

Achievements and Challenges

in the social assistance system in China*¹

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 lower than the average	The rural and urban Three Nos.	Guarantees in food, cloth, medical care, housing & funeral services	5.167	20.0	MOCA
Medical assistance	To partly cover the poor people's medical cost	Mainly the Dibao, Wubao 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 medical insurance: 66.35 2) Direct medical costs: 28.89	1) For medical insurance: 6.17; 2) For direct medical costs: 23.68	MOCA
Education assistance	To partly cover the poor's education	Students from Dibao, Wubao 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	Dibao people	1.Rental houses 2.Renal subsidy 3.Rural housing	No official data	70.6	MOHURD

¹ Extract from Professor Guan Xinping Research study on social assistance structure of P.R.China-main achievements and challenges and Mr Mihai Magheru Research study on most relevant EU countries experiences for social assistance structure of the P.R.China

	basic housing needs		rebuilding			
Employment assistance	To help the poor's employment	The able-bodied Dibao 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 Dibao people are benefited	No official data	MOHRSS
Legal assistance	To help the poor in lawsuit cases	Dibao 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 special difficulties by some accidental and unpredictable events	Mainly Dibao people, but also some other poor people	Cash, in-kind or service benefits according to the actual needs of the beneficiaries	6.6 million person-times for normal beneficiaries 3.7 million person-times for vagrants and beggary	7.2 billion for normal beneficiaries 362 million for the vagrants & beggary	MOCA

* The figure of 2014

(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*, *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. Secondly, 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. 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. 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 disable, 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. The insufficient service not only come from the insufficient provision of employment assistance, but also come 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 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*. 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. 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. 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. 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 provides 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 plays 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. 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.

Low levels and small coverage of social assistance in China*

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

The first is **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, 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%. 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. 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.

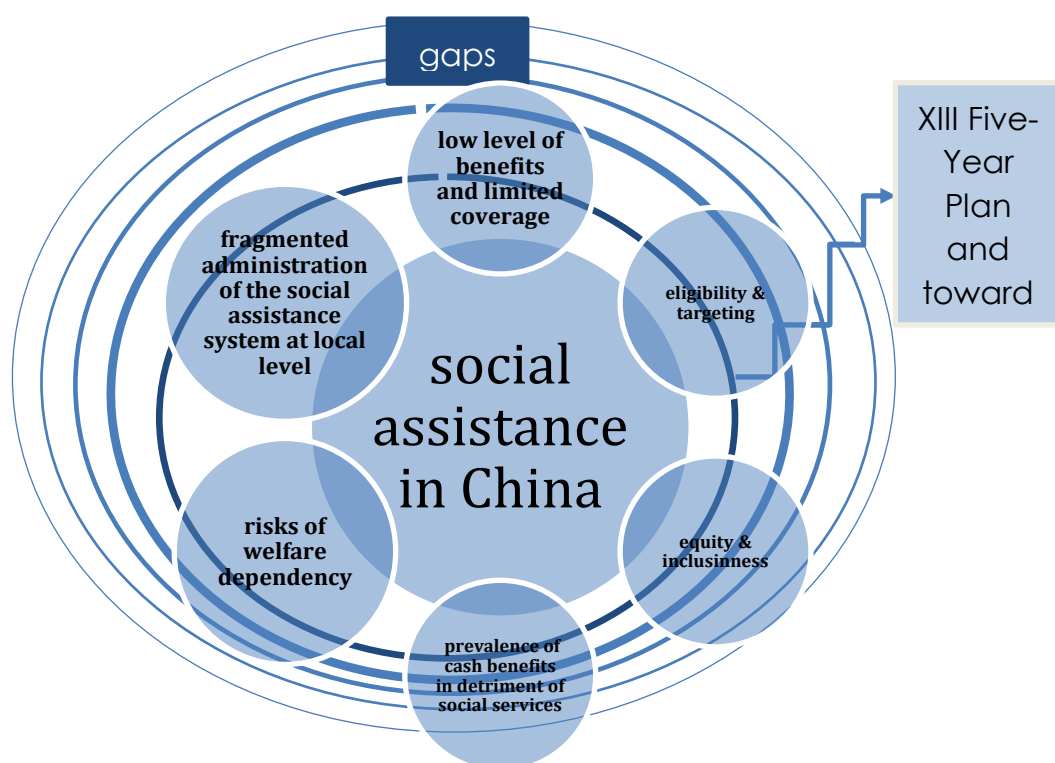
The third is the **insufficient effects of the *Dibao* project**. Another consequence of the lower MLGS is the insufficiency of actual benefits level and then the low effects in anti-poverty actions. Doubtlessly, social assistance provides a big help to the poor in many aspects of their living, as mentioned 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.

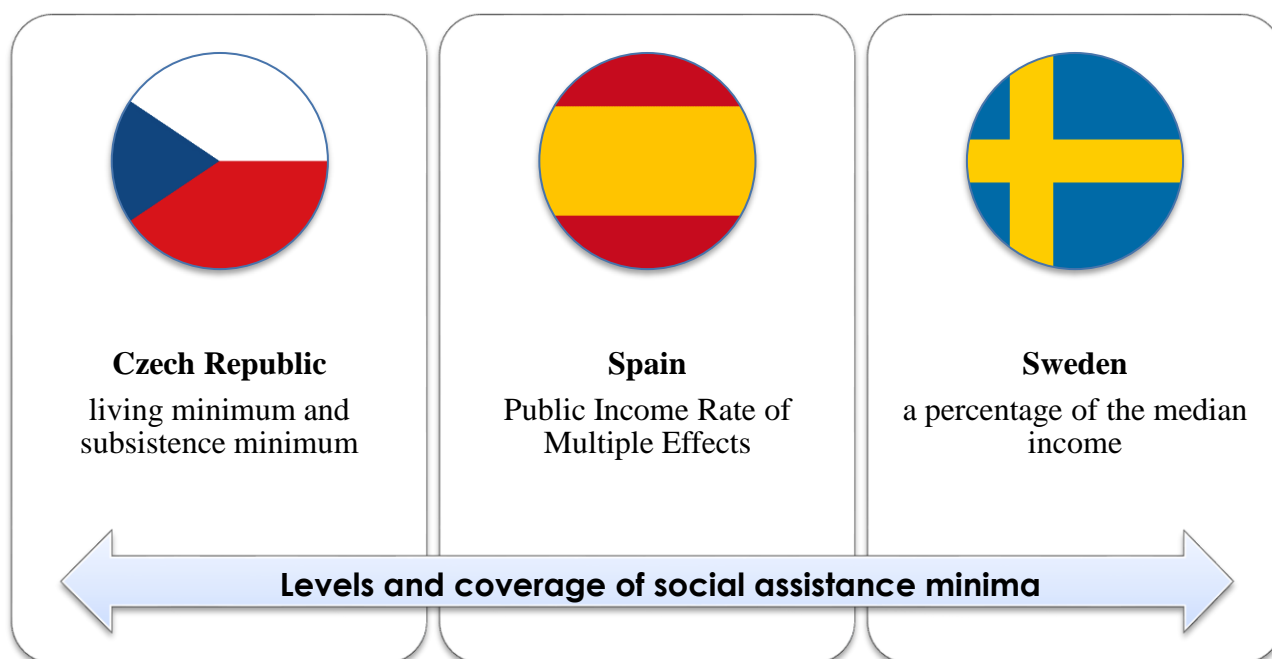
The fourth is the **low public expenditure on social assistance**. As calculated above, the total governmental expenditure on social assistance in 2015 is approximately CNY444.2 billion, or 0.66% of the GDP in 2015, or 2.5% of total governments' public expenditure. If adding the expenditure of CNY122.724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

To sum up, 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.

Gaps within the social assistance system of China



EU practices



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

The eligibility and targeting system in China*

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*.

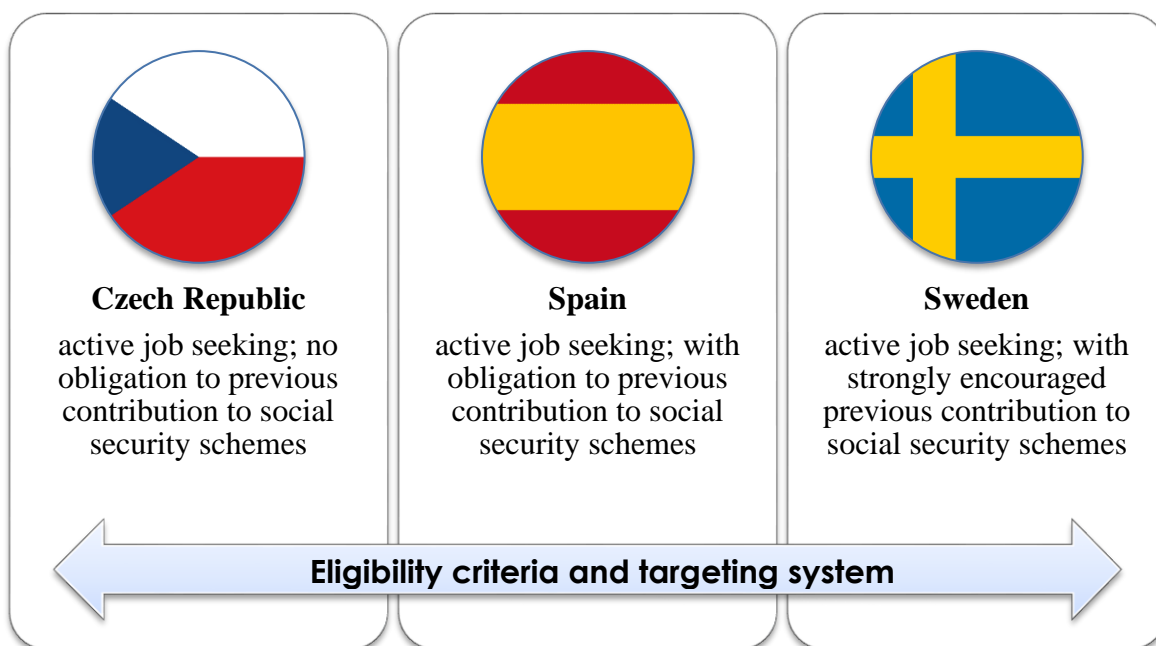
There are also some challenges to the current **targeting mechanism**. Doubtlessly, as a means-tested social benefit program, social assistance needs some mechanism to target the poor. The current problem is that there is just a single targeting criterion: the per capita income and the household property, 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.

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Gaps within the social assistance system of China



EU practices



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

A more equitable and inclusive social assistance in China*

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.

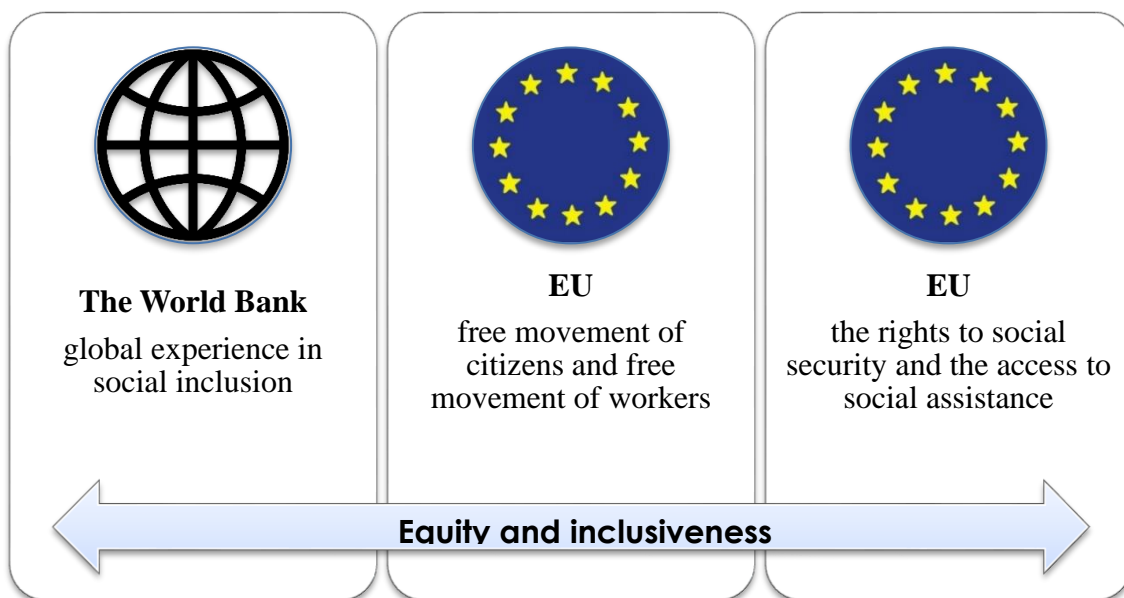
Another serious challenge is how to **include the rural migrants into local social assistance system**. Traditionally, social welfare responsibility is taken by local governments, and the local governments pay social welfare benefits only to the people with the local household registration, Hukou, in 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 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.

Gaps within the social assistance system of China

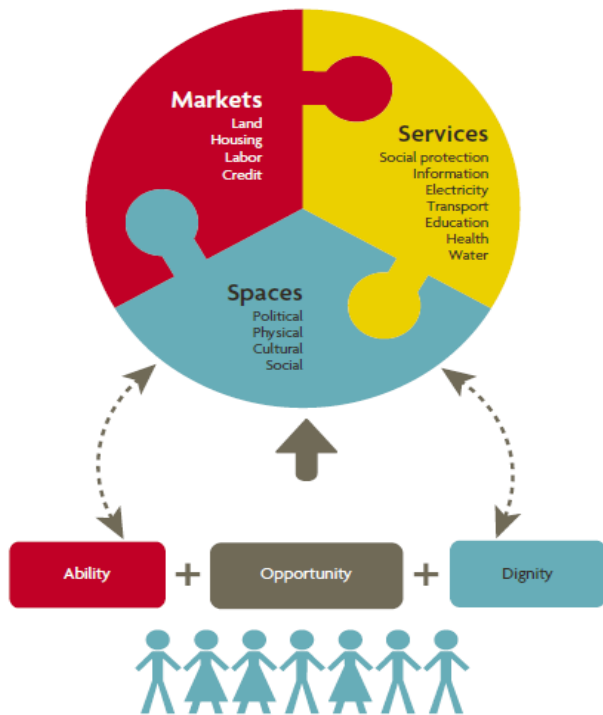
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EU practices



The interrelated domains of the social inclusion



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, disadvantaged on the basis of their identity, to take part in society.</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, 4-60 months, and above 60 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>
		<p>The principle of equal treatment is conditioned by the obligation to comply with specific requirements related to the obtainment of legal residence.</p>	

The less in-service benefits in China *

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.

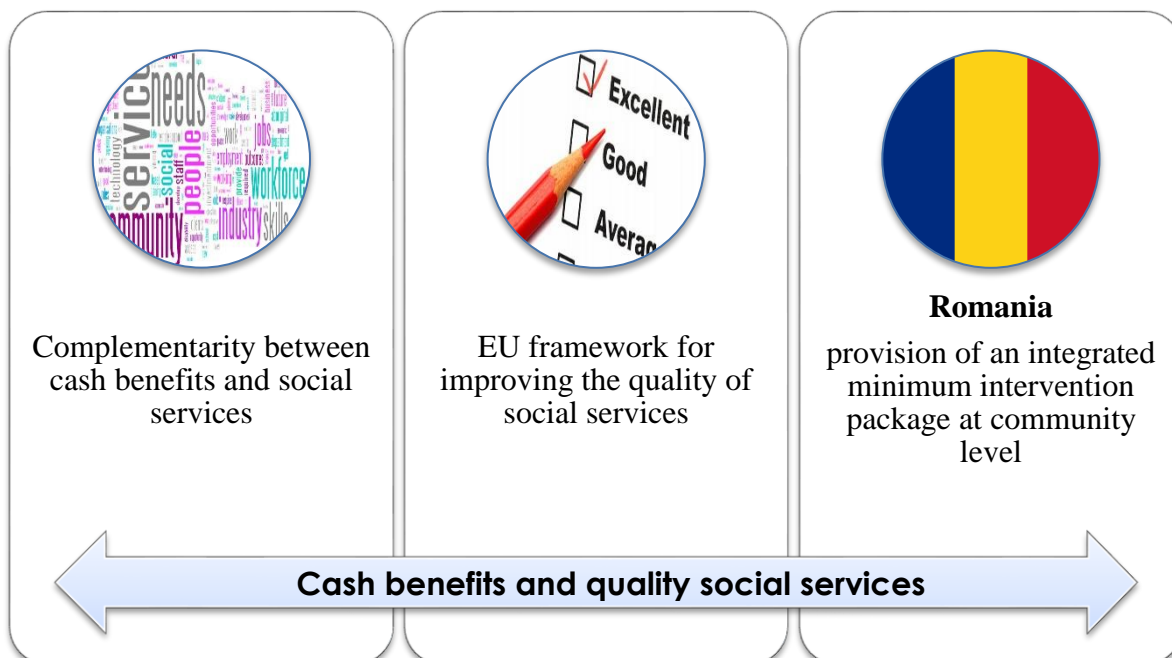
The public services are especially needed when a strategy of "active social assistance" is taken, because it is necessary to provide empowering services to the poor to increase their capacity in employment and social participation, and to reduce their negative mental health problem and social exclusion,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

Gaps within the social assistance system of China

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EU practices



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

Complementarity between social benefits and services	A quality insurance framework	Social services at the core of a strategic reform process (RO case)
<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.

“Welfare-dependency” in China *

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. Some others have not found welfare dependency in China’s social assistance, but still warn the possibility of welfare dependency in the future. 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 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,

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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.

Gaps within the social assistance system of China



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 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.

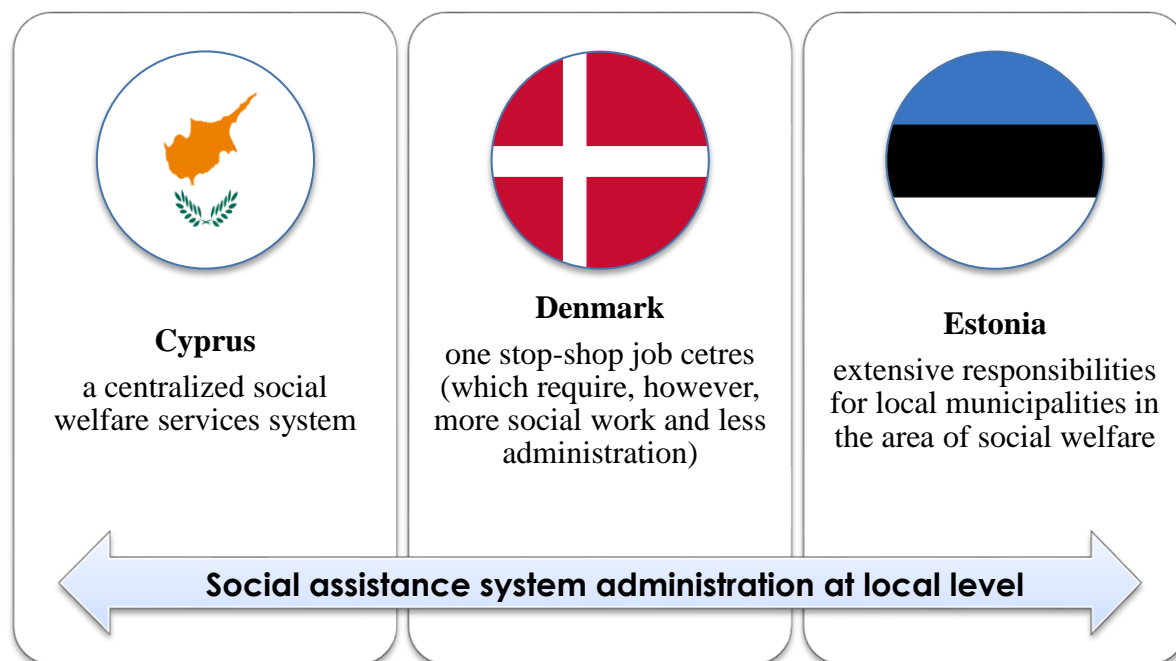
Local administration in China *

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.

Gaps within the social assistance system of China



* Extract from Professor Guan Xinping Research study on social assistance structure of P.R.China-main achievements and challenges and Mr Mihai Magheru Research study on most relevant EU countries experiences for social assistance structure of the P.R.China



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).

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.