Your honor vice president Keith Hansen,
Distinguished guests,
Delegates,

Good morning!
First, on behalf of the Ministry of Finance, I express our congratulations to the successful opening of the sixth South-South Exchange Forum as well as our gracious welcome to the delegates. I also want to thank governments and international organizations for their support to China’s finance and social relief. The forum is co-hosted by World Bank, Chinese Ministry of Civil Affairs, and Ministry of Finance. The forum focuses on the improvement of social relief system in urbanization. The purpose of the forum is to provide a platform for developing countries to exchange ideas on poverty elimination and social relief, as well as built up a multilateral dialogue mechanism for more effective communication. We look forward to see the forum yielding fruitful results, which will contribute to the global endeavor of poverty elimination.

Since we entered the 21st century, international organizations have been following the guidance of Millennium Development Goals (MDGs) and helped half of the poor people shake off poverty. But developing countries are still faced with development bottlenecks. Challenges like poverty elimination and economic growth still exist. As one of the strategies for poverty elimination, social relief is a matter of poor people’s right for living and development. It is a fundamental institutional arrangement measuring the social justice as social relief can help those people that are poorest or
most in need and guarantee people’s livelihood. It is for this reason that the UN Post-2015 Development Agenda focuses on poverty elimination. The agenda aims at consolidating the diverse mechanism for financing and supporting the building of social relief systems. These targets are necessary steps for promoting common development as well as the due responsibilities of the public finance.

Chinese government always stress on people’s livelihood, especially the social relief improvement. The 18th National Congress of the Chinese Communist Party required us to improve social construction. We were required to prioritize people’s livelihood and coordinating the building of urban and rural social security systems, bringing benefit to people and share people’s worry of livelihood. The recently-held Fifth Session of the Eighteenth Central Committee reiterated that we need to bring the benefit of development to the people, enhancing people’s welfare. Different levels of financial authorities have been improving their financial and tax relief policies. They have also been improving the financing mechanism, regulating the assets management, and enhancing the effectiveness of the policies. Their endeavor has now yielded fruits in the building of social relief system. I would like to take this opportunity to share with you our experience.

**First, we largely increased the funding for social relief.** To support the building of social relief system, Chinese government has been increasing the funding for it. In 2014, our national social-relief-related expenditure surpassed 600 billion yuan, accounting for 4% of the total fiscal expenditure or 1% of our GDP. In 2015, the central authority for finance set a budget of 490 billion yuan for social relief, 40 billion higher than that of last year. The sufficient financial support facilitated the building of social relief system, improving people’s life quality and development environment. The people, in particular the poor people, shared the fruit of development. Currently, the number of people who reach the condition for the minimum living security is maintained at 67 million. During the 12th five-year plan, the reliefs provided to people under the minimum living standard were increased by
13% and 19% respectively in urban and rural areas. We have thus achieved the target of “10% annual growth rate” required by the plan. We have provided support to education, an institutional guarantee for poor students to finish their school. Our affordable housing project helped thousands of households realize their dream for a “place to live”. This project also drove the consumption and employment, promoting the economic growth.

**Second, we gradually improved our social relief system.** In 2014, the State Council adopted the *Provisional Procedures for Social Relief*. We have built up an “8+1” social relief framework. “8” refers to minimum living security, the assistance to the poorest people, disaster relief, medical aid, educational support, housing support, employment support, and temporary assistance, which are the main bodies of the system. “1” refers to private sector, which serves as a supplement to the main body. The financial authorities was deeply engaged in the making of social relief policies, creating a dynamic mechanism for making and adjusting the standard of minimum living security; coordinating the urban and rural system for minimum living security; building up a link between the social relief and security standard and the pricing system; making supportive policies for people in extreme poverty; improve the mechanisms for evaluation of damage caused by natural disaster, standard of relief, and performance evaluation of disaster relief; promoting the integration of medical aid financing into the medical aid system; improving the policy system for poor students; providing employment support for the able bodied people from the households enjoying the minimum living security; clarifying the housing support policy; implementing a comprehensive temporary assistance system; carrying out the piloting projects for “helping those most in need”.

**Third, we intensified the regulation of assets management.** While increasing the financial support, Chinese government also improved the assets management and the performance evaluation mechanism so that the financial assets can be used more effectively and the relief policies can bring more benefit to people. On the one hand,
we improved the assets management system and made prompt modifications to the management procedures for the relief funding. We also rationalize the allocation of the funding, specified the scope of the expenditure, and adjusted the standards for relief. On the other hand, we have promoted the effective use of the funding. The central government will evaluate the performance of provincial government in the affordable housing project and other projects. The evaluation results will be a reference for financial appropriation. Under the support of growing supervision and improving policies, the social relief is getting more and more regulated, and is keeping up with socio-economic development, laying a solid foundation for comprehensively building a moderately prosperous society.

Fourth, we encouraged the participation of private sector. In recent years, Chinese social relief system is developing fast. The forms of social relief are becoming diversified. More and more people are getting help from the social relief. The performance of social relief is getting better. Under such circumstance, we must draw strength from none-governmental forces to meet the needs of poor people and the expansion of social relief. To encourage the private sector to participate in the social relief, Chinese government endeavored to improve fiscal and tax relief policy and innovated on capital management model. With the help of fiscal subsidy, tax relief, and fees reduction, the government provided policy guiding the development of charity and facilitating the private sector to provide social relief. In particular, levels of financial authorities and related departments had implemented the tax relief policies and reduced the taxation for social forces, which provided social relief according to policies and regulations. Recently, the State Council has abolished the deduction eligibility censoring, a none-administrative approval procedure for welfare donation. The financial authorities will accordingly streamline the procedure for public donation, encouraging the social forces to increase their benevolence to social relief.

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Reviewing our achievements, we must clearly see that, as the economy is entering a new normality and the urbanization is accelerating, Chinese social relief is still faced with challenges. On the economic front, Chinese economy has been faced with downward pressure since this year. Our economy is still in a structural transformation. Our domestic demand is growing at a lower speed. The decreasing external demand also has negative influence on our economy. China’s economic growth sees a transition from 10% high speed growth to 7% medium-high speed growth, which will become a new normality of Chinese economy. On the financial front, the contradiction between the medium-low speed growth of fiscal revenue and the rigid need for a growing expenditure will remain prominent in a period. Low fiscal revenue will also be a new normality. On urbanization front, the urbanization rate of permanent residents will increase. Currently this rate has already reached 55% and rural migrant population amount to 250 million. We still need to finish the promotion of equal access to public services between urban and rural areas, so as to get more rural migrants become permanent residents. Meanwhile, the existing social relief system is not perfect. Problems like resource inaccessibility, policy inconsistency, binding welfare, and flawed household livelihood evaluation and withdrawal mechanism. How to adapt into the new trend and how to overcome obstacles have become the most urgent tasks for the reform and development of social relief system.

2015 is a key point for China to comprehensively deepen reform. It is also a key period for achieving the targets of the 12th five-year plan. Faced with complex international environment and arduous tasks of reforming and maintaining domestic stability, Chinese government will focus on the fundamental tasks of maintaining growth, adjusting structure, promoting the reform, and enhance people’s life. By grasping the economic trend, the government will strengthen macro-economic adjustment and safeguard the bottom-line. Recently, the Fifth Session of the Eighteenth Central Committee has just approved The Central Committee’s Comments
on Formulating the Thirteenth Five-year Plan for National Economy and Social Development. The Comments gave a comprehensive plan for socio-economic development, proposing to foster innovative, coordinated, green and open development that will benefit all. The Comments require that “the development must be for the people; the development must rely on people; the fruit of development must be shared with people”. “We must make more effective institutional arrangement so that all the people can feel the benefit of development. In this way, the development will enjoy more momentum and people will be more untied. The whole country will steadily step towards common prosperity.” In terms of social relief, we must “coordinate the usage of resources, strengthen the links between policies, and promote the consistency of the system, so that poor people can meet the basic needs of living”.

We thought improving the social relief system, eliminating poverty, and improving people’s welfare are the concrete measures for sharing the benefit of development. At the next stage, the Ministry of Finance will follow the central government’s requirements of adherence to the Chinese national reality and drawing upon international experience. We will focus on the issues and deepen reform accordingly. To be specific, we will promote social relief from following aspects:

**First, we will promote the coordinated usage of resources, building up a rational and efficient social relief system.** Other countries’ experiences tell us that a rational system is fundamental to achieving targets. The developed countries prefer the workfare model while the developing countries prefer conditional transfer payment model. Both of them stick to the proactive method of poverty elimination and coordinated management. They both focus on preventing the inter-generation spread of poverty and improving the employability and education opportunities. They both stress on coordinated usage of resources and the monitoring and evaluation of the implementation. For China, we need further improve the top-level design, strengthen the policy consistency, and promote the coordinated usage of resources. These are not only problem-based solutions, but also the pre-requisite for promoting reform and sustainable development under the new normality of economy. The Ministry of
Finance wishes to hereby further our cooperation with the rest of the world and international organizations like World Bank. Such cooperation will help us promote the coordinated usage of resources and improve the institutional design. We can therefore strengthen the connection between employment, poverty relief, security, and welfare policies. Our policy will be more problem-based and our management will be more informationized, guaranteeing the sound and sustainable development of Chinese social relief system.

Second, we will clarify the responsibilities of the government, and build up a mechanism for dividing responsibilities among domains and financial authorities. Currently, Chinese government is building a sound modern fiscal system and comprehensively deepening the reform of fiscal and taxation system. Building a system that is in accordance to the division of responsibilities is an important task for deepening the reform of fiscal and taxation system. The task of division of responsibilities among domains and financial authorities is included. The social relief aims to guarantee the basic rights of citizens and promote the social progress. It belongs to the domain of basic public services and was subject to the complexity of information and incentive mechanism. The central and local governments share this responsibility and should provide administrative and financial support to the social relief. Based on our national reality, namely the imbalanced development between urban and rural areas and among regions, the central government has been making adjustment for promoting the equal access to public services among regions and between urban and rural areas. Local governments has been conducting social relief projects as they have more administrative and information advantages. In the distribution of transfer payment, the central government will not only prioritize the poorest regions and rural areas, but also promote merit-based mechanism. The local government will get merit-based “reward instead of subsidy”. This mechanism will add incentives to local governments.

Third, we will optimize the expenditure structure and build up a diversified and
stable financing mechanism. The research of World Bank shows that more effective financial expenditure will create more development space for social relief system. But the effectiveness is not only fostered by quantity but also the effective implementation of policies. Although different countries have different expenditure for social relief, both developed and developing countries were increasing their social relief expenditure in recent years. The social relief expenditures of most countries account for 1-2% of GDP. Faced with the influence of the new normality, Chinese government will prioritize the expenditure for people’s livelihood. We will improve the social relief financing system; optimize the fiscal expenditure structure; increase the financial input; liquidize assets; effectively use the fiscal balance. Meanwhile, by improving the supportive measures and advocating benevolence, we will encourage the participation of social forces. Such diversified financing system can help us safeguard the bottom-line of livelihood.

Fourth, we will improve the effect of the policies and build up mechanism for monitoring the performance. It is an international practice to monitor the performance and improve the effect of social relief projects. For example, Brazilian government has set short-term, medium-term, and long-term targets for its “household subsidy” project. The project proposals, implementation, effect, and results will be monitored by multiple institutions. Mexican government hired third-party international organizations to comprehensively evaluate the effect of its “prosperity” project. Chinese Ministry of Finance has already integrated the performance evaluation of social relief into the budget management system and will apply this evaluation system to all the financing systems for social relief. The evaluation will further cover the aspects like institutional design and work management. We will further improve our evaluation procedure and indexes to highlight the focus on results; improve the organization and implementation to apply the evaluation to the process and preparation; strengthen the analysis of results to promote the regulated implementation of policies. Meanwhile, the financial authorities will further improve the financial management system and the monitoring method so as to build a
long-term mechanism for monitoring the social relief financing; specify the scope for using the social relief funding, check the embezzlement, and promote accountability and punishment mechanism.

Fifth, we will promote innovation and build up a service mechanism for effective social relief. We will coordinate the resource management and realize the integration of service, which is a global trend. In order to improve the services and efficiency of social relief, financial authorities will support the building of “interdepartmental coordination” mechanism of social relief. We will also strengthen the capacity building at the community levels, create an information platform, and improve the evaluation of household livelihood. Meanwhile, we will explore new model for financial support: promoting government purchasing services; specifying policies and measures; improving the purchasing procedures; clarifying the purchasing items and payment; monitoring the purchasing activities.

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Eliminating the poverty and sharing the fruit of development is the common wish of the world. Adapting into the new circumstances, improving the social relief system, and guaranteeing people’s livelihood are our arduous missions. Chinese Ministry of Finance would like to join the effort of other institutions, countries and international organizations for achieving this goal realizing our common wish.

Thank you!