

**Greece: Means-tested Income Support Program (Pilot)**

Position Paper Highlighting Pending Decisions – 26 July 2013

**WORLD BANK**

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**Purpose and Background of this Document**

This paper lays out the basic building blocks of a means-tested income support program. It summarizes some of the decisions which have been made so far with respect to various components within these building blocks. Pending decisions are also identified. The paper serves as a high level compass, and a first step, in beginning to design the Greek means-tested income support program.

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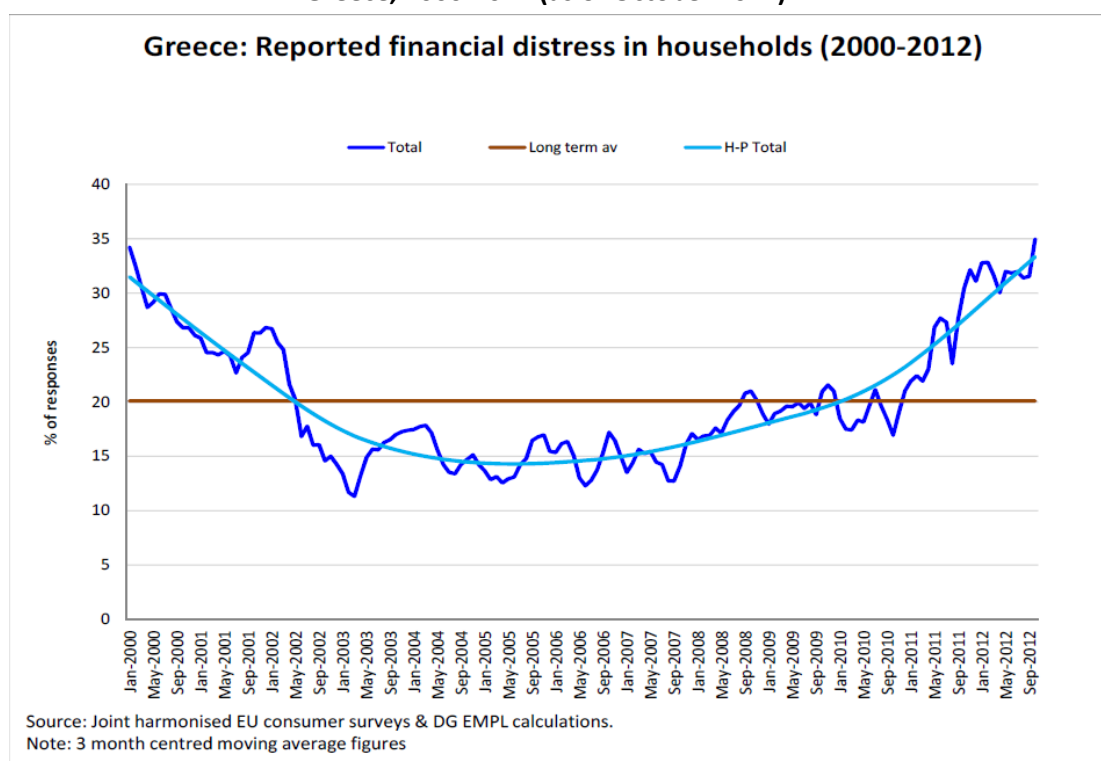
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## I. Context

### A. Social Crisis: Poverty and Unemployment

Greece continues to be in a very difficult period of economic adjustment; it is experiencing its **sixth consecutive year of recession** in 2013. The unemployment rate has risen very rapidly, by more than 15 percentage points in 3 years, and continues to grow. The unemployment rate among those 15 to 64 was 9.4 percent in the third quarter of 2009. It stands at 27.6 percent in the first quarter of 2013. Unemployment among youth has reached crisis proportions – increasing by more than 30 percentage points in 3 years, to 60.0 percent, in the first quarter of 2013<sup>1</sup>. Rising unemployment and social unrest are major risks to political stability.

**Figure 1: Developments in the share of households reporting financial distress in Greece, 2000-2012 (as of October 2012)**



Source: Minty and Macquet-Engsted (2013)

The number of households reporting financial distress stands at about 35 percent in 2012. In 2011, the poverty rate was highest among households where the head was unemployed, at 67.4 percent. Other vulnerable include the self employed; for instance, the poverty rate among households where the

<sup>1</sup> The unemployment rate among youth (15-24 year olds) was 24.7 percent in the third quarter of 2009. It stands at 60.0 percent in the first quarter of 2013

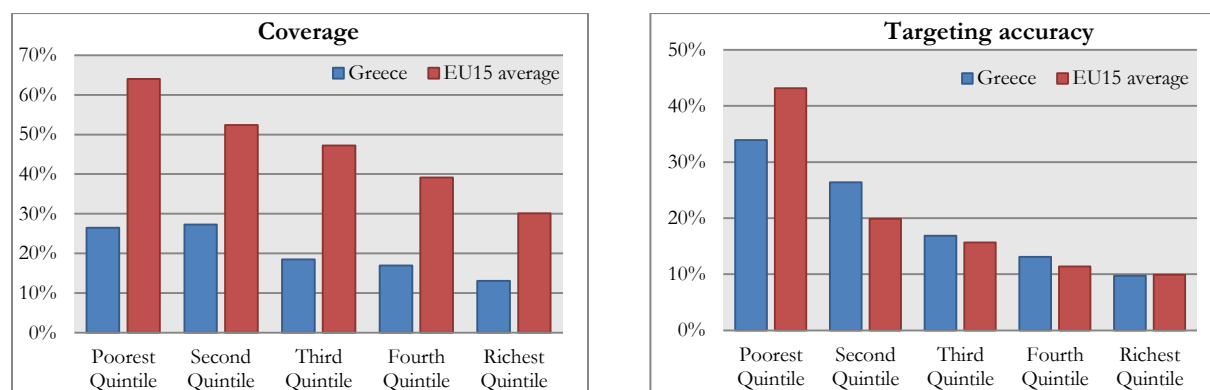
household head is a self-employed farmer was 55 percent in 2011. The poverty rate in households where the head is a pensioner was 32 percent, in comparison<sup>2</sup>.

## B. Greek Social Protection System

Although Greece spends 24 percent of GDP on social protection, most of this expenditure is on pensions (14.6 percent). Further, expenditure on pensions is heavily subsidized through general revenues. In 2011, the state subsidy was equivalent to 7 percent of GDP. Despite the large expenditure, the main social insurance programs, excluding unemployment insurance, only cover 40 percent of the population. The **access to supplementary pensions is uneven**. Less than half of pensioners received a supplementary pension on top of their main pension (Matsaganis 2012).

Expenditure on social assistance is low, and coverage through social assistance programs is patchy<sup>3</sup>. Spending on social assistance schemes amounts only to 1.5 percent of GDP, out of which approximately 40 percent goes to programs for uninsured elderly and other old age supplements. Social assistance programs cover only about 25 percent of the poorest quintile, whereas the EU15 average is almost 65 percent. **Targeting accuracy of social assistance benefits can be improved**. Only one third of the total expenditure on the social assistance benefits goes to the poorest quintile.<sup>4</sup>

**Figure 2: Coverage and targeting accuracy of all social assistance in 2009**



*Note:* Population-weighted average. *Source:* Calculations based on EU-SILC 2009.

**Rebalancing the Greek social welfare system emerges as a priority** in order to target those most in need. Social assistance comprises a large number of benefits, but there is no broad minimum income support mechanism. Given the context of fiscal austerity and the importance of alleviating poverty, it is important to move to a cost-effective means-tested income support program. This process is now underway with recent reforms introducing income-testing for a set of benefits, and with a pilot of a means-tested income support program being planned.

<sup>2</sup> OECD (2011)

<sup>3</sup> Coverage refers to the percent of the population (or of the poorest quintile) that receives social assistance transfers.

<sup>4</sup> EU-SILC 2009

### Box 1: Objectives of Social Protection

To address concerns of poverty and unemployment, social protection systems seek to build resilience, achieve equity, and provide opportunity. The three goals of **resilience, equity and opportunity** equate to what is more widely known among social protection practitioners as the '3P' framework: prevention, protection, and promotion (See World Bank 2001).



**Contributory social insurance programs** (unemployment insurance, old-age pensions, and so on) build resilience and **prevent** individuals from falling into poverty by insuring against idiosyncratic, as well as coordinated, macroeconomic shocks. **Non-contributory social assistance programs** (also known as safety net programs) seek to achieve equity by **protecting** the chronic poor and other vulnerable groups, such as the disabled, against destitution and supporting equality of opportunity. By providing income support and other services they protect against irreversible and catastrophic losses of human capital and seek to reduce the socio-economic harm from acute inequality. **Promotion** of opportunities is achieved through a **variety of instruments** including active labor market programs that build skills and promote employability; programs such as conditional cash transfers and public works that increase human and physical capital investments; and through the indirect impact of preventive and protective programs which, by lowering households' vulnerability, allow them to be more innovative and to take productive risks. Such policies aimed at adults are referred to as "**activation**" or "**active inclusion**".

Source: World Bank (2012).

### C. European Community Context in Minimum Income Benefits

All EU Member States, with the exception of Greece and Italy, have some form of minimum income scheme at a national level.<sup>5</sup> Prompted by the current grave crisis situation, the Greek government has decided to introduce a means-tested income support program, and to pilot this program beginning in

<sup>5</sup> Frazer, Hugh and Eric Marlier (2009)

January 2014. This would close a key gap in the social safety net in Greece, and would help strengthen the capacity of safety nets to protect the poor and vulnerable, both during times of crisis, and at other times. Implementing the means-tested income support scheme would also bring Greece closer to Europe's "active inclusion" agenda. The European Commission, Council and European Parliament have concurred around a three pronged strategy for active inclusion into the labor market: (1) adequate income support, (2) inclusive labor markets, and (3) access to quality services (COM (2008) 639 final, and related documents.) By introducing a means-tested income support program, Greece would strengthen the first component of this European strategy.

#### **D. Commitments in the Memorandum of Understanding with the European Commission and the European Central Bank**

The Greek Government has committed to deliver a position paper on the means-tested income support pilot in the Memorandum of Understanding (MoU) between the Greek Government and members of the Troika, and has to be delivered by end July 2013. The commitment specifies that

*A specific position paper on the means-tested minimum guaranteed income scheme shall be prepared by [July 2013]. The paper will set out the timetable and roadmap for the national roll-out, identify pilot geographical areas and targeted population, present budgetary provisions and describe the institutional framework including registry. It will make initial proposals for mutual responsibilities, and means of activation of beneficiaries, describe how this scheme will interact and integrate with other labour market policies and social transfers, and propose specific monitoring and evaluation mechanisms. The position paper will identify general principles that will ensure transparent and equitable selection of partners for complementary services among state and local agencies, local community organisations, NGOs, and private partners. The (eventual) integration of the minimum guaranteed income scheme and of the unemployment assistance scheme with existing cash transfers, labour activation services, and other social services is important to ensure adequate support for the needy, and move them closer to work and will also be discussed in the position paper. The early preparation will facilitate a front-loading of the new initiatives should the fiscal space be found within the existing overall budget envelopes.*

The position paper is a first step towards preparing to begin the pilot of the means-tested income support program; the government has committed to begin this pilot by January 2014 in the MoU.

## II. Design of the Benefit Program

### A. Target Group and Policy Objectives


The Means-tested Income Support Program is a cash transfer aimed at preventing extreme hardship and uses a low-income criterion as the central eligibility condition. The main policy objective is to serve as a fall back benefit for households not getting a minimum level of support through other measures in order to prevent them from falling into extreme poverty, thereby avoiding a deterioration in human capital as well as other negative consequences. The target group is extremely poor households (individuals or families). There is no official definition or measure of extreme poverty in Greece, so in practical terms the target population will be derived from the eligibility criteria.

### B. Name of the Benefit

Given the potential political discussions about the Means-Tested Income Support Program, special consideration will be given early on to an attractive and “resounding” name of the program. The name “Means-tested Income Support Program” is suggested as a first technical designation of the program. It aligns with EU nomenclature on tax-financed and means-tested universal social assistance benefits.<sup>6</sup>

Given the short timeline for realization of the pilot, the easiest option would be to adopt a more technical or acronym-based name. When choosing a technical name and acronym, it should be checked with a small internal focus group against any negative connotations or mis-spellings, confusion with other programs or management elements. The case of Germany can be taken as a key negative example, where the intended program name for the social assistance benefit for the unemployed (“Basic Income Benefit”) was superseded by the rather awkward name of the law (Hartz IV or SGB II).

If time and resources permit, a more meaningful, symbolic “programmatic” name should be developed which conveys the key policy target of the benefit in one key word. Positive examples for this practice can be taken from the UK (“Jobseeker Allowance” (instead of “Unemployment Benefit” or “Income Support”), “Work Program”), Latin America (“Bolsa Família”, “Oportunidades”). This symbolic name should certainly be tested in a wider context with public relations experts and focus groups of potential beneficiaries and non-beneficiaries before it is adopted. Finally, Greece could opt for a programmatic name based on the rich historical and mythological tradition of the country.

Name of the Benefit		
 <b>DECISION- POINT</b>	Technical and Acronym Name (e.g. HMISP – Hellenic Means-tested Income Support Program Program)	<input type="checkbox"/>
	“Generic Programmatic Name” (e.g. “Work Program”, “Jobseeker Allowance”, etc.)	<input type="checkbox"/>
	“Greek Context Programmatic Name” (e.g. ATHINA – Aid to Households in Need of Assistance, etc.)	<input type="checkbox"/>

<sup>6</sup> [www.ec.europa.eu/missoc](http://www.ec.europa.eu/missoc)



### C. Targeting Mechanism and Eligibility Criteria

Given the main target population for this program, targeting will be done through a means test that will primarily consist of income, and will be supplemented by information on assets. The income and asset test will consider the means of the family/household. This is in keeping with the practice in most OECD and EU countries which also rely on family income and assets for the means test for minimum income benefits. It would be important to define the ‘assistance’ unit very carefully taking into account the Greek context. The assistance unit may be defined as the **household** which can include family members and relatives who are not obliged to provide for each other but who contribute, either through cash or in kind, to the household, share assets and resources, and spend them collectively. Alternately, the assistance unit could be a **family** that includes only formal relationships, e.g. parents and children or married couples. It is often easier to target a family rather than a household since official records already exist; however, if it is common practice for extended families to live under the same roof, targeting the family may result in having more than one ‘assistance’ unit living together in a household.

A key decision relates to what means to test. In the Greek context, it has been decided that both income and assets will be tested so as to ensure that the program reaches the target population of the extreme poor. When deciding which assets to include in the means-test, it is important to see what assets correlate with extreme poverty. It is also important to take into account what incomes and assets are easy to verify. Easy to verify income often includes wages, pensions and other insurance-related payments, state benefits, stipends and scholarships. Regular or occasional income from land and property rental, from land cultivation and forest use, from livestock, other productive assets such as machines and vehicles, interest gains, incomes from dividends or intellectual property rights, and from remittances may be harder to verify. Similarly, income from informal economic activities or semi-formal activities are hard to verify; and in such cases, combining an income test with an asset test can help strengthen targeting efforts. The type and value of asset that will be part of a means-test may include (a) a second dwelling, recreation or holiday homes, business space, land, livestock, other mobile or immobile assets that can be put in productive use and generate income; (ii) housing characteristics such as the size of the applicant’s main dwelling, and (iii) whether he or she has savings in saving accounts or has sold or transferred any property in the previous three to five years. Some of the elements of the asset test, such as the possession of agricultural land or livestock, aim to account for the generation of informal income, which is hard to verify, while others can be used as a basis for imputing income. For example, in the United Kingdom, owner-occupied property is in general excluded from the assets which are taken into consideration in the test.

### Box 2: Pros and cons of asset testing

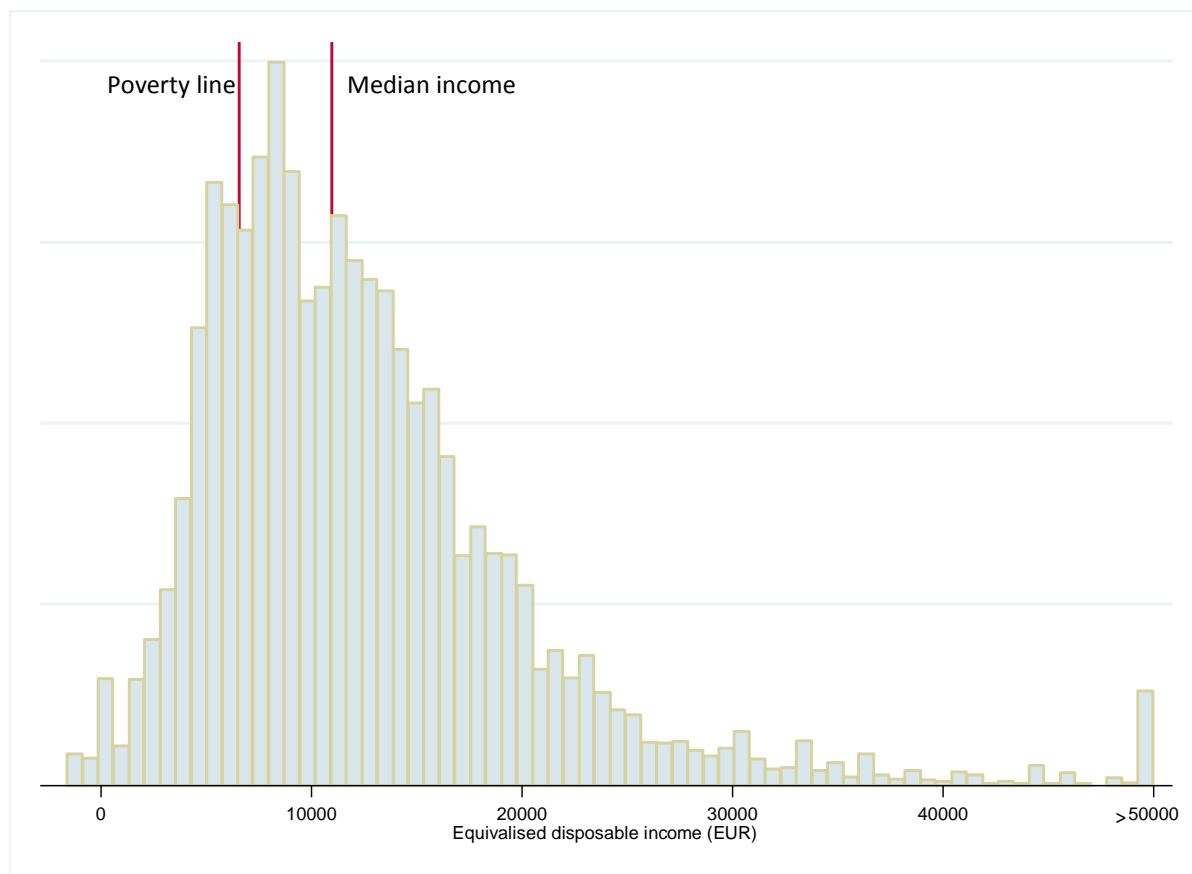
**The asset test has predictive power of poverty status, and is also used when it is necessary** to differentiate between transient poor (lacking minimum income at a particular point of time) and chronic poor who are short of income and basic assets in the long run. The capacity of the asset test to identify rightly the poor very much depends on *which kind of assets* are subject to the assessment. The absence of assets that is correlated with poverty status, or – alternatively – the presence of assets that characterize non-poor households, can be identified by analyzing household-level micro data.

**Assets can be scrutinized with a different level of rigor.** A too rigorous asset test can be expensive and administratively burdensome. It could lead to a situation where income-poor would qualify for social assistance only after depleting their assets, which is not desirable since using own assets is one of the possible coping strategies in case of poverty, while their absence limits further their ability to help themselves. Very strict asset requirements, especially if rigorously enforced, can produce significant errors of exclusion of applicants for social assistance who are income poor.

**The presence of assets can be interpreted in different ways in the means test for social assistance.** Ideally one would use a ‘structured’ questionnaire to scrutinize the assets a family owns; so as to increase the transparency of the asset test, and decrease any subjectivity or differences in application of the test in different regions of the country. One could even structure the asset test to the extent of giving individual ‘weights’ to various assets and include them in a *scoring formula* (proxy means test or hybrid test). The scoring formula could be applied based on the information provided by the claimant in the initial application and verified at home visit. The formula approach can guarantee equal treatment of each asset across households throughout the country, and add to transparency and objectivity.

The choice of the income eligibility threshold that is part of the means test will depend on what percent of the population the program aims to cover, and on resulting fiscal costs. The following chart gives the distribution of equivalized household income in Greece using the EU-SILC 2011 survey. Given that the target group is the extreme poor, an income threshold of €4,800 per year would target the bottom 10% of the population.

**Figure 3: Distribution of annual income as estimated from EU-SILC 2011 survey**




A further decision has to be made on what incomes to include. The consensus seems to be that all sources of income including social benefits would be included for the purpose of determining eligibility. Having a unified social registry, along with interoperability with other databases will facilitate determining eligibility with accuracy. One can also include income disregards – for instance, 25 percent of labor income may be disregarded when determining eligibility. Income disregards ensure that benefits are not withdrawn abruptly, and can encourage individuals to accept jobs that may pay only marginally more than the eligibility threshold. Disability benefits may also be excluded as income for the purpose of determining eligibility under the assumption that those households face higher costs.

Ensuring that the target population is reached implies not just making sure that those who are not eligible do not get the benefit – it also includes outreach efforts to ensure that there is take up of the benefit among the eligible population (and this minimizes errors of exclusion). Non-government agencies and local government professionals can be mobilized to reach particularly vulnerable or isolated groups (this is also discussed later as part of the implementation arrangements for the program). To the extent possible, the methodology for the means/asset test should be guided by procedures for other benefits in Greece (for example, family benefit, social pension, etc.), while also taking account of best practices from other countries with contexts similar to Greece.

In designing the application form, it will be important to ensure that all of the information necessary for the means/asset test is included, together with supporting documentation, as necessary. A preliminary list would include:

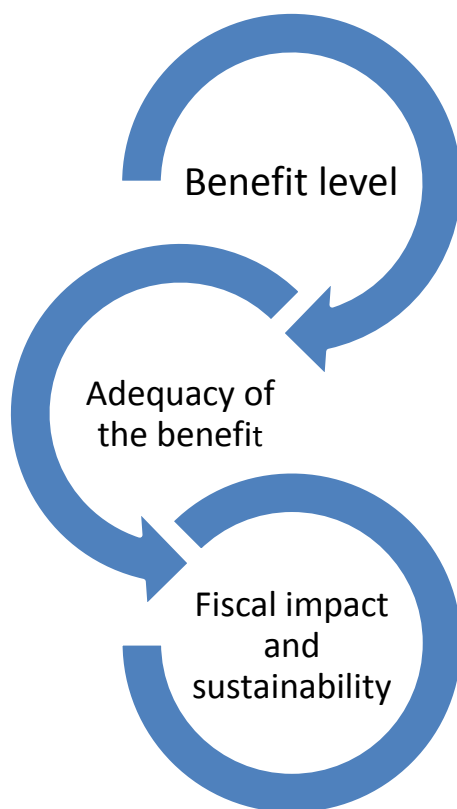
- Demographic information (Name, age, gender, household composition, etc.)
- ID number(s)
- Income and asset declaration
- Bank account number
- Receipt of other benefits and insurance, including amounts (Child Benefits, unemployment, pensions, disability, etc.)
- Proof of Residency (documentation, national or locality)

It would be important to arrange for the validation and cross-checking of as much of this information as possible with other registries (population, taxation, pensions, vehicle and vessel registry, land register, etc.) in order to ensure effective targeting performance and to try to minimize fraud and error. More specifics are provided later in the section on the management information system (MIS). In addition, given the specific budget envelope provided, it will be important that there is adequate and timely monitoring and supervision of the enrollment process. For example, once the pilot areas are chosen it may be possible to estimate the range of potential beneficiaries by geographic unit and compare against actual enrollment rates.

Targeting Mechanism and Eligibility Criteria		
 <b>DECISION- POINT</b>	What means to test	<input type="checkbox"/>
	What will the 'assistance' unit be	<input type="checkbox"/>
	Where to set the eligibility threshold/s	<input type="checkbox"/>
	What income will be disregarded in determining eligibility	<input type="checkbox"/>

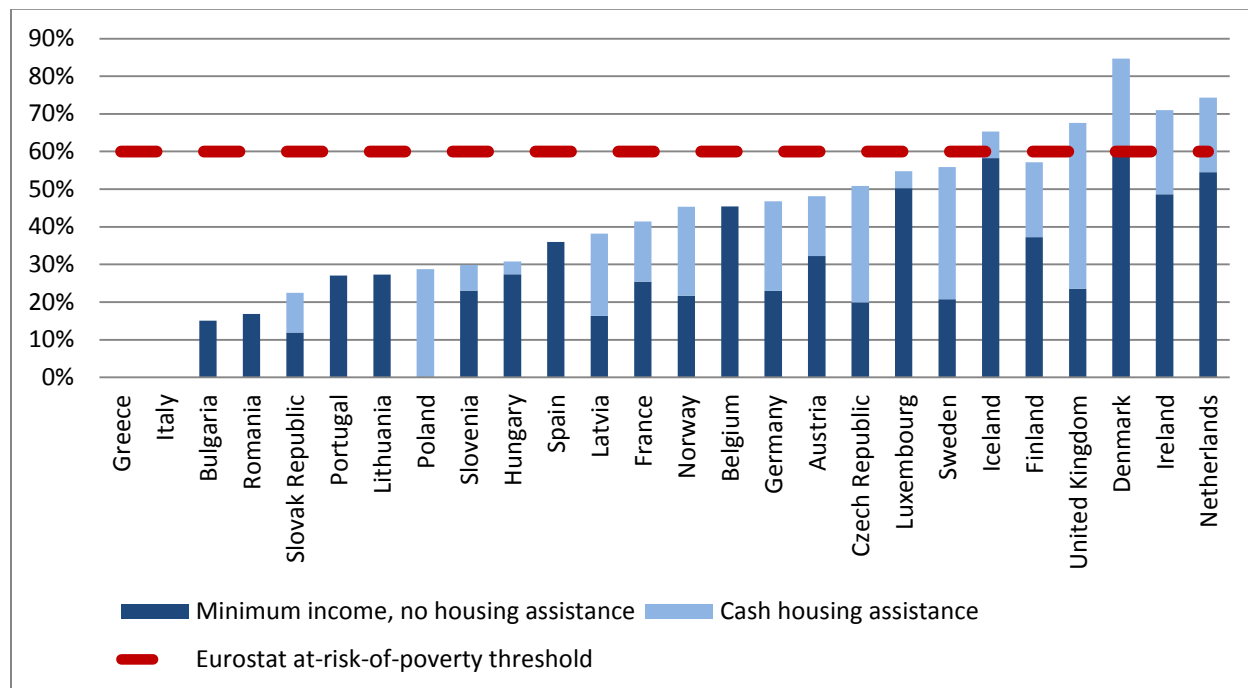
#### **D. Benefit Level and Structure**

When deciding the benefit amount of the means-tested income support program, it is important to calibrate it against several considerations. The most important considerations are (a) whether the benefit is adequate in terms of protecting recipient families; and (b) the fiscal impact, and consequently the sustainability of benefit provision.



Secondary considerations in setting the benefit level include (i) benchmarking against other benefits such as the unemployment insurance amounts, minimum wage amounts, minimum pension levels, and so on; (ii) benchmarking against minimum income benefit levels in other EU member states (see Figure 4), and adequacy of benefits in these states; and (iii) ensuring that benefit levels are set so as to ensure that people remain motivated to move off the benefit and accept jobs when job creation resumes in Greece. A clear decision on the benefit level based on these principles will also help with political communication of why the benefit level is set at the level it is.

**Figure 4. Benefit levels, % of median equivalized disposable income<sup>7</sup> of a single household in 2011**



Source: Calculations based on OECD Tax-benefit models (2012)

Note: If Greece were to adopt a benefit level that is close to what other EU member states with similar income per capita adopt<sup>8</sup>, this would imply a monthly benefit level of 180 to 230 euros per capita.

When setting the benefit level, it is important to maintain realistic expectations – the means-tested income support program will alleviate the gap of poverty among recipient households, but it is not likely to make a big impact on the overall headcount of poverty. Renewed growth, combined with the resumption of job creation, and particularly job creation for the low-skilled is necessary for sustained reduction of poverty levels.

In most EU member states, the amount of the benefit also depends on the family size and structure. Most member states use equivalence scales. For purposes of illustration, suppose the means-tested income benefit is €100 for a household consisting of a single adult. The equivalence scale may specify that, in a multi-member household, the first adult gets €100; each additional adult gets 0.7 percent, or €70 each; and each child gets 0.5 percent, or €50 each. In this example, a household with two adults and two children would get a total means-tested income benefit of €270 [that is, €100 for the first adult, €70 for the second adult, and €50 for each child].

To demonstrate the inherent tensions between benefit adequacy and fiscal sustainability, we have chosen three different basic benefit levels, assumed an income cut-off to determine eligibility, and

<sup>7</sup> Equivalized household disposable income is the net income of all members of household divided by the equivalized household size, which is obtained by attributing a weight of 1 for the first adult, 0.5 for the remaining household members aged 14 or more and 0.4 for the children below 14 years old.

<sup>8</sup> Greece, Portugal and the Slovak Republic had an income of EUR 19,200 (PPS adjusted) in 2012 (Eurostat, 2013)

present rough computations on impact on poverty and on the fiscal cost in the tables below. These rough computations assume that 10 percent of the population is reached by the program; Table 1 assumes an equivalence scale of 1.0 for first adult, 0.5 for other adults, 0.3 for each child under 14. Table 2 assumes an equivalence scale of 1.0 for first adult, 0.7 for other adults, 0.5 for each child under 14.

Tables 1 and 2: Benefit adequacy and fiscal impact trade off

Monthly Benefit amount for a household consisting of a single individual	Benefit Adequacy (as a proportion of median income)	Impact on poverty		Fiscal impact (as a % of GDP)
		Decrease in Poverty headcount (percentage points)	Percent reduction in absolute poverty gap	
€100	10.9%	0.0	26.3%	0.46%
€200	21.8%	3.0	50.4%	0.91%
€360	39.3%	7.5	69.3%	1.65%

Assumptions: Families with an equalized household income of €4,800 per year are eligible for the transfers; this corresponds to 44% of median income. The percentage of population that falls below this income threshold is 10.2% and the equivalence scale assumed is 1 for the first adult, 0.5 for other adults and 0.3 for children under 14.

Monthly Benefit amount for a household consisting of a single individual	Benefit Adequacy (as a proportion of median income)	Impact on poverty		Fiscal impact (as a % of GDP)
		Decrease in Poverty headcount (percentage points)	Percent reduction in absolute poverty gap	
€100	10.9%	0.0	31.3%	0.55%
€200	21.8%	4.3	57.5%	1.09%
€360	39.3%	8.5	74.6%	1.97%

Assumptions: Families with an equalized household income of €4,800 per year are eligible for the transfers; this corresponds to 44% of median income. The percentage of population that falls below this income threshold is 10.2% and the equivalence scale assumed is 1 for the first adult, 0.7 for other adults and 0.5 for children under 14.

Tables 1 and 2 are based on an eligibility threshold of equalized household income below €4,800 per year. The number of individuals, and families that fall below this threshold (as per EU-SILC 2011 data) is given in Table 3.

Table 3: Number of individuals and households who qualify

Scenario	Number individuals	Number households	Household size	Equivalent Household Size
<b>Eligibility cut-off at EUR 4,800/year</b>	1,124,829	432,626	2.60	1.74

One can also use benefit menus so as to transfer more money to the extreme poor. Tables 4 and 5 illustrate one such scenario where a greater benefit is transferred to families with equivalized income below €2,000 per year, and a lower benefit when equivalized income falls between €2,000 and €4,000 per year.

Tables 4 and 5: Fiscal costs with a benefit menu

Monthly Benefit amount for a household consisting of a single individual	Benefit Adequacy (as a proportion of median income)	Impact on poverty		Fiscal impact (as a % of GDP)
		Decrease in Poverty headcount (percentage points)	Percent reduction in absolute poverty gap	
€200 if income is below EUR 2000 per year	21.8%	0.0	23.0%	0.40%
€100 if income is between EUR 2001 and 4000 per year	10.9%			

Monthly Benefit amount for a household consisting of a single individual	Benefit Adequacy (as a proportion of median income)	Impact on poverty		Fiscal impact (as a % of GDP)
		Decrease in Poverty headcount (percentage points)	Percent reduction in absolute poverty gap	
€150 if income is below EUR 2000 per year	16.4%	0.0	17.4%	0.30%
€75 if income is between EUR 2001 and 4000 per year	8.2%			

Assumptions: Families with an equalized household income of €4,000 per year are eligible for the transfers. The equivalence scale assumed is 1 for the first adult, 0.5 for other adults and 0.3 for children under 14.

The number of individuals, and families that fall below the thresholds in Tables 4 and 5 (as per EU-SILC 2011 data) are given in Table 6.

Table 6: Number of individuals and households who qualify

Scenario	Number individuals	Number households	Household size	Equivalized Household Size
<b>Equivalized income below EUR 2,000/year</b>	259,995	93,578	2.78	1.79
<b>Equivalized income between EUR 2,001 and 4,000/year</b>	463,200	186,094	2.51	1.68

There are some discussions of excluding households with labor income (where a household member works); or pension income from eligibility in the means-tested income support scheme. Table 6 provides



the sources of income for households that fall below the illustrative eligibility thresholds—it is clear that, even among very poor households in Greece, with an income less than €2,000, labor income constitutes more than 45 percent of disposable income. In fact, among households in the second eligibility band, old-age pensions become a more important source of income, compared to labor income.


Table 7: Main sources of income for households within eligibility bands

Source of income	Equivalized yearly income between	
	€0-€2000	€2001-€4000
<b>Labor</b>	<b>45.5</b>	<b>18.6</b>
<b>Family benefits</b>	4.5	2.5
<b>Social exclusion</b>	1.9	3.2
<b>Housing</b>	0.0	0.1
<b>Unemployment</b>	1.5	5.7
<b>Old-age pension</b>	8.9	<b>29.1</b>
<b>Survivor</b>	6.8	4.4
<b>Sickness</b>	0.0	0.0
<b>Disability</b>	1.5	3.3

Finally, table 8 presents the household composition of extremely poor households in Greece.

Table 8: Household composition

Type of household	Equivalized yearly income between	
	€0-€2000	€2001-€4000
<b>One person household</b>	20.4	29.6
<b>2 adults, no dependent children, both adults under 65 years</b>	14.6	9.9
<b>2 adults, no dependent children, at least one adult &gt;=65 years</b>	5.7	9.2
<b>Other households without dependent children</b>	7.8	15.3
<b>Single parent household, one or more dependent children</b>	3.0	4.2
<b>2 adults, one dependent child</b>	12.5	8.7
<b>2 adults, two dependent children</b>	23.8	17.3
<b>2 adults, three or more dependent children</b>	0.6	1.1
<b>Other households with dependent children</b>	7.4	4.2

Benefit Level and Structure		
 <b>DECISION-POINT</b>	Level of the benefit	<input type="checkbox"/>
	Equivalence scale	<input type="checkbox"/>

## **E. Mutual Responsibilities of Beneficiaries**


In the short-run at least, a decision on the obligations and mutual responsibilities of the beneficiaries of the means-tested income support program will need to balance the clear rationale for their existence with the weak Greek labor market and constraints on Public Employment Service (OAED) capacity. Within the OECD, the incorporation of obligations or mutual responsibilities for beneficiaries is seen as necessary. In addition, in the Greek context it would also ensure that extremely poor families send their children to school. Given the large numbers of individuals potentially entitled to receiving the means-tested income support program, it is important to strike the right balance between encouraging self-sufficiency and providing assistance for those who cannot support themselves. A lack of conditions could lead to high benefit dependency and declining employability. Other factors supporting their use include fiscal considerations, protection against the registration of large numbers of informally employed individuals, and political acceptability. In the case of the latter, the existence of participant obligations could be an important way to signal the role that the benefit is envisaged to play in the social protection system in Greece. Also, since in most countries benefit levels are usually not sufficient, there is a strong case for encouraging participants to seek income from employment. Finally, it is important to coordinate activation policies between different benefits (unemployment insurance, for example). Ideally, a mutual rights and responsibilities approach could increase employment while improving the targeting of minimum safety nets. In the context of Greece, the Ministry of Labor intends to stress a “promotional” approach to mutual responsibilities.

The implementation of mutual obligations is challenging, however, and depends on sufficient capacity of the public employment services and local governments. A realistic assessment of which measures would be possible to implement by the key actors needs to inform the decision on which mutual obligations to choose for the pilot, in order not to compromise the credibility of the program. Looking at the experience of other OECD and European Community members, there is a wide range of possibilities:

- Behavioral Eligibility Criteria (job search requirement, registration with the PES, participation in integration measures, work requirement)
- School enrollment and attendance of children
- Individual Action Plans
- Intensive interviews
- Proof of independent job search, participation in job clubs
- Participation in training programs
- Regular confirmation of circumstances
- Requirements extending to other family members
- Sanctions

The Ministry intends to include in the pilot a set of mutual responsibilities sufficient to send a signal to both the public and potential participants, but which would not be too onerous to implement. Possibilities include registration with the public employment service (OAED), regular confirmation of circumstances, with the intention signaled of incorporating more pro-active measures (individual action

plans, interviews and sanctions) in 2015, calibrated to improvements in the local labor market and implementation of the OAED reform program.

Definition of Mutual Responsibilities		
 <b>DECISION-POINT</b>	Decide role(s) of mutual responsibilities in the context of the means-tested income support program pilot in Greece (employment promotion, fraud prevention, political)	<input type="checkbox"/>
	Choose set of mutual responsibilities and set parameters for each	<input type="checkbox"/>
	Allocate implementation responsibilities (for example, municipalities for regular confirmation of circumstances and school enrollment and OAED for registration)	<input type="checkbox"/>
	Agree on Financing Arrangements	<input type="checkbox"/>

## F. Relation of Benefit to other Programs

Since the means-tested income support program would be embedded in the wider social policy framework in Greece, it is necessary to determine how it will relate with other labor market policies and social transfers. Some of these issues have been discussed already in the section on eligibility requirements. The most important decisions to be made relate to the basic pension and the pension supplement (EKAS), the recently reformed family benefit, support to the disabled, unemployment insurance, the home help program, and the planned public works program. In relation to the latter, the following guideline is proposed generally in line with practices in other OECD countries:

- To the extent that the public works program is designed to promote self-targeting to the extreme poor and achieve a high share of net income gains, it may be useful to condition receipt of the means-tested income support benefit to the availability of at least one work-able member to participation in the program. The aim would be to improve the targeting of the benefit. This linkage may not be possible immediately, but the intention would be to implement as soon as feasible.

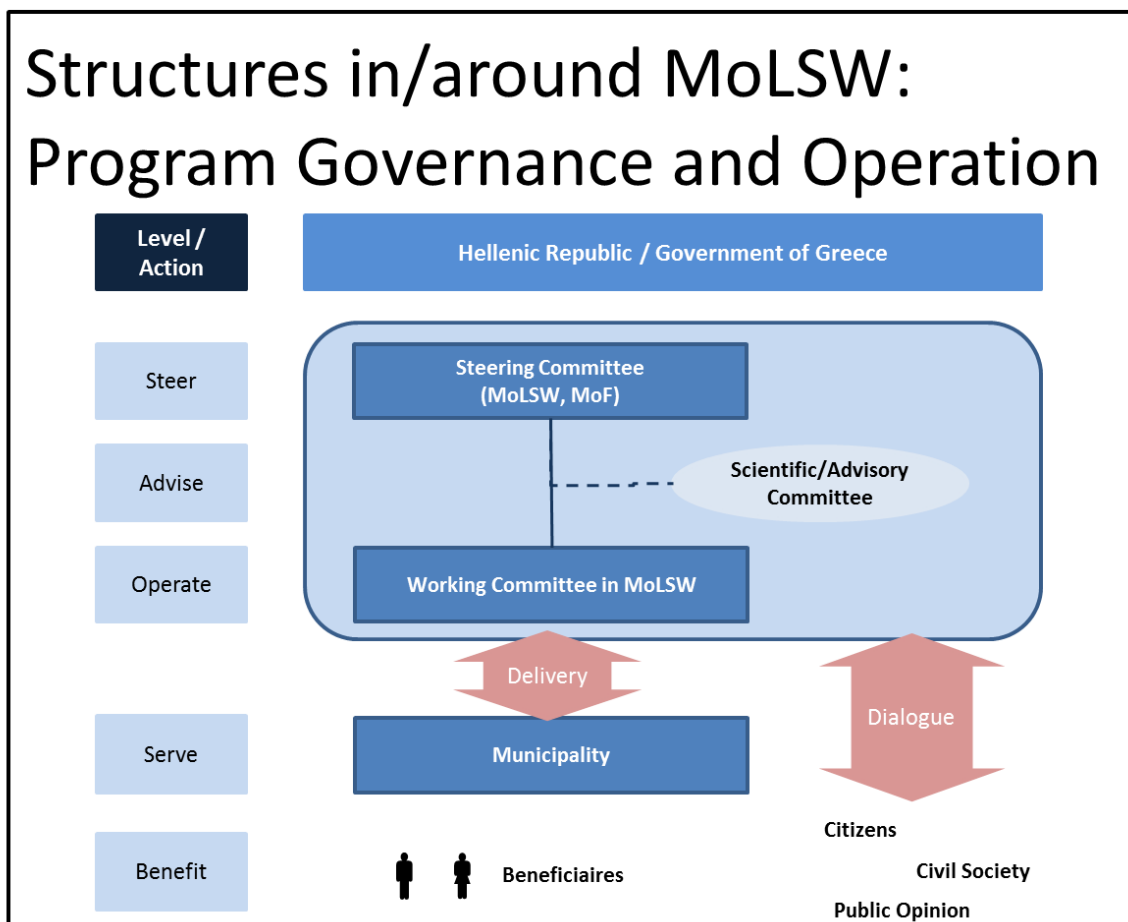
Relation of Benefit to other Programs		
	Set (mandatory) linkage to public works program to improve targeting, given high levels of informality.	<input type="checkbox"/>

## G. Implementation Arrangements

MoLSW will decide on the structures, governance and steering processes for the design and operation of the Means-tested Income Support Program. The relatively short time frame for implementation of the pilot and the subsequent operation of the program under public scrutiny, potential calls for rapid expansion and observation from international partners call for a simple and pragmatic program governance and operative structure.

The design choices cover the governance level in the ministry (→ committees) and the operational level for program implementation and operation (→ program unit). The following units and committees will be defined with the corresponding membership and mandate. They are described in more detail in the following subsections.

- Steering Committee
- Working Group
- Advisory(Scientific) Committee
- Program Unit in MoLSW



## 1. Composition and Role of Ministerial Committee (as provided in law)

At the broad governance level, MoLSW will nominate three committees to govern and advise the implementation process of the Means-tested Income Support Program:

- **Steering Committee.** Already provided for establishment in the related law, this committee should unite the core group of decision makers at the Vice-Ministerial or General Secretary Level. The Steering Committee reviews and decides the proposals made by the (operational) Program Unit and takes the views of the “Advisory Group” into consideration. The political processes for implementation (laws, regulation, hearings in Parliament, stakeholder dialogue) are led by the members of the steering committee. The Political Steering Committee ensures the implementation of the Pilot Program on the agreed date.
- **Working Committee.** This committee would develop the practical design and implementation arrangements for the benefit.
- **Scientific or Advisory Committee.** A group of eminent experts and academic researchers on social policy and social safety net design, who are able to comment, orient and advise the Program Unit and the Political Steering Committee on key design choices, program operation will be named. Nomination into the Advisory Group occurs through a letter of the Minister. The Program Unit acts as an ad-hoc secretariat to the Advisory Group, prepares its meetings, provides documents for discussion and summarizes the Group’s positions and opinions.

## 2. Definition of Organization within Ministry (“Program Unit”)

On the operational level, MoLSW will set up a program unit comprising senior technical staff. The program unit will be led by a Secretary General level staff of the Ministry. The head of the Program Unit and its members will be nominated by Ministerial Decision and tasked with their respective deliverables. The issuance of a Presidential Decree which would detail the structure of the MoLSW is expected in September. This decree would identify which unit in the Ministry would manage the minimum income benefit.

The main tasks of the Program Unit will be the following (initial list only):

- Preparation for implementation in Q3 and Q4 2013 through definition, training, mobilization of business processes, enabling of IT system (MIS), reporting tools etc.
- Launch and operation of the program in Q1 2014
- Initiate and maintain Ongoing linkages between MoLSW and local delivery points (municipalities, etc.): Support to participating municipalities (help-line) and beneficiaries (citizen hotline)
- Monitoring and supervision of program and of local delivery partners

The Program Unit will submit the following deliverables to the Political Steering Committee on the following dates:

- **Year-end 2013: “Proof of Concept”** pilot program ready to be launched
- **January 2014: “Start of Pilot”** registration of applicants, notification of eligibility, initiation of payment
- **January 2015: “Start of Roll-Out” to National Level**

### **3. Role of Municipalities**

The intended pilot implementation of the Means-tested Income Support Program will need to test the capacity and accessibility of municipalities in bringing the program to its beneficiaries on the local level.

Municipalities will be responsible for the local implementation of the program because of the availability and strong presence on the ground, ability to coordinate local complementary services and accessibility for the target group (physical proximity and knowledge about channel).

An agreement will be signed between the MoLSW and the municipalities to define the mutual responsibilities. OAED may still play an important role with respect to the coordination of reintegration services.

Among the requirements already identified for the municipalities would be the following:

- Ensure buy-in and support of senior political leadership / management level of agency (OEAD senior management, mayor of municipality, head of region, etc.) through written and public agreement with MoLSW
- Nominate contact person for implementation and designate resources to local pilot unit
- Nominate staff to work on outreach, receiving of applications and local go-to-points for applicants and beneficiaries, potentially also to coordinate complementary services for activation, public works, training and social support
- Designate premises where applicants can apply for the benefit
- Enable and empower staff to participate in training on business processes
- Co-produce and adapt a local outreach strategy to potential beneficiaries
- Ensure reporting of program performance, monitoring of program operation and fraud prevention

### **H. Payment Mechanism**

Although currently many social assistance payments to beneficiaries are made by municipalities in Greece, the option of centralizing payments through one payment agency, preferably one which currently makes payments nationwide would be much better from the standpoint of controls and monitoring. In addition, the ability to cross-check the list of participants in the means-tested income support program with other databases, most importantly GSIS which includes information on income and assets through tax records and also employment registries is likely to be an important mechanism in Greece to ensure effective targeting and reduce fraud and error and will probably be more feasible with a central data base. Even if the ability to undertake these cross-checks is incomplete currently, the capacity is likely to improve as information systems in the public sector are strengthened as a result of

other reform initiatives. In some countries, standard database crosschecks are made before any payment is made. Depending on the ease of carrying out this exercise, initially at least these cross-checks may be carried out less frequently, if necessary.

The likely payment agency is OGA. Although municipalities are the frontline agencies for enrollment and contact with the participants of the means-tested income support program, under the assumption that there would be a central registry of beneficiaries maintained in the MoLSW, ideally linked with the current registry of social assistance recipients, the MoLSW would be the agency which would send information to the payment agency on the list of participants who would need to be paid. Procedures would need to be established on the flows of information from the local level to the MoLSW (timing, format, mechanism) regarding changes in circumstances (and likely at a later date) sanctions applied because of failure to comply with mutual responsibilities.

Monthly payments would be consistent with the practice in most countries, although less frequent payments are less demanding of administrative systems. Most countries have also moved to deposits in bank accounts as the standard payment mechanism in order to improve controls and reduce costs. The Ministry of Labor also plans to make payments of the Greek minimum income benefit through payments to the bank accounts of the beneficiaries. At the same time, it would be important to consider what proportion of potential beneficiaries of the means-tested income support program in Greece may not have bank accounts and what the alternate arrangement could be for them (delivery of checks through the post office, for example). The Ministry in collaboration with the payment agency would need to decide whether payment dates would be fixed for all participants or would be staggered. It is important that the payment agency be required to submit the reconciliation of payments made in case of inactive accounts or in cases of alternate arrangements when some participants do not pick up their checks and that any unused resources from one payment cycle are appropriately accounted for.

A related issue that will need to be decided is how the funds for the payment of the means-tested income support benefit will be reflected in the budget and the related flow of funds. Finally, procedures will need to be established to handle complaints or questions that participants may have about the payment process and whether it will be the payment agency, the Ministry, or the municipalities who will have the responsibility of addressing these complaints or questions. The decision of who will have this responsibility will have corresponding implications for access to the necessary information in the MIS to be able to respond and take action.

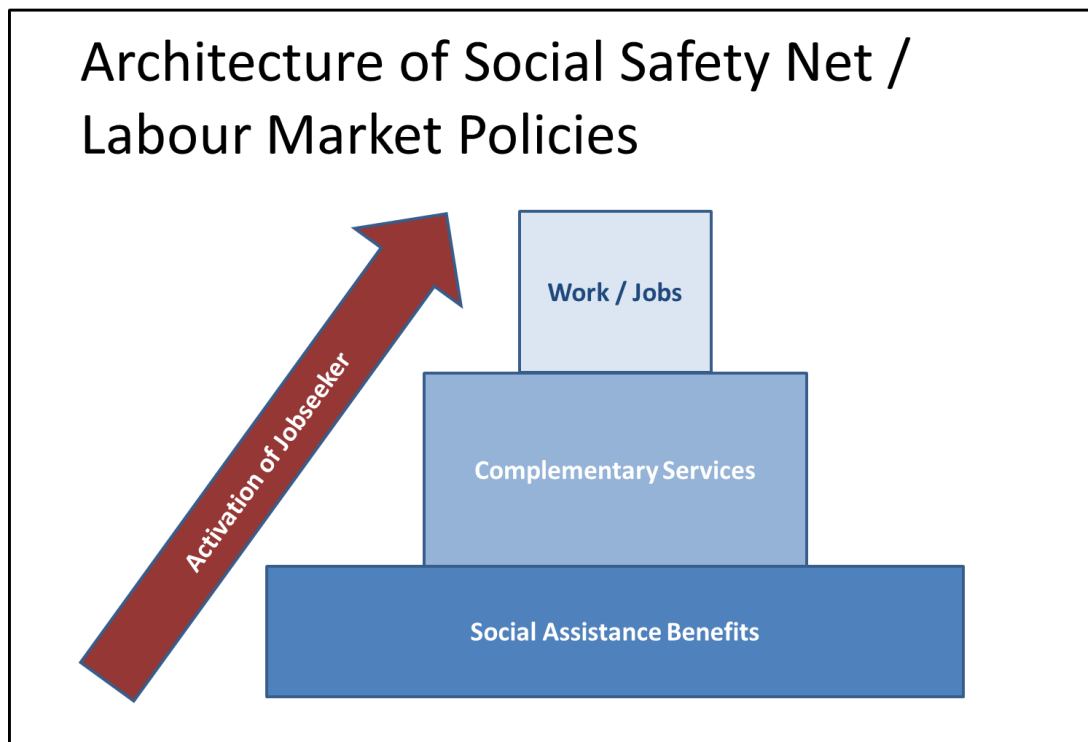
Municipalities would send the application information to the Ministry of Labor who would: i) validate and determine eligibility list ; ii) consolidate the payment list; iii) send the budget request to OGA to pay beneficiaries.

Payment Mechanisms		
	Decide on mode (single-point vs. staggered) and frequency (monthly vs. fortnightly) of payment	<input type="checkbox"/>
	Decide on who handles complaints and questions	<input type="checkbox"/>

## I. Complementary Services

### 1. Rationale for complementary services

The key rationale for complementary services is to embed the Means-tested Income Support Program into a systemic approach. The Means-tested Income Support Program needs to be integrated into the overall labour and social protection strategy of the Greek government. In this context, the ongoing OAED-Reform (→ work/ jobs) and public works program and intended work on “social economy” (→ complimentary services) are all pertinent. The Ministry of Labor considers the provision and/or linkages of participants with services an important complement to the cash transfer of the minimum benefit. The main purposes would be to promote overall wellbeing (particularly in the face of a level of benefit which is highly unlikely to be adequate), to increase protection against other risks (sickness, for example) and to help participants work towards self-sufficiency (particularly, employment). The inclusion of complementary services also conveys a more promotional and pro-active approach for the program as well as the benefit recipients.



**Balancing the scope of the pilot between feasibility and systemic ambition.** At the same time, the ambition to quickly add “services” to the pilot, thereby making it more complicated to implement, needs to be balanced by the commitment to deliver a functioning pilot by January 2014 and existing capacity constraints particularly at the level of OAED and the municipalities. Also, for some families the receipt of the benefit may be necessary in order to stabilize their situation sufficiently for them to be able to take advantage of complementary services. In sum, for the pilot phase the priority would be to first ensure delivery of the means-tested income support benefit and then to explore which and how complementary services can be linked to the same beneficiaries.



## **2. Dimensions of complementary services**

The possible range of complementary services is potentially quite wide and could include ones related to health, childcare, activation and other social interventions such as counseling, childcare and even a more comprehensive, integrated approach. This will, of course, depend on the availability of services and programs, which is likely to be different depending on the locality, and the ability to mobilize resources including through ESF resources.

## **3. Coordination mechanisms (role of municipality or other coordinating entity)**

International experience shows that although the coordination of services should be able to improve the efficiency of the social protection system and its impact on participants' welfare, even in countries with strong existing services, it is not easy to put in practice. In some OECD countries, the intake of beneficiaries for the Minimum Income Scheme is handled by a type of "one-stop shop" enabling them to be linked to other benefits to which they may be entitled or need because of particular household circumstances. Ideally there needs to be a professional at the local level who assesses the case and helps to identify needs and based on their knowledge of the supply, facilitate links with complementary services. Effective coordination is a challenge, usually taking some time to develop. Often substantial up-front work is needed to align eligibility and other requirements before effective referrals or "automatic" entry can be achieved. Key partners would need to be identified and specific arrangements (including estimated cost) agreed and probably reflected in a written agreement. The burden of work to coordinate complementary services is likely to fall at the local level (municipalities) although in many countries the national level can also play a role. At the initial stages of the means-tested income support benefit, the focus could be on orienting and providing information on complementary services, which would be easier to implement and could lay the base for future coordination.

## **4. Delivery mechanism for social services (public, private, "social economy")**

Municipalities, non-governmental organizations, national programs, and even the private sector are all likely to be relevant. For public services, a decision would need to be taken whether the access of means-tested income support program recipients would be financed under the existing budget envelope of these services, or whether additional resources would need to be transferred. In the case of NGOs or private organizations, mostly likely financing would need to be provided. The selection and oversight of partners for complementary services will need to be based on a transparent and equitable selection process. Common practices which should be applied in the case of Greece include publicly advertised and open processes where requests for proposals are made for clearly defined services and in which the evaluation criteria and process as well as final results are specified and disclosed. In the longer-run, after some experience is gained Greece could consider the use of mechanisms where at least partial payments are made to partners on the basis of evidence of results.

Given the challenges in determining eligibility, registration of participants, and making regular payments during 2014 and the pilot nature of the intervention, the approach to the inclusion of complementary services could include the following:

- Focusing links to complementary services on existing transfer programs run by the Government, for example, family benefits and social pension.
- Provide municipalities with sufficient flexibility to link their participants with complementary services and systematize the results in order to provide examples of best practice and to inform decisions for 2015.
- Undertake a qualitative review of the conditions, gaps and requirements of the participants of the Minimum Income Scheme during 2014 in order to inform later decisions and priorities on complementary services, including potentially family counseling.
- During 2014 identify key partners for complementary services (particularly in the area of employment) and begin discussions on referral arrangements.

## I. Management Information System

In order to ensure the effectiveness, good management and transparency of the means-tested income support program, a short-term priority is to develop its management information system (MIS). In line with best practice, all program information for the means-tested income support program would be integrated into a single system with a unique central database where information can be shared easily. The fact that the MIS will be able to be linked with other databases on household characteristics, social protection services and programs (contributory and non-contributory), will facilitate effective targeting and the control of fraud and error, as well as eventually better integration of social protection policies. A necessary first step is to define how the minimum income MIS will link with the existing unique registry of beneficiaries, already developed by the MoLSW. Design requirements will be based on the decisions on the key design elements and business processes, as well as the need to ensure flexibility and scalability (i.e, modular).


The MIS would include information to manage 3 processes:

- Program operation (selection of beneficiaries, enrollment, registration, verification of mutual responsibilities, updates in circumstances, and payments)
- Monitoring program management (creation of indicators and management alerts)
- Control and accountability (generation of reports and materials for communication with the stakeholders and the public)

In the case of Greece, because of the need for the MIS to be able to “communicate” with other services and databases, the design must ensure that the following can take place – information exchange across institutions, identification of areas of improvements, and institutional agreements which require drafting agreements, monitoring commitments, and analyzing results.

It is essential that the MIS be ready to operate when the program begins, otherwise start-up can be delayed or essential information lost. In addition to the definition of the processes and procedures and main design elements of the basic income benefit, a decision needs to be made on what unique identification number will be used to register families and to identify and address related concerns or complications. This is critical because it will enable interoperability in order to facilitate validation of

eligibility requirements as well as links with other services and programs. Design of the MIS will follow best practices (web-based, generation of standard reports, easy query function). Given the envisaged role of the municipalities in enrolling beneficiaries, the design of the MIS will include the decentralized input of data, its delivery to the MoLSW headquarters, and the processing, consolidation, and validation of data at the central level. Prior to program launch it will be important to ensure that adequate equipment is available at both the central and local level as well as that operators have received training. The development of the MIS for the means-tested income support program will be coordinated with other IT initiatives in the Greek public admin

Management Information System		
 <b>DECISION-POINT</b>	Decide on unique ID to be used to register families in order to facilitate exchanges with other databases and social programs.	<input type="checkbox"/>
	Decide who will design and support MIS (in-house in the MoLSW or outside contractor).	<input type="checkbox"/>
	Identify priorities for exchanges with other databases, focusing initially on those necessary for validation of eligibility requirements.	<input type="checkbox"/>
	Define linkage with the existing unique registry of beneficiaries	<input type="checkbox"/>

## L. Evaluation of Pilot

### 1. Process Evaluation

Once the pilot has been in operation for 4-5 months, in order to identify possible improvements before the national roll-out, a process evaluation would be carried out of the operation of the means-tested income support program. This would include a review of how all the basic procedures have been implemented in practice at both the municipalities and central level and the extent to which actual performance has been consistent with plans, and if not, explore the reasons for deviations. The process evaluation would include a review of the existing regulations relating to the means-tested income support program and identify areas for improvement. The work would include interviews with a representative set of authorities at both central and local levels, participants, and complementarity service providers, as necessary, as well as a close examination of information from the beneficiary registry and MIS. The MoLSW would prepare the terms of reference for the process evaluation no later than 5 months after launch of the pilot and the report would be delivered before the end of 2014 and before a potential national roll-out.

### 2. Assessment of Coverage, Targeting and Generosity

The main indicators of performance that we focus on for the evaluation are:

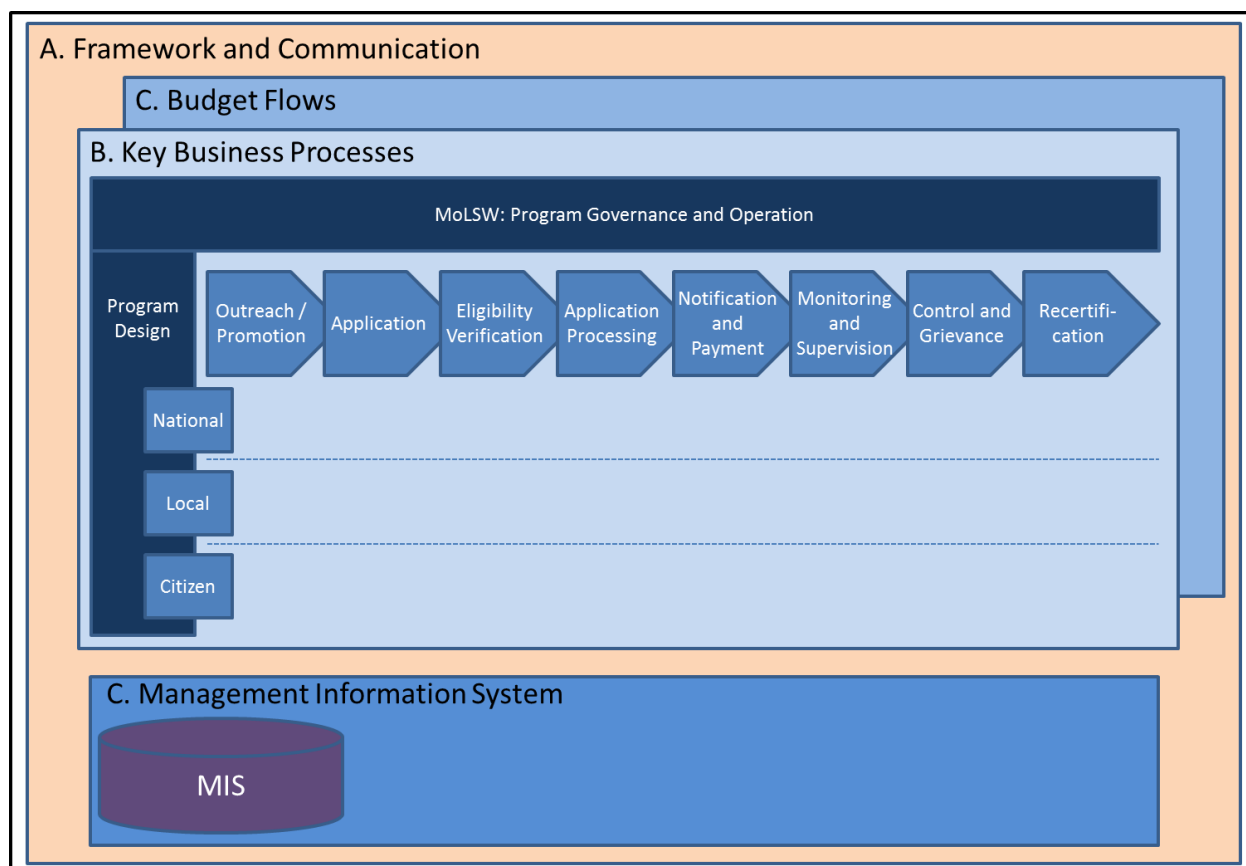
- **Coverage:** What portion of the population and of each quintile receives the transfers (focusing on the share received by those in the poorest quintile)<sup>9</sup>?

<sup>9</sup> Individuals are ranked on the basis of per adult-equivalent (pre-transfer) consumption/income from the lowest to the highest. They are then divided into five equally sized groups, representing 20 percent of the population (called “quintiles”) to form the bottom, second, third, fourth, and top quintile.

- **Targeting accuracy:** What portion of the expenditure on the means-tested social assistance program goes to each quintile? We are particularly interested in the transfer amounts that go to the poorest quintile.
- **Leakage:** What portion of the population in the top two quintiles receive the transfer? What portion of the expenditure on the means-tested social assistance program goes to the top 40 percent of the population?
- **Generosity:** How much is the transfer as a fraction of the consumption of the household? How much is the transfer as a fraction of the income of the household.
- **Proportion of non-take-up:** What proportion of the targeted population (those eligible according to the rules) are not getting the transfers? What are the reasons/barriers that prevent take-up?

### III. Operation of the Benefit Program <sup>10</sup>

The following graph provides a conceptual overview of the operational components for the implementation of the Means-tested Income Support Program.



Over the following sections, we will outline the main operational elements and key decisions to be taken over the next months. While some of the framework activities and communication needs are more related to the set-up and introduction of the pilot project, the core business processes, design of financial flows and capabilities of the Management Information System (MIS) represent medium- to long-term design choices also applicable to a potential national scale-up of the program.

<sup>10</sup> This section focuses on the basic processes associated with application, eligibility determination, payment, and monitoring of the minimum income benefit. It does not yet include processes associated with mutual responsibilities or complementary services.


## A. Introduction of the Pilot Program: Framework and Communication

### 1. Translation of pilot program into official and operative documents

In order to establish a sound basis for the timely execution of the pilot program, a small set of official documents, including Ministerial decisions, will be drafted and enacted within the second half of 2013. When translating the pilot context into official documents, special consideration will be given to reflect the “pilot” nature of the exercise in question: the texts (ministerial decrees, administrative regulations, operational guidance notes, etc. as needed) will be limited to enabling the high-level policy purpose of the pilot and core elements of the benefit structure (benefit level, eligibility, etc.) while the majority of decisions is to be “coded” in MoLSW decisions and operational orders.

The “Program Unit” in MoLSW will be tasked and empowered to take day-to-day operative decisions within the run-time of the pilot. In the course of the evaluation of the pilot, any open questions addressed and (temporarily) decided in the course of the pilot operation can be utilized to improve the quality of regulation and implementation of a potential national scale-up of the program.

Through its Program Unit, MoLSW will oversee the codification and operationalization of any agreements to be arranged with the piloting regions in which the targets, high-level business resources and principles of management (flows of funds, information, reporting, etc.) are determined. These cooperation agreements will be endorsed by senior level representatives of MoLSW and the respective regions / municipalities and will provide for appropriate supervision, monitoring and evaluation.

Translation into official texts		
 <b>DECISION-POINT</b>	Ensure official basis for pilot operation is established (determine, which instruments such as Ministerial decrees, administrative regulations, etc. are needed and which elements can regulated via MoLSW decision) in Q3/2013	<input type="checkbox"/>
	MoLSW to issue operative decisions and orders on pilot by end of Q3/2013	<input type="checkbox"/>
	Task “Program Unit” in MoLSW to take day-to-day operative decisions in in Q3/2013	<input type="checkbox"/>
	Agree on delivery model via agreements between MoLSW andmunicipality in 2013. Define content of model agreement between MoLSW and municipality.	<input type="checkbox"/>

## 2. Communication Strategy for Political Leadership

The leadership of MoLSW (Minister, Vice-Minister, Secretary Generals) will take on the task to introduce, present and discuss the Means-tested Income Benefit program to political decision makers, the media and the general public. The two main axes of communication are the political process and elements of meaningful stakeholder dialogue.

Special attention will be given to introduce the program in the selected pilot program areas, ideally through personal visits of key leadership representatives on site, together with local leadership (mayor, president of region, etc.).

In order to improve understanding of the benefit among the recipients and the general public, the government can associate a professional communication and public affairs agency to provide support to the responsible public communication professionals tasked within the responsible Ministry. Given the extremely short timeline of introduction, the usage of a professional service firm could help to test the design of the program, key program elements, beneficiary experience (forms, information leaflets, etc.) and general policy messages through focus group discussions or reflection with public affairs communication professionals.

As mentioned, the senior political leadership of MoLSW will table the respective draft texts in the appropriate committees or decision meetings. As much as possible, the implementation of the pilot program will be handled through ministerial orders and decrees for the year 2014 to reflect that provisional and “trial” character of the policy.

Political and legal timeline		
	Publish necessary ministerial orders and decrees for operation	Q4/2013

### 3. Stakeholder Dialogue (social partners, civil society, etc.)

Following good practice of social policy design, MoLSW can engage representatives of civil society, potential benefit recipients and front-line administrators in prior dialogue about key design choices and requirements for the program. Given the extremely tight timeline, these stakeholder dialogue exercises need to be conducted in an extremely focused and time-sensitive manner. The stakeholder dialogue will be conducted separately from the discussions with the (academic) Advisory Group. Any propositions tabled in the stakeholder dialogue will need to have the work of the Advisory Group included.

Preparation for the stakeholder dialogue needs to occur in parallel to the key design work of the benefit and its business processes in order to (a) present meaningful initial design concepts and choices to stakeholders and (b) allow stakeholder feedback to flow back into final policy decisions and business process design. Ideally, the national-level stakeholder dialogue can be combined with the parliamentary discussion process, most likely by including the “hearing” of stakeholder representatives during the work of the responsible parliamentary committee.

National stakeholder dialogue partners include (a) social partners (trade unions and employers associations), (b) charitable and religious organizations, and (c) social movements.

Local stakeholder dialogue partners would include (a) representative organizations of potential beneficiaries, (b) focus groups of potential beneficiaries, (c) local delivery staff for the program (e.g. social workers of municipality, etc.)

Stakeholder dialogue		
✓ DECISION- POINT	Set dates for national and local stakeholders dialogue	<input type="checkbox"/>
	Invite stakeholders	<input type="checkbox"/>
	Collect responses and consider for program design	<input type="checkbox"/>



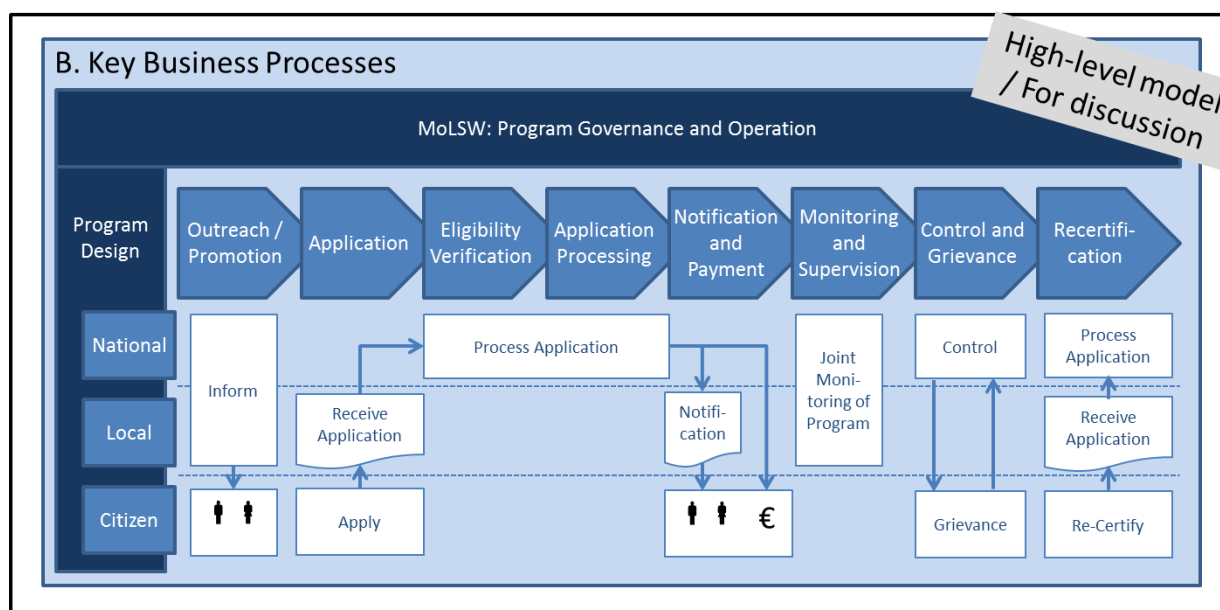
## B. Definition of Key Business Processes

The key business processes of the program will be defined together with the responsibility of individual institutions / agents in the process. At this stage, the position paper can only give a high-level impression of the core processes. Many detailed arrangement in the work processes depend on the key design decisions. Furthermore, the pilot operation during the year 2014 will yield further insights on implementation arrangements and business processes that will need to be incorporated into a potential national roll-out of the program in 2015+.

Based on international best practice and management experience, the current set and sequence of high-level process steps is as follows:

- Outreach / Promotion
- Application
- Eligibility Verification
- Application Processing
- Notification and Payment
- Monitoring and Supervision
- Control and Grievance
- Recertification

For each of the key process steps, a set of actions on (a) central and (b) local level will be highlight as well as potential actions from (c) citizens and (d) “other institutions”. After the key actions are described, summary requirements can be derived for (e) financial management, (f) MIS functionality and (g) preparatory requirements in 2013 for the Program Unit and (h) municipalities.



## 1. Outreach/Promotion

During this process step, beneficiaries will be made aware of the program. The quality of the outreach can positively influence targeting, increase coverage (by actively informing eligible poor households), prevent fraud (through up-front communication of cross-checks and penalties) and promote acceptance of the program in the wider population.

1. Outreach / Promotion				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Provide information material to municipality</li> <li>- Train local staff on outreach / promotion</li> <li>- Support central outreach events / local media coverage</li> <li>- Provide information on MoLSW website</li> <li>- Monitor local outreach to ensure wide accessibility</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct outreach and promotion,</li> <li>- Equipping existing focal points with material</li> <li>- Actively reaching out to potentially eligible households directly</li> <li>- Cooperate with local media and community organizations</li> </ul>	<ul style="list-style-type: none"> <li>- Act as multipliers in their communities</li> </ul>	<ul style="list-style-type: none"> <li>- Local social infrastructure as multiplier points (clinics, hospitals, food banks, social assistance centers)</li> <li>- Charitable, religious organizations, NGOs, citizen and community organizations act as multipliers</li> </ul>
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	<ul style="list-style-type: none"> <li>- Include outreach and promotion activities in implementation budget</li> <li>- Include outreach and promotion in ongoing project operation (pilot and potential roll-out)</li> </ul>			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Incorporate planning and monitoring of outreach and promotion activities in</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Formalize and sign agreement with municipal authority</li> <li>- Produce information material for local distribution</li> <li>- Set up information resource on MoLSW website or under dedicated URL</li> <li>- Support local efforts by participating in local information events, visits, local media coverage (senior policy staff and program unit staff)</li> </ul>			
<b>(h) Municipal preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Formalize and sign agreement with MoLSW on delivery of MIBP</li> <li>- Prepare for local information campaign through existing social service channels, media and community groups</li> <li>- Designate point and date opening of application process.</li> </ul>			

## 2. Application

During this process step, the citizen will actually complete an application for the Means-tested Income Support Program, will state income and assets, provide information on other benefits and previous program history and agree on the automatic processing and transmission of personal data as well as on validation procedures (house visits, cross-checks with other databases), and attest to the accuracy of its accuracy. . At the same time, the application is the first opportunity to conduct a basic profiling of the needs of the beneficiary and plan for any complementary services or provide help in activation towards labor market integration.

2. Application				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Provide manuals and information material to local staff and citizens</li> <li>- Provide MIS functionality for application process</li> </ul>	<ul style="list-style-type: none"> <li>- Operate local delivery point for application in accessible location(s)</li> <li>- Help citizens in applying</li> <li>- Confirm identity</li> <li>- Enter / verify application and additional documents</li> <li>- Give citizen proof and reference of application</li> <li>- Consolidate applicants list at local level periodically as defined and send to central level for eligibility determination and other processing.</li> </ul>	<ul style="list-style-type: none"> <li>- Submit application and identification and attest to its accuracy.</li> <li>- Provide additional information and verification documents</li> <li>- Receive proof and reference of application</li> </ul>	- n/a
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	<ul style="list-style-type: none"> <li>- Include administrative budget into ongoing project operation</li> </ul>			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Application and personal registration form (available online and in municipality)</li> <li>- Internal consistency checks</li> <li>- Uploading of additional document and verification</li> <li>- Transmission of data to the MoLSW</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Define application and registration form</li> <li>- Define set of accompanying documents required for registration</li> <li>- Prepare operative manuals for central and local staff</li> <li>- Prepare information materials and FAQ-Guides for applicants</li> <li>- Provide training to central and local staff</li> </ul>			
<b>(h) Municipal preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Designate and equip localities for intake of applications</li> <li>- Designate staff for local delivery point operation</li> <li>- Train staff on application processing and basic program FAQ</li> </ul>			

### 3. Eligibility Verification

During this first step of central processing, the eligibility of the applicant is verified based on the documentation and information submitted, this process needs to be completed to the extent possible through the Management Information System. This process step will ensure central consistency, accountability and facilitate the conduct of cross-checks and monitoring.

3. Eligibility Verification				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Receive application and documentation via MIS</li> <li>- Re-confirm identity of household members</li> <li>- Assess household income</li> <li>- Conduct cross-checks on assets, income and benefits</li> <li>- Certify eligibility for benefit</li> </ul>	<ul style="list-style-type: none"> <li>- Send application data to central level (via MIS)</li> <li>- If necessary, provide additional information on applicant</li> <li>- Home Visits as required</li> </ul>	<ul style="list-style-type: none"> <li>- If necessary, provide additional information</li> </ul>	<ul style="list-style-type: none"> <li>- Provide information for cross-checks: asset registries (real estate, vehicle and vessels, agriculture)</li> <li>- Income verification (employers, etc.)</li> <li>- Benefit verification (OAED, social insurance, etc.)</li> </ul>
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	- n/a			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Linkage to other registries, particularly interoperability with GSIS</li> <li>- Processing fields for identity and eligibility verification and results of cross-checks</li> <li>- Internal consistency checks</li> <li>- Acceptance or rejection of applicant into main beneficiary registry</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Enable data exchange and cross-checks with asset registries, income sources and other benefit programs</li> <li>- Train local staff on quality requirements for applications</li> <li>- Plan and install processing capacity (IT and staff) for central processing of applications</li> </ul>			
<b>(h) Municipal preparation in 2013</b>	- n/a			

#### 4. Application Processing

The processing of the application will result in a declaration of eligibility for every eligible applicant and the calculation of the respective monthly benefit amount. Elements of the processed information will be provided to the applicant, the municipality and to the payment provider.

4. Application Processing				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- For eligible households, calculate benefit amount in MIS</li> <li>- Transmit result of calculation to (a) payment provider, (b) applicant, and (c) municipality</li> </ul>	- n/a	- n/a	- n/a
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	- n/a			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Benefit calculation functionality given (a) household composition, (b) income, (c) other benefits</li> <li>- Export of benefit amount and calculation for (a) payment provider, (b) information of applicant, and (c) municipality.</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Enable data exchange and cross-checks with asset registries, income sources and other benefit programs</li> <li>- Train local staff on quality requirements for applications</li> <li>- Plan and install processing capacity (IT and staff) for central processing of applications</li> </ul>			
<b>(h) Municipality preparation in 2013</b>	- n/a			

## 5. Notification and Payment

This process step is the key step in the entire benefit program, the payment of the benefit to the poor household to assist with living expenses, prevent destitution and help to maintain human capital. It is intended that for most beneficiaries, payment will be made into their bank account.

5. Notification and Payment				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Inform applicant household by letter or certified e-mail about eligibility and benefit payment</li> <li>- Inform beneficiary about program rules and behavioral requirements</li> <li>- Inform beneficiary households and non-eligible households about grievance and redress process</li> </ul>	<ul style="list-style-type: none"> <li>- Receive notification in copy (via MIS)</li> <li>- Assist applicant / beneficiary understanding the notification and clarify questions</li> </ul>	<ul style="list-style-type: none"> <li>- Receive notification about eligibility and benefit payment</li> <li>- OR: Receive notification about non-eligibility</li> </ul>	<ul style="list-style-type: none"> <li>- Payment provider: Pay benefit from transferred budget based on payment list</li> <li>- Community organizations, NGOs: Potentially, support non-eligible applicants to seek redress and clarification</li> </ul>
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	<ul style="list-style-type: none"> <li>- Transfer budget and payment list from MoLSW to payment provider</li> <li>- Include fees for payment provider in budget</li> <li>- Include postage / transmission fees for applicant notification in budget</li> </ul>			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Notification functionality (letter / e-mail) to applicant, if online application as default channel: update of applicant's profile with notification</li> <li>- Notification functionality to local delivery point</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Draft notifications to applicants, including program rules, grievance and complaints channels</li> <li>- Define program rules for beneficiaries</li> </ul>			
<b>(h) Municipality preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Prepare for explanation of notifications and complaint handling</li> </ul>			

## 6. Monitoring and Supervision

This process step will cover all aspects of project or program management associated with the operation of the Means-tested Income Support Program on a pilot basis. The MoLSW Program Unit and municipalities will report and monitor numbers of applicants, beneficiaries and benefit payments on a monthly basis. In addition standard management reports will be generated from the MIS on time between key processes (for example, receipt of application and eligibility determination) as well as information on the socio-economic characteristics of both applicants and beneficiaries. The ongoing reporting will allow short- to medium term steering of the program, avoid bottlenecks in processing and alert to potential under-utilization by eligible citizens as well as potential cases of fraud and abuse. It is important that data be available for the use of both the central and local levels.

6. Monitoring and Supervision				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Monitor monthly progress of program (applicants, beneficiaries, payments, etc.)</li> <li>- Share monitoring information with municipalities.</li> <li>- Provide aggregate information to public through website</li> </ul>	<ul style="list-style-type: none"> <li>- Provide perspective on monthly monitoring report</li> <li>- Support monitoring and clarification of aggregate numbers or individual cases</li> </ul>	- n/a	- n/a
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	- Include monitoring and supervision and program management budget / staff			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Reporting functionality on applications, positive and negative notifications, payments, number of households, individuals, etc.</li> <li>- Strictly limit reporting functionality on individual cases ensuring data confidentiality</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Up-front calculation of potentially eligible households per pilot area (as comparison against actuals) to indicate over- or under-utilization</li> <li>- Prepare for monthly public reporting of aggregate data</li> </ul>			
<b>(h) Municipal preparation in 2013</b>	- Receive training on MIS and monitoring reports. Provide input into design of monitoring reports available at the local level.			

## 7. Control and Grievance

This process step provides an important lever for quality control from the program management (→ control) and from the citizen (→ grievance) side. By establishing clear and accountable channels for both that are subject to clear issue resolution delays will enhance the perception of the program as equitable, fair and accountable to tax-payers and poor citizens.

7. Control and Grievance				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Control for possibly fraudulent cases</li> <li>- Check for complaints and grievances expressed by applicants / beneficiaries</li> <li>- Attempt to settle complaints outside of legal system through mediation and arbitration</li> <li>- If necessary, pursue action in court</li> </ul>	<ul style="list-style-type: none"> <li>- Support control procedures</li> <li>- Serve as first point of access for complaints and grievances of citizens</li> </ul>	<ul style="list-style-type: none"> <li>- Provide additional information to help clarify control cases</li> <li>- Express complaint or grievance through designated channel</li> </ul>	<ul style="list-style-type: none"> <li>- n/a</li> </ul>
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	<ul style="list-style-type: none"> <li>- Budget for control and redress / grievance staff and system</li> </ul>			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Access of municipality into beneficiary file and view of central decisions</li> <li>- Possibility to plan actions and insert notifications into beneficiary case file to facilitate central and multi-point processing of controls and complaints</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Execute controls (spot-checks and risk-based reviews ) on municipalities and individual beneficiaries</li> <li>- Open central complaint (→ applicants / beneficiaries) and support municipal ) lines / online channels (e-mail form, chat, etc.)</li> <li>- Provide for arbitration and out-of-court settlement of (potential) legal cases</li> </ul>			
<b>(h)Municipal preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Train staff for local control checks (house visits, verification, etc.)</li> <li>- Provide complaint line / office hours for citizens regarding (a) application or (b) fraud reporting about other households</li> </ul>			



## 8. Recertification

This process step strongly resembles “Application” (→ 2) and serves to re-certify beneficiaries after a certain period of time.

8. Recertification				
	(a) Central	(b) Local	(c) Citizen	(d) Other
<b>Actions</b>	<ul style="list-style-type: none"> <li>- Inform beneficiary about need to re-certify</li> <li>- Process re-certification information and confirm, amend or suspend payment of benefit</li> </ul>	<ul style="list-style-type: none"> <li>- Inform beneficiary about necessity to re-certify</li> <li>- Receive necessary application and documentation</li> </ul>	<ul style="list-style-type: none"> <li>- Confirm situation of need and re-submit (part) of necessary documentation</li> <li>- Inform municipal staff of change of situation (e.g. household composition, income)</li> </ul>	<ul style="list-style-type: none"> <li>- n/a</li> </ul>
<b>Requirements for ...</b>				
<b>(e) Financial management</b>	<ul style="list-style-type: none"> <li>- n/a</li> </ul>			
<b>(f) MIS functionality</b>	<ul style="list-style-type: none"> <li>- Re-certification option in beneficiary base file (without creating new information)</li> </ul>			
<b>(g) Program Unit preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Define period and procedure for recertification</li> </ul>			
<b>(h) Municipal preparation in 2013</b>	<ul style="list-style-type: none"> <li>- Train staff for to support re-certification locally</li> </ul>			

### C. Budget Flows (within and between government entities)

From the above business processes, a set of budget flows between central level, local level and beneficiaries can be derived. Some budget flows will be for benefit payments, others for compensation of administrative cost.

Budget Elements and Budget Flow		
	Budget Elements	Budget Flow
Central (MoLSW)	<u>Benefit Payments</u>	→ Payment provider
	<u>Staff and Admin Cost</u> Administrative Cost (Central) Administrative Cost (Local)	→ Send partial cost reimbursement to local delivery point → Pay fee to payment provider
Municipality	Staff and Admin Cost	→ Receive partial cost reimbursement from MoLSW
Payment Provider		→ Receive benefit funds and fee from MoLSW → Pay benefits to beneficiaries
Beneficiary		→ Receive benefit

## IV. Preliminary Projections of Beneficiaries and Cost

### A. Choice of Pilot Areas

When choosing the two pilot areas for the Means-tested Income Support Program, a number of factors need to be taken into consideration. Given the fact that only two pilot areas are likely to be explored (also owing to the limited budget envelope of 20m EUR) for the program, the two areas ought to be different in terms of their following profiles:

- Urban vs. rural settlement pattern
- Geographical location
- Seasonal vs. non-seasonal employment pattern

Given the short time frame for implementation, MoLSW will need to ensure that the responsible authorities for the chosen local delivery point are in principle committed to the success of the pilot operation (→ high-level buy in with president of region, mayor, local head of OAED etc.).



The following table gives an overview of the total population figures (2012) and individual poverty rates (at NUTS1 level, 2011) and the regional unemployment rates of the 15+ population (NUTS2 level, 2012).

Population, Unemployment and Poverty				
	NUTS1 – Region <i>NUTS2 - Region</i>	Population ('000) (2012)	Unemployment (15+) (2012)	Poverty (Individuals) (2011)
EL	Greece	11,290	24.2	21.4
EL1	North Greece / <i>Voreia Ellada</i>	3,585	25.0	24.7
EL11	East Macedonia and Thrace / <i>Anatoliki Makedonia, Thraki</i>	605	22.5	--
EL12	Central Macedonia / <i>Kentriki Makedonia</i>	1,954	26.0	--
EL13	West Macedonia / <i>Dytiki Makedonia</i>	292	29.9	--
EL14	Thessaly / <i>Thessalia</i>	734	22.6	--
EL2	Central Greece / <i>Kentriki Ellada</i>	2,470	23.2	25.3
EL21	Epirus / <i>Ipeiros</i>	353	22.9	--
EL22	Ionian Islands / <i>Ionía Nisia</i>	234	14.7	--
EL23	West Greece / <i>Dytiki Ellada</i>	742	25.5	--
EL24	Central Greece / <i>Stereá Ellada</i>	554	27.8	--
EL25	Peloponnese / <i>Peloponnisos</i>	588	19.9	--
EL3(0)	Attica / <i>Attiki</i>	4,109	25.3	18.3
EL4	Aegean Islands and Crete / <i>Nisia Aigaíou, Kriti</i>	1,126	19.8	14.9
EL41	North Aegean / <i>Voreío Aigaío</i>	199	21.2	--
EL42	South Aegean / <i>Notío Aigaío</i>	312	15.1	--
EL43	Crete / <i>Kriti</i>	615	21.7	--

Source: Eurostat 2011 and 2012

Note: Poverty expressed at 60% of median income (6,591 EUR)

## **B. Estimated potential beneficiaries in pilot areas and costs for 2014**

Once the level of the benefit has been decided upon, the number of potential pilot participants can be derived by taking the distribution of family types, appropriate equivalence factors for family household members and limiting the pilot roll-out area by the available budget envelope for 2014 (20m EUR).

Households in poverty by family type (%)	North Greece	Central Greece	Attica	Aegean Islands and Crete
One-person household	21.9	24.5	24.0	28.2
Single parent	1.8	3.1	3.0	2.0
2+ adults without children	39.2	43.0	39.5	44.9
2+ adults with 1 child	6.9	6.0	8.9	5.9
2+ adults with 2+ children	30.2	23.5	24.7	19.0
Number of households	313,000	210,000	315,000	64,000

Source: Eurostat 2011

## **C. Estimated potential beneficiaries nation-wide and costs for full scale-up 2014+**

The number of potential beneficiaries (individuals and households) can only be estimated after key design criteria have been decided on (for instance, illustrative computations are in section on benefit level and structure). Similarly, the operation of the pilot program will yield important insights as to the operational cost and set-up to be chosen for a further nation-wide scale-up in 2014+.

## V. Next Steps and Proposed Timetable (Example)

The start of the means-tested income support program pilot in the two selected areas depends on the finalization of the decisions on the key elements of program design as well as implementation arrangements as well as the successful completion of preparation activities. Although some countries have been able to roll-out safety net programs within a period of 6 months, for others it has taken substantially longer. Thus it should be recognized that the goal of starting the pilot in early 2014, while necessary given the current economic and social situation, is also an ambitious target. A preliminary timetable of the major activities is summarized below.

High-level outline	Jul	Aug	Sep	Oct	Nov	Dez	Q1/ 2013
Program Governance and Operation (MoLSW)	Appoint Steering Committee, Working Committee and Scientific/ Advisory Committee	Decide on Key Design Criteria of Benefit (name, level, eligibility, interaction with other programs, etc.)		Stakeholder Dialogue			Notify beneficiary
				Legislative Process and Ministerial Operational Orders			
				Working Committee Operation			
Local Program Delivery	Choose Pilot Areas	Agreement on Cooperation		Pilot Site Preparation	Staff Training		
					Preparation and outreach / Promotion		
Payment Operation			Agreement with payment provider		Prepare payment		Receive payment list and budget
							Pay benefit
Management Information System	Define business requirements	Design / Adapt / Customize MIS / Benefit Registry				Process applications	
		Set-up of cross-checks and linkages to other systems					
		Set-up of controlling and monitoring function					
Citizen / Applicant / Beneficiary					Learn about program	Apply	Receive benefit

After the necessary setup of the program governance and operating structure by MoLSW (Steering Committee, Working Group, Scientific (Advisory) Group and Program Unit), the immediate preparatory actions for the launch of the benefit in 2013 from the definition of key business processes can be summarized as follows:

<b>1. Outreach / Promotion</b>	<ul style="list-style-type: none"> <li>- Formalize and sign agreement with municipality</li> <li>- Produce information material for local distribution</li> <li>- Set up information resource on MoLSW website or under dedicated URL</li> <li>- Support local efforts by participating in local information events, visits, local media coverage (senior policy staff and program unit staff)</li> </ul>
<b>2. Application</b>	<ul style="list-style-type: none"> <li>- Define application and registration form</li> <li>- Define set of accompanying documents required for registration</li> <li>- Prepare operative manuals for central and local staff</li> <li>- Prepare information materials and FAQ-Guides for applicants</li> <li>- Provide training to central and local staff</li> </ul>
<b>3. Eligibility Verification</b>	<ul style="list-style-type: none"> <li>- Enable data exchange and cross-checks with asset registries, income sources and other benefit programs</li> <li>- Train local delivery point staff on quality requirements for applications</li> <li>- Plan and install processing capacity (IT and staff) for central processing of applications</li> </ul>
<b>4. Application Processing</b>	<ul style="list-style-type: none"> <li>- Enable data exchange and cross-checks with asset registries, income sources and other benefit programs</li> <li>- Train local delivery point staff on quality requirements for applications</li> <li>- Plan and install processing capacity (IT and staff) for central processing of applications</li> </ul>
<b>5. Notification and Payment</b>	<ul style="list-style-type: none"> <li>- Draft notifications to applicants, including program rules, grievance and complaints channels</li> <li>- Define program rules for beneficiaries</li> </ul>
<b>6. Monitoring and Supervision</b>	<ul style="list-style-type: none"> <li>- Up-front calculation of potentially eligible households per pilot area (as comparison against actuals) to indicate over- or under-utilization</li> <li>- Prepare for monthly public reporting of aggregate data</li> </ul>
<b>7. Control and Grievance</b>	<ul style="list-style-type: none"> <li>- Execute controls (spot-checks and risk-based reviews ) on local delivery points and individual beneficiaries</li> <li>- Open central complaint (→ applicants / beneficiaries) and support (→ local delivery points) lines / online channels (e-mail form, chat, etc.)</li> <li>- Provide for arbitration and out-of-court settlement of (potential) legal cases</li> </ul>
<b>8. Recertification</b>	<ul style="list-style-type: none"> <li>- Define period and procedure for recertification</li> <li>-</li> </ul>

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