

**EU-CHINA SOCIAL PROTECTION REFORM PROJECT
COMPONENT 3**

DRAFT REFORM PROPOSALS

on

2017 research topics

Social Assistance:

Optimization of social assistance – procedures and eligibility criteria for social assistance benefits

Coordination of overall social assistance resources

Fraud in social assistance: identification, coping strategy and prevention



EU-CHINA

Social Protection Reform Project
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FOREWORD

Component 3 of EU-China SPRP base on the cooperation with Chinese partners mainly MoCA and EU authorities and experts is intended to provide policy reform proposals for the social assistance in China. This report covers issues related to governance framework of social assistance administration and management process; policy transmission and implementation at central and local levels; monitoring and evaluation of social assistance in China.

The policy recommendations are a final output of the research done by Component 3 and discussion from the C3 3rd Workshop held in Beijing in November 2017.

This report provides a complex policy recommendation for MoCA based on the Chinese and EU expertise after several knowledge and practices exchanges at technical level performed mainly in China.

The full output of the Component 3 research will be published in the C3 Volume on 2017 research topics: <http://www.euchinasprp.eu/en/components-en/component-3-en/2017-reports>

All other outputs of Component 3 are available from the Project website:

<http://www.euchinasprp.eu/index.php/en/components-en/component-3-en>

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RESULT 10: The legal frameworks on

- a) formulation of unified standards for the estimation and calculation of social assistance benefits,**
- b) recognition of social assistance target groups and**
- c) identification of low-income families are consolidated.**

Topic 3.2.2 Optimization of social assistance – procedures and eligibility criteria for social assistance benefits¹

- **Reform the Classified Guarantee (*Fenlei Shibao*) and Separate the Welfare Binding**
 - **Perfect the Calculation System on Household Income and Assets**
 - Establish the Calculation Index of Household Income for Rural Social Assistance Applicant
 - Perfect the Asset Standard and Reduce the Subjective Factors in Asset Checking
 - **Reform the Targeting Method of Social Assistance**
 - Accelerate the Construction of Information Checking System for Household Economy Condition
 - Increase the Publicity of Social Assistance Policy to reduce Undercoverage and Welfare Fraud
 - Establish a Tracking Mechanism and an Active Discovery Mechanism for Social Assistance System
 - **Improve the Administrative Procedure of Social Assistance**
 - Standardize the Administrative Procedure of Social Assistance
 - Reform the Democratic Discussion in Means Test
 - **Strengthen the Construction of Grass-roots Staff**
 - **Explore the Government's Purchase of Social Assistance Services**
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- **Connect/compare Dibao level with an unique poverty line or minimum age, or minimum pension and compensate accordingly**
 - **Spending a bigger amount from GDP for social assistance, especially for Dibao**
 - **Attract investments from private sector, or/and civil society and introducing CSR policy rules**
 - **Simplifying and developing a more comprehensive DIBAO, including the other related benefits**
 - **Reforming DIBAO as an UNIVERSAL and CATEGORICAL benefit**
 - **Connect/compare DIBAO level to: unique poverty line, or minimum wage, or minimum pension**
 - **Clearly centralize eligibility rules and decentralize the managing of conditionality**
 - **Perfect the asset standard and Reduce the Subjective Factors in Asset Checking**
 - a) Using the electricity consumption
 - b) Using the Asset Table for the rural areas
 - **Apply transparent simple decision-making process and appeal procedures**
 - **Establish a Tracking Mechanism and Active Discovery Mechanism (active Dibao)**
 - **Improve/perfect the Calculation System on Household Income and Assets**
 - **Implement an Information Checking System for Household Economy Condition**
 - **Establish the Calculation Index of Household Income for Rural Social Assistance Applicant**
 - **Connection with active labor market policies**
 - Bonuses or variable threshold for working beneficiaries
 - Limits in time for workable beneficiaries: this condition will discourage the dependency of social assistance
 - Strong commitments related to work
 - 'pay back' welfare approach (voluntary work in community)
 - **Process Management on delivery**

¹ Excerpt from Yao Jianping, Professor, report, December 2017 & Lacramioara Corches, EU-China SPRP expert, report December 2017.

According to the assessments report the policy recommendations for Chinese optimization of social assistance – procedures and eligibility criteria for social assistance benefits have been defined as follows:

■ **Reform the Classified Guarantee (*Fenlei Shibao*) and Separate the Welfare Binding**

The nature of classified guarantee is to add welfare on Dibao program. The special assistance programs bind with Dibao will also greatly increase the real benefit and force Dibao program become a comprehensive welfare system. Classified guarantee and welfare banding will easily led to welfare dependency. The way of reform is construct and perfect relative welfare program, and separate the welfare part from Dibao program. For example, expand the allowance coverage for children in difficult and build the family allowance for all children gradually, perfect the living subsidy program and nursing subsidy program for the disabled people, construct the pension system for poor elderly etc.

■ **Perfect the Calculation System on Household Income and Assets**

■ **Establish the Calculation Index of Household Income for Rural Social Assistance Applicant**

The income source of peasant is complex and the translation of agriculture income is difficult nowadays. Therefore, it is needed to set up a set of index system to identify and calculate farmer's income. First, select the key contents which can reflect household income level into the calculation index system. According to this principle, wage, agriculture income, income from animal husbandry and aquaculture, house rent, land transfer income should be focus on and evaluation. Second, the calculation and evaluation method are required. It is needed to use the mean income of county/district and labor force coefficient as the calculation base to transfer the income level of applicant family. The labour coefficient setting should base on labor ability of family members.

■ **Perfect the Asset Standard and Reduce the Subjective Factors in Asset Checking**

The local staff has to rely on subjective judgment on the applicant's household assets in some occasions. Therefore, it is needed to establish a quantified asset standard. In the process of assets standard setting, an assets range or list should be find out and then determine the amount which could hold by the applicant. Two issues should be pay attention in this process. First, assets list should be localized because there are obvious differences in social and economic development level in different region. Second, it is reasonable that allow the applicant holds a certain amount of assets for make basic living or production for the goal of social assistance is to maintain basic living.

■ **Reform the Targeting Method of Social Assistance**

■ **Accelerate the Construction of Information Checking System for Household Economy Condition**

The undeveloped area (especially rural areas) are still depend on the traditional method, while the developed area mainly use the information checking technology in the process of means test. It is obvious that information checking is more efficient than traditional method. Therefore, it is urgently needed to expand the system to all over the country. However, the new technology has its own shortcomings, such as cannot find out cash, cannot transfer asset into monetary income etc. For these reasons, the traditional method of means test will remain important in social assistance targeting at the same time.

■ **Increase the Publicity of Social Assistance Policy to reduce Undercoverage and Welfare Fraud**

An important reason of undercoverage is the low-income people do not know the social assistance policy enough. Therefore, it is needed to strengthen the propaganda of social assistance policy according to actual situation by various ways in order to increase the coverage rate of the system. At the same time, it is also needed to enhance the education to the applicant on legal responsibility and knowledge of welfare fraud in order to decrease the targeting error from the original source.

■ Establish a Tracking Mechanism and an Active Discovery Mechanism for Social Assistance System

Some people who are eligible did not apply social assistance in practice. In order to reduce this phenomenon, two mechanisms are needed to establish. First is the tracking mechanism. A huge amount of data on low income household will be accumulated as the establishment of information checking system. For the purpose of poverty preventing, the government could use this data source to track and monitor the living condition of household in poverty, especially the family with disability member, serious diseases member or with major accident. The second is active discovery mechanism. It is necessary to build a network (for example, wechat network or QQ network) which including social caring people, volunteer, staff from civil affair department and education department, staff from Federation of Disabled Persons and the Women's Federation, etc. The potential objects of social assistance may be find out by these networks and reduce uncoverage of social assistance system.

■ Improve the Administrative Procedure of Social Assistance**■ Standardize the Administrative Procedure of Social Assistance**

It is needed to optimize the administrative procedure of social assistance because the procedure is not only complicated but also time-consuming, and easily make a mistake at any link. There are three aspects are needed to be enhanced. First, the documents on household economy condition should be strictly make check on. It is needed to reform an accountability mechanism according to the rule that “Who gives proof and who takes the responsibility”, and give responding punishments for individual or organization provide false information or supporting materials for the applicant. Second is to regulate reasonable home visit times. For example, the household with labour force could visit quarterly, and the household without labour force could visit one-time half a year. The third is set up a reconsideration system for social assistance. The applicant should be allowed to apply for reconsideration after receiving the negative result in a certain period of time. In the process of reconsideration, the county level management department can investigation directly or ask the street office/township level department to reinvestigation and send the result again for the purpose of guarantee the applicant’s legal rights.

■ Reform the Democratic Discussion in Means Test

Democratic discussion is good for public scrutiny. It can not only reduce black box operation in the administrative procedure but also solve the difficulty of income and asset identification to certain distance. However, democratic discussion also has some problems. For example, the result of democratic discussion greatly influences by the applicant’s relationship. The result of democratic discussion may replace the result of means test if the grass root level over rely on it. So it is suggested that the facts of household economy condition of applicant should be obtained through social assistance agency in urban areas, and the democratic discussion should be abolished in near future if possible. While the democratic discussion could be lasted for a long time in rural areas because the economy condition of peasant is far complicated than urban citizens. For this reason, the democratic discussion in rural area should be further improved and play its positive role.

■ Strengthen the Construction of Grass-roots Staff

The staff on social assistance in street or township level is not enough, and difficult to carry out the work of social assistance very well. Therefore, the social assistance at grass root level should be provided with enough staff or positions for better implementation of the policy. It is needed to build professional social assistance agency at street or township level if possible, and this agency is only in charge of social assistance management and service work. For those street or town without professional social assistance agency, the government could hire temporary employees to solve problem of lacking staff. At the same time, professional skill training should be proved to the grass root level staff for the purpose of enhancing their profession skill.

■ Explore the Government's Purchase of Social Assistance Services

The problem of shortage of civil affairs staff at grass root level would remain in a long time. The main way out of this problem is government's purchase social assistance service. Social organization could carry out some social assistance work by government purchase, and push more fair social assistance policy implication. Moreover, social organization can meet the individualized service demand better than the government with the development of society. As the third department, social organization are more professional than government in service provision and less personal relations (Guanxi), this will more easily get the trust and recognition from the service objects in the process of social assistance service provision.

Considering the EU experiences following recommendation have been proposed for optimization of social assistance – procedures and eligibility criteria for social assistance benefits in China:

■ **Adequacy - low adequacy → a limited impact of mis on poverty reduction.**

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

- ❑ Connect/compare Dibao level with an unique poverty line or minimum age, or minimum pension and compensate accordingly
- ❑ Spending a bigger amount from GDP for social assistance, especially for Dibao
- ❑ Attract investments from private sector, or/and civil society and introducing CSR2 policy rules

■ **Coverage - Low Coverage → Unfair Situation Urban Area/Rural Area**

Possible solutions and policy recommendations are:

- ❑ simplifying and developing a more comprehensive DIBAO, including the other related benefits
- ❑ Reforming DIBAO as an UNIVERSAL and CATEGORICAL benefit at the same time (including special rights for specific vulnerable groups)
- ❑ Connect/compare DIBAO level to: unique poverty line, or minimum wage, or minimum pension
- ❑ Clearly centralize eligibility rules and decentralize the managing of conditionality, which often needs to be addressed considering case-by-case situations

■ **Targeting - Targeting ↔ Eligibility Criteria**

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

In order to improve them it is recommended:

- ❑ **Perfect the asset standard and Reduce the Subjective Factors in Asset Checking**

a) Using the electricity consumption

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

b) Using the Asset Table for the rural areas

- **Apply transparent simple decision-making process and appeal procedures**
- **Establish a Tracking Mechanism and Active Discovery Mechanism (active Dibao)**

² CSR= corporate social responsibility

- **Improve/perfect the Calculation System on Household Income and Assets**
- **Implement an Information Checking System for Household Economy Condition**
- **Establish the Calculation Index of Household Income for Rural Social Assistance Applicant**

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Analyzing the Employment rates on agriculture, some may notice that there is a very low proportion both of males and females working in agriculture as percentage of male/female employment rate: Therefore, another solution for improving targeting in rural areas might come by fixing a conditionality of work in Agriculture: a certain number of working-hours or working-days, proportionally with the amount received as DIBAO. As general action direction, it is important the establishment and the development of rural companies, specialized on the local specificities, absorbing the local workforce and with role in CSR.

- **Connection with active labor market policies**

According to the analysis performed, China has a very high and steady employment rate, including youth employment. What may be suggested as policy recommendation is a time constraint (Dibao to be granted for not more than 3 years in a lifetime, for a person able to work.

Other policy recommendations:

- **Bonuses or variable threshold for working beneficiaries:** for the beneficiaries with jobs, the threshold might be increased either with a fixed amount, or with a percentage of the monthly salary (50% or less), in order not to penalize the working availability of the beneficiary. This constitutes an incentive to work, which really encourages MIS beneficiaries to go back to work or to be interested to find a job.
- **Limits in time for workable beneficiaries:** this condition will discourage the dependency of social assistance.
- **Strong commitments related to work.**
- **'Pay back' welfare approach (voluntary work in community).**
- **Process Management on delivery**

3.2.3 Coordination of overall social assistance resources³

- **Basic principles of strengthening assistance resources' coordination**
 - coordination of equity and efficiency
 - coordination of government, society and market
 - coordination of urban-rural areas and different regions
- **Strengthening assistance resources' coordination**
 - Object of various kinds of assistance programs should be regulated and welfare binding should be avoided
 - Existing special assistance should be strengthened and other services assistance should be introduced
 - Investment on social assistance should be increased and the relationship between social assistance administrative power and fiscal expenditure should be rationalized
 - Inter-departmental cooperation and assistance capabilities across departments should be enhanced
 - Professional service agencies should be established and existing delivery way should be changed
 - Information sharing should be strengthened and informatization construction of social assistance should be promoted

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- **Coordination at the national level**
 - A commission with all the government departments which could contribute to the fight against exclusion
 - Another commission could associate the same partners with the other stakeholders, local authorities and national NGO.
- **Implementing a national frame intended to measure the outcomes while respecting local management**
- **Local planning**
- **Streamlining the benefits system**
- **Middle term recommendations**
 - Anticipating the need of trained workforce which will be needed in the future for coordination and the increase of services in the field of social assistance.
 - Defining the regulations in regard of quality for social assistance.

³ Excerpt from Zhang Haomiao report, Associate Professor, December 2017 & Jean-Yves Hocquet, EU-China SPRP expert report, December 2017.

According to the assessments report the policy recommendations on Coordination of overall social assistance resources have been defined as follows:

- **Basic principles of strengthening assistance resources' coordination**
 - coordination of equity and efficiency.

Equity is the basic goal of social assistance system, and it is the embodiment of the nature of this system. The evaluation of an objective measure of social assistance is whether this system can guarantee the basic life of the poor and disadvantaged groups and help to create the conditions of getting rid of poverty. Social assistance is the most direct system for coping with poverty. It reduces the inequality of social members' development results by income redistribution. It is because social assistance has the function of safeguarding social equity that it becomes the basic rights and interests of all countries and attracts great attention from governments and all sectors of society. But at the same time, in the management and implementation of social assistance, it is necessary to strive to improve its efficiency, such as specialization of organization and staff, informatization in management and verification, construction of coordination mechanism, etc. The above will make social assistance play a bigger, better function and effect. With the establishment of social assistance programs and related mechanisms, social assistance not only guarantees the basic life, but also considers the poor and disadvantaged groups of housing, health care, the demand of education, employment, etc, and provides appropriate assistance, which helps to anti-social exclusion and promote social integration. The equity of social assistance is improving, but the uncoordination of assistance resources leads to the welfare binding issue and department coordination communication problems. It still has a large development space for improving the efficiency of management and operation. Inter-departmental cooperation theory reveals the importance of inter-departmental coordination for improving the efficiency. Therefore, in the process of further coordinating social assistance resources, we should focus on improving efficiency based on the adherence to equity orientation, and strive to achieve the integration of equity and efficiency.

- **Coordination of government, society and market**

The theory of welfare pluralism shows that welfare in society cannot be depended on government alone, but should be provided by government, society (including family) and market altogether. For social assistance, although governments bear the primary responsibility, but it doesn't reject social and market forces, but should fully mobilize and use all kinds of resources in the market and society as a complement of governmental resources, and the resources from market and society should reasonably coordinate with resources from government. Government-led social assistance is the inherent requirement of it as public goods, is also an important source of modern government legitimacy, but also the embodiment of the government performing public responsibilities. The leading responsibility of government in social assistance mainly includes the legislation promotion, financial support and management, but the government is not omnipotent.

- **Coordination of urban-rural areas and different regions**

With the economic and social transformation, and the profound adjustment of interest structure, China is in a critical stage of reform, development and conflict. People's living standards have reached a relatively comfortable standard, but the gap between urban and rural areas and between regions has not been fundamentally reversed. Urban and rural poor and low-income population still has a considerable number, and it urgently needs to further coordinate overall assistance, in order to make it play the role of guaranteeing the living of the poor and low-income people and narrowing the gap between urban and rural and regional disparity. In a society, adopting different poverty lines in different regions or among different population groups tends to split the relation between them in

an ideological sense, it is also easy to produce misleading, that poverty is the concept of an area, rather than the concept of a whole society.

■ **Policy recommendations of strengthening assistance resources' coordination**

□ **Object of various kinds of assistance programs should be regulated and welfare binding should be avoided**

It needs to regulate the objects of all kinds of assistance programs. All kinds of special assistance should be brought into the unified social assistance management system, and the object, standard, payment methods and levels as well as management should be designed uniformly in order to enhance the coordination among the programs. Meanwhile, it needs to get rid of special assistance programs' binding with Dibao. The eligibility of special assistance can be extended to the low-income group beyond Dibao recipients, or narrowed to some special families among Dibao recipients, or can be crossed with Dibao coverage. In sum, it needs to determine the objects of special assistance through demand test according to the actual situation of the family difficulties, rather than determine the objects according to whether the applicants are Dibao recipients, thus superposition effect can be avoided, and the sustainable development can be achieved.⁴

□ **Existing special assistance should be strengthened and other services assistance should be introduced**

Poverty not only means low income and difficulties in basic living, but also means being trapped in social dilemma. In China's social assistance system, Dibao can deal with the problem of no or low income, special assistance such as medical aid, housing aid, education aid and employment aid can deal with social dilemma. Therefore, on one hand the design of special assistance should be optimized and benefit level should be increased. At present, special assistance programs including medical aid, housing aid, education aid and employment aid are still imperfect, and benefit level is too low to meet the actual needs of the poor families. It needs to improve and optimize the existing special assistance, moderately improve the benefit level and strengthen the contact with employment promotion, so as to paly the speical assistnce's role of dealing with social dilemma. On the other hand, other services assistance should be introduced to meet the various needs of the disadvantaged people. At present, besides the needs for cash assistance, recipients also have demands for service assistance, in addition to the needs for "instrumental" assistance way, the recipients also have demands for "emotional" assistance way, the diversification of needs reflects that the recipients claim of their rights, and they put forward their demand more and more from the perspective of maintaining their rights and interests. Therefore, the establishment of assistance programs should consider the diversified needs of the recipients and provide variuos kinds of service assistance. Based on the existing service assistance programs, social assistance service should also give priority to the following programs: rehabilitation and nursing assistance, care and custodial assistance, psychological assistance and so on (see table 1). These service assistance programs can be used to explore and accumulate experience in a local pilot, and the programs that are widely available, easy to assess and controllable in quality should be gradually fixed to become policies. In addition, it needs to take measures to strengthen the coordination between social assistance and social insurance, poverty alleviation and development and social welfare, so as to reduce the recipients' vulnerability through providning insurance treatment, development and welfare support services.

□ **investment on social assistance should be increased and the relationship between social assistance administrative power and fiscal expenditure should be rationalized**

Compared with foreign countries, there is a gap in the spending on social assistance and the total expenditure on Dibao. The proportion of China's fiscal spending on social assistance to that

⁴ Guan, X. Study on Urban Dibao in China, Mi, Y.(eds.)Social assistance and poverty governance, China Society Press,2012,pp3-19.

on social security, and the proportion of social assistance expenditure to GDP is obviously low. Therefore, in terms of funding, financial support responsibilities of governments at all levels should be further defined, social assistance expenditure scale should be adjusted, and the benefit level should be increased gradually, meanwhile, it needs to actively mobilize social and market forces to raise funds, as a complement to the government finances. When increasing the investment on social assistance, the social assistance administrative power and expenditure responsibilities of the central and local governments should be clearly defined. Regulation on responsibilities of different levels of governments is not clear in Social Assistance Interim Measures issued in 2014. There is also lack of clear delineation of fiscal expenditure responsibilities. For this, the system of local responsibility, territorial management and multi-level financial burden should be further clarified, and administrative responsibilities and financial responsibilities should be unified. On the basis of clarifying basic management system, the government levels deciding assistance standards should be raised and the main financial spending responsibility of provincial government should be highlighted. Transfer payment from central government for Dibao and medical aid should be integrated, and unified social assistance transfer payment project from central government should be established. Within the overall social assistance system, fund should be allowed to be moved among different assistance programs, and funds also should be tilted into rural areas and poor areas in the central and western parts of the country. Fiscal expenditure structure should be optimized, and expenditure on medical aid, education aid, housing aid, and temporary assistance should be increased. Financial fund should give priority to key livelihood issues which demand urgent solutions.

□ inter-departmental cooperation and assistance capabilities across departments should be enhanced

Social assistance is complex and managed by different government departments, so coordination and cooperation between departments is crucial. Social assistance management should adhere to moderate centralized management principle which means civil affairs departments should be in charge and other related departments be cooperative. That is to say, civil affairs department as the department in charge is fully responsible for the management of the various social assistance affairs, departments of education, urban and rural housing construction, judicial, human resources and social security should be cooperative in the social assistance implementation and bear their responsibilities. This requires that special assistance programs which are scattered in various departments should be gradually unified into the department in charge so as to play the cooperative capability.

□ professional service agencies should be established and existing delivery way should be changed

It is necessary to establish professional service agencies according to the guiding principle of separation of management and operation. It can be considered to establish professional social assistance agencies in the central and provincial level, these agencies are responsible for guiding social assistance agencies at lower level. Then it needs to set up the offices in streets and townships to undertake social assistance operations. Post setting in professional agencies can be determined according to a certain proportion of recipients and staff members. Setting up social relief agencies, and integration of social assistance managed by civil affairs departments and special assistance such as medical aid and housing aid managed by other departments can make the grass-roots decentralized social assistance work be together and make objects of social assistance integrate into unified social assistance management system, which is beneficial to optimal allocation of resources, overall effectiveness and coordination among programs, so as to achieve comprehensive and integration of grassroots social assistance work.⁵ In addition, EU

⁵ Zheng, G. & Yang, L. Reform and development of China's social assistance: from subsistence assistance to comprehensive assistance, Zheng, G. (eds.) China's social security reform and development strategy (social assistance and social welfare), People's Publishing House, 2011, pp21-22.

experience shows that one-stop service is an effective way to improve the efficiency and effectiveness of assistance coordination, therefore, mechanisms of "one department accepts applications and other departments coordinate to handle" should be improved in order to avoid repetition and omission, facilitating applicants, reducing costs and enhancing efficiency. Social assistance resources delivery system is divided into the government organizations and non-governmental organizations (NGO or social organization). Government organizations are the main channels of social assistance work, no other organizations can substitute, but NGOs, including community network and related social workers are also necessary and effective. Civil affairs department should change the delivery way from "providing whatever they have" to "trying to provide whatever the poor need", so as to form targeted and comprehensive "assistance package".

□ information sharing should be strengthened and informatization construction of social assistance should be promoted

The 21st century is the age of big data, improvement of social assistance operation needs support of the data, and to realize the coordination of all kinds of resources in various departments, information sharing is the key. On one hand, departments of civil affairs, human resources and social security, urban and rural housing construction, industry and commerce need to unite, information linkage between departments should be realized through signing information sharing agreement. It can not only improve the informatization construction but also can enhance efficiency and accuracy of object recognition, In addition, scientificness of decision making can be improved through large data analysis. On the other hand, the information barriers among the civil affairs department, the anti-poverty department and the charity organizations should be broken. Docking mechanism for supply and demand should be established. Anti-poverty department or civil affairs department should make the recipients' demands known to the public in time according to authorization. Charity organizations can get the related demand information through information sharing, so as to avoid blindness and disorder. Besides, informationization of social assistance agencies at all levels should be promoted, and the informationization and convenience of management and service of social assistance should be realized in order to display the fundamental role of improving administrative efficiency and public service level. In the process of informatization construction, relevant departments should organize social assistance staff to receive regular training, establish and implement a licensing system, gradually improve the professional ability of social assistance workers, and pay attention to the informatization construction in rural and undeveloped areas so as to avoid the information gap.

Considering the EU experiences following recommendation have been proposed for Coordination of overall social assistance resources in China:

■ Coordination at the national level

Since MoCA was acknowledged as the pivot contributor to social assistance policy it enjoys a political basis. It would be possible to design two institutions whose secretary could be managed by MoCA:

- A commission with all the government departments which could contribute to the fight against exclusion. This commission will have to examine all the projects which could contribute to a better inclusion (schooling, housing ...) beside the actions directly managed by MoCA;
- Another commission could associate the same partners with the other stakeholders, local authorities and national NGO.

Both commissions could be associated to the preparation of a document about the implementation of the 5-year plan. MoCA would complete thus its legitimacy by piloting the work of these two bodies.

At the local level it would be interesting to devise a local application of the national plan. The joint conferences even if they don't have reached the expected achievements could be the basis of this collaboration.

■ **Implementing a national frame intended to measure the outcomes while respecting local management**

Since the responsibility of Moca has two dimensions, one of direct management of the various benefits under its direct responsibility and one of coordination of programs which are under the responsibility of other ministers it is important to design a general frame. This budgetary frame will include all the spending related to social assistance by MoCA and by the other ministers. This synthesis of the global budgetary effort could be completed with targets and indicators to allow a global piloting by MoCA and to assess whether the achievements are really in a virtuous circle the good path.

■ **Local planning**

At the level adequate with the Chinese size, this planning which could be jointly realized by the different administrative partners who could be interested in the implementation of social assistance under the coordination of MoCA. The work could be based on the outputs of local commissions.

Local planification is a way to develop soft power in the implementation of social assistance. There is a clear added value in the investment in local coordination in a very simple sense. As said before most of the local actors are not prone to speak with other organizations although the individual needs will be more and more satisfied by the picking of services of all kind of local services. So, a good and mutual knowledge of all the resources which are available at the local level is a major challenge. Secondly the shared experience at local level could give MoCA the base for relaying general concerns to the policymakers. In a very interesting report from the general inspectorate for social affairs and the general inspectorate for finances on social policies it was recorded that social policies managed by local authorities in the field of disability were more in convergence than the ones directly managed by the State. Comparison, exchanges of good practices seem to be a better way of implementation of social policy than top down management. MoCA could be the professional go-between and complete its legitimacy by speeding the circulation of local information and results on a national dimension.

■ **Sreamlining the benefits system**

The HCFi-PS, French High Council for the Funding of Social Protection) explores several scenarios transferring social security contributions from “universal” branches (such as the family branch) to “contributory” branches (the old age branch) and, conversely, the financing of “universal” branches through taxation. The objective is to reserve social security contributions to principally contributory schemes. The scenarios which were put forward all have technical difficulties, although they don't appear to be overwhelming. MoCA should invest in the forecast of the social landscape and especially in the split between social assistance and social security.

■ **Middle term recommendations**

As said in the report of Professor Zhang Haomiao the field of social assistance will change a lot in the future. The scope of services will go beyond benefits to secure a minimum income to benefits in cash, benefits in kind or services dedicated to the fight against exclusion. MoCA could exercise its role of coordination by coordinating the forecast on the needs of the Chinese population and the services which would be required even if the implementation would not be immediate, but it is a way to play the role of leader in social policy:

- **Anticipating the need of trained workforce** which will be needed in the future for coordination and the increase of services in the field of social assistance. Human

resources will play a major role. The definition of the various curricula is an important question. Common references among the institutions and people in charge of social assistance should lead to a better understanding and a better cooperation;

- **Defining the regulations in regard of quality for social assistance.** Besides regulations and the administrative framework, the definition of recommendations could be very potent tool of coordination. Based on good practices collected from the provinces, even noncompulsory it is a good way to reach the convergence of the various actors.

Even if it is wishful to streamline the system of social assistance (benefits, organization...), to improve the local management (information, accompanying...) under one administration, the multidimensional aspect of poverty implies the mobilization of various public authorities. As the acknowledged body in charge of coordination of social assistance MoCA would extend its role beyond its administrative perimeter more by soft law than by classical administrative management. It means that beyond the management of benefits MoCA invests in very sensitive fields: forecasts of the needs; training of the human resources; evaluation.

3.2.4 Fraud in social assistance: identification, coping strategy and prevention⁶

- Improving legal system of social assistance to prevent fraud
- Establishing social assistance precise targeting mechanism
 - Improving social assistance identification mechanism
 - Establishing a demand associated identification mechanism of social assistance
 - Establishing a social assistance information and comprehensive service platform
- Improving supervision mechanism of social assistance beneficiary
 - Establishing work promotion and benefit withdraw mechanism for beneficiaries
 - Establishing beneficiary supervision system
- Improving social assistance punishment system
- Improving local social assistance capacity building and service
 - Make clear the responsibility of social assistance among related authorities
 - Prevent the moral hazard related to social assistance management staff
 - Improve the ability of social assistance management staffs
 - Improve the information management of social assistance
- Encourage social organization take part in the prevention of social assistance fraud
 - Lower the barrier for social organization to take part in social assistance service
 - Encourage social organization participate in social assistance service by government purchase

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- Social assistance law should be further developed
- The law should aim to integrate the different social assistance measures that currently appear to be fragmented
- Income and assets assessments for Dibao proceeding should make use of available data
- Base Dibao criteria fully on a law provisions stating selection criteria and use democratic discussion for the final assessment of lists produced through computed assessment of cases
- Setting clear fraud detection procedures and offering staff incentives for fraud detection

⁶ Excerpt from Lin Yi report, Professor, December 2017 & Katharina Hackstein, EU-China SPRP expert report, December 2017.

According to the assessments report the policy recommendations for Fraud in social assistance: identification, coping strategy and prevention have been defined as follows:

■ **Improve the legal system of social assistance to prevent fraud**

As the first administrative regulation about social assistance system since the founding of New China, “Interim Measures” builds a legal framework of social assistance system. However, it also fails for providing effective legal system on social assistance. For example, the legislation level is low compared with other laws. According to the policy, legal liability contains two aspects: On one hand, the punishment to illegal acts of social assistance agencies and staff; on the other hand, the punishment to illegal acts of beneficiaries. However, according to the policy, these penalties are light and hard to enforce. Therefore, it is necessary to further improve the legal system of social assistance, so as to maintain the healthy operation of the social assistance system and provide reliable legal basis for social assistance fraud prevention. Firstly, punishment level of illegal acts should be increased. Secondly, integrated set of unified national social security fraud clauses should be established. Thirdly, the legislative level of the "Interim Measures" should be improved and the cooperation with the public security system should be strengthened.

■ **Establishing social assistance precise targeting mechanism**

□ **Improving social assistance identification mechanism**

The poverty targeted by social assistance system not only includes income poverty, but also the lack of economic right, cultural right and social right. So that if we want to set up a proper identification mechanism of social assistance, it should be a comprehensive one includes various standards to identify different kinds of poverty. Sometimes both direct standards like income or assets and indirect standards should be taken. Specifically, different means like means tested , and target indicator should be important elements of identification mechanism . The traditional means tested method should always be the basis of identification mechanism, though it has high cost on information management. The target indicator method should be a good complementary of identification mechanism if the proper indexes are built. From The practice of some rural areas in China, the household electricity consumption is taken as an index to judge the poverty. With the development of statistics and analytical tools, more and more indirect indicators can be built, include the consumption records on online shops. Those indicators can achieve better and more precise identification of the living standard of social assistance applicants.

□ **Establishing a demand associated identification mechanism of social assistance**

The low effectiveness of special assistance (i.e. Assistance programs focus on specific kinds of assistance demand like medical, housing, education) might cause Dibao fraud in practice. So that establishing demand associated identification mechanism is important. To identity various demands on social assistance, a special assistance package may be an effective way. Special identification indicators linked to special assistance need like medical, housing, education should be built. the innovation mechanism is needed to accurately locate the disburse type. Suggestions for the special needs of the causes of poverty and expenditure-based poverty targeted assistance package. The causes of expenditure type poverty mainly include medical treatment, education and sudden risk. Therefore, these major rigid expenditures should be included in the system of poverty verification. We should improve the classified protection and case assistance, and provide differentiated assistance for the needs and difficulties of the disbursing poor household, so as to ensure that the relief resources are consistent with the needs of the relief in content, and to ensure that the rescue results are scientific and effective.

□ **Establishing a social assistance information and comprehensive service platform**

The social assistance information platform should be built to collect personal information from various departments include bank, stock market, tax authority, business department, housing department, social security department, etc. The information service platform can collect, restore and tracing personal information of assistance applicants or beneficiaries to achieve precise

management. The information platform should be built on different administrative levels. The information platform contains the administrative system, electronic database, decision system, financial system and social assistance management authority system. The information from those systems is exchanged and shared through the information platform. Each administrative level should build a platform to exchange and share information from different levels. The information in the platform will be the most important evidence of social assistance qualification identification, the detection of social assistance fraud.

■ **Improving the supervision mechanism of social assistance beneficiary**

The supervision mechanism is important to prevent the social assistance fraud, for it can make sure the benefit withdraw from social assistance when things getting better. Firstly, improve the employment promotion mechanism to encourage social assistance beneficiary get back to work. Secondly, establish benefit withdraw mechanism by categories of assistance. Thirdly, supervise beneficiaries by different pathways.

□ **Establishing work promotion and benefit withdraw mechanism for beneficiaries**

The work promotion mechanism is critical to social assistance system for it helps people get rid of assistance and stand on their own. The work promotion mechanism should contain transition period in accordance with income and time duration. For example, if a DiBao beneficiary receives income twice as local average income for more than 6 months, he should not receive DiBao benefit afterwards. Qualification of social assistance can be remained for a period when the beneficiary starts to work, in order to encourage him to work for he would not lose the DiBao benefit immediately. If the beneficiary become unemployed again in the qualification remained period, he can get DiBao benefit without re-application.

□ **Establishing beneficiary supervision system**

Tracing and supervision the situation of beneficiary is important to fraud prevention. For areas have the ability to establish information platform, the supervision can be achieved automatically thorough income, assets, medical, housing information from the platform. For areas, especially rural areas which are not able to establish social assistance information platform, supervision should be taken by special trained personnel with different means. Third party institutions could also be an important source of supervision, for it can provide investigation openly and secretly. Beside, making the beneficiary in more public way at every year is also a good way for supervision of beneficiary.

■ **Improving social assistance punishment system**

The discussion of the prevention of social assistance fraud is mostly focus on the identification of fraud phenomenon and does not pay much attention on the punishment of social assistance fraud. Currently there is no effective punishment mechanism on social assistance fraud. Some policies have items about how to punish social assistance fraud, but just too light to deter people who is willing to take advantage of social assistance. Sometimes even this slight punishment is not able to implement. For example, according to social assistance policies, the punishment of social assistance fraud only pays 3 times the amount of benefit, which is almost nothing, and has high incentive for people to cheat social assistance system. The problem of the low cost of social assistance is caused by the fact that this kind of fraud is not applicable to criminal law. If people who once punished by criminal law, then no matter how small the sin are, he will carry this record for all of his life, which will be quite difficult for him to live a normal life. Based on that, one effective way to make the punishment more efficient is to put the punishment under the criminal law, to apply the crime of fraud. Another effective way to punish the social assistance fraud is to build up credit system, or including the social assistance fraud into credit records. Cheating to the social assistance system to get benefit will become blemished credit history. People who cheat social assistance system will be notified around his social relationship through different means like SMs, WeChat etc., which will embarrass him quite a lot.

■ **Improving local social assistance capacity building and service**

The misconduct and abuse of power is one important origins of social assistance fraud, so that the management of social assistance should be improved, especially in local administrative level.

❑ **Make clear the responsibility of social assistance among related authorities**

Due to the governance structure of government, the responsibility related to social assistance is fragile. For example, the civil affair department is only a coordinating authority due to policy, and the responsibility of actual assistance, like the distribution of information, resources and services is separated to other authorities like health department, education department, housing department, human resource and social security department, etc. But in practice, the civil affair authority is always regarded as the management authority of social assistance, though it has no special rights to order other authorities take responsibility. According to that, the buck-passing is common in social assistance practice, so that the improvement should be taken in order to clearly the responsibility of different authorities and makes them coordinate.

❑ **Prevent the moral hazard related to social assistance management staff**

Two kinds of methods could be taken to prevent the moral hazard of social assistance management staffs. One is to make separation of power related to social assistance. The power of social assistance applicant identification, the power of censorship and the power of social assistance fund management should be separated. The decisions should be checked by upper level authorities before implement. Another kind of methods is to make the social assistance management automatically using latest technology.

❑ **Improve the ability of social assistance management staffs**

The ability of social assistance management staff has a big impact on social assistance services. Four aspects should be taken into consideration to improve the ability of management staffs. Firstly, build up effective training system to make the management staffs more effective and professional; build up turnover mechanism to retain good staffs. Secondly, improve regulation and supervision; combine different approaches including publicity, reporting, supervision, identification and managing. Thirdly, establish information platform to collect and share information among departments; establish online office system and improve information management ability. Fourthly, improve financial investment on social assistance system to recruit more professional staffs and build up better working conditions.

❑ **Improve the information management of social assistance**

Social assistance information should not only be collected, but also well managed. The information from different authorities should gather together to make good use. Firstly, information should be transferred through authorities smoothly to avoid repeated censorship. Secondly, management information should be open to public to be under the supervision from public or third party. Thirdly, information including policies, procedures should be well organized so that it can be found easily. Fourthly, establish management platform for applying social assistance benefit on line, so the applicants can find out how long the application will be checked.

■ **Encourage social organization take part in the prevention of social assistance fraud**

❑ **lower the barrier for social organization to take part in social assistance service**

Firstly, simplify the registration procedure for social organization, especially those provide special service to social assistance including supervision and identification. Secondly, support social organization by policies and funding. For example, provide tax preference to social organization which helps fight fraud, and provide funding or techniques to improve the ability of social organization. At The same time, more strict supervision for social organization should also be put on agenda, to prevent misbehavior like information leverage.

❑ **Encourage social organization participate in social assistance service by government purchase**

Social organization can provide human resources which can make compensation to government. Government purchase can be an effective way to encourage more social organization to provide service in preventing social assistance fraud. For example, we can outsource the identification of

social assistance applicants or information management to censoring institution. Rural areas can improve the accuracy and fairness of social assistance through third-party regulators. For example, farmers can report to the higher authorities through the third-party organizations to reflect the current social assistance in the existence of fraud.

Considering the EU experiences following recommendation have been proposed for monitoring and evaluation of social assistance system in China:

The German GMIS aims to enter or re-enter the employable unemployed into the labour market.

It is an integrated system, which provides a basic support based on current needs for people who require help. Based on the specificities of the household, additional support is granted. Entry conditions into the GMIS are clearly defined. The entire GMIS is based on the social law and supported by social courts.

In contrast to other countries, the agency responsible for running the German GMIS is not able to retrieve data on an applicant from other ministries such as the Ministry of Finance for tax statement. It is the responsibility of the applicant to provide this information, which is then checked by the job centre. Only when inconsistencies or doubts arise and a founded suspicion of fraud is formed, can the job centre access data from other ministries. The same is true in event of a court case. Sanctions are clearly defined. However, it should be noted that the person requiring help can always reapply – no so called “black lists” exist.

■ **Social assistance law should be further developed**

The Chinese GMIS should first and foremost finalise the social law.

■ **The law should aim to integrate the different social assistance measures that currently appear to be fragmented**

■ **Income and assets assessments for Dibao proceeding should make use of available data**

A challenge will be the verification of the estate and income of an applicant to the Chinese GMIS. In the cities, the data is available. However, in the countryside this proves much more of a challenge. The Ministry of Agriculture has established an inventory, however, the inventory has to be dynamic and the income generated from the assets will have to be established and in case of barter monetised.

■ **Base Dibao criteria fully on a law provisions stating selection criteria and use democratic discussion for the final assessment of lists produced through computed assessment of cases**

Currently the Chinese GMIS uses a pre-selection procedure, the democratic discussions. There individual cases are assessed. The assumption is that the participants know each other and their living conditions. However, in cities this is no longer the case. This bears the risk that certain individuals or groups are stigmatised and thus excluded despite their need. In addition, poverty is assessed on a relative basis relevant to the locality, meaning that in clear terms, that what is considered poor in one location might not be considered poor in another. The democratic discussion is an important instrument in the Chinese political and administrative system. It is proposed, that selection criteria based on the to be developed social assistance law are developed which allow the establishing eligibility based on the available information. This information is compiled in a list on a regular basis and submitted for democratic discussion, which would allow for excluding or including beneficiaries.

■ **Setting clear fraud detection procedures and offering staff incentives for fraud detection**

Prevention of fraud conducted by staff of the Ministry of Civil Affairs or at provincial/local level could employ setting of incentives for local managers by agreement on quotas for detection of fraud. This would assure an extra source of income for the staff. The employment of civil society organisations for detection of fraud by acting as inspectors is not recommended. It raises the concern, who will inspect the inspectors. It should also be kept in mind that at the local level, particularly in rural areas, the personnel with the required qualifications might be very hard to identify. In addition, these personnel might be locally strongly linked through family ties or other means, putting into question its true impartiality.