



# 2

## ECONOMIC AND SOCIAL DEVELOPMENT

## OVERVIEW

### Economic development

Since the reform and opening up four decades ago, China has experienced unprecedented rates of economic growth. In transitioning from a planned economy to a market-oriented economy, China adopted a series of reforms which facilitated rapid economic growth, including the Household Responsibility System in Agriculture, the creation of a conducive environment for the rise of township and village enterprises in rural areas, the restructuring of the state-owned industrial sector, and opening up to global trade and investment. The Gross Domestic Product (GDP) per capita has grown at an average annual rate of 9.5 per cent from 1978 to 2017, and stood at about US\$8,830 (RMB 59,660) in 2017, as converted using the average exchange rate of the year.<sup>2</sup>

Since the Twelfth FYP (2011–2015), the Chinese economy has entered a phase of the 'new normal'. While the average annual growth rate, in real terms, has slowed down to 7.9 per cent from the double-digit levels of the Eleventh FYP period, this growth rate still ranks high among the top economies in the world.

Based on its GNI per capita, China became an upper-middle-income country by World Bank standards in 2010.<sup>3</sup>

Measured by its aggregate economic volume, China became the second-largest economy in the world after the United States in 2010, whether measured in terms of currency exchange rate or purchasing power parity (PPP). In 2017, China's economy accounted for 15 per cent of the world economy, 6 percentage points higher than in 2010.<sup>4</sup> However, China is still considered as a developing country. As a country with a large population, China's per capita GDP is lower than the global average, ranking between seventieth and eightieth out of all countries in the world.

### Urban-rural dual structure

The long-term urban-rural divide in the household registration system in China has led to a dual structure. As exhibited in many social and economic development indicators, urban-rural disparities have been quite evident. Although a series of measures have been taken by the Government to promote integrated and balanced development of urban and rural areas, further efforts and more time are required to break this long-established dual structure.

In 2014, the Government issued the *Opinions on Further Promoting Reform of the Household Registration System*, aiming to promote the orderly urbanization of China's population with stable employment and life, and steadily extend the coverage of urban basic public services to the migrant population in urban areas. The Government aims to achieve this through integrating household registration systems, including desegregating the agricultural and non-agricultural *hukou*; establishing an

urban-rural integrated residence permit system; expanding the coverage of urban basic public services such as compulsory education, employment services, basic pension, basic health services and housing; providing the migrant population with the same services and equal rights as locally registered residents; and improving public financing to ensure equal access to basic public services.

### Income disparities

Economic growth has been uneven across China. Consequently, large income disparities remain between rural and urban residents and among residents living in eastern, central and western regions. For example, the ratio between per capita income of urban and rural residents rose from 1.9 in 1985 to 3.3 in 2009. Even though the gap has been narrowing slightly since then, the figure was still high at 2.7 in 2017.

From a global perspective, China is no longer a country where income inequality is low, as it was at the start of the reforms. The Gini index of income inequality rose from 0.29 in 1981 to 0.42 in 2012, according to the World Bank estimates. It was only lower than some African countries, Latin America, as well as Malaysia, another country ranked as an upper-middle-income country.<sup>5</sup> In 2013, China for the first time released its official national Gini index estimates, which were higher than the World Bank estimates and stood at around 0.48 in recent years.

### Poverty reduction performance

Along with progress in other human development indicators, China's advances in poverty reduction over the past four decades are impressive,<sup>6</sup> measured by both China's official poverty line and the internationally used World Bank poverty line. Its strong poverty alleviation performance reflects China's rapid economic growth performance in the past, as well as the more recent policies and measures to support rural income, human development, and social protection programmes in both urban and rural areas, and to combat poverty.

In 2011, China launched the *Rural Poverty Reduction Strategy (2011–2020)*, which put forward an overall goal of poverty alleviation and development work in rural areas: "By 2020, to ensure that the poverty-stricken rural population has stable access to adequate food and clothing, compulsory education, and basic medical services and housing; to realize a growth rate of per-capita disposable income in poor rural areas higher than the national average; to improve basic public services close to the national average levels as measured by key indicators; and to reverse the widening trend of disparities." In the same year, the Government increased its official rural poverty line, nearly doubling it to RMB 2,300 (at 2010 prices) to benefit more poverty-prone households in rural areas. This has demonstrated enhanced

financial capacity and strong commitment to the poverty alleviation work from the Government.

In the meantime, geographic coverage was expanded from 592 originally designated national key poverty counties to 832, which also include counties in ‘poverty blocks’. These 832 counties have become key ‘battlefields’ for poverty alleviation efforts under the current Rural Poverty Reduction Strategy, with over 60 per cent of people in poverty live in these poverty counties. The Government has adopted a poverty exit mechanism to realize the goal set out in the *Decision of the Central Committee of Communist Party of China and the State Council on Winning the Tough Battle against Poverty*, which ensures that by 2020, all people living below the current poverty line are lifted out of poverty, all poverty counties are removed from the list, and the issue of regional poverty is resolved. Since 2016, 153 poverty counties have successfully been removed from the list.

China has been pushing forward poverty alleviation in the era of the ‘new normal’ since 2013. The role of economic growth in poverty reduction has been weakened and the growth rate of national fiscal revenue has declined. This poses challenges to lifting the remaining populations out of poverty, and the costs of doing so have risen significantly.<sup>7</sup> In response, the Government has adopted a strategy of targeted and accurate poverty alleviation, provided more preferential policies and strengthened focused investments in poverty counties to promote pro-poor growth and development. Taking income as an example, the real growth of average annual per capita disposable income of rural residents in the 832 poverty counties during the 2012–2017 period reached 10.4 per cent, which was 2.5 percentage points higher than the national average for rural areas.<sup>8</sup> At the same time, basic public services in poverty counties have improved significantly. China’s approach to and practice of targeted and accurate poverty alleviation has set an example for global poverty reduction.

Despite this, some major challenges remain:

- The task of poverty reduction, in some sense, has become more demanding. Poor households below the poverty line are scattered in hundreds and thousands of remote villages and communities, often in a harsh natural environment and with higher incidence of poverty. These households face deprivations in multiple dimensions, including income, health and education, making it much more challenging to lift them out of poverty.
- Vulnerability to poverty remains significant, especially in rural China. The number of people vulnerable to the risk of falling into poverty is estimated to be about twice as high as the number of people who are poor, and more efforts are

needed to prevent people from falling back into poverty. In order to achieve the goal of eliminating absolute poverty by 2020, the Government must adopt measures to promote sustainable development for poverty alleviation targets and support vulnerable populations to avoid falling back into poverty.

- Population migration continues to pose challenges in the targeting of social policies and systems aimed at reducing poverty and improving children’s wellbeing.

### Child poverty

Disparities in human development starts in childhood. Deprivation experienced in childhood may have a persistent effect on one’s life and contribute to intergenerational poverty. Under the Sustainable Development Goals (SDGs), in particular Goal 1 on Ending Poverty, children are explicitly identified for the first time as a key group, and the aspiration is that child poverty, both income poverty and multidimensional poverty, must be eliminated or reduced by 2030.

The Government of China has been paying increasing attention to child poverty and is working hard to address the issue through relevant policy measures. In 2014, the Government endorsed the *Child Development Plan in National Poverty Areas (2014–2020)* to ensure services and interventions in health and education for children in ‘poverty blocks’, covering the period from birth to the compulsory education stage.

From the perspective of monetary poverty, the incidence of rural poverty in China was 3.1 per cent in 2017, whereas the poverty rate among children aged 0–17 in the same year was 3.9 per cent.<sup>9</sup> The incidence of child poverty being higher than that of adults indicates a greater impact of poverty on children.

Besides the monetary poverty measurement which is often used, it is also important to examine poverty from non-monetary dimensions. UNICEF has developed a methodology called Multiple Overlapping Deprivation Analysis (MODA) which provides a comprehensive approach to measure the multidimensional aspects of child poverty and deprivation.<sup>10</sup> MODA uses the *Convention on the Rights of the Child* and other international standards as guiding principles for choosing a core set of dimensions that are essential to children’s development and well-being, including nutrition, health, water and sanitation, housing, protection from violence, education and information. In doing this, MODA adopts a life-cycle approach, with age-appropriate dimensions aligned to different age groups. There are suggested indicators under each dimension. Although the MODA methodology is widely recognized, China still lacks systematic measurement of multidimensional child poverty due to data constraints.

### Urban-rural minimum subsistence allowance

As a major component of China's social assistance framework within the national social protection system, and an item of China's basic public services, the Minimum Subsistence Allowance, also known as *dibao*, was adopted nationwide in urban areas in 1999 and expanded to rural areas in 2007. Under this programme, households with a per capita income below a defined minimum level, not covered or inadequately covered by any other social protection system, are eligible to obtain subsidies under *dibao* to cover some basic living costs.

With increased government investment in social assistance, the coverage of *dibao* in urban and rural areas has improved, and the eligibility threshold has continued to increase. In 2017, the national average eligibility threshold of *dibao* in urban areas was RMB 541 per person per month, equivalent to 27 per cent of urban residents' consumption expenditure; and the national average eligibility threshold in rural areas was RMB 358 per person per month, which was 39 per cent of rural consumption expenditure. Due to different levels of development and financial capacity of provinces, the eligibility threshold varies across regions, with the *dibao* threshold in eastern provinces being generally higher than those in central and western provinces. As the next step, an important task of the Government is to strengthen the overall coordination of goals, funds, eligibility thresholds and other dimensions of *dibao* to ensure equitable access to basic public services between urban and rural areas, and among different regions.

Other remaining challenges include:

- Although there is no official data on the accuracy and efficacy of *dibao* targets, many studies have shown that the targeting precision for urban and rural *dibao* needs to be further improved<sup>11</sup> to more effectively benefit the poorest and most disadvantaged groups.
- To achieve the poverty alleviation goal (lifting all people living under the current poverty line out of poverty) by 2020, the rural *dibao* will play an important role as a social protection floor. Therefore, it is essential to strengthen the effective coordination between *dibao* and the poverty alleviation and development efforts in rural areas, including the formulation of thresholds and the identification of targets.
- There is a need to identify and understand the multidimensional ways in which children and families experience poverty. In the next phases, the Government should strive to meet these diverse and multidimensional needs, through transitioning from single-dimensional cash support to a multidimensional approach that provides both cash and service guarantees, while expanding the content of assistance from only living assistance to more comprehensive social assistance.

- As several other assistance mechanisms<sup>12</sup> also target *dibao* recipients, there may be a potential 'cliff effect' with the current social assistance schemes. Therefore, coordination between *dibao* and the other assistance mechanisms needs to be improved, so that differentiated and customized assistance can be provided based on the specific difficulties faced by the targeted recipients.

### Basic public services

China has long been committed to providing basic public services for children and women. Through introducing relevant policies and measures and ensuring financial investment, it has increased the accessibility of public services, expanded coverage to include more vulnerable children and women, and improved the equity and quality of basic public service provision. Besides the Minimum Subsistence Allowance as mentioned above, the basic public services cover many aspects including education, health and child protection:

- In 2011, China announced the achievement of its strategic goal of providing universal access to nine-year free compulsory education and the elimination of youth illiteracy.<sup>13</sup> This marked the beginning of a new stage focused on balanced development through improving education quality. The *Thirteenth Five-Year Plan on National Education Development* issued in 2017 took equity as a basic principle for the development of education with specific emphasis on the importance of targeted poverty alleviation in education, focusing on central and western China, particularly remote and poverty-stricken areas, to strengthen the level of support to students from poverty-stricken families.
- Since the 2011 autumn semester, China has been providing nutritional subsidies to students at the compulsory education stage in rural areas. By the end of 2016, the central government allocated a total of RMB 159 billion to implement the Nutrition Intervention Programme, benefiting 36 million students in 1,590 counties. As a result, the prevalence of anemia among students in the pilot areas decreased from 17 per cent in 2012 to 7.8 per cent in 2015.<sup>14</sup>
- During 2011 and 2016, China has implemented two rounds of the *Plan of Actions for Pre-primary Education* at the county level, and these efforts have led to the continuous improvement of pre-primary education for children aged 3–6. The gross enrolment ratio of pre-primary education has increased from 56.6 per cent in 2010 to 77.4 per cent in 2016. However, in general, pre-primary education remains the weakest component of the overall education system. Consequently, the Government of China initiated a third round of the *Plan of Action for Pre-primary Education (2017–2020)*, which places emphasis on poverty alleviation in education to block the transmission of intergenerational poverty at the early stages of life.<sup>15</sup> The gross enrolment ratio of pre-primary education reached 79.6 per cent in 2017.

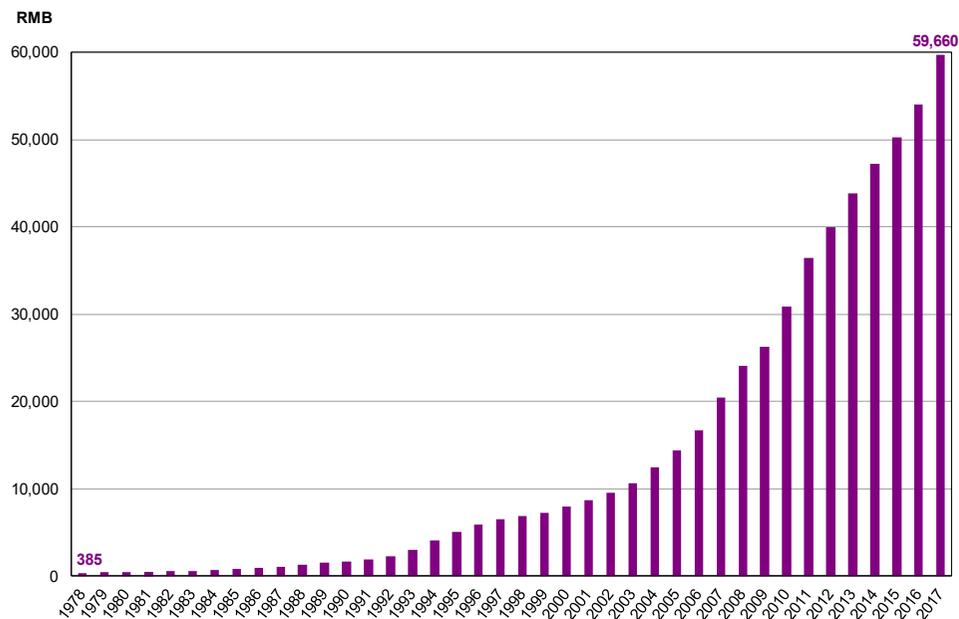
- China is actively promoting 0–3 early childhood development (ECD) through a series of policies and measures, such as the First 1,000 Days Campaign on nutrition and health, and Nutrition Improvement for Children in Poverty Areas, which provides free nutrition supplementation packages to children aged 6–23 months. The Government is also implementing programmes in selected pilot sites, setting up community-based and family-oriented platforms for 0–3 ECD services, to provide integrated ECD services on child development and growth, family nurturing, parenting and child play. Investment in interventions targeted towards the first three years of life during the period of maximal brain development is the most cost-effective way to realize sustainable development.<sup>16</sup> However, there are still clear gaps in the supply of public facilities and service resources for the care of children aged 0–3. More proactive health, education, and protection oriented ECD policies and programmes will be implemented to strengthen the community-based ECD service system.
- Since the implementation of the *National Programme on Basic Public Health Services* in 2009, the standards for per capita subsidies for basic public health services have been adjusted several times, steadily increasing from RMB 15 before 2011 to RMB 50 in 2017, and the number of service categories for all urban and rural residents has increased from 9 to 14.<sup>17</sup> In addition, health management for children, pregnant women, the elderly, and patients with major diseases are further underlined.
- From January 2016, China started to promote the integration of the basic medical insurance for urban residents and the new rural cooperative medical insurance, aiming to establish a unified basic medical insurance system for urban and rural residents; diversify the health care seeking options of urban and rural residents; promote urban rural equity; and improve the quality of public services. By the end of 2017, more than 80 per cent of prefectures had established a unified health insurance system for urban and rural residents, and the enrolment rate has remained stable at over 95 per cent.<sup>18</sup> At the same time, the per capita subsidy for health insurance of residents at all levels has increased to an average of RMB 450 per person per year.<sup>19</sup>

- According to the *Opinions on Strengthening Protection for Vulnerable Children* issued by the State Council in 2016, differentiated assistance and care should be provided to vulnerable children who fail to thrive, experience developmental difficulties, face safety risks due to their families' economic situation, or have disabilities or inadequate guardianship based on their different vulnerabilities. The *Opinions* requires that their basic living, health care and education are provided, and effective guardianship is guaranteed. It is also stressed that welfare services for children with disabilities must be strengthened.

In January 2017, the State Council issued the *Thirteenth Five-Year Plan for Promoting Equalization of Basic Public Services*. With the Basic Public Services List as the core component, it promoted equitable access to 81 basic public service items under eight categories: public education, employment and entrepreneurship, social insurance, health care, social services, housing security, public culture and sports, and services for people with disabilities. It emphasized the basic rights of special and vulnerable groups to survival and equal participation in social development. More specifically, it required that the basic living assistance mechanism for orphans and the social protection for vulnerable children be strengthened, and the pilot on social protection for minors as well as care and protection for rural children left-behind be promoted in a coordinated way.

However, gaps between different social groups still persist. In the *Thirteenth Five-Year Plan (2016–2020)*, the Government proposes measures to further promote the equalization of basic public services to address the challenges faced by vulnerable children. The Third Plenary Session of the Nineteenth Central Committee of Communist Party of China in 2018 also emphasized the need for modernization of the national governance system and strengthening of governance capabilities, to be achieved through deepening the reform of state institutions and improving public service management.

**Figure 2.1**  
GDP per capita, 1978–2017



Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.1**

China, one of the poorest countries in the world four decades ago, with a GDP per capita of only RMB 385 (about US\$156) in 1978, is now the world's second-largest economy, with an annual growth rate averaging 8.5 per cent over the past 40 years, and GDP per capita of RMB 59,660 in 2017 (about US\$8,830 as converted using the average exchange rate of 2017).

**Figure 2.2**  
Growth rate of GDP, 1978–2017

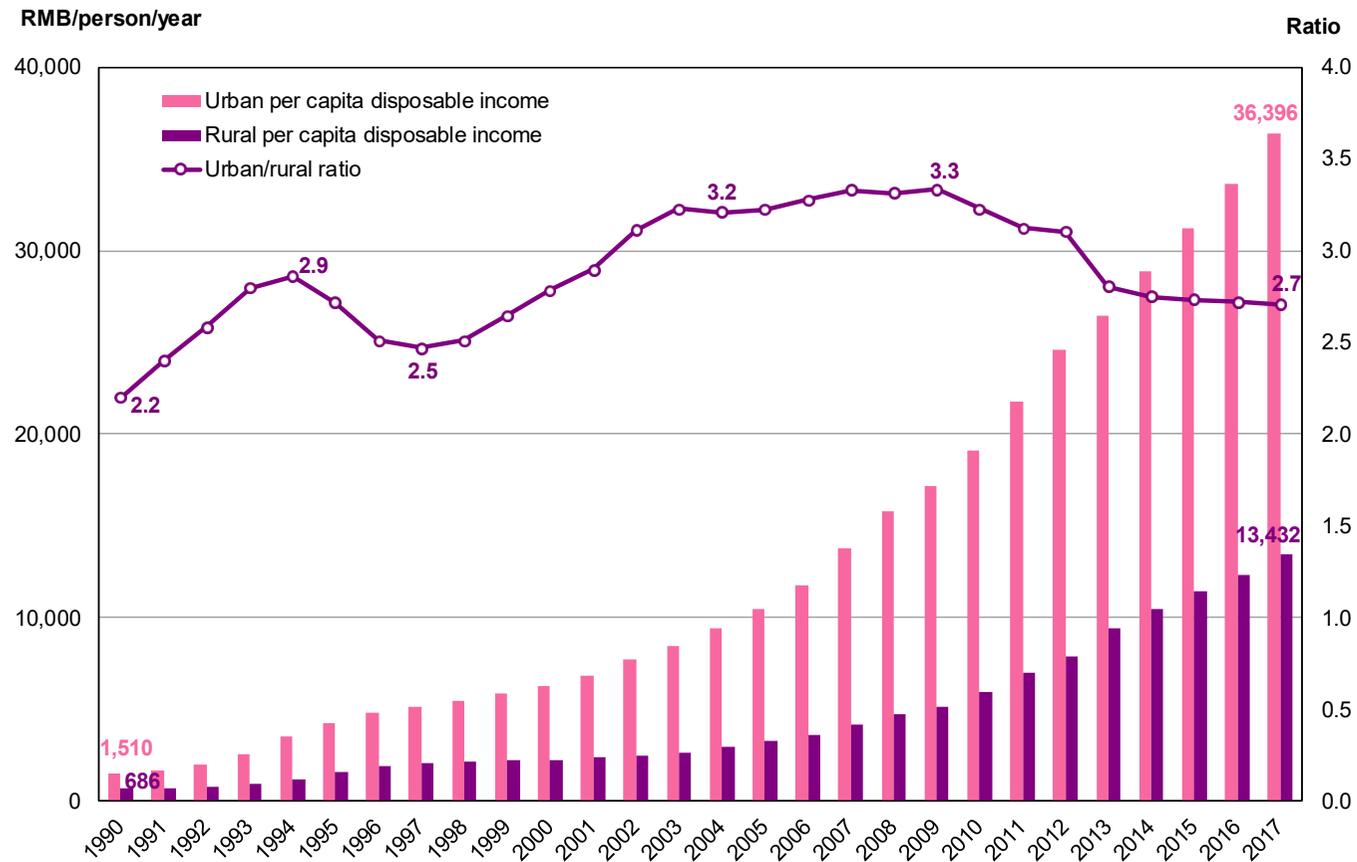


Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.2**

During the sixth FYP (1981–1985), the eighth FYP (1991–1995) and the eleventh FYP (2006–2010), China's GDP has maintained an average growth rate at double-digit levels. Since the twelfth FYP (2011–2015), the annual average growth rate fell back to 7.9 per cent, signifying China's economy has entered into a phase of 'new normal'. The GDP has grown at an average annual rate of 9.5 per cent from 1978 to 2017.

**Figure 2.3**  
**Per capita disposable**  
**income, by urban-rural,**  
**1990–2017**



Source: National Bureau of Statistics, *China Statistical Abstract*, 2018

**Figure 2.3**

Per capita disposable income<sup>20</sup> has grown in both urban and rural areas<sup>a</sup>, but urban-rural income inequities have intensified, exceeding the ratio of 3.3 to 1 in 2009. Though the urban-rural income ratio decreased in the 2010–2017 period due to more rapid rural income growth, it still stood at 2.7 to 1.

<sup>a</sup> Starting from 2013, the National Bureau of Statistics of China officially implemented the National Integrated Urban-Rural Household Survey, and released estimates of disposable income for all residents and by place of usual residence. Rural data for 2012 and before followed the previous definition of 'rural per capita net income'<sup>21</sup> which was used before the integration.

**Figure 2.4**  
Urban per capita disposable income, by province, 2017



Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.4**  
Per capita disposable income in urban areas differs across provinces. Central and western regions are significantly lower in comparison with the eastern region.

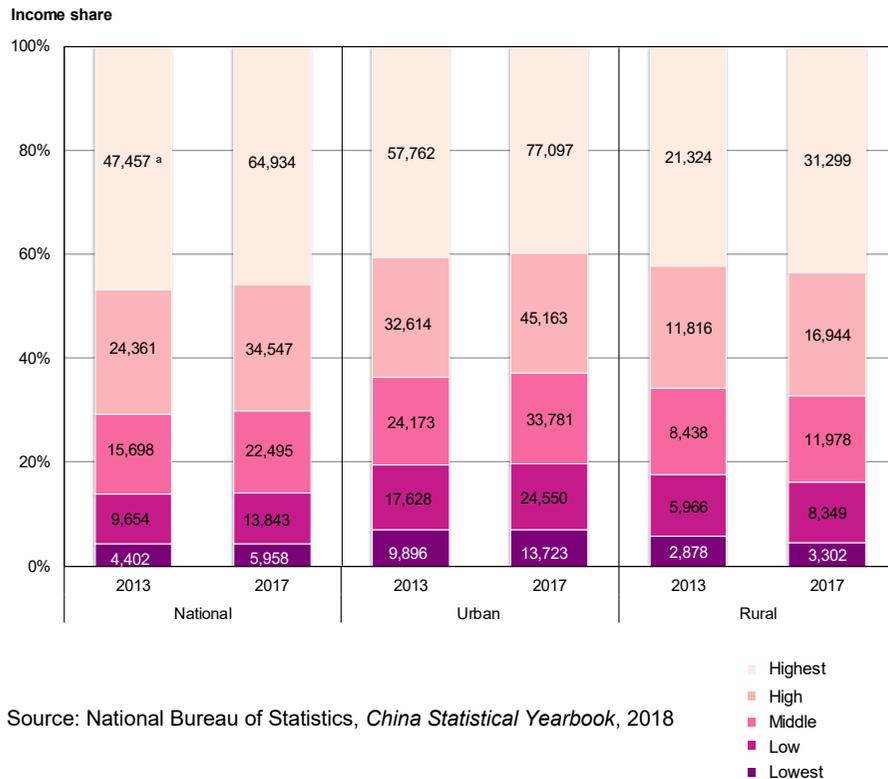
**Figure 2.5**  
Rural per capita disposable income, by province, 2017



Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.5**  
Per capita disposable income in rural areas also differs across provinces and is significantly lower in the western region.

**Figure 2.6**  
Per capita disposable income, by urban-rural and quintile, 2013 and 2017



Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.6**

The quintiles show that, nationwide, the highest quintile had an income share of 45.8 per cent, and the lowest quintile accounted for only 4.2 per cent in 2017. Different quintiles within urban or rural areas also show a large discrepancy. The pattern of income share by quintile remained relatively unchanged between 2013 and 2017.

<sup>a</sup> Data labels in the chart indicate the average annual income per capita in RMB for each quintile.

**Figure 2.7**  
National Gini index, 2003–2017



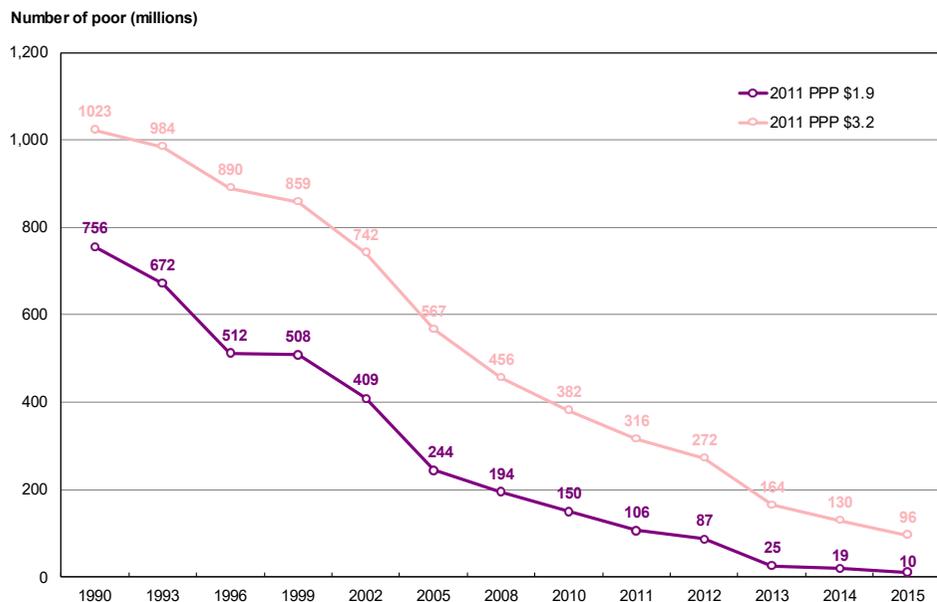
Source: National Bureau of Statistics, *China Yearbook of Household Survey*, 2018

**Figure 2.7**

The national Gini index <sup>a</sup> estimate ranged from 0.462 to 0.491 across China between 2003 and 2017, indicating a high level of income inequality. However, the rising trend has been curbed since 2008 and is showing a fall back. The rural-urban dual economy and unequal access to public services may contribute, among others, to the high level of income inequality.

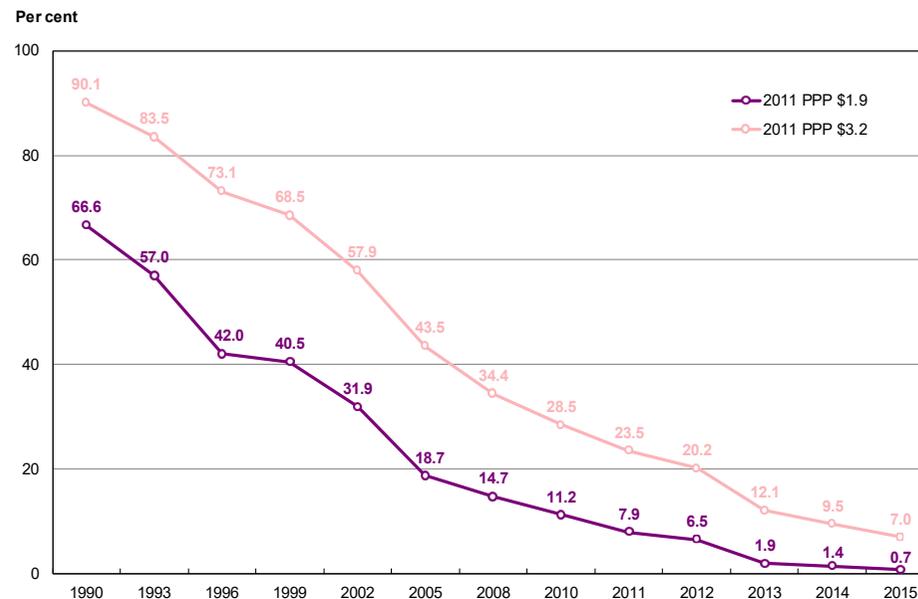
<sup>a</sup> Although there are no internationally defined standard cut-off values, it's commonly recognized that Gini index < 0.2 corresponds with perfect income equality, 0.2–0.3 corresponds with relative equality, 0.3–0.4 corresponds with a relatively reasonable income gap, 0.4–0.5 corresponds with high income disparity, above 0.5 corresponds with severe income disparity.

**Figure 2.8**  
Number of poor, 1990–2015



Source: World Bank, World Bank Open Data (data.worldbank.org), 2018

**Figure 2.9**  
Poverty rate, 1990–2015



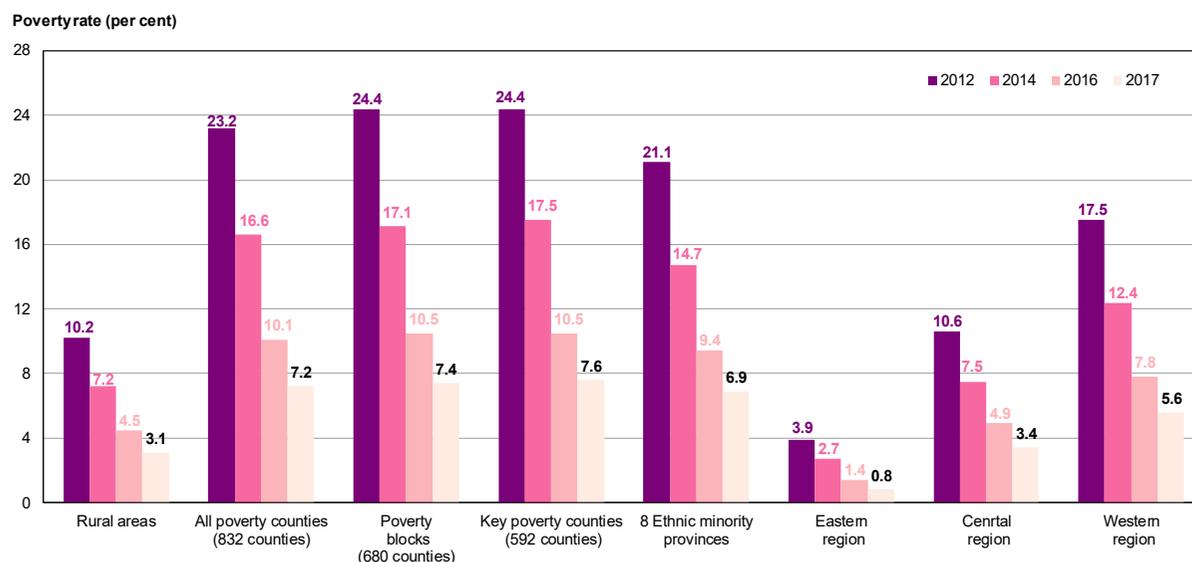
Source: World Bank, World Bank Open Data (data.worldbank.org), 2018

**Figure 2.8 and 2.9**

The World Bank assesses and publishes the international consumption poverty estimates, based on 2011 PPP of US\$1.9 per person per day, which is the updated international extreme poverty line. This is equivalent to the previously used 2005 PPP of US\$1.25 per person per day. Data indicates that during the 1990–2015 period, 746 million people in China were lifted out of poverty as defined by the updated extreme poverty line, accounting for 65.3 per cent of the total number of people lifted out of poverty in the world during the same period. This is a huge contribution for global poverty alleviation and realization of the Millennium Development Goals (MDGs). The progress of poverty reduction in China has been similarly dramatic when measured by the US\$3.2 per person per day standard.



**Figure 2.12**  
Regional poverty rate in rural areas, 2012–2017



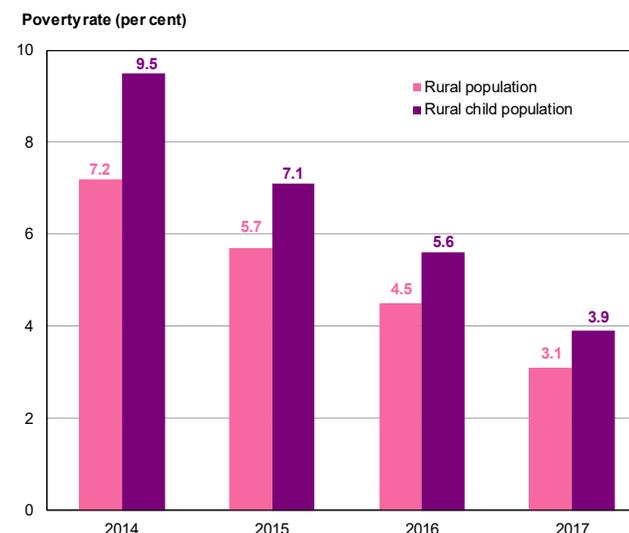
Sources: National Bureau of Statistics, *Poverty Monitoring Report of Rural China, 2017–2018*

**Figure 2.12**

Poverty in China's rural areas shows obvious regional characteristics. A large proportion of the poor population is concentrated in poverty counties,<sup>a</sup> ethnic minority areas, the western region, and the 'San Qu San Zhou' (three areas and three prefectures),<sup>22</sup> where there is higher incidence and greater extent of poverty. More than 60 per cent of the rural poor population reside in poverty counties, with more than half of them in the western region, and one third of them in eight ethnic minority provinces (namely Inner Mongolia, Guangxi, Guizhou, Yunnan, Tibet, Qinghai, Ningxia, and Xinjiang). To ensure that by 2020 all people living below the current poverty line are lifted out of poverty, all poverty counties are removed from the poverty list, and the issue of regional poverty is resolved, the Government has already adopted targeted and accurate poverty alleviation measures, among other initiatives.

<sup>a</sup> Altogether, there are 832 poverty counties in China, including the counties located in 'poverty blocks' as well as those out of the blocks yet identified as 'key poverty counties' by the Government of China for focused poverty alleviation efforts. Among them, there are 680 counties in 14 'poverty blocks' (11 blocks, along with the Tibet Autonomous Region, ethnically Tibetan regions in four provinces, and South Xinjiang where special poverty alleviation measures have already been implemented) as defined in the *Rural Poverty Reduction Strategy (2011–2020)*, and 592 'key poverty counties'. There is an overlap of 440 counties between the list of 'key poverty counties' and the 'poverty blocks'.

**Figure 2.13**  
Poverty rate among rural children, 2014–2017<sup>a</sup>



Sources: National Bureau of Statistics, *Poverty Monitoring Report of Rural China, 2015–2018*

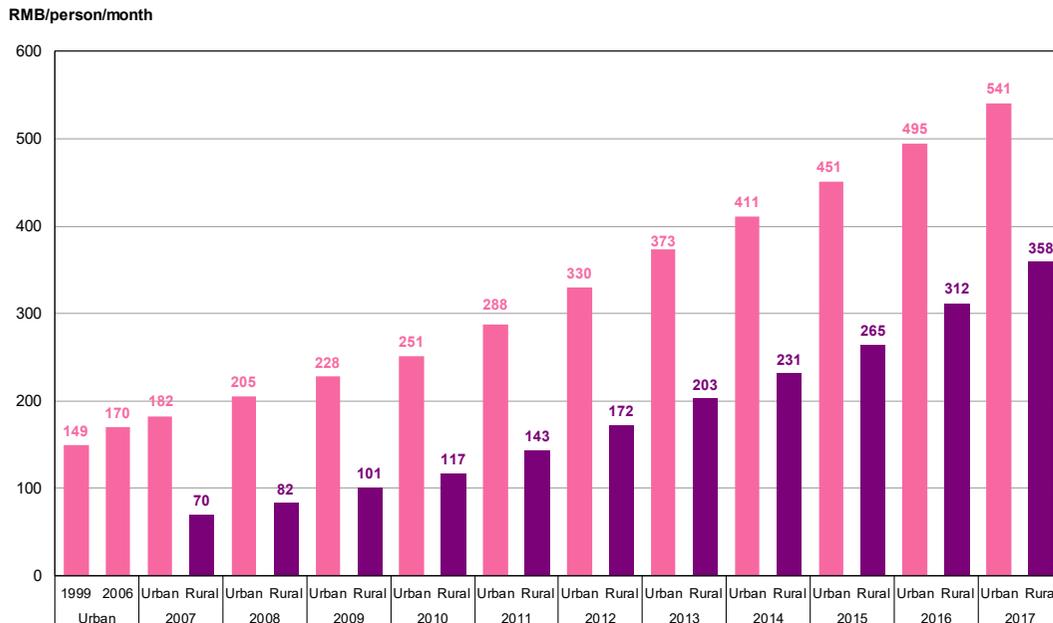
**Figure 2.13**

Using RMB 2,300 at 2010 prices as the poverty line, the poverty rate in rural areas in 2017 was 3.1 per cent, while among rural children it was 3.9 per cent,<sup>b</sup> which indicates poverty disproportionately affects children. A similar pattern is suggested in an estimate by the World Bank and UNICEF in 2016 which found that children are twice as likely to be living in households in extreme poverty – with 19.5 per cent of children in developing countries estimated to live on less than US\$1.90 a day, compared to 9.2 per cent of adults.<sup>23</sup>

<sup>a</sup> Child poverty rate in 2014 is estimated for children aged 0–15, while in 2015, 2016 and 2017 for those aged 0–17.

<sup>b</sup> According to UNICEF China estimates based on the child poverty rate, there were 15 million, 11 million and 8 million rural children in poverty in 2015, 2016 and 2017, respectively.

**Figure 2.14**  
***Dibao* standard in urban and rural areas, 1999–2017**

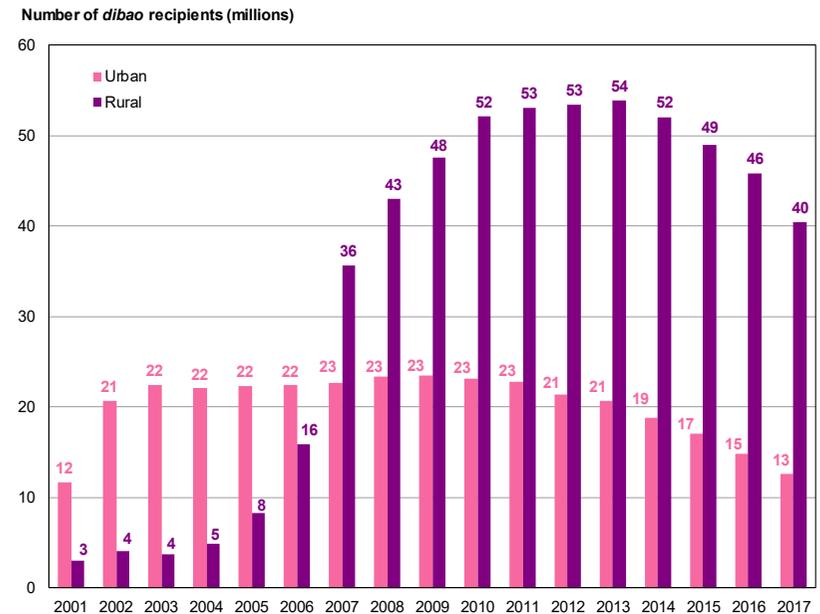


Source: Ministry of Civil Affairs, *China Civil Affairs' Statistical Yearbook*, 2018

**Figure 2.14**

*Dibao* was adopted in all urban areas in 1999 and expanded to rural areas in 2007. It has benefited from increasing government commitment and financing, which has not only allowed an increase in *dibao* standards, but has also raised the level of the average benefit received by poor households.

**Figure 2.15**  
***Dibao* recipients in absolute numbers, by urban-rural, 2001–2017**

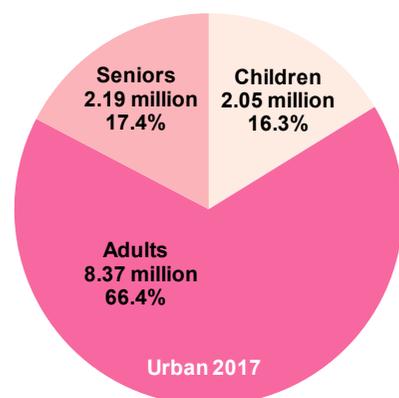


Source: Ministry of Civil Affairs, *China Civil Affairs' Statistical Yearbook*, 2018

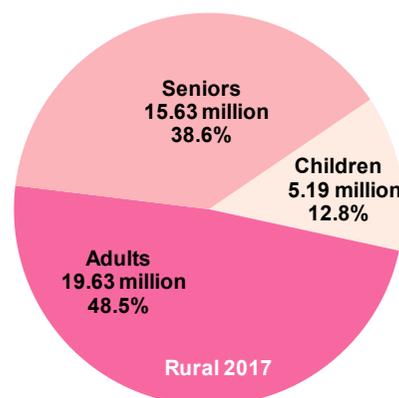
**Figure 2.15**

The Government seeks to address the basic needs of poor households in both urban and rural areas through, for example, cash transfers in the form of the *dibao* programme. Social assistance has become one of the Government's priorities. By 2017, *dibao* covered 12.61 million people in urban areas and 40.45 million people in rural areas. This totals 53.06 million *dibao* recipients in China in 2017, accounting for 3.8 per cent of the total population. In recent years, as the size of the poor population continues to decrease, the number of *dibao* recipients is also declining.

Figure 2.16  
Age distribution of urban and rural *dibao* recipients, 2007–2017



Year	Number of urban <i>dibao</i> recipients (millions)				Percentage		
	Urban total	Children (0–17 years old)	Adults (18–59 years old)	Seniors (>=60 years old)	Children (0–17 years old)	Adults (18–59 years old)	Seniors (>=60 years old)
2007	22.72	5.45	14.29	2.98	24.0%	62.9%	13.1%
2008	23.35	5.88	14.30	3.17	25.2%	61.3%	13.6%
2009	23.46	5.80	14.32	3.34	24.7%	61.1%	14.2%
2010	23.11	5.59	14.13	3.39	24.2%	61.2%	14.7%
2011	22.77	5.40	13.90	3.47	23.7%	61.1%	15.2%
2012	21.44	4.73	13.31	3.39	22.1%	62.1%	15.8%
2013	20.64	4.45	12.89	3.30	21.5%	62.5%	16.0%
2014	18.77	3.87	11.75	3.16	20.6%	62.6%	16.8%
2015	17.01	3.41	10.67	2.94	20.0%	62.7%	17.3%
2016	14.80	2.71	9.51	2.58	18.3%	64.2%	17.4%
2017	12.61	2.05	8.37	2.19	16.3%	66.4%	17.4%



Year	Number of rural <i>dibao</i> recipients (millions)				Percentage		
	Rural total	Children (0–17 years old)	Adults (18–59 years old)	Seniors (>=60 years old)	Children (0–17 years old)	Adults (18–59 years old)	Seniors (>=60 years old)
2007	35.66	4.03	21.45	10.18	11.3%	60.2%	28.5%
2008	43.06	5.34	24.46	13.25	12.4%	56.8%	30.8%
2009	47.60	6.09	24.90	16.61	12.8%	52.3%	34.9%
2010	52.14	6.87	26.69	18.57	13.2%	51.2%	35.6%
2011	53.06	6.82	26.90	19.34	12.9%	50.7%	36.5%
2012	53.45	6.41	26.87	20.17	12.0%	50.3%	37.7%
2013	53.88	6.15	26.95	20.78	11.4%	50.0%	38.6%
2014	52.07	5.78	25.64	20.65	11.1%	49.2%	39.7%
2015	49.04	5.25	23.73	20.06	10.7%	48.4%	40.9%
2016	45.87	5.12	22.15	18.59	11.2%	48.3%	40.5%
2017	40.45	5.19	19.63	15.63	12.8%	48.5%	38.6%

Source: Ministry of Civil Affairs, *China Civil Affairs' Statistical Yearbook*, 2018

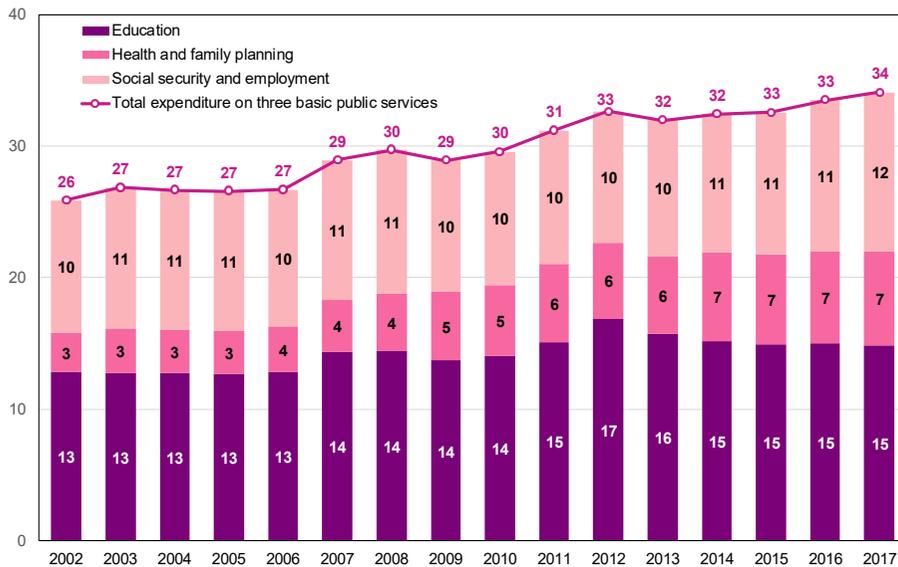
Figure 2.16

In 2017, *dibao* covered 7.24 million or 2.7 per cent of children, among which 2.05 million were in urban areas and 5.19 million were in rural areas. Children only accounted for 11 to 13 per cent of rural *dibao* recipients, much lower than the proportion of children among urban *dibao* recipients (16 to 25 per cent). Children in poor households have already benefited from the *dibao* cash transfer, and their nutrition, health and education outcomes have been improved.<sup>24</sup>

**Figure 2.17**  
Government expenditure on basic public services as a percentage of general government expenditure, 2002–2017



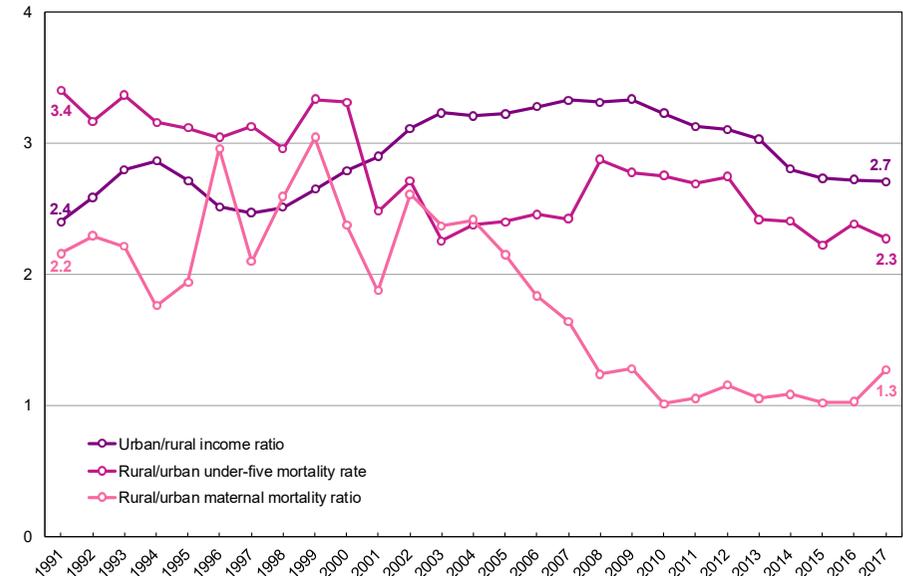
Percentage of general government expenditure



Sources: Ministry of Finance, *Finance Yearbook of China*, 2008 (2002–2007 data); National Bureau of Statistics, *China Statistical Yearbook*, 2009–2018 (2008–2017 data)

**Figure 2.18**  
Urban-rural income and health outcome disparities, 1991–2017

Ratio



Source: National Bureau of Statistics, *China Statistical Yearbook*, 2018

**Figure 2.17**

During the past several decades, the Government's overall fiscal capacity has grown, and government spending on social sectors, including on health, education, social security and employment, as a share of total government spending has increased, accounting for about one third in recent years. During the same period, the government expenditure on these three basic public services as a percentage of GDP has increased steadily from 4.7 per cent in 2002 to 8.4 per cent in 2017.

**Figure 2.18**

Although the gap between the income of urban and rural residents has been narrowing since 2009, the ratio between per capita income of urban and rural residents was still high at 2.7 to 1 in 2017. However, urban-rural disparities in selected health indicators, such as maternal mortality ratio, have been narrowing since 2000 and has started to be disappearing in recent years.

**Figure 2.19**  
**The number of fatalities and the direct economic loss caused by natural disasters, 1976–2017**



Year	Fatalities
1976 <sup>a</sup>	242,000
1979	6,962
1980	6,821
1981	7,422
1982	7,935
1983	10,952
1984	6,927
1988	7,306
1990	7,338
1991	7,315
1993	6,125
1994	8,549
1996	7,273
2008	88,928
2010	7,844

Sources: Ministry of Civil Affairs, *China National Civil Affairs Statistical Yearbook, 2017* (1977–2016 data); China Earthquake Data Center (1976 data); National Bureau of Statistics, *China Statistical Yearbook, 2018* (2017 data)

**Figure 2.19**

China is a country with recurrent and major natural disasters, including floods, snowstorms, droughts and earthquakes. Globally, China ranks among the top 10 countries suffering the greatest toll from disasters, both in terms of the number of fatalities and in the economic costs from the damages.<sup>25, b</sup>

<sup>a</sup> Data reflect fatalities from the 1976 Tangshan earthquake only.

<sup>b</sup> Data reflect years in which the number of fatalities exceeded 6,000 and the direct economic loss exceeded RMB 150 billion (US\$23 billion equivalent).

Year	Direct economic loss (billion RMB)
1994	187.6
1995	186.3
1996	288.2
1997	197.5
1998	300.7
1999	196.2
2000	204.5
2001	194.2
2002	171.7
2003	188.4
2004	160.2
2005	204.2
2006	252.8
2007	236.3
2008	1,175.2
2009	252.4
2010	534.0
2011	309.6
2012	418.6
2013	580.8
2014	337.4
2015	270.4
2016	503.3
2017	301.9

## Economic and Social Development

### Data sources and references

<sup>1</sup> **GDP per capita** – GDP is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output. GDP per capita is gross domestic product divided by mid-year population. Growth is calculated from constant price GDP data in local currency (World Bank).

<sup>2</sup> National Bureau of Statistics, '2017 Statistical Communiqué on the National Economic and Social Development', 28 February 2018, [http://www.stats.gov.cn/tjsj/zxfb/201802/t20180228\\_1585631.html](http://www.stats.gov.cn/tjsj/zxfb/201802/t20180228_1585631.html), accessed May 2018.

<sup>3</sup> According to the thresholds for World Bank classification in 2017, low-income economies are defined as those with a GNI per capita of US\$995 or less; lower-middle-income economies are those with a GNI per capita between US\$996 and US\$3,895; upper-middle-income economies are those with a GNI per capita between US\$3,896 and US\$12,055; high-income economies are those with a GNI per capita of US\$12,056 or more (<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>, accessed November 2018).

<sup>4</sup> World Bank, World Bank Open Data, <https://data.worldbank.org/>, accessed November 2018.

<sup>5</sup> World Bank, World Bank Open Data, <https://data.worldbank.org/>, accessed November 2018.

<sup>6</sup> According to 'the Report on China's Implementation of the Millennium Development Goals (2000–2015)', China has realized the following seven targets: halved the proportion of people in poverty, halved the proportion of people who suffer from hunger, achieved universal primary education, promoted gender equality and empowered women, reduced the under-five mortality rate by two thirds, reduced maternal mortality ratio by three quarters, and halved the proportion of the population without sustainable access to safe drinking water and basic sanitation, <http://www.cn.undp.org/content/china/zh/home/library/mdg/mdgs-report-2015-/>, accessed May 2018.

<sup>7</sup> Li Peilin, et al., *Blue Paper on Poverty Alleviation: A report on poverty alleviation and development in China (2017)*, 2017, p.15.

<sup>8</sup> National Bureau of Statistics, 'China's Impressive Progress in Poverty Reduction in 40 Years after the Reform and Opening-up', 3 September 2018,

[http://www.stats.gov.cn/zjtj/ztx/ggkf40n/201809/t20180903\\_1620407.html](http://www.stats.gov.cn/zjtj/ztx/ggkf40n/201809/t20180903_1620407.html), accessed November 2018.

<sup>9</sup> National Bureau of Statistics, *Poverty Monitoring Report of Rural China*, 2018.

<sup>10</sup> Chris De Neubourg, et al., 'Cross-country MODA Study: Multiple Overlapping Deprivation Analysis (MODA) – Technical note', Working Paper, May 2012 (<https://www.unicef-irc.org/publications/696-cross-country-moda-study-multiple-overlapping-deprivation-analysis-moda-technical.html>, accessed May 2018)

<sup>11</sup> ZHU Mengbing, et al., 'The Key to Accurate and Targeted Poverty Alleviation – Accurate Identification of Poverty-Stricken Population – Analysis of Targeting Effectiveness of Rural *Dibao* Policy', *China Social Sciences*, no. 9, 2017, pp. 90–112.

<sup>12</sup> Besides *dibao*, China has established other social assistance mechanisms to provide a protection floor to people's livelihoods, which includes assistance for especially vulnerable people, assistance for people affected by disasters, and medical, education, housing, employment, and temporary assistance. These eight assistance schemes, combined with the participation of social forces, forms an overall framework of '8+1' social assistance, [http://www.gov.cn/flfg/2014-02/27/content\\_2624221.htm](http://www.gov.cn/flfg/2014-02/27/content_2624221.htm), accessed May 2018.

<sup>13</sup> Ministry of Education, 'Memorandum on the 'Two Basics' (Basic Popularization of 9-year Compulsory Education and Basic Elimination of Illiteracy among Young People)', 13 November 2012, [http://www.moe.gov.cn/jyb\\_xwfb/moe\\_2082/s6236/s6688/201211/t20121113\\_144412.html](http://www.moe.gov.cn/jyb_xwfb/moe_2082/s6236/s6688/201211/t20121113_144412.html), accessed May 2018.

<sup>14</sup> Ministry of Education, 'Progress Report on the Implementation Status of Nutrition Intervention Programme for Students at Compulsory Education Stage in Rural Areas', 2 March 2017, [http://www.moe.gov.cn/jyb\\_xwfb/gzdt\\_gzdt/s5987/201703/t20170302\\_297934.html](http://www.moe.gov.cn/jyb_xwfb/gzdt_gzdt/s5987/201703/t20170302_297934.html), accessed May 2018.

<sup>15</sup> Ministry of Education, 'Opinions on the Implementation of the 3<sup>rd</sup> Round Plan of Actions on Pre-primary Education by Four Ministries including the Ministry of Education', 14 April 2017, [http://www.moe.edu.cn/srcsite/A06/s3327/201705/t20170502\\_303514.html](http://www.moe.edu.cn/srcsite/A06/s3327/201705/t20170502_303514.html), accessed May 2018.

<sup>16</sup> Douglas J. Noble, et al., 'What Could Cognitive Capital Mean for China's Children?' *PsyCh Journal*, vol. 6, 2017, pp. 153–160.

<sup>17</sup> National Health Commission (formerly the National Health and Family Planning Commission), 'Notice on Implementing the National Basic Public Health Service Programme in 2017', 5 September 2017, <http://www.nhfpc.gov.cn/jws/s3577/201709/fb16b2e306bd469ab84e0c42173bc52d.shtml>, accessed May 2018.

<sup>18</sup> Ministry of Human Resources and Social Security, 'A Four-Level System for Medical Insurance Site-off Settlement', 28 February 2018, [http://www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/buneyaowen/201802/t20180228\\_288941.html](http://www.mohrss.gov.cn/SYrlzyhshbzb/dongtaixinwen/buneyaowen/201802/t20180228_288941.html), accessed May 2018.

<sup>19</sup> Ministry of Human Resources and Social Security, 'Notice on Implementing Well the Work on Basic Medical Insurance for Urban Residents in 2017', 24 April 2017, [http://www.mohrss.gov.cn/SYrlzyhshbzb/shehuibaozhang/zcwj/201704/t20170428\\_270179.html](http://www.mohrss.gov.cn/SYrlzyhshbzb/shehuibaozhang/zcwj/201704/t20170428_270179.html), accessed May 2018.

<sup>20</sup> **Per capita disposable income** – Disposable income refers to the income households have available for final consumption and savings, both in cash and in kind. It includes four components by income source, namely wages and salaries, net business income, net transfer income and net property income. Per capita disposable income equates to household disposable income divided by the number of household members (National Bureau of Statistics).

<sup>21</sup> **Rural per capita net income** – Net income of rural households refers to the income of rural households received in the current year and after deduction of expenses. Net income is used mainly for its input in production and consumption expenditure, and also for non-compulsory expenditure and savings. Net income equates to total income, minus expenses incurred in the operation of household business, taxes and fees, depreciation of fixed assets, and transfer to relatives and friends living outside rural areas. Per capita net income equates to net income of rural households divided by the number of permanent household members (National Bureau of Statistics).

<sup>22</sup> 'San Qu' (three areas) refers to Tibet Autonomous Region, South Xinjiang, and ethnically Tibetan regions in four provinces of Sichuan, Yunnan, Gansu and Qinghai. 'San Zhou' (three prefectures) refers to Linxia prefecture in Gansu, Liangshan prefecture in Sichuan and Nujiang prefecture in Yunnan. 'San Qu San Zhou' are identified by the Government as areas with higher incidence and greater extent of poverty.

<sup>23</sup> UNICEF and the World Bank, 'Ending Extreme Poverty: A focus on children', October 2016, [https://www.unicef.org/publications/index\\_92826.html](https://www.unicef.org/publications/index_92826.html), accessed May 2018.

<sup>24</sup> GAO Qin, et al., 'How Does Public Assistance Affect Family Expenditures? The Case of Urban China', *World Development*, vol. 38, no. 7, pp. 989–1000, 2010.

<sup>25</sup> **Fatalities** (Disaster casualties) – Number of deaths caused directly by natural disasters, including deaths of non-permanent residents (Ministry of Civil Affairs).

**Direct Economic Loss** – Economic loss caused by damage or a decrease in the value of certain objects subject to natural disaster(s). It is calculated by multiplying the pre-disaster value of objects by the damage factor of the disaster (Ministry of Civil Affairs).