

Cash Transfers and Social Protection



Interview with Mr Xu Yuebin, Professor from the Institute of Social Development and Public Policy, Beijing Normal University.

IPC: Mr Xu, we would like to hear a little bit about the cash transfer programme you have in China. Could you please tell us what are the eligibility requirements for the programme?

X.Y.: The eligibility for the programme is very simple. It is targeted towards poor families, whose income falls below the poverty line. All families can apply, if they can prove that their income is below the poverty line. There is no limitation on either the age of the person or the length of time of assistance.

IPC: And what are the benefit levels? Is there any difference in terms of the benefit the recipients have?

X.Y.: The benefit level also means the poverty line: this programme provides assistance to close the gap between the income of the family and the poverty line. So the national average level usually represents about 10 or 20 percent of the average wage, but it varies greatly across different cities. In some economically poor areas the benefit levels are around 150 Yen, which is about 20 US dollars per month. In some richer cities the amount per month may reach about 40 US dollars per month, so it varies greatly across the country.

IPC: What is the percentage of people below the poverty line that the programme covers?

X.Y.: In the urban areas of China we don't have a universal poverty line. The poverty line I referred to just now was the social assistance threshold that we also call the poverty line. According to the government duty, all families or all people whose income falls below the poverty line are covered. That is 22 million people. If one's income is above this line, he or she is not considered poor according to the common measurement of poverty.

IPC: What are the problems the programme is currently facing?

X.Y.: Both the central and local governments have recognised several problems. One is that the rates of the benefits are generally very low compared with the average wage, disposable income and the minimum wage. The benefit accounts for a very insignificant percent of the income so usually the recipient cannot rely on the benefit for living. The benefits are only a supplement to their other sources of income. According to some of the surveys we have conducted, most of the recipient families have debts. They have to borrow money from friends or relatives, and their consumption levels are in most cases higher than their income. Of course some of them may not report their incomes when being measured, but generally for most recipients the income from the benefits from this programme is considered only a part of their total income. Another positive aspect of this benefit is that it is more stable, because even if people are in formal employment, their income fluctuates and may be uncertain, but the benefit from this programme is always certain. So this serves as a psychological benefit.

IPC: OK, thank you very much for your interview.

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