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Implementation of Policies for Efficient Service Delivery: What Can We Learn from a Saving Program for Children to Help the Poor in Taiwan

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About the Policy

- It was implemented in **2017**.
- It provides personal savings accounts for
 - **Every child born after January 1, 2016**, and from **low-income or low-middle income households**
 - **Orphaned children** who have been placed in a child or youth welfare institution for more than 2 years.
- The intention behind this policy is to incentivize parents in low-income households to save for their children's **higher education**.



About the Policy

- Participants can choose to save 500, 1,000, or 1,250 NTD per month until the child reaches 18 or exit the welfare system, with **the government offering 1:1 matched funds as an incentive.**
- These savings are treated separately and are not considered as part of the household's assets or income for welfare eligibility purposes.
- The participation is **voluntary.**



Q: What other supporting measures are in place?

Career planning, Parent education, Welfare services, Social work counseling, Financial education, Employment services, In-kind payments

Note: Deposits in the CFEDAs are not counted as "family property", and will not affect the welfare qualification of the participant's family.

Q: What if I can not make the monthly deposit?

- **Deposit period:** The due date on the January to November payment slips for the CFEDA is November 20 of the same year. If a deposit can not be made for a particular month, it can be made before November 20 through any partner channels. The due date on the December payment slip is December 20 of the same year. Therefore, the account holder's family can make a deposit any time before the deposit due dates.
- **Year-end makeup deposit:** To ensure that the public do not miss the opportunity for depositing money, the government will send a makeup payment slip at the beginning of December each year for making deposits before December 20. (Remember!! You can save up to \$15,000 each year. After December 20, you can not make up missed deposits).

Toll Free 1957

For more information, please call 1957 Welfare Information

Children Future Education and Development Account
Ministry of Health and Welfare

Children Future Education and Development Account

Investing in children is investing in our future

Child's passbook to dreams.
Save a little each day to save future hope for your child.

MINISTRY OF HEALTH AND WELFARE
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Q: Why promote the Children Future Education and Development Account (CFEDA)?

To enable children to have equal access to good education and career development, the CFEDA is established to help disadvantaged children accumulate asset, and invest in education, employment and entrepreneurship, thereby promoting their self-reliance.

Q: What are the options?

Save NTS500, NTS1,000 or NTS1,250 per month according to your own ability.

Government matched funds: The same amount will be matched on a 1:1 ratio bi-annually (For example: if a participating child deposits NTS5,000, the government will also deposit NTS5,000). Maximum disbursement of the government matched funds (the government matched funds including the amount used for opening the account) is NTS15,000 per year.

- After the account is opened, the government will deposit NTS10,000 into the account.

Estimated maximum deposit is NT 540,000 (Based on an 18-year calculation, the maximum amount is NTS30,000 per year).

Q: How to make deposits? What about withdrawal and balance?

Choose the following deposit method:

- Payment slip: Post Office, Bank of Taiwan, A T M, online banking, Convenience store (will partner with supermarkets in the future to receive payment).
- Automated Transfer: Post Office (Auto deduction from set account on the 10th of each month).

Account withdrawal and maturity:

- Fund Maturity:** When a participating child turns 18 years old, the city or county government will notify the account holder to submit the related proof for the purpose of the deposit and process the account accordingly.
- Special settlement:** The account will be settled under special circumstances, such as in the death, serious illness, or physical or mental disability of the participating child.
- Voluntary withdrawal:** Apply to the city or county government if the participant wishes to stop depositing and withdraw funds half-way through the program. The government will retain a one-year buffer period for the account. If the account holder still wishes to withdraw from the program after the one-year buffer period, he or she may only withdraw personal deposit and interest amount (but not the government matched funds), and shall not be allowed to participate again for the next 3 years.

Q: Who can apply?

- Children under the age of 18, born after January 1, 2016, from low income or low-middle income households.
- Orphaned children who have been placed in a child or youth welfare institution for more than 6 months.

Q: How to apply?

- A legal representative or one closest relative of the child may apply to the city or county government where the child's domicile is registered. Bring along a postal passbook and the personal stamp for that account.
- Applications for orphaned children will be uniformly processed by jurisdictional city or county government.

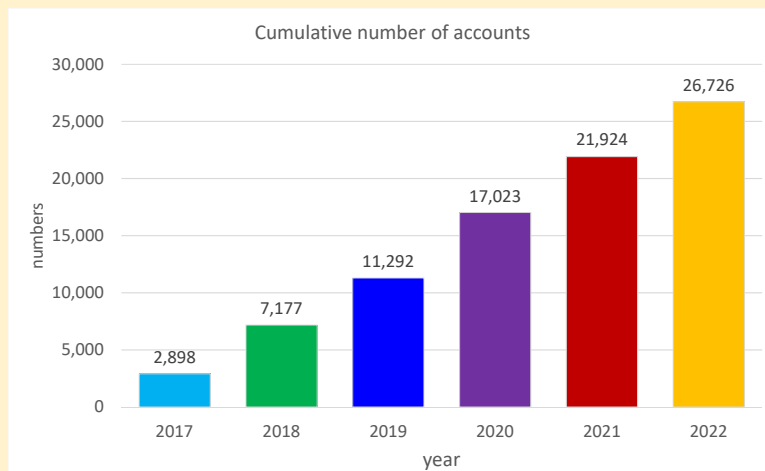
Note: The CFEDA uses a virtual account system, and physical passbooks will not be issued. The Ministry of Health and Welfare has set up a general CFEDA in Bank of Taiwan, and deposits for individual child are made to its sub-accounts.

Q: How will the deposit be used?

When the children reach the age of 18, they may withdraw the funds for higher education, vocational training, employment or entrepreneurship.

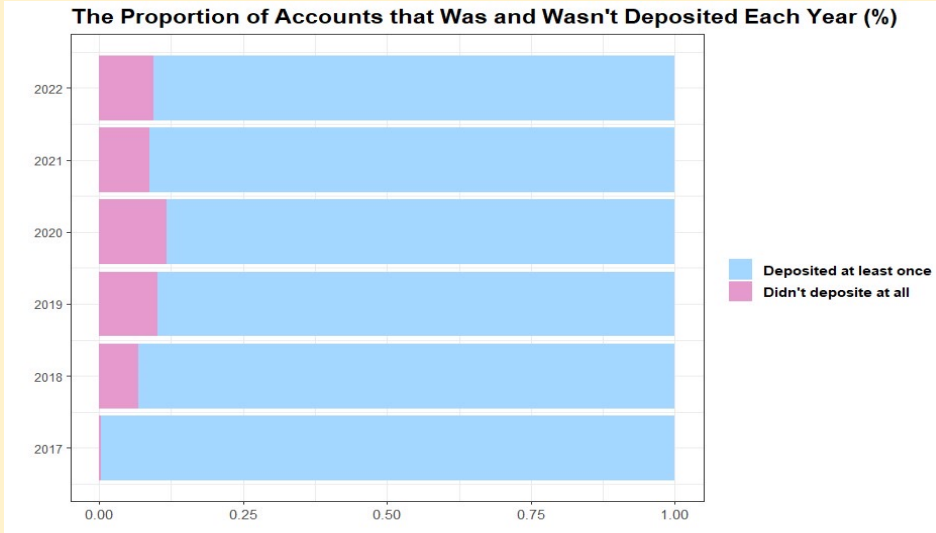
Some information about the Account

- Up to the end of 2022, **60% of eligible persons**, mostly from low-income or low-middle income households, **opened an account**.



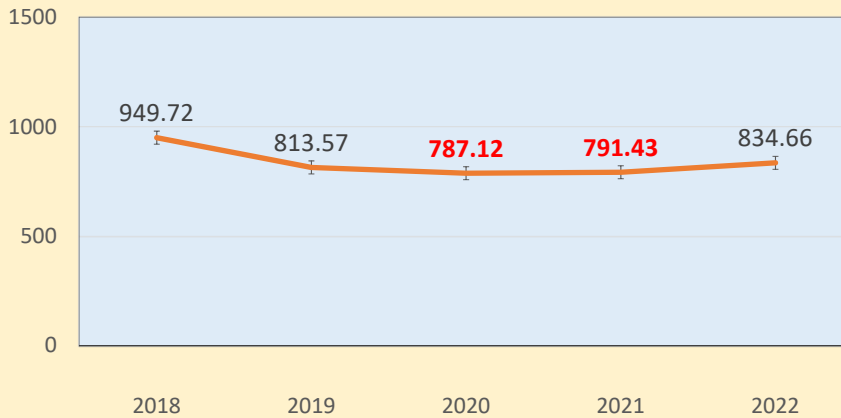
However...

- To open an account did not mean to deposit



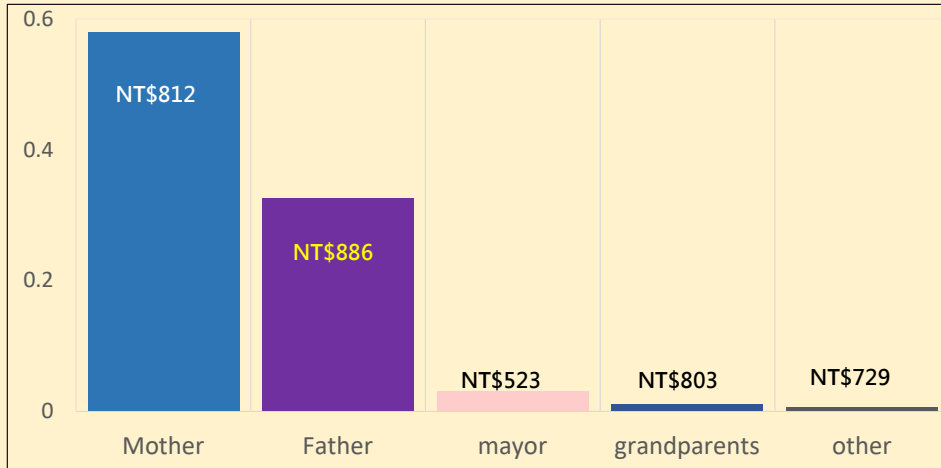
However...

- The amount of deposit drops as the years go, especially in 2020 and 2021, during the COVID-19 pandemic.



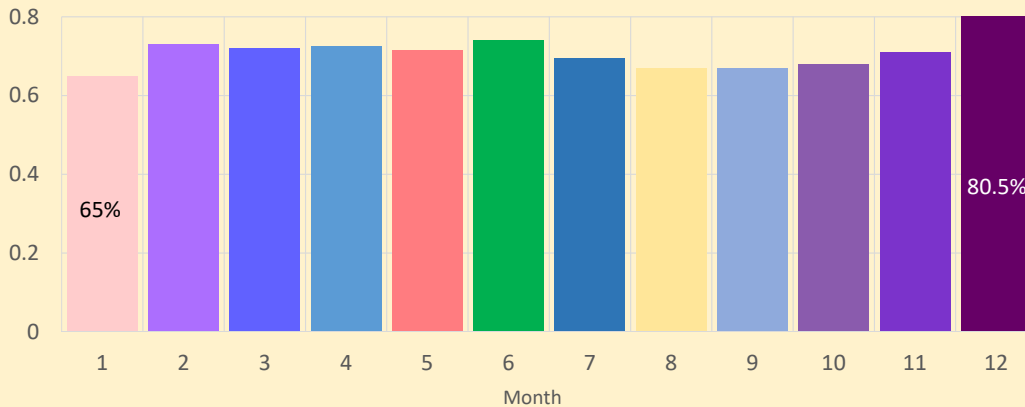
However...

- The amount of deposit varies depending on who the guardian is, most legal guardians are mothers, but the amount saves by fathers is the most.



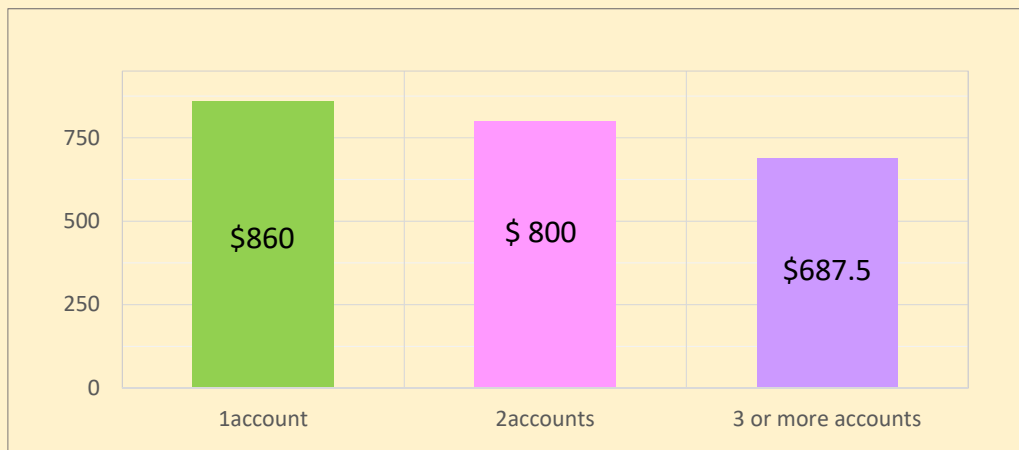
However...

- Most didn't actively contributed to their savings accounts on a regular monthly schedule, rather, they would save at the end of the year.



However...

- The amount saved for each child decreases as the number of children in a household increases.



Factors for Not Saving Regularly

- Social workers should visit households that did not save over six months, reasons identified by social workers include:
 - Financial constraints
 - Forgetting to deposit
 - Non-receipt or loss of payment notice
 - Loss of welfare qualifications
 - Lack of intention

Actions Taken by Social Workers

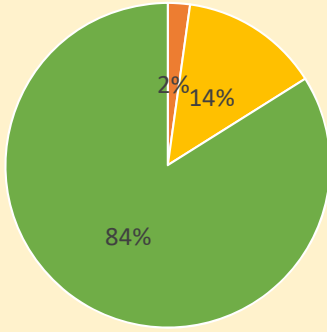
- Referring **formal and informal financial assistance**
- Provide **psychological support** that address
 - financial stress
 - develop positive saving habits
 - enhance financial literacy and mindset
- **Administering assistance** that provide clear communication channels and prompt response to their questions
- Referring to **vocational training programs, financial literacy programs, part-time jobs**, etc.

Policy Evaluation

- To evaluate the effectiveness of this policy, the government collects panel data **every four years** from randomly selected program participants, starting from 2019.
- In 2019, data from 878 parents or legal guardians of children who opened accounts and 137 parents or legal guardians of children who did not open an account were collected.
- Face-to-face interviews were conducted by social workers to gather data on various factors, including
 - **family economic conditions**
 - **employment status**
 - **parenting attitudes**
 - **educational expectations for their children**
 - **the developmental conditions of the children**

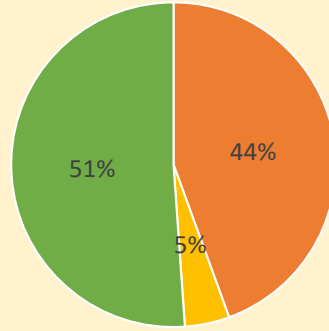
Demographics of the Sample

Parents or legal guardians



- Don't know the account, and haven't opened one
- Know the account, but don't have one
- Know the account and have one

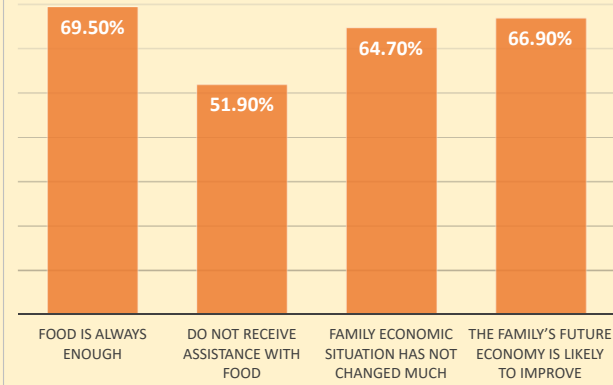
Children in residential care



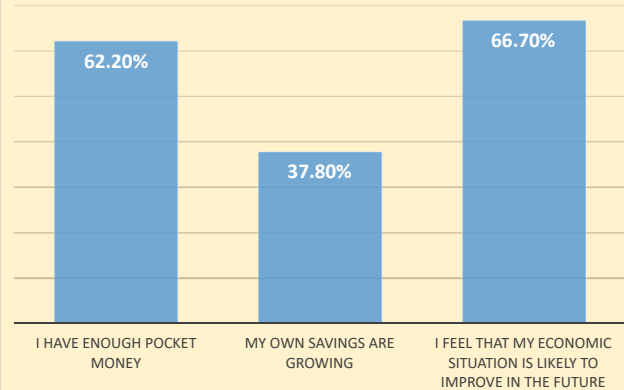
- Don't know the account, and haven't opened one
- Know the account, but don't have one
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Financial Stress

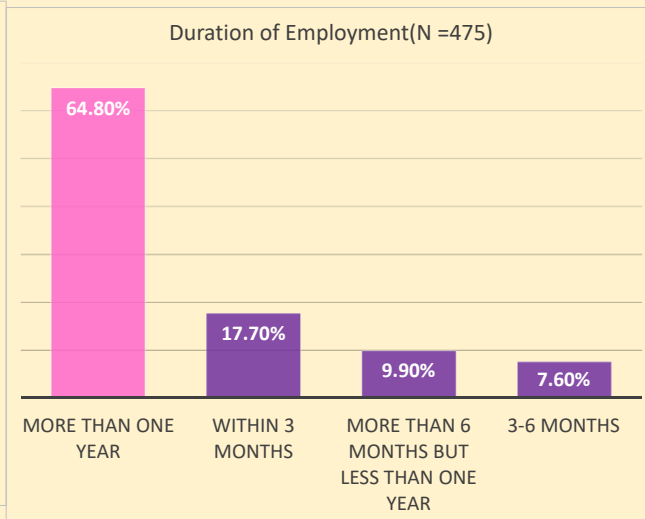
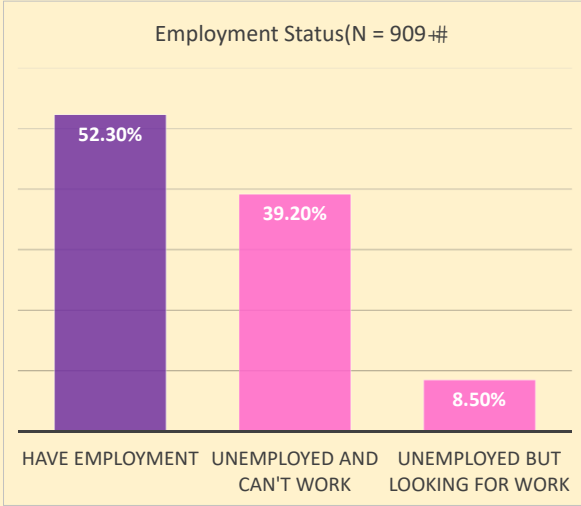
Parents and Legal Guardians)



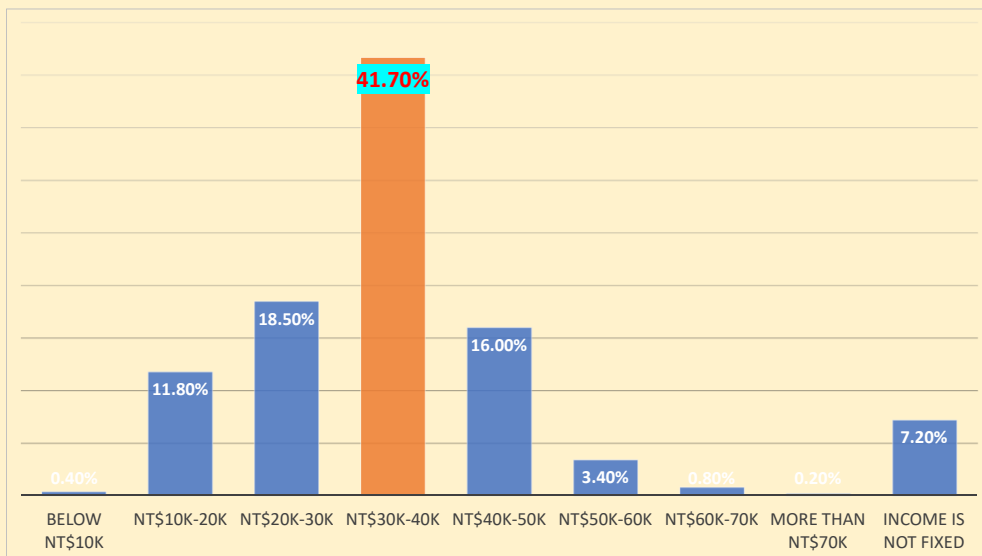
Children in residential care



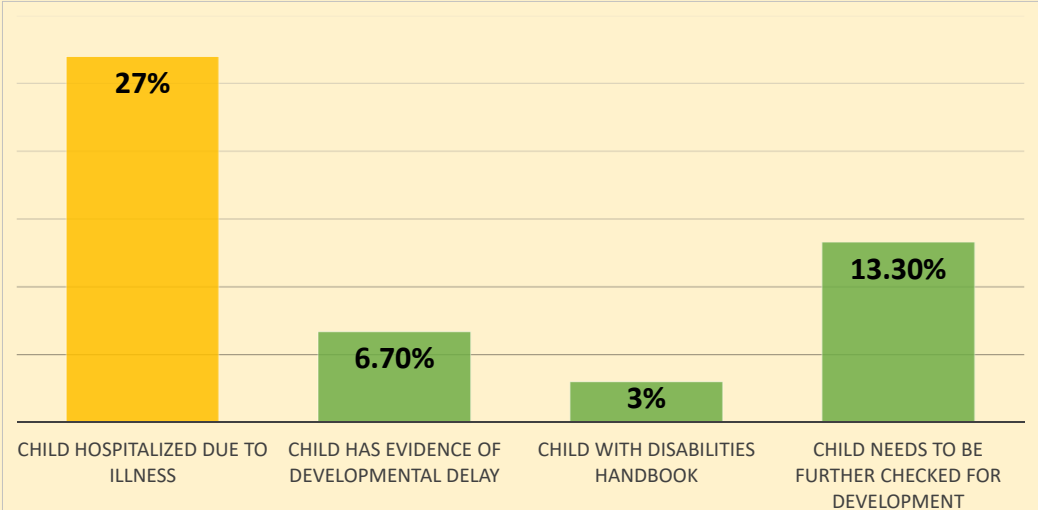
Employment Status



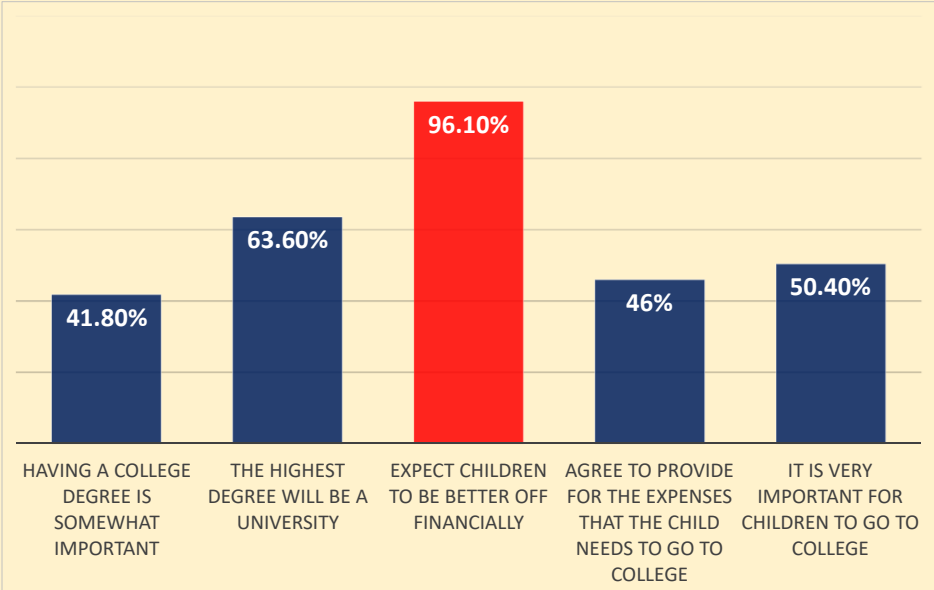
Regular Income



Child Development and Health



Educational Aspiration for Children



Major Findings

- There were **no significant differences** between account holders and non-holders in terms of economic difficulties, employment status, parenting stress, parental expectations for their children, and parent-child relationships.
- Compared to those who had already opened an account, parents who had not yet opened an account reported
 - **higher levels of depressive mood**
 - **poorer self-concept**
 - **perceived poorer economic conditions**

Future Work

- Since the data was collected in the first year of the program, the full effects of participation were not able to emerge.
- The second wave of data collection is undertaken now, and it is expected to shed some light on whether participation in this program can
 - help **build monetary assets**
 - **enhance the well-being** of the participating families and their children

Conclusions and Suggestions

- We suggest that the government needs to target support to participants who are more likely to fail:
 - Implement **financial education programs** that teach skills related to budgeting, saving, debt management, and long-term financial planning.
 - **Utilize technology** to create **automated reminders** (such as mobile apps, text messages, the chatbox, or emails) and notifications that prompt participants to make regular deposits into their savings accounts.
 - **Enhance communication efforts** to ensure that participants are well-informed about the program, its benefits, and their responsibilities

Thank you
Q & A

