



Research study of Component 3
on social assistance system
2016-2017

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Research study on social assistance structures of P.R. China - main achievements and challenges

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TERMINOLOGY

Social Assistance: Social assistance refers to the institutional system for the government and society to provide material assistance and related services for needy families. PRC has established a comprehensive social assistance system with the minimal living guarantee system as the basis, covering a variety of assistance project to provide benefits to the needy people in medical care, housing, education, employment, etc.

Poverty: Poverty is the situation of the individuals or families whose living standard is below the socially recognized minimum standard for various reasons

Anti-poverty actions: Anti-poverty actions refer to a series of actions sponsored by the government and society to eliminate or alleviate poverty

Family in hardship: Families in hardship refer to the families with a relatively low living standard or suffering hardship in some aspects, including the poor families officially identified by the government and other families suffering living hardship

Dibao: It refers to the urban and rural Minimal Living Guarantee (MLG) system in China. It is a kind of social assistance system for the government to provide cash benefits for all the families living below the local minimum living standard set by the local government

Dibao Standard: It is the Minimal Living Guarantee Standard (MLGS), which is used as local poverty lines. It is set by local governments based on the calculation of local residents' basic living expenses, with per capita income of family as the measurement unit. It is the standard line for local governments to provide cash assistance for needy families.

Dibao Beneficiaries: The people who meet the conditions to be covered by local minimal living guarantee system and are approved to receive the subsistence allowance through a formal procedure, usually with family as the unit.

Dibao Marginal Households: The households with per capita income above the local minimum standard but below the standard for marginal households. The standards of *Dibao* Marginal Households are different in various regions, usually 120% - 150% of the local minimum standard. Marginal households are characterized by low income, also known as low-income households.

Migrants: Migrants in China refer to the people whose places of domicile are different from their household registration places (cities, counties). According to the latest population statistics, this group is more than one sixth of the total population.

Wubao: It is Chinese name of the former "Five Guarantee System". Since 2014, it is called "The Extreme Difficulty People Support (EDPS) project", which is to provide basic living condition and services needed by the lonely elderly, disabled, and the orphans, etc. who had no working ability and no family, and no other income source.

Three-Nos: The people who had no working ability, no family, and no other income source, including the poor elderly, poor children or poor disabled who had neither family nor a state or collective employer to support.



Rural Anti-Poverty and Development (RAPD) project: It is a regional economic development program, aiming to improve regional economic and social development in the poverty regions by providing financial supports from central and local governments.

I. INTRODUCTION

As a big country, China has currently a big poor population. According to the official statistics, China has currently more than 100 million people living in poverty in both rural and urban areas. Among them, currently about 68.0 millions are of the beneficiaries of *Dibao*, including 16.0 million urban *Dibao* recipients, 46.9 million rural *Dibao* recipients, and 5.1 million rural *Wubao* recipients.¹ Therefore, it is a big task to pursue a great anti-poverty strategy in China, and social assistance is one of the important action areas in it.

1.1 Background: current poverty issues and social assistance's role in the anti-poverty programs

China has a long history of anti-poverty actions. In the first three decades after the foundation of the People's Republic of China, the government tried their best to provide the huge population with basic subsistence by a central planning system and public economic organization system. After the Reform that was started from the late 1970s, however, as a result of the success of market economic system and the Open-up policy, the rapid economic development has a very strong anti-poverty functions for most of Chinese people. But still some of Chinese people could not be benefited by the market mechanism, for whom the governments have initiated comprehensive anti-poverty actions since the mid-1980s. Generally speaking, the anti-poverty actions in China include several programmes, among them two are of the most important: one is the Rural Anti-Poverty and Development (RAPD) program, another is the social assistance program.

In China, as in many other countries, social assistance is a system of public projects to provide social benefits to the poor, in cash, in kind or in services. In China, social assistance is the most basic institutionalized anti-poverty system. By directly targeting at the poor people and providing basic living security and other relevant services for the needy, the social assistance system undertakes the underpinning task and plays a significant role in the anti-poverty action system in China.

China has a long history in the social assistance development. The early practices and thoughts of social assistance could at least retrospect to two thousand years ago.² In the long history, there were a lot of practices of social assistance, including mainly social relief to the poor people affected by natural disasters, and various kinds of social services to the poor elderly, orphans, and the people with disability, etc. There were also a lot of ideological disputes and theoretical discussion around the topics of social assistance among ancient scholars, from which almost all modern social thoughts in this area could find their early pioneers.

The current Chinese social assistance system was first created in 1990s as a response to the serious unemployment and urban poverty issues caused by the urban economic reform. Before that, there was a traditional social assistance system in China dated from early 1950s, soon after the foundation of the People's Republic of China. Under the central planned economic system before the Reform, China created a social protection system that included many institutional arrangements to provide Chinese

¹ MOCA, The Monthly Report of Social Services (May 2016), MOCA's website:

<http://www.mca.gov.cn/article/sj/tjyb/qgsj/201605/20160506281017.html>

² Chen, Jinan; Dan, Guo and Wen, Xiaolu, "Investigation on the Ancient Social Assistance in China", *Forum on Chinese Culture*, No. 1, 2016, pp.55-68.

people with basic living condition, of which the social assistance was a kind of measurements, called “social relief” in the cities, and Five Guarantee system (*Wubao*) in rural areas. The social relief project in the cities was for the urban “Three-Nos”, i.e. the people who had no working ability, no family, and no other income source, including the poor elderly, poor children or poor disabled who had neither family nor a state or collective employer to support. Only these poor could get social benefits from local government to secure their basic livelihood. The Five Guarantee (*Wubao*) system was to provide the rural “Three Nos” with social benefits to guarantee their needs in five aspects: food, clothing, housing, medical care and funeral service or education for the children.

Based on the central planned economic and social systems, the traditional social assistance played a significant anti-poverty role in that period. However, it could no longer keep its role and function after the Economic System Reform, because the Reform changed its institutional foundation, and thus it is necessary to have a new social assistance in the new economic and social conditions. The new social assistance was set up in early 1990s. The first project, the Minimal Living Guarantee (MLG or *Dibao*), was founded by Shanghai local government, as a response to the new poverty caused by the mass unemployment and laid-off. Different from its traditional counterpart, the new *Dibao* project did not limit itself only to the “Three Nos”, rather, it tended to provide basic cash benefit to any family whose per capital income was lower than the local official standard, i.e. the Minimal Living Guarantee Standard (MLGS). Since the new local pioneering project got a great success, it was accepted by the central government to be a national policy in 1997. In that year, the State Council issued a document, by which all the cities were asked to set up urban *Dibao* project, and actually all cities accomplished this task in two years. In 1999, the State Council issued an official regulation of urban *Dibao* system, and thus this project had become a formal national social assistance project.

The rural *Dibao* system was set up nationwide much later than urban *Dibao*, although the local pioneering practice of rural *Dibao* was even some earlier than urban *Dibao*. As early as in 1992, a pioneering practice of rural *Dibao* was launched in Shanxi Province, but it was not accepted by the central government as a national policy until 2007, ten years later than the urban *Dibao* was created nationally in cities.

Founded in 1990s, the new social assistance got its tremendous development in the first decade of the new century. The development and the successes of the new social assistance in the first decade can be summarized as following aspects:

At first, the coverage of social assistance enlarged and thus played a significant role in anti-poverty actions. Although it was founded to deal with so-called “new poverty” in 1990s, it did not function well at this task in its early years since its coverage was very small. In 2000, the total beneficiaries of urban *Dibao* in China were only about 5 millions. A big development happened in early 2000s, however, after central government made a big change in its policy and decided to co-fund it from central government’s fiscal resource. In the year of 2002, as a result, the number of urban *Dibao* beneficiaries became 20.65 millions, and this level of coverage scope had been kept for many years until the early 2010s. After 2007, after the rural *Dibao* was expanded to the whole country, the total number of both urban and rural *Dibao* beneficiaries increased rapidly then. In 2011, the total number of both urban and rural *Dibao* beneficiaries reached its peak of 75.83 millions, then decrease gradually afterwards, down to 66.05

million at the end of 2015,³ and further down to 62.93 million at the end of May 2016, or 4.6% of the total population of this country.⁴

Secondly, the social assistance system expanded its projects rapidly in 2000s, and many new projects were created in this period. In the early 2000s, even if the *Dibao* system made a great progress to enlarge its coverage, it could only secure the poor people's basic livelihood by its limited cash benefit to cover the poor's income gaps to MLGS. Actually, many poor people not only had difficulties in basic livelihood, but also in health care, education, housing, employment, etc. since the universal social welfare provisions were very limited as a result of the decline of social policy in 1990s. To guarantee the poor people's basic rights to access to these social services, a series social assistance projects were created or reinforced one by one, including medical assistance, education assistance, housing assistance, employment assistance, legal assistance, and temporary assistance. Up to now, there have been totally nine big projects under the title of "social assistance", which was therefore called "comprehensive social assistance system", and actually play much more significant roles in social security and anti-poverty action system in China.

Currently, social assistance is an institutional arrangement to provide social benefits to the poor, and almost all countries in the world have established social assistance systems, which are the important part of their social protection system and playing important anti-poverty roles. Since all countries have similar problems of poverty, there are similarities among different countries in the institutional design and development of social assistance. In spite of this, there are still many differences among the social assistance system in different countries and regions. In the globalizing world, all countries and regions have to face two basic requirements in their effort to develop social assistance system: one is how to learn experiences from other countries, and other is how to make the social assistance more suitable to their own country/region's specific conditions. For the first requirement, the researchers and policy-makers should have a better learning attitude to take lessons from other countries and to have more international exchanges. For the second, the researchers and policy-makers should pay more attention to the different values and dominant ideology of the governments and societies, have more studies of each country's economic, politic and social conditions, and the different institutional arrangements of social security, social welfare or social policy system, in which social assistance is just one kind of program, since many experiences show that only when the social assistance system is compatible with other social policies can it play a better role in the anti-poverty actions.

1.2 Main goals and motivation for the paper

This paper is, under the EU-China social protection reform project, to summarize the basic characteristics of China's social assistance. The purpose of the EU-China Social protection reform project is "to contribute to the improvement and inclusiveness of China's social protection system

³ MOCA, The Statistic Bulletin of Social Services (2015), MOCA website, July 11, 2016, <http://www.mca.gov.cn/article/sj/tjgb/201607/20160700001136.shtml>.

⁴ MOCA, Dibao data at county and higher levels, MOCA's website: <http://www.mca.gov.cn/article/sj/tjyb/dbsj/201605/20160506281002.html>

through strengthening the institutional capability for developing policies, for implementing legal and regulatory frameworks and for supervising systems of social insurances, social assistance and financial management in the area of social security. In particular, Component 3 focuses on improving of legal framework and policy for social assistance”. As a part of this EU-China project, a policy dialogue between EU and China is designed, for which a research study on social assistance structures of China is arranged, including main achievements and challenges in relation to the specific examples of the EU countries experience⁵ will be held in Beijing in 2017. For the in-depth discussion in this dialogue, a desk review research is planned, of which this paper is a main outcome. In more details, this research paper is an outcome of the in-depth research study on social assistance structures of China - main achievements and challenges, which is to, in concise form, present the different forms of support within social assistance system (cash benefits: *Dibao*, *Wubao*, temporary benefit; services for most vulnerable groups i.e. elderly, children, rural people; medical assistance, etc.) and focus on the P.R. China achievements of and challenges in this field, with special reference to the current Chinese economic and social contexts.

To have a clear picture of Chinese social assistance and help the EU readers have better understand of Chinese social assistance’s development, achievements and its current challenges, this paper has three chapters: Apart from this introduction, there are chapters of “current structure of provisions and the achievement” and “The current challenges to the social assistance in changing economic and social conditions”.

II. CURRENT STRUCTURE OF THE SOCIAL ASSISTANCE – PROVISIONS AND ACHIEVEMENTS

2.1 Social assistance’s institutional location in the social protection system in China

In current Chinese institutional arrangements, social assistance system has direct institutional relationship with two social protection systems: the social security system and the Rural Anti-Poverty and Development program. Social assistance should have institutional coordination with both of these two systems. Also, in the background of the universal social welfare development in the last decade, the institutional coordination should be created between social assistance and the universal or semi-universal social services.

In China, “social security” is a specific institutional system of public provision to cover people’s risks and secure their basic livelihood in some specific stages and cases, such as old age, sick, unemployment, occupational injury, and so on. Within the social security system, social assistance system is paralleling with, and different from another two systems: the social insurance system and the social welfare systems. The social insurance is a kind of contributory benefits for ordinary people to compensate their loss of income in old age, unemployment, occupational injury, or pause of work due to disease or maternity, or to cover their costs in medical care etc. The social welfare means the universal social services for all people or those for the people in special needs, i.e. the elderly, children in special

⁵ The study will consist from 2 parts – one contribution from the CN senior experts and the other one from EU senior expert.

difficulties, and the people with disability, etc. The term social assistance in China means a group of public benefits targeting directly to the poor.

Another social protection system with that social assistance related institutionally is the Rural Anti-Poverty and Development (RAPD) program. As a regional economic development program, RAPD program aims to improve regional economic and social development in the poverty regions by providing financial supports from mainly central government and, to a less extent, the local governments as well. Social assistance system has a similar anti-poverty goal with the RAPD, but different aims and targeting. While the RAPD aims primarily to help the regional economic and social development, and thus targets to the able-body poor to improve their working opportunities and capacities, social assistance aims to provide basic social benefits, mainly in cash, directly to the poor who cannot get enough income from working to cover their basic livelihood or necessary costs in health care, education, housing, etc. According to their original institutional design, these two anti-poverty systems should have their own aims, functions and targeting, and thus should not be in contradiction or overlapping. However, since the RAPD has expanded its services to the poor households and cover their needs in several aspects, these two systems have had some overlapping and thus it is necessary to readjust them institutionally, which will be discussed later.

Thirdly, as a comprehensive system with multiple projects, social assistance also has strong institutional relationship with many other social services, such as health, education, employment, housing, and social services specifically to the elderly, children, and the people with disability, etc. At the early stage when social assistance did not have project other than the *Dibao*, it was not a big problem to have institutional coordination with other social services. But, as a result of the expansion of social assistance into various areas and the development of universal public provisions in these social services, this problem has become more and more important.

2.2 The Minimal Living Guarantee system (*Dibao*)

Dibao is a social benefit in cash provided by government to cover the income gap of the poor families in both urban and rural areas.

2.2.1 The basic institutional arrangement

Eligibility: By the official regulation, any household whose per capita income is lower than the local MLGS is eligible to apply for *Dibao*, but in the actual practices, many local *Dibao* administrations tend to exclude the able-bodied applicants, or set extra and higher requirements for them.

Minimal Living Guarantee Standard (MLGS): It is a standard for the eligibility and benefit payment of *Dibao*. It is in cash value and made by local governments according to a group of indicators, such as minimal costs in basic subsistence, local minimal wage standard, etc. So far there have not been a single standardized methods in making MLGS, it is the city- or county-level governments' right and responsibility to make it, and thus there are quite different MLGSs in different places ranging from CNY2,372.94 per year averagely in Yunnan Province to CNY9,600.00 per year in Beijing for rural MLGS in March 2016; and from CNY356.73 per month in Xinjiang to CNY 800.00 per month in

Beijing for urban MLGS at the same time.⁶ The big differences in local MLGSs reflect mainly the different economic development level, the regional *per capita* income, and local governments' fiscal capacities, and, to some extent at least, the local governments' different orientations in social protection and their different emphasis on social assistance.

The application and approval procedures: As a means-tested benefit, *Dibao* has a complicated application-approval procedure, which can be said “free application and strict means-testing procedure”. To be a *Dibao* beneficiary, the poor households should at first submit an application to the root level social assistance administration, with the basic information of the household members and their income, property owned, health situation, etc, that is needed to be evidences of their eligibility. After receiving the application, the root level social assistance administration will check the validation of the information by a series of measures including home visit, neighborhood visit, letter check to the applicants' employers, etc. In recent years, an e-check system, called Household Economic Condition Check System (HECCS), is developed that can be used to check the applicants' necessary information from relevant governmental administrations and commercial services, such as household registration administration (to check the family members), tax administration (to check the tax payment), vehicle administration (to check vehicle ownership), employment and social insurance administration (to check employment status and social insurance involvement), bank, commercial insurance and stock services (to check the saving, insurance purchase and stock swapping), etc. By this almost all-inclusive information checking system, most, if not all, the false information can be discerned. In rural areas there are some kinds of villager representative review system, i.e. the applications will be reviewed by a group of resident representatives at the same villages, and in some places this kind of reviews are even organized in a larger areas. Beside the strict information check system, moreover, there is a public notification regulation: the names of the applicants who have successfully passed the official information check will be published on the local notification board for the peer residents' supervision. After all these procedure, the qualified applicants will be approved by county-level Civil Affair administrations. The complicated procedure and the strict means-testing measures are to increase the targeting and avoid the possible improper application, wrongful beneficiaries and bribery involved. Consequently, while it reached these goals to a large extent, it may harm the poor applicants psychologically and socially, to some degree at least, as many researchers concern.

The benefit: *Dibao* is to provide cash benefit to the eligible households, and the cash value is calculated as to cover the gap between the actual household per capita income and the local MLGS, and then times the number of the household members. In May, 2016, the national average benefit level of urban *Dibao* was CNY314.11 per month, and the rural *Dibao* was CNY151.22 per month. Furthermore, According the national regulation, the eligible households will be taken as a whole in the calculation of income and the benefit payment, but in local practices, in some special cases some specific individual members within a household, usually an old member, a child or a member with disability, etc, may be taken as a single recipient to get the benefits.

⁶ MOCA, Urban MLGS in March 2016, <http://www.mca.gov.cn/article/sj/tjjb/bzbz/201604/sc.htm>; MOCA, Rural MLGS in March 2016, <http://www.mca.gov.cn/article/sj/tjjb/bzbz/201604/sn.htm>

The targeting and beneficiaries: Generally speaking, considering the very low MLGS and very strict check procedure, the *Dibao* system is very successful in targeting the poorest people, measured by income, in both urban and rural areas. Measured by income, the *Dibao* beneficiaries are of the poorest in China, but still some poor people measured by expenditure are not included, i.e. those households whose per capita incomes are some higher than the local MLGS, but with some extreme difficulties, such as disability, serious illness, etc. To have a more detailed view of the *Dibao* recipients, the composition of the *Dibao* group should be analyzed. At first, there are more males than females in both urban and rural *Dibao* people (table 1).

Table 1 Sex ratio of *Dibao* recipients (%)

	Male	Female
Urban	57.25	42.75
Rural	62.99	37.01

Source: MOCA, The Urban *Dibao* figures of county and higher levels in the first quarter of 2016, <http://www.mca.gov.cn/article/sj/tjjb/dbsj/201604/201604281830.html>; MOCA, The rural *Dibao* figures of county and higher levels in the first quarter of 2016, <http://www.mca.gov.cn/article/sj/tjjb/dbsj/201604/201604281831.html>

Secondly, a high percentage of urban *Dibao* people are those who have difficulties in employment. The three kinds employment vulnerable people, i.e. the informal employed, the registered unemployed and the unregistered unemployed, account for nearly two-third (61.83%) of the total urban *Dibao* beneficiaries (Table 2).

Thirdly, among the rural *Dibao* beneficiaries, the biggest sub-group is the elderly, account for 42.13% of the total rural *Dibao* beneficiaries. (Table 2)

Table 2 The structures of urban and rural *Dibao* beneficiaries (%)

	Disabled	“Three Nos”	The elderly	Employed	Informal employ	Registered unemployed	Unregistered unemployed	Students	Children
Urban	9.57	2.46	16.72	1.73	22.58	15.12	24.13	13.29	-
Rural	9.33	-	42.13	-	-	-	-	-	10.46

Source: MOCA, The Urban *Dibao* figures of county and higher levels in the first quarter of 2016, <http://www.mca.gov.cn/article/sj/tjjb/dbsj/201604/201604281830.html>; MOCA, The rural *Dibao* figures of county and higher levels in the first quarter of 2016, <http://www.mca.gov.cn/article/sj/tjjb/dbsj/201604/201604281831.html>

2.2.2 The main achievement of *Dibao*

Dibao system has play a significant anti-poverty role and got a great achievement so far, which can be summarized as following aspects.

At first, the *Dibao* forms a firm safety-net for all Chinese people. Although its beneficiaries are only a small group account for less than 5% of total population, it functions as the last safety-net in the social protection system and takes responsibility to support any person who fails to be supported adequately by other programmes in social protection system. In other words, by *Dibao* system the government gives all people an unconditional promise of basic subsistence security, i.e. any household can get this social benefit to maintain their basic livelihood if they are really not able to get subsistence elsewhere, which is seen as the government’s basic legal and moral responsibility.

Secondly, by the cash benefits to the 62.9 million current beneficiaries and much more beneficiaries in its history of more than two decades, *Dibao* has prevented a lot of poor people from absolute poverty, and thus made a great contribution to the anti-poverty and social protection actions in China. Considering the big population in China, *Dibao*'s achievement in anti-poverty actions is also relevant to the whole world. Because of this, the World Bank researchers list it as the largest unconditional cash transfer program and one of the five biggest social assistance projects in the world.⁷

Thirdly, *Dibao* system has an even greater social protection function in some special periods of economic transition/fluctuation and social change, as it did in 1990s' mass unemployment and laid-off in Chinese cities when a lot of laid-off workers were paid the social benefits by *Dibao* and thus their basic livelihood were maintained. From this perspective, *Dibao*'s achievement is not just limited to the social protection for the poor people, but also makes great contribution to the economic reform and, to a large degree, to social and politic stability. Currently the urban *Dibao* still has this function and it is expected to keep and reinforce this function in the future to protect unemployed in the new economic transition.

Fourthly, *Dibao* system has set up a solid institutional base for the whole social assistance system. As means-tested benefits, all the social assistance projects are facing a serious task to identify the applicants' eligibility. If each project had its own procedure to check and test, there would be a huge workload totally. As the earliest and biggest project of the current comprehensive social assistance, *Dibao* system plays a significant role of "entrance-keeper". The eligibilities for most other social assistance projects are based on the *Dibao* entitlement, i.e. only *Dibao* recipients are eligible to apply for the benefits of other social assistance project. This kind of institutional arrangement avoid the unbearable administrative costs that this comprehensive social assistance system might have otherwise, and makes the social assistance administration much easier and cheaper, but it causes a problem of so-called "welfare aggregation", i.e. the relatively small group of *Dibao* recipients can get many welfare benefits while many other poor people can get almost nothing just because their household income p.c. are little bit higher than the official *Dibao* Standard.

2.3 The Extreme Difficulty Household Support (former Five Guarantee, or *Wubao*, system)

2.3.1 The institutional transition of the extreme difficulty household support project

The Extreme Difficulty People Support (EDPS) project, called rural Five Guarantee system, or *Wubao* system before 2014, was first set up in early 1950s in the process of collectivization in rural areas, which was to provide basic living condition and services needed by the lonely elderly, disabled, and the orphans, etc. who had no working ability and no family, as an exchange for their handing out their farmland to the collective economic organizations. Then, during the whole collective economy period, the *Wubao* was a basic social assistance system in the countryside to provide basic living conditions to the rural *Three Nos* in five aspects: food, clothing, housing, health care, and funeral services for the elderly or education for the children. After the rural economic reform, although some other collective

⁷ World Bank, The state of safety net 2014, *The World Bank Publication*, 2014, p.11. The term "unconditional" means that, unlike other categorical benefits, *Dibao* is open to all people whose family income p.c. is below the official standard.

welfare provision and local social services were abolished, *Wubao* system remained and kept its function. In the new economic and social condition, however, the operational system changed a lot. Since it could no longer be funded directly by the collective organizations, the financial resources had to come from the local individual households' compulsory contributions collected by the local root autonomous administrations (village resident committee). In early 2000s, this kind practice of compulsory fee-collection was banned by government, the financial source of rural *Wubao* then became a serious problem, and it was necessary to further reform it. In 2006, a new governmental regulation was issued, by which the *Wubao* system was changed from the previous "collective welfare" to "social welfare", i.e. a public social project funded by government. By the State Council's "Temporary Methods of Social Assistance" of 2014, *Wubao* project was included into social assistance system in its new name: the Extreme Difficulty Household Support project, and was extended to urban areas.

2.3.2 The current institutional arrangement

Currently, EDPS is a special project in the comprehensive social assistance system with the following characteristics.

The beneficiaries: Different from *Dibao* that has a universal eligibility, EDPS targets to a special group of poor people, i.e. the *Three-Nos* people. By its specific eligibility requirement, EDPS has only a small number of people covered. In May 2016 there are totally 5.1 million EDPS beneficiaries in China. Of them most are lonely elderly. Moreover, traditionally, *Wubao* was only in rural areas, usually called "Rural *Wubao*", but by the State Council's "Temporary Methods of Social Assistance" of 2014, EDPS is expanded to cities. Now by the official regulation, this project should cover both rural and urban *Three-Nos* people, but actually this policy has not been implemented in many cities, where a small number of *Three-Nos* people are still covered by urban *Dibao*.

The benefits: Again, different from *Dibao*, which provide the beneficiaries only a very low level of cash benefits, the traditional rural *Wubao* provided much generous benefits to its beneficiaries to maintain their living conditions no lower than the local average level. However, according to a newly issued State Council's document,⁸ the EDPS should provide "basic benefits" to the beneficiaries. Also, apart from the monthly cash benefits for the daily life, there are benefits in housing, health care, long term care for the disabled, and funeral services, etc. There are two kinds of benefits, one is the at-home support, called "decentralized support" i.e. the benefits for the individual beneficiaries living at home, and another is institution care, called "centralized support", i.e. the benefits and services for the beneficiaries in public nursing homes. For a long time, MOCA encouraged the local Civil Affaire administrations to develop more institution care because it was thought to have better quality of services than the decentralized support, although it had higher costs and needed more public finance. Considering the advantage of living-at-home and more beneficiaries' willingness to live at home, MOCA has begun to change the policy orientation, and no longer to specifically encourage institution care now.

⁸ The State Council, "The State Council's Suggestion to Further Complete the Extreme Difficult Household Support Project", http://www.gov.cn/zhengce/content/2016-02/17/content_5042525.htm, Feb 10, 2016,

2.3.3 The achievement of EDPS system

As a longest project in the current social assistance system, the former *Wubao* has made great achievement in its long history, and in each stage it had different achievement.

Generally speaking, in its long history, *Wubao* has provided strong social benefits to the most vulnerable people and keep their living condition no lower than the local average level. The *Wubao* beneficiaries are of the most vulnerable because, at first, the beneficiaries are in rural areas where the average living condition is worse than urban areas; secondly, they have no working ability, other than no working motivation or working opportunity, so there was no ethical problem to provide public support to them; thirdly, they don't have family to rely on, or their family members are in the same or more difficulty. Because of these features, these people are seen as not only, in fact, most vulnerable, but also, morally, most deserved to be supported, because their difficulty is by no means caused by any wrong willing or behaviors of themselves. Therefore, by providing comprehensive and higher-level social benefits to this group of people, the government has not only accomplished a public task to support the most vulnerable, but also embodied a goal of human rights and social justice, and thus can get much more social support and admiration from the public. However, this kind of institutional arrangement has been changed in recent years. At first, many local government did not follow the central government's requirement to keep the *Wubao* people's living condition no lower than local average. Then this requirement itself has been changed by central government in the State Council's newly released document,⁹ in which the former "keep living condition no lower than local average" has been changed to "provide basic living condition".

In recent years, the *Wubao* is still a successful project in rural areas. Table 3 shows the numbers of *Wubao* beneficiaries and the government's public expenditure on this project.

Table 3 *Wubao* beneficiaries and the expenditures (2015)

Total number of <i>Wubao</i> beneficiaries (Millions)	As % of total rural population	Institution care		At- home support		Total expenditure on <i>Wubao</i> (CNY billions)	As % of total local public expenditure
		Persons (Million,%)	Spend/ per capita (CNY)	Persons (Million, %)	Spend / per capita (CNY)		
5.167	0.84	1.623, 31.4	6025.7	3.544, 68.6	4490.1	21.0	0.16

Source: The *Wubao* data are from MOCA, "The Statistic Bulletin of Social Services (2015) <http://www.mca.gov.cn/article/sj/tjgb/201607/20160700001136.shtml>"; and the financial data are from: National Bureau of Statistics, "China Statistic Year Book (2015)", The National Bureau of Statistics Website: <http://www.stats.gov.cn/tjsj/ndsj/2015/indexch.htm>.

As the data in the Table 3 show, this group is only a small group in rural areas, account for less than one percent, among them more than two-third get at-home support, and less than one-third live in

⁹ The State Council, "The State Council's Suggestion to Further Complete the Extreme Difficult Household Support Project", http://www.gov.cn/zhengce/content/2016-02/17/content_5042525.htm, Feb 10, 2016,

institution care services. The total public expenditure on *Wubao* is still a small money in the big total public expenditure. The governments just use 0.16% of the total local public expenditure to keep the extreme difficult 0.84% of the rural population on an average living level.

Moreover, the MOCA and local Civil Affair administrations have kept trying the proper institutions and operating mechanism to fit the beneficiaries' needs and make it suitable to the changing economic, social and public administrative situation. As mentioned above, a decade ago, facing the new challenges from the changing economic and social environment, the government took the responsibility of financing *Wubao* system, and changed it from the former collective welfare to the current public welfare model, and thus kept its running. Now, the EDPS has a combinative responsibility system. At first, the responsibility is shared by central and local government, both in the policy-making and in the financing. Secondly, at the local level, the responsibility of service provision is also shared by governments and villager committees. Local governments are responsible to make related policies and regulations, and fund the services according to official regulation; while the villager committees, the root autonomous organizations, have responsibility to provide some services, including voluntary services. Other social organizations as well as neighbors and relatives are also encouraged to offer help, especially for the at-home care EDPS people, and contribute to the improvement of EDPS people's living condition and save the public expenditure.

2.4 The medical assistance

2.3.1 The development of medical assistance

In contemporary society health service is one of the most basic needs for all the people. In China, before the Reform, there were public health services provided by government and state employers in cities, and by collective economic organizations in rural areas. Both urban and rural people could get free or cheaper health services. After the economic reform, however, the health services has become a semi-commercial services, with the medical prices going up steadily at one hand, and traditional insurance mechanisms losing its function to support people's health care at the other. As a result, many people find it very difficult to afford the health care, and thus the "expensive health service" became a serious social problem in 1990s, especially for the poor people. In this circumstance, three ministries central government (MOCA, MOH and MOF) issued a document "Suggestions to implement medical assistance in rural areas" in 2003,¹⁰ asking local governments to set up medical assistance projects and provide basic medical benefit to the rural poor people. Then, the central ministries issued another document, "Suggestions to setup experimental programmes of urban medical assistance" in 2005¹¹ to start the practice of urban medical assistance. After experimental practices for several years, the MOCA and three other ministries of the central government jointly issued a document in 2009, i.e. "The

¹⁰ The document is on MOCA's website,
<http://www.mca.gov.cn/article/zwgk/fvfg/zdshbz/200712/20071210005478.shtml>

¹¹ The document is on the Central Government's website:
http://www.gov.cn/gongbao/content/2005/content_63211.htm

Suggestions to Further Improve Medical Assistance System”,¹² and the State Council issued a document made by MOCA and other ministries: “the Suggestions to Further Improve Medical Assistance and Implement Medical Assistance for Serious Diseases” in 2015,¹³ to reinforce and complete the basic regulations of medical assistance step by step.

The medical assistance was a useful measurement to protect the poorest people’s basic medical needs without changing the overwhelming commercial medical services in the early 2000s. It is a typical “selective welfare model”, i.e. secure a small group of poorest people by a limited financial source, instead of providing universal welfare and benefit all people that need much more public financial sources. Later, a new health policy reform was initiated by central government in 2009 that was to have more public services in the health service system. But so far it has not been very successful in this direction, the health services is still strongly commercial and expensive for many people. Thanks to the development of medical insurance from late 1990 to late-2000s, more people, including the non-employed residents in urban and rural areas, can get some reimbursement from the medical insurances for part of their medical costs and then reduce their families’ financial burden to some degree. But for the poor families, it is still too expensive to pay the contribution to the medical insurance, and to co-pay for their medical costs, which is required by the medical insurance regulation. Therefore, the medical assistance is necessary to support the poor people for their medical care.

2.4.2 The basic institutional arrangements

Now, as an institutional social benefit for the poor people, medical assistance has the following institutional arrangements.

The beneficiaries: According to the official regulation, medical assistance is mainly for the “Civil Affair Targeted Groups”, i.e. the recipients of *Dibao* and *Wubao*, the disabled former army servicemen, family members of martyrs and some other poor people covered by the Civil Affair services. In many places, some special members, mainly the old people, children and the people with disability in low income households, e.g. those whose per capita income higher than local MLGS, but lower than 150% of MLGS, are covered by medical assistance, but usually in some discount rate, e.g. half of the normal benefit. These local practices are encouraged by central government as shown in a new document in 2015,¹⁴ which required all local government to include the old people, children and the people with disability in low income households into medical assistance. Moreover, this document further suggested that medical assistance should be extended to cover the lower income people with serious diseases, especially the children with serious diseases or disability.

¹² The document is on the MOCA’s website:

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

¹³ The document is on the Central Government’s website: http://www.gov.cn/zhengce/content/2015-04/30/content_9683.htm

¹⁴ MOCA and other four ministries, “Suggestions of further improving medical assistance and implementing medical assistance for serious diseases”, Issued by The State Council’s General Office, April 21, 2015, http://www.gov.cn/zhengce/content/2015-04/30/content_9683.htm.

The benefits: There are two kinds of benefits the poor can get from the medical assistance. The first is the compensation to the poor people’s medical insurance contribution, i.e. to help the poor people’s participation in medical insurance. For the beneficiaries, this benefit is fully paid to cover all the expenses of medical insurance contribution. The second benefit is the reimbursement of the personal co-pay when the beneficiaries have got actual medical expenses. When a beneficiary has got medical expenses, it will be paid for by both medical insurance and the patient him/herself. When a poor patient cannot pay his/her co-pay amount, he/she can apply for medical assistance to cover part of the personal co-pay. After the social insurance and medical assistance, most of the poor people’s medical costs can be solved, and actually the poor families just need to pay only a small part of the total costs. For some serious diseases, however, the total costs are extremely high, and the rest personal payment may be still very high for the poor. To help the poor families to deal with the extreme high medical costs for serious diseases, the central government decided to provide extra medical assistance benefits to the poor with serious diseases by the MOCA and other four central ministries’ new document “Suggestions of Further Improving Medical Assistance and Implementing Medical Assistance for Serious Diseases”,¹⁵ which was issued by the State Council in April 21, 2015. And local MOCA offices are exploring some charity ways to cover their rest costs.

2.4.3. The achievement of medical assistance

Health service is of the most significant needs of all people including the poor. The high medical cost is of the most serious factors causing a family to fall into or remain in poverty. Moreover, medical assistance is especially significant for the poor in a circumstance in that there is a highly commercial and lower public health service system, like in China a decade ago, and at present to a less degree. In its decade-long practices, China’s medical assistance has helped millions of poor families out of medical difficulties. The data in Table 4 show the recipients of medical assistance and the average benefits.

Table 4 The recipients and benefits of medical assistance in 2015

Recipient s (millions)	Subsidy to medical insurance contribution		Medical cost reimbursement			
	Total payment (CNY billions)	Benefits p.c. (CNY)	No. of Recipients (Millions person- time)	Total of payment (CNY billions)	Payment per capita for in-patient (CNY)	Payment per capita for out- patient (CNY)
66.35	6.17	93.0	28.89	23.68	1,595.7	177.1

MOCA, The Statistic Bulletin of Social Services (2015), MOCA website, July 11, 2016, <http://www.mca.gov.cn/article/sj/tjgb/201607/20160700001136.shtml>

It can be seen from the data in Table 4 that millions of poor people are benefited by the medical assistance, and their medical care are secured. Therefore, the medical assistance should have played a significant role in improving the poor people’s health condition and finally made contribution to preventing them from poverty.

¹⁵ See the above fn.

Besides, in 2015 another medical expenditure of CNY3.46 billions was paid for to the disabled former army servicemen and martyrs' families of totally 4.37 million person-times, and the benefits per capita is CNY 793.

Another achievement is that a kind of institutional arrangement has been developed to coordinate with medical insurance in cities and with cooperative health services in rural areas. To have social assistance running efficiently and help the poor effectively, social assistance project is designed to work with the medical insurance in steady of taking the responsibility of covering the poor's medical costs just by itself. Since social assistance will have a big difficulty in cost control if the poor's all the costs are paid for by social assistance, this project is designed at first to provide subsidies to the poor's participation in the medical insurance and then, when the poor people have actual medical expenses, help the poor people to pay their personal co-pay part. By this institutional arrangement, the medical assistance can secure poor people's actual needs in medical care, and let the medical insurance take the responsibility of cost control. As a result, by cooperating with medical insurance, medical assistance can play its role much more efficiently and effectively.

2.5 The educational assistance

2.5.1 The development of educational assistance

Education is a basic need of all children as well as of their families, including the poor. It is also an expensive activity. Therefore, it is a common practice in all countries that education activities are, to different degrees, a public affair, and funded by public financial resources. During the central planning period, China had a public education system, which provided free education to students at all levels. Therefore, all students enjoyed free education and those from poor families could further get subsidies to cover part of their living costs. After the Reform, however, education system has become more "commercial" than it was, i.e. the parents had to pay some money for their children's education, which caused big problems for the poor families, as evidenced by the higher rates of student loss in many poor rural regions in 1990s and early 2000s. Therefore education assistance became necessary to cover the poor families' education costs.

Some non-governmental actions began earlier than formal governmental actions in education assistance. As early as in 1989, the Central Committee of Chinese Communist Youth League and China Foundation for Youth Development joint initiated the "Hope Project" which was a charity project to provide educational subsidies to the poor families in the poverty regions. The early practice of the Hope Project was quite successful. It not only directly helped a lot of poor children return to school, but also provided an example of education assistance to government, and thus could be said as pioneering action before the formal governmental assistance project came into being. The formal governmental project of education assistance was first set up in the mid-1990s, and then got its great development after 2000. The first governmental social assistance action was the a national educational subsidy to the poor families, which was by a central ministries' document of "The Methods of Education Subsidy for the Compulsory Education in the National Poverty Regions" jointly issued by the National Committee of

Education and the Ministry of Finance in October 20, 1997.¹⁶ From the early 2000s, a more universal program called “Two exempting one subsidizing” was implemented in poverty rural areas, by which the poor families in poverty regions could be exempted from tuition fees and textbook fees, and be subsidized the boarders’ living costs, including dormitory and food costs, etc. In the following years, this program extended its coverage rapidly, and by the year of 2005, almost all compulsory education students from poor families had been covered. And then, it further developed into a more universal free education policy for all students within compulsory education. Finally, the State Council issued a document to set up an educational assistance system for students in non-compulsory education in 2007.

2.5.2 The Current system of education assistance

Generally speaking, the education assistance system and the larger student financial aid system are important components of the public education policy. Most of the public expenditure on education is going to the public education institutes to support their free education (for the compulsory education) or keep their lower tuition fees (for the non-compulsory education) that will eventually guarantee ordinary people’s education. For the poor people, however, there are still some financial capacity gaps to pay the non-tuition costs at compulsory education, and the tuition and non-tuition costs in non-compulsory education, which are left to education assistance to cover.

In China, education assistance system is, as a part of student financial aid system, to provide financial assistance to the students from poor families, but “education assistance” in China is by no means a single project. Rather, it is a term to conceptualize a series of projects that provide different kinds of benefits, are financed by different organizations, and cover different kinds of beneficiaries.

The various kinds of grants for education and the role of education assistance: In China governments and NGOs provide at least three kinds of education grants for students: the scholarship, the education grants for social utilities, and the education assistance. At first, scholarship is usually provided based on merits, i.e. to the students who have excellent academic achievements. Secondly, the education grants for social utilities are to the students who either study in some special discipline or work in some special area during or after their education that have higher social utilities and lower market value and thus should be subsidized by governments, such as the students in teachers’ training, the veterans or those who enlist into army during or after their education, or those who work at poverty region’s root level after their higher education, etc. The third kind is the education assistance that is provided on needs, or to the poor.

The main providers: Basically, education assistance is mainly government’s responsibility, but NGOs are also encouraged to make contribution. Among the government system, the education assistance responsibility is shared by almost all governmental levels, from central government to the root-level governments.

¹⁶ “The National Commission of Education and Ministry of Finance’s Notice to Issue the Document ‘The Methods of Education Subsidy for the Compulsory Education in the National Poverty Regions’”, The Website of Law Education, <http://www.chinalawedu.com/news/1200/22598/22615/22792/2006/12/wc066892859022160021102-0.htm>

The different projects by different providers: From different providers, there are several different kinds of education assistance projects. At first, there are some national projects, which is designed, organized and financed by central government. Then, there are also many provincial, municipal and county-level projects. Again, there are many charity projects from different non-governmental or semi-governmental resources. The government bodies at different levels and the non-governmental donators are in many cases the independent actors who tend to design and manage their own projects. Sometime they may also have joint actions, i.e. some lower-level governmental bodies may put their financial resources into higher governments' projects, and non-governmental donators invest governments' projects or education institutes, in steady of subsidize the needy students directly.

Two kinds of implementation system: There are many different channels to deliver educational assistance to the needy students that can be summarized mainly into two kinds: the subsidies by the education institutes and by local governments and NGOs. Thus, the needy students can apply for the educational assistance from the schools and/or from the local governments or NGOs at hometown.

The different projects for different students: There are a lot of projects providing benefits to different needy students ranging from the pre-schooling children to graduate students in higher education. The beneficiaries can be categorized in three ways: the first is in terms of the education levels: from lowest to highest levels; the second is in terms of compulsory or non-compulsory education; the third is in terms of their special features, such as the education benefits for the veterans, the first-year students in higher education, and the students from less developed regions, etc.

The various ways to provide benefits: There are various kinds of ways to provide benefits. The first is the fees exempting, mainly by schools/ colleges/ universities. The second is the benefits for work, which are actually part-time paid jobs usually provided by colleges or universities to the poor students. The third is education loan, which provided by commercial banks with the interests being subsidized by the government. The last way is the education assistance stipend, which are free cash benefits to the poor students to cover their fees and/or living costs.

All the education assistance projects are summarized in the Table 5.

Table 5 A summary of the educational assistance system

	Free education (No tuition fee and free textbook)	National scholarship	Local scholarship	National education assistance scholarship	National education assistance	National Education Loan	Exempting projects of many kinds		Work-study funds	New student subsidy	Grants for joining army or working at Western root level
							By schools	By gov.			
Graduate students		√	√	√	√	√			√		√
Undergraduate students		√	√	√	√	√	√	√	√	√	√
3-year college students		√	√	√	√	√	√	√	√	√	√
Higher occupation trainees		√	√	√	√	√		√	√	√	√
Middle-level occupation trainees			√		√			√	√		
High school students					√		√				
Compulsory education students	√				√			√			
Pre-schooling students					√						

Source: China National Center for Student Financial Aid (CNCSSFA), “A Brief Introduction to the Policy System of the National Student Financial Aid”, in CNCSSFA’s website: <http://www.xszz.cee.edu.cn/zizhuzhengce/zonghezhenge/2015-08-05/2308.ht>

2.5.3 The main achievement of educational assistance

From the summary in Table 5, several significant features can be seen. Firstly, the student financial aid system has been created to provide grants to all the students at various levels from pre-school to graduate studies, and guarantee institutionally that no one has to give up education because of the incapability to pay the education costs. Secondly, this system is a mixture of various different projects that have different targeting beneficiaries, different aims, different financial sources, different kinds of benefits and delivery channels, and different running mechanisms.

There were continuous growths of education assistance in recent years. In 2014, the total expenditure in education grants reached CNY140 billion, about 20% more than that in previous year. In more details: 1) Totally 85.4378million student got education grants of various kinds, excluding the free textbook and nutrition food projects, increase by 6.86% from the previous year; and the total expenditure was CNY 142.128 billion, increase by 19.92% from the previous year. 2) Among the total expenditure of CNY140 billions, CNY98.943 billions, or 69.62% of the total, was from governmental finances at various levels, and the rest was from non-governmental actors, including education institutes and donations from companies, charity organizations and individual persons. Among the governments' expenditure, CNY51.835 billions was from central government, account for 36.47% of the total education grants. 3) Among the total education grants, CNY71.686 billions, or about one half, was to the higher education. 4) Among the total educational grants, CNY17.033 billion, or about 12.1% of the total, was the scholarships based on academic excellence; CNY 2.22 billion, or 1.6% of the total grant was compensating those who joint in army, worked at the root levels in the west provinces of China, or were in teacher training programs; and the rest CNY 120.8 billion, or 86.3% of the total, was provided on needs, either in universal or means-tested projects.¹⁷

In 2014, the total governmental expenditure in education was CNY2,304.171 billion, and total expenditure on student financial aid only account for 6.1%, and that on education assistance only for about 5.2% of it. In China, the public education system has comparatively a semi-universal welfare feature, by which most of the education costs are covered universally by public expenditure, and thus only a small money is needed to cover the poor's rest costs. Although only with a small part of the total public education expenditure, the education assistance is essential for millions of the students from poor families to get proper education. In other words, for the poor, only by the education assistance system they can be benefited from the universal public education provisions. Actually, the development of education assistance is a key factor for the accomplishment of the nine-year compulsory education in poverty regions in the last decade, and for a lot of student from poor families to realize their dream of entering into higher education.

More generally speaking, by guaranteeing the poor's education, the education assistance system has not only contributed to the education equity, but also to the enlargement of poor's human capital, which has in turn contributed to the total human capital of this country. According to an evaluating report by the Ministry of Education in 2015, the total student financial aid system, of which the education assistance projects are the main parts, has got a very highly positive evaluation by the surveyed people (90%), with the highest evaluation comes from the surveyed schools (more than 95%), then from surveyed students (nearly 91%), and, to some less extent, from the surveyed parents (83%).¹⁸

2.6 The assistance for the people affected by natural disasters

As a big country, China has natural disasters every year, with a lot of loss of property and life. From the ancient societies, there have been social assistance actions to deal with natural disaster. Now there is a public action

¹⁷ Ministry of Education (MOE), "Annual Report of China's Student Financial Aid Development (2014)", MOE's website: http://www.moe.gov.cn/jyb_xwfb/gzdt_gzdt/s5987/201508/t20150818_200680.html

¹⁸ The Ministry of Education, "The Interim Evaluation Report of the Student Financial Aid, as a part of the Interim Evaluation Report of the Mid-and Long term National Education Reform and Development Plan (2010-2020) ", Dec 19, 2015, from The MOE website: http://www.moe.gov.cn/jyb_xwfb/xw_fbh/moe_2069/xwfbh_2015n/xwfb_151209/151209_sfcl/201512/t20151209_223925.html

system to deal with natural disaster in China, including preventive actions and after-disaster actions, and the later include emergent rescue, after-disaster reconstruction, and the social assistance to the people affected by natural disaster.

2.6.1 *The development of assistance for the people affected by natural disasters*

In the previous central planned economic system, the primary responsibility of assistance to the disaster-affected people was on the urban state employers and rural collective economic organizations, government only took a secondary responsibility to support the state employers and rural collective organizations when the loss was too big to be covered by them. After the Economic Reform, however, the former systems no longer worked and thus the government had to take the responsibility to provide assistance directly to the disaster-affected people. After actual practices for many years, a governmental regulative document: “The Regulation of Natural Disaster Assistance” was issued by the State Council in 2010, which is the supreme administrative regulation system for the affairs in this area. Moreover, the Assistance for The Disaster-Affected People was included in the State Council’s “Temporary Methods of Social Assistance”.

2.6.2 *The institutional arrangement of current assistance for the people affected by natural disasters*

The responsible organizations: As mentioned above, it is the government’s responsibility to provide assistance to the natural disaster-affected people and rescue them from dangers and difficulties. However, charities and other voluntary actors are also very active in offering donations to the natural disaster-affected people since 2008 when a big earthquake happened in Sichuan Province that caused a lot of loss of life and property. Among the governmental action system, the governments at all levels share responsibilities in organizing and financing the assistance activities for the people affected by natural disaster, and the extent of higher governments’ participation may depend on the severity of the losses.

The beneficiaries: Different from other projects in social assistance system, the beneficiaries of the assistance for the natural disaster-affected people are not just limited to the poor people. According to the above-mentioned two State Council’s administrative regulations, the assistance for natural disaster-affected people is to provide benefits and services to all people who are affected by disasters. In spite of their broader coverage, the poorer people may get more benefits since there is a loss and need evaluation process before the benefit distribution, by which the poorer may get more assistance consequently because usually they have more needs.

The tasks and benefits: According the State Council’s two regulations, governments at all levels have the following tasks in providing assistance to the natural disaster-affected people: 1) Storage building: governments should set up natural disaster rescue supply storages and guarantee the emergent supplying once a natural disaster happens. 2) Emergent rescue: once a natural disaster happens, governments should organize emergent rescue and provide daily living necessities and necessary medical supplies. 3) Temporary settlement for the natural disaster-affected people based on the actual needs. 4) Loss evaluation and housing rebuilding subsidy: governments will provide cash or in-kind benefits to the natural disaster-affected people for their house rebuilding according to the evaluation of actual losses. 5) Living subsidy: necessary cash or in-kind benefits may be provided to the poor people if they have difficulty in basic living as a result of the natural disaster, this kind of benefits are usually provided in the winter of the natural disaster year or in the spring next year.

2.6.3 *The main achievement of assistance for the people affected by natural disasters*

In such a big country there are many natural disasters each year, and thus the assistance for natural-disaster-affected people is necessary to secure a lot of people’s livelihood and reduced their losses when they unfortunately suffer from natural disasters. By the official statistics, in 2015, totally 190 million person-times were affected by natural disasters, and the total economic losses were CNY27.041 billion. The total public expenditure on the assistance to the natural affected people was CNY19.552 billion, out of which CNY 9.499 billion was provided by central government.¹⁹ Besides, a lot of necessary materials were also provides, and totally 60 million person-times got assistance.

¹⁹ Ministry of Finance, “National General Public Budget Expenditure (2015)”, July 24, 2016, The MOF’s website: http://ysss.mof.gov.cn/2015js/201607/t20160720_2365732.html

From the above-cited data, it can be seen that the assistance for the natural disaster-affected does really play a significant role in helping the natural disaster-affected people. It not only reduces the loss of life and property by the preventive storage and the emergent assistance, but also compensates people's loss by the provisions to the post-disaster housing rebuilding and subsistence guarantees. In addition, the total public expenditure on the assistance for the people affected by natural disasters in 2015 was 72.3% of their total economic losses. Putting the governmental public expenditure and non-governmental donations together, the total expenditure on the assistance for the natural disaster-affected people can compensate most, if not all, of their losses.

2.7 The housing assistance

Due to its several special features, housing problem is specific significant for the poor: at first, housing is a kind of basic need for all people including the poor. Secondly, housing is expensive goods, especially in contemporary urban circumstances, that may cause serious difficulties for the poor to afford it. Thirdly, housing is a developing need. People's needs in housing may increase along with the economic and social development, and then stimulate the poor to increase their need in housing, and the poor's needs in housing cannot be satisfied by one-time provision as a result. So far there have been a lot of public and commercial ways to meet people's basic and increasing needs in housing, but for the poor, most of other measurements are not suitable, and then housing assistance is necessary.

2.7.1 *The poor's needs in housing under the urban and rural housing systems and the development of housing assistance*

Housing assistance system was first set up in 1990s as a result of the urban housing reform, by which the former welfare housing system was replaced by a commercial real estate market system. After the reform, most of the urban people, except the urban poor, could get their housing from the market with the assistance of some public or financial instruments. Therefore, a housing assistance project, called "cheap-rental housing project" was set-up as an auxiliary arrangement to the housing reform to provide the urban poor with basic housing condition. It did not perform well in its early stage, however, since there were very few cheap-rental houses provided by urban governments until 2007 when the central government issued a document to reinforce this project. Since then, this project expanded in all cities to meet the poor's basic needs in housing.

Moreover, since the mid-2000s, as a result of rapid rising of housing prices in almost all Chinese cities, housing difficulty among most of the urban people had become more and more serious, especially for the low income groups, and thus the governments had to enlarge the intervention to meet urban people's basic needs by providing some cheaper houses for sale and public rental houses directly to low income families. In 2014, the former cheaper rental housing project was merged into the new public rental housing project.

There are also housing assistance actions in rural areas. Before the Reform, the rural "Three Nos" families' housing was provided by the collective economic organizations under the *Wubao* system, and other poor may also get some kinds of assistance from the collective economic organizations. After the reform, as mentioned above, the "Three Nos" families' housing needs are still covered by the reformed *Wubao* system, with financed by government. Besides, governments also set up some other projects to cover other poor's basic needs in housing, such as public subsidies for the dilapidated housing rebuilding, etc.

2.7.2 *The basic institutional arrangement of current housing assistance*

The beneficiaries: According to the State Council's "Temporary Methods of Social Assistance", housing assistance projects are targeting to the poor with housing difficulties. Namely, the beneficiaries should meet two criteria: at first, they should be *Dibao* or *Wubao* recipients, i.e. only the *Dibao* or *Wubao* people are eligible to apply for this project; secondly, they should have housing difficulties, which measured by the local-government-made standards in per capita square meters and total family square meters, usually 15m² and 50m². But actually, in some cities some of the housing assistance benefits are open to some non-*Dibao* and non-*Wubao* poor people, although with some discounted level of benefits.

The benefits: According the State Council's regulation there are three kinds of housing benefits to the poor people under the title of "housing assistance": The first is to provide rental houses directly to the needy poor; the second is to provide rental subsidy in cash to the needy poor, who can then rent a proper house from the rental markets; the third is public subsidy to the rural poor to rebuild their dilapidated houses.

The providers: By the State Council's regulation, the housing assistance should be provided by local governments. The eligible applicants should submit application to a township-level governmental office or a county-level governments' housing security office, and the latter has right and responsibility to review the eligibility and make approval to the eligible application and provide the entitled benefits. The financial responsibility of housing assistance is shared by all levels of governments, but primarily by local governments, and the central government provides financial subsidies only to the provinces that have financial difficulties in implementing house assistance by their own financial capacity.

2.7.3 *The achievement of the housing assistance system*

In 2015, the total public expenditure on housing assistance was CNY70.551 billion, including the cheap-rental housing (CNY11.963 billion), rural housing rebuilding (CNY53.602 billion), and welfare housing subsidies (CNY 4.986 billion).²⁰ There are not official data available about the actual number of the housing assistance benefits recipients, but it can be estimated that housing assistance has set a basic housing condition for all the poor people, help them meet basic housing needs and prevent them from homeless in both urban and rural areas.

2.8 The employment assistance

The employment assistance is another important area in the social assistance system. Since employment difficulty is both a cause and a consequence of poverty, it should be dealt with by social assistance. In China, the employment assistance has had a long history but actually only in recent years it has been formally included in social assistance system.

2.8.1 *The urban unemployment issues and the poor's needs in employment assistance*

Under the central planned economic system before the Reform, the government took a full responsibility for all laborers' employment and all urban laborers were assigned a job, and rural laborers had a right to work on the collectively owned farmland, and shared the products. After the Market Reform, however, the former planned job assignment system was replaced by labor market system. In the last three decades, the rapid economic growth provided a lot of job opportunities on one hand, but the market reform cause some unemployment on the other. Therefore, while most of the laborers enjoyed the more job opportunities, some vulnerable ones met serious difficulties, thus needed help from government's public employment services.

The current urban public employment services started from 1990s to deal with the mass unemployment and laying-off problems caused by the rapid state enterprises reform during the process of market transition. During the 1990s and the early years of 2000s, the main emphasis of the employment services was on the unemployed and laid-off workers by the state enterprises, and then in the later 2000s, along with the changes of the employment circumstances, the public employment services made some changes of its main targeting towards multiple groups and different tasks, including 1) to provide re-employment services to the unemployed workers, 2) to provide job information and occupational training services to the rural migration workers, 3) to help the university graduates' employment, and 4) to provide employment assistance to the poor urban laborers who have employment difficulties. The last, the employment services to the poor people, is called employment assistance. Therefore, employment assistance is on the overlapping place of the public employment service system and the social assistance system. In the public employment service system, it is a project to help the poor; in the social assistance system, it is the project to help the poor's employment. In 2007, employment assistance was included in the "Employment Promotion Law", with some detailed regulations in its Chapter 6. In 2010, a significant official document "The Suggestions about Reinforcement of Employment Assistance" was issued by the Ministry of Human Resources and Social Security (MoHRSS), who is in charge of employment assistance, by which some more detailed basic regulations were set up. In 2014, employment assistance was included into social assistance system by the State Council's "Temporary Methods of Social Assistance".

2.8.2 *The basic institutional arrangement of the current employment assistance*

²⁰ Ministry of Finance, "National General Public Budget Expenditure (2015)", July 24, 2016, The MOF's website: http://yss.mof.gov.cn/2015js/201607/t20160720_2365732.html

The beneficiaries: According to the “Employment Promotion Law”, the employment assistance is to provide employment benefits to “the persons with difficulties in employment”, whom are defined as those “having unemployed for a certain period and not being able to be employed because of such difficulties as in physical capacity, skills, family factors, loss of farmland, etc.” The MoHRSS’ document of 2010 reaffirmed the Law’s definition, and added a new category of “Zero-employment family” as also the beneficiaries of the employment assistance. The State Council’s “Temporary Methods of Social Assistance” (2014) had further defined the beneficiaries of employment assistance as “the unemployed able-bodied persons in *Dibao* family”.

The Benefits: According to the “Employment Promotion Law” and the State Council’s “Temporary Methods of Social Assistance”, the employment assistance provides tax benefits, loan subsidies, social insurance subsidies, training subsidies, position subsidies, and public service jobs, etc to the poor unemployed. Summarized by the MoHRSS, there are currently four kinds of benefits for the covered poor people under the employment assistance: the first is the subsidies to the occupational training and occupation skill evaluation; the second is the subsidy to their contribution to social insurance; the third is the public subsidy to set up public service jobs, and the fourth is the supports to the self-employed.²¹

2.8.3 *The main achievement of the employment assistance*

As mentioned above, employment assistance is a very important part of social assistance system and also very important to the whole anti-poverty strategy more generally. The urban poor people who have employment difficulties can definitely be benefited by the employment assistance projects, but the actual achievement of this project is hardly evaluated by the official data. There is few statistics of the actual number of recipients and the amount of expenditures of employment assistance. According to the MoHRSS’ statistics, there were totally 1.73 million urban people with employment difficulty in 2015, and totally 57 thousand zero-employment household got help from employment assistance and thus realized at least one employed in their families that year.²²

2.9 Legal assistance

In modern society, it is a general believe that people should have an equal right and status in front of law. In practice, however, the poor people often feel difficulty to achieve the equal lawful status because of the payment for the judicial actions. In China, along with the increasing importance of the law and lawsuit practices in people’s economic and social life, people’s needs in pursuing legal action are increasing, and the poor’s financial incapability is become a more serious factor that impact negatively not only on the poor people’s basic right and living condition, but also on the whole society’s trust in social justice. For this reason, a legal aid system has been created to provide assistance to the poor’s judicial actions.

2.9.1 *The poor’s difficulties in judicial activities and the development of legal assistance*

Before the Reform, there was almost no judicial action among ordinary people, and all disputes were solved by administrative authority or informal mediation mechanism, and both of these two were free of charge, and even the poor could get equal solution of them. It was no need, therefore, to have a legal assistance system or similar arrangement. After the Reform, however, there has been a great increase of the “ruling by law” principle on one hand, but the lawsuit process is not a free public service on the other. As a result, people have to pay for getting judiciary and lawyer services. Although the actual needs of the poor in judiciary and lawyer services were not so big and emergent, the legal assistance projects was one of the first created among the social assistance system, which could be explained by its strong social ideological meanings, i.e. whether or not people, including the poor people, can get equal legal status is a test of “socialist society”. For this purposes, legal assistance system was created from the early 1990s.

In 1991, it was stated in the Civil Procedure Law that the poor litigants who really have difficulty to pay the lawsuit fee can apply for putting off, discount or exempting. In 2000, the Supreme People’s Court issued a document “The Supreme People’s Court’s Regulation on Judicial Assistance to the Litigants with Economic

²¹ HoHRSS, “The employment services for the people with employment difficulties”, MoHRSS’ website: http://www.mohrss.gov.cn/SYrlzyhshbzb/jiuye/tpjj/201605/t20160517_240125.html

²² HoHRSS, “The Statistic Bulletin of Human Resources and Social Security Development in 2015”, MoHRSS’ website: http://www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/buneyaowen/201605/t20160530_240967.html

Difficulties”, by which the people’s courts at all levels should exempt or reduce the poor people’s payment to the court when they are involved in a lawsuit affair. In 2005, this document was revised and re-issued.

Another kind of judicial assistance, called “State Judicial Assistance” was set up in 2014 by a multi-ministry document “The Suggestions of Setting Up the State Judicial Assistance System (Provisional)”. In 2016, the Supreme Court issued a new document “The Supreme Court’s Suggestions of Reinforcing and Regulating the State Judicial Assistance”, in which some more detailed eligible conditions and, especially, some exclusive conditions are made more clearly.

Furthermore, in 1996, in the amendment of criminal procedure law, it is clearly stipulates that the poor accused person or his/her relatives have rights to apply for legal aid from the local legal aid agency, and the later should provide free lawyer services to the eligible poor accused person. In 2003, another important governmental administrative regulation: “The Regulation of Legal Aid” was issued by the State Council, by which an implementable legal aid regulation system was created.

2.9.2 *The current institutional arrangement of legal assistance*

Actually, there are three kinds of sub-projects in the legal assistance: one is the judicial assistance that exempt or reduce the poor litigant’s judicial fee. Another is the State Judicial Assistance that provides economic assistance to cover the poor litigants’ emergent needs caused by the unlawful actions. The third is the layer aid that provides free lawyer services to the poor people in the lawsuit cases.

The two kinds of judicial assistances: According to the Supreme People Court’s documents, there are two kinds of judicial assistances. One is the judicial assistance to cover the poor litigants’ costs in lawsuit cases, i.e. to put off, reduce or exempt the poor litigant’s judicial fee. The benefits are for civil and administrative procedures to help the poor people’s lawsuit actions to protect their basic economic and social rights. The other is the State Judicial Assistance, which is to provide economic assistance to the poor who are affected by unlawful inflictions but cannot get necessary compensation from the inflictors to solve their serious difficulties caused by the unlawful infliction, such as in basic livelihood, medical care, etc. Both these two kinds of judicial assistance are provided by the court, but are financed by different resources. The former is directly financed by the court who hears the case, as a free or discount judicial service, while the latter is financed by both central and local governments’ public budgets. The beneficiaries of both the two kinds of judicial assistance should submit applications and can get the benefits only after the application is approved by the court. By the regulation, there are a series of conditions only on which an application can be approved. For the state judicial assistance, there are also some excluded conditions by which some application may be denied.

The law aid: According to the Law and State Council’s regulation, the term “law aid” actually means a lawyer aid, which is to provide free lawyer service to the poor people who are in civil or criminal lawsuit case but cannot afford the lawyer costs. The beneficiaries should submit application and related proof documents to a law aid agency, the latter then process the checking and approving procedures. For the eligible beneficiaries, the law aid agency will ask a lawyer agency to provide lawyer service and pay the costs.

2.9.3 *The main achievement of legal assistance*

In the development of more than two decades since their creations, these two legal assistance projects have provided a lot of helps to the poor people for their lawsuit activities, and the scope and expenditure on these services have been increased, especially in recent years. The achievement of these two projects can be summarized as follows: At first, although the law assistance is not included in the State Council’s regulative document of “Temporary Methods of Social Assistance”, by their regulation system, which were issued by legislative and administrative bodies no lower than the policy-making bodies of other social assistance projects, they have made a great achievement in the legislation process, and have already been a relatively completed legislative social assistance system. Secondly, by the legislative and administrative regulation system, these two projects are playing significant role to provide the key services to the poor. Especially, with the increase of the coverage and services, these two projects have made more and more contributions to poor people’s well-being and social-economic right protection. As statistics show, in 2015, the total exemption and

reduction to the poor people expenditure was CNY 260 million.²³ According to another source, in 2014, the central and local governments spent totally CNY 2.47 billion for totally 80,042 poor beneficiaries of the state judicial assistance; in 2015, the total public expenditure on the state judicial assistance almost reached CNY 3.0 billion, and more poor people were benefited.²⁴ Moreover, in 2015, all the law aid agencies throughout this country provided 1.32 million lawyer services to the poor people in lawsuits.²⁵ Thirdly, the achievements of these two projects are not only in their contribution to people's well-being but also in their supports to this country's legislative and juridical system, and finally to the social justice.

2.10 Temporary assistance

2.10.1 *The poor people's temporary hardship and the necessary of temporary assistance*

The poor people may have difficulties in different aspects due to their weakness in physical, economic or social capacities. Especially, many poor people are likely to fall into some kinds of extreme difficulties suddenly by some unforeseen accidents, and thus need emergent help from the government or society, although just for a short period of time. The formal social assistance system is arranged in terms of the poor's regular needs in some certain aspects, and thus often fails to meet their special needs and solve their special problems. Therefore, in social assistance system some kind special arrangements are needed to deal with these special difficulties, of which temporary assistance is one.

The predecessor of current temporary assistance was the old urban social relief system in the pre-reform period, which provided temporary relief to those needy people who were not eligible to be covered by the long-term social relief projects, but still had serious hardship due to some sudden accidents or temporary factors. The temporary relief then meant lower benefit level and paid for just one time or in a short term. Another temporary assistance practice is the assistance to the vagrants and beggary in the cities, which was set up in 2003, as a replacement of the abolished former forced detention and repatriation system.

The current temporary assistance was formally set up just in 2014 when it was included in the State Council's "Temporary Methods of Social Assistance", as one of the eight projects of the social assistance system. In the same year, the State Council issued another important document "The State Council's Notice to overall set up Temporary Assistance System" in Oct 20, 2014, in which the detailed regulations were formulated.

2.10.2 *The institutional arrangement of the temporary assistance*

Although named as "temporary assistance", the temporary assistance system has now a formal and institutional regulation system that was officially provided by the two above-mentioned State Council's documents.

The targeting: According to the State Council's regulation, the temporary assistance is designed mainly to target the poor people who have got special difficulties by some accidental and unpredictable events. The beneficiaries include, but are not limited to the *Dibao* people, rather, non-*Dibao* poor is also entitled to apply for it when they have the special difficulties. In addition, the temporary assistance is not limited to the poor with local household registration, namely, the migrants can also apply for it when they have the special difficulties. Moreover, the temporary assistance targets either a family or an individual person, just seeing whether the difficulties are for a family or just for an individual person, and if or not a person in difficulty can get help from his/her family.

The eligibility: According to the State Council's regulation, the families falling into sudden economic difficulties caused by the following situations are eligible to apply for temporary assistance: caused by accidental events, by some sudden big necessary expenditure, or by some other special difficulties. The detailed conditions and standards are regulated by local governments.

²³ "The Working Report of The Supreme Court", by the President of the Supreme Court to the 4th conference of 12th National People's Congress, March 13, 2016, <http://lianghui.people.com.cn/2016npc/n1/2016/0313/c403052-28194909.html>

²⁴ LI, Yang (the reporter), "The governments expended approximately CNY 3.0 billion on the Judicial Assistance in 2015", Dec 8, 2015, Supreme People's Court website: <http://www.court.gov.cn/zixun-xiangqing-16253.html>

²⁵ Wu Aiying (The Minister of Justice), "Extending the law aid to low income groups", March 18, 2016, Ministry of Justice website, http://www.moj.gov.cn/flyzs/content/2016-03/18/content_6530276.htm?node=76743131

The benefits: Three kinds of benefits may be provided to the beneficiaries. The first is cash benefits, second is in-kind benefits, the third is services, including providing social work services and helping the needy people to apply for other public social assistance or charity fund, etc. More broadly speaking, the assistance to vagrants and beggary are also included in temporary assistance system, which is to provide temporary accommodation, food, medical care and traveling-home tickets to the vagrants who have economic difficulty and have to live on begging.

2.10.3 The main achievement of the temporary assistance

In 2015, totally 6.554 million person-times got benefits from temporary assistance projects, with the total public expenditure CNY7.231 billion, 47.4% increase from the previous year. Among the beneficiaries, 96.7% were the people with local household registration, and only 3.3% were migrants from other places. Moreover, in 2015, there were totally 1,776 assistance services institutes to the vagrants and beggary, with 103 thousand beds, provided services to totally 3.705 million person-time vagrants and beggaries, including 47 thousand children. The total public expenditure on the assistance services to the vagrants and beggary was CNY 362 million, 3.5% increase from previous year.²⁶

By these data it can be seen that, measured either by the number of beneficiaries or by the total amount of public expenditure on it, temporary assistance is still a small project in the social assistance system. However, by its 47.4% annual increase rate of the public expenditure, it was among the fast growing areas in the social assistance system last year, although the number of beneficiary increase was not so sound. More importantly, the formation of the institutional regulation system of temporary assistance is itself a great achievement for the perfection of the social assistance's function because it means that there has been a project to deal with people's miscellaneous difficulties, cover people's need gaps in various aspects, and thus play a significant role in completing the whole "social safety net".

2.11 A summary of social assistance system' achievements

As a result of the development for more than two decades, social assistance system as a whole has got a great achievement, which can be summarized as following aspects.

2.11.1 The main characteristics of Social assistance in China

As a social assistance system, there are a lot of similarities to that in other countries, but there are still different characteristics, which reflect China's special economic, politic and social backgrounds, and the different detailed aims of this specific action area among the whole social protection actions.

The background: Social assistance is only one specific area in social protection system, and therefore its institutional arrangement and implementations have to be made within the larger institutional arrangement of the whole social protection system, as well as in the whole economic, politic and social backgrounds more generally. In China, social assistance system has been made and implemented in a social protection system with lower welfare level. In 1990s, as a result of the Economic System Reform, there were general trends in the decline of universal welfare provisions, and marketization orientations in many areas of social services, and thus special social protection arrangement was necessary to cover the people's basic needs. In steady of having a universal welfare system, the government tended to focus the limited financial resources on a small group of poorest by a selective welfare model. In this background, the *Dibao* was created and *Wubao* was reinforced in 1990s, other social assistance developed fast in 2000s, and the social assistance system as a whole has got much faster development than universal welfare system in the last two decades. Although there were obvious increases in social expenditures with more emphasis on universal programs since the early 2000s, the basic welfare model has not been fundamentally changed so far.

Targeting and means-tested: By its selective welfare model, social assistance has to pay a strong attention to the targeting mechanism, i.e. all the benefits are targeting to the eligible poor people who have some special needs in related aspects. To have a high targeting mechanism, means-tested measurements are continuously

²⁶ The data of beneficiary numbers are from MOCA, Statistic Bulletin of Social Services (2015), July 11, 2016, MOCA's website: <http://www.mca.gov.cn/article/sj/tjgb/201607/20160700001136.shtml>; The data of public expenditure come from Ministry of Finance, "National General Public Budget Expenditure (2015)", July 24, 2016, The MOF's website: http://yss.mof.gov.cn/2015js/201607/t20160720_2365732.html

reinforced. At first, to have a high targeting effect, a standard (MLGS) is created which play a role of “poverty line”, or a standard of people’s eligibility to get the *Dibao*. Secondly, since all other social assistance projects also have to target some small group of poor people, it is economical for them to use the *Dibao* entitlement as their beneficiaries’ eligibility, i.e. only the *Dibao* beneficiaries are eligible to apply for most of other social assistance benefits. Thirdly, since the MLGS is a per capita income standard measured in cash, plus the family property, it is a hard means-tested work for the local administrators to have valid information of the applicants’ income and property, which are necessary to operate the means-tested mechanism and thus ensure the benefits highly targeting to the small group of the poor in most needs. That is why *Dibao* system has strong and complicated means-tested measurements, including complicated social evaluation and surveillance, administrative check, approval and supervision, and various technical measurements.

The structure of projects and benefit provisions: Institutionally, China’s social assistance has many individual projects to cover the poor’s different needs, rather than a single big project to cover all needs of the poor. As a result of this kind of institutional arrangement, each project has a lower benefit level that may not be enough to cover the poor’s actual needs, but put all projects together, the total benefits may be a big “gift” to the *Dibao* recipients, and thus caused the so-called “welfare aggregation” or “cliff effective”, i.e. the *Dibao* recipients can get big benefits, while the non-*Dibao* low income families get almost nothing although the actual differences of their family economic condition are very small.

The administrative structure: As a public social protection program, social assistance is basically administrated by governmental agencies. Not hoping to have high administrative costs, however, local governments tend to assign most of their administrative work to the local residents’ committee who takes a lot of the workload of reviewing the application and check the data, while the final decision of approval is still by the local government. Moreover, there is a fragmental feature in the administrative system among the social assistance system, i.e. the different projects are administrated by different governmental bodies, rather than by a single administration system. Actually, it was not until the State Council’s regulation document “The Temporary Methods of Social Assistance” in 2014, the different projects in this public action area connected together institutionally into the “social assistance system”. But so far they have not yet integrated together as far as their administrative systems are concerned, and many projects are still within the administrative affairs of different ministries.

The gradual development dynamics: Many current characteristics of China’s social assistance may be better understood by the analysis of its development dynamics. Generally speaking, as in many other institutional areas, there are obvious gradual development features in social assistance system, i.e. rather than by a one-time top-level designing, the current whole system is as a result of a step-by-step development, with each step being a response to some concrete challenges and/or changes of outside circumstances.

2.11.2 The development and achievement of the project system

The first achievement is the development and completion of the social assistance projects to cover all basic needs of the poor people.

Table 6 A summary of projects in the social assistance system

Million persons or person-times, CNY billions

Project	Aims	Eligibility	Benefits	No. of beneficiaries (millions)	Total Expenditure (CNY Billion)	Administrative Ministries
Dibao	To maintain the poor’s basic living condition	The household income/ p.c. is lower than the local MLGS	In cash	66.05	165.08	MOCA
Wubao	To maintain the Three Nos’ living condition no	The rural and urban Three Nos.	Guarantees in food, cloth, medical care, housing & funeral services	5.167	20.0	MOCA

	lower than the average					
Medical assistance	To partly cover the poor people's medical cost	Mainly the <i>Dibao</i> , <i>Wubao</i> and other Civil Affair targeted persons	1.To subsidize the beneficiaries' participation in medical insurance; 2. To cover partly the direct medical costs	1) For med-insurance: 66.35 2) Direct medical costs: 28.89	1) For med-insurance: 6.17; 2) For direct medical costs: 23.68	MOCA
Education assistance	To partly cover the poor's education	Students from <i>Dibao</i> , <i>Wubao</i> and other poor families	1. To subsidize poor students' living costs in the compulsory education period; 2. To cover the tuition fees and living costs in non-education period.	1. For compulsory student: 14.9 millions; 2. For non-compulsory students: more than 27.0 million person-times	Totally 120.8*	MOE
Natural disaster assistance	To provides emergent rescue and post-disaster assistance	The people who are affected by natural disaster	1.Emergent rescue; 2.Temporary settlement 3.Housing rebuilding 4.Living subsidy	190 million person-times	27.0	MOCA
Housing assistance	To secure the poor people's basic housing needs	<i>Dibao</i> people	1.Rental houses 2.Renal subsidy 3.Rural housing rebuilding	No official data	70.6	MOHU RD
Employment assistance	To help the poor's employment	The able-bodied <i>Dibao</i> people who don't have employment	Tax benefits, loan subsidies, social insurance subsidies, training subsidies, position subsidies, and public utility position, etc	It is estimated that about 2 million <i>Dibao</i> people are benefited	No official data	MOHRSS
Legal assistance	To help the poor in lawsuit cases	<i>Dibao</i> and other poor people	1.To exempt or reduce judicial fees, 2. Subsidy to the unlawful infliction-affected poor 3.The free lawyer service to the poor	80,046 person-times got subsidies 1.32 person-time free lawyer services	0.26 billion for fees reduction 3.0 billion for subsidies	Supreme Court, MOJ
Temporary assistance	The poor who have got	Mainly <i>Dibao</i>	Cash, in-kind or service benefits	6.6 million person-times	7.2 billion for normal	MOCA

	special difficulties by some accidental and unpredictable events	people, but also some other poor people	according to the actual needs of the beneficiaries	for normal beneficiaries 3.7 million person-times for vagrants and beggary	beneficiaries, 362 million for the vagrants & beggary	
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* The figure of 2014

Since the data are from different sources, which reflect different kinds of arrangements, it is very difficult to have accurate single total numbers of beneficiaries and expenditure of the whole social assistance system. But it can be estimated that each year about 100 million poor people get benefits from one or more projects of the social assistance system in recent years, and the total public expenditure on social assistance is approximately CNY444.2 billion, 0.66% of the GDP or 2.5% of total governments' public expenditure in 2015.

2.11.3 The development and the achievement in legislation and administration of social assistance

The legislative system of social assistance. As a formal public welfare system in anti-poverty and social protection actions, social assistance system should be operated within institutional systems that are supported by legislative and/or administrative regulation documents. So far, there have been some official documents of these kinds. At first, there are some articles in the Constitution and related laws that stipulate the citizen's basic socio-economic rights and government's responsibility to provide guarantees to people's basic living condition. Secondly, the State Council has issued some important regulative document for the general social assistance system, and some individual projects including urban *Dibao*, rural *Wubao*, assistance to vagrants and beggary, and law aid. Thirdly, in the rest projects in which there have not been State Council's regulative documents, there have been some kinds of suggesting or guiding document, which provide the primary directions, basic principles, and main institutional frameworks of the projects and thus can be used as important "guiding principles" in making local regulative systems and in actual local practices. Finally, in all places in China there are local regulative documents for all the projects of social assistance at all governments of county or higher levels, which constitute a big implemental regulation system to regulate the root social assistance practices everywhere. It should be mentioned here, unfortunately, there has not yet been a formal social assistance law at the national level.

The governmental administration of social assistance. As mentioned above, the social assistance system has been developed gradually, without a one-time top-level design. At its early stage there was even no an official concept of "social assistance", and thus in the development, many social assistance projects were not the institutional expansion of social assistance system. They were rather some extended services of other areas of government's social service system, such as public education, health services, employment, housing, etc., and were proposed, or co-proposed, and designed by different public administrative authorities who are in charge of related social services. For example, the medical assistance was co-proposed and designed by MOCA and Ministry of Health, the education assistance was by Ministry of Education, and housing assistance by Ministry of Housing and Urban and Rural Construction, etc. By this historical fact the current fragmentation feature in the administrative system can be understood. One of the main developments of the release of the State Council's "Temporary Methods of Social Assistance" was to integrate the different projects into one concept of "social assistance" and endow the MOCA responsibility and authority to coordinate different projects, but it has not yet institutionally integrated all projects into one administrative system so far.

The administrative arrangement at root level. At the root level, the social assistance system has several features. At first, the social assistance projects are administrated by different local governmental bureaus and offices, but since most of the projects rely on the entitlement of *Dibao* recipients as their basic condition of application, it is necessary for them to work with the local Civil Affair Bureaus who are in charge of *Dibao* project. Secondly, the local governments entrust the local resident committees in both urban and rural areas to take part of the administrative work, and thus have developed a kind of mixed administrative methods of both "peer residents' review and supervision and government's administrative approval", which is proven a strict means-tested method with low administrative costs.

2.11.4. Social assistance's contributions to the whole social security and social policy system and to Chinese people's wellbeing

In China, so far the government has not yet used the term “social protection” as an official concept. Rather, the similar official concept of “social security” is used as public action system to provide basic social benefits to guarantee people's basic livelihood when they lose income due to elderly, diseases or unemployment etc, or meet some special difficulties. The other official concept is “social undertakings” that include social service provided by governments in education, health etc. Some other social benefits are provided under the program of employment service, housing security, etc. All these social services, being put together, are roughly equal to the actions of “social protection” in Europe, and all these social services are under government's “social policy”, the international term that has been accepted as an official concept by Chinese government in recent years. Therefore, institutionally, social assistance is a part of social security, and the latter is a part of the whole social services, or a part of social policy system.

Social assistance's important roles in the social security system. As its important part, the social assistance plays a significant role in the social security system. Considering the incomplete feature of social insurance and the large retrogradation of the universal welfare provisions after the economic Reform in 1980s and 1990s, it was the social assistance that took the responsibility to provide benefits to the poor. Also, only by the co-operation of social assistance system with the social insurance can the social security system play a complete function to cover the main risks and secure people's basic livelihood.

The role of the social assistance in the selective social policy model. Not only in the social security system, but also in the larger social policy system the social assistance system has played an important role in the last two decades. As a result of the traditional model of economic development that based on the labor-intensive manufactures, international investment and foreign trades, it is necessary to keep a lower labor costs. That is the main reason China had to have the social policy transition from universal welfare model to selective welfare model. As a result of the social policy transition in the 1990s, the main previous function of universal welfare provisions in health care, housing, employment, as well as in education, although in some less degree, had been replaced to some extent by market supplies. Thanks to the rapid economic growth in the last three decades, most of Chinese people have got better off, and their loss in social provisions can be compensated by the higher income from the marketized economic system. But it is not the case for the poor people and thus social assistance was special necessary as a safety-net to secure their basic living conditions. In this meaning, the development of social assistance is both a result and a precondition of the Economic System Reform and the social policy transition in the 1990s. Actually, it performed well and played a significant role in both providing basic guarantees to the poor people's basic livelihood and supporting social policy transition and economic reform and development in the last two decades.

III. THE CURRENT CHALLENGES TO THE SOCIAL ASSISTANCE IN THE CHANGING ECONOMIC AND SOCIAL CONDITIONS

Although having got tremendous achievement in its first two decade development, Chinese social assistance is meeting some new challenges in the new socioeconomic circumstances, and thus some new reforms are needed in its further development.

3.1 The changing social conditions for social assistance

As mentioned above, Chinese social assistance was developing in the marketing reform environment in 1990s, in which the new social assistance was created as a response to the changes of social protection system caused by the market reform and the traditional economic development model. Two decades later, the socioeconomic circumstances have changed again now, and as a result, new changes of social assistance system are becoming necessary.

3.1.1 *The “Economic New Normal” and new economic transition in recent years and the impacts on social assistance*

After the rapid economic growth for about three decades, China is now experiencing a new economic transition that is from the traditional economic development model to the new economic development model, i.e. from the former labour-intensive to technology-intensive economy, from the former foreign-trade relied to a more internal-external balanced economy, from environment damaged to environment protected economy, etc. This new economic transition will eventually have significant impacts on the social policy, and the social assistance

as well, because in the new economic model, the labour costs, which was a main factor to the degeneration of the social welfare levels in 1990s, will no longer be a main factor to hinder the development of social policy, and that may create a different economic condition in which social policy itself may have a new transition in the future, and then cause a new challenge to social assistance. On the other hand, during the new economic transition, there is a period that the old economic model has already not worked well before the new one has been created yet, and thus causes a decrease of economic growth rate. It is the situation that China is right now experiencing, which is called by the government “Economic New Normal”. During the Economic New Normal, as a result of decreased growth rate, the governments’ budgets are not growing so fast as in the previous years on one hand, and unemployment rates are higher on the other, and social assistance will have some new challenges.

3.1.2 Ageing process in current China and the impacts on social assistance

Now, China has entered into a rapidly growing period of population ageing. In 2015 the elderly over 65 has been more than 10% of the total population, and the ageing trend will be keeping growing in the next two decades, and finally creates a highly aged Chinese population. Aging will be a very serious challenge in many social and economic aspects, including almost all areas of social policy. As far as social assistance is concerned, the impacts from ageing will be serious not only because of more elderly to support in the future but also of the high rate of the old people uncovered by pension programs. Although the social insurance system has been enlarged in recent years, still many workers, especially the migrant workers, have not participated in the urban pension system, and for many rural people and urban informal workers and non-employed residents, the benefit level will be very low due to their short contribution term and low contribution rate, and thus many of them may be in a low income situation when they enter into the aged even after they get pension benefits, and some of them may have to rely on social assistance to solve their economic difficulties. Put all the impact factors together, there will be serious challenges to social assistance caused by ageing process in the future.

3.1.3 The rapid urbanization and growing rural-urban migration in current China and the impact on social assistance

The rapid urbanization process is another significant socioeconomic trend in current China. In the last thirty-five years, the percentage of the people living in cities increased from less than 20% in late 1970s to nearly 55% in 2015. One of the direct challenges to social assistance is how to include the migrant people, i.e. the non-household-registered people in the cities, into the urban social assistance system and provide necessary social benefits to them when they fall into economic difficulties and need help from the government. So far, the entitlement of most social assistance projects are based on local household registration, i.e. social assistance projects are locally administrated on county and district level, and only cover the persons/families with local household registration within the county and district level, and thus many migrant workers who work and reside in another place but have household registration at home village are excluded. Another challenge may come from the necessity of social provisions to the farmland-lost farmers. More broadly, the enlargement of cities and urban population may cause more interest conflicts and some complicated changes of people’s attitudes towards the poor, the social assistance policy, as well as toward other related public policy, and have consequently new challenges to social assistance.

3.1.4 The current disputes on social welfare level and the government’s social policy development orientations

Another significant change that may have strong impacts on social assistance is the current disputes among scholars and policy makers on social welfare level and government’s social policy orientations. After the ten-year increase of social expenditure, the general welfare level in China, measured by the percentage of governmental social expenditure to GDP, has been higher than that in 1990s. But, comparing with the average level of developed countries, it is still much lower. In this circumstance, some different opinions on the social policy development have appeared among scholars and policy-makers, and even some acute disputes between the two opposite views of “welfare society” and “welfare trap”. While the former advocate a “welfare society” in which the welfare level should increase along with the economic development, the latter insists that high welfare level will be a trap, i.e. strong negative impacts, for economic development. The current disputes on social policy may have some far-reaching impacts on government’s social policy choices, and then on social assistance development in the future.

3.2 The current challenges to the social assistance system

In the above-mentioned circumstances, the operation and development of social assistance have got some serious challenges, which Chinese government has to face and solve by further institutional reforms or policy adjustments on social assistance.

3.2.1 *The general Challenges to the social assistance system as a whole*

There are some general challenges to the social assistance system as a whole, i.e. the challenges to all individual social assistance programmes, although to different degrees.

(1) The challenges from the lower levels and small coverage of social assistance

As mentioned above, China's social assistance is still with characteristics of low level benefits, which are evidenced in the following aspects:

The first is the lower MLGS and inadequate benefits. Take the *Dibao* as an example, the average urban and rural MLGS levels in 2014 were just CNY410.5/month and CNY231/month,²⁷ or USD2.03/day and USD1.15/day. In the same year the World Bank's International Poverty Line was USD1.9/day. That is to say, China's average urban MLGS was just a little bit above the International Poverty Line, and the average rural MLGS was much lower than the International Poverty Line. When using the PPP value of CNY, which was about two-third higher than the bank exchange rate, the situation was much better, but the average rural MLGS was also just USD1.93/day, just reached the International Poverty Line. Even if measured by the PPP value, at least eight provinces' average rural MSL was lower than the International Poverty Line in 2014. In other words, China's MLGS as a whole was just reached the international minimal standard, but some of provinces still failed to do so. Moreover, in the same year, the urban MLGS and rural MLGS were only 18.49% and 29.24% of the urban and rural medium incomes, much lower than most of developed countries where this percentage is usually 50%-60%.²⁸ Therefore, comparatively, the average MLGS is still very low.

The second is the small coverage. One of the consequences of the lower MLGS is the small coverage of beneficiaries. At the end of 2015, the urban and rural *Dibao* recipients were only 17.01 million and 49.04million, or 2.2% and 8.1% of urban and rural population respectively. Or, all the *Dibao* recipients in both urban and rural areas were 66.05 million at the end of 2015, or 4.8% of all Chinese population.²⁹ It has been further down to 62.93 million, or only 4.6% of the total population of this country at the end of May 2016.³⁰

The third is the insufficient effects of the *Dibao* project. Another consequence of the lower MLGS is the insufficiency of actual benefits level and then the low effects in anti-poverty actions. Doubtlessly, social assistance provides a big help to the poor in many aspects of their living, as mentioned above. However, as a result of the low benefit level, many poor people are still in difficulty after getting *Dibao* benefits. This insufficient feature is not only measured by the calculation of *Dibao* people's income increase, but also by some survey and field work about the poor people's actual living condition and their attitudes towards the *Dibao* benefits, in which many poor respondents report that the *Dibao* benefits are still not enough to maintain their basic livelihood.³¹

The fourth is the low public expenditure on social assistance. As calculated above, the total governmental expenditure on social assistance in 2015 is approximately CNY444.2 billion, or 0.66% of the GDP in 2015, or 2.5% of total governments' public expenditure. If adding the expenditure of CNY122.724 billion on rural Poverty Alleviation and Development, the total expenditure directly on the poor was only 0.84% of the GDP,

²⁷ MOCA, Statistic Bulletin of Social Services (2014), MOCA's website, June 10, 2015, <http://www.mca.gov.cn/article/sj/tjgb/201506/201506008324399.shtml>

²⁸ Guan, X, The meanings of China's MLGS and the current problems, Jiangsu Social Sciences, No 3, 2016

²⁹ MOCA, The Statistic Bulletin of Social Services (2015), MOCA website, July 11, 2016, <http://www.mca.gov.cn/article/sj/tjgb/201607/20160700001136.shtml>

³⁰ MOCA, Dibao data at county and higher levels, MOCA's website: <http://www.mca.gov.cn/article/sj/tjyb/dbsj/201605/20160506281002.html>

³¹ The Policy Research Center, MOCA, The Research Report of China's Social Policy Support System to the Urban and Rural Poor Families (2013), China Social Press, 2015

much lower than the average rate of 1.6% spent by governments on the safety net among developing countries, and even in the low-income countries the average rate was 1.1% of GDP in 2008-2012.³² If comparing with the developed countries, the gap is even much larger, because, e.g., the average rate of the “income support to the working age” among the social expenditure was 4.4% of GDP in OECD countries in 2012.³³

To sum, at first the average level of MLGS has basically reached the international poverty standard, but in some provinces the rural MLGS is still lower than the international standard. Secondly, even comparing with that in the lower income countries China’s public social expenditure in social assistance is lower as measured by the percentage to GDP. Thirdly, social assistance has played a great role in providing basic cash benefits to the poor and maintaining their basic subsistence, but it cannot help the poor have a “conventional living condition”, and thus make less contribution to the “shared development” strategy. Of the two issues of small coverage and low benefit provision, the former is more serious than the latter, because the lower cash benefit effect for the *Dibao* people can be compensated by the “welfare aggregation” effects, i.e. they can get extra benefits from other social assistance project, but the non-*Dibao* poor families can get almost nothing.

(2) *The challenges from the eligibility and targeting system*

As mentioned above, the eligibility of most social assistance projects is based on the entitlement of *Dibao*, i.e. only the *Dibao* beneficiaries are eligible to apply for most of other social assistance benefits. This feature has caused a “welfare aggregation” effect and the so-called “cliff effects”. This arrangement cause challenges to both effectiveness and equity of social assistance. It causes lower effectiveness because the public benefits are just helping less people than they should be otherwise; it causes inequitable feature because, after getting all the social assistance, many *Dibao* people’s actual living condition is obviously better than the “marginal group”, i.e. those whose per capita income is just a lit bit higher than the local MLGS and thus cannot apply for *Dibao*.

There are also some challenges to the current targeting mechanism. Doubtlessly, as a means-tested social benefit program, social assistance needs some mechanism to target the poor. The current problem is that there is just a single targeting criterion: the per capita income and the household property, and thus the social assistance cannot solve the “consumptive poverty”, i.e. the poverty caused by some kinds of necessary spending, e.g., health care, education, etc. In other words, poor families’ hardship can be caused by either low income or higher spending on special needs in medical care, children’s education, etc., but by the current income-targeting mechanism the social assistance can deal only with the income poverty, but not with the consumptive poverty.

(3) *The challenge to having a more equitable and inclusive social assistance*

By the general principle, social assistance is open equitably to all poor people, but because of the administrative system the equity and inclusiveness are still a problem in the actual practices. At first, the benefit levels of almost all social assistance projects, especially the *Dibao* project are made by local governments, and thus the eligibility standards and benefit levels are quite different among different places. Currently, the urban poor people in developed regions, once being included, they can get much higher benefits, while in rural areas and in less developed regions, the poor people can only get much lower benefits.

Another serious challenge is how to include the rural migrants into local social assistance system. Traditionally, social welfare responsibility is taken by local governments, and the local governments pay social welfare benefits only to the people with the local household registration, *Hukou*, in their administrative domains. Therefore, according to the regulation, people in need should apply for social assistance benefits from the place where they have household registration. When more and more people move out of their home villages since mid 1980s, the traditional system has met a lot of problems. Currently, more than two hundred million people, or about 1/6 of the total population, are working and living in other places than their household registration, but so far most of the social assistance benefits at their residing places still exclude them. According the regulation, the migrant people can only go home to apply for the social assistance benefits when

³² World Bank, The state of safety net 2014, *The World Bank Publication*, 2014, p.15.

³³ OECD, OECD Social Expenditure Updated Nov 2014: Figure 4. Public social expenditure by broad social policy area, in percentage of GDP, in 2012 or latest year available, OECD Social database, <http://www.oecd.org/els/soc/expenditure.htm>

they are in need, but actually they may find it very difficult to do so, because for most of them it is difficult to return home villages when they work and live in a city for many years, and even if they can do it, it is unfair to ask their home rural areas to pay the benefits after they work for and pay taxes to cities for many years. Therefore, it is necessary to have further system reform to include the rural migrants into urban social assistance system. Now some of the social assistance projects, e.g. the temporary assistance, and housing assistance in some cities, are open to the migrants, but in many cities the migrants are still excluded by most of social assistance projects.

(4) *The challenges from the less in-service benefits*

Most social assistance projects so far have obvious characteristics of cash benefits, i.e. just providing cash benefits to the beneficiaries. Behind this kind of arrangement there may be some ideological thinking. At first, it is believed that governments' social assistance responsibility should be limited to maintain the poor's "basic subsistence", which can be met by some cash benefits. Secondly, it is believed that by cash benefits the poor can get necessary services from the markets, which are with higher efficiency than public social services, and therefore the cash benefits are more budget-saving than the direct public services to the poor.

The fact is, however, that the poor have not only needs in "material living condition", but also in social services of various kinds, especially when their absolute economic condition is getting better-off, their needs in social services will increase a lot, which should be included in the policy-making of social assistance projects. In addition, while on average the commercial services in the markets may have higher efficiency than the public services, the former cannot replace the latter completely since among the services the poor need, many are not good to be provided in for-profitable principle, and thus public services are still necessary.

The public services are especially needed when a strategy of "active social assistance" is taken, because it is necessary to provide empowering services to the poor to increase their capacity in employment and social participation, and to reduce their negative mental health problem and social exclusion, etc. Obviously, all these services are more suitable to be provided by public services, if not impossible to be provided by commercial services.

(5) *The challenges from "welfare-dependency"*

In many other countries "welfare dependency" is always a "hot topic" in the academic circle of social assistance. In recent years, this topic is becoming "hot" in China. Some researchers have found welfare dependency in social assistance.³⁴ Some others have not found welfare dependency in China's social assistance, but still warn the possibility of welfare dependency in the future.³⁵ More seriously, some officials have also warned that social welfare should avoid supporting the "lazy people". All these researches' and officials' attitudes reflect a fact that nowadays the able-bodied beneficiaries are less acceptable by the public than they were in the before. The able-bodied beneficiaries are an overwhelming phenomenon in the early stage of *Dibao* system in 1990s, when this social assistance project was mainly targeting to the urban laid-off workers who were in their middle age of 40s and 50s. They were able-bodied, but could not find a job. Their laid-off was seen as a result of the state enterprises' reform, and thus their income loss should be compensated by the government, and thus it was seen as equitable for them to get public social benefits from *Dibao* system. Since the poverty issue is now no longer caused mainly by the government initiated reforms, but rather more by the absence of working ability and working motivation, the reasonableness of the able-bodied beneficiaries is queried more often by researchers and officials, as well as by the public.

Although welfare dependency is a worldwide problem, it has some characteristics in China's social assistance system. Different from many developed countries where the welfare dependency is mainly caused by the high-level benefits, the welfare dependency in China's social assistance system co-exists with its low level of social benefits. In more details, welfare dependency in China's social assistance is mainly caused by a series of

³⁴ See, e.g. Ci Qinying & Lan Jian, "Welfare" and "Anti-Welfare Dependency"—Base an analysis of the unemployment and re-employment behaviors of the urban *Dibao* Group, *Wuhan University Journal(Philosophy & Social Sciences*, No4, 2015; Liu Luchan & Lin Mingang, Does "Supporting Laziness" exist?—A study about "Welfare Dependency" in Urban *Dibao* System, *Dongyue Tribune*, No. 10, 2015, etc.

³⁵ See, e.g. Han Keqing & Guo Yu, Does "Welfare Dependency" exist?—An Empirical Study of China's Urban *Dibao* System, *Sociological Studies*, No 2, 2012.

irrational features in the institutional arrangement of social assistance and the whole social protection system. At first, as a result of the very low level of the universal welfare provision in health care, housing, and education, etc. the poor people can only access to these services by a *Dibao* entitlement, that is why many poor people wish to be included and remain in *Dibao* system. They depend on *Dibao* entitlement not just for its monthly cash benefits, but, even more, for other services it can bring to them. Secondly, the institutional exclusiveness between *Dibao* eligibility and employment has, at least to some extent, caused welfare dependency. Although by the formal regulation employment is not an excluding condition for the *Dibao* eligibility, the employed is actually very difficult to get *Dibao* because the MLGS is very low, once a person get an employment the household per capita income may higher than the local MLGS, and thus lose the eligibility as a result. Moreover, it is a usual practice in many places to exclude employed people from the *Dibao*, especially for those people working in the formal public sectors. These institutional and non-institutional practices make the poor in a dilemma situation of *Dibao* or employment. Since most of the poor cannot get a high income even if they get a job, they tend to choose stay in *Dibao* other than go to employment. Therefore, it is necessary to make some changes to the institutional arrangement of the social assistance system and the social protection system as a whole, rather than to keep a low welfare level.

(6) The problems in local administration

As mentioned above, there is a fragmentation feature of the governmental administration system, and a non-professional feature at the root level administration of the social assistance, which caused some problems in the running of social assistance system. At first, the fragmenting administrative system may cause the less coordination between different projects, and thus cause the overlapping and/or insufficiency in their benefit provisions. In this sense, it is at least part of the causes of the “welfare aggregation effect” discussed above. Secondly, the non-professional feature at the root administrative system may cause some harmful effects of “poverty stigma” on the applicants and the recipients of social assistance projects because of the practices of peer resident review and public announcement of the beneficiaries’ names.

(7) The further institutional coordination of the social assistance

Apart from the challenges to have better coordination between the projects within the social assistance system, it is also important for the social assistance, as one of the areas in the whole social protection system, to coordinate and cooperate with other programs. At first, social assistance should try to develop more institutional cooperation with other social protection programs. One successful example of institutional cooperation is that between medical assistance and medical insurance, which makes the medical assistance avoid the risks of over-expenditure by utilizing medical insurance’s cost control mechanism, and thus save the public financial resources. This kind of institutional cooperation can also be used in some other areas of social assistances.

Another significant challenge is the coordination between social assistance and other programs within the whole social policy system. As mentioned above, the current social protection system is so far not a product of a “top-level design”, rather, it is the results of the fragmental development of individual projects, and thus it is very significant to pay more attention to institutional coordination in the development of different programs/projects. Here a significant concept should be used: “developmental coordination”, by which the two important requirements, development and institutional coordination, should be jointly emphasized. At first, the institutional coordination should be based on the development of the social assistance, i.e. the functional and institutional enlargement of social assistance according to the poor’s needs and the overall social development. Namely, social assistance should extend to any area in which there are unmet needs, either the existed needs or the new needs caused by the economic and social changes/development. Secondly, the functional and institutional expansion of social assistance should be coordinated with other social protection systems. The key requirements here are to avoid benefit overlapping and to cover the benefit gaps among the safety net in the dynamic process of the social protection system development. For example, in the areas in which the universal welfare provisions are good enough to satisfy all people’s needs, such as that for the compulsory education currently, the social assistance can play a less role, while in other areas in which the universal welfare provision are weak and social insurance cannot cover all the people satisfactorily, social assistance should be reinforced and play more significant roles. Of course, the policy making for this kind of institutional coordination is beyond the social assistance administration, and related top-level designs should be made by the higher governments.

Recently the coordination with RAPD is a big challenge to social assistance system. It is a complicated issue to have institutional coordination between social assistance and RAPD. For a long time, they are two different anti-poverty approaches, with different ways and different governmental administrative systems. RAPD was created in 1980s mainly to support the regional economic development in the poverty regions by central and local governments' financial inputs. As a regional development programme, the RAPD was mainly targeting the poverty regions, not poverty families. Different from RAPD, social assistance is targeting the poverty families and provide social benefits to support their basic livelihood and their basic needs in health care, education, housing, employment, etc. Since the regional development programmes have not been very successful in alleviate poverty in the previous years, the government has changed the anti-poverty actions from the former regional economic development strategy to an "accurate poverty support" strategy, i.e. more targeting the poor families. As a result, some overlapping function between these two action systems may become a problem. For the new strategy, the RAPD's national poverty line, which is roughly equal to the World Bank's former standard of one dollar per day, is becoming a standard to measure households' poverty, and thus may overlapped with the rural MLGS. In addition, the local RAPD offices are now engaged in identifying and recording RAPD beneficiaries, and then providing benefits to them, quite the same work as social assistance projects are doing. As a result, there are two systems of poverty alleviation actions in rural areas, which have different poverty standards, different but some overlapping benefit recipients. According to the central government's requirement, social assistance, especially the *Dibao* project should be coordinated with the RAPD and play the role of the last measure to support the poor who cannot get better-off by all other programmes. Therefore, it is a challenge to the social assistance system how to adjust the institutional arrangement and have a better coordination with RAPD. In more details, the main tasks for both social assistance and RAPD include: how to divide the aims, targeting and benefits of the two programmes, how to combine or coordinate the two poverty lines? how to provide different benefits to the different poor people? how to avoid welfare overlapping by the two anti-poverty programmes?

3.2.2 *The challenges from individual projects of social assistance*

After discussing the challenges from and to the social assistance system as a whole, it is also necessary to discuss briefly the challenges from and to its individual projects, and see what should be further reformed

(1) *The Dibao.*

At first, as mentioned above, the most significant challenge for *Dibao* system is its lower welfare level, including lower MLGS, small coverage, lower cash benefits and low public expenditure on it. Secondly, in the eligibility the actual exclusion of non-household registered people is problematic in the urbanization process. Thirdly, about the targeting regulation, the features of pure income standards of the MLGS and the family targeting are also problematic as well. Finally, in the root-level administration system, the non-professional administrative feature is causing some negative social and psychological effects on the applicants and recipients.

(2) *The Wubao*

As a special social benefit to the *Three Nos*, who are seen by government and the public as the most worthwhile to be supported for maintaining an average wellbeing level in the local communities, *Wubao* system is to provide comprehensive services to guarantee the beneficiaries' "happy life", including not just basic living condition, but also social services in various aspects. The current challenges for the *Wubao* system include: At first, the public fund is not enough to fully achieve the institutional goals of *Wubao* system, and some other resources are still needed, but there are a lot of varieties in social supports to *Wubao* system in different places, and in some places the actual benefit levels are still not enough. Secondly, in the previous years, it was a popular practice to have more *Wubao* people living in the elderly care institutions, and thus provided fewer social services to the at-home *Wubao* people. But recently the Civil Affair authorities changed the policy and no longer to sternly pursue a high rate of institutional care. In this circumstance, it is necessary to improve the living qualities of the *Wubao* elderly who are in "at-home care" by providing more social services to them. Thirdly, it is still necessary to improve the quality of institutional care, and thus increase their attraction to the elderly in need. In recent years, many local governments have improved the "hardware" of the institutional care, but the "software", i.e. the services, is still needed to be improved, such as more skillful nursing care, health and mental health services, hospitalpice, and other social work services, etc. Finally, it is necessary to improve the legal system of *Wubao* practices, including making clearer the rights and obligations of the *Wubao*

beneficiaries, e.g., the legal regulation of their heritage, etc. Moreover, it is also necessary to regulate the government's responsibility boundary in providing benefits, especially in providing medical care, so that both insufficient provision and over-claim can be avoided.

(3) *Medical assistance*

With the economic development and the average income increase, Chinese people have ever higher demands in health care. The health services are increasing rapidly, but the public provision in health services is still very low, and thus there are still big difficulties for many people to pay for their medical care as a result of increasing medical care prices and the low public medical provision. Considering that the basic institutional arrangement of the public medical provision may not have big changes in near future, the medical assistance will still be very important to guarantee the poor's basic needs in medical services. There are several challenges for the current medical assistance. At first, the coverage is still very small. So far mainly the *Dibao* Beneficiaries are eligible to apply for the medical assistance. According to the new policy document issued in 2015, medical assistance is extended to some special difficult members, i.e. the disabled, children, or elderly, in the non-*Dibao* low-income families, but still not extend overall to all low-income people. Secondly, according to the new policy document of 2015, the new policy will be much more complex, with different benefits to different poor people, and thus there will be much more complex administrative work in the implementation. Therefore, it is a new challenge and difficult task to develop more professional administrative system at root level.

(4) *Educational assistance*

Education assistance is very important both for avoiding inter-generation poverty transmission, and for the poor's capacity building and the country's human capital growth. Currently the public expenditure on education assistance is much higher than many other social assistance projects, reflecting government's higher emphasis on education. Under this condition, the main challenges to the education assistance are to have a better benefit structure and implementation system and thus have a better outcome. At first, as the compulsory education has become universally a free education and all students, including those from poor families, do not need to pay for their compulsory education, but for many poor people, it is still a difficulty to pay for their children's non-compulsory education. Therefore, the education assistance should adjust its benefit structure and turn to non-compulsory education mainly, including pre-schooling education, high school and higher education. Secondly, there are complicated systems of education assistance, with various projects with different financial resources, different application procedures and different kinds of benefit payments. The whole project system should be better integrated and re-arranged in order to fit different people's different needs in education assistance more effectively and efficiently, and to reduce the overlapping and insufficiency in benefit provisions. Thirdly, there should be a better information system and consultation services for the education assistance applicants, so that the poor children and their parents can apply for the benefits easier.

(5) *Employment assistance*

There have been several kinds of practices in employment assistance, which provide different benefits and jobs to the able-bodied poor. One of the main challenges for the employment assistance is that its scope is still too small to solve the poor people's employment problem. As mentioned above, according to the MoHRSS' statistics, totally less than two million urban people with employment difficulty and the zero-employment households got help from employment assistance. According to a survey of poor household in 10 provinces in 2013, however, among the surveyed *Dibao* people, 45.3% are the able-bodied persons, but only 24.4% were employed, i.e. 20.9% *Dibao* people are able-bodied but without employment.³⁶ If this percentage is kept to 2015, there should be about 3.3 million urban *Dibao* people with employment difficulty and thus should be covered by employment assistance. By these statistics, we may come to a conclusion that the official statistics underestimated the actual situation of the poor people's employment difficulties, and employment assistance should be further reinforced.

The insufficient service not only comes from the insufficient provision of employment assistance, but also comes from insufficient demands of the poor people for the employment assistance. The poor people's employment is a complicated issue with several different factors impeding their employment: job opportunity, job

³⁶ Calculated by the data from: Center for Policy Research, MOCA, "The Research Report of the Social Policy Support System for Urban And Rural Poor Families (2013)", China Social Press, January 2015, p. 20.

suitability, working ability and working motivation, etc. The current employment assistance just can provide assistance to increase general job opportunities for the poor and improve their working abilities, but cannot provide more suitable jobs to the poor, and increase the poor's working motivation.

To have better employment assistance, therefore, more efforts should be made at least in the following aspects. At first, more attention should be paid to providing suitable work for the poor. Since many poor people's employment difficulty comes from their lower physical capability or their family difficulties, e.g. the family care duty etc., the job or job information provision should be more suitable to their actual personal and family situation. Secondly, employment assistance should be coordinated with other social assistance project, especially with *Dibao*. As mentioned above, if *Dibao* eligibility did not exclude the employed, that would be much helpful for the poor's employment. Thirdly, employment should pay more attention to improving poor's working motivation. For this purpose, some kinds of social work should be involved, which are more professional in diagnosing the poor's employment problems, and promoting the poor's working motivation.

(6) *Housing assistance*

The most significant challenge to the housing assistance is how to enlarge the coverage of beneficiaries. Now, by the national regulation the urban housing assistance is merely for the *Dibao* families with housing difficulties. In some cities the housing benefits expended to non-*Dibao* poor families, but it has so far not been a national regulation to do so. In recent years, the urban house prices and rental prices have increased rapidly, which has brought more serious housing difficulties to many lower income families and thus housing assistance should enlarge the coverage to help more poor and low-income families. Moreover, according to the regulation, the urban housing assistance is just to cover the people with local household registration, and excluded non-household registered migrant people. Since there are more and more migrants in cities, and they live in cities longer and longer, it is the time to include them into housing assistance and provide related benefits equally to them when they have needs. Now some cities have extended housing assistance to the non-household-registered people, but this kind of practices should be included into national regulation. Moreover, another challenge is how to improve the administration of housing assistance. As a means-tested benefit, housing assistance has a complicated procedure of application, eligibility review and approval, but in many cities the local administrative offices cannot take so many tasks, and thus have to ask the local resident committees to do so, who are doing it mainly in non-professional ways, which may cause problems in targeting and proper uses of the benefits.

(7) *The assistance for the people affected by natural disasters*

This is an important area of social assistance to which much attention has been paid by government. The most significant challenge in this area is the institutional coordination of various actors and resource distributions. At first, the assistance for the people affected by natural disasters is an area in which both governments and "social organizations", i.e. NGOs, tend to involve and input financial resources, but so far the different actors are providing assistance separately, and thus cause overlapping and low efficient uses of the public and social resources. It is necessary, therefore, to develop institutional cooperation and coordination among different actors, i.e. to integrate governmental, market actors and social actors into one action system, develop an institutional system that including public actions, voluntary actions and commercial actors, and distribute the public resources, charity resources and commercial insurances integrated in all the process including the preventive measurements, first emergent rescue and after-disaster assistance, etc.

(8) *Temporary assistance*

The temporary assistance has some multiple functions in social assistance system. It provide benefits to some certain groups, deal with some certain kinds of special difficulties the poor may have, provide additional benefit in some project to cover the benefit gaps, and thus it play a role of "bottom supports" to the whole social assistance, i.e. it can solve problems that all other project in social assistance system cannot solve. For its special significance in social assistance system, it should be paid much more attention to in the policy maker's agenda of social assistance development. So far, there are still some challenges in this area. At first, it is a hard work to push forward the institutionalization in this area, because it is a comprehensive action system including many different tasks, with different beneficiaries, different targeting procedures, and different kinds of benefit provisions. Secondly, the effective running of temporary assistance depends on both a complete regulation system and local staff's highly professional and responsible discretionary actions, and

thus it has higher requirements for the professional qualification of the local staff, and especially the higher necessity to have professional social workers involving.

SUMMARY: RETROSPECT AND PROSPECTS

As a result of the development more than two decades, China has established a comprehensive social assistance system with a series of project to provide social benefits for the poor in both urban and rural areas and help them in daily living spending, medical care, children's education, housing, employment, etc, and help the people in special difficulties, such as the *Three Nos*, the vagrants & beggary, the people affected by natural disasters, and the people in various temporary hardship. For the implementation of these projects, an institutional system has been created that includes several administrative regulations and other governmental guidelines. Moreover, the expenditure of social assistance has been included in the regular governmental budget at various levels and the administrative system has been created that maintain the normal function of all the projects. Finally, in its two decade history, it has played a significant role in social protection system and made a great contribution support the poor's basic well-being, secure the economic reform and maintain social stability of this country.

However, there are still some challenges to China's social assistance, including the lags in institutional development, the gaps in welfare level of social provisions, and some improper features in the administrative system, etc. Especially, in the new demographical, economic and social conditions, social assistance is facing some new challenges, for which some new reform actions should be done in order not only to keep the social assistance working sustainably but also to improve its function and thus have it making more contributions to social protection system.

For the further development, some significant actions are suggested as follows.

At first, it is necessary to upgrade the goals of social assistance in several aspects: The general goal should be upgraded from anti-absolute-poverty to anti-relative poverty; from maintaining the poor's minimal living condition to contributing to social equality, i.e. towards a more equitable society; from basic subsistence to human capital, i.e. towards the poor's capacity building; and from securing the poor to motivating the poor: towards increasing the vitality of the poor.

Secondly, it is important to have an "active social assistance", with the emphasis on higher function of social assistance in social protection system, social assistance's better coordination with employment, more preventive anti-poverty actions, and thus more contributions to economic and social development.

Thirdly, the basic principle in the decision of social assistance's provision level should be changed from the current "minimal principle" to the "adequateness principle", i.e. it is necessary to raise the welfare level of social assistance, including having higher MLGS and benefit level, enlarging the coverage and having higher public expenditure.

Fourthly, it is still necessary to further enlarge the social provisions, including developing new benefits according to the poor's new needs, such as the long-term care assistance for the poor elderly, etc. It is also an important task to have more in-service assistance for the poor.

Fifthly, it is necessary to have more and better social participation in social assistance. On one hand, it is necessary to have more social actors involving in social assistance, including resident community organizations, NGOs, employers of various kinds, etc. and encourage them to make additional financial contribution and voluntary services to social assistance. On the other hand, based on the development of social participation, it is necessary to have a better mechanism of social involvement, i.e. to have all the actors, resources and benefits of various kinds into an integrated institutional system by some legal and administrative frameworks.

Sixthly, for a better and long term anti-poverty effects, it is necessary to promote professional social work's involvement, with the goals of improving the poor's life quality, mental health, and social inclusion, etc by more professional social work services on one hand, and the goals of having better social assistance administration by the social work's involvement on the other.

Seventhly, and finally, it is necessary to improve the administration system of social assistance, with the general directions from fragmentation to integration, i.e. to improve the basic public administration system of social assistance by developing an integrated administrative system; from non-professional to higher professional administration in the improvement of the root administrative institutions; and from merely strict control to more humanized management by eliminating poverty stigma effects on the poor in the means-tested procedures, so that the poor can be protected not only economically but also mentally and socially

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**Research study on most relevant EU countries experiences for social assistance
structures of the P.R. China**

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1. Introduction

The current study is part of the cooperation project “EU- China Social Protection Reform Project” (“the project”) implemented by the consortium led by the Istituto Nazionale della Previdenza Sociale from Italy. The purpose of the project is to contribute to the improvement and inclusiveness of China’s social protection system through strengthening the institutional capability for developing policies, for implementing legal and regulatory frameworks and for supervising systems of social insurances, social assistance and financial management in the area of social security.

The elaboration of this study falls under the Component 3 of the project called “Improving the legal framework and policy for social assistance in collaboration with the Ministry of Civil Affairs (MOCA)”. Its purpose is to serve as policy dialogue background paper relating social assistance of the European Union member states in terms of P.R. China achievements and challenges in the field, with special reference to the Chinese economic and social contexts.

While such background paper is expected to contribute to the policy dialog with the main Chinese counterpart (MOCA), its analytical approach consistently considers the information and findings resulting from the study³⁷ carried out by the Chinese expert, Professor Xinping Guan, regarding the main achievements of and challenges for the current social assistance system in the People Republic of China (“China report”).

1.1. Methodological approach

The study is focused on various aspects related to social assistance in selected EU member states (EU-MS) which are relevant for China’s achievements and challenges in the field. As means to ensure the relevance of the approach, the study relies on main findings resulting from the China report, basically mirroring it and considering its recommendations.

The large diversity of social, economic and political contexts in the EU’s 28 member states invites to consider an approach which facilitates the analytical homogenization but preserves the specificities in selected countries. Therefore the open coordination of social protection and inclusion policies³⁸ which sets the stage for advancing the national social protection and social inclusion policies and agendas in EU-MS, all by preserving their national character, will play a key role in the analysis: the open method of coordination (OMC) has a particular focus on promoting good governance, transparency and stakeholders’ involvement through specific guiding in: (i) inclusion – promote participation in decision-making, ensure policy coordination between branches and levels of government; (ii) pensions – make pension systems understandable and give people the information they need to prepare for retirement; and (iii) health – establish good coordination between the different elements of the system and give good information to citizens.

The China report makes explicit reference to (i) the elements of social assistance system in China in terms of the subsistence-related and sectoral-related (special) assistance and to (ii) the specific challenges identified in the system in terms of environment (contexts) and functionality (referring to both institutional building and individual projects). Therefore, the current study will build upon the relevant EU literature in terms of universality vs. means-tested and in terms of social benefits vs. social services and will bring examples from relevant EU-MS to respond to specific project-related challenges identified in the China report.

³⁷ Prof. Xinping Guan, *Research study on social assistance structures of P.R. China – main achievements and challenges* final report, Nov. 2016

³⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:c10140>

A first set of considerations regarding **the format and the contents** were the basis for shaping the report in a meaningful manner. Four aspects were considered:

The China report tackles the current structure of provisions and achievements of the social assistance system in an exhaustive manner. Therefore, it seems appropriate to mirror this section of the report with EU-MS examples in the specific areas of interest, including contributory and non-contributory schemes and universal and means-tested social benefits, but in a synthetic manner (see section on “outline” below).

Whereas the purpose of the above section is to raise awareness about the different EU social assistance approaches and to familiarize the Chinese decision-makers with new or complementary models, a special emphasis of the study consists in bringing relevant information regarding both cross-cutting issues and social assistance measures. ‘Cross-cutting issues’ replaces the “general challenges” evoked by the China report as means to reflect the transversality of challenges both from a vertical (decentralization and de-concentration) and horizontal (inter-sectorial) perspectives. For easy reference within the EU culture and as means to cover the aspects reflected by EU social policy documents, the term social protection / assistance ‘measures’ was preferred to “projects”.

The cross-cutting issues approach invites to consider at least four critical dimensions of the reform. Whereas the current study could not cover these dimensions in an exhaustive manner, nor the China report did, it is important to bear in mind their importance in structuring the analysis. The following four dimensions are considered critical: (i) the legislative and regulatory framework, (ii) the institutional building, or rather a reflection of vertical and horizontal challenges in terms of de-concentration and decentralization, (iii) the system’s resources, and (iv) the monitoring and evaluation mechanisms (including control, counselling and inspection functions).

In terms of challenges related to different social assistance measures, the above approach contributes to avoiding an uneven analysis and to consolidate the mentioned harmonization.

A second set of considerations refers to the establishment of **criteria for selecting the EU examples** relevant for the study, and the following two were envisioned:

From the project perspective, it seems relevant to present experiences the Chinese counterparts are already partially familiarized with: for instance, the various study-visits carried-out under the Component 3 of the project in some EU countries by Chinese officials from decision-making levels and technical levels would represent a relevant pool of examples. As too many examples could impede the effectiveness of the approach, the diversity of EU examples remains partial. Two examples were selected: the first is from Romania’s recent experience in implementing an integrated model of services at community level because it brings genuine lessons learnt by the involved stakeholders; the second is from Spain because of its very specific decentralized organization and administration and the lack of a minimum income scheme, which is exceptional in the EU context.

Very much in line with the minimum living guarantee system in China, the work on the minimum income guaranteed schemes within the EU-MS has a long history³⁹ and the Chinese decision-makers would benefit from the lessons learnt by EU-MS in different stages of EU accession. Therefore, based on the EU accession date, three groups of EU-MS were considered as relevant: the EU founders group, the old EU-MSs group, and the CEE recent EU-MSs group. Several examples were selected because of their different approaches to minimum income, including in relation to eligibility criteria

³⁹ Stanescu S, *Comparative Analysis of Minimum Income Guaranteed Schemes within the Member States of the European Union*, Romanian Journal of European Affairs, Vol. 15, No. 3, Sep. 2015, in Research Gate <https://www.researchgate.net/publication/285220264> Comparative analysis of minimum income guaranteed schemes within the member states of the European Union

and targeting systems (CZ, ES, SE), thus offering the opportunity for the Chinese counterparts to choose from the diversity of existing models.

Should be noticed that previous EU-China SPRP reports⁴⁰ already explained the broader models in EU and for this reason they are only briefly mentioned in the current report, for easy reference. The classification of social welfare regimes in EU, according to Davor Dominkus, includes: (i) a Continental Bismarckian-conservative system (ii) an Anglo-Saxon Beveridge-liberal (iii) a Nordic Scandinavian and social democratic system, (iv) a Mediterranean Southern European and (v) a Central and Eastern European transitional model. To reflect this diversity, besides CZ, ES and SE, were also selected models and experiences from CY, DK, EE, including other references to RO, and, as means for better contextualization, examples from broader EU and World Bank experiences. Moreover, in several instances the report makes reference to all EU member states in order to better contextualize their belonging to various trends currently experienced in the EU.

A third set of considerations refers to **the outline of the report**, structured in a manner to facilitate its use and understanding by the Chinese counterparts, already familiarized with the China report.

The introductory section, “The stakes of EU social assistance models”, mirroring the China report sections “Introduction” and, partially, “Current structure of the social assistance - provisions and achievements”, is focused on EU contexts and the harmonized approach based on the OMC. It emphasizes relevant topics such (i) economic growth, (ii) ageing population, and (iii) urbanization and migration. Moreover, besides the China report, this section also considers relevant aspects within the 13th Five Year Plan for economic and social development of the People’s Republic of China.

The core section, “EU-MS social assistance measures and cross-cutting issues” mirroring mainly the China report section “Current challenges to the social assistance in the changing economic and social conditions”, is focused, as stated in its title, on the social assistance *measures and cross-cutting issues* in EU-MS. Very much in line with the China report, this section tackles the identified gaps with a particular focus on the following topics: (i) coverage and social assistance dependency; (ii) targeting and eligibility, (iii) generosity, (iv) social services, (v) decentralization or the role of local stakeholders, and (vi) active social assistance.

The last section, “Conclusions”, without a direct match in the China report, emphasizes the key principles and some of the lessons learnt.

1.2. Risks and assumptions

The study extensively relies on the China report findings and the analysis aims to reach as much as possible the relevant examples to echo these specific findings. Whereas the report aims to cover different examples so the Chinese counterparts get familiarized with a variety of practices, it could not pretend to be an exhaustive study (does not cover all EU-MS) and the practical considerations related to the limited time and resources allocated for this research need to be considered.

The study aims to provide a set of models, principles and lessons learnt in various EU contexts as they are considered relevant for the China report. They are by no means indications or recommendations of what is the best to be done in the current China social protection and social assistance reform context. The main purpose is to make available various options that will help the decision-makers, and particularly the MOCA, to take informed decisions and to learn from the European counterparts.

⁴⁰ EU-CHINA Social Protection Reform Project – Component 3 – Volume on 2015 research topics, Beijing 2016

2. The stakes of eu social assistance models

Making the use of the EU countries relevant experiences for social assistance structures of the P.R. China effective and efficient invites to contextualize their development and functioning in the very EU economic, political and social contexts, in line with Europe 2020 strategy⁴¹. It is the EU's agenda for growth and jobs for the current decade which emphasises smart, sustainable and inclusive growth as a way to overcome the structural weakness in Europe's economy, to improve its competitiveness and productivity, and to underpin a sustainable social market economy.

In other words, not only the study will present the experiences with their strengths and lessons learnt with the purpose to support the Chinese decision-makers in taking informed and well documented decisions, but it will also provide the context in which the examples evolved. Through this approach, the examples could be weighted in relation to specific indicators as means to increase the relevance for P.R. China specific economic and social contexts. Moreover, understanding the stake of Europe 2020 strategy invites, at its turn, to assume few definitions which are now unanimously adopted in all 28 EU-MS. This chapter builds-upon these elements.

2.1. Definitions

At the core of the Europe 2020 strategy is the fight against '*exclusion*' which is understood⁴² as "a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and life-long learning opportunities, or as a result of discrimination. This distances them from job, income, education and training opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and so often feel powerless and unable to take control over the decisions affecting their day-to-day lives".

Tackling the risk of poverty or social exclusion requires to consider⁴³ at least one of three forms of poverty: monetary poverty, material deprivation and low work intensity. People can suffer from more than one dimension of poverty at a time. These three concepts are crucial for understanding the frameworks where the social assistance models evolved:

'The monetary poverty' is measured by the indicator 'people at risk of poverty after social transfers'. The indicator measures the share of people with an equivalised disposable income below the risk-of-poverty threshold. This is set at 60 percent of the national median equivalised disposable income after monetary social transfers. Social transfers are benefits provided by national or local governments, including benefits relating to education, housing, pensions or unemployment. The 60 percent benchmark is conventionally used. However, the amount of people at risk of poverty depends on where this threshold is set.

'The material deprivation' covers issues relating to economic strain, durables and housing and dwelling environment. Severely materially deprived people are living in conditions greatly constrained by a lack of resources and cannot afford at least four of the following: to pay their rent or utility bills or hire purchase instalments or other loan payments; to keep their home warm; to pay unexpected expenses; to eat meat, fish or other protein-rich nutrition every second day; a week-long holiday away from home; to own a car, a washing machine, a colour TV or a telephone. Again, the threshold at which people are considered severely materially deprived is a result of convention. By

⁴¹ https://ec.europa.eu/info/strategy/european-semester/framework/europe-2020-strategy_en

⁴² European Commission (Directorate-General for Economic, Social Affairs and Inclusion), *Employment and Social Developments in Europe 2011*, Publications Office of the European Union, Luxembourg, 2012 (p. 144).

⁴³ Eurostat, *Europe 2020 indicators - poverty and social exclusion*, at http://ec.europa.eu/eurostat/statistics-explained/index.php/Europe_2020_indicators_-_poverty_and_social_exclusion

changing the amount of items a person is not able to afford in order to be viewed as (severely) materially deprived changes the amount of people considered facing this problem.

'*The very low work intensity*' describes the number of people aged 0 to 59 living in households where the adults worked not more than 20 percent of their potential during the past year.

The key means to fight exclusion is to put in place an *active inclusion*⁴⁴, of which the social assistance is a part of, which will enable every citizen, notably the most disadvantaged, to fully participate in society, including having a job. In practical terms, that means: adequate income support together with help to get a job, inclusive labour markets, and access to quality services helping people participate actively in society, including getting back to work. Moreover, the social assistance in EU is a broad and complex term, covering various realities, and for this reason the report opted to bring to the Chinese counterparts' attention the concept of social services of general interest (see page 12), which will hopefully ease its conceptualization.

'*Income support*' comprises all measures taken by national authorities in EU countries to provide an adequate income to their citizens via different benefit schemes, such as: unemployment benefits, family and child benefits, pensions, disability benefits, minimum income schemes. Minimum income schemes usually target people of working age and aim to ensure a minimum standard of living for individuals and their dependents when they have no other means of financial support. These schemes are an essential instrument across EU countries to sustain income, decrease inequalities and reduce poverty.

'*Inclusive labour markets*' means everyone of working age can participate in paid work, especially vulnerable and disadvantaged people. Promoting inclusive labour markets is: making it easier for people to (re)join the workforce, removing disincentives to work, promoting quality jobs and preventing in-work poverty (focusing on: pay and benefits, working conditions, health and safety, lifelong learning, career prospects), and helping people stay in work and advance in their careers.

'*Quality social services*' should be made available and accessible to every citizen, especially the most disadvantaged, and they should include: early childhood education and care, long-term care for the elderly, long-term care for people with disabilities, social assistance (social welfare or benefits), social housing, and training and employment services.

Moreover, these services should be of high-quality, integrated and personalised in developing people's skills and capabilities, improving the opportunities open to them, and helping them use their potential to the full throughout the lives. Integrated social services delivery, such as one-stop shops, can improve both efficiency and effectiveness. This approach could have a positive impact on cutting costs, avoiding duplication and loopholes, making it easier to pool information and knowledge, and facilitating the identification of needs and adapted responses.

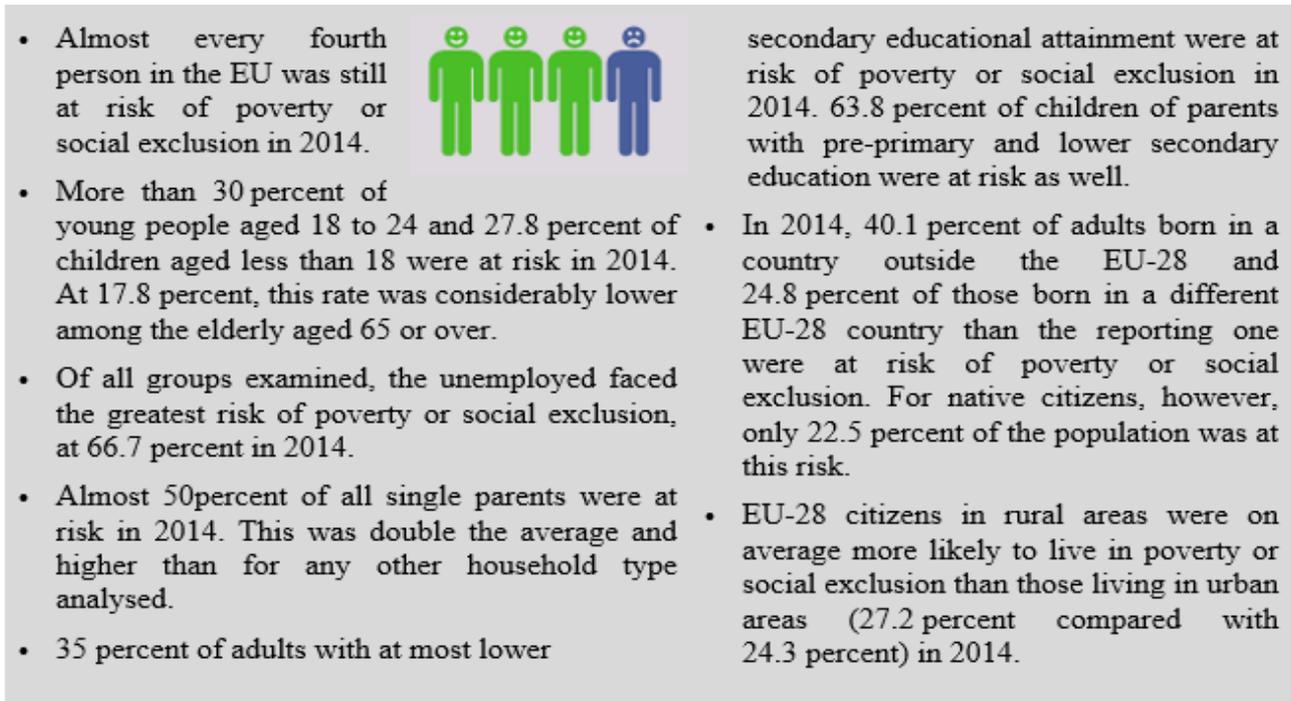
2.2. Beyond definitions, what is the effective context?

Poverty and social exclusion harm individual lives and limit the opportunities for people to achieve their full potential by affecting their health and well-being and lowering educational outcomes. This, in turn, reduces opportunities to lead a successful life and further increases the risk of poverty. Without effective educational, health, social, tax benefit and employment systems, the risk of poverty is passed from one generation to the next. This causes poverty to persist and hence creates more inequality, which can lead to long-term loss of economic productivity from whole groups of society and hamper inclusive and sustainable economic growth.

⁴⁴ <http://ec.europa.eu/social/main.jsp?catId=1059&langId=en>

So what are the trends in terms of poverty and social exclusion in EU? The chart⁴⁵ below summarizes the **key challenges the EU population faces accordingly to a set of Europe 2020 indicators**. Should be added⁴⁶ to the chart that monetary poverty was the most widespread form of poverty with 17.2 percent of EU citizens affected in 2014, followed by severe material deprivation and very low work intensity, affecting 9 percent and 11.2 percent of EU citizens respectively; overall, 9.5 percent of the working EU population was at risk of poverty in 2014:

Figure 1: Poverty and social exclusion challenges in EU (2014)



Source: Smarter, greener, more inclusive? indicators to support the Europe 2020 strategy (2016)

Although the EU has entered its fourth year of economic recovery⁴⁷, the **current economic situation remains a major challenge** to policy makers trying to fight poverty and ensure social inclusion. According to the Annual Report of the Social Protection Committee⁴⁸, the emphasis needs to shift from short-term measures to structural reforms to further spur economic growth, raise employment and tackle in-work poverty, and guarantee adequate levels of social protection and access to quality services. Reaching the objective of the Europe 2020 strategy of reducing the amount of people at risk of poverty or social exclusion by 20 million would thus need to be supported by appropriate economic, employment, tax, and education policies.

To meet the overall EU target on risk of poverty and social exclusion, **EU-MSs have set their own national targets in their National Reform Programmes**. As noted in the European Council conclusions from 17 June 2010, Member States are free to set their own targets based on the most appropriate indicators for their circumstances and priorities. In most countries, the target is expressed

⁴⁵ European Union, Eurostat, 2016, *Smarter, greener, more inclusive? indicators to support the Europe 2020 strategy*, Publications Office of the European Union, Luxembourg, 2016 (p. 139).

⁴⁶ http://ec.europa.eu/eurostat/statistics-explained/index.php/Europe_2020_indicators_-_poverty_and_social_exclusion

⁴⁷ http://ec.europa.eu/economy_finance/eu/forecasts/2016_winter_forecast_en.htm

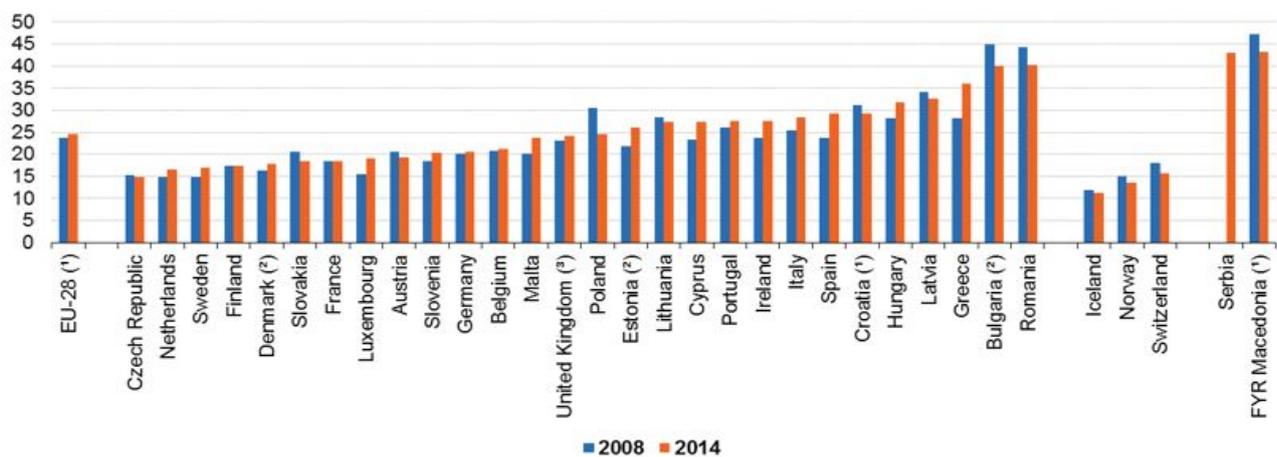
⁴⁸ European Union, 2015, *Social Europe Aiming for inclusive growth – Annual report of the Social Protection Committee on the social situation in the European Union (2014)*, Publications Office of the European Union, Luxembourg, 2016 (p. 9).

as an absolute number of people to be lifted out of the risk of poverty or social exclusion compared with 2008⁴⁹. This corresponds to the base year also used for the overall EU target.

In 17 of the EU Member States the number of people at risk of poverty or social exclusion has risen since 2008, increasing the distance to their national targets. 19 Member States use a target based on the indicator ‘people at risk of poverty or social exclusion’, and four (BG, DK, EE, and LV) based their targets on one or more of its sub-indicators. DE, IE, NL, SE and UK defined their targets based on nationally developed indicators not available on the Eurostat database.

Two countries using the ‘at risk of poverty or social exclusion’ indicator or one of its sub-indicators (PL and RO) have already reached their national poverty targets in 2014. The other EU-MS using this concept to define their national targets have yet to meet their goals. These range from reducing the amount of people at risk of poverty or social exclusion by 4.4 million people in Italy to about 25,000 people in MT.

Figure 2: Percent of population at risk of poverty / social exclusion, by country, 2008



(*) 2010 data (instead of 2008).

(*) Break in time series in 2014.

(*) Break in time series in 2012.

and 2014

Source : Eurostat, Europe 2020 indicators - poverty and social exclusion

As seen in Figure 2 above, 24.1 percent of the entire EU population were at risk of poverty or social exclusion in 2014. However, EU-MS specific mechanisms underlying this figure vary strongly both in the level and dynamics of this indicator. In RO and BG over 40 percent of the population fell into this category in 2014 whereas in the CZ or the NL it is little below, respectively above 15 percent.

In addition, **significant differences in the development between 2008 and 2014 can be seen between EU-MS**. Some countries made clear progress in integrating their most vulnerable members into society. Reductions in the number of people at risk of poverty or social exclusion ranged from 0.1 percentage points to 5.8 percentage points. EU-MS with the most progress in this area are PL (by 5.8 percentage points), RO (by 4.0 percentage points), and SK (by 2.2 percentage points). Several countries experienced substantial increases in the number of people at risk of poverty or social exclusion. The countries with the highest increase were EL, ES, and EE, where the number of people at risk increased by between four and eight percentage points. One reason for the disparity in poverty rates across the EU is the uneven impact of the economic crisis on EU-MS. Although many factors have influenced overall economic performance, much of the current divergence results from the way

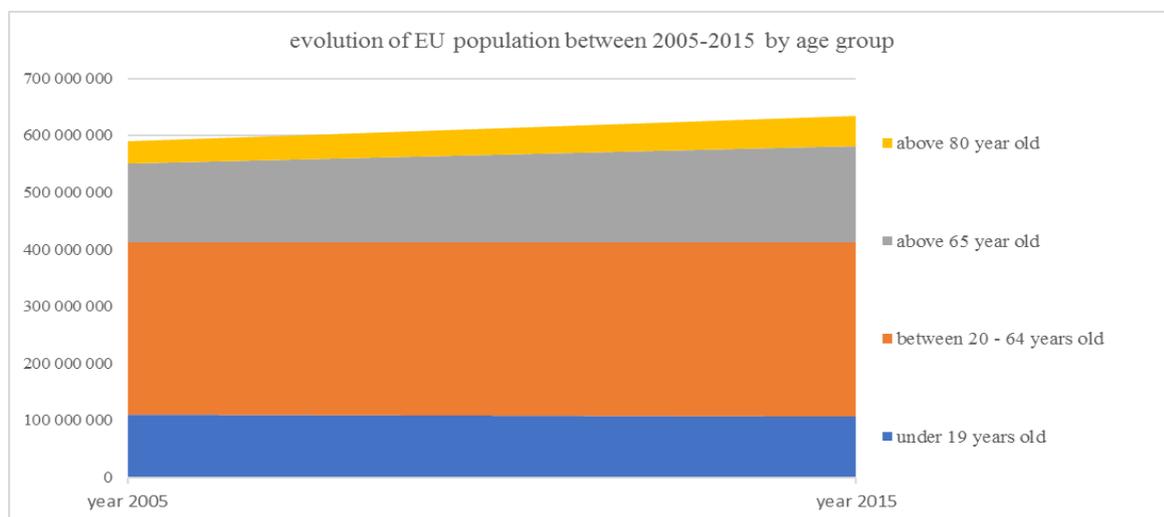
⁴⁹ Ibid. (p. 162–461)

labour markets and social systems reacted to the severe global downturn as well as the fiscal consolidation packages implemented in most of the EU-MS.

According to Eurostat’s report *Smarter, greener, more inclusive?* indicators to support the Europe 2020 strategy (p. 38), the EU is confronted with a growing, but ageing population, driven by low fertility rates and a continuous rise in life expectancy. This ageing, already apparent in many EU-MS, will lead to a higher share of older people and a lower share of people aged 20 to 64 in the total population in the coming decades. This means that despite a growing population, the EU labour force is shrinking. This will increase the burden on the employed population to provide for the social expenditure caused by an ageing population.

Over the past two decades the total EU population has grown from 475 million in 1990 to almost 509 million in 2015. Between 2002 and 2015 the number of older people aged 65 and above increased by 22.3 percent. There was a particularly steep rise of 50.3 percent for the group aged 80 or over. The population aged 20 to 64 years grew only slightly by 2.9 percent over the same period. In contrast, the number of 0 to 19 year olds fell by 6.1 percent.

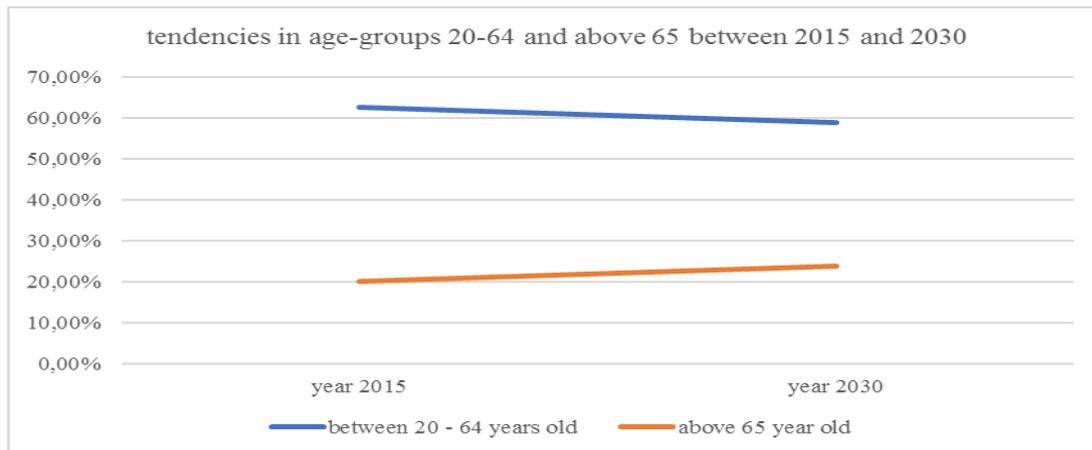
Figure 3: Evolution of EU population per age group between 2005 and 2015



Source: author calculation and design, based on EUROSTAT data, compiled, <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

While the most recent projections predict rapid growth in the number of older people, particularly in the group aged 80 years or over, the population aged 20 to 64 years is expected to start shrinking in the next few years as more baby boomers born between 1946 and 1964 enter their 60s and retire. As a result, the share of 20 to 64 year olds is expected to gradually decline from 60.2 percent in 2015 to 58.9 percent in 2020. This equals a reduction of 4.3 million people. At the same time, the number of older people aged 65 or over will grow by about 8.6 million, reaching 20.4 percent of the total population in 2020. These trends will continue at an even faster rate in the following decade. The population aged 20 to 64 is expected to shrink to 55.9 percent and those aged 65 or over to climb to 23.9 percent, making up almost a quarter of the total population in 2030.

Figure 4: Evolution of share of active age-group vs. elderly group between 2015-2030



Source: author design based on EUROSTAT report Smarter, greener, more inclusive (2016)

The same report on Europe 2020 strategy (p. 150) emphasizes that in the majority of EU-MS, people in rural areas are more at risk of poverty or social exclusion. On average, EU-28 citizens in rural areas were more likely to live at risk of poverty or social exclusion than those in urban areas (27.2 percent in rural areas compared with 24.3 percent in urban areas) in 2014. Those living in towns or suburbs were the least likely to be at risk (22.3 percent). However, the figures vary greatly between EU-MS. In 17 countries, people living in rural areas were at the highest risk of being poor or socially excluded. The countries with the highest poverty rates in rural areas compared with urban areas are RO (27.1 percentage points higher), BG (21.4 percentage points higher) and MT (20.6 percentage points higher). In other countries, such as AT and BE, the opposite is true: a clearly larger share of urban residents live in poverty or social exclusion compared with residents in rural areas or towns. There are also countries, such as the CZ, FI and SI, where the poverty rates in urban, rural or suburban areas differ only slightly. In a study report⁵⁰ the European Commission identified four main categories of problems that characterise rural areas in the EU and determine the risk of poverty or social exclusion: demography (for example, the exodus of residents and the ageing population in rural areas), remoteness (such as lack of infrastructure and basic services), education (for example, lack of preschools and difficulty in accessing primary and secondary schools) and labour markets (lower employment rates, persistent long-term unemployment and a greater number of seasonal workers).

Regarding the unemployment rates, in 2015, they were relatively similar across both more and less densely populated areas for the EU-28 as a whole. Overall, the population aged 15 to 74 who are residing in cities recorded a slightly higher unemployment rate (10.0 percent) compared with those living in towns and suburbs and rural areas (9.0 percent and 9.1 percent, respectively).

2.3. Social services of general interest⁵¹

The services of general interest (SGI) play a crucial role in the EU. In areas such as health care, childcare or care for the elderly, assistance to disabled persons or social housing, these services provide an essential safety net for citizens and help promote social cohesion. In the field of education, training and employment services play a key role in the growth and jobs agenda. In the knowledge economy, schools, training centres and universities have to be of the highest quality to guarantee that young people are equipped with new skills for new jobs.

⁵⁰ European Commission, *Poverty and social exclusion in rural areas. Final study report*, Luxembourg, Office for Official Publications of the European Communities, 2008.

⁵¹ European Commission, 2011, *Communication from the commission to the European parliament, the council, the European economic and social committee and the committee of the regions - A Quality Framework for Services of General Interest in Europe*, Brussels, 20.12.2011COM (2011) 900 final.

At the same time, the budget constraints that currently confront public administrations and the need for fiscal consolidation make it necessary to ensure that high-quality services are provided as efficiently and cost-effectively as possible.

The debate on services of general interest suffers from a lack of clarity on terminology. The concepts are used interchangeably and inaccurately. Stakeholders have asked the Commission to provide clarity. In doing so, however, the Commission is bound by EU primary law and the Court's case-law. Moreover, the concepts are dynamic and evolve.

Service of general interest (SGI): SGI are services that public authorities of the EU-MSs classify as being of general interest and, therefore, subject to specific public service⁵² obligations (PSO). The term covers both economic and non-economic services. The latter are not subject to specific EU legislation and are not covered by the internal market and competition rules of the Treaty on the Functioning of the European Union (the Treaty). Some aspects of how these services are organised may be subject to other general Treaty rules, such as the principle of non-discrimination.

Service of general economic interest (SGEI): SGEI are economic activities which deliver outcomes in the overall public good that would not be supplied (or would be supplied under different conditions in terms of quality, safety, affordability, equal treatment or universal access) by the market without public intervention. The PSO is imposed on the provider by way of an entrustment and on the basis of a general interest criterion which ensures that the service is provided under conditions allowing it to fulfil its mission.

Social services of general interest (SSGI): these include social security schemes covering the main risks of life and a range of other essential services provided directly to the person that play a preventive and socially cohesive/inclusive role. While some social services (such as statutory social security schemes) are not considered by the European Court as being economic activities, the jurisprudence of the Court makes clear that the social nature of a service is not sufficient in itself to classify it as non-economic. The term social service of general interest consequently covers both economic and non-economic activities.

Universal service obligation (USO): USO are a type of PSO which sets the requirements designed to ensure that certain services are made available to all consumers and users in a Member State, regardless of their geographical location, at a specified quality and, taking account of specific national circumstances, at an affordable price. The definition of specific USO are set at European level as an essential component of market liberalization of service sectors, such as electronic communications, post and transport.

Regarding the social services, few objectives⁵³ should be considered in their implementation:

Social services are person-oriented services, designed to respond to vital human needs, in particular the needs of users in vulnerable position; they provide protection from general as well as specific risks of life and assist in personal challenges or crises; they are also provided to families in a context of changing family patterns, support their role in caring for both young and old family members, as well as for people with disabilities, and compensate possible failings within the families; they are key instruments for the safeguard of fundamental human rights and dignity;

⁵² The term 'Public service' is used in article 93 of the Treaty in the field of transport. However, outside this area, the term is sometimes used in an ambiguous way: it can relate to the fact that a service is offered to the general public and/or in the public interest, or it can be used for the activity of entities in public ownership. To avoid ambiguity, the quoted "Communication" EC 2011 did not use the term but followed the terminology 'service of general interest' and 'service of general economic interest'.

⁵³ European Commission 2008, *Commission staff working document – Biennial Report on social services of general interest*, Brussels, 2.7.2008 SEC (2008) 2179

Social services play a preventive and socially cohesive role, which is addressed to the whole population, independently of wealth or income;

Social services contribute to non-discrimination, to gender equality, to human health protection, to improving living standards and quality of life and to ensuring the creation of equal opportunities for all, therefore enhancing the capacity of individuals to fully participate in the society.

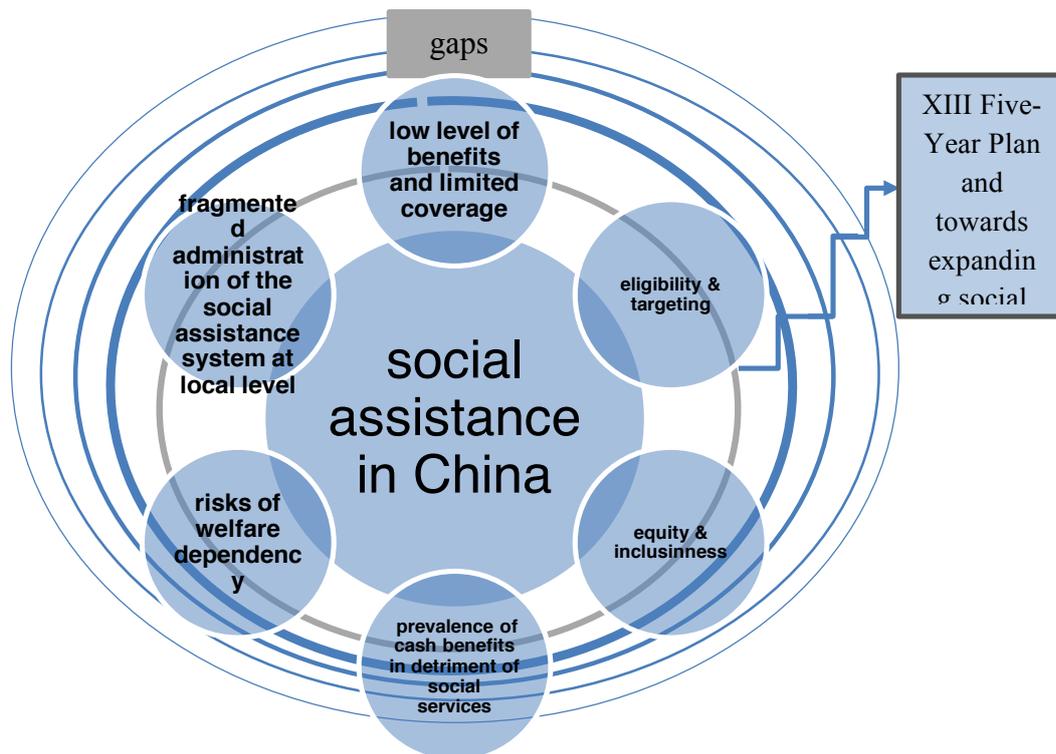
To ensure an effective, efficient and meaningful implementation, social services would comply with the following organisation, delivery and financing principles. In order to address the multiple needs of people as individuals, social services must be *comprehensive and personalised, conceived and delivered in an integrated manner*; they often involve a personal relationship between the recipient and the service provider; The definition and delivery of a service must take into account the *diversity of users*; When responding to the needs of vulnerable users, social services are often characterised by an *asymmetric relationship between providers and beneficiaries which is different from a commercial supplier / consumer relationship*; As these services are often rooted in (local) cultural traditions, *tailor-made solutions taking into account the particularities of the local situation are chosen*, guaranteeing proximity between the service provider and the user while ensuring equal access to services across the territory; Service providers often need a *large autonomy to address the variety and the evolving nature of social needs*; These services are generally driven by the principle of solidarity and are highly dependent on public financing, so as to ensure equality of access, independent of wealth or income; *Non-profit providers as well as voluntary workers often play an important role in the delivery of social services*, thereby expressing citizenship capacity and contributing to social inclusion, the social cohesion of local communities and to intergenerational solidarity.

3. EU-MS social assistance measures and cross-cutting issues

Whereas the previous chapter brought to the attention of the Chinese counterparts the relevant information related to Europe 2020 agenda for growth and jobs and supported the familiarization with few of the main indicators in the areas of fighting the poverty and social exclusion, this chapter goes more in-depth into specific aspects of the social assistance measures in selected EU-MS and the cross-cutting issues echoing the ones identified by Professor Guan in the China report. The following gaps were identified as main cross-cutting issues affecting the effective and efficient implementation of social assistance measures. They articulate the chapter and are summarized in following chart:

- (i) the low levels and the limited coverage of social assistance;
- (ii) the constraining eligibility criteria and the limitation of targeting system;
- (iii) the equity and inclusiveness issues;
- (iv) the prevalence of cash benefits in detriment of social services;
- (v) the risks of welfare dependency;
- (vi) the fragmented administration of the social assistance system at local level.

Figure 5: The chart of gaps within the social assistance system of China



Source: design based on China report

The China report clearly distinguishes between the *subsistence assistance*, composed of Dibao and Wubao which have the corresponding Guaranteed Minimum Income Schemes (GMIS) in EU-MS, and the *special assistance*, composed of education, health, employment, housing, disaster relief and temporary assistance which could find various corresponding measures in EU-MS. Therefore, a discussion about the GMI becomes relevant and will be constant throughout this chapter, because the measure of ensuring access to income support sets the stage for ensuring a minimum decent living standard for people on low or no income and thus contributes to fulfilling the Europe 2020 strategy objectives. Regarding the special assistance topics, their mentioning will occur in various examples depending on the relevance for those contexts.

Moreover, the importance of adequate minimum income support is constantly reiterated⁵⁴ in EU policy making process as means to ensure an active inclusion approach. According to the study of European Social Policy Network (ESPN)⁵⁵ its “level should be high enough for a decent life and at the same time help people to be motivated and activated to work. It then stated that the Commission will, as part of the European Semester, monitor the adequacy of income support and use for this purpose reference budgets once these have been developed together with the EU-MS”.

As the work of ESPN national experts is focused on preparing “country reports highlighting and assessing the contribution of minimum income schemes to both preventing and alleviating poverty and social exclusion and fostering an active inclusion approach to promoting social investment”⁵⁶, it is considered relevant for this study to adopt the same definition when talking about the minimum

⁵⁴ Commission Communication, *Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020* (notified under document number C (2013) 083).

⁵⁵ Frazer H and Marlier H, ESPN, *Minimum Income Schemes in Europe – A study of national policies 2015*, Directorate General for Employment, Social Affairs and Inclusion, Directorate C - Social Affairs, EC 2016

⁵⁶ Ibid.

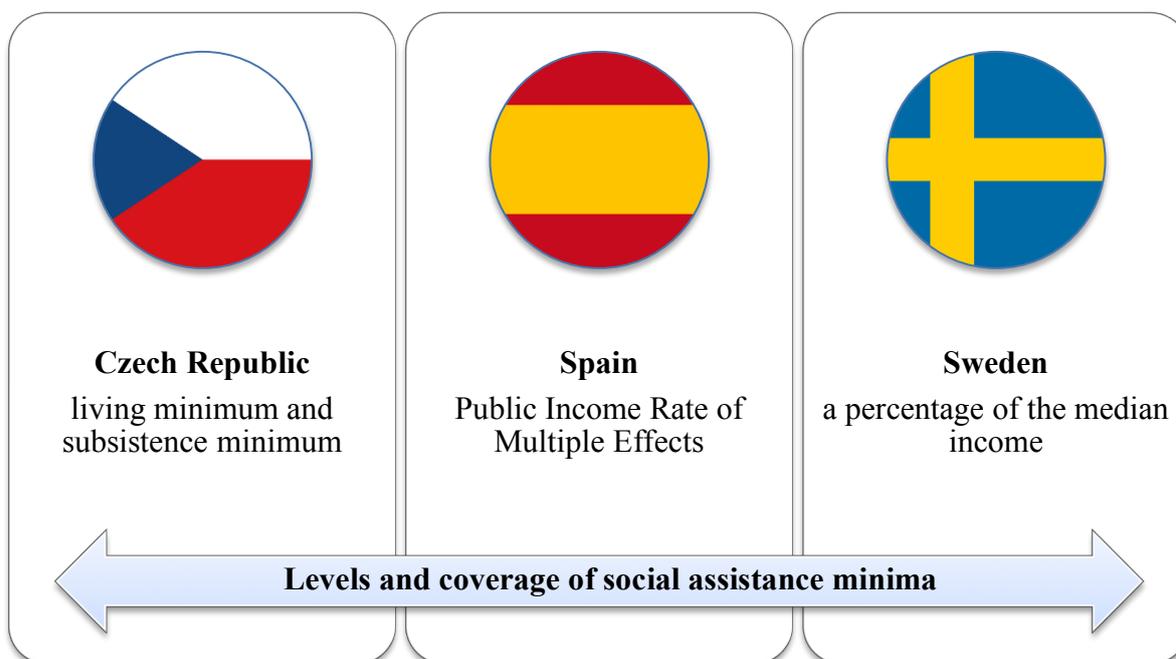
income. According to it “minimum income schemes are understood as being essentially income support schemes for people of working age (whether in or out of work) which provide a means-tested safety net for those not eligible for social insurance payments or those whose entitlement to these payments has expired. They are in effect last resort schemes, which are intended to prevent destitution and to ensure a decent minimum standard of living for individuals and their dependants when they have no other or insufficient means of financial support.”

The questions addressed by ESPN experts will also partially guide this chapter, as they provide updated information about last or very recent developments in the area: how sufficient are minimum income schemes in terms of adequacy, coverage and take-up, and what improvements are required in these regards? how effective are minimum income schemes in protecting from and preventing poverty and social exclusion? and to what extent are minimum income schemes effectively linked with other benefits and services so as to support recipients’ inclusion into the labour market (sustainable work) and what improvements are needed in this regard?

3.1. Levels and coverage of social assistance

The China report makes constant reference to *low levels* of social benefits, including by providing PPP value calculations in CNY⁵⁷ in accordance with the World Bank International Poverty Line of USD1.9/day. A discussion about the levels of social benefits must consider broader economic development of the states where social assistance measures occur. For this reason, such topic is considered of lower relevance for this study because of the limitations in producing meaningful social assistance lessons learnt and added-value knowledge.

Figure 6: the chart of EU examples discussed in chapter 3.1



⁵⁷ Further references to EUR/CNY exchanges rates are based on European Central Bank average rates in Dec. 2016 rounded at 1EUR = 7.3CNY, <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-cny.en.html>

Component 3

Nonetheless, it is worth mentioning the significant discrepancies⁵⁸ between GMI schemes in EU, the levels of payment showing very great differences in degree of generosity, ranging from EUR 22 (CNY 160) per month in Bulgaria, which is about 10 percent of the minimum wage⁵⁹, to 1433 EUR (CNY 10,460) per month in Denmark, which is about half of the minimum wage⁶⁰ for a single person, and from EUR 100 (CNY 730) per month in Poland, which is about a quarter of the minimum wage⁶¹, to EUR 3808 (CNY 27,798) per month in Denmark, which is more than one and a quarter of the minimum wage, for a couple with two children. When compared to median income in the countries, only Denmark and Iceland (for single persons) have a GMIS that has a high level of generosity (over 50 percent); most countries have GMIS that are medium-high or medium-low; but 9 countries, all from Central and Eastern Europe plus Portugal and Sweden, have GMIS with low to very low generosity levels (less than 30 percent), which means that these countries will have to face considerable additional efforts to bring their GMIS to an adequate level.

With regards to coverage, the China report emphasizes the *small coverage* in both urban and rural areas as a particular consequence of the low level of minimal living guarantee standards. This converge with the opinions⁶² of several EU and non-EU teams involved in EMIN⁶³ project who, for a part of them, consider that their countries use income thresholds to qualify for GMIS that are extremely low. In countries where local authorities are responsible for access to and amount of the minimum income, the teams complain about significant discrepancies. In some countries, the coverage is reduced through excessive means-testing. Certain teams also highlight difficulties for young people to access GMIS. Few of these examples (based on EMIN country reports) are presented below, including some references to contexts where no GMIS is in place.

More specifically, two EU-MS have no GMIS: IT and EL⁶⁴. The Italian team stated that the ‘new social card’ cannot be seen as a GMIS but rather as a charity measure. In the absence of a national law on minimum income, several regional, mostly categorical schemes co-exist, and are seen as insufficient and highly fragmented. The amounts granted under these schemes are clearly insufficient to lift people out of poverty. Although the debate on the introduction of a GMIS has been ongoing for several years, merely initiated by civil society organisations and academic experts, and recently

⁵⁸ Van Lancker A., *Toward adequate and accessible Minimum Income Schemes in Europe – Analysis of Minimum Income Schemes and roadmaps in 30 countries participating in the EMIN project* (Synthesis report), Directorate-General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, EC 2015.

⁵⁹ Minimum wage of BGN 460 according to <http://www.wageindicator.org/main/salary/minimum-wage/bulgaria>;

converted in EUR 235 based on <http://www.xe.com/currencyconverter/convert/?Amount=460&From=BGN&To=EUR>

⁶⁰ There are a variety of minimum wages in Denmark (industry status of person, age, etc.) making difficult to estimate a unique minimum wage. For the calculation in the report it was used an average of EUR 20 per hour for an average of 160 hours per month (<http://www.wageindicator.org/main/salary/minimum-wage/denmark>)

⁶¹ Ibid. sources, PLN 1,850 = EUR 430

⁶² The opinions were expressed by professionals within ‘The European Minimum Income Network (EMIN)’ project, which was implemented between 2013 and 2014 through sponsorship from the European Parliament, funded by the European Commission, under contract no Tender N° VT/2011/100 Pilot project – Social solidarity for social integration and promoted by the European Anti-Poverty Network (EAPN). The project aimed at building consensus to take the necessary steps towards the progressive realization of adequate and accessible minimum income schemes in European Countries. The project also aimed to strengthen cooperation at the EU level in relation to the achievement of Adequate Minimum Income Schemes, in line with the European Commission’s Active Inclusion Recommendation of 2008, the Europe 2020 strategy and in the context of the European Platform against Poverty and Social Exclusion and the EU Social Investment Package. To know more about EMIN and to see all publications visit: <http://emin-eu.net>

⁶³ Ibid. A total of 30 countries were involved, with Iceland (IS), Macedonia (MK), Norway (NO) and Serbia (RS) as non-EU-MS and with 26 EU-MS (exception being LV and SI)

⁶⁴ Greece is currently piloting a new programme, starting with July 2016, called Social Solidarity Income (“Kinoniko Eisodima Allilegyis” - KEA)

certain political parties have initiated legislative proposals in parliament, no initiative has been concluded successfully yet.

The Greek team described the Greek social protection system as very fragmented and ineffective, with social transfers that have a very low impact on income redistribution, and without a non-contributory minimum income that constitutes a minimum safety net for all persons in need. Instead, there is a variety of categorical and fragmented social assistance schemes for certain categories of the population, creating significant gaps in the overall protection system.

3.1.1. The case of Sweden⁶⁵

The Swedish welfare state is, in essence, individualistic and almost every single transfer, taxes and benefits are linked to the individual, not to the household. Social assistance is one of the few and the most important exception from this. In relation to minimum incomes, social assistance is the only benefit in Sweden that can be looked as such income. Halleröd (2009)⁶⁶ concludes that the social assistance norm guarantees an income that is approximately equivalent to 60 percent of the median income, i.e. the definition of poverty used by the EU. In Sweden, the proportion of the population with an income below 60 percent of median income has increased in recent years from 12 percent in 2008 to 14 percent in 2014. Furthermore, social assistance is a form of last resort assistance and is aimed for those who can't support themselves in other ways. Social assistance is regulated via the Social Service Act and administered by the 290 municipalities that exist in Sweden. *According to the Social Service Act, the municipalities has the ultimate responsibility that the individuals in the community get the support and help they need. Further, the Social Service Act states that everyone should be guaranteed a reasonable standard of living.* Neither the text of the law or the legal preparatory work defines the concept of reasonable standard of living closer. Social assistance is given when a household (a person or family) is temporarily (for a shorter or longer period) without sufficient means to meet the necessary costs of living. Entitlement is given to everyone assessed as in need of the support. The amount depends on the person's needs.

The conditions to obtain minimum income are in principle an individual right. The situation of the household (married or unmarried couples with minor children) is considered as a whole, as long as the parents have the responsibility to support their children. When the children reach the age of 18 or, if they participate in secondary schooling, until they reached 21, the parents have no longer supply obligation, instead the children are then regarded as a separate household.

This means both that a child who is 21 years old and living in the parents' home may be eligible social assistance, regardless of parental income, and that an adult child's income is not counted if the parents applying for social assistance even though they live together.

As a general rule for the means test, all real property, regardless of the nature and the origin, is taken into account. Sale of assets may be required before social assistance is granted. Under certain conditions, persons may have to sell their house and move to a less costly living. However, the main principle is that if the need of assistance is temporarily, the benefit can be paid out without sale of assets, with a view to stimulating their labour market attachment, for example if someone needs his/her car to get to work. Additionally, incomes of young people of school age, earned during vacation, shall not be taken into account when assessing their need of social assistance.

Regarding the amount of social assistance, not all costs are covered by the national social assistance norm. Those items that are not part of the norm are: housing costs, energy, travel expenses related to work, home insurance and professional fees. All of these costs are added to the social assistance norm,

⁶⁵ Holmdahl J., *European Minimum Income Network country report Sweden*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

⁶⁶ Halleröd B. *Minimum income Schemes*. EC DG Employment, Social Affairs and Equal Opportunities. Sweden, 2009

provided if they are considered reasonable. Moreover, there are additional costs that may be covered by social assistance, such as health care, dental care and the purchase of eyeglasses.

The amounts and cost included in the social assistance norm, and that is dependent of the household composition, are as follows: food, clothing and footwear, play and leisure, disposable articles, health and hygiene, daily newspaper, telephone and television fee (in certain cases it is possible to deviate from these amounts). It should also be added that some municipalities permit costs for the internet connection, as school, job agency etc. is fully computerized.

Table 1: Monthly amounts of social assistance minima in Sweden

Monthly maximum amounts (excluding other benefits not included in the social assistance norm):		For common expenditures in the households a special amount is added depending on the size of the household (in certain cases it is possible to deviate from these amounts):	
Single person:	SEK 2,950 / CNY 2,511	1 person	SEK 930 / CNY 795
Couple:	SEK 5,320 / CNY 4,533	2 persons	SEK 1,040 / CNY 883
Child: 0-1 year	SEK 1,740 / CNY 1,482	3 persons	SEK 1,310 / CNY 1,116
Child: 1-2 years	SEK 1,980 / CNY 1,686	4 persons	SEK 1,490 / CNY 1,270
Child: 3-4 years	SEK 1,740 / CNY 1,482	5 persons	SEK 1,710 / CNY 1,460
Child: 4-6 years	SEK 1,980 / CNY 1,686	6 persons	SEK 1,950 / CNY 1,664
Child: 7-10 years	SEK 2,410 / CNY 2,051	7 persons	SEK 2,120 / CNY 1,803
Child: 11-14 years	SEK 2,840 / CNY 2,416	Note: in Sweden, there is no minimum wage but an average of SEK 12,000 could be used for comparison purposes (i.e. a single person social assistance minimum amount is about a quarter of the average wage).	
Child: 15-18 years	SEK 3,250 / CNY 2,766		
Child: 19-20 years	SEK 3,280 / CNY 2,796		

Source: author compilation based on Holmdahl J. report (2014)

On top of the above amounts, support can also be provided for reasonable expenditures on housing, domestic electricity supply, journeys to and from work, household insurance, and membership of a trade union and an unemployment insurance fund. Uprating: For the amounts mentioned above, the Government decides on the amount based on calculations from the Swedish Consumer Agency (Konsumentverket) and on the consumer price index. For other expenditures, this is not the case; the municipalities pay the actual cost provided it is reasonable.

There are no time limits concerning the minimum income scheme. The assessment is carried-out by the social welfare officer of the municipality who evaluates the claim and makes a social investigation. *The assessment is based on a financial investigation of the person's assets and incomes.*

The social welfare officer also investigates how the person can be self-supporting. The decision should be made within a “decent time frame” but can vary significantly as well as the waiting time for assessment.

As stated, it is the municipality that has an extensive responsibility for those who reside in the municipality to receive the support and help they need. But everybody is bound to support him- or herself first, and must try to get a job with a sufficient salary at all times, as long as he/she is able to work. *Put it in another way, in order to receive social assistance for an able-bodied person, he or she can only get social assistance when working but have insufficient income or whether an unemployed person actively looking for work.* There are many labour market measures that the recipient must participate in to receive the assistance. The recipients have also access to the public employment service. Since the introduction of the Social Service Act in 1982 there have been a number of adjustments concerning eligibility criteria and especially the reformation of the Social Service Act in 1998 meant that stricter eligibility criteria, especially for young persons (< 25 years of age), were implemented. Unemployed recipients have to actively search for a job and/or participate in assigned labour market programs, to be eligible to receive social assistance. Refusing to accept a job also means that social assistance will be withdrawn or limited.

The social assistance is granted if the other incomes are not sufficient for necessary living expenses. For example, if a household consists of a single adult who earns less than the social assistance norm and fulfils the eligibility criteria, he or she has the right to social assistance. Regardless the sources of the incomes, they will be deducted from the social assistance. It should be emphasized that from 1 July 2013, a change has been made in the Social Services Act. A special calculation rule for income from employment (job stimulus) has been introduced. The purpose of the job stimulus is that it should pay to take a job or increase their working while receiving social assistance. The rule takes into account any income in the examination of social assistance but job stimulus means that the social welfare committee shall make exceptions to this principle. The Job Stimulus is addressed to individuals who have the ability to work. It is designed as a special calculation rule, which makes that 25 percent of the net income from employment under certain circumstances should not be taken into account when considering social assistance. The Job Stimulus is personal and does not take the whole household into account. If the household is entitled to social assistance, the Job stimulus is for the person in the household who meets the criteria for Job stimulus.

It is difficult to make concrete estimates about how many people in need remain outside the social assistance measures. However, the following categories of people are subject of non-coverage: those hiding from authorities, or without residence permits, or who have any kind of assets, or who live on the margins, or who are located on the borderline of eligibility or who failed to qualify themselves into the unemployment insurance fund. In addition, persons can be excluded because they do not have the ability to absorb information which may be due to e.g. language problems, poor talent, non-diagnosed mental disabilities and mental illness in general. Probably the most important factor is the cultural value of living on welfare-system, which is considered stigmatizing, if for a longer period of time and as a temporary solution to a temporary problem.

3.1.2. The case of Spain⁶⁷

Spain is a highly-decentralised country. *Social inclusion policies, which include a Minimum Income scheme, vary greatly from one Autonomous Community to another.* These differences in scope, extension and regulation help explain the issues of coordination and the inequalities among vulnerable groups, based on their place of residence. There are significant regional differences with

⁶⁷ Malgesini Rey G., *Analysis and Road Map for Adequate and Accessible Minimum Income Schemes in EU Member States*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

respect to the rate of unemployment and poverty. Navarra has the lowest levels of the two indicators (17.12% unemployment and 14.5% for the rate of at risk of poverty or social exclusion, or AROPE), while Andalusia has the highest (34.94% unemployment and 38.3% AROPE).

The global vulnerability of the Spanish labour market, the ongoing high unemployment rate and employment precariousness all affect both the design of policies and programmes and their impact. According to Rodríguez Cabrero⁶⁸, the juxtaposition of high rates of poverty, limited social influence (represented by non-governmental organisations and social economic institutions) on the authorities in question, and the implementation of overly general activation measures exacerbate the problems suffered by the most vulnerable groups and the long-term unemployed. Access to the labour market does not necessarily alleviate poverty, nor does a combination of guaranteed income and employment training activities. The number of working poor has grown in recent years as a result of a fall in wages: in 2012, they exceeded the EU-27 average by 3 percent.

In Spain, *there is no general non-contributory Minimum Income, unlike in other European countries. Instead, instruments are established for certain circumstances of need, which are not fixed, but rather depend on different factors.* The Social Security System is the main tool for taking action against loss of income. Different benefits exist whose goal is to remedy the lack of income caused by the impossibility of working (short-term incapacity, permanent incapacity or near-total disability) or derived from the loss of a previous job (for which situation unemployment benefit is designed, whether of a contributory or non-contributory / assistance nature). The benefits are handled by the Spanish Employment Agency. Entitlement is based on having contributed for a minimum period during the time prior to becoming unemployed, as well as other applicable conditions. The system covers contributory (not tackled in the study) and non-contributory benefits.

The “*Prepara*” Programme started in 2011 as the “last safety net” for 6 months, for those unemployment persons who had exhausted all possible benefits and allowances. The Government has agreed to keep this programme in operation through successive extensions while the unemployment rate does not fall below 20%. The last extension approved prolonged this programme for 15 more months, beginning in January 2015. It is a subsidy of EUR 2,400 (CNY 17,520) or EUR 2,700 (CNY 19,710) per unemployed person, payable in 6 instalments EUR 400 (CNY 2,920) or EUR 450 (CNY 3,285) per month, which is about 70 percent of a minimum wage of a worker (EUR 655), in exchange for the person in receipt of the benefit agreeing to attend training courses. The amount slightly varies according to the family composition. However, the lack of budget has resulted in such courses being replaced by brief sessions providing employment guidance and “Prepara” has become a social benefit for six months for those unemployed persons who no longer receive any other allowance. Applicants must fulfil one of the following two conditions: (i) be a long-term unemployed person, registered as seeking employment in at least twelve of the last 18 months or (ii) have family responsibilities.

The Active Inclusion Income (Renta Activa de Insercion or RAI⁶⁹) is a special assistance for those persons with great difficulties in finding work and in a situation of economic need. It is the last of the possible benefits under the Public Employment System, when there is no longer any entitlement to any other. To receive this assistance, the claimant must be part of one of the following categories: (i) long-term unemployed > 45 years old, (ii) returning emigrants > 45 years old, (iii) victims of gender-based or domestic violence, (iv) persons who are at least 33% disabled. The level of RAI is 80 percent

⁶⁸ Rodríguez Cabrero G. *Assessment of the implementation of the European Commission Recommendation on active inclusion. A Study of National Policies*. Country report, Spain, EC and CEPS, 2013

⁶⁹ RAI: <http://www.citapreviainem.es/renta-activa-de-insercion/>

of IPREM⁷⁰, corresponding to EUR 426 (CNY 3,109) in 2016, corresponding to about 65 percent of the minimum wage of a worker (EUR 655).

The allowance for persons over 55 (since of March 2013, it could be claimed from the age of 52) imply the following conditions: (i) be unemployed, (ii) have reached 55, (iii) be registered as looking for work for at least one month, (iv) not have rejected offers of work, or training courses, during this time, (v) sign the "activity commitment", and (vi) not have income in excess of 75% of the National Minimum Wage (Salario Mínimo Interprofesional SMI⁷¹), excluding the proportional part of bonus payments. The same as for the RAI the amount of this allowance is 80 percent of IPREM, corresponding to EUR 426 (CNY 3,109) in 2016.

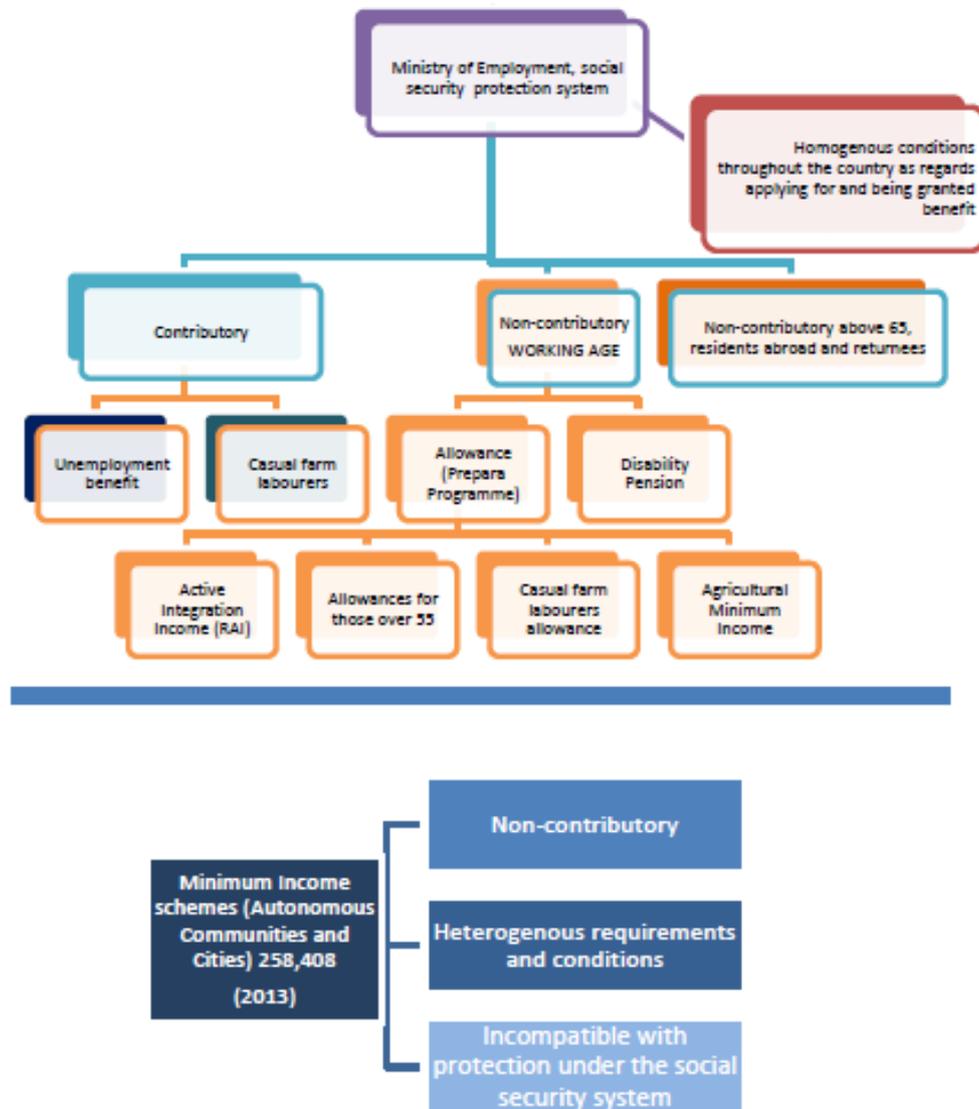
Those persons who do not have any income, have never worked or have exhausted their unemployment benefit, both contributory and non-contributory, may take advantage of the Minimum Income schemes operating at the level of all Autonomous Communities in Spain, if they comply with their requirements⁷².

⁷⁰ IPREM: Indicador público de renta de efectos múltiples (Public Income Rate of Multiple Effects) is an indicator used by the Spanish Government to calculate each year the level of various social benefits such as unemployment, support for the household, scholarships: <http://www.citapreviainem.es/iprem/>

⁷¹ SMI is of EUR 648,6 (CNY 4,730) for 2015: <http://www.citapreviainem.es/salario-minimo-interprofesional-2015/>

⁷² For instance, in the case of Madrid Autonomous Community, the Minimum Income is an economic benefit, composed of a basic monthly allowance plus a variable supplement, depending on the number of household members, in order to satisfy their basic needs, when this cannot be done via work, pensions or social protection allowances.

Figure 7: The system of “Income protection” depending on the Spanish Ministry of Employment and Social Security in 2014 (National level) and Minimum Income Schemes (Regional level)



Source: Malgesini Rey G. (2014)

Minimum Income schemes are part of the social services public system and an exclusive competence of Autonomous Communities and Cities, pursuant to the provisions of the Spanish Constitution. In other words, at present they are governed by regional legislation. This decentralisation makes more complicated not only their analysis but also the nature and viability of proposed improvements. The common feature of these programmes, which have different names and conditions as regards access requirements, duration or amounts depending on the administration, is that they are aimed at persons and/or families that lack sufficient economic resources to cover their basic needs. In theory, they were created to provide temporary resources that made it possible to cover this lack of income, coupled to a social intervention process, which in many cases is linked to labour market inclusion activities.

To calculate the maximum amount of the Minimum Income, there are two basic references: the National Minimum Wage (SMI) and the Public Income Rate of Multiple Effects (IPREM), and reaches an average amount of EUR 420.55 (CNY 3,066) per month. When the Minimum Income scheme is compared with the SMI and the IPREM, the maximum amount is the same as the SMI.

The traditional system of unemployment protection (insurance and allowances) has shown itself to be insufficient to deal with long-term mass employment. Allowances are aimed at specific vulnerable groups rather than at combating poverty and/or mass exclusion. In addition, governments insist that long-term unemployment is to blame for the financial exhaustion of social protection funds. About 50% of those officially registered as unemployed live in a situation of vulnerability. The marked reduction of social protection through successive modifications that have restricted access to unemployment benefit and non-contributory allowances (described in this report) have left 13.5 million people (around 30 percent of the Spanish population) in a critical situation.

Since their creation, the constant increase in financial resources assigned to Minimum Income schemes by Autonomous Communities and Cities conceals *a loss of extension and intensity (in relation to the number of families in need and the average amounts granted), above all since 2011. In the medium and long term, excessive bureaucracy makes it difficult to access these benefits. Not only are those who are entitled to Minimum Income expelled from the system, but in addition a gap is established between these persons and the social services system, thus obstructing present and future access to other benefits, aid and rights. The growing number of requirements means that many families are excluded from the system. As a result, those persons who are in the most precarious situations in terms of registration, documentation and household stability are unable to apply for help. Irregular immigrants and homeless people are the two groups whose access to Minimum Income is most obstructed.*

3.1.3. The case of Czech Republic⁷³

Non-contributory benefits are the equivalent to minimum income schemes. They are financial means tested (as opposed to the universal Contributory Scheme) benefits regulated by Law No. 111/2006 Coll., on assistance in material need, as amended. A person in material need is a person or family that does not have enough income and their overall social and economic situation prevents them from enjoying what society accepts to be the basic living requirements. At the same time, these persons are objectively unable to increase their income through their own work, the due application of entitlements and claims or sale or other disposal of owned assets, and to improve their situation by their own actions. Guaranteed minimum support benefits are provided in the SAMN (System of Assistance in Material Need) aimed to ensure basic needs for living and housing for those with low income and the impossibility to improve it by own effort.

SAMN is financed from the State budget (general taxation), it is a general (uniform) system with specific conditions and obligations for different categories of people. SAMN is organised centrally; benefits are paid by the Employment Office (Regional Branches, contact centres) under the same conditions all over the country.

The Regional Branches of the Employment Office evaluate the situation of a person in need upon his/her request. A decision to grant a benefit is taken once an application for benefit has been submitted on the prescribed form. Striving to improve one's situation is a condition of entitlement to benefit. Social work with individuals or families precedes the granting of benefit. Social investigation and home visits are an integral part of the evaluation within the System of Assistance in Material Need. Entitlement to SAMN is based on a subjective right; the claimant is entitled to the benefit if s/he satisfies the conditions laid down by law and submits an application on a prescribed form. Within the SAMN, there are three benefits:

The *Allowance for Living* (Příspěvek na živobytí) is a recurrent benefit provided to a person or a family in the case of insufficient income to ensure basic needs (except for needs related to housing).

⁷³ Kocmánková D., Prostor N., *Czech Republic: Analysis and Road Map for Adequate and Accessible Minimum Income Schemes*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

Entitlement to benefits need to be consistent with the SAMN. The assessment of entitlement to benefits is based, first of subsistence, but also income. The assessment of income of the applicant and his family, is based on the net income for the last three months, if in the month in which the applicant asks for benefits there is a substantially reduced income, it can be assumed earnings in the current months. As an incentive to work, only 70 percent of income from gainful activity and 80 percent of sickness benefit or unemployment benefit are taken into account. The benefit amount differs according to the family composition. The individual amount is tallied per individual; the household amount is increased on a sliding scale. Calculation base for the amount related to dependent children is based on the Living minimum (Životní minimum); for the amount related to an adult person may be based on the Subsistence Minimum (Existenční minimum).

The *Supplement for Housing* (Doplatek na bydlení) is a recurrent benefit provided to a person or a family in the case of insufficient income to cover justified housing costs.

The *Extraordinary Immediate Assistance* (Mimořádná okamžitá pomoc) is a one-off benefit provided to persons in precarious situations. The amount of the recurrent benefits is derived from the Living minimum (Životní minimum) and Subsistence minimum (Existenční minimum) and varies according to the applicant's income, efforts and personal status.

The amount of the one-off benefit is set at fixed sums or sums adequate to the situations to be resolved. Extraordinary Immediate Assistance can also be granted to persons who stay in the Czech Republic legally and, in serious and dangerous situations, even to persons staying in the Czech Republic illegally. Family composition may be taken into account when deciding on certain types of assistance.

Table 2: Monthly amounts of social assistance minima in Czech Republic

Monthly amounts of Living minimum (Životní minimum):	
Single person:	CZK 3,410 (CNY 945)
First person in a household:	CZK 3,140 (CNY 912)
Second and other persons who are not a dependent child:	CZK 2,830 (CNY 817)
Child under 6 years:	CZK 1,740 (CNY 503)
Child 6 - 15 years:	CZK 2,140 (CNY 620)
Child 15 - 26 years:	CZK 2,450 (CNY 708)
Monthly amount of Subsistence minimum (Existenční minimum):	
	CZK 2,200 (CNY 635)

Source: author compilation based on Kocmánková D. and Prostor N. report (2014)

These minima require a contextualization within the specific context of minimum wages⁷⁴ in the Czech Republic, varying from CZK 11,000 (CNY 2,950) per month in the first job type (the lowest) to CZK 22,000 (CNY 5,900) per month for the eighth job type (the highest). In this respect, the living minimum for a single person would be about a third of the minimum wage job type one.

The living minimum is a socially recognized minimum level of financial income for food and other basic needs. The living minimum is the minimum level of financial income deemed necessary to cover maintenance and other basic personal needs at a level that allows survival. The Subsistence minimum may not apply to a dependent child, old age pensioner, people with disability in the third

⁷⁴ <http://www.wageindicator.org/main/salary/minimum-wage/czech-republic>

degree and persons older than 68 years. The government is authorised to increase the amounts of Living minimum (Životní minimum) and Subsistence minimum (Existenční minimum) as calculation base for the System of Assistance in Material Need, SAMN (Systém pomoci v hmotné nouzi) on 1 January if the growth of consumer price index for sustenance and personal needs exceeds 5%. In case of extraordinary circumstances the amounts can be indexed sooner.

Housing Allowance (Příspěvek na bydlení) is paid to an owner or a tenant of a flat who is registered as a permanent resident, provided that 30% (in Prague 35%) of the family (household) income is not sufficient to cover housing costs and at the same time this 30% or 35% of family (household) income is lower than relevant normative housing costs given by law and differentiated according to type of housing (rental, cooperative, owner occupied flat), size of municipality and number of family members. The amount of the Housing Allowance for a calendar month is calculated as the difference between the normative housing costs and the family's decisive income multiplied by a coefficient of 0.30 (in Prague 0.35).

In the Czech Republic, more than 250,000 people use social benefits. The entire population exceeds 10 million. Minimum wages affect 120,000 workers. Another 100,000 are one step away from being similarly affected. People are differently productive. Many people are working poor. They are endangered by social exclusion as well.

There are approximately 30,000 homeless. From this amount, 10,000 seek social services and jobs. One can imagine that about 20,000 homeless living in extremely conditions and poverty have no access to the social benefits. The reasons are different, from individual inability to request to the unwillingness of employment offices' officers to accept the requests of people believing they are unworthy of any benefits. Among the homeless, the largest at-risk group are those over 65. They are not able to work and their rents are low.

According to the abstract of statistics, the share of foreigners in the population of the Czech Republic (including asylum seekers and undocumented migrants) amounts 450,000. From this amount 240,000 have permanent residence. The employment relationships between the foreigner and the employer are primarily governed by the Labour Code and related legislation, similarly to the governance of employment relationships of employees who are citizens of the Czech Republic.

In the above events, however, the Labour Code allows governing the employment relationships between the employer and the employee differently, under the provisions of private international law. The terms of employment are also set out by the Employment Act, pursuant to which foreigners may be employed in the territory of the Czech Republic if they have obtained an employment permit, provided that such permits are required by the Employment Act, and a residence permit, or an Employee Card or a Blue Card.

These figures show that the contemporary System of Assistance in Material Need (SAMN) is not sufficient to solve all situations of people experiencing poverty.

In 2013, as a result of completing the European Social Fund planned period, social services targeted at material-need wages beneficiaries were reduced. There are still certain services available, but at lower rates.

Access to housing as one of the basic services is seriously limited in the long term for low income groups and, at the same time, the sector of sub-standard housing has been massively expanded. Material-need wages (supplements for housing) were very frequently used to cover rent in sub-standard hostel living conditions, which became the most expensive component of the system of assistance in material-need.

3.1.4. Summary of main findings in terms of *levels and coverage of social assistance* in the selected countries

The table below summarizes the key characteristics of the social assistance minima in CZ, ES and SE, offering an easy to access overview allowing for comparisons and facilitating decision-making by the Chinese counterparts in an informed manner:

Table 3: Summary of non-contributory social assistance minima (SAM) in CZ, ES and SE

SAM characteristics	Czech Republic	Spain	Sweden
Level of management	National	Autonomous Community (region)	National
Budget	State budget	Regional budget	State budget
Amount	Fix national level	Fix national maximum threshold Variable at region, allowed to fix it below	Fix national level
Reference income	Living minimum Subsistence minimum	Public Income Rate of Multiple Effects	Percentage of the median income
Proportion of the reference income	100%	80%	60%
Family composition and eligibility	Single Adult 1 + n Per additional child and age bracket	Single Family members	Single Couple Per additional child and age bracket
Child-related conditionalities	Universal child allowance	Non-universal child allowance	Universal child allowance
Complementary allowances	Housing allowance	-	Housing allowance
Duration	No-limitation	Limitation (under revision)	No-limitation
Coverage issues:	Vulnerable and marginalized or excluded groups Complex bureaucracy	Vulnerable and marginalized or excluded groups Complex bureaucracy	Vulnerable and marginalized or excluded groups Social stigma / custom

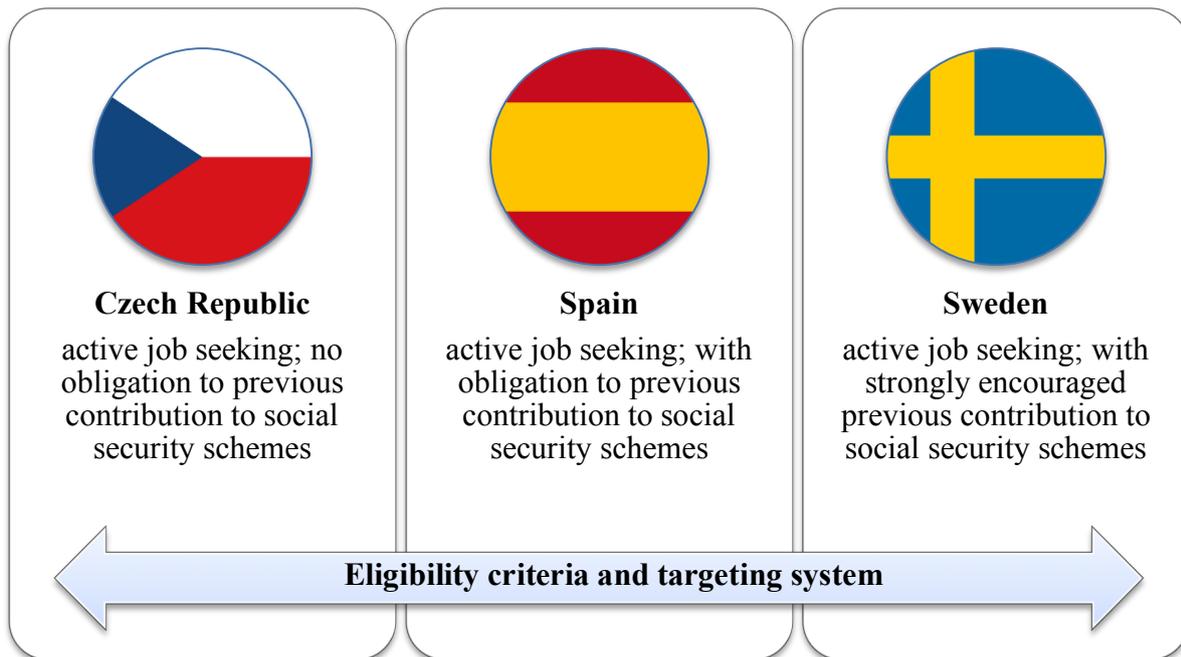
Source: author summary based on key findings

3.2. Eligibility criteria and targeting system

The China report makes explicit reference to the issue of targeting and eligibility criteria in accessing the social assistance by the needy population. *The eligibility of most social assistance measures is*

based on the entitlement of Dibao and only its beneficiaries are eligible to apply for most of other social assistance benefits. There are also some challenges to the current targeting mechanism. As currently there is just a single targeting criterion: the per capita income and the household property, the social assistance cannot solve the “consumptive poverty”, i.e. the poverty caused by some kinds of necessary spending, e.g., health care, education, etc. In other words, poor families’ hardship can be caused by either low income or higher spending on special needs in medical care, children’s education, etc., but by the current income targeting mechanism the social assistance can deal only with the income poverty, not with the consumptive poverty.

Figure 8: the chart of EU examples discussed in chapter 3.2



This section of the report builds on the same examples from the previous chapter as they reflect a broader thinking aimed at building consensus to take the necessary steps towards the progressive realization of adequate and accessible minimum income schemes in European Countries. Moreover, should be considered the fact that the EU provides common rules⁷⁵ to protect all European citizens’ social security rights when moving within Europe (EU 28 + Iceland, Liechtenstein, Norway and Switzerland). However, the rules on social security coordination do not replace national systems with a single European one and all countries are free to decide who is to be insured under their legislation, which benefits are granted and under what conditions.

The rules apply to nationals of the EU, Iceland, Liechtenstein, Norway or Switzerland who are or have been insured in one of these countries, and their family members. Stateless persons or refugees residing in the EU, Iceland, Liechtenstein, Norway or Switzerland, who are or have been insured in one of these countries, and their family members, also benefit. Nationals of non-EU countries, legally residing in the territory of the EU, who have moved between these countries, and their family members are also eligible. The common principles are:

- (i) The person is covered by the legislation of one country at a time so contributions are paid only in one country. The decision on which country's legislation applies to the person will be made by the social security institutions. The person cannot choose.

⁷⁵ EU Social security coordination at <http://ec.europa.eu/social/main.jsp?catId=849&langId=en>

- (ii) The person has the same rights and obligations as the nationals of the country where s/he is covered. This is known as the principle of equal treatment or non-discrimination.
- (iii) When claiming a benefit, the previous periods of insurance, work or residence in other countries are considered if necessary.
- (iv) If the person is entitled to a cash benefit from one country, s/he may generally receive it even if s/he is living in a different country. This is known as the principle of exportability.

These principles are applicable in terms of social security and do not apply to social assistance measures. However, they have an influence in the way of thinking the social assistance and are important as a basic floor for the study. The following particularities apply to each of the countries analysed in the previous section:

3.2.1. The Swedish approach

A person who is unable to provide for her/his needs or to obtain provision for them in any other way, s/he is entitled to assistance from the social welfare committee towards her/his livelihood and for her/his living in general. This is a benefit s/he receives from her/his municipality and it is given to both individual people and families. The assistance aims to ensure a reasonable standard of living and is designed in such a way as to strengthen her/his resources for independent living.

Whether the person is entitled to social assistance depends on her/his income and assets. It is Social Services in the municipality where s/he lives that decides whether s/he is entitled to social assistance. A basic condition for receiving social assistance is that s/he cannot support her/himself but that s/he is prepared to try to support her/himself. If s/he is unemployed, s/he must actively seek work. If s/he has any assets these have to be used first before you s/he is eligible for assistance.

A test calculation could be done on the Swedish National Board of Health and Welfare's website to find out whether the person's finances are over or under the level required to get support. The result gives an indication but is not a guarantee that s/he will receive support, as the municipality's Social Services make an individual assessment. S/he always has the right to lodge an application and have it assessed. If the person is not satisfied with the decision, s/he can appeal against it. In general, social assistance need not be paid back. However, the Social Services can require you to repay the support in certain situations.

Livelihood support is provided for reasonable expenditure on (i) food, clothing and footwear, play and leisure, disposable articles, health and hygiene, a daily newspaper, a telephone and a television licence fee and (ii) housing, domestic electricity supply, journeys to and from work, household insurance and membership of a trade union and an unemployment insurance fund.

Having a reasonable quality of life means more than having money to support her/himself. S/he can therefore receive financial support in addition to livelihood support if the expenses are considerable reasonable. Some common examples are costs for dental care, health and medical care, medications, spectacles and domestic equipment.

All EU/EEA citizens may reside in Sweden for 3 months without residence permits. After 3 months, a right of residence is required. People who have a right of residence are those who are employees or self-employed people or who have come to Sweden to seek work and have a genuine possibility of obtaining employment, those who are studying or pensioners and who have sufficient funds to support themselves in addition to full-coverage health insurance for themselves and their family members. The equality of treatment principle means that an EU/EEA citizen who has the right of residence in Sweden is entitled to Social Services help on the same terms as Swedish citizens, but that they also have the same responsibility to try to contribute to their own situation and to support themselves.

People who do not have the right of residence (e.g. during the first 3 months in Sweden) in general only have the right to support to remedy an acute emergency situation - in practice often, one-off support for food, accommodation or travel to their home country.

3.2.2. The Spanish approach

If a person does not have enough income to live on and has not previously paid any or enough contributions, the Spanish social protection system has a series of available non-contributory benefits, so s/he can survive from day to day: (i) non-contributory invalidity pension: for people with disabilities and insufficient means, (ii) non-contributory retirement pension: for retired people with insufficient means, (iii) benefit for Spanish nationals residing abroad and returnees: for Spanish nationals residing abroad and Spanish returnees who returned to the country and lived in it for at least ten years, (iv) housing benefits: aimed at facilitating rental costs for people without sufficient means, and (v) social services: benefits that supplement financial support and improve living conditions, especially for elderly or disabled people.

For the non-contributory invalidity pension the person should be between 18 and 65 years old and have a degree of disablement or a chronic illness of at least 65%, be resident in Spain and have lived in the country for 5 years, including the 2 years prior to applying for support.

For the non-contributory retirement pension the person should be 65 years old or over 65, live in Spain and have done so for 10 years between 16th birthday and the date of applying for a pension, including the 2 calendar years immediately preceding the date of pension application.

The Spanish nationals residing abroad and returnees can obtain support they are of Spanish origin, born in Spain, or of Spanish origin, born elsewhere, but have resided in Spain for at least 10 years, provided they possessed Spanish nationality throughout this period. In addition, they should live in a country with low levels of social protection and be older than 65 if they wish to obtain retirement benefits or between 16 and 65 for invalidity benefits.

For the housing benefits the person should be the holder of a non-contributory pension (retirement or invalidity) and have rented her/his usual residence, and can apply for help that will make it easier to pay rent. For this, s/he should not own any housing, nor be a family member up to the third degree of affinity of the owner of the house where s/he lives.

Spanish Social Security social services are intended for the elderly or people with disabilities. They include: (i) homes and residences for the elderly, (ii) day centres and residential homes, (iii) home care – personal support, cleaning service, home meals service, etc.), (iv) hydrotherapy – a supplementary service at hydrotherapy centres, for people who have been medically prescribed I, (v) holidays and tourism – trips arranged for the elderly to places with a warm climate, cultural tours of tourist interest and nature tourism, and (vi) centres for people with physical and mental disabilities – treatment and rehabilitation.

The Autonomous Communities, to which the responsibilities and services of the Instituto de Mayores y Servicios Sociales were transferred, are responsible for managing and awarding the entitlement to a non-contributory pension. The person should apply to them for a pension. During the first three months of each year, s/he should send a declaration of the income of the family economic unit for the past year. The information may be checked with the Spanish Tax Agency.

3.2.3. The Czech approach

The intention of assistance in material need is to secure basic needs for the persons at a level that society considers acceptable. The living and subsistence minimums exist for the purposes of defining this level. Assistance in material need helps applicants cover the costs of living, i.e. food, clothing and other basic needs. Assistance covers basic housing costs. A one-off lump-sum payment of other costs can be requested in exceptional cases.

The applicant must be a person in material need. Such a person has income that is insufficient to cover basic needs and there must be little chance that such a person could increase this income on his or her own. Such person has no other means by which to improve their situation, for instance by

selling property, etc. Some circumstances are in violation of the right to assistance in material need. The following persons are ineligible: (i) persons who are not working and are not registered as job seekers with the Labour Office, (ii) persons registered as job seekers but who refuse to accept offered employment or to participate in job training, (iii) persons in confinement, detention or prison, (iv) persons who have been fined for not sending their children to school.

Individuals or families are eligible for a living allowance if their income is less than the subsistence amount after subtracting reasonable housing costs. This amount is defined individually for every person in the family after evaluating their options and efforts. The living and subsistence minimums are used as the reference scale and individual living amounts are calculated in the case of a family.

Individuals and families are eligible if they lack sufficient income to cover reasonable housing costs when housing costs comprise more than two-thirds of their income. Assistance is provided if income is still insufficient after the family has been declared eligible for the housing allowance from the State social support system. Additional payment is provided to the owner or tenant of a flat who is eligible for the living allowance given their economic situation.

Extraordinary immediate assistance is provided to those on low income experiencing an emergency situation or who are at risk of social exclusion. This assistance is provided if such situation must be resolved immediately and the applicant lacks funds to resolve such situation. The second group of allowance beneficiaries are those affected by natural disaster. The amount depends on the applicant's situation: (i) the person is ineligible for social benefits but the lack of benefits puts such person or his or her child at risk of serious injury, (ii) an extraordinary event (flood, fire, etc.), (iii) the lack of funds for an important one-off expense (duplicate of an identification card, etc.) (iv) the lack of funds to purchase or repair an item of long-term use, (v) the lack of funds for education and hobby activities of children, and (vi) the potential for social exclusion (release from prison, children's home, etc.)

3.2.4. Summary of main findings in terms of eligibility criteria and targeting system in the selected countries

The table below summarizes the principles regulating the eligibility criteria and targeting system of the social assistance minima in CZ, ES and SE, offering an easy to access overview allowing for comparisons and facilitating decision-making by the Chinese counterparts in an informed manner:

Table 4: Summary of principles regarding eligibility and targeting of SAM in CZ, ES and SE

Principles	Czech Republic	Spain	Sweden
Existence of a general non-contributory minimum income	Yes, including the living minimum and the subsistence minimum	No, but flexible instruments adapted to situations (regionalized)	Yes, as a percentage of the national median income
Relevance of the non-contributory minimum income in accessing social assistance	Key element for calculation. A person could not live below.	Other tool is used to calculate the amount of social benefits: IPREM	Key element for calculation. A person could not live below.
Category of expenses covered by SAM	Regular decent living Housing expenses Emergency needs	Regular decent living Housing expenses Broad variety of services	Regular decent living Housing expenses Health

		Leisure	Leisure
Allowance vs. service	Allowance prevails	Services prevail	Allowance prevails
Key condition: active job seeking	If at working-age, must be registers as job-seeker, accept jobs and/or trainings.	If at working-age, must be registers as job-seeker, accept jobs and/or trainings.	If at working-age, must be registers as job-seeker, accept jobs and/or trainings.
Restrictions and limitations	Previous contribution to security schemes is not compulsory but encouraged No limitation in duration	Previous contribution to social security schemes is crucial, at least for a period of time. Limitation in duration (under revision)	Previous contribution to security schemes, is not compulsory, but encouraged. No limitation in duration

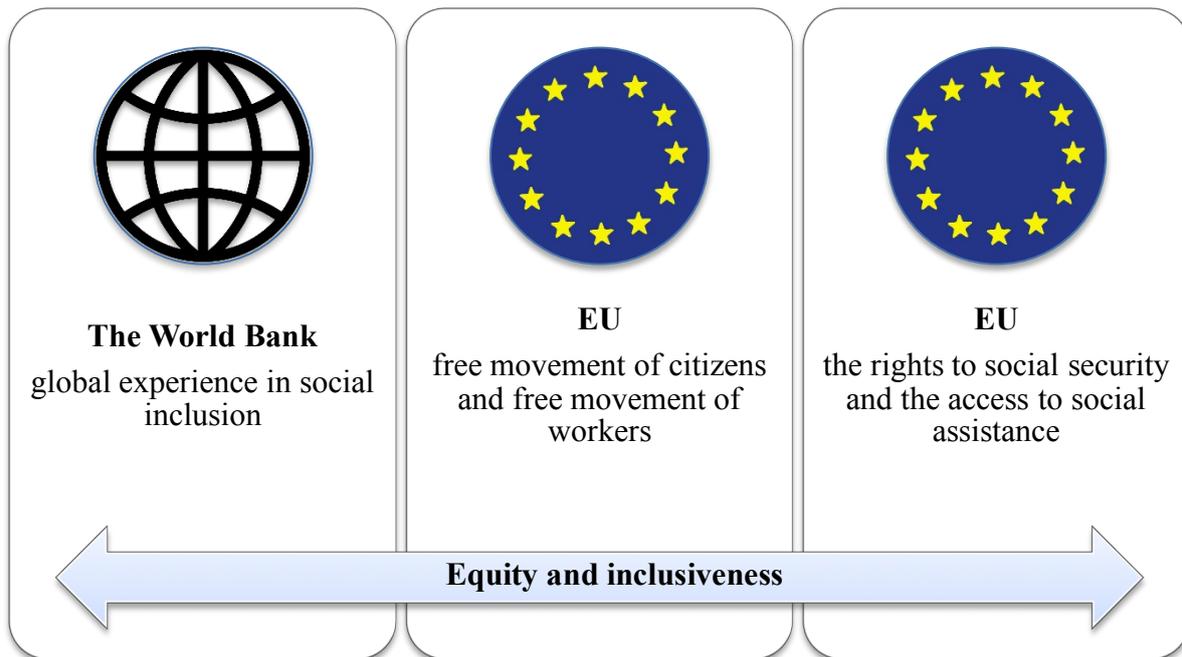
Source: author summary based on key findings

3.3. Equity and inclusiveness

The China report tackles the equity and inclusiveness in terms of regional SAM levels discrepancies and in terms of limited access for certain categories of workers. In other words, the benefit levels of almost all social assistance measures, especially the Dibao, are made by local (provincial) governments, and thus the eligibility standards and benefit levels are quite different among different places. The other issue is that the local governments pay social welfare benefits only to the people with the local household registration, Hukou, in their administrative domains, leaving outside the non-registered.

The equity and inclusiveness of social assistance should be the key principle guiding the policy-making and programme implementation in the area. However, understanding their meaning and how they can effectively bring an added value in the lives of the worst-off is not always easy. Therefore, this chapter aims to bring some conceptual clarifications, and to provide a broader EU view with respect to how they are regulated in the EU space. Since each country experience is genuinely unique, it is more relevant to build upon the general principles as they could strengthen the Chinese social protection system as a whole, not only some of its particular components.

Figure 9: the chart of global and EU experiences discussed in chapter 3.3



3.3.1. Conceptual clarifications based on the World Bank global experience

The World Bank experience in social inclusion is relevant for this section of the study, at least in terms of concepts⁷⁶ clarification. Although there is general agreement that social inclusion matters, there are few terms as abstract and political as social inclusion. It is notoriously many things to many people. Although it is true that the term is more political than analytical, it is also true that it has its roots in identifiable models of welfare and in principles of social justice and human dignity.

There are two ways proposed to define social inclusion:

- (i) The first one is a broad sweep to guide policy makers. It states that social inclusion is *the process of improving the terms for individuals and groups to take part in society*.
- (ii) The second definition takes into account how the terms of social inclusion can be improved, for whom. It articulates social inclusion as *the process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society*.

Social inclusion takes poverty analysis beyond identifying correlates to uncovering its underlying causes. It asks questions such as *why* certain groups are overrepresented among the poor and *why* some people lack access to education, health, and other services or receive poorer-quality services. It exposes the multidimensional nature of chronic deprivation arising from social exclusion, which plays a key role in driving the more readily observable correlates of poverty (lack of schooling, poor health, and constrained labour market returns).

It underscores that deprivation arising from social exclusion tends to occur along multiple axes at once, so that policies that release just one of these axes of deprivation, such as improved access to education, will not unleash the grip of others. It draws back the curtain on the norms and belief

⁷⁶ World Bank. 2013. *Inclusion Matters: The Foundation for Shared Prosperity* (Advance Edition). Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0

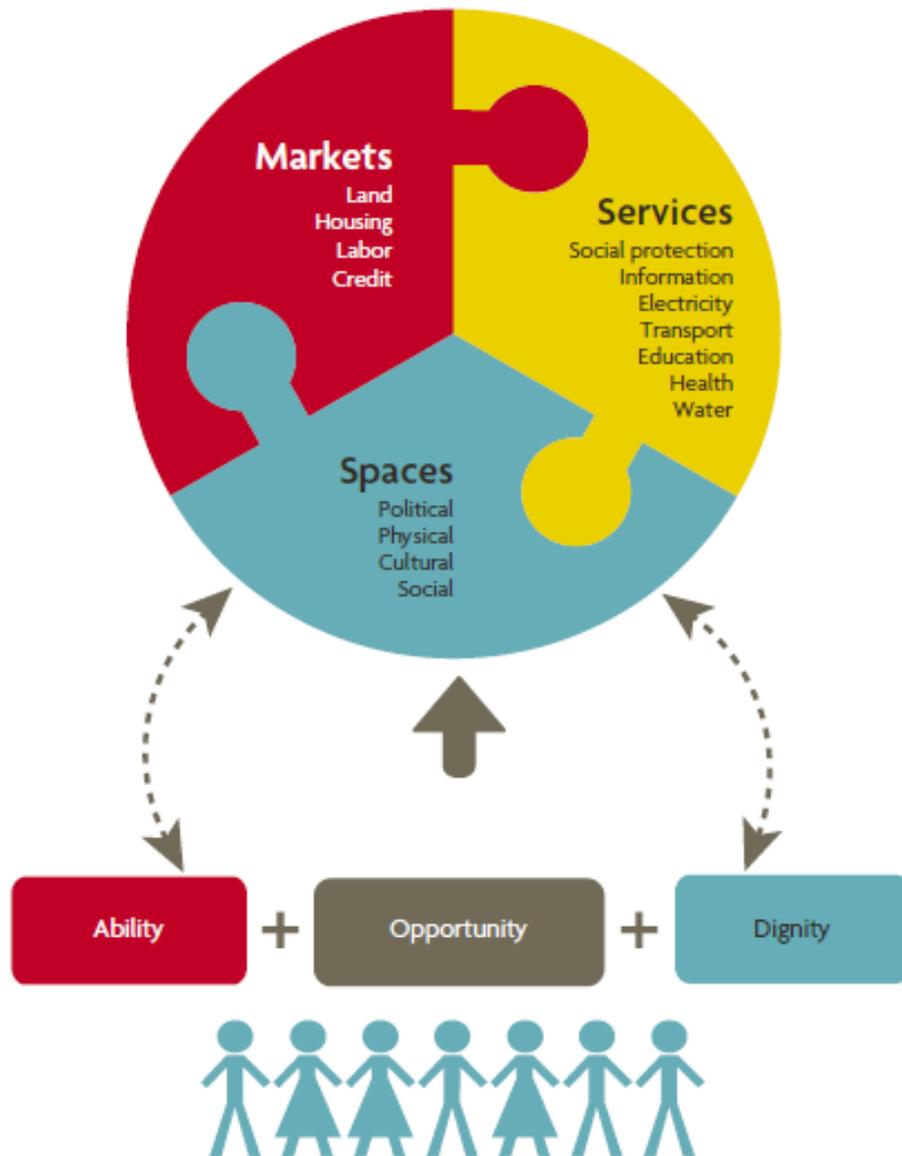
systems that underpin this multifaceted exclusion, which may be overt norms, or the result of intangible belief systems handed down through history.

Individuals and groups want to be included in three interrelated domains: markets, services, and spaces (please see figure 4 below). The three domains represent both barriers to and opportunities for inclusion. Just as different dimensions of an individual's life intersect, so do the three domains. Intervening in one domain without consideration of the others is likely to be one of the most important reasons for the limited success of inclusion policies and programs. In their day-to-day interactions, people engage in society through four major markets: land, housing, labour, and credit, all of which intersect at the individual and the household level.

Access to services is essential to improving social inclusion. Health and education services enhance human capital. Social protection services cushion vulnerable groups against the effects of shocks and promote their well-being. Transport services enhance mobility and connect individuals to opportunities. Water and sanitation are essential for good health. Access to energy is important for livelihoods and for human capital. And information services enhance connectedness and allow individuals to take part in the "new economy."

Physical spaces have a social, political, and cultural character that solidifies systems and processes of exclusion. The most overt example of exclusion is when physical spaces are reserved for dominant groups, such as whites-only clubs during apartheid in South Africa or during slavery in the United States. The literature suggests a subculture created by dominant groups in the United States to implicitly exclude minorities even when they can afford to buy homes in their neighbourhoods. Neighbourhoods thus become "white" or "black"; the term "white flight" is used to document the departure of white families when black people start to move into their neighbourhoods. Black neighbourhoods are often considered poor or "bad" or unsafe, reflecting at once a judgment on their social and economic character.

Figure 10: The interrelated domains of the social inclusion



Source: World Bank (2013)

3.3.2. Advancing the equity and inclusiveness in a mobility context in the EU

Once the concepts clarified, it is proposed to further look at EU policy regarding the free movement of people⁷⁷, as it is the framework which regulates various aspects relevant for the Chinese counterparts' interest. With over 14 million EU citizens residing in another Member State on a stable basis, free movement – or the ability to live, work and study anywhere in the Union – is the EU right most cherished by Europeans. The main motivation for EU citizens to make use of free movement is work-related, followed by family reasons. Of all the EU citizens residing in another EU country ('mobile EU citizens') in 2012, more than three quarters (78 percent) were of working age (15-64), compared to around 66 percent among nationals. On average the employment rate of mobile EU citizens (67.7 percent) was higher than among nationals (64.6 percent). In order to understand the

⁷⁷ EC Memo, *EC upholds free movement of people*, 2014, [http://europa.eu/rapid/press-release MEMO-14-9_en.htm](http://europa.eu/rapid/press-release_MEMO-14-9_en.htm)

linkages between the rights to social assistance and the mobility, the following regulations and provisions should be acknowledged:

Regarding the free movement of workers, in EU the workers have benefitted from the freedom to work in another Member State since the European project in 1957. This right is now laid down in Article 45 of the Treaty on the Functioning of the European Union (TFEU). This includes the right not to be discriminated against on grounds of nationality as regards access to employment, pay and other working conditions. Regulation (EU) No 492/2011 details workers' rights to free movement and defines specific areas where discrimination on grounds of nationality is prohibited, in particular as regards: access to employment, working conditions, social and tax advantages, access to training, membership of trade unions, housing and access to education for children. Labour mobility in the EU benefits not only the workers involved but also the Member States' economies. It benefits host countries because it allows companies to fill vacancies that would otherwise not be filled, and so produce goods and provide services that they would otherwise be unable to do. And it benefits citizens' countries of origin because it allows workers that would otherwise be less able to find jobs and so ensure financial support to their family back home and acquire skills and experience they would otherwise lack. When mobile workers subsequently return to their country of origin they benefit from this experience.

Regarding the free movement of citizens, 20 years ago, with the Treaty of Maastricht, the right to free movement was recognised for all EU citizens, irrespective of whether they are economically active or not as one of the fundamental freedoms conferred on them by EU law. It goes to the heart of Union Citizenship. The specific rules and conditions applying to free movement and residence are set out in a Directive agreed by Member States in 2004 (Directive 2004/38/EC). There are three tranches of time that influence the conditions regarding who can benefit from free movement:

- (i) First three months: Every EU citizen has the right to reside on the territory of another EU country for up to three months without any conditions or formalities.
- (ii) After the first three months: EU citizens' right to reside in another EU country for more than three months is subject to certain conditions, depending on their status in the host EU country:
 - a) workers and the self-employed, and their direct family members, have the right to reside without any conditions, b) job seekers have the right to reside without any conditions for a period of six months and even longer, if they continue to seek employment in the host EU country. Job-seekers can export unemployment benefits from their home MS for a minimum of three months while seeking work in another MS, if they have first been registered as unemployed in their home MS, c) students and other economically non-active persons (e.g. unemployed, retired, etc.) have the right to reside for longer than three months if they have for themselves and their family sufficient financial means so as not to become a burden on the host EU country's social assistance system as well as health insurance.
- (iii) After five years of continuous legal residence, EU citizens and their family members obtain the right to reside on a permanent basis in the host EU country. Once acquired, this right is no longer subject to the conditions applicable in the previous five years.

3.3.3. Guaranteeing access to social assistance and social security in the EU

Social assistance typically consists of benefits paid to cover minimum living expenses or assistance paid for special circumstances in life. EU citizens who reside legally in another EU country must be treated equally with nationals and are therefore generally entitled to benefits as well as social and tax advantages, including social assistance, in the same way as the host country's own nationals. However, EU law provides for safeguards as regards access to social assistance for economically inactive mobile EU citizens, to protect host Member States from unreasonable financial burdens.

In the same manner with the free movement of citizens and workers, for social assistance and social security applies the conditions regarding the eligibility in three time-tranches:

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- (i) During the first three months of residence, the host EU country is not obliged by EU law to grant social assistance to economically non-active EU citizens.
- (ii) Between three months and five years, the economically non-active EU citizens are in practice unlikely to be eligible for social assistance benefits, since to acquire the right to reside they would have initially needed to show to the national authorities that they had sufficient resources. If they apply for a social assistance benefits, for example because their economic situation subsequently deteriorates, their request must be assessed in the light of their right to equal treatment. But also here, EU law provides for safeguards: First, in specific cases, claiming social assistance can give rise to a reasonable doubt on the part of national authorities that the person may have become an unreasonable burden on the social assistance system. Furthermore, the Member State may make the grant of a social assistance or special non-contributory benefit (i.e. benefits that have elements of social security and social assistance at the same time and are covered by Regulation 883/2004) conditional on that citizen meeting the requirements for obtaining legal right of residence for a period of more than three months. However, the Member State cannot refuse to grant these benefits automatically to non-active EU citizens nor can they automatically be considered as not possessing sufficient resources and thus not having a right to reside. National authorities should assess the individual situation, considering a range of factors (amount, duration, temporary nature of difficulty, overall extent of burden on national assistance system). If, based on such an individual assessment, authorities conclude that the persons concerned have become an unreasonable burden, they may terminate their right of residence.
- (iii) After five years, the EU citizens who have acquired the right of permanent residence are entitled to social assistance in the same way as nationals of the host EU country. No derogations are allowed under EU law.

Typical social security benefits include old age pension, survivor's pension, disability benefits, sickness benefits, birth grant, unemployment benefits, family benefits or health care. Member States set their own social security rules in line with their own circumstances. The EU coordinates social security rules (Regulations (EC) No 883/2004 and 987/2009) only to the extent necessary to ensure that EU citizens do not lose their social security rights when moving within the EU. This means that the host country's laws determine which benefits are provided for, under which conditions they are granted (such as taking into account the period of work), for how long and how much is paid. Benefit entitlement varies therefore in different EU countries.

Workers (employed or self-employed) and their dependants are covered by the host country's social security system under the same conditions as own nationals - because they contribute, like all other national workers, through their contributions and taxes to the public funds from which the benefits are financed. For mobile EU citizens who are not working in the host Member State, the rule of the state of employment cannot be applied as, by definition, there is no country in which such people are working. Under EU law on co-ordination of social security schemes, the Member State of residence becomes responsible for the social security coverage only once such citizens pass a strict habitual residence test, proving that they have a genuine link with the Member State in question. The strict criteria of this test ensure that citizens who are not working may only have access to social security in another Member State once they have genuinely moved their centre of interest to that State (for example their family is there).

In the specific case of cash benefits such as social pensions, disability allowances and non-contributory job-seekers allowances financed by general taxation rather than contributions by the individual concerned (so-called special non-contributory cash benefits - SNCBs), it is showed in a

study⁷⁸ published by the European Commission in 2013 that economically non-active EU mobile citizens account for a very small share of beneficiaries and that the budgetary impact of such claims on national welfare budgets is very low. They represent less than 1 percent of all such beneficiaries (of EU nationality) in six countries studied (AT, BG, EE, EL, MT and PT) and between 1 and 5 percent in five other countries (DE, FI, FR, NL and SE).

Other key findings of the study are: (i) the vast majority of EU nationals moving to another EU country do so to work, (ii) activity rates among such mobile EU citizens have increased over the last seven years, (iii) on average EU mobile citizens are more likely to be in employment than nationals of the host country (partly because more EU mobile citizens than nationals fall in the 15-64 age bracket), (iv) non-active EU mobile citizens represent a very small share of the total population in each Member State and between 0.7 percent and 1.0 percent of the overall EU population, (v) on average, the expenditures associated with healthcare provided to non-active EU mobile citizens are very small relative to the size of total health spending (0.2 percent on average) or the size of the economy of the host countries (0.01 percent of GDP on average), (vi) mobile EU citizens account for a very small share of recipients of special non-contributory benefits, which are benefits combining features of social security and social assistance at the same time: (see figures above for less than 1 percent and less than 5 percent, and 5 percent in BE and IE (estimates based on claims), (vii) there is no statistical relationship between the generosity of the welfare systems and the inflows of mobile EU citizens, (viii) main characteristics of mobile EU citizens not in employment are: 64 percent of them have worked previously in their current country of residence, 71 percent of them are pensioners, students and jobseekers, and 79 percent of them live in a household with at least one member in employment.

The latest study's results complement those of other studies that consistently show that workers from other Member States are net contributors to the public finances of the host country. EU workers from other Member States usually pay more into host country budgets in taxes and social security than they receive in benefits because they tend to be younger and more economically-active than host countries' own workforce.

What tools are there under EU law to help Member States avoid abuse? EU law includes strong safeguards to prevent abuse of the right to free movement. EU rules on free movement of citizens allow Member States to take effective and necessary measures to fight against abuse, such as marriages of convenience, and fraud, such as document forgery, or other artificial conducts or deceptions solely made to acquire the right to free movement, by refusing or terminating rights conferred by Directive 2004/38 (Article 35). Such measures must be proportionate and are subject to the procedural safeguards laid down in the Directive.

National authorities may investigate individual cases where they have a well-founded suspicion of abuse and, if they conclude that there is indeed an instance of abuse, they may withdraw the person's right of residence and expel him/her from the territory. In addition, after assessing all relevant circumstances and depending on the gravity of the offence (for instance, forgery of a document, marriage of convenience with involvement of organised crime), national authorities may also conclude that the person represents a genuine, continuous and sufficiently serious threat to public order and, on this basis, also issue an exclusion order in addition to expelling him/her - thus prohibiting his/her re-entry into the territory for a certain period of time.

Five concrete actions to succeed, maximise the benefits of the free movement, tackle cases of abuse and fraud, address the challenges of social inclusion, and use available funds on the ground:

⁷⁸ ICF GHK in association with Milieu Ltd, *Member States' social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence*, DG Employment, Social Affairs and Inclusion via DG Justice Framework Contract, 2013

- (i) Fight marriages of convenience: help national authorities implement EU rules which allow them to fight potential abuses of the right to free movement;
- (ii) Apply EU social security coordination rules: clarify the 'habitual residence test' used in the EU rules on social security coordination in a practical guide. The strict criteria of this test ensure that citizens who are not working may only have access to social security in another Member State once they have genuinely moved their centre of interest to that State (for example their family is there).
- (iii) Address social inclusion challenges: Help Member States further use the share of European Social Fund which must be spent on promoting social inclusion and combating poverty and any form of discrimination. In addition, the ESF will also be able to fund capacity building for all stakeholders at national, regional or local level. Policy guidance will be provided to Member States, of both origin and destination of mobile EU citizens, for developing social inclusion programmes with the support of the ESF.
- (iv) Promote the exchange of best practices amongst local authorities: will help local authorities to share best practices developed across Europe to implement free movement rules and address social inclusion challenges.
- (v) Ensure the application of EU free movement rules on the ground: set up an online training module to help staff in local authorities fully understand and apply free movement rights of EU. Today 47 percent of EU citizens say that the problems they encounter when they go to live in another EU country are due to the fact that officials in local administrations are not sufficiently familiar with EU citizens' free movement rights.

3.3.4. Summary of main findings in terms of equity and inclusiveness

The table below summarizes the concepts and regulations regarding the equity and inclusiveness in the EU, offering an easy to access overview allowing for comparisons and facilitating decision-making by the Chinese counterparts in an informed manner:

Table 5: Summary of findings in terms of equity and inclusiveness in the EU

Social inclusion and equity (a broader approach)	Free movement	Social assistance	Social security
<p>Social inclusion as the process of improving the terms for individuals and groups to take part in society.</p> <p>Social inclusion as the process of improving the ability, opportunity, and dignity of people,</p>	<p>Of workers: guaranteed with no constraints</p> <p>Of citizens: guaranteed with the condition to comply with specific requirements between 0-3 months,</p>	<p>Guaranteed with exceptions and conditions:</p> <p>0-3 months: no obligation to grant social assistance</p> <p>4-60 months: possible, but its claiming can give rise to a reasonable doubt that the person may have become an unreasonable burden on the social assistance system.</p> <p>Above 60 months: guaranteed</p>	<p>Guaranteed and conditioned by a strict habitual residence test</p>

disadvantaged on the basis of their identity, to take part in society.	4-60 months, and above 60 months	The principle of equal treatment is conditioned by the obligation to comply with specific requirements related to the obtainment of legal residence. Strong safeguards to prevent abuse of the right to free movement
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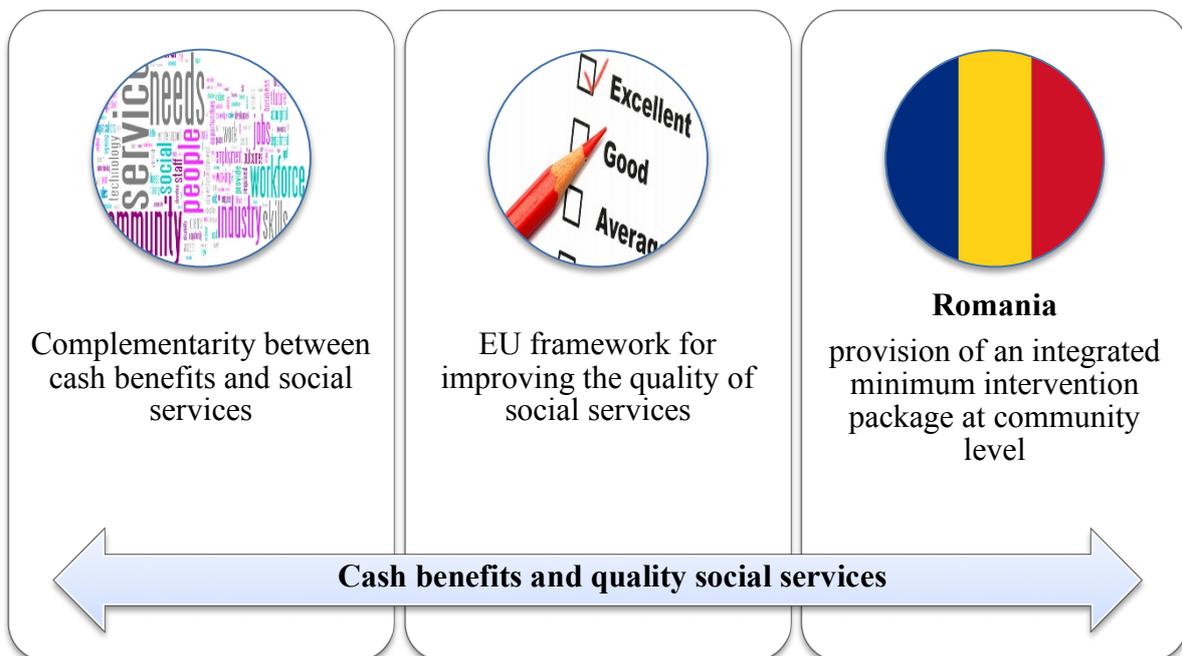
Source: author summary based on key findings

3.4. Cash benefits vs. social services

It is stated in the China report that public services are especially needed when a strategy of “active social assistance” is taken, because it is necessary to provide empowering services to the poor to increase their capacity in employment and social participation, and to reduce their negative mental health problem and social exclusion, etc.

Whereas the introductory chapter positioned the social services of general interest within the broader European context and in relation to various definitions relevant for the social assistance, this chapter of the report goes more in-depth and explores aspects related to their effective functionality. Social services respond to vital human needs and contribute to non-discrimination and creation of equal opportunities, all by relying on the principles of solidarity, proximity, comprehensiveness, personalisation and an asymmetric relationship between user and provider. Social services play a prevention and social cohesion role and not only help people to live in dignity and enjoy their fundamental rights, but also to fulfil their potential and to take part in society.

Figure 11: the chart of EU examples discussed in chapter 3.4



In the European space, the contributions⁷⁹ social services can make to the Europe 2020 Strategy have been expressed in Country Specific Recommendations adopted as part of the 2011 and 2012 ‘European Semesters’. These recommendations were addressed to 18 Member States and covered a variety of social services (childcare, long-term care, family support services, public employment

⁷⁹ European Commission 2008, *Commission staff working document – 3rd Biennial Report on social services of general interest, Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020*, Brussels 20.2.2013 SWD (2013)

services, training and life-long learning). They encouraged the Member States to increase the provision of these services, to make them more effective and more efficient, to improve their quality and to ensure they are widely available and affordable. Moreover, ‘enhancing access to affordable, sustainable and high-quality services, including healthcare and social services of general interest’ is one of the ‘key actions’ for the European Social Fund (ESF), according to the Common Strategic Framework drawn up by the Commission to help Member States plan for the next structural fund programming period.

3.4.1. Improved quality of services for a better protection of citizens

Improving the quality⁸⁰ of social services is a critical element in helping to better protect those users of social services who are more vulnerable and to better address a demand for social services which is growing and becoming more complex and diverse, due to various socio-economic factors such as the ageing of the population, the changes in gender roles and family structures, and more flexible labour markets. In the EU-MS three topics are of importance for the study: (i) the variety in service provision across Europe is reflected by the way in which quality is regulated, (ii) the fragmentation in the organisation, funding and provision of services between national, regional and local public authorities and external providers can be a challenge to the development and implementation of quality measures, and (iii) the quality frameworks and tools are not yet very common.

In this second biennial report on social services of general interest (2011), an analysis of trends and challenges in relation with quality tools and frameworks was carried out regarding four categories of services: long term care, early childhood education and care, employment, and housing services. An overview of these trends and challenges is presented below, as it has universal value and can be adapted to various contexts and different services:

- (i) Regarding the *conceptualisation of quality* some quality frameworks and tools focus on the outcomes to be achieved, but many countries apply a ‘process’ based approach to quality. As processes concern the interaction between service users, the workforce delivering services and those responsible for providing (or funding) services, in a process-based approach, quality frameworks and tools might cover issues such as the quality of the relationships, the enforcement of both the rights and responsibilities of the parties and the responsiveness of services to the needs or concerns of service users. This will add to more "structure-related" issues such as physical environment standards, health and safety concerns or the professional qualifications of the workforce.
- (ii) Regarding the *respect of fundamental human rights and users’ protection*, the quality frameworks encompass principles such as respect for human dignity and fundamental rights as well as non-discrimination.
- (iii) Regarding *the role of external service providers*, public authorities are less than before direct providers of services and instead, external providers are increasingly in charge of services provision, quality measures are concerned with regulating the activities of such external providers. All sectors may make use of accreditation or licensing regulations and public regulators may play a direct role in monitoring/supervising the activities and the quality of services of the external providers. In some countries and sectors, audit and inspection bodies may play a key role in ensuring the compliance with quality requirements; in others, however, there seem to be difficulties in ensuring the quality control of external actors.
- (iv) Regarding the *working conditions, professional skills and competences*, there has been relatively little emphasis on the working conditions of employees within quality frameworks and tools.

⁸⁰ European Commission 2011, 2nd Biennial Report on social services of general interest, Luxembourg: Publications Office of the European Union, 2011

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- (v) Regarding the *fragmentation in service organisation and provision of services* between national, regional and local public authorities can present a challenge to the development and implementation of quality measures. A possible consequence of this fragmentation is that different quality frameworks or standards may apply, or different quality tools may be used, for the same social service in one country. This may also mean that a given framework does not cover all the aspects of the service provided or that users' rights on entitlement, as well as redress or complaint procedures, may differ significantly from one region to another within the same country. It can also happen that rules concerning inspection bodies and procedures do not cover all aspects of the services provided. The fragmentation of social service provision may also have implications for the sustainability of the services when the transfer of adequate funding does not accompany transfer of competences in the organisation and provision of the services. Moreover, in countries heavily relying on the for-profit sector, sustainability concerns may lead to market volatility. Where demand for services and profit margin decline, private sector providers may simply withdraw from the market.
- (vi) Regarding the *involvement of users, workers and other stakeholders* in the definition, implementation, evaluation and development of quality frameworks some countries provide mechanisms for stakeholders' involvement but in others this approach is more sporadic. Community participation in services seems easier to ensure when services are locally based and organised (e.g. Northern Italy, Nordic countries) but it appears more difficult if services are centralised or, alternatively, very fragmented.
- (vii) Regarding the *independent evaluation or monitoring of quality tools and frameworks and standards* in some countries there may be ad hoc activities or a reliance on (sometimes mandatory) self-evaluation by service providers. Countries with a consistent strong culture of performance assessment and evaluation include NL, UK, and Norway.

As a rule, when a quality initiative is developed by service providers, the 3As (Availability, Accessibility and Affordability) are often listed among the pre-conditions for quality, i.e. those contextual elements which are not under the direct influence of the service providers but must be guaranteed by the public authorities. Public authorities developing a quality framework might look at this issue from a broader perspective.

Service user and his/her rights, needs and expectations are always at the centre of the reflection, and principles such as respect for human dignity and fundamental rights, the security of all users, equal opportunities, person-centeredness and comprehensiveness, continuity, outcome orientation and, above all, participation and empowerment find a general consensus. They reflect an approach to quality measured in terms of responsiveness to needs which are becoming more and more complex and have to be treated in a comprehensive way. Quality is also closely connected to offering users as much control as possible over their own lives.

Moreover, the link between quality on one side, and the skills and training requirements and working conditions of staff on the other, is common to many initiatives, since staff qualification is fundamental for the quality of the service provided. The role of non-profit service providers, of voluntary workers and of informal carers has also been recognised.

3.4.2. Social services at the core of social assistance strategic reform: the case of Romania⁸¹

In Romania, the social services, according to Law 292/2011 on social assistance (Article 27/1), represent the activity or group of activities carried out in response to social needs as well as to special, individual, family, or group needs aimed at overcoming difficult situations, preventing and fighting social exclusion, enhancing social inclusion, and raising the quality of life. This definition of social services is compatible with the most widely used definition in the EU, that of “personal social services”⁸². In Romania, social services are services of general interest and are organized in various forms/structures, according to the activities carried out and to the particular needs of each category of beneficiaries. These services are provided in a variety of locations and settings, such as individuals’ homes, day centres, and residential establishments, and they are staffed by personnel that include social assistants/workers, care managers, home-helpers, therapists, and crèche staff.

The development of social services has been a strategic goal of the Government of Romania since 2006 and will continue as such until 2020. Since 1990, the state, local authorities, NGOs, and commercial businesses have developed a wide spectrum of social services for all vulnerable groups throughout Romania, which nevertheless need to be further strengthened and enhanced. At present, the national social assistance system is a structured system that completed the following key phases:

- (i) Adoption of legislation mandating local public authorities to organize, grant, and finance social services as local public interest services, including separate budgetary sections;
- (ii) Adoption of legislation providing for a diverse set of funding instruments including public funds through a direct but also competing (directed to the private organizations) financing;
- (iii) A shift in 1998 in the kind of programs funded by the MLFSPE from those setting-up or re-organizing day care and residential services to those supporting their running costs (in parallel with the setting up of new centres), especially salaries and the training of specialists;
- (iv) Adoption of a regulation setting up a quality assurance mechanism for social services which includes quality standards, accreditation of service providers and social inspection;
- (v) Adoption of regulation governing specific professions in the field;
- (vi) Ratification of the European Social Charter (1998), which stipulates the individual’s right to social services provided by qualified social workers;
- (vii) Adoption of legislation governing the social work system.

An extensive, coordinated, and integrated network of services is needed to address most of the most persistent social problems in Romania, such as children’s precarious nutritional status, the neglect and abuse of children, early school leaving, and weak early childhood educational programs. These problems also include youth unemployment, insufficient primary and preventive health services, underdeveloped social housing, and a lack of support services for a wide range of needs (such as disabilities, drug addiction and alcoholism, domestic violence, homelessness, and ex-prisoners). Monetary poverty further deepens the various vulnerabilities, but cash transfers alone cannot solve existing social problems. Social benefits (both cash and in-kind) must provide recipients with a secure income, and therefore any reforms of the system will need to consolidate and optimize these kinds of support. While income support (cash transfers) are crucial given the high level of poverty and material deprivation in Romania and the fact that families with young people and children are most at risk, most vulnerable groups require social services developed to cover their specific needs. Therefore,

⁸¹ Tesliuc E., Grigoras V., Stanculescu M.S. (Coordinators), *Background Study for the National Strategy on Social Inclusion and Poverty Reduction 2015-2020*, The World Bank Group, Bucharest, 2015

⁸² Munday, B. (2007) *Integrated Social Services in Europe*. Council of Europe Report, Strasbourg. Available at: <http://eurocef.eu/en/publications/integrated-social-services-in-europe/>

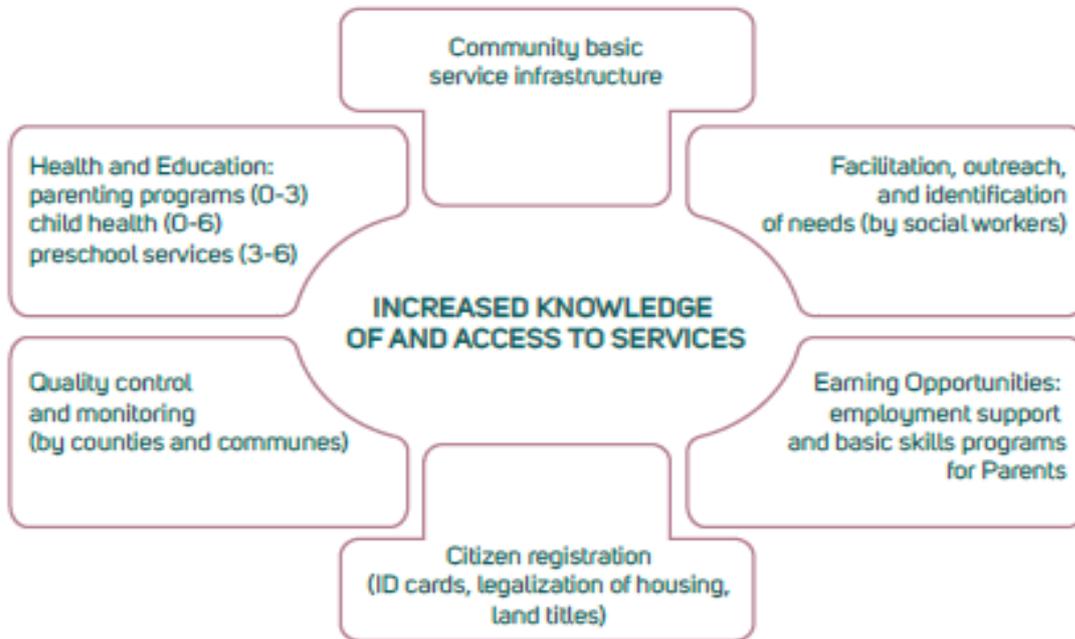
support packages for most vulnerable groups should be developed that integrate cash benefits with social services with the aim of promoting their full inclusion into society.

The participatory involvement of beneficiaries is critical to the success and sustainability of social services provided within a community. It is also necessary to ensure that social assistance interventions have a positive impact and produce solid results. Needs assessments and information management systems in the social services sector are another backbone of the system and need to serve as basis of informing the local decision-making policy and practice. The services need to be regularly evaluated and thus to guide policymakers or program managers in making any necessary adjustments. Social services need to be provided in accordance with a transparent plan geared to local and regional needs. A national methodology for carrying out community needs assessments and local strategic planning of social services should be in place, and local authorities need sufficient knowledge and capacity for these tasks.

Whereas the improvement of the financing of social services could be a desideratum in both wealthy and less privileged societies, critical efforts should be deployed in order to strengthen and enhance the social assistance at the very community level. One way of tackling these aspects is the development of a minimum intervention package to be mandatorily delivered in every rural and urban community. This minimum intervention package should consist of: (i) outreach activities, which are crucial for identifying potential beneficiaries and for early interventions; (ii) needs assessments for communities, households, and vulnerable people or those at social risk as well as the planning of needed services based on a family- and person-centred approach; (iii) information and counselling services targeted to vulnerable groups or those at social risk, individuals who have experienced domestic violence or neglect, problematic drug users/ex-prisoner members, and single-parent low-income families as well as youth at risk (such as young offenders, school dropouts, and children in low-income households); (iv) administrative support (such as helping clients to fill in forms to apply for all kinds of benefits), as well as social, medical, and legal assistance; (v) referrals to specialized services; and (vi) monitoring of and home visits to all people in vulnerable situations.

A model of integrated basic services is currently piloted by the World Bank in Romania, as the ‘Social Inclusion and Integrated Basic Services Project’, aiming to break the intergenerational cycle of poverty and exclusion by increasing the ability of the social protection system to reach out to poor communities and households and connect them to services. There are two action lines at the core of the project: (i) strengthening the links between communities/households and services, and (ii) implementing an integrated package of simultaneous interventions for tackling a multitude of problems faced by the poor and marginalized.

Figure 12: An integrated approach model with interventions on the demand and



supply sides

Source: World Bank (2015)

3.4.3. Summary of main findings in terms of importance of social services vs. benefits

There is a broad diversity of examples from all 28 EU-MS that could not be summarized within such a study. However, the emphasis on a sole example does not diminish the relevance and comprehensiveness because it was developed in a reform and strategic framework. The above section summarizes not only the existing evidence related to Romanian social assistance systems in terms of social services delivery but also the key reform desiderata, based on broader European and Global examples of best practices. It is a reflection of what works well and what could be improved and, through these lenses, it becomes relevant for the reform context in P.R. China.

Here below is the summary of main quality and reform aspects related to the provision of social services, as complementary to social benefits, offering an easy to access overview allowing for comparisons and facilitating decision-making by the Chinese counterparts in an informed manner:

Table 6: Summary of findings in terms of quality and provision of social services vs. benefits

<p>Complementarity between social benefits and services</p>	<p>A quality insurance framework</p>	<p>Social services at the core of a strategic reform process (RO case)</p>
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<p>Monetary poverty deepens the various vulnerabilities, but cash transfers alone cannot solve existing social problems.</p> <p>Social benefits must provide recipients with secure income.</p> <p>While the cash benefit is crucial, given the level of poverty and material deprivation, most vulnerable groups also require social services developed to cover their specific needs.</p> <p>Support packages for most vulnerable groups should be developed; they should integrate cash benefits with social services with the aim of promoting their full inclusion into society</p>	<p>A process-based approach to quality;</p> <p>Fundamental human rights and users' protection at the core of service provision;</p> <p>Accreditation and licensing of both public and private (including NGOs) service providers and services;</p> <p>Involvement of users, workers and other stakeholders in the definition, implementation, evaluation and development of quality frameworks;</p> <p>Independent evaluation or monitoring of quality tools and frameworks and standards and desideratum to reach a broad consistent strong culture of performance assessment and evaluation.</p>	<p>Complex legislative and regulatory framework reform;</p> <p>Mid-term and long-term strategies, and extended practice in testing and adapting the best models;</p> <p>The participatory involvement of beneficiaries;</p> <p>Solid results needs-assessments and information management systems;</p> <p>Regular evaluation and support to policymakers or program managers in making any necessary adjustments.</p> <p>Transparent plan geared to local and regional needs.</p> <p>National methodology for carrying out community needs assessments and local strategic planning</p> <p>A minimum intervention package which includes:</p> <ul style="list-style-type: none"> (i) outreach and early interventions; (ii) needs assessments and planning of needed services; (iii) information and counselling services; (iv) administrative support, as well as social, medical, and legal assistance; (v) referrals to specialized services; (vi) monitoring of and home visits to all people in vulnerable situations.
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Source: author summary based on key findings

3.5. Welfare dependency

The China report refers to welfare dependency in terms of people dependency of very low levels of subsistence minima but which open the access to other benefits such as education, health or housing, impossible to access if not at Dibao level of income. In other words, the institutional and non-institutional practices put the poor in a dilemma situation of choosing between Dibao and employment. Since most of the poor cannot get a high income even if they get a job, they tend to choose staying in Dibao instead of getting hired. Professor Guan suggests that it is necessary to make some changes to the institutional arrangement of the social assistance system and the social protection system as a whole, rather than keeping low welfare levels.

From the European perspective, according to Frazer and Marlier (2016), In several countries, there is an issue of long-term dependency on general minimum income schemes, particularly amongst certain groups which provides a particular challenge for an active inclusion approach. Factors like poor

Component 3

health, low education and qualifications, dependent children and lack of affordable child care make it more difficult for people to find and take up employment and increase the risk of long-term dependency. The lack of suitable good quality and decently paid employment opportunities also contributes to long-term dependency on GMIS, particularly if the only alternatives are low paid and insecure jobs. Inactivity traps resulting from high marginal effective tax rate in case of earning income from the labour market can be a disincentive to taking up employment. In some countries, significant levels of involvement in the informal labour market are also a factor. In many countries, these are being tackled by a combination of measures. Some countries provide in-work benefits so that take-home income is increased by supplementing earned income with benefits. The partial disregard of earnings from means testing (sometimes for a fixed period) and the tapered withdrawal of benefits as income from work, are also used to help people move from benefits into work as is the continuation of all or a percentage of GMIS benefits for a fixed period.

In the same study (Frazer and Marlier 2016) several experts report a considerable degree of long-term dependency (e.g. AT, BG, CZ, DK, FR, RS, SI). For instance, in Serbia in 2014 more than one third of the beneficiary households have been receiving Financial Social Assistance for more than eleven years. In some countries, exit rates decline as time on welfare increases (e.g. BE). Age, sex, household type and marital status have a significant effect on the probability of leaving a GMIS. For instance, in Spain long stays in the programmes are associated to beneficiaries with very significant social problems, low levels of employability and family responsibilities that often prevent them from fully participating in the labour market. However, the German expert notes that it is not appropriate to speak of “welfare dependency” as almost 50 percent of beneficiaries capable of working are gainful employed, in training or in activation measures; at the same time, around 36 percent are involved in child care or home care. In total, 65.5 percent are involved in one or the other activity form. So, even if the large majority of beneficiaries are long-term recipients, they are very active. A number of traps or disincentives to GMIS recipients taking up work which can contribute to long-term dependency were identified:

- (i) The inactivity traps resulting from high or very high marginal effective tax rates in case of earning income on the labour market (AT, DK, EE, FI, HR, IE, LT, RO);
- (ii) The low paid jobs (BG, HR, LT) and the poor quality and perspective of part-time jobs (LU);
- (iii) The significant level of involvement in informal labour market leading to “unregistered” earning of households (MT, RS);
- (iv) The taxation of even the smallest earnings at the universal 10% flat rate (BG);
- (v) Bad health, old age, low education, low self-esteem, existence of dependent children and dependent adults in bad health, as well as limited work experience are among the most frequent obstacles to labour market integration of GMIS recipients (CY);
- (vi) The work incentives remain very low and may discourage individuals from returning to the labour market and to low-paid employment (CZ);
- (vii) Poor labour market situation in area where GMIS recipient lives (FR);
- (viii) Taking away any additionally earned income fully from the benefit (LV).

Such barriers are being addressed in some countries in several ways:

- (i) Introducing a more generous system for the exemption of earnings in the means-testing (CY);
- (ii) Introducing a “modern benefit ceiling” to address the high participation tax rates where tapering is done in housing allowance and special support (DK);
- (iii) Disregarding some income from work (FI, LU, SI);
- (iv) Activity supplements in the GMIS equivalence scale for adults who work for 60-128 hours per month or more than 128 hours per month (SI);
- (v) Increasing the financial incentives to take up employment especially on the part of lone parents and long-term jobseeker families with children, basically allowing them to retain their child-

related social welfare payments for up to two years upon ending their claim and entering employment or self-employment (IE);

- (vi) Boosting making work pay measures through extensive incentives associated with training, special fiscal arrangements for persons who “return to work” after a lapse of years, and through schemes that allow persons undergoing training to benefit from special benefits such as free child-care (MT).

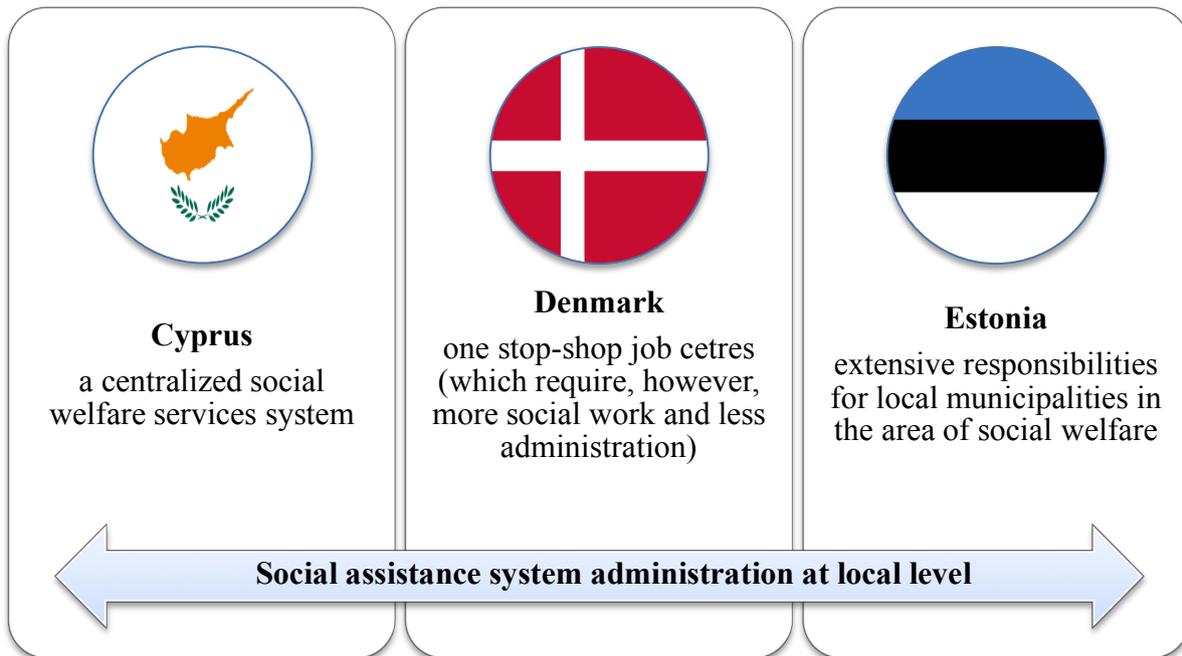
In some countries (BG, ES, LI, LV), there are no special arrangements for transitions from GMIS benefits in case of employment. For instance, in Bulgaria there are no arrangements for tapered withdrawal of GMIS benefits in case of employment. In Latvia, each earned or received euro of a household is accounted and the GMIS benefit is reduced by this amount. The payment of the GMIS benefit is suspended as soon as a person starts to gain any income except the income provided for by law, at the same time applying the tax rates defined in the legislation, which does not motivate people to accept a low paid job. The full amount of the benefit is withdrawn. However, in many countries there are a variety of arrangements to ease transitions from GMIS benefits to employment:

- (i) The provision of in-work benefits so that take-home income is increased by supplementing earned income with benefits (BE, ES (Basque Country), FI, IE, MT);
- (ii) Partial disregard of earnings from means testing (sometimes for a fixed period) (CH, CY, CZ, DE, EL, ES (Galicia), LU, NL, PT, RO, SE, SI);
- (iii) Tapered withdrawal of benefits over time (HR, IE, MT, RS) or continuation of all or a percentage of GMIS benefits for a fixed period (LT, PL).
- (iv) In Greece, a proportion of GMIS recipient’s net income from dependent employment or training activities or from any participation in employment programmes is deducted from the calculation of total annual income;
- (v) In Italy (Trento), the payment of a monetary amount equal to two times the last monthly GMIS benefit is made as an additional incentive to work. This incentive is for persons who initiate a new job while being members of a household beneficiary of the GMIS benefit. Moreover, GMIS benefits can be renewed for three times and economic hardship of the household is verified by the social assistance agency in collaboration with the employment agency (e.g. employment status). Therefore, the incentive to work is an extra payment;
- (vi) In Hungary, employment replacement subsidy is suspended within the first 90 days of an earning activity and if the employment ceases to exist within the first 90 days, the employment replacement subsidy continues to be provided;
- (vii) In the Netherlands, there is provision of an incentive bonus (once only) when GMIS recipients accept a contract for at least six months or participate in voluntary work or a work experience placement.

3.6. Social assistance system administration at local level

The management of social assistance at local levels requires a solid, coherent and professionalized administration. In the China report it is underlined the fragile or little coordination between different measures, including issues related to effectiveness and efficiency. Social assistance is administrated by governmental agencies but there is a high work-load on the shoulders of local governments who tend to assign most of their administrative work to the local residents’ committee, over-burdened with tasks and not necessarily with high level professional competencies. In addition, the final approval is the local government responsibility. Another feature is the fragmented administration of various measures by different governmental bodies. A social assistance system with interconnected, articulated institutional and administrative features is genuinely new (2014).

Figure 13: the chart of EU examples discussed in chapter 3.6



In the European space, the contributions⁸³ social services can make to the Europe 2020 Strategy have been expressed in Country Specific Recommendations adopted as part of the 2011 and 2012

The issue of integration was already evoked in the chapter related to provision of social services. Moreover, according to the Annual report of the Social Protection Committee on the social situation in the European Union (2014) several EU-MSs are moving towards more integrated delivery of benefits and services, which address the multiple drivers of labour market and social exclusion, and are targeted to an individual's needs. In some cases, EU-MSs use one-stop shops (e.g. activation centres in DE, located in the job centres, which channel individual's needs towards other relevant service providers), while others (e.g. CY) aim at improved cooperation between social and employment services. A more integrated provision of benefits and services can contribute, on the one hand, to better take-up and coverage by potential beneficiaries, and on the other, to more efficient and optimised administrative procedures. The individualised provision of a comprehensive package of benefits and services, often under the responsibility of different administrations, presents non-negligible governance challenges (in particular in EU-MS where different functions and responsibilities are divided between national, regional and local level like ES and DE). Instruments such as common databases could facilitate inter-institutional /departmental coordination.

The social assistance system administration at local level very much depends on the way each state deploys decentralization and de-concentration policies. Since the EU-MSs have all their own characteristics in terms of vertical and horizontal responsibilities, the best approach for the study in this section is to provide various models (implemented or in process of being developed) built on the lessons learnt through long years of practice in each case. The issue of involvement and co-ordination of different actors should always consider the vertical approach (i.e., at different levels of government, by encouraging the coordination between international, national, regional and local levels) and horizontal approach (by including the social assistance as a topic in all decision-making process, cross sectorial approaches, and implementation & evaluation of the inclusion policies. A

⁸³ European Commission 2008, *Commission staff working document – 3rd Biennial Report on social services of general interest, Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020*, Brussels 20.2.2013 SWD (2013)

brief summary per country is presented below, with a very short contextualization and underlining the key elements in each case, so for the Chinese counterparts to extract the most relevant and implementable ones:

3.6.1. The Cyprian⁸⁴ approach

In Cyprus, the benefits provision is centralised and directed by the Social Welfare Services. Claimant application is processed by the local Social Welfare Offices. One of the most important aspects of social protection system in Cyprus until today is the Public Assistance Benefit (PAB) which was designed to provide assistance for those with not enough recourses to cover for their basic needs. The person concerned may apply to the Local Welfare Offices for the PAB. The application will be processed by a Social Service Officer, who will first check the correct completion of the application and whether the applicant has submitted all the necessary documentation. The applicant will be notified if the application is not complete. If the application is correct, the Officer will visit the applicant at his/her house and perform a socio-economic analysis of the situation of the applicant and his/her family, describing the needs etc. In parallel the Officer will investigate his/her financial situation (through credit institutions, national property agencies etc.) to verify the validity of his/her economic situation. If the person finds him - or herself in this situation because of unemployment and no other circumstances exist (such as health problems), then the applicant must provide justification that s/he is searching for work and that s/he is registered with the Department of Labour. Before the final granting of PAB, the Officer will also check whether s/he receives any social insurance benefits which are to be deducted from PAB. An imperative matter that needs to be considered is the administrative framework and the quality of the administrative services which will be offered. In most EU Member States the administration process is been handled by the local authorities, thus, there is decentralization and the application of social policies is nearer to the people through the local authorities. In Cyprus, it is the opposite model: a strong centralized system, rigid-firm central administration and state policy. However, there is a general agreement that local governments need to play an upgraded role, which should be strengthened rather than weakened.

3.6.2. The Danish⁸⁵ approach

In Denmark, the poverty line is established at 50 percent of the median income, instead of the EU recommended 60 percent. This information is very relevant because with this new threshold, the number of people at risk of poverty dramatically decreases from 650,000 to 42,000, suggesting that most of the people at risk of poverty are in the 50-60 percent bracket. Moreover, this information converges with the social costume that no one wants to have poor people in Denmark. As stated above, one of the Danish models is the one stop-shop local jobcentre: a gateway to employment for poor and socially disadvantaged. Jobcentres do not create new jobs but help the unemployed perform better in the competition for available jobs, with rehabilitation and job placement. An important feature requiring revision and improvements is heavy burden by controls, sanctions and activation, as well as ingenious governmental reimbursement schemes. It is also considered that many socially excluded might be at risk of not getting the help they are entitled to by law because the municipalities, obliged to provide help, also have an extended and severe control and sanctions role. Another important feature of the system is an overall awareness about the positive effects of proactive and preventive advice and good relations with the beneficiaries but the municipal fieldwork it looks very limited, not because preventive efforts are more expensive, but because they are harder to grasp in a municipal-led administration. The result is that aid to vulnerable citizens is not fully based on professional social work knowledge, methods and evidence, but is more rooted in financial and

⁸⁴ Satsias N., *European Minimum Income Network country report Cyprus*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

⁸⁵ Larsen P. K., *European Minimum Income Network country report Denmark*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

administrative control. Socially disadvantaged people seeking cash assistance, but also need counselling, activity, community and humanity, which may be difficult to find in local authorities and job centres. A simple solution is to establish a better separation between the municipal authorities and the professional, specialized counselling, so that the municipality has a clear responsibility to provide the service, and the citizens have easy access to necessary counselling, treatment and rehabilitation, from specialized NGOs, centres and institutions.

3.6.3. The Estonian⁸⁶ approach

In Estonia, local municipalities are granted extensive responsibilities in the area of social welfare. In particular, local municipalities have duties for administration of the provision of social services, emergency social assistance and other assistance, grant and payment of some state social assistance benefits (including subsistence benefit and needs-based family benefit) and granting and payment of any local social benefits. Local municipalities may establish supplementary social benefits payable from the local government budget. In this case, the local municipality council has a full discretion on setting the relevant conditions and procedures as well as establishing the level of such benefits. The practice varies greatly from one municipality to another, but virtually all local municipalities pay some local social benefits, perhaps surprisingly less frequently needs-based/means-tested benefits, and more frequently universal albeit categorical local benefits (paid to a particular socio-demographic group, such as elderly persons or families with young children) without explicit needs- or means-test. Examples of such categorical local benefits are birth grants, school grants, birthday allowance for the elderly etc. On the other hand, examples of needs-based social benefits are school lunch support, allowance to buy glasses or medicines, funeral benefit, one-time benefit for emergency expenses, heating allowance etc. Such supplementary local social benefits are not counted as family income in the context of the subsistence benefit scheme and thus can be combined with the subsistence benefit. In most cases the purpose of such benefits is to partly compensate some one-off expenditures related to some life events, hence are not paid periodically and do not constitute a regular source of income. However, there are also some local social benefits targeted to low-income individuals and families, which are paid on a regular basis as a supplementary income on top of the state subsistence benefit.

4. Conclusions

There is a broad diversity of social assistance systems in the EU, and for many of their characteristics they are significantly heterogenous. The EU has a little role in uniformization but provides for solid adoption and implementation of common principles, promoting at the core the human rights based approach, the equity and the inclusiveness when tackling the issues of the worst-off. The relevance of these models for the Chinese counterparts emerges in each particular case from the findings and desiderata in the China report. Far from being indications of what is the best to be done in the current China social protection and social assistance reform context, they bring to the attention new ways of thinking and have at their core a strong learning-by-doing dimension. Therefore, they constitute potential models to help the decision-makers, and particularly the MOCA, to take informed decisions and to learn from the European counterparts, acknowledging in the same time that EU models are also constantly evolving in a quest for better performance.

4.1. In terms of the stakes of EU social assistance models

A broad set of definitions and principles govern the EU space and directly impact the policy making in each of the member states. They all emerge from long years of practice and testing which means that behind them lay-down constant efforts and knowledge generation based on lessons learnt.

⁸⁶ Leppik L., *European Minimum Income Network country report Estonia*, Directorate General for Employment and Social Affairs and Inclusion, Directorate D — Europe 2020: Social Policies, within EMIN, EC 2014

The social and economic realities in the EU vary significantly from east to west and from south to north. But even highly developed and strong economies may leave behind vulnerable groups; therefore, the social assistance systems constantly evolve in order to guarantee a minimum standard of living for each boy and girl and for each man and woman.

Besides the existence of quasi-universal minimum income schemes in the EU-MSs, there is an imperative to compliment any cash or in-kind benefit with a broad diversity of general social services aimed at improving the quality of life in all its aspects.

4.2. In terms of the EU social assistance measures and cross-cutting issues

The levels and coverage of social assistance minima differ from a state to another but each one is adapted to its own cultural, historic, and political organization, proposing an administration able to respond, at least in theory, to the needs of all the worst-off.

The principles regarding the eligibility and targeting of social assistance minima consolidate in a similar manner the social assistance systems in each country.

In terms of equity and inclusiveness there is a tremendous need to rely on solid concepts and definitions and to build on universal principles applicable in all instances and places, with a key requirement to empower the people to become active and less social-assistance-dependents.

A sustainable and efficient social assistance system could not be conceived in the absence of a set of minimum social services, preferably developed and delivered in an integrated manner at the very community level.

Each country is striving to develop mechanisms to fight welfare dependency and the common solution envisions strong linkages between social assistance, employment policies, and taxation.

The administration of social assistance at local level is constantly evolving and the key prerequisite consist in ensuring professionalized human resources able to complement, harmoniously and with the human touch, the 'cold' fiscal bureaucracies.

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