

**RURAL DEVELOPMENT PROGRAMS
FOR POVERTY REDUCTION IN CHINA**

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EAI Background Brief No. 937

Date of Publication: 18 July 2014

Executive summary

1. Rural poverty remains one of the most important issues for the Chinese government. The number of people living below the poverty line was 98 million by the end of 2012.
2. China has initiated regional rural development programs to reduce poverty since the 1980's. The programs, which covered 592 counties and over 140,000 villages, were primarily on promoting local economic growth rather than providing relief. The major types of poverty reduction policies cover credit assistance, fiscal grant, and public projects.
3. Between 2001 and 2010, many new poverty reduction programs were introduced to address issues such as constraints to access credit and accumulating human capital in the rural areas. Training programs to improve labor skills, microcredit programs and rural social assistance programs were launched.
4. In 2011, a new 10-year plan for rural poverty reduction was released by the State Council. Social protection complementing area-based development oriented poverty reduction programs has been emphasized.
5. The plan targets the 14 extremely poor regions which are adjacent to each other in western and central China. The ultimate goal is to raise the poverty line gradually.
6. Rural development programs for poverty reduction are mainly funded by the central government and implemented by the local governments. In 2012, the central government spent RMB299.6 billion to reduce poverty in rural areas.
7. The proportion of the poor in national-level poverty-stricken counties had been reduced from 24.3% in 2002 to 8.3% in 2010. Nationwide, the number of the poor had been reduced by half between 1990 and 2005.

8. The poverty reduction programs were very effective in increasing income level in the 1990's but the effect has since tapered off. Many poverty reduction policies have uneven effects on the poor. Future poverty reduction programs could target promoting "greater poverty reduction", expanding microfinance and enacting a poverty reduction law.
9. Remaining issues to be addressed include rising economic inequality, mistargeting of program recipients, poverty reduction fund abuse, poor program coordination and lack of incentives for local implementation.