

The Social Assistance Reform in China:

Towards a Fair and Inclusive Social Safety Net

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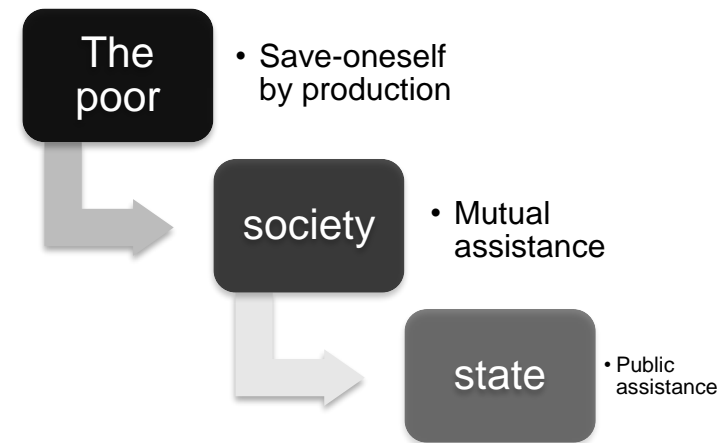


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1. Social Assistance in Planned Economic Period(1949-1980s)

- ◆ Assistance is the government's statutory duty
 - The poor should save-oneself by-production
 - Mutual assistance
 - government provide appropriate support

- ◆ Urban-rural divided social assistance
 - “state-enterprise” delivery system(urban)
 - “collective-family ” delivery system(rural)



The relationship of the poor, society and state

◆ stratification of the poor

- Two dimensions
 - Economical
 - Political
- two categories
 - The deserving
 - The undeserving

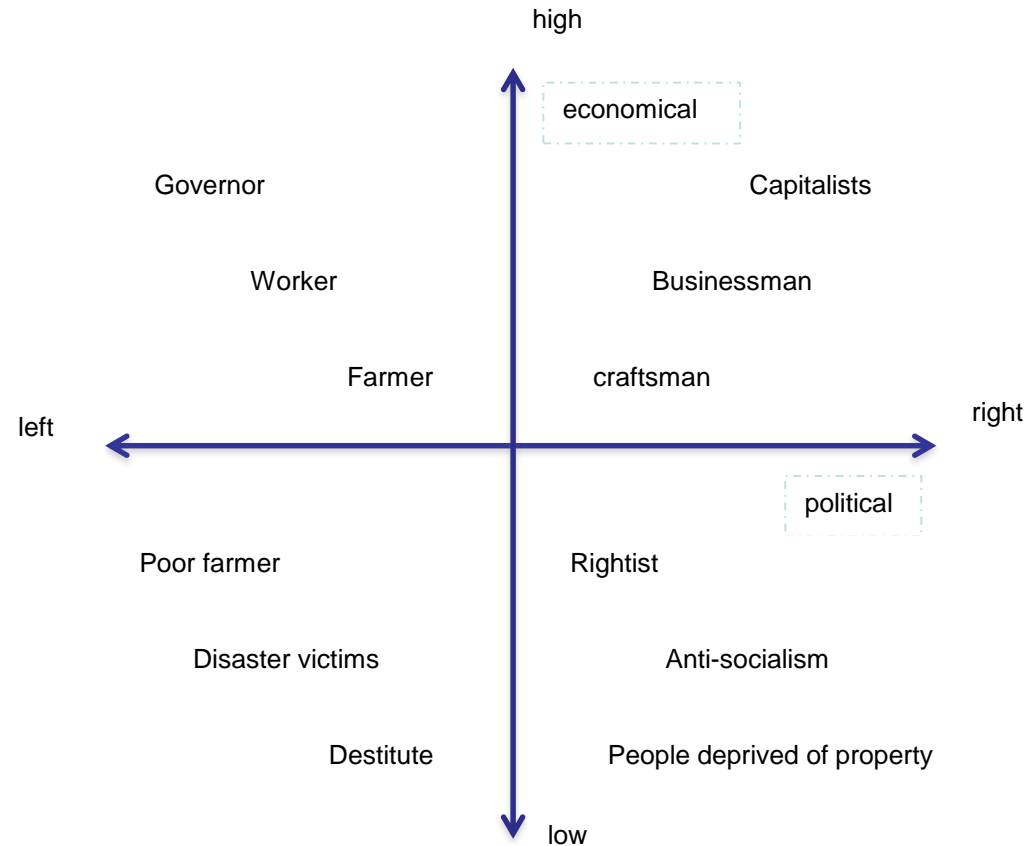
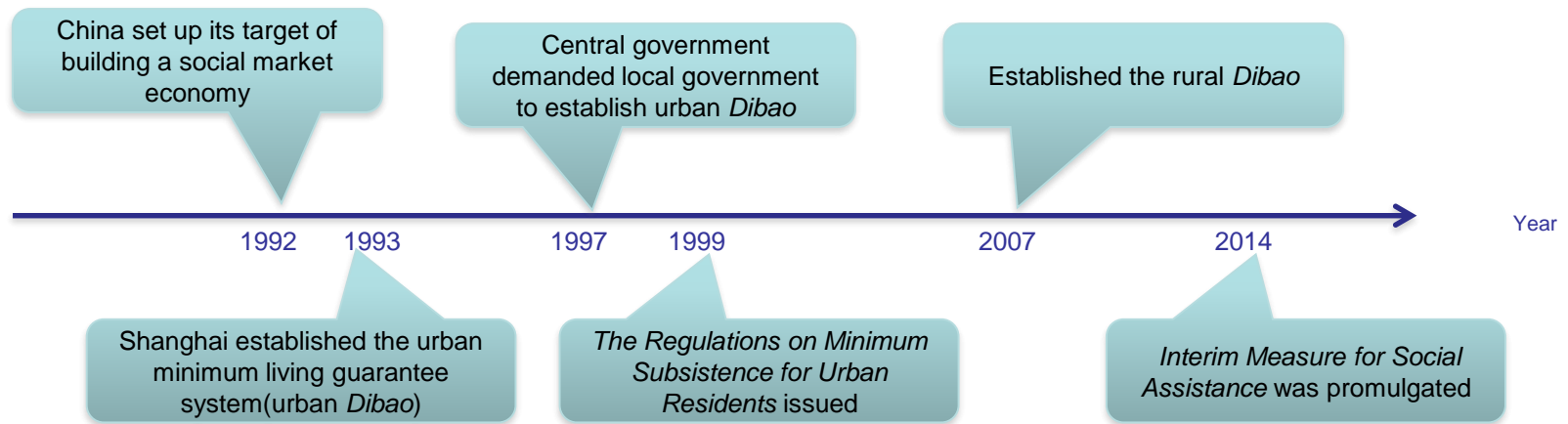


Figure: social assistance base on ideological-income in the period of planned economy

2. Social Assistance Reform Since 1990s

◆ *Dibao* Program



The development of *Dibao* since 1993

◆ *Dibao* integrates the fragmented safety net as a whole safety net

- People have right to assistance, and government have a statutory duty to provide support
- It is a means-test program, the families below the official poverty line have right to application for cash compensation
- It is a national social assistance program, but managed by local government, the gap of official poverty lines is very large

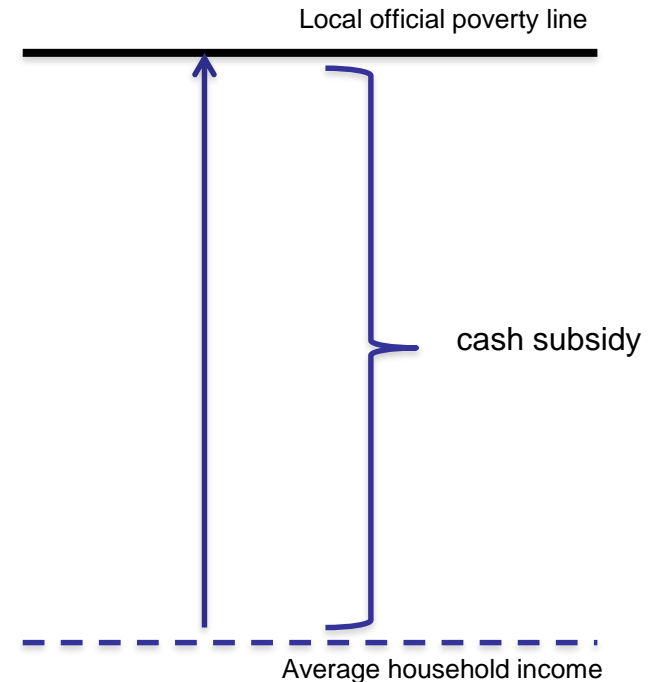


Figure: The structure of *Dibao*

◆ The number of *Dibao* beneficiaries increase fast

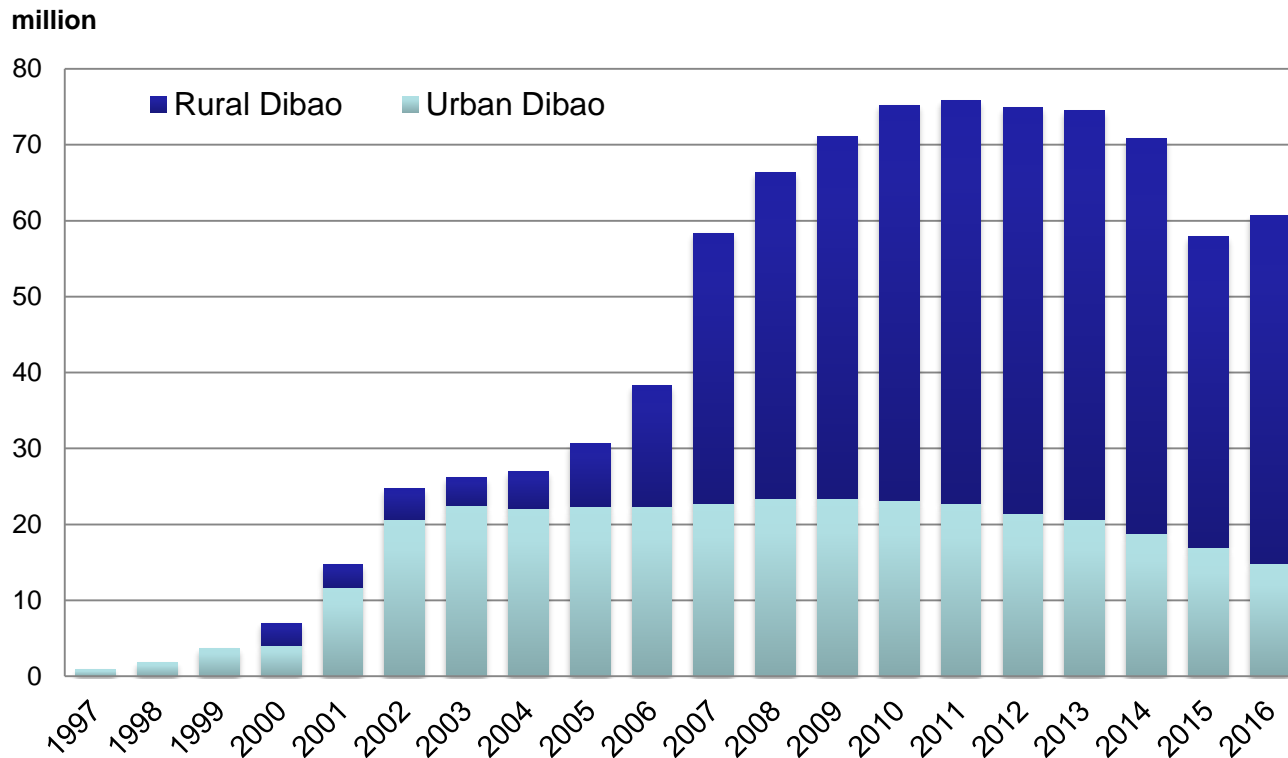


Figure: The trends of *Dibao* beneficiaries (1997-2016)

The expenditure of *Dibao* program increase rapidly

trillion yuan

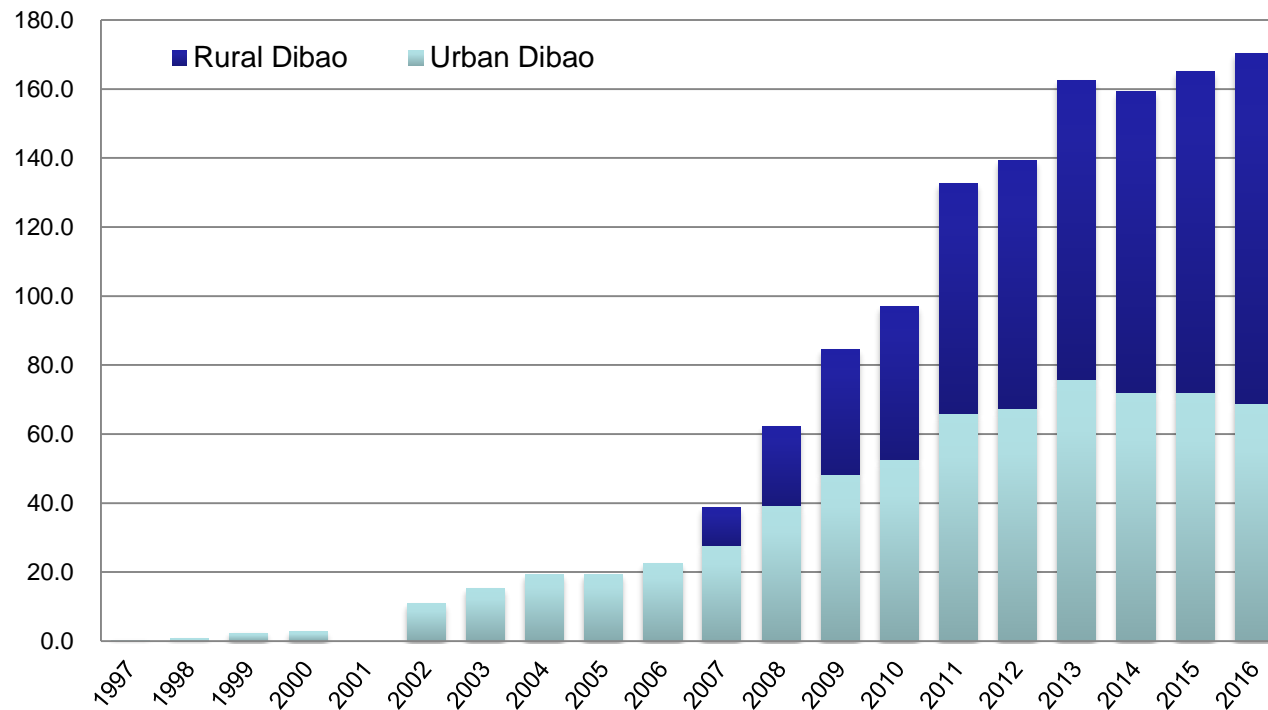


Figure: The trends of *Dibao* expenditure (1997-2016)

The standard of poverty line steady increase

yuan per month

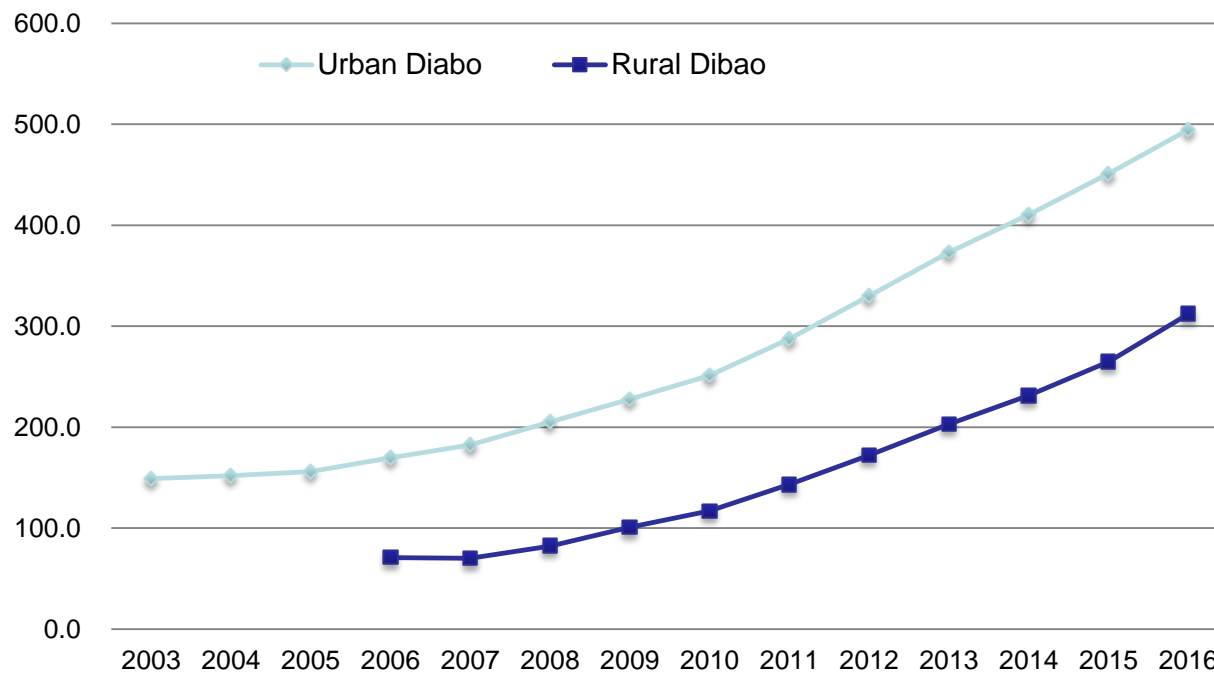


Figure: The trend of average *Dibao* poverty lines (2003-2016)

◆ In-kind Programs

- Educational Assistance
 - student grant
 - tuition waiver
- Medicaid
 - Medical expenses reduction
 - Exemption
- Housing Assistance
 - Public rental housing
 - Grant rental subsidies
 - Renovate dilapidated houses
- Temporary Assistance
 - Family
 - individual



Figure: The dilapidated house transforming
Source: <http://www.people.com.cn/>

◆ Category Assistance

- Pension
 - Basic pension (minimum pension, support by central and local government)
 - Individual account
- Needy Children Assistance
 - Basic living
 - Basic medical services
 - Basic nursing
 - Education
- Vagrants and Beggars Assistance.
 - Homeless Minors
 - Vagrants and beggars
- Disabilities assistance
 - Living subsidies
 - Nursing subsidies
 - Rehabilitation assistance for children

China social safety net

General (means-tested)		Category
Cash	In-kinds	
	Medicaid	Minimum Pension for Elderly
<i>Dibao</i>	Housing Assistance	Needy Children Assistance
	Educational Assistance	Vagrant and Beggar Assistance
	Temporary Assistance	Disability Assistance

3. Improvement of the Social Safety Net

- ◆ Deficiencies in fairness of social safety net
 - Inequality between groups
 - Inequality between regions
- ◆ Reform suggestions
 - Establish the national minimum *Dibao* poverty line
 - Reduce *Dibao* poverty lines at province level
 - Unify the urban and rural social assistance system

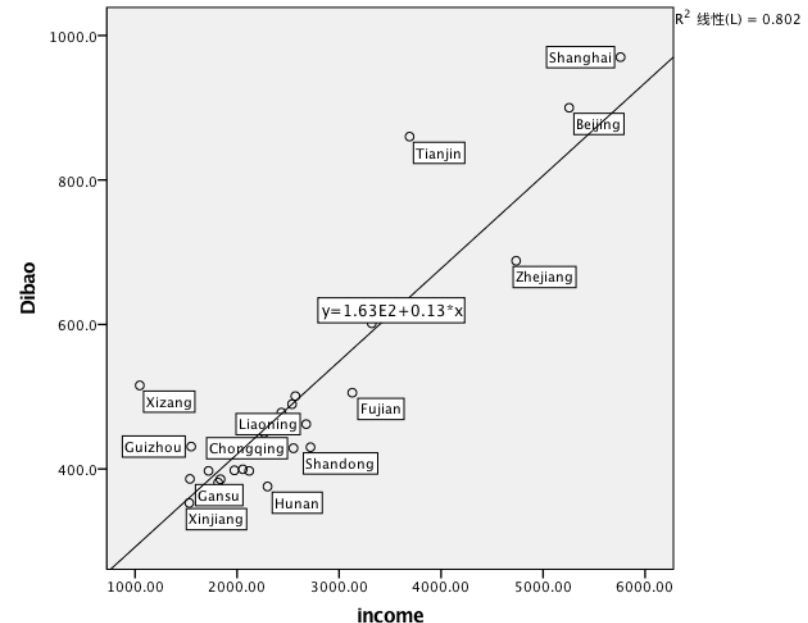


Figure: *Dibao* poverty lines and incomes in province level (first quarter of 2018)

◆ Deficiencies in inclusiveness of social safety net

- Low coverage rate
- Migrant worker and family are excluded

◆ Reform suggestions

- Raise poverty lines, and rename *Dibao* as “Basic Living Assistance”
- reform the social safety net based on *Hukou* to based on citizenship
- Inclusive migrant workers and families

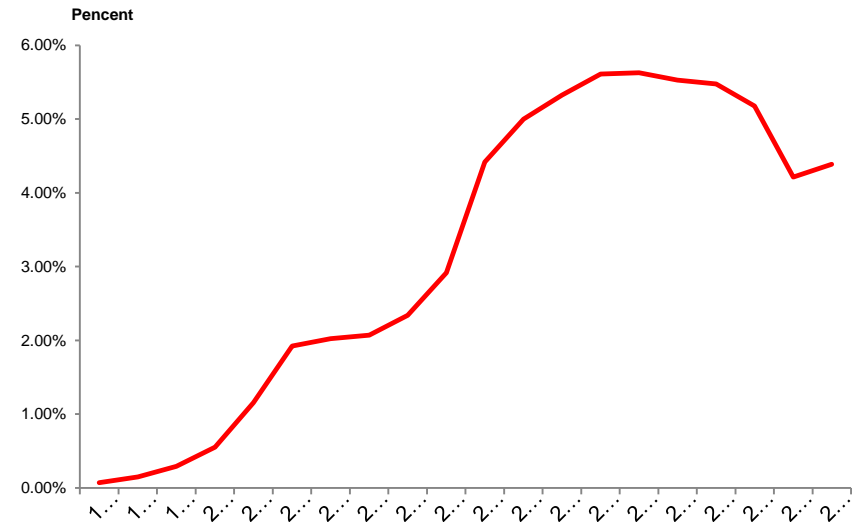


Figure : The trend of *Dibao* coverage rate (2007-2017)

◆ The Challenges to the Social Safety Net

- *Dibao* beneficiaries decreasing by poverty reduction program
- Medicaid and temporary assistance beneficiaries increasing fast
- target methods need reform

◆ The trends of reform

- Integrate the relationship between social assistance and targeted poverty alleviation
- Improve social insurance system to play a greater role in poverty prevention
- Set up a poor family database and income information verify system nationwide

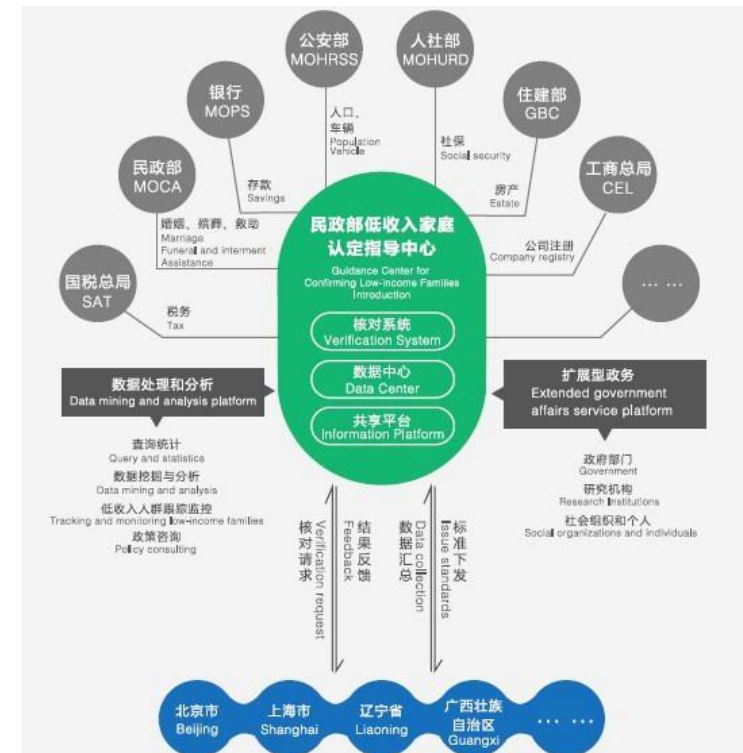


Figure: Family Income Information Verification System (FIIVS)



Thank you