member States, where the level of the general scheme benefit is lower, it is supplemented by specific allowances for housing, health, family benefits or specific allowances to bear the costs of basic services (the costs of education, heating, gas-electricity, transportation).

In certain countries there are also specific guaranteed minimum income schemes for particular groups of the population such as old-age persons or invalids.

And so, as mentioned above, Guaranteed Minimum Income schemes play a specific and crucial role in the fight against poverty and social exclusion in that they are last resort of social protection, a major component of the global safety nets to prevent people from falling into severe poverty.

3.1 Typology of GMI Schemes

Basic principles

If we look at the basic principles of the structure of GMI schemes we can distinguish between different groups of countries, according to the provisions in their respective laws:

- 1) A sufficient replacement income to maintain or reach the living standards socially recognised as the necessary minimum to live a decent life (DE, AU, FI, SE, MT)
- 2) Replacement income + an objective of social integration (through activation) (DK, BE, LU, NL, FR).
- 3) GMI schemes is a level of minimum subsistence (ES, PT, BG, RO, CZ, SK, EE)
- 4) GMI is targeted towards people or households in need (UK, IE, LV, PL).

Spain and Luxembourg are the only countries referring explicitly to the fight against poverty and social exclusion as the aim of their GMI schemes.

Beyond these characteristics, there are major factors of dissemblance between the schemes.

On the basis of the classification of the European Union Network of Independent Experts on Social Inclusion, we could divide the GMIS into four broad categories:

- 1) countries who have relatively simple and comprehensive schemes which are open to all those with insufficient means to support themselves (AT, BE, CY, CZ, DE, DK, FI, FR, LU, NL, PT, SE)
- 2) countries which have quite simple and non-categorical systems, but have rather restricted eligibility and coverage of people in need, due to the low level at which the means-testing is set (EE, HU, LT, LV, PL, RO, SK)
- 3) the countries which have developed a complex network of different, often categorical, and sometimes overlapping schemes, which cover most people in need of support (ES, IE, MT, UK)
- 4) the countries which have very limited, partial or piecemeal schemes which are restricted to narrow categories of people and fail to cover all those in need of support (BG EL, IT, RS).

3.2 Eligibility criteria for the GMIS

The schemes vary widely in terms of eligibility criteria, but all refer to a lack of sufficient resources, age requirements, residence (like Dibao) and a willingness to actively look for work. There are also differences in the governance of the GMIS, both in terms of financing and implementation. Some are governed at national level, others at local and some are mixed.

But for the same country, the level of the threshold/standard is the same when even inside the same country there are regional disparities, and the poverty level is different.

Most countries have eligibility conditions related to a lack of financial resources, age, nationality and residence, and receipt of MI is almost always linked to the conditionality of a willingness to work. This has become a very important issue putting more pressure with regards to the availability for work since the crisis despite the greater difficulty to find paid employment.

Countries differ significantly in the resources that are taken into account to assess the lack of resources of applicants and their households.

A general precondition is that all other means of income and assets, from work or social protection schemes, have been exhausted.

Assets:

In Portugal since the crisis, the income threshold to be eligible for GMI has been reduced and maximum values for property have been introduced, causing a significant decline in the number of beneficiaries.

In Italy, households eligible for the new social card must be of low work intensity or with no-one in employment. The income threshold is defined at a very low level: 566 EUR per month for a single parent with one child and 650 EUR for a couple with two children. In most countries the house occupied by the applicant and his family is not taken into consideration.

However, some countries oblige applicants to sell their house when it is considered to be too big (FI, SE).

Sometimes countries introduced criteria to judge the size of the accommodation (BG, DE, UK).

In Italy, the new social card is only granted to families who rent a home or have to pay a mortgage.

In certain countries (AT, BG, FI, SE, SK), applicants can also be obliged to look for cheaper housing to rent, when the expenses for the rent are seen as too high.

In Malta and the Czech Republic, only the income generated by holiday homes and rented property are taken into account.

In some countries applicants may be asked to sell their cars (FI, SE) or boats to qualify for acceptance.

Incomes

However, in many countries GMI can be accumulated with social benefits or income from work when this income is below the GMI threshold.

Certain types of incomes may be excluded from the calculation of the household income: -the case for a part of the income from employment (CY, DE, FI, FR, IE, LU, NL, PT, UK), -for family allowances (AT, BE, ES, HU, IE, LU, RO, SK),

-parents' money (DE),

-maternity allowances (PT, SK),

-disability benefits (DK, EE, ES, FI, FR, HU, IE, LV, NL, SK), student grants (CY, EE, FR, LT, RO, SK),

-care for dependents (AT, BE, HU, LT, LV), -pensions (DE, MT, SK),

-money from maintenance claims (PL, UK), -repayment of debts (HU),

-income from charitable associations (AT, CY, DE, FI, LT, PL).

Countries use very different methods to calculate the adequacy of the resources of applicants and their household, to judge their eligibility for MI.

3.3 Special conditions for GMIS

i. Age requirements

In terms of age requirements, most countries set the minimum age at 18 years (BE, DE, DK), but have a much lower rate of benefits for those aged 18 to 29 (ES, HU, IS, MT, NL, PL, PT, UK). Other countries refer to the parents' duty to support their children (AT, BG, CY, CZ, EE, FI, IE, LT, LV, SE, SK) which implies that children under 18 years don't have access to GMI when they are living with their parents

FR and LU have set the minimum age limit at 25 years; Germany at 15 years.

As most countries have introduced specific GMI arrangements for old age and minimum pensions, the upper age limit is mostly equal or close to the legal retirement age.

ii. Nationality requirements

In all countries, all national citizens, all citizens of another European Union Member State (after a certain period of residence in the host country) and all persons who have been granted refugee status or subsidiarity protection, are eligible for GMI.

In some countries, every person who resides legally in the country is eligible for GMI (AT, CY, DK, EE, ES, FI, LU, NL, PT, RO, SE), other countries make permanent residence the criterion (LU, HU).

Homeless people have often great difficulties in accessing MIS, although they may be eligible in theory. This is because, in practice, they face problems with their residence that hampers their capacity to claim their rights.

iii. Time

GMISs are considered by all countries as a benefit unlimited in time, although regular reassessment may be foreseen.

Bulgaria has limited the period of payment to 6 months, after which the benefits are discontinued and can only be resumed after 1 year.

iv. Indexation

There are big differences between countries with regards to the uprating mechanisms that are applied to GMIS:

- Some countries (CY, DE, DK, FI, FR, UK) apply yearly indexation mechanisms;
- in BE, LU and CZ, the level is automatically adapted, once a pivot-based index is reached;
- in LI, BG, LV and RO indexation is done on an irregular basis, when the government decides to do the uprating.
- HU adapts its GMI when pensions are uprated;
- In NL, GMI is revised twice a year in line with the evolution of the minimum wage.

Lithuania and Denmark have reduced (for young people) the amount of the benefit compared to the level it used to be before.

v. Scale

Many countries use equivalence scales to determine the weight of other members of the household. In most countries these equivalence scales are implicit; in others they are explicit (ES, FI, LT, PT, RO).

For instance, the OECD modified equivalence scale of adult equivalent is: first adult = 1, other adults in the household = 0.5; each child in the household = 0.3, while the Romanian scale used for GMI is: first adult = 1, other adults in the household = 0.5; each child in the household = 0.5.

4. Adequacy and Targeting of GMIS

Most countries don't emphasise the issue of adequacy and have no clear definition of what constitutes a decent income. Instead, some countries even use concepts such as subsistence level or subsistence minimum, or see GMIS as instruments to avoid absolute poverty.

The level of payment, uprating and variations in the amounts are the key questions for what countries consider as a sufficient or a minimum standard of living. They are used to determine whether that level can be considered as adequate for living a life in dignity and participating in society.

Most Member States use benchmarks to establish the amount of the minimum income, but in many cases it is not always clear which method has been used to set that amount.

In some countries the benchmark has been set by governmental decision or by law (BG, CZ, DE, EE, ES, FI, FR, IE, LT, LV, PL, RO, SE, UK). Other countries set the GMI as a proportion of pensions (AT, HU, LT, LV), unemployment benefits (DK) or minimum wages (NL, most regional MI schemes in ES).

- Sweden, Lithuania and Austria determine 'decent' living standards on the basis of the cost of a list of certain goods and services.
- In Germany the spending of people with low incomes is used.

- Certain countries refer to the subsistence level (EE), the subsistence minimum (CZ), the guaranteed minimum income (BG, RO) to determine the level of payments. The amounts of these minima differ widely between countries (from 31 EUR in RO to 198 EUR in SK).
- Only Denmark recently passed a law to set the minimum level of GMIS at 50% of the median income threshold. People are considered as poor when their actual income for more than 3 years was below that level. This means that Denmark is using a benchmark of persistent poverty. This benchmark is however not used to determine the level of minimum income.

In some countries reference budgets are used to set the level of GMI, but the baskets often don't cover all the necessary expenses. There are countries where well-conceived reference budgets are developed, but these are seldom used as the benchmark for GMI levels.

The at-risk-of-poverty threshold is seldom used as a determining factor to establish benefit levels.

Also, there are countries where GMIS doesn't allow recipients to live in dignity and where the amounts have not kept up with the increases in the living standard.

When asked to formulate next steps to improve adequacy of GMIS, we may suggest:

- (i) want the 60% AROP threshold to be used to ensure adequacy of GMIS;
- (ii) GMI should be a percentage of the minimum wage.
- (iii) reference budgets should be used to determine the level of GMI, to test the adequacy of GMI and the 60% AROP threshold,
- (iv) stimulate the public debate on GMIS

5. Coverage and Generosity of GMIS

In some countries coverage is reduced through excessive means-testing. Non-take-up is seen as a serious problem that is not adequately addressed. Indications of non-take-up in countries range from 20% to as much as 75%. These figures are much higher than those of over-take-up (which includes fraud) which receives much more policy and media attention.

There are several reasons identified for non-take-up: unknown rights and the lack of communication whereby individuals are not aware of their rights or do not know how to claim GMI. This is increasingly so when the administration does not take a pro-active approach to communication and potential beneficiaries have to find out by themselves.

The complexity of some GMIS also causes higher non-take-ups. Unclaimed rights and offer relevancy by constraint happens when the costs connected to accessing MIS are perceived to exceed the potential benefit (financial costs, too low benefits, complex procedures, distance to the office, humiliation felt when having to rely on relatives first).

Unclaimed rights by 'choice' are linked with the conditions to access GMIS that potential beneficiaries are not ready to accept: conditionality linked to activation, especially where public works can be imposed, severe property census, controls that are seen as humiliating or extra conditions that can be imposed.

Unattained rights and administrative obstacles refer to rights that were claimed but not obtained, because of bad administration or highly discretionary powers, absence of appeal procedures, requests for ID cards (a problem for Roma) or to have an address (difficulties for homeless).

Discarded rights and opinion of social intermediaries is linked to the influence of intermediaries such as social workers, civil servants and others. These may discourage potential users from claiming their rights. On the contrary, some teams point to the potential of using social workers and street workers to improve take-up.

Non-take-up is a big problem for rough sleepers and for people staying at friends, but much less for those who stay at homeless accommodation where social workers help to fill in the files.

Some schemes also serve as top-ups when wages or benefits are too low. The levels of payment show very great differences in their degree of generosity, ranging from 22 EUR in Bulgaria to 1433 EUR per month in Denmark for a single person, and from 100 EUR in Poland to 3808 EUR in Denmark for a couple with two children.

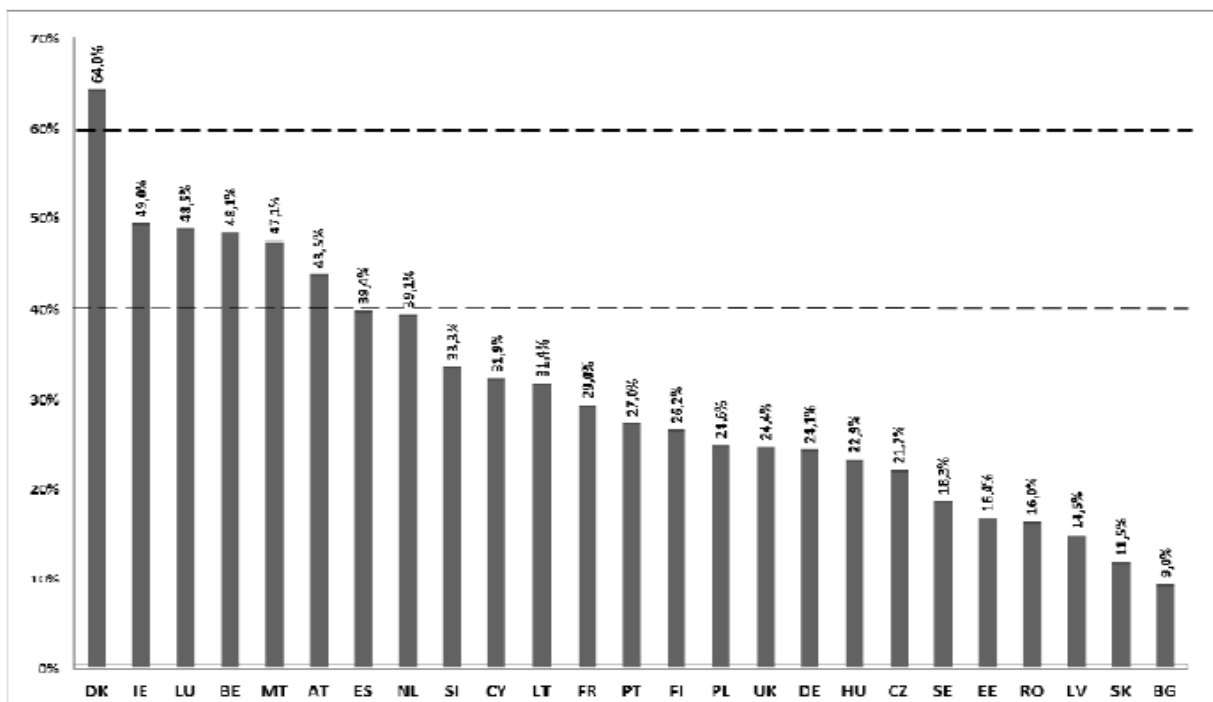
With the economic crisis, the basic amount of 12 Minimum Incomes in Portugal decreased from 189.52 EUR in 2010 to 178.15 EUR in 2013.

In Italy, the new social card is granted to low income families to pay food, medication and utilities, but it is not an enforceable right for the eligible households, since there is only a fixed budget of 50 Million EUR for one year from the National Government. This is to be divided among the 12 cities on the basis of the size of the population and the absolute poverty incidence in the last three year in the territorial area.

When compared to median income in the countries, only Denmark (for single persons) has a GMIS that has a high level of generosity (over 50%); most countries have GMIS that are medium-high or medium-low; but 9 countries, all from Central and Eastern Europe plus Portugal and Sweden, have GMIS with low to very low generosity levels (less than 30%). This means that these countries will have to face considerable additional efforts to bring their MIS to an adequate level.

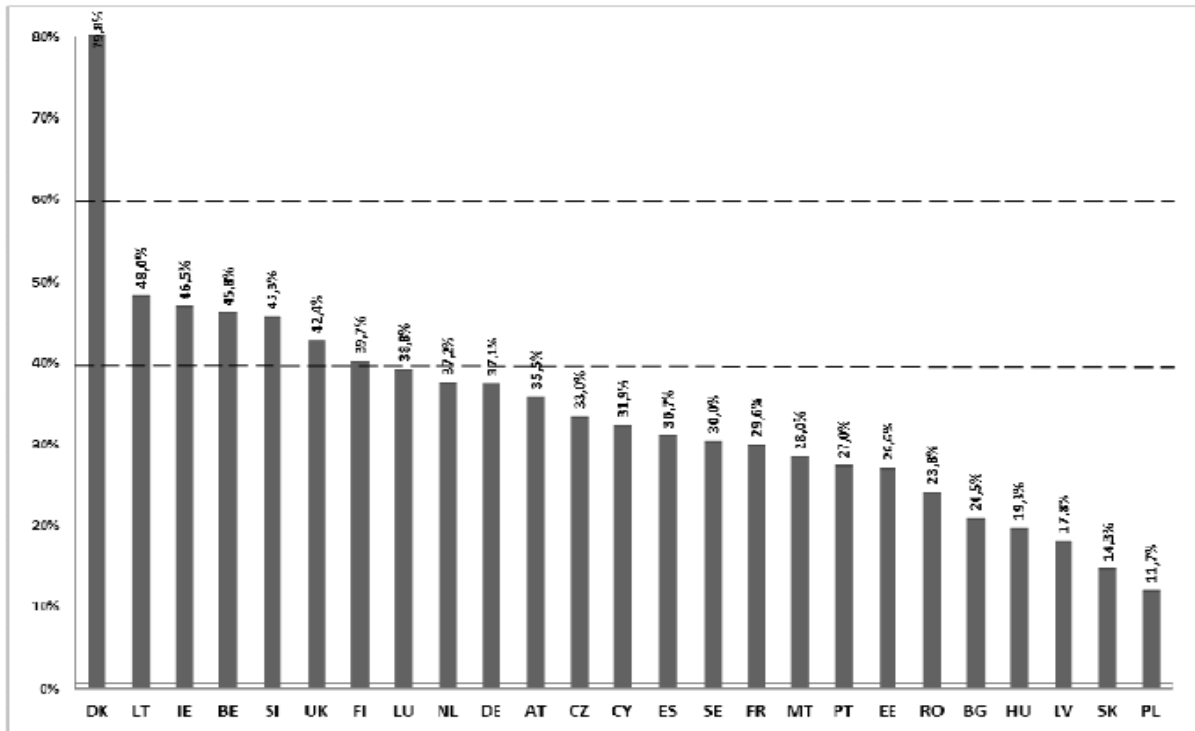
In their report for the European Economic and Social Committee, Pena-Casas et al. have calculated the generosity of national GMIS for the countries in the European Union. Below we reproduce two tables of the report: GMI as a percentage of median equalised income for a single person, and for a couple with two children.

Figure 1: Maximum gross GMI as a percentage of median equalised income – single person – 2011



Source: MISSOC data base for MI amounts, EU-SILC data for median equalised income, calculations Pena-Casas et al.

Figure 4: Maximum gross GMI as a percentage of median equivalised income – couple with 2 children – 2011



Source: MISSOC data base for MI amounts, EU-SILC data for median equalised income, calculations Pena-Casas et al.

These calculations clearly show that only Denmark has MI benefits that exceed the 60% of median equalised income, both for single persons and for a couple with two children, where MI reaches even 80% of median income.

No country reaches 50% of median income. IE, LU, BE and MT have MI amounts for single persons between 40 and 50%; ES, NL, CY, and LT have benefits between 30 and 40%. In SE, EE, RO, LV, SK and BG, MI amounts for single persons are even below 20%. For a couple with two children, in LT, IE and BE MI amounts are between 40 and 50%; UK, FI, NL, DE, AT, CZ, CY and ES are between 30 and 40% of median equalised income.

We see from the data presented above that, except for Denmark, no European country guarantees a net income for social assistance recipient households which is above the threshold of 60% of the median income and that even the lower thresholds of 50% and 40% are barely reached by a limited number of countries and then only for specific household configurations. This confirms that social assistance is conceived as a safety net to avoid very severe poverty but not sufficient enough to enjoy decent living standards, at least as expressed under the form of a relative poverty threshold. But it points out also that even when considering severe poverty (=40% threshold) the income of social assistance recipients is insufficient in nearly all European countries. This also indicates that the 60% median income threshold is an ambitious limit that even the richest EU countries do not attain for social assistance recipients.

The current EU relative poverty ‘norm’ is thus increasingly used and acknowledged to define and compare monetary poverty issues in Europe, but the question remains - could it be considered and used as a Minimum Income Standard (or as reference criterion for) and define common EU threshold(s) in a common understanding and expression of what are ‘decent’ living standards?”

Several countries (RO, BG, HU and LV) have MI amounts around the 20% of median equalised income and Slovakia and in particular Poland are far below this threshold. Both countries apply flat rate amounts for MI, irrespective of the household composition. We can categorise the GMIS countries, in terms of the relative generosity of their systems, into 5 groups:

- 1) High level of generosity (over 50%): DK
- 2) Medium-high level of generosity (40-50%): AT, BE, IE, LT, LU, NL
- 3) Medium-low level of generosity (30-40%): CY, DE, ES, FI, FR, MT, UK
- 4) Low level of generosity (20-30%): CZ, EE, HU, PT, RO, SE
- 5) Very low level of generosity (under 20%): BG, LV, PL, SK

It is striking that the countries with low to very low levels of generosity are all countries of Central and Eastern Europe, except Portugal and Sweden. In these countries a considerable effort is needed to bring their GMIS to an adequate level.

To improve coverage of GMIS:

- in countries with a low income threshold they should increase the level.
- Others should insist on reducing administrative discretion and arbitrariness in granting benefits, or on the introduction of appropriate appeal procedures.
- In countries with decentralised GMIS, where local discrepancies are seen as a problem, the solution is the recentralisation of procedures.
- all young people from the age of 18 should have access to MIS.
- the need for equal treatment of all people in need, including migrants and ethnic minorities such as Roma.

As general measures to improve the take-up of MIS, we suggest the following: -

- automatic granting of rights
- simplification of the system,
- outreach work by qualified social workers,
- one-stop-shops and better cooperation between administrations and the separation of social work from control functions
- improve the interaction with other elements of the welfare state and strengthen empirical evidence and research on the take-up of benefits
- create more work in sheltered employment or the social economy, -establish youth guarantee plans
- provide training and job opportunities adapted to the needs of GMI beneficiaries, -set up personalised active inclusion measures.
- increase the ceiling for combining earnings with GMI, to avoid inactivity traps.
- To improve access to quality services, teams call for better cooperation between employment services, social services and NGOs, and the introduction of personalised coaches to accompany people and some specific recommendations on active inclusion of older people.

6. Management of GMIS

The overall management of GMIS must be examined from two perspectives:

a) the way by which the scheme is financed

All countries are financed through taxes, as they are non-contributory schemes of last resort.

- In some countries GMIS is financed at central level (BG, CZ, FR, PT, RO, SK, UK)
- In some countries financing is a shared responsibility between the central level and local level (BE, DE, DK, FI, LU, NL, PL, SE).
- In other countries local or regional authorities who finance the system (AT, ES, LV).

It was identified that local financing contains a greater danger of budgetary instability, increased discretion. This will result in greater disparities between regions and municipalities.

In Spain, the fact that GMIS is not portable across the Autonomous Regions, requires that people have to reapply when they move to another region, where eligibility conditions may be different. In Spain, besides the different minimum income schemes at the level of the Autonomous regions, the central government also has a temporary non-contributory last resort scheme, called PREPARA.

b) the level at which the scheme is implemented.

In regard to the implementation of MIS, in some countries implementation is the competence of the central level (BE, BG, CZ, ES (PREPARA), FR, IE, MT, PT, SK, UK). In others only the local/regional level has competence (AT, CY, DK, EE, ES, (Autonomous regions schemes) FI, HU, LT, LV, PL), while in some countries responsibilities for implementation are shared (DE, LU, NL, RO).

7. GMIS and the Labour Market

In most countries applicants for GMIS, who are of working age, have to register at the employment agency as jobseekers, actively look for work or be ready to take up education and training.

In many countries the inability to find work is an integral part of the definition of the purpose of GMIS for people of working age. A lack of work is a reason for people's inability to guarantee an adequate standard of living through their own effort.

Some countries introduced measures into their GMIS distinguishing people unable to work from those who can work (DE, HU, IE, UK). Others also developed complementary assistance schemes geared specifically towards jobseekers to supplement contribution-based unemployment benefits, particularly near the end of the entitlement period (EE, ES, FR, IE, MT, PT, UK). In many countries MIS benefits are granted also to people with insufficient income from work or social security benefits (AT, BE, CY, CZ, DK, EE, ES, FI, FR, LT, LU, MT, NL, PL, PT, RO, SE, UK).

In many countries there is a hardening of political, media and public attitudes towards MI beneficiaries.

Several countries have introduced the obligation to take up public work as counterpart for receiving GMI, even when there are clear indications that these workfare measures do not increase people's chances to return to the labour market. In many countries, the crisis and austerity measures have had a considerable negative impact on the availability of enabling services such as housing, health care, education and childcare.

In many countries there appears to be a growing emphasis on a willingness to take up work (AT, BG, SE). Bulgaria points to the fact that increased activation has a disciplinary and sanctioning character and is not linked to the availability or quality of jobs.

Social assistance is kept low to avoid long-term dependency, but people on GMI simply have no chance to escape from poverty.

In Portugal, GMI beneficiaries have fewer possibilities than before to reject activation measures that they consider not suitable or that do not encompass the necessary services to accept the offer. Job offers that have to be accepted are extended to include ‘socially necessary work’. The new programme is seen as promoting precarious employment at very low salaries. Austerity measures introduced under the Memorandum have severely compromised expenditure and services for active inclusion, whilst at the same time controls were reinforced and sanctions hardened.

In some countries there is a growing tendency to distinguish the so-called deserving poor from those who are non-deserving (BG, PT, SE).

In several countries, reforms in welfare systems, including that of GMIS, aim at stimulating the take-up of jobs or education through reductions in expenditure in social assistance and benefits.

In Denmark, young people’s benefits were reduced by 50% to get them back into education.

In Portugal and UK, during and after the crisis, the cushion effect of GMI was reduced significantly through austerity measures.

However, the levels of MI are most often not the reason for benefit dependency, since they are much too low to live on. Sometimes income traps appear where earned income through work doesn’t increase disposable income, because earned income is automatically deducted from the GMI benefit (FI, RO), or GMI can only be combined with income from a part-time job (LU) or from low income from work (UK). Low wages are also often mentioned as a disincentive to take up jobs (LT, LV, SK). In Romania, taking up (low-paid) employment results not only in the loss of MI benefits, but also of all related additional benefits. This pushes people into informal employment.

In some countries (AT, BE, DK, SE, SK), the crisis has led to improved access for minimum income beneficiaries to active labour market measures. However this has not led to labour market integration, but rather to the transition of beneficiaries off GMI and onto unemployment benefits. In Denmark, social enterprises increasingly train and employ GMI beneficiaries. In Slovakia, special training programmes have been set up for GMI beneficiaries to improve their skills and give them practical experience. In Sweden, research has shown that those municipalities that developed a broad range of active labour market policies were able to realise shorter periods of social assistance for GMI beneficiaries. In Spain, the Basque country was very successful in reducing poverty through sustained efforts to combine active inclusion policies with a generous minimum income.

However, in many other countries, active labour market measures still are not accessible or effective for MI beneficiaries (CZ speaks of ineffective training programmes, DE points to the problem of measures that do not fit the long-term unemployed, DK find measures not adapted for people with complex problems, FR points to very low numbers exiting out of MIS, PL finds the employment programmes ineffective, RO’s activation measures have limited effect on transition to labour market).

In Slovakia a community service programme gave access to an activation allowance that was considerably higher than the GMI benefit. This attracted many young people that left school after compulsory education and locked them in dependency of the programme. Access to activation allowances has now been restricted.

The majority of active labour market policies are hardly compatible with the profiles of MI beneficiaries, and the existing schemes produce meagre results (PT).

DE, DK, PT and RO often complain about the capacity of job centres or case managers to help GMI recipients with complex problems. Denmark notes that job centres are overburdened and ruled by detailed legislation. Portugal speaks of seriously understaffed mediation services for the reintegration of GMI beneficiaries. Estonia identified the weakness of the coordination between the

national employment services and social services at local levels that deal with debt mediation, social counseling, social housing, personal assistance, child care, transport etc.

In many countries (BG, CZ, EE, ES, HU, LT, LV, NL, PT, RO, SE, SK, MT) the obligation to take up public work has been introduced in a workfare approach, even if there are clear indications that such work doesn't increase people's chances to return to the regular labour market. These public works are often humiliating and give no access to fair employment conditions or social rights. In some cases these obligatory public works are unpaid but are seen as a counterpart for receiving GMI. In other cases the salary is very poor and lower than the minimum wage. Public works include maintenance, cleaning of streets, parks, public places, mostly for local authorities.

Some countries make an exception for people who are unable to work or have a disability (BE, BG, CY, CZ, DE, EE, ES, FI, FR, MT, PL, PT, SE, UK), for people who look after children or dependents (AT, BE, CZ, DE, ES, FI, HU, NL, PT) or people in education (BE, BG, DE, EE, FI, RO).

In some countries the obligation to actively look for work is extended to other members of the family (AT, BG, DE, DK, MT, NL, RO, SE, UK).

In most countries, the type of job that must be accepted is qualified as 'decent' or 'reasonable' (AT, BE, CY, DE, DK, EE, ES, FI, FR, HU, IE, LU, LV, MT, PL, SE, SK). In other countries it can be any job, whatever the conditions are (BG, CZ, LT, PT, RO).

A striking phenomenon is the introduction in many countries of a sort of 'community service'/ public work that MI recipients have to accept in exchange for their MI (BG, CZ, DK, LT, LV, MK, NL, PT, RO, SB, SK) or for some extra money (HU, PL). In Denmark and UK cash benefits for young people have been considerably reduced to stimulate them to undertake education.

In the event that they do not succeed in finding a job, recipients can be assigned an utility job. Some countries offer more comprehensive and tailor-made support programmes and personal assistance for GMI recipients that should help them to access the labour market and facilitate their integration in society (BE, DE, DK, IE, PL, PT, UK).

The main issue with the activation of GMI recipients is the increasing problems for people who are a long distance from the labour market or who want to get a job at the low-skilled end of the labour market, since these jobs become scarcer since the crisis.

At the same time, there is a clear tendency to tighten the conditions with regards to the readiness to work, actively search for jobs or participate in specific labour market programmes.

In all countries, non-compliance with the obligation to actively look for work can result in sanctions, such as denying access, temporary suspension or even exclusion from the GMIS

The European Network of Associations Involved in the Fight against Poverty (EAPN) highlights 12 criteria of what should be a "good" activation:

- 1) Improving personal, social and vocational skills and competencies and enabling to further social integration;
- 2) Individualised and flexible offers taking the whole person into consideration and acknowledging diversity of age, experience etc.;
- 3) Relevance of the offer for the individual person's needs, wishes and priorities;
- 4) Aiming to overcome or compensate for the exclusionary forces in society;
- 5) Wide range networking with relevant actors at local level, such as actors on the labour market, health care services, social services, housing sector, communities etc.;

- 6) Respecting the individual's identity and self-respect;
- 7) Achieving quality compared to ambitious social standards;
- 8) Raising status;
- 9) Building on reciprocity between the individual and the (municipal) agency;
- 10) That the planning, the design and the implementation of the activation is carried out with co-operation and interaction between the claimant and the (municipal) agency;
- 11) Involving the resources and strengths of the claimants;
- 12) Using adequate social income, including minimum income, as a positive tool likely to guarantee the security needed for activation. Benefits should be used also as a positive incentive to face the extra costs and risk when resuming a job after unemployment.

Depending on the purpose and the nature of social benefits, social assistance benefits are granted only after assessing the money income or on the cumulative assessment of cash income, assets and earnings that can be obtained by exploiting or using movable and immovable property owned or in use.

Refusal of employment, rejecting participation in training courses / qualification courses / retraining or other active measures provided by the law may lead, as provided by special laws, to reduction in the amount of social benefit or its termination and prohibition on being granted a new social assistance benefit for a period of time.

8. Links with Other Social Benefits

In many countries, beneficiaries of MIS can also receive additional benefits for other needs e.g. housing, energy costs, costs to raise children, health care costs etc.

Because of the considerable impact of housing costs on beneficiaries' income, many countries foresee that MI can be supplemented by a housing allowance (AT, BE at regional level, BG, CY, CZ, DE, DK, EE, ES, FI, FR, IE, LU, LV, MT, NL, PL, SE, SK, UK). In many countries there is also an extra allowance for energy costs, covering heating, electricity, gas, fuel (AT in some provinces, BE, BG, IE, LT, MT, PL, RO, SE, UK).

Certain countries have special benefits to cover extraordinary needs in unexpected circumstances (AT in some provinces, CY, CZ, DE, DK, ES, FI, IE, NL, SK).

In certain countries, extra benefits may be granted to cover the costs of raising children (BE, CY, EE, ES, FI, DE, MT, NL, RO, SK).

Some countries allow a top-up of GMI for people with disabilities (CY, PT, UK) or to cover costs of long-term care (PT).

It should be noted that access to these extra allowances is far from automatic and depends largely on the discretion of the social worker who assesses the needs of potential beneficiaries.

9. The Definition and Significance of the GMI Scheme In Romania

9.1 Concepts/definition

Currently, the social assistance system in Romania is regulated by Law no.292/2011 on "Social Assistance", the third general legal framework in the last 15 years. Accordingly, the Social Assistance system includes social assistance benefits and social services (which are regulated separately, by other special laws), aiming at:

- creating an unified and coordinated legal and institutional framework for granting the social assistance measures,

- guaranteeing to all Romanian citizens and foreign persons who have residence in Romania, the right to social assistance,
- preventing, limiting or removing the effects of temporary or permanent situations that can lead to marginalization and social exclusion of the person, family, groups or communities
- providing a package of social assistance benefits and social services interrelated and complementary measures;

9.2 Significance/functions

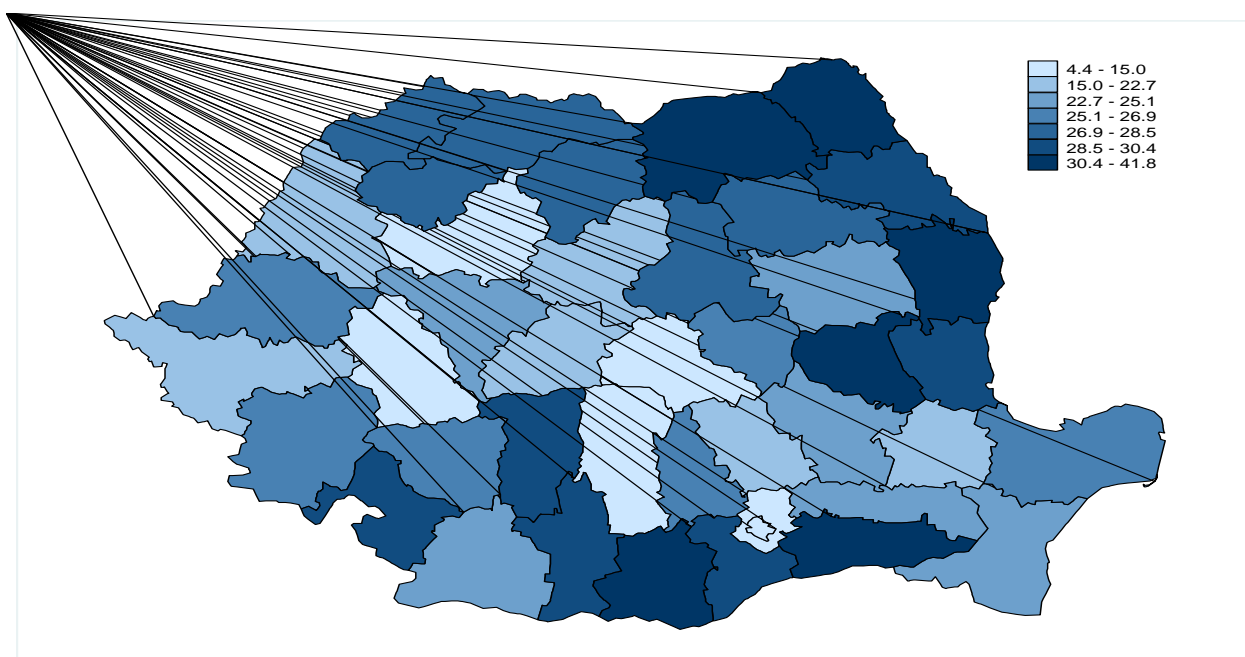
The Guaranteed Minimum Income (GMI) is a form of social assistance which provides monthly financial assistance.

- It has been in operation since 1995
- It is the “last resort” poverty alleviation program
- Its objectives are: income support; activation of beneficiaries contribution to community development.
- It targets the poorest 5% of the population (means-tested)
- Brings up the per capita income of beneficiary to a guaranteed minimum income level
- Complements other social assistance programs, categorical or means-tested (14 major ones)

In Romania there are regional disparities in terms of development (as can be seen on the map below). But, despite the differences between the poorer regions (where poverty is ranking from 30.4% up to 41.8% of the population) and the more developed ones (where poverty is from 4.4% up to 15%), the GMI scheme is unique and uniformly applied. Payment is done from the central level.

Although, as will be shown below, the right for GMI is established at local level and the payment is done from the central level. On the occasion of establishing the entitlement to the GMI, the local authority is performing a social inquiry, assessing the status of each household.

The local authority is empowered by the law (same Law, no 416/1991, governing the GMI) to grant social aid from the local budget to the families/household who are vulnerable whenever they consider it appropriate.



Source: World Bank Poverty Mapping Project

9.3 Basic Features of the Guaranteed Minimum Income Program

Entitlements to allowances are made by the mayors, by providing them with the request and supporting documents submitted by the applicant and the social inquiry specialty services. The payment will be approved by the decision of the Director of the Territorial Agency for Social Benefits (subordinated to the Ministry of Labour and Social Protection).

Those that are entitled to the guaranteed minimum income are families and single persons who are Romanian citizens.

The term family means the “husband and wife” or “husband, wife and their unmarried children”, who are domiciled or resident in the community who have been provided with identity cards and who are a household together. Others are treated as a family the following situations:

- A person who lives with the child dependents and is in the following situations:
 - Unmarried;
 - A widow(er);
 - Divorced;
 - Whose husband / wife is said to be declared missing or disappeared under a court order;
 - Has not reached the age of 18 and is in one of the situations mentioned above.
- Siblings without children, that household together and have no domicile or residence communicate with parents.
- An unmarried man and woman, who each have their children living in the household together.

The term “single person” is a person who has reached age 18, who lives alone and manages the household by himself.

9.4 How to Set and Adjust the GMI ?

A methodology using the social reference indicator (ISR) is used to calculate the monthly guaranteed minimum income (GMI). ISR is established by law and is set at 500 LEI.

GMI levels are:

- Single persons = $0.283 \times \text{ISR} = 142 \text{ lei}$ (approximately 32 euros in September 2016)
- A family consisting of 2 persons = $0.510 \times \text{ISR} = 255 \text{ lei}$ (57 euros) A family of 3 persons = $0.714 \times \text{ISR} = 357 \text{ lei}$ (80 euros)
- A family of 4 persons = $0.884 \times \text{ISR} = 442 \text{ lei}$ (100 euros)
- A family of 5 persons = $1.054 \times \text{ISR} = 527 \text{ lei}$ (118 euros)

For each additional person over the number of 5 people the social support increases by $0.073 \times \text{ISR}$.

The amount of social aid actually received by the beneficiary is determined as the difference between the levels mentioned above and the net monthly income of the family or single person.

Conditions for granting

The application and affidavit and other documents showing the family structure and revenues, is registered with the mayor in whose jurisdiction the applicant has his domicile or residence.

To settle the claim on social assistance, it will affect the homes or, as the case at the residence of the applicant or the place designated by the applicant in the case of the homeless people.

Granting or not granting the right to welfare is by written order of the Mayor. The right to social aid is granted in the month following the registration of the application. For tracking compliance with the conditions for entitlement to income support, social surveys are carried out at an interval of three months or whenever needed.

The obligations of the beneficiaries:

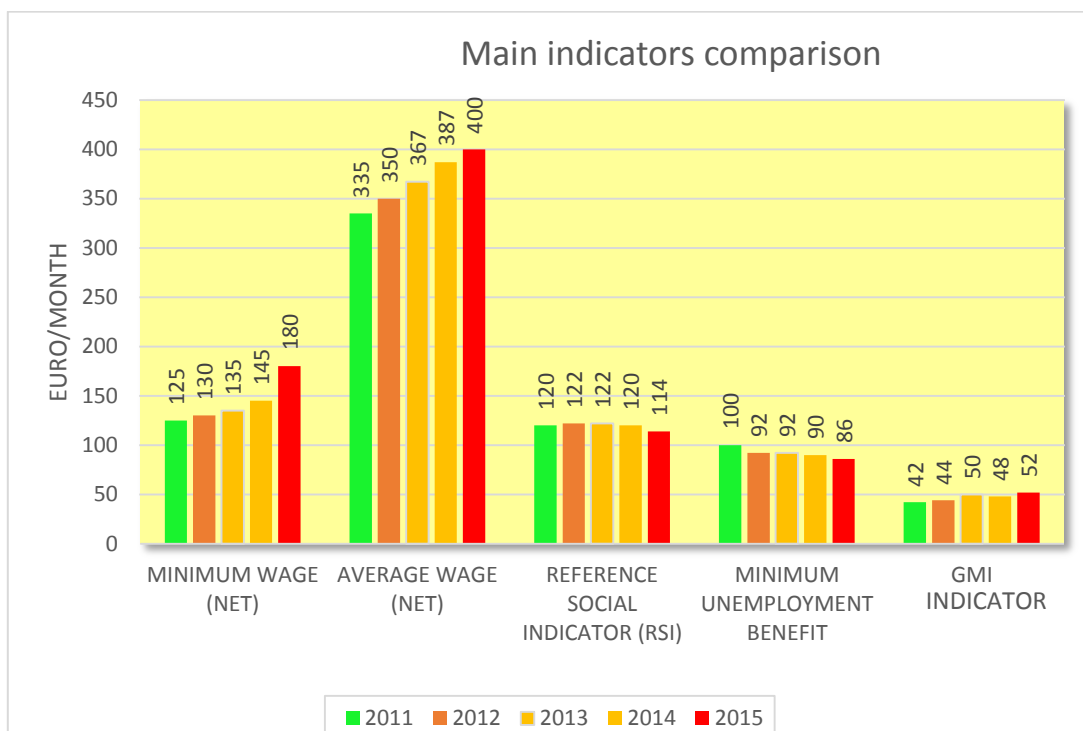
The beneficiary is required to deposit with 3 in 3 months (resubmission application form), the Mayor in whose jurisdiction the applicant is domiciled or resident, an affidavit of his family composition and income earned by the members, accompanied by a certificate issued by the authority competence on revenues subject to income tax.

Also, people of working age who require social assistance and who receive no income from wages or other activities, shall:

- prove, via a certificate from the local employment office, that they are registered as looking for a job.
- perform monthly at the request of the Mayor, actions or works of local interest.

9.5 The problems with and challenges for GMI

- Low level benefit (low generosity)
- Connected with community work
- Centralized
- Will be replaced by the Insertion Minimum Income, starting from July 2017 (as part of the social assistance reform, three existing benefits – Guaranteed Minimum Income, Family Allowance and Heating Benefit – into a single one, named Insertion (or Inclusion) Minimum Income. This new benefit – 3 in 1- will emphasize the role of employment in getting out of poverty, giving an incentive to those going back to work).



For the chart above, all the figures represent the average indicator in Euro, at the official exchange rate for the relevant year. All the indicators are calculated for a single person. The Reference Social Indicator was the same, when expressed in local currency, lei=500 (they differ on the chart due to the different exchange rates valid for different years).

Also, we have to mention that the situation changes when we take into consideration a family with children. The GMI level becomes more attractive because the incentives from work remain the same, while the level of the benefit increases depending upon the family composition.

	Targeting (%)	Coverage (%)		Generosity (%)	
	Poorest 20%	Total Population	Poorest 20%	All beneficiaries	Poorest 20%
Total social assistance programs, of which:	37.7	57.5	82.2	9.3	26.2
Guaranteed Minimum Income	81.5	3.4	14.2	19.4	23.6
Family Allowance	59.5	7.9	23.8	4.0	5.5

We may notice that for 2011 (green bars), we had a GMI level of about 42 Euro per month, while the Unemployment Benefit was about 100 Euro per month, the Minimum Wage was about 125 Euro per month and the Average Wage was about 335 euro per month. It can be argued that the GMI level was not too attractive when compared with the Unemployment Benefit or with the Minimum Wage, representing 33.6% and 12.53% respectively. Similar, for the first semester of 2015, the GMI level for a single person represented 28.89% of the Minimum Wage, 60% of the Unemployment Benefit and 13% of the Average Wage. The last figures lead to the conclusion that in 2015 the GMI had become more attractive instead of work incentives, therefore it is compulsory to change the approach of this benefit, and/or recalibrate the Reference Social Indicator, which has remained at the same level as it was when it was first established in 2008 i.e. 500 lei.

From the table above (World Bank’s calculations) we may conclude that GMI, as anti-poverty policy-tool is very well targeted (getting to 81.5% of the needy population), but the Coverage and Generosity are small. The 14.2% coverage of the poorest quintile is significant in that it shows that there are some beneficiaries from the richer quintiles receiving the benefit, too. The Generosity for the first quintile of 23.6% means only 23.6% of their needs are satisfied by the social aid they get from the State. That means this tool, the GMI, cannot really take this population out of poverty. That is why, in order to solve the problem of the social exclusion, poverty and/or marginalization of these vulnerable groups, it is necessary that the State intervene with more help, either by other different benefits (for instance: the family allowance benefit for the families with children, or with services provided inside the community, at the city level).

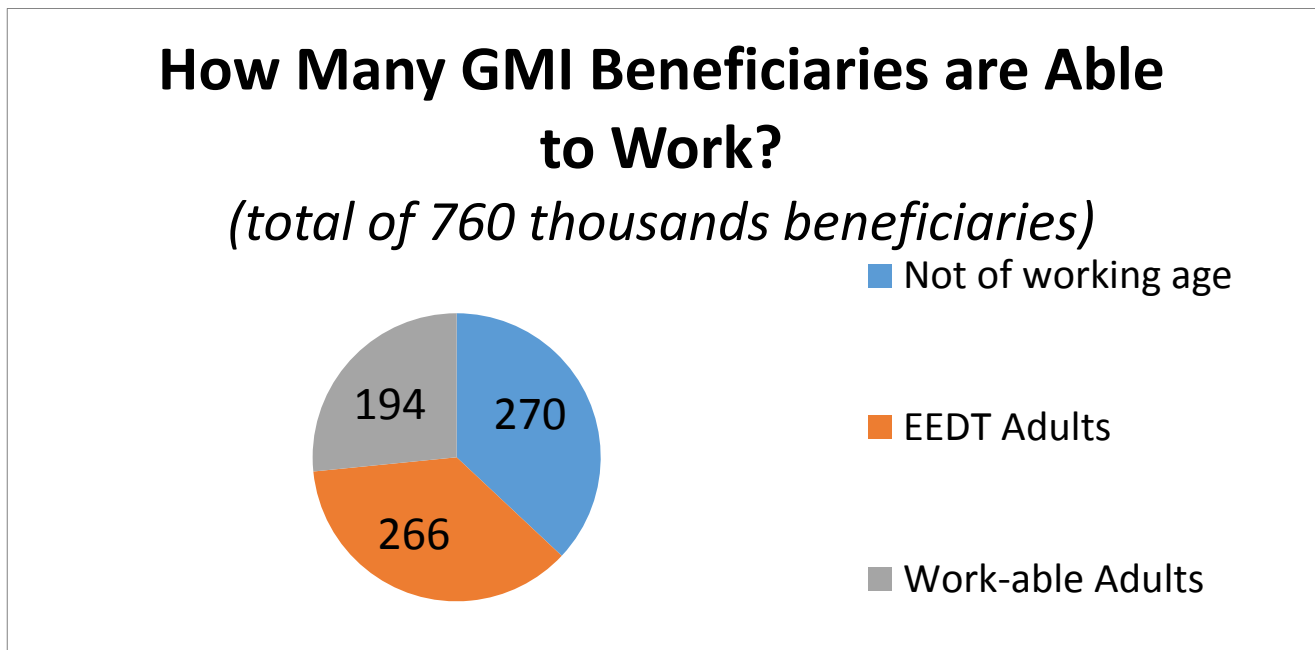
The general labor market challenges the GMI program contributes to address are that it:

- Reduces the “in-work risk of poverty” rate;

- Reduces the number of work capable adults on social assistance that are not in employment, education, training or disabled. This is estimated at about 1.8 million people (22 percent of the working age population);
- Increases the overall employment rate;
- Brings down the number of unemployed people.

The scope for addressing the challenges and failures in a broader context of development:

- Developing proper skills according to the market’s requirements;
- Having access to technical education and training;
- Having access to education and having incentives to stay in the education system.



EEDT = either in Education, or Employed, or Disabled or in Training

Beneficiaries able to work = 42% of the number of adults

The generosity of the benefits under the GMI Program? Moderate

For many subgroups of adults that are able to work, the program contributes to more than a quarter of their household income (high generosity that might create dependence) for example lone parents; 25-34 years old; those with no formal schooling or primary education; the unemployed; those working as family help in agriculture

The implicit marginal tax on earnings is high. The GMI formula has a 100% marginal tax rate on earnings (MTRE), which creates disincentives to work

Guaranteed Minimum Income (GMI) program & Work Incentives

Disincentives are mitigated by three measures:

- access to work supports (ALMPs), via registration to the PES
- subject to work requirements (adult beneficiaries who do not have a permanent employment are required to work in exchange of benefits)
- “employment bonus” if working age beneficiaries switches from unemployment to work (GMI threshold increased by 15%)

Guaranteed Minimum Income (GMI) program & Hard-to-Serve Beneficiaries;

A large share of the work capable beneficiaries are hard to serve:

- three-quarters of them are in rural areas, where labour demand is thin and distance to the urban labour market is high
- 35% of them have no education or only primary education
- about 40% are women with children, many of them with young children

An issue is how to improve the employment prospects for this group of beneficiaries? There is a need for tailored Active Labour Market Policies/services.

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3.2.1 Management Information Systems (M.I.S.) Uses for Social Assistance Benefits Romania's System Report

Lacramioara Corches, EU-China SPRP expert

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ABBREVIATIONS

MoLFPSE = Ministry of Labour, Family, Social Protection and Elderly

NAPSI = National Agency for Payments and Social Inspection

CAPSI = County Agency for Payments and Social Inspection

PES – Public Employment Services

MIS = Management Information System

GMI = Guaranteed Minimum Income

FSA = Family Allowance

HB = Heating Benefit

CRB = Child Raising Benefit

SCA = State Child Allowance

1. The Romanian Social Assistance System and its MIS

The Romanian social protection system is regulated by the Ministry of Labor, Family, Social Protection and the Elderly (MoLFSPE). It has the competence for elaborating and coordinating the application of the Government's strategies and policies in the areas of labour, family, social protection and the elderly.

These tasks are implemented through the following institutions under its supervision:

- National Agency for Payments and Social Inspection;
- National Authority for Child Protection and Adoptions;
- National Authority for People with Disabilities;
- National Agency for Equal Opportunities between Men and Women;
- Labour Inspection

And the following institutions under its authority:

- National House of Public Pensions;
- National Agency for Employment.

The social protection system consists of the social assistance system and the social insurance system. The social assistance system is formed by the social assistance benefits sub-system and the social services sub-system. It is regulated by Law 292/2011 which stipulates that it represents the set of institutions, measures and actions through which the State, and civil society as well, intervenes to prevent, limit or remove the temporary or permanent effects of the situations which can generate marginalization or social exclusion.

1.1. The Social Assistance Benefits Sub-system

The present social assistance benefits sub-system of Romania includes three different types of benefits: means-tested, universal, and categorical. The main benefits are:

- Child State allowance - CSA (universal)
- Child raising allowance – CRA (categorical)
- Family support allowance - FSA (means-tested)
- Placement child allowance – PCA (categorical)
- Social aid for ensuring minimum guaranteed income – GMI (means-tested)
- Home heating benefit – HB (means-tested)
- Allowance for people with disabilities - DPA (categorical)

The current management information system for social assistance (SAFIR) contains the records of every beneficiary of most of the country's social assistance programs and their families/households.

However, SAFIR does not record the details of the beneficiaries of two major benefits – the Disability Allowance (categorical) and the Heating Benefit (means-tested) ¹.

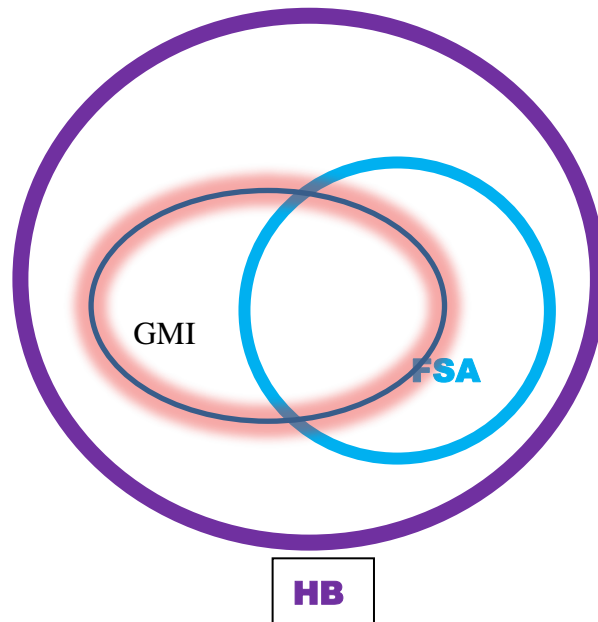
Means-tested benefits are mainly processed at the Town Hall level, while universal and categorical benefits (except the Disability Allowance) are processed at the county level within the CAPSI offices.

¹http://www.worldbank.org/content/dam/Worldbank/Event/ECA/Turkey/Presentations_Istanbul_May%202014/The%20Management%20Information%20System%20of%20the%20Social%20Assistance%20System_Past,%20Present%20and%20Future_Romania.pdf

The Disability Allowance is also processed at the county level in the Social Assistance Directorates of the County Councils, but the allowance is funded from the national social assistance budget and the payments are distributed by NAPS/CASPI.

1.1.1. Means-tested benefits

Figure 1: Means Tested Benefits



1.1.1.1 Guaranteed Minimum Income (GMI)

The Guaranteed Minimum Income (GMI) is a form of social assistance and ensures the monthly financial assistance.

- It has been in operation since 1995
- It is the “last resort” poverty alleviation program
- Its objectives are:
 - income support
 - activation of beneficiaries
 - contribution to community development
- It targets the poorest 5% of the population (means-tested)
- Brings up the per capita income of beneficiary to a guaranteed minimum income level
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In Romania there are regional disparities in terms of development (as can be seen on the map below). But, despite the differences between the poorer regions (where poverty is ranking from 30.4% up to 41.8% of the population) and the more developed ones (where poverty is from 4.4% up to 15%), the GMI scheme is unique and uniformly applied. Payment is done from the central level.

Although, as will be shown below, the right for GMI is established at local level and the payment is done from the central level. On the occasion of establishing the entitlement to the GMI, the local authority is performing a social inquiry, assessing the status of each household.

The local authority is empowered by the law (same Law, no 416/1991, governing the GMI) to grant social aid from the local budget to the families/household who are vulnerable whenever they consider it appropriate.

1.1.1.2 Family Support Allowance (FSA)

The Family Support Allowance (FSA) is payable to families with at least one child under the age of 18 who attends school. The benefit amount is determined by a means-test similar with the one applied to GMI, and also on the number of eligible children in the household. Single parent families can qualify for the FSA. Notwithstanding the fact that the benefit is a family-based benefit, the income of other children above 18 years who reside in the household is taken into account in assessing the family's means.

The FSA application process is similar to that of the GMI benefit: The applicant completes an application form proving their children's school enrollment and attendance and indicating their income, property ownership, and their payment of the local tax. The local social worker checks the application for correctness and completeness, and then conducts a social enquiry to verify the details. The social worker then recommends that the Mayor either grants the FSA to the family or rejects the request. The Mayor's official decision (clearance) and the application form are sent to CAPSI for approval and for the calculation of the amount of benefit to be paid, using SAFIR.

In cases where CAPSI detects an error or has a follow-up enquiry, the agency contacts the Town Hall to request a clarification. Once CAPSI has finally approved and calculated the benefit to be awarded to the family, the Town Hall is notified of the decision and the payments are processed through the benefit payments system and paid to the beneficiary family via the payment channel of their choice (usually the post office).

Benefit Recertification

The main recertification is carried out by the Town Hall every three months using the same process as for GMI.

CAPSI offices carry out other recertifications. For example, CAPSI obtains a school attendance certificate from the education authorities every six months to ensure that the family is complying with the condition on school attendance. If CAPSI discovers that the child(ren) are not attending school, then it cancels the benefit and informs the Town Hall - though not electronically as neither SAFIR nor any other ICT system within CAPSI is capable of automatically sending emails yet.

Social Inspection teams within the CAPSI offices carry out checks, mostly based on suspicions raised by data matching (crosschecking) activities either at the national level (planned campaign) or at the local level and arising from either internal or external referrals.

1.1.1.3 Heating Benefit (HB)

The Heating Benefit is paid during the winter months (November until March) and is intended to cover the cost of fuel for heating purposes.

GMI beneficiaries automatically qualify for the Heating Benefit.

Even though FSA beneficiaries very often qualify for HB², they must make a formal application for HB. This means that they must produce all of the same documents again and fill out an HB application form (the same form that is used for GMI and FSA).

² The FSA is a benefit for a *family* (parents and children). The HB is a benefit *per household* that may include more members than immediate family (for example, grandparents). The income per member limit for the HB is higher than for the FSA, making the HB more generous than the FSA and the GMI. However, because in the HB the income per member is computed by adding together the income of *all household members*, it is possible that some FSA beneficiaries may not be eligible for the HB.

The Town Hall conducts a social enquiry for all households where electricity³ companies provide the heating and conducts random social enquiries in respect of the applications from households using other sources⁴ of fuel. Town Halls award the HB and provide CAPSI with the information about cumulative numbers of beneficiaries and the benefit amounts per type of fuel but not with a detailed list of individual HB beneficiaries.

The payment system for HB differs from those of other benefits insofar as CAPSI does not make payments to the beneficiaries, but instead it directly pays the fuel suppliers on presentation of a fuel invoice for the relevant month of consumption⁵. In cases where the benefit amount is higher than the fuel invoice, then only the invoice amount is paid. Any unpaid or unused HB is not carried over to the next month.

The payments made by the CAPSI to each Town Hall (for beneficiary households that use wood or coal), and to each electricity, gas, and district-heating supplier are based on the amount of benefit awarded to each beneficiary household by the Town Hall.

There is no uniform or national beneficiary management system for the HB, as it is managed at the local level by each Town Hall. The HB amount paid for gas and wood-fired heating is a fixed amount depending where the average income per household member falls within nine ranges. For district heating, the HB is a percentage of the total invoiced amount computed from the range of the average income per family member. Therefore, the value of the HB depends on the central heating costs, and these costs vary from one Town Hall to another. There is no national uniform price of district heating.

1.1.2 Social Assistance Categorical and Universal Benefits

Romania's categorical and universal benefits are not means-tested. They are paid to all qualified people who either fulfil the specific criteria (for example, the State Child Allowance) or have specific needs (for example, the Disability Allowance). These benefits are either fully processed by CAPSI offices (for example, the Child Raising Benefit) or are processed jointly by CAPSI offices and other institutions (for example, the Disability Allowance). The processing of some of these benefits involves the SAFIR ICT system, whereas for others it does not.

1.1.2.1 State Child Allowance (SCA)

This is a universal benefit payable to the parents of children up to 18 years old (or older if they remain in school⁶). The SCA is the largest social assistance program in Romania in terms of both the number of beneficiaries and the budget.

Those applying for SCA must bring their application form and back-up documentation to the Town Hall. Town Hall staff ensure that the application form has been signed and all required documents are included but do not verify any of the information in the application form or evidential documents. They then send the original application form and the back-up documents to CAPSI.

CAPSI staff check the application form and documents for completeness and accuracy. If they are correct, the staff then enter the data from the form and documents into SAFIR. The SAFIR system then checks to see if the applicant is eligible for the SCA based on the eligibility rules for the benefit. If the application is successful, CAPSI awards the benefit and it is automatically placed into the payment processing system. In cases where CAPSI staff detect an error or have a follow-up enquiry, they contact the parent or legal representative directly or through Town Hall and request clarification.

³ This is because electricity is the most expensive form of heating supply

⁴ For district heating, gas, and electricity

⁵ The heating "season" starts in November and ends in March, so, there are 5 months of subsidies

⁶ Primary schools and secondary schools (lyceum/college) only, but not universities. There is no age limit – the only condition is that the parent or guardian must be able to produce a school attendance certificate for their child.

The benefit is paid in respect of children aged up to 2 years old and/or with children with disabilities up to 3 years old.

Payments are made to one of the parent via whichever payment channel they choose (mainly into their bank accounts in the big cities and mainly through the post office in villages). In the case of children living in residential centres and state-owned orphanages, the SCA payments are usually deposited in a bank account until the child reaches 18 years of age (or older if they remain in school).

1.1.2.2 Child Raising Benefit

The Child Raising Benefit (CRB) is a social assistance benefit that is paid to the parent of a child under the age of 2 years (or 3 years of age for a child with a disability) when that parent stays at home to care for the child. Only those parents who have been working for at least 12 months prior to the birth of the child are eligible for the CRB.

Similar to SCA, the parent (either the mother or the father), completes an application form and brings to the Town Hall the relevant documents: copies of the ID's and Birth Certificates, and documents proving the incomes they received in the 12 months prior to the child's birth. The file is then delivered to the CAPSI offices and introduced into the SAFIR system after checking and crosschecking. Then, the payment follows, via the channel chosen by the entitled parent.

1.2. The Social Assistance Services Sub-system

Social services providers can be:

- Public (at public local authorities level),
- Private (NGOs: associations and foundations, Authorised persons, cults, economic agents/companies)

Social services providers are accredited by MoLFSPE according to the existing legislation. Social services are licensed after being evaluated for meeting the minimum quality standards

Social services are financed from:

- State budget (National Interest Programs, Subventions etc);
- Local budgets;
- Donations, sponsorship;
- External reimbursable or non-reimbursable funds;
- Beneficiaries' contributions

For the entire management of the sub-system of Social Services, the responsibility is shared as follows:

Central public authorities:

- Drafting public policies, strategies and programs in this area,
- Regulating, coordinating and controlling their implementation,
- Evaluating and monitoring social services' quality.

Local public authorities:

- Organizing, managing and providing social services,
- Financing social services through local budget, beneficiary's contribution and /or his/her family.

2. The Management Information System (MIS) SAFIR⁷

Romania's social assistance programs (with the exception of DA -the disability benefits) are supported by three main ICT technologies:

- 1) local customer relationship management (CRM) software at the Town Hall level;
- 2) a centralized relational database management system or RDBMS (SAFIR) at CAPSI and NAPSI levels;
- 3) ad hoc software and technology (such as e-mail, Excel, Word, and PDF) at all levels.

2.1 ICT Systems Involved in Social Assistance Benefit Administration

The ICT systems used by each of the current social assistance programs in Romania are listed in Table 1 below.

Table 1: ICT Systems Used in Current Social Assistance Programs

Social benefit	ICT system
Guaranteed Minimum Income (GMI)	SAFIR
Family Support Allowance (FSA)	SAFIR
State Child Allowance (SCA)	SAFIR
Child Raising Benefit, Child Raising Back to Work Bonus, Child (with Disability) Raising Benefit (CRB)	SAFIR
Child Maintenance (Foster Care) Allowance	SAFIR
Monthly food indemnity for people with HIV/AIDS	SAFIR
Heating Benefit (HB) (wood and coal, electricity, gas, and central heating)	Town Hall software (if any)
Disability Allowance	County Council software
Financial and urgent aid (one-off)	Excel files
Refugee Benefit	Excel files

2.2 The ICT System used by NAPSI and CAPSI

SAFIR is the main ICT database system used by CAPSI offices and NAPSI to process and manage the main social assistance cash benefits:

- 1) Means-tested: Guaranteed Minimum Income (GMI) and Family Support Allowance (FSA)
- 2) Universal: State Child Allowance (SCA) and Child Raising Benefit (CRB)
- 3) Categorical: Foster Care (child maintenance) Allowance and the HIV/AIDS Food Allowance.

⁷ World Bank, 2015 – „Romania Advisory Services Agreement on Provision of Inputs for the Preparation of a Draft National Strategy and Action Plan on Social Inclusion and Poverty Reduction (2014-2020) - Social Assistance Management Information System Strategy (Implementation Plan for the e-services flagship initiative 2015-2017) „

The SAFIR system processes around 70 per cent of all social assistance payments (the system does not process the Heating Benefit and the Disability Allowances, which, together, account for approximately 30 percent of total social assistance expenditure).

The SAFIR system is available to CAPSI offices and to NAPSI. Although SAFIR is a centralized system, it can be accessed through the Internet by all CAPSI offices.

2.3 SAFIR Functionality

SAFIR's main functions involve:

- 1) registering clients;
- 2) maintaining the social assistance beneficiaries' register;
- 3) recording benefit decisions;
- 4) calculating benefits;
- 5) calculating arrears;
- 6) deducting any debts owed by the beneficiary;
- 7) checking benefit eligibility;
- 8) re-certifying beneficiaries.

Data in the system are also data-warehoused and are used for reporting and ex-post crosschecking functions, but only to the extent that NAPSI programming development capacity allows. This is confined to very simple programming tasks.

SAFIR contains data on:

- 1) beneficiaries and their family members;
- 2) family and beneficiary income;
- 3) decisions made by the Town Hall Mayor (for the GMI and FSA);
- 4) benefit payment decisions made by the CAPSI;
- 5) details of the house (mainly for the GMI).

The application forms for most social assistance benefits include optional fields for advanced statistics (such as those on education level and type of housing), but these data are not currently entered into SAFIR. The only data of this kind that are collected are details about the beneficiary's house. This is because it is mandatory for every GMI beneficiary to insure their house, and, if the beneficiary has not arranged direct insurance, then NAPSI must deduct the insurance premium and pay it to the default nominated insurance company.

In the existing SAFIR monthly recertification process, the system automatically suspends or cancels benefits if the recipient no longer fulfils the eligibility requirements (for example, they have exceeded the age limit, have not been attending school, or cannot produce a disability certificate).

The SAFIR system also contains data from educational authorities (regarding, for example, school attendances and absences, and lists of children over 18 years) These data are used for the monthly recertification and computation of benefits.

During the eligibility-checking step of the enrollment process, SAFIR (if the benefit is managed by SAFIR) verifies continued eligibility, calculates the amount of benefit to which the applicant is eligible and issues the payment decision that includes the benefit amount. The payment

decision is printed and signed by the CAPSI manager, and submitted by post to the beneficiary or to the Town Hall.

Within the monthly payments process, SAFIR must take into account: the applicant’s current rights and obligations within the context of program conditionality; any arrears they may have accumulated due to late payments; any re-payments due to them because of undelivered payments; and any debts they may have incurred because of overpayments and/or mandatory house insurance.

The delivery and reconciliation of payments is largely managed using the SAFIR system.

Because SAFIR is a national, centralized database, eligibility checking is easier and the same beneficiary or family member could not receive the same benefits more than once at a time (e.g. if a person is a member in a family with active GMI, the GMI eligibility checks fail for another family that includes the same person).

The SAFIR system is not linked to any other ICT systems. Therefore, all ex-ante crosschecking of applicant data with other databases (such as those of the Pension House or Tax Administration) has to be done manually or by comparing data in stand-alone (Excel or Word) documents.

SAFIR operation/transactional data (see below SAFIR subsystems) are transferred and loaded to the Data Warehouse (DW) on a regular basis (usually monthly). Other data in electronic file format (for example, from the Civil Register, the Pension House, the Tax Administration, disability register and unemployment records) are also loaded into the DW. The DW data (SAFIR and external) are then used to carry out ex-post bulk crosschecking for errors, non-compliance, and fraud.

2.4 SAFIR Design and Development

The SAFIR system was designed and developed by an international ICT company (BULL), in partnership with a Romanian software company (SIVECO). The procurement process lasted for two years between 2005 and 2007. The first version of SAFIR was developed between 2007 and 2009 and was implemented during 2009 to 2010. Since then, SAFIR has had a number of minor enhancements, mainly related to updated benefits legislation, with the most recent update having partially been made in 2014. As mentioned already, NAFSI has since taken some steps to add value to SAFIR by building its limited reporting and bulk crosschecking functionalities with help from the World Bank.

2.5 SAFIR – Technical Overview

Table 2: Technical Overview of SAFIR major component

Architecture	CENTRALIZED three tiered architecture with web interfaces Client tier: Web browser Middle tier: Java EE application servers Back-end tier: Oracle Database Server
Operating System	LINUX RED HAT
Database Engine	Oracle Database Enterprise Edition and ORACLE Real Application Cluster (RAC)

2.6 SAFIR System Architecture

The SAFIR system is comprised of two main sub-systems:

- 1) the operational system and
- 2) the data warehousing system.

2.6.1 SAFIR Operational Sub-system

The operational (transactional) sub-system is the main day-to-day sub-system and is used for daily operational tasks (enrollment, benefit decisions, calculation of payments, suspension or cancelation of payments, and recertification of beneficiaries). This sub-system has been patched (updated) many times, mainly to comply with new rules resulting from legislative changes.

SAFIR’s operational sub-system has the capability to import small volumes of data (tens of thousands of records) at the CAPSI level. The main kinds of data that are imported into the sub-system are school attendance records (as required by the FSA), school attendance by those over 18 years old (as required by the SCA), and house insurance lists from the Town Halls (as required by the GMI). Bulk data at the national level is imported from the Public Employment Service (PES). SAFIR’s operational sub-system is used mainly by CAPSI (and rarely by NAPSI) to produce large reports such as monthly fiscal statements and budgets, payment lists for the benefit programs supported by SAFIR, calculations and statements of social contributions (pension and health) for GMI and CRB beneficiaries, and a list of house insurance records to be confirmed by Town Halls. On occasions, NAPSI extracts other bulk data from the operational sub-system using SQL statements. SAFIR’s operational sub-system is also used by NAPSI for ad-hoc queries and reports (for accounting or social inspection).

Large files are often split into smaller files to make it possible to import them.

The operational sub-system is connected to every NAPSI and CAPSI office. In total there are approximately 1,500 users, many of whom (particularly those in the CAPSI offices) report that the system frequently freezes and that response times are very slow. Whenever large volumes of data are being simultaneously manipulated, many users are locked out of the system.

Table 3: SAFIR’s key statistics

Number of Users	<p>1,500 users with an average of 600 to 700 simultaneous connections</p> <p>There is an average of 12 clerks in each AJPIS payment department, 1-2 debt specialists in each AJPIS, 1-2 ICT specialists in each AJPIS, and 5 ICT specialists working on SAFIR in ANPIS. That means SAFIR is their main daily working "tool" for more than 600 users in ANPIS and the 42 AJPIS offices.</p> <p>Number</p>
Number of Monthly Payments	<p>4.5 million: The SCA has 3.8 million beneficiaries</p> <p>The FSA, the GMI, and the CRB each have around 200,000 beneficiaries</p>

2.6.2 SAFIR Data Warehousing Sub-system

SAFIR’s data warehousing sub-system is regularly (usually monthly) updated with data from SAFIR’s operational sub-system.

SAFIR’s data warehousing sub-system produces reports (in Excel format) on suspected non-compliance, fraud, or award errors. These reports are based on risk profiling and ranking and are generated by users’ SQL queries and procedures (Oracle PL/SQL).

The reports are used by NAPSI and CAPSI back office staff and by social inspection staff, to investigate and decide if a benefit decision needs to be revised. The results of these investigations (such as cancelling the benefit or recovering any overpayments) are then entered manually into SAFIR's operational sub-system as part of its overpayment and debt management function.

Notwithstanding the limitations of the data warehousing sub-system, its Oracle operating system allows it to be used to import and export data periodically (usually once per month). The main ways in which these data are used are for crosschecking, statutory statistical reports, and other reports. This involves the SAFIR operational database being imported onto the SAFIR data warehousing sub-system.

Data from other institutions such as the Tax Administration, the Civil Register, the PES, the Pension House, and, since 2015, the National Disability Register are also periodically imported into SAFIR's data warehousing sub-system. The sub-system is also used for periodic large-scale data-matching exercises in which data related to each social assistance program are cross-matched to ensure there are no overlaps or multiple payments, for example.

3. The Guaranteed Minimum Income (GMI) Scheme

3.1. Benefit's Description

The Guaranteed Minimum Income benefit is payable to households⁸ (not just families)⁹ whose income, as established by a means test, is lower than a certain threshold. Able-bodied household members who are between 16 and 65 years of age and are not employed must also submit evidence that they are job seeking (with exemptions given to certain groups such as single mothers with children). This evidence consists of a registration certificate from a Public Employment Service (PES) office¹⁰.

Applicants for the GMI must complete an application form and submit it to the social worker at the local Town Hall. In some cases, the social worker takes the initiative and seeks out those who are likely to qualify and/or helps them to complete the application form. The application form must be accompanied by identification documents (either an ID card or a birth certificate for children under the age of 14¹¹) for every person named on the application form, and other documents related to the applicant's marital status, income, assets, and other forms of capital that are taken into account in the means test. The applicants' national ID cards prove their identity, and these can be crosschecked with the Civil Registry records (though they are very rarely checked in practice). An applicant's address, property ownership, local tax payments, and land use can partially be crosschecked with local Town Hall records.

This crosscheck can only be partial because the applicant might also own assets in another jurisdiction, and as yet there is no national database of all Town Hall data, though some groups of Town Halls share their data using locally developed software applications. The next stage is the social enquiry undertaken at the applicant's home by the social worker from the Town Hall. While in the applicant's home, the social worker assesses the household's means as a basis for calculating the amount of benefit for which the applicant might be eligible. Particular attention is paid to identifying items that are on the exclusion list (items that would disqualify an application). If the application is successful the social worker then calculates the benefit amount and recommends that the Mayor grant the benefit, after which, the Mayor sends the application form, summary

⁸ A household can be a family, several families, or people sharing the same accommodation.

⁹ In fact, the Law states 'family', but if parents are not married then this could be also classified as a 'household'. The use of 'family' and 'household' terms needs to be very carefully recertificated and defined throughout the Law.

¹⁰ 3 The PES issues a certificate for each able-bodied member of the household certifying that he or she has been registered as a jobseeker, after which the PES will send them offers of employment or training.

¹¹ A National ID Card is only issued when a child reaches 14 years of age.

calculation document, and his or her official decision to the CAPSI office (the county-level branch of NAPSI).

CAPSI verifies (re-checks the benefit award calculation) the Mayor's decision and inputs the data on the application form into the SAFIR ICT system. CAPSI carry out crosschecking with the income and pension data sent from NAPSI. CAPSI then approves the award of the benefit and calculates the amount to be paid using the SAFIR ICT system. If CAPSI detects an error or needs to make a follow-up enquiry, it contacts the Town Hall and requests clarification. Depending on the error, it is possible that the Mayor may have to issue a new decision and new summary calculation document. In order for the CAPSI to approve the payment, the amount calculated by the SAFIR ICT system should be the same as the amount stated on the Town Hall's summary calculation document. Once the application is finally approved, it is processed through the benefits payments system (see below).

Payments are made to the beneficiary via the payment channel nominated by the beneficiary (usually the post office). In the case of some beneficiaries, their (mandatory) house insurance is deducted from their GMI monthly benefit.

Benefit Recertification

Every three months the beneficiary must complete a fresh application form, together with fresh copies of all evidential documents regardless of whether their circumstances have changed or not. The most important evidence is the individual certificate from the PES to prove that able-bodied members of the household have not refused a job offer or training from the PES.

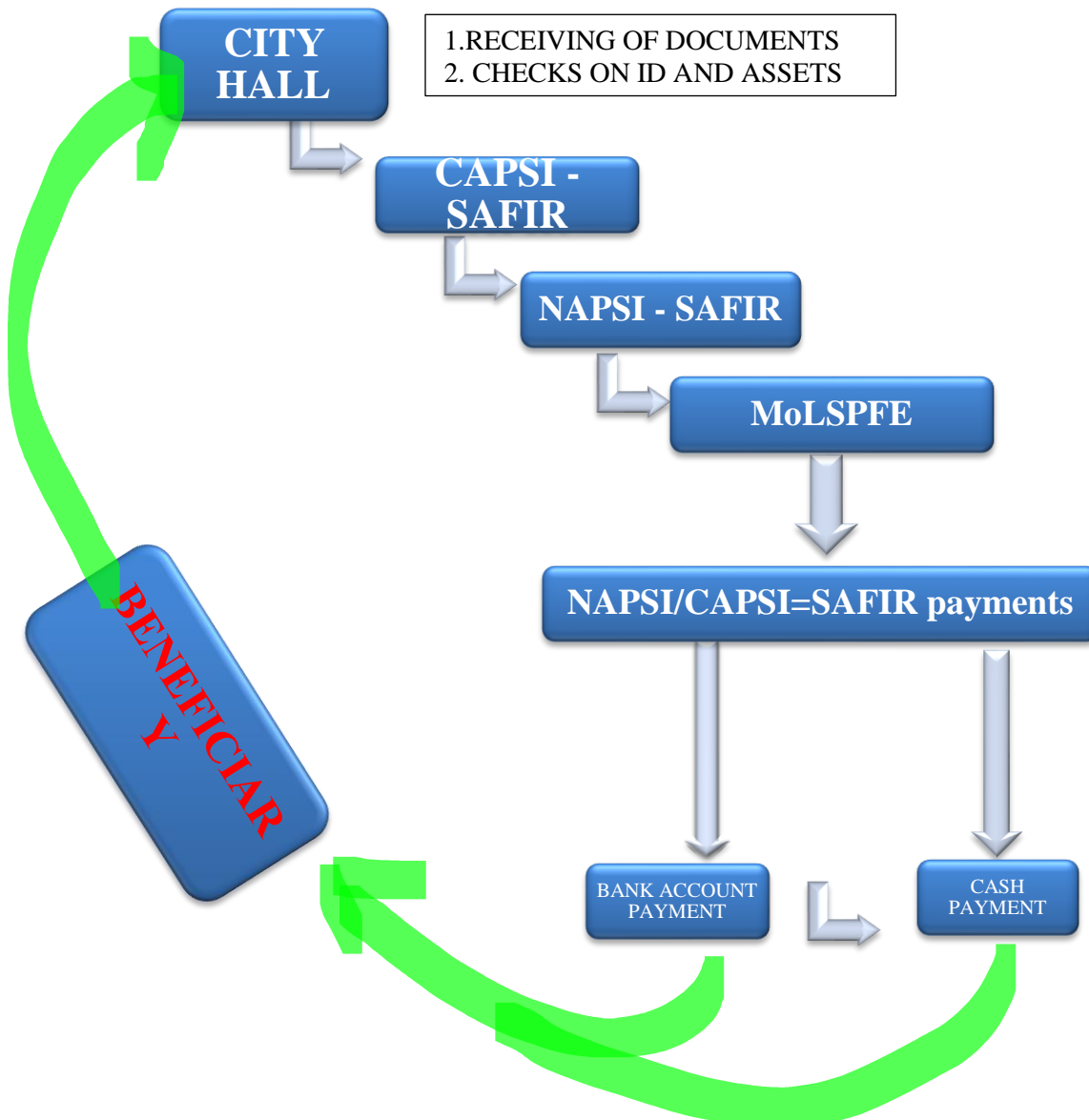
In Town Halls with their own IT systems, if there have been no changes in the beneficiary's circumstances, then the social worker often prints the old application and asks the beneficiary to sign it. The next stage of the recertification process involves another social enquiry undertaken by the social worker at the beneficiary's house to assess whether there have been any changes in his or her circumstances in the previous three months. Only when there has been a material change in benefit eligibility does the Town Hall send CAPSI a new summary calculation document and a new official decision by the Mayor changing the benefit amount. In all other cases, the GMI benefit continues to be paid. All recertification documentation is archived in the Town Hall. In between these recertifications every three months, if the Town Hall finds out that an applicant's circumstances have changed (for example, the household has less or more income, its composition has changed, or it has not paid the mandatory house insurance), the Town Hall sends a recommendation to CAPSI to either alter the amount of benefit paid to the household or cease paying the benefit altogether.

Each month the Town Hall emails the list of able-bodied members within beneficiary households to the PES. The PES then emails to the Town Hall the list of people who have refused a job offer or an offer of training from the PES. CAPSI are copied on the email, but it is up to the Town Hall to formally recertify the benefit award and notify CAPSI of the outcome. In all cases where able-bodied members of beneficiary households have refused offers of jobs or training, the Town Hall cancels the household's benefit and notifies CAPSI to stop making payments.

As a condition of receiving the GMI, beneficiary households must carry out community work for the Town Hall, if requested. When beneficiaries refuse to do this work, the Town Hall cancels their benefit and notifies CAPSI to stop making payments.

Social inspection teams from CAPSI offices carry out checks in all of the country's social assistance programs, mostly based on suspicions raised by data matching (crosschecking) activities either at the national level (planned campaign) or at the local level, and arising from either internal or external referrals.

3.2 Procedures for Payment Through SAFIR



Circuit of Documents for GMI - Law. 416/2001 On Minimum Wage

3.2.1 Beneficiary submits to City Hall

- Application form
- Documentary evidence attesting family structure, domicile or residence and
- Incomes
- Certificates issued by the Local Employment Agency for people of working age from welfare beneficiary's family

After the establishing of the right:

- 3 in 3 months resubmission application form
- Announce within a maximum of 15 days any changes in family structure and / or income
- Shows documents requested on social inquiries

3.2.2 City Hall

- Performs social inquiry
- Issues document for granting / rejection of the right and sends it to the beneficiary (“Mayor’s Clearance”)
- Submits to CAPSI: - summary document with the beneficiaries who are exercising new rights
- Mayor’s Clearance granting rights
- Copy of the application form
- Copy of the sheet account
- Centralized situation on social aid with beneficiaries and payment amounts
- Monthly situation with the activities developed in the action plan or works of local interest
- Submit to CAPSI plan actions or works of local interest for the distribution of working hours from the people of working age in families receiving social assistance once it has been approved by decision of the local council

After the establishing of the right:

- establish clearances for amendment, suspension, termination or resumption of payment - in the cases provided by the law
- Submit to CAPSI: - memorandums centralizing provisions amendment, suspension, termination or resuming payment rights
- Copy application form or social inquiry and calculation sheet - as appropriate

3.2.3 CAPSI

- Receives, checks, centralizes and enters details of the documents received from the municipality for entitlement
- Correlates GMI with other rights already granted
- Verifies eligibility under the law
- Issue a decision granting / rejecting a provider transfer
- Initiates steps for issuing compulsory insurance policy

After the establishing of the right:

- Receives, checks and drafts the amendment, suspension, termination or resumption of the payment made by mayors
- Retaining the value of the insurance,
- Periodic cross-checks with external databases to verify the accuracy and / or alteration of information declared by the beneficiary in the application form that can lead to suspension / termination of rights and / or formation flow (check declared income, cars in possession, bank deposits larger than 3,000 lei, collected subsidies).
- Consolidates debts, collects these debts or seeks their recovery mode

In order to achieve effective payments to beneficiaries, on monthly basis:

- Schedules, performs calculations and checks payments
- Creates lists of payments

- Generates and prints reports required to justify the necessary credits requested by grounding (vision report, reports creditors, debtors reports - including file total amount, report correction amounts, amounts withheld report for consideration of the payment of insurance policy)
- Generation and transmission substantiation by NAPSI

3.2.4 NAPSI

- Checks the data transmitted by CAPSI
- Centralizes substantiation received from all CAPSI sites
- Forward substantiation for centralized approval by the Ministry
- Performs opening credits per CAPSI

4. The Chinese Context and a Possible Management Information System for DIBAO

4.1 Actual Context¹²

China is the world's largest developing country, with a very large population, and a large number of groups with difficulties, coupled with an unbalanced economic development among regions and between urban and rural areas.

The subsistence allowance is an income supplementary assistance system, which makes sure that the income of the population with difficulties can be kept at a rational level from the degree of income, so that they have the ability to purchase basic living consumables. Local governments shall formulate and announce the subsistence allowance standard according to the expense required to maintain the basic living standard, and then investigate and assess the average family income of the applicant.

If the average family income of the applicant is higher than the subsistence allowance standard, the applicant will not get access to the subsistence allowance from the Government. If the average family income of the applicant is lower than the local subsistence allowance standard, the applicant can get access to the subsistence allowance from the Government.

The amount of the subsistence allowance for poor people is the difference between the average family income and the local subsistence allowance standard.

People who enjoy the subsistence allowance are known as the allowance recipients. When their average family income changes, they will report to the Government in time and the governmental staff will decide to increase, decrease or stop the distribution of the subsistence allowance according to the change in their average family income.

Any Chinese citizen whose average family income is lower than local subsistence allowance standard can apply for the subsistence allowance from the Government.

Currently, Chinese social assistance policies have the following basic characteristics:

First, the benefit is free of charge. An application for a social assistance benefit requires no performance of payment duty in advance, no special contribution to the country or society, no offer of any labor, no limit on age, sex or social position, etc. The only condition required to be decided on whether the applicant can enjoy social assistance is the actual living condition of the applicant, that is, whether the difficulty of the applicant is lower than the social assistance standard. Therefore, for a poor family, social assistance is provided by the government for free of charge.

¹² Gang Shuge, Guo Yu, Zuo Ting – "Social Assistance for Specific Vulnerable Groups (SASVG)- services for children, elderly, people with disabilities, with a special focus on poor rural people", Assessment Report for SPRP EU - CHINA, 2015

Second, cash transfer. The vast majority of Chinese social assistance programs are direct cash transfers. The subsidy is directly transferred from the governmental finance into the personal account of the recipient. Take the subsistence allowance as an example. When the social assistance staff confirm that some family can enjoy the subsidy, they will open a personal account in the bank in the name of some of the family member according to the will of the subsidized family. The governmental social assistance will be transferred into this special personal account by each month or quarter (in remote rural areas), and the beneficiary can directly draw the subsidy from the bank.

Third, family application. The application for Chinese social assistance is generally sought in respect of the family. The subsistence allowance and housing subsidy are provided to all family members. Although medical assistance, education assistance, etc. are sought in the person's name, the precondition is that the family must be a poor family. Such system design guarantees the mutual guarantee responsibility of the family members. Only when the family has no guarantee ability, the family can submit an assistance application to the government.

Fourth, government responsibility. The Chinese government bears the main assistance responsibility for social assistance. At present, all assistance programs are basically sponsored and implemented by the Government. Although citizens are not forbidden but are encouraged to participate in social assistance according to Chinese laws, the participation method is mainly reflected in the specific assistance program organized and implemented by non-governmental organizations. The assistance programs implemented by non-government organisations are generally regional and short-term programs, as important supplements to the Government's social assistance program. The most typical example is the "millions of childless elder assistance activity", "migrant worker caring plan", etc. implemented by China Social Assistance Foundation.

Fifth, assets examination (means-tested). This is an important feature of Chinese social assistance policy, similar to Romania's. In China, social assistance applicants have to accept a family property and income examination, so as to confirm whether the applicant and the family's economy have difficulties and whether they conform to the local requirement on family property and income. The asset examination can ensure that the social assistance provided by the Government can be used only for really poor families.

With regards to the basic livelihood, the Chinese government has established a minimum living standard program. The program is a direct cash transfer. It is based on an income subsidy, with the aim to help the poor population with food, clothing and other utilities. The government sends money through the financial means of payment.

The Minimum Subsistence Allowance System (Dibao) was established and implemented for the rural poor, who meet the requirements, in 2007. It aims to solve the subsistence problem of the rural poor population steadily, permanently and effectively.

The target population of Dibao are those rural residents whose household per capita net income is below the prescribed local minimum living standard. Unlike the requirement of development capacity for targeted population of Rural Development Oriented Poverty Reduction Program (RDOPRP), the coverage range of population of Dibao is wider and it takes a direct financial support approach. Therefore, Dibao has become the mainstay of social assistance programs in China's rural areas and attracted widespread attention.

The target population of Dibao are those poor people whose household per capita net income is below the defined local minimum living standard. According to the actual situation of different places, it is stressed that the focus should be on those who are in perennial difficulties because of illness, disability, poor health, no ability to work and poor living conditions.

The standard of Dibao is determined and executed by the different local governments above county level. The following aspects are mainly considered: (1) to maintain the local rural resident's basic necessities for food, clothing, water, electricity and other costs; (2) the local economic development level and financial situation; (3) the local price level.

The Minimum Livelihood Guarantee Scheme¹³ (MLGS, Dibao, or subsistence allowance) is the core content in China's social assistance policy, as well as the most important assistance program. MLGS is an income supplementary assistance system, which makes sure that the income of the population in poverty can be kept at a certain level (Dibao standard), so that they have the capacity to purchase basic living consumables. Therefore the Dibao Standard (dibao line) basically determines people's eligibility for assistance (can/cannot) and the benefit level (how much).

In order to have a fair and unified standard for social welfare, the Dibao scheme must be set to provide consistent assistance. It is a basic allowance which aims to meet poor people's basic living rights within a certain period of time. The Dibao allowance for families will not cease until people's income can satisfy their own living demands. With the development of the economy and the improvement of people's living standards and the national fiscal capacity, the dynamic standard will also make a relevant adjustment in order to ensure that poor people can enjoy the achievements of economic development and live have a civilized and decent living.

The Dibao standard has certain features:

- 1) it defines which people can receive the benefit so it must be "strong" and clearly identify the families in the most difficult situation.
- 2) the standard could not be so high that the working population would be discouraged.
- 3) it should be scientifically calculated, say, with a set of indicators to ensure its validity and reliability.
- 4) currently it is mainly based on a household's income (cash oriented).
- 5) it takes the family as whole, and does not measure individuals' income separately.
- 6) it is different from the actual welfare amount received by the recipients (see figure below)

4.2 A Possible Information System for Dibao

Taking into account all of the above, the Chinese context and the social assistance system's characteristics that have developed up to now, mainly the Dibao benefit, informational asymmetry, (as we will develop further) and combined with the fact that China has a very good evolution of the corruption control and Government Effectiveness¹⁴ according to the Global Indicators of Governance (the Worldwide Governance Indicators - WGI), allow us to suggest that China should apply an expert system for its Management Information System for Social Assistance.

4.2.1 Informational Asymmetry

The beneficiaries are persons selected by the different mechanisms for targeting which imply that decision-makers are aware of the actual status of that person. The more centralised is the granting of the benefit (e.g. the state), the social programme will not have all the necessary data. Therefore it reveals the sensitivity of the social programmes towards social controls or penalties, and, by making them more predictable, they show a stabilizing effect on the economic crisis.

¹³ Gang Shuge, Guo Yu - „An analysis of the calculation and adjustment of Dibao standards” – Assessment report – SPRP EU-China, 2015

¹⁴ <http://info.worldbank.org/governance/wgi/index.aspx#countryReports>

The mechanism proposed below represents the possibility to design social programmes in circumstances of asymmetric information.

The need for state intervention is defined in a view to secure a minimum level of social protection by promoting the concept of “welfare state”, where the state provides for the maximising of social welfare.

The role of the state regarding protecting individuals against social risks first brings to attention the problem of redistributing public resources having the affect of increasing the welfare of a certain consumer without reducing the welfare of another individual – this goal is expressed by the notion of “Pareto Optimality”. In practice, the state provides help to support people who failed in their own responsible behaviour, by collecting certain amounts from other individuals. The redistribution of such amounts may raise controversies arising from the very definition of the “support”, which requires reallocation of monies collected from other persons. Individuals may create safety nets to support themselves, by means of money savings.

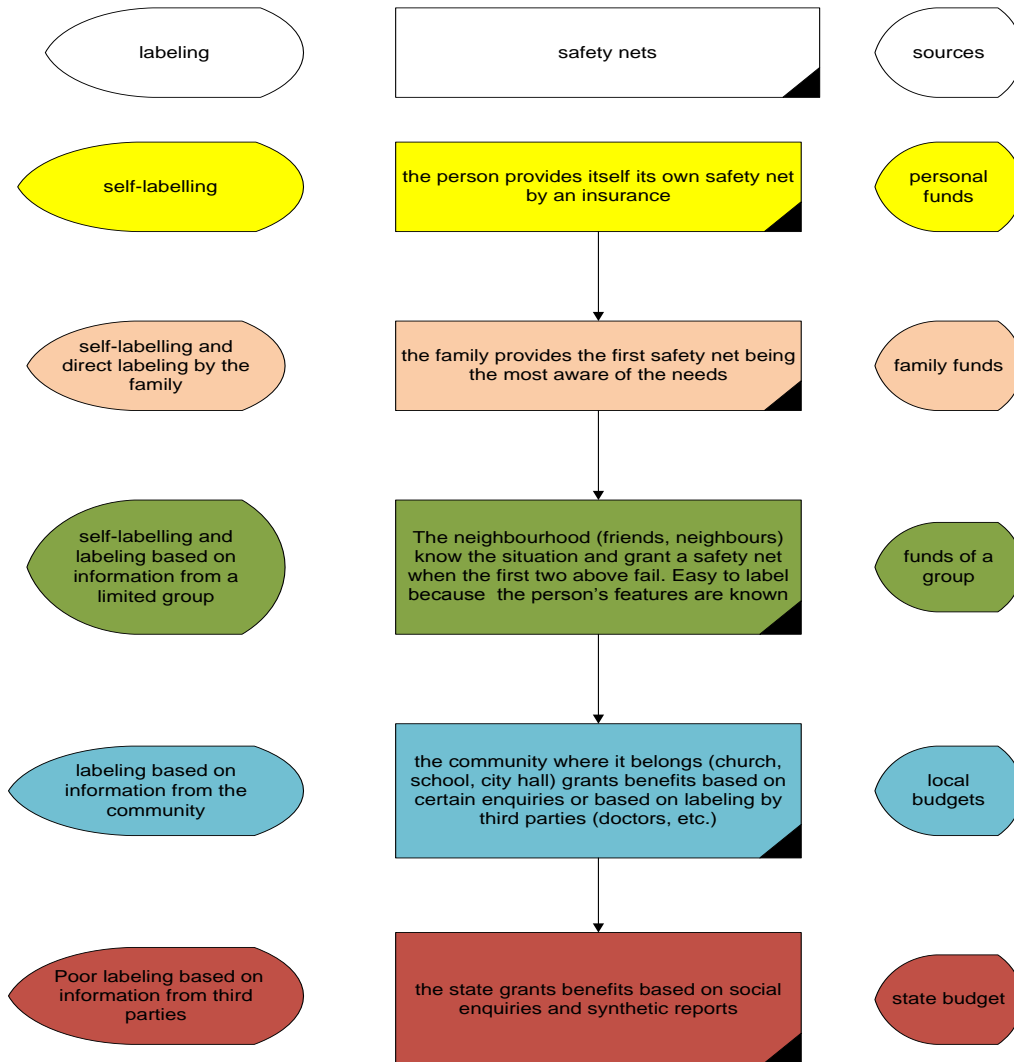
This first finding is a premise for an informational asymmetry in granting social programmes, the entity granting such benefit not being aware of the precise situation of the aid beneficiary.

This flawed knowledge is reflected by the fact that an applicant may submit an incorrect application (thus leading to an error generated by over-inclusion) and also in the sense that a potential beneficiary may not submit an application at all (error of sub-inclusion).

A second preliminary finding is that we can consider a hierarchy of safety nets where informational asymmetry exists.

We introduce below a scheme of the hierarchy of the safety nets together with their financing sources and the labelling method of the beneficiary of the social aid/support.¹⁵

¹⁵ Corches L and coauthors - "Designing Social Programs in Circumstances of Informational Asymmetry"- Economics World, ISSN 2328-7144



One can see that the prerequisite for obtaining the aid is the qualification, firstly performed by the individual itself, and then, in circumstances of informational asymmetry, by the family, the community, the church, the doctor and finally by the State.

If we want a centralized system, then measures must be taken to overcome the informational asymmetry on other safety nets.

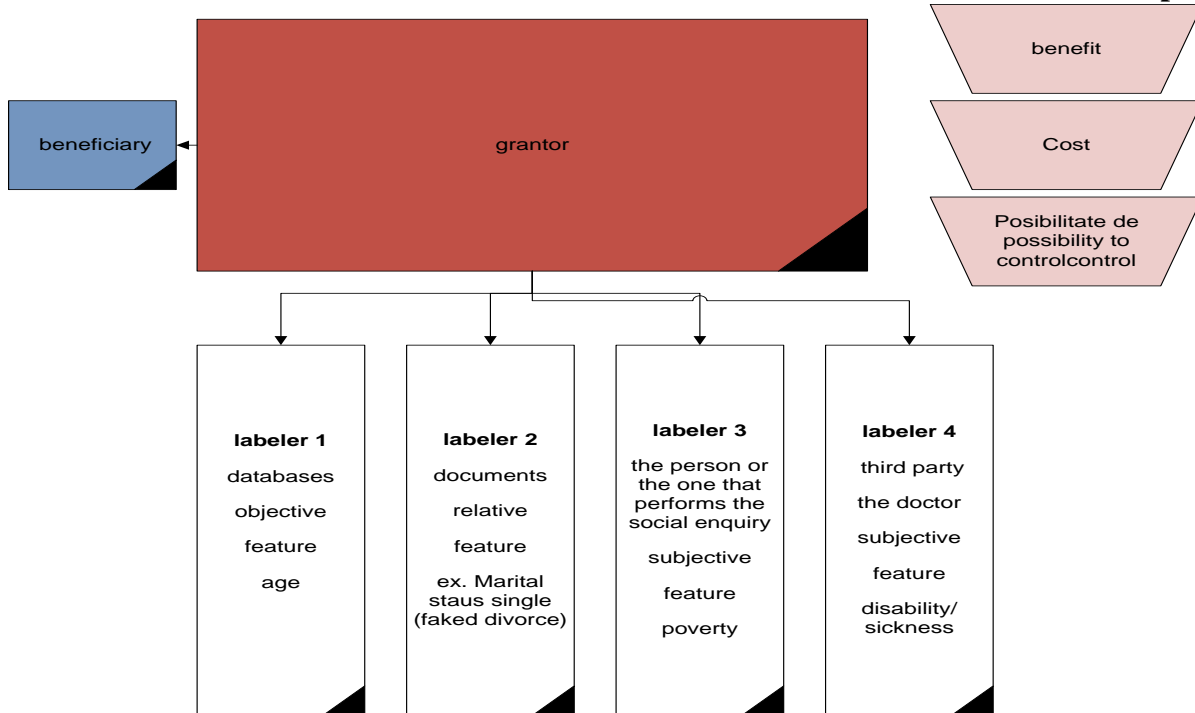
We shall then define the “labeler” as being the person performing the assessment based on an attribute/eligibility criterion and based on such assessment, they perform the categorization in the respective class/category of social aid. Such “labeler” may be the beneficiary of the aid, or the doctor, or the social worker).

Another process stakeholder is the entity that actually provides the payments for the respective social programme, or the granter (the family, the community by its representatives, or the State by its representatives).

First, we may see a quasi-concentric architecture of social allocations and of those who have the capacity to decide if a certain individual is to be included in the aid category (the labellers).

Thus, reciprocal to the individual's capabilities to cover their needs, it will be assessed by a new labeller supposed to also provide protective measures for another need.

A simplified model is submitted to your attention below:



The labelling process, allowing a certain degree of protection, is only known by some members of society and, based on the increase of the labelling level, there is a possibility for informational asymmetry to appear.

In other words, the more limited the capacity of the labeller to know the actual status of the potential beneficiary, the larger the error margin in the labelling process.

Error may be defined with two components: first degree error, supposing that the person is in need but it cannot be identified even if they complied with the eligibility criteria (sub-exclusion error) and second degree error which presupposes fraud (over-inclusion error).

Accurate information proves to be difficult to acquire for a better labelling level - that is why obtaining assurances of accuracy implies control, and therefore involves costs.

The cost of labelling control consists of the cost of obtaining the information concealed by the person providing the social benefit, respectively the cost of labelling the person applying for a social benefit.

By definition, the agency theory states that a contract is a secure promise made by two parties. Such promise provides the obligations of the parties in whatever circumstances. The party who proposed the contract is called a decision-making entity or the principal, and the party who accepted the contract is called the agent.

The starting point of agency theory is that an entity enters into a transaction with another entity with the sole purpose to obtain maximum gains while observing certain rules.

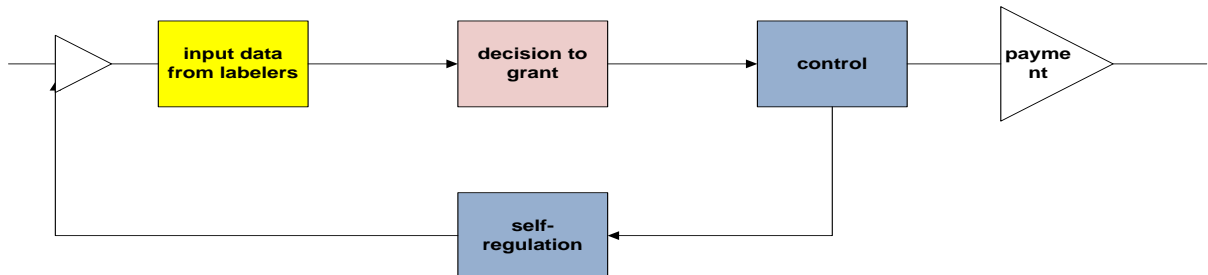
A procedure allowing the principal to be more in control is, for example, to develop the control procedure and/or to increase the impact of the sanction. An aspect that is worth mentioning is that on many occasions the individual is erroneously punished instead of the labeller.

The asymmetry and the imperfection of information may generate two types of risks:

- the risk of adverse selection, that may be reduced by means of signals or filters, and
- the moral risk, studied within the agency theory with the model of “principal – agent”

The “principal – agent” model refers to the conflicts between the principal who hires an agent in order to act in its interest. The moral risk models suggest also a very important idea stating that, for the principal, the costs incurred by control decrease when the contract provides for a high level of penalties.

The below scheme shows a new way of designing the allocation of budgetary resources by means of social benefits, based on self-regulation.



Mentioning all the above, we consider that introducing a payment system based on an artificial intelligence has the potential to reduce the costs associated with the initial verification and recertification processes associated with the social assistance payments to the beneficiaries.

4.2.2 Expert System

Since the initial processes for beneficiary targeting and approval involves massive data capture and some expert evaluation, we admit that an EXPERT SYSTEM can be applied to reduce the need for manual labour in the beneficiary verification and recertification process. The very brief SWOT analysis done below, can help us to make a decision:

STRENGTHS	WEAKNESSES
China's IT industry capacity	-Insufficient data related to complete processes for data matching -Uneven development in various areas of information society
OPPORTUNITIES	THREATS
Big Data Development Era (time)	The transition from one payment system to another based on artificial intelligence

We emphasize that an expert system (SE) is a complex application of artificial intelligence aiming to explore a large base of knowledge to reach new conclusions about activities that are difficult to observe using similar methods, e.g. human experts and it has the following features:

- A database represented by all the documents submitted and external data, and
- A deduction algorithm specific to the respective reasoning method.

The potential beneficiary submits an application by means of a secured web portal
The application shall compulsorily include the reasons for which the respective person labels himself as assisted, the revenues it declares as well as the reasons for the failure of the other safety nets, and the amount it states as needed

The application is received by the national agency

Automatically, the church, the school shall be notified by means of the web portal – there shall be found the results of the enquiries regarding the testing of means and revenues, the failure of the other safety nets, the revenues, and the amount needed.

The data regarding revenues and goods are analyzed in real time, using information and data from other services.



At central level, an expert system (SE) analyzes the preliminary data and decides upon the following:
 -the necessary amount
 -the need to control a certain labeler
 -the possibility to use distribution channels due to too much beneficiaries
 -the workload (number of working hours)

At territorial level there is an office in charge with analyzing the local market using for example the Porter model, and decides on the opportunity of setting social companies to take over the efforts of the state using the workforce consisting of the potential beneficiaries

The amounts are allocated from local level, controls are performed, the possibility to use labor force is scrutinized.

The application of the beneficiary shall be submitted by a call center system, starting with a dialogue between the potential beneficiary that may call from any location, and a government representative or civil servant.

The potential beneficiary shall be asked about their needs and about the failure of the other safety nets, but also about the amount he believes is necessary.

The social enquiry shall be performed online, through the data transferred by different labellers at the level of the city hall and data shall be automatically processed by an expert system¹⁶, together with information received from the other institutions.

¹⁶An expert system (SE) is a complex application (a software programme) which explores many input data in order to provide new conclusions about activities that otherwise are difficult to scan, using methods similar to the methods used by human experts. An expert system may succeed in problems without a deterministic algorithm solution. The main features of the expert systems are a database (a knowledge base), together with a deduction algorithm specific to the reasoning method. The expert systems are a field of the artificial intelligence, branch of informatics having as main purpose the development of programs and “intelligent applications”.

Data from all the above institutions shall be received through a securitized web portal to ensure informational completion.

In artificial intelligence, an expert system is a computer system that emulates the decision-making ability of a human expert. Expert systems are designed to solve complex problems by reasoning about knowledge, represented primarily as if-then rules rather than through conventional procedural code.¹⁷

An expert system is divided into two sub-systems: the inference engine and the knowledge base

A. Knowledge Base

Into the database server enter the following minimal data

- 1) Data related demand beneficiaries
- 2) Data related to response of Labeler
- 3) Data from matching processes of institutions at the central level

The application contains minimal information about that person's family

- 1) identification of family
- 2) disability data and health status
- 3) source of their income and,
- 4) data on property owned
- 5) completion of a table which calls for an estimated family needs, food, health or other needs

The application is processed automatically and electronic system transmits this data for electronic labeller reference in the area of the applicant.

The labellers area (independently), validation then submit form in application data with predefined options.

This process expressing opinions of the labeller about income, assets, but also on the needs as defined in the claim.

This operation is made from personal computer of a labeller directly into the knowledge database. Applicants and labellers must reconfirm the application periodically.

At the central level processes are performed on data matching with institutions that hold m.i.s (management information system) in the labeling (eg on wealth, health, income)

B. Inference Engine

An Inference Engine is a tool from artificial intelligence. The inference engine applies logical rules to the knowledge base and deduces new knowledge.

This process would iterate as each new fact in the knowledge base could trigger additional rules in the inference engine.

Inference engines work primarily in one of two modes either special rule or facts: forward chaining and backward chaining.

Forward chaining starts with the known facts and asserts new facts. Backward chaining starts with goals and works backward to determine what facts must be asserted so that the goals can be achieved.

¹⁷ https://en.wikipedia.org/wiki/Expert_system

We have the following examples of rules (which will be periodically revised) in laws and procedures)

- Specific rules at person specific for each applicant (disability, child, assets, income)
- Specific rules of region including Dibao, other regional indicators
- Macroeconomic rules including economic growth for example

Analysis of the expert system will determine each determined period

- Amount granted which are revised periodically
- Additional verification
- Reject the application
- Other constraint (courses, labour)
- Penalty

3.2.1 Unified Standards for the Calculation and Adjustment of Social Assistance Benefits - Policy Recommendations

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1. Introduction

Since the introduction of the Minimum of Living Security System (Chinese Dibao) in mid-1990s, the Dibao system has undergone great changes. It functions as an important institutional arrangement of social policy and the social safety net for the rural-urban vulnerable group of the poor. As the key element of social assistance policy, the Dibao standard has a direct bearing on the guarantee for vulnerable groups of the poor, the mobility of the social assistance policy and the sustainable development of the social assistance system. Therefore China needs to implement an active policy relating to the social assistance standard which is characterized by promoting equality, development, mobility and sustainability.

2. The Change in the Dibao Standard under the Backdrop of Economic Development

2.1 Economic development and the improving capacity of the Chinese Government to implement social assistance policy

As the important social policy, the expansion of the social assistance system is closely associated with China's economic growth. Since the "Reform and Opening Up" to the outside world, the Chinese economy has been growing. China's GDP and the state revenue made great achievements, which provide the Chinese government with the financial support to guarantee people's livelihoods and the implementation of a large-scale of social assistance policy. From 1978 to 2014, China's GDP has increased from 365.05 billion CNY to 63,646.27 billion CNY; per capita GDP has increased from 382 CNY to 46,652 CNY and State Revenue has grown from 113.23 billion CNY to 14,034.97 billion CNY.

China's GDP and State Revenue from 1978-2014

Year	GDP(100 million Yuan)	Per capita GDP(Yuan)	State revenue (100 million Yuan)	State fiscal expenditure (100 million Yuan)
1978	3650.2	382	1132.3	1122.1
1979	4067.7	420	1146.4	1281.8
1980	4551.6	464	1159.9	1228.8
1981	4898.1	493	1175.8	1138.4
1982	5333	529	1212.3	1230
1983	5975.6	584	1367	1409.5
1984	7226.3	697	1642.9	1701
1985	9039.9	860	2004.8	2004.3
1986	10308.8	966	2122	2204.9
1987	12102.2	1116	2199.4	2262.2

1988	15101.1	1371	2357.2	2491.2
1989	17090.3	1528	2664.9	2823.8
1990	18774.3	1654	2937.1	3083.6
1991	21895.5	1903	3149.5	3386.6
1992	27068.3	2324	3483.4	3742.2
1993	35524.3	3015	4349	4642.3
1994	48459.6	4066	5218.1	5792.6
1995	61129.8	5074	6242.2	6823.7
1996	71572.3	5878	7408	7937.6
1997	79429.5	6457	8651.1	9233.6
1998	84883.7	6835	9876	10798.2
1999	90187.7	7199	11444.1	13187.7
2000	99776.3	7902	13395.2	15886.5
2001	110270.4	8670	16386	18902.6
2002	121002	9450	18903.6	22053.2
2003	136564.6	10600	21715.3	24650
2004	160714.4	12400	26396.5	28486.9
2005	185895.8	14259	31649.3	33930.3
2006	217656.6	16602	38760.2	40422.7
2007	268019.4	20337	51321.8	49781.4
2008	316751.7	23912	61330.4	62592.7
2009	345629.2	25963	68518.3	76299.9
2010	408903	30567	83101.5	89874.2
2011	484123.5	36018	103874.4	109247.8

2012	534123	39544	117253.5	125953
2013	588018.8	43320	129209.6	140212.1
2014	636462.7	46652	140349.7	151661.5

Source China Statistical Yearbook of Health and Family Planning, 2015.

2.2 The increase in income for rural-urban residents

In the process of economic development, especially the coordination of rural-urban development, the importance of social construction is increasing. Shared development has been the orientation of social policy, increasing the income of urban-rural residents is the goal of social policy. The more than three decades of development has witnessed the increasing of urban-rural residents' income and people's livelihood. In the period from 1978-2014, the absolute value of the disposable income of urban residents increased from 343.4CNY to 29,381CNY; the absolute value of the net income of rural residents increased from 133.6 CNY to 9,892 CNY, and these changes have been the factors for establishment and adjustment of the social assistance standard.

Income of rural-urban residents and the index in China in 1978-2014

Year	Disposable income of urban residents			Net income of rural residents		
	Absolute Value(CNY)	Index Last year as 100	Index The year 1978 as 100	Absolute Value(CNY)	Index Last year as 100	Index The year 1978 as 100
1978	343.4		100	133.6		100
1979	405	115.7	115.7	160.2	119.2	119.2
1980	477.6	109.7	127	191.3	116.6	139
1981	500.4	102.2	129.9	223.4	115.4	160.4
1982	535.3	104.9	136.3	270.1	119.9	192.3
1983	564.6	103.9	141.5	309.8	114.2	219.6
1984	652.1	112.2	158.7	355.3	113.6	249.5
1985	739.1	101.1	160.4	397.6	107.8	268.9
1986	900.9	113.9	182.7	423.8	103.2	277.6
1987	1002.1	102.2	186.8	462.6	105.2	292
1988	1180.2	97.6	182.3	544.9	106.4	310.7

1989	1373.9	100.1	182.5	601.5	98.4	305.7
1990	1510.2	108.5	198.1	686.3	101.8	311.2
1991	1700.6	107.1	212.4	708.6	102	317.4
1992	2026.6	109.7	232.9	784	105.9	336.2
1993	2577.4	109.5	255.1	921.6	103.2	346.9
1994	3496.2	108.5	276.8	1221	105	364.3
1995	4283	104.9	290.3	1577.7	105.3	383.6
1996	4838.9	103.8	301.6	1926.1	109	418.1
1997	5160.3	103.4	311.9	2090.1	104.6	437.3
1998	5425.1	105.8	329.9	2162	104.3	456.1
1999	5854	109.3	360.6	2210.3	103.8	473.5
2000	6280	106.4	383.7	2253.4	102.1	483.4
2001	6859.6	108.5	416.3	2366.4	104.2	503.7
2002	7702.8	113.4	472.1	2475.6	104.8	527.9
2003	8472.2	109	514.6	2622.2	104.3	550.6
2004	9421.6	107.7	554.2	2936.4	106.8	588
2005	10493	109.6	607.4	3254.9	106.2	624.5
2006	11759.5	110.4	670.7	3587	107.4	670.7
2007	13785.8	112.2	752.5	4140.4	109.5	734.4
2008	15780.8	108.4	815.7	4760.6	108	793.2
2009	17174.7	109.8	895.4	5153.2	108.5	860.6
2010	19109.4	107.8	965.2	5919	110.9	954.4
2011	21809.8	108.4	1046.3	6977.3	111.4	1063.2
2012	24564.7	109.6	1146.7	7916.6	110.7	1176.9

2013	26955.1	-	1227.0	8895.9	-	1286.4
2014	29381.0	-	1310.5	9892.0	-	1404.7

Source: data for 1978-2012 are cited from China Statistical Abstract (2015) and data from 2013-2014 are cited from China Statistical Yearbook (2015).

2.3 Change of rural-urban Dibao standard

Since the mid-1990s, the urban Dibao system has been established progressively in urban areas across China. The eligible population living in poverty were covered by the urban Dibao. After 2007, the rural Dibao system has been formally introduced in rural China, and the rural Dibao system has been expanded to all of rural China under the guidance of the Central Government and implementation by Local Government. From 1999 until 2014, the average of the urban Dibao standard increased from 1,1788 CNY per person per annum year to 4,926 CNY per person per annum. From 2006 to 2014, the average of the rural Dibao standard increased from 850.8 CNY per person per annum to 2776.6 CNY per person per annum.

The Change in the Dibao Standard since 1999

Year	The average of urban Dibao standard (CNY/per month/per person)	The average of urban Dibao standard (CNY/per year /per person)	The average of rural Dibao standard (CNY/per month/per person)	The average of rural Dibao standard (CNY/per year /per person)
1999	149	1788	-	-
2000	157	1884	-	-
2001	147	1764	-	-
2002	148	1776	-	-
2003	149	1788	-	-
2004	152	1824	-	-
2005	156	1872	-	-
2006	169.6	2035.2	70.9	850.8
2007	182.4	2188.8	70.0	840
2008	205.3	2463.6	82.3	987.6
2009	227.8	2733.6	100.8	1210.1
2010	251.2	3014.4	117.0	1404
2011	287.6	3451.2	143.2	1718.4
2012	330.1	3961.2	172.3	2067.8
2013	373.3	4479.6	202.8	2433.9
2014	410.5	4926	231.4	2776.6

Source: author's calculation based on the data from China Civil Affairs' Statistical Yearbook, 2015.

3. China's Dibao Standard: A Comparative Perspective

3.1 Comparison of the Dibao standard between the rural Dibao and the urban Dibao

The rural-urban difference of the Dibao system is not only in the year of the introduction of the system but also in the Dibao standard. Although the rural-urban Dibao standard has achieved growth of varying degrees, there are still some big differences in terms of the Dibao standard. In recent years, with the acceleration of the integrated development of rural-urban China, the gap between the rural-urban Dibao standard tends to be smaller. In some areas, for example in Beijing, the rural Dibao standard and the urban Dibao standard have turned into the same since the second half of 2015.

The Change of Dibao Standard in China since 1999

Year	The average of urban Dibao standard (CNY/per year /per person)	The average of rural Dibao standard (CNY/per year /per person)	Times of the average of urban Dibao standard to the average of rural Dibao standard
2000	1884	-	-
2001	1764	-	-
2002	1776	-	-
2003	1788	-	-
2004	1824	-	-
2005	1872	-	-
2006	2035.2	850.8	2.39
2007	2188.8	840	2.61
2008	2463.6	987.6	2.49
2009	2733.6	1210.1	2.26
2010	3014.4	1404	2.15
2011	3451.2	1718.4	2.01
2012	3961.2	2067.8	1.92
2013	4479.6	2433.9	1.84
2014	4926	2776.6	1.77

Source: Author's calculation based on data from the China Civil Affairs' Statistical Yearbook, 2015.

Regional Differences in the Dibao Standard

The regional differences in the Dibao standard originated from the difference of social policy based on the unequal development of economy among the different regions in China. The imbalance of socio-economic development leads to big differences in the social assistance standard. On the one hand, there are big differences in the Dibao standard in the different provincial units in China even in the different cities; on the other hand, a big difference in Dibao standards exists in the eastern region, central region and western region. Among the regions, the average of the Dibao standard is

the highest in the eastern region, the coastal region of China, followed by the central region and the western region. For example, in 2010 the average of the Dibao standard in the eastern region of China is 3975.8 CNY per person per annum whereas the average of the Dibao standard in the central region of China is 2795.8 CNY per person per annum.

The comparison of the residents' consumer spending and the urban Dibao standard in 2013

Region	Per capita CDP (CNY)	The average consumer spending in cash by urban residents (CNY)	The average urban Dibao standard (CNY/per year /per person)
Beijing	93213	26274.89	6960
Tianjin	99607	21711.86	7200
Hebei	38716	13640.58	4542
Shanxi	34813	13166.19	4213.2
Inner Mongolia	67498	19249.06	5523.6
Liaoning	61686	18029.65	4938
Jilin	47191	15932.31	3870
Heilongjiang	37509	14161.71	4652.4
Shanghai	90092	28155.00	7680
Jiangsu	74607	20371.48	5821.2
Zhejiang	68462	23257.19	6186
Anhui	31684	16285.17	4566
Fujian	57856	20092.72	4359.6
Jiangxi	31771	13850.51	4748.4

Shandong	56323	17112.24	5012.4
Henan	34174	14821.98	3710.4
Hubei	42613	15749.50	4501.2
Hunan	36763	15887.11	4273.2
Guangdong	58540	24133.26	4564.8
Guangxi	30588	15417.62	4016.4
Hainan	35317	15593.04	4239.6
Chongqing	42795	17813.86	4161.6
Sichuan	32454	16343.45	3676.8
Guizhou	22922	13702.87	4171.2
Yunnan	25083	15156.15	3886.8
Tibet	26068	12231.86	5188.8
Shan'xi	42692	16679.69	4496.4

3.3 Comparing Urban Dibao Standard and the Consumer Spending of Urban Residents

As the last resort for the poor population to deal with social risks, social assistance functions as the last safety net. The guarantee of living is the primary function and goal of the social assistance policy, and when it comes to the fixing of Dibao standard and the adjustment of Diao standard it is needed to take economic development, consumer prices and living standards in the specific area into consideration. However, due to the complexity of the establishing the Dibao standard and the higher cost of collecting the relevant data to perform the calculation of the Dibao standard for a specific area, it is inevitable that there is some randomness when doing the adjustment of the Dibao standard. By doing the comparison between the average Dibao standard and the average consumer spending in cash, it can be seen as to how suitable the replacement rate is suitable, and how the Dibao standard is feasible for the poor residents to guarantee their basic needs of living. By doing statistical analysis, the replacement rates vary from one provincial unit to another, but it is clear that

the replacement rates of the average Dibao standard to the average consumer spending in cash keep between the range of interval between one-quarter to one-third.

The relationship between consumer spending and urban Dibao standard by provinces in 2013

Province	Average consumer spending in cash by urban residents (CNY)	Average urban Dibao standard (CNY/per Year /per person)	The percentage of Urban Dibao standard to the average consumer spending in cash by urban residents
Beijing	26274.89	6960	26.49%
Tianjin	21711.86	7200	33.16%
Hebei	13640.58	4542	33.30%
Shanxi	13166.19	4213.2	32.00%
Inner Mongolia	19249.06	5523.6	28.70%
Liaoning	18029.65	4938	27.39%
Jilin	15932.31	3870	24.29%
Heilongjiang	14161.71	4652.4	32.85%
Shanghai	28155.00	7680	27.28%
Jiangsu	20371.48	5821.2	28.58%
Zhejiang	23257.19	6186	26.60%
Anhui	16285.17	4566	28.04%
Fujian	20092.72	4359.6	21.70%
Jiangxi	13850.51	4748.4	34.28%

Shandong	17112.24	5012.4	29.29%
Henan	14821.98	3710.4	25.03%
Hubei	15749.50	4501.2	28.58%
Hunan	15887.11	4273.2	26.90%
Guangdong	24133.26	4564.8	18.91%
Guangxi	15417.62	4016.4	26.05%
Hainan	15593.04	4239.6	27.19%
Chongqing	17813.86	4161.6	23.36%
Sichuan	16343.45	3676.8	22.50%
Guizhou	13702.87	4171.2	30.44%
Yunnan	15156.15	3886.8	25.65%
Tibet	12231.86	5188.8	42.42%
Shan'xi	16679.69	4496.4	26.96%
Gansu	14020.72	3348	23.88%
Qinghai	13539.50	3969.6	29.32%

3.4 The Comparison between the Urban Dibao Standard and the Minimum Wage (MW)

The adjustment of the Dibao standard needs to effectively plan the guaranteeing of a person's livelihood and promoting employment as a whole and keep them consistent with each other. This will realize the mobility and sustainability of the social assistance system. In this regard, the relationship between the Dibao standard and the minimum wage is of great importance when it

comes the setting and adjusting the Dibao standard. To activate employment, the ratio of the Dibao standard to the minimum wage tends to decrease over the period of time from the 2003 to 2014. Take Beijing city as an example. The ratio of the urban Dibao standard to the minimum wage decreased from 62.37% in 2003 to 41.67% in 2014.

Relationship between the Urban Dibao Standard and the Minimum Wage in Beijing

Year	Urban Dibao standard (CNY/per person /per month)	Minimum wage (CNY/per month)	Ratio of Dibao standard to the minimum wage
2003	290	465	62.37%
2004	290	545	53.21%
2005	300	580	51.72%
2006	310	640	48.44%
2007	330	730	45.21%
2008	390	800	48.75%
2009	410	800	51.25%
2010	430	960	44.79%
2011	500	1160	43.10%
2012	520	1260	41.27%
2013	580	1400	41.43%
2014	650	1560	41.67%

Source: <http://www.bjstats.gov.cn/nj/main/2015-tjnj/indexch.htm>

4. Policy recommendations

4.1 To formulate a unified methodology of calculating and adjusting the Dibao standard.

We need to see regulating and improving the methodology for calculating and adjusting the Dibao standard, and adopting the formulation of an unified method of adjusting the Dibao standard as a policy orientation. At present, the formulation and management of the Dibao standard at local levels are diverse. Aiming at the goal of establishing a regulated, evidence-based and standardized social assistance system, using the local lessons on the calculation and the adjustment of the Dibao standard, it is necessary to push further forward on formulating an unified methodology for calculating and adjusting the Dibao standard as the guidance for the policy implementation at local level in order to regulate the management of social assistance. Meanwhile, it is also necessary to further enhance the coordination of the management of social assistance between the central government and local governments.

4.2 To implement the active policy of Dibao standard

The Dibao standard policy needs to achieve the policy equilibrium between guaranteeing the basic living of Dibao recipients and promoting employment. To guarantee the living of the Dibao

recipients and to promote the mobility of the social assistance system are important goals of social assistance policy. First, aiming at guaranteeing the livelihood of the urban Dibao recipients it is necessary to link the urban Dibao standard with the average living standard of the residents. Second, as for policy improvements, it is also necessary to link the urban Dibao standard with the minimum wage and set a suitable replacement rate of the Dibao standard to the minimum wage to coordinate the relationship between the increasing of the urban Dibao benefit and the encouragement of employment. Taking heed of the international experience of social assistance, social assistance policy should embrace an active market policy, promote the mobility of the Dibao system and realize the sustainable development of the social assistance system.

4.3 To adjust the Dibao standard gradually

In this regard, gradualism should be the basic principle to be adhered to. Since the 21st century, along with economic development and the increasing expenditure on social protection, including social assistance, the urban-rural Dibao standard has been increased with varying degrees. This plays a significant role in guaranteeing of the poor residents in the rural-urban areas of China. However, with a view to the comparison between the increase of the average income of urban residents and the increase in the urban Dibao standard under the backdrop of economic development, there is no consistency between the urban Dibao standard and the average disposable income of urban residents. The ratio of the Dibao standard to the average disposable income of urban residents tends to decrease. From the 2002 to 2014, the average of the disposable income of Chinese urban residents increased from 7,702.8 CNY to 29,381 CNY, but in the same period the ratio of urban Dibao standard to the average disposable income of urban residents went down from 23.06% to 16.76%. With the view of the idea of shared development and the principle of shared development, it is necessary to gradually improve and conduct an evidence-based adjustment of the Dibao standard.

4.4 To enhance the coordination and cooperation among the relevant branches of government

According to the “Interim Measures on Social Assistance”, the Ministry of Civil Affairs, National Health and Family Planning Commission, Ministry of Education, Ministry of Housing and Urban-Rural Development and the Ministry of Human Resources and Social Security are responsible for the corresponding work of managing Dibao according to their respective duties. At present, the “System of Joint Conference for Social Assistance” has been established in some areas in order to coordinate the social assistance policy including the policy for the social assistance standard in a comprehensive and coordinated way. However cooperation and coordination among the governments and social organizations are not enough. It is essential to enhance cooperation among the governmental departments responsible for civil affairs, statistics, prices, agriculture, social security and trade unions so that the scientificity of the setting and adjusting the Dibao standard fixing can be improved.

4.5 To enhance the categorized management of social assistance.

By comparison, the composition of the Dibao recipients has changed a lot since the new type of social assistance was established in China in the late 1990s. Social assistance recipients now consist of the disabled, the unemployed, children, adolescents and the poor with chronic diseases. Aiming to establish a social assistance program with social justice, mobility, sustainability and humanistic development, the classified management of social assistance should be reinforced. For those Dibao recipients with the ability to work, the social assistance standard should be decreased. For those Dibao recipients who have their own houses (apartments), the social assistance standard should be greatly lowered, For those children of Dibao recipients living in a poor Dibao family, the Dibao standard should be increased in an appropriate way. A subsidy system or development account for poor children needs to be established with the goal of breaking the poverty trap and breaking down the vicious cycle of inter-generational poverty.

4.6 To coordinate the liability of the social assistance fund between central government and local government

In the implementation of a social assistance policy, financial support from the central government plays an important role in the sustainability of the social assistance system. The relationship between central government and the local government on the allocation of social assistance funding has undergone some changes in recent years. Some policies should be taken to further scientization and rationalization. One is that the ratio between the central governance and local government on the Dibao funding allocation should be adjusted yearly in a suitable way to be consistent with local economic development and local economic performance. The other is that when fixing the ratio of social assistance funding between the central government and local government, three factors including rural-urban Dibao coverage rate, Dibao standard and per capita GDP should be taken into considerations. There should be a division of the whole country into four areas –those which are totally funded by the central government, those mostly funded by the central government, those mostly funded by local government and those totally funded by local government.

3.2.1 Experiences on Unified Standards for Calculating Social Assistance Benefits - EU experience and policy recommendations

Mel Cousins, EU-China SPRP expert

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Introduction

This report forms part of topic 3.2.1 of Component 3 of the EU China Social Protection Reform Project: An analysis of the calculation and adjustment of Dibao standards.¹ Dibao is the Chinese means-tested minimum income payment and is the responsibility of the Ministry of Civil Affairs (MoCA) which plays the leading policy role in the development and implementation of this important benefit. The Dibao standard or line is the locally set income threshold below which a household is considered to be entitled to Dibao.

The structure of the report is as follows: Section 1 briefly outlines the position concerning minimum income payments in the European Union. More detailed discussion on the situation in European Union countries is contained in subsequent sections of the report.

Section 2 looks at issues concerning setting a standard for Dibao including European Union practices concerning the methodology involved.

Section 3 then looks at the issues which should be considered in setting a particular level for a minimum income payment.

Targeting is a key issue in the implementation of any minimum income payment. If Dibao is to achieve its objectives it must be appropriately targeted. For example, it is important to know the extent to which Dibao currently has an impact on reducing poverty (however defined). This issue is closely linked to setting the appropriate standard because it will inform the debate as to the relative importance of raising the Dibao standard as opposed, for example, to broadening the reach of the Dibao payment.

Section 4 looks at issues concerning the targeting of Dibao drawing again on best international practice.

Assessment of income and assets is also a key issue in the successful implementation of a minimum income payment. Unless the implementing agencies are able to assess means in a credible manner, it will be difficult to target the payment successfully.

Section 5 looks at the improvements which might be made in the assessment of income in China drawing on best practice in parts of China and in European Union countries.

Finally, section 6 summarizes key policy recommendations,

1. Minimum income payments in the EU

1.1 Minimum income payment in European Union countries

As is well known, the European Union itself has only limited powers in relation to social protection and responsibility for social protection (including minimum income payments similar to Dibao) remains a national competence. As described in more detail in the previous EU Report under 3.2.1., EU Member States have adopted a wide range of different approaches to securing a minimum income for their citizens.² There is a wide variation in the type of minimum income schemes which exist in each country.

MISSOC (2011) categorises minimum income schemes in the EU as follows depending on whether they are:

- general (applying to all or most persons), specific or categorical (applying only to certain categories), or a combination of both; and

¹ Dibao is short for *zuidi shenghuo baozhang* [Minimum life guarantee]. The operation of Dibao is described in detail in the assessment reports under 3.1.1 and 3.2.1.

² See *Best Practice in EU on Guaranteed Minimum Income Schemes (GMIS)*, 2015 and MISSOC (2011).

- organised at a national level, local or regional level, or both.

This categorisation is set out below in Table 1 (the country codes for EU Member States are set out in an Annex to this report).

Table 1: Statutory and structural organisation of the minimum income schemes in the EU

Classification		Member States
General scheme(s)	Legislation at central level	CZ, RO, SE, SK, MT
	Legislation at local or regional level	-
	Both	LV
Specific/categorical scheme(s)	Legislation at central level	EL, HU, UK, PL, FR, DE
	Legislation at local or regional level	AT
	Both	ES
Combination of general and specific scheme(s)	Legislation at central level	BG, CY, DK, EE, FI, LT, SI, IE, LU, PT, LI
	Legislation at local or regional level	IT
	Both	BE, NL

Source: MISSOC, 2011 (modified by author)

For example, in Ireland, the minimum income scheme (Supplementary Welfare Allowance) plays only a residual role as there are a range of categorical schemes for people who are unemployed, disabled, lone parents, over retirement age, etc. In contrast, in the UK, there has been a broad minimum income scheme – known as Income Support – for people of working age which currently supports over 700,000 beneficiaries out of a total British population of over 60 million.³ Lone Parents make up 61% of the Income Support caseload, with people with incapacity accounting for 11%; and carers and others for 28%.

The national legislation generally sets out the type of person who is entitled to the minimum income payment or the objective of the benefit (see MISSOC, 2011).

Table 2: Overview of minimum income definitions in EU Countries

EU Member State	Description of ‘insufficient living standard’ in national law
BG	Those unable to satisfy a basic standard of living
CY	“poor” or “no decent standard of living”

³ The UK is current introducing a ‘Universal Credit’ scheme which will replace Income Support and a range of other benefits.

CZ	Low income and impossibility to improve by own effort
BE	Persons without sufficient resources and unable to procure them by personal effort or other means / persons in need
DK	Persons, due to particular circumstances, who are without sufficient means to meet requirements
EE	To assure means up to a minimum subsistence level
FI	Persons without sufficient means to meet the necessary costs of living
EL	No scheme(s), no definition(s)
HU	Persons without sufficient resources of living
IT	Individuals or families who are in need of socio-economic support
LT	<i>“sufficient resources for living”</i>
LV	Needy households
RO	Basic needs
SE	A person or family who is temporarily without sufficient means to meet the necessary costs of living (or else: who is in need of support)
SK	Those unable to maintain their basic living conditions
MT	Those unable to maintain themselves due to sickness or unemployment
UK	Those whose income is below a minimum level / low income
NL	Those who cannot provide the necessary costs of supporting themselves or their family, or cannot do so adequately, or who are threatened by such a situation
SI	Individuals and families who are temporarily unable to secure sufficient funds for basic subsistence
IE	People whose means are insufficient to meet their needs
PL	Problems which people of families are not able to overcome
ES	Persons in determined situations of need
AT	People who are not able to cover costs of living
LU	Social exclusion; the scheme aims at the providence of sufficient means for a decent standard of living and measures for professional and social integration
PT	Situation of socio-economic deficiency

FR	The scheme aims at a decent amount of income, as well as to promote professional activity and to fight social exclusion
DE	Persons in need who are (in)capable of working and who do not earn a sufficient income in order to meet the needs of the domestic unit

Source: MISSOC, 2011 (modified by author)

1.2 Approaches to benchmarking and indexation

Unlike China, EU countries generally distinguish between the minimum income standard or line (i.e. the equivalent of the Dibao standard) and the rate of minimum income payment. In some countries, the minimum income payment may be payable in full to persons who have income well above the basic rate of payment. The minimum income standard generally varies according to household circumstances but certain types of income and assets may be disregarded. For example, there may be a disregard for

- certain income from employment to encourage people to take up work (e.g. SE, IE, NL) certain social protection benefits (such as family or disability benefits) (most countries); some level of savings or property (e.g. BG, IE, UK), and,
- ownership of a family home (e.g. CY, UK, SI, IE, DE, MT).

The MISSOC database indicates that all EU countries exempt some income and/or assets from the means assessment..⁴

The exact level of the minimum income standard in EU countries – which is normally set in law – has developed over time to meet different political objectives and there is rarely a clear scientific basis. It is perhaps more relevant to focus on the basic level of payment as this is the amount which a person with no income or assets will receive and is generally the amount considered to be ‘adequate’ by the relevant authorities in each European Union country. In general the benefit rate is set by the national authorities but in some countries it is set at regional level.

MISSOC (2011) describes the approach adopted by those EU countries which set a specific benchmark for minimum income cash benefits.

Table 3: Member States’ approach to benchmarking minimum income

Classification		Member States	
Income-related approach: a numeric ceiling or standard as a benchmark in order to determine if someone is considered ‘in need’	Fixed ‘minimum standard’	Linked to the amount of unemployment benefits	DK
		Linked to the amount of old-age pension benefits	HU, LT, LV
		Linked to the amount of minimum wages	NL, EE

⁴ See <http://www.missoc.org/>

		Other fixed standard (poverty line, minimum subsistence level)	AU, BG, CY, CZ, BE, EE, FI, LT, LV, RO, SK, MT, UK, SI, IE, PL, PT, DE, LU
	Other or variable minimum	Local variation	IT
		Categorical variation	FR
		Local and categorical variation	ES

Source: MISSOC, 2011 (modified by author)

First, a number of Member States set the minimum income as a percentage of another social protection benefit (unemployment benefit or old age pension).

Second, in a number of countries, the minimum income is set as a percentage of the minimum wage either directly (NL) or indirectly (EE).⁵ In other countries, the minimum income is linked (directly or indirectly) to average wages. For example, in Ireland, although the precise level of minimum income is decided by the Government, the rate is informed by an official study which recommended that the minimum income be set as a percentage of the average wage (Ireland, 2001) although this is not required by law.

In a third group of countries, the amount of the minimum income is set by reference to the cost of basic needs, i.e. by establishing the cost of a minimum ‘basket’ of essential goods (food, clothing, hygiene, health, housing costs, etc.). For example, in Austria ‘minimum standards’ are fixed for food, clothes, personal hygiene, household items, heating and electricity as well as personal needs for an appropriate participation in social life. In Germany, the law provides that the rate of benefit is based on the ‘normal requirements’ of a person. The statistical base for determining the normal requirements is the national survey of income and consumption. The amount of the normal requirements is based on the actual expenditure of households in the lower income range. In Estonia, the subsistence level is set on the basis of the minimum expenses associated with consumption of food, clothing, footwear and other goods and services which satisfy the primary needs. In Sweden, the benefit is set to cover expenditures on food, clothing and footwear, play and leisure, disposable articles, health and hygiene, daily newspaper, telephone and television fee.

There is no EU standard or guideline for the rate of the minimum income payment but national standards are monitored under the Open Method of Co-ordination (OMC, discussed below in section 1.5).

1.3 Indexation

There are two issues in relation to indexation. The first, is the question of how the minimum income payment should be updated and, the second, how often or at what time frequency this should occur (e.g. annually).

For those countries, which link the minimum income to a specific benchmark (as discussed above), there is no need for a further indexation mechanism. For example, the minimum income in The

⁵ In Estonia the income threshold for the minimum income payment must not be less than 35% of the minimum monthly wage on 1 July of the previous year.

Netherlands is linked to the minimum wage and updated twice a year. A number of countries do not have any specific legal mechanism for uprating the minimum income and this is a matter of political decision (e.g. BG, HR). However, in other countries a variety of approaches are taken. These include:

- Linking to increases in other social protection benefits (AU) or pensions (HU, PT) or the index of national pensions (FI)
- Increases in consumer prices (in some case subject to a minimum increase in the cost of living)⁶ (BE, CZ, FR, LU, RO, SE, SK, UK).

A number of countries take into account a combination of wage and price increases (e.g. ES).⁷ Germany does this in a specific manner. In years in which no new results of a sample survey of income and consumption are available for a renewed determination of the normal requirements, the minimum income payment is updated in line with the German (federal) average of the prices of goods and services which are taken into account for the purposes of establishing the normal requirements as well as the German (federal) average development of net wages. In this mixed index, the rate of change of the development in prices accounts for 70% and that of the development of net wages for 30%.

In most countries, financial resources are taken into account and sometimes this is specified in law.

In general, indexation (where required) takes place annually although in some cases it is biennial (BE).

1.4 Issues in choosing a particular benchmark or index

Based on European Union practice, a critical issue in relation to setting a benchmark of indexation mechanism is practicality. Any benchmarking or indexation process requires that a suitable data series exist. In addition, the data must be *accurate*, *timely* and *well understood*. The data should not be *volatile*, i.e. that it would not be liable to fluctuate severely from year to year.

Ideally, this data should be available as part of a general data collection process so that local administrations do not have to carry out extensive studies in order to set the minimum income threshold.

1.5 Open Method of Coordination

Given its limited competence in the area of social protection, the European Union has introduced a non-binding system known as the “Open Method of Co-ordination” (OMC). OMC is used by Member States to support the definition, implementation and evaluation of their social policies and to develop their mutual cooperation. It is based on common objectives (for pensions: adequacy, sustainability and modernisation) and indicators. It forms part of the implementation of the process of coordination of social policies

This involves a sharing of experiences between the Member States, the setting of guidelines, national reports, peer review, etc. OMC involves ‘soft’ (legally non-binding) measures through which Member States’ policies in areas such as pensions and social inclusion are benchmarked and compared.

1.6 EU poverty and minimum income targets

Under “*Europe 2020*” (the European Union’s growth strategy) targets are set both at the EU level and for Member States in relation to poverty reduction. The implementation of these targets is

⁶ In CZ, for example, prices must rise by at least 5% to trigger indexation. In BE, this is only 2%.

⁷ Spain also looks at the general trend of the economy and the economic possibilities of the system.

monitored by the European Union Commission as part of its overall monitoring of the implementation of the strategy. The Commission issues country-specific recommendations to individual Member States in relation to proposed actions but there are no sanctions for failure to meet the targets.

No specific targets are set for the levels of minimum income payments (or social protection payments generally) as this is a matter of Member State competence. However, indicators have been set in relation to the effectiveness and efficiency of social protection in the Member States and these are monitored by the European Union Commission and the Social Protection Committee (2015). For example, these indicators include the impact of social transfers (excluding pensions) on poverty reduction.⁸ This issue is discussed in more detail in section 4.

2. Dibao standard – methodology for setting standard & indexation

This section looks at issues concerning setting a standard for Dibao including EU practices concerning the methodology involved.

2.1 Setting a benchmark

As can be seen from the 3.2.1 assessment report, at present there are very significant variations in the level of the Dibao standard according to the geographic areas of China (see also Umapathi et al., 2013). There is also no standard methodology which is adopted in setting the Dibao standard. Due to the significant variations in living standards and wages across China, it is only to be expected that there should be comparable variations in the level of the Dibao standard.

However, the current variations in the methodological approach tend to a situation whereby the Dibao standard is lower (as a percentage of average consumer spending) in poorer provinces such as Qinghai and Ningxia, leading to a situation where support is lowest in the poorest areas. The variations in approach may also tend to increase income gaps between richer and poorer provinces. The variation in methodology also reduces the ability of MoCA to set appropriate standards. Therefore, it is arguable that there should be a *standard methodology* which would be followed by all areas. This would ensure a consistent approach to the measurement of need across China and would ensure that the needs of the Chinese people were assessed in a standardised manner no matter where they live.

It is also arguable that a *benchmark* (i.e. a target figure) might be set for the level of Dibao relative to local standards. This might be a set figure or might provide a range within which local authorities would set their local Dibao standard. Having such a benchmark would further ensure a greater level of consistency across China and would also allow MoCA to vary the level of Dibao over time in response to social and economic developments. This might be set by MoCA at a national level or, initially, MoCA might require that a provincial benchmark would be set as a first step towards a greater standardisation.

There are, of course, a wide range of possibilities in terms of how binding the benchmark might be. It could, for example, be allowed that the local governments could vary to some extent from the benchmark based on (exceptional) local factors such as the state of the labour market or financial capacity. This could be higher or lower than the national standard. For example, in Latvia, the minimum income rate is set by the national government but municipalities are allowed to establish a higher benefit up to a pre-determined limit.

Presumably, if a benchmark was set, local governments would be given a period of time to implement the new methodology and align their Dibao standard to the benchmark.

⁸ Note that this includes all social protection spending (except pensions) and is not specific to minimum income payments.

Under such an approach, the actual rates of Dibao would still vary by local area and urban/rural areas according to local standards but the degree of variation which currently exists would be reduced and MoCA would be in a better position to direct policy in line with central policy objectives.

2.2 Absolute relative standards

In principle, there is a clear difference between setting a relative standard for Dibao as opposed to an absolute standard. If an absolute approach is adopted, the cost necessary for minimum living is calculated, e.g. for adequate nutrition. In contrast with a relative approach, the standard is linked as a percentage of consumption, for example to consumption by a low income group. In theory the absolute standard will change only with changes in the cost of living while the relative standard will reflect changes in overall living standards.

However, in practice, there is generally less difference between the two approaches. Other than in very underdeveloped countries, an absolute approach rarely adopts a ‘survival’ standard and countries generally take into account what are considered to be appropriate standards and necessities in their own social, economic and cultural context. For example, in Austria, the basket of goods is intended to allow ‘an appropriate participation in social life’. Even the ‘absolute’ approach tends to be relative to the context.

2.3 Which benchmark?

There are a number of different options in terms of the data measures which could be used to set the Dibao standard. In part, this should be informed by the objective of Dibao, e.g. whether it is intended to provide an income which reflects a certain proportion of the average income in the area or whether it is intended to meet basic living requirements. Based on European Union practice, the options might include

- Wage-related thresholds (minimum wage or average wage)
- Minimum living costs (basket of goods).
- Average consumption expenditure

Based on European Union and national experiences (see 3.2.1 assessment report and Umapathi et al., 2013), there would appear to be a number of different specific options for a benchmark in China. These include:

Minimum wage – while the minimum wage is used in a number of EU countries, this is generally set at a national level. It is understood that in China the minimum wage is set more locally and that the methodology may also vary to some extent. Insofar as this is the case, the minimum wage would not appear to offer a potential benchmark for the Dibao standard as it would not lead to a more standardised approach.

Average wage – Data should be available for average wages at a local level. However, given the nature of Dibao as a minimum living guarantee, wages may not be seen as an appropriate benchmark for Dibao. Linking to average wages would imply that the standards would move in line with wage trends rather than the cost of living and this may not be appropriate given the nature of the payment.

Basket of goods/budget standard – This method uses a “typical” basket of goods and services which may be required to have a minimally adequate standard of living. It costs the items in the basket to arrive at a minimum income. It may be possible to do this in European Union countries. However, given the size of China and the variation from one area to another, it would appear difficult to establish a standard basket of goods for China. The minimal basket required in, for example,

Heilongjiang, will be very different to that in Yunnan. This would also not appear to be a practical option.

Consumption expenditure – Average consumption expenditure (in the local area) is one of the factors currently taken into account in setting the Dibao standard. It appears that this data is available at a local level at reasonably regular intervals. In order to be focussed on the minimum needs, the benchmark might be set as a percentage of consumption spending of the low income group within the overall population.

On this basis, the use of consumption expenditure would appear to offer the best option as a benchmark for the Dibao standard. Further studies will be required to assess the data and to focus on the particular methodology to be adopted.

2.4 Indexation

Based on European Union practice, where a benchmark is set as a percentage of, for example, the minimum wage or consumption expenditure, it is not strictly necessary to have a separate means of indexation, as the benchmark will be updated automatically.

Where, however, the benchmark is not such a percentage or where there is a gap before data may be available to update the benchmark (as in Germany), it is necessary to have some form of indexation. In most European Union countries which set a specific mechanism, indexation is in line with changes in the consumer price index (although in some countries this may be a baseline and governments can provide higher increases if resources are available). In most countries in recent years, wages have tended to rise more rapidly than prices and indexation to prices alone gives rise to a widening gap between the Dibao standard and average earnings. In order to counteract this trend, some countries (e.g. Germany) also take into account changes in earnings in indexing the Dibao standard (see above for details).

In China, it seems likely that there may be regional variations in consumer prices but as Dibao standards are being set locally this can be taken into account even with a standard methodology.

Finally, there is the issue of how often the Dibao standard should be indexed. In most EU countries this is done annually. Unless one has a situation where prices are rising rapidly, annual indexation is probably sufficient to ensure that the Dibao standard stays in line with minimum living standards and avoids the administrative costs of more frequent updates.

2.5 Categorical approach

One approach which is adopted in a number of European Union countries is to establish different Dibao standards for different categories of beneficiaries (e.g. older people, people with disabilities etc.). In general, somewhat higher standards are often set for people who have limited work capacity or who are assumed to be outside the labour market. This may be because they are assumed to have some additional costs (e.g. people with disabilities) or because it is assumed that they will not have access to any income from casual employment (e.g. older people). Value judgments are often implied in these standards and they are often related to a desire to avoid creating disincentives to work for those who are considered to have capacity for work.

In principle, there may be advantages in this approach but setting different standards for different categories does create the need for the administrators of Dibao to distinguish between the different categories in a consistent and coherent manner. This is relatively easy in the case of age where it is simple for the local administration to establish if one member of a Dibao household is over the age of, say, 65 and to allocate a higher Dibao standard to that person. However, it is considerably more difficult for the administrators to decide whether a person has (significantly) reduced work capacity due to disability.

In the case of children, the fact that the Chinese Dibao system does not apply an equivalence scale already means that children are treated more favourably than under most (if not all) European Union minimum income systems as children are allocated 100% of the adult standard compared to 50% in some European Union countries (or less in some) (see below).

In terms of adopting policies to focus on children (as recommended in the 3.2.1 assessment report), European Union experience would suggest that it may be more important to invest in services to improve the life opportunities of such children. For example, it has been shown that investment in high quality early childhood education can show a very high return over time and can significantly improve the opportunities of children from poor families. Investment in such services is likely to show a better return than the same amount of money paid by way of an increase in cash Dibao.

2.6 Support for households and equivalence scales

At present, China calculates the needs of households based only on the number of persons in the household. So a household with three persons is assessed as having three times the needs of a single person and no difference is made between adults and children. This is in contrast to most European Union countries which use equivalence scales to calculate the needs of a household. The argument for the use of equivalence scales is that the needs of a household grow with each additional member but, due to economies of scale in consumption, it is assumed that this does not occur in a proportional way. For example, needs for housing space, electricity, etc. will not be three times as high for a household with three members than for a single person. With the help of equivalence scales each household type in the population is assigned a value in proportion to its assumed needs. The factors commonly taken into account to assign these values are the size of the household and the age of its members (whether they are adults or children). A wide range of equivalence scales exist both for research purposes and in use in social protection systems. For example, the OECD scale assigns a value of 0.7 to each additional adult and 0.5 to each child. A number of scales for the minimum income payments in EU countries are set out below:

Country	First adult	Additional adults	Child
Ireland	1	0.67	0.16 ⁹
Romania	1	0.5	0.5
United Kingdom	1	0.57	0.92

As can be seen, the scales vary greatly and this is, in part, explained by the fact that these payments must be seen in the context of other social schemes in each country.

In order to calculate the appropriate equivalence scale for Dibao one would need to consider which costs Dibao is supposed to cover. One might then carry out empirical research based, for example, on Chinese household budget surveys, to assess whether and to what extent economies of scale do exist in China in relation to these costs. In principle, the use of equivalence scales should ensure that the Dibao standard is more closely tailored to the needs of a household. On the other hand, in most countries equivalence scales used in social protection systems as based on unscientific assumptions rather than research. It may (or may not) be the case that the current Chinese approach is broadly in line with actual patterns of need.

⁹ This payment is in addition to a universal payment to all children which is currently equivalent to an additional 0.17.

2.7 Urban and Rural Dibao

China currently has separate urban and rural systems of Dibao, although the rules in relation to the two systems are broadly similar. This reflects the significant differences between urban and rural China with urban incomes being significantly higher than rural incomes on average. It also reflects the differences in relation to the system of the urban and rural hukou (residence permit) which is related to the entitlement to Dibao. At the current stage of China's development, it is assumed that it is still necessary to have separate systems but the recommendations set out in this report apply equally to both systems. However, as the rural Dibao system is more recently established and, therefore, less mature, there are issues which apply more specifically to this system. For example, it appears that the targeting of the rural Dibao is less effective than the urban system. There are, of course a number of other issues which arise from the linking of the entitlement to Dibao to the hukou system (including access for migrant workers to Dibao (Peng and Ding, 2012) but these fall outside the scope of this report.

3. Dibao standard – issues in setting the rate of benefit

In setting benchmark for the Dibao standard, there are a number of factors which should be taken into account. The main factors would be:

- Impact on poverty
- Impact on labour market incentives both for those on Dibao who have work capacity (so far as relevant) and those currently in work

Financial costs in short & medium term.¹⁰

3.1 Impact on poverty

From the point of view of poverty alleviation, a higher rate of Dibao will obviously (at least in the short-term) have a greater impact on poverty. However, the precise impact will depend both on the measure of poverty chosen and on the precise level of benefit. In addition, there are countervailing factors which need to be taken into account. In addition to cash benefits, it is clear that a range of other social inclusion measures including social services, combined with Dibao, will be necessary to lift people out of poverty.

3.2 Impact on labour market incentives

Insofar as people in receipt of Dibao currently have the capacity for work, any assessment would need to take into account the impact which raising the Dibao standard might have on work incentives both for those currently in receipt of the payment and for those currently in low paid work. Studies would suggest that Dibao does not currently have a major impact on labour market incentives. For example, Ravillion and Chen (2015) concluded that 'the [urban] *Dibao* program is unlikely to provide a strong disincentive for earning extra income among participants'. Their findings suggested that reforms to the program should consider a higher benefit withdrawal rate in local implementation, alongside expanded coverage which would lead to a greater poverty impact. This would appear to be an area where further research is required to identify the extent to which Dibao recipients do have work capacity and, therefore, the extent to which work incentive issues are relevant to setting the Dibao standard.

3.3 Financial costs

Finally, it is important to take into account the financial costs involved in raising the Dibao standard both in the short-term but also in the medium-term having regard to possible changes in

¹⁰ Other factors such as possible impacts on household formation or fertility are difficult to isolate and given the relative scale of Dibao are unlikely to be of major importance.

demographic, fiscal and economic trends. There is also an issue in relation to the sharing of responsibility for costs between the national and local levels. For example, if a benchmark is to be set for the Dibao standard it is clear that some local governments will require national assistance to meet the additional costs involved. The issue of national and local responsibility for expenditure is dismissed in more detail in a separate report.

3.4 Policy simulations

In order to carry out such a study, ideally one would use a computerised tax-benefit (microsimulation) model which could assess the impact of different changes in the Dibao standard, the labour market impacts and the financial costs. See Ireland (2001) for an example of how this was done in a European country using a micro-simulation model. In Poland, the SIMPL micro-simulation model has been developed with support of the Polish Ministry of Labour and Social Policy. In China, Golan et al. (2015) used both administrative data and data from the China Household Income Project (CHIP) to simulate the impact of policy changes on the rural Dibao scheme.

4. Targeting of Dibao

Targeting is a key issue in the implementation of any minimum income payment. If Dibao is to achieve its objectives it must be appropriately targeted. For example, it is important to know the extent to which Dibao currently has an impact on reducing poverty (however defined). This issue is closely linked to setting the appropriate standard because it will inform the debate as to the relative importance of raising the Dibao standard as opposed, for example, to broadening the reach of the Dibao payment. This section looks at issues concerning targeting of Dibao drawing again on best international practice.

4.1 Targeting of Dibao

Targeting of Dibao is critical to the implementation of an appropriate minimum income standard. There would be no point in spending time and resources on establishing a scientific standard if the targeting of a benefit was very poor so that, in practice, benefits were paid to persons whose incomes were over the standard. Therefore, many countries carry out research as to the targeting of their minimum income benefit and the extent to which such targeting gives rise to ‘inclusion’ and ‘exclusion’ errors. An ‘inclusion’ is one in which the minimum income benefit is paid to individuals who were not intended to be beneficiaries. An ‘exclusion’ occurs when intended beneficiaries do not receive the minimum income payment.

World Bank studies found that there was considerable variation in targeting performance across municipalities (Ravallion, 2009). Studies suggest that while most of those who receive urban Dibao are poor, a significant percentage of urban poor do not receive Dibao. These studies are supported by a range of other studies which indicate that there are significant numbers of urban poor who should qualify for Dibao but do not (e.g. Gao and Zhao, 2012). It should be noted that similar levels of exclusion error are also found in similar programs in other countries. However, a further issue arises in that studies have found that even if families participated in Dibao, they often did not receive the full amount of benefits to which they were entitled (Gao and Zhao, 2012).

A recent World Bank study of the rural Dibao scheme found ‘rather large inclusionary and exclusionary targeting errors’ (Golan et al., 2014). This may, in part, be due to the relatively recent introduction of the rural scheme in contrast to the more mature urban system and/or because of a greater level of administrative discretion operating in the rural scheme.

One issue in relation to the targeting of Dibao is that it is clear that the local administrators exercise significant discretion in deciding who is entitled to Dibao (see, for example, Lei, 2014; Meng, 2009a and b; Solinger and Hu, 2012). While there are certain advantages in the exercise of such

discretion at a local level, at the same time, the widespread exercise of discretion makes it more difficult for the central authorities to ensure that Dibao is granted in a consistent manner across China and that inclusion and exclusion errors are reduced to a minimum.

In terms of the Dibao standard, the correct targeting of Dibao is clearly very important. The impact of improving and standardising the standard may be lost if targeting of Dibao is not effective. Therefore, this is an area where ongoing research would be necessary to monitor the targeting with perhaps specific targets being set by MoCA and monitored in annual assessment reports of Dibao administration at a local level.

4.2 Poverty reduction impact

The XIIIth Five-Year Plan (2016-2020) has set an important objective of poverty alleviation and has stated that the Chinese Government wants to eliminate poverty by 2020. Given that Dibao is the main social protection payment for those most in need, this raises the important question as to the role which Dibao should play in achieving this objective. Clearly, in order to support reaching the XIIIth Five-Year Plan target, it will be important that Dibao should be targeted at those in poverty (as defined for the purposes of the Five-Year Plan).

As noted above, in section 1, the EU Social Protection Committee currently measures the impact of social protection spending (including minimum income benefits) on poverty in each of the Member States. The results of this evaluation have recently been published by the Social Protection Committee (2015) in a report entitled “*Social protection systems in the EU: financing arrangements and the effectiveness and efficiency of resource allocation*”.¹¹ This report shows that overall social transfers reduced poverty by 37.5% on average in the European Union. However, there was significant variation between the impact in one country to another. This varies from only 14% in Greece to 60% in Ireland. The extent to which social benefits have an impact on poverty is affected by a number of factors including the level of spending but also by the extent to which social transfers are targeted on those in poverty. For example, the Irish system scores very highly under this assessment because Irish social transfers are more means-tested than those in many other EU countries and, therefore, are more closely focussed on those in poverty.

A number of Chinese studies have looked the extent to which urban and rural Dibao has had an impact on poverty levels. Of course, this will vary regionally given the regional variations in policy and will also vary over time in line with the maturing of the Dibao systems. Gao (2013) found that Dibao ‘lowered the [absolute] poverty rate, gap, and severity in Shanghai significantly but was unable to eliminate poverty.’ Similarly, Wu and Ramesh (2014) found that Dibao had ‘contributed significantly to poverty eradication in urban areas in the country’. Gao et al (2015) found that ‘[urban] Dibao had significant poverty reduction effects’ but also found that ‘Dibao was unable to eliminate poverty among its target population, with notable poverty rate, gap, and severity remaining’. The authors’ proposed policy reforms should focus on the improvement of Dibao’s anti-poverty effectiveness by better targeting, narrowing the benefit gap and addressing not only the poverty rate but also the poverty gap and severity.

This is obviously a very important issue and would require further research across China to measure how well the local Dibao systems are targeted so as to inform policy development.

5. Assessment of means – income & assets

Assessment of income and assets is a key issue in the successful implementation of a minimum income payment. Unless the implementing agencies are able to assess means in a credible manner, it will be difficult to target the payment successfully and to target those below the Dibao standard.

¹¹ Available at <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7743&visible=0>

This section looks at the improvements which might be made in the assessment of income in China by drawing on best practice in parts of China and in European Union countries.

5.1 General approaches in European Union countries

In European Union countries, there are a wide range of different approaches to means-testing (i.e. assessment of means) (MISSOC, 2011; 2013). However, in general the following income is taken into account:

- Rights/actions concerning property including personal property (moveable assets, capital that can be withdrawn, etc.);
- Income and (other) benefits (earnings from work, legal support from spouse; other social protection benefits, etc.);

As we have seen, many countries allow for the possibility of exempting certain resources.

In general, the approach to means testing is set out in Laws and Regulations. Detailed guidelines are often provided for implementing agencies on the approach which they should take. For example, in the United Kingdom, the Department of Work and Pensions has developed very detailed ‘Decision Makers Guides’ to explain the law to the staff responsible for implementation of the minimum income payment.¹²

European Union experience shows that it is important that there be clear rules and standardised procedures as to *what* income and assets are taken into account. There also need to be clear rules for the implementing agencies as to *how* these bodies should assess income to ensure that this is done in a standardised and thorough format.

5.2 Data sharing

In particular, social security agencies in European Union countries (and indeed in a wide range of developed and developing countries) increasingly recognise the need to share data with other data holders with information on income and assets, e.g. property data, car registration, pensions and social insurance database, tax, life events (death), etc. This allows the authorities implementing the minimum income payment to co-ordinate with the information on income and assets in other official databases and to ensure that the information provided is accurate. It also allows the authorities to co-ordinate with databases of life events (e.g. births, deaths, marriages) to ensure, for example, that once a person is registered as dead, payments in respect of that person are terminated.

There are several good examples of data sharing in European Union countries, e.g. Romania, and Slovenia. In Slovenia the recent reform of the minimum income payment (Financial Social Assistance Act 2012) includes simplified systems supported by a centralised information system. Albania (an EU applicant country) has recently reformed its minimum income and it has also established a system of data sharing so that the State Social Services which administer the benefit can access information in other government databases to assist in this process.

Indeed, there are also good examples in China which should be rolled out to all areas, e.g. the Family Economic Situation Assessment Centre (e.g. Shanghai). These examples are discussed in more detail in the national reports.

6. Policy recommendations

6.1 Standardised methodology for setting the Dibao standard

There would appear to be strong arguments for MoCA to provide national guidelines to local governments as to the methodology to be used in setting the Dibao standard. Based on a review of

¹² <https://www.gov.uk/government/collections/decision-makers-guide-staff-guide>

the possible approaches, it would seem to be most appropriate to base the Dibao standard on local consumption expenditure (possibly the data for the low income group). Further studies would be necessary to establish the availability and reliability of data at a local level and to establish a more detailed methodology.

Recommendation: MoCA should develop and adopt a methodology for setting the Dibao standard which should be included in the legislative provisions.

6.2 A benchmark for Dibao

In addition to establishing a standard methodology, there is also an argument for setting a specific benchmark for the Dibao standard. This might be a set figure or might provide a range within which local authorities would set their local Dibao standard. Having such a benchmark would further ensure a greater level of consistency across China and would also allow MoCA to vary the level of Dibao over time in response to social and economic developments.

There are, of course, a wide range of possibilities in terms of how binding the benchmark might be. It could, for example, be allowed that the local governments could vary to some extent from the benchmark based on (exceptional) local factors such as the state of the labour market or financial capacity.

In order to set the precise level of the benchmark (or range), further studies will be required as to the impact on poverty, the financial costs, and (insofar as it is relevant) the possible impacts on the labour market. Ideally this should involve the use of some form of microsimulation model.

Recommendation: MoCA should develop and adopt a benchmark for the Dibao standard which should be included in the legislative provisions. This study should utilise micro-simulation modelling.

6.3 Indexation

Where a benchmark is set as a percentage of, for example, consumption expenditure, it is not strictly necessary to have a separate means of indexation, as the benchmark will be updated automatically. Where, however, the benchmark is not such a percentage or where there is a gap before data may be available to update the benchmark (as in Germany), it is necessary to have some form of indexation. In most European Union countries which set a specific mechanism, indexation is related to changes in the consumer price index. In most countries in recent years, wages have tended to rise more rapidly than prices and indexation to prices alone gives rise to a widening gap between the Dibao standard and average earnings. In order to counteract this trend, some countries (e.g. Germany) also take into account changes in earnings in indexing the Dibao standard.

6.4 Targeting of Dibao

In terms of the Dibao standard, the correct targeting of Dibao is clearly very important. The impact of improving and standardizing the standard may be lost if targeting of Dibao is not effective.

Existing studies of the urban Dibao system would suggest that while most people who get Dibao are poor, many poor people do not receive Dibao. In addition, a World Bank study of the rural Dibao scheme would suggest that targeting is quite weak. Therefore, this is an area where ongoing research would be necessary to monitor targeting with perhaps specific targets being set by MoCA and monitored in annual assessment reports of Dibao administration at a local level.

Recommendation: MoCA should carry out research on targeting of Dibao and, on the basis of that research, should set targets for local governments which would be monitored in annual assessment reports.

6.5 Impact on poverty

The XIIIth Five-Year Plan (2016-2020) has set the objective of poverty reduction. Dibao should play an important role in achieving this objective. Therefore, it will be important to monitor the impact which the urban and rural Dibao systems are having on poverty in order to inform the future development of poverty.

Recommendation: MoCA should carry out research on the impact on poverty of Dibao in different areas to inform future policy development.

6.6 Assessment of means

Assessment of income and assets is a key issue in the successful implementation of a minimum income payment. Unless the implementing agencies are able to assess means in a credible manner, it will be difficult to target the payment successfully and to target those below the Dibao standard. In European Union countries, the following income is, in general, taken into account:

- Rights/actions concerning property including personal property (moveable assets, capital that can be withdrawn, etc.);
- Income and (other) benefits (earnings from work, legal support from spouse; other social protection benefits, etc.);

In general, the approach to means testing should be set out in Laws and Regulations and detailed guidelines should be provided for implementing agencies on the approach which they should take in order to improve both effectiveness and transparency. European Union experience shows that it is important that there be clear rules and standardised procedures as to *what* income and assets are taken into account. There also need to be clear rules for the implementing agencies as to *how* these bodies should assess income to ensure that this is done in a standardised and thorough format.

Recommendation: MoCA should develop clear definitions of the income and assets to be included in the Dibao means test and these should be included in the legislative provisions

Recommendation: MoCA should develop standardised guidelines for the implementation of these rules at a local level.

6.7 Data sharing

In particular, social security agencies in European Union countries (and indeed in a wide range of developed and developing countries) increasingly recognise the need to share data with other data holders with information on income and assets, e.g. property data, car registration, pensions and social insurance database, tax, life events (death), etc. This allows the authorities implementing the minimum income payment to co-ordinate with the information on income and assets in other official databases and to ensure that the information provided is accurate. It also allows the authorities to co-ordinate with databases of life events (e.g. births, deaths and marriages) to ensure, for example, that once a person is registered as dead, payments in respect of that person are terminated.

This is an area where China could improve the effectiveness and efficiency of its Dibao system by drawing on EU best practice. Indeed, there are also good examples in China which should be rolled out to all areas, e.g. Family Economic Situation Assessment Centre (e.g. Shanghai).

Recommendation: MoCA should develop data sharing protocols drawing on EU experience and on best practice in cities such as Shanghai

Recommendation: MoCA and the EU SPRP should consider establishing a pilot project to improve assessment of means at a local level in line with the above recommendations.

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Annex: EU Member State Names and country codes

Name in English	Official name in English	Country code
Belgium	Kingdom of Belgium	BE
Bulgaria	Republic of Bulgaria	BG
Czech Republic	Czech Republic	CZ
Denmark	Kingdom of Denmark	DK
Germany	Federal Republic of Germany	DE
Estonia	Republic of Estonia	EE
Ireland	Ireland	IE
Greece	Hellenic Republic	EL
Spain	Kingdom of Spain	ES
France	French Republic	FR
Croatia	Republic of Croatia	HR
Italy	Italian Republic	IT
Cyprus	Republic of Cyprus	CY
Latvia	Republic of Latvia	LV
Lithuania	Republic of Lithuania	LT
Luxembourg	Grand Duchy of Luxembourg	LU
Hungary	Hungary	HU
Malta	Republic of Malta	MT
Netherlands	Kingdom of the Netherlands	NL
Austria	Republic of Austria	AT
Poland	Republic of Poland	PL
Portugal	Portuguese Republic	PT
Romania	Romania	RO
Slovenia	Republic of Slovenia	SI
Slovakia	Slovak Republic	SK
Finland	Republic of Finland	FI
Sweden	Kingdom of Sweden	SE
United Kingdom	United Kingdom of Great Britain and Northern Ireland	UK



Annex

Report on national and local financing - budget distribution for Social Assistance

Introduction

This report forms part of topic 3.2.1 of Component 3 of the EU China Social Protection Reform Project: An analysis of the calculation and adjustment of Dibao (minimum income) standards.¹

The specific requirements (set out in the Terms of Reference) were to provide a Report on national and local financing - budget distribution for Social Assistance (minimum income).

The structure of the report is as follow: Section 1 discusses the approach to funding of minimum income in the European Union looking, in particular, at France and Germany. Section 2 looks at examples which national governments have adopted in an attempt to use some ‘scientific’ approach to the distribution of resources to local governments (fiscal equalisation).

Annex 1 provides some detail on experiences in the USA.

1. National and local responsibilities for minimum income schemes in the EU

1.1 Comparing the European Union and China

In considering the European experience, it is important to bear in mind that there are many structural differences – demographic, economic and political – between China and the European Union. For example, the population of the largest EU states is about the same as a large Chinese province. On the other hand, the level of economic development in the EU is significantly higher than that which has currently been achieved by China and there are significant differences in the structure of employment. Chinese statistics indicate that about 40% of the workforce is employed in primary industry (agriculture). In contrast, in most EU countries well below 10% of the workforce is engaged in agriculture (in France and Germany this is 2-3%). The EU is not, unlike China, a single nation but is rather a quasi-federal arrangement involving limited sharing of sovereignty in certain policy fields by a group of nations. The EU itself (unlike the central Chinese government) has limited competence in relation to social protection matters and responsibility for social protection policy remains primarily a matter for the Member States. However, there are important recent developments in this area with the establishment of the Open Method of Coordination (OMC)

1.2 Introduction to EU countries

EU Member States adopt different approaches to the internal division of responsibilities for social protection policies. In most European countries, social protection services started off at municipal and local level. For example, in the United Kingdom, social assistance was originally organised at the parish level (a small administrative district). However, over time, the planning and administration of social protection moved towards the national level. This was particularly the case with the introduction of social insurance schemes which were generally legislated for at a national level and which, in several countries including Germany, played an important role in nation and state-building. After an initial overview, we will look in more detail at France and Germany below.

1.3 Minimum income schemes

Unlike the situation in China, in most EU countries, minimum income policies are generally set at national level. However, in a few countries decisions are made jointly at national and regional/local level and in some other countries decisions are made primarily at regional or local level (see Table 1) (Frazer and Marlier, 2016).

Table 1: Level of governance at which policy decisions are made about MI schemes

Exclusively or almost exclusively national	National and regional/local jointly	Exclusively or almost exclusively regional/local
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¹ Dibao is short for *zuidi shenghuo baozhang* [Minimum life guarantee].

BE BG CY CZ DE DK EE AT FI LT SE ES IT
 EL FR HR HU IE LU LV
 MT NL PL PT RO SI SK
 UK

Administration of minimum income schemes is somewhat more devolved. In slightly over half of the countries, responsibility for the delivery of minimum income benefits is devolved to the regional or local level and in about a third of the countries responsibility is shared between the national and regional/local levels. However, in a few countries responsibility remains at the national level (see Table 2).

Table 2: Level of governance responsible for delivery of MI benefits

Exclusively or almost exclusively national	National and regional/local jointly	Exclusively or almost exclusively regional/local
CY FI HR IE LI MK MT UK	BG DE EL FI FR HU LU SK	AT BE CH CZ DK EE ES IT LT LV NL

It is reported that financing is fully ensured by the State in a majority of countries (LU, PT, UK, IE, CY, MT, LT, SI, CZ, PL and BG) while in others there is a mixed system of financing involving central state and regions (generally a predominant part of State funding) (DK, NL, BE, DE, FR, EE, SK) or only by regional and local authorities (ES, FI, SE, LV, RO).

France and Germany have been selected for this report as examples of the approaches adopted. Both are amongst the largest Member States (populations of 66 million and 80 million respectively). France is generally seen as being a highly centralised state while Germany is a federal state with the *lander* (states) having significant powers.

1.4 France

There are four levels of administration in France: National, Regional, *Department* (county), and communal. Each ministry has its own agency at the regional and Department levels. Each Region and Department has a *Préfet* who represents the National Government and coordinates state agencies. The state system co-exists with locally elected bodies including 26 regional councils (regional level), 101 general councils (Department level) and 36,000 municipal councils (communal level). These bodies have their own administrative agencies and reserved fields of intervention, as well as areas of jurisdiction which overlap with those of the State.

The French social protection system includes several insurance schemes (including health, maternity, disability and death; family; old age pension; etc.); an unemployment scheme; and a range of ‘solidarity’ or social assistance payments which are discussed in more detail below. In recent decades (1983-2004), there have been a number of moves towards decentralisation in France and this has had some impact on social protection. In particular, the French minimum income payment (revenu de solidarité active (RSA)) is the responsibility of the *department*. The *department* is also responsible for payments to people with disabilities, as well as for social assistance to children and older people. Including all types of social aid, in 2013 *departments* provided some form of support to about 3.5 million people. However, the responsibility for the legislation remains at a national level and the national level sets the amount of the minimum social payments and the conditions of entitlement. Studies of the decentralisation of the minimum income payment suggest that its implementation has been ‘problematic’ (Eydoux, 2013; Eydoux and Tuchsirer, 2011). This is due to the limited financial capacity at departmental levels and weaknesses in terms of the definition of competencies between the national and departmental level.

Decentralisation involved transferring a small proportion of the revenue from a national petroleum tax (TIPP) to local governments. Eydoux (2013) states that the transfer of funding from central to local level in relation to the transfer of responsibility for the minimum income payment has been problematic and without a correction mechanism to take into account the additional costs involved.

1.5 Germany

The Federal Republic of Germany consists of sixteen states (*Länder*) in a governance arrangement of "co-operative federalism". In practice, this means that the federal government and the governments of the sixteen *Länder* have to work together politically, as well as administratively. Thus, there is a division of labour between the federal, the subnational *Länder*, and the local governments: County and local governments, by and large, are responsible for policy implementation, whereas decision-making is the prime tasks of the federal government acting in close co-operation with Germany's Second Chamber, the *Bundesrat*, which constitutes the representative forum of the German *Länder*.

The social protection system in Germany consists of two pillars:

- a social insurance system tied to formal employment with benefits or services in recognition of peoples' contributions and
- a tax-funded unemployment and social assistance system to guarantee a minimum subsistence level.

In relation to the minimum income/unemployment system, a recent reform (Hartz IV) has led to changes in relation to the role of the *Länder* and municipalities. This involved a major reform of the system of social assistance and of the labour market administration with an amalgamation of some benefits and services provided by the federal and municipal levels. The municipalities now pay for the majority of the costs of housing the long term unemployed, while cash assistance is paid by the central state. In addition, local job-centres have been created with services co-funded and co-administered by municipal assistance departments and staff from the local offices of the hierarchical system of labour market administration.

2. Fiscal equalisation and ear-marked grants

In general, the division of responsibility between national and local levels in the EU in relation to minimum income payments has not been based on a very scientific basis (as discussed above) or has been based on historical spending levels.² In this section we review briefly the general literature of fiscal equalisation and look at some relevant examples of countries which have adopted a more scientific approach.

2.1 Fiscal transfers between different levels of government

The experience in relation to fiscal transfers between different levels of government and approaches to fiscal equalisation has been studied by the OECD (Joumard and Mathis Kongsrud, 2003). The OECD study recognises the importance of such transfers in equalising revenue across sub-national units and, for example, in allowing poorer regions to provide appropriate levels of public services. However, the review found that "measuring economic externalities or defining minimum spending levels to reach a given quality for public services, so as to set the contribution rates from the central government at an appropriate level has proved to be extremely difficult".

In other words, while the need for such transfers is clear, it has proved difficult to identify the optimal level and structure for such grants so as to allow local governments to provide appropriate services without creating incentives for under- or over-spending at a local level or creating an extremely complicated system.

² The same approach has been adopted in the USA in relation to its minimum income payment (see Annex 1).

2.2 Examples of fiscal equalisation

Nonetheless, there are several examples of approaches which might be of assistance in the Chinese context. For example, in Serbia, funding for local government in relation to social welfare services is based primarily on a per capita basis (i.e. proportionately to the share of each local government unit in the overall number of inhabitants in the Republic of Serbia). In addition, there is a system of equalisation grants which make up to 15% of total grants. The equalization grant funds are allocated by the criteria specified in law. The criteria are (i) the level of development and (ii) the size of the jurisdiction, measured by population density. This grant fund is received only by local government units that are below the average level of development and/or the average population density.

As set out in Annex 1, funding of Medicaid in the USA is based largely on per capita expenditure in each state in relation to the average per capita income in the USA. In the case of the US equivalent of Dibao (TANF) although national expenditure is based primarily on historical data, a 'compensation' fund has been established which provides additional funding based on levels of unemployment and need in the state.

At a more general level, the European Union Cohesion Policy³ provides support to different EU regions depending on their level of development. Regions are categorised as

- Less Developed regions (GDP < 75% of EU-27 average)
- Transition regions (GDP 75% to 90% of EU-27 average)
- More Developed regions (GDP > 90% of EU-27 average).

However, the EU has no role in relation to funding of minimum income schemes at national level as this remains a Member State competence (for a discussion of the issue involved see Vandembroucke, et al, 2012).

2.3 Conclusions & recommendations

In general, the division of responsibility between national and local levels in the European Union in relation to minimum income payments has not been based on a very scientific approach. Nonetheless, there are examples from European and other countries of the approach to the division of responsibility between national and local government which would be of assistance in a Chinese context. These include allocations based on population and levels of economic development.

Further study would be required by MoCA to establish the most relevant criteria in the case of Dibao. These might include population in the local region, average income (or GDP per capita) in the region, and some indication of local unemployment and/or poverty. The impact of any such criteria (once established) should be carefully monitored to identify their impact on policy trends (e.g. on the numbers on Dibao and other social benefits).

³ EU Cohesion Policy provides support to regions in relation to the EU goals of growth and jobs, as well as tackling climate change, energy dependence and social exclusion.

Annex 1: Experience of the USA

It is perhaps interesting to compare China with the situation in the USA (population 320 million). The USA is a federal system and responsibility for social protection policies is shared between the Federal Government and the State level. In some cases, (such as old age pension and disability insurance), the systems are almost entirely Federal. The laws setting out all the details of these schemes are adopted by the Federal Government and funding is provided by Federal taxes (although there is some element of state involvement in the administration of the schemes). In other areas (such as workers' compensation, i.e. benefits for injuries at work), the responsibility is entirely at State level. The laws in relation to workers compensation are adopted at State level and the schemes are funded by the states.⁴ However, there are also a number of interesting examples of federal-state co-operation in the field of social protection, e.g. unemployment insurance (UI), social assistance (TANF) and Medicaid (the provision of health care to low income persons).

1. Medicaid

The Medicaid program is jointly funded by the Federal Government and the States. The Federal Government pays the States for a specified percentage of program expenditures, called the Federal Medical Assistance Percentage (FMAP). FMAP varies by state based on criteria such as per capita income. The regular average state FMAP is 57% of total expenditure, but ranges from 50% in wealthier States up to 75% in States with lower per capita incomes (the maximum regular FMAP is 82 %). In general terms, FMAP is based on the per capita income of each State in relation to the per capita income of the United States as a whole. In addition, the law provides that a State's FMAP must be adjusted if it experiences positive or negative growth in total personal income. FMAPs are adjusted for each State on a three-year cycle to take account of fluctuations in the economy.

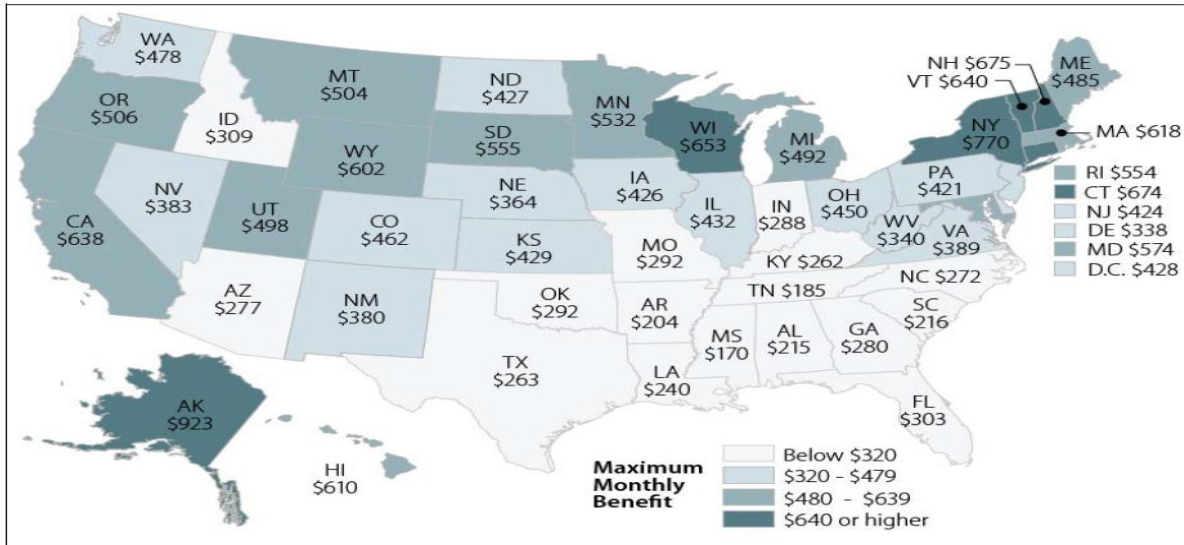
2. Temporary Assistance for Needy Families

Temporary Assistance for Needy Families (TANF) is a program that provides cash assistance and supportive services to assist families with children (Falk, 2013). It is a form of minimum social assistance (Dibao). Federal law sets out the objectives of the system and imposes certain requirements on the States which wish to participate. TANF funds must be used for families in financial need and who have a qualified child.

Federal law also applies 'work requirements' so that States must ensure that 50% of all families and 90% of two-parent families must be 'engaged in work'. TANF also has a time limitation and funds cannot be used to provide assistance to a family for more than 60 months (subject to some exceptions). Otherwise States are free to set eligibility rules and to set the appropriate amount of benefit which varies greatly from one State to another (see below).

TANF Maximum Monthly Benefits for a Single Parent Caring for Two Children, by State, July 2012

⁴ This is largely for historic reasons as the schemes of workers compensation were established before the establishment of a national social security system in 1935.



In theory TANF participation is voluntary though in practice all States participate. TANF is co-funded by the Federal Government and the States. Federal funding is provided by way of block grants. In the case of non-compliance by the States with the Federal rules, a certain amount of the block grant may be withheld. The amount of Federal funding is not set in any scientific manner but rather is based primarily on historical levels of spending prior to the introduction of the TANF scheme.

This led to concerns that the fixed basic grant under TANF might be inadequate during economic downturns. Therefore, the law established a \$2 billion TANF contingency fund. To draw upon contingency funds, a State must both (1) meet a test of economic “need” and (2) spend from its own funds more than it previously spent on TANF’s predecessor programs. For the purposes of the TANF contingency fund, a state meets the “economic need” test if

- (i) its seasonally adjusted unemployment rate averaged over the most recent
- (ii) three-month period is at least 6.5% *and* at least 10% higher than its rate in the corresponding three-month period in either of the previous two years; *or*
- (iii) its Supplemental Nutrition Assistance Program (also known as food stamps) caseload over the most recent three-month period is at least 10% higher than the adjusted caseload in the corresponding three-month period prior to the introduction of TANF.

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Annex 2: EU Member State Names and country codes

Name in English	Official name in English	Country code
Belgium	Kingdom of Belgium	BE
Bulgaria	Republic of Bulgaria	BG
Czech Republic	Czech Republic	CZ
Denmark	Kingdom of Denmark	DK
Germany	Federal Republic of Germany	DE
Estonia	Republic of Estonia	EE
Ireland	Ireland	IE
Greece	Hellenic Republic	EL
Spain	Kingdom of Spain	ES
France	French Republic	FR
Croatia	Republic of Croatia	HR
Italy	Italian Republic	IT
Cyprus	Republic of Cyprus	CY
Latvia	Republic of Latvia	LV
Lithuania	Republic of Lithuania	LT
Luxembourg	Grand Duchy of Luxembourg	LU
Hungary	Hungary	HU
Malta	Republic of Malta	MT
Netherlands	Kingdom of the Netherlands	NL
Austria	Republic of Austria	AT
Poland	Republic of Poland	PL
Portugal	Portuguese Republic	PT
Romania	Romania	RO
Slovenia	Republic of Slovenia	SI
Slovakia	Slovak Republic	SK
Finland	Republic of Finland	FI
Sweden	Kingdom of Sweden	SE
United Kingdom	United Kingdom of Great Britain and Northern Ireland	UK

Chapter 3: Topic 3.3.1 Social Assistance for Specific Vulnerable Groups (SASVG) - Services for Children, the Elderly, People with Disabilities, with Special Focus on Poor Rural People

3.3.1 Social Assistance for Specific Vulnerable Groups (SASVG) - Services for Children, the Elderly, People with Disabilities, with Special Focus on Poor Rural People
Assessment Report

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Acronyms

ACWF	All China Women Federation
CPC	Chinese People's Congress
Dibao	Minimum Subsistence Allowance Program
FG	Five Guarantee Scheme
MoCA	Ministry of Civil Affairs of the People's Republic China
NRMC	New Rural Medical Cooperative program
SA	Social Assistance
SASVG	Social Assistance for Specific Vulnerable Groups
SVG	Specific Vulnerable Groups
Three None's	People with no ability to work, no source of income, and no statutory obligors to provide for them
Wubao	"Five Guarantee" in Chinese Pronunciation
RDOPRP	Rural Development Oriented Poverty Reduction Program

Introduction

Although China has become the second largest economy in the world, it is still largely an agricultural society. The rural population accounts for 50% to 60% of the total population under different criteria. Due to urban-rural dualistic economic characteristics formed under the planned economy, the living standards and the level of social security of the rural population are lower than that of the urban population. Under the background of urbanization, the livelihoods of rural-urban migrants are full of risks and uncertainties. Until now, the majority of China's poor population has remained in rural areas.

In this century, especially since the 18th CPC National Congress, social assistance for the rural poor has been highly valued by the Chinese Government. Among the rural poor, the majority belongs to the income poverty group and some of the remainder, about 7% to 8%, belongs to the physiological poor group. For these people, such as the elderly, children and people with disabilities, a lack of an income source and physical difficulties are their main characteristics. They are the most vulnerable groups and generally referred to as the Specific Vulnerable Group (SVG).

In 2014, Specific Vulnerable Groups were referred to as persons who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory guardians to provide for them or the "three None's" Group referred to in the Five Guarantees scheme (FG), in the "Interim Measures for Social Assistance" and to whom social assistance should be provided. The "Social Assistance to Specific Vulnerable Group" (SASVG) system is the continuation and development of the traditional Five Guarantees. 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 defining and distinguishing the specific vulnerable group, the mode of social assistance and its effects.

Key terms used in this Report:

Social Assistance to Specific Vulnerable Group (SASVG) is listed in Chapter 3 – "Support to Specific Vulnerable Group" in the latest "Interim Measures for Social Assistance" which were issued on May 1, 2014. This scheme covers both the urban and rural areas.

Five Guarantee Scheme (FG) or Wubao, is a traditional and popularly known social assistance scheme. Updated by the "Regulations on the Rural Five-Guarantee Scheme" in 2006, "five guarantees" can be simply understood as guarantees in the five aspects of food, clothing, fuel, education and burial expenses. This scheme covers only rural areas.

Specific Vulnerable Group (SVG), used as general category in SASVG and refers to those who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory guardians to provide for them or the “three None’s” Group referred to in the Five Guarantees schemes. Because the standards for financial support and the types of support and the supporting organization are different between the aged, the disabled or those under the age of 16, in local practice now, the Five Guarantees scheme usually only refers the aged “three None’s”, or SVG aged. For SVG (three None’s) who are disabled and for children under the age of 16, they are supported by specific organizations in higher financial standards.

List of main legal provisions and regulations related SVG:

- *Regulations for the Rural Five-Guarantee Work*
- *Interim measures for Rural old-age home management.*
- *Regulations for the Rural Five-Guarantee Scheme.*
- *Measures for the administration of the rural five guarantees service agencies*
- Etc.

1. Comparative Analysis of the General Social Assistance System (For General Poor People) and Social Assistance for the Specific Vulnerable Groups

1.1 From the Traditional Rural “Five Guarantee” Program to Social Assistance for the Specific Vulnerable Group (SASVG)

The Chinese Government has been making great efforts to establish a new rural welfare system to protect the vulnerable groups. FG recipients are undoubtedly some of the most vulnerable citizens in rural China. In the rural areas of China, as the traditional source of living security is mainly farmland security and family support, in the 1950s the Government established the *five-guarantee scheme* to support those people (mainly the elderly, disabled, and minor below 16 years old) who have no ability to work, no source of income and no statutory guardians to look after them, or whose statutory guardians have no ability to look after them. In 1956, the First National People’s

Congress (NPC) published a directive entitled “Exemplary Charter for Advanced Rural Cooperatives” in which the rural communes were required to provide to farmers in extreme need the so called “five guarantees” including food, clothing, fuel, education and burial expenses, and who had absolutely no responsible kin to care for them or who were too old, too young or too sick to support themselves. Since then, this vulnerable group has been called the “Five-Guarantee Households” (FGHs).

In 2006, the State Council issued the “*Regulations on the Rural Five-Guarantee Scheme*” to reinforce this scheme. The “*Regulations on the Work for Providing the Five Guarantees in the Rural Areas*” was adopted at the 121st Executive Meeting of the State Council on January 11, 2006, was then promulgated and became effective on March 1, 2006. These Regulations are formulated for the purpose of successfully implementing the work of providing FG in the rural areas, ensuring a normal life to persons enjoying the FG in rural areas and promoting the development of the social security system in rural areas. Article 6 indicates that villagers who are aged, disabled or under the age of 16 and have no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them, shall enjoy FG in the rural areas.

The “Interim Measures for Social Assistance” were issued and came into force on May 1, 2014. As such, Chapter Three of the “Measures” – “*Support for the Especially Poor*” contains the Five Guarantees. Article 14 stipulates that the State shall grant support to the especially poor, i.e. the elderly, the disabled and minors under 16 years of age who have no persons with statutory obligations to support aging parents, children, or other persons or persons with statutory obligations to support do not possess the capacity to support them. Article 15 indicates that the support of the

especially poor includes: (1) providing basic living conditions; (2) looking after those who cannot take care of themselves; (3) providing disease treatment; (4) handling funeral matters. It is stipulated that the support standard should be determined and announced by the People’s Government of each province, autonomous region, municipality, or city with districts. Support for the especially poor shall be integrated with the systems of pension insurance for urban and rural residents, basic medical insurance, the minimum subsistence guarantee and the basic living guarantee for orphans.

1.2 Rural Development Oriented Poverty Reduction Program

After the “Reform and Opening Up”, especially since the development of a market economy, the Five Guarantees Scheme, which was based on the collective economy, had been significantly adjusted. In order to solve the problem of absolute poverty in the rural areas, China has launched a special program, the Rural Development Oriented Poverty Reduction Program (RDOPRP). It aims to build the capacity of poor people with development potential and willingness to overcome poverty since the mid-1980s. 500 million poor people have been lifted out of poverty. The main activities of this program include promoting industry, labor force training, improving living conditions and infrastructure of poor village, providing development finance loans and so on. By the end of 2014, there were about 80 million poor people in China and the poverty rate was 7.2%. However, the poverty distribution in China was uneven. Most of the poor are located in the central and western parts of China. For example, in 2014, there were six provinces, each of which still had more than 5 million poor people in rural areas. If we consider the poverty incidence rates in rural areas, Tibet (28.8%), Gansu (23.8%), Guizhou (21.3%), Xinjiang (19.8%), Yunnan (17.8%) are the poorest five provinces. These are all located in the western parts of China.

Table 1: Number of Rural Poor Population and the Poverty Incidence Rate by Province in 2013

Region	Poor Population (million persons)	Rural Poverty Incidence Rate (%)
National	82.49	8.5
Hebei	3.66	6.5
Shanxi	2.99	12.4
Neimenggu	1.14	8.5
Liaoning	1.26	5.4
Jilin	0.89	5.9
Heilongjiang	1.11	5.9
Jiangsu	0.95	2.0
Zhejiang	0.72	1.9
Anhui	4.40	8.2
Fujian	0.73	2.6
Jiangxi	3.28	9.2

Shandong	2.64	3.7
Henan	6.39	7.9
Hubei	3.23	8.0
Hunan	6.40	11.2
Guangdong	1.15	1.7
Guangxi	6.34	14.9
Hainan	0.60	10.3
Chongqing	1.39	6.0
Sichuan	6.02	8.6
Guizhou	7.45	21.3
Yunnan	6.61	17.8
Tibet	0.72	28.8
Shannxi	4.10	15.1
Gansu	4.96	23.8
Qinghai	0.63	16.4
Ningxia	0.51	12.5
Xinjiang	2.22	19.8

Source: Official website of the State Council Leading Group Office of Poverty Alleviation and Development,
<http://www.cpad.gov.cn/sofpro/ewebeditor/uploadfile/2014/04/11/20140411095556424.pdf>.

1.3 Minimum Subsistence Allowance System (Dibao)

In the short term, it is difficult to improve the living conditions and overcome poverty for a considerable part of the existing rural poor population through the Rural Development Oriented Poverty Reduction Program. For these groups, in 2007, the Minimum Subsistence Allowance System (Dibao) was established and implemented for the rural poor who meet the requirements, aiming to solve the subsistence problem of the rural poor population steadily, permanently and effectively. The target population of Dibao is those rural residents whose household per capita net income is below the defined local minimum living standard. Unlike the requirement of development capacity for the targeted population under RDOPRP, the coverage range of the population for Dibao is wider and it takes a direct financial support approach. Therefore, Dibao has become the mainstay of the social assistance programs in China's rural areas and attracted widespread attention.

The target population of Dibao is those poor people whose household per capita net income is below the defined local minimum living standard. According to the actual situation in different

places, Dibao also focuses on those who are in perennial difficulties because of illness, disability, poor health, no ability to work and poor living conditions.

The standard of Dibao is determined and executed by different local governments that are above the county level. The following aspects are primarily considered: (1) to maintain the local rural resident's basic necessities of food, clothing, water, electricity and other costs; (2) the local economic development level and financial situation; (3) the local price level.

Table 2: Rural Dibao Mean Standard and Expenditure by Province in 2014

Region	Mean Standard (thousand yuan)	Gross Expenditure (million yuan)	Monthly Received by benefit (yuan)
National		79332.06	125.29
Beijing	7.59	279.84	415.46
Tianjin	6.15	350.60	271.48
Hebei	2.54	3075.98	119.81
Shanxi	2.45	2551.43	146.71
Neimenggu	3.63	2962.27	198.74
Liaoning	3.20	1400.28	138.21
Jilin	2.47	1128.18	115.58
Heilongjiang	2.76	1998.73	141.08
Shanghai	7.56	143.23	381.19
Jiangsu	5.35	2959.84	194.94
zhejiang	5.69	1810.79	281.17
Anhui	2.83	3526.75	138.48
Fujian	2.73	1263.73	142.48
Jiangxi	2.64	2631.18	135.69
Shandong	2.94	4538.48	149.91
Henan	1.82	4860.70	103.68
Hubei	2.57	2822.46	102.75
Hunan	2.33	4011.84	111.79
Guangdong	3.84	3064.92	159.53

Guangxi	2.03	4223.90	102.91
Hainan	3.36	435.32	150.66
Chongqing	2.67	993.23	151.92
Sichuan	2.14	5362.70	103.45
Guizhou	2.12	5114.10	96.87
Yunnan	2.14	6600.16	118.75
Tibet	2.23	309.22	78.74
Shannxi	2.26	3114.66	135.25
Gansu	2.28	4469.69	109.8
Qinghai	2.21	716.56	150.4
Ningxia	2.28	560.00	122.44
Xinjiang	2.03	2051.29	127.94

Data Source: Official website of Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

At the national level, the gross number of Dibao recipients in 2014 was 52.09 million, of which, 34.8% were female, 39.6% were elderly, 11.1% were children and 8.5% were persons with a disability. Three south-western provinces, Yunnan, Sichuan and Guizhou have the most Dibao recipients (more than 4 million in each provinces) and followed by Henan, Gansu, Guangxi and Hunan (in the middle, northwest and southwest China) with more than 3 million Dibao recipients. Except for Henan Province, the other six provinces also have the most populous distribution of ethnic minority people.

Table 3: Characteristics of Rural Dibao Recipient Group of People by Province in 2014

Region	Number of Dibao Recipient Population(000's)	Female (000's)	Elders (000's)	Children (000's)	Disabilitie s (000's)	Number of Dibao Recipient Family(000 households)
National	52090.27	18172.61	20644.56	5782.46	4440.51	29391.59
Beijing	51.32	20.91	21.07	6.33	16.37	31.07
Tianjin	101.45	41.68	27.67	17.39	17.82	46.88
Hebei	2099.16	639.79	1230.86	116.82	172.09	1549.53
Shanxi	1407.03	503.67	805.20	67.15	149.31	1120.38

Neimenggu	1221.50	564.74	679.43	31.40	92.15	958.97
Liaoning	805.82	288.65	364.63	63.02	104.95	504.41
Jilin	790.47	373.80	439.83	27.22	58.10	597.53
Heilongjiang	1172.77	445.57	537.12	65.61	78.93	661.13
Shanghai	29.76	14.91	10.04	1.63	10.12	23.57
Jiangsu	1193.47	450.16	475.23	129.44	134.49	647.60
zhejiang	509.60	172.09	188.88	65.16	104.62	323.06
Anhui	2089.17	760.75	852.18	180.85	278.59	1194.50
Fujian	737.90	244.41	214.15	74.71	98.04	377.48
Jiangxi	1701.99	643.42	506.73	294.15	348.55	769.15
Shandong	2582.09	911.75	1503.92	160.53	212.45	1820.72
Henan	3952.57	1181.63	2022.90	310.45	360.02	3018.58
Hubei	2216.38	998.29	922.69	118.84	239.92	1479.56
Hunan	3158.58	941.96	1276.62	304.93	204.94	1791.64
Guangdong	1582.93	493.96	459.12	323.55	138.11	713.20
Guangxi	3319.00	949.19	1193.39	551.96	187.02	1306.49
Hainan	215.14	76.68	56.16	34.00	13.64	91.40
Chongqing	502.39	225.94	139.06	88.64	80.73	277.79
Sichuan	4257.11	1286.52	1869.22	452.32	355.85	2516.73
Guizhou	4183.15	1429.13	1446.26	648.34	247.67	1999.98
Yunnan	4589.41	1722.15	1358.58	539.76	262.90	2488.87
Tibet	323.44	119.05	143.76	66.91	15.27	118.32
Shannxi	1816.37	763.56	607.79	172.43	144.62	811.96
Gansu	3389.49	1133.57	712.27	541.41	164.23	1114.16
Qinghai	372.08	92.60	62.27	66.90	21.34	128.56
Ningxia	391.82	126.26	130.03	26.43	36.41	301.18

Xinjiang	1326.94	555.85	387.51	234.19	91.26	607.21
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Data Source: Official website of Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>

1.4 Medical Assistance and Temporary Assistance

To overcome the problems of temporary difficulties and poverty caused by illness which happened during the social transition period, the Chinese Government has increased its efforts of interim assistance and medical assistance to help the targeted population to cope with an emergency difficulty. For example, in addition to the needs of living assistance for people with a disability, medical assistance is one of the most common needs too. Based on the traditional Five Guarantee Scheme, the “Interim Measures for Social Assistance” issued in 2014 reaffirmed the responsibility of the State for the most disadvantaged groups of society, namely the Social Assistance for Specific Vulnerable Groups. This was still called as FG in most areas. According to “The Measures” the Government should provide social assistance to those who are aged, disabled or under the age of 16 and have no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them.

Table 4 Needs for Assistance of Rural Disabled Families

Unit: %	2007	2008	2009	2010	2011	2012	2013
Medical Assistance	69.1	66.8	66.2	63.5	63.6	62.3	59.7
Life Assistance	60.2	61.8	65.0	66.2	66.6	68.6	65.6
Recovery Assistance	37.9	35.6	32.0	30.5	29.4	29.8	27.5
Educational Assistance	14.7	12.7	13.9	13.2	11.3	10.2	9.3

Source: Author’s calculation based on data from the official website of the Ministry of Civil Affairs of the People's Republic of China.

Currently, the major rural social assistance programs include Minimum Subsistence Guarantee Program (Dibao), Support to Most Vulnerable Group or Five Guarantee Program (Wubao), Medical Assistance Program and Temporary Assistance Program, which are implemented under the Ministry of Civil Affairs social assistance system.

Medical assistance is a medical security system in which the Government grants special aids and economic support via financial, policy and technological supports and social charitable acts to poor people who cannot afford medical treatment or to people with financial difficulties due to the payment of high medical expenses. This attempts to offer them necessary health services, maintain their survival ability and improve their health. The targeted population for medical assistance should meet the following criteria: be poor, be a patient and not be able to pay medical expenses. Specific recipients include:

- (1) People having no ability to work, no source of income, and no statutory guardians to provide for them, effectively the “Three None’s”.
- (2) Rural residents who have an injury or illness caused by natural disasters.

- (3) Urban residents who have participated in the basic medical insurance, but had difficulties arising from medical expenses.
- (4) Unemployed patients and injured persons who have no ability to work and are from families that benefited from the Urban Residents Minimum Subsistence Allowance, the unemployed, elderly above 60 years of age with an injury or illness and juveniles under the age of 16 with an injury or illness.
- (5) Key groups that should be given special care, such as disabled veterans, bereaved old ex-service men and bereaved old members of a revolutionary martyr's family.
- (6) Other specific vulnerable people who have been assisted but still have difficulties financing medical expenses.

In 2014, Medical Assistance benefited 91.19 million people. Hospital assistance recipients were 11.066million people, outpatient assistance recipients were 12.887 million people and recipients under the New Rural Medical Cooperative program (NRMCP) were 67.237million people.

The total expenditure was 25.26 billion yuan, of which, the hospital expenditure, outpatient expenditure, and New Rural Medical Cooperative program (NRMCP) expenditure was 18.02 billion CNY, 2.4 billion CNY and 4.84 billion CNY respectively. The Medical Assistance standards for hospital, outpatient and NRMC were 1,628 CNY per patient, 186 CNY per patient and 72 CNY per person respectively. Medical assistance policy is also implemented to articulate NRMC in rural China. Medical assistance is delivered in three methods: (1) to hospital expenditure (71.3%); (2) to outpatient expenditure (9.5%); and (3) to pay for NRMC (19.2%).

Table 5 The Situation of Medical Assistance Recipients in 2014

Region	No. of Recipients Supported in Social Medical Insurance(000's)	No. of Recipients Supported in Rural Medical Cooperatives (000's)	No. of Recipients supported in medical expenses (000's)	Of which	
				Hospital fee (000's)	Outpatient fee (000's)
National	13109.11	41188.74	20366.70	9864.54	10502.16
Beijing	24.96	44.11	81.18	19.23	61.95
Tianjin					
Hebei	123.45	1577.55	248.74	188.46	60.28
Shanxi	591.22	1374.64	219.68	174.04	45.64
Neimenggu	649.35	1081.16	290.19	211.21	78.98
Liaoning	107.00	280.48	152.33	90.90	61.43
Jilin	260.57	358.86	348.73	206.28	142.44
Heilongjiang	1293.69	1303.90	626.24	283.87	342.37

Shanghai	70.03	9.78	76.20	36.25	39.95
Jiangsu	195.40	996.67	2236.39	481.48	1754.71
zhejiang	24.67	335.77	1871.72	566.23	1305.49
Anhui	514.29	2218.60	933.72	788.62	145.11
Fujian	53.87	555.20	809.25	233.91	575.34
Jiangxi	475.63	1253.01	991.09	356.26	634.83
Shandong	327.52	2221.24	268.07	236.75	31.32
Henan	502.60	2479.22	743.34	588.73	154.61
Hubei	1015.19	2402.92	918.70	754.56	164.13
Hunan	787.98	2189.22	698.34	462.23	236.11
Guangdong	851.70	846.56	883.41	254.01	629.40
Guangxi	215.91	2346.26	380.40	344.12	36.28
Hainan	48.92	141.02	84.62	44.45	40.17
Chongqing	619.57	1136.50	2599.73	637.70	1962.03
Sichuan	1597.07	4515.91	1616.58	1076.11	540.47
Guizhou	302.96	2814.20	273.28	258.30	14.99
Yunnan	922.91	4385.19	770.84	583.66	187.18
Tibet	30.55	21.98	39.48	37.38	2.10
Shannxi	104.11	707.27	360.64	268.67	91.97
Gansu	575.64	2454.88	290.35	207.72	826.33
Qinghai	156.08	283.99	289.45	113.53	175.93
Ningxia	90.93	209.19	267.88	113.34	154.55
Xinjiang	575.35	643.46	996.14	246.55	749.60

Data Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

Temporary assistance means emergency and transitional assistance provided by the State to households or individuals who live in strained circumstances due to emergency events, accidental injuries, serious diseases or other special reasons and are not covered by other social assistance systems for the time being or still have serious difficulties with their basic living after receiving

other social assistances. In October 2014, the Notice of the State Council on “Building the Temporary Assistance System in an All-round Way” (Guo Fa [2014] No.47) was issued, indicating that China had built temporary assistance system in an all-round way and would further consolidate the safety network of China’s people’s livelihood guarantee. Currently, the applicants for temporary assistance are restricted to the following five categories:

- Recipient families of Urban and Rural Minimum Subsistence Allowance (Dibao),
- targeted population of FG,
- urban and rural low income families,
- other families with special difficulties identified by Local Government,
- and rural migrant worker families that have worked more than one year at the migrated place and meet the requirements for identifying a low income family.

In 2014, Temporary Assistance benefited 6.507 million households (of which 3.172 million households were rural; 192,000 were non-residential and 1.168 million received emergency assistance). Total expenditure was CNY 5.76 billion. There are three methods of delivery of temporary assistance service:

- Fund support,
- Material support,
- Transfer and handover to other relevant programs.

Table 6 Situation of Temporary Assistance in 2014

Region	No. of Family Recipients (000’s)	By urban/rural		Residential		Type	
		Urban (000’s)	Rural (000’s)	Local Residents (000’s)	None-Local Residents (000’s)	Expenditure (000’s)	Emergency (000’s)
National	3017.97	1252.77	1765.20	2926.66	91.31	2499.50	518.47
Beijing	62.27	31.36	30.91	62.27		61.77	0.50
Tianjin	32.61	26.45	6.16	32.61		31.61	1.00
Hebei	39.07	10.61	28.46	37.98	1.09	29.87	9.20
Shanxi	109.92	27.77	82.15	104.26	5.66	88.57	21.36
Neimenggu	122.40	42.84	79.56	117.43	4.97	97.55	24.85
Liaoning	81.85	63.78	18.08	77.46	4.39	76.73	5.12
Jilin	75.65	47.67	27.98	75.65		75.52	0.13
Heilongjiang	57.67	28.52	29.16	56.96	0.72	44.41	13.26

Shanghai	314.22	313.78	0.45	314.22		261.14	53.08
Jiangsu	266.07	97.35	168.72	263.55	2.51	228.37	37.70
zhejiang	87.14	18.53	68.61	86.56	0.58	74.49	12.65
Anhui	81.88	31.92	49.96	80.70	1.18	68.41	13.47
Fujian	47.97	13.79	34.19	46.96	1.02	41.37	6.60
Jiangxi	9.39	2.81	6.58	9.11	0.28	6.60	2.79
Shandong	185.43	52.15	133.28	181.53	3.89	141.93	43.49
Henan	26.13	6.00	20.13	25.27	0.85	15.36	10.76
Hubei	338.11	143.64	194.47	331.75	6.36	288.44	49.67
Hunan	158.27	49.54	108.73	141.72	16.56	102.71	55.57
Guangdong	29.26	8.58	20.68	22.98	6.28	23.02	6.24
Guangxi	45.01	1.58	43.44	44.80	0.22	41.30	3.71
Hainan	15.74	4.08	11.66	15.73	0.008	14.98	0.76
Chongqing	199.39	98.95	100.44	190.09	3.30	173.36	26.04
Sichuan	111.00	38.53	72.48	107.14	3.89	80.74	30.27
Guizhou	59.63	9.36	50.27	54.22	5.41	46.23	13.40
Yunnan	282.33	37.22	245.11	270.13	12.20	242.83	39.51
Tibet	5.35	3.16	2.19	5.33	0.027	3.33	2.03
Shannxi	92.59	18.85	73.75	88.26	4.33	76.95	15.65
Gansu	35.56	8.15	27.42	34.25	1.32	26.08	9.48
Qinghai	6.43	1.74	4.69	6.21	0.22	3.93	2.50
Ningxia	15.11	1.72	13.39	15.01	0.09	14.30	0.81
Xinjiang	24.51	12.37	12.15	20.52	3.99	17.63	6.88

Data Source: Official Website of the Ministry of Civil affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

1.5 Comparison of SA to Specific Vulnerable Group (SASVG) with Other Assistance Programs

China has established a social assistance network under which poor rural groups and specific vulnerable group has been specially catered for. With promulgation of the “Regulations on the Rural Five-Guarantees Scheme” in 2006 and “Interim Measures for Social Assistance” in 2014, the social assistance system for specific vulnerable groups has basically formulated. With Dibao, SASVG, Medical Assistance, Temporary Assistance and other social assistance schemes and also the Rural Development Oriented Poverty Reduction Program (RDOPRP), China has built a social assistance network for its rural poor population. The network basically has achieved full coverage of vulnerable people and played the role of satisfying their minimum needs. The support capacity for vulnerable people has also increased and begun to integrate with the basic pension insurance system for residents, basic medical insurance, Dibao and the orphan subsistence allowance system.

As for the SASVG system, its targeted groups are the most vulnerable ones. Although the total number of recipients is less than 6 million, the depth of poverty of this group is the highest on account of them being the “Three None’s”. This kind of social assistances is the reflection of the State’s responsibility and it plays the role of satisfying the minimum needs. The coverage range of the Minimum Subsistence Allowance System is wider and more than 50 million rural residents have benefited from it. Besides, the allowance is provided in accordance with the gap between the defined standard and the various levels of difficulties. The targeted population of RDOPRP is those with development potential and willingness to overcome poverty. Medical assistance, Temporary assistance and other social assistance like Educational Assistance and Housing Assistance are supplementary ways of assisting Dibao recipients and the SVG.

One important institutional difference between RDOPRP, Dibao, and SASVG is that there is a national poverty line for the poverty reduction program and therefore it is possible to compare the numbers of poor in the different provinces. However, as for the income level of Dibao, the central government only requires local governments to provide allowance to those who should be assisted, and different local governments determine their own standard. On the one hand, the determination of standard may refer to local government’s understanding of local poverty condition, but on the other hand, it may also reflect local financial conditions and willingness of the government since a higher standard means more recipients and greater financial expenditure. The determining of the assistance standard of FG also reflects the local government’s understanding of the situation.

Based on the data of 2014, the simple average of the national rural Dibao standard is similar to the rural poverty line (2008 CNY per person per annum yuan/person in 2014). The standards of Dibao for developed regions are higher than national the poverty line, in some cases more than double. However, the standards of Dibao in poor areas are usually below the national poverty line.

Due to the implications of keeping Dibao at the minimum subsistence level, individual support standards for FG are significantly higher than the standards of Dibao in most provinces. For Anhui province, its individual support standard is 2,894 CNY per person per annum which is very close to its Dibao standard of 2,828 CNY. However, the situation of Fujian province is quite different. Its Dibao standard is 2,732 CNY per person per annum, lower than Anhui’s, but its individual support standard for FG is 5,816 CNY, more than double of its Dibao standard. As for Beijing and Shanghai, their collective support standards are exactly the same as their individual support standards.

Another significant difference of SASVG is the service delivery. In Dibao program, only a payment is transferred to recipients. There is no other in-kind service. In the medical assistance program, medical services are provided through hospitals. In SASVG, such as the FG program, particularly the collective supporting FG program, the necessary service provision is an important part of the program. Necessary services include daily care, medical care, etc., the so-called five guaranteed services. Service provision raises many issues such as criteria and quality of service, cost sharing, staffing and facilities, etc. These will be described in the next part.

Table 7: Comparison of SA for the Specific Vulnerable Group (SASVG) with Other Social Assistance Programs

Programs	Characteristics of targeted Groups	Methods for recipient identification	Service delivery
Support to Most Vulnerable Group, or FG, or Wubao	Both economic poor and physically vulnerable, including poor elders, children and disabilities	Naturally verifying and disability certification	Collective support or individual support through allowance transfer
Development oriented poverty reduction	Economic poor, but with development potentials	Means-test in Income verifying, community discussing	Development project
Minimum Subsistence Allowance, or Dibao	Economic poor	Means-test in Income and assets verifying, community discussing	Allowance transfer
Temporary Assistance	Temporary needy	Case by case	Cash transfer
Medical Assistance	Economic poor, particularly physically vulnerable	Link to situation of Dibao and Wubao	Subsidy for medical insurance, directly cash transfer

Table 8: Standards and Numbers of Different Types of Rural Poor People in 2014

Region	Rural Disposable Income/ person (000 CNY)	Income Standard for Dibao (000 CNY)	No. of Rural Dibao Recipients (000 CNY)	Standard for FG collective support (000 CNY)	No. of FG collective Support recipients (000 CNY)	Standard for FG individual support (000 CNY)	No. of FG individual Support recipients (000 CNY)	No. of Poor in 2013 under national Poverty line (persons)
National	10.49	2.78	52090.27	5.37	1745.99	4.01	3549.50	8,249
Beijing	20.23	7.59	51.32	13.09	1.96	13.09	2.23	
Tianjin	17.01	6.15	101.45	9.30	1.24	7.97	11.04	
Hebei	10.17	2.54	2099.16	5.23	71.00	3.55	161.18	366
Shanxi	8.81	2.45	1407.03	4.81	25.31	2.91	135.01	299
Neimenggu	9.98	3.63	1221.50	7.30	24.91	4.74	64.05	114

Liaoning	11.19	3.20	805.82	6.08	33.53	3.99	104.39	126
Jilin	10.78	2.47	790.47	4.42	23.85	3.09	91.70	89
Heilongjiang	10.45	2.76	1172.77	5.30	50.62	3.76	85.56	111
Shanghai	21.19	7.56	29.76	9.00	1.14	9.00	1.57	
Jiangsu	14.96	5.35	1193.47	8.10	102.26	7.02	96.04	95
zhejiang	19.37	5.69	509.60	9.43	35.73	8.62	0.76	72
Anhui	9.92	2.83	2089.17	4.56	160.46	2.89	270.14	440
Fujian	12.65	2.73	737.90	6.71	9.19	5.82	75.45	73
Jiangxi	10.12	2.64	1701.99	3.51	120.74	3.10	108.62	328
Shandong	11.88	2.94	2582.09	5.39	167.91	3.67	58.11	264
Henan	9.42	1.82	3952.57	3.93	188.35	2.41	299.32	639
Hubei	10.85	2.57	2216.38	4.69	70.10	3.38	186.52	323
Hunan	10.06	2.33	3158.58	5.69	103.78	3.00	400.64	640
Guangdong	12.25	3.83	1582.93	7.93	28.27	7.65	212.66	115
Guangxi	8.68	2.03	3319.00	4.04	22.14	3.12	268.87	634
Hainan	9.91	3.36	215.14	5.48	2.39	4.64	29.26	60
Chongqing	9.49	2.67	502.39	5.52	64.15	4.86	99.45	139
Sichuan	8.80	2.14	4257.11	4.47	268.76	3.48	236.36	602
Guizhou	6.67	2.12	4183.15	3.30	37.79	2.21	80.03	745
Yunnan	7.46	2.14	4589.41	3.92	38.57	2.61	172.75	661
Tibet	7.47	2.23	323.44	3.87	8.22	3.41	7.59	72
Shannxi	7.93	2.26	1816.37	5.78	48.68	4.92	84.23	410
Gansu	5.74	2.28	3389.49	3.74	12.73	3.52	108.83	496
Qinghai	7.28	2.21	372.08	5.48	4.31	5.00	18.96	63
Ningxia	8.41	2.28	391.82	5.69	4.04	3.71	10.10	51
Xinjiang	8.30	2.03	1326.94	6.75	13.85	4.30	68.10	222

Data Source: Author's calculation based on data from the official website of the Ministry for Civil Affairs of the People's Republic of China.

Table 9: Relative Standards of Poverty and Social Assistance

Region	National povety line (2800 yuan)/Per Capita Income	Dibao Standard/Per Capita Income	Collective Support Standard of FG/ Per Capita Income	Individual Support Standard of FG/Per Capita Income
National	0.267	0.265	0.512	0.382
Beijing	0.138	0.375	0.647	0.647
Tianjin	0.165	0.362	0.547	0.468
Hebei	0.275	0.250	0.514	0.348
Shanxi	0.318	0.279	0.546	0.330
Neimenggu	0.281	0.364	0.732	0.475
Liaoning	0.250	0.286	0.543	0.357
Jilin	0.260	0.229	0.410	0.287
Heilongjiang	0.268	0.264	0.507	0.360
Shanghai	0.132	0.357	0.425	0.425
Jiangsu	0.187	0.357	0.541	0.469
zhejiang	0.145	0.293	0.487	0.445
Anhui	0.282	0.285	0.460	0.292
Fujian	0.221	0.216	0.530	0.460
Jiangxi	0.277	0.261	0.347	0.306
Shandong	0.236	0.247	0.454	0.308
Henan	0.297	0.194	0.418	0.256
Hubei	0.258	0.237	0.433	0.311
Hunan	0.278	0.231	0.565	0.298
Guangdong	0.229	0.313	0.647	0.625
Guangxi	0.322	0.234	0.465	0.359

Hainan	0.282	0.338	0.552	0.468
Chongqing	0.295	0.281	0.582	0.512
Sichuan	0.318	0.243	0.508	0.396
Guizhou	0.420	0.317	0.494	0.331
Yunnan	0.376	0.287	0.526	0.350
Tibet	0.375	0.299	0.518	0.457
Shannxi	0.353	0.285	0.728	0.620
Gansu	0.488	0.397	0.653	0.614
Qinghai	0.384	0.304	0.752	0.687
Ningxia	0.333	0.271	0.676	0.441
Xinjiang	0.338	0.245	0.814	0.518

Source: Author’s calculation based on data from the official website of the Ministry of Civil Affairs of the People's Republic of China.

Based on Tables 7 to 9 there are three parallel programs related to SVG. SASVG is the most relevant and targeted one for vulnerable people. Since vulnerable people are weak in their economic, social and physical aspects, the level of financial support of SASVG is higher than for the other two programs. SASVG is a nationally designed programme, however, provincial governments have more implementation responsibility. This results in the different levels of financial support. If using the “Individual Support Standard of FG/Per Capita Income” as an indicator (the national regulation on FG requires local governments to ensure the supporting level is close to neighboring average) , it varies from 0.256 in Henan Province to 0.686 in Qinghai Province. Practical reasons for the variation will include both the level of local livelihoods and the capability and willingness of the local government and others.

In the very recent policy on “Elimination of Absolute Poverty by 2020”, the issue of seamless articulation and coordination was raised. In this policy the Dibao and Wubao programs were assigned as the social last resort to provide final support to the poor. The challenge for the Wubao program is not the “criteria” but rather the “service delivery”. For SVG recipients, the cash transfer payment is only one part of their needs. Daily care is, and will be, a major part of their needs. In this aspect, local governments, particularly in poor areas, have lot of work to do.

2. Social Assistance For Specific Vulnerable Group (SASVG)

2.1 Defining the Specific Vulnerable Group

In 2006, the State Council issued the “Regulations on the Rural Five-Guarantee Scheme”, indicating that villagers who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them (the “Three None’s”), or whose statutory guardians have no ability to provide for them, bring them up or support them would enjoy the Five Guarantees in rural areas. In 2014, the “Interim Measures for Social Assistance” stipulated that the “Specific Vulnerable Group” refers to people who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no

statutory guardians to provide for them, or whose statutory guardians have no ability to provide for them, bring them up or support them. However, in practice, the understanding of the “three None’s” has regional differences or has been developed into more detailed provisions.

In 2010, Cili County Government in Hunan Province issued the “Notice of Implementation Measures of the Rural Five Guarantees Support in Cili County”. It stipulated that the elderly, disabled and teenagers in rural areas under the following conditions can enjoy the FG support.

- 1) Having no ability to work, including the elderly aged 60 or over, the disabled with second - class or worse situations who have a “People’s Republic of China Disabled Permit” and children under the age of 16 or those already 16 who are in compulsory education.
- 2) Having no source of income, referring to rural villagers whose subsistence standards are below the county average standard, even though they may earn income from land contracts and management, collective management distributions or other sources.
- 3) Having no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them. The conditions for a statutory guardian who has no ability to provide for a child, bring the child up or support the child means that the statutory guardian needs regular social relief because of subsistence difficulties, or the guardians themselves are elderly, sick, disabled, unable to work or have no source of income.

In the 2014, there were total 6.603 million supported SVG, of whom 934,000 were female, about 1/6 of total. Of the total, 4.5 million or 80% were aged SVG, and 207,000 were children and 916,000 were SVG with disability. Of the total, about one-third of the SVG recipients were collectively supported, the other two-thirds were individually supported.

Table 10: Numbers of different types of SVG

Region	Female SVG(thousand persons)	Elderly SVG(thousand persons)	Children SVG (thousand persons)	Disabled SVG(thousand persons)	Total (thousand persons)
Collectively supported	302.89	1550.76	50.06	278.07	2181.78
Individually supported	631.46	2995.12	157.41	637.65	4421.64
Total(thousand persons)	934.35	4545.87	207.47	915.72	6603.42

Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

2.1.1 Elderly SVG

The Elderly SVG are generally referred to as “FG Elderly”. According to “Regulations on Rural Five-Guarantee Scheme”, the FG elderly refers to the elderly who have no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them. Elderly with no family refers to the elderly over the age of 60 with no spouse, no children, no one to

take care of them and no ability to work. By the end of 2014, the population of FG support recipients was 5.291 million, of whom the FG elderly was 4.546 million.

In order to implement the requirements of reinforcing the construction of facilities for the rural FG support service from the “Regulations on Rural Five-Guarantee Scheme”, “The Eleventh Five-Year Plan of National Economic and Social Development”, and “The Eleventh Five-Year Plan of the Civil Affairs Development”, and to solve the issues relating to delays in rural FG support facilities, the Ministry of Civil Affairs issued “ Rural Five-Guarantee Support Service Facility Construction Xiaguang Plan ”(2006-2010, 2011-2015) in 2006 and 2011 respectively. The Plan stipulated that from the central level to the local level, the civil affair departments were supposed to allocate part of the retained lottery funds to finance the construction of rural FG support service facilities, to improve the support recipients’ living conditions, to solve their housing problems and to improve support services.

In October 2015, Hunan Province issued the “Notice on Establishing the Basic Pension Service Subsidy System”. The subsidized recipients of this program include rural FG elderly and the totally or partially disabled elderly of Dibao families. The subsidies would come into practice through the governmental purchasing of services, referred to as “ Human Provincial Government Purchase Pension Service Pilot Program” issued jointly by the Provincial Department of Finance, Department of Civil Affairs and the Provincial Working Committee Office on Aging. Specifically, the pension service organizations which the elderly obtain services based on the willingness of themselves and their families would obtain subsidies from the related civil affairs departments at the county, city and district level, departments of Aging or governments of townships. The homestay service institutions, services enterprises, professional social organizations or the aged associations which provide homestay services for the elderly would obtain the subsidies as well. In addition, relatives or neighbors who are entrusted to provide services to the elderly would be subsidized according to the tripartite agreement among the government or authorized local service organizations, the elderly and the service providers.

2.1.2 Child SVG’s

The “Notice on Further Developing Moderate-Widespread- Benefiting Children Welfare System

Construction Pilot” issued by the Ministry of Civil Affairs divides children into four categories, which are orphans, troubled children, children of a troubled family and ordinary children. “Troubled children” refer to the disabled, the sick and waifs. “Children of a troubled family” refers to children in the following situations, those whose parents are severely disabled or sick, those whose parents are in long-time custody or serving in prison, or receiving forced detoxification, those where one parent has died and the other parent cannot assume the obligation to provide support or custody for some reason, and last but not least those who are in vulnerable family and suffering from neglect and abuse. Orphans refers to juveniles under the age of 18 who have lost both parents, or have no accessible information to their natural parents, and both of the situations above are supposed to be determined by relevant terms from civil affairs departments at the county level or above. There into, the definition of juvenile is a citizen under the age of 18 according to the Law of the People’s Republic of China on “Protection of Juveniles”. Actually, in practice, it brings children above 18 yet still being educated in full-time school into as a SV support recipient. By the end of 2014, the population of orphans in China had been 535,000 of whom 95,000 were collectively supported, and the other 439,000 were individually supported.

BOX:

Establishment of a moderate-widespread-benefiting welfare classification system, which is called “one widespread plus four classifications”. Following the idea of “ moderate-widespread-benefiting, different levels, different types, different criteria, and different regions”, with the

principle of “advancing at different levels, establishing standards of different levels, developing systems at different regions, and implementing with different criteria”, we should design the child welfare system comprehensively based on the local economic and social development, development needs of the child and the development level of the social welfare system. “Moderate-widespread-benefiting” refers to ultimately developing a moderate welfare system benefiting all children. “Different levels” refers to the four levels of children which are orphans, troubled children, children of a troubled family and ordinary children. “Different types” refers to types of classification of the different levels for a further step. “Orphans” are divided into two groups, the uncared for ones and those being taken care of by welfare agencies. “Troubled children” are the children in trouble themselves, including the disabled, the sick and the waifs. “Children in a troubled family” are the children whose families are vulnerable, including those whose parents are severely disabled or sick, whose parents are in long-time custody or serving in prison, or having forced detoxification, and those where one parent has died and the other cannot assume the obligation of providing support or custody for some reason, and whose families are in poor situations. “Different regions” implies that the child subsidy system would be formulated adaptively based on the local conditions in eastern, central and western regions respectively. “Different criteria” means same standards should match the same types. “Advancing at different levels” refers to figuring out clearly the four levels of orphans, troubled children, children of a troubled family and ordinary children and then expanding the child welfare system accordingly. “Establishing standards” for different types refers to establishing different guarantee standards based on the different types. “Developing systems at different regions” refers to building relevant guarantee systems according to the local economic and social situation. Implementing at different criteria refers to implementing the guarantee work based on those established criteria.

Table 11: Situation of Orphans in 2014

Region	No. of orphans(000)	Of which	
		Collectively supported (000)	Individually supported (000)
National	535.19	95.59	439.60
Beijing	2.28	1.86	0.42
Tianjin	0.89	0.60	0.30
Hebei	15.72	2.20	13.52
Shanxi	15.35	3.38	11.97
Neimenggu	5.77	1.19	4.59
Liaoning	7.73	3.15	4.59
Jilin	5.51	1.61	3.90
Heilongjiang	7.97	1.71	6.27
Shanghai	2.05	1.96	0.10

Jiangsu	18.47	3.79	14.68
zhejiang	5.15	2.70	2.45
Anhui	27.13	3.73	23.40
Fujian	6.46	2.10	4.35
Jiangxi	27.20	6.39	20.80
Shandong	18.02	3.68	14.34
Henan	45.58	5.55	40.04
Hubei	27.76	4.85	22.91
Hunan	50.73	7.22	43.51
Guangdong	41.85	10.02	31.829
Guangxi	23.50	2.60	20.90
Hainan	2.11	0.32	1.79
Chongqing	12.38	1.39	10.99
Sichuan	30.50	3.55	26.95
Guizhou	22.12	2.92	19.20
Yunnan	23.04	2.32	20.72
Tibet	5.87	1.57	4.30
Shannxi	13.02	2.79	10.22
Gansu	22.33	3.40	18.94
Qinghai	15.99	1.45	14.54
Ningxia	6.92	0.46	6.46
Xinjiang	25.79	5.15	20.64

Source: Official website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

To implement the spirit of the State Council opinion on “Strengthening the Protection of Orphans” (Guo Ban Fa [2010]No. 54), to establish a comprehensive protection system for orphans, to protect feasibly the legitimate rights of orphans, and to promote their healthy growth, the Ministry of Civil Affairs together with the Ministry of Finance has started to provide basic living expenses to every

orphan nationwide since January 2010. The central financing body set a 2.5 billion CNY budget for special subsidies in 2010, and the standards were 180 CNY per person, 270 CNY per person and 360 CNY per person in the eastern, central and western regions respectively. In addition, the local financial departments are required to coordinate properly the central subsidies and local funds and to develop a natural increase mechanism for the basic minimum living standard. The county departments of civil affairs should sign an agreement with the orphan's guardians. This covers the relevant requirements such as the rules on how to claim the use for the basic living expenses and updates on the situation related to the orphan's upbringing as well as clear responsibilities and obligations which the guardians should assume legally. The county (city) departments of civil affairs should establish children welfare instruction centers with the assistance of the welfare institutions, or independently if the conditions permit. Authorized by the departments of civil affairs, the instruction centers can play the role of building documents for the orphans, inspecting and assessing regularly the situations relating to their upbringing, and providing guidance and training for the guardians. In addition the instruction centers are responsible for the orphans' rights, assisting the departments of civil affairs, finance, health, education, human resources and social security, housing and urban construction and other sectors, to implement the preferential policies related to medical rehabilitation, education, housing and employment, and to provide the necessary services and support for the orphans.

2.1.3 Disabled SVG

The second conference of the 11th National People's Congress revised the Law of the People's Republic of China "Protection of Persons with Disabilities", in which the disabled refers to people who lose completely or partially the ability for certain normal activities due to tissue or function loss or disfunction in psychological, physiological or anatomical aspects. The category of the disabled includes visual disability, hearing disability, speech disability, physical disability, intelligence disability, mental disability, multiple disability and others. By the end of 2014, organizations which provided services for the disabled had reached 16,000. Nationwide, the population of persons with a disability amounted to 29.47 million according to national basic data. Of the number of persons with a disability who were receiving FG support disabled was 662,000.

In November 2015, the State Congress issued "Opinions on the Establishment of a Comprehensive System of Living Subsidies for Persons with Difficult Disabilities and Caring Subsidies for Persons with Severe Disabilities", which was to be implemented from 1 January 2016. This two-subsidy system is the first to be especially established for persons with a disability for the disabled at the national level, in order to solve gradually the difficulties to persons with a disability such as additional living expenses and long-term care expenses. The "Living Subsidies for Persons with Difficult Disabilities" targets persons with a disability with the lowest living allowance. This subsidy could extend gradually to the disabled with low income or other difficulties in some places where conditions permit it. "Caring Subsidies for Persons with Severe Disabilities" target persons with a first or second degree the first or second disability who need long-term care. This subsidy could extend gradually to non-severe intelligence, mental or other disabilities in some places where the conditions permit it, to improve the subsidy system to cover all disabled who need long-term care. According to calculations based on the number of persons with a disability on the national database of persons with a disability population in 2014, these two subsidies will eventually benefit 10 million people with difficult disabilities and 100 million people with severe disabilities. From the pilot situations nationally the living subsidy and caring subsidy in most provinces are 50 CNY per person and 50 or 100 CNY per person respectively, whilst the highest payments already reach 700 CNY per person and 300 CNY per person respectively.

2.1.4 Other Specific Vulnerable Groups

In the process of social transformation, there have emerged some other specific vulnerable groups, like children who lost dependence, families who lost their only child, tramps, homeless, etc. Children who have lost dependence refers to children under the age of 16 whose father dies and whose mother does not assume the obligation to provide support after she remarries or gets lost, or whose parents cannot assume the obligation to provide support because of legal reasons or health situations, in which the children have live with a grandparent or be supported by other individuals or organizations. Families who lost the only child refers to the families whose only child dies and the parents would or could not give birth again and who are not willing to adopt. Tramp and homeless teenagers refers to juveniles who leave home and have no ability for accommodation, being or who will be homeless or forced to beg, including juveniles with no accommodation and juvenile beggars with no accommodation as well.

For these groups, the central or local governments have also designed a range of oriented support projects, some of which are being implemented referring to SV children support policies, while some are designed specifically on social assistance.

2.2 Basic Support Service for SVG

2.2.1 The FG Support Institution As Mainstay

The rural FG scheme began in the middle of the 1950s. In the area of the people's commune, FG people are succored and cared by the production team. Article 30 of the "1956 ~ 1967 National Agricultural Development Outline" which was approved at the second session of second conference of the National People's Congress in 1960 decreed that ruled China would implement the FG support system, giving special treatment for disabled soldiers and parents feeding their children. Agricultural cooperatives should take care of vulnerable people who are dependent and arrange for them to do labor if they can. In reality, the team should ensure that the vulnerable receive food, clothing, fuel, education and burial expenses. From then on, the FG support system became a long-term policy in rural areas.

After the household contract responsibility system, FG system basing on collective economics is strongly shocked. To ensure their life, a "township contribution and village reserve" model is built.

In January 1994, the State Council issued the "*Regulations for Rural Five-Guarantee Work*" to implement the protocol institution and stipulate the object, content, form, capacity disposal, supervision and administration of the programme. On March 1997, the Ministry of Civil Affairs issued the "*Interim Measures for the Rural Old-age Home Management*". The State Council also approved the "*Regulations on the Rural Five-Guarantees Scheme*". The Ministry of Civil Affairs approved the "*Measures for the administration of the rural five guarantees service agencies*" in 2010, governing the programme's plan, construction, object, content, fund and administration. The content stated in "*Regulations on Rural Five-Guarantee Scheme*" is:

- (1) Providing grain, oil, subsidiary food and fuel
- (2) Providing clothes, bedding, mattress and pocket money
- (3) Providing a suitable house
- (4) Providing medical treatment and daily care
- (5) Providing funeral arrangements

Now, China has built a social assistance safety net specifically for the rural vulnerable aged, children and disabled with the civil affairs department as its core and the Disabled Persons' Federation, the poverty-relief and housing department as supplements. In practice, the care for the vulnerable disabled is mainly implemented by the Disabled Persons Federation. They have higher standards, a wider range and more professional methods. The standard of vulnerable children is

higher than that for the aged and the amount is smaller. They are supported by professional organizations in the civil affairs department. Support for the vulnerable aged is the most important part of the specific support for vulnerable people. It covers 90% of total recipients (including some disabled). The support models are collective support and individual support.

2.2.2 Procedures for SVG Support Provision

The stakeholder or agent should apply for the specific vulnerable person support and the nation provides the corresponding service. For different groups, the procedures are different. Graph 1 is the procedure of specific aid for the vulnerable old.

The stakeholder can apply in writing. If he has difficulty, he can ask others for assistance. Then the village committee appraises the application and makes public those who are qualified to receive a benefit. If there is no objection, the village committee submits the file to the township government.

The township government should investigate the applicant's family and economic condition within 20 days. It comes to a conclusion and submits the application to the county civil affairs department. The county government is responsible for administering the implementation of the FG allowance system.

The county civil affair department should make a decision within 20 days and issue a rural FG support license to those who are qualified. To those who are not granted approval to be covered by this institution, the department should provide a written explanation. The government, civil affairs, finance, education, health, housing of urban-rural development, human resource and social security department above the county level should take corresponding responsibility for FG affairs.

Where the person is not qualified, or his burial affairs are completed, the village committee or service organizations should report to the township government, then the civil affairs department should carry out a check and cancel the eligibility.

The Ministry of Civil Affairs department arranges the FG allowance system in the country and the Ministries of Finance, Health, Education, Housing and Urban-rural Development, Human Resources and Social Security departments above county level should take the corresponding responsibility for FG affairs.

2.2.3 Modes of Support for SVG

According to the recipient's health condition, willingness and local capacity, there are three modes of support for SVG - collective support, individual support, and third party support. The proportion of collective support is comparatively low nationally at about 1/3.

2.2.3.1 Collective Support

The main force of collective support is government organizations. FG service organizations, such as Homes for the Elderly, the Child Welfare Institution and the Disabled Welfare Institution, undertake the task of collective support to rural FG recipients and they usually provide food, clothing, housing, medical treatment, funeral and other services. In the rural areas, the main collectively supported FG recipients are the specific groups such as the aged without the ability to work, orphans and persons with a disability. Currently, the management of the elderly support organizations of FG, like Homes for the Elderly is dominated by township or county governments and for child support organizations of FG, like the Child Welfare Institution, county or city governments usually takes charge of the management. By the end of 2014, there were 94,100 various types of age service organizations and facilities, which include 33,000 aged service institutions. For child support, there were 890 institutions with a total number of beds of 108,000 and about 59,000 people who were adopted. This was an increase of 10.3% over the previous year. For support of juveniles, there were 345 institutions in total with 12,000 thousand beds. About

170,000 homeless juveniles were assisted. For support to the disabled, the number of institutions was 16,400 and 479,000 job positions were provided to workers with disabilities. The total number of collectively supported FG recipients was 1.743 million and the annual average standard for supported persons was 5,371 CNY per person, which was an increase of 14.6% on the previous year.

From the perspective of eastern, central, and western economic zones, in 2014 the provinces with the most collectively supported FG recipients were Shandong, Henan, and Sichuan respectively (see table 12). For Shandong, the number of collectively supported FG recipients was 168,000, and the rate of collective support was 74.3%. The annual average standard of support was 5,394 CNY per person. There were 1,525 aged service institutions and 245,000 beds in Shandong. For Henan, the total number of recipients was 189,000 and the rate of collective support was 38.6%. The annual average standard of support was 3,932 CNY per person. There were 4,294 aged and disabled service institutions, 68 child support institutions, and 32 juvenile support centers in Henan. The total number of beds in aged service institutions was 261,000 in all. For Sichuan, the number of collectively supported FG recipients was 269,000 and the rate was 53.2%. The annual average standard for support was 4,468 CNY per person and the total number of beds in aged service institutions was 361,000.

Table12: Situation of Collectively Supported Wubao Recipient in 2014

Region	Number of Collectively Supported Wubao Recipient (000)	Of which				Annual mean of financial standard (000)
		Female (000)	Elders (000)	Children (000)	Disable (000)	
National	1745.99	302.89	1550.76	50.06	278.07	5.37
Beijing	1.96	0.20	1.49	0.02	1.06	13.09
Tianjin	1.24	0.14	1.11	0.01	0.30	9.30
Hebei	71.00	7.15	62.95	1.06	13.08	5.23
Shanxi	25.31	1.72	20.60	0.45	5.89	4.81
Neimenggu	24.91	1.79	20.91	0.17	5.54	7.30
Liaoning	33.53	3.48	29.44	0.58	6.74	6.08
Jilin	23.85	2.57	16.46	0.14	7.62	4.42
Heilongjiang	50.62	9.87	39.99	1.59	12.74	5.30
Shanghai	1.14	0.22	1.04	0.01	0.21	9.00
Jiangsu	102.26	17.34	96.43	1.17	13.98	8.10
Zhejiang	35.73	5.61	33.64	0.33	5.14	9.43
Anhui	160.46	22.48	149.94	2.32	19.13	4.56

Fujian	9.19	1.15	8.08	0.22	1.55	6.71
Jiangxi	120.74	42.09	102.50	11.05	15.76	3.51
Shandong	167.91	31.40	161.68	1.45	14.93	5.39
Henan	188.35	35.99	171.43	5.65	26.40	3.93
Hubei	70.10	13.11	63.19	0.47	11.56	4.69
Hunan	103.78	22.201	91.643	4.34	16.47	5.69
Guangdong	28.27	5.49	26.98	0.40	2.56	7.93
Guangxi	22.14	3.99	20.52	0.56	3.50	4.04
Hainan	2.39	0.71	2.32	0.04	0.10	5.48
Chongqing	64.15	6.72	55.80	0.62	12.26	5.52
Sichuan	268.76	30.39	234.16	7.19	44.99	4.47
Guizhou	37.79	7.08	30.24	4.26	5.61	3.30
Yunnan	38.57	9.18	32.37	1.98	8.75	3.92
Tibet	8.22	3.64	7.09	0.68	0.80	3.87
Shannxi	48.68	7.61	40.00	0.76	13.59	5.78
Gansu	12.73	2.11	10.72	0.81	2.45	3.74
Qinghai	4.31	1.73	3.75	0.39	0.52	5.48
Ningxia	4.04	0.77	3.20	0.17	1.30	5.69
Xinjiang	13.85	4.97	11.08	1.19	3.54	6.75

Data Source: Official Website of Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

Currently, there are several problems concerning collective support in the rural areas:

- (1) The occupancy rate of social welfare institutions is not high and most recipients of collective support are rural elders who can't take care of themselves or people with severe disabilities;
- (2) Low payment for and education level of welfare institution staff and high staff turnover rate;
- (3) The ratio between recipients and nursing workers is far from meeting the national requirement, which causes severe asymmetry and a low quality of support;
- (4) With the increasing number of institutions, their size expanding and improving infrastructure and facilities and as the cost of management and maintenance in the later stages continue to rise, there is a resulting larger fiscal gap for poor central and western regions and the unsustainability of the collective support institutions for FG.

Table 13: Situation of Collectively Supporting Organizations in 2014

Region	Number of SA Supporting organizations (000s)	Number of Beds for SA supporting (000s)	Number of staff working in SA supporting organizations (000s)
National	37.80	5865.14	2751.67
Beijing	0.63	141.53	75.03
Tianjin	0.35	59.93	28.17
Hebei	1.51	451.87	114.19
Shanxi	0.90	88.23	40.66
Neimenggu	0.78	100.84	54.30
Liaoning	1.81	215.19	117.55
Jilin	0.90	95.70	48.40
Heilongjiang	1.09	131.15	94.11
Shanghai	0.68	121.79	80.84
Jiangsu	2.47	571.34	219.25
zhejiang	2.04	365.35	143.68
Anhui	1.00	333.33	72.37
Fujian	0.49	123.24	23.10
Jiangxi	2.04	181.90	158.43
Shandong	2.24	603.74	212.82
Henan	2.78	338.89	228.50
Hubei	2.32	263.91	184.21
Hunan	2.59	213.94	137.27
Guangdong	1.59	209.79	82.17
Guangxi	0.53	144.18	23.77
Hainan	0.21	17.09	3.34
Chongqing	0.93	164.96	70.02

Sichuan	3.66	429.64	318.94
Guizhou	0.90	100.55	29.10
Yunnan	0.65	79.64	41.34
Tibet	0.27	11.66	7.13
Shannxi	0.87	117.65	70.55
Gansu	0.55	93.55	20.23
Qinghai	0.17	18.92	6.12
Ningxia	0.10	12.38	7.22
Xinjiang	0.75	63.10	38.73

Data Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

Table 14: Situation of Collectively Supporting Organizations by SVG in 2014

	Number of SA Supporting organizations for aged and disabled SVG (000s)	Number of SA Supporting organization for Children (000s)	Number of Beds for aged and disabled SVG supporting (000s)	Number of Beds for children SVG supporting (000s)	Number of staff working in supporting organization for aged and disabled SVG (000s)	Number of staff working in supporting organization for Children SVG (000s)
National	34.14	0.82	3934.39	102.17	2593.26	56.40
Beijing	0.59	0.01	124.12	1.97	71.01	0.98
Tianjin	0.33	0.002	49.87	0.82	26.39	0.56
Hebei	1.31	0.01	200.70	0.78	108.03	0.27
Shanxi	0.81	0.01	66.96	0.78	38.14	0.52
Neimenggu	0.71	0.01	83.45	1.69	49.61	0.96
Liaoning	1.65	0.01	174.91	3.04	108.5	2.38
Jilin	0.80	0.02	76.43	3.97	43.90	1.52
Heilongjiang	0.94	0.02	115.60	2.84	90.42	1.46
Shanghai	0.65	0.01	112.83	1.38	75.96	2.26
Jiangsu	2.32	0.04	364.64	4.85	210.67	2.42
zhejiang	1.92	0.02	288.74	3.02	140.58	1.69
Anhui	0.84	0.05	105.28	6.31	67.60	3.29
Fujian	0.38	0.01	43.19	1.45	18.47	0.79
Jiangxi	1.93	0.01	172.46	1.47	156.88	0.82
Shandong	2.12	0.03	326.23	7.39	205.46	3.60
Henan	2.63	0.02	269.70	3.81	222.24	2.96
Hubei	2.07	0.11	236.47	7.37	175.57	3.64
Hunan	2.36	0.07	166.55	5.64	128.53	2.88
Guangdong	1.44	0.04	149.38	5.09	73.97	2.50

Guangxi	0.43	0.02	30.57	1.99	19.35	0.84
Hainan	0.20	0.003	14.16	0.30	3.14	0.12
Chongqing	0.87	0.01	96.44	3.29	65.91	1.29
Sichuan	3.30	0.09	361.10	6.57	300.29	2.72
Guizhou	0.77	0.02	49.01	3.20	24.79	1.44
Yunnan	0.49	0.04	51.90	3.32	37.31	1.73
Tibet	0.25	0.01	8.86	2.34	5.47	1.48
Shannxi	0.76	0.01	93.61	3.07	66.34	2.33
Gansu	0.46	0.03	33.57	3.83	16.83	2.60
Qinghai	0.13	0.01	12.24	2.24	4.72	1.17
Ningxia	0.08	0.01	9.80	1.26	6.48	0.43
Xinjiang	0.60	0.06	45.69	7.11	30.68	4.75

Data Source: Official Website of Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

2.2.3.2 Individual Support

The main subject of individual support is the individual and their daily life care. This is the responsibility of the village committee. From 1949 to 2006, the traditional individual support pattern can be divided into four categories. The first is those people paid for and fed by the village committee with their basic life guaranteed by the village and the community. The second is people paid for by the village committee and fed from the land. The village and the community provide cash to subsidize the FG recipients and the grain comes from their own land. The land can be cultivated by relatives, other villagers or themselves. The third is people paid for and fed by relatives or from their own land. This pattern can also be divided into two forms, one is depending on relatives, the relatives can inherit their land or the house, the other form is depending on responsible land and all supports are from the land, no matter they can cultivate it or not. The fourth one is the temporary assistance institution. FG recipients are seen as the traditional assistance recipients and get support from the government relief fund every year. The “*Regulations on the Rural Five-Guarantees Scheme*” issued in 2006 brought about a change in the traditional support pattern. The allowance paid by the Government gives FG recipients a fundamental guarantee and they can use their land and their property as they want.

By the end of 2014, the number of persons receiving rural individual support was 3.55 million and their average standard was 4,006 CNY per person. This was an increase of 14.5% over the previous year. We can see from the three economic zones (eastern, middle and western) that the provinces that have the most individual support recipients are Guangxi, Hunan and Sichuan (see table 15). The number of FG supported persons in Guangxi was 289,500 (92.9% are individually supported) and the average benefit is 3,119 CNY per person. In Hunan province, there are 504,000 FG

supported recipients (79.2% are individually supported) in 2,370 organizations with an average benefit of 2,998 CNY per Person. In Sichuan, the amount of FG recipients is 505,000 (46.8% are individually supported) and the average standard is 3,484 CNY per Person.

Table 15 Situation of Individually Supported Wubao Recipient in 2014

Region	Number of individually Supported Wubao Recipient (000s)	Of which				Annual mean of financial standard (CNY 000)
		Female (000s)	Elders (000s)	Children (000s)	Disable (000s)	
National	3549.50	631.46	2995.12	157.42	637.65	4.01
Beijing	2.23	0.16	1.79	0.01	1.16	13.09
Tianjin	11.04	1.05	9.53	0.06	2.58	7.97
Hebei	161.18	14.39	142.64	2.92	28.77	3.55
Shanxi	135.01	13.35	97.78	6.57	40.89	2.91
Neimenggu	64.05	5.28	51.38	0.64	15.45	4.74
Liaoning	104.39	12.74	88.91	2.54	21.82	3.99
Jilin	91.70	16.64	58.22	1.92	33.77	3.09
Heilongjiang	85.56	17.15	61.22	2.52	28.57	3.76
Shanghai	1.57	0.22	1.27	0.01	0.46	9.00
Jiangsu	96.04	13.95	90.40	1.49	10.45	7.02
Zhejiang	0.76	0.13	0.68	0.01	0.15	8.62
Anhui	270.14	43.96	247.09	4.71	34.25	2.89
Fujian	75.45	10.22	61.98	2.86	17.05	5.82
Jiangxi	108.62	37.51	90.12	10.97	16.55	3.10
Shandong	58.11	11.24	55.72	0.62	5.16	3.67
Henan	299.32	55.19	270.68	9.69	36.97	2.41
Hubei	186.52	35.95	165.68	1.98	28.38	3.38
Hunan	400.64	78.36	337.49	22.03	66.06	3.00
Guangdong	212.66	33.34	198.07	7.16	18.46	7.65

Guangxi	268.87	45.02	239.74	14.21	36.09	3.12
Hainan	29.26	8.13	27.48	0.76	2.23	4.64
Chongqing	99.45	9.28	82.80	2.08	18.75	4.86
Sichuan	236.36	33.48	203.23	7.71	41.87	3.48
Guizhou	80.03	16.90	57.10	14.52	12.95	2.21
Yunnan	172.75	43.05	119.56	18.23	49.16	2.61
Tibet	7.59	3.72	6.46	0.65	0.83	3.41
Shannxi	84.23	13.48	64.07	3.45	23.54	4.92
Gansu	108.83	21.87	90.76	5.45	22.28	3.52
Qinghai	18.96	6.11	14.65	2.92	3.28	5.00
Ningxia	10.10	2.49	6.74	0.94	3.40	3.71
Xinjiang	68.10	27.13	51.87	7.81	16.32	4.30

Data Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

Individual people can still stay in their own living surroundings. Their living habits and psychological demands are satisfied. By now, the problems of the rural FG individual support are: firstly, people who chose individual support are the disabled who cannot take care of themselves well or juveniles without family care. The others are the aged who have lived in villages for a long time, so they cannot adapt to the restraints of an old persons home. Secondly, although people who chose individual support can get an allowance and subsidy as material support, their quality of life is not high due to a lack of daily care and treatment, poor diet and a lack of regularity in their life.

2.2.3.3 Third party support

Third party support is where a county civil affairs department or township government entrusts a third party to provide home care service for FG recipients in the form of buying services from the society. The service includes care during the day, providing or buying dinner, medical related services, cleaning services, spiritual consolation, security and so on. On July 2015, the civil affairs department of Qinghai province issued “*A pilot for a third party service scheme for the vulnerable aged in Qinghai village and herding areas*”. It pilots a scheme in 11 towns such as Huangnan, Guoluo, Yushu and Hainan. The scheme is aimed at FG recipients and the “Three None’s” - old people who live in a village or herding areas and do not receive help from support organizations, the solitary aged who are covered by the Minimum Subsistence Allowance System (Dibao) and who are above 70 and solitary people with special care needs in village or herding areas. The service provider can be qualified home care centre or other organizations, or who receive services from village organizations, senior associations, village service centres or other warm-hearted people who join together.

2.2.4 Financial Input

The “*Regulations on the Rural Five-Guarantees Scheme*” prescribe that the rural FG fund should be arranged as part of the local government budget. Villages that have a business income can subsidise the FG recipients. If a person give his land to others, the revenue should be returned to him. The central government gives fiscal help to those difficult areas. Currently the funds of the FG allowance system come from the local government budget, the village committee’s revenue, central government subsidies, support organizations’ productive income, social donation and from the funds of the welfare lottery.

The support standard is usually determined by local government. By the end of 2014, the fiscal fund for rural FG was CNY18.98 billion an increase of 10.2% over 2013. The collective support fund is CNY7.8 billion and the individual support fund is CNY11 billion. The annual collective support level is 5,371 CNY per person and the average individual support amount is 4,006 CNY per person. In fact, the support standards are different for different groups - the standard of collective support for the aged is higher than the individual support. The standard for vulnerable children is higher than for the aged. The standard for persons with a disability is almost the same as for the aged but the PWD have other subsidies.

From research of the three economic zones (eastern, middle and western) the provinces spending the most for FG are Guangdong, Hunan and Sichuan. (see table 16). The data for Guangdong is CNY 1.56 billion, CNY 0.22 billion for collective support and 1.34 billion for individual support. Hunan spent CNY 1.59 billion on the rural FG, CNY 0.52 billion for collective support and CNY 1.07 billion for individual support. Sichuan spent CNY 1.83 billion with collective support of CNY 1.09 billion and individual support of CNY 0.74 billion.

Table 16: Expenditures on Wubao in 2014

Region	Expenditure for collectively support (million yuan)	Of which		Expenditure for individually support (million yuan)	Of which	
		Regular (million yuan)	Temporar y (million yuan)		Regular (million yuan)	Temporar y (million yuan)
National	7802.32	7554.25	248.07	11032.14	10707.66	324.47
Beijing	17.65	16.57	1.09	20.40	18.14	2.26
Tianjin	10.99	10.49	0.49	79.73	77.57	2.16
Hebei	380.74	359.84	20.90	465.66	448.57	17.09
Shanxi	124.48	124.12	0.36	339.33	337.11	2.22
Neimenggu	149.07	145.00	4.08	244.49	236.67	7.83
Liaoning	171.26	159.93	11.33	333.80	315.89	17.91
Jilin	81.33	78.23	3.10	146.51	143.58	2.93
Heilongjiang	290.13	278.97	11.17	291.93	277.01	14.92
Shanghai	7.21	6.87	0.34	7.60	7.42	0.18

Jiangsu	686.57	662.67	23.90	475.78	456.19	19.58
Zhejiang	247.03	234.92	12.11	3.15	2.89	0.26
Anhui	600.41	595.51	4.90	601.63	595.40	6.22
Fujian	55.51	53.99	1.52	403.76	391.18	12.58
Jiangxi	384.96	383.90	1.06	301.78	297.77	4.02
Shandong	814.47	770.50	43.97	205.91	190.10	15.81
Henan	630.09	621.46	8.63	681.05	675.71	5.34
Hubei	280.11	258.38	21.74	478.56	445.09	33.47
Hunan	519.90	509.21	10.69	1071.29	1027.38	43.92
Guangdong	224.77	217.51	7.25	1341.67	1307.19	34.48
Guangxi	84.90	82.62	2.28	764.08	757.95	6.14
Hainan	13.34	11.75	1.59	135.95	128.66	7.29
Chongqing	313.68	300.92	12.76	447.49	424.26	23.23
Sichuan	1093.79	1088.45	5.34	745.72	741.37	4.34
Guizhou	79.64	72.47	7.17	150.51	141.03	9.48
Yunnan	109.13	108.39	0.74	294.04	292.42	1.61
Tibet	21.86	19.44	2.42	19.66	18.33	1.33
Shannxi	270.86	248.86	22.00	411.47	390.15	21.31
Gansu	36.80	36.50	0.30	334.33	333.77	0.56
Qinghai	18.04	16.70	1.34	76.06	73.74	2.32
Ningxia	24.36	23.47	0.90	22.99	21.71	1.29
Xinjiang	59.25	56.63	2.62	135.85	133.43	2.43

Data Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

3. Other Dedicated Social Assistance Programs for SVG

In addition to the support system mainly formed by civil social assistance, social welfare social assistance and social assistance provided by the persons with a disability work department, there are a number of other related policies or programs for SVG. Some significant policies and programs will be introduced in this chapter.

3.1 Rural Medical Assistance

In order to implement the guiding principle of the “*Decision of the Central Committee of the CPC and the State Council on Strengthening Rural Health Work ([2002] No.13)*”, the Ministry of Health and the Ministry of Finance decided to establish and implement the rural medical assistance system and provide medical assistance to FG recipients and poor peasant families who are suffering from critical illness, through multi-channel financing such as government grants and social donations. The medical assistance system was established in 2003 and since then has achieved full coverage of the urban and rural areas. To further enhance the level of medical care for rural residents and reduce the treatment expenditure for rural patients with critical illness, six departments including the General Office of the State Council, the National Development and Reform Commission, and the Ministry of Health jointly issued “*Opinions on the Critical Illness Insurance Program for Urban and Rural Residents*” (CIIP). In these opinions it was decided to expand the coverage of the country’s healthcare insurance system to include 20 kinds of critical illness previously only covered by New Rural Cooperative Medical System (NRCMS). According to this policy, more than 70% of the medical costs of rural patients would be paid by NRCMS, and the CIIP would cover more than 50% of the remaining cost when it exceeded the compensation standard. The aim was to prevent rural families from being reduced to poverty on account of healthcare costs.

To implement the guiding principle of the “*Decision on Improving the Medical Social Assistance System and Completely Expanding Medical Social Assistance for Critical Illness by the Central Government*” ([2015],30), the People’s Government of Qinghai province issued the “*Notice on Further Improving and Perfecting Medical SA System*”. This defines the recipients as residents of Qinghai. According to their financial capability, the recipients were categorized into three types: (1) key recipients, i.e. residents with severe difficulties and that mainly ensured that the SVG (the urban “Three None’s” residents, rural FG recipients, orphans, and those with severe disability in a low income family were included); (2) low income residents; (3) residents with difficulties in affording medical expenditures. The specific arrangement of medical social assistance includes policies for key recipients including: (1) full sponsorship of the cost of the Basic Medical Insurance for Urban and Rural Residents; (2) 360 yuan per year of subsidy for outpatient service and 100% medical assistance for the remaining amount of expenditure for outpatient services related to critical illness, which was unable to be covered by the basic medical insurance; (3) after the reduction of bill and the reimbursement of basic medical insurance and critical illness insurance, providing 100% medical assistance for the remaining amount of expenditure of inpatient services at specific medical institutions; (4) for the medical cost of SVG patients with critical illness at the specific medical institutions, after the reduction of bill and reimbursement of insurance, 60% of the remaining amount of expenditure will be sponsored and the limit of amount is 100,000 yuan per person per annum.

3.2 Support to Persons with a Disability

In 2007, the China Disabled Persons' Federation (CDPF) issued the “*Implementation Rules on the Reconstruction Project of Dilapidated Buildings for the Rural Poor Disabled and Regulations on the Funding of the Special Lottery for People with Disabilities*”. It restricted the recipients of this subsidy under this project to the rural poor with a disability living in severely dilapidated housing in the central and western regions. The CDPF was in charge of the general planning, implementation and management of this project. Each province was responsible for designing and implementing its own work plan, and also for assigning the task to counties and reporting to CDPF. The county organization of CDPF was accountable for distinguishing subsidy recipients and implementing of the plan in rural areas.

Each recipient family could get a subsidy of CNY 3,000 and the renovation of the recipient’s housing was to be financed from the fund of the National Lottery for Public Welfare (NLPW).

Since 2008, a common program, funded by NLPW, was promoted in Zhejiang, Gansu, and Anhui provinces, aiming to implant artificial limbs and provide other assistive devices such as wheelchairs and rehabilitation services to poor FG recipients with a disability, the “Three None’s”, minimum subsistence allowance recipients and disabled veterans. In order to improve the quality of rehabilitation support of welfare institutions and for the poor disabled, the Ministry of Civil Affairs and the National Research Center of Rehabilitation Devices jointly launched the FuKang Program. This aims to provide free artificial limbs and other devices, surgical operations, accessible supporting facilities to the collectively supported disabled recipients of welfare institutions in western regions. At the end of 2013, the percentage of the rural disabled who had received rehabilitation services was 56.6%. This was an increase of 3.5% over the previous year (see Table 17).

Table 17: The Percentage of Rural Disabled Who Had Received Rehabilitation Services

Unit: %	2007	2008	2009	2010	2011	2012	2013
Treatment and Rehabilitation Training	8.4	9.0	9.5	13.3	12.7	18.7	22.1
Supporting Devices	3.0	4.4	3.9	6.7	7.3	12.8	14.9
Psychological Counseling	3.6	4.6	4.5	6.6	8.0	11.8	13.1
Rehabilitation Knowledge Training	3.6	4.9	4.7	11.4	15.7	24.1	29.1
Diagnosis and Needs Assessment *	—	—	—	—	16.1	10.4	12.1
Home Care, Daytime care and Third Part Support*	—	—	—	—	11.8	13.8	14.6
Training for the Disabled and Their Relatives*	—	—	—	—	3.6	6.0	6.5
Follow up and Assessment*	—	—	—	—	5.0	11.6	11.7
Other Rehabilitation Services*	—	—	—	—	11.4	19.8	25.3
Participated in Rehabilitation Services at Least for one time	15.7	19.2	19.3	30.8	45.4	52.6	56.1

Date Source: Official website of the China Disabled Persons’ Federation, http://www.cdpcf.org.cn/sjzx/jcbg/201408/t20140812_411000.shtml.

Note: * means items newly added to the rehabilitation services in 2011.

Based on the funding of NLPW, the Central Government set up a special fund to increase support for the education of persons with a disability and implemented the program for special education aid for them (including pre-school and special education of middle and high school). This aimed to

implement the guiding principle of policy documents such as “*Decisions of the State Council on the Current Development of Pre-school Education*” ([2010], No.41), “*Outline of the Eleventh Five-Year Period for the Development of Work for Persons with a Disability in China*”, and “*Outline of the Twelfth Five-Year Period for the Development of Work for Persons with a Disability in China*”. These grants were set up for to meet the pre-school costs and living expense of children with a disability whose families were in economic difficulties, and according to its regulation, each recipient could get a grant of CNY 3,000 yuan annually for up to three continuous years. With the subsidies for running costs for special education in middle and high schools and the construction of training bases, this program was designed to improve the educational condition of special schools and the construction of training base for disabled students, to promote local governments’ support of special education, and to improve the educational quality, and the effectiveness, of establishing special schools.

Since 2007, educational assistance policies such as the “Two Exemptions and One Subsidy” regulation of compulsory education have gradually been strengthened and fully implemented. The proportion of children with a disability who receive compulsory education has shown a rising trend. In 2013, the proportion of disabled children aged from 6 to 14 who received compulsory education was 72.7%. This was an increase of 0.8% over the previous year. At the end of 2014, there were 187 classes of high school of special education and 7,227 students, 1,054 of whom were blind and 6,173 of whom were deaf, 197 classes of middle school of special education and 11,671 students and 7,274 graduates and 5,532 of whom received professional certificates. 7,864 students with a disability were admitted to regular universities and 1,678 students with d disability were admitted to special education academies.

In February 2005, the Ministry of Commerce launched the “Ten Thousand Villages and One Thousand Towns Markets Project”. Through subsidies and interest discounts, the State arranged financial funds to guide distribution companies like chain stores and supermarkets to extend their shops to rural areas. The goal was to build modern distribution networks, improving the consumption environment, and meeting peasants’ production and living needs in rural areas. By the end of 2014, the disabled aid and poverty reduction program of the markets project had provided 6,865 rural poor disabled with jobs and founded 1,990 village shops for the rural poor disabled.

3.3 Support to Single-Child-Lost Families

In order to solve the special difficulties of single child loss families, the National Health and Family Planning Commission, Ministry of Civil Affairs, Ministry of Finance, Ministry of Human Resources and Social Security and the Ministry of Housing and Urban-Rural Development jointly issued the “*Notice on Further Improving Support to Families of Family Planning with Special Difficulties*”, deciding to completely implement the special support system for Families of Family Planning from 2008 onwards. For single child loss couples who didn’t have a second child or didn’t adopt a child, the husband and the wife would respectively receive a special subsidy of not less than 80 yuan (if the child was disabled) or 100 (if the child had died) per month. In 2012, the standard of the subsidy was raised to 110 yuan (for disabled) and 135 yuan (for death) per person per month. In 2013, there were 671,000 recipients under this project, 407,000 of whom had lost their single child. From 2014, the state strengthened the support. For urban residents, the subsidy was 270 yuan (for disabled) and 340 yuan (for death) per person per month. For rural residents, the subsidy was 150 yuan (for disabled) and 170 yuan (for death) per person per month. The number would adjust through dynamic growth mechanisms. The Central Government would subsidize the eastern, central and western regions in different proportions.

Based on the Notice issued by the Ministries, Zhejiang province implemented the “New Policies for Single Child Loss or Disabled Families and People with Family Planning Surgical Complications”. This covered life support, endowment care, spiritual comforting and other aspects. The aims were

- (1) To improve the support standard for people with family planning surgical complications and the standards respectively increased from 300 yuan to 600 yuan, from 200 yuan to 400 yuan, and from 100 yuan to 200 yuan per person per month;
- (2) to improve the standard for single child loss or disabled families with disabilities, dementia and no ability to provide self-care, where the wife was aged from 49 to 60, from 500 yuan to 700 per person per month and in addition, to provide a one-time subsidy of 50,000 yuan for single child loss families with an adopted child; for single child loss families who have participated in basic pension insurance for enterprise employees and to provide some subsidies to share the cost of their expenses.
- (3) To provide collective support to single child loss families with disabilities, dementia and no ability to provide self-care, or aged 70 and have the willingness, through public age care institutions appointed by the county, city, or district civil affairs departments; to provide third party support to the disabled who both match the requirements and have the willingness, by county, city, and district CDPF; to provide funeral support to single child loss families which match the requirements of rural FG and urban “Three None’s”; to arrange the village committee as the guardian to those living alone, with one’s consent at first, for realizing guardian duties of entering a nursing home and having medical treatment; to provide a “green channel” at all levels for single child lose parents’ medical treatment and specific measures which should be decided by county, city, district health departments.
- (4) To provide the psychological care to single child loss families; according to these families’ needs. Local governments would choose the combined ways of purchasing of services and volunteer services and provide them with social assistances like life care, support for production, spiritual comforting and psychological care.

3.4 Support to Street Children and Baby Safety Island

To implement the Laws of the People’s Republic of China on the “*Protection of Juveniles*”, “*Prevention of Juvenile Delinquency*” and “*Compulsory Education*” and to improve the relief protection mechanism, the General Office of the State Council issued “*Opinions on Strengthening and Improving the Relief Protection of Street Children*”. The specific measures are as follows.

- (1) Implementing more proactive relief and protection. The public security departments should escort the street children to the relief protection agencies once finding them. Once coming across the children who are begging with adults, the public security department should investigate and identify the following situations. If the adults forced or tricked the children to beg illegally, they will carry out the punishment by law. If the begging adults are parents or other guardians only carrying the children with them, they would be criticized and educated and then escorted to relief protection agencies for help, and finally be escorted back home with the assistance of public security department. The civil affairs departments would coordinate with each other to carry out active relief, guiding the street children to relief agencies for help. City management departments should report to, and assist, public security departments with the escort process once they find street children. In the case of street children who have a sudden illness, the public security department with the departments of civil affairs and city management are required to escort them directly to designated hospitals. In addition, the role of grass-root organizations such as village (neighborhood) committees is to organize and mobilize citizens to provide assistance, guide the street children to the relevant departments for relief, or make the public security departments aware of the case.
- (2) Intensifying the crackdown on the trafficking of juveniles. Public security departments shall collect biological samples of unidentified beggars and children forced to be criminals and

enter the information into the national anti-trafficking DNA database for comparison. In addition, public security departments would also take the following measures. Firstly, strengthening their processing capacity which means they will respond immediately upon receiving an alarm. Secondly, intensifying the filing process, which means that they will implement a quick search mechanism with police resources. Thirdly, they will establish cross-sector, cross-unit, and inter-regional coordination mechanisms. In addition, the relevant departments, such as civil affairs, would assist to investigate, collect evidence and rescue the children.

- (3) Assist the homeless children to return home as soon as possible. The relief protection agencies and the public security departments should responsibility for seeking parents or other guardians for homeless children based on the relief information system, population management information system, anti-trafficking DNA information database, public bulletins, etc.

For the street children who have found parents or other guardians, the relief protection agencies should arrange promptly for them to return home, in which process departments such as transportation and railways would provide tickets, station access and traveling services. Relief protection agencies of children locating to a new place are required to take the following measures: notify the township government (sub-district office) where the permanent Hukou of the returning children or their guardians is located so that the relief protection could proceed appropriately; to investigate and assess the family guardianship for the children. On the one hand where the family has no ability for guardianship, the relief agencies would assist in entrusting for the child's custody. On the other hand where family refuses to assume guardianship, the relief agencies could apply to the people's court to revoke their guardianship and then designate others for guardianship by law.

For street children who temporarily have not found parents or other guardians, the work searching for the family should continue. In the interim, the street children should be taken good care of by the relief protection agencies, social welfare agencies or foster families. For street children who still have not found parents or other guardians after two years or longer, the public security department should transact the Hukou registration for them according to household management regulations, so that the street children could get access to school or jobs. For infants rescued in the process of the trafficking crackdown with no knowledge of parents or other guardians, the department of civil affairs should settle them in social welfare agencies, and the public security department would transact the Hukou registration for them as well.

- (1) Education and correction for street children. Relief protection agencies should assume the temporary guardianship of street children, and provide them services such as cultural and legal education, psychological counseling, behavioral therapy and skills training. In addition the relief agency should assist the judicial departments to provide legal aid or judicial assistance for the children whose legal rights were infringed. Under the guidance of the departments of educational administration, the relief protection agencies should help street children to get access to compulsory education or alternatives. For the street children with bad habits, the relief agencies would adopt correction by education; for those with serious misconduct, the relief agencies could send them to professional schools for education and correction according to the relevant provisions; for the disabled street children, the departments of health and DPF could provide the relief agencies guidance in the areas of psychological counseling and rehabilitation training.
- (2) Strengthening prevention and management from source. Prevention is a shared responsibility of family, school, government and society, and thus prevention from source is the fundamental solution to the problem of street children. The family is the unit with prime responsibility for solving the problem of street children, so it should assume its legal

obligations and guardianship. Relevant departments and local organizations should play the role of guidance and supervision, to help the family solve practical difficulties and improve the family's upbringing and education ability. Village (neighborhood) committees should develop a random visit system to prevent situations where the parents or guardians do not fulfill their guardianship or infringe the rights of the juveniles. If the circumstances are severe, the committee should report to the public security, to force the guardians to make changes or to impose administrative punishments if the guardians violate security procedures.

On November 30, 2013, the Ministry of Civil Affairs issued the "Emergency Notice on Special Relief Action of Ensuring Warmth during a Severe Winter". This notice required from November through to March 15, 2014 (extended to April 15, 2014 in Northeast and Northwest), the local departments of civil affairs to carry out special relief activities which targeted the homeless and beggars and people who were stuck in living troubles due to no jobs, no relatives or being cheated, etc., through which the poor people could feel warmth from government and society, and get protection of basic living rights. During the special relief action, local departments of civil affairs and relief management agencies would innovate the working methods, improve departmental joint action mechanisms effectively, and take the initiative to rescue and relief, to facilitate the homeless and beggars into shelters. Firstly, they would pay attention to the change in the weather. The relief action should examine and identify the weaknesses and hidden dangers step by step, track and monitor key areas, and thus establish a thorough emergency plan. Secondly, they would strengthen cooperation with departments like public security and city planning management. The joint action should carry out combined inspections especially in key areas at night, guiding the target people to receive relief at relief points such as relief management agencies and open relief sites. Thirdly, according to protective relief principle, the recipient groups including street children and people with a disability would be escorted to relief agencies promptly, among whom the critical patients and the mentally disabled would be sent to medical institutions for treatments.

During the special relief action, local departments of civil affairs and relief management agencies would encourage social organizations, citizens and other social forces to provide multiple ways such as voluntary services, emergency relief, governmental purchase of services, etc., to participate in relief services for the homeless and beggars during severe winter. Firstly, they would mobilize grass-root powers. Relief service points which cover townships (sub-districts) and communities (villager's committees) are responsible to produce initiative reports, provide guides, escorts and emergency relief. Secondly, to mobilize volunteer forces. To mobilize widespread volunteers like sanitation workers, bus and taxi drivers, and security guards on night shift to provide clues on the homeless and beggars, and by recruiting relief information teams, to guide and provide emergency services. Thirdly, to mobilize civil society powers. The government would provide service sites and governmental purchase of services to encourage civil society to participate in the relief initiatives.

Homeless and beggars can dial the local helpline, or head to the community service points, open rescue points or relief management agencies for help, so that they can obtain services as soon as possible. During the special relief action, local departments of civil affairs and relief management agencies would disseminate relief measures against severe winter through multiple methods such as radio, television, newspapers, the Internet, public messages, official microblogs, etc., and provide updates on the relief process and its effectiveness.

To optimize the mechanism of finding and rescuing abandoned babies, and protect their legal rights, the China Child Welfare and Adoption Center developed the "Pilot Program of Baby Safety Island" based on summarizing the practice and positive effects of the Baby Safety Island implemented by Shijiazhuang since June 2011. The Baby Safety Island is a 24-hour system with shift watch-keepers so that they could find and rescue the abandoned babies timely. Normally, the islands are located at the doorways of the child welfare agencies which are identified with signs. Every island is set with

baby incubator, crib, bedding, alarm with delay control, fans and air conditioners, etc. After receiving a baby, the alarm would alert the staff of the welfare house in 5 to 10 minutes, so that the baby could be transferred to hospital or into a welfare center as soon as possible. At the end of June 16, 2014, 32 Baby Safety Islands had been established around 16 provinces nationwide, which have received 1,400 abandoned babies and children in total. Generally, these children suffered from varying degrees of diseases, among whom the proportion with serious conditions was very high, and some babies were in a critical condition.

3.5 Nutrition Improvement for Poor Children and Students

3.5.1 Nutrition Improvement for Rural Students under Compulsory Education

To implement the “*Long-term Education Reform and Development Plan (2010-2020)*”, and to improve the health standards for rural students, especially for those from poor areas and poor families, the executive meeting of the State Council decided to initiate the “*Nutrition Improvement for Rural Students under Compulsory Education*” from the autumn semester of 2011. (1) In the concentrated contiguous poor areas, the central finance agency provides a nutrition subsidy pilot in accordance with the standard of 3 yuan per person per day. The pilot covers 680 counties (cities) and benefits about 26 million students. According to the preliminary estimates, the Central Government would allocate more than CNY 16 billion from central finances every year for the pilot plan. (2) The Central Government encourages Local Governments to focus on the poverty-stricken areas, ethnic and border areas, and former revolutionary areas, and to carry out the pilot projects according to local conditions. The Central Government would grant rewards and subsidies to the good practitioners. (3) Coordinating the renovation of rural primary and secondary schools, of which the dining rooms are the key, to improve students’ dining conditions. (4) Increasing by 1 yuan per day for every boarding student from poor families according to the living subsidy standard, which means it would rise to 4yuan per person per day and 5 yuan per person per day for pupils and junior high school students respectively. The central finance agency would grant this subsidy proportionally.

3.5.2 Nutrition Improvement for Children in Poor Areas

To implement the “*Outline for the Development of the Children of China (2011-2020)*” and the “*Development Outline for China’s Rural Poverty Alleviation (2011-2020)*”, to improve the nutrition and health of infants in poor areas, and to enrich parents’ knowledge of scientific feeding, since 2014 the National Health and Family Planning Commission and All China Women Federation (ACWF) together have implemented the “*Nutrition Improvement for Children in Poor Areas Plan*” in 341 concentrated contiguous poor counties (cities or districts). By providing nutrition supplements (nutrition package) for infants from 6 to 24 months old, the Chinese government expects to disseminate the knowledge and skills of scientific infant feeding nationwide, and to improve the nutrition and health of children in poor areas.

3.6 Support to Maternal and Infant

3.6.1 Maternal Mortality Reduction and Neonatal Tetanus Elimination Project

To realize the goal of reducing by one quarter the maternal mortality rate that was put forward in the “*Implementation of the Program for Chinese Women’s Development (2000-2010)*”, the Ministry of Finance and the Ministry of Health implemented the “reduction and elimination project” in 378 western villages. By 2015, the program has expanded to 1,000 towns, covering 22 provinces and municipalities. This special fund of the Central Government increased from CNY 0.13 billion in 2014 to CNY 0.44 billion. In 2016, the Ministry of Health issued the “*Notice on Further Regulations to Reduce Maternal Mortality and the Neonatal Tetanus Elimination Project*”. In the notice, the Ministry praised the achievements since the implementation of the project began. The project has improved the hospital delivery rate and reduced the maternal mortality effectively. The

Ministry of Health issued the “*Management Plan On Comprehensive Maternal And Infant Health Project 2010*”. The related notice proposed the goals of the “reduction and elimination project” as: (1) maternal mortality: by the end of 2010, would decrease 55% when maternal compared with 2001 at provincial level; (2) infant tetanus morbidity: reduce the infant tetanus morbidity rate below 1% at county level; (3) Disinfection birth rate $\geq 99\%$; (4) antenatal examination coverage rate $\geq 95\%$; (5) “three basics” (basic theory, basic knowledge and basic skill) pass rate of the township medical care institutions’ obstetrical departments would be $\geq 85\%$. The “*Notice on Implement China Maternal and Infant Development Outline 2011-2020*” issued by the Health Ministry in 2012 claimed to continue the “reduction and elimination project” and to reduce the maternal mortality below 22/100,000, infants’ mortality to 12% and the mortality rate of children under 5 to 14% by 2015. By 2020, the goal is to reduce the maternal mortality below 20/100,000, infants’ mortality to 10% and the mortality rate of children under 5 to 13%

3.6.2 Subsidy for Rural Maternal In-hospital Delivery

To insure the safety of pregnant women and infants, to reduce the maternal mortality rate put in place the “*Implementation Plan on Medical and Health System Reform (2009-2011)*”, to provide guidance on further strengthening rural maternal in-hospital delivery and implement the “*Special Interim Measures for the Management of the Rural Maternal Hospital Childbirth Subsidy Project*” 31 provinces and municipalities carried out a subsidy project for rural pregnant women’s in-hospital delivery with central special fiscal funds. The local health and finance department drew up the implementation plan and funded management measures jointly, defining local in-hospital delivery service programs and fixing price standards. Local Government should take corresponding responsibility for expenditures and use the fund comprehensively. The women joined the rural cooperative medical insurance system and could get a subsidy from the insurance in addition to the fiscal subsidy after delivery in hospital. The subsidy for the rural pregnant women in-hospital delivery program in Guangdong is more than 500 Yuan. In 2009, the central finance agency subsidized 50 CNY per person in the province and the province government subsidized 50 CNY per person for underdeveloped areas.

3.6.3 Neonatal Disease Screening Program for Poor Areas

To implement the “*Chinese Children’s Development Plan*” (2011-2020), the “*National Program for Rural Poverty Alleviation*” (2001-2010) and discover the infants’ hereditary metabolic disease and dysaudia to reduce the infant’s intelligence and hearing disability rate, the National Health and Family Planning Commission and the China Disabled Persons Federation jointly began the “*Neonatal Disease Screening Program Plan For Poor Areas 2013*” to implement the subsidy program for poor areas’ neonatal diseases screening. By now, the program has covered 200 towns in 21 provinces. 490,000 rural infants have received Phenylketonuria (PKU), Congenital Hypothyroidism (CH) and hearing disability screening. Those children diagnosed with PKU and hearing disability have received rehabilitation aid.

3.6.4 Aid for HIV AIDS Affected Children

To carry out the “*Regulation on the Prevention and Treatment of HIV/AIDS*”, the “*Chinese Action Plan for AIDS Containment and Prevention*” (2006-2010) and the “*Regulation on Strengthening Orphan’s Assistance*”, the Government decided to strengthen the welfare of HIV/AIDS affected children, including HIV/AIDS orphans, children with an HIV/AIDS parent or parents who had died of HIV/AIDS and HIV/AIDS children. The civil affairs department has provided basic living funds of 600 CNY per person per month and tried to give the guardian a subsidy and support. Children with an HIV/AIDS parent or whose parents died of HIV/AIDS can receive the same subsidy with the HIV/AIDS orphans. HIV/AIDS infected children can get nutritional medical subsidies besides the living fund.

Children affected by HIV/AIDS can get the tuition and fees waiver, free books and the living expenses' subsidy. Children in high school can get educational assistance and work-study opportunities. Welfare organizations receiving HIV/AIDS affected children can get support and guidance.

For the infected children, the Government should provide adaptive medical treatment including free antiviral therapy and opportunistic anti-infections therapy. Other affected children that are not infected should receive basic medical care in town medical organizations. The medical organizations should be encouraged to reduce and exempt medical expenses. The civil affairs department should fund the poor affected children to participate in the medical assistance system and support the clinics in children's welfare organizations. If the expenses are still not affordable, the civil affairs department should pay them from the medical assistance fund.

If the affected children go to high school, they should be funded. If they don't go to high school, vocational training, psychological caring and employment services should be provided to improve their career and social adaptive ability, so they can integrate into society better. The relevant department should provide an unemployed orphan job the training subsidy and the occupation introduction. The small-sum guaranteed loan policy should be implemented to encourage and help them to find a job.

On the principle of "individual support as primary, collective support as supplement", there are methods like family adoption, family foster, organizations collective support and simulative family support to care for HIV/AIDS orphans. The HIV/AIDS orphans should be placed in the family of a relative that are willing and able to foster them. This will provide the children with a good growth environment. Departments should give the foster family a subsidy to encourage the relatives to take responsibility on the basis of Central Government policies. For the simulative family and orphan resettlement organizations, the funding should be guaranteed. In the villages, the guardians should sign contracts with village committee to guarantee the property rights of the orphans and return the land and house to them once they become independent.

To implement the "*Chinese Children's Development Plan*" (2011-2020) and to further promote the construction of the children's welfare system and increase their welfare standard, the Ministries of Civil Affairs and Finance have decided to cover an infected child's living expenses. Every provincial government can define the standard according to their local living standard and the state of their financial resources. Local civil affairs departments should evaluate, verify and enroll the infected children in the orphan living expenses program. The central finance agency provides the subsidy for the living expenses of infected children. The standard benefit for infected children has been more than 600 CNY per person per month and it has varied according to the individual support orphans' living standard. The standard in Tianjin and Shanghai is 1,560 and 1,400 CNY per person.

3.7 Subsidy to Seniors

15 provinces including Beijing, Tianjin, Jilin, Heilongjiang, Shanghai, Yunnan, Ningxia have established a subsidy system for seniors, covering 9 million seniors. On May 2009, Ningxia province issued the "*Notice on the Living Subsidy for Low Income Seniors above 80*" to establish a subsidy system for senior. It became the first province to implement the program. The subsidy is provided to: rural and urban seniors who are registered as permanent residents, are above 80 years old and have no fixed income. Seniors above 100 can get 300 CNY per month, those aged from 90 to 99 can get 130% of the amount of the minimum living standard and those 80-89 years old can get a subsidy equal to the minimum living standard.

3.8 Temporary Assistance

To implement the decision of the 18th National Congress, the second and third sessions, to give effect to social assistance and solve the life difficulties of citizens, the State Council has decided to

establish temporary assistance institutions comprehensively according to the “*Interim Measures for Social Assistance*”. The temporary assistance institution is transitional and temporary assistance that government gives to families or individuals getting into trouble after an emergency, accidental injury, serious disease or other reasons. Local Governments are responsible for the institution and provide the temporary allowance, material object and service. The standard matches the local social and economic development level. Governments above township level should define the standard and adjust it on a timely basis according to the needs of the target group and the standard of other assistance systems. The standard should be published and the Provincial Government should promote a relatively unified temporary assistance standard.

Application procedures: firstly, accept the application from those who apply. People who are in accord with the conditions or the village committee can submit the application to the township government for assistance. The township government instigates the application with the help of the village committee, appraises the application democratically, verify their qualification, publish the result in the villages and submit the application to the county civil affairs department. Secondly, accept actively. The township governments and village committees should check for bad conditions like emergencies, accidental injury, serious disease and help citizens to apply for assistance. The department of public security and city inspectors should take measures to help minors in trouble and psycho and critical patients who cannot actively seek help. Thirdly, the township government and the civil affairs department should provide aid first in the case of emergencies in order to prevent irredeemable loss or unchangeable severe sequences. After relieving the emergency, the applicant’s files should be submitted.

Table 18: Situations and Conditions of Temporary Assistances – unit is thousand households

Region	TA Household s Number of Times (thousand household-time)	Based on Hukou Categories		Based on Registered Residences		Based on TA Categories		Numbers of Traditional Assistance (thousand household-time)
		Urban (thousand household-time)	Rural (thousand household-time)	Permanent Residence (thousand household-time)	Temporary Residence (thousand household-time)	High Expense (thousand household-time)	Emergency TA (thousand household-time)	
National	3017.97	1252.77	1765.20	2926.66	91.31	2499.50	518.47	636.75
Beijing	62.27	31.36	30.91	62.27		61.77	0.50	
Tianjin	32.61	26.45	6.16	32.61		31.61	1.00	0.01
Hebei	39.07	10.61	28.46	37.98	1.09	29.87	9.20	4.60
Shanxi	109.92	27.77	82.15	104.26	5.66	88.57	21.36	6.49
Neimeng gu	122.40	42.84	79.56	117.43	4.97	97.55	24.85	22.27
Liaoning	81.85	63.78	18.08	77.46	4.39	76.73	5.12	6.64
Jilin	75.65	47.67	27.98	75.65		75.52	0.13	1.85
Heilongji ang	57.67	28.52	29.16	56.96	0.72	44.41	13.26	4.36

Shanghai	314.22	313.78	0.45	314.22		261.14	53.08	0.01
Jiangsu	266.07	97.35	168.72	263.55	2.51	228.37	37.70	73.94
zhejiang	87.14	18.53	68.61	86.56	0.58	74.49	12.65	4.96
Anhui	81.88	31.92	49.96	80.70	1.18	68.41	13.47	45.59
Fujian	47.97	13.79	34.19	46.96	1.02	41.37	6.60	3.95
Jiangxi	9.39	2.81	6.58	9.11	0.28	6.60	2.79	28.86
Shandong	185.43	52.15	133.28	181.53	3.89	141.93	43.49	0.78
Henan	26.13	6.00	20.13	25.27	0.85	15.36	10.76	23.92
Hubei	338.11	143.64	194.47	331.75	6.36	288.44	49.67	20.92
Hunan	158.27	49.54	108.73	141.72	16.56	102.71	55.57	95.33
Guangdong	29.26	8.58	20.68	22.98	6.28	23.02	6.24	1.03
Guangxi	45.01	1.58	43.44	44.80	0.22	41.30	3.71	117.18
Hainan	15.74	4.08	11.66	15.73	0.008	14.98	0.76	0.05
Chongqing	199.39	98.95	100.44	190.09	3.30	173.36	26.04	13.44
Sichuan	111.00	38.53	72.48	107.14	3.89	80.74	30.27	62.83
Guizhou	59.63	9.36	50.27	54.22	5.41	46.23	13.40	20.71
Yunnan	282.33	37.22	245.11	270.13	12.20	242.83	39.51	39.59
Tibet	5.35	3.16	2.19	5.33	0.027	3.33	2.03	
Shannxi	92.59	18.85	73.75	88.26	4.33	76.95	15.65	2.81
Gansu	35.56	8.15	27.42	34.25	1.32	26.08	9.48	34.46
Qinghai	6.43	1.74	4.69	6.21	0.22	3.93	2.50	0.003
Ningxia	15.11	1.72	13.39	15.01	0.09	14.30	0.81	0.06
Xinjiang	24.51	12.37	12.15	20.52	3.99	17.63	6.88	0.013

Data Source: Official Website of the Ministry of Civil Affairs of the People's Republic of China, <http://files2.mca.gov.cn/cws/201501/20150126145241251.htm>.

4. General Assessment of Social Assistance for the Rural Specific Vulnerable Groups

4.1 Achievements

4.1.1 Establishment of the Rural Social Assistance Net in which Support to the Most Vulnerable People is Considered as a Key Achievement

Since the 21st century, China has reinforced the construction of institutions and regulations for rural vulnerable groups. Marked by “*Regulations on Rural Five-Guarantee Scheme*” in 2006 and the “*Interim Measures for Social Assistance*” in 2014, the social assistance system for specific vulnerable groups has been basically formed in China. With the Minimum Subsistence Allowance System (Dibao), the Social Assistance for Specific Vulnerable Groups, Medical Assistance, Temporary Assistance and other Social Assistance schemes, and the Rural Development Oriented Poverty Reduction Program, China has built a Social Assistance network for the rural poor population. The network has basically achieved full coverage of SVG and played the role of satisfying minimum needs. The support ability for SVG has also increased significantly and has begun to be integrated with the basic pension insurance system for residents, basic medical insurance, Minimum Subsistence Allowance System (Dibao) and orphan subsistence allowance system.

4.1.2 Formulation of Support System for SVG in Rural Area and Improving Service Level

In more than 30,000 towns in China, nearly every town has built its support organization for the specific vulnerable old and children. By the end of 2014, there were 3.934 million beds for old people and persons with a disability, 102,000 beds for children, and 2.6 million staff, half of whom supported rural SVG. By August, 2015, 5.231 million people were covered by the Five Guarantees Scheme (FG). 1.674 million (32%) of them were collectively supported. The average standard was 5,706 CNY per person per annum for collective support and 4,241CNY per person per annum for individual support. These were a respective increase of 93.3% and 101.7% over 2010 (See Table 14).

Many homes for the elderly are registered as public institutions. Based on choosing either collective or individual support, the township government, homes for the elderly, village committees, cadres in charge of helping villagers and FG recipients sign support contracts respectively to distinguish their responsibilities and obligations. The FG recipients were enrolled by county or district bureau of civil affairs in the New Rural Cooperative Medical Insurance and they do not need to pay in a specific hospital. A service system including town homes for the elderly, village homes and house repair for FG recipients has been formed.

4.1.3 Built-up of Information and Archives System for Supported Most Vulnerable People

The Ministry of Civil Affairs and the State Archives Administration issued the “*Management Measures for the Rural Five-Guarantee Archives*”, including 17 articles, and implemented it since April 1, 2013. According to the measures, the recipients’ information should be timely updated and all specific vulnerable people should be covered by FG if allowed. The administration department should establish archives for the vulnerable people and share the data with other departments. For example, the county construction bureau prioritized FG recipients when implementing the program for renovating dilapidated houses.

TV stations and other governments department also introduced preferential policies for FG recipients, such as reduced cable television fees, water, electricity, coal, fuel subsidies. Judicial and education departments also provide assistance and encourage society to participate in FG assistance.

4.1.4 Different Models of Organizing and Supporting in SA for Vulnerable People

As the establishment and improvement of China’s rural social assistance system, the “Three None’s” will be the main part of FG collective support. The FG old, children and disabled are covered in different in policies, support levels and themes. The homes for the elderly, the welfare center and the Disabled Person’s Federation take part in FG affairs, so the policy may be overlapping and lead

to unequal distribution of public resources. Datong county established a social welfare institute to administer all welfare agencies, including one welfare house for the old, one for children and seven homes for the elderly, in order to increase efficiency.

Hunan province encourages homes for the elderly to start their “courtyard economy”. On the one hand it can provide labor opportunities for the elderly whilst on the other hand it can also save on expenditures. The province also encourages agencies aiming for specific vulnerable old people to be open to society. The construction department supports the construction of agencies in village to provide other patterns.

4.2 Main Challenges

4.2.1 The Low Standard of FG Support Standard

The “Regulations on the Rural Five Guarantees Scheme” in 2006 demanded that the rural FG support level should not be lower than the rural residents’ average living standard and be adjusted to account for the improvements in living standards. The funding of FG is afforded by the local government budget and in some areas the funding is not sufficient. Consequently the recipients’ living fee cannot satisfy their needs. In central provinces such as Jilin, Anhui, Henan and Hunan, the level is under 30% of the average disposable income.

Table 19: Various Social Assistance Levels in Different Areas

Region	National poverty line/average income	Minimum Subsistence Allowance level/average income	FG collective support level/average disposable income	FG individual support level/average disposable income
National	0.267	0.265	0.512	0.382
Beijing	0.138	0.375	0.647	0.647
Tianjin	0.165	0.362	0.547	0.468
Hebei	0.275	0.250	0.514	0.348
Shanxi	0.318	0.279	0.546	0.330
Neimenggu	0.281	0.364	0.732	0.475
Liaoning	0.250	0.286	0.543	0.357
Jilin	0.260	0.229	0.410	0.287
Heilongjiang	0.268	0.264	0.507	0.360
Shanghai	0.132	0.357	0.425	0.425
Jiangsu	0.187	0.357	0.541	0.469
zhejiang	0.145	0.293	0.487	0.445
Anhui	0.282	0.285	0.460	0.292

Fujian	0.221	0.216	0.530	0.460
Jiangxi	0.277	0.261	0.347	0.306
Shandong	0.236	0.247	0.454	0.308
Henan	0.297	0.194	0.418	0.256
Hubei	0.258	0.237	0.433	0.311
Hunan	0.278	0.231	0.565	0.298
Guangdong	0.229	0.313	0.647	0.625
Guangxi	0.322	0.234	0.465	0.359
Hainan	0.282	0.338	0.552	0.468
Chongqing	0.295	0.281	0.582	0.512
Sichuan	0.318	0.243	0.508	0.396
Guizhou	0.420	0.317	0.494	0.331
Yunnan	0.376	0.287	0.526	0.350
Tibet	0.375	0.299	0.518	0.457
Shannxi	0.353	0.285	0.728	0.620
Gansu	0.488	0.397	0.653	0.614
Qinghai	0.384	0.304	0.752	0.687
Ningxia	0.333	0.271	0.676	0.441
Xinjiang	0.338	0.245	0.814	0.518

Source: Author's calculation based on data from the official website of the Ministry of Civil Affairs of the People's Republic of China.

4.2.2 Incomplete Support in FG Care

In some areas, FG recipients face many problems, for example, daily life, health care, burial affairs and so on. The medical expenses are not fixed, so the administration departments are usually puzzled. Although the medical assistance policy can solve some of the problems, some homes for the elderly still faces problems like high care payments and self-paid medicine, so they cannot make ends meet.

4.2.3 Insufficient Numbers of Staff, Shortage of Skilled Staff in FG Support Organizations

Due to the financial system, some workers are regularly employed and some are temporarily employed. Some of them are paid from the government budget and some by the organization. This makes the organizations lack staff, especially skilled staff. In the homes for the elderly, the ratio

between the residents and the staff is usually 10:1, so they tend to receive independent people and the disabled and dependent people are excluded.

4.2.4 Lower Collective Support Rate, Smaller Scale of FG Support Organization

Most local governments make the town government as being responsible for the FG recipients, so nearly every town runs a home for the elderly. But, many people are life-independent and tend to live in their familiar community alone. The low numbers of people living in homes for the elderly affects their management and service standards. This in turn makes people reluctant to live there.

4.2.5 Identification of SVG

In general, the specific vulnerable people include the “Three None’s”, the elderly, children and persons with a disability. In practice, some provinces have begun to focus on, and succor, children who have no dependents and other vulnerable people, such as children without statutory guardians (they can be categorized as vulnerable children). In some poor rural areas, there are many older young men. To assist them from becoming FG recipients is a topic worthy of study.

4.3 Suggestions: Service Provision Centered Policy Improvement

Support to the rural SVG, in particular to the FG scheme has almost 60 years of history. It was the oldest but most dynamic social assistance scheme. The experiences of the SASVG scheme are worthy of evaluation. Although the number of recipients under the FG scheme is only around one per cent of the total rural population, those recipients are economically poor, socially incomplete and physically vulnerable. They are most needy group and should be always the focus of the social assistance system. The situation of SVGs will reflect the moral values of society. Governments at all levels should consider it as a work priority. Unlike Dibao in which the transfer payment is the main issue, sound care service provision should be the main task of the SASVG program. This includes questions of what kinds of care services should be provided, by what means can sound care services be provided, who will provide daily care services, who will pay for the service provision. There is still much hard work to be done to realize a sound service provision.

4.3.1 Improve Cross Sector Institutional Coordination including Articulation in Different Programs

By now, the vulnerable people support institution framework has been formed. But there are two concepts: specific vulnerable and FG, where responsible bodies for the three groups are quite different. This may lead to mistakes and omissions. The policy of the civil affairs department and the Disabled Persons’ Federation should be unified and assistance should be linked with welfare in the civil affairs department. In addition, the institutional coordination mechanism between departments should be built and communication among education, housing, medical treatment and public utilities should be strengthened. The new “Guidance on Further Improvement of Social Assistance and Support for SVG” includes a special paragraph on coordination between the different programs and a standard platform for the establishment and management of vulnerable persons’ archives should be built up to realize trans-sector coordination.

4.3.2 Base on the new “Guidance” to Conduct Policy Pilot Experimentation

In February, 2016, the State Council organized a thematic standing meeting and promulgated the “Guidance on Further Improvement of Social Assistance and Support for SVG” to strengthen the implementation of the relevant articles of the Interim Measures. These included setting-up of five principles, clarifying the definition, the standard for targeting groups and its procedures, fulfillment of government in service delivery such as food, clothes, housing, daily-care and medical care, increasing government financial input, and the involvement of social participation. Based on the request of the new Guidance, it is necessary to conduct pilot policy experiments on standards of caring and nursing, participation of social organizations, subcontracting of services, etc.

4.3.3 Enhance the Financial Input from the Government's Regular Budget for Sound Services

For some historical reasons, the fund for vulnerable people support mainly comes from local government (especially middle areas). There are poor areas in the middle of China and some local governments cannot maintain the standard “not lower than local residents’ average living standard” stated in the “*Regulations on Rural Five-Guarantee Scheme*”. Limited budget will also affect the identification of qualified target groups. The central government should make the regulations for and contribute to financing to take the 5 million vulnerable citizens out of poverty. So far, the financial responsibility between different level of governments on the maintenance and operation of nursing homes is not very clear. Financial support to village committees is also necessary for their duties relating to individually supported SVGs. In the “Guidance on the Further Improvement of Social Assistance and Support for SVG”, both basic living standards and caring and nursing standard are proposed but these need to be further studied, so that sound services can be delivered based on the needs of SVGs.

4.3.4 To Strengthen Organizational and Staff Capacity for Rural Super-Township Support Organization for Better Services

Some provinces partially stress the responsibility of township governments and run a home for the elderly in every town. It is difficult to get economies of scale and raise the service level. The principle should be that “the village is responsible for individual support and the town is responsible for collective support” and more cross-town support organizations should be encouraged. The Government should encourage organizations to employ local people and include their salary in the budget. The staff of support organizations should be registered as civil institution personnel to ensure responsibility and incentives. The standards for nursing homes should be developed to provide detailed guidance for practice, including legal entity registration, amount and structure of staff, contents of services, infrastructure and physical conditions, etc.

4.3.5 Recognise More Roles for the Rural Community and the Village Committee for Providing Individual Support

In the future, there will be many people who will choose individual support. The government should respect their choice and strengthen the responsibility of village and fund them. At the same time, the government should encourage social work organizations and volunteers to serve in rural support organizations. Service criteria for individually supported FG clients should be formulated and strengthened.

Currently, about two-thirds of FG clients are individually home-stay supported. Home-stay support is an option when the clients still have the basic ability for daily life. However, risks are still around these SVGs. Therefore, some kind of necessary service should be available and accessible for those people. The local community (including neighbors and relatives) should be supported for the provision of necessary daily services and health care, monitoring, etc.

4.3.6 Encourage Local Innovation in the SVG Support System

In case studies it was found that many support organization practices were well suited to the local situation, such as developing the economy in the organizations and the combination of assistance and welfare in aged affairs. Nursing homes for SVGs can be the leverage for rural general caring facilities for the elderly. In organizations’ staff, some of them are listed in the budget, some are set public service jobs and some are recruited by the village leader. Innovation should be encouraged and the communication of experiences should be strengthened. The main areas for innovation include: involvement of social organization/social workers in SASVGs, service procurement of Government from business (or PPP styled). nursing homes, subcontracting to the village community for individual’s home-stay support. It is also worth developing the integration of medical care into the SASVG system.

CASE STUDY1: Social Assistance for Rural Specific Vulnerable Groups in Qinghai

Regarding the specific vulnerable groups (SVG), the support organizations and the civil affairs departments at grass root level are the respondents for this survey which selected Jianzha County of Huangnan State and the Datong Hui Turkish Autonomous County of Xining City in Qinghai Province, to get the research data by in-depth interviews and literature review. The case study intends to discuss the definition of SVG in the western region of China, support the manners of these SVG, and highlight the problems found in the survey. This study expects to provide some feasible suggestions for improving the living conditions of SVG and building the SASVG system.

Defining the SVG in Qinghai Province

The “Interim Measures for Social Assistance” were issued and came into force on May 1, 2014. SVG are referred to as those who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory guardians or whose statutory guardians have no ability to provide for them, bring them up or support them. The subject was conducted together with the elderly, children and disabled SVG specifically in the following three categories:

1.1 FG Elderly

The Elderly SVG are generally “the FG Elderly”. According to the “Regulations on the Rural Five-Guarantees Scheme”, the FG elderly refers to the elderly who have no ability to work, no source of income, and no statutory guardians or whose statutory guardians have no ability to provide for them, bring them up or support them. Jianzha County has Tibetan, Han, Hui, Salar and other ethnic groups, and has provided collective support for the current 488 FG elderly. Datong Hui Turkish Autonomous County have Han, Hui, Tu, Tibetan, Mongolian and another 26 ethnic groups with currently 941 FG elderly currently and provides collective support for 260 FG elderly.

1.2 Orphans and Troubled Children

The Ministry of Civil Affairs in 2013 divided children into four categories, orphans, troubled children, children in a troubled family and ordinary children. Orphans refers to juveniles under the age of 18, who have lost parents, or have no accessible information on their natural parents, and both of the situations above are supposed to be determined by the relevant terms from the civil affairs departments at county level or above. Troubled children refer to the disabled, the sick and waif children. Children in a troubled family refer to children in the following situations: the ones whose parents are severely disabled or sick, the ones whose parents are in long-time custody or serving in prison, or receiving forced detoxification, the ones whose one parent dies and the other cannot assume obligation to provide support or receive custody for some reason, and last but not least the ones who are in vulnerable family and are suffering from neglect and abuse. Jianzha County has 150 orphans and 196 troubled children. Datong Hui Turkish Autonomous County has 126 orphans and 414 troubled children.

1.3 Disabled SVG

According to “the Law of the People’s Republic of China on the “Protection of Persons with a Disability” revised during the second conference of the 11th National People’s Congress, the disabled refers to people who lose completely or partially the abilities for certain normal activities due to tissue or function loss or dysfunctions in psychological, physiological or anatomical aspects. The category of the disabled includes those with visual disability, hearing disability, speech disability, physical disability, intelligence disability, mental disability, multiple disability and others. Jianzha County has 1,454 severely disabled SVG at present.

Basic Support Service for SVG in Qinghai Province

In Qinghai, the elderly aged from 70 to 79 obtain 70 CNY each per month; the elderly aged from 80 to 89 obtain 80 CNY each per month; the elderly aged from 90 to 100 obtain 100 CNY each per month; and the elderly over 100 years old receive 140 CNY each per month. Secondly, the SVG medical assistance outpatient benefit standard is 360 CNY each person per year. Thirdly, the disabled SVG monthly living subsidy is 50 CNY in Jianzha County and 100 CNY in Datong Hui Turkish Autonomous County. Fourthly, each orphan and troubled child gets a monthly living allowance of 1,000 CNY including 880 CNY from the central government and 120 CNY from the local government. For the nine years of compulsory education, children can enjoy the "two exemptions and one subsidy" policy. Finally, the rural basic pension standard monthly is 75 CNY.

2.1 Collective support

The main provider of collective support is the government. FG service organizations, such as Homes for the Elderly, the Child Welfare Institution and the Disabled Welfare Institution, undertake the task of collective support for rural FG recipients. They usually provide food, clothing, housing, education, medical treatment, funeral and other services. The FG collective support's standard per person each year is CNY 6,891 in Jianzha County and CNY 8,450 in Datong Hui Turkish Autonomous County.

Jianzha County Homes for the Elderly was built in May 2007, and began to work in 2009. This "three-star" home for the elderly specializes in FG collective support recipients. There are two-people rooms and three-people rooms with 120 beds. Currently, there are 109 FG who are mainly unmarried and single or are severely disabled. There are 69 women and 40 men. The oldest is 94 years old, the youngest is 42 years old and is a disabled SVG. The average age is 79. The percentage of people over 60 years old is 70%, and the percentage of disabled persons is 30%. There are only five Hans. All the others are Tibetans. Jianzha County Children's Welfare Centre has provided collective support for orphans, disabled and trouble children from four counties of Huangnan since September 2006. At the moment there are 510 orphans and disabled children including 15 preschoolers, 99 children in primary school, 107 children in junior high school and 74 children who can enjoy the 1,000 yuan per annum national student allowance in high school.

Datong Hui Turkish Autonomous County Bridge Center Homes for the Elderly was located in Ajiabao village of Suobei township. Construction began in May 2013 and it became operational in December 2014. This "two-star" home for the elderly is close to the primary and secondary schools, hospitals and other public institutions. The homes for the elderly have 60 beds situated in three-people rooms and two-people rooms mainly for the disabled. There are 2 females and 43 males. In terms of age, the oldest is 80 years old and the youngest is 40 years old with a disability. The average age is 46, and 26.7% of the FG collective support recipients are over 70 years old. Among them, there are 3 persons with visual disabilities, 7 persons with physical disabilities, 3 persons with intellectual disabilities, 20 persons with hearing disabilities and 4 persons with language disabilities. The Children's Relief Station has 60 beds to support child SVGs, including orphans, children with a disability and troubled children. It has supported 23 children, including 6 girls and 17 boys. In terms of age, the oldest is 17 years old and the youngest is 6 years old. Among them, there are 10 children in primary school, 12 children in junior high school and one child in high school. During their education, the Station pays all costs for supporting the child SVGs. The average cost per child each year is CNY 400 in the primary education stage. Children eat three meals a day in the welfare institution. All the food comes from the "custard project" or the "nutrition lunch" are allocated to the Children's Relief Station directly.

2.2 Individual support

The main recipients of individual support are individuals and their daily life care is in charge of their village committee. The annual FG individual support standard annually per person is CNY 3,600 in Jianzha County and CNY 7,400 in Datong Hui Turkish Autonomous County. *Lalong is a*

Tibetan villager who is 18 years old. Since his father died, he has lived in the Lejian village of Maketang township in Jianzha County with his mother. The young boy was sick, but had not been well treated due to the poverty. A few years ago, he became intellectually disabled. His mother is a normal rural woman, so his situation is incompatible with the Regulations on the Rural Five-Guarantees Scheme. However, the local department of civil affairs considered the actual situation of his family, and finally decided to put him into FG and his family into Dibao. Another Tibetan old woman is called La Miaoji. She is 87 years old and has no children. She stays in Maketang village of Maketang township with her relatives and chooses self-care. An acquaintance tended her 2 acres of land previously, but the land is idle now. She mainly drank groundwater in the yard and picked up firewood in the village. The township department of civil affairs and native villagers often cared more about her life, and sometimes sent some rice or other food to her. When she was sick, her relatives looked after her.

Wu Chenglin is 54 years old and han, and he lives in Huakezhuang village of Suobei township in Datong Hui Turkish Autonomous County. He is a blind person, and has been lying in bed for over 20 years. His intelligence has also been severely impacted and he became a severely disabled. There are four members in his family, but his parents died He lives together with his brother called Wu Chengyuan who is 42 years old and single, and has junior high school degree. The government carried out the "reconstruction" project in 2008. Wu Chengyuan spent CNY 15,000 renovating his house, including CNY 2,500 yuan from the government fund and CNY 12,500 yuan from his individual savings. It has 12 acres of land where he mainly plants some vegetables. There are two cows, a tractor used for arable land, TV, sofa and other basic household durables in their family. Their expenses are mainly spent on medicine, electricity, winter coal and social activities.

2.3 Third party support

Third party support is when the county department of civil affair department or township government entrusts a third party organization to provide home care services for FG recipients by purchasing services from the society. The service includes care during the day, providing or buying dinner, medical related services, cleaning services, spiritual consolation, security and so on. In July 2015, the civil affairs department of Qinghai province issued the pilot third party service scheme for vulnerable aged people in Qinghai village and the herding areas to pilot the scheme in 11 towns such as Huangnan, Guoluo, Yushu and Hainan. The scheme is aimed at FG, the "Three None's" who live in the rural and herding areas and have not lived in a support organization, single elderly people who are covered by the Minimum Subsistence Allowance System (Dibao) and are above 70 and single people needing special care in the rural and herding areas. The service providers can be legally qualified old people's homes, or village organizations, seniors associations, village service stations and other warm-hearted people can undertake the services.

Main challenges or existing problems

3.1 The salary of the FG collective support staff is too low, and the ratio of nurses to FG recipients is far from reaching the national statutory requirement. Besides, the wage differences existing among the regional institutions causes turnover of workers. Jianzha County Homes for the Elderly has 32 workers and five of them whom have formal qualifications. Temporary nursing staff are secondary school students and the monthly salary for them is about CNY 1,250 yuan. The ratio of nurses to FG recipients is 1:4. The monthly salary for other workers such as cleaners and cooks is approximately CNY 1,150. The Bridge Center Homes for the Elderly has 12 workers. The monthly salary of temporary staff is about CNY 1,875 yuan, but the institution pays the buy pension, medical and unemployment insurance for their employees. The ratio of nurses to FG recipients who have the ability to take care of themselves is 1:6, and the ratio of nurses to FG recipients with a disability is 1:4.

3.2 Due to the low-level education standard and the predominant age range being 30 to 40, the general staff in the children's welfare center do not have the ability to help the children to do better in their school work. The children whose parents are in long-time custody or serving in prison are more easily vulnerable, so the children of the welfare center are eager to have more full-time counseling staff to help them grow up healthily and establish the correct concept of life.

3.3 There are lots of rural bachelors about forty years old. This situation may result in more new FG recipients in the future. There are several reasons. First, poor economic conditions have led to the lack of an essential material basis and the cost of marriage is too high, almost CNY 200,000. The second reason is that the residential areas are remote and inaccessible, and few women are willing to live in these places. Third, the majority of marriageable women have been leaving their villages as migrant workers and they seldom return home.

3.4 Building the welfare agency management system. The Civil Affairs Bureau in Datong Hui Turkish Autonomous County set up the social welfare center, and directly appoints the social welfare president who administers all welfare organizations in the township. Currently, there are seven rural homes for the elderly, one senior welfare center, and one child welfare center. These institutions collectively manage the elderly, the children and the disabled SVG, rationally allocate resources, and improve the efficiency of the department of civil affairs.

3.5 The government should establish archives for SVG, set up a standardized management system, realize a seamless convergence of basic data among the departments and develop the SA mechanism. For example, when the construction bureau carries out a rural reconstruction project, they have priority to provide more funds for SVG. The power sectors can give some subsidy or other discounts to the SVG.

Case Study2: Social Assistance for Rural Specific Vulnerable Groups in Hunan Province

Regarding the specific vulnerable groups (SVG), the support organizations and the civil affairs departments at grass root level are the respondents for this survey which selected Cili County and Yongding District of Zhangjiajie City in Hunan Province to get the research data by in-depth interviews and literature review. The case study intends to discuss the definition of SVG in the western region of China, support the manners of these SVG, and highlight the problems found in the survey. This study expects to provide some feasible suggestions for improving the living conditions of SVG and building the SASVG system

Defining the SVG in Hunan Province

Hunan Province issued the “Regulations on the Rural Five Guarantees Scheme” in 2007, and stipulated that the elderly, disabled and teenagers in rural areas in the following conditions can enjoy the FG support.

- 1) Those having no ability to work, including the elderly aged 60 or above, the disabled with second-class or severer disabilities who have a “ People’s Republic of China Disabled Permit”, and children under the age of 16 or already 16 but still in compulsory education.
- 2) Having no source of income, referring to the rural villagers whose subsistence standards are below the county average standards, even though they may earn incomes from a land contract and management, collective management distributions or other sources.
- 3) Having no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them. In addition the condition was that the statutory guardians had to have no ability to provide for the dependents, bring them up or support them and they needed regular social relief because of subsistence difficulties, or the guardians themselves were elderly, sick, disabled, unable to work, having no source of income or missing.

This survey included the elderly, children and disabled SVG in the study.

1.1 FG Elderly

In 2010, Cili County government in Hunan Province issued its “Notice of Implementation Measures of the Rural Five Guarantees Support in Cili County”. The FG elderly refers to people over 60 years old, who have no ability to work, no source of income, and no statutory guardians, or whose statutory guardians have no ability to provide for them, bring them up or support them.

1.2 Orphans

The Ministry of Civil Affairs in 2013 divided children into four categories, orphans, troubled children, children in a troubled family and ordinary children. Orphans refer to juveniles under the age of 18, whose parents have died, or one parent has died and the other parent is missing. There are 508 orphans in Cili County. There are 445 orphans in Yongding District, including 70 children with collective support, 372 children with individual support and 3 infected children.

1.3 Disabled SVG

According to “the Law of the People’s Republic of China on the “Protection of Persons with a Disability” revised during the second conference of the 11th National People’s Congress, the disabled refers to people who lose completely or partially the abilities for certain normal activities due to tissue or function loss or dysfunctions in psychological, physiological or anatomical aspects. The category of the disabled includes those with visual disability, hearing disability, speech disability, physical disability, intelligence disability, mental disability, multiple disability and others. Hunan Province included people with second degree or higher disability who cannot look after their parents and children into the scope of FG. Hunan Province invested reconstruction funds of CNY

56.8 million to renovate 6,997 rural unsafe houses of the disabled, and 8,285 disabled SVG got benefits from this project in 2014.

Basic Support Service for SVG in Hunan Province

In Hunan, the elderly aged from 90 to 100 receive CNY 100 each per month and the elderly over 100 years old receive CNY 200 each per month. The rural basic pension standard monthly is CNY 75. Currently, there are 4,691 FG recipients in Cili County, and 90% of them are male. 1,557 FG recipients are over 90 years old, and 17 persons are “Centenarians”. There are 3,837 FG recipients in Yongding District.

2.1 Collective support

The main provider of collective support is the Government. In Cili County FG collective support covers 1,070 people and the annual standard per person is CNY 6,000. The county began covering funeral expenses with a one-time subsidy of CNY 2,900. The Children’s Welfare Center has 11 orphans who can obtain a living allowance of CNY 1,200 each month. There are 30 homes for the elderly and which employ 115 workers. *Homes for the Elderly of Miaoshi Township was built in 2012 and the local government invested more than CNY 3 million. It belongs to “the provincial pension service demonstration” and has two-people rooms with 30 beds. There are 41 female FG collective support recipients and 9 male FG collective support recipients. In terms of age, the oldest is 87 years old, and the youngest is 49 years old who is a SVG with a disability. There are five staff, basically between the ages of 40 and 50. The “homes for the elderly” dean is held concurrently by the township civil affairs director, whilst the vice-dean manages the home’s daily business and gets a monthly wage of CNY 1,500. Other staff such as cooks, nurses and porters get a monthly salary of CNY1,200. The ratio of staffs and FG recipients is 1:10. The home has 3 acres of land to set up the vegetable and breeding base to meet their daily needs and feeds six big fat pigs to ensure their self-sufficiency as soon as possible. The FG elderly per month can get 30 to 50 yuan of pocket money.*

FG collective support covers 1,232 people and the annual standard annually is CNY 6,600 in Yongding District. No matter who carries out cremation, they have received a CNY4,000 subsidy since 2014. There are 24 homes for the elderly, and 23 of them are legally registered. Among them, 12 homes for the elderly are new. The others make use of abandoned village primary school buildings, old village committee buildings and other public buildings etc. *Yinjiaxi Center Homes for the Elderly is located in Mojiagang village of Yinjiaxi township. Its construction began in May 2010 and it commenced operations in October 2013. This “three stars” home for the elderly has 100 beds, and 92 collective support recipients. 78 of them are FG elderly. The others reside at their own expense. According to the contribution of the elderly self-care’s capacity, the basic self-care for the elderly who can enjoy the same services as the FG elderly costs CNY 800 per month. This provides their food, housing, clothing, cleaning and other aspects. The ratio of males to females is about 2:1. In terms of age, the oldest is 95 years old, and the youngest is 44 years old. There are ten staff, including one dean, two vice deans, four nurses, two cooks and one laborer. The Chinese Red Cross donated 100 air conditioners to the home in June 2015. It has 4 acres of land to plant cabbages and radishes, and feeds two or three pigs. The FG elderly who have the ability to farm or want to do the planting will get an extra monthly bonus of CNY 100.*

2.2 Individual support

In Cili County there 3,621 persons who receive FG individual support. The annual standard is CNY 2,900 per person. *Tang Huiqing, who lives in Yangliupu village of Yangliupu township, is 49 years old and he is an uneducated man and with a mental disability. His parents and one brother have died, he rely on his younger brother who has been working in Guangzhou. Then he got married to another woman with a mental disease, and had their own daughter in 2007. His daughter has an intelligence quotient lower than ordinary children. Currently, his family has been included in Dibao.*

According to the policy, each person can receive monthly CNY 95. His house was restored in the implementation of the "rural reconstruction" project. It has 1.5 acres of land to plant oranges. Not long ago, he spent more than CNY 3,000 to buy a new tricycle which is mainly used for picking up his daughter and transporting other crops.

In Yongding District FG individual support is provided to 2,605 people. The annual standard per person is CNY3,000. *Tuo Nianhe who lives in Mojiagang village of Yinjiayi township is 55 years old, and he is a uneducated man with a physical disability. He had suffered from infantile paralysis, soon his two hands and legs got disabled, and he basically lost the ability to work. However, his parents died, his sister got married to someone from the neighboring village. He got married with a mentally disabled woman last year, and has 2 acres of land which is planted by other people for free. It is said that he spent about monthly CNY 200 to buy sixty pounds rice and meat from market. Their living expenses were from FG individual support and the help from his sister and his neighbors. Sometimes village or township leaders will come to see him on festivals. They drank the underground water, picked up some firewood and plant some vegetables in his yard. He can use household electricity with some discounts.*

3. Main challenges or existing problems

Hunan Province is the demonstration point where the province administers counties directly. Because of the SASVG policy, there are differences about the support standards and contents. FG elderly are mainly served by Homes for the Elderly, orphans and trouble children are served by Welfare Center Institution, and the SVG disabled welfare policy is offered by the Disabled Persons' Federations. Cili County published "one-child" family incentive policies for urban workers. They get a one-time payment of CNY 5,000 yuan after retirement. Parents over 60 years old with "an only child" in the rural areas monthly can CNY 100 monthly. Due to the three departments managing SASVG management, it is hard to obtain accurate research data.

Currently, lots of townships in Hunan Province make use of abandoned old village buildings, the township primary school or other public lands to build or renovate the homes for the elderly. These areas are universally small, and the number of beds isn't enough. Meanwhile, their structure is irrational, such as outdated facilities, poor infrastructure, lack of disability or semi-disabled elderly to provide service care settings. On the other hand with rugged mountain roads the local FG collective support rate is not high. FG elderly who have the ability to work temporarily will not choose to stay in the homes for the elderly, and the social elderly participation rate is low. Therefore, Hunan should promote the establishment of "Center Homes for the Elderly" which can provide the services collectively.

Homes for the Elderly also engages in income-generating, and encourages FG collective support recipients who still have the capacity to work or farm. By implementing these policies, they create the "self-sufficiency in vegetable-based" management model. "Institutions developing agricultural economics, to fill their own" has become an effective way to solve the shortage of townships' SASVG financial resources. Homes for the elderly are trying to develop sidelines, such as planting, breeding or pavement leasing by taking advantage of the land, location and other resources, and to enhance their abilities of self-survival and self-development.

3.3.1 European Best Practices report on Social Care-Long Term Care -For Elderly, People with Disabilities and Children, Example of Germany

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Preliminary Remarks

In order to understand the context, it has to be underlined that social care services as performed within EU member states cannot be compared to care service in China at the current stage - there are fundamental differences:

- The Chinese understanding of social care for the elderly or other vulnerable groups mainly comprises of the timely payment of pensions and other social assistance benefits and, the entertainment of retirees in terms of offers related to body exercises and cultural affairs.
- The common understanding of social care in the EU, however, covers support to beneficiaries in the “Activities of Daily Life” (ADL) regardless of whether these services are being provided in the beneficiaries’ homes or in residential establishments. Since these services usually have to be provided on a permanent basis, the term “long term care” (LTC) - not only but mainly related to elderly people, people with disabilities and others - is being used in order to avoid misunderstandings.
- The term “social assistance” which is also common in Europe may not be mixed up with social care. It refers to the delivery of services to persons who, for any of a number of reasons, are unable to provide themselves with a decent standard of living. It is a means-tested benefit which is funded by taxes and not by insurance.

Social assistance is targeted to mitigate poverty in Europe and in China. The reality reflects, beside social assistance, increasing dependency on social care services for elderly people and, moreover, when they are poor and left alone¹. But it also reflects the opposite direction. The moment when you become dependent the family is in charge of taking care of the person in need. This entry point is common in Europe and in China. Most European countries implemented social care systems in order to meet people’s needs and provide basic service packages which can be mixed in terms of benefits in cash and/or kind and, request the quality assurance from professional providers. This system prevents the beneficiary and the family from impoverishment and allows family members to stay in work and contribute to economic growth.

Countries in Europe and elsewhere have been tackling the challenge of service provision to elderly people and other groups in need of social services for a long time. Their experience might be a valuable source of information for China’s policy makers to benefit from.

- In Germany, for instance, it took roughly 20 years of discussion before the Long Term Care Insurance was established. It was the first LTC insurance scheme worldwide based on the principles of the “Bismarck” type of social security system.
- Austria and Italy’s Autonomous Province Alto Adige/South Tyrol have adopted, adjusted and also improved the German system in accordance with their national or provincial needs and intentions.
- Japan and Korea have also implemented the German LTC system principles and adjusted them to their needs.

It will be neither possible nor recommended to replicate any of the existing schemes. The identification of those principles which are appropriate within the specific environment in China is up to the Chinese authorities and Chinese practitioners working in the field.

This report will provide a comprehensive overview of how a social service system is organized.

Introduction

¹ World Bank report on ageing published December 2015
<https://openknowledge.worldbank.org/bitstream/handle/10986/23133/9781464804694.pdf>

Challenges In Europe

The population of Central and Western European countries is an aging population. The long term trends of raising standards of living, including improvements in health status and lower birth rates, are leading to a steady growth in the proportion of elderly people (defined as anyone over 65 years) in these populations. This development is the result of prior economic and health/social policies, leading to longer life in terms of time and quality. As it does, however, new questions are arising on whether the traditional social policy prescriptions will continue to be sufficient.

The main social policy issue here, social assistance for the elderly and other vulnerable groups, has been seen as the need to create sufficient income to avoid poverty which will follow when people became sick and/or lose their employment or due to other reasons. Later, and this was a change of paradigm, it was seen as essential that vulnerable groups benefit from adequate and sufficient care services, as access to these services was extended to the entire population. All in all, this change of paradigm required a redistribution of income from the working population in terms of funding as well as the development and implementation of a new social care system. Behind all these social policy efforts and changes was the wish to be sheltered when one is growing older or suffering from any handicap and, it was the basic fundamental of the social welfare (ideas) states.

Meanwhile these ideas and the fundamental have been transferred into action through several models of financing social care covering integrated services (medical and social) in home care or in nursing homes. EU best practice highlights community care, which enables all vulnerable groups to take part in society, life and in EU countries it is on the agenda, nowadays.

Focusing on Europe, countries with social insurance systems introduced mainly an additional pillar for long-term care and countries with National Health Systems incorporated this health / social policy item in their local or national budgets.

It has to be mentioned that social care systems are in place in most “old” EU countries whereas in the “new” EU countries systematic social care covering is still missing. Nevertheless, some countries, e.g. Slovenia, have put it on their social policy reform agenda and have the wish to introduce the social care system soon. One can expect the implementation of either compulsory insurance and/or budget solutions. Since Long Term Care coverage should protect the whole population in a certain geographic area, the private insurance solution is not on the agenda due to the economic constraints on the population. And, it has to be mentioned that there is a trend, besides community care, to finance integrated and coordinated services; at least, medical and social care, rehabilitation and household support.

It is wise to be aware of the challenges towards the elderly and to prepare over time adequate solutions. In 1996 the Council of Europe adopted a revised Social Charter. The previous and revised rights include a number of documents which have contributed to the right and co-ordination of social protection for individuals, e.g. the Social Convention on social security and the above mentioned Charter. In addition to social security, the documents deal with the right to social assistance and health care and emphasize the right to independent life and social integration.

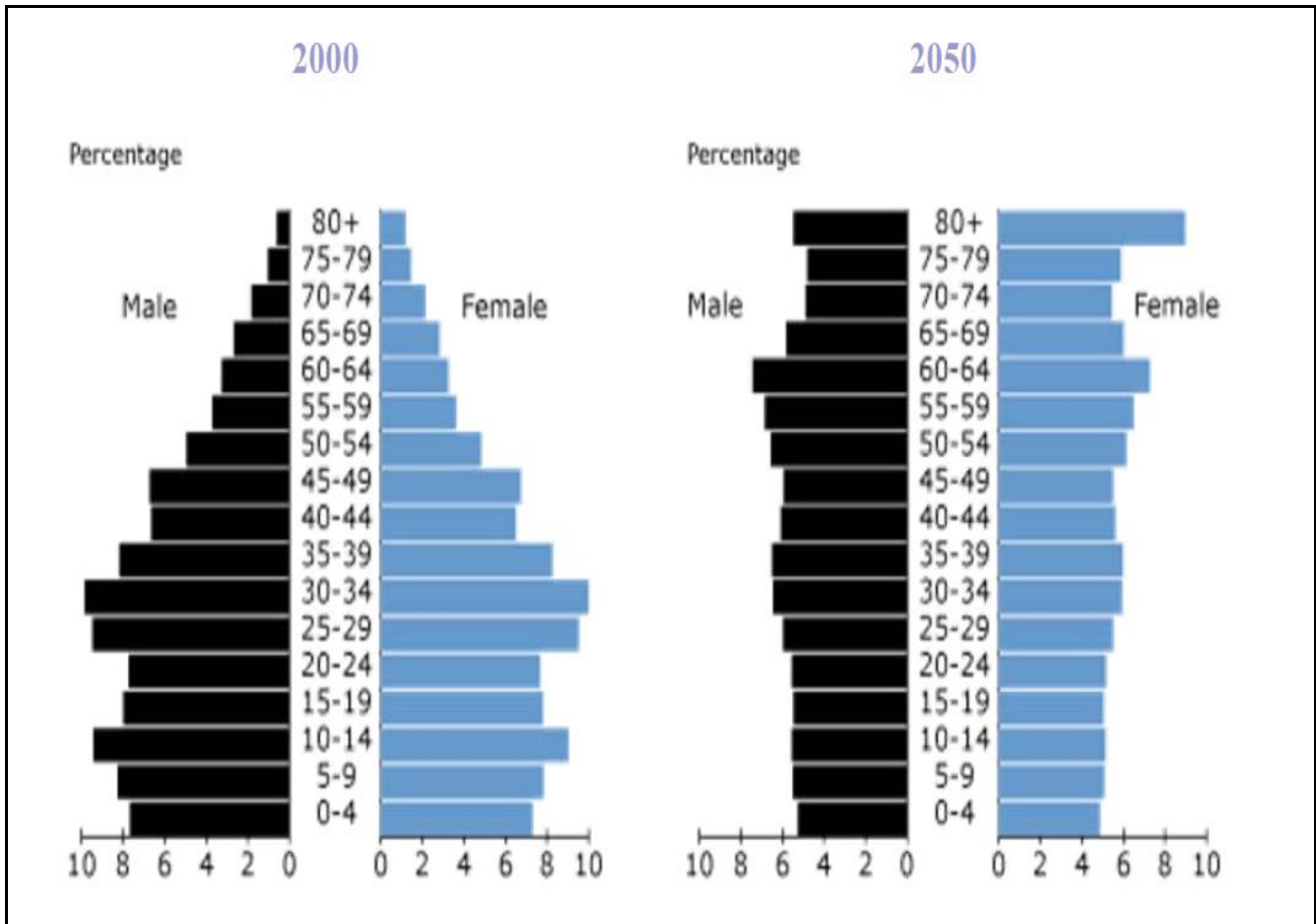
Challenges In China

China’s population growth rate is comparably small at an estimated 0.494% in 2010. This is basically due to the fact that the one child policy, which was started in the late 1970s, has virtually transformed China into a society with a “4:2:1” family structure: two sets of grandparents, two parents and one child.² The recently implemented two child policy will take time to change this situation. As a consequence, China is a society which is “growing old before it’s growing rich”.

² Graying Markets, in: China Economic Review, February 2011, p.28

More than 13% of the Chinese population was over sixty years of age in 2008³, and more than 70% of them live in the countryside. With a real income per capita of around US\$4,000, China is aging at an early level of development. According to the Asian Development Bank, the US and Japan had average per capita incomes of around US\$15,000-16,000 at their similar stages of aging.⁴

The age pyramid in China is therefore developing into something totally different:⁵



Estimates suggest that the number of senior citizens – those aged 65 and over – will grow by seven million on an annual basis between 2015 and 2020, and by an extra 10 million each year between 2030 and 2035. This would bring the total number of seniors from an estimated 180 million in 2009 – the population of Russia – to 350 million – bigger than the present population of the US.⁶ – the population of Russia – to 350 million – bigger than the present population of the US.¹³⁵ Between 2005 and 2015, the percentage of people older than 60 years of age was supposed to rise from 11 to 16.7%.⁷

Among them, the group of the so-called “old-old” (80 years of age and older) grows even faster than the general share of people aged 60+. It is estimated that already in 2007 this group consisted of 19.7 million people. It goes without saying that this group faces more health problems than younger cohorts, and that the costs related to their treatment - facing more chronic diseases and less acute cases of sickness - will rise and challenge the capacity of health insurance schemes nationwide.⁸ But of course, their demand for care - and particularly long term care - is also rising.

³ National Bureau of Statistics of China, 2008

⁴ Graying Markets, in: China Economic Review, February 2011, p.27

⁵ World Population Prospects: The 2004 Revision (2005), in: Xiaomei Pei, Long Term Care in China - A Public Health Perspective

⁶ Graying Markets, in: China Economic Review, February 2011, p.26

⁷ Nursing homes close doors to many, in: China Daily, 2 March 2011

⁸ Giacalone, Joseph: Long-Term Care as a Threat to China’s Economic Growth, February 2010

Already in 2010 experts estimated that more than 15 million Chinese were in need of long term care.⁹

That means that China faces more pressure and challenges from an aging society than other developing countries in which usually the work force is young and the average age is much lower than in China with a median age of 35.2 years.¹⁰ Yet, the current retirement age is still at 60 years for men and only 50 years for women (in some schemes 55 years).¹¹

This situation is made worse by the fact that the traditional care model - the younger generation caring for their parents - is not only threatened by the demographic change but also by the so-called “empty nest” phenomenon: More and more elderly people are left alone by their offspring looking for work in the big cities on China’s coastal areas and the mega cities in the East and South of the country. In several big cities the rate of “empty nesters” among the elderly has reached 30%, in some of them it even extends 50%.¹² In rural areas the figure of seniors who are not able to look after themselves was expected to hit 40 million by 2015, according to a report published by the China National Committee on Aging and the China Research Centre on Aging.¹³ State-subsidized public nursing homes often cannot afford to invest in beds and professional staff due to their limited budgets - and thus fail to provide enough beds to meet the needs of the elderly population.

The EU has a lot of experience to offer in this area 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.

This paper therefore advocates a more comprehensive solution and intends to initiate a discussion between policy makers on the one hand and practitioners on the other in the area of care provision to the elderly. Besides social assistance schemes by means of cash, both, benefits in cash and in kind are in the focus. The latter, benefits in kind, also contribute to developing new job opportunities and boosting the economy.

Long Term Care Model In Germany

1. Decreasing Poverty

Germany introduced a fifth pillar into its insurance system in 1995, the so called “long term care insurance”. There were several reasons for doing this. The number of older people in the population was growing rapidly and their needs were at least twofold: social care and medical care. Since the health system was overburdened by elderly people’s demands through long term stays in hospitals, although the need related to social and not medical care, and the churches lost their prominent role in supporting this part of the population with services, a comprehensive solution was discussed for many years, in terms of funding and developing a service system which met the people needs.

There was high risk for the elderly people to lapse into deeper poverty by that time because with their low pensions they could not afford to pay for social care services, especially not in nursing homes.

But it was also clear that becoming dependent is a risk for the entire population. Therefore, the insurance solution was chosen and implemented and, nowadays, the whole population is covered through this scheme.

⁹ According to the Gerontological Society of China, People’s Daily Online, 29 October 2010

¹⁰ see 1

¹¹ Age gap: Improved labor productivity< requires a higher retirement age, in: China Economic Review, February 2011, p. 28

¹² China’s aging population to hit 31% in 2050, in: China Daily, 8 December 2010

¹³ see 8

Already after two years, in 1997, the social assistance cash benefits for being resident in a nursing home had decreased by 57%. But even 20 years after the implementation of the insurance social assistance benefits amount to 12%. Today, 30% of the beneficiaries depend partially or fully on social assistance “co-financing” Social assistance in terms of cash payment could not be erased at all by reason of relatively low pensions, especially for women in West Germany, different prices per day in nursing homes throughout Germany and, last but not least, the long term care insurance was not meant to cover 100% of expenses.

Sources of Funding for Long Term Care come from the insurance premium, the social assistance scheme, a small part from the welfare for war victims (which is declining) and out of pocket private funding.

The University of Bremen estimated the sources of funding for long term care in 2008

Source of Funding	In million €	As % of public spending	As % of all spending
Public Funding (total):	21,610	100	68,7
LTC Insurance	17,860	82,6	56,8
Private Mandatory Insurance	0,550	2,5	1,7
Social Assistance	2,610	12,1	8,3
Welfare for War Victims	0,590	2,7	1,9
Out of pocket Private Funding (total)	9,840	100	31,3
Nursing Home Care	7,660		24,4
Home Care	2,180		6,9
Total	31,450		100

2. Beneficiaries

The German social care system is compulsory, implemented through long term care insurance, and each citizen is covered and has the right for social care services as soon as the requirements are fulfilled. The majority of social care expenditure is used for elderly people. The statistic shows an increase in the number of beneficiaries from the age of 70 years.

The total number of social care beneficiaries was 2.589 million people in December 2014. Explanation for the table below:

The right column indicates the age groups starting with those younger than 15 years through to those older than 90 years. The column shows number of home care beneficiaries split in three levels of care. The next column sector shows the number of beneficiaries in residential institutions split in three levels. The column sector shows the sum of those in home and residential care split in three levels. The last two columns show the total sum in numbers and then as a percentage.

Age groups and levels of care of all insured social care beneficiaries at December 31st 2014

Age Groups	Home Care				Nursing Home Care				Total Number				
	Levels of Care			Total	Levels of Care			Total	Levels of Care			Total	in %
	Level I	Level II	Level III		Level I	Level II	Level III		Level I	Level II	Level III		
>15	40.765	22.287	10.500	73.552	1.136	227	240	1.603	41.901	22.514	10.740	75.155	2,9
15 > 20	13.108	7.414	5.958	26.480	1.280	222	325	1.827	14.388	7.636	6.283	28.307	1,1
20 > 25	10.363	6.419	5.609	22.436	2.506	418	599	3.523	12.869	6.909	6.208	25.986	1
25 > 30	9.275	7.139	5.562	21.966	3.320	579	806	4.705	12.595	7.718	6.358	26.671	1
30 > 35	7.997	6.741	4.692	19.430	3.552	567	809	4.928	11.549	7.308	5.501	24.358	0,9
35 > 40	7.821	6.722	3.592	18.135	3.943	577	765	5.285	11.764	7.299	4.357	23.420	0,9
40 > 45	10.506	7.691	3.610	21.807	5.537	908	1.115	7.500	16.043	8.599	4.725	29.367	1,1
45 > 50	17.634	11.270	4.513	33.417	9.113	1.887	1.992	12.992	26.747	13.157	6.505	46.409	1,8
50 > 55	26.403	14.511	4.879	45.793	12.288	3.312	2.785	18.385	38.691	17.823	7.664	64.178	2,5
55 > 60	33.936	15.914	4.750	54.600	12.683	4.805	3.254	20.742	46.619	20.719	8.004	75.342	2,9
60 > 65	46.959	20.847	5.509	73.315	13.294	6.933	3.999	24.226	60.253	27.780	9.508	97.541	3,8
65 > 70	57.116	25.400	6.257	88.773	12.725	8.734	4.793	26.256	69.841	34.134	11.050	115.025	4,5
70 > 75	102.831	45.599	10.739	159.169	20.053	18.418	10.060	48.531	122.884	64.017	20.799	207.700	8,1
75 > 80	182.119	75.663	16.841	274.623	34.624	36.495	19.955	91.074	216.743	112.158	36.796	385.697	14,2
80 > 85	223.550	87.209	19.040	329.799	49.194	51.519	26.575	127.288	272.744	138.728	45.615	457.087	17,8
85 > 90	224.169	90.479	19.630	334.278	70.098	70.060	33.938	174.096	294.267	160.539	53.568	508.374	19,8
<90	131.406	70.841	18.205	220.462	65.869	75.072	36.926	177.867	197.275	145.913	55.131	398.319	15,5
Total	1.145.958	522.218	149.876	1.818.052	321.215	280733	148936	750.828	1.467.173	802.951	298.812	2.588.936	100%
Total in %	63%	28,70%	8,20%	100%	42,80%	37,40%	19,80%	100%	57,10%	31,30%	11,60%	100%	
Ministry of Health Germany													

The reason for the higher number of home care beneficiaries is an individual preference is to stay at home for as long as possible. In addition there are several measures favoring home care:

- 1) Cash benefits for family care
- 2) Pension benefits for informal care givers in case they interrupt their employment
- 3) Family member can enjoy four weeks holiday per year and the beneficiary can be transferred to a social care short term institution

3. Entitlements

Who is entitled to long-term-care services and to what extent they receive it depends on the definition of the term “dependency on long-term-care” and the level of dependency that has been assessed.

The term “dependency on long-term-care” is connected to the incapacity of an individual to perform the activities of daily life in a frequent manner, at least for a certain period, e.g. the following 6 months. During the defined period it should be taken into account that clients in the terminal phase of their life are also in need of long-term-care.

Incapacity can be characterized as loss of movement, loss of functions of the inner organs and other sensual organs, loss of functions of the central nervous system, endogen psychosis, neurosis or another mental handicap.

In Germany, during the first 20 years (1995 to 2015) entitlements were focused on physical incapacity with the consequence that activities of daily living (ADL) could not be further managed by a person. Since 2015, the last reform, persons suffering from mental problems (dementia or Alzheimers etc.) demand additional support due to the higher time consumption of social care services.

4. Assessment

The assessment is conducted by a team of independent professionals. In Germany a medical doctor, nurses, social workers and/or psychologists conduct the assessment at the potential beneficiaries’ home. Of importance is the team work and independency. Any link to the funding agent has to be prohibited otherwise a conflict of interest exists.

The assessment grid is a standardized tool throughout the country and the focus is on all issues that cannot be done in daily life. The assessment for the level of dependency distinguishes several degrees. These degrees lead to the entitlement of the services provided for social care: household support, rehabilitation, remedies. As a reference for services or allowances the degrees are also directly connected to the time of support needed.

Reassessment is done every six months. In Germany there are critical voices and discussions about the composition of assessment team especially that medical doctors are in charge of the decisions regarding the level of dependency. It is stressed that medical doctors do not have much interest in social care but in medical care and therefore they might not be interested in social care.

Definition of dependency

	Level I	Level II	Level III
Need of care with basic ADLs	At least once a day with at least two ADLs	At least thrice a day at different times of the day	Help must be available around the clock
Need of care with instrumental ADLs	More than once a week	More than once a week	More than once a week
Required time for help in total	At least 1.5 hours a day, with at least 0.75 hours for ADLs	At least 3 hours a day with at least 2 hours for ADLs	At least 5 hours a day with at least 4 hours for ADLs

Source: §15 Social Code Book (Sozialgesetzbuch XI, SGB XI).

The minimum time consumption for each level has to be defined because of the assessment of the dependency degree and for the calculation of staff needed. Those items have to be linked with emerging costs. And, last but not least to limit or extend the number of beneficiaries. In case the minimum time consumption necessary for ADL is reduced to one hour per day, the number of beneficiaries will increase dramatically, and vice versa. This time determination is one tool among others to run the system in terms of cost containment and planning arrangements.

The assessment results include the level of dependency, but they should also describe the appropriate measures in order to improve the beneficiary’s status or, at least to avoid further progress in dependency.

Rehabilitation is a keyword and quite challenging; the effect is at least twofold. The client can keep his/her status and the funding institutions take into account cost containment over a long term perspective. Also, because of rehabilitation the client can improve his/her status and becomes either independent or, it might be a follow up assessment that leads to the result of lower level of dependency.

5. Benefit Package

The benefit package is twofold: Benefits in kind and benefits in cash or a mix of both options.

Benefits in kind are solely provided for beneficiaries who are living in residential institutions whereas, benefits in cash can be chosen when a beneficiary is staying at home and the family or another person is taking care. Further, home care can be supported by benefits in kind and cash,

when a person decides to hire some care activities from a professional provider plus taking money for the family care taker.

It is well known that family members are in need of a rest. Therefore, the possibility for short term care in an institution is provided for maximum six months per year.

Amount of LTC Benefits (Major Types of Benefits) in 2015 Home care Day and night care Nursing home care

Example: Benefits in cash and in kind per month according to dependency degree in 2015

Degree and time per Day	Home Care in cash/contracted service proved	Benefit in kind day care / living in residential institution
Level I 1,5	244€ / 468 €	468 € / 1064 €
Level II – 3 hours	485€ / 1144 €	1144 € / 1330 €
Level III – 5 hours	728 € / 1612 €	1612 € / 1612 €

It is important is to take into consideration that benefits in kind in social care institutions are just covering the genuine care package.

The benefit in kind package even does not cover the care costs and the out of pocket payment has increased in all three levels since 1999.

6. Copayment

For 2015 the out of pocket payment for social care services in residential institutions were projected as following:

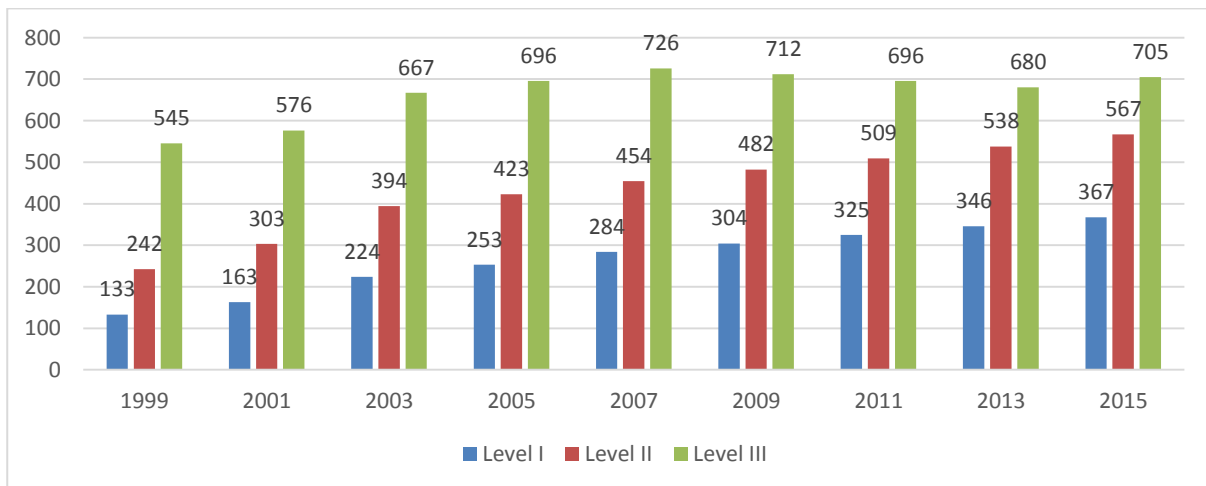
Level 1: 387 €

Level 2: 587 €

Level 3: 705 €

The costs for board, lodging and infrastructure investment are additional expenses paid by the client.

The projection for out of pocket payments in euros for care services in nursing homes per level of dependency



Source: Rothgang projection based on statistics published 2002 – 2009

The aim of the LTC was to cover the care costs in residential institutions. In 1996 the target was reached but from 1999 the rates increased in all levels of care. Already in 2007 the out of pocket payment was 300€ to 700€ and this trend is still valid till 2015.

Since the costs for boarding and investment has to be added, around 1000€, the out of pocket payment is around 1400€ - 1700€ per month per client.

The beneficiaries in the residential institutions are mainly female. Around 20% of the total beneficiaries who are older than 80 years are living in residential institutions. In 2014 in Germany the life expectancy rate for a male was 78.15 years and for a female 80.46 years.

The average pension for a male is about 1500 euros and for female around 700 euros per month. For women this amount is not enough to cover the costs in residential care institutions. Therefore, either social assistance (in terms of money transfer to the residential institution) and/or the family have to pay the difference.

7. Remuneration

Residential Care is remunerated by daily rates for: Care costs

Board and lodging

Investment (as far as it is not publicly financed)

The Long Term Care Insurance pays just for care cost, as already mentioned above. Board and lodging has to be paid by the beneficiary, his/her family and/or the social assistance agency. Investment should be funded by the provinces. If uncovered, it is on the burden of the beneficiary or the social assistance agency.

The rates are negotiated between the Long Term Care Funds and the Social Assistance Agencies and the nursing homes. Negotiations are based on external comparisons and individual costs. They differ between the provinces. For example in Saxonia the average daily rate amounts to 56€ (the lowest) and in Rhineland 83€ (the highest). In this (weighted) rate the care costs, board and lodging and investment costs are included.

Home Care is based on provided service complexes which also differ between the provinces. Relative price (points per complex) is assigned to the services. The fee scale and the value of one point are negotiated between the long term care insurance funds and providers on provincial level.

8. Cost Control

The funding, benefit package and three party tiers are embedded in a system that promotes cost control, even when the older population is still growing. According to the projections in Germany in 2050 more than 20% of population will belong to the target group for social care services. And the number of beneficiaries will be doubled.

Funding is shared between the insurance system, beneficiary themselves, his/her family and the social assistance agency. Funding from the insurance side is capped. There is a ceiling for in home and residential care, per assessed level of care which provides a clear picture of expenditure.

Another positive side effect was – and still is – the tremendous reduction in the budget for social assistance for this group of persons in need. The insurance was implemented in 1995 and from 1996 beneficiaries could enjoy the benefit package which was introduced in two steps. Firstly home care and then one year later care in residential institutions. Already in 1997 the budget for social assistance had declined by 58%.

Also the ceiling on the home and residential care benefit in kind package is equal to level three by design. It is a tool in moral hazard issues. Families should have a barrier in terms of a high financial burden when they put their elderly into residential institutions in order to be free of responsibilities.

For the time being it seems that all parties involved in the financial contribution are in a more or less balanced situation. But there are certain constraints, especially for the beneficiary that should be mentioned as well.

There has been little adjustment to the benefit package since 1995. The first reform and increased package was in 2008, the second in 2012 and the last in 2015.

The LTC pays the same fixed benefits according to the level of care irrespective of the price for the actual goods and services. Thus, the person in need of care has to bear the difference. If recipients cannot pay the total difference out of their income or other assets, or with the help of their children or near relatives, social assistance has to step in and pay the remainder. Additionally, social assistance has a broader definition for being in need for care. Even persons with a temporary impairment, i.e. less than six months, or with less need for support than set in care level I can apply.

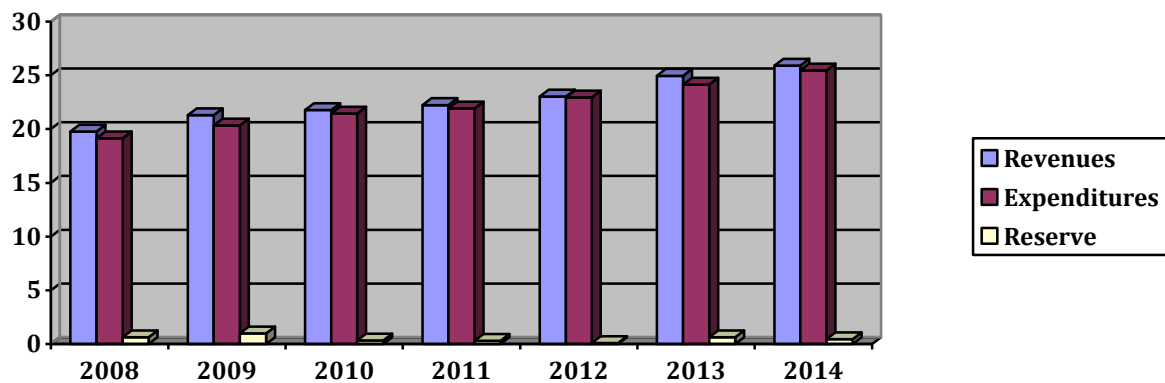
Between 1996 and 2007 there was no change in the nominal amount of the benefits. Hence, due to general price inflation the nominal amount has gradually lost its real value. Monthly benefits were increased for the first time in 2008, with higher increases for home care and care allowance to strengthen both types of arrangements in comparison to residential care (“care at home before residential care”). From 2014 onwards benefits will be assessed every three years and possibly adjusted to keep up with the general price inflation. But it will certainly not decrease the approximate 30% of out of pocket payment by the client or families or by the social assistance agencies.

9. Sustainability

The financial crisis has not had an impact on the financing of LTC in Germany; neither has the current euro crisis. Furthermore, since the German economy is expected to remain growing, negative effects on the social LTCI in the short term are not expected. The value of accumulated capital in the private LTCIs has grown significantly in 2011 and the social LTCI gained a surplus of 100 million Euros raising its capital reserves to 5.5 billion Euros.

In 2011 2.5 million people received benefits from the social or private LTCIs. 1.18 million received a care allowance, 580,000 home care in kind and 740,000 residential care. The number has risen considerably by 24% or by 1.8% per year between 1999 and 2011. At the same time the total expenditures of the social LTCI have grown from 16.3 to 22.0 billion euros, i.e. by 35% in aggregate. Due to an ageing population, the demand for long-term care is expected to increase significantly in the following decades.

The recently published figures for 2014 declared revenues of 25.83 billion euros and expenditures of 25.45 billion euros with the result that the surplus of 0.46 billion euros went to the reserves of the compulsory social insurance.



On the revenue side the contribution rate to the social LTC Insurance was stable at 1.7% of wage income until 2008. In the immediate years after the introduction of the social LTCI, contributions exceeded expenditures and capital was accumulated up to 5 billion euros until 1998. Yet on account of rising expenditures from 2003 on, its capital stock was reduced. With the reform in 2008 the contribution rate increased to 1.95% in general and to 2.20% for insured persons without children. Employers and employees pay half of the premium; pensioners pay the full premium themselves. Therefore, from 2008 on, the capital stock has been growing again. The last reform was in 2015; when benefit packages were adjusted (see table above). The contribution rates have been increased to 2.35% in general and for insured without children to 2.6 % from September 2015.

On one hand sustainability was accomplished by having the same level of benefit packages over a long period, the incentives for home care which keeps expenditures low and the capital stock allowed for a balance of revenue and expenditure regardless of the increasing number of beneficiaries.

Since 2014 the benefit packages have to be reassessed every three years. It is expected that contribution rates will increase as well or other funding options will have to be introduced or used. If social benefits are adjusted in the same way as gross wages, the contribution rate might double up until 2040. If the benefits are not adjusted by the 2014 purchasing power index, they will be less than half of their present value but private out of pocket payment and social assistance cash benefit will be higher.

Possible options for future financing may include: integration of private LTC Insurance into the social insurance:

- Contribution rate on all kind of income (not just salary)
- Increasing the income cap for contributory income (in 2015: 49.500,00€ per year)
- Supplementary tax financing
- Introduction of a supplementary funded system

10. Administration

Long Term Care Insurance is an independent pillar of the German social security system but it is administered under the roof of health insurance in order to keep its administration costs low.

The Funds have to ensure the provision of benefits and for this purpose they are negotiating contracts with home care service and nursing home providers. The contract negotiation refers to benefits in kind. Benefits in cash are paid to the beneficiary directly.

11. Scope of Services

Since most EU countries have introduced integrated care settings the services provided are to be distinguished between medical and social services including basic care and household support. Additionally, rehabilitation and terminated care are part of the offers as well.

The services offered by the health/social care system are described as follows, taking into consideration that they need to be integrated both within the different levels of care of the health system: vertical integration from hospital to community care and horizontal integration within social services, social and medical care.

12. Long-Term-Care Rights

Within the integrated and coordinated care settings eligible persons have the right for

- Social Care
- Basic Medical Care
- Household support
- Rehabilitation
- Remedies
- Terminal and palliative care

Social care comprises help to the client to dress, move, getting in and out of bed, helping the client to eat and drink and supporting their hygiene. The clients also must have the opportunity to take part either in social life or to get assistance in social support via social workers who support and advise them e.g. in benefit requirements. Early and continuous rehabilitation measures are to be provided by speech-therapists, physiotherapists and other professionals and, remedies like wheelchairs or special beds should be dispatched to the households of the clients’.

One very important issue should be taken into consideration. It is well known that family members are highly affected by caring duties because they take over the duties of the entire care cycle. In order to ensure safe care, relatives and other informal carers have the right (sometimes obligation) to participate in training and learn how to handle the daily requirements in the overall care cycle. Furthermore, they can have a break of six weeks per year and in this period the beneficiary can be cared for in a short term care institution.

13. Provision of Services

13.1 Human Resources

Social care is sometimes seen as a service that can be done by everyone, regardless of whether a person is a professional or not. This opinion is accurate to some point, but it carries a danger e.g. in case there is a client suffering the symptoms after a stroke and there is a layperson (informal care) taking care at home, both of them might be jeopardized due to the appearance of a bedsore. Laypersons are not aware of the first signs and cannot take action in order to avoid this situation. The consequence might be a worsened condition for the client, a lower quality of life and higher costs for the social security institution due to the intensive medical treatment needed.

It does not mean that social care, managed by laypersons make no sense or, that auxiliary staff cannot take over ADL services. First of all, the services needed and provided have to be defined by professionals for each individual client according to assessment indicators to be developed. The process of care has to be assessed frequently as well. This is regardless of whether professionals, auxiliary staff or laypersons are involved in the care cycle.

Therefore, the staff needed for coordinated services at home consists at least of nurses and auxiliary staff. Depending on the service provision, rehabilitation services need to be performed by professionals.

Despite the composition of the different professionals who are acting as a team, the number of professionals and auxiliary staff has to be defined according to indicators taking into account the geographic area, the age structure of the population, epidemiological specifics, and clients' dependency levels and, linked to these items, the time needed to be spent by a provider at the clients' home.

13.2 Mix of Public and Private Providers for Social Services

Whether a social care provider should be, in legal terms, a private or a public entrepreneur is not the pivotal question. Both types of service providers are part of the network of social care providers. Among them are NGOs, foundations, non- and for profit private entrepreneurs, as well as public providers.

What is important is that all of them have to fulfill the accreditation and licensing requirements in order to become part of the network of providers. This is the entry point for contracts with social security funds or institutions that manage local budgets and/or other sources.

In Germany the care providers constitute a big industry. On the supply side the German market is dominated by private providers. In 2011, there were 12,354 nursing homes and 12,349 home care providers. 41% of all nursing homes were private, for profit, 54% were private not-for-profit and 6% were public. In home care even 63% of providers were private for profit, 36% private not-for-profit and 1% public. Market shares (measured by the number of care recipients) are slightly lower than these figures for private for profit providers because they are smaller on average. Concerning investments, there seems to be a reduced interest in building new nursing homes. Due to some overcapacities of nursing homes in recent years, there have been no problems in providing nursing home care. Waiting lists are unknown. However, providers are already reporting difficulties in finding qualified personnel, which is leading to an intensive public debate about the lack of qualified personnel (ASISP 2013)

As the providers must fulfill quality standards for receiving a license and can negotiate the contract with the respective financing institutions, the following quality indicators have to be taken into account and have to be the basis for signing a contract, regardless of whether the provider is public or private.

13.3 Quality Assurance

Quality indicators consist of quality of structure, quality of the process and quality of the outcome. This scheme builds the framework and represents an excellent instrument for measuring the quality of all care processes.

In order to become licensed as social care provider quality assurance has to be fulfilled.

Quality of structure: (these are the minimum standards):¹⁴

Quality of structure emphasizes and focuses on providers' personnel available, related to the clients' needs and management capacities, the time to be on duty and skilled staff. The defined quality indicators are the professional background of the manager who has to have a solid professional education and passed an exam plus additional education in home care requirements and specific management skills. The provider should assure that the personnel employed are encouraged to attend further education courses and internal supervision rounds.

¹⁴ The following examples are indicators that have to be fulfilled as minimum in Germany

Quality of process:

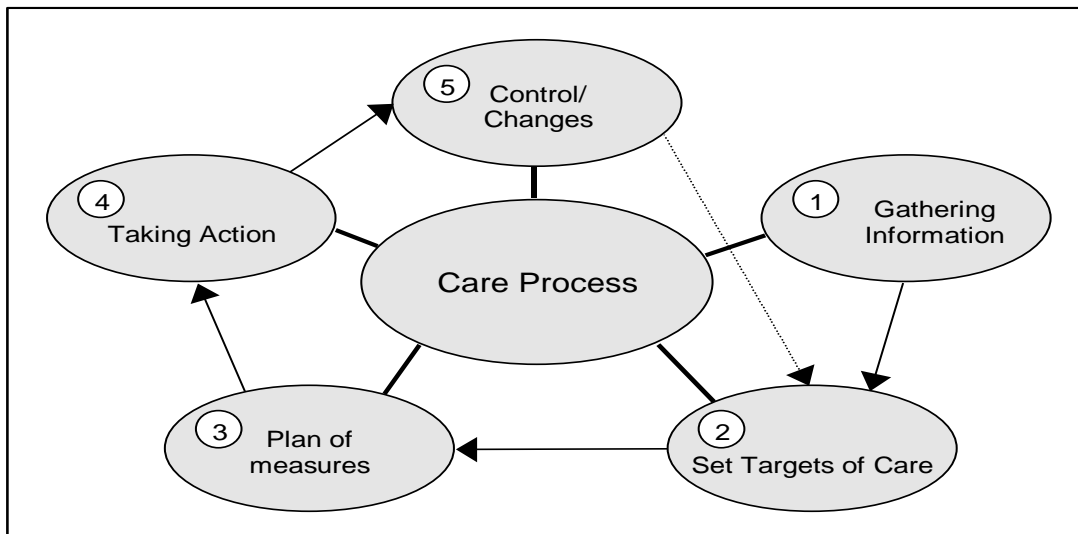
The clients have to be clearly informed about the time on duty and, in geographic areas with high dense population, the providers should go in co-operation with other providers for sharing “emergency” services outside of the normal working hours.

The so called terminus “quality of process” refers to the genuine care process and the work with beneficiaries. In order to provide services of high quality it is necessary to follow such a care cycle.

The cycle consists of:

- Anamnesis and defining the targets to be achieved through the care, treatment and rehabilitation services. This has to be done and agreed upon by the client wishes as well.
- The care plan has to be elaborated and documentation on care measures has to be individually recorded to the professionals who are part of the care process (e.g. social workers, auxiliary staff, rehabilitation personnel etc.). One copy of the documentation has to be stored in the household and one at the services provider(s).
- The measures have to include so called “activated care” which takes into account the client’s capabilities and these capabilities have to be stimulated. Prophylaxis and rehabilitation are part of the measures as well.
- The process has to be assessed frequently. In case the aims of the caring process are not achieved the measures have to be adapted and revised.

Scheme of the Care Process



Providing the indicated items for the quality of structure and quality of the care process, the outcome to be determined depends on several facts.

One might focus on the costs, others look at staff’s satisfaction and again others determine client/clients’ satisfaction as parameters for their outcome quality.

All three mentioned items are worth being taken into account and used as determinants for qualitative outcome(s).

For the assessment of efficiency, quality of care has to be measured. To this end, the so-called transparency reports for formal care were introduced in Germany in 2009. Both, home care providers and nursing homes are audited annually by the independent medical service of the social insurances. The assessment consists of standardized items in five dimensions: (i) care and medicine, (ii) interaction with people with dementia, (iii) social assistance, (iv) board and lodging, (v) interviews of the people in need of care.

However, only few items refer to outcome of quality while most of them are about structural and process quality. Generally, transparency reports are criticized, because the equal weighting of all items makes it possible to compensate “bad quality” in care by “good quality” in other services. There are e.g. no knockout criteria for a bad quality outcome and most of the items are criticized since they only measure the quality of documentation.

Within EU member states the open method of coordination (OMC), a “soft” law and intergovernmental policy making round table without binding character has organized three peer reviews so far, one of them in the area of LTC, held in Germany, in October 2010, on quality in residential care facilities. This topic is a concern in all EU member states and at the EU level. Nine other member states joined the peer review.

Due to the frequent assessment cycles, described above, the German experience stimulated debate and the meeting came to the following agreements or conclusions:

- 1) Minimum standards are needed for long-term residential care and compliance should be monitored.
- 2) External quality management systems involve internal quality management systems. The introduction of such systems requires participative leadership, human resource management, training and lifelong learning.
- 3) Transparency of quality can stimulate performance-based pricing of nursing homes.
- 4) Modernization of nursing homes entails openness to other parts of the care chain.
- 5) The relationship between health services and social services needs further discussion.
- 6) Some countries’ perspectives on LTC are more health-oriented, while others are more focused on social services.

3.3.1 European Best Practices report on Social Care-Long Term Care - For Elderly, People with Disabilities and Children Contracting Social Services, Example of Germany

Monika Gabany, EU-China SPRP expert

Preliminary Remark

This report is a completion of the paper delivered in December 2015, after the first mission to Beijing and, is ready to be used as a supplement. The already delivered and discussed report is describing the basic facts and figures regarding social care needs for the elderly in China and solutions implemented in EU countries, specifically in Germany. It deals with the historic background and the reasons for the new approaches in social service coverage and provision, eligibility for benefits and the choice of benefit packages in cash and/or in kind. Further, sustainability in terms of the revenue and expenditure situation as well as cost control measures are discussed touching on administration and service provision.

The entire system and systematic was presented in a panel discussion in Beijing in December and, afterwards elaborated in more detail. Our Chinese partners expressed the wish to learn more about the contracting procedures and the role of NGOs in the social service provider system in Germany. Therefore, this report is dealing mainly with these subjects but also here and there referring back to the previous report in order to set the context.

In general contracting is a negotiation process between Funds and the providers of social care services at the Federal level. Both parties represent their members by forming associations – the Federal Association of Non-Statutory Welfare and other associations of care providers (e.g. private for profit providers) negotiate with the Federal Association of Funds. It is important to note that all providers negotiate together regardless of legal status, NGO, private enterprise or public institution.

The contract is a framework which indicates the content and quantity of services to be provided, general conditions of care, data protection, reimbursement and economic efficiency. Further, it determines the authorized institutions that have access to providers for controlling purposes and it specifies the catchment area and reimbursement price. An amendment regulates the entire quality assurance measures in detail following the structure, process and outcome indicators. Contracts are collectively signed for two years but, with good reason, can be cancelled after one year.

Introduction

A long-term care insurance scheme, similar in nature to the other social insurance systems in Germany (pension, employment and health insurance), was introduced in 1995. Due to the risk of getting dependent for support in the higher age groups the insurance is compulsory and all employees earning less than the social security earnings ceiling for the German social insurance system are members of this system. Persons who are not covered by the social insurance system (i.e. civil-servants, self-employed etc.) are usually enrolled in private insurance companies.

All members of the social health insurance scheme are automatically covered by the social long-term care insurance. The responsible long-term care insurance funds are affiliated to the corresponding health insurance funds. This strong link was implemented to lower the need for administration and therefore costs. Employees who are not covered by social LTC insurance are permitted to contract with a private long-term care insurance institution as long as they are members of a private health insurance scheme. Around 90 per cent of the German population is consequently covered by the social LTC insurance scheme and around 9 per cent have private LTC insurance cover.

Institutions

The Federal States are responsible for ensuring that an efficient and cost-effective long-term care infrastructure is provided, for guaranteeing that the scale of services on offer is adequate, and for the quality and efficiency of the social service institutions. It is the task of the authorities (the Federal Government, State governments and local authorities) to avoid disparities in support and to ensure a regular supply of long-term care in every region of Germany. This includes assuming the

investment costs of all local, state-owned, and non-profit-making care institutions and private maintenance.

The remit of the long-term care insurance funds is to ensure the supply of permanent care for their insured and to eliminate the shortcomings in quality. They consequently control the quality of the care delivered. Nevertheless, their ability to ensure the supply of care is limited by the fact that they have no appropriate influence on the creation, promotion or maintenance of the infrastructure. This task is assigned to the government of the States.

The LTC Funds as a contractor for social care services, delegate the potential beneficiaries' needs assessment to an independent body. Such independent bodies consist of teams with different professional backgrounds. Mainly doctors, nurses, psychologists, social workers, rehabilitation personnel and household staff. They assign the appropriate level of assistance to the person in need. Funds also offer courses to voluntary care-giving staff, family members, to make home care easier and more efficient. Long term care insurance funds are thus responsible for guaranteeing the service quality on the one hand and paying and bargaining for the costs on the other. The combination of these functions (increasing the quality of services vs. decreasing costs) might be a source of conflict.

Long-term care providers are supported either locally, by the federal states, or by non-profit or private organizations. A supply contract is concluded between these institutions and the insurance funds. This contract is essential for the ongoing social service provision at clients' homes or in residential institutions. The contract qualifies this form of support for the recognized long term care market. The supply contract regulates the type, contents, and extent of the general social care benefits which a social care institution must provide. It also defines the so-called care package which social care institutions must guarantee in terms of human resources, dignified and stimulating support. They must respect human rights. Qualifying care institutions must contribute to the quality assurance procedures.

Contracting

Unlike other countries, Germany places a strong emphasis on using contracts between long term care funds and providers for the quality assurance of long-term care. These contracts articulate the general expectations about provider quality and about the structures and processes that providers should have in place to monitor and improve quality. The contracts serve as tools to enforce quality. In addition, a common theme and discussion point among policy makers is that government oversight of quality will never be adequate and that providers must take a proactive role in the management and improvement of the quality of their own care. Debates often center on whether financing and local expertise are sufficient to enable high quality services and oversight.

Beneficiary Structure

In 1996 after one year of Long Term Care TC implementation about 1.5 million beneficiaries received either social care at home or in residential institutions. The growing demand of social care beneficiaries corresponds with their prolonged life expectancy rate.

Number of beneficiaries qualified for social care 2002 - 2013

	Home care	Institutional	Total
2002	1.289.152	599.817	1.888.969
2003	1.281.398	614.019	1.895.417
2004	1.296.811	628.892	1925.703
2005	1.309.506	642.447	1.951.953
2006	1.310.473	658.919	1.969.392

2007	1.358.201	671.084	2.029.285
2008	1.432.534	680.951	2.113.485
2009	1.537.574	697.647	2.235.221
2010	1.577.844	709.955	2.287.799
2011	1.600.554	714.882	2.315.436
2012	1.667.108	729.546	2.396.654
2013	1.739.337	740.253	2.479.590

Source: Business statistics of the LTCI funds

The overview shows the continuous, annual growth in beneficiaries. In 2014 the number of social care beneficiaries had increased further to 2,589,000.

It is also important to know about the number of beneficiaries per age groups. The table below is structured as follows:

The right column indicates the age groups, starting from younger than 15 years old through to older than 90 years old. The next sector shows the number of home care beneficiaries split into three levels of care. The next sector shows the number of beneficiaries in residential institutions split into three levels. The next sector shows the sum of home and residential care split in three levels and in the last two columns the numbers indicate the total sum in numbers and next as a percentage. From 70 years and older the need of social services is increasing drastically.

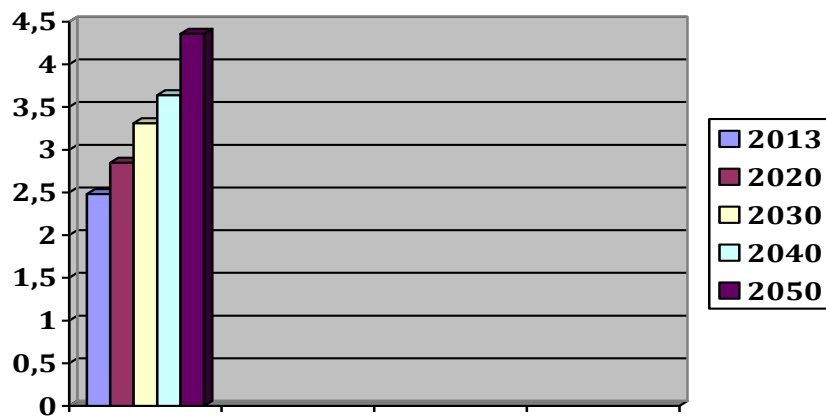
Age groups and levels of care of all insured social care beneficiaries at December 31st 2014

Age Groups	Home Care				Nursing Home Care				Total Number				in %
	Levels of Care			Total	Levels of Care			Total	Levels of Care			Total	
	Level I	Level II	Level III		Level I	Level II	Level III		Level I	Level II	Level III		
>15	40.765	22.287	10.500	73.552	1.136	227	240	1.603	41.901	22.514	10.740	75.155	2,9
15 >20	13.108	7.414	5.958	26.480	1.280	222	325	1.827	14.388	7.636	6.283	28.307	1,1
20 > 25	10.363	6.419	5.609	22.436	2.506	418	599	3.523	12.869	6.909	6.208	25.986	1
25 >30	9.275	7.139	5.562	21.966	3.320	579	806	4.705	12.595	7.718	6.358	26.671	1
30 > 35	7.997	6.741	4.692	19.430	3.552	567	809	4.928	11.549	7.308	5.501	24.358	0,9
35 > 40	7.821	6.722	3.592	18.135	3.943	577	765	5.285	11.764	7.299	4.357	23.420	0,9
40 > 45	10.506	7.691	3.610	21.807	5.537	908	1.115	7.500	16.043	8.599	4.725	29.367	1,1
45 > 50	17.634	11.270	4.513	33.417	9.113	1.887	1.992	12.992	26.747	13.157	6.505	46.409	1,8
50 >55	26.403	14.511	4.879	45.793	12.288	3.312	2.785	18.385	38.691	17.823	7.664	64.178	2,5
55 > 60	33.936	15.914	4.750	54.600	12.683	4.805	3.254	20.742	46.619	20.719	8.004	75.342	2,9
60 >65	46.959	20.847	5.509	73.315	13.294	6.933	3.999	24.226	60.253	27.780	9.508	97.541	3,8
65 >70	57.116	25.400	6.257	88.773	12.725	8.734	4.793	26.256	69.841	34.134	11.050	115.025	4,5
70 >75	102.831	45.599	10.739	159.169	20.053	18.418	10.060	48.531	122.884	64.017	20.799	207.700	8,1
75 >80	182.119	75.663	16.841	274.623	34.624	36.495	19.955	91.074	216.743	112.158	36.796	385.697	14,2
80 >85	223.550	87.209	19.040	329.799	49.194	51.519	26.575	127.288	272.744	138.728	45.615	457.087	17,8
85 >90	224.169	90.479	19.630	334.278	70.098	70.060	33.938	174.096	294.267	160.539	53.568	508.374	19,8
<90	131.406	70.841	18.205	220.462	65.869	75.072	36.926	177.867	197.275	145.913	55.131	398.319	15,5
Total	1.145.958	522.218	149.876	1.818.052	321.215	280733	148936	750.828	1.467.173	802.951	298.812	2.588.936	100%
Total in %	63%	28,70%	8,20%	100%	42,80%	37,40%	19,80%	100%	57,10%	31,30%	11,60%	100%	
Ministry of Health Germany													

Reasons for higher number of home care beneficiaries are individual preferences to stay at home as long as possible. Further, there are several measures favoring home care:

- Cash benefits for family care
- Pension benefits for informal care givers if they interrupt their employment
- Family member can enjoy four weeks holiday per year and the beneficiary can be transferred to a short term social care institution

Trends in the Number of Persons (in Millions) Requiring Long-term Care



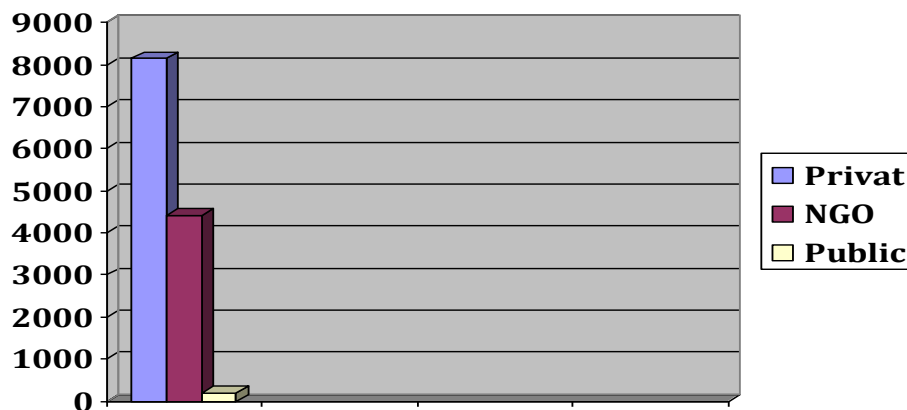
Assumption of a constant durable long term care probability

Source: Business Statistics of the Care Funds

Provider Structure

In Germany the care providers constitute a big industry. On the supply side the German market is dominated by private providers. In 2013, there were 12,745 social care institutions, providing care at the beneficiaries' home. The provider structure shows 63% (8.140) were private for profit, 36% private-not-for-profit (4,422) and 1% public (183).

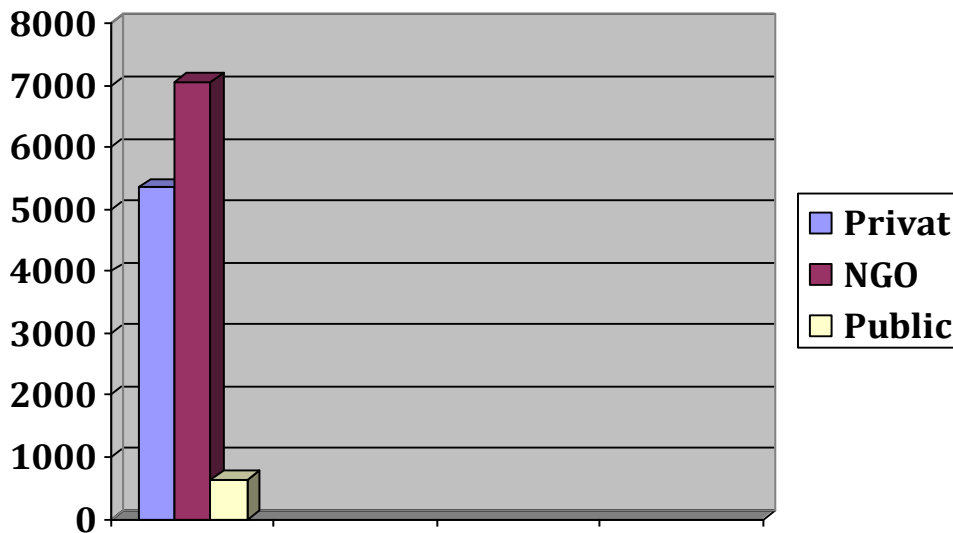
The Number of Home Care Providers And Organizing Institution (2013)



In residential care the situation is slightly different regarding organizing institutions. The total number was 13,030 in 2013. Most providers are NGOs – 7,063 or 54%, followed by private providers with 5349 or 41 %. Public providers hold a market share of 635 Or 5%.

In residential care the number of residents and personnel is considerably higher than in home care. About 70% of all employees (in 2013 the total number of personnel in home and residential care was 1,000,600) are working in residential care. The number of personnel in relation to residents and their individual needs differs from one federal state to another. There are no standards on the National State level and the indicative value is out of date because it was discussed and fixed about 20 years ago. On average a care taker in residential institutions is on duty with 12 clients during the day and 60 during the night.

Number of Residential Care Providers and Organizing Institution In (2013)



The official statistics do not indicate the specific number of residential care institutions. The figure of 13,030 must be reassessed because it includes both day and night care institutions.

The excess supply of private providers and NGO's occurs due to the regulation of the principle of subsidiarity. The main principle is that private and nonprofit NGO providers as well as churches have the right to cover public duties and are eligible to claim subsidies. Even more they have absolute priority in taking up the objectives. In contrast public institutions, mainly communities, have to withdraw from making provider services available, unless they are specifically authorized. This would occur in cases where private providers and NGOs cannot serve the demand side. The aim is to promote competition in the social care market which has arguments for and against.

Competition in the care market has put pressure on pricing with the consequential result of hiring staff from low wage countries within the European Union. It concerns staff coming mainly from the new EU member states.

On the other hand, covering large geographic areas and the guarantee of access for beneficiaries and potential clients requires flexibility and also an increase in providers; especially providers covering a smaller number of clients even in remote areas.

Accessibility is as important for location decision and regional development as it is for the individual life situation of the citizens. The reason is that accessibility determines the regional quality and the provision of infrastructure. An ongoing study focuses on the availability of social care services according to the Eleventh Book of the Code of the Social Law (SGB XI) by analyzing the regional distribution of home care services based on a raster-based GIS accessibility analysis. Thereby the study especially focuses on the regional distribution of social care services in rural areas. It can be concluded, that in Germany a social care service provider needs on average 5.8 minutes at an average speed of 50 km/h to reach its customers. A regionalized analysis shows that in rural areas the distances to be covered are slightly greater than in urban areas. Nevertheless according to the accessibility model 94 % of the people can be reached by a social care service provider within 10 minutes driving time at an average speed of 50 km/h. That corresponds to ca. 95 % of the people in need of social care services.

This situation shows the importance of sufficient number of providers who are serving small number of clients and they are distributed equally (urban and rural areas). The following table

indicates number of home service provider and their legal status with the minimum and maximum number of clients (December 2013).

No Clients	Private	NGO	Public
> 10	875	147	10
11 to 15	824	127	8
16 to 20	894	189	10
21 to 25	820	217	12
26 to 35	1406	503	32
36 to 50	1434	754	36
51 to 70	986	896	27
71 to 100	572	804	25
101 to 150	260	501	15
150 +	69	284	8
Total	8140	4422	183

Federal Association of Non-Statutory Welfare

The Federal Association of Non-statutory Welfare (BAGFW)¹ in social welfare. The Arbeiterwohlfahrt, the Deutsche Caritasverband, the Deutsche Rote Kreuz, the Deutsche Paritätische Wohlfahrtsverband, the Diakonische Werk der Evangelischen Kirche in Deutschland and the Zentralwohlfahrtsstelle der Juden in Deutschland are all based on different religions and beliefs.

It belongs to the so called “third sector” and has to be seen as an open and polymorphic area between the state, the market and the family.²

The central organizations have a federal structure; their bodies at the local and national level and the member organizations usually form their own legal entity.

Their significance in the social welfare system becomes clear in terms of the number of members and employers working in social welfare sector.

Workers` Welfare Service (AWO)

- 430,000 members, 100,000 volunteers,
- 146,000 employees in 14,000 social services and establishments.

¹Bundesarbeitsgemeinschaft der freien Wohlfahrtspflege

² See attached abstract about “Third Sector” research in China 2006

- 29 associations at regional and state level, 480 associations at district level and 3800 local clubs.

German Caritas Association

The organization comprises 27 diocesan Caritas associations, 6 regional associations, 18 professional associations and 8 specialized Catholic charity organizations.

- 24,939 establishments offering more than a million places.
- 520,186 employees (full or part-time), 500,000 volunteers.

German Red Cross

- Part of the International Red Cross and Red Crescent Movement.
- 116,211 employees, approximately 400,000 volunteers.

Welfare Service of the Protestant Church in Germany

- Members are the social welfare organizations maintained by the 24 United Protestant, Reformed and Lutheran state churches, members of the Protestant Church in Germany, 9 free churches with their social welfare facilities and a variety of some 90 professional associations.
- Together they represent 27,300 independent establishments with more than 1 million places.
- 452,200 employees (full or part-time).

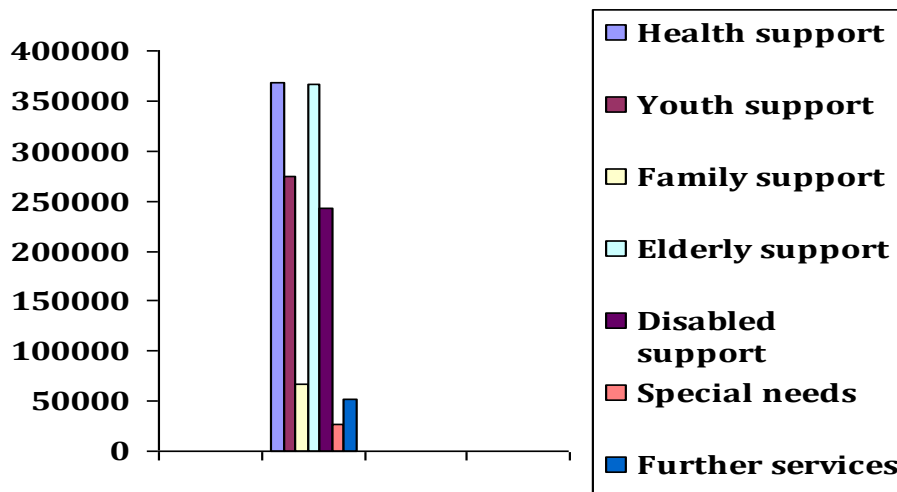
Association of Non-affiliated Charities

- This organization is a grouping independent organizations, establishments and bodies active in social work. It supports and represents 10,000 member organizations in 15 regional associations and over 280 district offices.
- 169,900 employees are working in 24,000 establishments.

Jewish Central Welfare Agency in Germany

100,000 members in 17 Jewish regional associations, 6 independent Jewish local congregations with 100 Jewish communities (in 2008 about 108,000 members) and the Jewish Women's Association (1000 members) and 50 employees.

The following graph shows the number of employees of the voluntary welfare associations in the specific sectors:



The biggest share of employees is found in health (26%), support for the elderly (26%), youth support (19%) and support for persons with a disability (17%).

The comparison of numbers of employees of the central voluntary welfare associations with numbers of employees of other economic groups shows the relevance of this sector.³

- German Mail: 456,716 employees
- Siemens Germany: 428,00 employees
- Daimler Germany: 273,216 employees
- German Caritas Association: 520,186 employees⁴
- Welfare service of the Protestant Church in Germany: 452,200 employees
- Workers' Welfare Association: 146,000 employees
- Association of Non-affiliated Charities: 169,000 employees
- German Red Cross: 116,000 employees

The central associations have worked together closely since 1924. Their common objective is the safeguarding and development of social work through community initiatives and socio-political activities. To implement these objectives, the BAGFW maintains an office in Berlin, a representative office in Brussels and the Charity Stamps Department in Cologne. The central associations themselves have a federal structure, i.e. in most instances their sub-divisions are at municipal and federal-state level respectively, as well as their member organizations, are legally independent.

For further information contact coordinates and websites of all six umbrella organizations cooperating in the Federal Association of Non-statutory Welfare:

Arbeiterwohlfahrt Bundesverband e. V. (Workers' Association) Blücherstraße 62 / 63D-10961 Berlin
Phone: +49 (0)30 263 09 – 0Fax: +49 (0)30 263 09 – 32599E-Mail: info@awo.org
www.awo.org

Der Paritätische Gesamtverband e. V. (Association of Non affiliated charities) Oranienburger Straße 13-14D-10178 Berlin
Phone: +49 (0)30 246 36 – 0Fax: +49 (0)30 246 36 – 110E-Mail: info@paritaet.org
www.paritaet.org

Deutscher Caritasverband e. V. (German Caritas) Karlstraße 40D-79104 Freiburg im Breisgau
Phone: +49 (0)761 200 – 0Fax: +49 (0)761 200 – 572E-Mail: info@caritas.de
Berliner Büro: Reinhardtstraße 1310117 Berlin
Telefon: +49 (0)30 284 44 – 76Fax: +49 (0)30 284 44 – 788E-Mail: pressestelle@caritas.de
www.caritas.de

Deutsches Rotes Kreuz e. V. (German Red Cross) Carstennstraße 58D-12205 Berlin
Phone: +49 (0)30 854 04 – 0Fax: +49 (0)30 854 04 – 450E-Mail: drk@drk.de
www.drk.de

Diakonie Deutschland – Evangelischer Bundesverband Evangelisches Werk für Diakonie und Entwicklung e. V. (Welfare Service of the Protestant Church in Germany) Caroline-Michaelis-Str. 1D-10115 Berlin
Phone: +49 (0)30 652 11 – 0Fax: +49 (0)30 652 11 – 3333E-Mail: diakonie@diakonie.de
www.diakonie.de

Zentralwohlfahrtsstelle der Juden in Deutschland e. V. (Jewish service association) Hebelstraße 6D-60318 Frankfurt am Main
Phone: +49 (0)69 944 371 – 0Fax: +49 (0)69 494 81 – 7E-Mail: zentrale@zwst.org

³ Figures 2009

⁴ The Churches (Catholic/Caritas and Protestants) are the biggest employers in Germany's non-statutory welfare system

Funding Non Statutory Welfare Associations

Consistent with the principle of subsidiarity, the German nonprofit sector including the voluntary welfare associations receives the bulk of its revenue from public sector sources.

The sources of financing of voluntary welfare services can basically be divided into three groups:

- Remuneration for services,
- Public grants-in-aid and
- Donations and internal funding

The welfare associations receive remuneration in return for the services that they provide in certain areas (hospitals, nursing homes and out-patient services among others). Either care recipients have to pay themselves (often with a right to reclaim the charges from social welfare) or the public welfare agencies pay directly as well as the insurance funds.

As for funding in the form of public grants-in-aid, its legal basis lies in the public obligation to provide appropriate support for voluntary welfare agencies.

The public grants-in-aid are financing

- Investment aid for the building facilities and
- Assistance for their operation.

This funding is in part stipulated in law and in part furnished according to political judgement. The form and extent of public grants-in-aid varies according to the respective field of work, and depends on the Land (Federal County), district or municipality responsible.

The traditional sources of income for the welfare associations are the financial and material donations from their public appeals, households and street collections. Internally, the associations receive contributions from their own members, friends and supporters.

A further self-financing activity is the sale of welfare coupons which contain a surcharge and revenues from lotteries are also important.

Finally, the voluntary welfare sector makes a considerable contribution itself. First and foremost there is all the work performed by voluntary helpers, even if these do not appear on any balance sheets as a financial item. Voluntary work saves enormous amounts of money which would otherwise have to be covered by the public through taxes or insurance contributions.

The different shares of financing are:

- Remuneration for services 64.1 %
- Public grants-in-aid 20.2 %
- Donations 3.2 %
- Internal funding 12.5 %.

Almost two-thirds of non-statutory welfare is financed through insurance (long-term-care and health) and through the welfare institutions which support persons with special needs. In terms of long term care insurance, financing contracts are negotiated every two years at the Federal level. The provider side is represented by the Association of Non-Statutory Welfare and other associations (e.g. private providers).

Quality Assurance is Condition for Contracting

The funds, which administer the long-term care program, must ensure that beneficiaries have access to quality care, consistent with contemporary care standards, through their contracts with providers

(Long-Term Care Law (SGB XI) paragraph 69). The funds, however, must contract with all providers that meet the minimum requirements, thus limiting their leverage with providers. This requirement reduces the providers' incentive to compete on quality, although once they contract with funds, they must still compete to attract consumers. In setting quality standards, coalitions of funds negotiate with coalitions of providers. Consensus among the negotiating parties is critical to the adoption and implementation of any initiatives.

Quality indicators consist of quality of structure, quality of the process, quality of the outcome. This scheme builds the framework and represents an excellent instrument for measuring the quality of all care processes.

Quality of structure:⁵

Quality of structure emphasizes and focuses on providers' personnel available, related to the clients' needs and management capacities, the time to be on duty and skilled staff. The defined quality indicators are the professional background of the manager who has to have a solid professional education and passed an exam plus additional education in home care requirements and specific management skills. The provider should assure that the personnel employed are encouraged to attend further education courses and internal supervision rounds.

Quality of process:

The clients have to be clearly informed about the time on duty and, in geographic areas with high dense population, the providers should go in co-operation with other providers for sharing "emergency" services outside of the normal working hours.

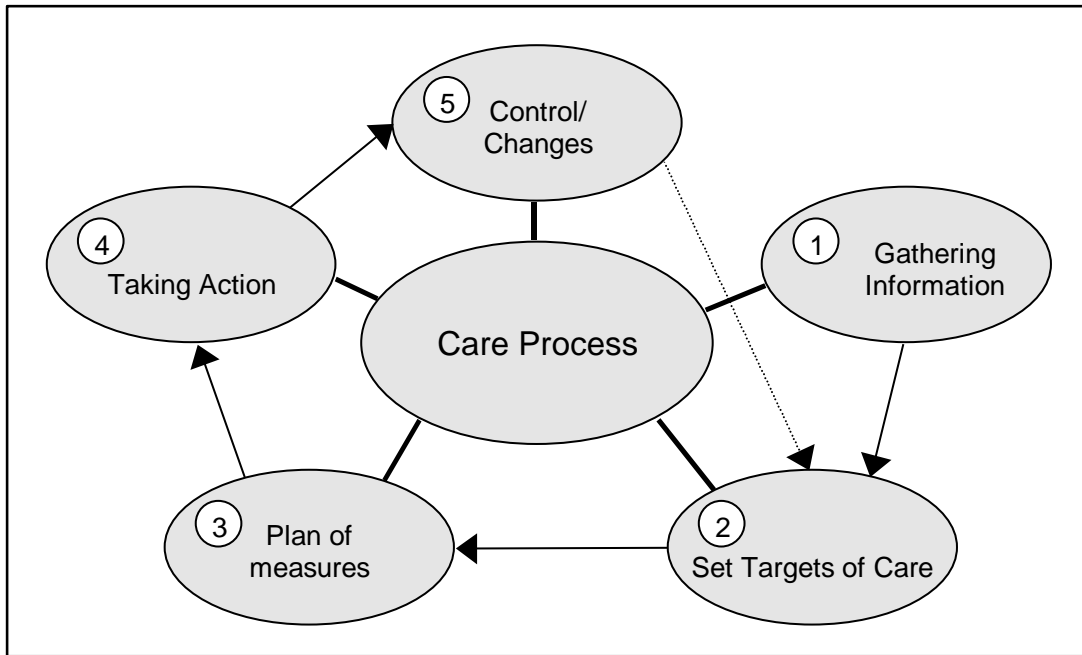
The so called terminus "quality of process" refers to the genuine care process and the work with beneficiaries. In order to provide services of high quality it is necessary to follow such a care cycle.

The cycle consists of:

- a) Anamnesis and defining the targets to be achieved through the care, treatment and rehabilitation services. This has to be done and agreed upon by the client wishes as well.
- b) The care plan has to be elaborated and documentation on care measures has to be individually recorded to the professionals who are part of the care process (e.g. social workers, auxiliary staff, rehabilitation personnel etc.). One copy of the documentation has to be stored in the household and one at the services provider(s).
- c) The measures have to include so called "activated care" which takes into account the client's capabilities and these capabilities have to be stimulated. Prophylaxis and rehabilitation are part of the measures as well.
- d) The process has to be assessed frequently. In case the aims of the caring process are not achieved the measures have to be adapted and revised.

Scheme of the Care Process

⁵ The following examples are indicators that have to be fulfilled as minimum in Germany



Providing the indicated items for the quality of structure and the quality of the care process and the outcome to be determined depends on several facts.

One might focus on the costs, others look at staff satisfaction and again others determine client/clients' satisfaction as parameters for the outcome of quality.

All three mentioned items are worthy of being taken into account and used as determinants for qualitative outcome(s).

Control of Quality in Residential Institution

Two documents guide long-term care provider quality. Funds, key provider associations, and social assistance programs at the national level must agree on general quality assurance standards. Setting the standards through negotiations among interested parties under the auspices of a non-governmental body is based on provider-payer consensus. These groups had developed the principles and measures already in 1996 in the implementation phase of long term care.

In 2001 the Law on "Long-Term Care Quality Assurance" introduced the concept of quality contracts between funds and providers. Federal standards do not contain detailed guidelines for the contracts, which are implemented at the federal level as "service and quality" contracts between providers and sickness funds and are negotiated primarily through the collective bargaining contract negotiations.

These "service and quality contracts" were to be signed by all providers by January 1, 2004.

Separate contracts for services and quality allow funds to review the providers' quality when negotiating the reimbursement rates, creating an opportunity to incorporate quality measures into rate negotiations in a more systematic way. This structure relies on enforcement of contractual provisions between payers and providers to ensure quality.

Every two years, providers must demonstrate to the funds that they have quality assurance mechanisms in place and that they have delivered services in accordance with the service and quality contracts. The 2001 quality law also made a range of sanctions available to funds when quality problems are discovered, such as temporary reductions in payment rates, refunds of payment and temporary bans on client admissions.

Another part of the 2001 law clarifies that the medical offices⁶ of the funds have the authority to conduct inspections, which may be unannounced and may occur at night. Quality assurance in residential settings is considered a higher priority than quality assurance in home and community settings.

The designed inspection instruments used by the medical offices' teams follow the initial structure, process, and outcome measures of quality.

Control of Quality at Beneficiaries' Home

Although funds assure quality for home care service providers through contractual requirements, at Federal and Local Government level it is not possible to control these providers directly. Funds may cut payments or exclude providers entirely if the services are not delivered as agreed or if quality problems are detected. However, such sanctions are seldom imposed.

In home care, special provisions are made for long-term care beneficiaries who choose the cash benefit. Everyone selecting cash benefits receives regular, generally every six months, supervision visits from a home care service provider to confirm that the care is in place. The format of these control visits has been agreed on by the funds and the provider associations.

However, because caregivers are almost always family members, actions are very rarely taken because it is thought inappropriate to interfere in family relationships. Because there are no restrictions on how the cash benefit is used, some observers argue that this enormous flexibility increases consumer satisfaction. Despite such arguments, there is little intention to announce detected problems. Home-care service providers have the task to supervise and support family members every six months and the supervision should end in the improved manner. Change for the worse would discredit the provider.

As prevention, several best practice protocols have been developed by the medical offices with other experts to develop care standards through a consensus process. The standards include suggestions to providers and are meant to be educational and consultative.

Once consensus is reached, the standard becomes the focal point of an education and publicity campaign. The medical office then announces that care in this area will be an area of special focus in upcoming inspections.

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Attached Abstract:

Non-State Care Homes for Older People as Third Sector Organisations in China's Transitional Welfare Economy

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Abstract

The rise of the third sector has been a global welfare phenomenon. In China, the growth of social organisations has been a remarkable feature of the transitional society after the adoption of market reforms and political liberalisation. In its emergent welfare economy, the third sector has been hailed as a new growth point in social care as the state retreats from direct provision of welfare services. This article examines non-state care homes for older people in urban China based on a survey of 137 homes in three cities. It begins with a brief review of the theory of the third sector, non-governmental organisations and private markets in the production of welfare. This is followed by a discussion of third-sector organisations, markets and the state in the special context of China. The next section appraises the factors that contribute to the surge of non-state residential provision for the elderly. The final part of the article presents empirical findings on the development, key features and authority relations of 137 non-state care homes for older people. It is argued that their uniqueness marks them out as a special form of third-sector organisation in China's welfare economy.

(Published Online March 3 2006) Non-State Care Homes for Older People as Third Sector Organisations in China's Transitional Welfare Economy

3.3.1 Social Assistance for Specific Vulnerable Groups (SASVG) - services for children, elderly, people with disabilities, with a special focus on poor rural people - Policy Recommendations

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1. Policy Overview on Social Assistance for Specific Vulnerable Groups

Although China has become the second largest economy in the world, it is still largely an agricultural society. The rural population accounts for 50% to 60% of the total population under different criteria. Due to urban-rural dualistic economic characteristics formed under the planned economy, the living standards and the level of social security of the rural population are lower than that of the urban population. Under the background of urbanization, the livelihoods of rural-urban migrants are full of risks and uncertainties. Until now, the majority of China's poor population has remained in rural areas.

In this century, especially since the 18th CPC National Congress, social assistance for the rural poor has been highly valued by the Chinese Government. Among the rural poor, the majority belongs to the income poverty group and some of the remainder, about 7% to 8%, belongs to the physiological poor group. For these people, such as the elderly, children and people with disabilities, a lack of an income source and physical difficulties are their main characteristics. They are the most vulnerable groups and generally referred to as the Specific Vulnerable Group (SVG).

The Chinese government has been making great efforts to establish a new rural welfare system to protect the vulnerable groups. In 1956, the First National People's Congress (NPC) published a directive entitled Exemplary Charter for Advanced Rural Cooperatives, in which the rural communes were required to provide to the farmers in extreme need of the so called "five guarantees" including food, clothing, fuel, education and burial expenses, and who had absolutely no responsible kin to care for them or who were too old, too young or too sick to support themselves. Since then, the vulnerable group has been called 'Five-Guarantee Households' (FGHs).

The "Regulations on the Work of Providing Five Guarantees in Rural Areas" adopted at the 121st Executive Meeting of the State Council on January 11, 2006, were then promulgated and became effective as of March 1, 2006. These Regulations are formulated for the purpose of bringing to success to the work of providing FG in rural areas, ensuring a normal life for persons receiving FG in rural areas and promoting the development of the social security system in rural areas. Article 6 indicates that villagers who are aged, disabled or under the age of 16 and have no ability to work, no source of income, and no statutory guardians to provide for them, bring them up or support them, or whose statutory guardians have no ability to provide for them, bring them up or support them, shall enjoy FG in rural areas.

In 2014, Specific Vulnerable Groups (SVG) were referred as those who are aged, disabled or under the age of 16 having no ability to work, no source of income, and no statutory custodians or to provide for them, or the "Three None's" Group called in the Five Guarantees scheme (FG), by the "Interim Measures for Social Assistance" and social assistance should be provided to them. The Social Assistance to Specific Vulnerable Group (SASVG) system is the continuation and development of the 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.

Article 14 of the Interim Measures stipulates that the State shall grant support to the especially poor, i.e. the elderly, the disabled and minors under 16 years of age who have no persons with statutory custodians to support aging parents, children, or other persons or persons with statutory custodians to support them but who do not possess the capacity to support them. Article 15 of the Interim Measures indicates that the support for the especially poor includes:(1) providing basic living conditions; (2) looking after those who cannot take care of themselves; (3) providing disease treatment; and(4) handling funeral matters. It is stipulated that the support standard should be determined and announced by People's Government of each province, autonomous region, municipality, or city with districts. The support of the especially poor shall be integrated with the

systems of pension insurance for urban and rural residents, basic medical insurance, minimum subsistence guarantee, and basic living guarantee for orphans.

In October 2015, in order to achieve the great goal of well-off society being built by the year 2020, the Central Government set up a new poverty elimination strategy in which social assistance was assigned a fundamental role. In February, 2016, the State Council organized a thematic standing meeting and promulgated the “Guidance on Further Improvement of the Social Assistance and Support for SVG” to strengthen the implementation of relevant articles of the “Interim Measures” which included the setting-up of five principles, clarifying the definition, the standard for targeting groups and procedures, fulfillment of the Government in service delivery such as food, clothing, housing, daily-care and medical care, increasing the Government’s financial input, and involvement of social participation.

2. Implementation of Social Assistance for Specific Vulnerable Groups

With the promulgation of the “Guidance on Further Improvement of the Social Assistance and Support for SVG” (dated February. 14 2016), the social assistance net for rural specific vulnerable aged, children and disabled people has been built-up, in which Civil Affairs Department is the core and the Union of Disabled Persons (UDP) and poverty-relief, social insurance, medical health, education and housing departments as a supplement. In practice, the care for vulnerable disabled is mainly implemented by Union of Disabled Persons (UDP). It has higher standards, a wider range and more professional methods. The support standard for vulnerable children is higher than that for the vulnerable aged, so they are supported by professional organizations inside the Civil Affairs Departments. The vulnerable aged is the most significant group of specific vulnerable people; they make up 90% (including some disabled) and the support models are collective support and individual support. The content stated in the “*Regulations on the Rural Five Guarantees Scheme*” is (1) providing grain, oil, subsidiary food and fuel; (2) providing clothes, bedding, mattress and pocket money; (3) providing qualified housing; (4) Providing medical treatment and daily care and (5) Providing funeral arrangements.

Table: General Situation of SVG in China, Oct.-Dec. 2015

	Sub-total	Female	Elderly	Children	Disabled	Averaged Support (CNY)
Collectively Supported	1618013	276627	1428237	46443	266969	6026
Individually Supported	3556830	595351	3001306	134369	655400	4490
Total	5174843	871978	4429543	180812	922369	

Source of Data: Ministry of Civil Affairs,
<http://www.mca.gov.cn/article/sj/tjjb/sjsj/201602/20160200880174.htm>

At the end of 2015, there were a total 5,174,843 (as opposed to 5,669,063 in 2014) of supported SVG, of whom 871,978 were female, about 1/6 of the total. According to the recipients’ health condition, willingness and local capacity, there are three modes of support for SVG: Collective support, Individual support, and Third party support. The proportion of collective support is comparatively low nationwide, less than 1/3 (31% in 2015). The personal average support level for collective support was CNY 6,026, and that for individual support was CNY 4,490.

The main bearers of responsibility for collective supports are government organizations. FG service organizations, such as Homes for the Elderly, the Child Welfare Institution, and the Disabled Welfare Institution, undertake the task of collective support to rural FG recipients and they usually provide food, clothing, housing, medical treatment, funeral and other services. In rural areas, the main collectively supported FG recipients are the specific groups such as aged without the ability to work, orphans, and people with a disability. Currently, the management of the elderly support organizations of FG, like Homes for the Elderly, is dominated by township or county governments, and for children support organizations of FG, like Child welfare institution, county or city governments usually takes charge of their management.

Currently, there are several problems concerning collective support in rural areas: (1) The occupancy rate of social welfare institutions is not high and most recipients of collective support are rural elders who can't take care of themselves and people with severe disabilities; (2) Low payment for and the educational level of welfare institution staff and a high employee turnover rate; (3) The ratio between recipients and nursing workers is far from meeting the national requirement, which causes severe asymmetry and low quality of support; (4) With the increasing numbers of institutions the expansion of their size, and the improving of infrastructure and facilities, the cost of management and maintenance in later stages continues to rise, resulting in a larger fiscal gap for the poorer central and western regions and the unsustainability of the collective support institutions for FG.

The main subject of individual support is the individual and their daily life care is in charge of the village committee. The traditional individual support pattern can be divided into various categories considering the different roles of the village committee, villager group, contracted land, relatives and other villager neighbours. The "*Regulations on the Rural Five Guarantees Scheme*" issued in 2006 required the Government to play the fundamental role of guarantor.

Individual people can still stay in their living surroundings, so their living habits and psychological demands are satisfied. Currently the problems of the rural FG individual support are as follows: firstly, the people who chose individual support are the disabled who cannot take care of themselves or juveniles without family care. The others are the aged who have lived in villages for a long time, so they cannot adapt to the restraints in a geracomium. Second, although people who chose individual support can get an allowance and subsidy for material support their quality life quality is not high for a lack of daily care and treatment, poor diet and lack regularity in their life.

Third party support is whereby the county civil affairs department or township government entrusts a third party to provide home care service for FG people in the form of buying service from the society. The service includes care during the day, providing or buying dinners, medical related services, cleaning services, spiritual consolation, security and so on. On July 2015, the civil affairs Department of Qinghai province issued the "*Pilot Third Part Service Scheme for the Vulnerable Aged in Qinghai Village and Herding Areas* to pilot the scheme in 11 towns such as Huangnan, Guoluo, Yushu and Hainan. The scheme is aimed at FG and the elderly "Three None's" who lived in villages and the herding areas and who do not have live-in support organizations, the single aged who are covered by the Minimum Subsistence Allowance System (Dibao) and who are aged over above 70 and single people with special care needs in the village and herding areas. The service provider can be a qualified geracomium or other organizations, or it can be undertaken by village organizations, seniors associations, village service stations and other warm-hearted people in the form of delegation.

The "*Regulations on the Rural Five Guarantees Scheme*" provide that the rural FG fund should be arranged as part of the local government budget. Villages that have business incomes can subsidise the FG recipients. If the person gives his land to others, the revenue should be returned to him. The Central Government gives financial help to those in difficult areas. Currently the

funds of the FG allowance system come from: local government budget, village committee revenue, central government subsidy, support organizations' productive income, social donations and the welfare lottery public fund. The support standard is usually determined by local government. By the end of 2014, the fiscal fund for rural FG was CNY 18.98 billion an increase of 10.2% over 2013 of which , the collective support fund is CNY 7.8 billion and the individual support fund is 11 billion. In fact, the support standards are different for different groups, the standard of collective support for the aged is higher than the individual support. The standard for vulnerable children is higher than for the aged. The standard for persons with a disability is almost the same as for the aged with aged but they receive other subsidies. The standards in different provinces vary. In 2014, the average standard for collective support and individual support was CNY 5,371 and CNY 4,006 respectively, whilst in the lowest province (Guizhou) it was only CNY3,298 and CNY2,206 respectively (which was lower than the official poverty line).

3. Achievements and Challenges of Social Assistance for Specific Vulnerable Groups

3.1 Achievements

3.1.1 Establishment of the Rural Social Assistance Net in which Support to the Most Vulnerable People is Considered as a Key Achievement

Since the 21st century, China has reinforced the construction of institutions and regulations for rural vulnerable groups. Marked by “*Regulations on Rural Five-Guarantee Scheme*” in 2006 and the “*Interim Measures for Social Assistance*” in 2014, the social assistance system for specific vulnerable groups has been basically formed in China. With the Minimum Subsistence Allowance System (Dibao), the Social Assistance for Specific Vulnerable Groups, Medical Assistance, Temporary Assistance and other Social Assistance schemes, and the Rural Development Oriented Poverty Reduction Program, China has built a Social Assistance network for the rural poor population. The network has basically achieved full coverage of SVG and played the role of satisfying minimum needs. The support ability for SVG has also increased significantly and has begun to be integrated with the basic pension insurance system for residents, basic medical insurance, Minimum Subsistence Allowance System (Dibao) and orphan subsistence allowance system.

3.1.2 Formulation of a Support System for SVG in Rural Area and Improving Service Levels

In more than 30,000 towns in China, nearly every town has built its support organization for the specific vulnerable old and children. By the end of 2014, there were 3,934,390 beds for the old and the disabled, 102,174 beds for children, and 2,600,000 staff, half of whom were for rural SVG. By August 2015, 5,231,000 people were covered by the Five Guarantee Schemes (FG), and 1,674,000 (32%) of them were collectively supported. The average standard was CNY 5,706 per person per annum for collective support and CNY 4,241 per person per annum for individual support, achieving an increase of 93.3% and 101.7% respectively over 2010. Many homes for the elderly are registered as public institutions. Based on choosing either collective or individual support, the township government, the homes for the elderly, the village committee, the cadres in charge of helping villagers, and the FG recipients sign support contracts respectively for differentiating responsibilities and obligations. The county or district bureau of civil affairs enrolls FG recipients in the New Rural Cooperative Medical Insurance and they do not need to pay in a specific hospital. A service system including town homes for the elderly, village home and house repairs for FG recipients has been formed.

3.1.3 Building up an Information and Archives System for Supported Specific Vulnerable Groups

The Ministry of Civil Affairs and the State Archives Administration issued the “*Management Measures for the Rural Five-Guarantee Archives*”, including 17 articles, and implemented it since April 1, 2013. According to the measures, the recipients' information should be timely updated and

all specific vulnerable people should be covered by FG if allowed. The administration department should establish archives for the vulnerable people and share the data with other departments. For example, the county construction bureau prioritized FG recipients when implementing the program for renovating dilapidated houses.

TV stations and other governments department also introduced preferential policies for FG recipients, such as reduced cable television fees, water, electricity, coal, fuel subsidies. Judicial and education departments also provide assistance and encourage society to participate in FG assistance.

3.14 Different Models of Organizing and Supporting Social Assistance for Vulnerable People

As the establishment and improvement of China's rural social assistance system, the "Three None's" will be the main part of FG collective support. The FG old, children and disabled are covered in different in policies, support levels and themes. The homes for the elderly, the welfare center and the Disabled Person's Federation take part in FG affairs, so the policy may be overlapping and lead to unequal distribution of public resources. Datong county established a social welfare institute to administer all welfare agencies, including one welfare house for the old, one for children and seven homes for the elderly, in order to increase efficiency.

Hunan province encourages homes for the elderly to start their "courtyard economy". On the one hand it can provide labor opportunities for the elderly whilst on the other hand it can also save on expenditures. The province also encourages agencies aiming for specific vulnerable old people to be open to society. The construction department supports the construction of agencies in village to provide other patterns.

3.2 Main Challenges

3.2.1 The Current Standard is Insufficient for the Needs of SVGs such as Caring and Nursing

The "*Regulations on the Rural Five Guarantees Scheme*" in 2006 demand that rural FG support level should not be lower than rural residents' average living standard and adjusted for the improvement in the living standard. The fund of FG is afforded from the local government budget and in some areas the fund insufficient. Accordingly, the recipients' living fee cannot satisfy their need. In central provinces such as Jilin, Anhui, Henan and Hunan, the level is under 30% of average disposable income.

3.2.2 The Low Standard of FG Support Standard

In some areas, FG recipients face many problems, for example, daily life, health care, burial affairs and so on. The medical expenses are not fixed, so the administration departments are usually puzzled. Although the medical assistance policy can solve some of the problems, some homes for the elderly still faces problems like high care payments and self-paid medicine, so they cannot make ends meet.

3.2.3 Capacity Challenges for Support Organization

Many support organizations faced barriers of registration as legal entities. Some of them are paid from the government budget and some by the organization's self-raised funds. This makes the organizations lack staff, especially skilled staff. In practice, insufficient numbers of staff and, shortages of skilled staff of support organization are popular constraints. Due to the financial system, some workers are regularly employed and some are temporarily employed. In the homes for the elderly, the standardized ratio between the clients and staff is usually 10:1, so they tend to receive life-independent people and the disabled and dependent people are excluded.

3.2.4 Incomplete Support in SVG Care

In some areas, SASVG recipients face many problems, for example, daily life, health care, burial affairs and so on. The medical expenses are not fixed, so the administration departments are usually

puzzled. Although the medical assistance policy can solve some of the problems, some homes for the elderly still faces problems like high care payments and self-paid medicine, so they cannot make ends meet.

3.2.5 Lower Collective Support Rate, Smaller Scale of FG Support Organization

Most local governments take the town government as being responsible for the FG recipients, so nearly every town runs a home for the elderly. But, many people are life-independent and tend to live in their familiar community alone. The low numbers of people living in homes for the elderly affects their management and service standards. This in turn makes people reluctant to live there.

3.2.6 Identification of SVG clients

In general, the specific vulnerable people include the “Three None’s”, the elderly, children and persons with a disability. In practice, some provinces have begun to focus on, and succor, children who have no dependents and other vulnerable people, such as children without statutory guardians (they can be categorized as vulnerable children). In some poor rural areas, there are many older young men. To assist them from becoming FG recipients is a topic worthy of study.

4. Policy Recommendations: Service Provision Centered Policy Improvement

Support to the rural SVG, in particular to the FG scheme has almost 60 years of history. It was the oldest but most dynamic social assistance scheme. The experiences of the SASVG scheme are worthy of evaluation. Although the number of recipients under the FG scheme is only around one per cent of the total rural population, those recipients are economically poor, socially incomplete and physically vulnerable. They are most needy group and should be always the focus of the social assistance system. The situation of SVGs will reflect the moral values of society. Governments at all levels should consider it as a work priority. Unlike Dibao in which the transfer payment is the main issue, sound care service provision should be the main task of the SASVG program. This includes questions of what kinds of care services should be provided, by what means can sound care services be provided, who will provide daily care services, who will pay for the service provision. There is still much hard work to be done to realize a sound service provision.

4.1 Improve Cross Sector Institutional Coordination including Articulation in Different Programs

By now, the vulnerable people support institution framework has been formed. But there are two concepts: specific vulnerable and FG, where responsible bodies for the three groups are quite different. This may lead to mistakes and omissions. The policy of the civil affairs department and the Disabled Persons’ Federation should be unified and assistance should be linked with welfare in the civil affairs department. In addition, the institutional coordination mechanism between departments should be built and communication among education, housing, medical treatment and public utilities should be strengthened. The new “Guidance on Further Improvement of Social Assistance and Support for SVG” includes a special paragraph on coordination between the different programs and a standard platform for the establishment and management of vulnerable persons’ archives should be built up to realize trans-sector coordination.

4.2 Based on the new “Guidance” to Conduct Policy Pilot Experimentation

The new “Guidance on the Further Improvement of Social Assistance and Support for SVGs” has been made recently. There are many contents in this guidance that need to be made in detail. In relation to but not limited to this EU-China SPRP, it is suggested that participatory action policy research and pilot experimentation be conducted to specify the Guidance. The contents should include the definition of clients under the SASVG scheme, the standards of services (in particular caring and nursing services), the standards of operation and staffing of nursing homes, management systems, monitoring and management for individual support, third-party support, integration

between nursing and medical caring and involving social forces. Such action research and pilot testing will help improve the policy process.

4.3 To Enhance the Financial Input from the Government's Regular Budget for Sound Services

For some historical reasons, the fund for vulnerable people support mainly comes from local government (especially middle areas). There are poor areas in the middle of China and some local governments cannot maintain the standard "not lower than local residents' average living standard" stated in the *"Regulations on Rural Five-Guarantee Scheme"*. Limited budget will also affect the identification of qualified target groups. The central government should make the regulations for and contribute to financing to take the 5 million vulnerable citizens out of poverty. So far, the financial responsibility between different level of governments on the maintenance and operation of nursing homes is not very clear. Financial support to village committees is also necessary for their duties relating to individually supported SVGs. In the "Guidance on the Further Improvement of Social Assistance and Support for SVG", both basic living standards and caring and nursing standard are proposed but these need to be further studied, so that sound services can be delivered based on the needs of SVGs.

4.4 To Strengthen the Organizational and Staff Capacity for Rural Super-Township Support Organizations for Better Services

Some provinces partially stress the responsibility of township governments and run a home for the elderly in every town. It is difficult to get economies of scale and raise the service level. The principle should be that "the village is responsible for individual support and the town is responsible for collective support" and more cross-town support organizations should be encouraged. The Government should encourage organizations to employ local people and include their salary in the budget. The staff of support organizations should be registered as civil institution personnel to ensure responsibility and incentives. The standards for nursing homes should be developed to provide detailed guidance for practice, including legal entity registration, amount and structure of staff, contents of services, infrastructure and physical conditions, etc.

4.5 To Recognise More Roles for Rural Communities and Village Committees in Individual Support

In the future, there will be many people who will choose individual support. The government should respect their choice and strengthen the responsibility of village and fund them. At the same time, the government should encourage social work organizations and volunteers to serve in rural support organizations. Service criteria for individually supported FG clients should be formulated and strengthened.

Currently, about two-thirds of FG clients are individually home-stay supported. Home-stay support is an option when the clients still have the basic ability for daily life. However, risks are still around these SVGs. Therefore, some kind of necessary service should be available and accessible for those people. The local community (including neighbors and relatives) should be supported for the provision of necessary daily services and health care, monitoring, etc.

4.6. To Encourage Local Innovation in SVG Support System

In case studies it was found that many support organization practices were well suited to the local situation, such as developing the economy in the organizations and the combination of assistance and welfare in aged affairs. Nursing homes for SVGs can be the leverage for rural general caring facilities for the elderly. In organizations' staff, some of them are listed in the budget, some are set public service jobs and some are recruited by the village leader. Innovation should be encouraged and the communication of experiences should be strengthened.



EU-China Social Protection Reform Project

Component 3

The main areas for innovation include: involvement of social organization/social workers in SASVGs, service procurement of Government from business (or PPP styled), nursing homes, subcontracting to the village community for individual's home -stay support. It is also worth developing the integration of medical care into the SASVG system.

3.3.1 Social Assistance for Specific Vulnerable Groups
EU experience and policy recommendations

Jadwiga Pauli, EU-China SPRP expert

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Introduction

According to the strategic documents of development⁷ the Member States of the European Union policy aim is to tackle poverty in order to guarantee inclusive growth. Likewise the Chinese Government's policy is to do away with poverty by 2025. Regardless of the economic growth, on the one hand, there is a big disparity and social inequality within the social structures in Europe and in China. That is why in the policy of improving the life conditions of society special attention should be paid to the most vulnerable groups. These are the people whose possibilities and independence are limited due to objective reasons like age, impairment, health problems or social causes - particularly the elderly, people with a disability and children.

Solutions proposed to be implemented to the practice should be developed in a line with the general understanding of human rights e.g. children's rights to remain in a family environment, the right of people with disabilities and mental health problems to live independently and be included in the community, the rights of the elderly to services responsive to their needs to prevent isolation or segregation from the community.

According to the assessment and policy recommendation of China's experts several issues will be taken into consideration in this report:

- examples of variety of social services supplying vulnerable groups
- multidisciplinary co-operation and co-ordination among key institutions in the field
- the importance of meaningful of participation by social forces in assisting in the planning and setting the approved model
- developing the workforce for the social sector

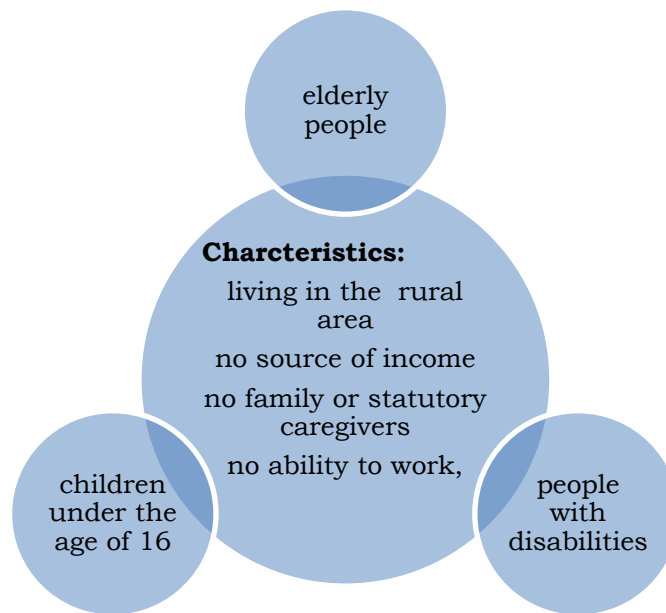
1. Characteristics of specific vulnerable groups (SVG) in a rural area⁸

Any recommendations on the existing policy concerning the social sector in China should refer to the recognised assessment of the social living condition. An assessment helps to ensure that the real needs and challenges are addressed and that resources are used efficiently. As assessing the situation is central to developing a comprehensive, effective strategy and action plan, it will be very useful to start with statements raised and highlighted in the reports prepared by the Chinese experts.

Upon the assessment reports on social situation in rural areas provided by Professor Zuo Ting and Gang Shuge it clearly appears that one of the challenges for social policy of today's China is the increasing number of so called vulnerable groups which include the elderly, people with disabilities and children under the age of 16 living in rural areas. What makes the situation of those people even worse is the fact that they have no perspective to live independently due to their inability to work, no source of income, and no family or statutory caregivers, which means, they are completely reliant on the social care/ assistance system.

⁷ "Europe 2020 A strategy for smart, sustainable and inclusive growth" source:
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

⁸ - based on China's experts 3.3.1. assessment report.



Categories and characteristics of specific vulnerable groups in a rural area

Elderly people in the rural areas mostly face existential problems, as they have no income, they stay in very poor living conditions, they live by themselves out of the family and most of them suffer from different diseases. It is enough to say that practically they are left to their own devices so it is very difficult for them to manage in their household. We have to keep in mind that the likelihood of disability increases with age. As, at the rural area the access to relevant and sustainable medical care system is practically out of reach, we can understand that a system of nursing and care services need to be absolutely developed. The ratio of elderly within the whole specific vulnerable group (SVG) stands at about 80% - so this is the most important target of social assistance services.

Group of people with disabilities in general have to tackle the same kind of problems. So again most of the persons with a disability do not have family or any statutory caregivers. They have no income, no possibility to be employed due to their disability and sometimes their age. They have never been trained, and also they live in very poor living conditions. The ratio of persons with a disability within the overall specific vulnerable group (SVG) stands at 17%.

Groups of children under age of 16⁹. There are four categories of children who need to be encompassed with the social assistance system (1) children deprived of parental care (among them orphans) (2) children with special needs (with a disability, with health problem or orphans) (3) children of a trouble family (disabled, parents alcohol addicted or in prisoned), (4) neglected, abused or living in vulnerable families. The ratio of children in need within the overall whole specific vulnerable group (SVG) stands at 3%.

Although some regulations and actions have been already undertaken by the Chinese authorities the results are not satisfactory as the recipients did not receive adequate support and provided care is not systematic and nor organised in a coherent way. In addition there are huge disparities in the provinces as far as living conditions go and local resources are restricted which affects those who are now in the most difficult situation even more.

The policy recommendations go very much in line with the recently published “Guidance on Further Improvement of the Social Assistance and Support for SVG” which recommends to:

⁹ According to Chinese regulations children up the age of 16 are under legal protection.

- 1) clarify the definition, standards for targeting groups and procedures,
- 2) involve the government in service delivery such as food, clothing, housing, daily care and medical care, increase the Governments' financial input and
- 3) involve and reinforce social participation.

These could be regarded as very good political terms to introduce new proposals aiming at improving the living condition of the most vulnerable groups.

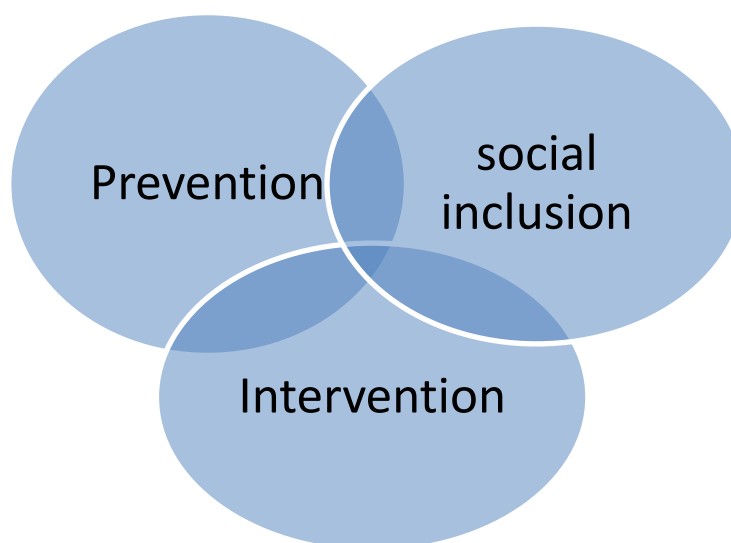
The follow-up proposals would relate to the presented assessment of the situation in China as well as to policy recommendations

2. Directions of EU social policy towards vulnerable groups –

2.1 General approach

As far as services towards the most vulnerable groups are regarded some main principles of European policy need to be kept in mind:

- 1) All commitments of Member States arise from EU legislation¹⁰ agreed at European and international levels, e.g.: the Charter of the Fundamental Rights of the European Union, the UN Convention on the Rights of Persons with Disabilities, the UN Convention on the Rights of the Child, Europe 2020 Strategy, European Disability Strategy 2010–2020, European Charter of Rights and Responsibilities of Older People in need of Long-Term Care and others;
- 2) The European social assistance system is built upon the subsidiarity idea. This assumes the engagement and participation of social forces in the process of establishing social care policy; (
- 3) The role of social assistance is to support people so that they could use their potential to fulfil independent and appropriate living - the idea of empowerment;
- 4) The preference is for a community-based model over an institution-based models
- 5) The role of social policy should be broader than just intervention in difficult situations. It should concern prevention and active social integration as well.



Three main tasks of social policy

¹⁰ http://ec.europa.eu/health/ph_determinants/life_style/mental/docs/pact_en.pdf,
http://www.age-platform.eu/images/stories/Final_European_Charter.pdf

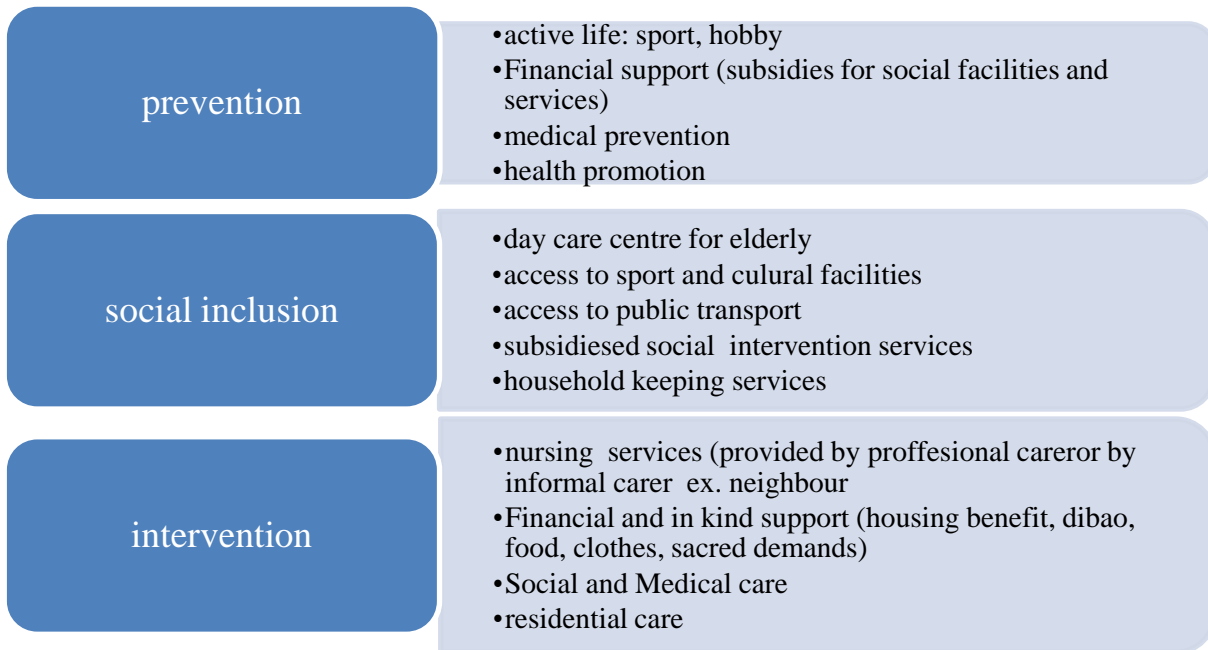
For many years the European social assistance system has been developed on an institution-based model. The new approach of European Union to social care now prefers a community-based model over an institution-based model. But the transition can only be achieved under certain conditions. To establish a system which is community-based requires the presence of available resources.

2.2 Examples of a variety of social services supplied to vulnerable groups

2.2.1. Support to Elderly People

Europe and the world is aging. According to simple extrapolations based on the United Nations’ medium-fertility demographic scenario, by 2050 the share of older people could reach 21 percent¹¹. This demographic phenomenon is very meaningful for Member States’ social policy as the elderly year to year become the biggest numerical social group who can considerably influence social welfare. Apart from the size the group, it has become the most demanding in terms covering its needs, service delivery, establishing social facilities and public financing. For many reasons it is important to keep the elderly active and involved in mainstream social activities. The more people are independent the more they enjoy their wellbeing, the less they need to be looked after and the less costly is the system of social care, broadly speaking.

Looking to the above mentioned three main streams of tasks within the social policy (prevention - active social integration - intervention), it is worth answering the question “what actions are possibly to be undertaken to meet elderly’s needs”. One can say there is no room for prevention as far as we consider the elderly. Especially to the most vulnerable group as pointed out in the Chinese report. But we have to remember that we can always protect a person from the decline in his/her state of health, the loss of function, and the restoration of independence and living condition in general. That is why a variety of actions could be adopted within prevention, active social integration and intervention.



The aim of the assistances provided to the elderly within the social policy framework should be to support their day-to-day living independence by providing services in relation to their possibilities.

¹¹ “Golden aging. Prospects for healthy, active and prosperous aging in Europe and Central Asia”: <https://openknowledge.worldbank.org/handle/>

However now the biggest challenge for China is to cover the very basic, existential needs of almost 5 million elderly people living in rural areas in very poor living conditions. Policy makers should bear in mind that for social policy to be comprehensive it should anticipate the social phenomenon and look further into future. It means that intervention actions are urgent now, but that also prevention is needed. To propose solutions for social assistance directed to the elderly we should take a broader perspective with different possibilities. The proposal should be based on a social needs analysis, and a strategy prepared for the provision of social care for older people. It should identify the range, type and quantity of provision for each type of care required.

In most European countries the services for elderly are described as packages of services, starting from mainstream services through to dedicated services developed upon individual assessment:

For people in very poor health conditions, firstly the level of dependency should be assessed both from a medical and a social point of view. Then according to the assessment result, a decision is taken related to the range of assistance.

If the incapacity is severe in such cases residential care is proposed. In the case of stronger social incapacity and relatively weak medical incapacity, home-based care can be awarded.

In general, in the decision-making process the beneficiary's individual preferences are taken into consideration. Some of them want to stay at home as long as possible.

The above depends additionally upon local and family resources.

The care-giver can be:

- a local agency which provides nursing and house-keeping in a professional manner. Services can be run by a public social service centre, or they can be commissioned to the private or NGO sector
- a member of the family who decided to interrupt his/her vocational activity to take care of dependent member of family instead,
- a non-formal carer but only in case when household services are required

Services can differ:

- Mainstream services usually cover basic nursing services, emergency care, basic existential needs (meals, clothing, security, heating, etc.) and daily support like household support (cleaning, washing, shopping) and everyday activities e.g. contact with the physician, post office, public institutions, rehabilitation, therapies.
- An optimal (developed) package of services covers in addition to those mentioned above day care centre, social intergeneration - integration activities, respite care, counselling (e.g. legal advice, psychologist), specific social services for people with mental problems

Polish references:

In Poland social services for elderly people are performed according two settled standards.

- the first of them refers to residential care,
- the second to community-based social services.
- The Residential Care Standard¹⁵⁵ consists of recommendations relating to the living (material conditions) model of organizing daily care and the scope of the services provided. They describe in detail the living conditions and services which are:

Residential care standard¹² consist of recommendations related to the living,(material conditions) model of organizing daily care and scope of provided services.

Standards for residential care describes in details living conditions and services which are e.g.:

- to provide shelter (single or double-bed equipped room with a minimum 6m² per person). The building should have easy access for a disabled person without architectural barriers and be equipped with a lift. Bath rooms should be equipped with facilities for the disabled,
- to provide nutritious meals, suitable clothing, sanitation supply and service,
- to provide support in everyday activities, personal up-keep and personal affairs
- to provide support in social integration e.g. workshop therapy, rehabilitation, cultural events, sacred demands, self-advocacy, contact and co-operation with family and relatives,

services are provided by professionals on the basis of an individual support plan developed together with the resident

Community-based care services standard¹³ consist of recommendations related to:

- Definition who can apply for services:
 - Anyone who is in need can apply for social services provided at the local level. For people living at the minimum subsistence level services are free of charge. Others will contribute a fee according the local regulations in relation to income
 - Who can provide services and possible sources of financing
 - Social services at the place where a person lives may be provided by a public institution or can be commissioned to the private or non-governmental sector or to informal carers.
 - Caregivers have to meet capacities according to the settled standard
 - The Scope of the services is according to the needs and demands of the beneficiary:
 - Basic package - mainstream services
 - Optimal package – developed services

Basic package services are:

- Assistance in meeting day-to-day needs (e.g. shopping, cooking, providing food and/or feeding, cleaning, household keeping, washing, regulating compulsory payments etc.)
- Assistance in fulfilling hygiene issues (e.g. nursing for people

¹² Based on the Regulation of the Minister of Labor and Social Policy (Dz.U. 27.08.2012 r., poz. 964)

¹³ Based on: “Standards of social services” <http://ozrss.pl/wp-content/uploads/2015/04/Standardy-uslug-pomocy-spoecznej.pdf> and http://www.wrzos.org.pl/projekt1.18/download/PakietUslug_osobystarsze.pdf

- who are bed-ridden or chronically ill)
 - Nursing recommended by a physician (according to specific medical needs)
 - Assisting in participation in social life and social relationships (e.g. contacts with the physician, family)
- Optimal package services are: (in addition)
- Specific assistance according to health conditions (e.g. Rehabilitation, physiotherapists)
 - Respite care
 - Day care centres – occupational therapy,
 - Participation in social and cultural events, social and intergeneration integration
 - Specific assistance for people with psychiatric problems
 - Advocacy, mediations, legal advice, psychological counselling
 - Shelter homes

A continuum of care for elderly people should provide a range of support and services which meet the objectives of maximising independence and providing different types of services to meet the needs of older people according to their health condition. Priority is given to family and community-based services over institutional services. But as it has been already mentioned the community-based model requires the presence of available resources at the community level. In establishing the model for the services local resources and needs have to be considered. If there is a lack of nursing services in the field, residential care can be sometimes be the trigger for a range of different services. In many EU countries residential care homes provide a number of other important care services such as meals on wheels, respite care, day care, day centre. They provide a base for home care organizers and the out of hours home care service. Residential care will have an important role but there will also be a wider range of services including home care, support for carers, preventative and rehabilitative intermediate care and respite care.

Aging as a social and demographic phenomenon is an issue of concern for the State Government as well. Since the task of Ministry of Family, Labour and Social Policy is to launch Poland wide programs¹⁴, for almost two years already the State Government has subsidised Local Governments in performing actions and assistance aimed at preventing the elderly people from loss of function and promoting active aging.

EU references¹⁵

In most European countries the responsibility for organizing services for elderly people and providing the assistance to improve the living conditions of senior citizens rests at the local level.

The Netherlands

Care for the elderly includes:

Integrated service areas - services and care at the level of a neighbourhood or village. The goal is to integrate care services in regular housing areas, to strengthen self-supportiveness of citizens and to improve the quality of life as a whole.

¹⁴ State Program for Active Life and social inclusion of Elderly “ASOS” (2014-2020) and Multiannual Program „Senior-WIGOR” na lata 2015-2020. <http://www.mpips.gov.pl/seniorzyaktywne-starzenie/rzadowy-program-asos/>

¹⁵ Based on: Living in Old Age in Europe - Current Developments and Challenges http://www.sociopolitical-observatory.eu/uploads/tx_aebgpublications/AP_7_EN.pdf

Residential care: with the preferences to sheltered homes the so-called “living in a protected environment”.

Other services in place where the elderly live are: advice and information on public transport provision through to assistance and provisions available in the home (e.g. household assistance, adaptation of living space, provision of wheelchairs, driving services for those with limited mobility)

Denmark

The social and health services in Denmark are organised on a decentralised basis through local authorities. The municipalities are responsible for outpatient and inpatient care as well as for housing, support and social services including in the provision of social services by private providers. In residential places social services cover a broad area and include a broad range of simple support in performing household services through to medical and nursing care. Danish citizens who are aged 75 and above with specific care needs are entitled to flats for senior citizens that are barrier-free and equipped with an emergency call system. For those who cannot live independently services in a nursing flat or a nursing home are provided.

United Kingdom

To organise services for the elderly is the obligation of the municipality. The provision of services is offered by private providers, local authorities, housing associations and charitable providers. Services for the elderly are organized on the basis of a multilevel concept depending upon the differing levels of need for care of the senior citizens. For the most independent the offer is to provide independent housing units - barrier free and some of them have emergency call systems. In addition there is domestic help in the residential area, community facilities, guest rooms and laundry facilities. Very sheltered housing represents the next level of support between sheltered housing and a nursing home. A majority of occupants require medium to intense nursing and receive additional care and full meal services.

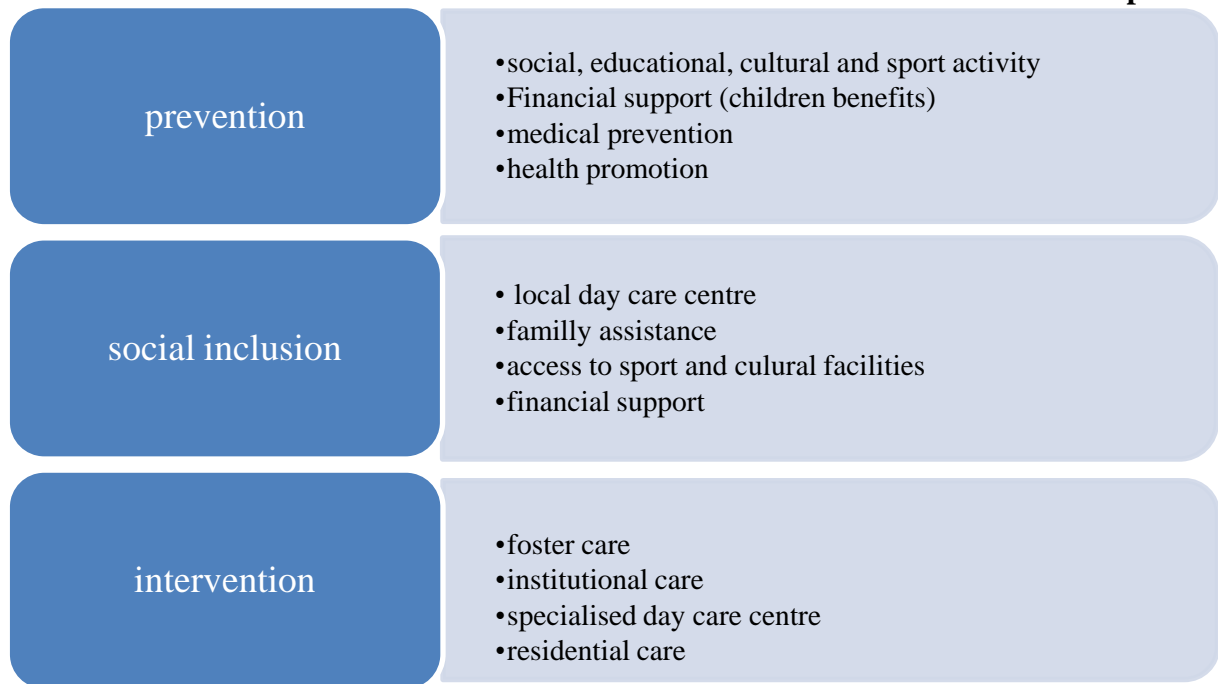
France

According to the tradition of the French, the care system for the elderly is based on family support. The priority was to enable senior citizens to live as long as possible in their own home. Therefore various models, such as respite or day care, meals on wheels or home help have been expanded. Today there are many partners: the State, social insurance providers, the social economy and the family. The care system is based on the national strategy "Ageing Well" which is implemented locally by municipalities. The goal is to allow a free choice between care at home and living in a nursing home.

2.2.2. Alternative child care

It is a cliché to say that a child’s upbringing should be in the family as that is the natural place for him or her to be growing up and to prepare for an independent life in the future. Consistently in the case of children deprived of parental care, a compensating solution should be provided within an alternative child care within the scope of the social policy system.

The responsibilities within the Polish care policy in Poland are divided between Local and Regional Governments. Social Centre Services at the community level are responsible for services delivered to biological families in need as well as for cooperation with other institution delivering services to family. The task of the community in general is prevention. The Social Centre at county level is responsible for institutional and foster care and Social Centre at regional level is responsible for adoption.



The main aim of the services for this vulnerable group will be: counteracting intergenerational poverty and providing support to protect a child from parental care deprivation. The task of social care towards the family will be then divided into two main areas: support provided to families struggling with poverty and the so-called troubled families.

There are big disparities in Poland between the urban and rural areas. There is much less of a possibility in the countryside for developing the same sort conditions that are in the urban area. The status of parents and the family household has very big influence on the educational perspective of a child and their future life. In general we can say that in rural areas social assistance is focused more on the financial and day to day needs whereas in towns social assistance is concerned more with parental obligations.

Polish references

As far as the poverty of children under 16 in rural areas is concerned it has to be highlighted that children and youngsters living in the post collective agricultural holdings, especially in the late nineties in Poland, during the period of economic transition were faced with a very difficult economic problem.

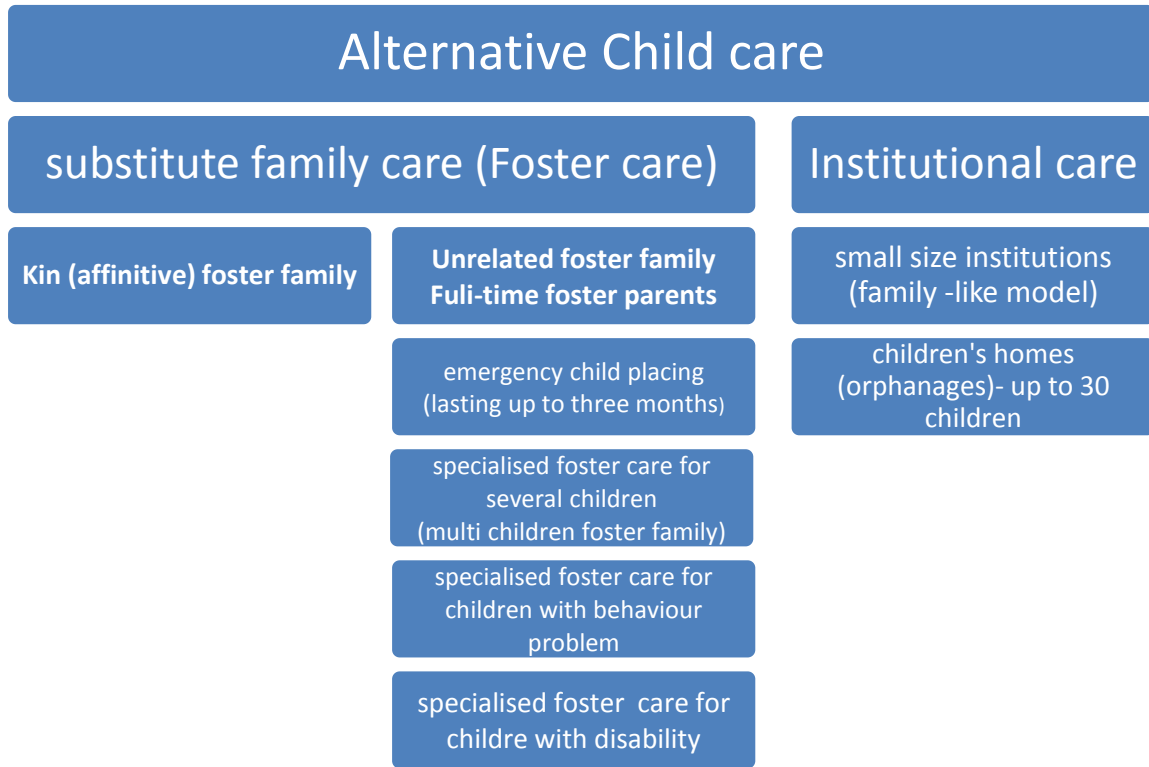
According to the survey launched under the international project “Social History of Poverty in Central Europe”¹⁶ the most dominant causes of poverty in post collective agricultural areas are: unemployment, low standards of living, varied educational barriers, (mostly financial), poor levels of education of the parents, low local cultural and social capital, inhibitions and co- related/links to poor self-esteem and lack of resourcefulness. The evidence showed that within the process of growing up, young people from this social environment just replicated the patterns of their parents and what is more, the poverty in those families was like an intergenerational problem. The young generation received in succession from their families poor jobs, poor houses and an unsuccessful life model.

Families with poor upbringing skills are assisted with educational, financial and care services to

¹⁶ E. Tarkowska, red.: Zrozumieć biednego. O dawnej i obecnej biedzie w Polsce, pod red., Warszawa, Typografia, 2000; źródło:<http://irss.pl/wpcontent/uploads/2013/11/R%C3%B3%C5%BCne%20wymiary%20skuteczno%C5%9Bci%20w%20pomocy%20spo%C5%82ecznej.pdf>

enable them to fulfil their parental obligations. In case this is not sufficient or a family doesn't cooperate the social worker will put the issue to a court. Then upon the grounds of a court order, the child will be provided with substitute child care.

Scheme of child care in Poland:



In general as far as child care is concerned, the preference is to adopt family-like care over institution-like care. By family-like care we mean arrangements whereby children are cared for in small groups in a manner that resembles those of an autonomous family, with one or more specific parental figures as caregivers, but not in those persons' usual domestic environment.

Family-based care is both a short- or long-term care arrangement agreed with, but not ordered by, a competent authority. In this case the child is placed in the domestic environment of a family whose head(s) have been selected and are prepared to provide such care, and who are financially and non-financially supported in doing so.¹⁷

Overall characteristic of child care in Poland:

The general framework for child care is based on a legislative act.

Child care is financed by county Local Governments supported by State Government subsidies.

Service could be provided by public institutions or social institutions (NGO's)

An affinitive foster family receives a financial benefit related to its monthly expenses for the child (this is fixed and can be revalorized over the year)

Unrelated foster parents provide their care under contract as they are regarded as full-time employed professionals and they receive salary as well as financial benefits per child to seem to be crucial.

Weaknesses and threats of the system:

¹⁷ Common European Guidelines on the Transition from Institutional to Community-based Care
www.deinstitutionalisationguide.eu_co

- Limited number of approved candidates to perform foster care
- Shortage of financial resources (to meet standards and investments)
- Shortage of professionals
- Insufficient co-operation among partners
- Lack of unified evaluation procedures for assessing achieved results

In the Guidelines¹⁸, the term ‘community-based services’, or ‘community-based care’, refers to the spectrum of services that enables individuals to live in the community and, in the case of children, to grow up in a family environment as opposed to an institution. It encompasses mainstream services, such as housing, healthcare, education, employment, culture and leisure, which should be accessible to everyone regardless of the nature of their impairment or their required level of support. It also refers to specialised services, such as personal assistance for persons with disabilities, respite care and others. In addition, the term includes family-based and family-like care for children, including substitute family care and preventative measures for early intervention and family support.

Review of EU child care systems¹⁹

qualification of the future foster parents as the service cannot be provided by random/casual persons. This is why the procedure is complex, gradual and lasting. In general, foster family care has priority over institutional care and even then the preference is for the child to be placed in small institutions which employ a “family like” model. Yet within the framework of foster care some countries have developed different forms, i.e. long or short term foster care. Within the short term there could be periodical foster care (only during the day or after school or during the weekend)

Good practices

The general approach of all European countries is to provide family- and community- based child care. Nevertheless nowadays institutional care still dominates. On average 11 children in every 10,000 are placed in residential care. In some countries the ratio is even higher. e.g. Spain 24 children in every 10,000, France 29 children in every 10,000, Romania 45 children in every 10,000.

However where for some reason there is still a need to provide institutional care it should be in small, family-like institutions. Some countries e.g. Slovenia, Norway, Great Britain and Iceland went even further and stated that no child under the age of eight can be placed in any substitute care or in an institution.

Great Britain’s system is based on family-based foster care solutions with preferences to affinitive families. Care-givers are regarded as professionals and they are paid as being employed. Small children are placed in the foster care or they go to adoption. Institutions are preserved mostly for children displaying difficult behaviours.

In Germany the system is very much similar. Institutional care is mostly reserved for those who cannot adopt themselves to foster families or there is no possibility due to a lack of proposed carers. In general institutions are small - up to 30 children. Children aged 16 or older are placed in a supervised independent living arrangement where they can be trained in household keeping, and encouraged and enabled to acquire the necessary independent living skills.

¹⁸ Common European Guidelines on the Transition from Institutional to Community-based Care
www.deinstitutionalisationguide.eu_co

¹⁹ upon the assesment made by ngo: <http://www.mikolaj.org.pl>

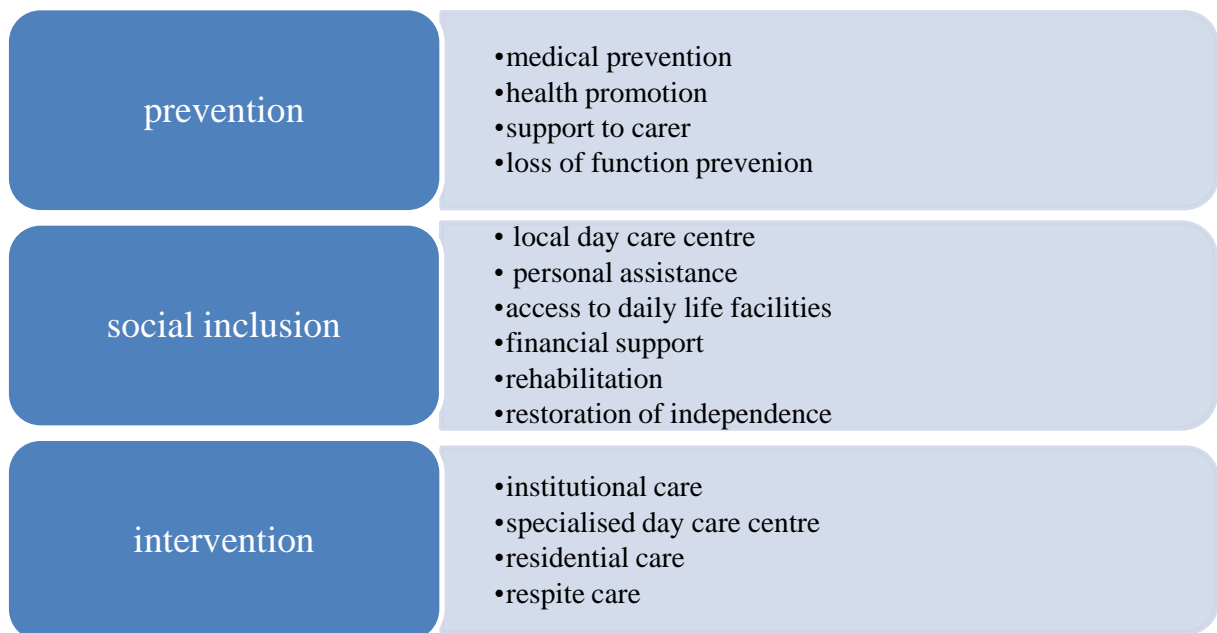
In Sweden the child care system includes institutional care but in most of the cases it is for children with special needs. The policy is focused on family-based care with a preference for adoption.

2.2.3. Support to Persons with a Disability

The UN Convention on the Rights²⁰ of Persons with Disabilities defines ‘persons with disabilities’ as including “those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.

In Poland social assistance towards persons with a disability is organised on a legal basis which is the Law on “Social and Vocational Rehabilitation of Disabled People”. Social Assistance for the disabled is financed by the State Government via the Rehabilitation Fund and by local governments. To benefit from the assistance system an adult person should be examined for the purpose of being assigned his/her level of disability. People with severe impairment are assigned as significantly disabled. In sequence there are people with a moderate disability and a slight disability. According to the level of disability different kind of benefits and assistance can be provided. In general all financial benefits paid on account of disability are higher than those paid to an able-bodied person. Assistance is provided to the individual person or to his family as services should enable individual users and families to participate in the community on an equal basis with others.

The main goal of social assistance for persons with a disability is to support their independent living and their social integration.



The range of services may differ according to the individual’s needs. It can encompass mainstream services, such as housing, healthcare, education, employment, culture and leisure. It also refers to specialised services, such as personal assistance for the person with a disability, respite care, counselling and others.

Community-based services - examples:

- sheltered–living arrangements organised in a manner that resemble autonomous accommodation where people with a disability may live independently with the support of

²⁰ United Nations Convention on the Rights of the Child, Article 1.

professionals which is not permanent but casual. People are trained and prepared for day-to-day activities.

- Day care centres – a range of centres which provide social activity, where disabled people can improve their skills in self-assistance, can participate in cultural, sport and leisure activities and are provided with meals and other facilities
- Sheltered workshops – day care where persons with a disability are prepared and trained for supported employment in protected work conditions
- Sheltered employment – special employment organised in the open labour market in protected work conditions;
- Nursing services – for disabled people with an impairment which limits their functional independence and possibilities
- Personal assistance – services of professionals who assist in everyday living activities and enable a disabled person to be more independent. The assistant should respond to the disabled person's wishes. Respite care – short or longer term but temporary services provided by local residential care institutions to enable to members of a family to have rest from caring.
- Residential – institutional care – long term assistance for people who have no family or whose family cannot perform the assistance themselves.

3. Cooperation between stakeholders

As it appears from the policy recommendations of the Chinese experts, co-operation among stakeholders is very much required as it influences strongly the efficiency and effectiveness of the performed services. This issue is also considered in all European social system policies as the need for co-operation is crucial everywhere but is not efficient everywhere. Firstly it is related to the subsidiarity idea and secondly to the idea of empowerment. Both are fundamental to the European understanding of the policy of setting up services. These should be placed and organised as close to the needy persons as possible. Within the new approach launched recently in Europe concerning the preference for community-based assistance over institution-based assistance, co-operation and co-ordination within the process of delivering services should guarantee the stability, and the permanence, of the assistance. In addition to this, in Poland and in other countries of the EU, there is a new direction promoting services provision organizations – the preferences to go to outsourcing services (commissioning the services to different partners - social and private) over keeping them being delivered by the public sector. But as usual there are arguments for and against which have to be taken into consideration. Commissioning is not always cheaper. To guarantee the required standard, services should be monitored and this will be the obligation of the public sector – this will be an additional cost as well that of tendering procedures and monitoring contract compliance. The next issue which has to be taken into consideration is that by commissioning we do not always cover all the needs – commissioning frequently fragments the service instead of creating joined-up services. It could happen that the services could be more casualised, not planned and not permanent. So again it seems like the best solution is to differentiate the supply of services according to needs, demands and possibilities at the local level.

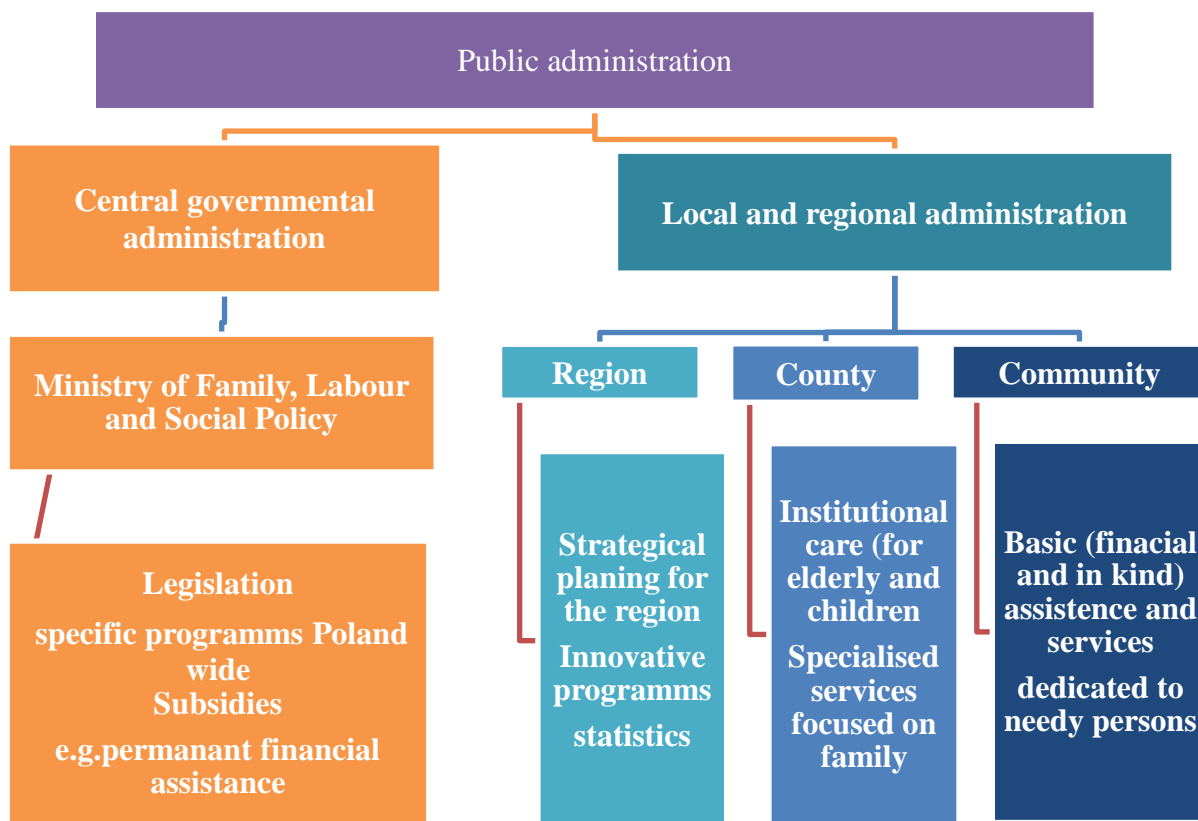
Co-operation can be regarded as collaboration between the public sector institutions which are responsible for different tasks, or in a broader perspective as an engagement of all social forces into the process. It is obvious that in the care system the many different needs of a beneficiary must be covered by different services which are placed in different institutions, e.g. nursing, medical care, lodging, meals etc. To make the co-operation more efficient, some countries have established a legal regulation to promote common performances. In some others the engagement

and common understanding is enough to fulfil the actions. From the practical point of view we can say that both are equally as important.

Polish references

Co-operation and co-ordination among stakeholders in the field of social policy and social assistance as a manner of performing social task comes directly from the legislation. Firstly from the legal framework establishing the structure of public administration and secondly from the legislation legal on social care.

Since 1999 when the reform of administration was launched, public administration in Poland has been decentralised. There is no vertical, hierarchical structure – regional and local governments have their own tasks, responsibilities and financing. Local governments have to organise and manage local institutions according the demands and needs that the citizens face in the field and according to the legal framework established at the central level.



This structure enables local governments to implement on their own rights and responsibility the necessary actions as all institutions are subjected to local government in terms of their management. This structure also enables the capacity to co-ordinate the performances of all local institutions. The main directions on management are:

- 1) Social care is the responsibility of both central and local governments
- 2) Basic needs should be covered and organised in the places where clients live – by local authorities and by providing dedicated assistance and services to the people in need
- 3) Specific needs and specialised services as well as financial assistance for people without income are the obligation of the Central Government. This assistance is subsidised and commissioned to local governments
- 4) At the local level all institutions are dependent upon local authorities not the Ministry

- 5) All social institutions should co-operate to solve social problems of an individual or a family in a network together with non-governmental organisations
- 6) Social assistance is provided by professional and qualified staff according to assessment and approved standards.

In the Polish social policy legislation there is a delegation clause which permits local governments to co-operate with local partners by commissioning social services. Mostly these are non-governmental organisations. It is presumed that as they represent the interest of people in need so they can in a very appropriate way to fulfil their needs by delivering services. Consequently each local government has to establish a long standing programme of co-operation with the social partners where the main goals of social policy and the goal of co-operation are resolved. Thereafter, each year in the budget of local governments there is an amount of money provided for social assistance expenditures delivered by social organizations. To commission the service, a tender procedure must be applied. Social organisations may perform their services in a casual way or on the basis of a long term agreement. This depends on the task's characteristic. The provision of institutionally-based services always requires at least a 3 year agreement as it guarantees the sustainability and permanence of the services.

Apart from non-governmental organisations a partner for public administration in delivering social services can be the private sector, in the case where there is no NGO in the field which can fulfil the commitments concerning the services. But the priority must always be NGOs over private sector.

4. Workforce development ²¹

To develop a successful social assistance system a professional staff is required. There is a strong link between the qualifications of the personnel and the quality of the services both in the institution-based and the community-based system. In most European countries the core staff are social workers employed in public or non-governmental centres for social services which are situated in communities. They are responsible for developing and delivering the range of care services and support. To perform their job, social workers apply appropriate methods and tools. They must follow agreed standards for social work. The role of social worker is first of all to assess the beneficiary's situation and to propose an adequate solution with strong co-operation between the beneficiary, his/her family and other social institutions and social forces in the field. Social workers are often the link between the person and the services and benefits to which they may be entitled. It means that, apart from social workers, many other professionals are involved in the process of delivering services depending on the scope and range of those required.

- 1) For nursing and household services it will be a nurse or care person which has to be trained to do their job. The scope of services can differ from very basic (simple day to day services) to para-medical services which should be provided by trained and qualified staff.
- 2) In institutional care the staff is more developed by functions as they provide more complex services related to daily activities - nursing, cleaning, keeping clients in good health. Consistently these institutions will employ differentiated staff to perform their task e.g. therapists, physio-therapists, occupational therapists, nurses, personal assistants, careers' coaches, psychologists, pedagogues, foster parents etc.

The more qualified the professional staff is, the better quality of services can be performed in the community and in the institutions. The better will be the public image of social workers and social services as a whole.

²¹ Hussein S.: "Social Work Qualifications and Regulation in European Economic Area (EEA)"

This report provides detailed information on social work regulation, registration process, education and training.
<http://www.kcl.ac.uk/sspp/policy-institute/scwru/pubs/2011/hussein2011eea.pdf>

Skills and knowledge required of professional staff providing services:

- 1) possessing skills and knowledge on methodology and social practices
- 2) possessing good command in the methods of social work e.g. case work, group work and community work
- 3) processing important and adequate events during the assistance route
- 4) understanding the needs and the difficulties of people in need
- 5) creating a long-standing emotional and confidence bond with people in need
- 6) ability to develop and maintain good professional relations with stakeholders, particularly counterparts and staff members in the work environment
- 7) ability to work in team and share knowledge relating to social policy and social work methods
- 8) good coordination with other partners in the team with the aim of cultivating a supportive environment
- 9) to keep updated on current methodologies, approaches and practices.

In all European countries a candidate to become a social worker or other professional carer employed in a social care institution - must graduate with the required level of education presumed for this profession. In the case of Poland it is bachelor's level degree in social work from a university. Under the EU Treaty, social workers who are trained and qualified in the European

Economic Area (EEA) have the right to practise anywhere in the EEA as long as they are appropriately trained and qualified²²

5. Recommendation on services provision to the vulnerable group

- 1) Introduce a new model of assistance in relation to the results of an assessment. The proposal for services should be built upon an assessment of the needs of the vulnerable group in their local environment, according to local requirements for the type, range and quality of services required. It should reflect what is best for the vulnerable group in each province. An assessment always helps to ensure that the real needs and challenges are addressed and that resources are used efficiently.
- 2) Significant attention should be paid to improving the co-operation and co-ordination among the different institutions which are involved in the process of providing services and benefits by establishing platforms and rules for inter-communication on the exchange of appropriate information in the field of health care and of medical, functional treatment and financial benefits. Good co-operation is needed to:
 - gather and exchange information and data concerning the Specific Vulnerable Groups
 - give the picture of all the possible and available care systems, i.e. pension insurance for urban and rural residents, basic medical insurance, minimum subsistence guarantee, and basic living guarantee for children deprived of parental care.
 - encourage Local Innovation in the FG Support System by sharing experiences and ideas
- 3) Develop the co-operation of partners at the local level. The input of stake holders to the local model setting public private and non-governmental partners, needy persons themselves and community organisations, and other social, health and housing institutions must be encouraged throughout the design and planning process.
- 4) Introduce the responsibility for providing services at the lowest level. The execution of services for individuals should be delegated to stakeholders as the most efficient method is

²²The European Communities (Recognition of Professional Qualifications) Regulation 2007, Statutory Instrument 2007, No 278 (Directive 2005/36/EC)

- the community-based and family-based model over the institution-based model. There is a need for developing self-help initiatives and voluntary movements on local level. Involve local partners as they can better respond to individual needs.
- 5) Provide a pilot to implement the new solution with strong attention to the evaluation and monitoring of the whole process. It should be done by using approved, prepared methods and techniques. The evaluation and monitoring process should engage people at different levels – central government, local government, service providers as well as the people using the services or their representative organisations.
 - 6) Provide a range of support and services. A continuum of care for needy people should meet the objectives of maximising independence and providing different types of services to meet the needs and demands of the vulnerable groups according to their health and social conditions.
 - 7) Enhance the financial support for local level institutions from the government regular budgets so as to ensure the possibility of providing services according to settled recommendations and ensuring the sustainability of the system
 - 8) Introduce standards both for the management and the organization of social care institutions and services as well as provide scope for the tasks and responsibilities of different local governments (including training and professional staff formation) as there is a strong link between qualification of the personnel and the quality services both in institution-based and community-based systems. The more professional is the staff that is employed then the better the quality of services that can be performed in the community and in the institutions and the better the public image of social workers and social services as a whole will be.

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