



June, 2010

# social protection floor initiative

## SPF country brief: China

### lead agencies

ILO  
WHO

### cooperating agencies

FAO, IMF, OHCHR,  
UN Regional  
Commissions,  
UNAIDS, UNDP, UNDESA,  
UNESCO, UNFPA,  
UNICEF,  
UNHABITAT, UNHCR,  
UNODC, UNRWA, WFP,  
WMO, World Bank

### Progress in the extension of social protection coverage

In the past decade, China has witnessed remarkable progress in its expansion of social protection. It is worth emphasising that the expansion has not only made within the urban formal sector, which is relatively small, but also within the vast informal sector in both urban and rural areas, a large proportion of which include poor and low-income families. In line with the United Nations Social Protection Floor initiative to effectively and efficiently extend social protection coverage to all in need, the government of China has introduced or subsidizes several new programs, including:

- Two minimum living standard guarantee schemes, which provide income security to both urban and rural residents who maintain a revenue level below the locally-defined income threshold. Since 2007, these benefits have become universally available. In 2008, there was a total of 66 million beneficiaries, nearly 5% of the total population;
- Two new health insurance programs that target the rural and economically inactive populations, which are in addition to the long existing health insurance scheme for the urban working population. These two new schemes have dramatically increased the number of health insurance beneficiaries, as the rural population accounts for 718 million or 54% of the total population (2008), and the urban economically inactive residents, mainly the elderly and the children, are estimated to amount to approximately 200 million. To encourage and enable the population to join the health insurance programs, the government subsidizes at least half of their revenue. Despite participation remaining voluntary, at the end of 2009 a total of 1 billion people were covered under these two new schemes. Combined with those already covered under the existing scheme for the urban working population, 1.2 billion out of the national population of 1.3 billion now have financial access to basic health care protection;
- A rural pension system which started to pilot in several areas in 2009, with the ultimate aim of covering all of the rural population by 2020. Under this system, a universal pension starting at a minimum of CNY55 per person per month, is payable to all rural residents aged 60 and above on the condition that his / her family has participated in the new rural pension system. A savings account-derived pension can also be maintained in addition to the new rural pension.

## **Policy changes in long-term development strategy**

China's progress in social protection has principally occurred as a result of changes in its national development strategy. Like education and other social sectors, social protection has historically lagged behind China's economic growth, specifically during its initial phase of economic reform. However, policy makers have come to recognize how indispensable and important a soundly developed social policy framework is for a sustainable economy and a healthy society; the long-term development strategy has since shifted from one based strictly on economic growth, to one centered upon a "harmonious society." This new development strategy seeks to strike and maintain a balance between both economic growth and social development, between human needs and environmental health and between today's generation and tomorrow's.

Social protection is therefore now widely considered as both a social and economic imperative. Basic social protection for all in need has been formally adopted as a long-term objective in order to ensure that all the elderly have basic income security, all the sick people receive medical care, all the children enroll in school, all the workers are paid, all the families have a place to live and all the poor get assisted. As such, the Chinese government has continuously and significantly increased its budget allocation to social protection. Even within the current government stimulus package amounting to CNY4 trillion (about US\$58 billion), a portion has been reserved for social protection.

## **Technical cooperation**

Together with other UN agencies, the ILO has supported the development of social protection in China since the mid-1980s. The Memorandum of Understanding for Cooperation (MOU) - an over-arching framework of cooperation - was signed on 17 May 2001 between the Ministry of Labour and Social Security (MOLSS) and the ILO. Since then, the cooperative activities are reviewed by a Joint Committee on a bi-annual basis.

In the field of social protection, technical assistance will continue to be provided by the ILO, together with other UN agencies, to the Chinese government and social partners. At the same time, given its rapid development in policy and practice, China is also invited to assume a more active role in the global campaign on the extension of social security coverage and the promotion of the UN SPF initiative. The government has, in principle, agreed to advocate the UN policy through sharing the Chinese experience with other countries, including hosting a related regional conference in 2011.

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