EU-CHINA SOCIAL PROTECTION REFORM PROJECT COMPONENT 3

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

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Table of Contents

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

3.2.2 Optimization of Social Assistance –
Procedures and Eligibility Criteria for Social Assistance Benefits

Assessment report

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OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Table of Contents

LIST OF FIGURES AND TABLES

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

ACRONYMS

Dibao	Minimum Living Guarantee Program
FG (Wubao)	Five Guarantees Scheme
Tekun	Chinese Pronunciation of "Specific Vulnerable Groups"
Three No's	People with no ability to work, no source of income and no statutory guardians to provide for them
IRSA	Interim Regulations on Social Assistance
RMLGUR	Regulation of Minimum Livelihood Guarantee for Urban Residents
CERMLG	Circulars on the Establishment of Rural Minimum Livelihood Guarantee
OFSIWRMLG	Opinions on Further Strengthening and Improving the Work of Rural Minimum Livelihood Guarantee
MOCA	Ministry of Civil Affairs
MOHRSS	Ministry of Human Resources and Social Security
MOHURC	Ministry of Housing and Urban and Rural Construction
Hukou	Household Registration

BACKGROUND

China's social assistance system has been developing and changing constantly since the move to a market economy in the 1980s. Until the" Interim Measures on Social Assistance (IMSA)" was issued by the State Council, China already had an assistance system with eight branches that included Dibao, Special Vulnerable Groups Assistance (Tekun), Disaster Assistance, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance and Temporary Assistance. These social assistance programs were changed at different times as China's social economic status developed, especially the number of beneficiaries. For example, the Urban Dibao Program only covered 849,000 urban residents by 1996. In 1999, the State Council promulgated "The Regulation of Minimum Living Guarantee for Urban Residents (RMLGUR) leading to a rapid increase in coverage. The number of beneficiaies in the Urban Dibao Program was 2.659 million in 1999. The number then rapidly increased to 20.647 million in 2002, basically guaranteeing that all poor people in urban areas would receive a minimum guaranteed level of support.

Since then, the Dibao program has entered a stage of consolidation and further improvement. [1] The beneficiary numbers began to decline in 2009. In 2015 only 17.011 million people

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[1] Guan Nvsheng, "The Urban Minimum Living Guarantee Program Achieved to Cover all the People Who should be Covered (*YingBaoJinBao*)," *Economic Daily*, 2002-7-26.

remained in the program, about 72.52% of the number participating in 2009. The number of beneficiaries under the Rural Dibao Program was 3.046 million in 2001. The number of beneficiaries has risen every year since then peaking at 53.88 million beneficiaries in 2013. The numbers have gradually declined in recent years. The Rural Five Guarantees Scheme (Wubao) was established in 1958, covering those who have no ability to work, no source of income and no statutory guardians (the Three No's) in rural areas. The number of beneficiaries under the Wubao scheme was basically stable from 1996 to 2015, although there were fluctuations during this period (see figure 1).

Figure 1: Beneficiaries under the Urban Dibao, Rural Dibao and Rural Wubao from 1996 to 2015
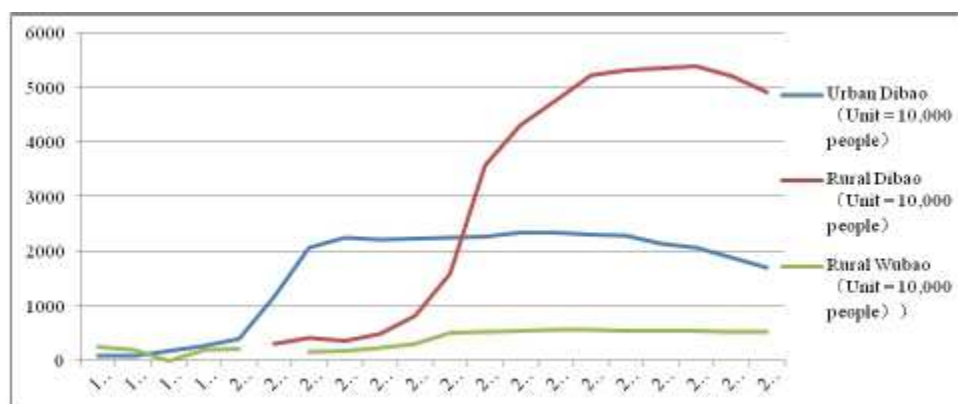
Source: Statistical Report on Civil Affairs (1996-2008) and Statistical Report on Social Service from 1996-2015, by Ministry of Civil Affairs, PRC. http://cws.mca.gov.cn/article/tjbg/, 2017-2-19.

The number of persons covered under the Medical Assistance Program has increased constantly. The total beneficiaries of Urban and Rural Medical Assistance was 9.694 million in 2005. This number then suddenly increased to 52.718 million in 2008 and since then the number has been rising almost every year. It reached 95.238 million in 2015. The coverage of Urban and Rural Temporary Assistance is relatively stable. The total number of participants in the Urban and Rural Temporary Assistance program was 7.667 million households in 2009. Since then it has reduced to 6.554 million households in 2015(see figure 2).

Figure 2: Beneficiaries of Medical Assistance and Temporary Assistance - 2005 to 2015
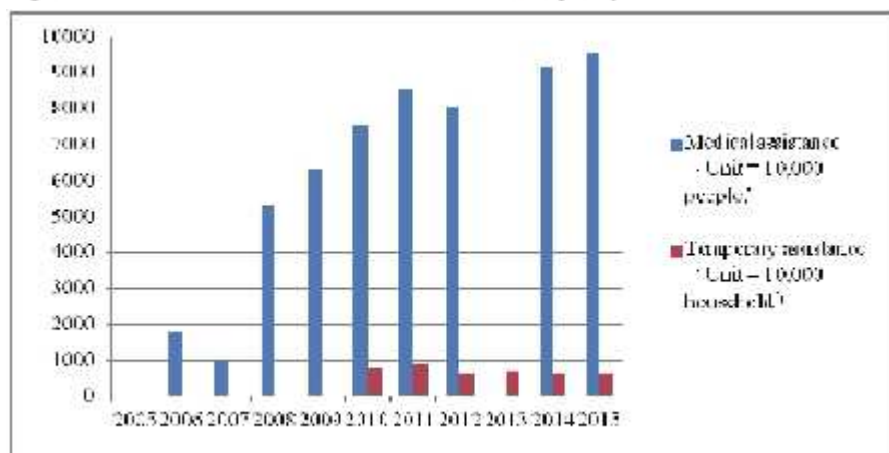
Source: Same as Table 1.

Why has the number of beneficiaries in the urban and rural Dibao programs been declining while the medical assistance increasing significantly in recent years? Is it because the poverty situation has been alleviated, the eligibility criteria has changed, or the targeting system has become unreliable? The goal of the Urban and Rural Social Assistance System is to guarantee all persons who should be guaranteed (*YingBaoJingBao*). The Government is also making great effort to solve the procedural problems of social assistance system. This article will analyse the situation and the existing problems from eligibility criteria, administrative procedure and targeting practice dimensions, and then suggest the optimal strategy for the Chinese social assistance system.

1. ELIGIBILITY CRITERIA FOR THE SOCIAL ASSISTANCE SYSTEM IN CHINA

1.1 Literature Review on Eligibility Criteria for Social Assistance

There is a lot of international literature on social assistance eligibility criteria. This can be divided into two categories. The first category is the discussion on the construction and use of eligibility criteria. Based on the experience of a Hungarian non-governmental agency, Ruthlandau, David and Talyigas constructed a model for the eligibility criteria for a cash assistance program where vulnerability was taken as a key concept. This model is proposed for the benefit and dignity of those in need. [2] Another research document focused on the manipulation of a social program's eligibility. Camacho and Conover found that there was strategic behaviour by some local politicians by timing of the household interviews around the time of local elections. There was corrupt behaviour with the sudden emergence of a sharp discontinuity in the score density, exactly at the eligibility threshold. This coincided with the release of the score algorithm to local officials. The second is policy effect of social assistance related to eligibility criteria. Anderson et al. examined the characteristics of State General Assistance (SGA) programs across several program dimensions— eligibility criteria,

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[2] Ruthlandau, David Guttmann and Katalin Talyigas, "Eligibility Criteria for Cash Assistance for Older and Disabled People in Hungary: A Model for Countries in Passage from a Planned to a Market Economy", *The British Journal of Social Work*, Vol. 28, No. 2, 1998, pp. 233-246.

work requirements, time limits, administrative arrangements and caseloads. They found that caseloads declined as a result of the tightening of eligibility requirements for people considered employable from 1989 to 1998.[3] Cunningham examined whether the procedures for determining Aid to Families with Dependent Children (AFDC) and its eligibility criteria were effective in ensuring that error was minimized and that poverty was reduced by using a two procedure model. The result showed that States with a greater eligibility procedures (those closely resembled the agency verification model) had lower rates of error in 1973.[4] Alderman investigates how well the Albanian social assistance program is targeted to the poor. The result shows that social assistance in Albania is fairly well targeted. Nevertheless, the system is hampered by the absence of clear, objective criterion to determine the size of grants from the central government to communes as well as limited information that could be used to implement this criterion.

There are a great number of discussions on social assistance eligibility criteria in the Chinese media, while there is only a small number of academic research papers in China. Yang analysed the problems of eligibility checking in the Dibao program in Beijing. He suggested the professional level should be improved in the process of household income checking.[5] Jin's study focussed on the Medical Aid eligibility criteria in Shanxi province, Chongqing province and Gansu province in China. All the three provinces significantly paid attention to health, per capita labour cash income and family children in the process of qualification determination. Nevertheless, the Medical Aid program did not cover the most impoverished group in Shanxi province which was different to the other two provinces.[6]

1.2 Eligibility Criteria for Social Assistance, Social Welfare and Rural Poverty Alleviation

In China, there are two social policies that are similar to social assistance, namely social welfare and rural poverty alleviation. All the three of these policies target the poor or low income groups and sometimes the beneficiaries overlap with each other. Therefore, in order to understand the targeting objective of the social assistance system, it is necessary to distinguish the eligibility criteria for these three social policies.

Since the goals of the three policies are different, they differ in terms of eligibility and targeting. The social assistance is a system under which the State shall provide money or services in accordance with the legal procedures when a citizen is unable to maintain the lowest living standard because of various reasons. From the perspective of eligibility, those who lack the basic living conditions on account of poverty are the beneficiaries of social assistance. Therefore, the aim of social assistance targeting is to identify who should be considered by society to be unable to maintain the lowest living standard. As for the targeting method, the social assistance proram needs to identify the poorest people, so all the social assistance project requires is a checking of the family economic status of the applicant (also known as the "Means Test").

Social welfare has specific connotations in the Chinese context. Social welfare in the broadest sense is a kind of institutional arrangement to ensure that social welfare recipients have a better material and spiritual life. The narrowest sense of social welfare, also known as civil

[3] Steven G. Anderson, Anthony P. Halter and Brian M. Gryzlak, "Changing Safety Net of Last Resort: Downsizing General Assistance for Employable Adults", *Social Work*, Vol. 47, No. 3, 2002, pp. 249-258.

[4] Mary Cunningham, "Eligibility procedures for AFDC", Social Work, Vol. 22, No. 1, 1977, pp. 21-26.

[5] Yang Shan-ge, "The Standardization of the Qualification Auditing for the Minimum Subsistence in Beijing", *Social Science of Beijing*, No.3, 2011, pp. 57-62.

[6] Jin Chengwu, "Qualification of medical aid: the investigation of medical VIII project", Research on Financial and Economic Issue, Vol.278, No.1, 2007, pp. 29-36.

affairs welfare (Minzheng welfare), generally refers to the social support provided by the Civil Affairs Department of the Government to protect specific groups of the population. The target groups of social welfare are groups with a specific population characteristic, such as the elderly, the disabled and children. The targeting of social welfare is mainly based on demographic characteristics instead of economic conditions. It is relatively easy to determine the demographic characteristics. For example, the targeting of welfare for the elderly and welfare for children is based on age, and the identification of the real age of a person is easy. The determination of disability welfare is usually based on a medical standard. Because vulnerable groups such as older persons, disabled persons and children are often the poor groups, the targets of the social welfare program always overlaps with those of the social assistance program.

From the point of view of the policy's goal, rural poverty alleviation is very different from social assistance and social welfare. Social assistance and social welfare are typically social policies to improve people's livelihoods by providing cash, goods or services. However, the rural poverty alleviation policy is a typical economic policy which emphasizes that the beneficiary should participate in economic production to realize the anti-poverty goal.

The early poverty alleviation policy was to motivate the poor to get out of the poverty or to alleviate poverty through regional economic development. This mainly focused on economic growth. In recent years, the rual poverty alleviation program implemented by the State is very different from the regional economic development program of the past. It is to achieve the goal of poverty alleviation through economically productive activities carried out by poor families. Thus, in terms of eligibility, the people targeted by the rural poverty alleviation policy are usually those with working ability. So as for the targeting method, the early poverty alleviation program mainly aimed at the poorer areas (poor counties/impoverished villages). The targets were unlikely to coincide with the targets of social assistance. In the past few years, since the poverty alleviation policy needs to focus on the household, who are therefore the target objects of the rural poverty alleviation policy, also known as the archived households (Jian Dang LiKa Hu), it is easier for them to overlap with the targets of social assistance.

From the theoretical analysis of social assistance, social welfare and rural poverty alleviation policy above, it can be seen that they have different requirements elating to the qualification of those who are targeted and as such the targeting methods are also different (see table 1).

Table 1: Policy goals, target population and eligibility criteria for social assistance, social welfare and rural poverty alleviation

	Social Assistance	Social Welfare	Rural Poverty Alleviation
Policy goals	Maintain basic living	Improve living conditions	Economic development and poverty alleviation
Target population	People who cannot maintain basic living	People with special needs	Poor people who are capable of conducting economic activities
Eligibility criteria	Based on the economic situation	According to demographic characteristics	According to the economic conditions and working ability

Figure 3: Eligibility and coverage map of social assistance, social welfare and rural poverty alleviation

Social assistance

(based on the economic situation)

Rural poverty alleviation

(based on the economic situation and working ability)

Social welfare

(based on the demographic characteristics)
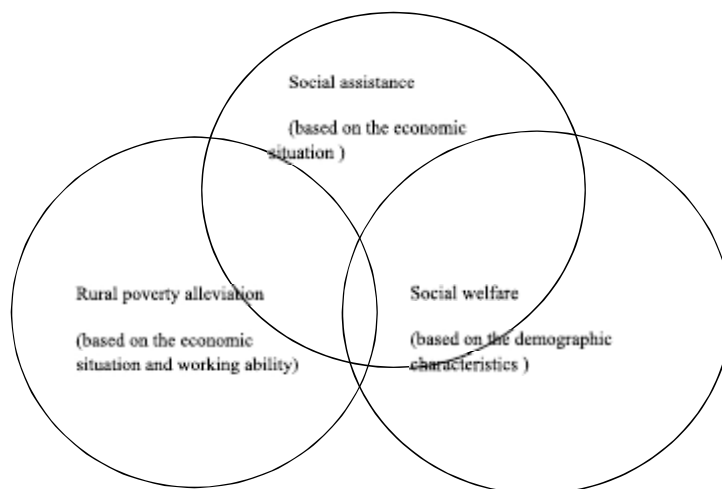
It should be noted that Table 1 is only an ideal model. In practice, these three public policies will use a variety of eligibility criteria instead of single one for the targeting. Take the Dibao program for example. The IRSA of 2014, the Regulation of Minimum Livelihood Guarantee for Urban Residents (RMLGUR) promulgated by the State Council in 1999, the Circulars on the Establishment of the Rural Minimum Livelihood Guarantee Program (CERMLGP) by the State Council in 2007 and other legal documents on eligibility criteria only mention household income and assets. However, the applicant's consumption, demographic characteristics, behavioural and moral performance, and other qualifications are added in local practice. In addition, because these social policies often target disadvantaged groups, the beneficiaries under the three policies in practice are prone to overlap (see Figure 3).

1.3 Eligibility criteria for social assistance programs

According to the IRSA promulgated by the State Council in 2014, China's social assistance system includes eight programs. These are Dibao, Tekun assistance, medical assistance, temporary assistance, housing assistance, educational assistance, employment assistance, and disaster assistance. If we separate them according to their eligibility criteria, the eight programs can be divided into three layers (see figure 4).

The first layer is the core layer. The innermost layer is Dibao and Tekun assistance. Dibao families and Tekun families are the poorest among the urban and rural communities. They can enjoy continuing cash transfers. More importantly, the eligibility for Dibao and Tekun is the basis of the eligibility for the social assistance program. The legal policies and documents transferred from the Central to the Local Governments stipulate that the Dibao and Tekun recipients are always eligible for medical assistance, housing assistance, education assistance and employment assistance. Meanwhile, both groups are the focus of government and society. The "warmth" projects delivered by the CCP party, the Government or charitable contributions are also more willing to choose these two groups as their target group.

Figure 4: Diagram on the eligibility criteria for the eight social assistance programs
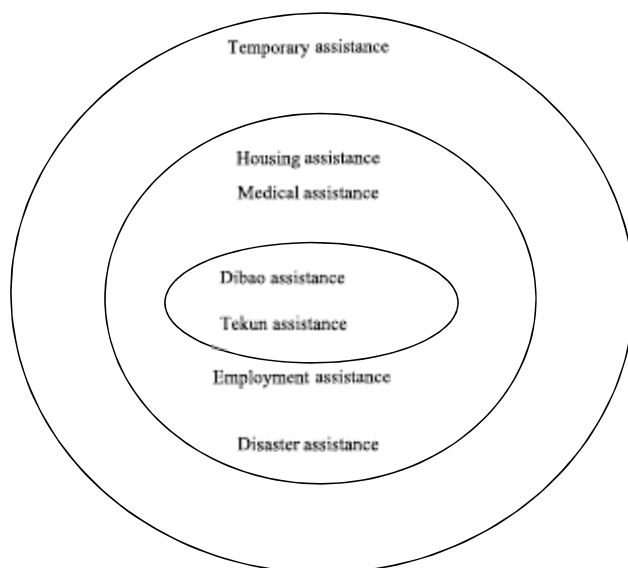
The Dibao program is the most important institution in the social assistance system. According to article II of the RMLGUR, urban residents holding a non-agricultural Hukou have the right to receive basic material assistance from local governments, when the per capita income of family members living together is lower than the local Dibao standard. There is obviously a flaw in the RMLGUR criteria if a family income's is the only requirement to determine whether that family is eligible under the Dibao program. Article 9 of the IRSA promulgated by the State Council in 2014 added an asset requirement to the eligibility criteria of the Dibao applicant, apparently an amendment to the RMLGUR. The eligibility criteria of the rural Dibao program is similar to that of the urban program. In accordance with the provisions of chapter III of the CERMLGP in 2007, the benificiaries of rural Dibao are the rural residents whose household per capita income is lower than the Dibao standard because of illness, disability, infirmity or incapacity. From these legal documents, it can be seen that the key factor of the eligibility criteria for the rural Dibao program is also household income and assets. In addition, demographic characteristics are also important for the application process of rural Dibao. But is it essential to receive a Dibao benifit that the income and asset conditions are met? This is not the case, as there are other qualifications added in local practice, such as not having extravagant consumption; able-bodied people should fulfil labour obligations, etc. In rural areas, the eligibility for Dibao is closely related to discussions within the community.This question will be discussed in details in the third section.

The recipients of the Tekun assistance are traditionally the Three No's (Sanwu) in the urban areas and the Five-guarantees (Wubao) in the rural areas. The urban Three No's are the people adopted by the civil affairs department who have no ability to work, no source of income and no statutory guardians. The rural Five-guarantee recipients are the elderly, the disabled or villagers under the age of 16 who have no work ability, no sources for living and no persons with a legal obligation to support and raise them.

The IRSA promulgated in 2014 also followed the definitions and eligibility criteria for determining the Three No's and the Five-guarantees of the past. Tekun recipients are the poorest groups in the urban and rural areas, so the provisions of the eligibility conditions are very clear. There is also very little controversy related to their targeting in practice.

The second layer is medical assistance, housing assistance, education assistance and employment assistance. These are collectively known as Special Assistance (Zhuanxiang Jiuzhu). One of the important characteristics of the qualification conditions of Special Assistance is that it is tied up with the Dibao and Tekun programs to a certain extent. According to Article 28 of the IRSA, the beneficiaries of medical assistance includes those in receipt of Dibao, Tekun people and other specially defined -persons prescribed by a Government at or above county level. It can be seen that the recipients of Dibao and Tekun are automatically qualified for medical assistance. As for the other special hardship groups that are stipulated by a local government they vary according to local regulations, but basically they belong to low-income groups or marginally poor groups. For example, in addition to the recipients of Dibao and Tekun in Dezhou City, Shandong Province in 2012 the beneficiaries of medical assistance included two categories, namely the seriously disabled whose disability category is one or two and the elderly in low and middle-income families (their per capita family income is lower than 130% of the local Dibao standard).

Housing assistance, employment assistance and education assistance programs differ from the medical assistance program in that their overseeing authority is not the Civil Affairs Department. The competent authority for housing assistance is the Department of Housing and Urban - Rural Development. The competent authority for employment assistance is the Department of Human Resources and Social Security and responsibility for education assistance rests with the Department of Education. However, the qualifications for these three assistance programs are also tied to Dibao and Tekun assistance. Article 37 of the IRSA stipulates that the State shall provide housing assistance to Dibao and Tekun families to solve their housing hardship. Article 42 stipulates that the State shall provide employment assistance to members of a Dibao family who have the ability to work but are unemployed by providing discounted loans, a social insurance subsidy, position subsidy, training subsidy, fee remission and public welfare placement. Article 33 stipulates that the State shall provide educational assistance to Dibao and Tekun family members during the period of compulsory education. Appropriate education assistance is provided to Dibao and Tekun family in the light of the actual situation of the family members, destitute persons and children with disabilities who are unable to enrol in compulsory education, secondary schooling and higher education.

It is clear that these three social assistance programs are available for participation as long as the target is a Dibao or Tekun beneficiary. In addition to the Dibao and the Tekun, some other impoverished groups are included in these three social assistance programs based on different local social and economic conditions (see box 1).

Box1: Regulations of Tianjin Municipality on managing medical, housing , education and employment assistance

Article 25: The following persons may receive medical assistance:

(a) Dibao family member;

(b) Tekun recipients;

(c) Families whose income is above the Dibao standard but is less than 1.5 times the Dibao standard

(d) Severely disabled people;

(e) Other poor people prescribed by the municipal and district government

Article 29: The municipal and district governments shall establish and improve the system of education assistance system to provide educational assistance to Dibao family members, Wubao persons and disabled children who are unable to enroll in compulsory education and high school.

Article 32: The municipal government shall provide housing assistance to a family in receipt of Dibao and to persons in receipt of Wubao who are in housing difficulty.

Article 35: The municipal government shall provide employment assistance to the unemployed Dibao family members who are have the ability to work and who are of the legal working age.

Source: Implementation Measures of Tianjin Social Assistance in 2016

The third layer is temporary assistance and natural disaster assistance. The beneficiaries of both programs are the victims of sudden disasters. Article 47 of IRSA stipulates that the Sate shall provide temporary assistance to those families who are undergoing the following difficulties, such as those whose life is extremely hard to move from due to fires, traffic accidents and other accidents (sudden major illness of family members, sudden increase in living expenses beyond the family's capacity and other special difficulties). The eligibility criteria for disaster assistance is similar to that for temporary assistance. Article 20 of the IRSA stipulates that the State shall provide assistance to persons who are seriously affected by natural disasters in their basic lives, including emergency evacuation, timely transfer, resettlement, which provides the necessary food, drinking water, clothing, heating, temporary shelter, medical prevention and other emergency assistance to the victims. The eligibility conditions for temporary assistance and natural disaster assistance usually do not focus on the family's economic situation, but on the seriousness of the hardship caused by the disaster. In addition, temporary assistance and disaster assistance usually won't be long-term. As recipients recover from the impact of the catastrophic events, social assistance will gradually exit. This is very different from the other social assistance programs. The eligibility criteria for the eight social assistance programs in China are shown in table 2.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Table 2: Comparison of eligibility criteria for the eight social assistance programs

Category	Social assistance program	Eligibility Criteria	Competent authority
core layer	Dibao assistance, Tekun assistance	Economic conditions, demographic characteristics	(1) Civil Affairs sector
Middle layer	Medical assistance, housing assistance, education assistance, employment assistance	Tied to the eligibility criteria of Dibao and Tekum, other eligibilities criteria	(1) Civil Affairs sector, (2) Housing and Urban - Rural Development sector, (3) education sector, (4) Human resources and social security sector
Outer layer	Temporary assistance, disaster assistance	Influence level by Disaster or accident, family economic conditions	(1) Civil Affairs sector

2. POLICY AND PRACTICE OF CHINESE SOCIAL ASSITANCE PROCEDURES

2.1 The current social assistance procedure in China

The administrative procedures of the Dibao program are the most typical in the current eight social assistance programs. Its policy and law on procedures are also complete when compared to the other social assistance programs. At the central level, the most important legal documents are the RMLGUR, the CERMLG and the Opinions on Further Strengthening and Improving the Work of Rural Minimum Livelihood Guarantee (OFSIWRMLG) promulgated by the State Council in 2012. These three legal documents are the base of a local Dibao's policy and law. Generally, the administrative procedures of the Dibao program include personal application, document examination, means testing, democratic discussion, community publicity, reexamination and approval, re-publicity, treatment pay, daily management and legal accountability (see Figure 5). The next section will analyse the social assistance procedures based on the legal documents and policies.

Figure 5: Administrative procedures of the Dibao program in China
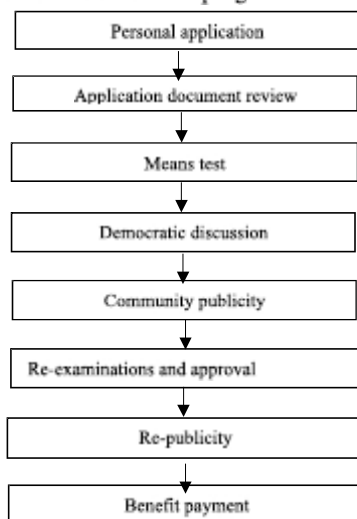
2.1.1 Personal application

Article 7 of the RMLGUR stipulates that applicant should submit relevant documents to the street or the town government where their household registration (Hukou) is located. As part of the application process, the following three questions need to be clarified:

Firstly, submitting two types of supporting documents. (1) the necessary proof of identity materials, including the Hukou, the identity card, the proof of marital status, a disability certificate etc. (2) the necessary documents proving income and assets including the wages, bonuses, allowances, benefits and other income. Retirees, laid-off workers and unemployed persons should present the proofs from the original unit or the labour administrative departments on compensation income, assistance income etc.; other legal income certificates are proof of rental income from fixed assets, investment income etc. Proof of assets certificates include house, vehicle etc. A rural applicant may need to provide proof of their land production and operation.

Secondly, the application based on the applicant's place of Hukou. Dibao is governed by the principle of territorial administration, and all administrative procedures need to be carried out in accordance with the Hukou. At the same time, an application according to the Hukou also means that if the people leave the place of Hukou, he/she has to come back to the place of their Hukou to make their application instead of the location of their residence.

Finally, application level issues. The RMLGUR stipulates that an applicant for urban Dibao should go to the street or town level government where his/her Hukou is located. According to the CERMLG, the head of the household should apply for Dibao at the town government of his/her Hukou located in rural areas. A village committee which is entrusted by the town government can also accept a Dibao application.

2.1.2 Material review, means test and democratic discussion

1. Material review

The town or street level government will review the application materials submitted by the applicant or his agent. It should be noted that there is a registration ∎ declaration requirement

in many local practices if there is a family relationship between the applicant and one of the cadres involved in the rural Dibao administrative procedures. Chinese rural areas are still ethical societies. Kinship is a relatively sensitive issue in Dibao management. In the rural Dibao management practice, the phenomenon of preferential treatment to kinfolk is also difficult to avoid. The registration/declaration requirement is a way to reduce the occurrence of this phenomenon.

2. Means test

The means test is the most important and complex part of the entire Dibao administrative procedure, which specifically addresses the following questions. First is the method of the means test. According to the RMLGUR, the means test includes a household investigation, neighbourhood visits and a letter submitting a claim. In addition to the traditional methods above, information checking has become one of the most important aspects of means testing in recent years. The second is the contents of the means test. The contents of means test includes income and assets. Income can generally be divided into five parts: wage income, household operating income, property income, transferable income and other income. There is no clear regulation on what kind of property possessed by applicant can not apply to Dibao. In many places, the legal policy only lists an asset requirement as an exclusion criteria. For example, Article 10 of the Regulations on the Implementation of Dibao for Urban Residents in Huining County in Gansu Province stipulates that an applicant who has a deposit, motor vehicle, ship, house, shop, securities, stock, creditor and other family property beyond the standard that the county government has set cannot be given Dibao. However, the policy does not have the details about what is the maximum amount of property. The third is who carries out the means test. In most circumstances, the town/street level government will organize the resident/villager committee staff to do means test after receiving application materials.

3. Democratic discussion

After the means test, the town/district level government should organize a democratic discussion on the economic condition of the applicant joined by the urban-rural Dibao cadres, resident/villager committee members and villagers/residents' representatives who are familiar with the applicant's family economic status.

Under normal circumstances, a majority of more than two-thirds of the members of the representative agreement is needed before the application can be submitted for approval. At the same time, the results of the democratic discussion will be published for 7 days in the community. If there is any objection to the results of this publication, it is necessary to organize the staff to do means test again. If there is no objection to the publication, the town/street level government shall submit the application materials, the results of means test and the democratic discussion to the county civil affairs department for approval.

2.1.3. Approval and payment of benefit

1. Approval and re-publicity

District/county civil affairs department in the approval process does not only review the materials submitted by the resident/villager committee, but also resamples some the applicant's family for another means test. In accordance with the OFSIWRMLG issued by the State Council in 2012, the Civil Affairs Department at the county level should sample a proportion of not less than 30% of the applicants through a home visit to examine their economic situation. For example, The "Gaotai County Urban Dibao Implementation Rules" stipulate that the county Civil Affairs Departments should conduct a means test for all new applicants after receiving the documents submitted by the town/street level government. After

the verification, the district and county Civil Affairs Departments will provide the approval result, and the result will be made public in the town/street and community for 7 days.

2. Payment of benefit

Article 8 of the RMLGUR stipulates that the urban Dibao benefit is provided in the form of a monetary amount each month. If necessary, it can also been given in the form of goods. The article also provides that urban residents who have no source of income, no ability to work and no dependents should be granted a full Dibao benefit, while those who have a certain income should be granted a lesser benefit. In practice, because of the difficult to accurately measure the income gap between the Dibao standard and a family's income, the Dibao benefit is usually paid through a graded system (usually divided into high, medium and low third grades).

2.1.4 Daily management

1. Dynamic management of a beneficiary

The RMLGUR in 1999 did not mention the dynamic management of a beneficiary. As an improvement to the program, the dynamic management of benefits was gradually put on the agenda. The essence of dynamic management is to kick out those who do not meet the eligibility criteria, and added in those who meet the criteria. There are usually two types of situations why the beneficiary are removed from the program. First, the family's economic condition is higher than the prescribed standards. In response to this situation, the OFSIWRMLG stimulates that there should be a once a year verification of those who have no source of income, no ability to work and no legal supporter. For those income may not change much this can be verified once every six months; For the family whose family members are working or have the ability to work, the principle is that the verification should be the conducted monthly in urban areas and quarterly in rural areas. Second, other reasons lead to a beneficiary's removal from Dibao or a reduced benefit.

For example, "Gaotai County Urban Residents Dibao Implementation Rules" ([2014] No. 88) stipulate that the following circumstances should be adopted to adjust a person's Dibao benefit: (1) the Dibao benefit will be cut half if an unemployed Dibao person who has the ability to work refuses to participate in community volunteer labour twice or more and the full Dibao benefit will be cancelled if the beneficiary refuses to work on four occasions. (2) The Dibao benefit will be cancelled if the benificiary's Hukou is moved to another county; (3) the urban Dibao will be abolished if the beneficiary participates in gambling, public fights, alcoholism or defying public management etc.; (4) College/university students from an urban Dibao family will no longer be able to get Dibao after they have graduated.

2. Fund management

There are three important issues relating to Dibao Fund management. Firstly, the proportion of financial share at different levels. The general principle is that the richer the province then the lower the support it will get from the Central Government. This principle is also used within each province. The wealthier counties/district can even finance their Dibao fund by themselves in some provinces. However, the current reality is that the finacial situation of lower level governments is worse and they cannot afford to finance the Dibao fund. In order to guarantee the Dibao fund, some local policy is specified as to the provisions relating to the proportion of the financial share of different government levels. Second, the fund is earmarked for its specified purpose only and for socialized pay. In order to prevent the misuse of the Dibao fund, many towns write these two principles into their legal policy document. For example, Article 23 of the "Huining County Urban Dibao Implementation

Rules" stipulates that the urban Dibao fund must be released through the designated bank monthly.

Local Civil Affairs Departments provide the actual benificiary numbers and the relevant materials to the their financial department for audit. The financial department will then transfer the funds into Dibao family accounts directly through the earmarked social security account. Thirdly, the work fund. The RMLGUR in 1999 did not have provisions for a Dibao work fund. The CERMLG in 2007 also do not explicitly mention where the work fund came from? Therefore, the Dibao working fund gradually became a bottleneck that restricted the work of Dibao in practice. In response to this problem, some places began to write the work fund into their local legal policies. For example, Article 33 of the "2013 Nanling County Urban and Rural Dibao Implementation Rules" clearly stipulates that the necessary urban-rural Dibao work fund and staff funds must included in the county and town level financial budget.

2.1.5 Accountability

The accountability for the Dibao administration can be divided into two parts. One is the accountability of the beneficiary, and the other is the accountability of the administrative personnel.

The accountability of the Dibao beneficiary can be divided into four types, namely critical education, a suspended or reduced Dibao benefit, fines and criminal liability. The RMLGUR in 1999 had promulgated actions of critical education, warning or the recovery of the illegal gains by the Civil Affairs Department. If the deceit is worse, the Department can impose on the person a fine of about 1 to 3 times of his/her illegal gain. He/she will be transferred to judicial organizations if the law is violated. The work unit who provided the false proofs will also be punished. In addition to the relevant units or individuals being reported to the higher level responsible units for corrections, the work unit will be registered into the credit system.

Wrong behaviour by staff working in the Dibao procedure has two categories. The first is being negligent in their duty, and the second is corruption. There are three kinds of punishments applied to a staff member's wrongful behaviour, namely critical education, administrative sanctions and criminal responsibility. For example, Article 51 of the "2015 Yifeng County Urban-rural Dibao Implementation Rules" specifies eight reasons why a staff member could be punished. (1) refusal to accept the Dibao application from a claimant who has met the eligibility criteria; (2) refusal to approve the application from a claimant who has meet eligibility criteria;(3) approving an application which does not meet the eligibility criteria; (4) accepting illegal property during the Dibao checking and approving process; (5) disclosing personal information of an applicant or beneficiary which leads to some consequences; (6) losing or tampering with the data on Dibao fund database, service records and others; (7) Not paying the Dibao benefit or providing the related services according to the established procedure; (8) corruption, misappropriation, withholding of the Dibao fund or power abuse, neglect of duty in the process of the Dibao procedures.

2.2 Constructing an information checking system and its influence on social assistance procedures

2.2.1 The advantage of information checking

Traditional means testing methods include household investigation, neighbourhood visits, and written claims. However, these three methods have their own limitations, which have restricted the development of the social assistance system to some extent. In recent years, the development of information checking technology has provided a better platform for means testing. Compared with the traditional method, information checking technology can quickly

find out a family's income and assets status, and the result is more objective and fair. The information checking technology can not only save a lot of labour costs, but it also has alternative advantages to the traditional ways of means testing in practice. These can be shown form the following four aspects: (1) When re-checking those who have entered the social assistance system, those who do not meet the eligibility criteria can be easily identified and removed from the program. Hence it can not only save a significant amount of financial funds, but it can also eliminate the negative social impacts resulting from the traditional means testing method to some extent due to inaccurate targeting. (2) Information checking can not only detect the wrong recipients, but also prevent persons from attempting to take advantage of policy loopholes in order to get an illegal benefit. (3) Compared with the household investigation, neighborhood visits, letter claims and other traditional methods, the information checking method can reduce disputes greatly because its results are more fair and authoritative. (4) The construction of the information checking platform conforms to the developments trend in informationization and legalization, since E-government is not only more efficient, but it also can be queried at every procedural step which can largely prevent the occurrence of corruption.

2.2.2 Construction of the information checking system and its effectiveness

In 2009, the Ministry of Civil Affairs has carried out a family economic status information checking system construction pilot in Shanghai and 143 other districts. Based on the experiences of the first pilot, the Ministry of Civil Affairs organized the second wave of piloting to explore the establishment of the classified, cross-sectoral, multi-level household economic information checking system. Since then, low-income families' economic situation checking platform has gradually spread out across the country.

According to the data from Center of Monitoring and Verification of Low Income Families (CMVLIF), there are 23 provinces, 221 prefecture-level cities, 1426 counties (districts) who have built an information checking system or who at September 2016 were building the system.

There are 2755 counties (cities, districts) who have established information checking systems and carried out checking work, which accounts for 96.5% of the total number. [7] This shows that the information checking system platform construction has been rolled out across the country.

The main goals of the checking system construction are to avoid targeting errors and to save the financing of the fund. The Government has initiated the checking of the beneficiaries of social assistance since the construction of the system. The detection rate of false declarations was 6.91 percent across the country up to September 2016. Among them, the Dibao detection rate was reported at 3.73 million with a detection rate of 6.85 percent. This saved 55.73 billion yuan of funds in the first half year of 2016. The number of detections for housing assistance was 310,000 and the detection rate was 8.98%. According to the data from the Ministry of Housing and Urban Construction, for the first three quarters of 2016 the checking system saved 52.554 billion yuan of funds. [8] It is obvious that the information checking systm has greatly enhanced the impartiality, credibility and targeting effect of social assistance.

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[7] Center for Monitoring and Verification of Low Income Families. *The Construction Situation of Information Checking System in 2016.*
[8] Center for Monitoring and Verification of Low Income Families. *The Construction Situation of Information Checking System in 2016.*

2.2.3 Information checking procedures for the household economic status

Although the information checking system is technically mature its application to social assistance work has had to face many issues. Every error in the administrative process may cause serious consequences in information checking. Shanghai was the first province to carry out the development of the household economic situation information checking system. In 2014, Shanghai Municipal Civil Affairs Bureau issued the "Implementation Details on the Household Economic Situation of Checking Urban and Rural Dibao Applications" which is one of the first legal documents on the economic information checking of households. The information checking system legal documents across the country can be generally divided into four parts:

First, information checking administrative departments and division. The local competent authorities of the information checking system are the Civil Affairs Department. However, the information controlled by the Civil Affairs Departments is limited. The other information required by the information checking system is scattered across different departments of the Government and related institutions. Therefore, the development of the information checking system needed the cooperation of other sectors including public security, traffic, housing, industry and commerce, taxation, banking, human resources and social security etc. (see box 2)

Box 2: The responsibility of different departments of the government in the process of information checking

Article eight: Departments of the government should fulfill well related tasks of information checking.

County Public Security Bureau is responsible for providing the information on household registration (Hukou) and the deaths that occurred in recent years.

County Traffic Police Brigade is responsible for providing information on the motor vehicle ownership.

County Housing Authority is responsible for providing information on house registration, transactions, leasing and other information.

County Trade and Industry Bureau is responsible for providing information on industrial and commercial registration, information of commercial production and operation.

County State Taxation Bureau and Local Taxation Bureau are responsible for providing information on taxation.

The Financial Departments provide information such as deposits, stock dividends, bond interest, fund dividends, securities etc.

County Electricity Power sector is responsible for providing the information on electricity consumption, payment and other information.

County Cultural and Education Bureau is responsible for providing information on enrolment in private schools and non-compulsory education school.

County Housing Provident Fund Centre is responsible for providing information on the payment and use of the housing provident fund and housing loans etc.

County Social Security Bureau is responsible for providing information on social insurance pensions and other information.

County Employment Bureau is responsible for providing information on employment and engagement in a public service position.

Source: " Implementation Details of Family Economic Status Information Checking in Fengxin County, Jiangxi Province (Trial)", implemented from May 25th, 2015.

A household's economic status checking includes their income and property. The sources of income are very complex. They can be roughly divided into four categories: wage income, operating income, property income and transferable income. However, in practice, not all income should be included in the information checking system. In general, some income is not counted as household income when the person's economic conditions are verified. For example, the "Ways of Urban and Rural Low-income Families Economic Status Information Checking in Ma Yang Miao Autonomous County (Trial)" in 2014 regulated nine types of incomes. Twenty-seven kinds of income could not be included in the household income checking system such as the special allowances given by the government, the honorary allowance for retired model worker provided by the provincial level above etc.

The second part of a household's economic situation checking is assets. Household assets include savings, housing provident fund, securities, real estate, vehicles and large appliances, gold and silver jewellery and other property. In general, wealthy areas have more family assets, hence those areas' legal policy documents will have greater details on assets. For example, the 2014 "Shanghai Urban and Rural Dibao Application for Household Economic Status Check-up Regulations" stipulates that household assets that need to be checked include cash and bank deposits, securities, claims, commercial insurance, residential and non-residential housing, motor vehicles (including vehicle licenses), antiques, works of art and other assets of greater value.

Third, Information checking administrative procedures.

The administrative procedures of the household economic status information checking system include five steps. The first is an application. The houshold economic status checking system requires the resident to apply at the town/street level government where his/her Hukou is located. In addition to filling out the relevant forms, the applicant needs to provide three types of proof materials - (i) the proof materials on the family's situation including family Hukou booklet, identity card, proof of marital status etc. (ii) materials on income including personal wage payment sheet and social insurance contribution list etc. (iii) Proof of property including certificate of house etc.

The second step is entrusting the checking. Family economic data is sensitive, so the household economic status checking system requires the social assistance department to authorize the information checking center before proceeding. Article XV of "Implementation Details of 2015 Fengxin County Household Economic Status Information Checking (Trial)" regulated that the social assistance department suggests that it is necessary to verify the applicant's family economic status via the information checking system and can entrust the county information checking centre to do so. The third is acceptance and checking. The county information checking centre accepts the commission from district/county Civil Affairs Departments. The checking result will be sent to the social assistance department in writing. The fourth is complaints. Applicants who have objections to the results of the information checking system may file a complaint with the relevant social assistance department and the social assistance department shall give a reply to the applicant in a unified manner. The fifth is approval.

After receiving the result from the checking center, the Civil Affairs Department will make the result public in the community /village according to the requirements of the legal document. If there is no problem with the publication notice, the county Civil Affairs Bureau will provide its approval (see box 3).

> **Box 3: The information checking procedures of Xiangtan county**
>
> Article six: An application for social assistance shall be handled in accordance with the following procedures:
>
> (A) Application. The family head can apply to the town government in writing where his/her Hukou is located. After filling in the commitment letter, the applicant should provide the commission letter for information checking of his/her household income and assets.
>
> (B) Acceptance. The application shall be accepted by the town government. The town government should inform the applicant of all the relevant application documents that should be provided. If all the documents are complete, then the application should be accepted and registered. If the documents are incomplete, then the application will be returned back to the applicant.
>
> (C) Review. After acceptance, the town government should complete the household investigation, neighbourhood visits, letter claim and democratic discussion within 15 working days. They should make the, result public in the applicant's village (community) for 7days. If this requirement is met and there is no objection after the publication of the result, the application form and the proof materials will be sent to the County Household Economic Status Checking Centre.
>
> (4) Checking. After receiving the application letter and commission letter sent by the town government, the County Household Economic Status Checking Centre will launch the information checking on the income and assets of the applicant within 30 working days. The checking result and the conclusion on the applicant's household income and assets will be presented.
>
> (5) Approval. According to the checking conclusion presented by checking centre and other proof materials, the County Civil Affairs Departments will put make the result of the application public in the community/village for 7 days if the requirements are met. If following its publication there is no objection, the application will be approved by the County Civil Affairs Bureau.
>
> Source: "Methods of Urban and Rural Household Economic Status Information Checking in Xiangtan County, Hunan Province (Trial)", implemented from April 15, 2015.

Accountability is divided into two parts. Firstly the accountability of staff in carrying out the information checking and secondly the accountability of the applicant.

Staff accountability is mainly related with information disclosure. In order to protect the legal rights and interests of the citizen, it is prohibited to check the family's economic status without the authorization of the applicant. The information regarding the applicant family and its members can not be used for puropses other than social assistance. The staff can have administrative sanction or criminal sanctions applied to them if he/she leaks personal

information and caused harm to the applicant due to their dereliction of duty, abuse of power, practicing favouritism etc.

The applicant's accountability can be divided into two parts. One is deliberately concealing or deceiving. For example, "Article XIII of the Implementation Details of Fengxin County Family Economic Status Checking (Trial)" stipulated that the County Household Economic Status Information Checking will withdraw the checking result if the applicant get the social assistance benefit by providing forged documents or false proofs.

The social assistance department will recover the illegal gains (money or goods) and record the information in the credit information system. Second is accountability realting to hindering the enforcement of the law. Social assistance closely related to benefits for the poor. Some people who do not get social assistance may take extreme measures for various reasons. For example, article 41 of the "Implementation Details of the Urban and Rural Low-income Family Economic Status Information Check in Yongxi County" stipulates that people would be punished or prosecuted for criminality if he/she insults or assaults staff who are carrying out the household economic status checking system or hinder staff of the State organs in performing their official duties according to the law.

3. POLICY AND PRACTICE OF CHINESE SOCIAL ASSISTANCE TARGETING

3.1 Targeting methods of the social assistance system

Targeting is the most important part of the social assistance administrative procedure. As a process of selecting "the most needy or the poorest people", the targeting methods of the social assistance system can traditionally be divided into four types, namely wealth targeting, category targeting, demand targeting, behaviour and morality targeting. [9] In addition, in practice there is also are community targeting.

First, wealth targeting. Wealth targeting is done via a means test of the applicant, by accessing information related to income and assets and determining whether or not to pay the relevant social assistance benefit by comparing the result with the poverty standards. Eligibility for participation in a social assistance program is evaluated by the staff of the relevant government department. The wealth targeting method is mainly applied to social assistance projects. For example, according to the IRSA promulgated by the State Council in 2014, for the Dibao applicants, the administrative and approval authority can investigate and verify the applicant's family economic status and actual living standard through the household investigation, neighbourhood visit, letter claim, democratic discussion and information checking etc. In addition to the Dibao program, all the special social assistances in China have the requirement for a means test and the eligibility for special assistance is linked to the Dibao program.

Second, category targeting. Category targeting is based on age, family type, health status, employment status and others characteristics to determine a social assistance recipient. Category targeting is relatively simple in its management and does not demand a high administrative capacity. Therefore, category targeting is efficient when compared with means testing. However, there would be too many recipients if we only used demographic characteristics as the targeting method. Therefore, in practice, category targeting is often also combined with the methods of means testing or community targeting. [10] There are other shortcomings in the category targeting method which can not distinguish between the economic differences of a family and may result in a waste of limited public resources to a

[9] Neil Gilbert, Targeting Social Benefits: International Perspectives & Trends, China Labour &Social Security Publishing House，2004, pp. 6-8.

[10] Zhou Fenghua, "The Targeting of Social Assistance: Methods and Practices", *Socialism Studies*, No.4, 2009, pp. 117-122.

certain extent. For example, to provide nutritious lunches for children in affluent families, to provide benefits to affluent older persons.

Although adopting the wealth targeting method, the social assistance program is often combined with other targeting methods to identify the beneficiary in practice. The classified guarantee (*Fenlei Shibao*) in the Dibao program is a pracical example of combining category targeting and wealth targeting. For example, the "The Notice on Implementing the Classified Guarantee in the Urban Dibao Program in Jinan City" (Ji Min Fa [2007] No. 76) in 2007 regulated that the classified guaranttee included six kinds of families: (1) there are major diseases in member(s) of the family; (2) there are serious disabilities in member(s) of the family; (3) the Three No's family; (4) there are two or more non-income elderly (older than 70 years old) in the family; (5) a single parent family; (6) children being raised by their grandparents because the parents have died. In fact, it is diffficult to identify social assistance recipients through the income and assets test because a family's economic situation is similar in the poor rural areas. Therefore, the family with disabilities, elderly, childrens, those with serious illness are often selected as social assistance beneficiaries in local practice.

In some cases, the category characteristic is even more important than the family economic status since it leads to less controversy and dispute at the grassroots level.

Third, community targeting. Community targeting suppose that people in the community know the the economic status of the local residents and determine the most appropriate beneficiaries in a fair way. In general, farmers could rank the families in the community by economic status according to their own experiences. The poorest households will be first enrolled in the scope of social assistance. However, there are certain problems concerning community targeting. The efficiency of community targeting is affected by several factors - the social relationship among the villagers participating in, the relationship between the cadres of the village committee and the villagers, the village population scale etc. [11] The democratic discussion in the process of the Dibao means test is similar to community targeting. Under normal circumstances, after receiving the Dibao application, the Civil Affairs department will organize for the villagers or the residents to conduct a democratic discussion on the applicant's family economic status. Although the democratic discussion has been adopted widely, there are also obvious deficiencies. Studies shows that a nomination based on the democratic discussion used in some rural areas under the Dibao program does not satisfy farmers, and they argue that there is injustice in the process of beneficiary determination. [12]

Fourth, behaviour and moral targeting. The Dibao qualification in China also has obvious behaviour and moral requirements. According to the "Notice of the State Council on Establishing the Minimum Living Guarantee Program for Urban Residents" in 1997, many people were excluded from the urban Dibao program. These people included: (1) Persons who have not been resident in the Hukou for a long time; (2) Persons and families who violate the "Marriage Law", "Adoption Law" or "Family Planning Policy"; (3) Persons and families whose family living level is lower than the local Dibao standard due to drug use or gambling; (4) Persons who refuse employment opportunities that the labour department and the grassroots organizations provided during the period of receiving Dibao benefit without justification. (5) People whose daily consumption level was significantly higher than the local

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[11] Wang Libin and Zhou Yuanxi, "Targeting and Deviation under Intervention of Participatory Poverty Alleviation", *Rural Economy*, No.7, 2010, pp. 3-7.

[12] Wang Jun-qiang, ZHANG Xue-mei, ZUO Ting, "Game analysis on the target bias of the rural minimum living standard——A case study of Zengjipan village, Yanchi county, Ningxia", *Guangdong Agricultural Sciences*, No.11, 2011, pp. 201, 202, 224.

Dibao standards when there is no familiy member participating in the labour market. (6) People whose family has luxury goods which are non-essential. [13] These rules are still used in local practice today.

3.2 The targeting rate of the Chinese Social Assistance system

In fact, different groups tend to have different judgments based on their own experiences and knowledge. In recent years, the media and the public have often questioned the targeting efficiency whenever extreme social events happen. The public often doubts whether or not poverty has lead to the occurrence of these events? Especially when there is negative news about the Dibao targeting process, such as "Dibao qualification based on kinship or personal relationship (*Renqing Bao or Guanxi Bao*)" appear in the media reports. In such cases the public questions whether the social assistance targeting error will be further deepened. So what is the targeting rate of Chinese social assistance system?

Since the study of social assistance targeting is mainly in the Dibao program, the following section will analyze this question through the relevant literature.

Under the precondition that "guarantee all should be guaranteed" (*Yingbao Jinbao*), the Dibao program should theoretically have no targeting error. However, studies have lead to a great divergence of judgements on the targeting rate of China's Dibao program. Gao et al found families who are eligible for Dibao make up 2.3 percent of the urban population, but only about half of them are actual beneficiaries. [14]Another study found that 2.28 percent of all urban residents are eligible for Dibao but only slightly less than half of them are actual beneficiaries. Dibao families tend to have less human capital and fewer socioeconomic resources than the non-Dibao ones. [15]These studies show that "under coverage (*Loubao*) " may be an important problem in targeting of the urban Dibao program in China. However, other studies have found that the problem of "false coverage (*Cuobao*)" in the Dibao program is as serious as that of "under coverage". Ravallion et al found that 7.7 percent of the urban households meet the eligibility criteria of the Dibao program, but only 28 percent of the households really gained the Dibao benefit and 43 percent of households who did not meet the qualifications were receiving the Dibao benefit. [16] Wang found that 39 percent of households who qualified for Dibao received the benefit and 40 percent of households who did not qualify got a Dibao benefit by using the 2004 Survey Data on Employment and Social Protection in 14 Cities.[17] Cao found that the urban undercoverage rate for the Chinese Dibao program was as high as 77 percent and the false coverage rate was 69% by using the data of the 2002-2014 China Statistical Yearbook. [18]

The evaluation of the targeting efficiency of the Dibao program is closely related to the data used. If the data includes non-poor people, then the estimated targeting rate deviation will be greater. Conversely, if the data includes only poor people, then the deviation rate may be

[13]Duo Jicairang, "The Research and Practice on the Minimum Living Guarantee Program in China ", People's Publishing House, pp. 140-141

[14] Qin Gao, Irwin Garfinkel, Fuhua Zhai, "Anti-poverty effectiveness of the Minimum Living Standard Assistance Policy in Urban China ", *Review of Income and Wealth*, 2009, vol. 55, no.1, 2009, pp. 630 – 655

[15] Qin Gao, Irwin Garfinkel, Fuhua Zhai, "How effective is the Minimum Living Standard Assistance Policy in Urban China ", *Review of Income & Wealth*, vol. 55, no. 1 (Supplements), 2007, pp. 630 – 655

[16] Ravallion, Martin, Shaohua Chen and Youjuan Wang, *Does the Di Bao Program Guarantee a Minimun Income in China's Cities?* , In Jiwei Lou and Shuilin Wang (ed.), *Public Finance in China: Reform and Growth for a Harmonious Society*, Washington D.C, World Bank, 2006, pp. 317 - 314.

[17] Meiyan Wang, Emerging Urban Poverty and Effects of the Dibao Program on Alleviating Poverty in China. *China & World Economy*, vol. 15, no. 2, 2007, pp. 74 - 88.

[18] Cao Yan-chun, "An Empirical Study on the Targeting Accuracy of the Minimum Living Security System for Urban R esidents in China", Journal of Central University of Finance & Economics No.7, 2016, pp. 3 - 12.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

smaller. Zhou found that the Dibao under coverage rate was 6.4 percent and the false coverage rate was 4.8 percent by using the data of the "Wuhan 480 Poor Households Survey".[19] Using the data on Urban and Rural Poor Household Social Policy Support Survey (2011, 2012 and 2013 data), Guo found that there was about a 15% targeting error in the Chinese urban Dibao program, although the accurate targeting rate was as high as 85%.[20]

Other studies have suggested that the targeting rate of urban residents in China is changing. Yang et al found that the targeting efficiency is decreasing as the benefit level standard is increasing.

The under coverage rate in 2002 was 54.3 percent as compared with 42.3 percent in 2007. The false coverage rate in 2002 was 73.8 percent when compared with 76.2 percent in 2007.[21] It shows above that no matter what kinds of researches are conducted (no matter what method, what kind of data) one can not prove that China's Dibao program has achieved the goal of covering all those who should be covered (Yinbao Jinbao) and that a targeting error seems to be difficult to avoid.

The Dibao targeting rate in rural areas is more difficult to determine when compared with urban areas. Farmers' assets (such as land) are difficult to quantify. It is also difficult to identify suitable Dibao recipients because the difference in living standards between farmers is not large and the targeting process is easily influenced by ethical factors because of the complex rural relationships among farmers. Sicular and Umapathi found that China's rural Dibao program had provided adequate income security to beneficiaries, but did not have significant poverty reduction effects due to the small number of beneficiaries in the total number of poor people. Conventional targeting analysis reveals rather large inclusionary and exclusionary targeting errors[22]Another study also found that there is a large targeting deviation in the poor rural areas. The targeting rate was 0.65 in the sample, which meant that 65 per cent of those who received the Dibao benefit were qualified. The coverage rate is 0.148 in the sample, which means that there is only 14.8 percent of all qualified people who are receiving the Dibao benefit.[23] The literature above shows that the rural Dibao targeting efficiency is also not high.

3.3 Main factors affecting social assistance targeting

Why are there a targeting errors in the Dibao program in China? Although it is very complex, the reasons can be mainly summarized as the following aspects in general.

1. Complex eligibility criteria

The legal documents from the central Government (The RMLGUR in 1999, the IRSA in 2014 and the CERMLG in 2007) stipulate that the criteria for eligibility for a Dibao benefit were determined by the level of an applicant's income and assets. However, in practice, the local policy has been to add a variety of extra criteria. This means that the Dibao targeting is no longer based solely on an applicant's income and assets, but on a composite qualification. For example, the use of classified guarantee (*Fenlei Shibao*) added social demographic

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[19] Zhou Dongxia, "Evaluation and Improvement of the Targeting Policy of the Urban Minimum Living Guarantee"[], Doctoral Dissertation, Wuhan university, 2015, pp ,1-152. 2015.

[20] Guo Weihe, "The Satisfaction Degree, Targeting Rate and Employment Influence of the Urban Dibao Program " Social Construction, Vol.3 No.5, 2016, pp. 3.

[21]Yao Sui, Gao Qi &Li Shi,"Targeting and Anti-Poverty Effectiveness of the Urban Dibao in China", Studies in Labor Economics, Vol. 3, No. 3, 2015, pp. 52 - 78.

[22] J Golan, T Sicular, N Umapathi,"Any Guarantees? China's Rural Minimum Living Standard Guarantee Program", World Bank Group Washington D.C, 2014: pp 1 - 61.

[23] Zhang Weibin, "The Targeting and Identification of the Rural Dibao Recipients in Poor Areas ", Science and Society, No. 3, 2010, pp. 36 - 39.

characteristics into the Dibao targeting. In addition there are stipulations on the beneficiaries' consumption level as well as there being obvious behavioral and moral requirements by the beneficiaries. Moreover, kinship or ethnic factors are also added as part of the targeting in rural areas.

The above qualifications are all prescribed by the legal documents. In addition there are also some unwritten rules that, in practice, exist under the legal documents.

Ravallion et al found that a Dibao program's local implementation appears to be of far more importance than its formal rules.[24] An exploratory study on the targeting of the Dibao program in Guangzhou found that there are three unwritten rules in addition to the income requirements: the ability to work, household structure and clienteles. At the practical level, the implemetation of these three unwritten rules not only stops national resources from reaching the poor families in cities but also negatively impacts the ideology and damages the legitimacy of the system.[25] Many places used the "local policy（*Tu Zhengce*）" to exclude many applicants. For example, people of working age are assumed to have a labour income and can support themselves. Hence they are not able to get a Dibao benefit. For employees who are applying for Dibao, laid-off workers who are entering the re-employment service centre and the people who are receiving unemployment insurance or pension benefits, their income will be calculated on their "earned income" under the relevant standards published by the local irrespective of the fact that they do not have an income.[26] The author's study in the north-eastern region of China also found that if the Dibao family has college/university graduates, they are treated as persons with an income regardless of whether they have a job or not.

2.Technical difficulties

Firstly, accurate checking of a household's income and assets is very difficult. There is a lack of a quantitative calculation index for household income and assets. The income of the applicant is unstable or hidden deliberately. All of this leads to an inaccurate evaluation of the applicant's household economic status.[27] When compared with urban residents, the information gathering for a rural resident's income is more difficult. The income source of rural residents has changed, the proportion of income from migrant workers' remittances has gradually increased. Because of the lack of a Unified Income Statistics System on a national scale, this kind of income is difficult to be included. In many cases, the staff member's judgment on income and assets is subjective because it is very difficult to accurately evaluate an applicant's household income and assets.

At present, most provinces in China have set up an information checking platform on a family's economic status. This can help to resolve the difficulty associated with means testing by traditional ways. But the information checking system also has its shortcomings. For instance, inter-provincial information can not be queried and some kinds of asset information is not shared within the province. Family cash can't be checked through the information checking system. Although household assets can be checked, the quantification of a

[24] Martin Ravallion, Shaohua Chen, "Benefit Incidence with Incentive Effects, Measurement Errors and Latent Heterogeneity: A Case Study for China" *Journal of Public Economics*, vol. 128, 2015, pp. 124 -132.
[25] Jie Lei, "Covering Whoever is Eligible? An Exploratory Study on the Eligibility of the Urban Minimum Living Standard Guarantee in China"", *Critical Social Policy: A Journal of Theory and Practice in Social Welfare*, vol. 34, no. 2, 2014, pp. 155 - 174
[26]Mei Yanjun, Zhong Huibin, " An analysis on the Identification of Social Assistance Recipients ", *China Collective Economy*, No.11. 2017, pp. 189 - 190.

[27] Jiang Zhiqiang, Wang Weijin, "The Main Problems and Policy Suggestions of the Urban Dibao Program", *China Civil Affairs*, No. 6, 2015, pp. 25 - 28.

household assets is also a problem. It is difficult to check family members who live together under the existing policies. In accordance with the provisions of the RMLGUR in 1999, the Dibao beneficiary must have a permanent urban Hukou. But for a "half households" situation (where one person is an urban resident and the other is a villager), it is difficult to verify their common income. In addition, an applicant whose household economic status does not meet the Dibao requirement can also become a Dibao beneficiary by dividing his/her Hukou into two or three (*Chaihu*).

Secondly, there are timing factors in targeting errors. In fact, the income and assets of low-income people are always in a state of flux. For example, receiving an income transfer from relatives or friends or an increase in wages could lead family's income to exceed the local Dibao standard line. When the income and assets of poor families changes, the means test by Government Administrative Departments can not be followed. The Government has been strengthening the dynamic management of people living on the Dibao program in recent years. However, "guarantee all should be guaranteed (Yingbao Jinbao)" in practice not only exists due to the time lag but also has to face all kinds of resistance from beneficiary households.

Thirdly, high administrative costs could lead to inaccurate targeting. Where the accuracy of the targeting is higher, the cost of collecting information and verifying information is greater. Household income，deposits and interest, dividend income and asset information not only depend on the construction of information checking system, but also rely on government staff to conduct checks personally to some extent. The evaluation of an applicant's living conditions and their consumption level is also dependent upon a staff visit to the applicant's home. At present, the construction of the information checking system in underdeveloped areas is not advanced and the staff numbers of the national Civil Affairs Departments (especially the grassroots staff) is limited. Therefore, the accuracy of the targeting is always faced with the challenge of administrative cost investment.

Fourthly, it is difficult to solve the problem of undercoverage through information technology. A number of studies have shown that the Dibao program has a serious phenomenon of undercoverage. The main causes of this problem can be divided into two: some people may not know that they are eligible to apply for the Dibao program and some others may be reluctant to apply for it because of the stigma attached to it or the boring administrative procedures. Under these circumstances, it is necessary to mobilize those who are qualified to apply for Dibao. However, from the point of view of government staff, they are generally reluctant to advertise and mobilize, because this will increase their workload without any practical benefit. Especially in the case of inadequate staff at the grass-roots level, the work of mobilization is more difficult to carry out.

3. The impact of political factors

The impact of political factors on targeting can mainly be seen from two aspects. Firstly, some people who have failed to meet the Dibao eligibility criteria are included in the program in order to maintain social stability or promote the implementation of certain policies. For example, according to the "State Council Notice on the Establishment of the Dibao Program for Urban Residents in the Country in 1997", laid-off workers and traditional social relief recipients should have priority over other Dibao applicants. Obviously, this provision is due to the serious unemployment situation that existed in the late 1990s and the Dibao program was urgently required to maintain social stability. In the process of urbanization, some places may bring those who don't meet the elegibility criteria into the Dibao program in order to implement the "change the villager to an urban citizen (*Cun Gai Ju*)" policy. In some other places, Dibao eligibility may be given to appease petitioners or become a policy tool of

achieving the interest of balance among rural villagers in the process of community governance.[28]

Secondly it is affected by the political environment. When examining the coverage of the Dibao program, we will find that the total number of beneficiaries under the program is constantly changing. The number beneficiaries under the program was constantly increasing over some periods while decreasing over other period (see figure 1). This situation may be closely related to the political environment. At the beginning of the 21st century, the main task of the urban Dibao was to expand the coverage and to guaranttee all who should be guaranteed (*Yingbao Jingbao*). Therefore, the local government tended to expand coverage and include as many low-income applicants as possible in order to complete the polical task during this period. Why did the number of Dibao beneficiary begin to decline after reaching its peaking in 2009? This may be closely related to the anti-corruption reform of recent years. Due to the high pressure against corruption campaign (*Gaoya Fanfu*), local administrators are often stricter on the application checking in order to avoid mistakes in the procedures. Therefore those who may or may not enter the Dibao program will be refused over this period. As there is always a degree of discretionary power for instance when carrying out a household visit and democratic discussion when coming to a decision sometimes the local staff have to make a choice between "sensible" and "lawful".[29]

4. THE PROBLEMS WITH THE ELIGIBILITY CRITERIA AND PROCEDURES IN THE SOCIAL ASSISTANCE SYSTEM

4.1 Eligibility criteria of social assistance programs tied to each other leads to welfare dependency

Dibao and Tekun are the core layers of the social assistance system. The recipient of a Dibao or Tekun benefit automatically meets the requirements for all other special assistance programs. The fact that getting of either of these benefits means a recipient gets all benefits easily creates welfare dependency. This one benefit gets all benefits will bring the actual Dibao benefit to a very high level, especially as the benefit from housing assistance and medical assistance will have a much greater attraction to low income persons. Therefore, those receiving Dibao or Tekun illegally will try to resist exiting from the Dibao or Tekun program because of automatically receiving the other welfare benefits.

4.2 Quantifying income and assets in rural areas is difficult

It is difficult to quantify the income from agricultural operations, housing and livestock in rural areas. The family members who live together in rural area are also difficult to separate clearly. A farmer's wage and invisible income is difficult to check out. All these factors cause the income-based targeting to be carried out with difficultly in local practice, and will easily lead to targeting errors.

4.3 Eligibility criteria is complicated and vague

Although the legal documents from central level regulate that social assistance targeting is mainly related to household income and assets, the local authority adds many other kinds of criteria. The Dibao targeting at local levels becomes a mixed-criteria targeting, and make it

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[28] Xu Yuan, " Research on the Dilemma of the Subsistence Security System from the Identity Welfare Perspective - Analysis on the example of F street subsistence allowances ", Masters Thesis of Shengyang Normal University, 2014, pp.1 - 37.

[29] Zhu Yapeng, Liu Yunxiang, "Institution Enviroment, Discretionary Power and the Social Policy Implementation in China - - The Implementation of the Urban Dibao Policy in C City", Journal of SunYat-sen University (Social Science Edition), Vol. 54, No.6, 2014, pp. 159 - 168.

operation at the grass-roots level difficult for the staff. In some rural areas, receiving Dibao is mainly based on evaluation and selection (*Pingxuan*) instead of income and assets.

4.4 Low policy awareness leads to undercoverage

Undercover age in the social assistance system is mainly because of low policy awareness. The social assistance system has eight programs, and each of them has different eligibility criteria and application procedures. Some qualified villager/urban citizens do not apply for the social assistance program mainly because they do not know who can apply and what kinds of procedures must be gone through. Consequently they lose the opportunity to obtain social assistance.

4.5 Non-standard phenomena exist in social assistance procedures

The social assistance procedure is complicated. The procedure from application to approval will take up a lot of time and energy by both the applicant and the administrative staff. The institutional incentive for grass-roots staff is inadequate. There is a serious shortage in the number of staff in the grass-roots Civil Affairs Department. These factors all make nonstandard phenomenon easily appear in the procedures. Moreover, the supervision from the masse to grass-roots staff is weak because the publicity related to policy propaganda is inadequate.

3.2.2 Optimization of Social Assistance – Procedures and Eligibility Criteria for Social Assistance Benefits: Best Practice in EU Countries

EU best practice report

Julien Van Geertsom, EU-China SPRP expert

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Table of Contents

INTRODUCTION

This report is a document within the framework of the EU- China Social Protection Reform Project. It is the result of a study visit of the experts (from 22 November 2017 until 29 November 2017) on optimising social assistance procedures and eligibility criteria for social assistance benefits, better coordination and the fight against social fraud. Several sessions with Chinese professors and experts and a final discussion with the Ministry of Civil Affairs made this report in its actual form possible.

It is clear that Europe has no lessons to teach China since Europe itself is confronting similar problems (benefit adequacy, coverage, non take-up, inequalities, etc...). The following tables show the great difference between European member states on coverage and take up.

Table 6: Assessment of a Minimum Income Scheme on Coverage and Evolution over Time

Coverage How extensive is the coverage of people in need?	Fairly comprehensive	Partial	Very limited	Positive	Status Quo	Negative
	BE CH CY CZ DE EE DK FI FR IE IS LI LU MT NL NO SE SI SK	AT ES (Basque country) HU IT(BZ/ TN) LT MK PL RS UK	BG EL ES HR IT (BA/ FG/MO/NSC /PU/SA/SI/ VA) LV PT RO	AT BE CY FI LU MT RS SI	BG CH CZ DE EE ES HR IE IS IT LI LT LV NL NO PL SE SK	DK FR HU MK PT RO UK

Source: Minimum Income Schemes in Europe; A Study of National Policies 2015; European Commission (Hugh Frazier and Eric Marlier)

Table 7: Assessment of Minimum Income Schemes on Take up and Evolution over Time

Take-up How complete is the take-up of MI benefits by those entitled to them?	Fairly complete	Partial	Quite limited	Positive	Status Quo	Negative
	BG DK EE IE IS MT NL (social assistance) SK	AT BE CH CY CZ DE ES (Basque Country) FI FR HU IT (NSC) LI LT LU LV MK NL (additional social benefits) NO PL RO RS SE SI UK	ES HR	AT BG FI IS MT RS	CH CZ DE DK EE ES FR HR IE IT(NSC) LI LT LU LV MK NL NO UK	BE CY HU RO SI SK

Source: Minimum Income Schemes in Europe; A Study of National Policies 2015; European Commission (Hugh Frazier and Eric Marlier)

China on the other hand is one country, but the differences between its provinces are similar to the differences between the EU's Member States. But in China there are also similar problems concerning adequacy, coverage and non take-up.

The way Europe tackles the challenges of adequacy, coverage and non take-up can be an inspiration for the Chinese reform program. Learning from each other and sharing experiences between Europe and China is the way to mutual reinforcement and to finding appropriate solutions for common problems.

This report wants to be a contribution to this sharing of experiences and the search for solutions.

1. DESCRIPTION OF THE MINIMUM INCOME SYSTEM IN BELGIUM

The right to social integration in Belgium is granted by the Public Center of Social Welfare (instigated by the law of 1976). It is materialized by employment or the award of an integration income.

This right must be accompanied by an individualized project for social integration (a contract generalized to all beneficiaries by law in November 2016).

The minimum income conditions are: residence in Belgium, minimum 18 years of age, income lower than the income amount and prepared to work and first taking up other social rights.

The right to the Minimum Income is established through a social inquiry that must be executed by a professional social worker (social assistant, a bachelor's level of education).

The minimum income is only granted if the applicant lacks sufficient resources, is not entitled to claim other resources and is not able to obtain resources independently or in any other way.

The following resources are taken in account to define the income: unemployment benefits, allowances for the disabled, allowances for sickness and invalidity, retirement or survivors' pension, educational allowances.

Some other benefits are not taken into account: family benefits, training incentives, housing benefits, payments received as a volunteer.

In the annex there is a detailed description of the minimum income scheme in Belgium with the budgets that is allocated to it. It is a paper prepared by the staff of the Ministry (PPS Social Integration) for the purpose of an exchange with Spain.

2. SOME GENERAL CHARACTERISTCS

2.1 System of last resort

The minimum income system in Belgium is based on the Belgian constitution. This guarantees every citizen a life with human dignity with the fundamental social rights (Art. 23).

These social rights are the right to a life with dignity, the right to work, the right to housing, the right to education, the right to culture, the right to energy, the right to participate in society, the right to social services.

If a citizen has no sufficient means to live with dignity he/she is entitled to the Right of Social Integration.

This right (The Law on the Right of Social Integration of 2002) provides a job or if not possible a financial contribution (Income of Social Integration) and a pathway to exit poverty.

Basically the integration income is linked to an integration contract. This is within the framework of an active labor market policy that tries to help the beneficiaries return as quickly as possible to work.

For those who are not able to work the integration contract is a method for social activation helping the beneficiary to find again a place in society (breaking loneliness). This can also mean that voluntary work is stimulated (but never compulsorily).

This approach is a concrete example of 'active inclusion' (a recommendation of the European Commission in 2008).

This right is means tested and applicants have to first exhaust all other rights of social security. An applicant who is entitled to unemployment benefits, health benefits or a pension can eventually have a complement from the minimum income scheme. If the applicant has still less income than

the minimum income amount he/she will be provided with the supplementary amount of income provided under the right of social integration.

This demonstrates that in Belgium social protection is organized firstly under social security (rights linked to your status of work and based on contributions) and secondly by social assistance with a minimum income scheme as the last resort (it is financed by general taxes).

2.2 Shared solidarity by local and national level

The income of social integration is granted by the Public Centre of Social Welfare (PCSW).
Every municipality has the legal obligation to create a PCSW under the law of 1976.

In Belgium there are 589 municipalities and 589 PCSW.

The mission of the PCSW is to provide a life with human dignity for every citizen of the municipality. It means granting the integration income but also providing services (for the elderly, childcare, …)

The council of the PCSW is composed by elected members. They are elected by the municipality council and the parties represented in the municipality council (direct elections by the general public) are proportionally represented in the PCSW council. The consequence is that the minimum income is democratically granted by an elected council (although elected indirectly). But the criteria are nationally established and are the same for all Belgian citizens wherever they live. Moreover, the council can only make a decision on the basis of a proposal by the social worker (based on a social inquiry).

The benefit is granted after a social inquiry conducted by a professional social worker (social assistant, bachelor level). This social inquiry has the objective of verifying if the applicant is entitled to the benefit (means tested) and developing a pathway out of poverty for the applicant. It is an assessment of the applicant's capacities, needs, problems and opportunities that guarantee that the best possible aid is provided (this is called the social balance of the social inquiry).

Therefore, the applicant negotiates with the PCSW (the social worker) an individualized social contract.

This contract contains the rights and the obligations of the beneficiary and of the center. It is a two way contract that also lists the efforts that the PCSW will undertake to meet the needs of the applicant and to help him / her out of poverty, back into the labor market or into society.

The social inquiry contains at least: a consultation of the Cross Roads Bank of Social Security (CBSS), a home visit and a social balance (assessment of the capacities and needs of the applicant).

The consultation of the CBSS is crucial in the means testing. It provides all the information on the applicant's other social security rights and income (work, assets, taxes...). It is not an enormous data base of all this data, but it is rather a platform that permits consultation of the database of other social institutions (e.g. unemployment benefits). The law prescribes a circular listing the data that has to be checked.

With a home visit, the social worker will verify the living conditions and the needs of the applicant. This is an essential element (and a complement of the social balance) in the definition of the pathway out of poverty and the negotiation of the integration contract.

The minimum income is paid by the PCSW and the PCSW will create through the National Ministry (through the platform of the CBSS) a demand for reimbursement.

The National Ministry (PPS Social Integration) will reimburse a minimum of 55% and on average 70% of the granted amount. For every beneficiary the National Ministry will also pay an annual amount (about 470 Euro) for work the PCSW did for the beneficiary.

The variation in the percentage of the reimbursement depends on several criteria: scale of the PCSW (number of inhabitants where it is located), number of applicants, special employment aid etc.

So the financial solidarity is shared by the national and the local level.

2.3 Combination of a common soccle[1] and tailor made approach

Since the PCSW are democratically elected and autonomous, the policies between the different PCSW can be very different.

They have the legal opportunity to add to the national amount of benefit an extra financial amount or benefits in kind. Since the national income amount is below the poverty rate (60% of the median income) several PCSW use this as the reference budget.

Reference budgets are scientifically based on a basket of goods and services someone needs to have a life with human dignity. The Thomas More High School in Antwerp (Geel) developed a software application (REMI) that a PCSW can use. It contains a list of products and services and the amounts of money that are necessary to purchase them. It contains products and services for food, leisure, clothing, housing, education, mobility etc.

Some PCSW have a policy to provide large support, above the national amount (support for housing, education, leisure, ...) because they think that when the basic needs are fulfilled the beneficiaries have more energy to concentrate themselves on finding a job, follow training, and therefore more quickly exit the system of social assistance.

Others think that the less you give the sooner beneficiary will find a job. The expression: 'If at the end of the month they don't have money anymore to pay the bills, they will very quickly find a job' applies.

Recent research (CSB Antwerp, Sarah Carpentier 2016) finds no evidence for the second opinion, but shows that the better the material conditions are, the sooner the beneficiary will leave the minimum income scheme and find his/her way in society (labor market) again.

This is in line with the research of Mulhainatan and Sharif (Scarcity, 2015) that shows that a shortage of money or food always produces worse behavior. In a situation of scarcity people don't behave rationally but irrationally. In their research Mullainathan and Shafir make the comparison with people that have to deliver under a deadline (papers for journalists, scientists etc...). Until the last moment they make irrational decisions on using their time. People in poverty do this also. Their conclusion: is that if poor people have sufficient money to live a normal life without scarcity of financial means to survive, they will behave more rationally and can concentrate on other projects (e.g. to find a job).

We can conclude that the system in Belgium combines a common soccle with a tailor made approach.

It depends on the local majority in the PCSW which policy concerning benefits and activation will be followed. It is a local democratic choice.

Anyway, every beneficiary has an integration contract which defines this tailored approach.
Unless there are reasons for health or fairness, it is compulsory to have this integration contract.
The content of the tailor made approach depends on the policy of the local majority.

3. SPECIFIC TOPICS

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[1] Soccle means: a common base where you can build up other parts of Social Aid. In Belgium there is the so name amount of social aid for every citizen wherever they live in Belgium but every municipality can give more aid if they want. For instance aid for housing, money for chidren etc..

3.1 Coordination

3.1.1 Overall coordination of the fight against poverty

Poverty is a multidimensional phenomenon. So you can't fight poverty only by providing benefits.

Every policy field must be implicated. Poverty reduction is also the responsibility of the Ministry of Economic Development, the Ministry of Education, the Ministry of Cultural Affairs, the Ministry of Finance, the Ministry of Justice, not only the Ministry of Social Assistance and Social Affairs.

Therefore Belgium has developed poverty reduction plans that contained measures in all policy fields. These are coordinated by a Federal Secretary of State.

Since the fight against poverty can not be limited to one level of competence, the anti-poverty plans were designed to be multi-level strategies and plans. Local, regional, national and European levels have to cooperate to win this battle. Within this vision, Europe developed in 2010, under the trio presidency (Spain, Belgium, Hungary), the EU 2020 strategy to create sustainable, inclusive economic growth.

This strategy was translated into 5 targets: two on environment and one on education, employment and poverty reduction (at least 20 million persons out of poverty in 2020). Europe asks every Member State to develop every year a national reform program which defines the way the targets will be met by the Member State. It is called the European semester and it is an open method of coordination (with respect of the autonomy of the Member State, the so called subsidiarity principle. This means that decisions have to be made at the most appropriate level of power as a preference which is usually the most local level).

The European Commission assesses the policy of the Member States to evaluate their way to reach the goals defined in the Treaties and the EU 2020 strategy. The Commission proposes every year 'country specific recommendations' that should be the base of the national reform programs.
In reality the balance between the economic and social objectives, that was the base of the Europe 2020 strategy, has been broken by the austerity policy enforced by the Commission since the bank and economic crises of 2008 (based on the Maastricht Treaty).

The result is that the austerity policy has in many Member States strangled the social policy and introduced economies into the social programs which have increased the number of poor people in Europe. The EU 2020 target on poverty will not be delivered. Also in Belgium the austerity policy has had consequences on the level of social protection and social security.

The coordination through multilevel and multidimensional poverty reduction plans did not deliver. This demonstrates the reason why the poverty rate in Belgium has stayed stable over the last ten years (about 15.5 percent of the population).

3.1.2 Local approach: the role of the PCSW

At the local level all interventions in the fight against poverty are coming together and in many cases the local entities of the national or regional administrations are acting as silos.

Therefore the PCSW has a local, legal coordinating role. They are the coordinating body of local social welfare. They have the legal mission to guarantee the fundamental social rights of every citizen of the local municipality. They fulfill this mission by offering financial benefits and services.

As described earlier the right to social integration is not only a financial benefit but also offers a pathway to exiting poverty through an integration contact. To succeed in this pathway cooperation with NGO's and other public institutions is necessary. But there is a clear division of roles.

The PCSW determines and grants the right and stays always accountable when they work together with others. They work together with the public employment service to lead the beneficiaries to a job. They work together with NGO's on training, housing, parental support, mental health.

The financial benefits and the social inquiry on the other hand are the exclusive competence of the PCSW.

Sometimes the national level is providing extra financial support for this coordination mission. e.g. the project 'Children First'. It is a project to bring together all actors at the local level who are active in the field of the fight against child poverty. The National Ministry (PPS Social Integration) is financing a coordinator and some financial means for the functioning of this coordination. The rest of the money is paid for by the PCSW.

Partners in this project are: institutions of early childcare education, schools, NGO's, associations of people living in poverty and parental support organizations.

Their first mission is to make an inventory of all the organisations working in the field of fighting against child poverty. Then they do an assessment of the services to see if all the needs are being covered and that there is no overlap. The next step is then to fill up the gaps to cover all the needs and to eliminate any overlap. An important part of this project is the involvement of people living in poverty, including parents and children themselves.

An evaluation of this project has been made by KPMG (2014).

3.1.3   Relation between national and local level

As described earlier the PCSW submits demands for the reimbursement of the minimum benefits that they granted to the National Ministry (PPS Social Integration).

The National Ministry develops reglementation (circulars), legislation and accompagnies of the PCSW. One method to do this accompagnie is to organise the physical contact between the National Ministry and the PCSW.

Twice a year (in spring and autumn) the Ministry invites all PCSW of a province (there are 10 Provinces in Belgium) to discuss some common points of reglementation and the results of research. All PCSW and their social workers are invited and the top levels of the administration are present.

The agenda of the 2017 autumn meeting contained the results of an evaluation study of the social policy in the field of energy (electricity, heating, ...), the policy of fighting homelessness by Housing First (with the presentation of good practices in every province), the results of the satisfaction survey by PCSW in 2016 and the action plan to answer the needs/suggestions of the PCSW that came up in the survey.

This is very much appreciated by the local PCSW and their social workers because they have the opportunity to have direct contact with the national level.

Every year the Ministry organizes a survey of satisfaction of services provided by the PCSW. They can provide their comments or needs on any topic that they want to. Every survey is followed by an action program to answer the demands and to make the functioning of the national administration more consistent with the needs of the PCSW.

A good example is the redesign of the website of the PPS Social Integration. In the 2015 survey there were many remarks about the website and it had a low satisfaction rating. The Ministry decided to redesign the website and did this through cooperation with PCSW in working groups. It was definitely a cooperative redesign.

The survey 2016 showed a high level of satisfaction with the website.

The website of the National Ministry has become a real working instrument for the PCSW. It has on a yearly basis 169,000 unique visitors and monthly about 50,000 (which is very significant since the website is not oriented towards the general public but towards experts). It contains all legislation, reglementation, circulars and statistics and covers all the working fields of the national administration.

It has also a chapter on 'good practices'. PCSW can present good practices and the national administration is also adding good practices (from their inspection or from research). Through this instrument the PCSW can learn from each other and have some inspiration for their own practice.

At least twice a month a newsletter is sent to all PCSW (and to their social workers, 8,000 addresses). This newsletter contains new legislation, results from research, good practices and invitations to interesting events. It is also a way of coordinating the PCSW in an indirect way.

A last instrument for coordination is the functioning of the inspection of the National Ministry. They not only control whether the money from the national level is correctly spent but they have also to control if the rights of the citizens are correctly granted or correctly refused.

Another service the National Ministry offers, via the inspection, is the assessment of the working procedures of the PCSW. So they can give them advice to better oganise their services and their social inquiries.

Since the inspection is familiar with the way of the workings of the PCSW they can propose to implement the best practices. This means that by working on the best way possible the coordination of the practice is promoted.

We can add to this that in the satisfaction survey every year the inspection obtains one of the highest levels of satisfaction compared with the other services. It shows that the advice and help from the inspection is much appreciated by the PCSW. This is not the case for a controlling service. For example would the tax administration get such high figures?

3.2 Non take up

3.2.1   Concept

One of the problems of the fight against poverty is the high percentage of people that are not taking up the rights that they have. Overall in Europe there is a percentage of between 40 and 65 percent of the population who do not take up this right (Report of the European Parliament, April 2017).

In Belgium the research of 2011 (Schokaert en Bouckaert, KULeuven) proved that between 65 and 75 per cent of people who were entitled to at least one month's minimum income did not take up this benefit.

If we compare this with the level of fraud (only 5 percent of the beneficiaries according to the study of Price Waterhouse Coopers on fraud in the Belgian social assistance system, 2013, which can be accessed on the website of the PPS Social Integration) then this is a much bigger challenge than the fight against fraud.

There are several reasons that can explain the situation relating to this non-take up: lack of information, stigmatisation, conditionality of the benefits and administrative procedures (Report of the European Parliament April 2017).

American research has demonstrated that the administrative burdens are of the highest importance. In this research on food stamps in the USA the authors analysed the results of a sensibilisation campaign, a project to fight stigmatisation by replacing the stamps by an electronic card and concluded that there was not much difference over the previous situation. Qualitative analysis showed however that the administrative burden were a much more important reason for the non take up.

How is Belgium fighting against this non take up? By the automatic granting of rights and by outreaching.

3.2.2 Automatic granting of rights

Instead of waiting till the beneficiary asks for an intervention and has to fill in the documents, Belgium has developed a policy of the automatic granting of rights. Of course this is almost exclusively possible only when the right is a material benefit.

To make this possible Belgium has created a database within the CBSS with all the beneficiaries that could possibly be entitled to some complementary rights (supplementary on the minimum income scheme)

Who is in the database? The database includes all beneficiaries of the minimum income schemes, beneficiaries of the special interventions in health care, disability recipients and unemployment beneficiaries.

An institution that delivers a certain product/service where there is a social tariff has to check every new client to see if he/she is entitled to the social tariff. Because of the protection of their privacy the institution will only get an answer of either yes or no. They will have no information on the basis under which someone is entitled (which benefit). All they receive is whether they are entitled or not.

The process of the automatic granting of rights is fully developed by all Belgian governments (Federal, regional the Dutch speaking community, the French speaking community and the German speaking community).

This approach is already implemented for the social tariff for electricity, mobility and water.

Other rights are under development.

3.2.3 Outreaching

The social integration income can not be automatically granted because it is not only a material benefit but it is also the pathway out of poverty with services and an integration contract.

Moreover, the PSCW needs to assess the actual real income (Tax data is at least one year old).

Therefor the following scenario has been developed: on the basis of data in the CBSS. The Ministry can have a general view of real income (not precise because not all data are in the CBSS and they don't all have the same format). The Ministry can make a list for every municipality on a monthly basis of the people who might be entitled to the minimum income scheme and send this list to the PCSW and ask them to verify if this people are really entitled, i.e. by home visits.

Instead of waiting till the applicant shows up at the PCSW they go out and look for those who could be entitled. There are also other ways to organize this outreach policy e.g. by organizing activities in neighborhoods, by working together with the associations of people living in poverty.

Civil society and NGO's can play an important role in detecting people who might be entitled to an integration income.

3.3 Fighting against fraud

3.3.1 Context

Since the crisis, austerity policies and the phenomenon of rising populist parties, public opinion and the governments of Europe have paid special attention to fraud. Although fraud with taxes (and tax evasion) are of a much greater volume (see Panama Papers, Paradise Papers) and have much more of an impact on the daily life of people especially the middle class (because they have to

compensate for the missed taxes), there is much more action against fraud concerned with social benefits.

People in poverty are not seen anymore as victims of the system by exclusion but as potential fraudsters.

Leading opinion says that if you want to guarantee a well developed social protection system, you need the support of the public (and especially the middle classes) because they are the ones who have to pay for the system.

If they are not sure that only those who are really in need will get a benefit, they will refuse to pay and the politicians will be forced to dismantle the social protection system.

On the other hand too much attention to social fraud may poison the societal climate and undermine every expression of solidarity. A society dominated by suspicion that all the others are possibly abusing the social system is not viable.

Moreover by instigating more control and more conditions to be sure that only the really poor get access to the benefits may give rise to non take up since the administrative burden may get too great.

Another risk of too much attention to fraud is that there can be disproportionate actions undertaken.

For example the city of Rotterdam wanted to be sure that within the framework of its means testing, no owner of a house could receive the full minimum income benefit. For the people originally coming from the Netherlands there is an official list of house owners. But the politicians were not sure that the people originally coming from e.g. Morocco or Turkey did not own a house in their country of origin because official lists do not exist in these countries. To tackle this problem the city hired private detectives to do an investigation in the claimant's country of origin. They succeeded in discovering that the abuse amounted to about 400,000 Euro. But the cost of hiring the detectives and the whole operation was about 2 million Euros. This is, what is called in Flanders, "shot a moustique with a canon". The operation was finally cancelled because of the disproportionate investment/results. Nevertheless, it inspired the city of Antwerp to launch the same operation.

3.3.2 Prevention

The best way to fight fraud is to prevent that it happening. It is always better to prevent than to cure.

Therefore you have to develop a way of working the procedures so that only those who are entitled to get a benefit get a benefit at the right level. And those who are not entitled don't get a benefit.

In Belgium the federal social assistance policy against fraud is in the first place a policy of prevention. The social inquiry of all applicants is the first and most powerful instrument for prevention. Clear criteria are in the law and clear administrative instructions (circular) are facilitating the social inquiry. The social inquiry must be executed by a highly trained professional (a social assistant, bachelor's degree). He/she has to consult with the CBSS for all the data that are mentioned in an administrative instruction and a home visit will be necessary to assess the real needs and develop a pathway within the integration contract to exit out of poverty.

As described before the inspection of the Ministry (SPP Social Integration) assesses the working methods/procedures of the PCSW and provides advice to help better the organisation.

3.3.3 Control ex post

Of course the situation of a beneficiary can change.

Therefore the PCSW has, at least once a year, a legal obligation to conduct a new social inquiry.

And if the guidance and the follow up of the beneficiary is well organized, any change in the situation will be very quick detected and an opportunity will arise to adjust, if necessary, the benefit paid to the beneficiary.

It is the prime responsibility of the PCSW to follow up the beneficiary and to correct eventually the benefits.

As already described the total number of social frauds in the social assistance program is limited (5 per cent was the conclusion of PWC). The most frequent case of fraud is the fraud of place of residence.

Since the Minimum Income Schemes have different benefit amounts for people living alone (around 850 Euro), people living together (each around 550 Euro) and people with children under their care (about 1250 Euro) it is more advantageous for people to live alone than to live together.

In some other sectors of social security, but also in some PCSW examining the bills for electricity and water it can be used to determine if people are really living apart.

Anyway, this is a paradox of the system in Belgium: although it is generally known that living together is better way to fight poverty (and loneliness), the system promotes separation by granting more money to isolated persons.

The Federal Ministry organizes an automatic consultation of the CBSS when the PCSW introduces a demand for reimbursing the benefit. When the Federal Ministry detects that the beneficiary also has some income in the other sectors of social security it will give a signal to the PCSW that it has to analyse the situation of the beneficiary again.

The National Ministry alone can not decide because sometimes it is perfectly legal to combine some resources of work and the minimum benefit up to a certain level. The PCSW must investigate if the amount is acceptable according to the law.

4. SOME RECOMMENDATIONS

One of the strong elements of the Belgian social assistance system is the legal definition of the conditions for entry into the Minimum Income System. These conditions, and the benefits are the same for every citizen of Belgium and are guaranteeing a life with human dignity as guaranteed by Article 23 of the Constitution.

At the same time the local PCSW can adjust the amount of the benefit (only an addition never can they pay less) according to the differences in wealth of the several municipalities. Poverty is always relative.

It could be recommended to China that it introduce a legal minimum income scheme that is equal for every citizen in China, but which can be supplemented by the local authorities according to local wealth.

A second strong characteristic is that the Minimum Income Scheme is not only an amount but also a service.

A pathway to reintegrating into society (in the first place the labor market) is offered through an integration contract. This contract determines the rights and the efforts that both the PCSW and the beneficiary will invest to create results and end poverty. It is a two ways and balanced contract.

It could be recommended that in China a reform of minimum income scheme could also introduce more services and contractualise the relationship between the beneficiaries and the authorities.

A third strong characteristic of the Belgian system is the use of digitalised data via the CBSS. But its use does not replace the professional work of social inquiry. It is only a part of it.

It could be recommended that the enormous progress in collecting data in China could be used for the better quality of granting a benefit under the minimum income scheme. Therefore professionally trained social workers are irreplaceable and could also in China be used for better assessments.

A fourth quality of the Belgian system is the structural coordination of the fight against poverty by the PCSW at the local level. They have the legal obligation to guarantee, at the local level, a life in dignity for every citizen. Therefore the PCSW has the obligation to work together with all the local public authorities and civil society.

It could be recommended that China designates at the local level an institution with the legal obligation to coordinate the fight against poverty. This institution could collaborate with other local institutions and civil society, but keep the crucial competence of deciding and granting benefits under the minimum income scheme.

At lastly Belgium is investing in increasing take up and preventing social fraud by developing more quality in its work methods.

It could be recommended that China invests in the better quality of 'social assistance benefits', enhancing the methods to prevent social fraud and to lower non-take up.

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OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

3.2.2 Optimization of Social Assistance – Procedures and Eligibility Criteria for Social Assistance Benefits

Policy recommendation report

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Table of Contents

THE ELIGIBILITY CRITERIA AND PROCEDURES FOR SOCIAL ASSISTANCE

1.1 The eligibility criteria for social assistance

The social assistance system in China includes eight programs, namely Dibao, Special Vulnerable Groups Assistance (Tekun), Disaster Assistance, Medical Assistance, Education Assistance, Housing Assistance, Employment Assistance and Temporary Assistance. According to their eligibility criteria, the eight programs can be divided into three layers. The Dibao families and Tekun recipients are the poorest in the urban and rural communities who can enjoy a continuing cash transfer in order to help them to make a basic living. More importantly, Dibao and Tekun recipients are automatically eligible for medical assistance, housing assistance, education assistance and employment assistance (known as the special assistances). Except for the Dibao and Tekun recipients, the beneficiaries of the other special assistances also include other low-income groups. The beneficiaries of the temporary assistance and the natural disaster assistance programs are the victims of sudden disasters, and the payment period for both programs usually won't be a long time.

A means test is required for all social assistance applications except for the disaster assistance programs. Although the key factor in whether or not an applicant will obtain social assistance is the applicant's income and assets, many other eligibility criteria are added in local practices. For example, to receive Dibao the applicant must meet obvious behavior and moral requirements, and other criteria such as a work requirement for people with labor ability, the applicant cannot have illegal or criminal behaviors, the Dibao beneficiary can not have a daily consumption level significantly higher than the local Dibao standards etc. In the process of the democratic discussion, the applicant's relationship in the community is also an important factor in determining whether he/she can receive Dibao. In rural areas, the elderly, children, those with a serious disability or a major disease are the people who are more likely to be selected as a Dibao beneficiary in order to reduce disputes. On some occasions, the requirement relating to the household's economy is even not the most important factor in the local targeting practice.

The qualifications above are all regulated by legal documents. In practice there are also some unwritten rules that exist under the legal documents. These unwritten rules sometimes are more important than the official policy. For example, people in the working age group are assumed to have a labour income and can support themselves, hence they cannot get a Dibao benefit. If the Dibao family has college/university graduates, they are treated as people with an income regardless of whether they have a job or not, hence they are more easily ejected from the Dibao program.

1.2 The Administrative Procedure for Social Assistance

The administrative procedures of the Dibao program are the most prevalent of the current eight social assistance programs. The administrative procedures of the Dibao program include a personal application, document examination, means testing, a democratic discussion, community publicity, reexamination and approval, re-publicity, benefit payment, daily management and legal accountability.

The town or street level government will review the application documents submitted by the applicant or his agent. The means test will be launched after the document review. The means test is the most important and complex part of the social assistance administration procedure. It, specifically addresses the following questions. (1) The means test includes a household investigation, neighborhood visits and a claims letter. In addition, information checking has become one of the most important steps in means testing in recent years. (2) After the means test, the town/district level government shall organize a democratic discussion on the economic condition of the applicant together with the urban-rural Dibao cadres, resident/villager committee members and villagers/residents' representatives who are familiar with the applicant's family economic status. The results of the democratic discussion will be published in the community. (3) After the verification of

the documents submitted by the street office or township government, the district and county Civil Affairs Departments will give approval to the results and the result will be made public again in the town/street and community. (4) The Dibao benefit will be paid to the household's account through the banking system after the re-publicity.

The daily management of the Dibao program includes beneficiary management and fund management. Beneficiary management is aimed at removing those who do not meet the eligibility criteria for the Dibao program and to include those who meet the criteria. The financing of the Dibao fund is shared among the government financial departments at all levels. The general principle is that the richer the province the less support it will get from the Central Government. This principle is also used internally within a province.

The accountability of the Dibao administration can be divided into two parts. One is the accountability of the beneficiary, which includes critical education, suspension or cutting off the Dibao benefit, fines and criminal liability. The other is the accountability of the administrative personnel. This includes critical education, administrative sanctions and criminal responsibility.

2. THE CHALLENGE AND PROBLEMS OF THE ELIGIBILITY CRITERIA AND THE TARGETING PROCEDURE FOR THE SOCIAL ASSISTANCE SYSTEM

2.1 The challenge of the eligibility criteria and targeting procedure for the social assistance system

A substantial change in the number of beneficiaries has been a major challenge for the social assistance system over the recent years. For example, the number of urban Dibao beneficiaries was only 849,000 urban residents in 1996. It then increased to 20.647 million in 2002 and remained stable until 2008. The number of beneficiaries then began to decline in 2009 and in 2015 only 17.011 million people remained in the scheme. The sharp decline in the number of Dibao beneficiaries occrred during the period of the transformation of the economic structure when there was a high unemployment rate. Hence the function of a social assistance system should be reconsidered from the social stability perspective.

At the same time, the total number of beneficiaries under the urban and rural medical assistance program was 9.694 million in 2005. By 2015 it had reached 95.238 million. The number of beneficiaries under the medical assistance program was increasing constantly and was putting great financial pressure on all levels of government.

Targeting efficiency is another big challenge for the social assistance system. Many studies have found that "false coverage (*Cuobao*)" and "under coverage (*Loubao*)" are serious problems in the urban Dibao program. In rural areas, farmers' income is unstable and seasonal and the difference in living standards between farmers is not great etc. So the targeting of social assistance in the rural areas is more difficult than in the urban areas.

2.2 The problems of eligibility criteria and the targeting procedures of the social assistance system

2.2.1 Main problems with social assistance's eligibility criteria

First, the automatic eligibility for certain social assistance programs easily causes welfare dependency. The automatic eligibility of Dibao beneficiaries for the other special assistance programs will lead to a very high benefit level in practice, especially with the autotmatic entitlement to housing assistance and medical assistance. This will be a great temptation for some low income people to try to stay in the Dibao program even if they are ineligible.

Second, the eligibility criteria for social assistance is complex and vague. Although the legal documents from the central level stipulate that the Dibao eligibility criteria are based on the income and assets of the applicant, in practice local policy has added a variety of qualifications such as

expenditure, morality and behavior etc. This had made the Dibao program become a composite qualification targeting.

In some rural areas, the democratic discussion makes the targeting a selection process based on morality and individual behavior instead of the family's economic condition. Morever, many places used the "local policy (*Tu Zhengce*)" to exclude some applicants and damaged the fairness and the authority of the social assistance system.

2.2.2 Main Problems in the Social Assistance Targeting Procedure

First, it is hard to make a very accurate judgment on account of the lack of a quantitative calculation index for a household's income and assets. For example, the income of a beneficiary household is usually seasonal or temporary. The targeting and identification of social assistance is harder in the rural areas because the differences in the household income between farmers is small and the concept of family members living together is vague. Although the Information Checking System can improve the targeting efficiency when compared with traditional methods, the construction of the Information Checking System has obviously lagged behind in the under-developed areas, especially in the rural areas.

Second, it is difficult to solve the problem of under coverage. That this problem arises is mainly because of the low policy awareness. Some people who do not apply for social assistance may also be tired of the stigma attached to it or of the tedious procedures. Under these circumstances, the only way out is to mobilize the qualified to apply. However, staff at the grassroots level may not be willing to motivate peple or to undertake publicity work because this will increase their workload without an individual benefit, especially when the numbers of staff are inadequate.

Third, there is a non-standard phenomenon existing in the social assistance procedure. The social assistance procedure is complicated. The procedure from application to approval will take up lots of time and energy for both the applicant and the administrative staff. The institutional incentive to grass-roots staff is insufficient. Staff numbers at the grass-roots Civil Affairs Department are seriously inadequate. Morever, the supervision from the higher levels to grass-roots staff is weak because the policy pubicity work is inadequate. These factors mean that the non-standard phenomenon easily appears in the social assistance procedures.

Fourth, political factors can impact on social assistance targeting. These are likely to manifest themselves in two aspects: first, some people who have failed to meet the Dibao eligibility criteria may be included in the program to maintain social stability or to promote the implementation of certain policies. For example, laid-off workers had priority over other Dibao applicants in the late 1990s due to the serious unemployment situation at that time. In the process of urbanization, some places may bring persons who don't meet the eligibility criteria into the Dibao program in order to implement the "change villager to urban citizen (*Cun Gai Ju*)" policy etc. Second, social assistance targeting is affected by the political environment. At the beginning of the 21st century, the local government tended to include as many low-income applicant as possible in order to complete the task of "guarantee all who should be guaranteed (*Yingbao Jingbao*)" during this period. In recent years, local administrators have often become stricter in their application checking in order to avoid mistakes in the procedures due to the high pressure from the anti-corruption campaign.

3. POLICY SUGGESTIONS FOR OPTIMIZING ELIGIBILITY CRITERIA AND PROCEDURES UNDER THE SOCIAL ASSISTANCE SYSTEM

3.1 Reform the classified guarantee (Fenlei Shibao) and separate the welfare binding

The nature of a classified guarantee is to add welfare onto the Dibao program. The special assistance programs aligned with Dibao will also greatly increase the claimant's real benefit and force the Dibao program into becoming a comprehensive welfare system. The classified guarantee

and the welfare banding will easily lead to welfare dependency. The way to reform the program is to construct and perfect a relative welfare program and separate the welfare part from the Dibao program. For example, expand the allowance coverage for children in difficulties and build the family allowance program for all children gradually, perfect the living subsidy program and the nursing subsidy program for disabled people and construct a pension system for the poor elderly etc.

3.2 Perfect the calculation system on household income and assets

3.2.1 Establish a calculation index of household income for rural social assistance applicants

The income sources of a farmer are complex and the formulation of agriculture income is difficult nowadays. Therefore, it is necessary to set up an index system to identify and calculate a farmer's income. First, it is necessary to select the key contents which can reflect a household's income level in the calculation index system. According to this principle, wage, agriculture income, income from animal husbandry and aquaculture, house rent and land transfer income should be the focus of the evaluation. Second, the calculation and evaluation methods are required. It is necessary to use the mean income of a county / district and the Labor Force coefficient as the calculation base to transfer the income level of an applicant family. The labour coefficient setting should be based on the labor capability of family members.

3.2.2 Perfect the asset standard and reduce the subjective factors in asset checking

Local staff have to rely on the subjective judgment of an applicant's household assets on some occassions. Therefore, it is necessary to establish a quantified asset standard. In the process of setting the assets standard, an assets range or list should be determined and then calculate the amount which could be held by the applicant. Two issues should be paid attention to in this process. First, the assets list should be localized because there are obvious differences in the social and economic development levels of different regions. Second, it is reasonable to allow the applicant to hold a certain amount assets to allow them to have a basic living or production since the goal of social assistance is to maintain a basic living.

3.3 Reform the targeting method for social assistance

3.3.1 Accelerate the construction of the information checking system for household economic conditions

The under-developed areas (especially the rural areas) are still dependent upon the traditional method, while the developed areas mainly use the Information Checking Technology System in the process of means testing. It is obvious that the Information Checking System is more efficient than the traditional method. Therefore, it is urgently needed to expand the Information Checking System across all of the country. However, the new technology has its own shortcomings, such as one can not find out cash, can not transfer assets into a monetary income etc. For these reasons, the traditional method of means testing will still remain important for social assistance targeting.

3.3.2 Increase the publicity about social assistance policy to reduce under coverage and welfare fraud

An important reason for under coverage is that low income people do not know enough about the social assistance policy. Therefore, it is necessary to strengthen public education about the social assistance policy according to the actual situation by various ways. This will act to increase the system's coverage rate. At the same time, it is also needed to enhance the education of the applicant about their legal responsibilities and knowledge of welfare fraud in order to decrease the targeting error from the original source.

3.3.3 Establish a tracking mechanism and an active discovery mechanism for the social assistance system

In practice some people who are eligible do not apply for social assistance. In order to reduce this phenomenon, two mechanisms need to be established. The first is a tracking mechanism. A huge amount of data on low income households will be accumulated following the establishment of the Information Checking System. For the purpose of poverty prevention, the Government could use this data source to track and monitor the living conditions of households in poverty, especially a family with a disabled family member, with a family member with a serious disease or one who has had a major accident. The second is an active discovery mechanism. It is necessary to build a network (for example, a "wechat" network or QQ network) which includes social care staff, volunteers, staff from the Civil Affairs Department and the Education Department, staff from the Federation of Disabled Persons and the Women's Federation, etc. The potential recipients of social assistance may be reached through these networks thereby reducing the uncoverage in the social assistance system.

3.4 Improve the administrative procedures for social assistance

3.4.1 Standardize the administrative procedures for social assistance

It is necessary to optimize the administrative procedures for social assistance because the procedure is not only complicated but it is also time-consuming. It is also easy to make a mistake at any time. There are three aspects that need to be enhanced.

First, the documents on a household's economic condition should be strictly examined. It is necessary to reform the accountability mechanism according to the rule on "Who gives proof and who takes the responsibility", and establish corresponding punishments for individuals or organizations who provide false information or supporting materials on behalf of the applicant.

Second it is necessary to regulate what are reasonable home visit times. For example, a household able to participate in the labour force could be visited quarterly, and a household unable to participate in the labour force could be visited every half a year. The third is to set up a review system for social assistance. The applicant should be allowed, within a certain period of time, to apply for a review after receiving a negative result. In the process of review, the county level management department can investigate directly or ask the street office/township level department to reinvestigate and resend the result for the purposes of guaranteeing the applicant's legal rights.

3.4.2 Reform the democratic discussion in the means test

Democratic discussion is good for public scrutiny. It can not only reduce the black box operation in the administrative procedure but it can also solve the difficulty of income and asset identification to a certain extent. However, a democratic discussion also has some problems. For example, the result of a democratic discussion can be greatly influenced by the applicant's relationship.

The result of a democratic discussion may replace the result of a means test if the grass roots level over relies on it. So it is suggested that the facts relating to the household economic condition of an applicant should be obtained through the social assistance agency in urban areas, and the democratic discussion should be abolished in the near future if possible. The democratic discussion could be continued for a long time in the rural areas because the economic condition of a farmer is far more complicated than an urban citizen. For this reason, the democratic discussion in rural areas should be further improved and contine to play a positive role.

3.5 Strengthen the capacity of grass-roots staff

The number of staff working on social assistance at the street or township level is not enough and it is difficult for them to carry out the work associated with social assistance very well. Therefore, social assistance departments at grass roots level should be provided with enough staff or positions

so as to be better able to implement the policy. It is necessary to build a professional social assistance agency at street or township level wherever possible. This agency would only be in charge of the social assistance management and service work. For those streets or towns without a professional social assistance agency, the government could hire temporary employees to solve the problem of a lack of staff. At the same time, professional skills training should be provided to all grass roots level staff for the purpose of enhancing their professional skill.

3.6 Explore the government's purchase of social assistance services

The problem of a shortage of Civil Affairs staff at grass roots level will remain for a long time. The main way out of this problem is for the Government to purchase social assistance services. Social organizations could carry out some of the social assistance work with the government paying for the services. This could push for a fairer social assistance policy implementation. Morever, social organizations can meet the demand for individulized services better than the government with the development of society. As the third sector, social organizations are more professional than the government in service provision and have fewer personal relationships (Guanxi). This will allow them to more easily gain the trust of, and recognition from, the service recipients in the process of providing social assistance services.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

3.2.2 Optimization of Social Assistance – Procedures and Eligibility Criteria for Social Assistance Benefits

Policy Recommendation Report

Dr Lacramioara Corches, EU-China SPRP expert

Table of Contents

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

1. OPTIMIZATION OF MINIMUM INCOME SCHEMES (MIS)

A short definition of optimization is[2]: the act of making something as good as possible.

A much more comprehensive definition says that Optimization is[3] finding an alternative with the most cost effective or highest achievable performance under the given constraints, by maximizing the desired factors and minimizing the undesired ones. In comparison, *maximization* means trying to attain the highest or maximum result or outcome without regard to cost or expense.

The practice of optimization is restricted by the lack of full information, and the lack of time to evaluate what information is available. In a computer simulation (modelling) of business problems, optimization is achieved usually, e.g., by using linear programming techniques of operations research.

Designing social assistance program needs, beside optimality conditions for the budgetary transfers and for the financing sources, testing mechanisms for the eligibility and for the distribution process.

Each country specific conditions make difficult the choice of a prognosis and a dimensioning unitary model. For this reason I furthermore present a separate analysis of EU Member States and China, and the directions for action, accordingly.

Building optimal mechanisms implies a coherent economic policy and the establishment of efficient institutions, with clear rules and norms for the allocation of the funds in conditions of imperfect knowledge of the field situation. These mechanisms are given by a modern theory of decision-making, namely mechanism-design.

The current study is presenting the ingredients of the actions which should be taken for designing a reform strategy, as a result of many aspects of the problem:

- good practices in the EU

- reforms in the EU

- a data analysis regarding China's performance indicators, with their impact on social assistance policies

- an analysis of the factors involved in mechanism design

The data used were chosen from different sources: Eurostat, World Bank, OECD, and ILO.

To assure the relevance for China, the trends of China where compared with the EU trends, and strong similarities were found with Romania and Bulgaria. Therefore a comparison is done among these three countries only in Annex A (comprising annex 1 to annex 24).

2. THE ROLE OF MINIMUM INCOME SCHEMES IN FIGHTING POVERTY AND SOCIAL EXCLUSION ACROSS EUROPE

At the European level, the following definition is widely accepted for a minimum income scheme- a minimum income scheme should put in evidence the right to live in dignity, which implies to be able to count on adequate resources, considering this as 'a fundamental human right and needs to be effectively guaranteed to all'.

The meaning of this is that people should be put in the condition whereby they can participate fully in society and the economy and that this right should be fully recognized and made visible in EU policymaking by ensuring high quality, universal social protection systems which include, within them, effective and adequate MI schemes that proactively detect needs.

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[2] https://dictionary.cambridge.org/dictionary/english/optimization
[3] http://www.businessdictionary.com/definition/optimization.html

58

The EMIN Network[4], in analysing the measures implemented across Europe, puts emphasis on the target population and on the fact that MI are mainly last-resort schemes to ensure a minimum standard of living for individuals and their dependents when they have no other means of financial support.

MI schemes are defined as 'essentially income support schemes which provide a safety net for those who cannot work or access a decent job and are not eligible for social insurance payments or those whose entitlements to these have expired'.

The EMIN Network also stresses the fact that, in many countries, the measure is addressed to people of working age only if they are unable to find work 'since this is a reason for people's inability to guarantee an adequate standard of living through their own efforts'.

The role of minimum income schemes in fighting poverty and social exclusion across Europe

Alleviating poverty[5] is one of the key concerns of welfare states and the measurement of how the policies implemented are able to reach this objective is a key question both for the policymaker and for the policy analyst.

MI schemes miss their objective to reduce poverty and exclusion for three main reasons: because the amounts are not adequate to lift the poor out of a condition of poverty: because they do not cover those in need, and because they do not reach the people they target.

Adequacy, coverage and take-up rates represent the most relevant issues in the current debate on MI, being the three key aspects able to affect the effectiveness of the measures.

That is why, the most important issue is the choice of a strategy comprising the mission, the purpose, clear objectives and a clear action plan which will contain all the above. And, obviously, this will be drawn in accordance with the economic and monetary policy.

3. REASONS IDENTIFIED FOR THE LIMITED IMPACT OF MIS ON POVERTY REDUCTION IN THE EU

The research conducted by EMIN's specialist during 2017, as well as the research conducted in 2015, showed some reasons for which the *effectiveness* of the measures and policies applied through Minimum Income Schemes (MIS) throughout all the 28 Member States were not reached. Namely, the Adequacy, the Targeting and the Coverage of the benefit were affected, and the following are the reasons why.

3. 1 Adequacy

The amounts the beneficiaries received are not adequate to lift the poor out of the condition of poverty[6], namely, compared with the poverty line (AROPE), or with the minimum wage level, the level of MIS is far too low, as they are:

➢ Set by law (BG, CZ, DE, EE, ES, FI, FR, IE, LT, LV, PL, RO, SE, UK)

➢ Set as a proportion of pensions (AT, HU, LT, LV),

➢ Set as a proportion of the unemployment benefit (DK) or

➢ Set as a proportion of the minimum wage (NL, most regional MI schemes in ES).

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[4] Anne Van Lancker – EMIN policy coordinator –"Setting the scene EMIN Context Report Developments in relation to Minimum Income Schemes in Europe " – October 2017
[5] idem
[6] Minimum Income Policies in EU Member States – Study for the EMPL Committee, 2017 – Crepaldi C. et al

► **Graph 1: maximum gross GMI as a percentage of median income – single person 2011**
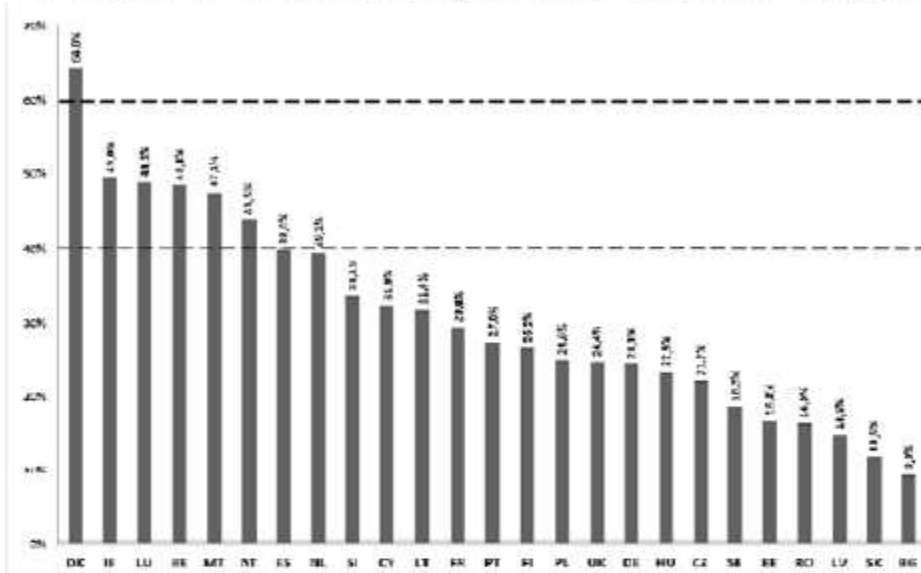
Source: EU-SILC

Thus, the benefit levels fail to sufficiently take into account housing and all other minimum living costs (food, clothing etc.) and are insufficient to get the beneficiary and their family out of poverty.

As the graph above shows, in 2011, only DK had a MIS level higher than the relative poverty line of 60% of median income (AROPE), and IE, LU, MT and AT have the level higher than 40% of median income. All the other 23 EU Member States are much lower.

By having this low level of a threshold, there is a low proportion of GDP spent on MIS

o   In the EU 28: 3.1 percent of GDP is spent on means-tested benefits, compared to 24.5 per cent on non-means-tested benefits.

o   Only in DK (11.3 percent), IE (6 percent) and ES (5.6 percent), are expenses on means-tested benefits considerably higher than the EU average

Moreover, in most EU countries, global funding for means-tested benefits is relatively small when compared to the funding of non-means-tested, social assistance or contributory benefits.

Means testing is much simpler and data exchange is possible among institutions in small countries. In China, where the sector IT is very well developed, the large number of the population represents a risk specific for big data.

In another research from 2016, conducted on eight central and Eastern European countries (CZ, EE, LV, LT, HU, PL, SK, SI), Avram studied the effectiveness of the MIS, breaking it down into two dimensions: 'whether the programme is able to reach the poor' and 'whether it transfers enough resources to bring the poor above the poverty line' (Avram, 2016).

The results indicate that social assistance programmes 'waste' a significant share of their resources. In the most wasteful countries (Hungary and Latvia), well below half of the total social assistance transfers (and in some years, as little as 17 %) actually contributed towards reducing the poverty gap. Even in the most efficient countries (Czech Republic and Estonia) the share of well-targeted

spending is below 75 percent'. According to Avram, social assistance programmes are rather ineffectual and inefficient in dealing with poverty in all eight of the countries.

Although there are objectives, programs and the countries from the study are much smaller than China, one may conclude that there is a big risk in any social assistance policy, because, regardless of how flexible it is, it cannot adapt permanently to the existing dynamic reality.

So, for China, the choice of the appropriate strategy should take into account the dynamics of the known factors and, also the actions should take into account the adaptability capacity over the medium term. As a consequence, the construction of an IT system must permit simple and continuous changes.

Improve the adequacy

The most important concern is that in most of the EU member states (MS), MI schemes are inadequate to lift people out of poverty. As welfare states, the EU MIS 'should be high enough for a decent life and at the same time help people to be motivated and activated to work'[7]. For the time being, all experts and stakeholders agree that to make MI schemes adequate for people to live a decent life, the adequacy of MI should be improved.

The first option would be to determine the level of the MI, such as considering the 40 or 60 % AROPE threshold[8], or, secondly, to lift the current level to a percentage of minimum wage. As every EU Member State has a Minimum Income Policy, their thresholds and levels of payment are established considering their policy priorities, welfare culture and the generosity of their welfare expenditure. It is not within the EU's competence to promote coordination from this point of view, yet (?!), but specific action can be taken to reinforce the already existing mechanisms of soft coordination[9], by establishing an agreed threshold of basic support to be used as a reference point for all EU countries, and assessing, from the EU level, the distance from the agreed minimum level. Then countries can decide whether or not to take steps to narrow the gap.

Which level then could be taken as a reference point?

The most viable way is the AROPE[10], in two steps: for those still below the level of extreme poverty the threshold could be put at 40 percent, while for those who are already above 40 percent

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[7] Minimum Income Schemes in Europe - A study of national policies 2015 _ Directorate General for Employment and Social Policies

[8] *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)

[9] OMC=Open Method of Coordination= The Open Method of Coordination is a light but structured way EU Member States use to cooperate at European level in the field of culture. The OMC creates a common understanding of problems and helps to build consensus on solutions and their practical implementation. -
https://ec.europa.eu/culture/policy/strategic-framework/

[10] AROPE=At Risk of Poverty and Exclusion - refers to the situation of people either at risk of poverty, or severely materially deprived or living in a household with a very low work intensity. The AROPE rate, the share of the total population which is at risk of poverty or social exclusion, is the headline indicator to monitor the EU 2020 Strategy poverty target - http://ec.europa.eu/eurostat/statistics-
explained/index.php/Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE)

the threshold could be set at 60 percent. It is the most viable way, as all indicators are already available and not all countries have set a minimum wage.

Moreover, a hypothetical annual assessment could compare:

a) The level of minimum income set for the most relevant household types: single, single parent, couple with two children and large families, old people;

b) The level of the minimum wage;

c) The value (at real costs) of a reference budget which covers all the necessary expenses to participate in society, regularly updated. This reference budget should reflect all costs of living and should be used to determine the ability to afford the basic set of goods and services. The use of reference budgets allows the robustness and adequacy of the minimum income schemes delivered to be tested. Every country has different configurations in the definition of the amounts.

In order to allow a comparison between the overall 'package' assigned to individuals/families in need and the local living standards, the amount considered for the comparative assessment should also be complemented by *the additional support and allowances paid to families in need as integration into the basic amount* (such as child benefit and housing subsidies).

However the level of payment is defined, specific attention should be paid to avoid the so called 'poverty trap' that can arise as the result of the double action of social security benefits and tax laws which prevent people from climbing out of welfare dependency.

The level of welfare benefits, for those who can work, should be put at a level that does not give a disincentive to take up a paid activity: eligibility mechanisms and taxes should not discourage people to strive and earn more.

These elements should bring in the institutional establishment of a permanent assessment system for the outputs. This system should be used at central level. These institutions might be: Social Inspection, or Social Audit. Their signals must be taken into consideration rapidly, and the changes proposed by them implemented in the legislative norms. The staff of these bodies, Social Inspection or Social Audit, should be trained in psychology, sociology, IT, with good skills of data analysis.

3. 2 Coverage

The second issue to consider is coverage, meaning that there are people eligible according to the law in force, but who are still not receiving the benefit.

MI schemes are generally not universal schemes: they are designed to lift out of poverty all those in need but, on the contrary, eligibility conditions include or exclude more or less wider proportions of the population.

Eligibility can be linked to the level of poverty, to age, nationality and residence, and in most of the cases, availability to be activated, and/or the willingness, to work.

Figari (2013)[11] evidences that in several countries, a large proportion of individuals of working age were not eligible for MI even when they had fallen below a poverty line set at 40 percent of the median income.

This highlights one reason why social safety nets may be less tight than is commonly believed: eligibility rules limit coverage by design, either by introducing categorical conditions that exclude potential beneficiaries or by setting the income threshold for an entitlement too low'.

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[11] Figari F., Matsaganis M., Sutherland H., (2013) Are European social safety nets tight enough? Coverage and adequacy of Minimum Income schemes in 14 EU countries, International Journal of Social Welfare, n. 22/2013

Two main groups are distinguished: those *who can work and those who can not*. As described in the Social Protection Committee (2015a)[12] in several cases reforms introduced have originated modifications in the targets addressed and income support has been progressively targeted to those most in need, or have been specifically targeted to certain groups (families with children in particular).

Age requirements represent another important issue of concern. Most countries set the minimum age at 18 years but those under 30 in a few cases are entitled to a much lower level of support. Young people, who are considered together with migrants as the main losers of the crisis according to statistics on employment and unemployment, are among those less supported by MI schemes.

The debate among policymakers and stakeholders in particular concentrates on how to support them without discouraging participation in the labour market. The European Commission considers that creating more opportunities for young people to be economically active is of fundamental importance not only for young people, but for society as a whole 'if we expect younger generations of taxpayers to finance the pension and healthcare systems for the ageing population'. Based on this concern, many countries have reformed their MI schemes to address this issue. Further information on this will be presented later in the document.

Coverage of MIS in EU: type of the right and applicability[13]

- Austria - universal, subjective right, regional level.
- Belgium - universal, network of different benefits, subjective right, national level.
- Bulgaria - universal, discretional, network of different benefits.
- Croatia - universal, subjective right, national level.
- Cyprus - universal, subjective right, national level.
- Czech Republic - universal, network of different benefits, subjective right, national level.
- Denmark - universal, simple comprehensive, subjective right, national level.
- Estonia - universal, comprehensive scheme, subjective right, national level.
- Finland - universal, comprehensive scheme, subjective right, local level.
- France - universal, network of different benefits, subjective right, national level.
- Germany - categorical, network of benefits, subjective right, national.
- Greece - universal, network of benefits, subjective right, national level (when fully implemented).
- Hungary - categorical, simple comprehensive, subjective right, national level.
- Ireland - universal, network of different benefits, subjective right, national level.
- Italy - categorical, network of different benefits, subjective right, national level.
- Latvia - categorical, network of different benefits, discretional, local level.
- Lithuania - universal, network of different benefits, discretional intervention, local level.
- Luxembourg - universal, simple comprehensive, subjective right, national level.
- Malta - categorical, network of different benefits, subjective right, national level. T
- The Netherlands - universal, simple comprehensive, subjective right, national level.

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[12]Social Protection Committee - Working Paper 2016 - Minimum Income Schemes in Member States
[13] Minimum Income Policies in EU Member States – Study for EMPL Committee, 2017 – Crepaldi C. et al

- Poland Universal - comprehensive subjective right in case of permanent benefit, discretionary in case of temporary benefit, national level.
- Portugal - universal, simple comprehensive, subjective right, national level.
- Romania - universal, network of different benefits, subjective right, national level.
- Slovakia - universal, network of different benefits, subjective right, national level.
- Slovenia - universal, simple comprehensive, subjective right, national level.
- Spain - categorical, network of different benefits, subjective right, national and local level. Regional minimum income benefits are in majority qualified as individual or subjective right (i.e. Extremadura, Murcia).
- Sweden - universal, simple comprehensive, subjective right, national level.
- UK universal, network of different benefits, subjective right, national level.

In designing management structures, task assignment and subsequently human resources (central level, local level) the following phases that a public policy objective must achieve should be considered:

a) Phase of preparation and monitoring - public policies (forecasts) can be achieved by a department of the Ministry's structure and with a role in analysing the impact modelling;

b) Regulatory phase - this can be carried out by a specialized structure or legal department;

c) Implementation phase - can be performed by an institution, officer in the Ministry, or by a third party;

d) The coordination and guidance phase methodology - can be conducted by a structure of a department or the administration department a compartment of the Ministry;

e) Inspection and control function - can be conducted by either an inspection body or a structure within the Ministry or its management structure

Thus, the Parliament/legislative body mandates the Government to conduct the business executives of the State. Ministries mandate subordinated institutions to implement parts of the sectoral policy of that account. Payers of taxes mandate local councils to establish the amount of tax. The Central Government mandates decentralized bodies and devolved locally public institutions mandate their own employees, contracting authorities, suppliers, etc.(Amogh, 2009, Luby, 2009; Lane, 2005; Schaefer, 2006; Khan and Hildreth, 2002; Forrester, 2002; Gyorgy, 2013).

The implementation of a policy of social assistance is a process of the establishment of the entities that are designed to implement public policies and specific relationships between the established theories of agent. (Beblavy 2002, Gyorgy 2013).

For example, if one looks at things only in terms of decentralization, according to the Council of Europe - "Reforms Regionalization and Decentralization in Romania", an efficient allocation of responsibilities between central and local levels assumed that the duties and powers concerning the implementation of policies, national strategies and regulations are the responsibility of local authorities, and powers and duties aimed at developing strategies/national policies, regulation, inspection and state control on how the legal provisions relate are to be exercised by the Central Government.

Regarding the use of the Agent theory in China, the above case is relevant but in China there are only two levels, a central level and a local level. Due to the much larger number of people in China the decision is more complex and there may be one other level at district or village and may involve

the existence of several officers/staff and coordination structures and levels of diverse control agents.

The efficient way of allocating powers exercised by public authorities in a broad sense thus presupposes not decentralization as the tool itself, (it is just a customization of a broader concept of building effective mechanisms of economically achieving a goal or more objectives) but the choice of an optimal policy.

An example of a social assistance benefit: In China there is a public policy requiring that the benefit is based on the income of a person or a household, and the households' wealth itself. Also, in China there are institutions which have evidence on all incomes (agencies of fiscal administration), another central institution that pays the transfers, and local government. In this example it can be assumed that due to the actual development of society and of the information systems, the local administration has no access to income data in real time, and the information is known only by the central government. But at the local level, the general situation is better known (macroeconomic context of the area).At the village or street level, the property data about the families is better known, because the leadership of small communities is much closer to the citizen.

In Europe there are such levels of transactions: one is established between the applicant and the municipality and the other relationship is between the municipality and the state. (Opening credits control etc. ...).

In China public policy can establish multiple levels of targeting, not two as in most European countries. This system of institutions may rely on different mechanisms with specific sanctions, and the policy may target several levels.

Regarding the above, there is another question that arises: what should be in the public policy - Eligibility at individual or household level? The best answer is that in this case the key consideration must be the ability of the state to get the knowledge of the situation of an individual when compared to a family situation or to a household situation.

3. 3 Targeting (take-up rates)

Another question is does the program reach all the targeted people? And here there are two main issues: Should MIS be a universal scheme or a conditional (= targeted) one?

The universal approach[14] proposes that all citizens of a nation receive the same state-provided benefits. Universalists question targeting from the perspective of human rights or moral principles of equity or from the practicalities of targeting and its costs including political costs and the costs to the beneficiaries.

Universalists believe that the experience of targeting as a means of increasing the efficiency of redistributive spending has been unsatisfactory, divisive, costly, and detrimental to the efforts to increase the budget of social programs.

In contrast, proponents of targeting have a more optimistic assessment of the targeting experience to date and are hopeful that modern technology will help to minimize the error, while improvement in governance will make the targeting procedures more inclusive.

The choice to target comes from dissatisfaction with the poor results of universal subsidies.

Facts about the evolution of the accuracy of targeting in Armenia, Bangladesh, Brazil, China, Georgia, Indonesia, Mexico, Pakistan, the Philippines, Romania, Tanzania (to name just a few well documented cases) show that performance can improve over time, reducing both the exclusion of the poor and the costs to beneficiaries and administrators.

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[14] http://ideas4development.org/en/social-protection-universal-poverty-targeting-approaches-are-not-in-contradiction/

However, most of the existing poverty targeted programs do not cover more than one half of the poorest quintile. [Some notable exceptions are worth mentioning: Ecuador, Brazil, Mexico and the Philippines cover over 50% of the poor by their poverty targeted Conditional Cash Transfer programs. China covers most of its urban poor by DiBao, an unconditional poverty targeted cash transfer][15]. However, these countries are few and far between and are not among the poorest.

A universal program may seem significantly easier for administrators to implement. They also may be less costly for the beneficiary. Having simple categories to determine eligibility (e.g. old or young age, or invalidity) prevents the potential stigma attached to poverty-targeted benefits. Other possible conflicts caused by more complex selection criteria, are avoided. These are very valid practical considerations determining the cost and benefits of a targeted versus universal scheme. And such an assessment has to be empirical, based on actual country programs and data.

A significant innovation that is helping is technological solutions in the form of an electronic, periodically updated registry of potential beneficiaries. This comprises everyone in the population who is currently poor or vulnerable to future poverty. Linking it to other databases (geospatial data, climatic data, land ownership, family status, housing cadaster), helps to make the means test less taxing and more accurate. Many of these mechanisms are necessary for efficient delivery in both the universal and the targeted programs (IDs, registries, payments). In many cases, investments in targeted programs help to create the capacity to implement truly universal programs.

Are budgets for universal programs more generous compared to the targeted ones?[16] There is no evidence that countries with universal programs have more sustainable and larger social assistance budgets. Political economy is a real challenge for both the universal and the targeted programs and claiming that one form is superior to the other based on one specific model of a political process is not borne out by the historic evolution. What is happening instead is an increase in means testing as a share of GDP and social benefits in countries, related to the mitigation efforts during the recent crisis. A rather strong hint, it seems, that dire circumstances require more, not less targeting.

The budget constraint is indeed a very powerful argument for investing in better targeting.

The goal: reaching equity

It may seem that from an ethical or human rights perspective, equity is better achieved with policies that treat every member of a society equally. However, equity doesn't always mean universalism or equal doses of inputs. If you want people to be equally well, you have to give sick people more health inputs than healthy people. Experience shows that in general the neediest, most marginalized and most discriminated against groups may have difficulty accessing universally provided programs. No discrimination in access may also mean an active search for the most marginalized and vulnerable.

Take-up rate

Non-take up creates inequalities between those who are entitled to, and take up, the benefit and those who are entitled to but do not take up the benefit. In particular, it increases inequalities within a group that is entitled to a social benefit and in a vulnerable situation. (Eurofound, 2015)[17].

The characteristics of groups that are less likely to take up a benefit they that are entitled to are shown by people who:

a) Experience social isolation;

b) Are migrants;

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[15] idem

[16] Minimum Income Policies in EU Member States – Study for EMPL Committee, 2017 – Crepaldi C. et al

[17] Dubois H. and Ludwinek A., Access to Benefits, Reducing Non take-up, Eurofound 2015

c) Are 'new to need';

d) Are at risk of stigmatization;

e) Face extreme poverty (are homeless);

f) Experience financial strain while owning a home.

Another important reason for non-take up is the territorial dispersion of potential beneficiaries. In rural and remote mountain regions, people are much less likely to reach social services to be informed about their rights.

Synthesis of major developments of MI schemes over the period 2010-2016

The reforms undertaken in the past few years have led to several changes within MI schemes implemented by EU Member States. According to MISSOC (delivered in January 2017 but updated to July 2016) integrated with ESPN country case studies (2016), most EU Member States have reformed their MI schemes during the period from 2010 to 2016.

The first trend concerns the strengthening of conditionality, and in particular the effort to link minimum income schemes more strictly with the labour market, work commitments, and in general more to labour policies. This trend, which obviously concerns the able-to-work population, is probably the main theme and affects many countries belonging to all the different welfare systems.

For conditionality, in the UK for example, the new Universal Credit (which will replace measures like Income Support) implies that claimants sign a claimant commitment with strict guidelines. EL, PT, SK, IT, NL are among the countries where conditionality has been reinforced with concrete bonds to active labour market policies (ALMPs).

2. A second trend consists of the setting of more strict eligibility criteria and time limits for a benefit, with particular reference to the able-to-work population.

For example in DE, the low level of the benefits in comparison to the poverty threshold has been justified by the argument that it is an incentive for recipients to return to the labour market faster.

In PT, stricter eligibility and conditionality have resulted in reduced levels of coverage and benefits.

In ES in 2012 a reform was introduced to take account of the household's income instead of the individual's income. As a result, the number of beneficiaries decreased by 64 percent in only two years.

In DK the government has put a cap on social assistance, with the argument that it 'should pay to work', and economic incentives have been the central and core argument for the reduction in benefits.

3. A third trend, a little more complex and largely unclear in its concrete effects, is the effort to simplify a multitude of different and fragmented schemes and to absorb them into one general minimum income program. This is the case, for example in FR, RO, the UK and IT. The concrete substitute effects of the new schemes with reference to the old ones are still to be assessed in many countries.

4. A fourth trend regards the complex interplay between regulation and organization of the schemes. Many countries are experiencing a dynamic between devolution and decentralization of managing functions, and centralization of regulatory functions. Some of them emphasize a more centralized regulation (like RO), others emphasize devolution (like NL). The mainstream trend to reduce the discretionary allocation of benefits is to centralize eligibility rules and to decentralize the managing of conditionality. This often needs to be addressed by considering case-by-case situations.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Within these organizational reviews, there are efforts to set up a 'one-stop shop'. The one-stop shop approach tends to simplify and unify the way benefits are communicated, accessed and taken up, in particular where the benefits can have different targets and eligibility criteria.

5. Another trend, not as widespread as the others but very interesting and partially linked with the conditionality mentioned above, regards what is called the 'pay back' welfare approach, exemplified by NL. Here, municipalities regulate the way recipients return or compensate for the fact that they receive social assistance, for instance by taking up voluntary work. In Dutch this is called tegenprestatie (consideration). This is primarily motivated as a 'quid pro quo' and not as an incentive to acquire a job. Refusing to cooperate can lead to fines or temporary freezing of the social benefits.

Graph 2: Setting the Scene EMIN Context Report Developments in relation to Minimum Income Schemes in Europe
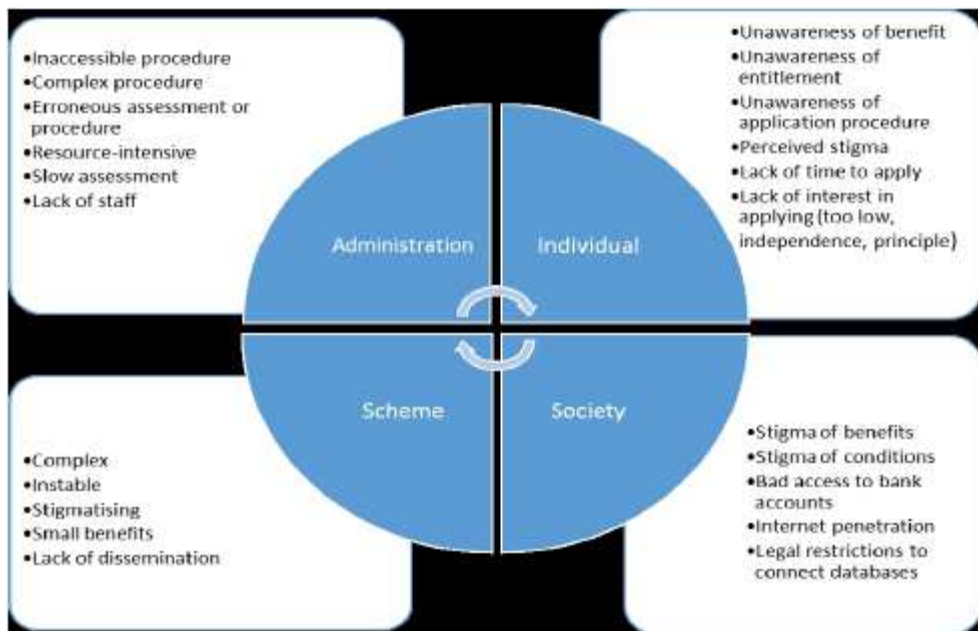
Source: Anne Van Lancker

The above information [18] shows the four main reasons for non-take-up:

a) Depending on the administration: the too complicated, complex or inaccessible procedures, or the resource consuming ones, combined with the lack of staff

b) Depending on the individual: bad communication and dissemination of the entitled rights as well as too small an amount of benefit combined with a potential stigma, can lead to a lack interest

c) Depending on society: the potential beneficiary is subject to stigma; or the legal restrictions concerning banks or databases leading to poor access to bank accounts

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[18] Anne Van Lancker – EMIN policy coordinator – "Setting the scene EMIN Context Report Developments in relation to Minimum Income Schemes in Europe " – October 2017

d) Depending on the scheme: too complex, and poorly known access procedures, to small benefits not worth the effort and the expenditures related to their delivery

Which of the solutions are possible to implement?

- 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
- improving the interaction with other elements of the welfare state and strengthening empirical evidence and research on take-up.
- creating more work in sheltered employment or the social economy,
- establishing youth guarantee plans
- providing training and job opportunities adapted to the needs of GMI beneficiaries,
- setting up personalized active inclusion measures.
- increasing the ceiling for combining earnings with GMI so as 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 personalized coaches to accompany people plus some specific recommendations on the active inclusion of older people.

Main target groups eligible for minimum income schemes[19]

Austria - Single persons and households (families, domestic partnership). No age condition.

Belgium -Regarding the general system, single persons, individual rights for persons cohabitating, persons living together with a dependent family. A beneficiary under the age of 25 is entitled to social integration as a priority through employment within 3 months of the claim.

Bulgaria - Single person and households, accumulating personal conditions of members. The MI system requires being extremely poor and devoid of all assets that could potentially generate an income in the future. No age condition.

Croatia - Single persons or families who do not have enough money for the basic means of living, those who have insufficient income from work, property income, or from the person liable to pay support, unless the welfare centre establishes that that the person concerned is not able to provide support. Physically or mentally disabled adults/children, children subject to an order of a family law or criminal law protection. Other persons who are in need due to disturbed relations within their families and addiction are also entitled to guaranteed minimum benefits. No age condition.

Cyprus - Any individual and their family dependants who is legally resident. Aged >28, with exceptions

Czech Republic - A person or family in material need with a low income and their overall and a social and economic situation is below the basic living requirements.

Denmark - It is offered when a person is aged more than 30 (with exceptions) is, due to particular circumstances (e.g. sickness, unemployment), temporarily without sufficient means of subsistence. For young people 18 - 29 educational assistance is provided.

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[19] idem

Estonia - the Subsistence Benefit is paid to individuals/households without sufficient means of subsistence to ensure that they and their dependents have a decent level of living. No age requirements.

Finland - Households with insufficient income to cover basic expenses; people who cannot obtain the means necessary for a decent living, in the event of unemployment, illness, disability, during old age as well as at the birth of a child or loss of a provider. No age requirements.

France - RSA-socle: people whose income is lower than a fixed amount, whether they are employed or not. RSA-activité: people in work whose income, although higher than for RSA socle, is lower than the guaranteed income. Young adults aged 18 – 25 are generally not entitled to the RSA, with exceptions

Germany - Beneficiaries are those who are capable of working - if they are not excluded due to particular circumstances - and their family members living together with the beneficiary in a domestic unit (Bedarfsgemeinschaft). No age conditions

Greece - SSI is addressed to households living in extreme poverty. Households must simultaneously meet all of the income, assets and residency criteria laid down by the law. Beneficiaries must be at least 18.

Hungary - Persons of active age (from the age of 18 until retirement age) who are not employed and are not in education and who do not have sufficient resources.

Ireland - People with insufficient means. No age limits

Italy - Active Inclusion Support: benefit in the form of pre-paid card targeted at families with an ISEE threshold (an indicator of an equivalent economic situation) below EUR 3 000, with at least one child under 18 or disabled or a pregnant woman. No age limits

Lithuania - Single residents and families are entitled to SAB if the single resident or at least one of the spouses/cohabitants works or does not work because they are: - full-time students (until they reach the age of 24); pensioners or individuals above retirement age or disabled; nursing a disabled or a sick person; registered with the local office of Lithuanian Labour Exchange (Lietuvos darbo birža) or with another Member State's employment service; taking care of a child under the age of 3 or if vulnerable.

Luxembourg - Minimum age of 25. An exception is made for persons raising a child, or for adults with work incapacity or who care for a disabled person.

Malta - Heads of household from 18 to 60 years and dependants.

The Netherlands - All persons legally residing in the Netherlands with inadequate financial resources to meet their essential living costs. PA applies for persons aged 18 - 21, 21 - 65, 65 and over. Assistance can be applied for and received by one of the partners as family assistance can be divided among partners in equal parts upon request.

Poland - Benefits can be granted to persons aged 18 and families with an income per capita below the income criterion.

Portugal - Residents aged 18 without sufficient resources.

Romania - Individual - minimum of 18 years of age in the case of Social Aid and minimum of 16 years of age in the case of heating allowances. No maximum age limit.

Slovakia - The AMN is aimed at supporting persons who are in material need and who are unable to secure their subsistence by themselves. Household (either individual or family members sharing the same household) are entitled. No age requirements.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Slovenia - FSA can be provided to individuals and families who are unable to secure their material security, for reasons beyond their control. No age requirements.

Spain - Low-income families and active people excluded from the labour market. Beneficiaries can be a family unit, individual or household, depending on regional rules.

Sweden - SA defines the 'floor' of the Swedish welfare state. Its explicit purpose is to provide an economic standard below which no one, in principle, should fall. In principle it is an individual right. The situation of the household (married or unmarried couples with minor children) is considered as a whole. Eligibility is thus determined at the level of the household. No age requirements.

United Kingdom - Individual entitlement with the possibility of supplements for dependents. Must be 18 years or more

Due to the differences among the Chinese regions, China has usefully introduced regional rules (similar to that which has been done in Spain), under the condition of transparency and controlled from the central level (through the Social Inspection).

Bearing in mind China's large population, it is necessary that the targeting process is based on the family.

3. 4 Connection with ALMP's

Weak connection with ALMP's is another problem of the social assistance systems in EU. The solution, when it comes to minimum income schemes is integration of the MIS with activation policies.

In all EU countries the recent evolution has transformed minimum income support from a mere economic support for those in need to an active measure intended to accompany the beneficiaries in moving from social exclusion to active life. Across Europe the common trend over the last few years has been the tightening of the links between MI benefits within an 'active inclusion' approach.

Although, there is a high need for a more systematic approach to target specific active labour market measures at the recipients of MI schemes, this should be introduced while developing a more personalized and comprehensive support system: 'the provision of quality supporting services should be considered at least as important as the use of financial incentives and sanctions' (ESPN, 2016).

There are also countries that are still lagging behind which should develop effective arrangements to promote the coordination of the efforts between agencies responsible for delivering MI schemes and those charged with promoting active labour market measures and support services. Of particular relevance would be to improve the cooperation between the public employment and the social assistance agencies, and again, the one-stop-shop seems to be the most effective approach.

It seems a key is to implement a periodic assessment to evaluate the effectiveness of measures intended to help MI recipients to access employment and to move in the direction of social inclusion. Specific attention should be paid to young people, the subgroup of the population who suffered most from the crisis. In order to avoid them having a passive attitude towards work, in some countries they are excluded from MI benefits. As clearly stated by the European Commission it is critical that more opportunities are created for young people to be economically active, also in consideration of the expectation of 'younger generations of tax payers to finance the pension and healthcare systems for an ageing population'[20].

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[20] http://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=2559&furtherNews=yes

According to EMIN, youth guarantee plans should be integrated into activation plans, and pacts for education and the professional success of young people could be developed. MI schemes targeting poor young people should have their integration in the labour market as their first and unavoidable objective.

Another relevant issue, present for years in the public debate, is *the risk of transforming cash benefits as minimum income in a poverty and inactivity trap*, as already evidenced in a previous point.

Activation seems a tool adequate to overcome assistentialism but it should be promoted by paying attention to the avoidance of different 'hidden traps'. As several studies evidence[21], across Europe the trend is 'to promote activation polices frequently intended as forced reintegration into the labour market to overcome mere economic support and passive assistentialism'. Nowadays having a job is not sufficient to eliminate the risk of poverty because of the large increase in the number of precarious and flexible job contracts across Europe. Being employed no longer guarantees well-being and wealth.

The increasing number of 'working poor' points to the need for an open debate on the link between active inclusion policies and the risk of promoting compulsory working arrangements with low remunerated jobs, thereby increasing yet further the numbers of the working poor. A possible answer might be:

- MI schemes should remove disincentives to take up work. In particular, according to EMIN, the ceiling for combining earnings with MI should be increased.

- It should be ensured that those involved in work activities have incomes that lift them out of poverty.

    - A coherent 'activation package' should integrate provisions to avoid the poverty trap and support the path from subsidized work towards 'a real job' in the open labour market as fast as possible (Eurofound, 2015).

    - Transitional job schemes, for those who can work, can be useful if set at a pre-established minimum wage. They could be activated in the general government sector, in a non-profit institution or a NGO. •

    - To consider the different needs and abilities of the beneficiaries adequately, more sheltered work and work in the social economy should be created. More activities individually tailored to the abilities of the beneficiaries should be created (EMIN, 2015). Social integration programs could be developed in cooperation with NGOs.

- More adequate training, adapted to the needs of MI beneficiaries, should be provided.

    - Job creation should be a priority for the European Union as the first step to reduce poverty. However, the current economic situation in a Europe emerging from the crisis does not envisage relevant opportunities for job insertion, in particular for those furthest from the labour market, in particular in those countries most hit by the crisis.

    - Specific attention should be paid to supporting, also through skills development, the creation of new jobs in sectors which appear as those which are currently expected to have the highest potential such as *the circular economy, the green economy and the social economy.*

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[21] Cremaldi Chiara et al - Minimum Income Policies in EU Member States – Study for EMPL Committee, April 2017

- Sanctions should be integrated in a coherent 'activation package' which on the one hand should avoid the poverty trap, but on the other should support the path from subsidized work towards 'a real job' in the open labour market as fast as possible.

E) In some countries the delivery of the MIS needs to be better organized, so that the beneficiaries get easy access and the program is simple and effective.

One measure might be to improve the evidence base for minimum income schemes

More data should be collected at national and EU level on the management and impact of different MI schemes, on the one hand to introduce an evidence base for the *design and reform of effective MI policies,* and on the other to monitor their *impact in terms of their reduction of poverty* and social exclusion. It would also be extremely relevant to understand *the economic impact of the measures articulated by territorial areas,* to verify the impact of such measures both in wealthy and more developed areas, and in much poorer and underdeveloped areas which are relying on them much more, such as rural regions.

A more structured and developed information system could also allow for the evidence of savings at the system level when introducing reforms intended to review and rationalize the system of allowances and contributions.

To strengthen empirical evidence and research, the following is suggested:

- o Arrangements to monitor the levels of non-take up and to analyse the reasons for this should be put in place. Introduce better and comparable empirical evidence and research on non-take up and regular estimates of take-up rates based on standardized procedures. These estimates should be based on information from both the administrative data and from specific studies.
- o Regular analysis and monitoring of the effectiveness of the policies implemented to tackle poverty should be introduced, with the results of this analysis and monitoring made publicly available.

Due to the social polarization in China and due to its country specific economic development, the most appropriate mechanism that would be able to ensure the labour participation of the beneficiaries might be *the implementation on a large scale of Corporate Social Responsibility.*

4. REFORMING THE MIS - MAJOR TRENDS IN EU 2010-2016 – POLICY RECOMMENDATIONS FOR EU COUNTRIES

As was extensively presented in Chapter 3, European Union Member States face common and specific challenges in applying MIS schemes. Adequacy, coverage, targeting (take-up rates) and the connection with ALMP's are indicators of measuring the performance of the schemes. Depending upon the results of the measurements, monitoring and evaluation processes in place are re-configured and adjusted as well. In order to improve the efficiency and effectiveness of the money spent on MIS schemes, and taking into account its own values and cultural approaches, each country is applying adjustment measures and is changing its public policy. Some of the policy recommendations listed below are in place respectively:

- ▶ 1) The strengthening of conditionality, and in particular the effort to link MIS more strictly with the labour market, work commitments, and more in general labour policies.
  - − The UK: the new Universal Credit implies that claimants sign a claimant commitment with strict guidelines.
  - − EL, PT, SK, IT, NL: conditionality has been reinforced with concrete bonds with active labour market policies (ALMPs).
- ▶ 2) The setting of more strict eligibility criteria, time limits on the benefits, with particular reference to the able-to-work population.

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

- In DE - the low level of the benefits in comparison to the poverty threshold has been justified with the argument that it is an incentive for recipients to return to the labour market faster.
- In PT - stricter eligibility and conditionality have resulted in reduced levels of coverage and benefits.
- In ES - in 2012 a reform was introduced to take account of the household's income instead of the individual's. Accordingly the number of beneficiaries diminished by 64 per cent in only two years.
- In DK - the government has put a cap on social assistance with the argument that it 'should pay to work'

► 3) The effort to simplify a multitude of different and fragmented schemes and to consolidate them into one general minimum income program.
  - FR, RO,UK

► 4) The complex interplay between regulation and organization of the schemes.
  - The mainstream trend to reduce the discretionary allocation of benefits is to centralize eligibility rules and to decentralize the managing of conditionality. This often needs to be addressed when considering case-by-case situations (NL, RO)
  - The interesting efforts to set up a 'one-stop shop' (HR) to simplify and unify the way benefits are communicated, accessed and taken up, in particular where benefits can have different targets and different eligibility criteria.

► 5) the 'pay back' welfare approach
  - For example in NL municipalities regulate the way recipients return or compensate for the fact that they receive social assistance, for instance by taking up voluntary work through tegenprestatie (consideration). Refusing to cooperate leads to fines or a temporary freezing of the social benefits.

In China it is very important that the capital, concentrated mostly in urban areas, participates in the social field, by using the workforce from the rural areas, ensuring a homogenous development. This may be achieved by the big corporations and companies having a good knowledge of the social problems and of the opportunities.

5. GENERAL CONSIDERATIONS REGARDING THE ACTUAL SOCIAL CONTEXT IN CHINA

This chapter starts from the following questions which should be addressed by the policy and decision-makers of China:

a) Due to the fact that budgetary expenses should be involved is now the most appropriate moment for a social policy change?
b) Is this change in the medium or long-term sustainable?
c) Would the effectiveness and the efficiency criteria for such a change and investment be met?
d) Which is the most optimal strategy for the policy reform?
e) Is it possible, and when will it be possible to use big data in the matching processes? Are the technical conditions met for that?

Therefore, in an attempt to answer these questions, I will briefly analyse the evolution over time of certain indicators and of their trends for China.

As it can be noticed, data for BG and RO are used to make an „in mirror" analysis of China. The result is a comparison with two European countries, which are the closest to China in terms of governance and the instruments used for governing.

The evolution of some indicators (red lines for China, green lines for Romania and blue lines for Bulgaria) like poverty rate indicators, economic growth and income inequality for China when compared with the two EU Member States, which are closest to China in terms of governance and economic performance can be seen in the Annex

For China, the indicators of Poverty Gap at $1.90 a day (2011 PPP%), Poverty Gap at $3.10 a day (2011 PPP%) and Poverty Headcount Ratio at $1.90 a day (2011 PPP% of population) show a very big and stable decrease in poverty, regardless of the measuring unit: at $1.90 per day from about 5 percent of the population in 2005 to less than 0.5 percent in 2013; at $3.10 per day from about 15 percent of the population in 2005 to about 2.5 percent in 2013; the ratio of the headcount poverty at $1.90 per day from about 18.5 percent of the population in 2005 to less than 2 percent in 2013.

Graph 3: Poverty gap at $1.90 a day (2011 PPP %) and the trend for China


$$y = -0.0369x^2 - 0.2044x + 5.2022$$
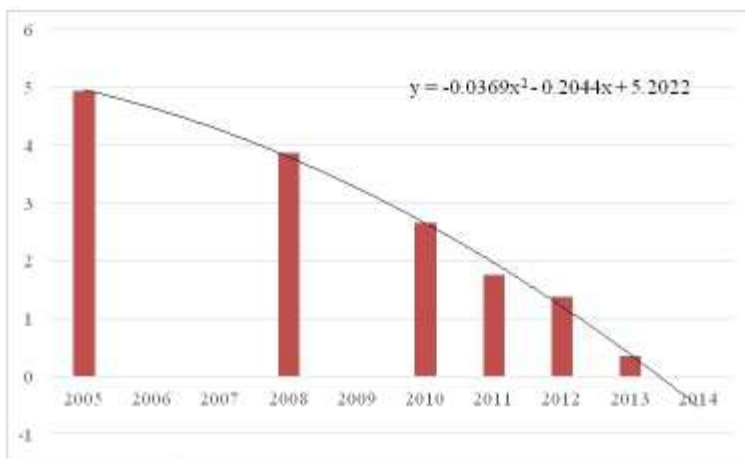
Source: own work

As can be observed, the poverty reduction in China is the most visible and this was possible due to the big increase of GDP.

On the other hand, from the graph's analysis we see that slowing down the fast economic growth has led to the opportunity to develop social policies based on other criteria and indicators, such as incomes' inequality reduction.

Graph 4: GDP growth (annual) and the trend for China

GDP growth (annual %)

$$y = -0.0253x^2 - 0.3432x + 12.911$$
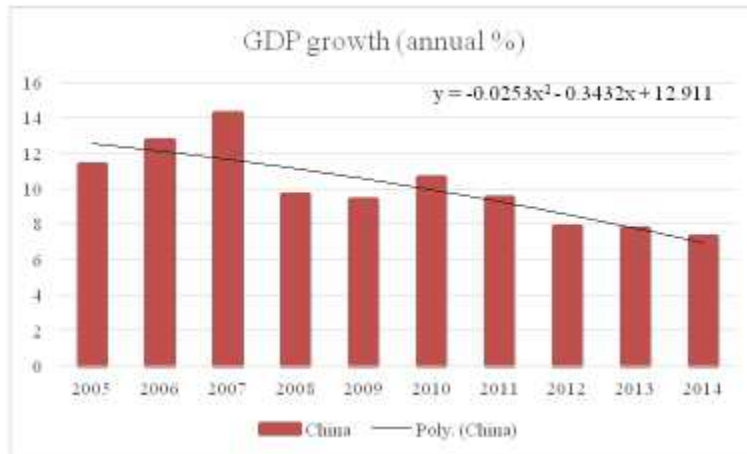
Source: OECD Data and own work

Graph 5: GDP per capita (constant 2010 US$) and the trend for China

GDP per capita (constant 2010 US$)

$$y = 376.1x + 2325.5$$
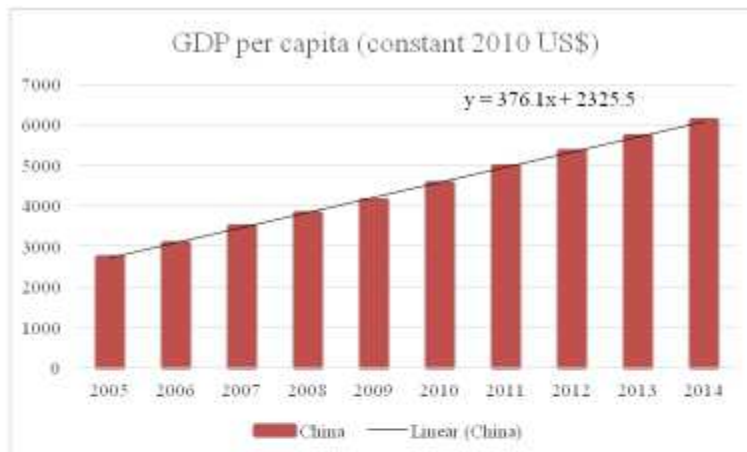
Source: OECD Data and own work

Analysing the GDP's growing potential, the first question that arises is: where will the economic growth be in the following 5 years? And, answering this question, is this change sustainable over the medium or long-term? The reason for which this parameter needs to be known is that it is essential that in order to be able to build a feasible and sustainable social assistance system.

Graph 6: Actual and Potential GDP for China

China – Actual and Potential GDP
Average annual growth

Source: Lu and Cai (2014)
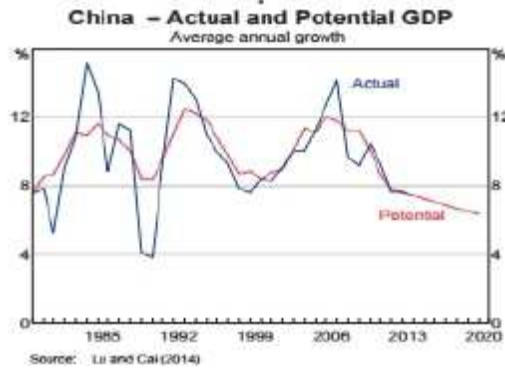
Slowing down the economy reduces the impact of this GDP component on poverty reduction. Thus, there appears to be a need to adjust the possible increase of the income inequality indicators, in order to reduce poverty.

Graph 7: Gini - million usd evolution in China

Source: OECD Data and own work
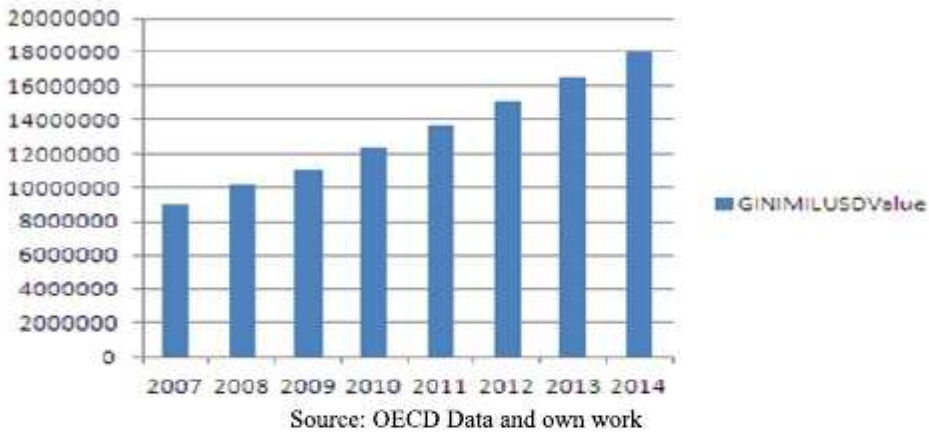
The analysis observes that China's GINI coefficient is in evolution from 2007 to 2014 - a fast increase of this indicator, showing that income inequality increased.

This is a normal situation for a rich and developed market oriented economy, showing also the rise in the quality of level. But in the second phase, this increase in the Gini coefficient will lead to segregation in social classes and to a higher poverty (Picketty).

So, the new social policy of China should fight against income inequality.

Finally, when considering new social assistance policies, the policy makers have to take into account the trend of the unemployment rate, because any increase in this indicator should be alleviated by an appropriate social assistance policy, hindering the working population to fall into the poverty trap. As it can be observed from the graph below China's unemployment has a slightly increasing trend.

Graph 8: Unemployment (% of total labour forces) (modelled ILO estimate) and Trend for China

$$y = 0.0045x^2 + 0.0264x + 3.98$$
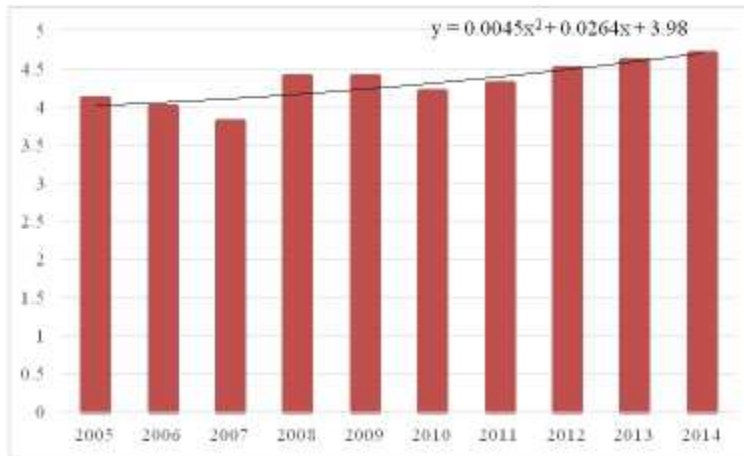
Source: OECD Data and Own work

6. THEORETICAL ASPECTS REGARDING INFORMATIONAL ASYMMETRY AND MECHANISM DESIGN

The previous chapter analysed certain evolutions which implied the directions for building strategies, whilst in the present one, some theoretical issues regarding the concept of mechanism design are shown.

Designing public policies should take into account the failure of the markets, in places where the State has more or less available coherent information, such as the uncertain situation of some people from the rural and/or remote areas.

The self-regulating mechanisms of the markets allow self-regulation procedures, but the failure of the markets leads to the state intervening and this exactly the case of social assistance.

The measure proposed is that state intervention would be done either directly, by financing specific programs or indirectly by stimulating third parties to intervene, such as CSR (Corporate Social Responsibility) policies.

For social assistance programs, for their efficiency, we have to take into account the construction of different schemes, that there is a situation of informational asymmetry due to the fact that the persons in charge of the eligibility decision are not very well informed on the real situation and the state of the potential beneficiary. For example: the payer of the benefit (the State) doesn't know the exact situation of the beneficiary. The granting/eligibility decision is taken by the mayor at the local level (or street committee in China).

Thus, there are three transaction levels: one between the beneficiary and the city hall, the second between the city hall and the State and the third between the city hall and the street leader.

The money can be allocated directly by the city hall, or directly to the citizen based on an online request, centralized, or a mixed mechanism, through an agency, at local level, empowered by the city hall. The question is which one of these three is more efficient? The solution is given by Leonid Hurwicz, who developed plans for the way in which social decisions depend on the information held by people and decision-makers.

The mechanisms on which the institutions are built and the eligibility criteria are selected, are based on incomplete information (asymmetric information), the decision is taken by a "principal" relying on the decisions already made by other "agents".

So the mechanism can be defined as a procedure in which the principal determines the agents to fulfil their obligations from the norms, rules and eligibility criteria defined by the standards.

In a social assistance system, the local community is the agent knowing better the real situation of the beneficiaries, but, still the information might be incomplete. For example, even a citizen might look like being poor, he can own important properties in another place/community/province of which the local community cannot be aware of. But the central institution responsible for the money allocation will order the payment based on the decision taken at local level, by the community. The community must take the appropriate action to base its decision on objective facts, and use instruments such as social inquiry in the field but the disadvantage of this method is its costs, both in time and money.

In an ideal world, the Government will have all the relevant information, thus the design of a mechanism will not be necessary. A solution would be the State to deliver the money directly to the beneficiary, but this is possible only where the number of recipients is small and the total population is a small number. But in reality, the State can only partially know the situation and must use the existing data bases. So the optimality of the decision is based on other reasons. The more complex the eligibility criteria are, the more difficult and uncertain is the decision.

Due to society's evolution, and the advance in technology, it is necessary to implement a change in the mechanisms used in the payment of benefits. The model mechanisms should take into consideration the incomplete knowledge of the State on the real status of each beneficiary, but should take advantage of the existing data base belonging to other different (State) entities.

The model's creation, the analysis and the simulations based on the models are difficult processes, which require the implementation of the principles mentioned below:

Keeping the high rate of corruption controlled combined with the implementation of some stimulation policies for Dibao, will eliminate fear and citizens will apply in good faith and the staff will decide accordingly, without being too exclusive.

The implementation of the reforms of social assistance in China must be done with a strong commitment to fairness in order to be accepted by the population.

In the first phase, due to the effect of the "fear of mistake", there will be the tendency at the local level for subinclusion i.e. non-take-up.

Another aspect which should be taken into consideration is that the informational asymmetry is reduced when different actors give information to the principal. So, even at the local level where a means tested inquiry is done in the field, the solution might be completed, or even replaced, by interrogating different data bases belonging to third parties and by establishing risk profiles. Another solution might be the creation of a portal for Social Inspection, meant to gather information from different sources and use them together with risk profiling for deciding the inspections.

This principle implies the development of the communication capacity of the beneficiaries directly with the central authority.

It is common sense that China wants to have increased governmental influence and for efficiency of the social assistance to be higher. This efficiency will increase and will be measurable as soon as the information transfer and IT systems are used more and more.

Another principle of the informational asymmetry is transparency. Its role is to control the moral hazard.

The better known, more in detailed presented, and the publicly exposed the financial nature aspects are, the smaller the differences in information for the principals and agents are.

The abuse power of the agents is directly proportional to the informational asymmetry size. Transparency is used as panaceum for good governance on public spending.

Another principle is externalisation of the measures, in order to control the effects of the informational asymmetry.

The policy makers may take advantage of this principle in social assistance by building an institution able to construct and use risk profiles, as well as the means for intervention. It could be the Social Inspection or the Social Audit.

7. CHALLENGES FOR THE CHINESE MINIMUM INCOME SCHEME (MIS) AND POLICY RECOMMENDATIONS

The measures from the present chapter will be developed in the five directions presented in chapter 4, by adapting them to Chinese realities, as shown in the evolution of the macroeconomic indicators from the chapter 5 and using the theory of asymmetric information from chapter 6.

7.1 Adequacy

LOW ADEQUACYLEADS TO A LIMITED IMPACT OF MIS ON POVERTY REDUCTION

Graph 9: Adequacy-Causes and Solutions
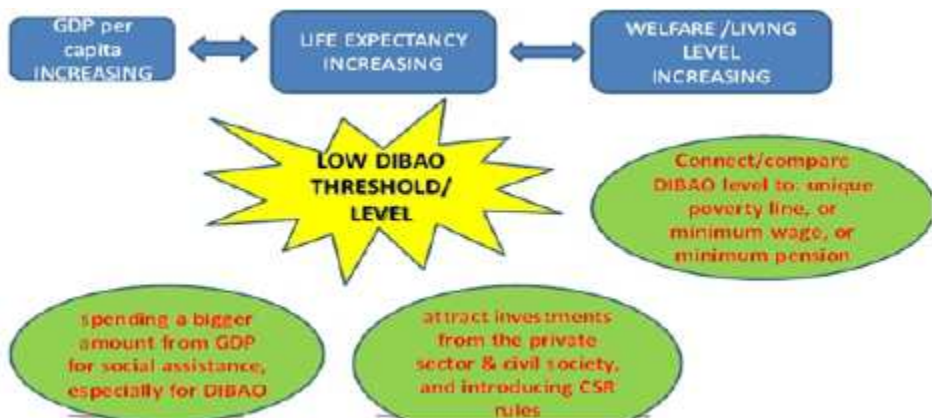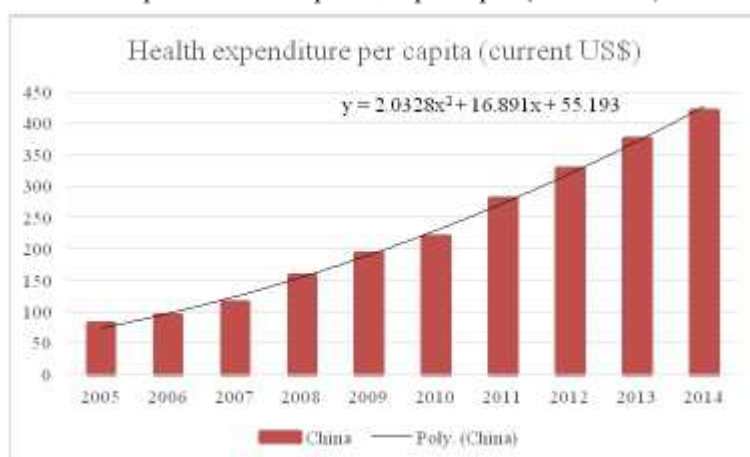

Source: own work

Following the economic policy adopted by China in the last decade the social and economic face of the country has changed dramatically.

The following results were achieved:

> a)   Life expectancy increasing due to the health policies, the fast increase in the health expenditures in China, from 2011 to 2014, as can be observed in the graph, had a direct and positive impact on the life expectancy. There has almost been the same rate of increase in life expectancy as in health expenditures. The consequence of this is that the population aged 65 and above has increased as percentage of total population, The pension policy needs to be adapted accordingly.
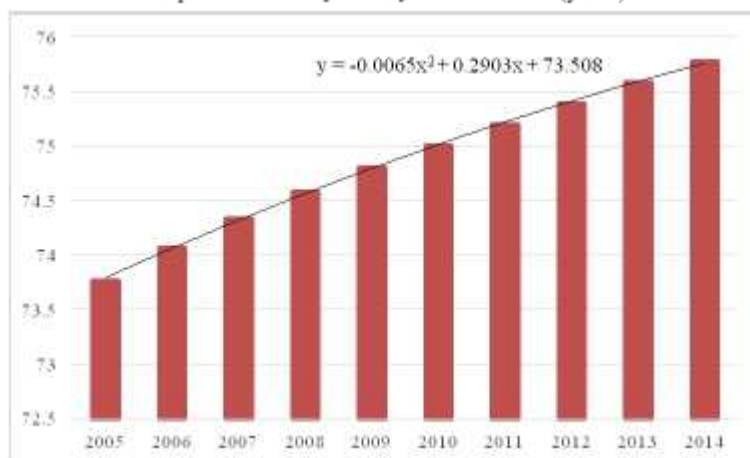
Moreover, the use of Chinese traditional medicine, largely used in the country, has led to a very high life expectancy which is comparable to the other European countries. This traditional medical system might be useful in targeting social benefits, and also, some social services.
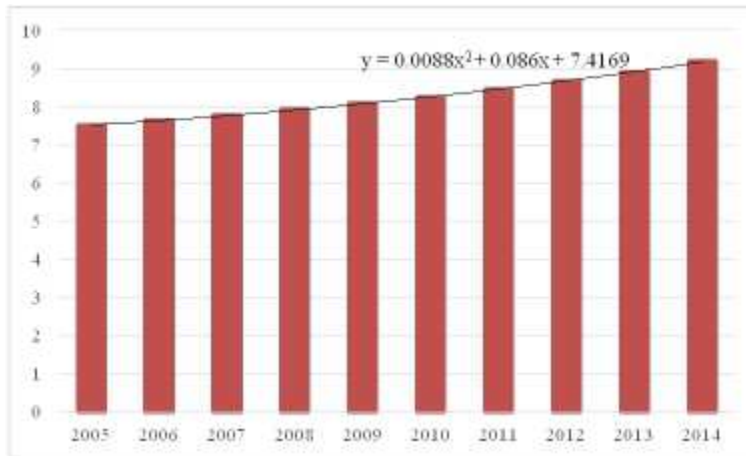
Graph 10: Health Expenditure per Capita (current US$)

Source: OECD Data and Own work

Graph 11: Live expectancy at Birth Total (years)

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Graph 12: Population aged 65 and above (% of total)

$$y = 0.0088x^2 + 0.086x + 7.4169$$
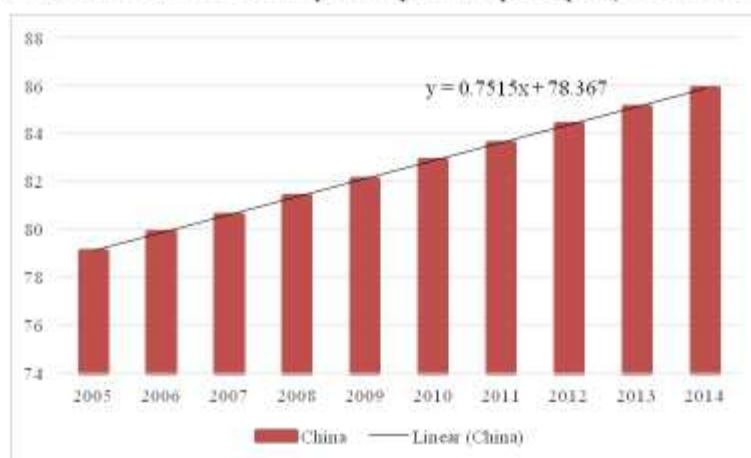
Source: OECD Data and own work

Welfare/life style is increasing, due to the increase in the expenditure for the final consumption.

Graph 13: Household Final Consumption Expenditure (annual % growth)

$$y = -0.0571x^2 + 0.2514x + 10.879$$

China — Poly. (China)
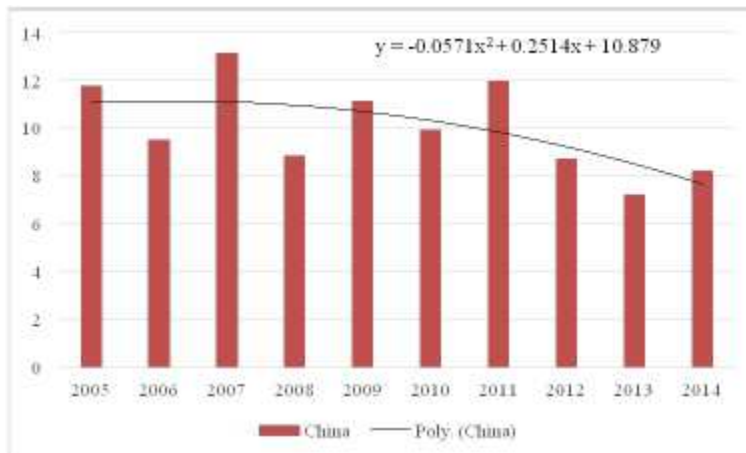
Source: OECD Data and Own work

Graph 14: Household Final Consumption Expenditure per Capita (constant 2010 US$)

$$y = 0.7515x + 78.367$$

Source: Data and Own work

The public policies of social assistance stimulate the consumption of goods and services that are basic necessities.

The rapidly increasing number of people with improved access to water sources, reaching 95 percent of China's population was the third factor which contributed to the raising of the overall level of living.

Adopting some social programs such as financing the development of water sanitation in the rural areas will increase the quality of life, alleviating extreme poverty and material deprivation[22].

This high rate of internet users can be exploited by the government by introducing the possibility of granting the benefits through mobile phones connected to a data base. Also the procedures of assessments/social inquiries/means tested evaluations can be conducted by using new technologies and data bases: cross checking/data matching/data interoperability.

Another measure for combating material deprivation might be the introduction of mobile internet in the rural areas.

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[22] The material deprivation rate is an indicator in the EU that expresses the inability to afford some items considered by most people to be desirable or even necessary to lead an adequate life. The indicator distinguishes between individuals who cannot afford a certain good or service, and those who do not have this good or service for another reason, e.g. because they do not want or do not need it.

The indicator adopted by the Social protection committee measures the percentage of the population that cannot afford at least three of the following nine items:

1. to pay their rent, mortgage or utility bills;
2. to keep their home adequately warm;
3. to face unexpected expenses;
4. to eat meat or proteins regularly;
5. to go on holiday;
6. a television set;
7. a washing machine;
8. a car;
9. a telephone.

Graph 15: Internet Users (per 100 people)

$y = -0.1614x^2 + 6.5352x - 0.2142$

Internet users (per 100 people) — Poly. (Internet users (per 100 people))
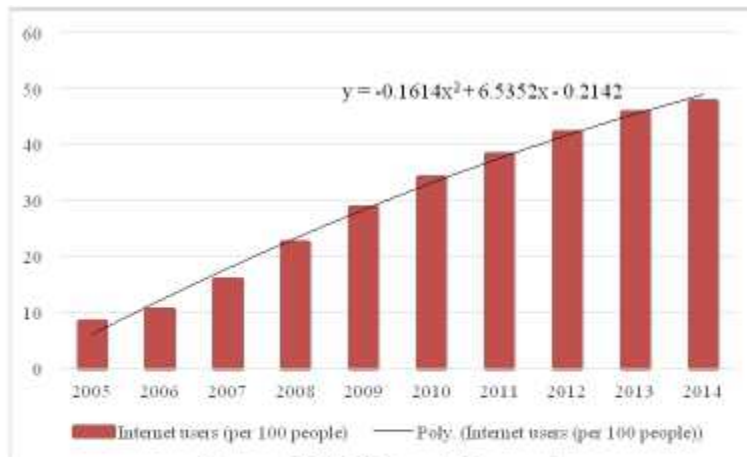
Source: OECD Data and Own work

The percentage of the population having an increasingly better level of living, but keeping a *low Dibao threshold*, has an effect of decreasing the number of beneficiaries, which means a low adequacy rate of the benefit.

The policy recommendations, meaning possible solutions which might be applied are:

- Connect/compare the Dibao level to a unique poverty line or minimum age, or minimum pension and compensate accordingly

- Spending a bigger amount from GDP for social assistance, especially for Dibao to Attract investments from private sector, or/and civil society and introducing CSR[23] policy rules.

The impact of social welfare is proven by the level of consumption. As can be noticed from the graph, the level of the final consumption expenditure in China is very low, about 50 per cent of GDP, compared with RO and BG where the consumption level was about 80 per cent for 2014.

An increase in the consumption expenditure for everybody can be done by introducing a policy of social protection through special credits/loans/coupons etc. offered to the people with a consumption threshold below a certain limit, especially in rural areas.

The money could be used for trips or to face unexpected expenses, thus leading to a reduction in other factors of poverty.

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[23] CSR= corporate social responsibility

7.2 Coverage

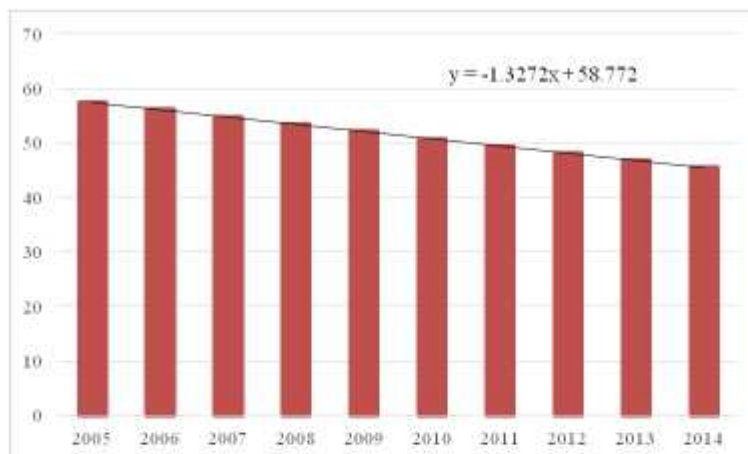**LOW COVERAGE LEADS TO** AN UNFAIR SITUATION BETWEENURBAN AREA/RURAL AREA

Graph 16: Coverage- Policy Recommendations

simplifying and developing a more comprehensive DIBAO, including the other related benefits

Connect/compare DIBAO level to: unique poverty line, or minimum wage, or minimum pension

UNDERCOVERAGE in RURAL &OVERCOVERAGE in URBAN areas

Reforming DIBAO as an UNIVERSAL and CATEGORICAL benefit at the same time (including special rights for specific vulnerable groups)

Clearly centralise eligibility rules and decentralise the managing of conditionality, which often needs to be addressed considering case-by-case situations

Source: own work

Despite the fact that the rural population has decreased in recent years, it is shown below.

Graph 17: Rural Population as a % of Total Population

$$y = -1.3272x + 58.772$$

Source: OECD Data and own work

An unfair situation regarding the social assistance coverage of the population in Rural and Urban areas still remains.

This situation leads to the low coverage characteristic of Dibao, with a specific under coverage in rural areas and over coverage in urban areas (exclusion and inclusion errors).

Possible solutions and policy recommendations are:

Simplifying and developing a more comprehensive DIBAO, including the other related benefits

Reforming DIBAO as a UNIVERSAL and CATEGORICAL benefit at the same time (including special rights for specific vulnerable groups)

Connect/compare the DIBAO level to a unique poverty line, or minimum wage, or minimum pension

Clearly centralize eligibility rules and decentralize the management of conditionality, which often needs to be addressed considering case-by-case situations.

Having in mind the utility function existing for any person, it can be observed that this is not dependent only on the income, but is also in comparison with the other members of the group, also with expectation levels, with the cost of leaving the group etc. Thus, for a person from the rural areas, the decision on migrating to the urban areas will be taken only if the temptation of an increased income will cover the cost of leaving the rural group.

The inclusion on the eligibility criteria lists of specific items for a defined zone is useful for decreasing the non-take-up error.

The main condition is that all these criteria should be transparent, very well known for everybody, and the existence of a control body.

For instance, for a certain community, a person able to potter 3 teapot sets per month, will be exempted from the agricultural works for the community.

7.3 Targeting

TARGETING⬅➡ ELIGIBILITY CRITERIA
Graph 18: Targeting-Policy Recommendations

Source: own work

The problem identified for the targeting of Dibao is the same as in the EU countries: the eligibility criteria are such defined, that, on the one hand they are too complicated and people are not aware of the existence of Dibao and/or other programs meant to fight against poverty (=exclusion error=non-take-up) or on the other hand the means tested procedures are too evasive.

In order to improve them, there are some policy recommendations below:

Perfect the asset standard and reduce the subjective factors in asset checking

Solutions:

Use the household's electricity consumption

The increasing trend in the electric power consumption per capita in China, as can be seen in the table below, correlated with the possibility of correctly measuring this consumption, for each household, might be set up as a threshold for Dibao, with different levels when it comes to the money received by the beneficiary, but with a unified level for the threshold. Electricity consumption is, nowadays a sign of poverty or non-poverty which might be considered as universal. The same logic and philosophy can be applied also for water consumption.

Using the Asset Table (see Annex B) for the rural areas

The Romanian laws for low income households, providing state help for alleviating poverty and social exclusion are: Law for Minimum Income Guarantee (Law no.416/2001), Law for Family allowances (Law 277/2011), and, for seasonal heating benefits, Emergency Ordinance no.70/2013. These three ways of fighting against poverty in RO are means-tested and, also, each of them has a certain income threshold, above which one will not receive any benefit if the household of beneficiary's per capita income is higher that the threshold.

But for all three of them, a means-test is also run, for each beneficiary or family. From the formal point of view, this is carried out by a social worker or another person in charge of social assistance issues at the local level (town level).

For the means test, in 2013, RO changed the previous system of assets' evaluation, based on counting the number of animals and taking into account the surface of the land owned by the potential beneficiary. Now, it uses a method based on the logic that land and animals as well are potential producers of income, through their products. For example: hens are not counted anymore, but the value of the eggs the hen can produce in a certain period of time is taken into consideration. Likewise, how many pigs the beneficiary has it is not counted but how much money the beneficiary could earn if the meat of the pig were to be sold is counted. The same for land: how much money might be obtained if the beneficiary is cultivating wheat, or other plants or has an orchard with different trees. Everything is transformed into EURO.

All the data are introduced into an Excel table (like the one shown in the annex 1) and an amount which might be earned by the beneficiary results. And, if this amount is higher than 1500 EUR, the beneficiary cannot receive either Minimum Income or the Family Allowance (if the family has children) or Heating Benefits.

Apply transparent simple decision making processes and appeal procedures

Establish a Tracking Mechanism and Active Discovery Mechanism (active Dibao)

Improve/perfect the Calculation System on Household Income and Assets

Implement an Information Checking System for a Household Economic Condition

Establish the Calculation Index of Household Income for Rural Social Assistance Applicants

Analysing the employment rates on agriculture, some may notice that there is a very low proportion of both of males and females working in agriculture as a percentage of the male / female employment rate:

Therefore, another solution for improving the targeting in rural areas might come by fixing a conditionality of working in Agriculture: a certain number of working-hours or working-days, proportional to the amount received as DIBAO.

As a general action direction, it is important to establish and develop rural companies, specialized in the local specificities, absorbing the local workforce and with role in CSR.

7.4 Connection with active labour market policies

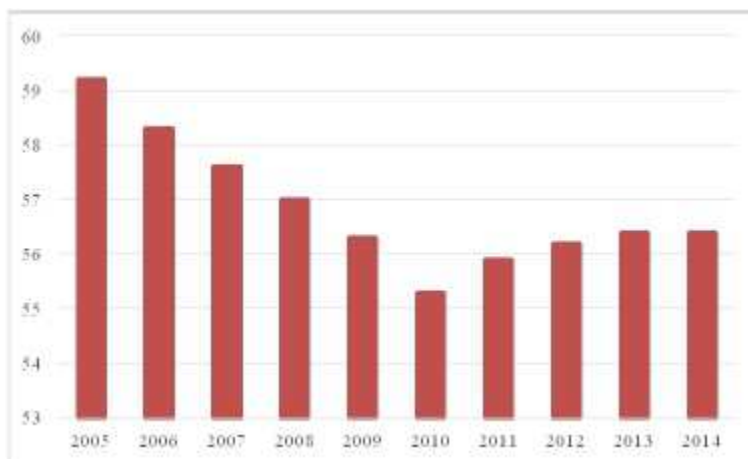**WEAK CONNECTION WITH ALMP'S**
Graph 19: Connection with ALMP's- Policy Recommendations
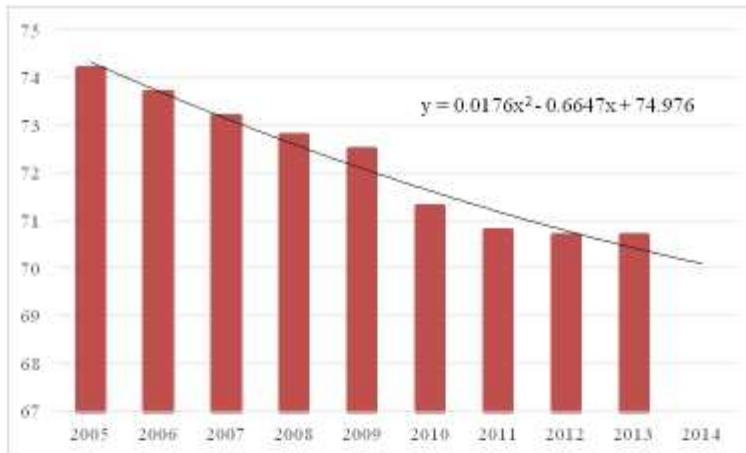

Source: own work

According to the analysis performed, China has a very high and steady employment rate, including youth employment.

Graph 20: Labour Force Rate for Ages 15-24, total % (modelled on ILO estimate)

Source: OECD Data and Own work

Graph 21: Labour Force Participation Rate - Total % of Total Population Age 15 + national estimate

Source: OECD Data and Own work

Analysing the above graphs, one may appreciate that in China work is very cherished (and valued) by all the citizens. Therefore, one can appreciate that it might not be necessary to put a conditionality of working while being Dibao beneficiary.

What may be suggested as a policy recommendation is a time constraint. Dibao can be granted for not more than 3 years in a lifetime for a person able to work.

Other policy recommendations:

Bonuses or a variable threshold for working beneficiaries: For the beneficiaries with jobs, the threshold might be increased either by a fixed amount, or by a percentage of the monthly salary (50% or less), in order not to penalize the work availability of the beneficiary. This constitutes an incentive to work, which really encourages MIS beneficiaries to go back to work or to be interested in finding a job.

Limits in time for workable beneficiaries: This condition will discourage the dependency of social assistance.

Strong commitments related to work 'pay back' welfare approach (voluntary work in community).

7.5 Process Management on delivery

NON-EFFICIENT MANAGEMENT PROCESSES IN DELIVERY

Graph 22: Delivery Processes – Policy Recommendations

Interconnectivity of the IT systems

Standardize the Administrative Procedure of Social Assistance, including automatic granting

Complicated, time & energy consuming both for applicant and administrative staff

construction of an inspection mechanism in order to deal with the error, fraud and corruption

staff training and strengthening the role and powers of social workers from grass-root level

Increase number of staff at all levels

Source: own work

As Prof Yao Jianping[24], Prof Haomiao Zhang[25], and Prof. Lin Yi[26] mentioned in their Policy Recommendations Reports, respectively mentioned, the process of delivery of the social assistance benefits is complicated and does not have unified procedures and methodologies across all of China.

Therefore, they are time consuming both for the applicant and for the administrative staff.

The main policy recommendations arising both from the Chinese experts reports, the European experience and the author's opinions are:

It is necessarily to establish a tracking mechanism and active discovery mechanism (active Dibao).

Standardize the administrative procedures for social assistance including the automatic granting for specific eligibility criteria (this measure will simplify the work for many social workers in the different regions of China, helping those most affected by poverty and/or lack of staff.

Construction of an inspection mechanism (organism/institution) in order to deal with error, fraud and corruption.

Staff training (on a regular and compulsory basis) and strengthening the role and powers of social workers at grassroots level.

Extensive use of IT databases and interconnecting IT systems.

Increase the number of staff at all levels (grassroots, village and ministry level).

CONCLUSIONS

The present report is intended to be a comparative analysis for the implementation of Minimum Income Schemes (MIS), conducted with the scope of emphasizing the common problems and situations that appear both in the EU Member States as well as in China. It tries to find the solution for each.

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[24] "3.2.2 Optimization in Social Assistance – Procedures and Eligibility criteria for social assistance benefits" – Prof. Yao Jiangping – School of Humanities and Social Sciences – North China Electric Power University

[25] « 3.2.3 Overall coordination of Social Assistance Resources in China » - Prof. Haomiao Zhang, PhD, Associate Professor, School of PublicAdministration, Sichuan University, P.R. China

[26] « 3.2.4 Fraud in Social Assistance: Identification, Coping Strategy and Prevention » - Lin Yi, Professor, Center for Ageing & Social Security Research, Southwestern University of Finance & Economics, P.R. China

The adequacy, the targeting and the coverage issues seems to have common issues in that neither EU Member States nor China have found the best solution for using this instrument as the tool for combating poverty and social exclusion. The number of people removed from poverty by MIS is variable, but rather small compared with expectations. The following seem to be the main reasons for both the EU and for China as well:

Bad connection of the MIS threshold with the poverty rate and/or the minimum wage level (as defined);

Too small amounts delivered to the recipients compared with their real needs;

Inclusion and exclusion errors due to the complexity of the schemes and staff shortages;

Low level of informatisation of the assessment process leading to high administrative costs and inclusion errors (over-take-ups);

The danger of the poverty-trap and of dependency on the system.

China, in particular, due to its huge population and surface area, encounters problems regarding unified procedures and methodologies. These must be harmonized and unified otherwise the equity principle among all the citizens will be breached.

A few policy recommendations are suggested below keeping in mind the difference between the two societies and the different social assistance approaches, as well as the unique characteristics of China, especially the fast growing economic rate and rapid urbanization.

The main conclusions of the policy recommendations are:

- First of all, it is necessary to clearly define the mission, the purpose, the objectives (general and specific) of the public policy/strategy and to draw up an action plan. This public policy/strategy should be designed in perfect accordance with the monetary and economic policy of the country
- The IT system construction should allow smooth and continuous changes
- As a transit design, develop a specific Dibao policy with two or more targeting levels, with sanctions mechanisms: Due to the differences among the Chinese regions, it might be useful to introduce specific regional rules that are transparent and are controlled
- Targeting should be at the family level
- The capital from urban zones must use the workforce from rural are the as the within the frame of corporate social responsibility
- Connect/compare the Dibao level with a unique poverty line or minimum age, or minimum pension and compensate accordingly
- Spend a bigger amount of GDP on social assistance, especially for Dibao
- Attract investments for private sector, or/and civil society and introducing CSR[27] policy rules
- Simplify and develop a more comprehensive DIBAO, including other related benefits
- Reform DIBAO as a UNIVERSAL and CATEGORICAL benefit at the same time (including special rights for specific vulnerable groups)
- Clearly centralize eligibility rules and decentralize the management of conditionality, which often needs to be addressed considering case-by-case situations

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[27] CSR= Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups.https://www.investopedia.com/terms/c/corp-social-responsibility.asp#ixzz51jyEsLiT

- Perfect the asset standard and reduce the subjective factors in asset checking
- Use electricity consumption as a checking mechanism and/or eligibility criteria
- Use an asset table for the assets in rural areas as a means tested instrument (see Annex 1)
- Have a transparent and simple decision making process and appeals procedures
- Establish a tracking mechanism and active discovery mechanism (active Dibao)
- Improve/perfect the calculation system for household income and assets
- Establish an information checking system for a household's economic condition
- Establish the calculation index for household income for rural social assistance
- Bonuses or variable threshold for working beneficiaries
- Limits in time for working beneficiaries
- Strong commitments related to work
- A 'pay back' welfare approach (voluntary work in the community)
- Interconnectivity of the IT systems
- Standardization of the administrative procedures of social assistance, including automatic granting
- Construction of an inspection mechanism in order to deal with error, fraud and corruption
- Increase the number of staff at all levels, starting with the Ministry of Civil Affairs and finishing with staff at the township level and, eventually, at the village/street level
- Staff training and strengthening the role and powers of social workers at the grassroots level
- A unique institutional structure, both central and provincial levels, which will coordinate the local activity in all social affairs programs: social assistance, education, judicial, housing, social security
- Implementation at the local level (township and street) of the concept of "integrated services" – an assistance package made up of social assistance plus medical community assistance plus education plus employment assistance
- The construction of a unified social assistance management system, with all the social benefits and services within it, with standards, payment methods and levels as well as management designed uniformly
- Creating and financing a new set of social services, adapted to the specific needs of certain groups (children in poverty and/or abandoned, elderly in poverty, disabled etc.).
- Creating an independent control body (Social Inspection) with the aim of monitoring and evaluating the Dibao delivery, from eligibility to payments, empowered with an adequate sanctions policy
- The Involvement of NGO's in all of the evaluation process, especially for means tested social inquiries – for field visits and for the monitoring process of all benefits
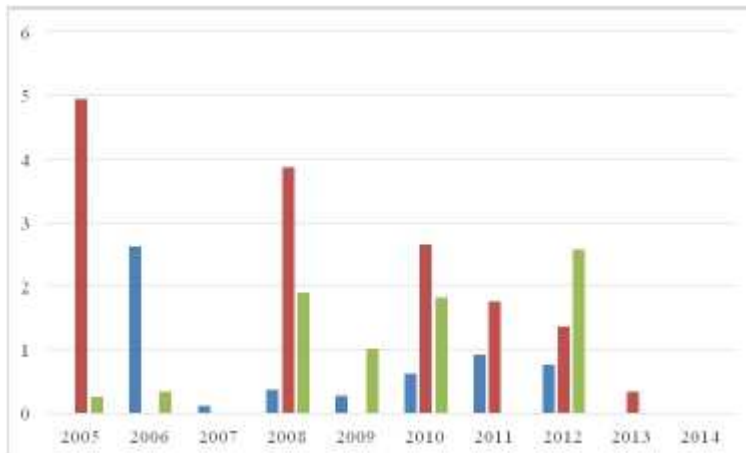
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http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=2296&furtherNews=yes
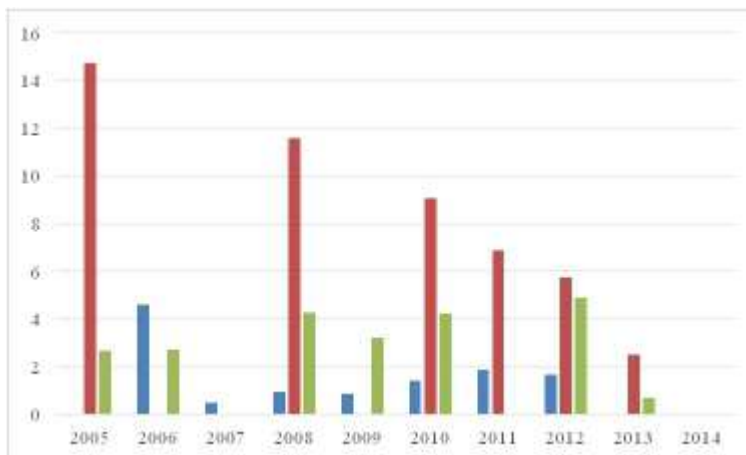http://eur-lex.europa.eu/summary/glossary/open_method_coordination.html
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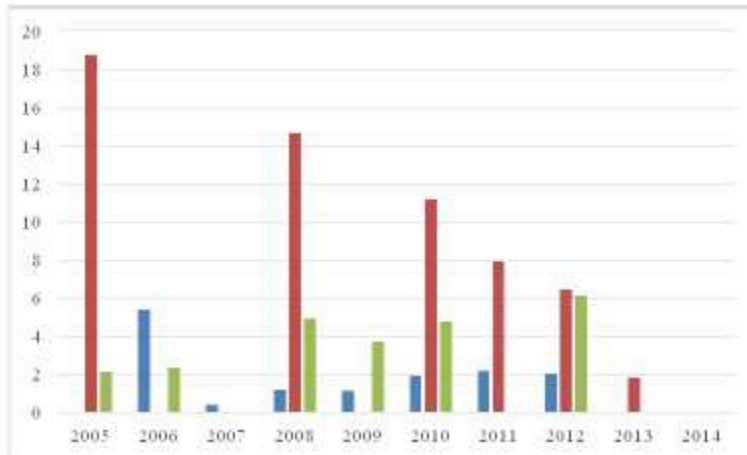
Annex A

Annex 1: Poverty gap at $1.90 a day (2011 PPP %)

Source: OECD Data and own work

Annex 2: Poverty gap at $3.10 a day (2011 PPP %)

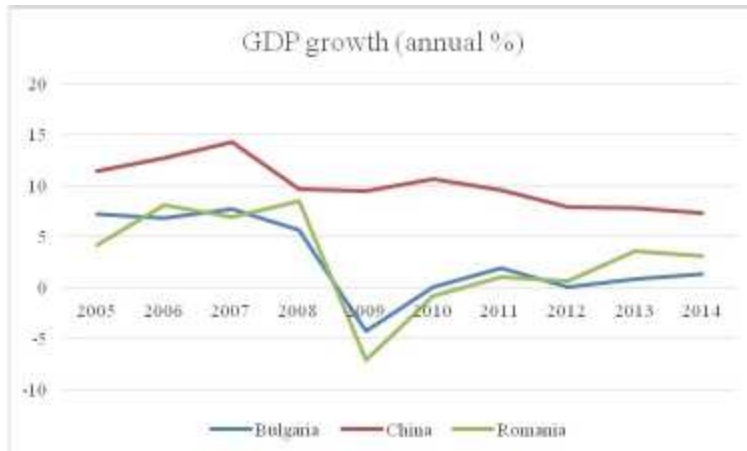

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Annex 3: Poverty headcount ratio at $1.90 a day (2011 PPP % of population)

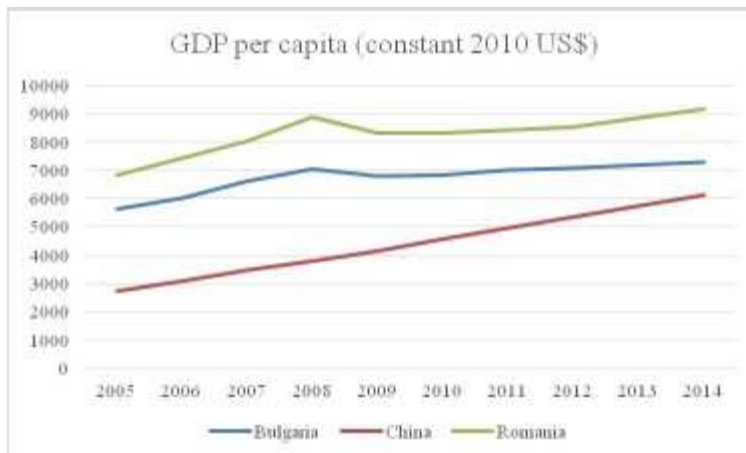Source: OECD Data and own work

Annex4: 10 GDP growth (annual)

Source: OECD Data and own work

Annex 5: Unemployment (% of total labour forces) (modelled ILO estimate)
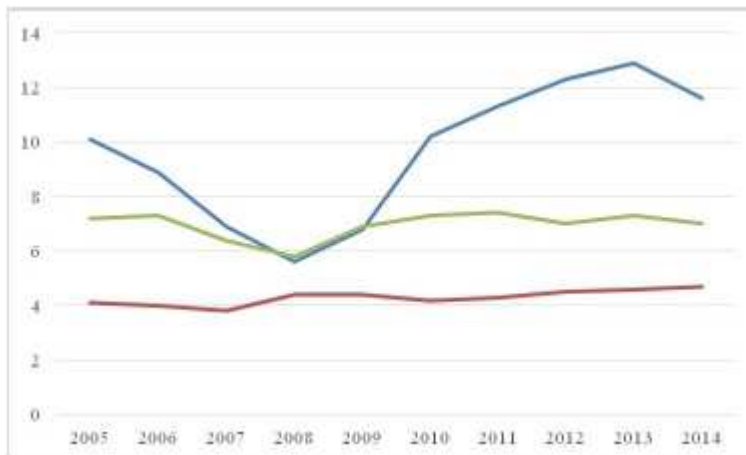
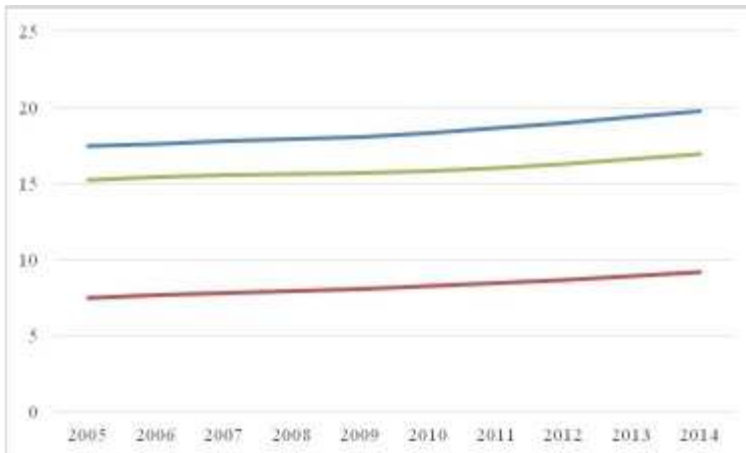Source: OECD Data and own work

Annex 6: GDP per capita (constant 2010 US$)

GDP per capita (constant 2010 US$)

Source: OECD Data and own work

Annex 7: Unemployment (% of total labour forces) (modelled ILO estimate)
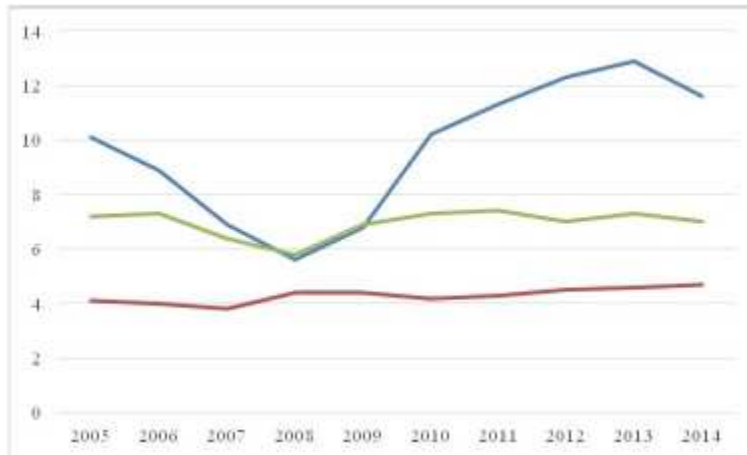
Source: OECD Data and own work

Annex 8: Health expenditure per capita (current US$)
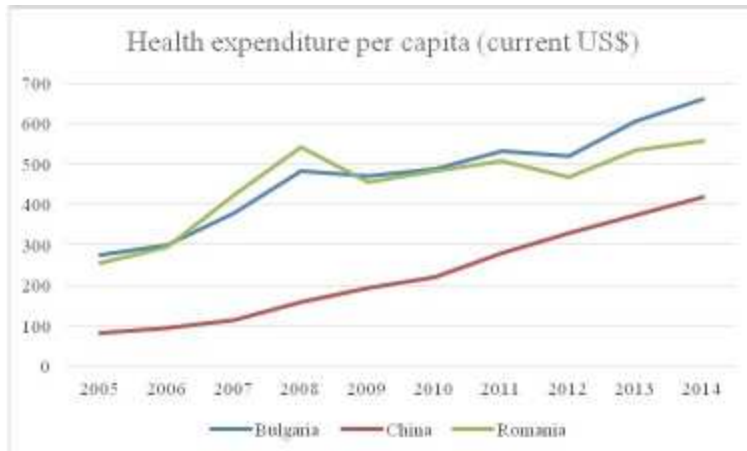
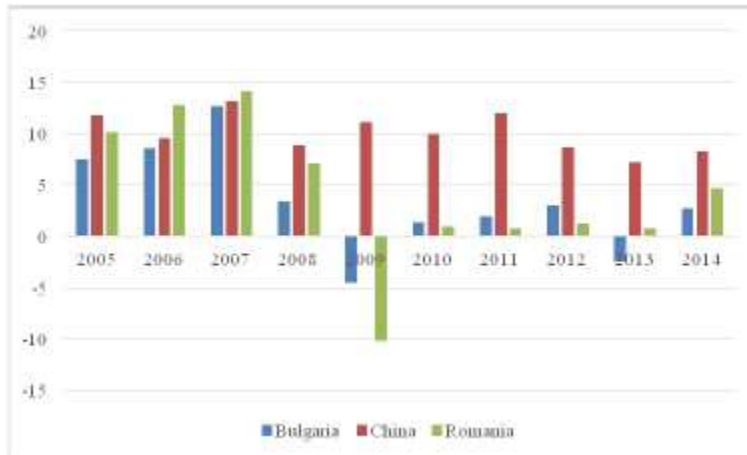Source: OECD Data and own work

Annex 9: Life expectancy at birth total (years)
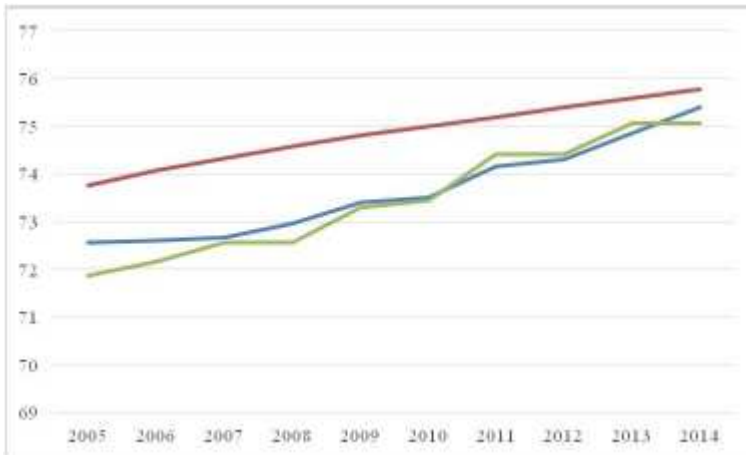
Source: OECD Data and own work

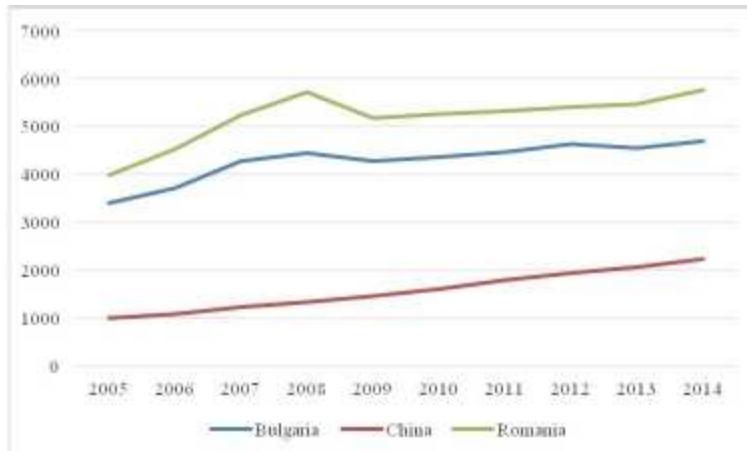## Annex 10: Population ages 65 and above (% of total)

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Annex 11: Household final consumption expenditure (annual % growth)
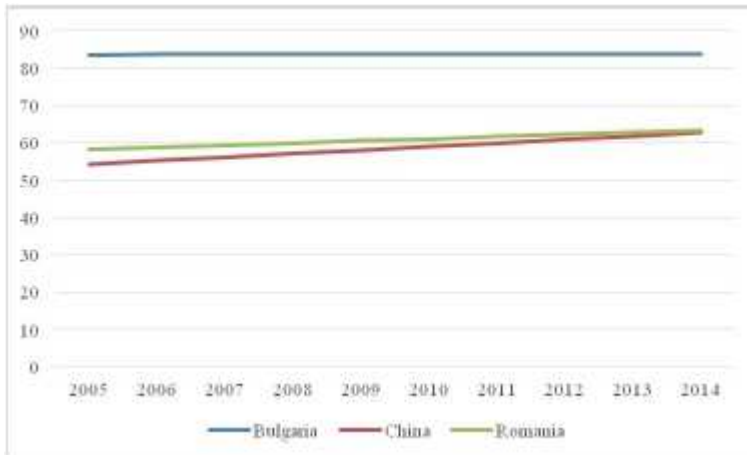

Source: OECD Data and own work

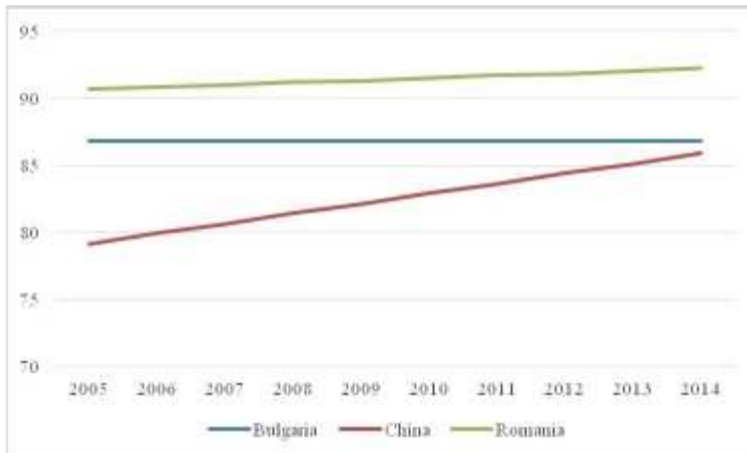## Annex 12: Household final consumption expenditure per capita (constant 2010 US$)

Source: OECD Data and own work

Annex 13: Household final consumption expenditure per capita (constant 2010 US$)
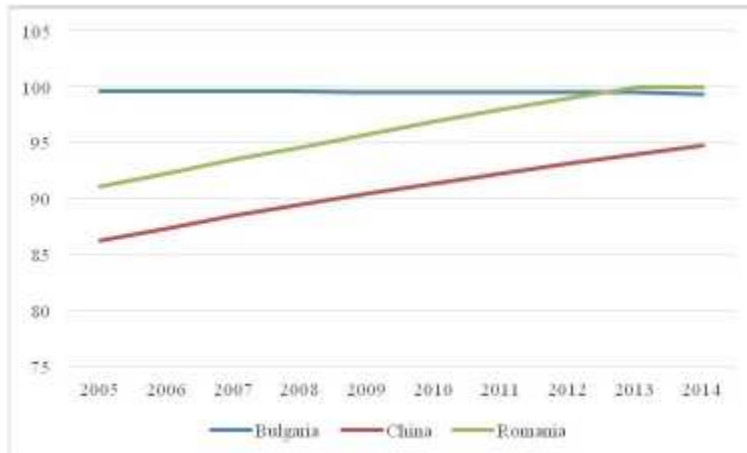

Source: OECD Data and own work

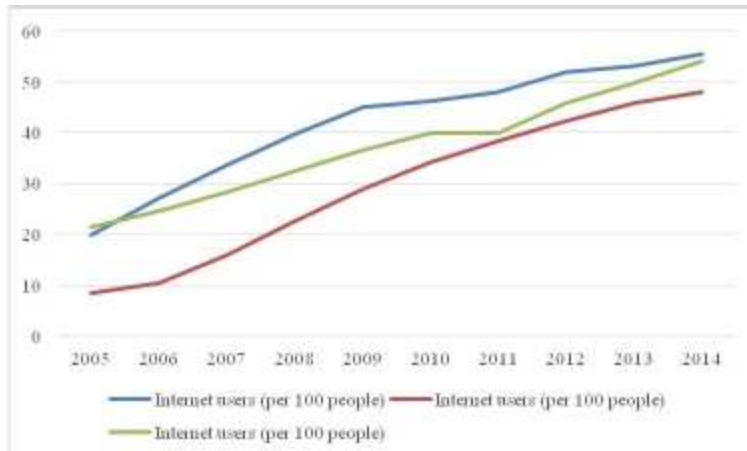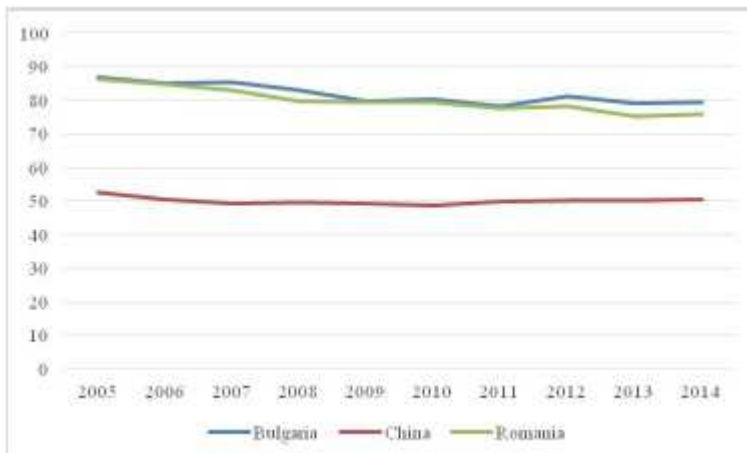**Annex 14: Household final consumption expenditure per capita (constant 2010 US$)**

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Annex 15: Household final consumption expenditure per capita (constant 2010 US$)

Source: OECD Data and own work
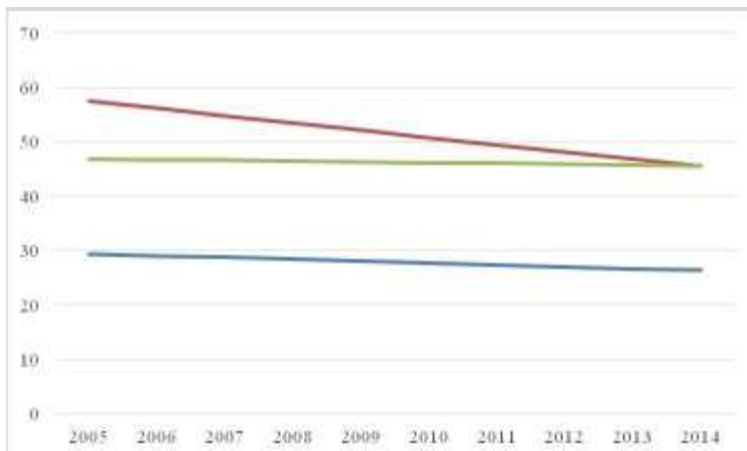
Annex 16: Internet users (per 100 people)

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS
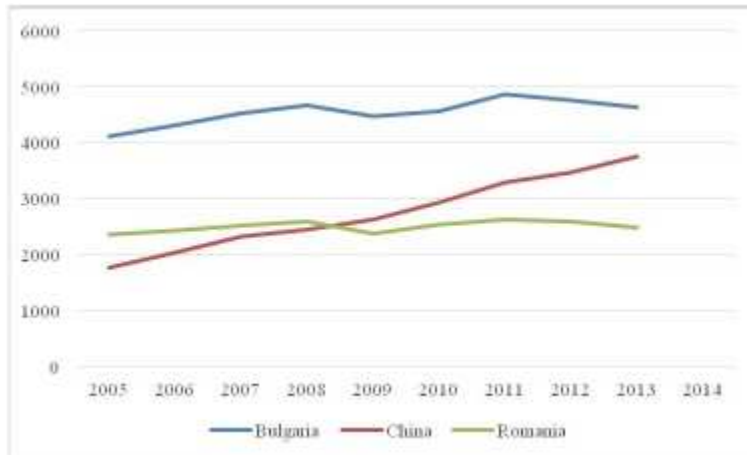
Annex 17: Final consumption expenditure, etc. (% of GDP)

Source: OECD Data and own work

Annex 18: Rural population % of total population

Source: OECD Data and own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
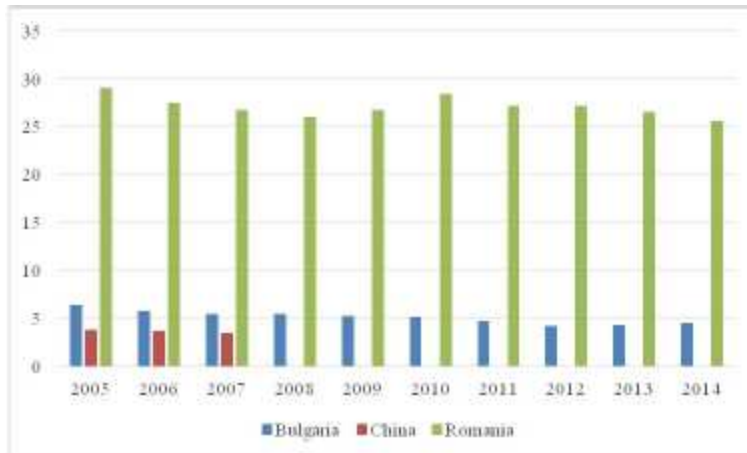AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Annex 19: Final consumption expenditure, etc. (% of GDP)

Source: OECD Data and own work

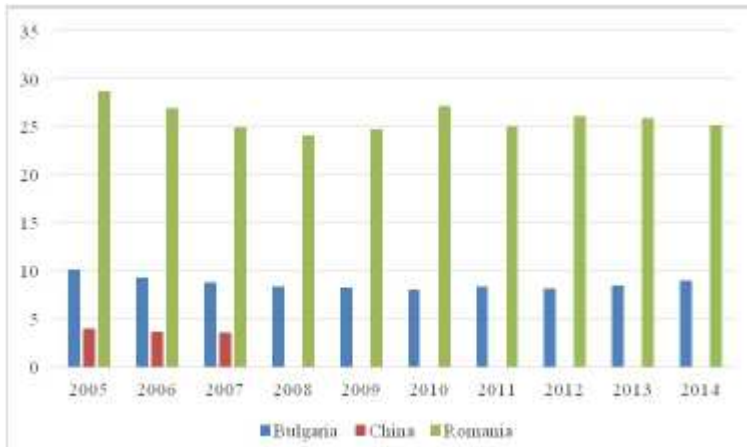## Annex 20: Employment in agriculture, female (% of female employment)

Source: OECD Data and own work

Annex 21: Employment in agriculture, male (% of male employment)

Source: OECD Data and own work

Annex 22: Labour force rate for ages 15-24, total % (modelled ILO estimate)
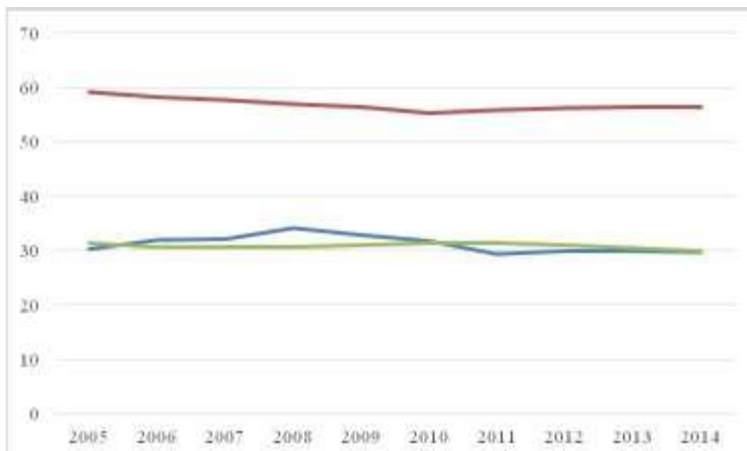
Source: Data ILO and Own work

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS

Annex 23: Labour forces participation rate for ages 15-24 female % (modelled ILO estimate)
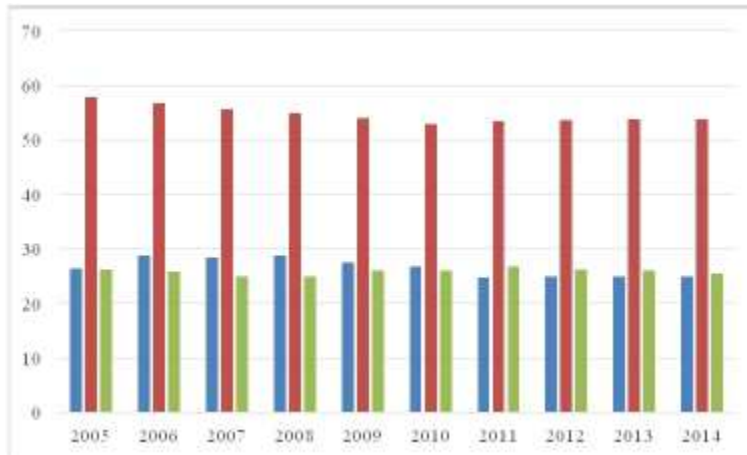
Source: OECD Data and Own work

Annex 24: Labour force participation rate total % of total population age 15 + national estimate

Source: OECD Data and Own work

Annex B

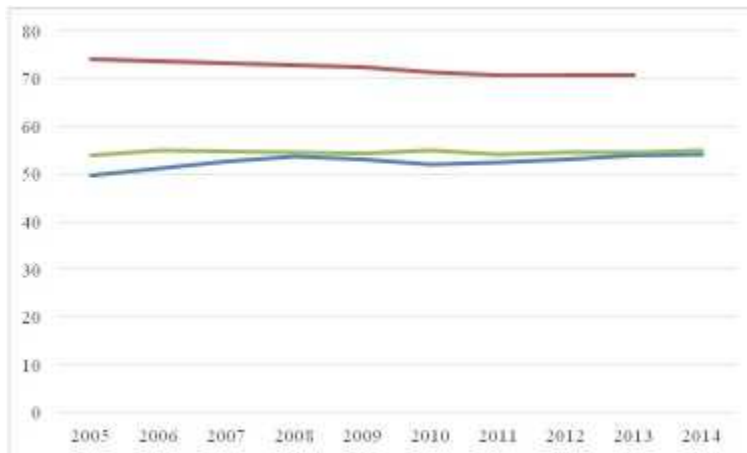|		UDE 2013 vmg		
		AREA or NUMBER OF ANIMALS		
P1	120	Common wheat	0	Unit of economic size (EURO)
P1	121	Hard wheat		Gross income
P1	122	Rye		
P1	123	Barley		
P1	123	Two-row barley	1	Unit of economic size (EURO)
P1	124	Oat		Standard gross margin
P1	125	Mixtures of summer cereals		
P1	126	Corn grains	0	
P1	127	Rice		
P1	128	Other cereals		
P1	360	Peas, field beans and sweet lupine		
P1	361	Lentils, chickpea and vetch		
P1	330	Other protein crops		
P1	130	Potatoes	10000	
P1	131	Sugar beetroot without seeds		
P1	331	Canola		
P1	552	Sunflower		
P1	333	Soybean		
P1	364	Flax for oil		
P1	334	Others (castor, poppy, mustard, etc.)		
P1	133	Hop (without seeds)		
P1	134	Tobacco plant		
P1	345	Herbs, spices, aromatic plants		
P1	573	Flax for fiber		
P1	374	Hemp		
P1	348	Other industrial crops (including flax, hemp for fiber)		
P1	136	Fresh vegetables, watermelons, strawberries in the field		
	137	Fresh vegetables, watermelons, strawberries in the garden		
	138	Fresh vegetables, watermelons, strawberries in a protected system		
	139	Mushrooms (100 square meters)		
	140	Flowers, ornamental plants grown in the open air		
	141	Flowers, ornamental plants grown in a protected system		
P1	142	Grass seeds (graminaceae, forage legumes)		
P1	143	Other seeds (for horticulture, arable crops without cereals, potatoes, oleaginous)		
P1	144	Root crops (fodder beetroot, turnips, fodder carrots)		
P1	326	Fodder corn for sowing		
P1	327	Other cereals for sowing		
P1	328	Other fodder plants		
P1	147	Temporary grass		
P1	148	Other not included arable crops		
P4	150	Permanent meadows and pastures		
P4	151	Barren pastures, usually unfertilized and uncultivated		
	349	Apple and pear trees orchards		
	350	Plum, peach, apricot, cherry trees orchards		
	351	Walnut, hazelnut, almond, chestnut orchards	0	
	352	Gooseberry, fig, raspberry orchards		
	285	Table grapes		
	286	Grapes for quality wine		
	287	Grapes for table wine		
	157	Seed beds without silviculture		
	158	Other permanent crops (osier willow, willow)		
P4	22	Horses		
P4	23	Calves for fattening		
P4	24	Calves under one year		
P4	25	Bulls from one to two years		
P4	26	Cattle from one to two years		
P4	27	Bulls starting two years and more		
P4	28	Heifers for breeding		
P4	29	Cattle for fattening		
P4	30	Dairy cows		
P4	31	Dairy cows to reform		
P4	32	Other cows		
	33	Hives		
P5	34	Rabbits, females for breeding		
P4	38	Goats, females for breeding		
P4	39	Other goats		
P4	40	Sheeps, mothers		
P4	41	Other sheeps		
P5	43	Piglets		
P5	44	Sows for breeding		
P5	45	Pigs for fattening		
P5	46	Other porcines		
P5	47	Chickens for meat		
P5	48	Laying hens		
P5	49	Other birds		

OPTIMIZATION OF SOCIAL ASSISTANCE – PROCEDURES
AND ELIGIBILITY CRITERIA FOR SOCIAL ASSISTANCE BENEFITS