

# Policy Design and Implementation of Industrial Poverty Alleviation in China

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# **Policy Design and Implementation of Industrial Poverty Alleviation in China**

- I. The significance and impacts of industrial poverty alleviation in China
- II. Major work and achievements of industrial poverty alleviation in China
- III. Ideas and plans for promoting industrial poverty alleviation in the future

# **I. The significance and impacts of industrial poverty alleviation in China**

Since the 18th Congress of CPC, the campaign against poverty in China has escalated to a new high level:

- ◆ China has reduced the poverty-stricken people by at least 10 million every year and lifted more than 55 million people out of poverty;
- ◆ The incidence of poverty dropped from 10.2% at the end of 2012 to 4.5% at the end of 2016, down 5.7%;
- ◆ The income growth rate of the rural residents in poor areas is above the national average.

# **1. The important role of industrial poverty alleviation in China's poverty alleviation campaign**

- ◆ One of the five major anti-poverty measures, aims to lift 30 million people out of poverty;
- ◆ Leading one of the 10 key projects for poverty reduction in the “13<sup>th</sup> Five-Year Plan” period;
- ◆ The “13<sup>th</sup> Five-Year Plan for Poverty Alleviation” set up independent chapter arranging industrial poverty alleviation.

## **2. Industrial poverty alleviation is the ultimate solution to long-term, sustainable poverty alleviation**

- ◆ Covering a large number of poor farmers and benefiting other anti-poverty measures,
- ◆ Poverty alleviation through labor transfer requires local industrial development to provide sufficient jobs,
- ◆ Relocation-based poverty alleviation requires the support of complementary industries to make sure the farmers can live on and live well.

### **3. Industrial poverty alleviation contributes new impetus to agricultural industry value chains**

- ◆ Part of supply-side reform to agricultural industry, stimulate the adjustment and upgrades of industry structure, create new power to rural economy.
- ◆ Poverty alleviation through industrial development needs value chain approach to increase impoverished farmer's income.
- ◆ Introducing new standards and measures to agricultural activity, which is crucial to value chain development.

## II. Major work and achievements of industrial poverty alleviation

### □ Basic principles of precise industrial poverty alleviation

- ◆ **Industry selection** - the precondition
- ◆ **Management mechanism** – the guarantee
- ◆ **Supporting system** - the basis
- ◆ **Targeted benefit allocation** - the core and the key

# 1. Industry selection

- ◆ Based on agricultural history, regional characteristics, farming traditions and market demands. Traditional crops and livestock still play important roles in rural areas.
- ◆ New emerging industries, like leisure farming, rural tourism, solar energy generator, asset-income poverty alleviation, etc.
- ◆ Village-based factories or workshops, targeting at villages with high percentage of the ageing, disabled and labor-insufficient population.



## 2. Management mechanism

- ◆ Focused on establishing a long-term mechanism that ensures the benefits of impoverished people.
- ◆ Select appropriate enterprises to participate in supporting programmes. Consider leveraging rural micro-credit service, Book-to-Market Ratio, branding and promotion, R&D investment, etc.
- ◆ Optimize the benefits-distribution mechanism to motivate manufacturing entities, and balance the relationships for famers, enterprises, and local governments.

### 3. Supporting systems

- ◆ Local governments provide ideal environment and human resource
- ◆ Make good use of fiscal money and project funds, and integrate capitals from different sources judiciously
- ◆ Engage the general public by genuinely disseminating the information of anti-poverty projects
- ◆ Establish the authority of the law and protect public and private property rights

## 4. Targeted benefit allocation

- ◆ Select and help the targeted households
- ◆ Ensure prompt and effective income growth
- ◆ Prioritize the targeted households and allocate poverty alleviation fundings accordingly
- ◆ Evaluate the results of poverty alleviation projects based on the targeted households

## II. Major work and achievements of industrial poverty alleviation

### □ what we have done?

- ◆ Perfecting the top-level design
- ◆ Promoting policy implementation in rural areas
- ◆ Providing strong financial support
- ◆ Scaling-up nationally with typical successful cases

# 1. Perfecting the top-level design

- ◆ The "Decision of CPC Central Committee and the State Council on Winning the Fight against Poverty" issued 10 tactical measures on poverty reduction through the development of characteristic industries
- ◆ The Outline of the “13th Five-Year Plan” listed the goal to lift more than 30 million rural poor people out of poverty through industrial support
- ◆ Ministries of the People's Republic of China released 205 top-level policies regarding poverty alleviation
- ◆ LGOP launched “Ten Poverty Alleviation Projects” and “Ten Poverty Alleviation Actions”

## **2. Promoting policy implementation in rural areas**

- ◆ Coordinate with relevant ministries on the details of the measures;
- ◆ Guide local governments to practice the measures and policies in impoverished regions;
- ◆ Strengthen the third-party assessment procedures to supervise local implementation, correct inappropriate practices, and punish corruptions.

### 3. Strong financial support

#### ◆ Business bank: targeted micro-credit loans for citizens with needs

- **Implementation:** Offer 3-year low interest rate loans within the limit of 50K RMB and exempt from guarantees and mortgages; fiscal fund will reimburse the interest spread; and county government will establish a reserve fund for paying off the bad debts
- **Management:** Sign contract with a bank to take the liability of offering micro-credit loans in designated impoverished village and allow the bank to profile the targeted households and manage the cash flow accordingly.
- **Achievements:** by the end of 2016, China had issued a total of 283.3 Billion RMB of poverty-alleviation micro-credit loans for 8.02 million documented poor households. The chances for poor households to obtain loans rose from 2% in 2014 to 26.7% in 2016.

## ◆ Securities & Insurance Division

- Issued special IPO policy for enterprises registered in impoverished areas.
- Developed special bonds for poverty alleviation projects.
- Promoted special insurance for high-quality agricultural products from impoverished areas.



## 4. Presenting exemplary case studies for national scaling-up

### ◆ Case 1: Laishui County, Hebei Province

- Empowered by sustainable tourism



## ◆ Case 2: “De Qing Yuan” Egg Factory

- Government financing
- Poverty-alleviation fund as asset share
- Benefit-sharing with the poor
- Private company managing and renting
- Benefiting the village collectives
- Local fiscal revenue increased



### ◆ Case 3: Elion's Sand Control

- Supported by government policy
- Invested and industrialized by private company
- Nomad participates through free market mechanism
- Sustainable environment





## ◆ Yinan Solar Generator Project

- Allocate the ownership of the generator to impoverished village
- Allocate the profit to each household



■ 沂南县岸堤镇兴旺社区利用村内办公场所的屋顶建设光伏发电，帮助贫困户稳定脱贫。

### **III. Ideas and plans for promoting industrial poverty alleviation in the future**

- ◆ Focus more on targeted poor households
- ◆ Provide government guidance
- ◆ Process through the market mechanism
- ◆ Enhance self-organization among poor households
- ◆ Keep summarizing and promoting typical & successful cases

## **1. Focus more on targeted poor households**

- ◆ Establish and improve assembled poverty reduction institutions
- ◆ Set up protocols for peering up people and industry

## 2. Provide government guidance

- ◆ Create an industrial poverty alleviation strategy that leverages the leading business in local economic development
- ◆ Forge a market-friendly environment that can benefit the development of local business
- ◆ Respect the companies' right to make its own business decisions while participating in the poverty alleviation project

### 3. Process through the market mechanism

- ◆ Obey the free market mechanism, and leverage the motivating effects of local leading enterprise, cooperatives, family farms and business talents.
- ◆ Leverage the East-West Corporate-Village peering-up poverty alleviation policy, guide those major agricultural product manufacturers on east coast to establish raw material bases, processing factories and logistic centers in impoverished areas.
- ◆ Balance the relationship between corporate development and benefiting impoverish population, and fit the poor households into value-added chains.



## 4. Enhance self-organization among poor households

- ◆ Educate the poor households about the benefits of improving life qualities on their own.
- ◆ Build up strong profitable liasons among enterprises, cooperative organizations and farmers.
- ◆ Motivate the poor households through skill training program, labor transferring system, and value-added chains.

## **5. Keep summarizing and promoting typical & successful cases**

- ◆ Promote exemplary experience and practices around the country, encourage local communities to catch up with the emerging business opportunities, and effectively disseminate the latest poverty alleviation innovation achievements;
- ◆ Vertically, encourage provincial governments report their unique experience and practices, and organize trainings to learn from experienced provinces;
- ◆ Horizontally, communicate, coordinate and cooperate with departments of line ministries working for poverty reduction through industrial development, and organize on-the-spot experience sharing

**Thank you for your attention !**