



China: Towards a Social Protection Floor



Celine Peyron Bista

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Agenda

1. Social security in China until late 1990s
2. Rapid expansion since 2000
3. Current and forthcoming challenges
4. Conclusions: still some gaps, pressures.



China's SP until late 1990s'

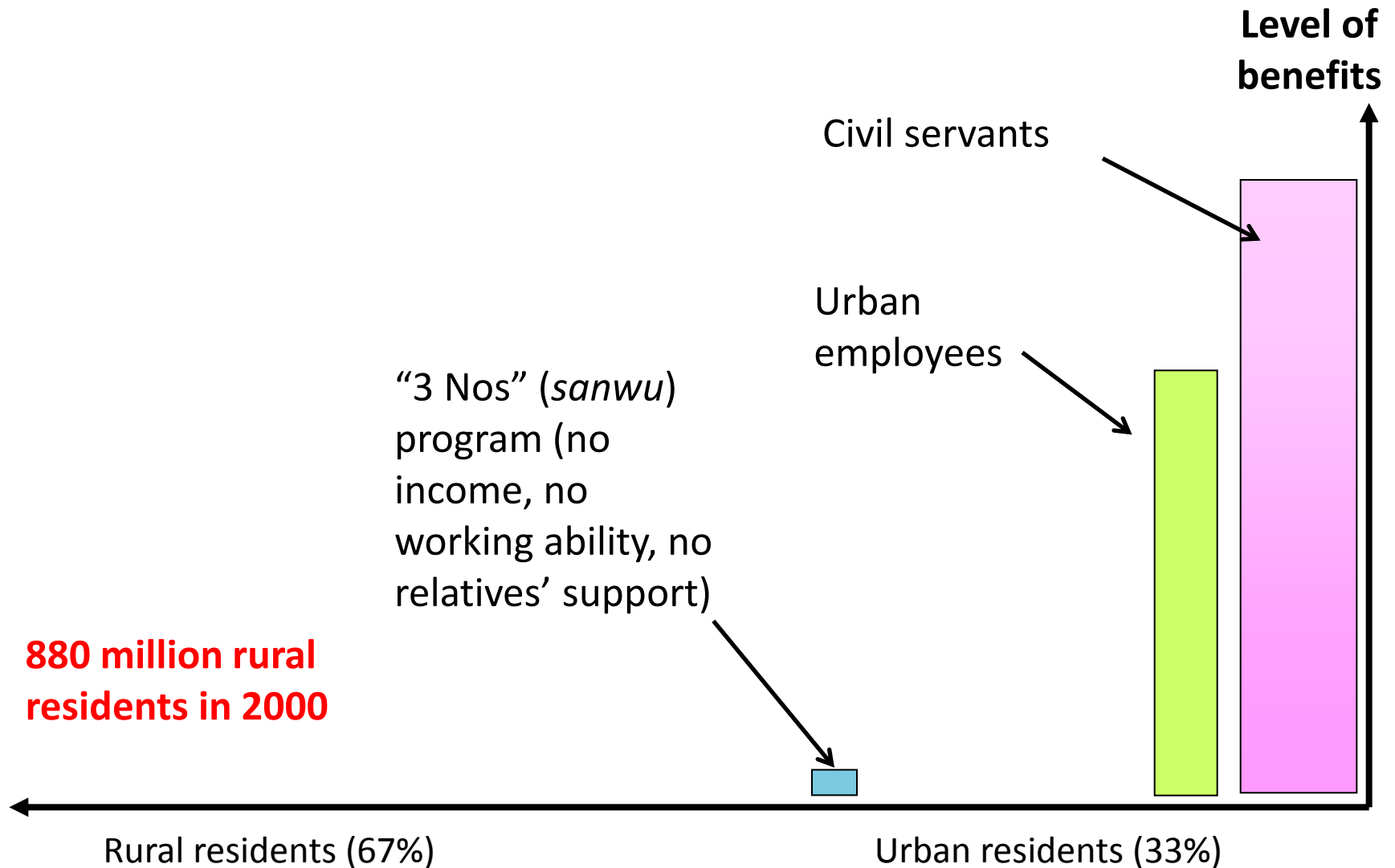
- Opening reform in late 1980's:
 - major SOE restructuring
 - dismantling of the State health care system, the “iron bowl”, more restriction on rural/urban migration, etc.



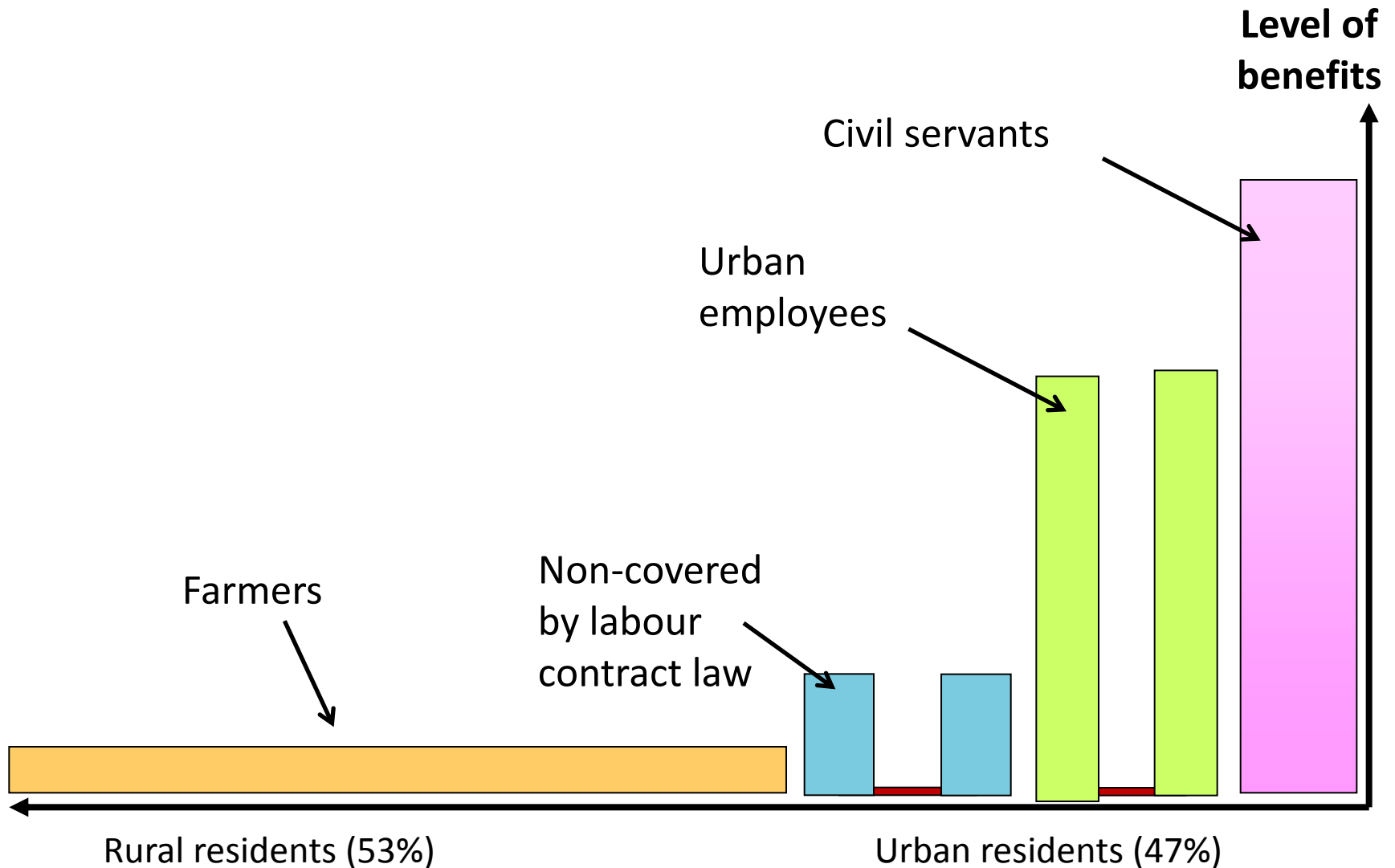
➡ need to extend/build social security to better protect workers (mid-90s': current urban employees system was established with 5 guarantees)

Social Security & SPF in China

10 YEARS AGO



Social Security & SPF in China TODAY





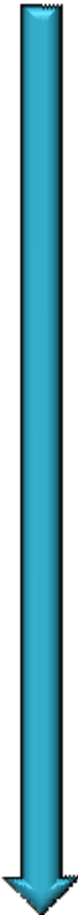
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1. Social security in China until late 1990s
- 2. Rapid expansion since 2000**
3. Still some gaps
4. Forthcoming challenges
5. Conclusions

How to explain such a rapid progress?



10 years of programs piloting



1999, urban *dibao* (minimum income guarantee scheme+ medical, education and housing assistance)

2003, National Cooperation Rural Medical Scheme (NCRMS)

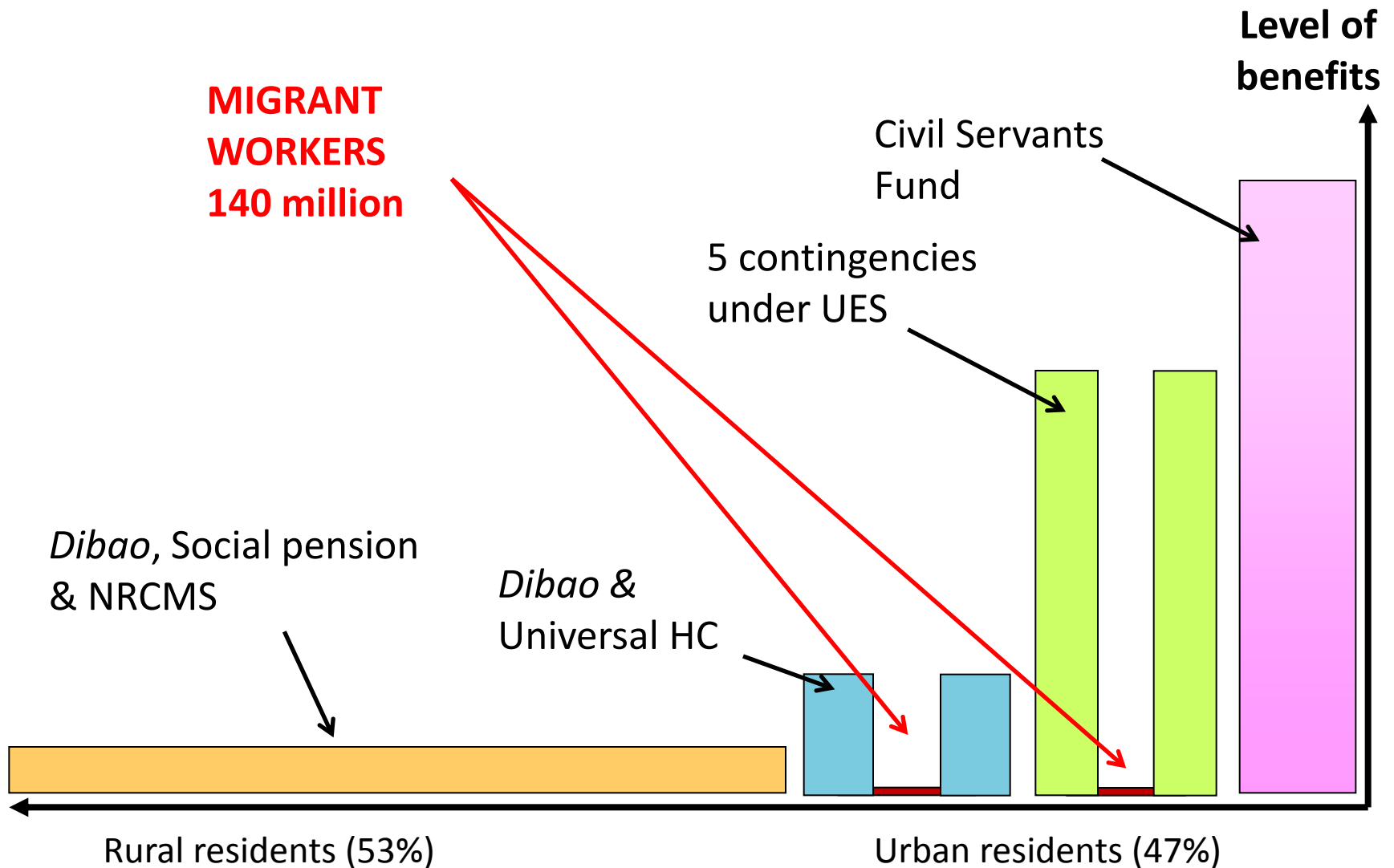
2007, rural *dibao*

2007, Universal health coverage to all urban residents

2009, Rural pension scheme (for all farmers over 60 years old)

2009, National Health Care Reform (US\$ 125 billion: access and quality)

Social Security & SPF in China: Schemes



In 2010, the Social Insurance Law was finally adopted



**Grounded on the principles
of the SPF**



Major Points:

- National pooling of basic pension funds
- Expansion of rural coverage
- Interprovincial portability of pension rights and medical insurance
- Attention to special groups (migrant workers)



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Current and forthcoming challenges



Today, Social security is one of the priority of the 12th Five Year Plan.

Why is it recently given so much importance?



1. Widening income disparities:
 - Emerging urban poverty (2007: 22 million urban residents on *dibao*)
 - Inequalities urban/rural residents
 - Disparities Western/Eastern provinces

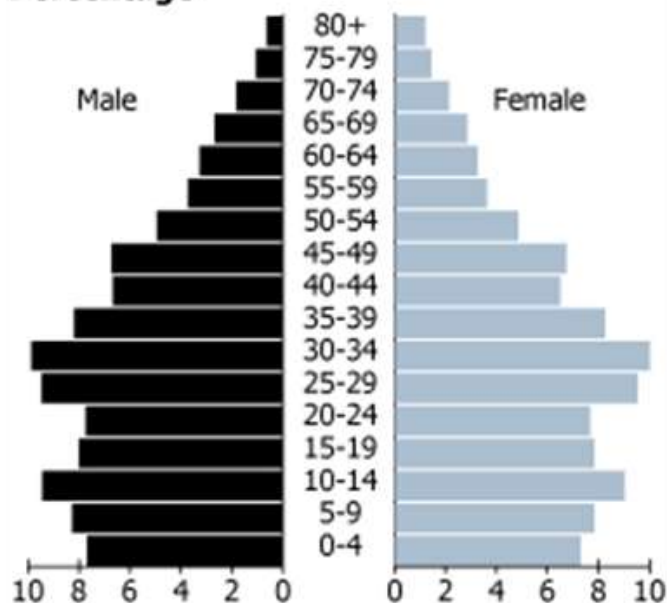


Challenges

2. Ageing population: by 2050, one quarter of the population will be over 65 years old.

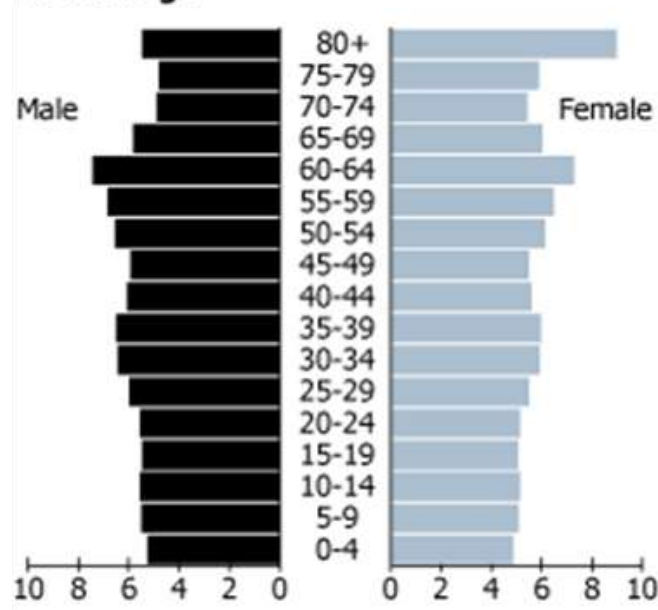
2000

Percentage



2050

Percentage



Source: *World Population Prospects*



Challenges

3. Need to shift to a domestic demand-driven economic model :

- To alleviate the dependence on international conjuncture,
- To develop the services sector.



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SP development in China, still at the first step of the SPF



- Almost universal population coverage, but at a low level of benefits

Monthly national averages, 2010 (CNY)

Mini. wage	urban dibao	rural dibao	rural pension
960	251	117	55

100 CNY = 14 USD in 2010

- Migrant workers excluded
- Low quality of health care and education in rural areas

Some reforms are needed, far beyond the scope of social security



- Reform of the *hukou* system and improvement of working conditions to protect migrant workers
- Tax reform to ensure sustainability of the SPF programs
- Entire economic model jeopardized by the rapid population ageing





Thank you!