



Social Security System-building Accelerated in an All-round Way

From the aspect of the new situation, new missions and new characteristics of economic and social development, the Chinese government put forward the important strategic thinking of a scientific outlook on development and the important strategic mission of building a harmonious socialist society, and promulgated a series of policies and measures of great significance to the direct interests of the people in the past ten-plus years. The social security system attracted unprecedented attention as a basic program of the livelihood policies and embarked on a fast track of urban-rural coordination with wide coverage of all of society.



As the core of social security system, social insurance has aroused people's attention.

Social Insurance

Social insurance is an integral part of the social security system. In recent years, the Chinese government has promulgated the *Social Insurance Law of the People's Republic of China* and amended the *Work-related Injury Insurance Regulations*. Efforts have been made to set up a new rural pension insurance system and implement pilot programs in various areas, set up a provincial pooling system for the basic pension insurance system of enterprise employees, establish and implement the basic medical insurance system for urban residents, the new rural cooperative medical care insurance and urban-rural medical relief system widely, and further improve the basic medical insurance system for workers. Good results have been achieved, especially with the practice of including migrant workers in the basic pension system of urban employees in the beginning of 2009, and in pilot programs of new rural pension insurance launched at the end of 2009 and urban resident pension insurance launched in



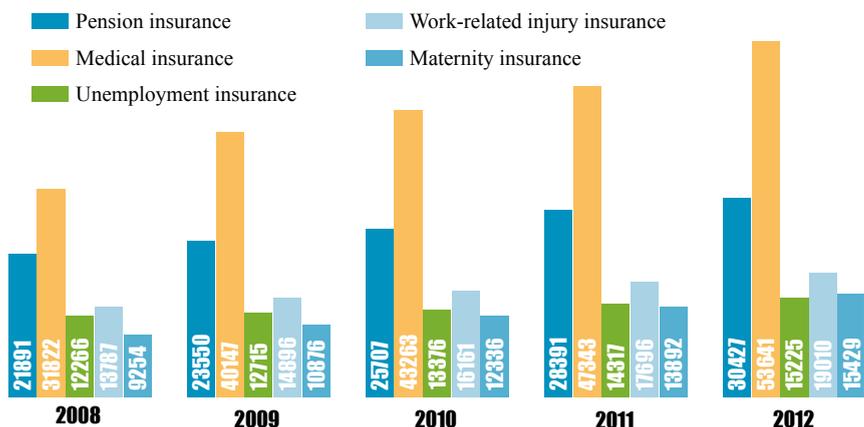
The idea has been widely spread that social insurance is almost universal in China.



July 2011. In 2012, these systems achieved full coverage of the target groups. By the end of 2013, the new rural pension insurance system and the urban resident pension insurance system covered 498 million persons, of which 138 million were receiving benefits. With employee pension insurance, a total of 820 million of people are covered by the social insurance system.

In February 2014, the State Council distributed the *Opinions on Establishing a Unified Basic Pension System for Urban and Rural Residents* and moved to set up a unified basic pension system and integrate the new rural pension system with the urban pension system by the end of the 12th Five-Year Plan period to set up a fair, unified and standard urban-rural resident pension system that is consistent with the social relief, social welfare and other social security policies before 2020. In this way, the home care and other traditional elderly care models will be given full play to guarantee the basic livelihood of the elderly in a better way. The *2013 National Economic and Social Development Statistics Bulletin*

Figure 4-2-1
Number of Participants in the Social Insurance System Since 2008
(unit: 10,000 people)



Data source: Ministry of Human Resources and Social Security, *2012 Statistical Bulletin on Human Resources and Social Security Development*.

released by the National Bureau of Statistics in February 2014 show that by the end of 2013, 322.12 million citizens were covered by the urban employee pension system, 497.50 million were covered by the basic urban-rural pension insurance system and 573.22 million by the basic medical insurance system. Of that, the participants of the employee medical insurance system totaled 274.16 million and the participants of resident medical insurance totaled 299.06 million. The unemployment insurance system had 164.17 million participants and 1.97 million receiving unemployment benefits. The work-related insurance system had 198.97 million participants, including 72.66 million migrant workers. The maternity insurance system had 163.97 million participants. A total of 2,489 counties, cities and districts implemented the new rural cooperative medical insurance system, with a participation rate of 99.0%. Calculating at the poverty-relief standards of per capita annual net income of 2,300 yuan (2010, fixed price), the poverty-stricken population in rural areas in 2013 was 82.49 million, a decrease of 16.50 million.

Social Relief

In this period, China gave priority to establishing and improving emergency plans and the early warning system to cope with abrupt public events while enforcing the social relief system. The *Regulations of Minimum Subsistence Allowance for Urban Residents* was promulgated in 1999, the *Circular of the State Council on Establishing the Minimum Subsistence Allowance System in the Rural Area* was promulgated in August 2007 to set up the rural minimum subsistence allowance system and pay the subsistence allowance in full to beneficiaries on time. In that year, 2,777 agriculture-related counties, cities and districts) of the 31 provinces, autonomous regions and municipalities had set up the rural minimum subsistence allowance system. The establishment of the urban minimum subsistence allowance system set off the defects of the traditional social relief system from the root and laid a foundation for integration of urban and rural social relief. Meanwhile, with more beneficiaries of the social relief



system and gradual increase of the relief standards and relief benefits, the relief procedures have been standardized gradually to guarantee the livelihood of needy people.

In the same period, the Central Committee of the CPC and the State Council released orders to offer medical relief to poverty-stricken farmers in 1997 and 2002 to ensure meeting the basic medical requirements of needy people. In 2003, the Ministry of Civil Affairs and other departments jointly issued the *Opinions on Implementing Medical Relief in Rural Areas* to establish a medical relief system in rural areas. In 2005, the General Office of the State Council distributed the *Opinions on Pilot Programs of Urban Medical Relief System* jointly formulated by the Ministry of Civil Affairs and other ministries. In 2008, the urban medical relief system was rolled out through pilot programs and the rural medical relief system was further improved. A medical relief system was set up with full coverage of the whole country with a relief mode combining both the direct relief and assistance in insurance participation. In 2009 and 2012, the



The construction of information system serves for social assistance.

Ministry of Civil Affairs, the Ministry of Human Resources and Social Security and other ministries released the *Opinions on Further Improving the Urban and Rural Medical Relief System*, *Opinions on Pilot Programs of Medical Aid for Major and Serious Diseases*, and *Opinions on Integrating the New Rural and Urban Resident Pension Insurance System with the Urban Resident Minimum Subsistence Allowance and Five-Guarantee Household Support System* to further improve the urban-rural medical relief system and enable it to link with the new medical care system reform and the urban-rural subsistence allowance system. Meanwhile, the central government, on the basis of enlarging the coverage of the urban-rural minimum subsistence allowance system and setting up the medical relief system, has set up and further improved disaster relief, temporary relief, Five-Guarantee households support, rural poverty-stricken household relief and beggar relief system, and made obvious achievements in social charity, social donation and mutual assistance and other social support programs and volunteer service system building.

Statistics show that by the end of 2012, China had 11.149 million households under the urban minimum subsistence allowance system, totaling 21.435 million beneficiaries. And the fiscal expenditures at all levels reached RMB 67.43 billion. Rural areas had 28.149 million households under the minimum subsistence allowance system, or 53.445 million beneficiaries, and the fiscal expenditures at all levels reached 71.8 billion yuan. The Five-Guarantee households in the rural area totaled 5.292 million households, with 5.456 million beneficiaries. A total of 796,000 persons were supported by the traditional relief in rural areas and 99,000 urban residents who had no source of income, no capacity of labor and no legal supporter received aid. The medical relief system offered help to 20.77 million urban residents and 59.742 million poverty-stricken farmers, and issued medical aid to 4.045 million of beneficiaries. A total of 6.398 million of people enjoyed temporary relief in the whole year. In addition, progress was made in education relief, housing relief and juridical relief, enriching the social relief services and benefiting more needy people. A social relief system,



An ill worker received the relief funds from China Soong Ching Ling Foundation.

with the urban-rural minimum subsistence allowance, Five-Guarantee system of rural areas, disaster relief, and medical relief as the foundation was set up. The system is consistent to the low-rent housing, education, juridical relief and other special relief systems, setting up the final guarantee measure for needy people.

In February 2014, China issued the first administrative regulations – *Interim Measures on Social Relief* to coordinate the social relief systems, stipulating the minimum subsistence allowance, support for needy people, disaster victim relief, medical relief, education relief, housing relief, employment relief and temporary relief and participation of the social forces as the basic content, in order to define a complete social relief system. The measures offer help to those in emergency and difficulty in a sustainable way, consistent with other social security systems and the social and economic development level.

Social Welfare

With deepening state-owned enterprise reform, the number of state-owned enterprises and their employees both decreased. What's more, the welfare services for employees of the state-owned enterprises, organs and institutional units were socialized gradually. Consequently input in welfare services decreased significantly and so did burdens. Meanwhile, although not meeting the requirements of the masses, the traditional social welfare services developed noticeably, with improved social welfare facilities in urban and rural areas and enhanced functions. The elderly, children (orphans, the disabled, street children) and the disabled were given priority. According to statistics from the Ministry of Civil Affairs, China has 48,000 social service agencies providing accommodation (11,000 registered as the institutional units), totaling 4.493 million of beds, or 3.3 beds per 1,000 people; and accepted 3.095 million persons. Of that, 44,304 were pension service agencies with 4.165 million beds, or 21.5 beds per 1,000 elderly,

Table 4-2-1
Social Relief Since 2005
Unit: 10,000 People

Index	2005	2006	2007	2008	2009	2010	2011	2012
Number of urban minimum subsistence allowance beneficiaries	2234.2	2240.1	2272.1	2334.8	2345.6	2310.5	2276.8	2143.5
Number of rural minimum subsistence allowance beneficiaries	825.0	1593.1	3566.3	4305.5	4760.0	5214.0	5305.7	5344.5
Number of beneficiaries under the rural Five-Guarantee Household system	300	503.3	531.3	548.6	553.4	556.3	551	545.6

Data source: *2012 Statistical Bulletin of Social Service Development*, Ministry of Civil Affairs.



and accepted 2.936 million elderly by the end of the year. In addition, China also had set up service agencies for the mentally retarded and mental patients, children welfare, children relief and relief workstations and other social service agencies that provided accommodation. The social services that do not provide accommodation include elderly services, child welfare, welfare enterprises, social relief, disaster prevention and relief, charities, veteran benefits and relocation, community services, etc. By the end of 2012, China had set up 200,000 community service providers, covering 29.5% of communities. The coverage of urban community service centers (stations) was 72.5%. China also had 397,000 service stations for the public and 93,000 community volunteer organizations.

However, China also saw contributions of social welfare services from the social organizations, mass self-government organizations and all walks of society. In 2012, the State Council promulgated *Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment*, encouraging private investment to participate in social welfare



The orphans in Taihu County, Anhui Province received educational grants.

services and set up various social welfare service organizations by means of offering land guarantees, credit support, government procurement and other means. The Ministry of Civil Affairs released the *Opinions on Supporting Social Forces to Set up Social Welfare Organizations*. In terms of the welfare guarantee, an elderly social welfare service system was set up with elderly social welfare organizations as the backbone, community elderly welfare services as the basis, and home care as the foundation, improving the social security network to protect the basic living rights and interests of the needy elderly. The amended *Law of the People's Republic of China on Protection of Minors* clearly stipulated that minors have the right to live, to develop, and to be protected, the right of participation and the right to education, highlighting the principle of the priority of minors, and reinforced responsibilities of the government, society, schools and families to frame a “blue sky” for the healthy growth of minors. In 2010 and 2011, the General Office of the State Council promulgated the *Opinions on Enforcing Orphan Protection* and the *Opinions on Enforcing and Improving the Relief and Protection to Vagrant Minors* to further improve the protection and relief system of orphans and vagrant minors. A legal system has been set up with the constitution as the basis; the criminal, civil and administrative laws as the foundation; the law on protection of the disabled as the center; and regulations on

Table 4-2-2
2005-2012 Beds in Social Service Institutions
Unit: 10,000 Beds

Index	2005	2006	2007	2008	2009	2010	2011	2012
Number of beds	180.7	204.5	269.6	300.3	326.5	349.6	396.4	449.3
Beds per 1000 persons	1.38	1.56	2.04	2.26	2.45	2.61	2.61	3.32

Data source: 2012 Statistical Bulletin of Social Service Development, Ministry of Civil Affairs.

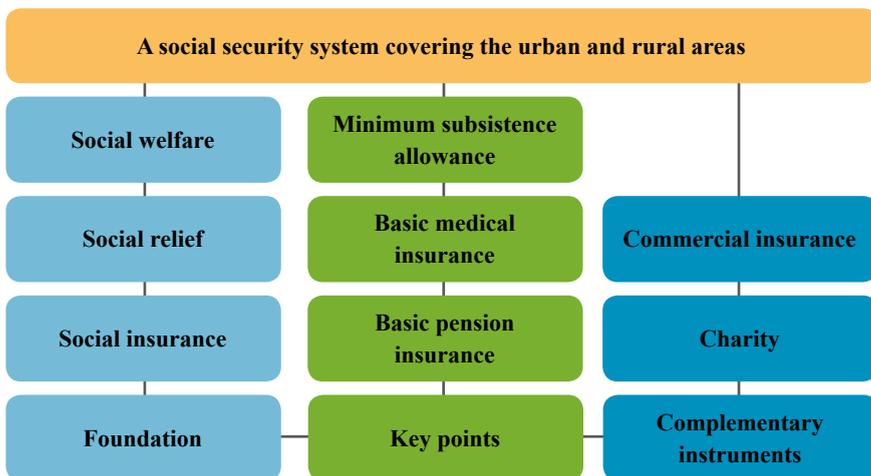


education and employment of the disabled and local provisions that benefit and support the disabled as complementary instruments. The system, involving more than 50 laws, aims to protect rights and interests of the disabled in an all-round way and promote development of the undertakings related to the disabled. In addition, compulsory education was made free of charge and the high school and higher education systems started to offer aid to the poverty-stricken students.

Scope and Service System of Social Security

Entering the 12th Five-Year Plan period (2011–2015), China has expanded the social security system from urban areas to rural areas, from state-owned enterprises to all kinds of employers, from the workers to the people with flexible employment and urban and rural residents. More and more people enjoy basic social security services, many historical problems have been addressed, and the social security level has been improved. The social security management system has taken shape with establishment of a service network, with the social

Figure 4-2-2
Basic Framework of China's Social Security System



insurance agencies at all levels as the backbone, banks and other designated service providers as support, and the community labor guarantee platform as the foundation. The system was gradually expanded to the townships, towns and administrative villages. The Golden Insurance Project (a unified labor and social security e-governance project of China) Phase I was completed successfully with the three-tier (central, provincial and municipal tiers) networks interlinked. By the end of January 2014, China has issued 560 million of unified social security cards and the number is expected to reach 660 million by the end of the year and 800 million in 2015, covering 60% of the total population of China, offering technical support for the overall arrangement and integration of the urban and rural social security systems. By the end of 2012, the balance of the social security funds was RMB 491.5 billion, the balance of accumulated deposits reached RMB 4.0943 trillion. The funds are complete and safe.