

China's Poverty Reduction: Achievements, Explanation, Challenges and Strategies

Xiaojun He

Deputy Director-General, IPRCC
Hexiaojun@iprcc.org.cn

Outline

- **Achievement on Rural Poverty Reduction**
- **Explanation of China's Achievements**
- **Future Challenges**
- **Conclusions**

Part I: Achievement on Rural Poverty Reduction

Timeline: A Chronology of Key Events



↑
1.Oct 1949
The establishment of
the People's Republic
of China



↑
1958: people's Commune

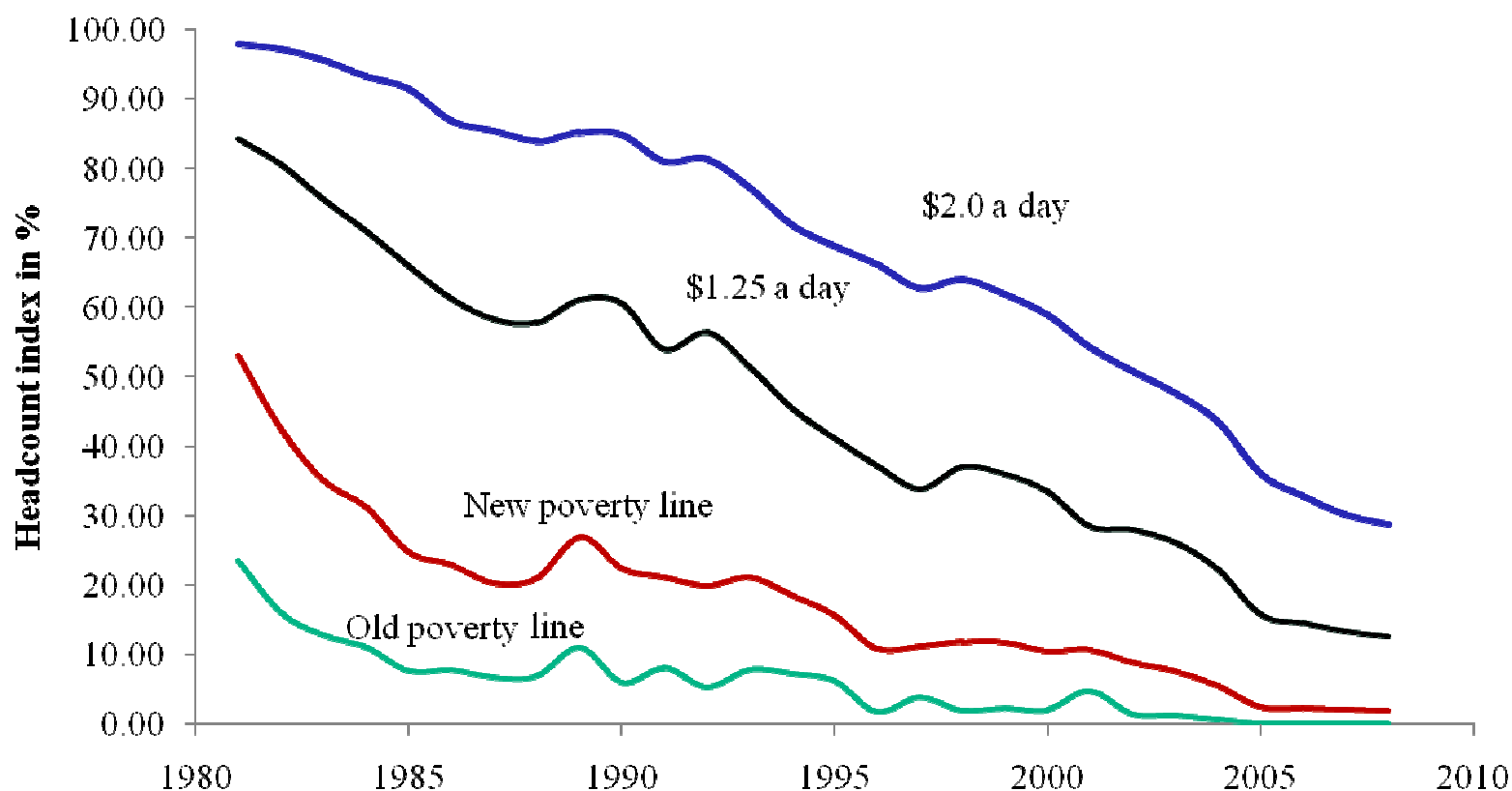


←
1978: Reform and Opening
Up



Decrease of the Rural Poor

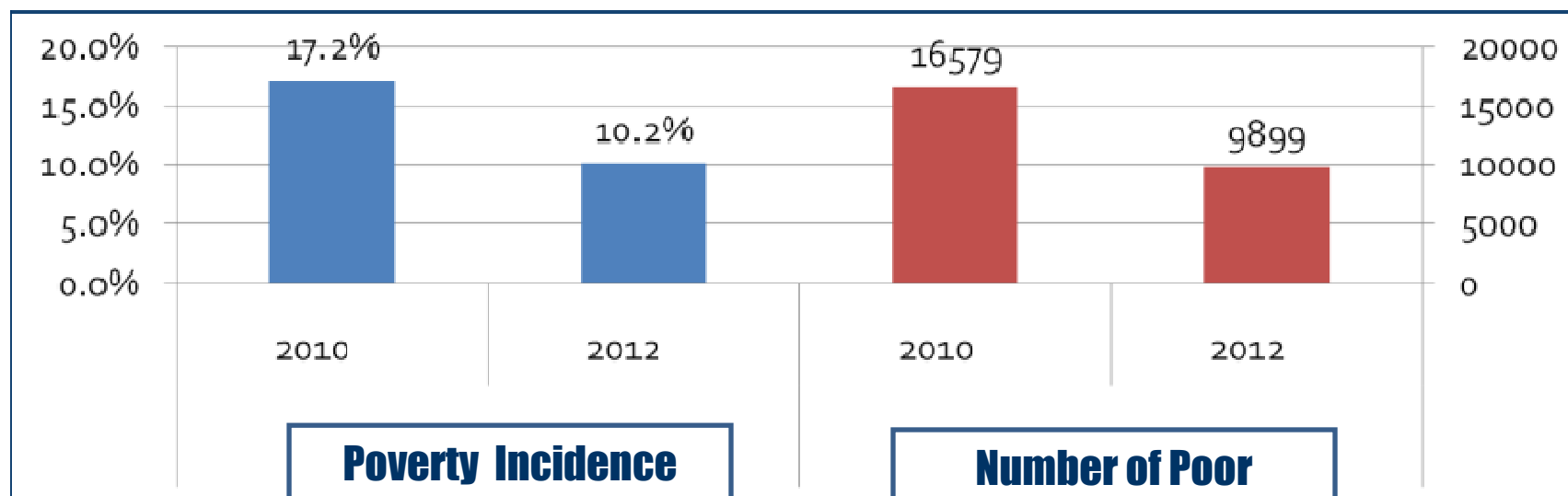
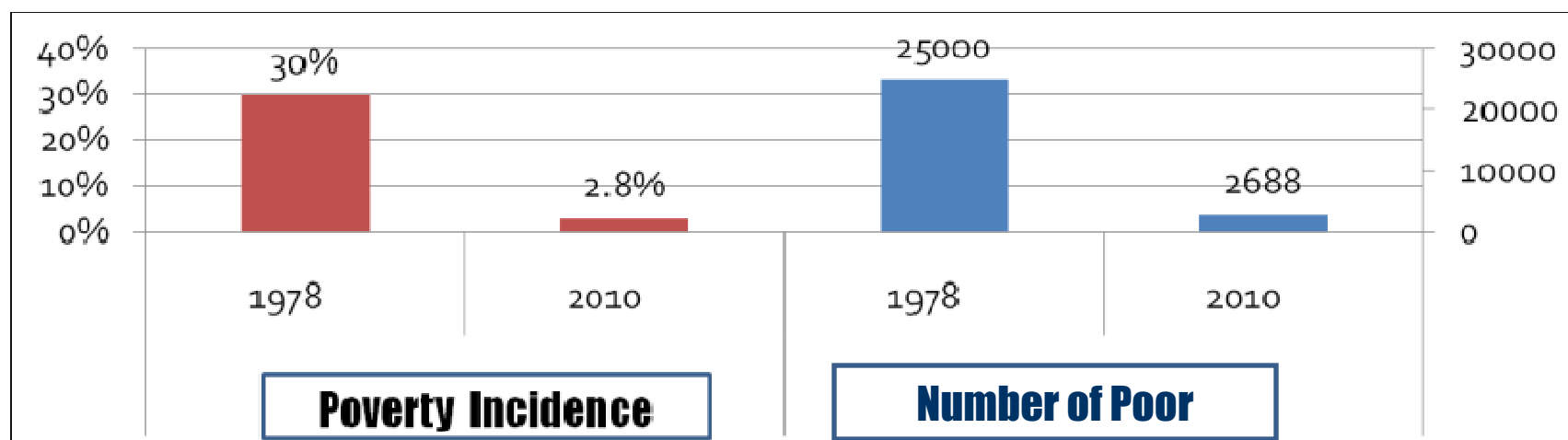
Percentage of population consuming less than various poverty lines, 1981-2008



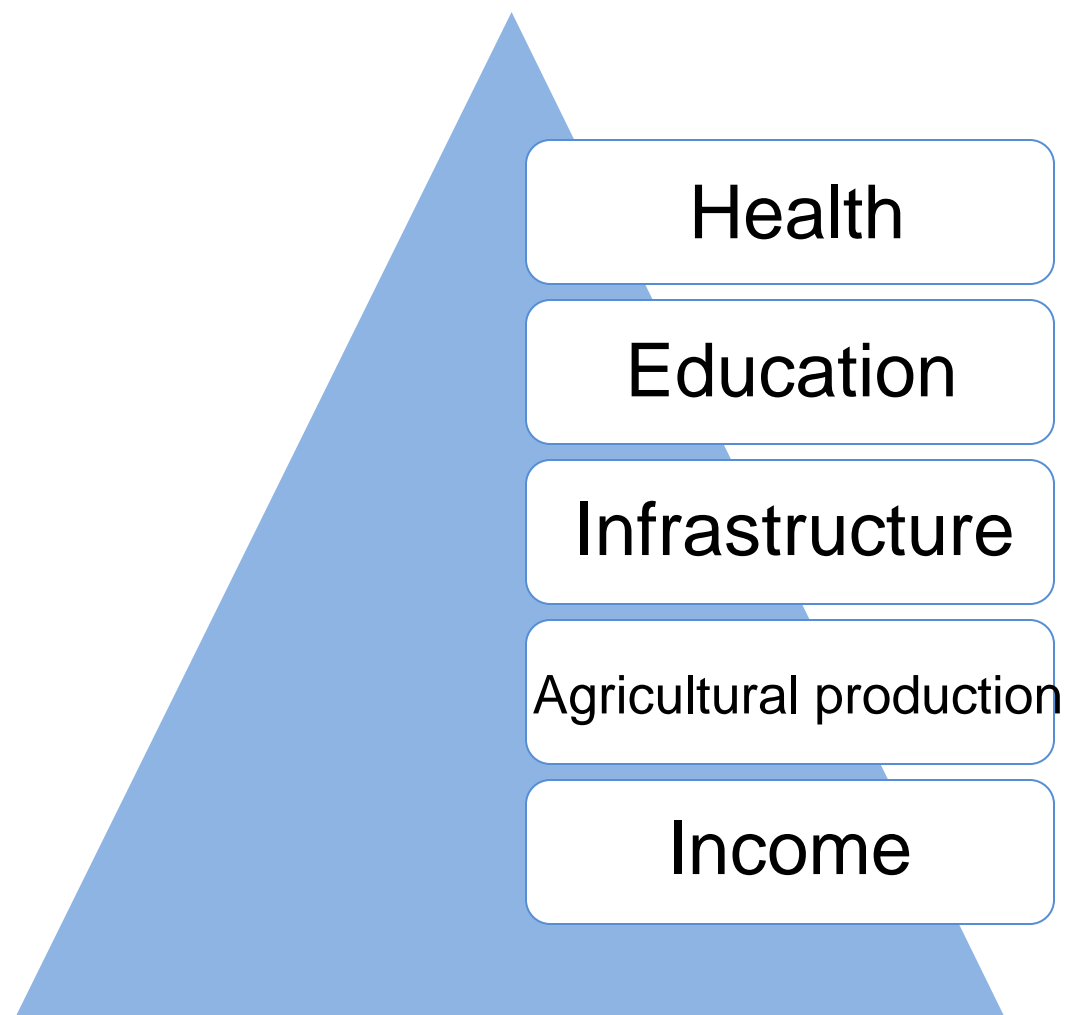
Data Source: Shaohua Chen, World Bank, 2011.



Decrease of the Rural Poor (China Standard)



Improvement of people's wellbeing



Health

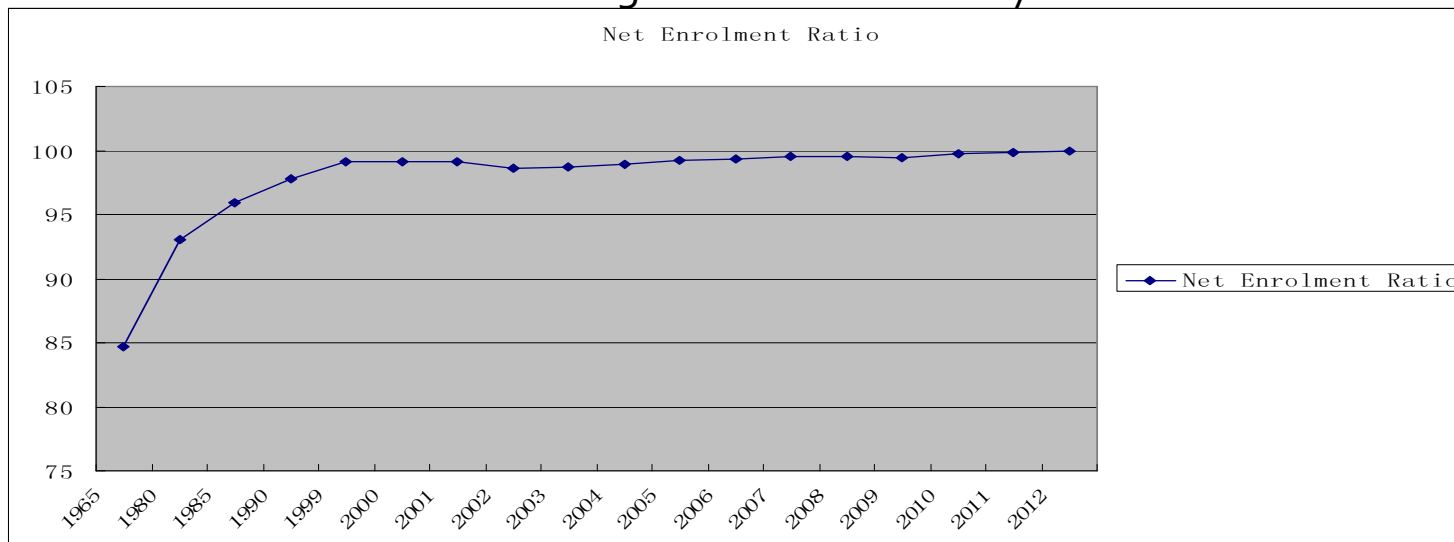
Year	Village with clinic	Village with qualified doctor/health workers	Village with qualified midwives	villagers joining NCMS
2002	69	71	67	2.6
2003	70.6	72.5	69.9	6.4
2004	72.9	74.5	71.9	8.6
2005	73.5	74.8	71.5	17.1
2006	74	74.9	71.1	37.7
2007	75.6	76.5	72.9	81.7
2008	77.4	77.4	73.7	87.4
2009	79.6	79	75	92.1
2010	81.5	80.4	77	93.3

Source: China Rural Poverty Monitoring Report, SSB, 2011



Education

- Net Enrolment Ratio of School-age Children in Primary Schools

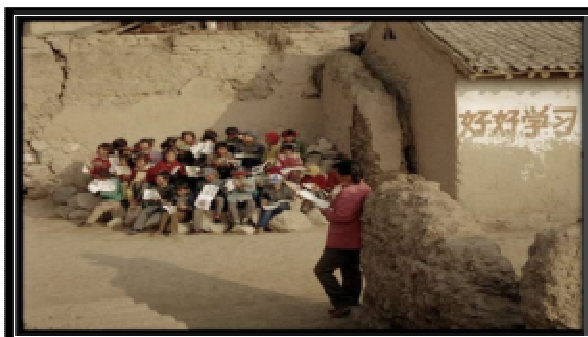


Education

Dropout Rate of Children in Compulsory Education period in Poor Counties

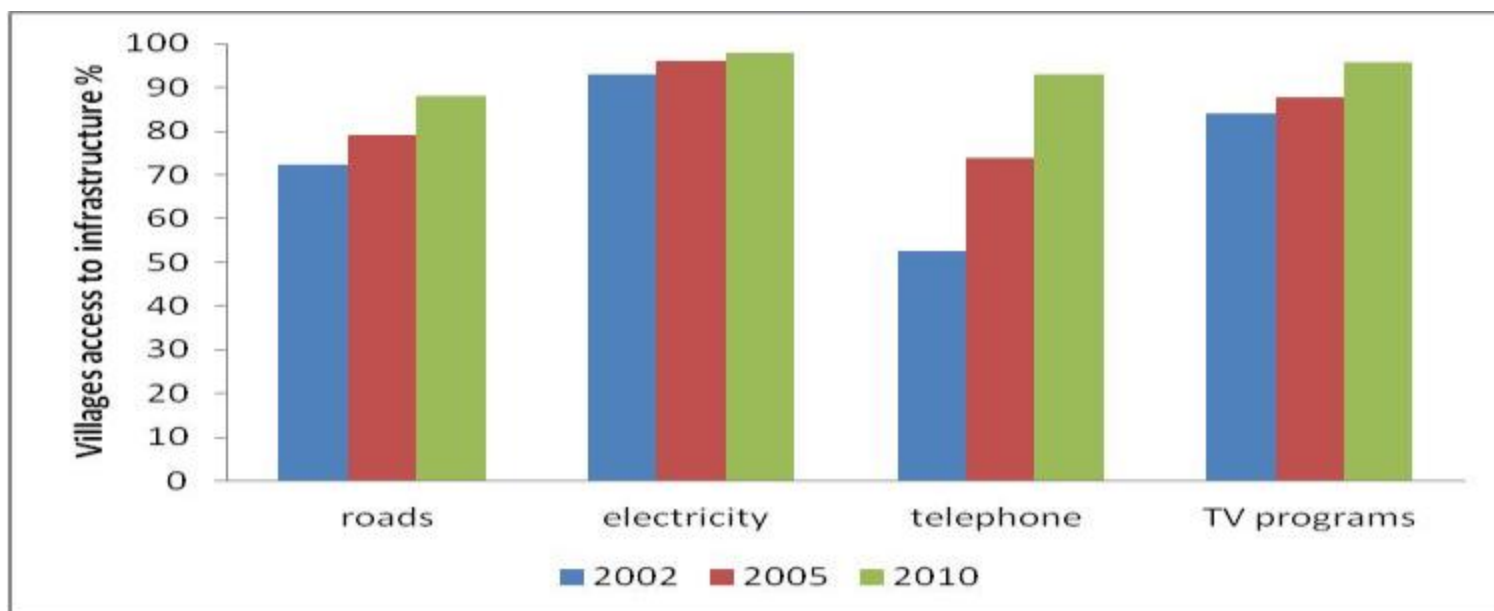
Year	Dropout rate in 7-12	girls	Dropout rate in 13-15	girls
2002	5.1	6.2	14.6	17
2003	4.8	5.7	11.6	13
2004	4.2	4.8	9.3	10
2005	3.1	3.7	8.3	8.8
2006	3	3.1	7.1	7.2
2007	2.3	2.3	5.6	5.6
2008	2.1	2.3	4.3	4.7
2009	1.8	2	3.8	4
2010	1.7	1.8	3.2	3.3

Source: China Rural Poverty Monitoring Report, SSB, 2011



Infrastructure

Infrastructure development in natural villages in key counties

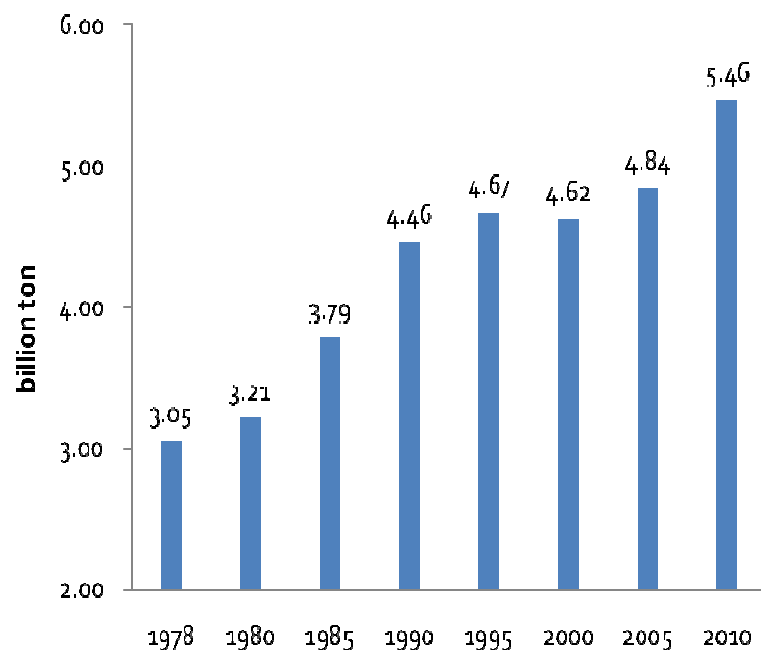


Source: Poverty Monitoring Report of Rural China 2010



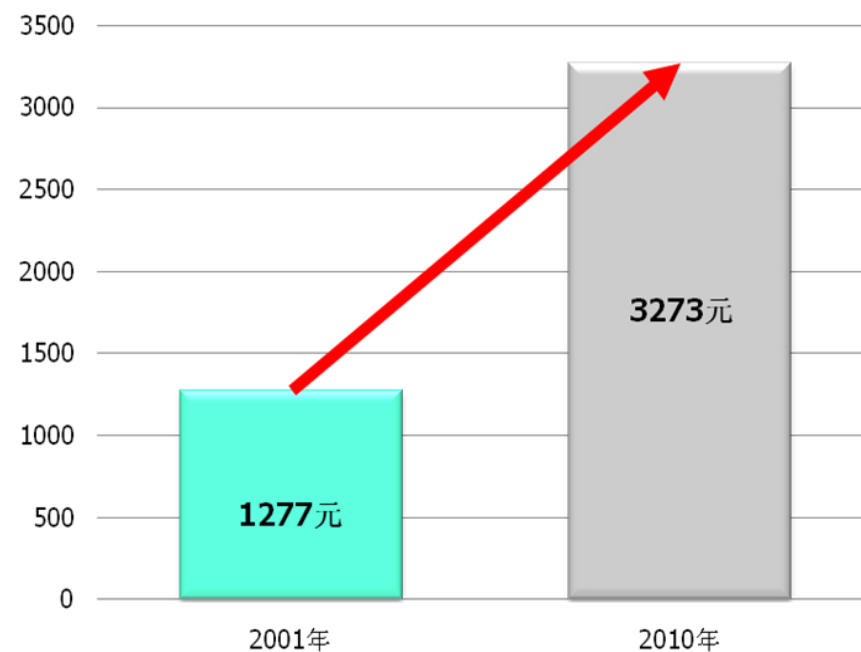
Agriculture production

Total grain output rose from 304.77 million tons in 1978 to 589.57 million tons in 2012, reached 435kg/ per capital.



Income

Net income of farmers in poor county, 2001-2010



China's Progress Towards the MDG

Goal and Targets	Will the goal or target be met	State of national support
Goal 1: Eradicate extreme poverty and hunger		
Target 1.A: Reduce by half the proportion of people whose income is less than \$1 a day	Already met	Strong
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	Potentially	Strong
Target 1.C: Reduce by half the proportion of people who suffer from hunger	Already met	Strong
Goal 2: Achieve universal primary education		
Target 2.A: Ensure that all boys and girls complete a full course of primary schooling	Already met	Strong
Goal 3: Promote gender equality and empower women		
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Likely	Strong
Goal 4: Reduce child mortality		
Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate	Already met	Strong
Goal 5: Improve maternal health		
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	Likely	Strong



China's Progress Towards the MDG

Goal and Targets	Will the goal or target be met	State of national support
Target 5.B: Achieve, by 2015, universal access to reproductive health	Potentially	Good
Goal 6: Combat HIV/AIDS, malaria and other diseases		
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Likely	Strong
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	Potentially	Good
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Likely	Good
Goal 7: Ensure environmental sustainability		
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Likely	Strong
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	Potentially	Good
Target 7.C: Halve by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation	Likely	Strong
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	Likely	Strong
Goal 8: Develop a global partnership for development		



Part II: Explanations on China's Poverty Reduction Achievements



- Stable and sustainable economic growth
- System innovation
- Establish and Improve social protection system
- Special arrangement for rural poverty reduction

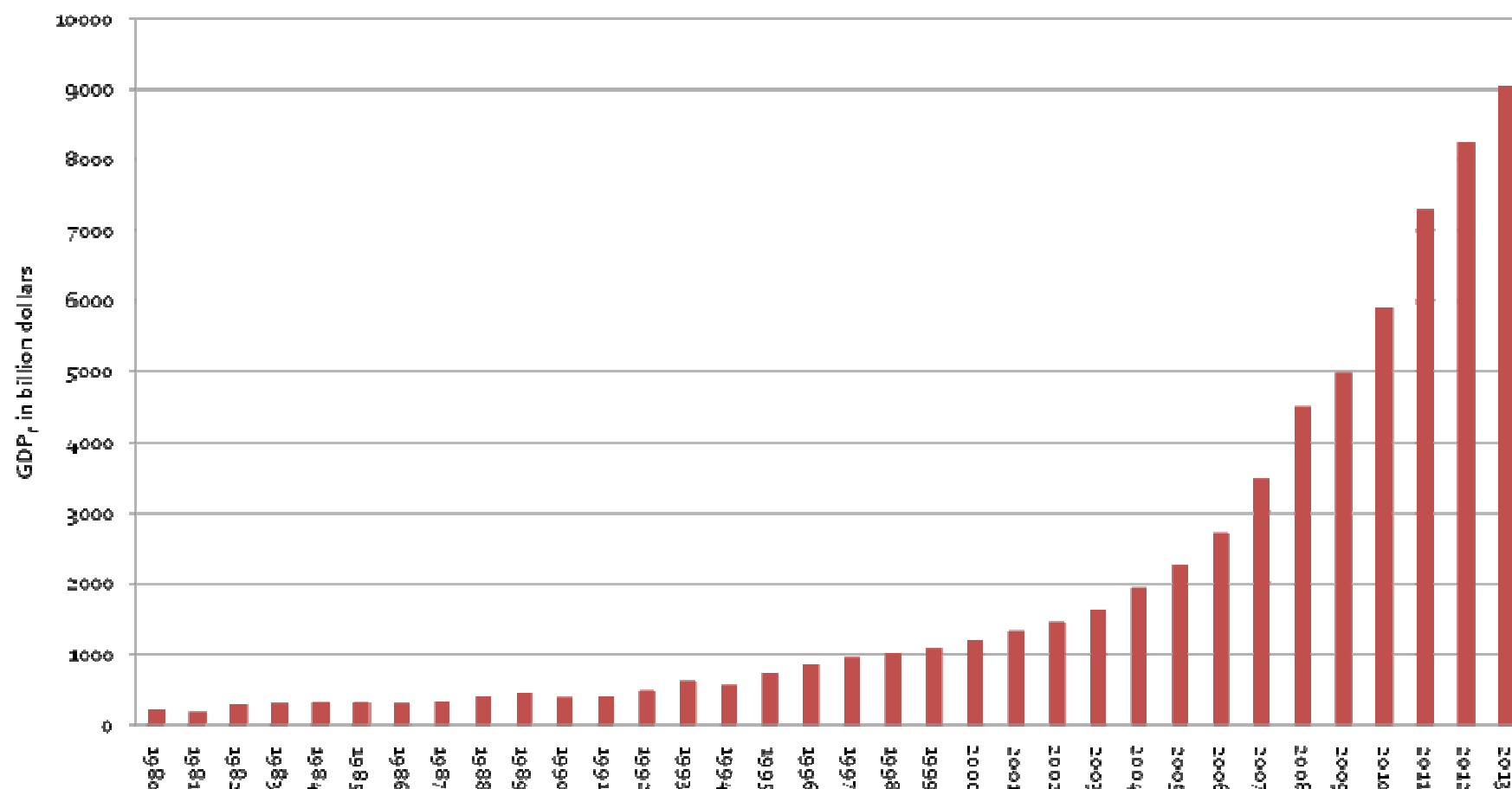


- **Stable and sustainable economic growth is to provide a basis for poverty reduction**
- Keep growth rate of 10% in more than 30 years from 1978 to 2010; 9.2% of 2011 and 7.8% of 2012
- Financial revenue exceeds RMB 11721 billion Yuan(\$1.86 trillion) in 2012, per capita GDP is \$ 6100
- Provides a large number of jobs, more than 260 million of agricultural labor into non-agricultural employment in 2012
- The agricultural foundation is intensified, agricultural products is increased greatly, and ensuring the basic food supply.

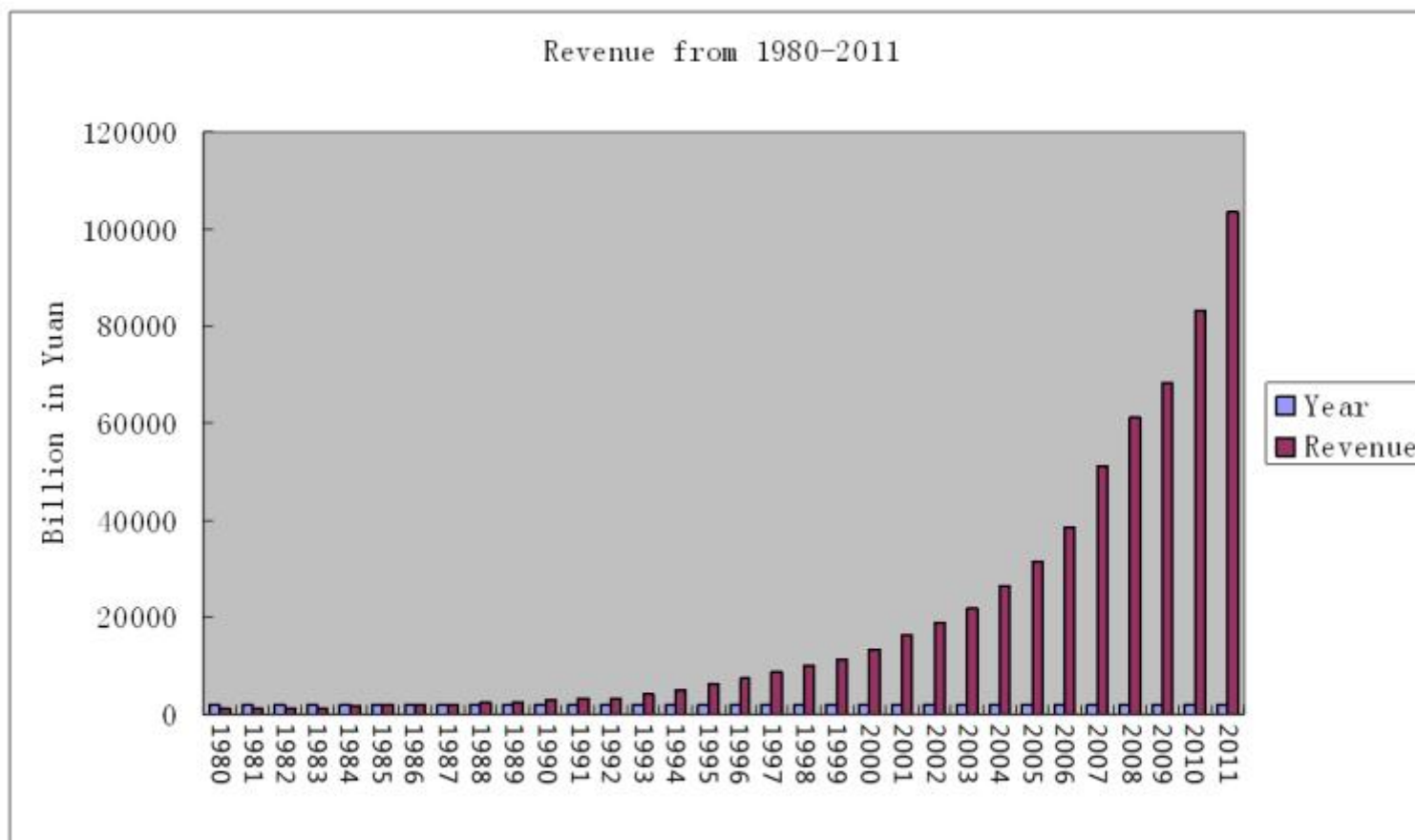


Economic growth

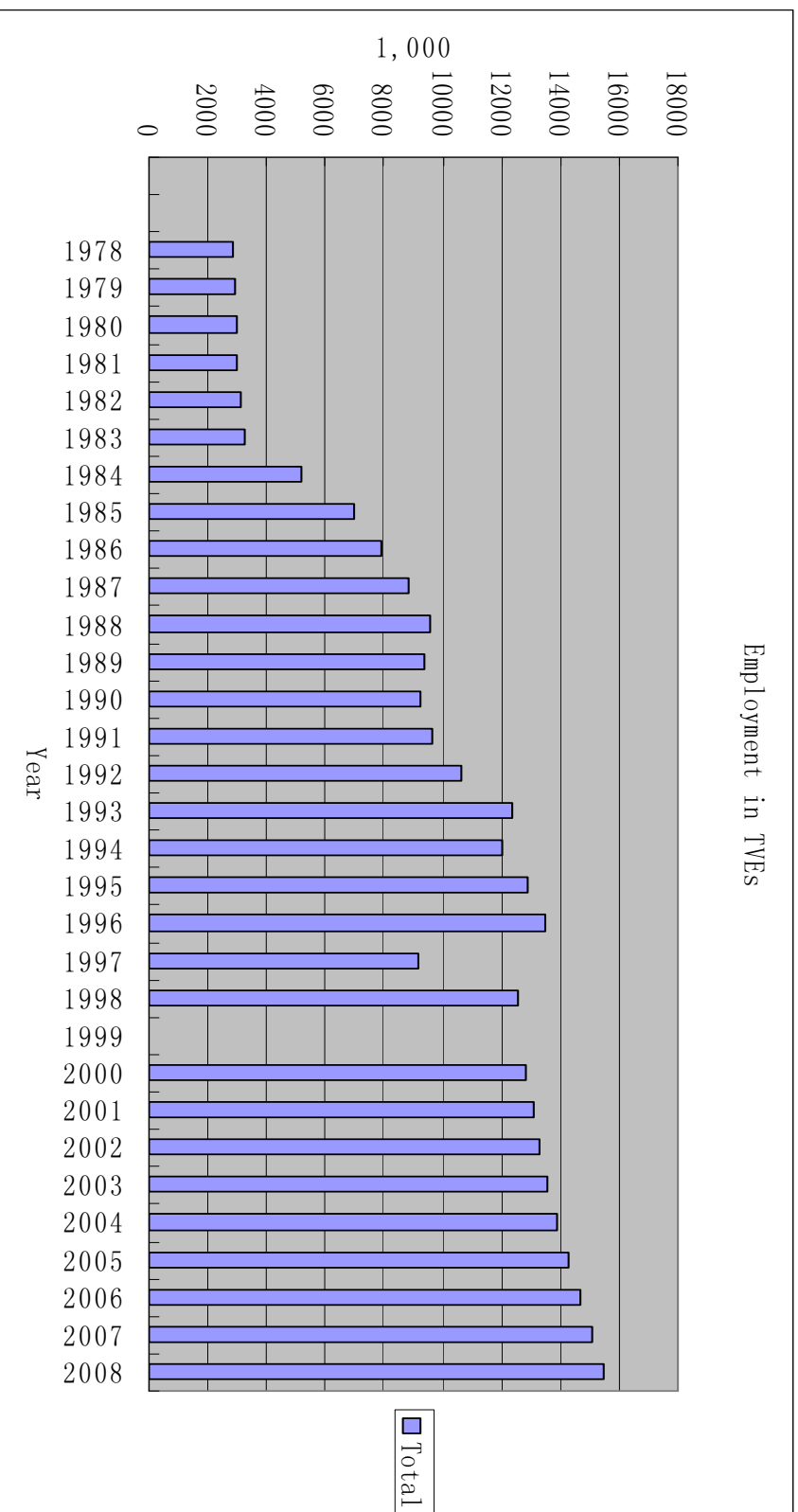
中国的GDP（1980-2013）



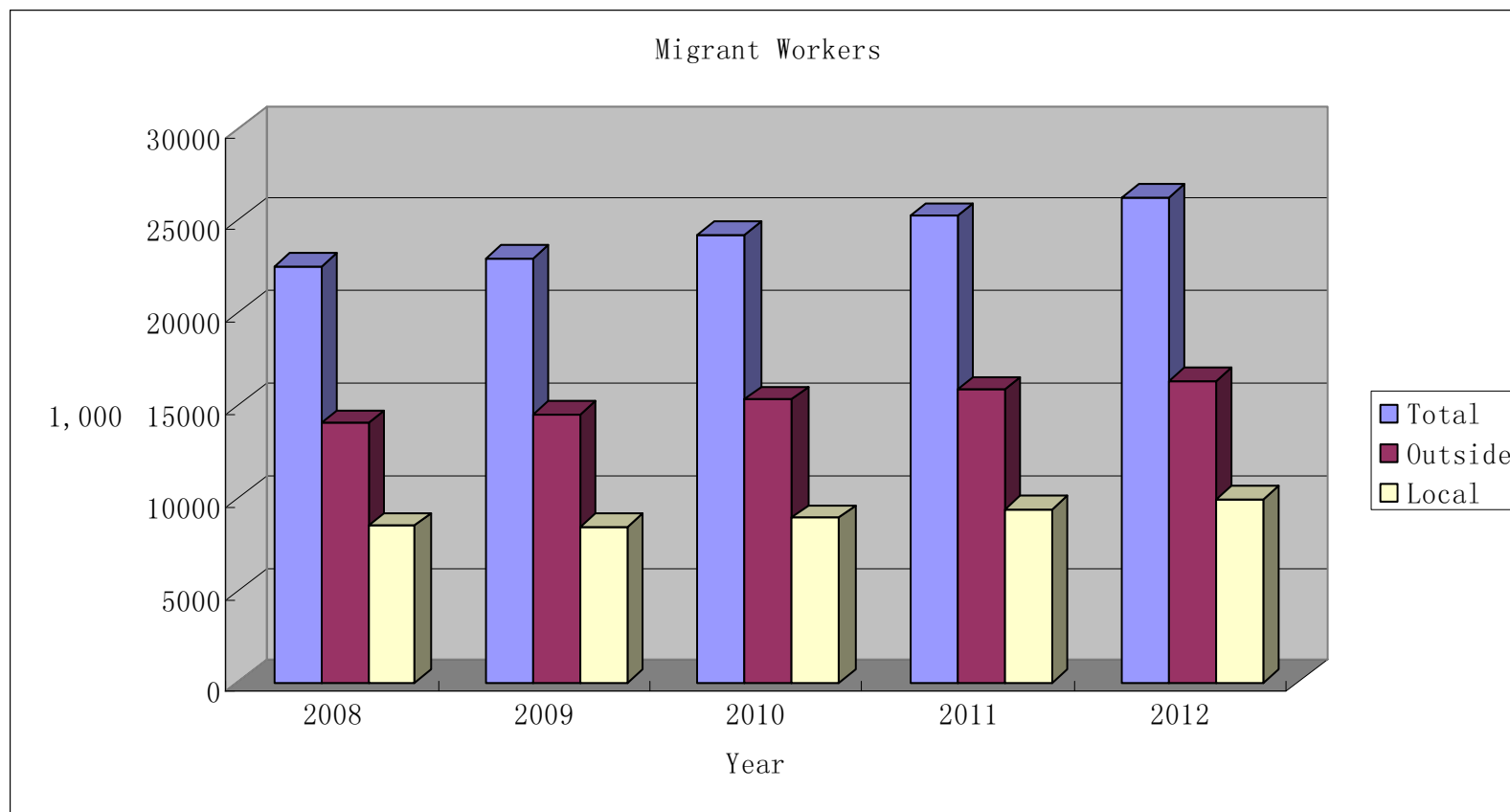
Economic growth



Economic growth

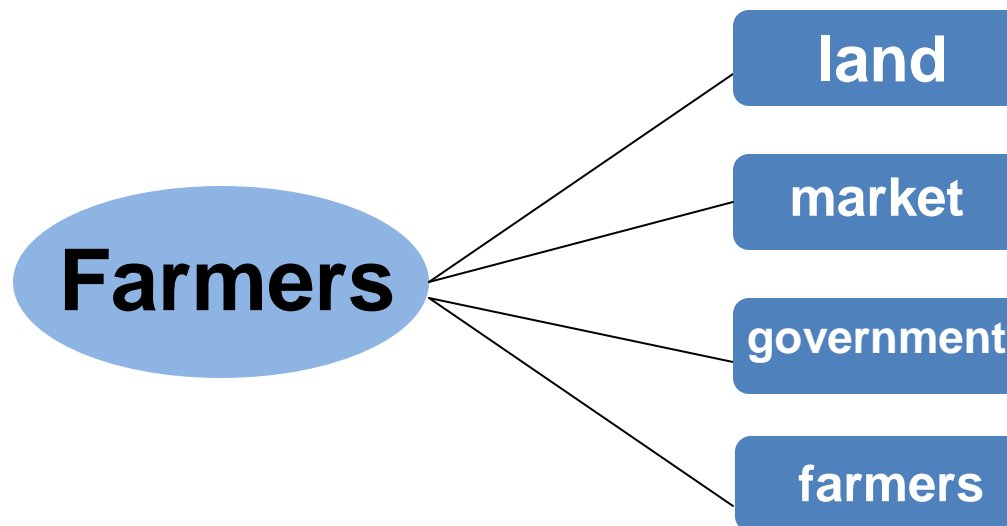


Economic growth



System Innovation

- Empowering the farmers by rebuild the relationship between



System Innovation

- **Farmers and land: household contract responsibility system**
- the term of land contract right has been extended for 50-70 year.
- the land can be subcontracted or subleased as the restrictions on land transfer were lifted to enhance land utilization efficiency as far as the collective ownership, agricultural purpose and farmers' contract right would not be compromised.
- Encouraging and support the transfer of rural surplus labors to non agricultural sector



System Innovation

- **Farmers and market: opening agricultural market**
- increase the price of agricultural products;
- reduce the governmental interventions on prices (Tobacco and silkworm);
- made great efforts in the development of cash crops and non-farming businesses, such as animal husbandry, forestry and fruit.
- encourage rural enterprises and small business development
- 2001 joined WTO



System Innovation

- **Farmers and government: take less, give more**

Completely abolished rural taxes and various fees

Increasing fiscal investments in rural areas to improve agricultural production and rural living conditions and reinforce overall development capacity of rural areas

- Infrastructures: drink water; power grids; roads; energy.
- Improving production condition: upgrading small-sized water conservancy; high quality seeds program.
- Support agricultural production by providing subsidy for agricultural production and implementing cereal protective price and minimum purchase price.
- Support agricultural technological innovation and extension and development of vocational education
- Promoting rural public services(9 years compulsory education, maternal and child health)



System Innovation

Farmers and farmers: development of rural cooperatives

- Promoting the development of rural cooperatives for higher efficiency of smallholders' agricultural operation and enhance the ability of market negotiating power and management for the farmers.
- At the end of last June, there is 828000 rural cooperatives and 65.4million household are involved as the members.



Establish and Improve social security system

The new rural cooperative medical care: 805million, 98%, 60/240pp, outpatient reimbursement rate 49%, inpatient reimbursement rate 55% in 2012

New rural pension system: 330million in 2011, 85.25 million, 55yuan/m

Rural minimum living security: 53 million, 1800-2000yuan/p.y in 2012

Five guarantee: 5.45 million, 3000-4000yuan/p.y in 2012

Temporary relief for serious illness and disaster



Special arrangement for rural poverty reduction

- Institutional arrangement
- Designating areas and Identifying standards
- Formulate plans for development-based poverty reduction
 - National strategy for western and central areas development
 - National Eight-Seven Poverty Reduction Plan (1994-2000)
 - The China National Plan for Rural Poverty Reduction (2001-2010)
 - The Outline for development-oriented Poverty Reduction for China's Rural Areas(2011-2020)
- Financial arrangement to support poor
- Community based program for poverty alleviation
- Social mobilization



Institutional arrangement



Head of the Leading Group
Mr. Wang Yang, CPC Politburo Member
and Vice Premier of State Council



Designating areas

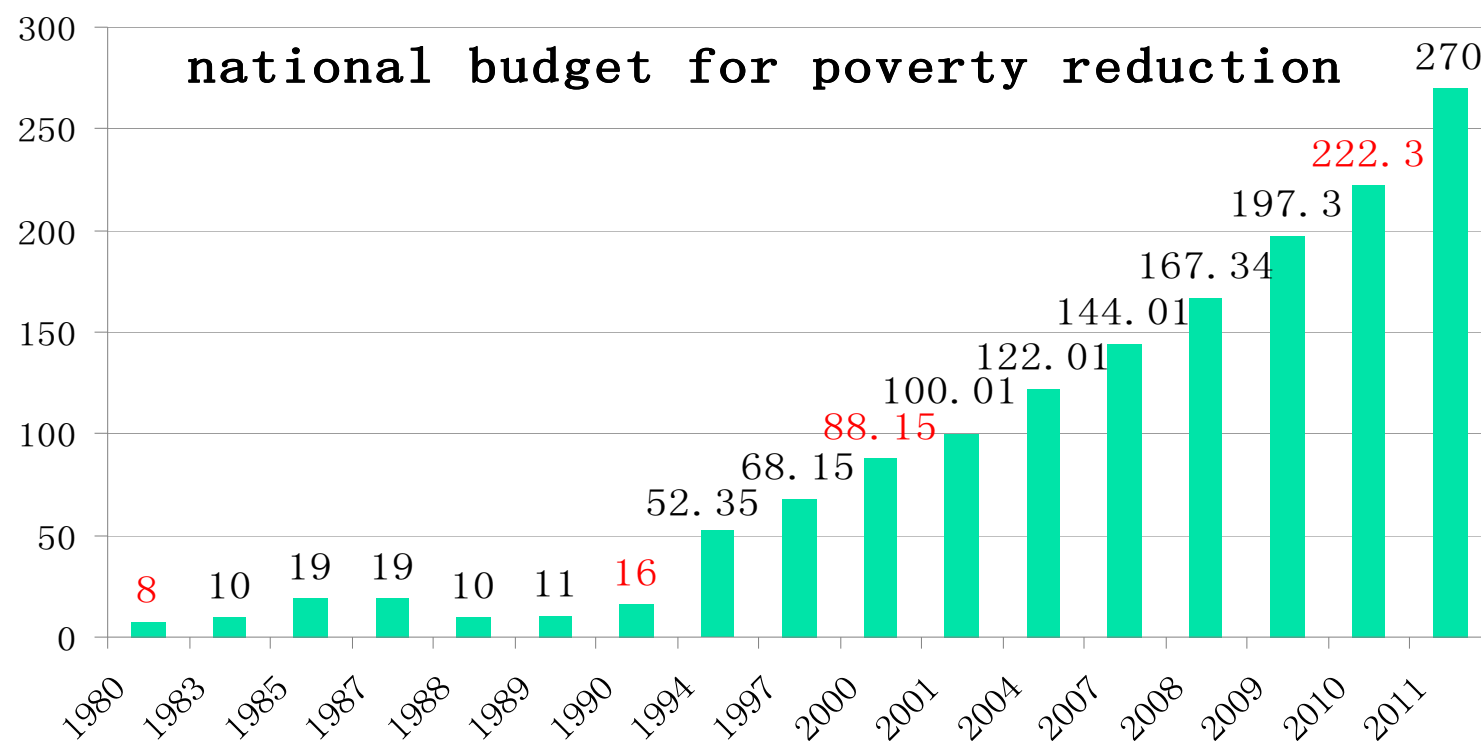
Years Number	1986-1993	1994-2000	2001-2010
Key poverty-stricken counties	331	592	592
Key poverty-stricken villages			148,000

Poverty Line

Year	Poverty line (pc.y)
1986	206(34.3\$)
2000	625(104.2\$)
2008	1196(199.3\$)



Financial arrangement



Community based Program for poverty alleviation

- Integrated village development for 126,000 villages
- 17600 village CDF
- 7 million voluntary-base resettlement
- Non-farm skilled training for 4 million labor



Social mobilization

- Sponsored poverty alleviation programs (272/481)
- East-West partnership for poverty reduction(15/11)
- Participation of non-governmental organizations
- Participation of private sector
- International cooperation in poverty alleviation (international assistant \$1.3billion,more than 100 projects, covering 18 provinces and 320 poor counties) poverty concept



Part III: Further Challenges

Challenges

- large scale of the poor(98.99 million in 2012 by 2300 yuan)
- Vulnerability (market, disaster, climate change)
- Development gap between urban and rural, east and west, among the people
- Migrant workers and left behind the elderly and children
- Environment deterioration
- Targeting issue
- Efficiency of policy implementation
- **Poverty alleviation is still long term historic task**





Qinghai-Tibet Plateau (hypoxia, lack of temperature)

Desertification areas(water)

The Loess Plateau (water)

Karst areas (lack of soil)

**High incidence of endemic diseases
(loss of labor force)**

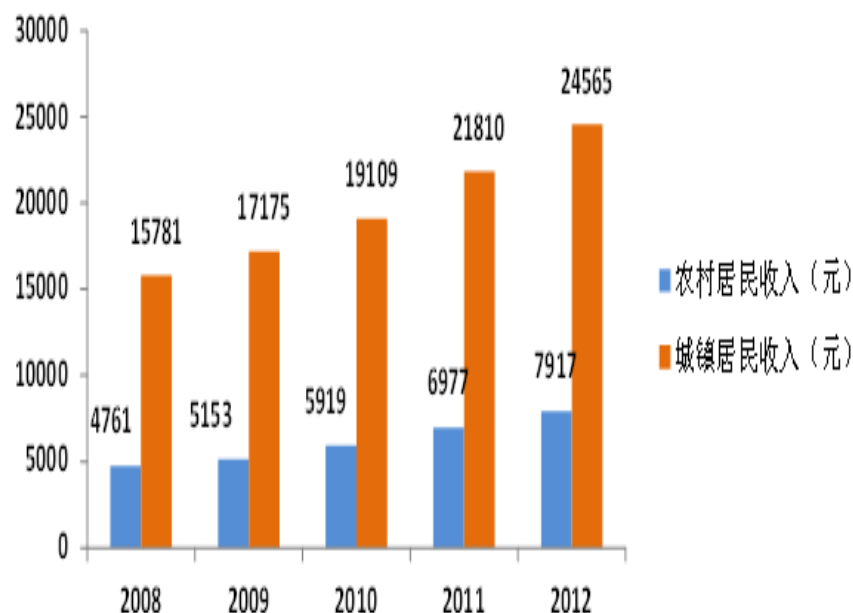
Border area

Low level of social development



The Development Gap

Income gap between urban and rural residents



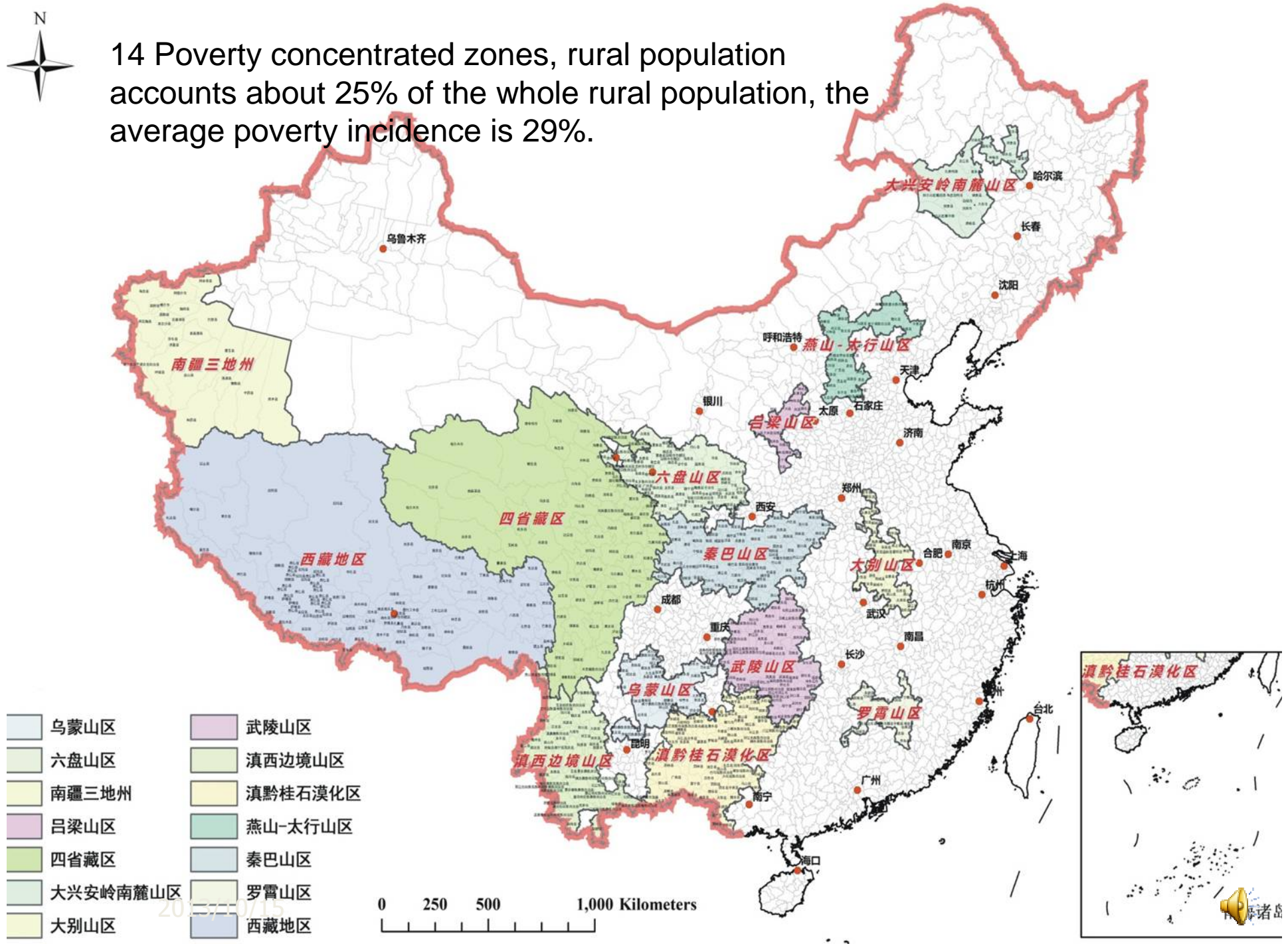
Gini coefficient in China (2003-2012)

Year	National	Urban	Rural
2003	0.479	0.379	0.407
2004	0.473	0.373	0.392
2005	0.485	0.391	0.400
2006	0.487	0.395	0.397
2007	0.484	0.390	0.399
2008	0.491	0.405	0.403
2009	0.490	0.404	0.416
2010	0.481	0.401	0.409
2011	0.477	0.395	0.413
2012	0.474		





14 Poverty concentrated zones, rural population accounts about 25% of the whole rural population, the average poverty incidence is 29%.



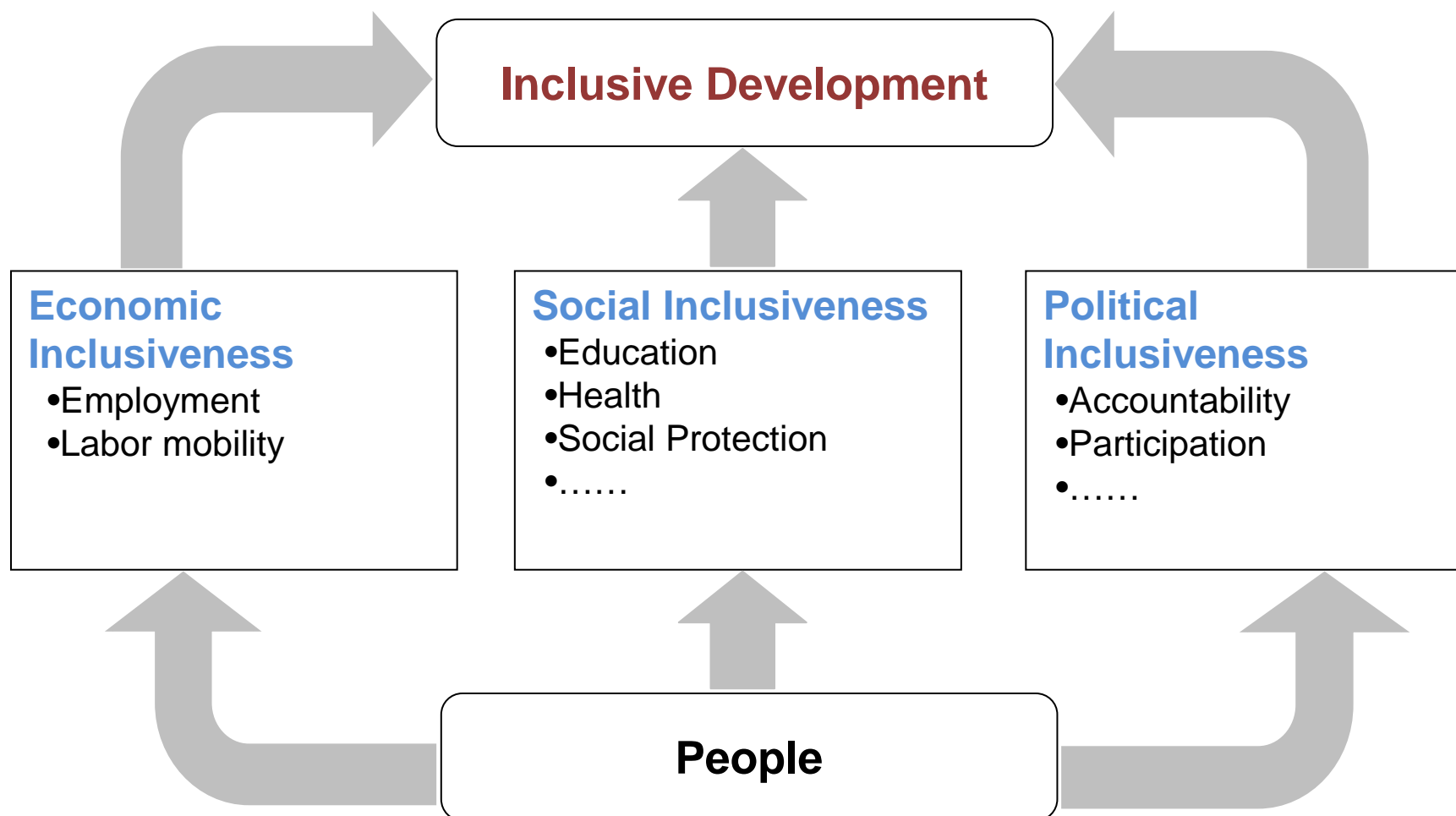
Part IV: Conclusions



Improve the Quality of Growth



Future Perspective



Creation a sound development environment

- Persist in reform and opening up policy
- Sustained and stable economic growth
- Increase support for the development of central and western regions
- Improve and social protection system
- Addressing rural poverty In the process of urbanization



New poverty alleviation strategy (2011-2020)

In May 2011, Chinese government issued the *Outline of Poverty Alleviation and Development Strategy in Rural Areas of China (2011-2020)* as guiding document of national poverty alleviation and development work for the next decade.



Objectives

By 2020, it will be realized stably:

adequate food and clothing, compulsory education, basic medical care and housing will be available to all poor population

the growth rate of per capita net income of farmers in poor areas is higher than the national average level

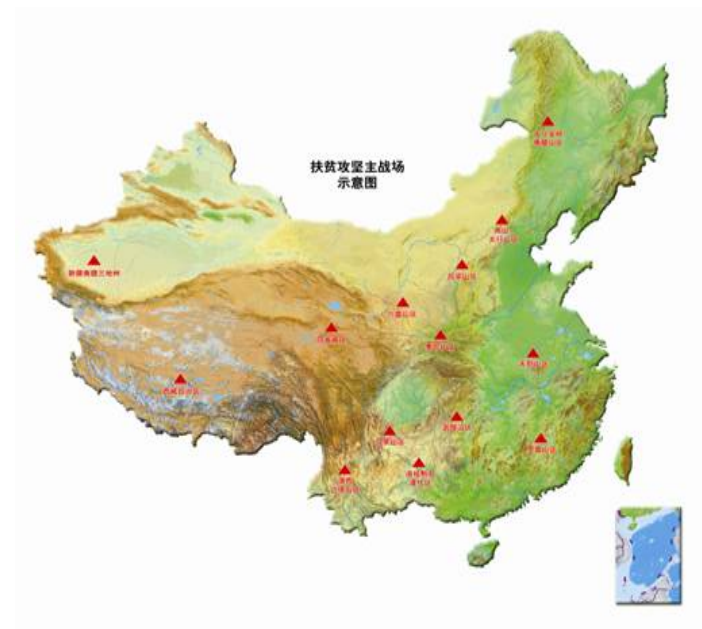
the indicators of basic public services is close to the national average level

the tendency of development gap enlargement is reversed.



Focusing on

- 14 contiguous poor areas
- 832 poor counties
- 30000 villages before 2015
- rural poor below the poverty line, but have the ability to work



Key tasks

Basic farmland, irrigation
and water conservation

Specially and competitive
Industries

Drinking water safety
Electricity for production
and residential use

Access to road

Renovation of dilapidated
houses

12 Areas

Education

Medical care and public
health

Public culture

Social security

Population and family
planning

Forestry and ecology



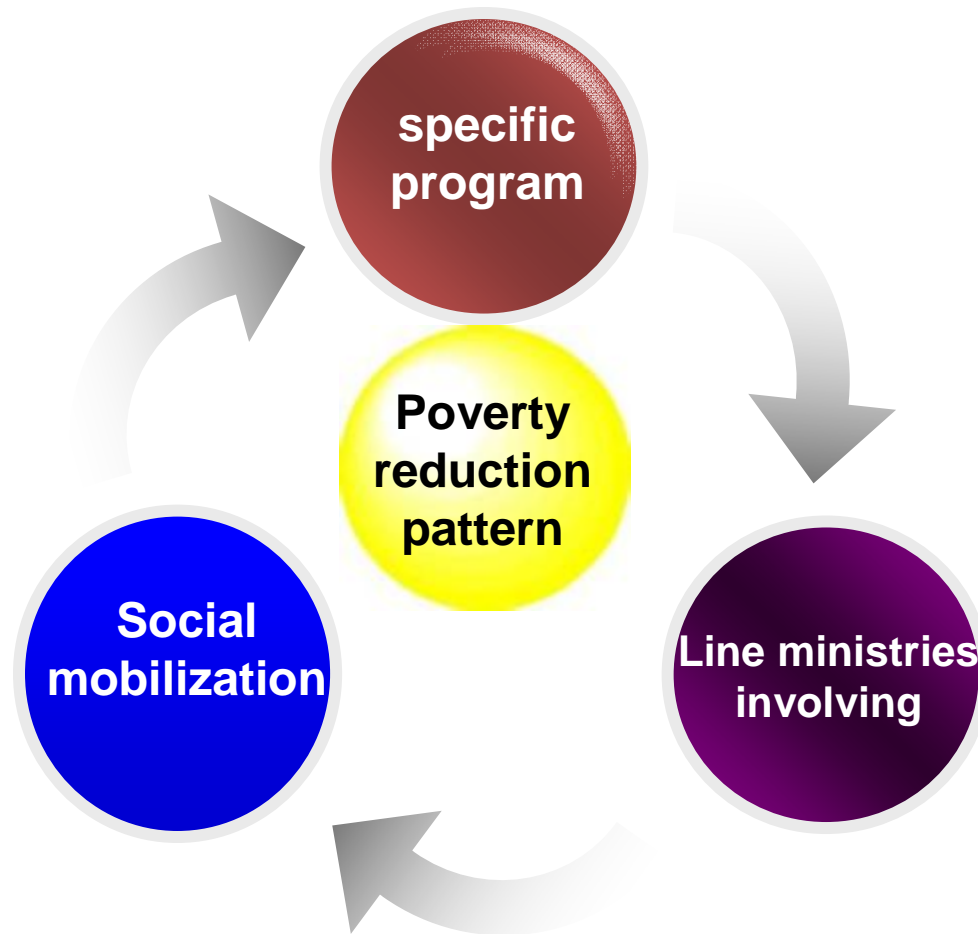
Approach

Development-oriented poverty reduction as the main approach to reduce poverty

Provision of basic social security for the impoverished population as the most fundamental way to steadily solve the problem of adequate food and clothing



Working Pattern



Thank you

