

Outcome Document of Urbanization Project
The 7th Country Programme of Cooperation
between Government of China and UNFPA

Social Services Should Be Provided to Urban Residential Population

Report on Research and Piloting of Policies to Promote
Healthy Urbanization in China through the Provision of Social Services
(Abridged Edition)



Department of Social Development, National
Development and Reform Commission (NDRC)

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I Project background: introducing the concept of healthy urbanization

Urbanization is a process where population move from rural to urban areas and where proportion of urban population, industrial structure, lifestyles of the people, living quality and rural development constantly change and progress. Urbanization of people is the core of urbanization.

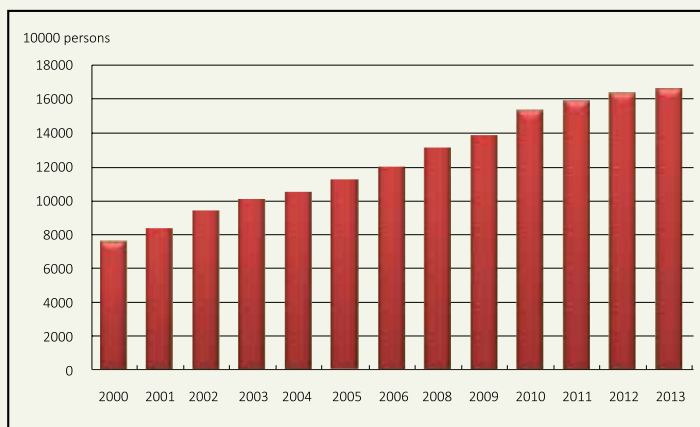
Healthy urbanization is a comprehensive development process that centers on urbanization of people to promote coordinated development of population urbanization, economy urbanization, land urbanization, society urbanization and urbanization of social services. Healthy urbanization requires that the process of urbanization fit the economic development level and coordinate with resources, environment, rural construction and provision of social services.

The urban-rural-segmented household registration system (known as *Hukou*) has been implemented in China for a long time, which restricted urban-rural migration and inter-region move of population. Featuring a typical under-urbanization, urbanization in China faces a series of challenges: firstly, urbanization in China has been falling behind industrialization for a long time. As a result, cities failed to give full play to their conglomeration effects and scale effects but gave rise to many problems such as localization of rural-based industry, sidelining of agriculture and semi-urban-semi-rural living of the rural population who were no longer engaged in agriculture. Secondly, the development process of urbanization in China obviously depends on policy arrangements. Since China has implemented a series of policy arrangements in favor of population mobility, farmers who emigrate for employment outside (known as rural migrant workers) have

been increasing (as shown in Fig. 1). In 2010, population migrating from rural to urban areas contributed 67.36% of urban population growth, making the major factor of urban population growth in China. Rural migrant workers as part of rural migrant population have been counted as urban population. As shown in Fig. 2, in 2013 urbanization rate of China reached 53.73% which is based on the statistics of urban residential population. This population included rural migrant workers and their families who had been living in urban areas for more than 6 months, and yet were not entitled to equal social services as those with urban *Hukou*. In fact, urban population with registered urban residence (non-agricultural population) only accounted for 35.7% of the total population in China. The gap between the urbanization rate and the rate of non-agricultural population has been in existence and widened gradually since the year 2000, which constitutes a major issue that must be addressed in the process of China's urbanization through policy arrangements. Thirdly, population urbanization lags behind land urbanization and as a result, a number of farmers have lost their lands. They are considered locally transferred agricultural population and sometimes are counted as urban population. These farmers will have to transform their production and life styles and will face uncertainties about their survival and development in future, which deserves attention during China's urbanization. Fourthly, urbanization is uneven in terms of regional distribution and therefore Government's policies to promote urbanization development should be based on overall planning while giving due considerations to conditions of localities. Fifthly, China is speeding up its urbanization and "urban problems" may become some of the most important ones that face Chinese city governments while urbanization transforms from a speed-oriented to a quality-oriented process.

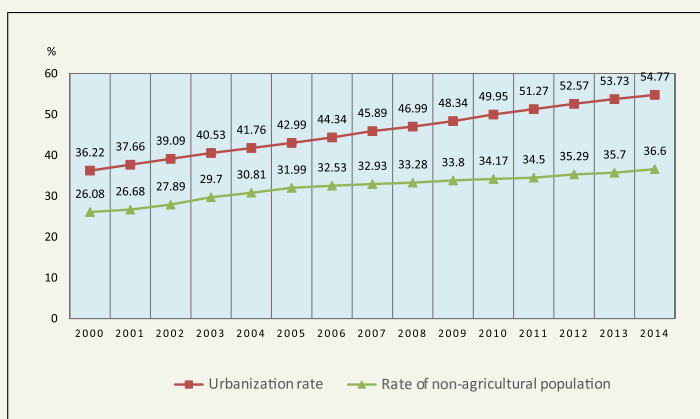
1. This report is an abridged edition of the outcome document of a collaboration project between Department of Social Development of the National Development and Reform Commission (NDRC), China Center for Urban Development (CCUD) and the United Nation Population Fund (UNFPA) China on "research and piloting of policies to promote healthy urbanization in China through the provision of social services". A complete report is available at: <http://www.unfpa.cn/sites/unfpa/files/publications/report-final.pdf>.

Fig. 1: Number of Rural Migrant Workers in China from 2000 to 2013



Source: Survey Report of the National Bureau of Statistics on Rural Migrant Workers and relevant data.

Fig. 2: Urbanization Rate and Rate of Non-agriculture Population in China from 2000 to 2014



Source: China Population and Employment Statistics Yearbooks over the years and relevant data

To address the above challenges, the Report upholds that China should walk a road of new-type urbanization and combine promoting people-centered urbanization with corrective measures to solve the problems generated in the past so as to promote a more fair, high-quality and high-efficiency urbanization where people could produce and live a better life and better satisfy their needs for an overall development. The top priorities are to solve the following issues in relation to urbanization of population: (1) promoting transformation of transferred agricultural population into regular

urban citizens; (2) building up a resource-conserving and environmental-friendly living environment; (3) forming a reasonable urban population layout; and (4) coordinating urban-rural population development.

Based on these understandings, the Department of Social Development of National Development and Reform Commission (NDRC), the China Center for Urban Development (CCUD) and the United Nation Population Fund (UNFPA) China launched the project of "research and piloting of policies to promote

healthy urbanization in China through the provision of social services” in 2009. In its early stage, extensive literature studies and field visits were conducted, and on this basis, four cities (districts) were selected - Jinnan District of Tianjin Municipality, Zhengzhou City of Henan Province, Yanta District of Xi’an City and Changshu City of Jiangsu Province representing cities of variety development and urbanization levels, to pilot on various issues related to provisions of social services for residential urban population. This Report covers findings of both theoretical studies in the early stage and piloting in the later stage.

This study targets on transferred agricultural population in urban areas, both local and from other regions, as they are already considered as urban residential population. It is expected that the study will contribute to formulation and implementation of social service-related policies by the Government so that transferred agricultural population can be

gradually entitled to equal social services as those with urban *Hukou* and realize a real urbanization so as to promote a healthy urbanization in China.

II Major Patterns of Urbanization in China and Status of Their Essential Social Services

This Report mainly studies six sectors of social services, namely, labor and employment, social assistance, social security, public education, public health and public housing. For the purpose of this report, social services are divided into essential social services and non-essential social services.

In terms of the relationship between urbanization and social services, this Report studies common experience and lessons of the United Kingdom, Germany, Japan, Brazil and Hungary in development of social services during urbanization. It is found out that social service policies were executed in



Table 1: Summary of Piloting Initiatives in Four Cities

| Sector of Social Services | Housing | Education | Health | Social Security | Social Assistance | Household Registration System | Others | Innovative Initiatives |
|---------------------------------------|---------|-----------|--------|-----------------|-------------------|-------------------------------|---|--|
| Jinnan District, Tianjin Municipality | | | | √ | √ | √ | Community development | To foster and develop community-level organizations (including social organizations) in rendering social services |
| Zhengzhou City | | √ | | | | √ | Development of migrant information management system | To link registration of migrants with access to social services |
| Yanta District, Xi'an City | | √ | √ | | √ | √ | Extending sanitation services to urban villages and cost analysis of piloted services by government | To lower the threshold for migrants to get local urban <i>Hukou</i> and extend social services to urban villages |
| Changshu City | √ | √ | √ | √ | | | | To establish, through building public rental houses and regulating a housing rental market, a housing security system for families in hardship in both urban and rural areas and for rural migrant workers |

Note: √ represents the piloting sectors chosen by the cities.

different sequences during urbanization of these countries. Interventions of social service policies by governments in different stages of urbanization process resulted in differences in speed and quality of urbanization. It can be inferred from the experience of these countries that governments must utilize social service policies as active and appropriate intervention during urbanization. It is also found through the study that urbanization interacts with social services: progress of urbanization promotes installation and evolution of social service system, and in turn, evolution of social service system pushes forward urbanization. Provision of various essential social services helps urbanization of transferred agricultural population by provid-

ing employment and development opportunities, maintaining physical and mental health and urban safety, mitigating various risks, building consensus and enabling them to better integrate into the urban society.

This Report studies the pattern of urbanization in five typical regions of China, namely, megalopolis in Eastern China, Pearl River Delta, Yangtze River Delta, large cities in Central China, and large cities in Western China, and the extent to which urbanization there is healthy. It also proposes the directions of urbanization development and corresponding major tasks of social services.

Table 2: Directions of urbanization development and major tasks of social services in different regions of China

| Region | Urbanization Pattern | Status of Urbanization | Direction of Urbanization Development | Major Tasks of Social Services |
|-------------------------------|--|--|---|--|
| Megalopolis in Eastern China | Suppressing secondary industry and promoting tertiary industry; urbanization of suburbs | Normal | Optimizing urban space structure and urban network to reduce the development pressure of downtown areas | Promoting development of satellite towns, and absorbing local farmers and migrant workers into various types of urban areas in their jurisdictions |
| Yangtze River Delta Region | Urbanization of local farmers | Under-urbanized | Increasing population in city proper and small towns and giving play to conglomeration | Encouraging migrants to gradually settle down and obtain <i>Hukou</i> |
| Pearl River Delta Region | Urbanization of migrants | Slightly over-urbanized and development unstable | Adjusting industrial structure | Promoting to grant non-native rural migrant workers with essential public services to retain labors and talented personnel |
| Large cities in Central China | Expansion of center cities | Co-existence of over-urbanized and under-urbanized. | Promoting construction of inhabitation areas for new urban population | Expanding coverage of social services to urban villages and promoting transformation of local farmers and migrating farmers into regular urban residents |
| Large cities in Western China | Expansion of center cities, coordinated urban-rural development, and development of rural areas driven by large cities | Co-existence of "basically normal", "over-urbanized" and "under-urbanized" | Promoting overall competitiveness of the secondary industry as well as service level of the tertiary industry | Expanding social service facilities to cities and towns of all levels, absorbing suburban population into urban areas, dealing with the issue of urban villages and granting equal citizenship to local farmers and migrants |

Through analysis on characteristics of providing six essential social services in the above five regions and their effects on urbanization development, this Report proposes the following detailed measures to improve policies in relation to the provision of six essential social services in these five regions.

Firstly, in terms of compulsory education, in the megalopolis in Eastern China, 62% of children of migrant workers were admitted to public schools on average in Beijing and Shanghai, while 95% of these children in Tianjin were admitted to public schools. This report proposes to include children of migrant workers into the overall development planning of urban compulsory education by gradually increasing the number and proportion of children of migrant workers to be admitted to public schools and supporting development of private schools. It has proved to be an effective measure to establish high-quality schools at small towns, locations where district (county) government are located and new urban areas to encourage concentration of rural population in satellite towns and to relocate the population from downtown districts.

In the Pearl River Delta region, high threshold is imposed on children of migrant workers for admission to public schools. Private schools have become the major force of compulsory education for children of migrant workers. For example in Guangzhou, 64% of the children of migrant workers go to private schools. It is proposed that local governments make all efforts to expand the capacity of public schools to accommodate children of migrant workers. Meanwhile, Central Government should provide incentives to support local governments in expanding the scale of education. Local governments should include non-government funded education into the planning, management and service of urban education and provide more supports.

In the Yangtze River Delta region, public schools play a dominant role in admitting children of mi-

grant workers and as many as over 70% of them go to public schools. Meanwhile, local governments also try to solve the problem of education of children of migrant workers by standardizing and supporting non-government funded education. It is proposed that local governments in this region should vigorously improve the quality of education for children of migrant workers. First, local governments should establish high-quality schools at all levels in center towns, county seats and center cities of the region, to effectively promote conglomeration of rural population in urban areas. Second, local governments should include non-government funded education in the planning, management and service of urban education, and improve non-government funded education.

In large cities in Central China, on the main about 85% of the children of rural migrant workers go to public schools. Local governments fail to provide sufficient support for non-government funded education and the problem of scarce public education resources is prominent. Governments of some cities have, either actively or passively, made plans for school building which helps to mitigate resource shortage. It is proposed that local governments should strengthen building of middle and primary schools and reconstruction of weak schools in cities and build schools in expanded areas of cities. Local governments should also enlarge the development of non-government funded education. Superior governments should provide incentives to district and county governments to encourage building schools for basic education.

In large cities in Western China, the pressing issue is education of children of migrants from the same provinces where the proportions of children of rural migrant workers attending public schools vary from 60% to 90% in different cities. There are also non-government funded education, and the problems of scarcity of urban education resources and waste of rural education resources exist at the same time. It is proposed that superi-

or governments should encourage investment in compulsory education in large cities.

Secondly, with respect to labor and employment, in megalopolis in Eastern China, governments focus their occupational training services on local agricultural labor force while there have been no stable and long-term policy arrangements for training of rural migrant workers and only limited enrollments in secondary vocational schools are made available to students without local Hukou. In Tianjin, however, vocational education resources are available to children of migrant workers, which satisfies the demands of economic development in Tianjin and the New Binhai Zone for technical workers. It is proposed that megalopolises in Eastern China provide secondary vocational education to children of rural migrant workers “in an orderly manner”. Local governments should study and launch skill training programme for rural migrant workers and improve costs-sharing mechanism of training expenses and training curriculum.

In the Pearl River Delta region, employment training services rendered by local governments and enterprises are mainly focused on technical training for existing types of work and local farmers are unwilling to receive employment training or re-education. Only limited vocational training services are provided to rural migrant workers. Simple skill training and employment information services are insufficient to meet their demands. It is proposed that local governments in this region should develop and implement long-term training measures targeting at stable employment of job seekers and provide sufficient employment training opportunities for rural migrant workers.

In the Yangtze River Delta region, secondary vocational education is open to migrants. As income is not significantly enhanced after training, not many children of rural migrant workers have received vocational education. In addition, local governments provide various forms of short-term

vocational training to rural migrant workers and local farmers. It is proposed that local governments in this region formulate and implement plans for vocational training and make greater efforts to stimulate and standardize vocational training through improving post-training wage system and vocation appraisal system. Local governments should explore and implement mechanisms of service purchase, further improve short-term training and community education, carry out reform of secondary vocational education and adopt flexible and open teaching system and student enrollment management system so as to facilitate study of children of rural migrant workers.

In large cities in Central and Western China, employment training services are provided to all including rural migrant workers and vocational education is combined with transfer of rural labor force. A multi-channel investment mechanism including both government inputs and market forces is established for training of local farmers so as to encourage them to go to cities and other provinces for employment. Some areas have managed to achieve conglomeration of population in cities through construction of vocational schools. It is proposed that local governments in these regions make training plans in advance to enable returning rural migrant workers to have stable jobs in their hometowns. They should also strengthen basic ability of vocational education, with focus on accelerating development of secondary vocational education. They should vigorously develop community education, continuing education and distance education in downtown areas of cities to improve their overall quality and employment and entrepreneurial competency of the agricultural labor force transferred to urban areas.

Thirdly, in respect to public health services, megalopolises in Eastern China have extended some basic public health services that may affect public security of the city to migrants. Public health services are expanded constantly for residents

with local *Hukou*, but are not open to migrants. It is proposed that local governments should intensify technical training to the management and technical personnel of community health service institutions and expand and implement public health service to migrants.

In the Pearl River Delta region, public health services, that may impose risks on cities and are being appraised on work of local administrations, are extended to rural migrant workers, and yet other health services with less risks and/or not being included in performance appraisal of local administrations, are still inaccessible to these workers. It is proposed that local governments in this region include management of rural migrant workers and public health service in their urban development planning. Additional management and service institutions should be set up, sufficient staff should be allocated and sufficient funds should be appropriated according to the number of rural migrant workers. Local governments should explore the method to gradually include basic occupational health services into equalization of basic public health services. Central Government should play its role of coordination by appropriating sufficient funds for essential social service in line with the number of residential population in a place and set up suitable appraisal mechanisms.

In the Yangtze River Delta region, local governments provide satisfactory solutions to public health problems when local farmers begin to settle down in urban areas, and they also expand public health services to migrants. It is proposed that national policies should favor small and medium-sized cities in terms of resource allocation. Central Government should actively explore options to outstanding problems at national level and explore on provision of some social services that help promote the development of people though not part of performance appraisal. It should also support governments of small and medium-sized

cities to expand public health services to migrants. It is also proposed that governments explore ways of improving quality, operation efficiency and professional level of social service through purchase of social service.

In large cities in Central and Western China, some basic public health services that are subsidized by Central Government, are provided to farmers residing in urban areas. It is proposed that local governments properly handle the relationship between improving social services available to local urban residents and providing basic public health service to farmers residing in urban areas, with an aim to provide basic public health service to farmers residing in urban areas. Attention should be paid to safeguarding operational funds of essential social services and providing land loss farmers and migrants in urban villages with a safe and sanitary living environment.

Fourthly, in terms of social security services, megalopolises in Eastern China have included part of local land loss farmers in urban social insurance systems and the level of their social security is generally lower than that of urban residents. A separate social insurance policy should be installed for rural migrant workers as they are not entitled to social insurance schemes for urban residents. It is proposed that there should be an approach where social insurance of rural migrant workers can smoothly transfer into social insurance system for urban employees in the future. Local governments should expand the level of coordination for social insurance fund, include rural migrant workers in urban social insurance, establish and improve social insurance service system, strengthen the development of unemployment insurance, specially social insurance services for land loss farmers in suburbs, and constantly adjust insurance policies so as to counteract the impact of population aging on the balance of social insurance fund.

In the Pearl River Delta region, urban social

insurance is provided for local land loss farmers and contributions of government, collective and individuals to urban social insurance for land loss farmers differ from city to city. Rural migrant workers are also included in urban social insurance but they are entitled to different types of such insurance in different cities. It is proposed that local governments should establish and improve social insurance system for rural migrant workers and attach special importance to improving work-related injury insurance and medical insurance. City governments should install an approach for transfer and continuation of social insurance and implement national policies on social insurance transfer. Central Government should study to raise the coordination level of social insurances so as to support transfer and continuation of social insurances.

In the Yangtze River Delta region, cities have been actively promoting a social security system of urban-rural integration to ensure harmony of social security of urban areas with that of rural areas. The approach for transforming social security of rural residents to urban residents is designed, though each city has its own mode of transformation. Rural migrant workers in this region can enjoy the same basic medical insurance, pension, unemployment insurance and employment-related injury insurance as urban residents, but the coverage of social insurance among rural migrant workers is not high. Some cities have piloted to provide rural pension insurance to rural migrant workers in a transitional manner and after two successive years, transform it into basic urban pension insurance as a response to high mobility of rural migrant workers and requirements of enterprises to lower costs. It is recommended to study on how to expand the coverage of social insurance for rural migrant workers, how to explore actual modes of operation to continue social insurance in another place, and how corresponding supportive measures can be developed at national level. Further efforts should be made to explore a social security system of urban-rural integration and more attention should be paid to its

impact on the operation of urban social insurance funds.

In large cities in Central and Western China, the policy of incorporating most of rural migrant workers into urban social insurance is adopted. But after such incorporation, difficulty in payment by enterprises and weak enthusiasm of individuals turn out to be a problem. In case no labor contract is signed, the policy on social insurance will not apply. It is recommended that overall coordination level of social insurance should be improved, transfer and continuation of social insurance should be guaranteed to the greatest extent, or incentive measures be provided to cities receiving insurance relations to ensure that returning migrant workers can be employed or start a business. In the future, governments should extend the same treatment to all urban residential population (regardless of their registered residence) when formulating social service policies, and include land loss farmers in urban social insurance policies, and issuance policies should be unified.

Fifthly, in terms of social assistance services, in megalopolis in the Eastern China, social assistance policies are basically the same for urban and rural areas and the level of assistance in rural areas is gradually approaching that of urban areas. Rural migrant workers can to a limited extent enjoy the educational assistance provided by governments to their children and charity organizations can provide some temporary aids and medical assistance for rural migrant workers. As such assistance policies have no stability, rural migrant workers feel insecure so their mobility is high and their settlement in cities is affected. It is recommended that governments should play its role as the subject of social assistance to formulate relevant policies, besides encouraging, guiding and organizing social forces to take part in social assistance, in order to provide special assistance and temporary assistance on education and medical treatment for rural migrant workers. Attention should be paid to com-

binning emergency assistance with developmental assistance in order to improve the skills and confidence of rural migrant workers to engage in stable employment in cities.

In the Pearl River Delta region, land loss farmers have basic living security and there is little difference between minimum living standards for urban and rural residents. In this region social assistance services such as education assistance, medical assistance and temporary assistance, etc., have not been provided to rural migrant workers and only in some areas, social organizations are mobilized to provide assistance to poverty-stricken migrant workers. It is recommended that governments should provide social assistance services to rural migrant workers when they suffer from unexpected difficulties in life and work. In addition to providing social assistance services, employment opportunities and training of working skills should also be provided for them.

In the Yangtze River Delta region, many land loss farmers in cities are entitled to minimum living standard subsidies for urban residents. Social assistance services are only provided to residents with *Hukou* and individual cities have also explored to provide social assistance to migrant workers. Encouraged by governments, some charity organizations have provided certain social assistance to rural migrant workers. In this service mode level of social assistance services of local *Hukou* residents rises continuously, but the gap with migrants is also enlarged, making it difficult to realize equalization of social services during the progress of urbanization. It is proposed to strengthen the social assistance staffing and network so as to prepare for the provision of social assistance services to rural migrant workers. Governments should provide social assistance services to rural migrant in case of unexpected difficulties in life and work. Efforts should be made to streamline assistance organizations, improve assistance management efficiency and explore ways to realize integration of different

assistance resources among governments, enterprises, volunteers' agencies and community residents, etc.

In large cities in Central and Western China, land loss farmers are the most important group enjoying urban minimum living standard subsidies. Social assistance services for rural migrant workers mainly consist of assistance services other than the minimum living standard subsidies, which helps to deal with their ad hoc difficulties and most pressing problems. In some cities, minimum living standard subsidy policies have set certain limits in terms of duration of stay of rural migrant workers in urban areas. It is proposed that governments at all levels should properly establish social assistance institutions and enhance the ability to deliver social assistance services through continuously improving the capacity of personnel, assuring sufficient assistance budgets and pushing ahead informatization. Greater efforts should be made to push coordination among different departments and integration of social assistance resources. Studies should be conducted on the extension of urban minimum living standard system to farmers who have already settled down in cities.

Sixthly, in terms of housing security services, governments of metropolises in Eastern China have not brought housing issue of rural migrant workers into the scope of urban planning, management and services, and have mainly relied upon a market mechanism, such as dormitories provided by the affiliated units of rural migrants workers and rented houses from local farmers in city fringe zone or urban villages, etc. However, the fact that rented houses are not recognized in city planning results in the construction of many temporary and dangerous buildings, lack of urban infrastructure and social services facilities and failure of the living environment to meet the basic demand of local population growth in these areas. It is proposed that renovation and demolition of old city quarters should be done at the same time so that some low-

price houses can be reserved in both city proper and suburbs for rent by rural migrant workers. The city fringe zones and urban villages, where migrants concentrate, should be included in the centralized management and services by governments so as to ensure increased inputs of city authorities for infrastructure and social service facilities. Rented houses should be managed in a standardized manner at city level to ensure the rights and interests of both the lessor and lessee and to gradually create conditions where rural migrant workers can settle down in cities.

In the Pearl River Delta region, housing issue of rural migrant workers are mainly solved through rented houses, and many city governments renovate these houses to ensure their safety and sanitation. It is proposed that in this region management of and services for the rented houses should be combined and city infrastructure and social services be extended to all urban villages, and that efforts be made to explore how governments can take up taxation and planning management of urban villages.

In the Yangtze River Delta region, rural migrant workers are very difficult to get government-subsidized houses, and a project "Centralized residence of rural migrant workers" implemented by governments has solved the housing problems for a great number of rural migrant workers, and more than 50% of them have owned their own independent living places by renting houses and/or buying houses. It is proposed that governments should formulate policies which make available to migrants the low-rent houses and public rental houses so as to promote the settling down of rural migrant workers in cities. Efforts should also be made

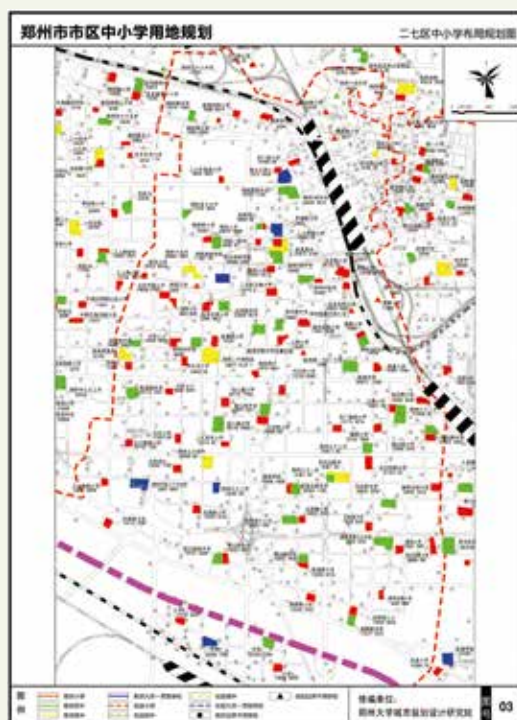
to regulate the market development of renting houses for farmers and to boost the development of such market.

In large cities in Central and Western China, rural migrant worker mainly dwell in rented houses, which are primarily concentrated in urban villages with hidden dangers in fire control and public security. In this region the demolition and renovation of urban villages has put rural migrant workers in frequent mobility and relocation towards urban fringe. In some cities such as Zhengzhou, attention is paid to guiding and encouraging villagers and developers to plan an appropriate number of small-sized apartments in settlement buildings and commercial package buildings for the purpose of meeting the rental needs of rural migrant workers. Some large cities in Western China, such as Chongqing, have tried to include rural migrant workers into urban housing security system, but how governments will provide financial support for such housing construction and take up management and supervision deserves attention and study. It is proposed that city demolition and renovation should be planned in a coordinated manner, taking into considerations its impact on low-income rural migrant workers and protection of urban history and folk culture. Governments should bring urban villages located in city proper and urban fringe areas into unified urban administration and planning and improve their sanitary and living conditions. Governments should standardize the management of renting houses and continue to explore the inclusion of rural migrant workers in urban housing security planning so as to promote urbanization of local rural migrant workers from some provinces in their familiar surroundings.

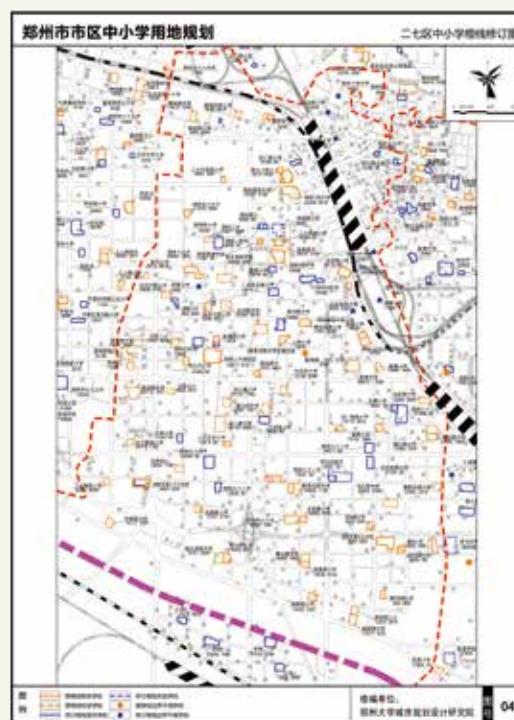
III Promoting healthy urbanization in China through equalizing essential social services: experiences from project pilots

Zhengzhou is a large city located in Central China, where how to provide essential social services for increasing migrants to promote the urbanization of migrants constitutes one of the priority problems to be solved during the process of its urbanization. Zhengzhou has chosen to pilot on planning of social service facilities evidenced on scientific population data so as to meet the demands of growing urban population. Piloting initiatives have included the development of a migrant information sharing platform which functions as technical support on the provision of social services for migrants. According to growth of residential population in the city, attention is paid to plan the layout and construction of schools. Preschool education vouchers are provided to children of migrants and

migrant workers are included in employment and unemployment registrations. Public rental houses are open to rural migrant workers and the layout is planned in line with where rural migrant workers concentrate in urban areas. Residents' health records also apply for migrants and public health services are provided. Services in terms of "social assistance and employment introduction" are provided for scattered migrant workers. The Zhengzhou experiences mainly include: collection and sharing of migrants' information and handling of residence permits should be linked with their access to essential social services so as to enhance initiative of migrants to take part in information collection, and the Government, on the basis of information gathered on the actual status of migrants and their needs, will make scientific decisions regarding provision of social services, formulate plans of social services development and ensure overall coordination from both land provision, financial support and organizational guarantee.



Middle and primary school land use plan map of Zhengzhou city (Er Qi district)



Middle and primary school and kindergarten construction plan (orange) map of Zhengzhou city (Er Qi district)

Yanta District of Xi'an City represents an urban area of a large city in Western China, and both migrants and local farmers in urban villages require urbanization. Yanta District has chosen to extend urban essential social services to urban residential population as the focus of pilot, which includes: using public schools as the main channel to accommodate children of rural migrant workers in nearby schools; combining meeting the needs of elderly for services with training on employment skills so as to provide employment training for transferred agricultural population and broaden their channels of employment; implementing a voucher system for training on both employment and pioneering work to improve quality of labor and employment training; studying needs of migrant women of reproductive ages for reproductive health services to further make family planning part of equal essential social services and expand content of services; extending city sanitation management services to urban villages towards a urban-rural unified sanitation management; joining hands between Yanta

District Government and the Development Zone to provide old-age insurance services for land loss farmers in the Development Zone; providing minimum living standard subsidies to rural migrant workers with difficulties in daily living and boosting medical assistance services for "new citizens"; and promoting improvement in community standardization and community social services functions. The Yanta experiences mainly include: governments should strengthen its responsibilities to provide essential social services to urban residential population through such means as filling gaps of social services in urban villages, defining social service content and service standards, increasing financial investment, strengthening supervision and management, and establishing a cost sharing mechanism of social services between different government agencies, and innovate approaches to provide social services and improve efficiency through such means as intergovernmental commission and cooperation, government's purchase of services, etc.



Comparison of urban village sanitation status-before and after Government's efforts to deal with clutter



Comparison of urban village sanitation status-before and after Government's efforts to remove roadside stall business

Jinnan District of Tianjin represents a suburb of a megalopolis in Eastern China, where local farmers are moving into small towns and the issue is how they can be urbanized. Jinnan District has chosen to establish community social service platforms and promote urbanization of local farmers as the focus of its pilot, which includes: exploring options for the development of community-based social service platforms where farmers from small towns are concentrated; providing employment services to local farmers in communities of small towns where the policy of "Exchange of (urban) houses with (rural) homesteads" is implemented; exploring options for small town community service management subjects and institutional mechanism to form a multi-subject structure of social services; relying on communities to provide social services so that local residents who have followed the policy "Exchange of houses with homesteads" could live and work happily; and studying on policy options to deal with the challenges encountered where farmers from small towns are concentrated, such as the right of farmers to collective revenue, the right to contracted land, change from "agricultural to non-agricultural" status of registered residence, change from villagers' committee to neighbor

committees, etc. The Jinnan experiences mainly include: extending governments social services to farmers in small towns where they are concentrated through community development; strengthening standardized construction of community social service facilities, and fostering a community service and management subject which is led by town (or street) governments, managed jointly by village committees and neighborhood committees and joined in by social forces so as to provide efficient and effective social services for the transferred agricultural population and to give full play to the role of communities and social organizations in urbanization of farmers.

Changshu City is a county-level city located in the Yangtze River Delta region, and during the progress of its urbanization, how to ensure equal access to social services by rural migrant workers and local farmers constitute dual challenges. Changshu City has chosen to promote urbanization through the provision of unified urban-rural social services as the focus of its pilot, which includes: supporting and standardizing private schools to ensure access of migrant children to equal compulsory education; promoting equal public health services

for migrants; extending urban social insurance to rural areas so that farmers have the opportunity to select a higher level of pension security based on their own abilities; exploring options to extend urban social insurance services to rural migrant workers; and conducting in-depth analysis on the feasibility of making public rental houses open to rural migrant workers. The Changshu experiences include: governments should, based on needs assessment for social services, produce a timetable for providing urban-rural integrated social services for transferred agricultural population, continu-

ously increase their comprehensive supporting capacity and service delivery ability and realize the goal in phases; allocating essential social service resources in line with urban residential population, improving service management mechanism and reinforcing performance assessment so as to increase service accessibility; and cultivating, through properly setting service standards and providing government subsidies, diversified subjects of service provision to enhance accessibility and effectiveness of essential social services.



Community service center in Jinnan District of Tianjin where the policy of exchange house with homeheads is implemented



Theatrical performance on promoting the transformation from agricultural insurance to urban insurance in Changshu

IV Impact of household registration system (*Hukou*) reform on healthy development of urbanization in China

Household registration system in China has experienced a process from allowing free migration of population to restricting population migration and movement, further to relaxing such restrictions, and to a gradual realization of unified management. The ongoing reform on household registration system has the following characteristics: reform in large and medium-sized cities lags behind, no unified national system is in place, and small

towns have a relatively weak capacity to absorb population. While the urban-rural segmentation of household registration is gradually weakened, reform on cross-regional household registration lags behind so cities are still inclined to control the registration of migrants in urban household registration system.

In view of the above problems, Yanta District of Xi'an City as a pilot site, has carried out a feasibility study on household registration reform on the basis of rented houses, with an aim to solve the problem that majority of rural migrant workers do

not have own private houses. The study proposes that a point-based settlement system should be established and a community-level dummy collective household be created to accommodate the settlement of those who rent houses so that settlement of migrants can be organized orderly and in a controlled manner. The study also recommends relevant measures to be taken to support successful implementation of the policy allowing household registration based on rented houses. This project-supported study further notes that at present there are differences in terms of entitlements between people with registered collective households and those with residents' Hukou and so it upholds to reform urban collective households towards providing equal rights and social services as those with residents' Hukou with the aim to ensure that urbanized population enjoy same social services.

Studies on the relationship between household registration system and social services indicate that in recent years the existing policy pattern of providing social services to population with household registration is being changed gradually towards covering all urban residential population. For now some ongoing reform measures are far from achieving the target of "full coverage", and there still exist a strong relationship between social services and household registration, especially

in fields where services mainly depend on local finance as the main source of funds. There are obvious differences in policies between cities in different regions and of different sizes, especially in cities whose sizes are larger and whose levels are higher, the progress is slower or even stops.

Currently, all regions are exploring to use residence permit system as a reform attempt to extend essential social services for urban residents to urban residential population and gradually turn migrants into regular urban citizens. Studies so far have found that more than 20 provinces or municipalities have promulgated residence permit systems, which however vary significantly in application requirements, services and rights and interests entitled, relationship with settlement, etc., and as well as in terms of reform progress. Common problems encountered during the process of realizing full registration of de facto population and full coverage of services are as follows: lack of unified criterion in applying for residence permits and in some regions, very high application threshold; differentiated criterion in terms of rights and interests associated with residence permits and absence of certain essential social services and social rights and interests; and lack of clear channels for residence permits to evolve to regular household registration, exerting potential risks to solidify it as a new threshold.



The front of Zhengzhou residential permit card



The back of Zhengzhou residential permit card

In response to these problems, Zhengzhou as a pilot city has explored to carry out a residence permit system with multiple functions, use registration of temporary residence and residence permit as basis for migrants to enjoy essential social services provided by governments, constantly improve residence permit functions so as to stimulate the initiative of migrants for registration, and incorporate residence permit management system into migrants information sharing platform with an aim to provide population information as the basis for governments to plan social service resources and enhance ability of governments to extend essential social services to urban residential population.

The project also conducted a forward-looking policy study on options of evolution from residence permit to obtaining household registration and settling down. The study found that in provinces in Eastern China, there are quite a number of regions where governments clearly stipulate that, when residence permit holders meet certain conditions, she/he can settle down through obtaining a local Hukou. These additional conditions however are equivalent to those set for immigration in some foreign countries and constitute too high thresholds of settlements for rural migrant workers. The study upholds that residence permits should have no additional conditions to ensure free movement of labor force and population. If a person holds a residence permit for a certain period of time and meets additional conditions set, s/he should be allowed to settle down through obtaining a household registration. These additional conditions should not include such factors as years of social insurance contributions, domicile or years of paying taxes, etc., but rather include such factors as years of residence, certificate of no criminal record and understanding of local cultures and customs, etc., following the conditions in foreign countries from immigration to naturalization.

The Report upholds that the ultimate goal of household registration system reform should be to eliminate urban-rural dichotomy and the new dual structures in urban areas, establish an urban-rural unified population registration and management system and implement the ID-based (identity card) management system so as to guarantee the right of citizens for free migration. However, this objective may not be achieved at one go, and the reform procedures should be that residence permits be taken as the basic means without any access threshold to ensure the function of residence permits as population register; multi-level gradient entitlements should be granted to gradually realize transformation of population with residence permits into regular urban citizens; settlement channels for residence permit holders should be defined to prevent the fossilization of residence permit threshold; and residence permit should be integrated with ID card with the aim to achieve unified management of de facto population.

V Social service policies for promoting healthy development of urbanization in China: remaining challenges and recommendations

The Report finds out that there are many remaining issues in terms of social service policies during the development process of urbanization in China: firstly, there still exist problems in terms of strong correlations between household registration system and access to social services, strict conditions for settlement, specific mode of settlement and granting of residence permit, which prevent transferred agricultural population from enjoying social services; secondly, in some cities and towns essential social services fail to cover all transferred agricultural population; thirdly, there still exist problems in migrants information management system and the abilities of governments to provide social services needs to be enhanced; and fourthly,

community-based social service platforms in the currently urbanized areas should be improved in terms of its functional specifications, operation and building of community social service teams.

In relation to these problems, the Report points out that system and institutional setups of the Government such as the Government's concepts and values, system design in various sectors of essential social services as well as finance and taxation, performance assessment system of Government's employees, level-based city management system, institutional arrangement, population management system and social participation mechanism, have prevented transferred agricultural population from accessing social services.

Building on the pilot experience and research findings, the Report recommends four lines of thinking, two priority tasks and six supporting measures when formulating and implementing social service policies to promote a healthy development of cities and towns in China.

The four lines of thinking are as follows:

Firstly, reform of household registration system and extending essential social services to rural migrant workers should be carried out at the same time. Experiences from project pilot sites show that, even if restrictions on household registration are removed, the problems of social services by rural migrant workers in cities cannot be solved if supplies of social services in cities fail to meet the demands; and only when capacities of the government to supply social services, especially essential social services, are continuously increased, the problems of social services for rural migrant workers in cities can be settled gradually. Pilot experiences also show that pressures on supplying social services brought force by household registration system reform force large cities to solve in a decisive manner the various kinds of urban management problems in

existence for years and improve the capacities of governments to supply social services.

Secondly, how social service policies should be implemented to promote the healthy development of urbanization should take considerations of local conditions and combine centralization and decentralization. It has been noted from the pilot and study that household registration system reform and social service policies are fragmented, and the contents and standards of social services provided by different regions are different, implying that city and town governments arrange social service policies to control the direction of urban development and progress of urbanization. Therefore, whether social service policies aiming to promote the healthy development of urbanization will be executed in localities will to a great extent be up to the policy implementation abilities of local city and town governments and attention are required to guide their ideas and adjust the regulations as appropriate. Feasible approach might be that cities with different sizes of population and migrants will, in accordance with principles of Central Government on household registration system reform, formulate household registration system reform measures of their own focusing on lowering the threshold for granting *Hukou* and settlement so as to grant *Hukou* and same social services to rural migrant workers compliant with set conditions; meanwhile, pursuant to national policies of equalizing essential social services, urban essential social services should be extended to rural migrant workers, and according to local contexts, efforts should be made to gradually narrow down the gap in social services between rural migrant workers and regular urban residents.

Thirdly, governments should strengthen their governance and increase their capacities to plan and supply social services to coordinate provision of social services with urban population absorbed. Experiences from pilots prove that in some cities

pressure on infrastructures and supply of essential social services result in part from insufficient investments and unbalanced allocation of public resources. Should city governments adapt to needs of city development, formulate forward-looking and evidence-based allocation plans of public resources and innovate on modes of social services supply, both the quality and quantity of social services can be raised.

Fourthly, building social service system should be combined with transformations of government functions and reform and innovations of government systems and mechanisms. Experiences from pilots indicate that difficulties encountered by local city and town governments while extending social services to transferred agricultural population mainly consist of two types: those that are manageable and fall under the responsibilities of local governments, and can be preliminarily solved as long as governmental functions are transformed and the level of governance is increased; and those that are unmanageable and beyond the responsibilities of local governments or where financial resources of local governments fail to match their responsibilities, and without guidance and adjustment of relevant policies by Central Government or governments of higher levels, local governments will have great difficulties to formulate policies and solve those problems by themselves.

Two priority tasks are as below:

Firstly, rural migrant workers compliant with relevant conditions should be granted household registration, and be allowed to settle down in urban areas and enjoy same social services. City and town governments should remove restrictions on settlement of local farmers in urban areas through granting household registrations and gradually transforming rural migrant workers who have stable labor relations and have lived in urban areas for a specified year into regular urban residents in accordance with certain conditions, where resi-

dence permit can be used as the basis to establish settlement channels in a phased approach and in line with city classification. Efforts should be made to ensure that transferred agricultural population who have already obtained household registration and settled in urban areas enjoy the same social services and rights and interests as local urban residents. For community-level collective households, attention should be given to finding where to register their households as most of those can only obtain household registration based on rented residence and to improving ongoing regulations on collective households with the aim to grant the same rights and interests as well as social services as those residents with *Hukou*.

Secondly, essential social services for urban residents should be extended to transferred agricultural population who live in urban areas up to a certain duration. Efforts should be made to include transferred agricultural population in public employment service scheme designed for urban residents; provide full enrollment of children of rural migrant workers at compulsory education; perfect public health services and the prevention and control system of serious diseases and occupational diseases that also covers rural migrant workers; increase participation of rural migrant workers in social insurances and include social security of land loss farmers in urban social security system; enhance ability of the society to provide social assistance and provide by governments temporary assistance services to rural migrant workers; explore multiple options to improve housing conditions of rural migrant workers and to bring rural migrant workers into urban housing security system; and reinforce the development of public cultural service system targeting transferred agricultural population.

Six supporting measures for completing the above tasks are as follows:

1 Central Government should push forward

household registration system reform, specify basic principles of household registration reform for different sizes of cities and towns and implement encouraging policies in terms of staffing and setup of social service institutions, financial resources allocation, land supply and infrastructure construction, etc. City and town governments at all levels should implement relevant household registration reform policies promulgated by Central Government and stipulate conditions of their own localities on settlement and granting household registration.

- 2 **Efforts should be made to intensify reform of financial and taxation systems.** Responsibilities of Central Government and local governments for provision of social services should be made clear and financial transfers be associated with urban residential population; a well-functioning local taxation system be established so that how local governments obtain their financial resources can be gradually shifted to taxes closely related to local residents; expenditure structure of government financial resources be optimized so that expenditure on essential social services should be planned in line with urban residential population in a region, financial investments in essential social services be increased, financial inputs be geared towards grass-roots levels and where migrants are concentrated, and financial investment in social services from social capital be increased; and performance evaluation mechanism be established and the system for social services funds allocation and utilization management be improved.
- 3 Efforts should be made to reform **urban administration and management system** to eliminate restrictions of administrative levels on the flow of resource factors for the creation of an institutional environment allowing for fair competitions between different types of cities, and to remove constraints of government sectors interests on the provision of social services to improve efficiency in delivering social services. Specific measures may include: improve migrant information registration and management system in cities and towns and make concerted efforts for the formulation and implementation of social service plans in urban areas; enhance setup and staffing of administrative units and public institutions and in line with urban residential population, allocate social service management and service resources as per the city standards; systematize and standardize public administration and provision of social services in areas where transferred agricultural population are concentrated (e.g. urban fringe areas, etc.) and explore a sharing mechanism of social service institutions and personnel; and authorize grass-roots level governments for corresponding economic and social affairs management.
- 4 **Government performance evaluation system should be improved.** A dynamic monitoring system should be established on healthy development of urbanization and a performance evaluation system be developed on the provision of essential social services to urban residential population during the process of urbanization.
- 5 **Government's governance should be enhanced so as to increase its ability to provide social services.** Governments should improve their abilities to plan social services, where planning of social services should follow the principle of regional coverage and system coordination and target residential population within a radius of service in order to break the urban-rural boundary and the boundary between governments of different levels and achieve an overall regional development; setup and construction standards of essential social service facilities conducive to population concentration and daily living convenience should be formulated and carried out; a demand forecast and planning mechanism for social services of transferred agricultural population should be ex-

plored; capacities of governments for planning and implementation should also be strengthened to ensure harmony of social service development planning with spatial planning as well as with financial resources allocation plans for the development of social service facilities; in accordance with administration based on legal means, social service planning should be made a prerequisite for each urban development and construction project; government should remodel the supply mechanism of social services to shift focus of social service management to grass-roots levels; an overall planning and coordination mechanism should be established for intergovernmental and interdepartmental collaboration on social services; a social service supply mechanism should be built where governmental supplies play a leading role with wide participation from social capitals; abilities should be enhanced to supervise social service provision; and attention should also be given to cultivation of special talents working on social services while striving to develop volunteer services.

- 6 A community-based platform for provision of social services to urban residential population should be established.** To facilitate the development of community-based integrated management and service platform in cities, governments should formulate platform construction standards and standards of essential service items, offer essential social services to rural migrant workers and their families, and on the premise that essential services are satisfied, encourage communities to provide special service items. In currently urbanized communities where farmers are concentrated, governments should build a community-based integrated management and service platform, establish and improve community neighborhood committee system, gradually advance reform of the “two village committees” (village party branch committee and villagers’ committee) where

the two village committees should be held responsible for managing village collective assets according to law while social management and service functions should be progressively transferred to community neighborhood committees and other organizations, establish new specialized teams of communities to lead the community volunteer service initiative, foster and develop community social organizations and explore ways such as government “contracted” purchase of services to regulate the relationship between governmental organizations and neighborhood (village) committees and social organizations. Governments should construct complementary facilities of social services in currently urbanized communities, where community-level social service facilities should be built in line with local conditions and based on demands of residents, and be made available for shared construction and usage, and where governments should develop construction standards of integrated social service facilities and standards of essential service items. Relevant recommendations in this regard include: firstly, to set up town-level and community-level social service platforms in a reasonable manner with their respective functions clearly defined; secondly, to include constructions of community-level social service facilities in relevant plans of construction of residential areas where farmers are concentrated in small towns to ensure that they as part of the public facilities be synchronized in terms of design, construction and utilization with those of residential buildings; thirdly, property rights and operation management system should be defined clearly for social service facilities; and fourthly, community-based employment services, recreational and sports activities and essential social services of governments should be provided continuously so that residents can enjoy social services of governments in a convenient way.