

Building Assets for the Poor as a Strategy to Social Inclusion at Taipei

Li-Chen Cheng

2007.11.16.

Department of Social Work
National Taiwan University

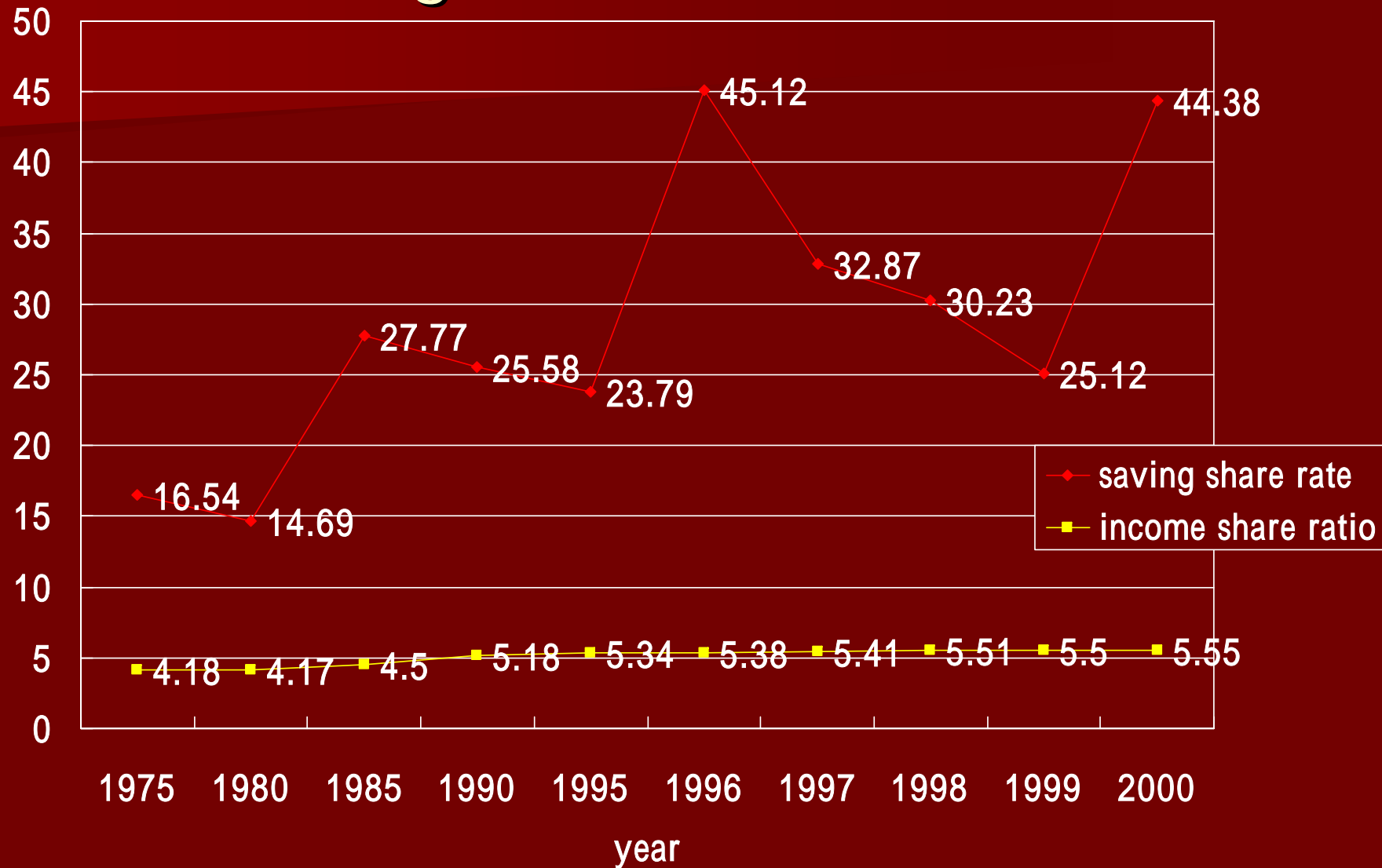
Social Assistance in Taiwan

1. An ideology of residual welfare state with 0.85% of population on assistance.
2. A changing profile of the recipients with an increase in the working poor.
3. A concern for income maintenance strategy on welfare dependency.
4. A concern for the vicious cycle of intergenerational poverty.

Why Based on Assets

1. Uneven economic distribution- Assets inequality is larger than income inequality.
2. Institutional mechanisms – Building assets for the nonpoor, but restricting assets for the poor.
3. Political liberation - Political parties compete to include every citizen to win electoral seats.

Ratio of highest 20% to lowest 20%



Features of Assets program

1. Target low income households, participation was voluntary.
2. Provide matched savings at 1:1 ratio as an incentive.
3. Financial education required toward intended purpose of using savings.
4. An investment plan ready for action at the end of the program.

Intended Purposes for Use

- 1. Higher education
- 2. Micro enterprise
- 3. Home purchase (only TFDAs)

Taipei Family Development Accounts 2000.7-2003.6

- 184 households registered, 100 open accounts on July, 2000.
- 69 savers made regular deposits during a three-year period.
- Each saver attended economic classes up to a total of 135 hours for 3 years.
- Every saver stayed employed during three years.

Savings Achieved by the TFDAs' Savers

- **69 households saved a sum of NT\$9,831,026 (US\$1=33NT\$) before matched savings.**
- **31 sent kids to colleges or graduate schools, 25 used money for business, and 13 placed downpayment on a house.**
- **42 were no longer on public assistance.**

TFDAs Saving pattern

Amout	Date		
		12. 31.2000	6.30.2003
NT\$2,000		21	4
NT\$3,000		7	3
NT\$4,000		47	62
	saver	75	69

Subjective Feelings of TFDAs

- The poor do save for designated goal.
- They become more realistic in goal achieved.
- They feel empowered by financial education classes.
- They build networking within participants.
- They feel family cohesion improved.

Taipei Youth Development Accounts 2003.7-2006.6

- 109 poor youngsters registered, 102 open accounts on July, 2003.
- 70 savers made regular deposits during a three-year period.
- Each saver attended economic classes up to a total of 140 hours for 3 years.
- Every saver gave 72 hours to do public service every year.

Savings Achieved by the TYDAs Savers

- 70 youths saved a sum of NT\$9,590,996 (US\$1=33NT\$) before matched savings.
- 54 went to colleges or graduate schools, 16 used money for employment.
- 29 were no longer on public assistance.
- 15,758 hours were given by 70 youths to social services.

TYDAs Saving pattern

Date	Date	
	12.31.2003	6.30.2006
Amout		
NT\$2,000	12	6
NT\$3,000	29	4
NT\$4,000	56	60
saver	97	70

Subjective Feelings of TYDAs

- The youths do save for future plan.
- They do respond to program design.
- They felt empowered by economic classes.
- They build networking with each other.
- Career decision-making efficacy and parent-child relationship were improved (statistically significant).

Overall Findings

- The poor do save in responding to institutional mechanism.
- Positive effects on building assets for the poor were recognized.
- Building assets for the poor should be considered in policy design.

Policy Impacts

- 1. Evidence of welfare effects of assets on the participants.**
- 2. More discussion on assets-based welfare ideas in academic and practice fields.**
- 3. More assets-based programs alike are in practice now everywhere.**
- 4. More discussion on integrating assets into social assistance system.**

Theoretical Insights

- Saving and assets building have multiple positive effects, not merely deferred consumption.
- Saving and asset building are shaped by institutions, not merely individual preferences.
- Policies that build assets for all are possible (inclusive and progressive).

THE END ~