

International Cooperation and Poverty Alleviation

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1. Introduction

China's poverty alleviation and development program has made world-acknowledged achievements for a long time, with intensified efforts from the Chinese government. Especially during the two decades since reform and opening up, China has conducted rural management systems reforms and organized systematic and large-scale poverty alleviation and development programs. The number of absolute poor population in rural areas has decreased from 250 million in 1978 to 21.48 million in 2006. The absolute poverty incidence has dropped from 30% to 2.8%. According to statistics from the World Bank, the number of poor people living on less than \$1 per day has decreased by 274 million throughout the world during the period of 1991-2000, while China has accounted for 55% of them, about 150 million people. China has realized the objective stipulated in UN Millennium Development Goals ahead of time, i.e. reducing the number of poor people to half of 1990's level.

Such remarkable progress in China's poverty alleviation work are guaranteed by the stable and harmonious political environment and supported by its sustained and rapid economic growth. It is also the result of adhering to the poverty alleviation road with Chinese characteristics, featuring government leadership, public participation,

self-dependence, development-oriented poverty alleviation as well as all-round and coordinated development. With government-led special poverty alleviation as the main impetus, poverty alleviation and development work has always valued international cooperation in poverty reduction and localization of the international experience. Such cooperation has not only enhanced China's poverty alleviation strength, but also played a positive role in learning advanced poverty alleviation ideas and management expertise to enhance the overall quality of China's poverty alleviation work.

2. General Situation of Foreign Funded Poverty Alleviation in China

Since reform and opening up, The Chinese government has conducted extensive cooperation with the international community in poverty alleviation. Various international institutions cooperate with China's poverty alleviation agencies of all levels, other government institutions and non-governmental organizations to carry out a series of activities related to poverty reduction. Such cooperation has played an important role in poverty alleviation and development.

2.1 Course of Development

China's poverty alleviation undertaking is pushed forward along with China's reforms and opening up as well as the development of organized, systematic and large-scale poverty alleviation program. In the beginning of 1980s, relevant agencies in UN system were the first to participate in China's poverty alleviation and development

work. Later on, some bilateral institutions and financial organizations started to provide assistance to China's poor regions. After mid-1990s, under the "The Seven Year Priority Poverty Alleviation Program", some international NGOs started to participate in poverty alleviation work. The international bilateral agency and NGOs mainly provided gratuitous assistance and international financial organizations mainly provided loans for conducting projects. The direct cooperation between international institutions and China's poverty alleviation departments started from 1990, when the State Council Leading Group Office of Poverty Alleviation and development and the World Bank cooperated to conduct the research report *China Overcoming Rural Poverty*. For many years, the World Bank has always been the top international partner of China's poverty alleviation agencies, with the most projects and largest-scale of assistance.

Box 1: Early projects carried out by the international institutions in China

According to incomplete statistics, over 50 international institutions of various kinds have taken part in China's poverty alleviation program from different aspects. UN poverty alleviation institutions are the earliest to join in China's poverty alleviation efforts. In 1981, IFAD (International Fund for Agriculture Development) started North Prairie and Husbandry Development Project (1981-1988), which was the earliest international assistance project. Afterwards, such institutions as UNDP, UNICEF and WFP started their projects in China's poor regions successively. Projects supported by bilateral institutions basically started since 1986. For instance, it was since 1987 that

AUSAID began to support agriculture and husbandry development projects in Chinese poor areas, and began to support several small-scale anti-poverty projects every year since 1988. GTZ conducted large-scale food aid project in Yimeng mountain areas, Shandong Province in 1988. Since 1995, the World Bank started to work closely with China's poverty alleviation agencies and carried out 4 large-scale poverty alleviation projects, with a total assistance of \$686 million.

2.2 Status and Effect

The White Paper on Development-Oriented Poverty Alleviation Program for Rural China issued by the Chinese government in 2001 pointed out that “China mainly relies on its own strength to carry out poverty alleviation program while the Chinese government also pays great attention to exchange and cooperation with the international community in this area. The Chinese government is convinced that actively promoting international exchange and cooperation will not only help accelerate to resolve the issue of providing food and clothing to its own poor population, but also help raise the general level of China's poverty alleviation work by drawing upon the poverty alleviation experience and successful practice accumulated by the international community in many years.” *The Development-Oriented Poverty Reduction Program for Rural China (2001-2010)* issued in the same year also states clearly that poverty alleviation and development program in the new stage will “encourage seeking assistance from international organizations and developed

countries to poverty alleviation programs, drawing upon the successful experience and effective ways in reducing poverty so as to improve China's poverty alleviation work and overall efficiency". It will also promote "different channels and forms to seek support and assistance from international NGOs to China's poverty alleviation programs". Such remarks not only affirm the important role of foreign funded poverty alleviation in China's overall poverty alleviation and development program, but also serve as policy foundation and direction for the further development of foreign funded poverty alleviation.

2.3 Area and Scale

Foreign funded poverty alleviation covers extensive areas, including integrated rural development, supply and improvement of public service and products, infrastructure, industry development, environmental management, institutional capacity building and poverty alleviation study. These assistance projects have well supplemented the anti-poor activity in China's rural areas. Most of the foreign fund used in China's poverty alleviation and development program comes from loans provided by international financial organizations and development assistance from bilateral and multilateral development institutions and international NGOs. From 1981 to 2002, the foreign loans used in poverty alleviation and rural development totaled nearly \$8 billion. Besides, the international multi-lateral and bilateral assistance agencies have provided nearly \$5.6 billion of official development assistance. The grants for poverty alleviation provided by nearly 30 NGOs also reached over \$200 million.

2.4 Content and Form

Since reform and opening up, the poverty alleviation agencies have had direct cooperation and exchanges with many international multilateral and bilateral institutions and NGOs. The form and content of China's foreign funded poverty alleviation basically falls into four categories: large-scale integrated poverty alleviation projects, pilot and demonstration projects, capacity building projects, and co-research projects.

Table 1 List of some international cooperation projects in the poverty alleviation agencies Partner project name

World Bank	China Southwest Poverty Reduction Project China Qinba Mountains Poverty Reduction Project Poverty Reduction Project in Gansu and Inner Mongolia of China China Poor Rural Community Development Project China Shanxi Poverty Alleviation Project Capacity Building to Strengthen the Poor Regions in Poverty Alleviation (TCC4) China Community-driven Development Project Piloting Community Development Fund Project(TCC5)
ADB	Study on Ways to Support Rural Poverty Alleviation Projects Listening to the Voice of the Poor

	<p>The Research on China Reservoir Resettlement Policy</p> <p>Study on Participatory Village Development Planning</p> <p>A Policy Study on the Poverty Alleviation Program of PRC: Trends and Challenges and Future Development</p> <p>NGOs: Partners of the Government in Village Level Poverty Alleviation</p>
UNDP	China Poverty and HIV/AIDS Research and Intervention
UNICEF	Study on Poverty in Children and Women
IFAD	<p>Poverty alleviation project in Qinling Mountainous Areas</p> <p>Poverty alleviation in west Guanxi</p> <p>Environmental protection and poverty alleviation project in Ningxia and Shanxi</p> <p>Poverty reduction project in south Gansu</p> <p>Poverty reduction project in Xinjiang Autonomous Region</p>
European Union	Practice and Development Research on Policies of Returning Farmland to Forests in China
DFID	Development Project in China's poor rural community
AUSAID	<p>Enhancing the Capacity Building of the Poverty Alleviation Agencies</p> <p>Karst Environment Recovery and poverty reduction Project under the Sino-Australia cooperation</p>
GTZ	Implementing the Outline of China's Poverty Reduction in Rural

	Areas: Poverty Monitoring Pilot Project in Jiangxi Province
JBIC	Poverty Reduction Project in Hunan Wuling Mountain Area Environment and Poverty Reduction Project in Guizhou Province
Plan International	Community-oriented Development and Expansion Project in Shaanxi Province
Oxfam Hongkong	Community Development and AIDs Caring Pilot Project in Lixin County, Anhui Province Pilot Project on Developing and Applying the Guiding Training Materials for Farmer Workers
Kadoorie Charitable Foundation Hong Kong	Integrated Poverty Reduction Pilot Project in Guyang County, Inner Mongolia
Ford Fund	Study on Experience and Deployment Method of Community Development Fund Pattern
Resources Protection Committee, US	Livelihood-related Energy Utilization in China's Tibetan Area and Research Project in the Application of Alternative Energy
The Nature Conservancy, US	Study and Pilot Project in Poverty Alleviation in Natural Protection Area and its Surrounding Areas

3. Major Effect and Contribution

3.1 The overall investment in poverty alleviation and development program has been increased. The international organizations mainly invest in China's western regions with weak financial ability. To some degree, this supplements government's input and promotes the poor population to increase income and solve the problem of getting food and clothing.

Box 2: The loans from international financial institutions have totaled \$62 billion from 1981 to 2002. The total official development assistance to China from all the international multilateral and bilateral assistance institutions has topped \$5.6 billion. Nearly 30 international NGOs have provided more than \$200 million grants for poverty alleviation program in China. Among these assistances, the State Council Leading Group Office of Poverty Alleviation Development cooperated with the World Bank on 4 poverty reduction loan project, with the assistance scale totaling \$830 million. The projects covered 119 counties in 9 provinces, benefiting nearly 10 million poor people.

3.2 The poverty situation in the project areas has been eased. According to the monitoring result from the National Statistic Bureau, through the implementation of the South West Poverty Reduction Project conducted by the Chinese government and the World Bank, all the social economic indices in the project areas have been clearly

improved.

Table: Some indexes from 1995-2000 comparing target villages covered in China South Poverty Alleviation Project with control villages

	Target village		Control village	
	1995	2000	1995	2000
1. Poverty level				
poverty incidence	31.5	17.7	21.0	13.0
poverty gap index	5.8	3.6	3.3	2.5
poverty gap square index	1.23	1.11	0.50	0.73
2. Food safety				
grain consumption per capita(kg)	189.2	209.4	199.6	216.5
food safety against population ratio	82.3	95.6	82.8	95.1
3. Accessibility of material possessions				
ratio of villages having electricity	75.2	98.2	94.3	100.0
ratio of villages having road	82.3	96.4	87.4	97.7
ratio of people having safe drinking water		65.1		71.4
4. Accessibility of social services				
ratio of villages having primary schools	92.0	94.7	93.1	96.6
enrollment rate of 7-12 year old children	89.0	90.6	93.6	97.0

gender difference index against the enrolment rate of 7-12 year old children	91.1	96.6	96.7	98.2
percentage of 15 year old children graduating from primary school	49.5	70.5	60.2	79.4
percentage of villages having health centers	26.5	84.1	20.7	69.0
percentage of villages having country doctors	45.1	89.4	50.6	79.3
percentage of villages having qualified midwives	25.7	80.5	39.1	78.2
hospitalized delivery rate	4.1	14.9	9.8	19.1
5. Capacity of self-development				
labor mobility rate	7.9	12.0	6.6	11.7
cash in hand and deposits per capita (Yuan)	93.2	351.8	135.2	496.0

Sources: National Bureau of Statistics of China

3.3 Institutional innovation in China's poverty reduction has been improved.

With the help of these foreign capital aided projects, rich development experiences and many poverty reduction methods of the international institutions have been introduced to China, tested and deployed. It has played a positive role in developing the theories, policies, measures and institutional building of the poverty reduction and

development program of China.

Box3: Influence of Foreign Funded Poverty Alleviation to the Policies and Methods of Poverty Reduction and Development in China

Firstly, multi-sectoral Integrated Poverty Alleviation. SWPRP project, carried out jointly by the World Bank and the Chinese government and other international cooperative poverty reduction programs, have adopted multi-sectoral integrated poverty reduction planning and coordinated implementation. It has properly solved the inter-coordination among government departments in the previous poverty reduction plans of China. This effective poverty reduction conception and methods are fully adopted in the poverty reduction strategies and policies of the Chinese government afterwards. For example, in *the Outline of China's Development-Oriented Poverty Alleviation in Rural Areas (2001-2010)*, "Integrated development and all-round growth" is considered as a fundamental principle of rural poverty reduction and development in the new-period.

Secondly, applying of participatory mechanism. Since the beginning of 1990s, the Chinese government introduced participatory working mechanism from rural development projects assisted by international development agencies, and made it suitable to the Chinese conditions. Such mechanism is considered as an effective measure in poverty reduction and development program of the new-period carried out in 2001, and is widely applied in other poverty reduction programs. Currently, the State Council Leading Group Office of

Poverty Alleviation and Development has carried out piloting projects of community-based development model with multiple international organizations.

Thirdly, targeting poor groups. Poverty-reduction programs in rural China used to focus on regional development, now the priority has been shifted to integrated development of poor communities. In 1998, the State Council Leading Group Office of Poverty Alleviation and Development, Work Bank, ADB and UNDP proposed that the priority of poverty reduction projects should be lowered from county level to township and households. IFAD and WFP developed vulnerability analysis based on poverty reduction projects. The Chinese government identified 148,000 key villages for national poverty reduction assistance in 2001. Later, archives of poor households were established. Since then, poverty reduction programs have taken poor groups as the priority.

Fourthly, establishing scientific statistics and monitoring system. China has no independent poverty monitoring system until 1997. The World Bank, UNDP and ADB assisted China to introduce the concept of poverty monitoring and poverty analysis technology, and helped to train staffs for poverty monitoring and analysis.

3.4 Project management has been improved. Compared with domestic projects, foreign-funded programs have a longer period of preparation, during which constant

survey were conducted to understand the practical needs of the poor in project areas. The projects would go through careful design and modification, and form applicable schemes. With specific plans and targets, the capital and projects will be according to the annual plan and the implementation of projects was evidently more efficient. Strict scientific management standards were applied to make the projects more transparent. When selecting target groups for the projects, there were clear and operable guidelines to follow. Moreover, monitoring and assessment systems were established to ensure successful achievement of pre-set objectives. The management process has been constantly adjusted and improved, so it can be replicated to various poor regions, and the successful experience is gradually applied in domestic projects.

3.5 The foundation has been laid for sustainable development of project areas.

Foreign-funded projects have provided certain material foundation for the development of project areas, and have taken into consideration the institutional arrangement and project sustainability. During project preparation and implementation, project management staff has been trained. Direct and indirect human resources development in those areas has enabled the target communities to acquire core capabilities to get out of poverty. Through broad participation in the projects, the poor population has strengthened self-independence and ownership awareness, and enhanced the capability of self-reliant development. All this has laid down a solid foundation for sustainable development of project areas.

3.6 International exchanges and cooperation in poverty reduction has been promoted. The collaboration between the Chinese government and the international community has contributed to China's poverty alleviation and development, and also provided applicable expertise to other developing countries as well.

Box 4 Sponsored by the World Bank, over 40 delegates from developing and developed nations took a field trip to the World Bank Poverty Reduction Project in South-West China in mid March, 2004, and they were very impressed by the achievements made and experience gained from the project. During the international conference of Scaling Up Poverty Reduction held in Shanghai in May, 2004, the South-West China Project has been presented as a highly successful case and received extensive attention and discussion. After the meeting, the Poverty Reduction Project in China Qinba Mountain Region, as the follow-up project of the South-West China Project, has been identified by the World Bank as model case, whose experience and practice were regarded as replicable to other regions of the world. By drawing on the South-West China Project and Qinba Mountain Region Project and with the support of the World Bank, the Vietnamese government designed and implemented the World Bank Financed Poverty Reduction Program for Northern Vietnam Mountain Regions.

4. Major experience and practices

4.1 Specified objective and strong commitment. It is an essential requirement for a socialist country to alleviate and eliminate poverty, and achieve common prosperity

for the entire nation eventually. Poverty reduction and development is an historic task in the program of building a socialist society with Chinese characteristics. The Chinese government is fully aware that long-term relentless efforts are needed to achieve common prosperity for the nation and build a harmonious society. As the largest developing country, China's fight against poverty requires the efforts by the Chinese government and people, and support and assistance from the international community as well. Therefore, the Chinese government has always been advocating international cooperation and exchanges in poverty alleviation. In both the Seven-Year Priority Poverty Alleviation Program and the Development-oriented Poverty Reduction Program for Rural China (2001-2010), international cooperation is listed as an important component of China's poverty reduction and development program. Under this guiding principle, the Chinese government has always kept an open mind to various innovations, expanded the concept and fields of foreign-funded poverty reduction projects and created favorable external conditions for innovative projects. International cooperation projects are used as a platform to draw experience from other countries, to explore new methods for poverty alleviation and to make innovation in poverty-reduction mechanism.

4.2 The principle of “actively striving for foreign capital, making effective use of it, centering on our own requirements and serving our own interests”. In the process of using foreign resources to fight poverty, emphasis was placed on drawing lessons and experience from other countries and regions. The international best

practice and lessons learned were combined with local situations in the projects, and became local expertise, which was in turn be used in domestic-funded poverty-reduction projects through policy suggestions and demonstration. Positive effects were generated from this process. Poverty-reduction projects have shifted from pro-regional development to pro-rural and pro-poor development, and priorities were given to lifting the disadvantaged groups and poor communities out of poverty. The emphasis of the projects has shifted from infrastructure and production to provision of public service and opportunities for overall development of the poor population. Practice shows that foreign- and domestic- funded poverty reduction projects are complementary to each other, and if well integrated, they can contribute to the overall improvement of domestic poverty alleviation. In the beginning of 1990s, China introduced the participatory mechanism and philosophy, and cooperated with many international financial agencies, bilateral and multilateral organizations and NGOs. Piloting projects were carried out in various regions to fight poverty and support rural development, and working patterns suited to China's situation were gradually formed. Further summarization was made through technical assistance programs, and the "Village-based Overall Development" model was produced, which is very effective and has been applied to poverty-alleviation projects in 148,000 villages.

4.3 Well structured management and service system. In international cooperation projects, three levels of management have been established, which is a combination of centralization and decentralization, with each level shoulders specified responsibility.

The first level is the leading groups of the central, provincial, municipal or county project, which are responsible for major decision making and coordination among relevant agencies; the second level includes the project management offices of the central, provincial or county project, township project working stations, and village project implementation teams, which organize and manage the implementation of projects; and the third level is various professional departments and technical advisory teams, who provide technical support and training for project implementation. Practice proves that such a well-organized and flexible management system is a prerequisite for effective implementation of foreign-funded projects.

4.4 Project-sustainability assurance through capacity building. Foreign-funded poverty reduction projects have always attached great importance to capacity building in various levels. While carrying out engineering construction, emphasis has been placed on the input to “software”, especially to training programs. Capacity building and training has been carried out throughout the project implementation. Constant training is very important for building a qualified taskforce, and for improving management and institutional innovation as well. Practice demonstrates that the preparation and implementation process of foreign-funded projects is the very process of capacity building. It helps to improve management of domestic resources with its tacit influence. A large number of personnel who gained hands-on experience of foreign-funded poverty reduction projects have already become the staunch force in the fields of local poverty reduction and rural development.

4.5 Cooperation towards win-win outcome. Good-faith cooperation between the foreign and local parties is an essential component for a successful foreign-funded project. We stick to the principle of mutual respect, mutual trust and candidness in international cooperation. To realize common objectives, the two sides should strengthen exchanges and communication, seek consensus and forge friendship. That will promote smooth implementation of the projects, and facilitate the learning and localizing of international experience. At the same time, China's expertise in poverty reduction is increasingly gaining recognition in the international community. Since 2005, the Chinese government has collaborated with international organizations to hold many international symposiums on poverty alleviation. A lot of government officials from developing countries and regions have participated in various workshops in China. They conducted study tours to poverty reduction projects in provinces such as Guangxi, Gansu and Shaanxi, and promoted international exchanges of Chinese experience.

V Conclusion

China is the largest developing country in the world. China's poverty alleviation is the responsibility of the Chinese government and poverty-alleviation agencies, and also an important part of the fight against poverty for the entire human race. At present, China is guided by the scientific concept of development to build a people-oriented harmonious society and promote comprehensive economic and social progress. The

national situation and development objectives have placed higher requirements for poverty reduction programs. In view of the new situations and challenges, China's poverty reduction programs for the near future will take building a socialist harmonious society and new socialist countryside as the objective, concentrating on issues including: narrowing income gaps between regions, between urban and rural areas, and among various social groups; lifting poor regions and various poor groups (such as ethnic minorities, disabled people, women and children, AIDS patients, etc) out of poverty; providing financial service to poor people; coordinating rural and urban development; balancing poverty reduction and environment protection; improving resource integration and efficiency, etc. The Chinese government hopes that international exchanges and cooperation could be strengthened in those areas, with the aim to learn advanced ideas and practices from the international community, so as to further improve China's poverty reduction mechanism.

We believe that the collaboration and exchanges between the Chinese government and the international community will produce enormous new theories and practices on poverty alleviation, which will not only benefit the Chinese people, but also serve the grand purpose of alleviating poverty for the mankind.