

Service outsourcing for targeted poverty reduction
in the People's Republic of China:

A Social Organization Training Manual

Du Ling



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Consultant Team

WANG Ming	Professor, School of Public Policy and Management, Tsinghua University
LI Yong	Director, Philanthropy and NGO Support Center
HAN Wei	Associate Researcher, Sichuan Academy of Social Sciences
DU Ling	Director, Chengdu Shuguang Community Development Capacity Building Center

Project Officers

Irene BAIN	Social Sector Specialist, Asian Development Bank Resident Mission in the People's Republic of China
XU Sha	Associate Project Analyst, Asian Development Bank Resident Mission in the People's Republic of China
ZUO Changsheng	Director-General, International Poverty Reduction Center in China (IPRCC)
ZHANG Deliang	Deputy Chief of Research Division, IPRCC
GAO Rui	Program Officer, IPRCC
ZHANG Xiaoying	Program Officer, IPRCC

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Module 1: Understanding poverty reduction in the People's Republic of China (PRC)

1.1 What is the state's poverty reduction goal?

Training Goal



- To understand current PRC poverty reduction objectives

Learning points



- *The state's goal for poverty reduction:* To ensure that all poor rural people, and all designated poor counties below the current poverty line, escape poverty by 2020 and that overall regional poverty is improved — General Office of the Communist Party of China Central Committee (CPCCC) and General Office of the State Council. 2016. Methods for Assessment of the Poverty Reduction Performance of Party Committees and Province Level Governments. Effective 9 February, 2016.
- *Poverty reduction objectives of the PRC 13th Five-Year Plan:* All impoverished areas and people in poverty will become members of a moderately prosperous society by 2020 (i.e., no localities or ethnic minority populations will be left behind).
- *PRC requirements for eradicating absolute poverty:* The rural poor will be ensured access to food, clothing, nine-year compulsory education, basic medical services, and secure housing. (Growth in the average per capita net annual incomes of farmers in designated poor areas will exceed the national average, and key basic public service indicators will approximate the national average).

Tips



- *Relative poverty*: Problems of relative poverty will remain after absolute poverty is eradicated by 2020. Poverty indicators will therefore need to adjust dynamically as further social development occurs.
- Just eliminating absolute poverty will be insufficient—people escaping poverty should also become members of a moderately prosperous society.

1.2 How are populations targeted for poverty reduction?

Training Goal



- Understanding criteria and methods for identifying populations for poverty reduction

Learning points



- *The PRC poverty line*: In 2011, the PRC defined its rural poor as those earning an annual net per capita income of less than CNY2,300 (about USD375). Several provinces have set their own poverty lines higher than the national line.
- *The PRC population in poverty*: The PRC National Bureau of Statistics recorded over 90 million poor people, living in 30 million poor households, at year-end 2013. This figure declined to a little over 70 million people in 2014.
- *Distribution of poverty*: The PRC criteria for identifying poor administrative villages are that the: (1) village poverty incidence is more than double that for the province; (2) village annual net per capita income is 60% below that in the province-level unit; and (3) the village lacks a collective economy and source of collective revenue. Based on these criteria, 128,000 PRC administrative villages were designated as poor at year-end 2014.
- *Identification of poor households*: This process involves household-level applications, discussion within the village

group, review by the village committee, public notification within the village, forwarding to the township level for review, a second public notification of outcomes, forwarding to the county level for confirmation, and a final public notification of outcomes at village level.

Tips



- Poverty reduction efforts have been reducing the number of absolute poor and the PRC anticipates eliminating absolute poverty by 2020.
- However, it is easy to overlook those poor people who have escaped but then relapsed into poverty.

1.3 What are the key points in targeted poverty reduction?

Training Goal



- To understand key aspects of targeted poverty reduction.

Learning points



- *PRC President Xi Jinping has emphasized four key points in poverty reduction work:* (1) leadership responsibility; (2) targeted measures for poverty reduction; (3) stronger cooperative endeavors with social groups; and (4) strengthening grassroot organizations.
- *President Xi also identified six key areas for poverty reduction targeting:* (1) targeting households; (2) targeted programming; (3) targeted fund use; (4) targeting poverty reduction measures for each household; (5) assigned personnel, particularly the principal county party secretary; (6) and targeted poverty reduction results (some localities have added an additional two targets to address targeted evaluation and targeted inspection and acceptance).
- Effective poverty reduction targeting correctly identifies

people in poverty, the root causes of their poverty, and the appropriate measures to reduce their poverty.

Tips



- Effective poverty reduction requires using different measures for different people, which can increase the amount and difficulty of poverty reduction work.
- *Prompts for discussion or consideration:* Is current poverty reduction capacity sufficient? Is the simplest approach to poverty reduction the best one?

1.4 What are the key steps in targeted poverty reduction?

Training Goal



- Understanding the main steps in targeted poverty reduction

Learning points



- Causes of poverty can vary in different locations. However, they commonly include natural and other disasters, health problems, various costs of education, labor shortage, and issues experienced by rural women as a result of male outmigration or widowhood.
- *The five main national programs for rural poverty reduction are* (1) production support and employment; (2) migration and relocation; (3) education and training; (4) ecological conservation and environmental improvement; and (5) welfare provisions for social assistance and social security.
- Other targeted measures for identifying needs and reducing poverty can also be considered, such as the Gansu Province

1+17 Plan (Box 1).

Tips



- Do not just focus on income poverty.
- There are various causes of poverty, and the key is to correctly identify those causes and responses, based on the actual characteristics and needs of the target population.

Box 1: Gansu Province 1+17 Plan for Targeted Poverty Reduction Measures

The Gansu Province 1+17 Plan for Targeted Poverty Reduction Measures includes projects for safe drinking water, household appliances, house renovation, resettlement to other localities, ecological and environmental improvement, enterprise development, e-commerce, and poverty reduction through improvements in transportation, education, health, cultural services, social assistance, financial support, labor training, support for human resource development and for village-based poverty reduction workers, and the assessment of actual results from poverty reduction activities.

1.5 What are the key support policies for targeted poverty reduction?

Training Goal



- Understand the key support policies for targeted poverty reduction

Learning points



- *Increased poverty reduction investment to cover poverty reduction tasks.* This includes increasing targeted funding for poverty reduction; directing general transfer payments and dedicated social welfare funds toward designated poor areas; increasing poverty reduction support from the public welfare lottery fund; boosting infrastructure building in poor areas; waiving local government matching funds for some

national government projects; and increasing investments in East-West poverty reduction partnerships.

- *Increased investment in poverty reduction programs, including:* development of specialty enterprises, labor export, resettlement to other localities, ecological and environmental protection, improved education, healthcare and health assistance, minimum livelihood support (*dibao*), asset-based poverty reduction, services for rural women and left-behind populations, internet access, improved living conditions, rural house renovation, and land policies.
- Greater attention to poverty reduction through financial services and accelerated reform and innovation in the rural financial system.
- Creating supporting conditions for technologies and technically skilled people in poverty reduction work.
- *Innovations in poverty reduction management, including:* provincial, prefectural, county, and township leaders shouldering poverty reduction responsibilities and strengthening associated evaluation and inspection; more transparent management of poverty reduction funds; and encouragement for nongovernmental actors to participate in poverty reduction through government procurement of poverty reduction services.

Tips



- Note the national government innovations in poverty reduction policies and systems.
- Some of these policies are difficult to implement, such as tax deductions for charitable donations.
- *Suggested further reading:* The Decision of the CPCCC and State Council on Winning the Tough Battle Against Poverty (2015); and the Outline for Development-oriented Poverty Reduction in Rural Areas (2011-2020).

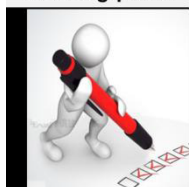
1.6 What are the main challenges for targeted poverty reduction?

Training Goal



- To understand the major difficulties and challenges in poverty reduction

Learning points



- Poverty reduction work is entering a particularly difficult stage as the easy gains from large scale poverty reduction have been achieved and the smaller number of remaining poor requires more diverse support to reduce poverty.
- This is also why the earlier poverty reduction model, based on giving goods, is inadequate. It has also made it hard for poverty reduction activities to engage and motivate target groups and to realize sustained impact. Instead, President Xi Jinping has called for harnessing the internal resources and energy of communities for poverty reduction and strengthening their capacities for self-development. This approach can address the root causes of poverty reduction and foster sustainable development.
- Transformation of the poverty reduction approach is also necessary to increase the marginal utility of poverty reduction work e.g., through increasing people's sense of benefit through directly improving their production and living conditions, focusing on the equalization of basic public services, the sustainability of poverty reduction achievements, and undertaking capacity building for target populations.

Tips



- *Issues for reflection:* What is the difference between a direct poverty reduction delivery model and the community incentivization and self-development model?
- *Particularly note:* those effective poverty reduction actions that can achieve sustained escape from poverty, increase a participant's sense of benefit and satisfaction, and improve their capacities for development.

1.7 What does the state hope social organizations can do for targeted poverty reduction?

Training Goal



- To understand state willingness, and the need for social organization participation, in poverty reduction

Learning points



- The state hopes to use poverty reduction service outsourcing to attract and encourage social organizations to help implement some targeted poverty reduction measures in villages and households.
- The national Outline for Development-oriented Poverty Reduction in Rural Areas (2011-2020) states that government will actively encourage, guide, support, and help various social organizations to undertake poverty reduction tasks in designated areas.
- The Outline also states that government hopes to introduce successful experiences and to improve poverty reduction work through communication and partnership with international poverty reduction organizations.

Tips



- The state's understanding of the role of social organizations in poverty reduction has passed through four phases:
 - (1) Anticipated increase in resources for poverty reduction.
 - (2) Anticipated introduction of experiences and methods for poverty reduction.
 - (3) Anticipated increase in poverty reduction investment from nongovernmental actors.
 - (4) Anticipated procurement of poverty reduction services from social organizations.
- Procurement of poverty reduction services from social organizations is an integral part of the overall state top-level design for poverty reduction activities.
- *Further reading:* Key policies on social organizations and poverty reduction (Box 2).

Box 2: Key policy references on social organizations and poverty reduction

(1) *The CPCCC and State Council Decisions on Winning the Tough Battle Against Poverty (2015) calls for;*

“Promoting models such as cooperation between government and social capital and government procurement of services for poverty reduction.”

“Encouraging various social organizations to engage with villages and households and help implement targeted poverty reduction measures through government procurement of services and other methods.”

(2) *The 2014 Implementation Plan for Innovation in Social Participation Mechanisms for Poverty Reduction calls for;*

“Encouraging social organizations to actively participate in poverty reduction.”

“Piloting government procurement of services, and encouraging social organizations to undertake government poverty reduction programs.”

(3) *The 2013 Opinions on Innovative Mechanisms for Making Steady Progress in Rural Poverty Alleviation call for;*

“Establishing and improving a mechanism for broad engagement of all social actors in

poverty reduction.”

“Encouraging and guiding various kinds of businesses, social organizations and individuals to participate in poverty reduction through various methods.”

“Actively exploring government procurement of public services and other effective methods.”

(4) The 2011 Outline for Development-oriented Poverty Reduction in Rural Areas (2011-2020) calls for;

“Actively encouraging, guiding, supporting and helping various social organizations to undertake poverty reduction tasks in designated areas.”

“Encouraging social organizations and individuals to participate in poverty reduction through various means.”

“Actively creating conditions and guiding NGOs to participate in, and implement, government poverty reduction programs.”

“Gradually regulating the poverty reduction activities of NGOs.”

“Seeking help and support from international NGOs for poverty reduction work through various channels and methods.”

“Strengthening communication with international organizations on poverty reduction, introducing successful experiences, effective methods, and approaches for poverty reduction from the international community, and further improving capacity and overall efficiency in poverty reduction.”

(5) The 2001 Outline for Poverty Reduction and Development in Rural Areas (2001-2010) calls for;

“Fully activating the functions of the China Foundation for Poverty Alleviation and other types of social groups to undertake poverty reduction.”

6) The 1994 Eight-Seven Poverty Reduction Plan (1994 – 2000) calls for;

“Actively engaging in exchanges with international organizations, regional organizations, governments and non-governmental organizations working on poverty reduction, and familiarizing the international community and overseas Chinese with economic development and poverty reduction work in poverty-stricken parts of the PRC.”

Module 2: Good preparation and participation

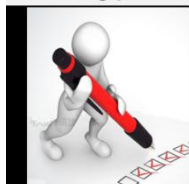
2.1 How to coordinate with government poverty reduction units?

Training Goal

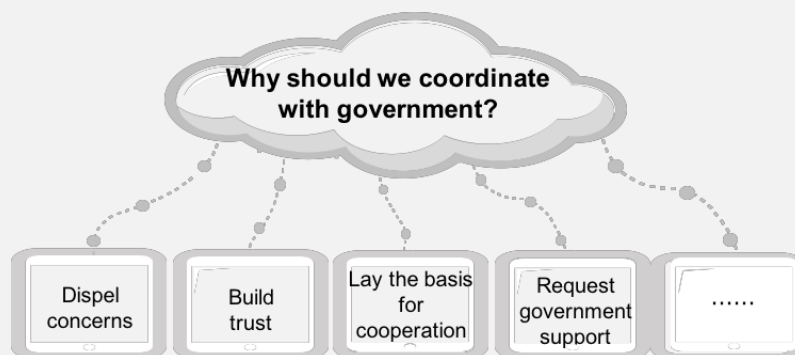


- To increase awareness of the need to coordinate with government poverty reduction units and to learn how to undertake coordination work well

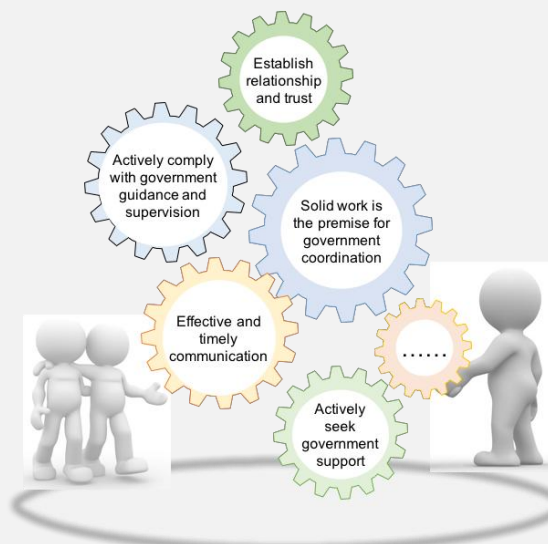
Learning points



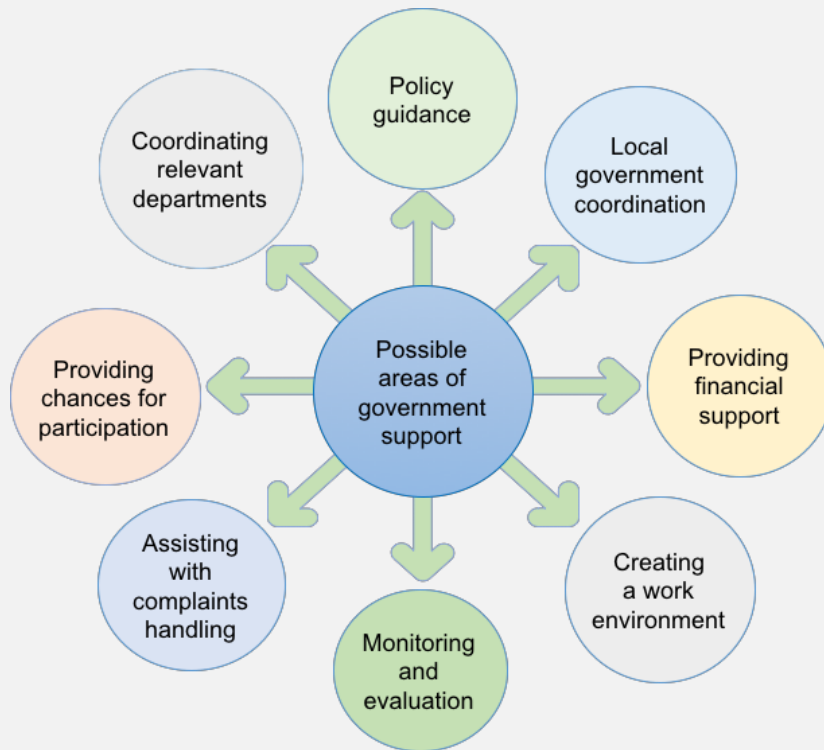
- Why coordinate with government?



- Principles for coordinating with government poverty reduction units.



- Types of government support to social organizations undertaking poverty reduction tasks.



Tips



- Note the areas of poverty reduction cooperation that interest government.
- Acknowledge and respect contributions made by government coordination (overcome dismissiveness).
- Balance coordination with government (actively interact with government without becoming over-dependent on government).
- Coordination with government is not about being bought—solid achievements in poverty reduction work are the best leverage point in coordination with government poverty reduction units.
- Do not fall into the mode of complain and blame.

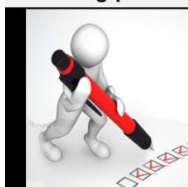
2.2 What is the relationship between social organizations and government poverty reduction units?

Training Goal



- To correctly understand the contractual relationships in government procurement of poverty reduction services
- To correctly understand the necessity for cooperation and independence

Learning points



- What forms of cooperation exist between government poverty reduction units and social organizations?
- What specific relationships exist between each party? (A superior-subordinate relationship, an equal relationship, a contractual relationship? What are the pros and cons of each type?)
- Why should we emphasize the importance of social organization independence in the process of government procurement of poverty reduction services?

Tips



- A contractual relationship involves two independent parties reaching a negotiated agreement on cooperation for poverty reduction, and then signing a contract to clearly indicate their respective responsibilities and obligations. Government and social organizations are each independent parties in this contractual agreement for procurement of poverty reduction services from social organizations.
- An equal contractual relationship can improve poverty reduction services through introducing checks and balances, controlling rent-seeking and corruption, improving the efficiency of poverty reduction work, and the achievement of poverty reduction goals.
- Social organization collaboration and independence relies on completing tasks well and according to contract.

- Social organizations should adhere to their vision and direction of professional development.
- Social organizations should not rely on a single resource, and not see the government poverty reduction program as the only resource.

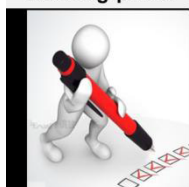
2.3 Are social organizations naturally good at government poverty reduction tasks?

Training Goal



- To encourage social organizations to be modest in their interactions and practical in their work

Learning points



- Social organizations are not all-knowing and do not naturally have better capacity.
- Maintain a collaborative, learning-oriented, and respectful attitude during the completion of poverty reduction tasks.
- Be aware of, and sensitive to, community complexities, and sensitive to gender issues.
- Social organizations should not overstate their project implementation capacity.
- Social organizations should only do what they are able to do, and not undertake tasks beyond their competence. Social organizations should not develop at the expense of poverty reduction program quality. First ensure programming quality, and then learn by doing.

Tips



- It is easy to neglect coordination with government.
- It is easy to oversimplify issues in communities.
- It is easy for social organizations to stop developing their program implementation capacity. (A social organization cannot develop its capacity if it has no chance to deal with real community problems and disputes, if it neglects to accumulate experiences and skills in participatory approaches and facilitation, and if it lacks a perspective on social justice and gender sensitivity.)

2.4 What expertise is needed for targeted poverty reduction work?

Training Goal



- To understand that different methods of poverty reduction call for different levels of social organization capacity
- To understand that some poverty reduction work requires more expertise and that each social organization should build its professional capacity according to its own vision, development strategy, and characteristics

Learning points



- Review and analyze the strengths and weakness of different poverty reduction approaches;



Training steps:

- (1) The trainer presents several poverty reduction approaches (and provides a case study for each approach to help trainees better understand these approaches);

- (2) Trainees share their opinions on the characteristics, strengths, and weaknesses of the different poverty reduction approaches;
- (3) The trainer writes down participant opinions on a flip chart to facilitate discussion among the trainees.

Note: There are no right answers. Try to let trainees express their opinions.

- Do different poverty reduction approaches require the same capacity of social organizations? Why? Why not?

Training steps:

(1) Ask the question: Do different poverty reduction approaches require the same capacity of social organizations? Why? Why not?

(2) Group discussion: Trainees are divided into small groups with 4 – 6 persons in each group and an assistant distributes flip charts and markers to each group. Each group writes down key points and results from their discussion.

(3) Presentations: Each group sends one member to present the key points and results of their discussion in a concluding session.

(The trainer could then help trainees explore the question: What capacity do these different approaches require?)



- Social organizations should hold themselves, and their capacities, to high standards.
- Social organizations should undertake poverty reduction tasks suited to their capacities and be able to finish what they begin.

Tips



- Each opinion has its own logic. The idea that ‘anyone can do good poverty reduction work’ leads to thinking of poverty reduction as resource delivery or simple charity. Thinking of poverty reduction as requiring professional skills leads to seeing poverty reduction as the pursuit of high quality results that have significant social impact.
- If social organizations were to accept the opinion that ‘anyone can do poverty reduction’ and that it does not

require professionalism, they would probably stop building their professional capacities for poverty reduction.

- Social organizations should select those government out-sourced poverty reduction tasks that match their capacity and fulfill their obligations according to contract. They should focus on accomplishing their tasks first, and then consider self-development of their capacities.

2.5 Finding out what local government poverty reduction units need

Training Goal



- How to find out the needs, approaches, and measures used by local government for poverty reduction

Learning points



- *What to investigate?*
 - Basic information about poverty (sex-disaggregated demographic information and the distribution of people in poverty, major causes of poverty, and needs of poor men and women).
 - Government poverty reduction activities, policies, measures, difficulties, and challenges.
 - Government expectations of social organizations (policies, matching resources, regulations, tasks, levels of interest, and means for cooperation).
- *How to investigate:* secondary data research, discussion with government poverty reduction units, rural household surveys in villages, group and individual interviews, and other participatory appraisal tools and approaches.

Tips



- *Question to consider:* How to handle the situation where the poverty reduction needs of local government and of people in poverty are different?
- Do not make promises to target populations. It usually leads to high expectations, followed by complaints.
- Focus on those activities where local government is more interested and able to collaborate.
- Where possible, social organizations should participate in designing local government outsourced poverty tasks and assisting government to design program activities that are suitable for social organization participation.

Module 3: Practical, honest, and effective service providers

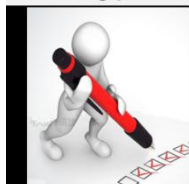
3.1 What are the key points of a good poverty reduction program?

Training Goal



- Incentivize good poverty reduction project implementation
- Understand the basic characteristics of a good poverty reduction program and stimulate thinking on performance of poverty reduction tasks

Learning points



- Project targeting (the right groups and the right needs).
- What are the results? (Questions to focus on include: Did the target population benefit? Did women and vulnerable groups benefit? To what degree and in what ways? What aspects did government and the target population consider satisfactory and unsatisfactory? Was funding adequate? Are impacts sustainable?)
- What are the anticipated impacts? (Focus on impacts relating to target population capacities, community management, social behaviors, social equality, local social relations, and achieving the goals of local poverty reduction).
- What are the basic characteristics of a good poverty reduction program?

The three basic characteristics of a good poverty reduction program

The poverty reduction program :



Tips



- Don't make early promises or excessively raise the expectations of target populations about the programs.
- Avoid pre-existing community disputes interrupting program implementation.
- Assist communities to establish the principle of setting the rules first and then sticking to them. If the rules become inappropriate, change them and rebuild compliance.
- Assist communities to overcome the common tendency to be project free-riders.
- Ensure the success of each initiative and that no problems remain after program completion.

3.2 What are the main methods for outsourcing government poverty reduction services to social organizations?

Training Goal



- To understand the major methods for outsourcing government poverty reduction services to social organizations

Learning points



- Characteristics and use of common poverty reduction service outsourcing methods (open tendering, invited tender, quotation, negotiation, and long-term contract).
- To understand the relationship between graduated levels of procurement and different procurement methods. (Graduated levels refer to easy tasks being procured through quotation, difficult tasks being procured through negotiations, regular tasks through tendering, and special tasks, that call for particular expertise or high levels of security through long-term contracts).
- Open tender, invited tender, and quotation are competitive

forms of procurement, whereas negotiation and long-term contracts are non-competitive forms of procurement. It is recommended to minimize competitive procurement at the early stage of outsourcing when there are relatively few social organizations in poor localities and it is difficult to measure task quality.

Tips



- Social organizations need to be sensitive to government preferred procurement methods, and to better adapt themselves to compete for more opportunities.
- Social organizations need to take the initiative and be pro-active in procurement negotiations and communication with government poverty reduction units, in trust-building, and in proposing practical measures to ensure high quality.

Table 1: Features of five common poverty reduction service outsourcing methods

Method		Main Characteristics	Conditions for use
1	Quotation	<ul style="list-style-type: none"> ● To select the best of several options. ● To select the one that meets the needs and requirements at the lowest proposed price. ● <i>Pros and cons</i>: A simple process and easy to review. 	<ul style="list-style-type: none"> ● Easy to measure quality of services. ● Social organizations are mature and there are plenty of potential service providers.
2	Negotiation	<ul style="list-style-type: none"> ● Government poverty reduction units and social organizations negotiate face-to-face on the implementation method and price. The two parties reach an agreement on price based on their mutual understanding of key information. ● <i>Pros and cons</i>: It is easy to target special needs, and require potential service providers to make commitments accordingly. It also reduces transaction costs and mistakes. However, it is less competitive and has loopholes for potential nepotism and other irregularities. 	<ul style="list-style-type: none"> ● Used where tasks have significant uncertainties. ● Used when tasks are easily misunderstood.

Method		Main Characteristics	Conditions for use
3	Invited tender	<ul style="list-style-type: none"> ● Social organizations submit competitive tenders. The government poverty reduction unit identifies at least three social organizations that appear to be qualified on the basis of existing knowledge, and then signs a contract with one through a competitive tendering process. ● <i>Pros and cons</i>: Reduced transaction costs and relatively fair; can restrict nepotism and other irregularities. However, it may lead to collusive bidding. 	<ul style="list-style-type: none"> ● Used when government poverty reduction units have few choices or prefer particular social organizations. ● For low priced tasks with no requirement for complicated processes.
4	Open tender	<ul style="list-style-type: none"> ● The best service provider is selected through public posting of information and use of a standard tender process and fair competition. (Providing vouchers for training is a type of open tender.) ● <i>Pros and cons</i>: It is transparent and fair; offers reasonable payments and restricts nepotism and other irregularities. However, it has higher transaction costs, more complicated processes, and there is a possibility of collusive bidding. 	<ul style="list-style-type: none"> ● Used when it is easy to measure the quality of services. ● Social organizations are mature and there are plenty of service providers and strong capacity to deliver poverty reduction services.
5	Long term contracts	<ul style="list-style-type: none"> ● Certain poverty reduction services are assigned to social organizations that are regarded as trustworthy and reliable. An audit agency may be requested to conduct an audit of poverty reduction fund utilization for all organizations undertaking poverty reduction work. Alternatively, a reputable and professional social organization may be requested to conduct a third party evaluation of the local poverty reduction programs. ● <i>Pros and cons</i>: low transaction costs, good cost control, but less competitive. 	<ul style="list-style-type: none"> ● Used where there are special requirements for service providers, such as special professional skills or security requirements. ● There are long-term and continuous needs and only one or two social organizations are qualified to provide these services over the longer term.

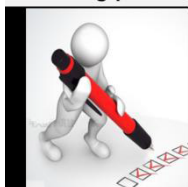
3.3 How to cost and price a poverty reduction task?

Training Goal



- To learn to analyze and estimate the workload and the cost of a specific poverty reduction task

Learning points



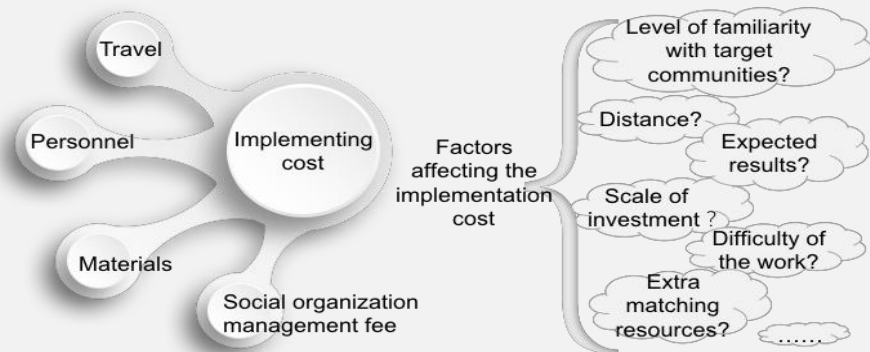
- To understand poverty reduction tasks, including their target groups, detailed poverty reduction policies and funding, quality requirements, working methods, cost and budget, and their inspection, acceptance, and evaluation procedures.
- To thoroughly assess capacities needed to undertake the tasks.



To carefully understand the requirements of a poverty reduction task and thoroughly assess capacity to undertake the task

- Estimate implementation costs, including those for travel, personnel, materials, and a social organization management fee.
- What factors affect the implementation cost? These include the level of social organization familiarity with target communities, the distances and scale of investment involved, the degree of task difficulty, expected results, and any need for extra matching resources.
- If the implementation cost is insufficient, appropriate

adjustments could be made in terms of reducing task difficulty, workload, budget, and identifying extra resources.



Tips



- Implementation costs increase as task difficulty increases.
- Implementation costs are also closely related to the level of services, technical, and other capacity building support to be provided.
- Cost-efficiency should be analyzed carefully to ensure cost control and the correct choices, including adequate consideration of how much to pay, what should be received, and what is foregone. Impact will be poor if only cost control is considered. An outcome orientation calls for spending what is needed to achieve outcomes. PRC poverty reduction work is transforming from a cost control-oriented to an outcome-oriented approach. Social organizations should communicate well and seek out opportunities to undertake outcome-oriented activities.
- Where policies and/or budgets permit, allocate contingency costs in the budget to increase the likelihood of poverty reduction objectives being realized.
- Being able to clearly state what needs to be done, how much to do, and how much it would cost, provides social organizations with a good foundation for negotiating with government poverty reduction units. Spending less, often means accomplishing less.

Table 2: Poverty reduction service fee pricing methods

Pricing method		How it works (with examples)	Pros and Cons
1	Proportional method	<ul style="list-style-type: none"> ● The price is directly linked to the direct costs of poverty reduction. ● Set a rate, for example, 5% to 10%. If we take 10% as an example, then the service fee would be CNY100,000 for a poverty reduction task with a total investment cost of CNY 1 million. 	<ul style="list-style-type: none"> ● Easy cost control. ● Lack of linkages between activities and performance may encourage social organizations to reduce costs or ensure payment through listing fewer activities. ● It is less likely to motivate social organizations.
2	Performance linked method	<ul style="list-style-type: none"> ● The price is linked to performance. ● Extra financial incentives are awarded for successful completion of tasks that have achieved strong positive results. This provides an incentive for social organizations to improve their services. 	<ul style="list-style-type: none"> ● Incentivization would encourage social organizations to improve the service quality. ● The two parties need to reach agreement on how to measure impact and cost through communication and negotiation. This may prove difficult.
3	Cost linked method	<ul style="list-style-type: none"> ● A fixed fee is paid to social organizations. Other costs of activity implementation are covered by the purchasers. ● Purchasers pay a management fee and personnel costs according to contract, and other activity implementation costs are reimbursed by purchasers according to real costs. 	<ul style="list-style-type: none"> ● Social organization sense of security is increased. ● Purchaser flexibility is increased, especially in the case of programs with significant uncertainties.
4	Time and labor input method	<ul style="list-style-type: none"> ● Payment is based on the actual investment of time and labor. ● The price estimate is based on a detailed and feasible plan that has addressed questions such as how many meetings are to be convened? How many field trips? How many people on each field trip? What personnel payments and levels are needed, what transportation, materials, food and accommodation costs? The final price is the sum of the total estimated cost and the agreed management fee. 	<ul style="list-style-type: none"> ● This provides a very accurate estimation as it is based on real expenditures. ● International organizations prefer this method for providing financial support to PRC social organizations. ● It effectively balances work quality and cost control. ● Individuals with greater experience can estimate a more accurate price. ● It is best suited to social organizations that design poverty reduction tasks by themselves.

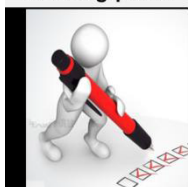
3.4 How do government poverty reduction units procure services from social organizations?

Training Goal



- To understand the basic processes used by government to procure poverty reduction services from social organizations

Learning points



- Basic government processes for procuring poverty reduction services from social organizations.

Step 1: Identify those poverty reduction tasks with procurement potential

Step 2: Assess task difficulty

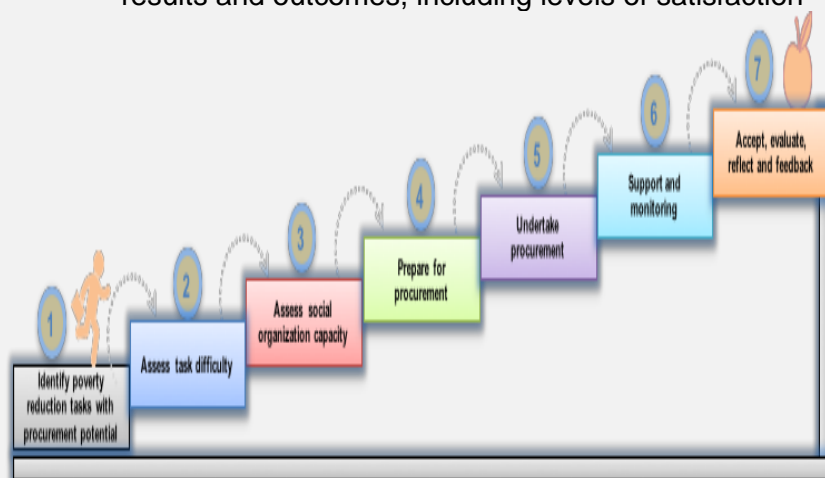
Step 3: Assess social organization capacity

Step 4: Prepare for procurement

Step 5: Undertake procurement

Step 6: Provide support and monitoring

Step 7: Accept, evaluate, reflect, and provide feedback on results and outcomes, including levels of satisfaction



Tips



- Social organizations are involved in this government procurement process from Step 5. The first four steps form the foundation laid by government poverty reduction units for initiating local government procurement of poverty reduction services from social organizations. This foundation includes poverty reduction needs assessments, analysis of task difficulty, and social organization capacity assessment. Procurement regulations and rules are designed on the basis of this work, together with processes for reviewing and selecting service providers.
- Further reading: Service outsourcing for targeted poverty reduction: A Guide to Practice for Procurement of Services (Asian Development Bank and the International Poverty Reduction Center in China, 2016).

3.5 How do government poverty reduction units review and select poverty reduction services providers?

Training Goal



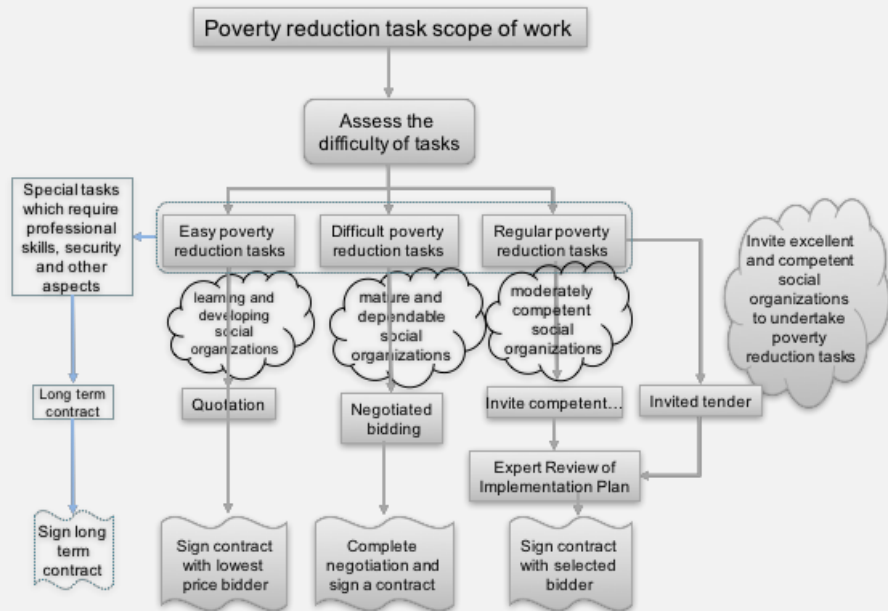
- To help social organizations understand the review and selection process for outsourcing to improve their chances of successfully undertaking poverty reduction tasks

Learning points

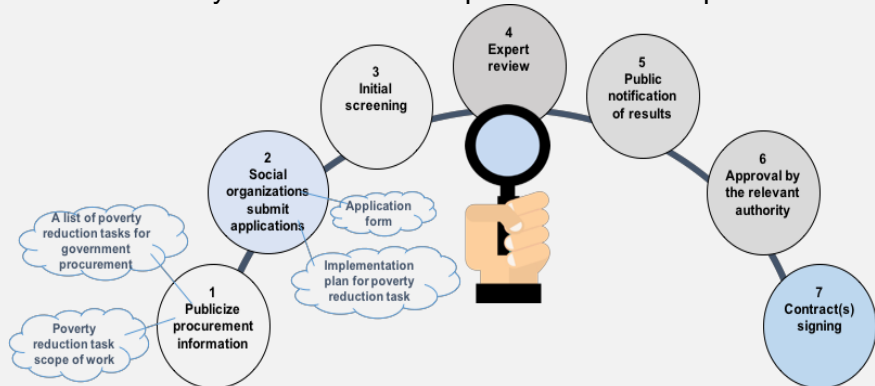


- How is the principle of graduated procurement applied by government poverty reduction units to select poverty reduction service providers?

Using graduated procurement to select poverty reduction service provider(s)



● Poverty reduction service provider selection process.



● Develop indicators for selecting poverty reduction service providers (scoring standards):

- **Targets.** Does the implementation plan submitted by the social organization match the Poverty Reduction Task Scope of Services? Could it directly benefit the target population and achieve the poverty reduction objective?

- *Practicability.* Are the planned actions sufficient? Is the timeframe reasonable? Do the detailed measures consider the local context?
- *Work team capacity.* Does the team have sufficient members? Do team members have the capacity and experience to achieve the poverty reduction task?
- *Enablers and advantages.* What does the social organization plan to provide to facilitate accomplishment of the task and what are the advantages of that social organization?
- *Organizational development.* Does the social organization have the potential to become a mature organization that can provide stable poverty reduction services over the longer term?



Tips



- Study government procurement information and carefully prepare and submit application documents in accordance with the requirements. Some initial document review may be undertaken by general administrative staff workers that lacks judgement and so focus on the format, rather than the content, of proposal documents. Do not get disqualified through carelessness or minor errors in application documents.

- A task implementation plan is required as part of the application package. It is the key document for assessing whether the capacity of the social organization matches the required poverty reduction task. Social organizations should be selected to undertake poverty reduction tasks on the basis of a high quality implementation plan. Social organizations that do not carefully study the Poverty Reduction Task Scope of Work will not be able to produce a practical implementation plan. Social organizations familiar with the target area are likely to produce a practical implementation plan. Social organizations unfamiliar with the target area may need to conduct preliminary investigations and discussions in the locality to increase their chances of selection.

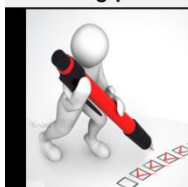
3.6 What are the main parts of the poverty reduction services procurement contract?

Training Goal



- To raise social organization awareness of key procurement contract content and implications

Learning points



- Key procurement contract content:

- | | |
|--|---|
| <ul style="list-style-type: none"> ■ Contract title (Agreement for XX social organization to undertake XX poverty reduction task). ■ Contract number. ■ Names of the two parties (signatories). ■ Name of the poverty reduction task. ■ Objective(s) of the poverty reduction task. ■ Target population and beneficiaries. ■ Methodological requirements. ■ Scale of the poverty reduction work and workload of the social organization. ■ Poverty reduction funding and social organization service fee. | <ul style="list-style-type: none"> ■ Expected results (service quality requirements). ■ Fund allocation and transfer date. ■ Government coordination and support. ■ Inspection and acceptance. ■ Impact evaluation. ■ Dispute resolution method(s). ■ Annexes. ■ Effective start and completion dates. ■ Signature and seal. |
|--|---|

Tips



- Contract terms should be clear and accurate.
- A contract is legally binding. Where possible, social organizations should consult with legal advisors.
- Social organizations should pay attention to their contractual obligations and opportunities for coordination and government support, including local government administrative support, and technical or other support from government poverty reduction units.
- Social organizations should pay attention to management and storage of contract documents.

3.7 What are key characteristics of poverty reduction funds?

Training Goal



- To raise social organization awareness of characteristics, and requirements for using, poverty reduction funds

Learning points



- Characteristics of poverty reduction funds:
 - State funds for poverty reduction have stringent restrictions on eligible target groups and the scope of fund use.
 - The state has repeatedly emphasized that misuse of poverty reduction funds will incur serious consequences and that the state will investigate any such wrongdoing.
 - Documents stipulate that state funds are managed through a reimbursement process.
- *Discuss:*
 - How to handle delays in the arrival of poverty reduction funds?

- How to handle a reimbursement request for funds just received?
- Is it necessary to transfer poverty reduction funds into a social organization bank account to undertake poverty reduction tasks?
- Is it reasonable for social organizations to pre-pay the costs of poverty reduction service provision and have their receipts reimbursed from state poverty reduction funds? How should this be handled?

Tips



- Social organizations should carefully note requirements for fund allocation, accounting, and reimbursement (including required documents and standards), before signing the contract.

3.8 How to manage risks in poverty reduction service provision?

Training Goal



- To increase social organization awareness of the risks associated with undertaking poverty reduction tasks and to strengthen risk management

Learning points



- It is important to clearly understand the nature of various risks (such as natural disasters, accidents, cultural, clan and family related factors, delayed funding arrival, technical failures, and markets risks, and to appreciate that such risks are more common in impoverished localities).
- It is important to increase social organization sensitivity to risks and awareness of risk prevention.
- Identify, and prepare for, various risks in advance (including clearly stating known risks and responsibilities, such as accidents, in the contract terms and conditions.)

Tips



- Identifying potential program implementation risks can help reduce complaints, if those risks later become problems.
- Social organizations should discuss serious risks with government in advance to avoid carrying the full burden of risk and to jointly develop early prevention and response strategies.
- Social organization staff should take heed of some risks; other risks should be discussed with community members to identify solutions; and some technical risks should be analyzed by technical personnel to identify appropriate solutions.

3.9 How to conduct a participatory program evaluation?

Training Goal



- To increase awareness and basic knowledge about community participatory program evaluation

Learning points



- Participatory evaluation is a process in which the target population evaluates the state of completion, results, and their levels of satisfaction with poverty reduction tasks.
- How to conduct a participatory evaluation? The overall process includes (1) setting up a community evaluation team of target beneficiary members; (2) developing an evaluation plan; (3) conducting investigation activities; (4) gathering data and analyzing the results.
- To increase basic knowledge for designing evaluation indicators and standards.
- When should participatory evaluation be undertaken? (It is for evaluating difficult tasks or tasks with results that are hard to measure).

Tips



- Participatory evaluation relies on practical experience and should be conducted under the supervision of an experienced practitioner.
- The participatory evaluation is actually undertaken by the community-based evaluation team. The quality of evaluation results is dependent on the quality of team member election and training.
- Participatory evaluation focuses on results, and also on critical points or incidents in program implementation, the improvement of community governance, and overall management capacity.

- It is important to note the level of project awareness and satisfaction among poor women and other local vulnerable groups. This is an important indicator of program outcomes.
- Participatory evaluation focuses on drawing experiences from within communities, by communities, and on evaluation as a community learning process for the future.
- A common mistake in participatory evaluation is to create overly complicated indicators and standards.

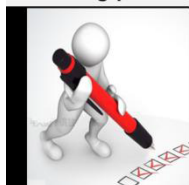
3.10 How to conduct a third party evaluation?

Training Goal



- To understand how to conduct a third party evaluation

Learning points



- The principles of third party evaluation are independence, neutrality, objectiveness, and fairness.
- Third party evaluation of poverty reduction activities usually involves an assessment of funding adequacy; activity outputs, results and impacts; target population satisfaction; fairness and efficiency of poverty reduction fund use; sustainability of outcomes; and conditions at contract completion.
- The process for conducting a third party evaluation:
 - Create a multi-disciplinary evaluation team.
 - Undertake background research.
 - Prepare an evaluation plan.
 - Conduct fieldwork.
 - Analyze data collected.
 - Produce and submit a report.

Tips



- Choosing the right evaluators is critical, as different people will have different positions and perspectives.
- The evaluation should be independent and objective, and not affected by client opinions.
- Listen to the various groups that need to be heard, particularly people with different opinions, and especially to women, children, and the elderly.
- Take a social equality perspective.
- Express findings clearly and accurately.

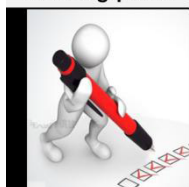
3.11 How to conduct an internal check and self-assessment?

Training Goal



- To learn how to improve contract completion by undertaking an internal check and self-assessment

Learning points



- *Timing of the internal check:* To successfully pass government inspection and project acceptance, it is important to discover problems beforehand, with sufficient time for redress.
- *Key indicators for internal checking:* are drawn from the expected results of the Scope of Work for Poverty Reduction Tasks and any provisions for expected results and implementation requirements in the Agreement for XX social organization to undertake XX poverty reduction task. Those indicators focus on targeting the right groups, the completion of poverty reduction activities, use of poverty reduction funds, results of the poverty reduction services, and levels of stakeholder satisfaction. Some poverty reduction tasks are more focused on fund use efficiency, sustainability of impacts, and equality of benefit distribution.
- *Internal checking method:* List and analyze the key indicators in the government inspection and project acceptance process. Create a table based on those indicators and contents and invite representatives of different beneficiaries, local government staff, and technicians to check the project activities in accordance with the table. Discuss solutions to any problems. After the internal check, apply to the government for a formal inspection and project acceptance.

Tips



- Social organizations should consider how to conduct an internal check to ensure the quality of poverty reduction activities at the commencement of project implementation.
- An internal check is not just about completion. Social organizations also need to draw lessons and experiences from the self-check.
- Special indicators should be designed for the internal check to better understand strengths, weaknesses, and highlights of the programs and to emphasize those highlights in the government inspection and project acceptance.

3.12 What is complaint handling?

Training Goal



- To be aware of the need for complaint handling and to leverage complaint handling to improve poverty reduction services

Learning points



- Complaints are inevitable and so they should be properly handled to improve poverty reduction work.
- Creation and operation of a complaint handling system requires regulations, dedicated personnel, communication of information, and mechanisms for responding to, and addressing, complaints.
- Properly responding to complaints: The key element of complaint handling is to clarify the facts and to resolve complaints based on those facts, explaining or redressing as applicable. If necessary, staff should be sent to the field immediately to conduct investigations and respond accordingly. This is an effective measure to decisively

handle complaints and prevent repeated problems. Good complaints handling can turn negatives into positives by handling problems at the source, reducing risks, and increasing the possibility for sustained poverty reduction.

- Social organizations should establish their own compliant handling system to improve their poverty reduction capacity and the quality of poverty reduction services.

Tips



- Set up an effective reporting channel, and make it accessible to those who want a say.
- Inform beneficiaries (especially women, children, the elderly, and other vulnerable groups) of the complaints channel.
- Understand contentious situations first, then offer explanations.
- Good complaint handling is an opportunity for a social organization to improve its capacity and to publicize itself.

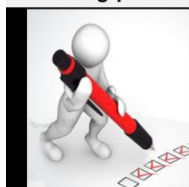
3.13 Traps for social organizations in outsourced poverty reduction activities

Training Goal



- To raise awareness of some traps that social organizations may encounter in outsourced poverty reduction activities and to improve implementation success

Learning points



- Some traps that social organizations may encounter in poverty reduction work include:
 - Neglecting coordination with government.
 - Lacking sensitivity to complicated issues in communities.
 - Lacking a social equality perspective and sensitivity to gender issues.
 - Casually making promises and raising community expectations.
 - Mismanaging relations with the two Village Committees.
 - Focusing on the social organization itself and ignoring community feelings and needs.
 - Mismatching activities with the pace of communities.
 - Getting involved in existing community disputes.
 - Emphasizing majority rule and neglecting the importance of reaching a common understanding.
 - Losing focus due to interruptions (constantly changing approaches when things happen, but ignoring core principles).



Tips



- Implementing poverty reduction work is complicated and overwhelming, with constant travel to villages and visits to households to partner communities on their road to development. It is easy to focus on factors that can lead to success and ignore those traps that can lead to failure. Many programs fail through falling into traps.
- Both sensitivity and insight are needed to avoid falling into traps in the local context.

Module 4: Strengthening capacity to take on big challenges

4.1 Quality is the key to social organization survival

Training Goal



- To encourage social organizations to pursue high quality poverty reduction work and recognize that quality is the key to their survival

Learning points



- Social organization contracting of government poverty reduction tasks is only sustainable if social organizations can keep completing tasks and accomplishing excellent work.
- Be alert to the trap of being resource-driven in the initial stage of social organization growth.
- Get used to ensuring the success of each activity and leaving no problems after program completion.
- The key to good project completion is adherence to professional development and a mission-orientation.

Tips



- Social organizations should recognize they are in a process of developing, and overcome the desire for short term expansion.
- To match the government policy of letting social organizations learn by doing, social organizations need to undertake poverty reduction work, and to contribute and develop.

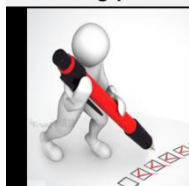
4.2 Developing through doing good work

Training Goal



- To strengthen social organization awareness of the need to build capacities to provide stable poverty reduction services

Learning points



- Promote a learning culture that seeks to improve capacities to provide high quality poverty reduction services. (Including learning the principle that failure to undertake effective poverty reduction and make effective contributions is just self-entertainment).
- Adhere to the importance of professional development. (Accumulate knowledge and skills in specific areas and build core skills that are branded as belonging to the social organization; face up to loneliness, and do not be disoriented by misunderstandings or negativity).
- Create an atmosphere of learning and communication within the organization and get used to learning and sharing. (Establish an organizational culture of learning, adopting good learning habits, and accumulating core knowledge for the social organization).
- Establish proper incentive mechanisms, have a stable team, and transfer knowledge across generations of staff.

Tips



- Respect and reward effective work and contributions.
- Ensure a stable work team.
- Balance learning and capacity improvement, fulfill contracts, and develop social organization capacity.
- Be clearly aware of what you are learning.