China’s Poverty Reduction: Achievements, Drivers and Insights for the World

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About CIKD

“China will establish a center for international knowledge on development to research and communicate with other countries on development theories and practices suitable to their respective national conditions.”

-Chinese President Xi Jinping, 2015
About CIKD’s Poverty Reduction Research and Exchange

✓ **Joint research**
  between the World Bank and the Development Research Center of the State Council (DRC), supported by Ministry of Finance, undertaken by CIKD and WB research team.

  Support from NBS, local governments, etc.

✓ **Training programs**
  Seminar on China’s Development and Cases
  Participants from more than 20 developing countries
  Government officials and policy researchers
1. What has achieved?

2. What are the drivers?

3. What lessons could be learnt?
Over the past 40 years, the number of people in China with incomes below US$1.90 per day has fallen by close to 800 million, accounting for close to three-quarters of global poverty reduction since 1980. At China’s current poverty standards, the number of poor people in China fell by 770 million. By any measure, the speed and scale of China’s poverty reduction is historically unprecedented.
I. What has achieved?

The Human Development Index has risen over the past four decades. The basic livelihood of the Chinese people has been effectively guaranteed.
I. What has achieved?

- Continuous and wide attention to and interest in China’s development experience as a whole and China’s ways of poverty reduction in specific.

But

- China’s development knowledge is often misinterpreted or oversimplified as China’s development model with a strong state.
- Growing worries on China’s development approaches and/or export of China’s development model in Western countries
2. What are the drivers?

**FIGURE ES.1 The two pillars of China’s approach to poverty reduction**

- China’s achievement in poverty alleviation
  - Effective governance
    - Growing agricultural productivity
  - Broad-based economic transformation
    - Incremental industrialization
    - Managed urbanization and rural-urban migration
  - Poverty alleviation strategies
    - Infrastructure
      - Area-based poverty alleviation strategies
    - Social protection policies
    - Targeted poverty alleviation strategy

*Source: World Bank and Center for International Knowledge on Development.*
**Broad-based Economic Transformation**

- **Growing agricultural productivity:**
  Higher incomes and more choices

- **Progressive industrialization:**
  Better jobs for more people

- **Managed urbanization:**
  Multiple gains for migrants and non-migrant rural families

- **Expanded infrastructure investment:**
  Improved connectivity and job creation for the poor

**FIGURE 3.1** Rapid and sustained economic growth in China came about with fast economic transformation, 1978–2018

- **Growing agricultural productivity:**
  Higher incomes and more choices

- **Progressive industrialization:**
  Better jobs for more people

- **Managed urbanization:**
  Multiple gains for migrants and non-migrant rural families

- **Expanded infrastructure investment:**
  Improved connectivity and job creation for the poor

**FIGURE 3.3** Employment and productivity of manufacturing, 1978–2001

**FIGURE 3.9** Infrastructure investment grew steadily beginning in the early 1990s

Source: Mocetto and Jiang 2021, based on World Development Indicators (panel a); National Bureau of Statistics of China 2020 (panel b).

Note: GDP = gross domestic product; GNI = gross national income; PPP = purchasing power parity.
Poverty Alleviation Strategies

Government policies targeted specifically to poverty reduction have played an important role in improving the lives of the poor in rural areas.

✓ **Area-based poverty alleviation strategies**
- focus on creating economic opportunities as a means to escape poverty.
- It evolved from an area-based approach, targeting poor counties and villages as a whole, to a set of interventions targeted at poor households.

✓ **Social Protection Policies**
- social assistance
- social insurance
- social welfare
- other targeted social policies.

From 2013-2020

★ **Targeted poverty alleviation strategy**
- aimed to help all of the remaining poor achieve incomes above the national income poverty line and meet a set of multidimensional goals.
- spanned the whole process from poverty identification to poverty exit
- a comprehensive database of targeted households and their specific needs
- clear lines of accountability for results.
- economic development and income generation, relocation and resettlement, ecological protection and compensation, education, and social protection.
<table>
<thead>
<tr>
<th>Compulsory education (% of school-age children in registered poor households)</th>
<th>“Three guarantees” and safe drinking water</th>
<th>National impoverished counties</th>
<th>Other counties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attend school</td>
<td>98.83</td>
<td>99.06</td>
</tr>
<tr>
<td></td>
<td>Take education at home</td>
<td>0.26</td>
<td>0.57</td>
</tr>
<tr>
<td></td>
<td>Absence due to physical reasons, suspension, postponement of enrollment, graduation from junior high school, and others</td>
<td>0.91</td>
<td>0.37</td>
</tr>
<tr>
<td></td>
<td>Basic medical insurance (% of residents in registered poor households)</td>
<td>Participate in the basic medical insurance program for urban and rural residents</td>
<td>99.85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participate in employee basic medical insurance program</td>
<td>0.14</td>
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<td></td>
<td></td>
<td>Newborns who are in the process of insurance enrollment, or people in a special state of protection such as joining the army, or other conditions that do not need insurance</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>Safe housing (% of registered poor households)</td>
<td>Current house was assessed as safe, or living in other safe housing</td>
<td>43.74</td>
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<tr>
<td></td>
<td></td>
<td>Realize housing safety through dilapidated building renovation policy</td>
<td>42.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Realize housing safety through relocation poverty alleviation project</td>
<td>14.01</td>
</tr>
<tr>
<td></td>
<td>Safe drinking water (% of registered poor households)</td>
<td>Water supply to home</td>
<td>93.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No water supply to home, but it is convenient to get water</td>
<td>6.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No shortage of water</td>
<td>99.86</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water supply is basically guaranteed, but there is water shortage for a few days</td>
<td>0.14</td>
</tr>
</tbody>
</table>

3. What lessons could be learnt?

- Political will and strong leadership. (a capable and effective government)
- A focus on education, outward orientation, public investments in infrastructure, macroeconomic stability, and structural policies broadly consistent with comparative advantage and supportive of competition.
- The preference for development-oriented poverty reduction over redistribution.
- Gradualism with experimentation and policy discovery as a result of interprovincial competition (rather than central policy design).
- The importance of building targeted support on the foundation of robust evidence.
Thank you for attention!

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