



HEALTH EDUCATION WATER SOCIAL TRANSFERS
SANITATION CO-OPERATING CHILDREN FAMILY PARTICIPATE
OLD-AGE FOOD INFORMING ACTIVE-AGE PROTECTION SECURITY
COUNTRY OWNERSHIP HOUSING

Social Protection Floor in China

Summary, 30 August 2011

Since the mid-1980s, in line with the development of a socialist market economy, China implemented a series of reforms to its social security system, which had been set up in the years of a planned economy. The long-term socio-economic development strategy shifted from one based narrowly on economic growth to one centred upon the idea of a "*harmonious society*" and the principle of "*putting people first*". The strategy has been the catalyst for the extension of social security, which has not only happened within the relatively small urban formal economy, but also within the sizeable informal economy in both urban and rural areas largely consisting of poor and low-income families as well as to economically inactive groups. The main programmes that can be seen as components of China's national social protection floor are described below. These programmes have reached near full coverage or are expected to reach full coverage by 2020. They illustrate China's continuous advances in extending social security to all including for the poor and vulnerable populations.

The two main '*minimum living standard guarantee*' schemes (the urban and rural 'Dibao' programmes) provide income security to both urban and rural residents with income levels below the locally-defined income threshold (local poverty line). Since 2007, these schemes have reached near universal coverage. In 2008, 66 million beneficiaries, nearly 5% of the total population, benefited from one of the '*minimum living standard*' schemes.

Under the *New Cooperative Medical System for Rural Population* (2003) and the *Basic Medical Insurance System for Uncovered Urban Residents* (2007), access to basic health care is provided. Both systems are substantially subsidized by the government. At the end of 2009, a total of one billion people were covered by these two new schemes, despite their voluntary nature. When adding those already covered under the 'old' scheme for urban working population, currently 1.26 billion out of the national population of 1.3 billion have financial access to basic health care protection.

In 2009, the *New Rural Pension System* (2009) was launched with the aim of covering the entire rural population by 2020. By the end of 2010, 143 million people were covered under this scheme. Combined with the basic pension insurance for the urban working population, the coverage grew from 125 million to 257 million people in 2010. In addition, the *Urban Pension for the Non-Working or Uncovered Urban Population* was launched in 2011 and planned to be extended to all of the targeted groups by 2012. Pensions payable under both new programs consist of two components, including a universal pension which is entirely financed by the government.

The recently concluded session of the National People's Congress approved the 12th '5-year Plan', which sets forth the guidelines, strategic objectives and major tasks for the next 5 years (2011-2015), highlighting the aim of improving people's livelihoods. The goal of "establishing a social security system covering all residents in urban and rural areas by 2020", set in 2006, has been placed on top of the agenda. Although continuous progress has been made, China still faces considerable challenges to achieve and maintain effective universal coverage, such as expanding personal coverage, raising benefit levels, and improving the institutional framework and local delivery capacity.

