



Social policy and sustainable development in China: inclusion, innovation and increased quality

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Main SDGs discussed

GOAL 1: End poverty in all its forms everywhere

GOAL 3: Ensure healthy lives and promote well-being for all at all ages

GOAL 4: Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all

GOAL 10: Reduce inequality within and among countries

Key message

Social development is given high priority by the Chinese government. Agenda 2030 and the Sustainable Development Goals are included in national long-term strategies and action plans.

Innovation, digitalization and new technologies are promoted as key aspects in social development strategies.

China is establishing a more broad-based and inclusive welfare system and has seen major achievements in poverty alleviation and access to health, education and pensions.

There are still important challenges related to regional, economic and social diversity, growing needs and expectations and new digital divides.

Introduction

This brief looks at how the Sustainable Development Goals (SDGs) are integrated into Chinese long-term development strategies to attain a “moderately prosperous society” and further China’s achievements and challenges in implementing Agenda 2030. The brief focuses on SDGs related to social policy within the fields of health, pensions, education and poverty alleviation and emphasizes aspects and ambitions of inclusion, innovation and increased quality. SDGs such as reducing poverty, reducing inequality and raising living standards are important contributions to social and economic development. President Xi Jinping and the Chinese Communist Party (CCP) have put the people’s wellbeing as the fundamental goal. Human and social development is no longer seen as the result of economic development; rather, it is the very foundation of continuous, quality growth.

In September 2016, the Chinese government released “China’s National Plan on Implementation of Agenda 2030 for Sustainable Development,” which translates the SDG targets into “action plans” for China. The 2030 Agenda has been actively integrated into China’s mid- and long-term development strategies, such as the “13th Five-Year Plan for Economic and Social Development,” with the aim of creating synergy and complementarity between the international agenda and domestic strategies. Policies and strategies linked to social development are given high priority by the government, responding to trends of a rapidly aging population and growing inequality, but also to a higher degree of mobility, urbanization, higher educational levels and the growing private sector.

Examples of how SDGs are integrated into national strategies

The “Healthy China 2030” strategy (2015) identifies improving the population’s health as a “political priority” that is “strategically important” for national development. The “Healthy China 2030 Outline Plan” was launched in 2016 and is directly connected to the UN SDGs and the 2030 Agenda. The plan establishes basic principles for developing and implementing “Healthy China 2030,” including devising policies fostering innovation, using scientific developments and improving inclusion, quality, fairness and justice. The “Education Modernization Plan 2035” (2019) draws up long-term goals for an inclusive quality education from pre-school through higher education, including enhanced use of information technology. These plans and ambitions are fully aligned with the SDGs as presented in China’s 2019 progress report to the United Nations.

Social policy

Public services and social provisions are central to social development and the wellbeing of China's 1.4 billion people, ensuring continued economic growth and legitimacy of the regime. Yet, social policy as an independent policy arena did not exist in China until well into the reform and opening-up period.¹ Economic reforms and increased openness to global markets combined with major changes to society and traditional social organization have created new winners and losers.

Increased inequality and uneven growth across social groups, geographical regions and official household registration statuses (hukou)² in terms of both economic means and access to basic goods such as health, education, housing and pensions, combined with rapid population aging and increasing demands on the government, brought social policy and the establishment of a social welfare system to the top of the agenda around the turn of the century. During the Hu and Wen administration (2003–2013) more universal insurance systems for health, pensions, housing and social security were established.

Since Xi Jinping took over in 2013, focus on social development social justice has been sustained. Social policies continue to be key instruments in efforts to maintain the balance between sustained economic growth, increased wellbeing and social stability. China's Targeted Anti-Poverty Initiative (TAPI) has top priority and is important in China's efforts to reach several of the SDG goals. Education, health and social policies are central aspects of poverty alleviation, and innovation in partnerships and digital technology are important means in the efforts to reach the goals.

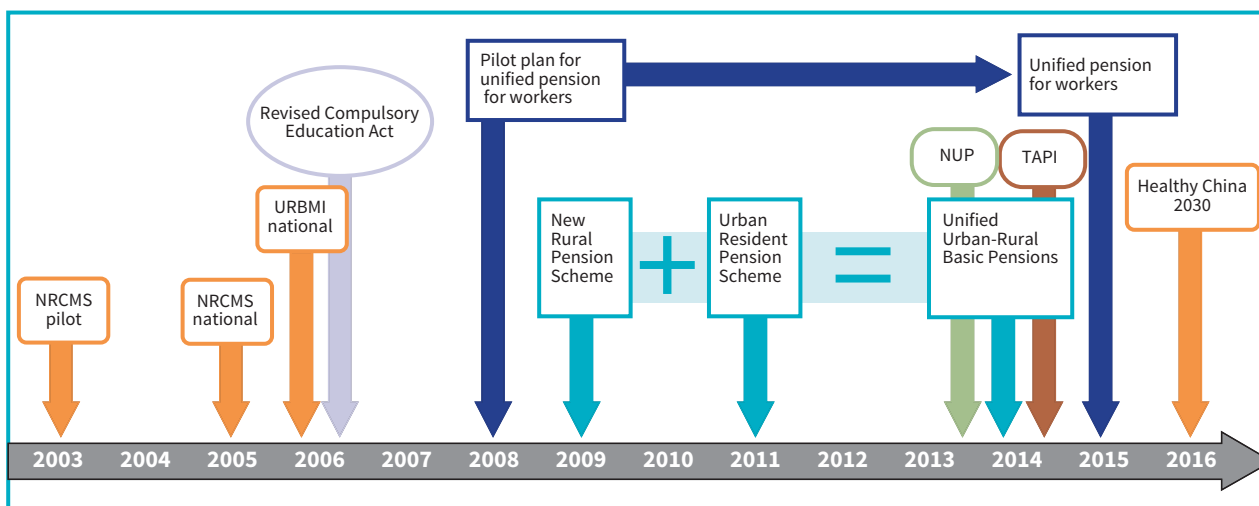
Inclusion

China's policymakers have launched a broad-based social development agenda. Important policies from the early years of the 21st century include abolishing rural taxes, introducing the New Rural Corporate Medical Scheme (NRCMS) and the Urban Residents Basic Health Insurance (URBMI), extending means-tested income support and reforming the pension systems, including implementing a new pension insurance system for rural dwellers. The government has reiterated its commitment to provide nine years of free education for all and announced major health reforms through the launch of "Healthy China 2030."

Reforms and new social policies have broadened the Chinese welfare system. New health insurances have led to higher health insurance coverage, despite variations across geographical regions. Between 2004 and 2014 the coverage increased from 15 percent to 94 percent in rural areas, from 51 percent to 94 percent in urban areas and from 9 percent to 87 percent for rural to urban migrants. The introduction of the Unified Urban Rural Residence Basic Pension System in 2014 enhanced people's access to a pension. From 2004 to 2014, the percentage of people covered increased from 8 to 47 in rural populations, from 52 to 62 in urban populations and from 7 to 32 among rural to urban migrants.

To meet the challenge of unequal access to services and benefits, particularly related to migrants, the Xi administration has continued reforms to secure higher inclusiveness in the welfare system. In 2014 the New-Type Urbanization Plan (NUP) was launched, entailing that all residents of urban areas (including migrants from rural areas) should have equal entitlement and access to public services. The establishment of a nationwide registration and information system (at central, provincial, municipal and county levels) for participants in insurance, health and social programs, is vital to ensure inclusive coverage and transferability of social entitlements.

Figure 1: Chinese reforms in health (orange), education (light purple) and pensions (blue) poverty (brown) and urbanization/hukou reform (dark green), 2003 to 2016.



¹ The reform and opening-up period was initiated in 1979.

² Rights to, and provision of, social benefits used to be directly linked to the household registration system, designating people as urban or rural residents at birth (Hukou system). As society developed and internal migration increased, the Hukou system has been seen as one of the main reasons for inequality and unequal access to social services. This has been particularly true for rural to urban migrants often left without rights to benefits and services in their place of residency.

Innovation

Beyond social policies, the current administration has increased its attention to innovation, digitalization, standardization and establishment of national reporting systems for fiscal spending. Strategies include focus on innovation in the provision of social services, featuring digital solutions such as e-health and e-learning, e-participation and e-commerce. The focus on innovation also entails new forms of partnership, new modes for implementation of projects and restructuring of administrative responsibilities.

In education, focus is on broadening the use of digital technologies and enhancing e-learning. China has emerged as one of the global leaders in promoting information and communication technology for education (ICT4E) and has implemented ICT4E infrastructure in most schools. “Healthy China 2030” envisages a key role for science and technology, especially new digital technologies, in improving access to healthcare in remote areas. Integrating healthcare services into the Internet Plus Initiative is an example of how online medical information, online medical consultations, online hospital registration and online non-commutable disease management systems are being enabled. Digital technology and e-commerce are also central to the TAPI, providing market access and information to previously marginalized groups in rural areas. New digital technologies are tested by users and providers of social services as important avenues to promote inclusion of all parts of the population in social development.

Innovative partnerships to implement social policies is encouraged and promoted, combining efforts from government departments, private actors, state-owned enterprises and non-profit organizations within, and across, provinces. Partnerships between developed and developing localities in eastern and western China are a key component in poverty alleviation, including capacity building and sponsorships from governments and private actors.

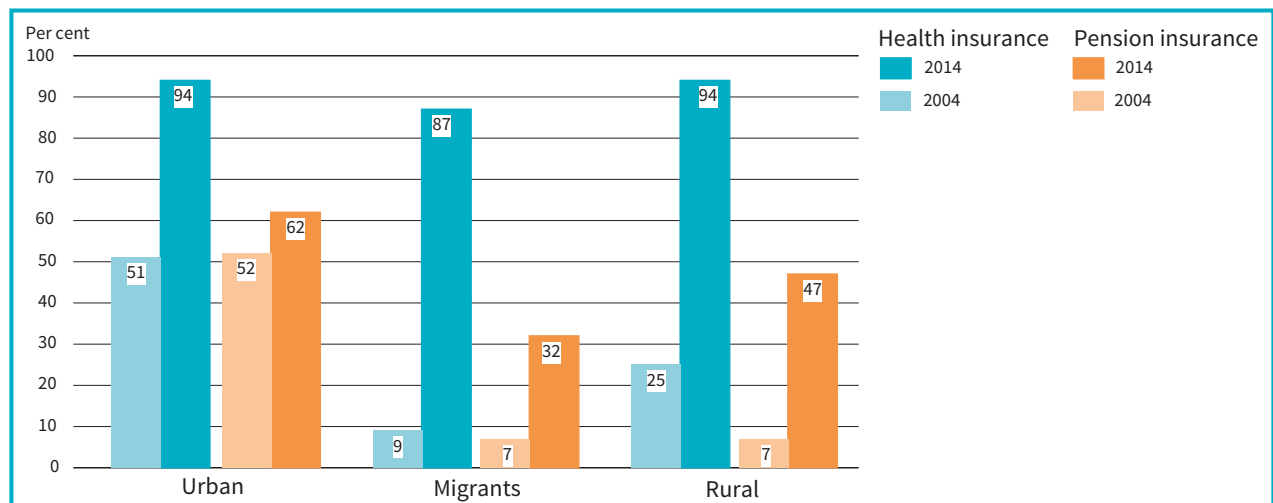
Improved quality

The notion that human and social development is the very foundation of continuous, quality growth for China is embedded in the long-term development strategies put in place to attain a “moderately prosperous society.” Increasing the quality and diversity of public service delivery is a key aspect. In addition to expanding the scope and the depth of programs, the ambition to increase the quality of programs is indicated through the emphasis on innovation both in design and delivery of services. Over the past ten years, the government has increased expenditure on poverty reduction, education, health services and public housing, in some instances by more than 10 percent a year. At the same time, it has stressed the importance of innovation—signaling a focus beyond quantitative boosts to public services through public funding.

Emphasis on partnerships with not-for-profit or commercial actors to implement programs and services is in part motivated by higher user participation and better quality of services. The strengthening of the quality of primary healthcare and basic education is aiming to improve not only the coverage but also the quality of social programs.

Establishment of registration systems such as health information systems (issuing national health cards) will allow for better coordination and transferability of rights and benefits and hence strengthen the quality of the system. New administrative procedures and systems of reporting and auditing of fiscal budgets have been introduced to strengthen transparency and accountability. Responsibilities for social development have been defined and sometimes reassigned, as in the new organization of ministries and departments in 2017.

Figure 2: Percentage with pensions and health insurance, 2004 and 2014. Source: Distributive Justice Survey – Fafu and Harvard



Lessons and challenges

China has been, and is, a global leader in addressing absolute poverty nationwide. Its government may serve as a role model for other countries in placing poverty reduction (SDG 1) at the center of its development goals. Social development is centered on public services and social provisions with a focus on inclusion, innovation and quality and people's wellbeing is presented as the fundamental objective. Social policies are a critical part of China's ambitious social agenda and its efforts to reach important SDGs, such as goals 1, 3, 4 and 10. The alignment of national strategies with the 2030 Agenda and the development of a National Action Plan on Sustainable Development are important steps that can provide lessons and inspiration for policymakers in developing and developed countries.

However, as the Chinese government moves forward, it still faces daunting challenges in implementing its ambitious plans. Declining economic growth and the relative weakness to date of progressive income and property taxation pose the question of how to finance a broader welfare state. Vastly different social, economic and geographic areas in China (regions and localities) represent another important challenge in ensuring inclusive and

high-quality development. The responsibility for implementing policies lies largely with the local governments, which have highly diverging abilities and resources. Despite the government's investments into innovation and digital infrastructure, the challenge of digital penetration in the population still remains. The divide between those who are able and willing to access and use digital solutions and those who lack the knowledge and capacity may increasingly become a barrier to inclusive health and education systems. Furthermore, growing expectations among the population of the government's responsibility to deliver social services in a fair, just and transparent manner will require both inclusive systems and public participation/oversight.

As China continues to emphasize social development and people's wellbeing as vital in its efforts to reach the goal of becoming a "moderately prosperous society," the 2030 Agenda and the SDGs will remain central elements in national development plans. Yet, its success in reaching these goals will rest on its ability to finance and implement policies and strategies across a vastly diversified population to secure inclusion, quality and equal access for all.

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Suggestions for further reading

The 13th Five-Year Plan for Economic and Social Development of the Peoples' Republic of China 2016-2020 https://en.ndrc.gov.cn/newsrelease_8232/201612/P020191101481868235378.pdf

China's National Plan on Implementation of the 2030 Agenda for Sustainable Development. Ministry of Foreign Affairs of the People's Republic of China, September 2016. https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/W020161014332600482185.pdf

China's Progress report on Implementation of the 2030 Agenda for Sustainable Development (2019). https://www.fmprc.gov.cn/mfa_eng/topics_665678/2030kcxzfzyc/P020190924780823323749.pdf

Outline of the Plan for "Healthy China 2030" <http://china.lexiscn.com/law/law-english-1-2961294-T.html>

Fafo's research in China was initiated in 1994. Our research focuses on social, economic and political developments with particular attention to distribution, vulnerability, social sustainability and the impact of social transition for households. We also engage in policy analysis and dialogue with Chinese policymakers and researchers.

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