

People's Republic of China

More than 270 million people, accounting for 35 per cent of the national labour force, have migrated from their rural villages to urban cities in China. Due to a series of expansionary measures of the social protection system in China – particularly the expansion of the minimum living standard guarantee (Dibao) to all rural and urban poor and the introduction of subsidized health insurance and pension schemes for urban and rural residents – the social protection coverage of rural migrant workers has significantly improved in recent years. More rural migrant workers are also progressively included under the social insurance for urban workers (SIW), which provides them with more comprehensive and higher levels of protection.

National social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age, and older persons.

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), an approach to achieve universal social protection for the population.

This brief presents a successful country experience of expanding social protection.



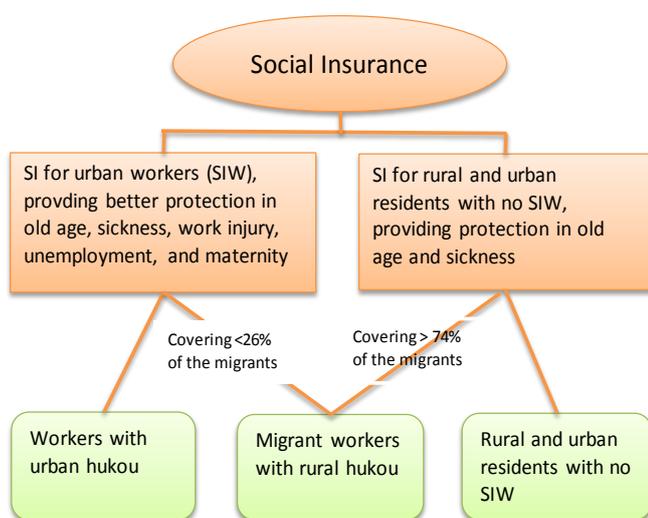
Main lessons learned

- China's experience shows that migrant workers, despite their large number and high mobility, can progressively be included under existing social protection schemes.
- Extensive coverage of the migrants was feasible because of large government subsidies for those without formal jobs or self-employed.
- Thanks to the social security law enacted in 2010 that requires rural migrant workers to affiliate under the social insurance scheme for urban workers (SIW), and the introduction of health and pension schemes for urban and rural residents (SIR) in which many rural migrant workers participated together with their rural or urban-based families, migrant workers and their families are better integrated into urban life with higher levels of consumption and improved health status, all of which are essential for achieving a harmonious society, which is a national strategic objective.
- However, the achievement of basic and universal coverage is only the first step. As China develops, continuous efforts are needed to improve the adequacy of protection for migrant workers.

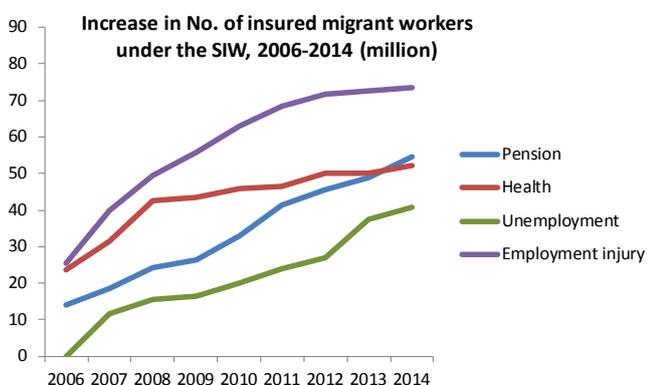
1. How are migrants covered?

In China, social protection was extended to rural migrant workers through two main schemes: health insurance and old-age pension schemes for rural or urban residents (SIR) and the Social Insurance for urban Workers (SIW).

Urban workers are registered under the SIW, while rural and urban residents are entitled to the SIR, which offers a lower level of protection compared to the SIW. Initially, most of rural migrant workers were covered by the SIR. However, the new social security law enacted in 2010 authorizes rural migrant workers working in urban areas to be registered by their employers under the SIW.



As a result of the implementation of the social security law, the number of migrant workers participating in SIW has increased in the last few years. Today, the proportion of rural migrant workers covered by the SIW has reached 26 per cent of the total number of rural migrant workers.



Source: SB 2006-14.

As a result of the inclusion of rural migrant workers in the SIR and SIW and the extension of coverage under these two schemes, today rural migrant workers are better protected. Out of the 277 million rural migrant workers in 2015, around 80 per cent were covered by the old-age pension schemes either for urban workers or for residents, and over 95 per cent were covered by health insurance schemes either for urban workers or for residents. In addition, all poor rural migrant workers are entitled to a minimum living standard guarantee called *Dibao*. The objective of the Government is to provide basic health and pension protection to the entire population, including this group, by 2020.

2. How were these breakthroughs achieved?

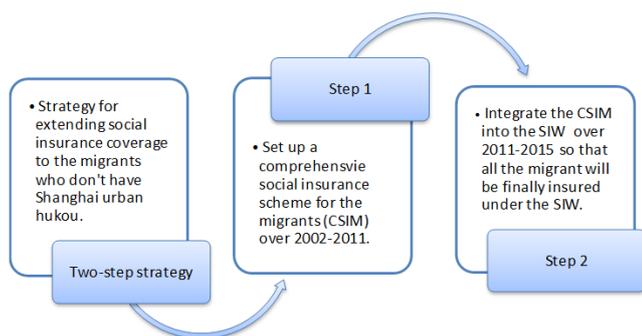
The effective extension of social protection to rural migrant workers can be explained by a number of national and regional policies and initiatives.

- At the national level, the Central Committee of the Community Party of China (CC of CPC) and the State Council decided in 2002 to strengthen rural health. This led to the creation of a rural health insurance programme in 2003.
- The State Council decided in 2007 to extend the minimum living standard guarantee (*Dibao*) to rural residents; it provides income security and other social assistance services to the rural poor.
- The CC of CPC adopted a policy in 2009 concerned with rural reform and development that led to the introduction of a rural pension system.
- With the adoption of the Social Insurance Law in 2010, coverage under SIW for all rural migrant workers with employment contracts became a legal requirement.
- In line with the Social Insurance Law, the Employment Injury Regulation was revised in 2011. This has facilitated the extension of employment injury insurance to migrant workers and it now has the highest coverage rate within all branches of SIW.
- A government policy was adopted in 2013 to gradually merge the urban and rural residents' health insurance programmes. Although the merge has yet to be completed, the schemes'

essential parameters, such as benefit packages and fiscal subsidies, are being aligned and strengthened.

- The State Council decided in 2014 to merge the basic old-age insurance programmes for urban and rural residents. Measures on improving the portability of accumulated social security rights and entitlements were developed and implemented. Migrant workers today are better protected, which encourages more workers to migrate within China.

Another important feature of the Chinese social protection system is decentralization. Local authorities are responsible for the design and daily management of their schemes in line with the principles set by the central Government. The level of regional motivation, commitment and innovation is thus as important as the national policies in the extension of social protection coverage to rural migrant workers. Shanghai can be presented here as a concrete example.



The metropolitan government of Shanghai was innovative in its strategy to extend SIW coverage to migrants. Extension started with a transitional scheme called Comprehensive Social Insurance for Migrants (CSIM). Instead of providing the insured migrants a full range of social insurance, CSIM focused on protection in three branches, namely employment injury, hospitalization and retirement. After nine years of operation, more and accurate information had been collected, administrative capacity strengthened and the coverage of CSIM broadened. In 2011 the metropolitan government of Shanghai launched the second step, i.e. integrating CSIM into the mainstream SIW scheme.

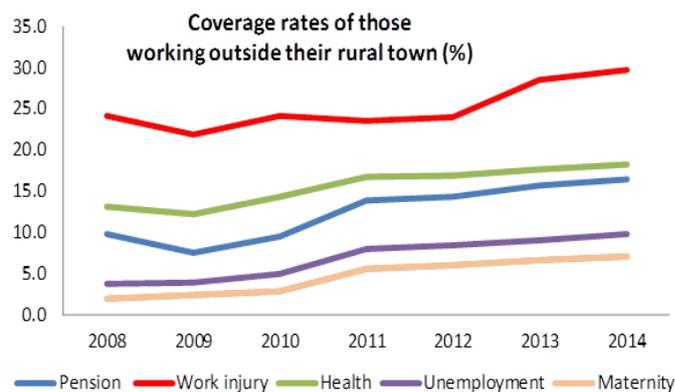
It is expected that when the integration is complete, more rural migrant workers employed in the region

of Shanghai (regardless their type of *hukou*) will be covered under SIW than urban workers. This will contribute to increasing the adequacy of benefit entitlements for rural migrant workers.

3. What are the remaining challenges?

As explained previously, SIW provides higher levels of protection compared to SIR. SIR, for instance, does not provide any protection in the case of work injury, unemployment and maternity.

Despite the enactment of the social security law in 2010, most migrant workers are still covered by SIR even though they should be registered under SIW by their employers. As indicated on the graph below, SIW coverage rates of those working outside their rural town is below 30 per cent for employment injury, and below 20 per cent for old-age pensions and health.



Source: National survey report on rural-to-urban migrant workers, 2013 and 2014.

To improve adequacy of benefits for rural migrant workers, China will need to provide access to the SIW to more rural migrant workers by fully implementing the social security law. To progress in this direction, a four-year national campaign on universal social security registration was launched by the Ministry of Human Resources and Social Security (MOHRSS) in 2014. The campaign aims to develop an integrated national social security database so that full coverage, particularly for vulnerable groups like rural migrant workers, can be progressively achieved.

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