Faculty of Social Sciences and Humanities

The China's Poverty Alleviation Strategies and Its Impacts

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The China’s Poverty Alleviation Strategies and Its Impacts

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DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Malaysia Sarawak. Except where due acknowledgements have been made, the work is that of the author alone. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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ABSTRACT

Eradicating poverty, cultivating a culture of improved livelihood, and attaining shared prosperity are the aspirations and expectations of people around the World. The Communist Party of China (CPC) and the Chinese government have always regarded poverty eradication as important in governing and rejuvenating the country. Under the leadership of the CPC, with President Xi Jinping as its leader, China has adopted innovative reforms and targeted poverty alleviation strategies. After more than eight years of tireless effort, China finally completed the difficult task of eradicating absolute poverty in 2021 and this achievement is significant. This research aims to study the concept and process of China's poverty alleviation strategies, focusing on innovative theoretical advancement, the challenges and shortcomings within China's poverty reduction approach. This research is firmly grounded in Marxist theory, using desktop analysis, historical and theoretical research methods, and comparative research methods to explore the theory and practice of China's poverty alleviation. Using systematic scientific research approaches, the research compiles a comprehensive account of China's poverty alleviation journey and the multi-dimensional measures undertaken by the CPC to lead poverty alleviation practice across society. The main findings indicated that China's success story began with the rural poor, who were the backbone of China's economy. This was followed by targeted poverty measures that focuses on adaptation and innovative approaches into various key sectors (case study of photovoltaic poverty alleviation, health-based interventions and employment-based poverty strategy). Findings indicated that adjustments of policies to socioeconomic changes, and shifting poverty distributions are key to China's poverty eradication approaches. In short, this study fills the gap in the body of knowledge on China's efforts on poverty alleviation strategies. It also provides learning model for global poverty eradication strategies. However, the findings

are based solely on China’s examples, and therefore, has limited references to international poverty eradication experiences.

Keywords: China, Marxist theory, Poverty alleviation strategy, Poverty eradication.

Teori dan Amalan Pengurangan Kemiskinan di China serta Impaknya

ABSTRAK

Membasmi kemiskinan, memupuk budaya kehidupan yang lebih baik, dan mencapai kemakmuran bersama adalah aspirasi semua orang di seluruh dunia. Parti Komunis China (PKC) dan kerajaan China sentiasa menganggap pembasmian kemiskinan sebagai tugas penting dalam mentadbir dan membangunkan negara. Di bawah kepimpinan Jawatankuasa Pusat CPC, dengan pimpinan Presiden Xi Jinping, China telah mengamalkan pembaharuan yang inovatif dan strategi pembasmian kemiskinan yang menyeluruh dan menyasarkan golongan yang paling memerlukan. Dengan usaha yang berterusan selama lapan tahun, China berjaya menyelesaikan tugas yang sukar untuk membasmi kemiskinan mutlak pada 2021 dan mencipta budaya yang berkembang pesat. Pencapaian ini adalah luar biasa dalam catatan sejarah dunia. Pada masa yang sama, ia berkongsi kebijaksanaan China, rancangan dan pengalaman berharga dengan negara membangun untuk mengatasi kemiskinan dan mencapai kemakmuran. Penyelidikan ini bertujuan untuk menjalankan kajian mendalam tentang usaha mengurangkan kemiskinan dan pembangunan sepanjang sejarah China sejak penubuhannya, dan berusaha untuk mengenal pasti cabaran dan kekurangan dalam pendekatan pembasmian kemiskinan China. Penyelidikan ini berlandaskan teori Marxis, menggunakan analisis desktop, kaedah penyelidikan sejarah dan teori serta kaedah kajian perbandingan untuk meninjau teori dan amalan pembasmian kemiskinan China. Melalui menggunaan pendekatan penyelidikan saintifik yang sistematik, penyelidikan itu menyusun akaun komprehensif tentang perjalanan pembasmian kemiskinan China dan langkah pelbagai dimensi yang diambil oleh CPC untuk menerajui amalan pembasmian kemiskinan untuk seluruh masyarakat China. Selain menggunakan kajian desktop, data juga dikumpul menggunakan temu bual dengan pegawai daripada jabatan

kerajaan yang berkaitan. Ringkasnya, menganalisis dan mengkaji teori dan amalan usaha China dalam pembasmian kemiskinan dan membina masyarakat sederhana makmur bukan sahaja akan membantu China terus mengekalkan kemajuan ekonomi pertanian, kawasan luar bandar dan petani serta mencapai kemakmuran bersama, tetapi juga membantu mempromosikan pembinaan pemodenan gaya China. Pada masa yang sama, ia menyediakan model pembelajaran dan pengalaman praktikal, kaedah praktikal dan kebijaksanaan untuk menggalakkan pengurangan kemiskinan dalam kalangan masyarakat antarabangsa. Dengan berbuat demikian, ia membolehkan China membuat sumbangan besar di peringkat global.

Kata kunci: *China, Strategi pembasmian kemiskinan, Pembasmian kemiskinan, Teori Marxist.*

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LIST OF ABBREVIATIONS

CFPS	China Family Panel Studies
CIDGA	China-International Development and Global Agriculture
CPC	Communist Party of China
MDG	Millennium Development Goals
MPI	Multidimensional Poverty Index
NEA	National Energy Administration
NGO	Non-Governmental Organisations
NEET	Not in Employment, Education, or Training
OPHDI	Oxford Poverty and Human Development Initiative
PPA	Photovoltaic Poverty Alleviation
PSM	Propensity Score Matching
PPP	Purchasing Power Parity
SOFI	State of Food Security and Nutrition
SDG	Sustainable Development Goals
UNDP	United Nations Development Programme
UN	United Nations

CHAPTER 1

INTRODUCTION

1.1 Study Background

Poverty is an inevitable product of the development of human civilisation. Every country must confront and resolve this critical economic and social issue as part of their advancement. Poverty, along with its inevitable consequences like starvation and sickness, stands as a formidable barrier to people's search for a more fulfilling life. The eradication of poverty is a global challenge. Poverty eradication is an ideal envisioned by humanity, as poverty is a real obstacle for people and countries worldwide. With the advocacy of global organisations like the World Bank and the United Nations (UN), poverty and related issues have garnered increasing global attention. In 1992, the UN declared October 17th as the "International Day for the Eradication of Poverty". In 2000, UN member states approved the Millennium Development Goals (MDGs), setting a target to reduce the proportion of people living in extreme poverty by 50% by 2015. Later, during the 2015 UN General Assembly, the "2030 Agenda for Sustainable Development" was implemented, further promoting the Sustainable Development Goals (SDGs) to eliminate all forms of poverty.

For various historical and practical reasons, poverty is concentrated mainly in developing nations and predominantly in rural regions (Singh & Chudasama, 2020). By the end of the Second World War, poverty eradication had emerged as a significant historical task for developing countries. Many scholars have argued that poverty is a barrier that must be overcome to achieve sustainable development (Grindle, 2004; Hadna & Kartika, 2017; Kabeer, 2021; Sane, 2005).

Through the relentless efforts of people worldwide, the global poverty rate has shown a continuous decline. Using a poverty threshold of $2.15/day (2017 PPP), the percentage of the world's populace living in poverty fell from 37.9% in 1990 to 29.3% in 2000, then to 15.7% in 2010 and further declined to 9.7% in 2020, as depicted in Figure 1.1.

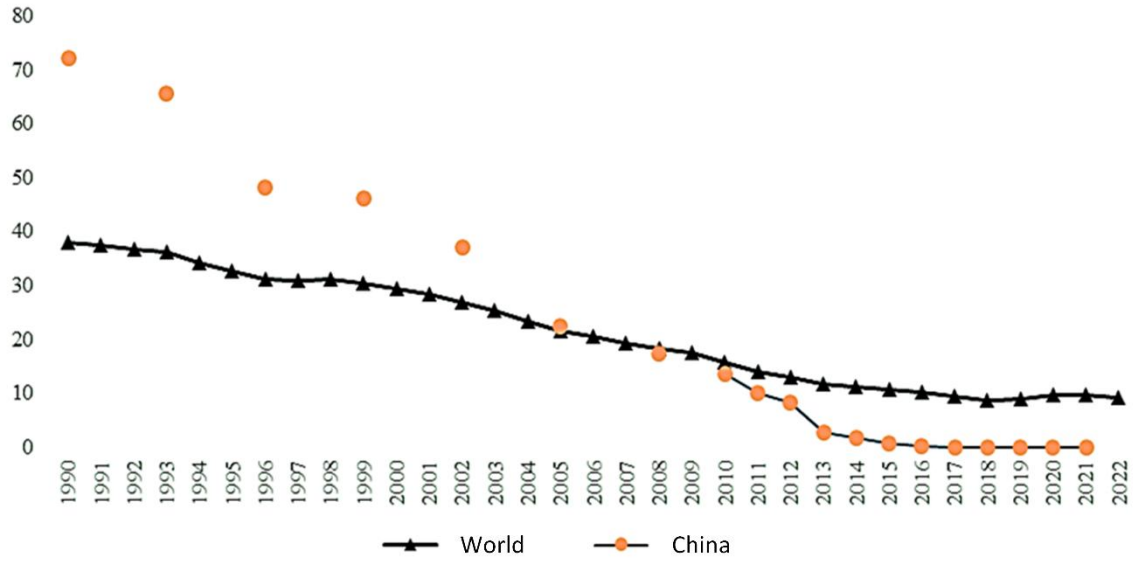

Figure 1.1: Proportion of the Global Population Living in Poverty and China's Situation (Measured at $2.15 per Day, 2017 PPP).
Source: Data compiled from the UN website, https://data.worldbank.org

However, poverty remains widespread across many parts of the world. Currently, 8.5% of the global population, or approximately 700,000,000 people, remains under the extreme poverty threshold of $2.15/day (World Bank, 2024). South Asia, Sub-Saharan Africa, Latin America, and some other nations within the Pacific and Atlantic continue to face significant poverty challenges. For example, in Sub-Saharan Africa, although it represents 16% of the world's population, 67% of its residents live in extreme poverty (World Bank, 2024). Furthermore, rising social inequality has entrenched poverty in developed regions like Europe and the United States, leading a certain proportion of the population to fall below the poverty line (Atkinson, 2019).

The global climate crisis, energy crisis, public health events, the widening wealth gap, disruptions to traditional industries from the digital economy and artificial intelligence, and rising unemployment all pose additional challenges to poverty reduction efforts. Poverty remains a global issue.

In contrast, China, the world's largest developing country with a population of 1.4 billion, has significantly reduced poverty (Liu et al., 2020). Once among the poorest nations globally, with most of its population living below the poverty line due to the impacts of natural disasters, conflict, and political and economic factors, China has dramatically improved its economic conditions. Starting with the economic reforms in 1978, Deng Xiaoping introduced the policy of enabling a select group to accumulate wealth ahead of others. Since then, China has elevated 800 million individuals above the absolute poverty threshold (defined by the World Bank's standard of $1.90/person/day), accounting for 75% of the global decline in poverty during that period (Huang, 2023).

In 2013, China introduced a new poverty mitigation plan called the "targeted poverty alleviation and eradication" approach. By 2021, the nation had announced that all rural residents living below the poverty line had been lifted, achieving this milestone and reaching the UN's 2030 SDG for poverty reduction a decade ahead of schedule (Elder & Newman, 2023). This landmark achievement signifies China's elimination of absolute poverty and marks a turning point in its development. It significantly contributes to global poverty reduction, especially considering China is home to nearly one-fifth of the world's population. During this period, China transformed from a nation of extreme poverty to a moderately prosperous society (Hu & Zhou, 2024a). At the beginning of 2022, 32.8 million

people were lifted out of poverty through various government strategies (World Data Atlas, 2022).

As a major agricultural country, agriculture is China's financial foundation and lifeblood of its development. This core national reality demands gradual and sustained efforts to alleviate rural poverty, ultimately paving the way to build a moderately prosperous society. This nationwide condition helps explain why China's poverty alleviation efforts have been challenging and demanding. Under the current government, China's efforts to alleviate poverty have spanned an impressive and challenging 70 years, resulting in remarkable achievements that have earned global recognition. This success has made China an example and a model for the world's efforts to combat poverty.

So why does nearly 9% of the world's population remain impoverished? Since 2017, global poverty reduction has almost stalled, fluctuating around 8% to 9.5%. The World Bank (2024) has even labelled 2020 to 2030 as the "lost decade" in the history of universal poverty alleviation. At this rate, it may take more than a century to eliminate poverty worldwide. Poverty remains one of the most significant issues faced by many developing countries. Scholars worldwide have engaged in extensive discussions and research on achieving sustainable poverty mitigation, aiming to identify the root causes of poverty and explore solutions (Leal et al., 2021; Islam et al., 2023). Through in-depth studies and field experiments, as well as their contributions to anti-poverty policies, Abhijit Banerjee and Esther Duflo received the Nobel Prize in Economics in 2019. However, another reality is that while poverty is primarily experienced in developing countries, theories of poverty and anti-poverty policy design are based mainly on the experiences of developed countries in

Europe and North America, which have become the dominant framework for global poverty governance (Ferdous & Ullah, 2023; Alkire et al., 2022).

Using China's poverty mitigation practices as a case study, this work reviews the development of China's poverty mitigation efforts, examines the strategies adopted by the Chinese government, and assesses the adjustments made based on changing poverty conditions. This empirical evaluation of poverty alleviation methods, including those focused on industry, education, and healthcare, seeks to enrich anti-poverty theory and provide valuable insights for poverty reduction efforts in countries still struggling with poverty, particularly developing nations.

Eliminating poverty and achieving a state of moderate prosperity has been China's aspiration for centuries. This goal traced back to the Western Zhou Dynasty, where it was recorded that "when the people work hard, the people can be moderately well-off," and the Eastern Han Dynasty, where philosopher Zeng stated, "a cold foot affects the heart, if people suffer, the nation suffers." Thinkers like Confucius advocated for "a world without poverty," Emperor Taizong emphasised, "the wealth of the people as the ultimate pursuit and goal."

Eliminating poverty and achieving collective prosperity align closely with the ideals of socialism and communism. Since the institution of modern China, the Communist Party of China (CPC), grounded in China's national conditions, has led long-term poverty alleviation efforts. Over time, these initiatives evolved into a distinct path for poverty mitigation and development, uniquely characterised by Chinese practices refining the concept of poverty mitigation, enhancing strategies, and pioneering innovative methods for reducing poverty. Mao Zedong's call and vision for shared prosperity formed the ideological foundation for New China's approach to poverty alleviation.

On December 16, 1953, the Resolution on the Improvement of Farming Production Organizations, adopted by the CPC Central Committee, introduced the shared prosperity concept. It aimed to enable peasants to gradually and completely overcome poverty and achieve a life of public affluence and universal prosperity. In 1955, Mao Zedong expanded on this idea in his article on the Issue of Agricultural Co-operation, where he argued that to consolidate the coalition of workers and labourers, the peasants must be led on the socialist path, so that the masses of peasants can become prosperous together, the poor will become rich, and all peasants will thrive. This step toward success went far beyond what today's wealthy farmers have achieved (Chao et al., 2021).

At the onset of China's reform and opening-up program, most rural areas were still plagued by poverty. Former Premier Deng Xiaoping tackled poverty from a socialist viewpoint, declaring that "poverty is not socialism; socialism seeks to eradicate poverty." Deng Xiaoping maintained that neglecting the development of productive forces and failing to raise living standards contradicts the core tenets of socialism (Maya, 2023). Embracing the principle of "freeing the mind and seeking truth from facts," China shifted from relying solely on relief-based measures toward an integrated approach combining poverty alleviation with rural development and improving farmers' living conditions. Over time, this development-based strategy gradually took shape.

Since then, the CPC has consistently prioritised poverty mitigation. By deepening its theoretical framework, it elevated the anti-poverty mission to align with principles of systematic development, contributing to the advancement of a harmonious socialist culture and the realization of a holistic, moderately prosperous society. As a result, the strategic significance of poverty eradication and development has steadily grown. In late 1986, the

Chinese State Council established the Leading Group for Economic Development in Poverty-Stricken Areas, later renamed the Prominent Group for Poverty Reduction and Development, to supervise the formulation and execution of the nation's poverty mitigation and growth strategies. This initiative marked the formal onset of organised, intentional, and comprehensive poverty mitigation efforts in China.

In 1994, the State Council introduced the 8-7 Poverty Alleviation Plan (1994-2000), which concentrated on lifting populations out of extreme poverty in 8,000 rural regions during the final seven years of the 20th century. With the successful fulfilment of this plan, China effectively addressed fundamental needs in rural communities. Subsequently, in response to the evolving dynamics of poverty, China rolled out the Poverty Alleviation and Development in Rural China policy (2001-2010), followed by the Poverty Alleviation and Progress in Countryside policy (2011-2020), integrating universal strategies with targeted measures and progressively bolstering policy support for the impoverished.

During the 18th National Congress of the CPC in 2012, the report showcased a determination to realise the overarching goal of building a holistic, moderately prosperous society by 2020. Under President Xi Jinping's leadership, the ruling party unveiled a series of innovative initiatives for the comprehensive advancement of this society. This included holding seven dedicated conferences to address outstanding and persistent issues in poverty alleviation. The focus was also on developing countermeasures for poverty alleviation, with a work responsibility mechanism established for top party and government leaders, who were responsible for achieving the goal of "two guarantees" (Yang & Liu, 2021).

A "trinity" approach to poverty mitigation, as described by Xi Jinping (2017), was developed, which combined specialised poverty eradication, industrial poverty mitigation,

and social poverty alleviation. This initiative also introduced a set of work directives emphasising the importance of "effectively implementing leadership responsibilities, achieving targeted poverty alleviation, strengthening social synergy, and bolstering grassroots organisations" (Ma, 2020). Consequently, the "five batches" project and the "six precisions" poverty alleviation strategy were implemented. The strategic framework for poverty eradication and development has continued to improve and expand, encompassing scientific poverty mitigation, minimising targeted poverty, and endogenous poverty eradication methods. These enhancements have significantly bolstered the results of China's poverty eradication and prosperity efforts.

After an extensive five-year campaign, China enabled over 60 million rural residents to escape poverty, reducing the poverty rate from 10.2% at the end of 2012 to 3.1% by 2017 (Wang et al., 2024). As a result, China achieved the UN 2030 Agenda's poverty eradication target an entire decade ahead of schedule. The goals set in the Sustainable Development Agenda have propelled Chinese poverty reduction to unprecedented heights. At the 19th National Congress of the CPC, the country reaffirmed its commitment to targeted poverty alleviation initiatives. Despite these sustained efforts, by the end of 2018, 16.6 million people in rural areas still lived in poverty, with many suffering from severe deprivation, which presented considerable challenges (Sun et al., 2022). In response, 28 billion yuan (equivalent to $3.89 billion) was allocated over the following two years to lift an average of 8.3 million individuals out of poverty annually by the end of 2020. Therefore, ensuring that impoverished areas and indigenous populations joined the country in achieving moderate prosperity by 2020 became a historical and practical challenge for the CPC and the government.

In 2014, there were 832 poverty-stricken counties in China, covering 22 provinces and municipalities. By 2020, after about five years starting from 2016, these areas had been lifted out of poverty (Li & Zhou, 2025; Li & Wu, 2022). During the 20th National Congress of the CPC in 2022, President Xi Jinping reviewed the progress made over the past five years (2018 – 2022), changes in the new era, and the next ten-year plan. He emphasised that, under CPC leadership, China had completed a significant task of eradicating poverty, building a moderately prosperous society in all respects, and achieving its initial centenary goal (Tsai & Liau, 2020).

1.2 Problem Statement

Poverty has been one of the most significant constraints on human development throughout history, especially in developing countries. It affects not only the basic survival of those individual experiencing deprivation but also affected society's capacity to achieve stable and inclusive growth. In this context, poverty alleviation remains one of the most complex and critical tasks facing China in its pursuit of socialist modernisation. No other country has placed poverty eradication at the centre of its national development strategy with the same intensity or achieved such significant success in a short period of time. This achievement reflects the strengths of the socialist system with Chinese characteristics and demonstrates to the global community the viability of China's unique development path. This has important implications for global poverty governance.

At the academic level, poverty alleviation in China has become a key subject of inquiry. Scholars have examined its strategic planning, theoretical underpinnings, historical evolution, practical mechanisms, and impacts (Wang et al., 2024; Walker, 2024; Sun, 2024; Xu et al., 2024). Scholars have also explored how China's poverty mitigation efforts are embedded in broader ideological and philosophical traditions (Yang, 2024; Huang et al., 2024; Nzasabayezu et al., 2024).

Nevertheless, despite the notable progress achieved, China's poverty reduction approach faces new challenges. These include the transition from eliminating absolute poverty to managing relative poverty, addressing regional and group-based disparities, and ensuring the long-term sustainability and equity of development outcomes. As the nation enters the post–moderately prosperous era, new research is needed to assess the limitations of existing poverty alleviation frameworks and propose theoretical and practical strategies that reflect contemporary realities.

Through an in-depth examination of poverty mitigation and growth efforts throughout Chinese history since its founding, this study aims to explore the historical significance, local characteristics, and tangible outcomes of Chinese poverty eradication. It also seeks to study the challenges and limitations within China's poverty reduction approach and propose a theoretical foundation for poverty management in the post-moderately prosperous era.

Therefore, this study aims to analyse the concept and process of China's poverty mitigation strategies, focusing on innovative theoretical advancements and practical implementation. It also seeks to examine emerging challenges, identify potential shortcomings, and contribute to the development of a comprehensive theoretical framework

for poverty governance in the context of high-quality development and global shared prosperity.

China’s poverty alleviation theory serves as a guide for eradicating absolute poverty domestically, while its practical experiences offer valuable lessons and insights for other countries to draw upon. The theory and practice of poverty mitigation in China represent a critical subject for inquiry within the Marxist Chinese intellectual tradition. The foundations of China’s poverty eradication efforts draw on the multi-level development theories of Marx, Engels, and Lenin, a multi-dimensional anti-poverty framework, and the connection between human social progress and poverty reduction. This process is firmly rooted in an understanding of modern developmental principles. Moreover, the CPC has promoted the vision of a community with a shared future for humanity, focusing on people-centred development, innovation, effective management, sustainability, openness, and equitable distribution (Ding et al., 2021).

In this context, innovative theoretical achievements, such as new development concepts and poverty management strategies, merit examination. Additionally, the approach incorporates the ideological essence of classical Chinese thought, including concepts of revolution, the “golden mean,” unity between humanity and nature, a world that serves the public, and a society that promotes both prosperity and harmony. Together, these ideas reflect the unique theoretical framework characteristic of Chinese society.

Poverty has been one of the most significant factors restricting human society's development since ancient times (Leal et al., 2021). Addressing poverty is essential to realising humanity's unrestricted and wide-ranging progress. In promoting socialist modernisation, the CPC has continuously driven theoretical and practical innovations,

leading China's poverty alleviation efforts to advance through successive stages. The 13th Five-Year Plan identified poverty mitigation as a critical component of economic and societal growth, emphasising the need to guide poverty administration practices with new development concepts (Kennedy & Johnson, 2016).

Following these new ideas, China's poverty alleviation efforts have continuously innovated the pathways, models, resource allocation, and evaluation systems. This approach includes promoting a large-scale poverty reduction model supported by a governance system that involves both leadership and public participation, while leveraging natural and human resources, and promoting the coordinated development of material, human, and social capital. Major ecological projects have been implemented, focusing on the scientific development of ecological industries, the creation of innovative ecological poverty alleviation methods, the enhancement of ecological compensation mechanisms, and the promotion of sustainable economic and social well-being (Li & Zhou, 2025).

Moreover, China has strengthened its cooperation with the international community on poverty reduction projects, offering development assistance to other countries and using the Belt and Road Initiative to promote global poverty mitigation efforts. The focus has been on key impoverished areas, disadvantaged groups, and critical areas of poverty reduction to address economic and social deficits and ensure that development benefits are shared widely (Huang & Liu, 2022b; Sun & Pan, 2022). Under the principle of poverty governance with Chinese characteristics, China has eliminated absolute poverty and set the course for managing relative poverty.

Research Questions

This study aims to address these research questions:

i. Why does China's poverty alleviation begin in rural areas? How does this model differ from poverty alleviation efforts in other countries worldwide?

ii. How has China optimised and adjusted its policies based on changing times, national conditions, and factors such as the scale and distribution of the impoverished population in achieving primary poverty reduction goals?

iii. What is the underlying logic of this strategy? How effective are targeted poverty alleviation measures, including those focused on industry, healthcare, and education?

1.3 Objectives of the Study

This study seeks to achieve the following objectives:

i. To examine the rationale behind China's focus on rural areas in its poverty alleviation strategy.

ii. To compare its model with poverty alleviation approaches used in other countries.

iii. To analyse how China has optimized and adapted its poverty alleviation policies over time in response to evolving national conditions, demographic shifts, and the changing scale and distribution of the impoverished population, in order to achieve its primary poverty reduction goals.

iv. To explore the underlying logic of China's targeted poverty alleviation strategy and evaluate the effectiveness of its key measures, particularly those related to industry, healthcare, and education.

1.4 Scope of the Research

First, the practices of poverty mitigation and development since the establishment of New China have been systematically organised over time, focusing on targeted poverty mitigation and its characteristics since the 18th National Congress. Second, based on an overview of China's efforts in poverty control, the broader implication of the fight against poverty in the current era is summarised. Third, the reasons behind China's significant accomplishments in poverty mitigation are analysed through longitudinal and cross-sectional comparisons between historical and present contexts, and international and domestic perspectives. Fourth, considering China's national circumstances and the current state of anti-poverty work, existing problems and shortcomings in China's poverty alleviation efforts are identified. Fifth, by researching and analysing poverty eradication cases in impoverished regions such as Jilin Province, lessons are drawn from specific examples to provide insights for establishing a reasonably affluent society in all respects and transitioning into the post-moderately prosperous era. This also includes further reflections on poverty reduction achievements and improving theories and strategies for poverty governance. Sixth, the study summarises the experiences in poverty alleviation that the international community, especially developing countries, can draw from.

1.4.1 Research Methods

This research adopted an exploratory research design that relied on qualitative and documented evidence. This includes government reports, statistical yearbooks, academic publications, and international datasets. This research design and research approach were chosen because they suited the overall objectives and enabled a critical evaluation of China's poverty mitigation practices over time.

This research primarily adopted desktop research as its primary data collection method. This was considered the most suitable approach in line with the research aim and objectives. The qualitative and exploratory approaches were able to develop a deep understanding of poverty alleviation strategies and lessons for developing countries. In addition to conducting desktop research, government policies, official documents, and statistical data were analysed.

1.5 Significance of the Study

Promoting poverty reduction work is not only about social integrity but also a key to achieving sustainable development, promoting economic growth, and maintaining social stability. Since the reform and opening up, China's approach to reducing poverty has become a benchmark for global poverty mitigation efforts. Analysing this case allows us to closely examine and document China's journey in combating poverty, highlighting its primary strategies in rural development, targeted assistance, and prevention of poverty relapse. It also provides critical insights into its policies' effectiveness, stimulating innovation in policy evaluation. In other words, this study contributed towards addressing the gap in the body of knowledge in the field of poverty reduction approaches.

1.5.1 Provide a Learning Model for Global Poverty Eradication

China's accomplishments in combating poverty and realising its initial centennial objective of creating a moderately affluent society in every dimension represent remarkable milestones in the global battle against poverty. These accomplishments have significantly contributed to global poverty reduction, offering valuable, feasible experiences and long-term guidance for promoting worldwide agricultural development and economic recovery. This paper aims to identify lessons that can serve as references for improving rural

economies in various countries through systematic, in-depth, and detailed research and analysis of China's foundational practices and insights into poverty alleviation and prosperity. The goal is to extend China's practical approaches and core experiences in comprehensive poverty reduction to support the economic growth of other developing nations and stimulate rural economic expansion in developing countries globally.

1.5.2 Building a Shared Future for Humanity Through National and Social Collaboration

Establishing a vibrant, prosperous, harmonious, and resilient global community with a collective future, alongside reinvigorating and advancing developing nations, stands as a cherished ideal for all peace-loving societies. Moreover, every nation must realise swift, cost-effective, and highly productive agricultural growth. Challenges in agriculture, rural development, and the welfare of farmers lie at the heart of China's economic progress. These areas drive key advancements and bolster productivity and are crucial in overcoming historical economic underdevelopment and strengthening the nation. These issues are also crucial for developing countries worldwide in addressing poverty and underdevelopment.

This research aims to promote the prosperity of developing countries and other impoverished regions worldwide through the lens of China's poverty alleviation practices. Currently, many regions worldwide still face poverty. A thorough examination of China's practical experience, its contemporary relevance, and global significance in poverty alleviation has immense practical value, not only for China in building a sustainable mechanism for advancing rural areas and achieving shared prosperity but also for global poverty reduction and agricultural economic development. This strategy empowers developing nations to break the cycle of poverty, secure rapid economic advancement, and

contribute Chinese insights, solutions, and experiences toward building a collective future for humanity.

1.6 Organization of the Thesis

The thesis is structured into seven chapters, each contributing to the understanding and analysis of the research topic.

The thesis begins with Chapter 1: Introduction. Chapter 1 introduces the research background, problem statement, research objectives, significance of the study, and overall structure of the thesis. Chapter 2 reviews the relevant literature and theoretical foundations, with particular emphasis on Marxist theory and its relevance to poverty alleviation, as well as key concepts and debates on poverty reduction. Chapter 3 outlines the research methodology, explaining the use of desktop analysis, historical and theoretical approaches, and comparative research methods. Chapter 4 presents an overview of China's poverty alleviation journey, tracing the evolution of policies and strategies under the leadership of the CPC. Chapter 5 analyses targeted poverty alleviation measures through selected case studies, including photovoltaic poverty alleviation, health-based interventions, and employment-based strategies. Chapter 6 discusses the key findings, highlighting policy adaptations, innovative approaches, and challenges within China's poverty eradication process. Finally, Chapter 7 concludes the thesis by summarising the main findings, discussing theoretical and practical contributions, acknowledging limitations, and suggesting directions for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter organises relevant theories from both international and Chinese perspectives. From an international standpoint, this chapter systematically reviews the international community's research on the concepts and definitions of poverty, analysing top-level designs for educational, industrial, and institutional poverty alleviation and poverty governance, as well as China's practical approaches to poverty governance. Achievements and empirical studies are also reviewed.

Focusing on China, this chapter systematically examines research conducted by scholars on related concepts such as poverty, poverty mitigation, poverty reduction and development, targeted poverty alleviation, and the post-moderately prosperous society. It also examines the definitions, classification criteria, and root causes of poverty, alongside studies on anti-poverty policies. The chapter reviews research and contributions by Chinese scholars on new development concepts, poverty governance with Chinese characteristics, and poverty management guided by new development principles, aiming to provide theoretical foundation for this study.

From the establishment of the People's Republic of China, through the reform and opening-up era, and specifically since the 18th National Congress of the CPC, China's poverty eradication and prosperity initiatives have achieved global acclaim, driven by the leadership of the ruling Party. This progress has attracted increased attention from academic

circles worldwide, with many scholars eager to study China's poverty alleviation approaches and strategies, leading to a series of theoretical advancements.

2.1.1 Concept of Poverty

From time immemorial, "poverty" has been a recurring theme in development debates. Humanity has continually deepened its understanding of poverty, and the fight against poverty has never ceased. While the word "poverty" may seem straightforward, it is, in fact, highly complex. Additionally, due to varying development practices and poverty standards across different countries, establishing a unified global definition of poverty is challenging (Kim, 2016; Godinot & Walker, 2020; Gweshengwe & Hassan, 2020; Zulkifli & Abidin, 2023). Scholars emphasise different aspects of poverty based on their research perspectives.

From an economic perspective, scholars often view poverty as a scarcity of material resources (Ferreira et al., 2023; Popenoe, 2017; Samuelson, 2002; Spicker, 2007; Townsend, 1979). This constitutes the narrow definition of poverty in modern poverty theory. Spicker (2007), for example, measured poverty in terms of income and consumption, arguing that "if the average income of a family is inadequate to meet the rudimentary subsistence needs of its members, the family is essentially in poverty." However, Ferreira et al., (2023) argued that defining inequality or growth is not as hard as defining poverty, and one concept of poverty can be regarded as the lack of essential resources needed to meet basic needs. Samuelson (2002) described poverty as "a situation where people lack sufficient income, falling below the estimated cost of subsistence." Popenoe (2017) emphasised poverty as the inability of limited income to meet basic needs, defining it as "a condition where material

resources are scarce or deprived, typically characterised by the inability to meet essential needs."

Scholars had argued that poverty is more than just about income. In fact, poverty encompasses many other aspects. Sen (2006), for instance, argued that "poverty is multidimensional, manifesting not only in the lack of income but also in the deprivation of rights." He further explains that defining poverty involves two main elements: (i) method of identifying those in poverty; and (ii) method of summing up the characteristics of a group of poor people to form a general impression of poverty. The World Bank (2000) considers poverty a multidimensional phenomenon and defines it as a lack of well-being. Measures of well-being include health, personal income, sustenance, education, property, and various social entitlements. Similarly, poverty signifies low income, limited opportunities, a feeling of helplessness, and vulnerability, reflecting an inability to secure the basic goods and services for a dignified life. Thus, addressing poverty requires multidimensional policies and programs that improve individual well-being, enabling people to escape poverty.

From a sociological perspective, poverty should not be viewed solely as income scarcity but rather as a series of factors affecting human development, such as lack of education, opportunities, health, and skills. Townsend (1979) defined poverty as encompassing income levels and people's ability to participate in society. Individuals, families, or groups fall into poverty because they lack the incomes to obtain adequate sustenance, involvement in social activities, access convenient living conditions and facilities, or receive broad encouragement and recognition within their communities. Their resources are significantly lower than the average household's, effectively excluding them from standard patterns, customs, and societal activities.

According to Sun & Pan (2022), the China Bureau of Statistics defined poverty as material hardship, where the standard of living of a person or family does not meet a socially acceptable minimum standard. This indicated they are deprived of essential resources and services, enduring challenging living conditions. Guo and Liu (2022) examined the definition of poverty alongside policies for its alleviation. Xie et al. (2022) argue that poverty extends beyond the absence of necessities like food and clothing, but includes deficits in income, skills, and rights. Essentially, poverty signifies need, with deprivation as its core meaning.

From the political science perspective, poverty is often viewed as a lack of rights that prevents people experiencing poverty from enjoying equal legal, political, economic, and social status. The World Development Report (2000: 1) stated that "Poverty is the consequence of the interplay of social, economic, and political processes, which often reinforce each other in ways that exacerbate the plight of the poor." Sane (2005) argued that poverty is not simply a measure of living standards or a state of mere existence; it both causes and results from the complete or partial denial of human rights. Naraya et al. (2000) emphasise that social status is a significant factor contributing to poverty. They argued that poverty never arises from a mere lack of something; it results from the combined effect of many interrelated factors experienced and defined by the poor, highlighting social status as a direct cause of poverty. Neudorfer (2015) argued that the lack of political rights is one of the factors causing poverty, and democracies only prevent the worsening of poverty but do not fundamentally solve it.

The UN Development Programme (UNDP) publicised human poverty by recognising the various factors influencing human development. In the Human Development

Report 2000, UNDP defined human poverty as a multifaceted condition marked by short, unhealthy life, lack of education, a deprived standard of living, and limited participation in society. The report expanded this view by describing poverty as extending well beyond income insufficiency. According to the Human Development Report 2000, poverty encompasses poor health and sustenance, inadequate skills and education, unstable livelihoods, substandard living situations, and diminished social engagement. Devicienti & Poggi (2011) proposed that poverty and social exclusion mutually impact each other. On one hand, poverty leads to life deprivation, bringing mental stress and tension that often leads the poor to self-isolation and on the other hand, social exclusion further alienates the poor and vulnerable from mainstream society, leading to a lack of interpersonal interaction, the disintegration of social networks, and a perpetuation of poverty. Cuesta et al. (2022) stated that the World Bank incorporates resilience into its measure of poverty, defining it as "vulnerability to risk or exposure to risk and the ineptitude to express one's needs." Based on this, the UNDP in 1997 introduced the notion of "human poverty." This is defined as the absence of the fundamental opportunities and choices needed for survival and development, manifesting as the deprivation of a long, healthy life, a decent standard of living, opportunities for social participation, and adequate access to knowledge.

In conclusion, poverty is a complex, multidimensional issue. Economic development and societal progress have expanded from the earliest notion of material scarcity to a diversified concept that includes material, spiritual, political, ecological, cultural, health, and other dimensions (Ferreira et al., 2023; Neudorfer, 2015; Popenoe, 2017; Sen, 2006; Sun & Pan, 2022; Townsend, 1979). The definitions and classifications of poverty differ within academic circles, and perspectives on poverty vary accordingly. However, the willingness of people worldwide to work together to eradicate poverty remains the same, and the

expansion of poverty's definition has provided strong support for global anti-poverty efforts. Essentially, poverty occurs when people do not have access to the resources and services required to uphold basic living standards. It is not solely characterised by the absence of food, shelter, clothing, and material necessities; it also includes non-monetary dimensions, such as restricted access to education, essential public services, experiences of social discrimination, exclusion, and minimal participation in decision-making processes.

Furthermore, poverty can be classified into two distinct types: absolute and relative. Absolute poverty is defined as the minimum income needed to secure basic living standards, while relative poverty is measured by comparing income levels to a general social standard based on a certain proportion of the population (Walton, 1986). Studies of absolute poverty established the minimum income required to sustain life, such as calculating minimum food needs and their lowest-cost fulfilment. Relative poverty studies defined poverty with others; for instance, a person might have enough income to sustain life but still be considered poor compared to the rest of society. As a society becomes wealthier, so does the level of income that qualifies as poor. Due to relative poverty, people in every country have a standard of living significantly lower than others (Jefferson, 2018). At the end of 2020, China officially declared the eradication of absolute poverty, resolving the issue of people's inability to meet basic survival and development needs, achieving the "two assurances and three guarantees." Since then, the focus of poverty governance has shifted to managing relative poverty.

Additionally, poverty can be categorised as transitional or long-term poverty based on the duration of poverty. Transitional or short-term poverty typically refers to temporary poverty caused by unemployment, divorce, financial crises, investment failures, or other external shocks. With a robust labour market and diverse social insurance options, most

people can recover, making transitional poverty a less significant issue. In contrast, poverty is persistent and difficult to escape for a small portion of the population, so long-term poverty requires greater attention. Long-term poverty, particularly among children facing prolonged material deprivation, can affect both physical and mental well-being. Under prolonged poverty, people may become discouraged, lose confidence in the future, and even view poverty as a norm in their lives. A strong labor market may not address the problem (Sarlo, 2019).

2.1.2 Criteria for Defining Poverty

The poverty criterion is commonly called the "poverty line," which serves as a quantitative measure of poverty and an important tool for identifying poverty and assessing its scale and extent. The study of poverty criteria originated in England in the 1880s. Charles Booth introduced the first concept as the "poor man's line," which was more of a historical description than a scientific definition of poverty criteria. Rowntree (1902) was the first scholar to offer a scientific definition of poverty, arguing in the late 19th and early 20th centuries that the poverty criterion should be set as the minimum expenditure needed to sustain essential bodily functions, thereby distinguishing people experiencing poverty. Since its inception, this standard has functioned as a benchmark for determining who is considered poor.

In the 1970s, the World Bank became the first international organisation to measure global poverty. Its chief economist, Chenery (1983), noted that in most developing countries, the incomes of the poorer segments are growing slower than the national average income. Walton (1986) suggested that absolute poverty should be determined by the minimum income necessary for basic human survival, while relative poverty is judged by comparing

income to broader social standards, using a certain proportion of the population as a reference. According to Lustig (2023), poverty lines are widely used internationally to delineate poverty criteria. Currently, there are four standard methods for measuring poverty lines: (i) based on basic living needs, (ii) calculated using Engel's coefficient, (iii) based on income proportion, and (iv) the Martin method, uses mathematical models that consider the food poverty threshold and other basic needs.

The World Bank periodically sets an international poverty line to enable cross-country comparisons. This has become a key global benchmark. Their method calculates the minimum resources needed to meet basic nutritional, clothing, and housing requirements, expressed as daily per capita income or expenditure. Anyone earning below this threshold is considered to be in extreme poverty. This approach began in 1990 when the World Development Report introduced a $1.01-per-day poverty line, identifying those living on less than this amount as extremely poor. Adjusting for purchasing power over time, the standard was raised to $1.08 per day (1993 PPP) in 2001, $1.25 per day (2005 PPP) in 2009, and $1.90 per day (2011 PPP) in 2015. In May 2020, the World Bank publicised new data on Purchasing Power Parities and global economies from the 2017 International Comparison Program. Later, in September 2022, the global poverty threshold was updated again, increasing from $1.90 to $2.15 per day. Figure 2.1 shows these World Bank International Poverty Line Standards from 2019 to 2022.

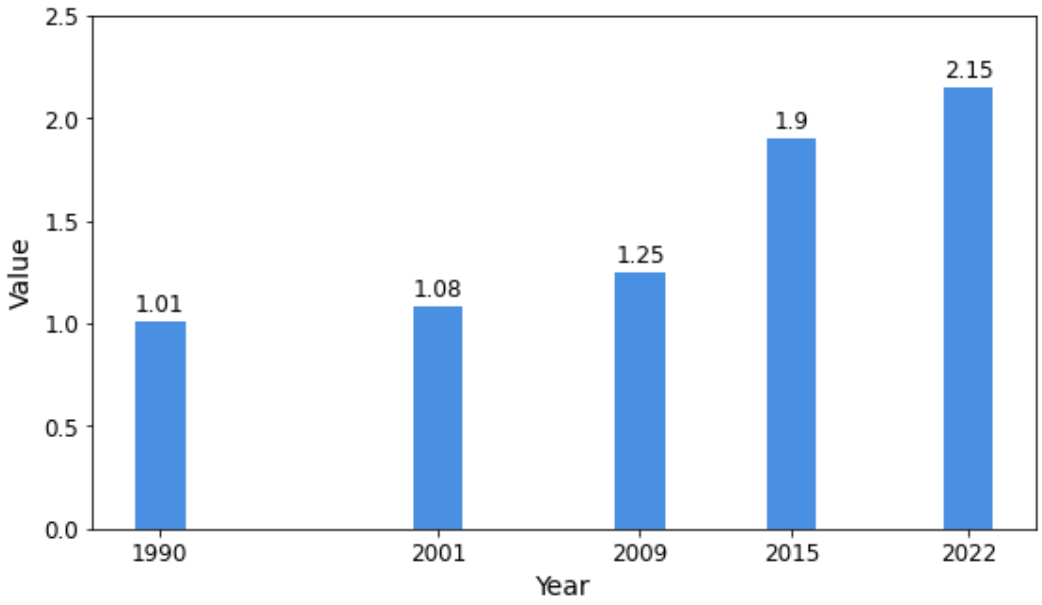

Figure 2.1: World Bank International Poverty Line Standards (2019-2022, USD).
Data Source: World Bank (1990 – 2022)

The World Bank's poverty standard uses a monetary indicator of daily per capita household income or total expenditure, making it relatively single-dimensional. To capture a fuller picture of poverty on both global and regional scales, the UNDP and the Oxford Poverty and Human Development Initiative (OPHI) launched the Multidimensional Poverty Index (MPI) in 2010, featuring it in the annual Human Development Report. Unlike the World Bank's international poverty line, the MPI assesses poverty using ten crucial indicators, such as access to education, healthcare, housing, water, sanitation, and electricity, to provide a more comprehensive measurement.

The MPI's advantage lies in providing governments with a more holistic and multidimensional approach to measuring poverty. This approach more accurately captures individuals' living conditions and essential needs, which in turn helps policymakers develop more targeted and effective policies. According to UNDP in 2010, the global MPI is shown in Figure 2.2.

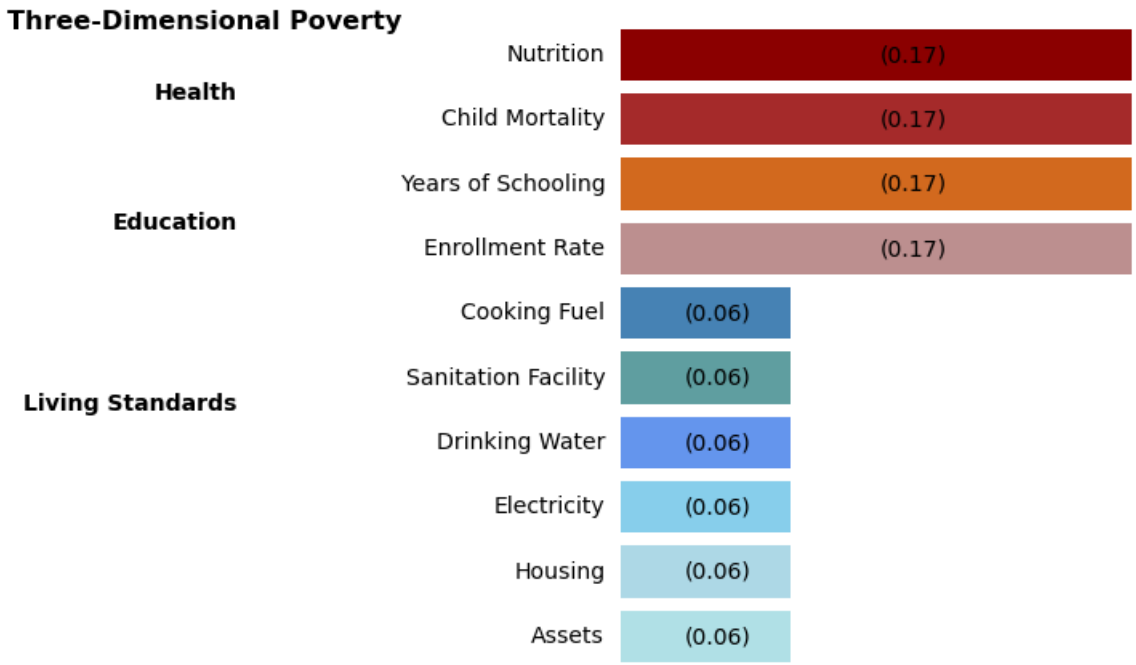

Figure 2.2: Global Multidimensional Poverty Index (MPI)
Image Source: UNDP 2010

Chinese scholars categorise the poverty line into three types: the unique poverty line, the sustenance and clothing line, and the development line (Wong, 2015). Poverty is divided into two types: conditional and capacity constraints, also called the strategic needs for China's poverty eradication and prosperity. Additionally, some scholars have introduced the concept of "knowledge poverty," which refers to disparities in personal knowledge levels, mainly reflecting a form of spiritual poverty (Zhang, 2022; Farris & Poston, 2025). Scholars suggested that poverty is diverse, encompassing material, knowledge, ability, ecological, technological, and medical (Zhang & Dilanchiev, 2022). Van de Ven et al. (2021) described the poverty standard as the criterion to decide whether an individual, household, or region qualifies as poor. Lister (2021) argued that considering the specific time, location, and stage of social development, the poverty standard should represent the minimal expense needed to secure essential goods for bare subsistence. Wagle (2023) pointed out that poverty standards are not only the core basis for measuring poverty, counting the number of poor people, and

monitoring the scope of poverty and its future trends but also a key basis for developing poverty control policies. Ravallion (2015) highlighted the important role that poverty benchmarks play in quantifying the number of people in poverty and the intensity of their deprivation, serving as vital tools. Similarly, De Schutter (2021) argued that these standards should form the basis for measuring poverty.

At various points in history, the Chinese government has applied three different poverty standards based on improvements in socioeconomic development and living standards: (i) the 1978 Standard, (ii) the 2008 Standard, and (iii) the 2010 Standard. The 1978 Standard was a low-level subsistence standard set at 100 yuan/person /year based on 1978 prices. This standard could provide approximately 2,100 kilocalories/person/day. However, only the most basic sustenance level is achieved due to the poor quality of food, a staple diet dominated by coarse grains, and minimal consumption of meat and eggs (Hu & Zhou, 2024b). The 2008 Standard represented a basic food and clothing threshold, set at 1,196 yuan/person/year based on 2008 prices. Building on from the 1978 Standard, it allowed for modest non-food expenditures, achieving the level of adequate food and clothing. The 2010 Standard was a stable subsistence threshold, set at 2,300 yuan per person per year based on 2010 prices. This standard, combined with the “two assurances and three guarantees” policy, became the entry point to a moderately prosperous society for rural residents. It ensured stable subsistence by providing adequate nutrition, essential clothing, utilities, transportation, and communication while guaranteeing access to mandatory education, secure housing, and basic healthcare.

In addition, to account for changes in price levels, the Chinese government has made annual adjustments to the same standard in different years to ensure that the represented living standard remains consistent.

2.1.3 Theoretical Perspective on Poverty Causes

Why can some people escape poverty easily while others fall into persistent, long-term poverty? What are the root causes of poverty? Scholars have explored and analysed these questions from various perspectives. Brady (2019) categorised theories on the causes of poverty into three types:

Behavioural Theory: This theory focuses on individual behaviours driven by incentives and culture, suggesting that behaviour is the most direct and critical factor leading to poverty (Haushofer & Fehr, 2014). People fall into poverty due to engaging in counterproductive, poverty-reinforcing behaviours (Zhao & Tomm, 2018), which are often explained by cultural factors. The prevalence of such behaviours in a community increases the likelihood and intensity of poverty. Consistent with this theory, behaviours such as single parenthood, low education levels, and unemployment significantly correlated with poverty. According to this perspective, generous social welfare policies may create moral hazard and dependency on welfare, discouraging behaviours like work and marriage that contribute to poverty reduction.

Structural Theory: This theory examines how broad structural elements at macro and meso levels, like population dynamics and the economic environment, create opportunities and constraints that influence poverty. Economic factors include economic growth, industrialisation or deindustrialisation, and spatial or skill mismatches. Population factors often encompass community environment, age and gender composition,

urbanisation, and demographic transitions. Studies have found that economic development creates jobs, promotes educational opportunities, encourages urbanisation, improves health outcomes, and reduces illiteracy, all contributing to poverty reduction (Deaton, 2013). According to this theory, China's recent success in reducing poverty can be attributed to economic development and urbanisation, whereas Sub-Saharan Africa's persistent poverty stems from its sluggish economic expansion (Fosu, 2015; Karahan & Karahan, 2020). As Collier (2008) pointed out, growth cannot solve every problem, but without growth, all problems persist. Inequality is another factor contributing to poverty. As Sen (2015) maintains, large-scale economic, racial, gender, and class inequalities in India have led to extreme exploitation and oppression of people experiencing poverty at the bottom.

Political theory posits that poverty is the political outcome of power relations and collective actions surrounding resource distribution. Power and institutions interact, with institutions either directly causing poverty or influencing behaviours that exacerbate or alleviate it. Nguyen et al. (2021) suggested that effective governance and improved public administration can help improve income distribution and reduce poverty. A significant explanation involves how rules and laws determine the distribution of economic resources, which impacts poverty. Gillard (2017) applied the concept of energy justice to define poverty, arguing that inequality in energy distribution, especially for disabled or low-income households, reflects socio-political injustice. Under political theory, poverty exhibits path dependency; as Shome (2023) demonstrated that historical institutions such as racism, slavery, and colonialism play a significant role in poverty and inequality. These conditions have disadvantaged certain countries, leading to long-standing poverty.

Sarlo (2019) identified two key drivers of poverty: bad luck and poor choices. Bad luck encompasses factors outside an individual's control, such as residing in conflict-ridden areas, regions impacted by extreme weather events (like droughts, floods, or earthquakes), or under authoritarian regimes where limited freedoms can trap people in poverty through no fault of their own. On the other hand, poor choices refer to decisions made under multiple constraints, and that poor decisions can worsen one's situation. Research indicates that decisions related to education, employment, and family are critical in avoiding poverty. By following these three basic norms, an individual's likelihood of falling into poverty is less than 3% (Sawhill & Rodrigue, 2018).

Additionally, institutions in a country or region are essential for explaining persistent, long-term poverty, as some institutions may hinder efforts to escape poverty. For example, specific government programs intended to help people experiencing poverty may inadvertently contribute to enabling poverty, where poverty becomes reinforced. Naraya et al. (2000) argued that poverty is caused by a chain of interlinked factors, including not only a lack of basic needs but also psychological dimensions such as powerlessness, voicelessness, and dependency. Furthermore, impoverished populations often lack access to quality education, roads, transportation, and clean water, exacerbating their conditions.

Chinese scholars categorise the causes of poverty into two paradigms: structure and action (Wong, 2015). The structural paradigm includes the following main aspects: First, from a Marxist viewpoint, poverty originates from the unequal distribution of the means of production and the segmented structure of labour within society. Second, from the social conflict perspective, competing interests contribute to poverty. Finally, the theory of spatial

poverty argues that an uneven distribution of populations across different areas leads to a relative shortage of geographical resources, contributing to poverty.

Meanwhile, the action paradigm addresses poverty from the perspective of individual or group actions. Scholars such as Kalleberg (2008) argued that the poor lack jobs and the skills required for high-paying jobs. According to this view, poverty arises from cultural quality, ideological beliefs, and behavioural patterns. Gatzweiler et al. (2011) argue that poverty stems from limited individual capabilities and institutional restrictions, which block certain groups from accessing the opportunities and conditions needed to improve their lives. De Bruijn & Antonides (2022) and other scholars considered the design of an irrational system to be a significant cause of poverty. Sun and Pan (2022) argued that outdated production and management methods, backward ideologies, and cultural perspectives are key causes of poverty in certain regions. Xu et al. (2022) suggested that the low quality and skills of the labour force, along with a lack of natural and material resources, are primary reasons for poverty among peasant households. Wu et al. (2022) identified location conditions as an important cause of poverty.

Poverty has never had a single cause or determining factor instead, it results from numerous complexes, interrelated factors shaped by geographical, economic, social, and political contexts (Abdulwasaa & Kawale, 2023). For example, low or negative growth, inappropriate macroeconomic policies, inequality, ineffective labour markets, delayed human capital accumulation, and political and social instability contribute to poverty. Additionally, factors such as rising violence and crime, environmental degradation, climate change, the collapse of social safety nets, and changes in family structures can worsen living conditions and increase poverty.

2.1.4 Concepts in China's Poverty Alleviation

The international community commonly refers to all efforts aimed at poverty alleviation as "anti-poverty" work. In China, however, it is customary to call it "poverty relief," encompassing three elements: the poverty alleviation subject, the means of poverty reduction, and the purpose of alleviation. Chinese scholars Gao and Tyson (2020) suggested that any social relief projects that help the rural poor escape poverty qualify as poverty alleviation and identified two main approaches: relief and development. Nie et al. (2021) refined poverty mitigation into survival-supporting and development-supporting poverty alleviation. Below is a chart that summarises the key concepts and approaches of China's poverty alleviation framework (Figure 2.3).

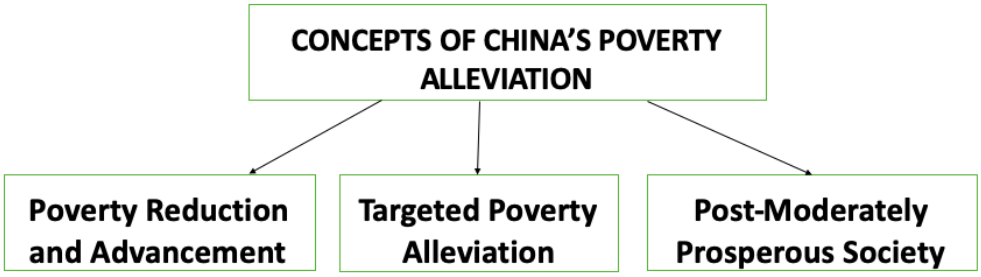

Figure 2.3: Concept of China's Poverty Alleviation

Poverty Reduction and Advancement: Poverty reduction and advancement encompasses the initiatives the Party and government launched to eliminate poverty since New China's inception. Specifically, these efforts, which took shape after the reform and opening-up era, have evolved through three distinct phases: structural reform, large-scale development-driven poverty mitigation, and comprehensive poverty improvement (Xu et al., 2022).

Targeted Poverty Alleviation: Yang and Liu (2021) explained that targeted poverty alleviation policies intersect with various societal factors, including the economic conditions of different regions, social inequalities, low institutional quality, geographical disparities, resource exploitation, and the transformation of several societal aspects in China. Coccia (2021) highlighted that targeted poverty alleviation had a substantial global impact, with around 191 countries participating and experiencing improvements in innovation and sharp increases in socio-economic development indicators. Murshed et al. (2022) noted that the model has been successful not only in developed countries but also in developing nations. Consequently, the Chinese government emphasised this model by introducing the "Six Precisions" policy: precise support objectives, accurate planning, efficient fund allocation, tailored household measures, detailed reporting of individual needs, and accurate poverty alleviation outcomes (Huang & Liu, 2022c). To support this policy, the current government has implemented multilateral financial projects that facilitate poverty reduction, create new investment opportunities, drive societal innovation, and promote institutional transparency (Li & Wu, 2022). Huang and Xin (2022) further noted that, alongside government efforts, private entrepreneurs contribute through initiatives such as the "Ten Thousand Enterprises Support Ten Thousand Rural Areas" campaign. This agenda operates at multiple levels, including employment, industry, and public welfare, and has successfully mitigated poverty nationwide. Additionally, Qiaoan (2022) observed that civil organisations have joined government efforts by engaging in targeted poverty alleviation strategies. These organisations are closely connected with the public culturally and socially, allowing them to effectively understand community needs and support government initiatives.

Post-Moderately Prosperous Society: After eradicating absolute poverty in 2020 and realising a moderately affluent society in all facets, China has transitioned into the "post-

moderately prosperous society" era, which is projected to extend from around 2020 to 2035. This phase marks the transition from establishing a modestly prosperous society to focusing on socialist innovation, characterised by economic growth, scientific and technological advancements, a more prosperous society, a stronger rule of law, and improved systems across all areas. This stage involves the transformation of national governance structures and capacities, enabling a richer quality of life with greater attention to well-being (Abdelrehim et al., 2022). Although absolute poverty has been eliminated, it has not entirely disappeared. Relative poverty will continue in the post-moderately prosperous society, making its management a vital strategic priority (Zong et al., 2023). Addressing relative poverty involves confronting challenges such as income inequality, unequal access to quality education and healthcare, and regional economic imbalances. Managing these issues is a critical strategic priority, necessitating comprehensive policies beyond economic growth.

2.2 Poverty Alleviation through Industrial Development

Because poverty's roots are diverse, effectively addressing it demands various approaches and methods. Scholars at home (China) and abroad have extensively examined the links between poverty and various factors, including economic growth, education, health, institutions, infrastructure, and natural disasters and have proposed a range of targeted poverty reduction strategies and methods (Dollar & Kraay, 2002; Naraya et al., 2000; Sun & Pan, 2022).

2.2.1 Poverty Alleviation through Economic Growth

Economic development is a crucial foundation for poverty elimination, with Norton (2002) even describing it as the most reliable method for global poverty reduction. The body of literature examining the link between economic development and poverty addresses two

classic questions: First, to what extent can impoverished populations benefit from economic growth? Second, what factors contribute to the differences in poverty reduction outcomes during economic growth?

The "trickle-down theory" is an important perspective on the poverty-reducing effects of economic growth (Todaro, 1997). This theory posits that there is no need to provide unique benefits to the poor, vulnerable groups, or impoverished regions during economic development. Instead, it suggests that through the "trickle-down effect," groups or regions that develop first will, through consumption, employment, and taxation, eventually benefit the poorer segments, leading to their development and prosperity. In essence, the concept is that as the rich accumulate more wealth, they will, in turn, assist in elevating those living in poverty.

Dollar and Kraay (2002) argued that economic growth enables impoverished communities to utilise their resources to increase output and income, breaking the poverty cycle and meeting basic living needs. Their research, based on a sample of 92 countries, indicated that economic growth benefits the poor, showing that the average income growth rate for the poorest 20% is similar to that of the overall average income. Ravallion (2001) analysed data from nearly 50 developing countries from the 1980s to the 1990s and found that the income elasticity of poverty reduction is -2.5, meaning a 1% rise in average income results in a 2.5% decrease in the number of people living in poverty, with poor individuals benefiting from economic growth to a similar extent as wealthier individuals. A World Bank assessment in 2005 found that differences in economic development account for 52% of the variation in poverty reduction outcomes among countries.

Balasubramanian et al. (2023) analysed unbalanced panel data from 91 low- and middle-income nations between 1990 and 2018 to assess how multidimensional poverty responds to economic growth. They found that a 10% rise in GDP correlates with a 4% to 5% decrease in multidimensional poverty. As a result, stimulating economic growth to elevate overall national income has become a primary strategy for poverty reduction in developing countries.

However, research in development economics indicated that economic development does not necessarily lead to a decrease in the poverty rate; instead, it is a necessary condition. For economic growth to effectively reduce poverty, it must be inclusive and outpace population growth (Ayoo, 2022). The poverty-reducing effects of economic growth are significantly influenced by income distribution; in cases of severe income inequality, growth often benefits the middle and upper-income groups more, while lower-income groups gain less. Additionally, inflation resulting from growth can increase living costs for the poor, exacerbating poverty. Fishlow (1995) found that economic growth did not correlate with decreased poverty rates in Latin American countries, mainly due to extreme and persistent economic inequality. Basu and Mallick (2008) studied poverty issues in rural India. They found that the trickle-down effects of economic development did not materialise, as the capital-labour substitution effect hindered the transmission of growth to poverty reduction. Ferreira et al. (2010) examined Brazil's economic development and poverty reduction from 1985 to 2014, finding that poverty reduction during this period was minimal, with a decline of only four percentage points compared to a 15 percentage-point decrease in the average performance of other developing countries.

The Asian Development Bank has combined the impact of economic growth with fair income distribution in its poverty reduction framework by introducing the notion of "pro-poor growth." This concept emphasises growth that directly benefits the poor and is recognised as one of the three central pillars of poverty reduction strategies.

2.2.2 Poverty Mitigation through Industrial Development

By leveraging the comparative advantages of impoverished regions, it is possible to increase the operational and employment incomes of people experiencing poverty while enhancing the development foundation of these areas, leading to sustainable growth. Naturally, the priority industries for development differ based on each region's specific comparative advantages (Amar & Pratama, 2020; Ayoo, 2022; Kobzev et al., 2020; Xiang et al., 2022).

Russia has made significant strides in poverty mitigation through industrial growth. According to Kobzev et al. (2020), empowering the industrial sector can address poverty at the national level. Similarly, Singapore has implemented this strategy to reduce poverty levels, achieving positive results (Liu et al., 2023). South Korea has also pursued poverty alleviation through green industrial development, incorporating necessary innovations to reach its poverty reduction targets (Xiang et al., 2022).

Agriculture is the primary economic sector for many impoverished countries or regions, meaning efforts to eliminate extreme poverty must directly enhance agricultural production and productivity (Ayoo, 2022). Cuba serves as a pertinent example due to its national poverty alleviation policies. During the 2007 crisis, Cuba revitalised all agricultural sectors. This agribusiness initiative encompassed rural and urban agricultural activities,

allowing the country to overcome its vulnerabilities quickly by using local technologies and related sectors.

Haggblade et al. (2010) argued that developing non-agricultural industries holds significant potential for alleviating poverty in China's rural areas. Spenceley and Meyer (2012) believed that tourism is a crucial industry for advancing poverty alleviation in economically strong and underdeveloped countries. Furthermore, Amar and Pratama (2020) asserted that advancements in labour-intensive sectors, such as agriculture and manufacturing, are significant in reducing poverty. They highlighted that various development initiatives can still be implemented even in regions with a shortage of skilled labour.

2.2.3 Poverty Alleviation through Education

Education, as a crucial factor in economic and social progress, is important in promoting economic development and significantly contributes to poverty reduction and enhancing people's well-being (Arafat & Khan, 2022). For example, Awan et al. (2011), using data from Pakistan's Household Integrated Economic Survey (HIES), found a significant negative correlation between education levels and poverty; the higher an individual's education level, the greater their chances of becoming wealthy. This relationship exists partly because education can improve productivity and living conditions and partly due to the linear correlation typically observed between education and income.

Hadna and Kartika (2017) emphasised that improving poverty through education is a significant means to achieve high-quality, sustainable outcomes in poverty governance. In Japan, integrated and planned education is fundamental for alleviating poverty while transforming rural areas into semi-urban or urban environments (Dolley et al., 2020).

According to Han & Gao (2022), South Korea's perspective on poverty reduction through education plays a central role in the economy by enabling individuals to learn new skills and acquire specific knowledge that promotes social sustainability. Education not only helps reduce the pressure of poverty but also enhances livelihoods, raises income levels, and improves overall living standards. Liu et al. (2023) provide an example of Singapore, which achieved its poverty alleviation targets in a reasonable timeframe by promoting new business skills and family planning to improve knowledge and living standards.

Other examples include Spada's (2023) research on 34 European countries from 2015 to 2019 indicates that improvements in education and cultural levels effectively reduce poverty, and Fehlner's (2019) study, that found that higher rates of tertiary education are positively correlated with sustainable development. In other words, investment in education can promote sustainable economic development and poverty alleviation, ensuring all individuals have fair access to education while eliminating discrimination against marginalised groups, particularly women and children.

However, the Mexican government has addressed a critical aspect of poverty mitigation by leveraging cultural studies to promote local tourism. Quadri-Barba et al. (2021) further explained that this approach is beneficial in alleviating poverty by providing services as heritage cultural guides. Liu et al. (2020) explored the Chinese approach to poverty alleviation, emphasising that the number of individuals experiencing deprivation and their education levels are key factors influencing the success of poverty reduction efforts and the risk of falling back into poverty. Furthermore, Guo et al. (2022) focused on various educational techniques to combat poverty, asserting that e-commerce education, training, and new skills are foundational for poverty alleviation. Research by Sennuga et al. (2023) in

Nigeria posits that while education is vital for reducing poverty, it is also contingent upon a thriving labour market. Due to widespread corruption and a lack of job opportunities, if university graduates cannot find work, it diminishes the potential of education to reduce poverty effectively.

2.2.4 Poverty Alleviation through Health Promotion

Health status is a crucial component of human capital and a significant determinant of individual well-being. Good health implies the ability to perform effectively, achieve goals, participate in social activities, and maintain higher productivity, leading to more significant income. It is very important for people experiencing poverty to be in good health, as many rely solely on their labour for income. However, poverty often undermines health, while poor health, in turn, undermines the ability to earn a living. Moreover, healthy individuals live longer, allowing them more time to generate income (Janjua et al., 2014). Conversely, poor health can adversely affect a person's work capacity and productivity, resulting in decreased household income and lower quality of life, ultimately perpetuating poverty (Ridley et al., 2020; Qin et al., 2022). Liao (2022) argued that when potential health risks and a lack of health insurance are present, impoverished individuals may alter their behaviours, such as reducing investment in their children's education.

Janjua et al. (2014) examined data from 40 developing countries spanning 1999 to 2007 and discovered a significant inverse relationship between health status and poverty incidence. Providing education, skills, and better healthcare infrastructure is the best way to enable impoverished populations to enjoy the benefits of economic growth. Hatim et al. (2022) similarly found a significant negative correlation between health and poverty incidence in rural Pakistan. Liao et al. (2022) proposed an economic development model

based on endogenous health risks and poverty, suggesting that while the poor may overexert themselves to earn more income and escape poverty, this overexertion also increases health risks. This research indicated that health risks can undermine economic development and significantly contribute to poverty. Although mutual health insurance can mitigate some of the negative impacts of health risks on economic development and poverty, appropriate medical insurance is necessary to distribute health risks, improve health equity, and assist impoverished families in escaping poverty.

This has important implications for the direction of government public spending. Squire (1993), in a study of 31 countries from 1965 to 1985, found that public spending is a vital source for improving the health status of people experiencing poverty. Compared to direct cash transfers, investments in social sectors like health yield more pronounced poverty reduction effects. Amri and Sihotang (2023) found that poverty reduction projects to improve healthcare access in remote areas significantly contribute to community development and reduce the likelihood of poverty. Policymakers should continue supporting and investing in poverty alleviation programs to enhance healthcare access in remote regions, particularly by strengthening healthcare infrastructure and service capacity. Furthermore, poverty and limited access to healthcare are intertwined; illness can diminish an individual's ability to earn income, and declining income can further impact access to medical resources, creating a vicious cycle between health and poverty. In severe cases, this cycle can even lead to intergenerational transmission of poverty.

2.2.5 Poverty Alleviation through Institutions

Institutions are a crucial factor influencing the effectiveness of poverty reduction efforts. What types of institutions are more conducive to alleviating poverty is a topic of

ongoing discussion among scholars. Some argued that decentralisation is a key prerequisite for effective anti-poverty programs, as local governments possess better local knowledge, greater incentives to address community-specific needs, and better opportunities for public participation in policymaking. However, such outcomes typically occur only in countries with highly effective governance, primarily in urban areas (Tselios, 2024). Due to a lack of effective oversight and accountability mechanisms, many developing countries may experience a transfer of resources from people experiencing poverty to local elites due to decentralisation (Crook & Sverrisson, 2003). Therefore, alongside decentralisation, effective intervention by higher-level governments is necessary to prevent elite capture.

Plato proposed in "The Republic" that national development aims to achieve the greatest happiness for all citizens (Rosen, 2008). Arabaci (2010) pointed out the necessity of improving social security systems, while Kaseke (2010) emphasised the role of social protection policies, particularly social assistance systems, in alleviating inequalities. Social security plays a significant role in preventing and minimising poverty. Kaidi et al. (2019) stressed the importance of improving institutional quality, stating that financial improvement is unattainable without focusing on institutions. Hassan et al. (2020) stated that globalisation, good governance, and competitiveness enhance institutional quality. According to Ullah et al. (2021), modernising institutions, employing innovative policies, and ensuring transparent resource allocation can counteract social inequalities. However, Ozili (2021) directly emphasised the need to empower people experiencing poverty through essential services within the institutional framework, such as medical care, food security, and housing.

According to Zameer et al. (2020), China focuses on every possible aspect of institutional poverty reduction. Policies based on innovation, globalisation, financial

advancement, and technological progress have been considered to achieve poverty alleviation goals at the institutional level. Zuo (2022) conducted a comparative analysis of three states, India, Mexico, and China, that, despite their ideological differences, adopted institutional designs by selecting four significant factors of well-being: selection criteria, financial resources, and monetary and political systems. The research outcomes suggested minimising the role of intermediaries in poverty mitigation efforts and highlight that transparency at the governmental level can enhance institutional effectiveness.

Another global study revealed that poverty is a worldwide issue requiring collective efforts at the institutional level. Islam et al. (2023) explored how global cooperation through institutional amalgamation can assist in eradicating poverty. However, Che et al. (2023) explained that external pressures on institutions, such as those experienced during the Russia-Ukraine war, can negatively impact economic stability and poverty alleviation efforts through institutionalisation. On the other hand, despite border conflicts with India over the Ladakh region, the aftershocks have not significantly destabilised the Chinese economy. In other words, stability within a society also contributes to the smooth functioning of institutions (Muratbekova, 2022).

2.2.6 Poverty Alleviation through Globalization

Globalisation appears to be a panacea for many economic challenges worldwide, as addressing climate change, peaceful coexistence, and migration often requires collective global efforts. Papanikos (2024) argued that poverty reduction should be viewed as a primary goal of economic globalisation, closely linked to economic growth and democracy. If globalisation leads to increased economic growth, a country can generate more output to

distribute. This raises the question: Does eliminating trade protection and expanding global trade necessarily benefit the lives of the world's impoverished populations?

According to the theory of comparative advantage, economic globalisation can assist poorer countries, as they have a comparative advantage in producing goods that utilise unskilled labour. The wave of globalisation that began in the 1980s spurred rapid economic growth in developing countries and significantly reduced poverty, contributing to a slight decrease in global inequality (Dollar, 2005). Hassan et al. (2020), who analysed data from 73 developing countries between 2005 and 2016, found that globalisation helps reduce poverty incidence. Similarly, Chindengwike (2022) who researched East African countries, discovered that foreign direct investment significantly affects poverty alleviation.

However, some scholars have found different evidence, suggesting that only when complementary policies are in place are people experiencing poverty more likely to benefit from globalisation (Attanasio et al., 2004; Dollar, 2025; Mishra et al., 2008). For example, Dollar (2005) acknowledged that economic integration can drive global poverty reduction, but whether this potential is realised depends on the policies of both developing and developed economies. Proper integration requires not only free trade but also the promotion of comprehensive institutional and policy reforms. Research by Mishra et al. (2008) on India and Attanasio et al. (2004) on Colombia indicated that globalisation is more likely to benefit people experiencing poverty when trade reforms are combined with reducing barriers to labour mobility.

2.3 Research on Global Poverty Alleviation Practices

Poverty reduction is a global challenge that transcends borders, affecting regions from North America to Europe, Asia, South America, and Sub-Saharan Africa. Depending

on their political systems, development stages, and poverty levels, countries often adopt varied strategies, policies, and governance mechanisms to tackle this issue. Researchers have extensively evaluated these varied approaches to gain deeper insights into the effectiveness of different poverty reduction policies across various contexts (Singh & Chudasama, 2020; Lemanski, 2016).

2.3.1 Poverty Alleviation Strategies by the International Community

In order to understand the following research, it is essential to develop a comparative approach to poverty alleviation, contrasting Western perspectives with those of socialism or Maoism. In the Western bloc, policies emphasise trade openness, privatisation, and self-driven development projects. These elements contribute to poverty alleviation by employing diverse strategies such as creating employment opportunities, facilitating unrestricted trade, and constructing industries. However, these developments can be parasitic, leading to societal disparities (Akumbom et al., 2023).

In the current era of technological advancement, the evolving norms of the economy and development suggest that these disparities can be mitigated globally (Goralski et al., 2023). For example, from a socialist perspective, Russia has adopted targeted poverty alleviation strategies, though their success has been limited. On one hand, the emphasis on privatisation in Russia has exacerbated income inequality and contributed to unemployment, while on the other hand, the government has introduced funding strategies for the elderly, including pensions and other benefits, to reduce poverty levels. These transfers have increased significantly, rising to 30%, double the amount from 1998 (Usenko et al., 2023). The ongoing Russian invasion of Ukraine has further strained the economy, directly

contributing to increased poverty. A stable economy is thus essential for prosperity (Wang & Gu, 2024).

In Cuba, Fidel Castro's government introduced a similar economic policy in 1959, similar to China's. Through transformative measures, rural empowerment programs began significantly mitigating poverty via targeted poverty alleviation. These reforms addressed education, health, and other basic needs in rural areas. Additionally, trade policies were shaped to alleviate poverty (Rivera, 2022). The impact of poverty alleviation and transformation can also be observed in programs aimed at uplifting minority communities in Cuba. Historically, Cuba has taken significant steps to support low-caste individuals and the Black population, making these initiatives flagship programs for poverty alleviation (Meerman, 2001).

2.3.2 Poverty Alleviation Models in Different Countries

The poverty alleviation practices in Asian countries provide valuable lessons for the world. Until the 1990s, poverty issues were primarily concentrated in Asia. In 1990, approximately 1.9 billion people lived below the extreme poverty threshold of $1.90/day, with low-income nations accounting for 90% of these individuals, over half of whom resided in East Asia and 28% in South Asia (Khan et al., 2020). By 2005, the distribution had shifted, with 35% of the world's poor living in Africa, 32% in East Asia, and 28% in South Asia (Castaneda et al., 2016; Castaneda et al., 2018).

The Asian Poverty Report in 2020 summarises the experiences of Asian countries in poverty alleviation into four types:

(i) State-led Poverty Alleviation Model: This model is characterised by substantial government intervention to drive economic growth and achieve poverty reduction goals. It relies on an effective administrative system and industry policies based on comparative advantages, with Japan, South Korea, and Singapore as typical examples. China and Vietnam share similar characteristics. In contrast, while India and Cambodia also have long-standing ruling parties and elite bureaucracies, extreme social divisions – such as class, caste, and religion—have hindered their poverty alleviation effectiveness.

(ii) All-Sector Pro-Poor Growth Model: This approach focuses on economic growth as the primary driver of poverty reduction, starting with agricultural growth and creating synergies between agricultural surplus and industrialisation/urbanisation. China is the most notable representative of this model.

(iii) Processing Industry-Driven (or Foreign Investment-Driven) Poverty Alleviation Model: This model is characterised by developing labour-intensive processing and export industries, which boost labour income under the benefits of a globalised market. Countries like Vietnam, Bangladesh, India, and Cambodia exemplify this model. However, it is more vulnerable to export market fluctuations than the all-sector pro-poor growth model.

(iv) Welfare Transfer Model: This model emphasises poverty alleviation through public services like education, healthcare, and minimum living guarantees. It can be subdivided into three types: the facilitative model, represented by

Hong Kong; the developmental-universalist model, represented by South Korea and Japan; and the productivism-particularism model, targeting specific groups.

As Asian countries have made significant progress in poverty alleviation, Africa has become the region with the most severe poverty issues today. Despite ongoing efforts, the extreme poverty rate in Africa has only decreased from 61.3% in 1994 to 34.1% in 2019, making it home to the most significant number of impoverished individuals and the highest poverty rate globally. As of 2018, nearly 40% of the world's impoverished (over 262 million people) lived in East and Southern Africa (World Bank, 2022). Research by the UNDP and the OPHI shows that of the 1.1 billion multidimensionally poor individuals globally, two-thirds live in sub-Saharan Africa (534 million) and South Asia (389 million) (UNDP, 2023). The State of Food Security and Nutrition in the World Report (SOFI) indicates that by 2023, approximately 733 million people globally will face hunger, with one in five individuals in Africa experiencing food insecurity. The International Development and Global Agriculture Institute at China Agricultural University (CIDGA) defines this situation as "Africa's Poverty Reduction on Pause."

In contrast, poverty alleviation in European countries has evolved through a long process of industrialisation, resulting in a welfare state model focused on redistribution (Gioachin et al., 2023). Poverty issues in these countries often manifest as relative poverty, typically associated with unemployment. Poverty reduction policies concentrate on the labour market and high welfare policies that provide comprehensive social security. Scholars contend that these countries have embraced a welfare model to reduce poverty by narrowing

the wealth gap through high taxation. This approach fosters a more equitable social security system and employment framework.

In the United States, poverty alleviation practices emphasise “personal effort” and “individual struggle,” where individuals improve their livelihoods and ensure their welfare through hard work in the market, utilising mechanisms like commercial education, healthcare, and retirement insurance. Rank (2004) claims that although the U.S. government has a social assistance program, poverty management does not rely entirely on social assistance but encourages poverty alleviation through personal income.

The above discussion outlines various countries and regions' different poverty reduction mechanisms. However, this does not imply that each country adopts only one model. In many cases, a country or region typically employs multiple poverty reduction strategies and continuously adjusts its poverty alleviation policies based on changes in socioeconomic conditions. Assessing China’s poverty mitigation efforts will reveal a similar pattern, where policies and priorities are adjusted promptly according to the distribution of impoverished populations and the country’s overall economic strength.

2.3.3 Poverty Alleviation Strategies in Asia and Africa: A Comparative Overview

Across Asia, poverty reduction strategies have evolved from income-transfer models toward multidimensional frameworks integrating human capital, financial inclusion, and social infrastructure. In India, Mishra et al. (2021) demonstrate that Regional Rural Banks (RRBs) have been instrumental in expanding rural credit access and financial literacy, correlating with measurable declines in poverty and increases in rural development. Yet, disparities in state capacity, governance quality, and institutional reach create uneven outcomes credit expansion without productive asset formation limits structural

transformation. Vietnam's approach, by contrast, emphasizes human and social-capital–based interventions. Pham and Dao (2021) and Nguyen et al. (2021) find that "human-support" programs targeting education and health significantly reduce multidimensional deprivation among ethnic minorities, while "living-support" schemes focused on production and employment have limited income effects. Social capital at the community level measured through trust, reciprocity, and collective efficacy emerges as a crucial moderator of poverty outcomes, though policy overlap and weak coordination constrain efficiency. Collectively, Asian experiences reveal a gradual transition from sectoral to integrated poverty governance, with varying success in linking finance, employment, and social welfare.

In Africa, poverty mitigation remains fragmented across energy, agricultural, and digital domains, often dependent on donor financing or external investment. Motsi and Molapo Phiri (2022) highlight how adaptive crop innovation, such as sweet sorghum cultivation, improves food security and rural incomes, but inadequate investment and institutional support hinder scalability. Goyette and Afful-Koomson (2023) note that energy poverty persists despite infrastructure reforms, as affordability and governance inefficiencies limit inclusive access. Kohnert (2021) and Adegboye et al. (2023) document that while digitalization and foreign direct investment (FDI) generate localized welfare gains, benefits are constrained by governance fragility, digital divides, and weak absorptive capacity. Entrepreneurship initiatives (Molapo et al., 2023) show promise in promoting self-employment but remain micro-scale without structural credit and infrastructure backing. Thus, African poverty alleviation remains structurally constrained by state fragility and donor dependency, contrasting with Asia's partial institutional integration and China's highly coordinated, state-led model.

Table 2.1: Comparative Poverty Alleviation Strategies across Asia and Africa

Thematic Domain	Country / Region	Key Author(s) / Source	Core Strategies and Empirical Insights
Financial Inclusion and Credit Access	India	Mishra et al. (2021), *Study on RRBs and Poverty Reduction*	Expansion of Regional Rural Banks (RRBs) increased rural credit access and literacy, reducing poverty. However, performance varies across states, and outcomes depend on governance capacity and financial discipline.
	Vietnam	Pham & Dao (2021), *Social Indicators Research*	Government "human-support" and "living-support" programs link poverty alleviation with financial aid for education, health, and production. Limited long-term income effects due to coordination gaps.
	Africa	Adegboye et al. (2023), *The Effect of FDI on Poverty Reduction*	FDI reduces poverty via employment and income effects but only when institutional quality and human capital are sufficient. Weak governance limits trickle-down benefits.
Human Capital and Education/Health Investment	Vietnam	Pham & Dao (2021); Nguyen et al. (2021)	Education and health support reduce multidimensional poverty. Community social capital enhances efficiency, yet program overlap diminishes marginal returns.
	India	Mishra et al. (2021)	RRB-linked schemes indirectly improve human capital but lack systemic integration with employment and welfare.
	Africa	Goyette & Afful-Koomson (2023), *Utilities Policy*	Energy affordability directly affects health and education outcomes; governance gaps prevent the poor from benefiting from energy access reforms.
Nonfarm Employment and Structural Transformation	Vietnam	Nguyen et al. (2023), *Sustainable Cities and Society*	Nonagricultural income significantly increases the likelihood of escaping poverty. Gender and ethnic inequalities persist; rural nonfarm expansion remains incomplete.
	India	Mishra et al. (2021)	Nonfarm employment promoted indirectly via credit, but insufficient industrial diversification and informal job dominance limit long-term mobility.
	Africa	Molapo et al. (2023), *Entrepreneurship and Poverty Alleviation in Africa*	Entrepreneurship programs foster self-employment but face barriers in infrastructure, finance, and regulation. Largely micro-scale and donor-dependent.
Agricultural Productivity and Food Security	Africa	Motsi & Molapo Phiri (2022), *Journal of Economic Studies*	Crop innovation (sweet sorghum) enhances food security and income but lacks institutional finance and policy support for scaling.
	India	Mishra et al. (2021)	Credit schemes for smallholders exist, but limited mechanization and poor market access constrain productivity.
Energy Access and Governance	Africa (North)	Goyette & Afful-Koomson (2023)	Energy reforms expanded supply but not affordability. The poorest remain energy-insecure; weak tariff regulation and governance limit inclusivity.

Table 2.1 continued

Social Capital and Community Governance	Vietnam	Nguyen et al. (2021), *Social Capital, Poverty Alleviation and Complexity*	Both community and household social capital reduce poverty across multiple dimensions (education, housing, services). Community-level cohesion is particularly impactful.
	Africa	Akinola & Adebayo (2021), *Journal of Economic Studies*	Social capital aids rural welfare but lacks institutional reinforcement. Informal networks insufficient to offset macroeconomic shocks.
Digitalization and Technology-Driven Inclusion	India	Mishra et al. (2021)	Digital banking (Aadhaar, Jan Dhan) improves targeting but remains fragmented across states.
	Africa	Kohnert (2021), *The Impact of Digitalization on Development*	Digitalization enhances access (mobile money, online trade) but deepens inequality through uneven access and governance gaps.
Institutional Coordination and Governance	Vietnam & India	Pham & Dao (2021); Mishra et al. (2021)	Fragmented program implementation and limited horizontal coordination undermine efficiency of multidimensional poverty strategies.
	Africa	Kohnert (2021); Adegboye et al. (2023)	State fragility and donor dependence impede coherent poverty governance. Programs remain project-driven rather than systemic.

Asian models (particularly Vietnam and India) demonstrate that financial inclusion and human capital investments can reduce multidimensional poverty but rely on governance quality and cross-sectoral coordination. African strategies remain constrained by infrastructural, energy, and institutional bottlenecks, despite progress in digital and agricultural innovations. Across both regions, a central lesson from the Chinese model is the importance of vertically integrated, data-informed governance that aligns credit, social policy, and industrial transformation under unified institutional oversight an element largely missing in decentralized or donor-dependent systems.

2.3.4 Poverty Governance Around the World

Poverty governance has always been a topic of significant interest among scholars worldwide. International researchers have concentrated on subjectivity, which involves

recognising impoverished individuals as active subjects in poverty governance rather than mere aid recipients. For instance, scholar Sen (2006) argued that helping the beneficiary means seeing them as a subject rather than a static recipient. The chosen 'object' is active, and the outcomes of this choice differ significantly from mere attempts to assist. In this view, the role of the poor in poverty governance is not that of passive recipients but rather active participants who occupy a central position in the process.

In this context, Grindle (2004) stated that when the government and the poor are jointly involved in poverty governance, sharing responsibilities should more closely link recipients to government projects. Even a low level of sharing can be significant. Scholars such as Naraya et al. (2000) emphasised that for people experiencing poverty, participation in social activities organised by local governments is often more valuable than pursuing material gains. Kabeer (2021) and others argued that the dominant role of women in poverty governance should be fully utilised, as their participation in the labour market can enhance the effectiveness of poverty reduction efforts.

Researchers generally agree that successfully combating poverty cannot rely solely on the poor or the government. Instead, the primary actors in poverty governance should be diverse, with non-governmental organisations (NGOs) encouraged to participate actively. Streeten (1997) concluded that NGO workers are often more knowledgeable about local cultures, societies, and people and are better attuned to the precise needs of the impoverished.

2.4 Research on China's Poverty Alleviation Practice

China's poverty mitigation efforts have yielded extraordinary outcomes, often regarded as a benchmark in global poverty reduction. These achievements offer valuable lessons for other nations. Gao (2021), for instance, noted that China's rapid economic growth

has enabled many individuals to secure better, more productive jobs. He highlights three main aspects of how economic structural reforms have promoted poverty reduction. First, the introduction of the household responsibility system in rural areas significantly increased agricultural productivity and led to a substantial decline in poverty. Second, urban reforms and the rapid pace of urbanisation facilitated large-scale migration from rural areas to cities and towns, where rural residents gained access to diversified income sources and expanded employment opportunities beyond traditional agriculture. Third, the private sector has played an increasingly vital role in driving economic growth and generating jobs, particularly for individuals from impoverished backgrounds.

China's success in managing poverty has garnered widespread acclaim on the global stage. Economist Jim O'Neill, among other experts, highlights that lifting over 700 million people out of poverty is not merely a domestic triumph but represents the most significant breakthrough in global poverty alleviation over the past four decades. This monumental achievement underscores the transformative impact of China's targeted policies and economic reforms.

2.4.1 Historical Process of China's Poverty Alleviation

Scholars, such as Xu et al. (2024), Ba (2022), and Martinez (2023) have categorised the historical poverty mitigation process in China from various perspectives. China's poverty mitigation and growth efforts can be divided into three phases: (i) From 1978 to 1985: This period marked the promotion of poverty mitigation through rural system restructuring, during which the state liberated and developed productive forces via institutional reforms, thereby increasing peasant incomes. (ii) From 1986 to 2012: This stage integrated a social security system with regional development strategies for poverty mitigation, enabling the

rural poor in western and central regions to overcome poverty by establishing a rural minimum social security system and implementing large-scale development initiatives in the western area. (iii) From 2012 to 2020: China entered an era of targeted poverty mitigation dedicated to eradicating absolute poverty among the rural population while striving to establish a fairly affluent society in every aspect.

In contrast, Liu et al. (2020) divided the poverty alleviation process in China into four stages: 1978 to 1985 focused on poverty mitigation and growth under the rural household contract responsibility system. From 1986 to 2000, it addressed poverty alleviation and development within socialist market-oriented reform. 2001 to 2012 emphasised poverty mitigation and development for social development. 2013 to 2020 focused on poverty mitigation and growth by implementing targeted strategies.

Expanding the historical perspective, Xu et al. (2022) outlined the historical process of poverty governance in China in four stages. During the War Period, rural mobilisation was the primary measure, characterised by the equal distribution of rural property. This is followed by the Early Days of China, where relief-based poverty alleviation dominated, reflecting a "cooperative" approach to poverty governance. The third stage is the Post-Reform Era, where poverty mitigation and development became the main measures, leading to a stage of "universal" poverty governance. The last stage, after the New Era, targeted poverty alleviation emerged as the central approach, resulting in a "targeted" poverty governance model.

Most scholars regard the restructuring and opening-up period as the starting point for studying the historical process of poverty governance in China (Ju & Yu, 2018; Lu et al., 2019; Liu, 2023).

Regarding poverty reduction objectives, after entering the 21st century, the focus shifted to a development-oriented poverty mitigation governance structure centred on impoverished villages. Following the 18th National Congress of the CPC, dual goals addressing poverty mitigation at regional and individual levels within the framework of comprehensive prosperity were emphasised. In 2001, the Central Committee of the CPC and the State Council issued the Outline for Poverty Mitigation and Development in China's Rural Areas (2001-2010), which reoriented efforts towards impoverished villages. Liu et al. (2018) suggested that China's rural poverty governance has evolved from concentrating on 'poor counties' to 'poor villages,' eventually achieving a balanced focus on regional and individual aspects.

Liu et al. (2020) reported that in the new era, China has transitioned to a poverty governance model centred on targeted poverty alleviation, with more precise goals and increased emphasis on the subjectivity of the rural poor. Li et al. (2023) revealed that the targets of China's poverty governance have shifted from 'regional targeting' to 'individual targeting,' evolving from a focus on generally impoverished rural areas and contiguous extreme poverty-stricken regions to the re-identification of poverty-stricken counties. In 2011, the Central Committee of the CPC and the State Council released the Outline for Poverty Alleviation and Development in China's Rural Areas (2011-2020), which made further precise adjustments to the poverty alleviation targets.

Regarding key areas of poverty reduction, Wen and Wu (2023) contended that China's approach to poverty governance has transitioned from initial relief efforts focused mainly on providing food and clothing to development-oriented strategies that prioritise regional advancement and capacity building. This shift has established a solid practical

foundation for creating, refining, and advancing poverty mitigation governance concepts. Shen (2021) posited that poverty governance in China involves the continuous integration, development, and innovation of poverty governance theory and practice, evolving from relief to economic driving forces and guarantees, thus realising ongoing innovation in poverty governance theory, concepts, systems, and mechanisms.

Beegle and Christiaensen (2019) analysed current poverty governance, proposing that it has shifted from addressing outright poverty to focusing on comparative poverty, with the relative poverty problem in this new developmental phase reflecting issues of uneven and inadequate progress. Similarly, Wang & Lin (2022) argued that while supporting low-income individuals, efforts should be made to address the ongoing challenges arising from modernisation and ensure that all share the benefits of progress.

Regarding the implementation subjects of poverty alleviation, Li Xiaoyun and Xiaoqian (2010) proposed that China adopt a participatory development approach in poverty governance, effectively coordinating the relationships among farmers, leading cadres, and production technology. Actively harnessing the initiative and creativity of farmers is key to building partnerships with the government. Dian and Menegazzi (2018) argued that China's approach to poverty management has transitioned from a 'government contracting' model to a 'pluralistic co-governance.' In the early phase of restructuring and opening up, the government led nationwide poverty mitigation efforts. Under the new governance framework, a comprehensive model has emerged integrating specialised, industrial, and social strategies for alleviating poverty.

Additionally, from the subject-object perspective of poverty governance, the approach has shifted from government-led initiatives to a multi-actor poverty governance

model. Huang and Liu (2022) argued that harnessing the intrinsic motivation of impoverished individuals is crucial for effectively combating poverty and achieving a fairly affluent society. Implementing the 'participation-feedback' model is crucial for establishing the dominant position of farmers, ensuring their involvement in the poverty governance process, and fostering interactive poverty mitigation.

2.4.2 Main Means of China's Poverty Alleviation

One of the means of poverty alleviation in China is related to infrastructure. Wang et al. (2023) believed that the government should enhance public services in impoverished areas, improve existing conditions, consolidate current poverty alleviation achievements, and prevent a relapse into poverty. Meanwhile, Kakwani et al. (2019) emphasised that all individuals receiving the minimum livelihood guarantee should be included in poverty alleviation targets. Ge et al. (2023) pointed out that infrastructure construction, such as railways can improve regional accessibility and essential to poverty reduction. Anand and Ravallion (1993) pointed out that the shortage of public goods is a significant factor contributing to poverty and that this issue should be alleviated by improving essential public services.

Another means of China's poverty alleviation is related to relocation of the poor. For instance, Long et al. (2016) stated that promoting urbanisation through relocation can optimise resource allocation, expand employment opportunities, and assist labour transfer, thereby increasing the income of impoverished farmers. Li et al. (2011) argued that government planning and establishing immigration development bases, household migration, and village relocation are the primary forms of implementing poverty alleviation through relocation policies.

Industrialisation is also identified as a means for poverty alleviation. Choe and Roberts (2011) suggested that developing and utilising local resources in highly impoverished areas to promote characteristic pillar industries can fully leverage local advantages while facilitating the necessary factor exchanges in a market economy. Yan (2016) pointed out that poverty-stricken areas should adapt measures to local conditions, reorganise industrial structures, transform economic development modes, develop characteristic industries, and invest in businesses.

Other than that, promoting employment for the poor is also a significant mean of poverty alleviation in China. Zhang (2023) argued that a key aspect of addressing the challenges faced by the "three rural areas" (farmers, agriculture, and rural areas) and promoting industrialisation and urbanisation is to facilitate the rational transfer of surplus labour from rural areas to non-agricultural industries. Perry (2006) stated that breaking down barriers restricting the free flow of labour is conducive to preventing widening income disparities and further alleviating poverty.

2.4.3 Theory of Poverty Alleviation with Chinese Characteristics

Poverty alleviation with Chinese features garnered attention from the very first stage following China's independence. The ideology of the Chinese government is rooted in Marxist-Leninist theory, which emphasises strengthening the masses and enhancing public well-being through a state-owned structure aimed at countering capitalism by establishing a single-party system known as the dictatorship of the proletariat. This party later led the state government and shaped policies accordingly (Schram, 1969). However, this trajectory shifted during the era of Jiang Zemin in 1997. His approach introduced the policy of "Three Represents," incorporating capitalism into Chinese society due to the flaws in earlier

philosophies. Subsequent developments revealed that these strategies were founded on a blend of Marxist-Leninist, Maoist, and Deng Xiaoping theories to guide the new China (Chai, 2003). Modern China draws inspiration from this combination of theories, and current poverty alleviation strategies result from the evolution from old to new schools of thought. Although these theories consider public well-being, socialism serves as the baseline for societal transformation. Under the current CPC government, China has succeeded in countering Western governance philosophies, primarily focusing on fostering good relations among people, demonstrating a willingness to address the complex issues within Chinese society (Zhongyuan, W., 2023).

From a macro perspective, Wang .Y et al. (2022) summarised the concept of poverty management with Chinese characteristics as comprising "five theories": first, the essentialist view that eliminating poverty is a crucial prerequisite for socialism; second, the objective is to secure the "two worries and three guarantees" while building a society that is moderately developed in every respect; third, the dynamic theory that combines poverty management with intellectual support; fourth, a methodology based on addressing besieged poverty as a fundamental approach to overcoming poverty; and fifth, leveraging the political advantages of socialism with Chinese features, adhering to the party's leadership, and constructing a comprehensive poverty reduction strategy.

Zhang (2023) and Huang (2022) maintained that poverty management with Chinese features has consistently embodied the concept of "people-centred" poverty reduction. Xiang (2023) further pointed out that eradicating absolute poverty validates the principle of putting people first. Zhou and Liu (2022) observed that poverty governance with Chinese features is chiefly defined by a governance philosophy that centres on establishing a "service-

oriented government" during poverty mitigation. This approach consolidates the gains from eradicating poverty and connects these achievements to broader rural revitalisation efforts. Moreover, Guo and Liu (2022) emphasised that in the practice of poverty control, "service" is viewed as the core of government functions, adhering to a people-oriented approach and emphasising both the government's service role and the participation of the populace. Similarly, Liu and Zhao (2023) explained that in rural governance, the innovation and improvement of governance concepts are essential for consolidating the successes of poverty mitigation and effectively associating with rural rejuvenation.

From a micro perspective, Xinmin (2017) pointed out that at the 18th National Congress of the CPC, poverty governance with Chinese features marked a shift in governance concepts – from material assistance to a combined approach that integrates poverty alleviation with sustaining will and understanding. This approach focuses on fighting poverty and combating ignorance, boosting investments in human capital, and strengthening the development potential of impoverished communities. It seeks to transform external assistance into an internal driving force that ensures sustainable poverty mitigation and long-term development. Yuan and Ding (2023) discussed that poverty governance with Chinese characteristics embodies the concept of "endogenous poverty alleviation," with a core emphasis on prioritising the people's role and encouraging the endogenous factors that contribute to poverty and promoting prosperity.

According to Qin & Zhang (2022), the poverty management model has evolved from "blood transfusion" to "hematopoietic," combining poverty improvement with sustaining ambitions and insights. This approach aims to eliminate poverty without leaving any nation, region, or individual behind, serving as a concrete expression of the concept of "endogenous

poverty alleviation." Liu et al. (2018) and Deng et al. (2022) elaborated that targeted poverty reduction has been pivotal for China's comprehensive success in poverty alleviation. Scholars such as Yin (2024) revealed that the concept of poverty management with Chinese characteristics is persistently innovative and refined. Deng Xiaoping's idea of "getting rich first leads to getting rich later" has evolved into a comprehensive framework for human progress. At the same time, Hu Jintao emphasised coordinated and sustainable development. Xi Jinping introduced concepts of precise poverty reduction and prioritising poverty eradication, providing conceptual guidance for addressing absolute poverty in China.

2.4.4 New Development Philosophy and China's Poverty Alleviation

The "new development concept" refers to a systematic theoretical framework that addresses various theoretical and practical questions regarding the purpose, motivation, mode, and development path. It embodies principles of innovation, coordinated action, environmental sustainability, openness, and inclusive development. Torun & Cicekci (2007) asserted that innovation is the engine of development, serving as a crucial tool for transforming economic power and is central to growth. Xu (2011) believed that coordinated action responds to the fundamental contradictions within Chinese society, offering a concentrated answer to the endogenous characteristics of development. Implementing this concept helps address the imbalances in urban and rural economic and social development and the insufficiencies in rural growth, thus better meeting the people's increasing demands for a better life.

Cheng et al. (2021) argued that green growth can effectively alleviate significant issues such as resource scarcity and severe ecological pollution, balancing economic growth and environmental protection while promoting harmonious coexistence between humanity

and nature. Zhang (2024) stated that the model of common well-being represents an organic unity of sharing and development, aiming to achieve sharing through development and promoting development through sharing while ensuring fairness in resource allocation.

Regarding the value of the new development philosophy, promoting innovative approaches to productivity development is significant (Surya et al., 2021). Khan et al. (2024) believed that a balanced approach among the five concepts can foster the realisation of shared prosperity. The new development concept provides comprehensive guidance for the human economy's development. Chen and Huo (2022) argued that this philosophy can lead China to attain high-quality economic prosperity. The new growth concept lays a foundation for promoting shared prosperity and achieving high-quality development. Adhering to the current development philosophy is essential for promoting sustained and vigorous economic and social well-being in this new developmental stage, serving as the only means for China to cultivate and grow.

Regarding the connotation of poverty governance under the new development philosophy, guiding poverty governance with these concepts provides a clear direction for alleviation. This approach emphasises that innovation is the primary driving force behind poverty governance, necessitating continuous innovation in poverty governance mechanisms and methods. Adhering to the concept of coordination is essential for linking poverty alleviation with rural revitalisation, promoting resource integration, and enhancing overall regional poverty reduction and development capacity. Green development is a fundamental requirement of poverty governance, emphasising the need to balance poverty reduction with ecological construction and explore new paths for ecological poverty mitigation (Wang et al., 2023). Openness emphasises enhancing the global exchange and

collaboration of poverty reduction experiences while improving the international development environment. Common well-being reflects the value orientation of poverty mitigation and is a vital pathway to achieving shared prosperity (Xia et al., 2022).

Adhering to the new development concept in poverty governance practices is crucial for guiding poverty governance with the new development philosophy. This involves innovating the systems and mechanisms for poverty alleviation, integrating poverty reduction efforts with grassroots organisation development, and fostering the people's will and creativity. It also includes accelerating ecological protection initiatives, strengthening global cooperation in poverty control, and ensuring that all humanity shares development benefits through adequate institutional arrangements.

Building on the analysis of the new development concept, Wang (2024) elaborated on the poverty alleviation path in contiguous impoverished areas, proposing that poverty governance should follow the principles of the new development philosophy, prioritise innovations in the poverty mitigation system, and focus on the multifaceted relationships involved in poverty governance. They advocate for enhanced environmental protection in impoverished regions, expanding cooperation opportunities in poverty mitigation, and fostering the sharing of poverty reduction outcomes. Millard and Fucci (2023) argued that innovative ideas are essential in response to changes in poverty dynamics. The shifts in the dynamics of poverty reduction present challenges to the stability of poverty governance, and innovative ideas are necessary to address the issues of insufficient motivation encountered in poverty governance. By implementing innovative poverty reduction mechanisms and strategies while steadily promoting development, the focus of poverty control will shift

toward managing relative poverty, emphasising the prevention of poverty recurrence and improving the living standards of those in need.

2.4.5 International Evaluation of China's Poverty Alleviation

China's achievements in poverty alleviation have received widespread recognition globally. Odusola (2019) believed that the Chinese government adheres to a targeted poverty mitigation policy in its poverty governance, which aims not only to address the basic survival needs of people experiencing poverty, such as food and clothing, but also to improve infrastructure and essential social services, including education, healthcare, culture, housing, and drinking water in impoverished areas. This approach helps the poor escape poverty while providing opportunities and platforms for development, aligning with the UNDP Goals. Kairuki (2018) remarked that China's remarkable achievements in lifting its people out of poverty at an average rate of over 13 million people per year are closely related to the effective leadership of the CPC. He emphasised that the CPC has always upheld the principle of putting people first, which is the foundation for formulating poverty alleviation policies. This valuable experience is worth emulating by countries around the world. Wang et al. (2022) argued that China's policy formulations in reducing poverty are significant for other developing countries. Ibonye (2022) noted that the platform built by China to share its experience in poverty reduction with other nations has greatly facilitated cooperation and knowledge exchange in global poverty reduction initiatives.

What has China done right in its poverty alleviation efforts? It has significantly assisted other developing countries in achieving the United Nations 2030 SDG. Tan et al. (2023) discussed the poverty alleviation of two impoverished villages in Hunan Province,

proposing that the key achievements in China's poverty governance stem from improving the CPC's management capacity.

Song et al. (2022) noted that the United Nations Progress Program, aligned with China's poverty governance mechanism of establishing records and accurately identifying poor individuals, has prompted government departments to implement targeted poverty governance policies, which can serve as a model for other developing countries. British scholar Xiao et al. (2022) explained that China actively develops infrastructure, healthcare, education, and other initiatives in underdeveloped areas of Africa, thereby enhancing agricultural development and driving economic well-being. This engagement has significantly stimulated progress in poverty reduction and development in African countries. Ronnie (2021), director of the Brazilian Centre for China Studies, believes China continues innovating its approaches to poverty governance. The fundamental policy of targeted poverty mitigation identifies the root causes of poverty and enhances the precision of poverty governance practices, making it a valuable reference for many developing countries.

2.5 Conclusion

Eradicating poverty remains a pervasive challenge for countries globally, particularly in sub-Saharan Africa, where a large segment of the population is living below the absolute poverty threshold. While China has made notable strides in poverty mitigation, its experiences offer valuable insights for international efforts to reduce poverty. Scholars have extensively researched and compared poverty alleviation methods and strategies from various angles, including economic growth, industrial development, education, health promotion, institutional arrangements, and globalisation.

Comparing poverty reduction projects in India, Mexico, and China reveals that, despite notable differences in poverty levels and political systems among these countries, everyday experiences contribute to successful poverty alleviation. These include the determination of governing authorities to eliminate poverty, decentralised methods for identifying impoverished populations, and efforts to reduce elite capture and concentrate local power.

Researchers have sought to analyse the historical process of poverty mitigation in China from multiple perspectives, exploring the various strategies and methods employed over different periods. These transitions include moving from eliminating absolute poverty to managing relative poverty, shifting from broad-based poverty relief to targeted poverty mitigation, evolving from extraordinary social mobilisation to institutionalised governance, transitioning from compulsory measures to mixed approaches, and progressing from welfare-oriented policies to development-oriented strategies, as well as from direct fiscal poverty relief to leveraging additional resources.

However, limited research exists on how China has optimised its poverty alleviation strategies in light of the prevailing historical context, macroeconomic conditions, and poverty. Questions remain regarding the rationale behind these strategies and the underlying framework of China's precision poverty mitigation approach implemented in recent years. Moreover, further investigation is needed to assess the effectiveness of targeted poverty mitigation measures, particularly in sectors such as industry and health.

This dissertation provides a reference for academic exploration of the concept and process of poverty mitigation in China and other countries facing poverty governance challenges. However, some shortcomings are acknowledged, and readers are encouraged to

consider them. For example, while efforts are made to objectively investigate the chronological development of CPC theory and practice in poverty mitigation, limited analytical ability with historical materials may introduce some biases. Additionally, while attempting to conduct a thorough and distinctive theoretical analysis, examining Chinese poverty relief theory and the summary of foundational experiences may not be comprehensive, and further refinement is necessary.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology adopted in this study, detailing the data collection and sampling procedures employed to investigate China's poverty mitigation strategies.

This research used qualitative and quantitative techniques suited to the research questions, objectives, scope, and historical focus. Qualitative research is based on "evidence-based theory," primarily employing logical reasoning, philosophical inquiry, historical verification, and regulatory judgment to study objective phenomena (Fossey et al., 2002). This process allows for analysis, verification, and interpretation, thereby deriving meaningful conclusions from the research. On the other hand, quantitative research relies on numerical and statistical data, utilising quantifiable methods to measure and analyse the relationships between variables (Mohajan, 2020; Ghanad, 2023). This approach typically involves sampling selection to gather large datasets, which are then subjected to statistical analysis to provide precise conclusions. Such methods enable identifying trends, establishing causal relationships, and generalising results, thereby providing scientific evidence for theoretical development.

As stated in Chapter 1, this research aims to summarise the historical significance, local characteristics, and tangible outcomes of Chinese poverty eradication and to explore the challenges and limitations within China's poverty reduction approach. In other words, the objective is to comprehensively examine China's poverty eradication and prosperity initiatives since the establishment of the People's Republic, while, at the same time,

exploring the challenges and shortcomings that have hindered further progress in reducing poverty.

3.2 Research Design and Research Approach

The research adopted a mixed methods approach incorporating qualitative and quantitative methods. This includes government reports, statistical yearbooks, academic publications, and international datasets. This approach was deemed the most suitable for achieving the overall research objectives, which in this case means enabling a critical evaluation of China's poverty mitigation practices over time. The logical workflow and key steps of the research approach are summarised in the following diagram (Figure 3.1).

The first step in this research is defining the research problem. As mentioned in Chapter 1, the aim of this research is to explore the historical significance, local characteristics, and tangible outcomes of Chinese poverty eradication and to investigate the challenges and limitations within China's poverty reduction approach. Based on the nature and scope of the research aims and objectives, exploratory research design was deemed as the most appropriate research design for this study. In addition, it focuses on adopting mixed methods approach as primary methods of data collection. It is believed that a mixed methods approach enables the researcher to explore the issues from different angles. In this context, data was collected primarily via desktop research, case studies analysis and expert consultations. This will be explained more in the following sections.

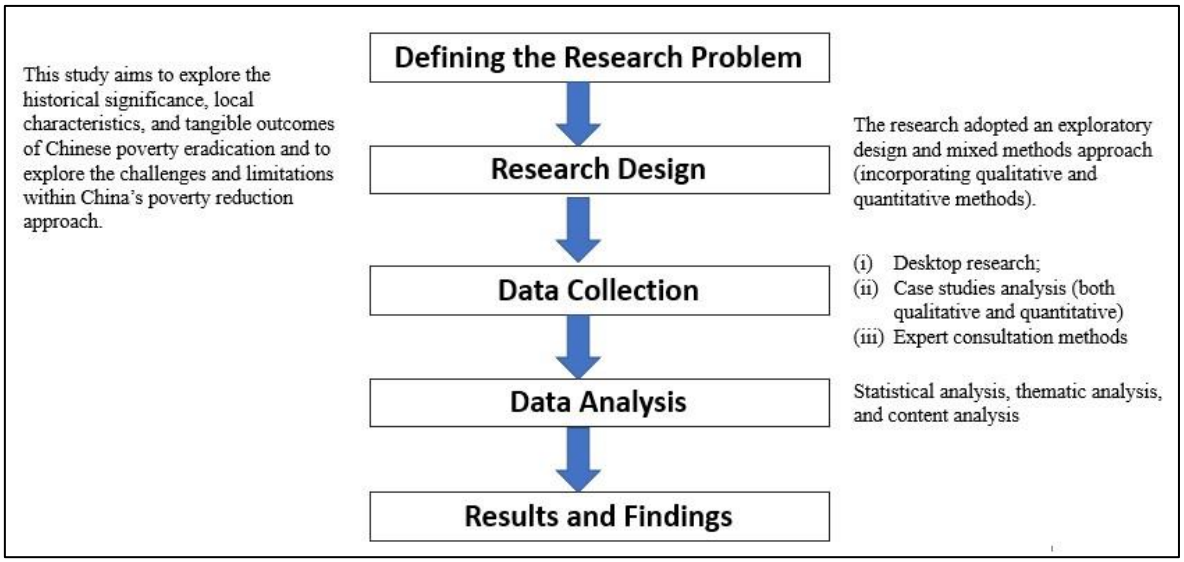

Figure 3.1: Summary of Research Process

Similarly, data analysis also adopted both qualitative and quantitative methods. For example, analysis includes (i) statistical analysis (descriptive, inferential, or other mathematical models), (ii) thematic analysis, and (iii) content analysis. All these analyses were used to find patterns, themes, and insights. For example, the research was able to compare national data with international benchmarks in poverty mitigation.

3.3 Data Collection Methods

This study used a combination of methods, including desktop research, analysis of official documents, systematic review of archival records, case studies (both qualitative and quantitative), and expert consultations to gather first-hand information from key region in China that have shown strong results in poverty reduction. In this case, Shandong Province was selected.

Aside from desktop research, expert consultations which involved interviews (both formal and informal) with directors, officers and staffs at different poverty alleviation agencies/departments were conducted. This includes Poverty Alleviation Research Institute

(Shandong Province, Jinan), Shandong Institute of Macroeconomics, Shandong Provincial Department of Agriculture, Shandong Provincial Development and Reform Commission, and Energy Bureau. Approximately fifteen individuals were interviewed, and they were selected based on their field of expertise and involvement in poverty alleviation project. The data collected from these experts include data and trends on poverty alleviation, statistics on poverty and its adjustment, discussion on challenges (e.g. poverty relapse) and other related poverty alleviation data. The methodological approach emphasises a rigorous examination of secondary data and data from expert consultation, ensuring that findings are rooted in reliable and verifiable sources.

3.3.1 Desktop Research

Desktop research was the primary data collection method used in this study. It involves a systematic review of online databases, digital libraries, and government portals to gather relevant documents, statistical reports, and academic studies. In this context, data collection involves examining historical records and policy documents, including compiling poverty mitigation statistics, development plans, and related governmental publications (e.g., recognised international datasets, such as those provided by the UN, the World Bank, and the National Bureau of Statistics of China). The review was mindful of the need to ensure data credibility and allow for cross-comparative analysis.

Table 3.1 below summarises the type of data needed and analysed in this research.

Table 3.1: Research Data Summary

No.	Information Needed	Sources
1.	The experience of the ruling party and the state on anti-poverty practices since the inception of China, including the speeches of major leaders in each period, various anti-poverty policy documents, and official statistics.	Government document
2.	The study data of the inland and extraneous theoretical circles on the anti-poverty problem.	Local and International sources
3.	Social mass media reports on successful and unsuccessful cases. By analysing these cases, the experience of China in combating poverty can be concluded.	News media report
4.	Data on historical context and practical rationale behind poverty governance with Chinese characteristics.	Academic research papers
5.	Comparison data on the development concepts of relevant countries and societies with China's development concepts (include the Chinese government's basic concepts, policy measures, and practical experience of poverty governance in different periods).	Internet searches/ sources focusing on comparative analysis

This study relied predominantly on Government reports and publications (for example, China Statistical Year Books, archives and other related publication). It is acknowledged that relying predominantly on government-reported data in China to study poverty alleviation strategies presents limitations, as such data often reflect narrow income-based definitions and may be influenced by political incentives to demonstrate policy success. This reliance risks overlooking multidimensional aspects of poverty, regional disparities, and the structural factors that undermine the long-term sustainability of poverty reduction efforts.

3.3.2 Qualitative Research Methods

As mentioned above, this research also used qualitative research methods. A total of fifteen individuals were selected for interview and they were chosen using purposive sampling techniques. They were selected due to their expert knowledge and involvement in the subject of poverty alleviation strategies and approaches in China. These individuals include directors of agency/institute/departments, its officers and staff, all of which are experienced in the subject matter.

The chosen agency/department includes the Poverty Alleviation Research Institute, Shandong Institute of Macroeconomics, Shandong Provincial Department of Agriculture, Shandong Provincial Development and Reform Commission, and Energy Bureau. These agencies/department are responsible for doing research on poverty in China, as well as being tasked as poverty alleviation taskforce. This was the reasons why the individuals and agencies/departments were chosen in this study.

This qualitative research methods (i.e., expert consultations and interviews) were done in order to address Research Objective Two (i.e., to analyze how China has optimised and adapted its poverty alleviation policies over time) and Research Objective Three (i.e., to explore the underlying logic of China's targeted poverty alleviation strategy). Data obtained include data on the characteristics, changes, and patterns of poverty and poverty alleviation efforts in China as a whole and in Shandong Province in general.

Among the regions covered are Gansu (western region), Jiangxi and Anhui (central region), and Jilin (Northeastern region). These areas differ in terms of geographical locations, economic development, poverty incidence, and policy focus. For example, Gansu was purposively selected as Gansu has high poverty rates and ethnic minority issues common in Western China. Meanwhile, Jilin was purposively chosen because of its industrial decline and rural poverty challenges of the Northeast. This differences in characteristics allows for insights that are applicable to broader regional patterns across China.

3.3.3 Quantitative Research Methods

In recent years, China has launched a targeted poverty mitigation strategy, emphasising the need to address the specific environmental conditions of different impoverished areas and the circumstances of different impoverished households. This involves implementing policies based on various factors such as individual circumstances, local conditions, causes

of poverty, and types of poverty to assist disadvantaged populations in escaping poverty. During the implementation process across various regions, diverse poverty mitigation measures such as those for the photovoltaic industry, health, and employment poverty mitigation have been creatively employed. This raises the question about the actual effects of these poverty mitigation measures on different regions and industries. Thus, this study quantitatively analysed the effectiveness of targeted poverty mitigation strategies, focusing on their impact on poverty incidence.

A quantitative study on the impact of the photovoltaic industry on poverty mitigation was conducted using panel data from 832 impoverished counties at the national level in China, covering the period from 2010 to 2020. This study utilised the implementation of the first batch of photovoltaic poverty mitigation projects, which began at the end of 2017, as a natural experiment. Four hypotheses are proposed: (1) photovoltaic poverty mitigation policies have a beneficial effect on poverty reduction; (2) these policies contribute to economic growth in impoverished counties; (3) they can provide more employment opportunities for residents; and (4) they attract more commercial entities to participate. The difference-in-differences method assessed the impact of photovoltaic poverty mitigation projects on county-level economic development.

Aside from that, this study also focuses on a quantitative study on health poverty mitigation. In this context, data were obtained mainly from three rounds of the China Family Panel Studies (CFPS) conducted in 2014, 2016, and 2018. Two hypotheses are proposed: (1) targeted poverty mitigation policies help reduce the degree and probability of multidimensional health poverty faced by impoverished populations, and (2) these policies can help impoverished individuals escape the health poverty trap. For the purpose of this

study, samples entering or exiting midway are excluded from observing the dynamic changes in health poverty.

Other than that, a quantitative study on employment-related poverty mitigation was conducted. In this context, a random sampling method was adopted. A total of 295 administrative villages across 12 counties in 4 cities in Jiangxi Province were studied. Three hypotheses are advanced: (1) employment poverty mitigation projects can significantly boost the income of registered impoverished households; (2) the projects' effects on household income vary according to geographical conditions and family circumstances; and (3) households at different income levels exhibit differing propensities for employment mobility. Data from Jiangxi Province was used to evaluate the role and effectiveness of these employment poverty mitigation measures in raising impoverished households' incomes.

This quantitative research methods were done in order to address all three research objectives. They are:

RO1: To examine the rationale behind China's focus on rural areas in its poverty alleviation strategy

RO2: to analyze how China has optimised and adapted its poverty alleviation policies over time) and;

RO3: to explore the underlying logic of China's targeted poverty alleviation strategy.

3.4 Sampling Techniques

Given the nature of the study, purposive sampling was deemed the most appropriate. Consequently, documents and datasets that best illustrate the evolution of China's poverty mitigation policies are targeted/sampled for its analysis.

(i) Document Selection: Priority was given to official publications and research reports that have undergone peer review or are recognised by national and international bodies.

(ii) Temporal Coverage: In order to capture a comprehensive historical perspective, data were collected across several key periods in China's poverty mitigation journey, from the early stages post-1949 through the restructuring and opening-up period to the present era of targeted poverty mitigation.

(iii) Geographical Scope and Characteristics of Respondents: Although the study is national in focus, special attention was given to data from rural regions, which are central to the research question. This included data from areas that have been the primary beneficiaries of targeted poverty mitigation initiatives. The characteristics of the respondents included county and township officials, village leaders, and ordinary farmers. This diverse composition of respondents ensures the representativeness and reliability of the research findings, analyses, and understanding of the current state of rural poverty and the effectiveness of poverty mitigation measures from different perspectives.

This research aims to study the concept and process of China's poverty alleviation strategies, focusing on innovative theoretical advancement, the challenges and shortcomings within China's poverty reduction approach. The chosen sampling strategy was deemed the most appropriate to address the research aim and objectives.

3.5 Techniques of Data Analysis

As mentioned before, this research focuses on understanding China's poverty alleviation strategies, primarily using desktop research. Thus, it relies on various documents for its data.

Hence, content analysis was employed as it is deemed the most appropriate and capable of answering the research questions and objectives of this study. For example, content analysis would be able to answer why China's poverty alleviation began in its rural areas, as well as how the Chinese poverty alleviation strategy model differs from poverty alleviation efforts in other countries. Other than that, triangulation was also used in analysing data in this study. Triangulation has the ability to help build a strong and accurate result for different contexts, facts, and figures because of the research's diversity and combination of statistics and policies.

The data analysis procedure involved the following steps:

(i) Thematic Analysis, where the documents and datasets were examined to identify recurring themes, policy shifts, and the evolution of poverty mitigation strategies.

(ii) Comparative Analysis: National data were compared with international benchmarks to assess the relative effectiveness of China's approaches.

(iii) Triangulation: Findings were validated by cross-referencing multiple sources, enhancing the reliability of the conclusions; and

(iv) Historical Contextualization: The analysis was framed within the broader historical, social, and economic contexts to better understand the implications of policy changes over time.

3.6 Chapter Summary

This chapter provides a comprehensive overview of the methodology employed in this study, establishing a robust framework for examining the evolution of China's poverty mitigation strategies. The study focuses on regions in China (Jiangxi, Gansu, Anhui, Jilin)

that have successfully implemented poverty mitigation efforts. Data was collected via desktop research, archival data analysis, and purposive sampling.

The subsequent chapters will build on these methodological foundations to offer an in-depth analysis of policy effectiveness and the historical context of China's efforts to eradicate poverty, aiming to provide an intuitive presentation of the poverty mitigation process in China with insights for other nations in their efforts to eliminate social poverty.

CHAPTER 4

HISTORICAL PROCESS OF CHINA'S POVERTY REDUCTION STRATEGY AND MAIN POLICIES

Understanding China's farmers, agriculture, and rural areas is the starting point for grasping the essence of Chinese history and culture, and the logical foundation for comprehending China's economy and society.

— Chen Xiwen, Director of the China Rural Studies Institute at Tsinghua University and former Deputy Head and Office Director of the Central Rural Work Leading Group.

As previously mentioned, poverty is a significant challenge faced by countries worldwide, including China, and eradicating it is a shared mission of the international community (Amar & Pratama, 2020; Haggblade & Hazell, 2010; Spenceley & Meyer, 2012). Chinese President Xi Jinping has frequently emphasised China's commitment to contributing "Chinese solutions," sharing poverty reduction experiences, and offering "Chinese wisdom" to global poverty governance to build a community with a shared future for humanity that is free from poverty and fosters common development (Xi, 2015). Tracing the historical trajectory of China's poverty mitigation efforts reveals that these initiatives began in agricultural and rural areas, featuring strategic deployments and policy measures that continually evolved to address poverty through innovative approaches (Wang et al., 2024). This has culminated in a uniquely Chinese poverty reduction model, creating a historical landmark in global poverty mitigation (World Bank, 2009). Throughout this process, the Chinese government adapted its priorities, strategies, and institutional frameworks based on factors such as the distribution and causes of poverty, population size,

and national capacity. Resources were precisely directed to impoverished populations, leading to a significant reduction in poverty.

This chapter reviewed China's poverty mitigation practices since the founding of the People's Republic, examining its historical and cultural context, population structure, poverty characteristics, and reform process. It explored why China's poverty reduction efforts started in rural areas, clarifies shifting policy priorities across different periods, and analyses the motivations and directions of policy adjustments in light of broader societal changes.

4.1 China's Achievements in Poverty Reduction

China has long been the most populous developing country. According to United Nations data, China's population stood at 539 million in 1950, accounting for 21.82% of the global population. This proportion peaked at 22.53% in 1974 before gradually declining to 20.63% by 2000 and 17.86% by 2022. In 2023, however, India surpassed China in population size.

For the first three decades after the founding of the People's Republic in 1949, China's weak economic foundation and low production capacity made it the country with the largest impoverished population globally. In 1949, China's per capita national income was just $27, less than two-thirds of Asia's average ($44) and less than half of India's $57. The majority of the population lives in extreme poverty (Wang, 2016). By 1978, there were still 770 million rural poor, accounting for 97.5% of the rural population[1]. After over 40

[1] Compilation of Historical Data on Rural Poverty Monitoring in China. (2022). China Statistics Press.

years of continuous efforts, China's accomplishments in rural poverty reduction have been remarkable and widely recognised internationally.

4.1.1 Poverty Mitigation Under China's National Standards

In 2021, the Chinese government declared that it had achieved its poverty mitigation targets for the new era by eliminating absolute poverty in rural areas.[2]. Based on the 2010 national poverty line (2,300 yuan/person/year at constant 2010 prices)[3], the rural poor population declined from 770 million in 1978 to 658 million in 1990, 462 million in 2000, and just 5.5 million in 2019[4] - a decrease of approximately 765 million people. The rural poverty rate fell from 97.5% to 0.6%.

Over the past four decades, China has reduced its rural poor population by an average of 18.66 million people/year, which is comparable to the population size of a medium-sized European country. All 832 designated impoverished counties and 128,000 poor villages have been lifted out of poverty, effectively addressing large-scale regional poverty issues. As a result, China became the first developing country to achieve the UN's MDG for poverty reduction, reaching the 2030 Agenda for Sustainable Development's poverty target a full decade ahead of schedule. Figure 4.1 illustrates the number of poor people and the poverty incidence rate in China based on the 2010 national poverty standard.

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[2] http://www.xinhuanet.com/english/2021-02/26/c_139767705.htm

[3] In fact, China has also used two other poverty standards during its more than 40 years of poverty reduction practice: the 1978 standard (equivalent to 206 RMB/person /year in 1985, adjusted for purchasing power parity) and the 2008 poverty standard (equivalent to 865 RMB/person/year in 2000, adjusted for purchasing power parity). Although the values differ between the same standard in different years, they are actually comparable because they are calculated using purchasing power parity, which reflects the same standard of living. Different standards, however, represent different living standards that align with China's income levels at the time.

[4] Compilation of Historical Data on Rural Poverty Monitoring in China. Published by China Statistics Press, 2022.

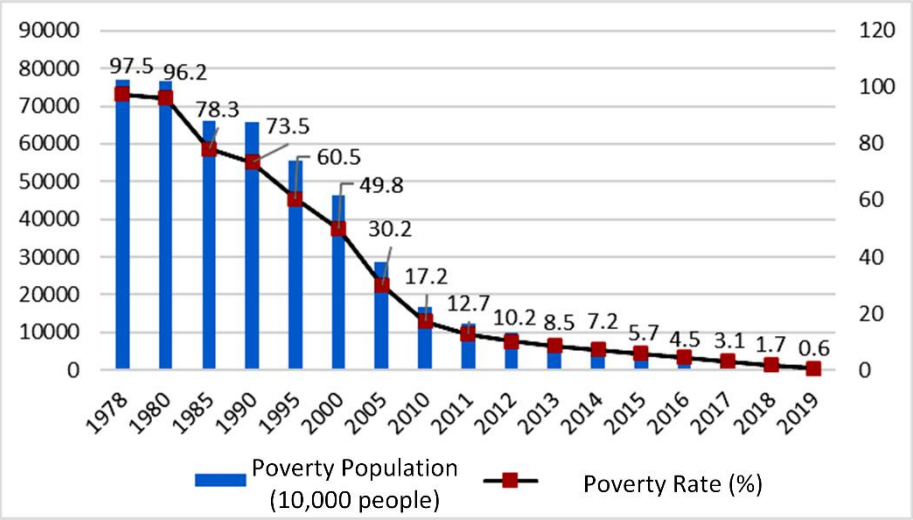

Figure 4.1: Number of Poor People and Poverty Incidence Rate in China Based on the 2010 National Poverty Standard.
Data Source: Compilation of Historical Data on Rural Poverty Monitoring in China, 2021.

The income levels in poverty-stricken areas have risen substantially, with the growth in per capita disposable income for rural residents in these areas consistently outpacing the national rural average. Between 2014 and 2020, per capita disposable income in impoverished areas increased from 6,852 yuan to 12,588 yuan, registering an average annual growth rate of 10.67%. In neighbouring poverty-stricken regions, it grew from 6,724 yuan to 12,420 yuan at an annual rate of 10.77%. In key counties targeted for poverty mitigation, income increased from 6,717 yuan to 12,499 yuan, with an annual growth rate of 10.9%, significantly higher than the national rural average of 8.52%. The income gap between these regions and the national rural average has also steadily narrowed. In 2014, the per capita disposable income in impoverished areas, contiguous poverty-stricken regions, and significant counties was 65.3%, 64.1%, and 64% of the national rural average, respectively. By 2020, these figures had risen to 73.5%, 72.5%, and 73%, reflecting an average increase of more than eight percentage points.

As a result, China completed the daunting task of eradicating absolute rural poverty under current standards. Rural poverty populations have fully achieved the “two assurances

and three guarantees" (which is translated as having sufficient clothing and sustenance, along with ensured access to mandatory education, essential healthcare, and secure housing), and safe drinking water, with significant enhancements in essential production and living conditions. The per capita disposable income of rural permanent residents in China's poverty-stricken areas from 2014 to 2020 is shown in Figure 4.2 and Table 4.1.

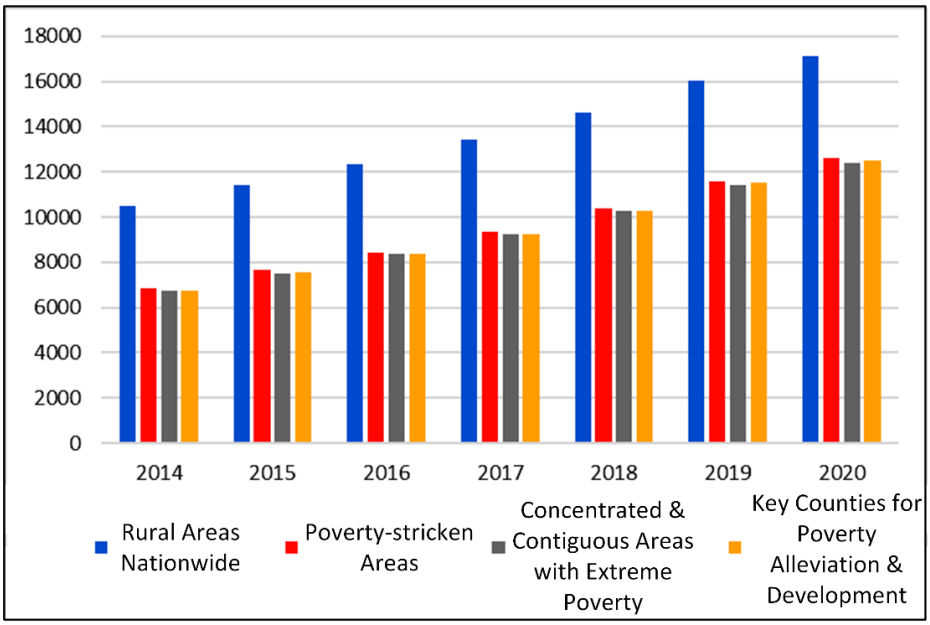

Figure 4.2: Per Capita Disposable Income of Rural Permanent Residents in China's Poverty-Stricken Areas (2014–2020).
Data Source: China Poverty Alleviation and Development Yearbook 2021.

Table 4.1: Ratio of Per Capita Disposable Income in Poverty-Stricken Areas to National Rural Residents (2014–2020)

Year	Poverty-Stricken Areas/National (%)	Contiguous Extremely Poor Areas/National (%)	Crucial Counties for Poverty Mitigation/National (%)
2014	65.33	64.11	64.04
2015	67.00	65.88	66.04
2016	68.37	67.52	67.58
2017	69.81	68.97	68.90
2018	70.95	70.19	70.36
2019	72.20	71.43	71.93
2020	73.48	72.50	72.96
Increase Rate	8.16	8.39	8.92

4.1.2 China's Poverty Mitigation Achievements Based on International Standards

From a global perspective, China's poverty reduction performance is equally remarkable under internationally recognised poverty line standards. According to the World Bank's World Development Indicators Database, based on the $2.15 per day (2017 PPP) poverty line, China's poverty incidence was 72% in 1990, nearly double the global poverty incidence of 37.9% during the same period, as shown in Table 4.2. By 2016, China's poverty incidence had dropped to 0.1%, a decrease of 71.9%, while global poverty incidence stood at 10.2%, significantly higher than China's, as shown in Table 4.3.

China's poverty incidence fell far below that of developing countries (e.g., South Asia's average of 9.7% in 2022) and was lower than the proportion of extreme poverty in some developed countries. Even under higher poverty lines of $3.65 and $6.85 per day (2017 PPP), China's poverty incidence experienced significant declines, showcasing its extensive poverty mitigation success, as shown in Figure 4.3.

Table 4.2: Poverty Incidence in China and the World (%)

Year	China	World	Year	China	World
1990	72	37.9	2007	-	19.2
1991	-	37.4	2008	17.3	18.3
1992	-	36.6	2009		17.4
1993	65.6	36.1	2010	13.4	15.7
1994	-	34.2	2011	10	13.9
1995	-	32.5	2012	8.3	12.9
1996	48.2	31	2013	2.7	11.5
1997	-	30.8	2014	1.7	11
1998	-	31.1	2015	0.6	10.5
1999	46.1	30.2	2016	0.1	10.2
2000	-	29.3	2017	0	9.4
2001	-	28.3	2018	0	8.7
2002	36.9	26.8	2019	0	8.8
2003	-	25.3	2020	0	9.7
2004	-	23.3	2021	0	9.5
2005	22.3	21.5	2022	-	9
2006	-	20.5			

Source: World Bank

Table 4.3: Proportion of Population Living Below International Poverty Lines (2017 PPP, %)

Country	Year	$2.15/Day	$3.65/Day	$6.85/Day
China	2016	0.1	7.8	34.1
United States	2022	1.2	1.5	2
Canada	2019	0.2	0.5	0.7
Japan	2013	0.7	0.9	1.4
Australia	2018	0.5	0.7	1
United Kingdom	2020	0.5	0.5	0.7
France	2021	0.1	0.2	0.5
Germany	2020	0.2	0.2	0.5
Brazil	2021	5.8	11.3	28.4
India	2021	12.9	44	81.8
Indonesia	2022	2.2	19.1	62.6
Mexico	2022	1.2	4.7	21.8
Philippines	2021	3.0	17.8	55.3
Egypt	2019	1.5	17.6	68.8
Nigeria	2018	30.9	63.5	90.8

Source: Compiled from World Bank open data

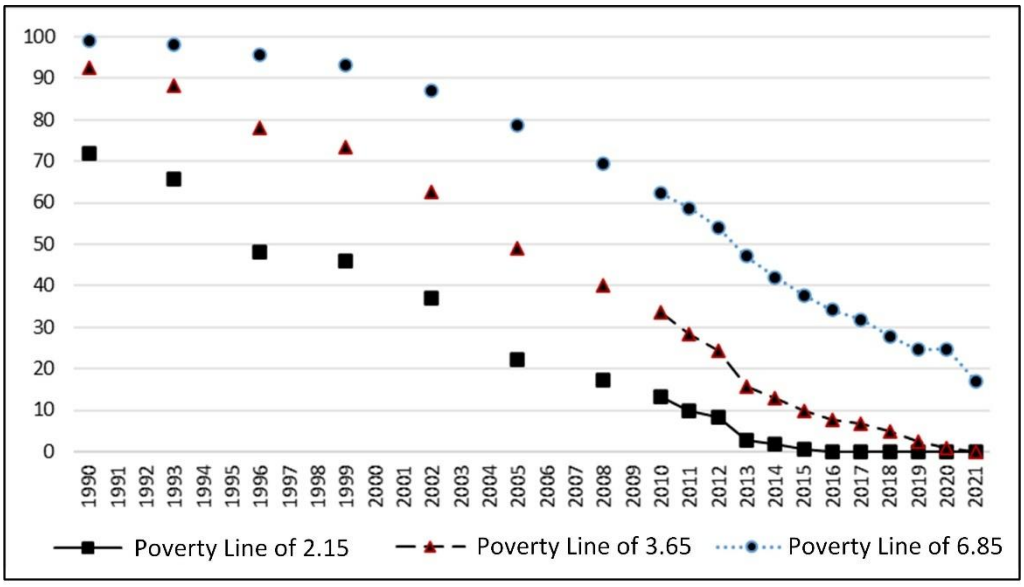

Figure 4.3: China's Poverty Rate According to Different International Poverty Lines (2017 PPP, %).
Data Source: Compiled based on publicly available World Bank data.

Since 1990, while China's share of the global population has decreased slightly, its proportion of the global poor has significantly declined. Under the $2.15 per day (2017 PPP) poverty line, China had approximately 817 million poor people, accounting for 40.74% of

the global poor in 1990. This meant that 4 out of every 10 poor people in the world were Chinese. By 2016, China's poor population had dropped to just 1.39 million, reducing its share of the global poor to 0.18%.

China's exceptional success in rural poverty mitigation has contributed significantly to global poverty reduction. By 2020, the East Asia and Pacific regions had an extreme poverty rate of just 1.1%, the second lowest among major global regions, except for Europe and Central Asia, which reported a lower rate of 0.5%. In contrast, other regions experienced much higher extreme poverty rates: Latin America and the Caribbean at 3.8%, South Asia at 13%, Middle East and North Africa at 4.7% (using 2018 data), and Sub-Saharan Africa at 36.7% (using 2019 data). The global average for extreme poverty was 9.7% in 2020, as shown in Figure 4.4. This sustained, large-scale poverty reduction over more than 40 years is unprecedented, marking a Chinese achievement in the history of global poverty mitigation.

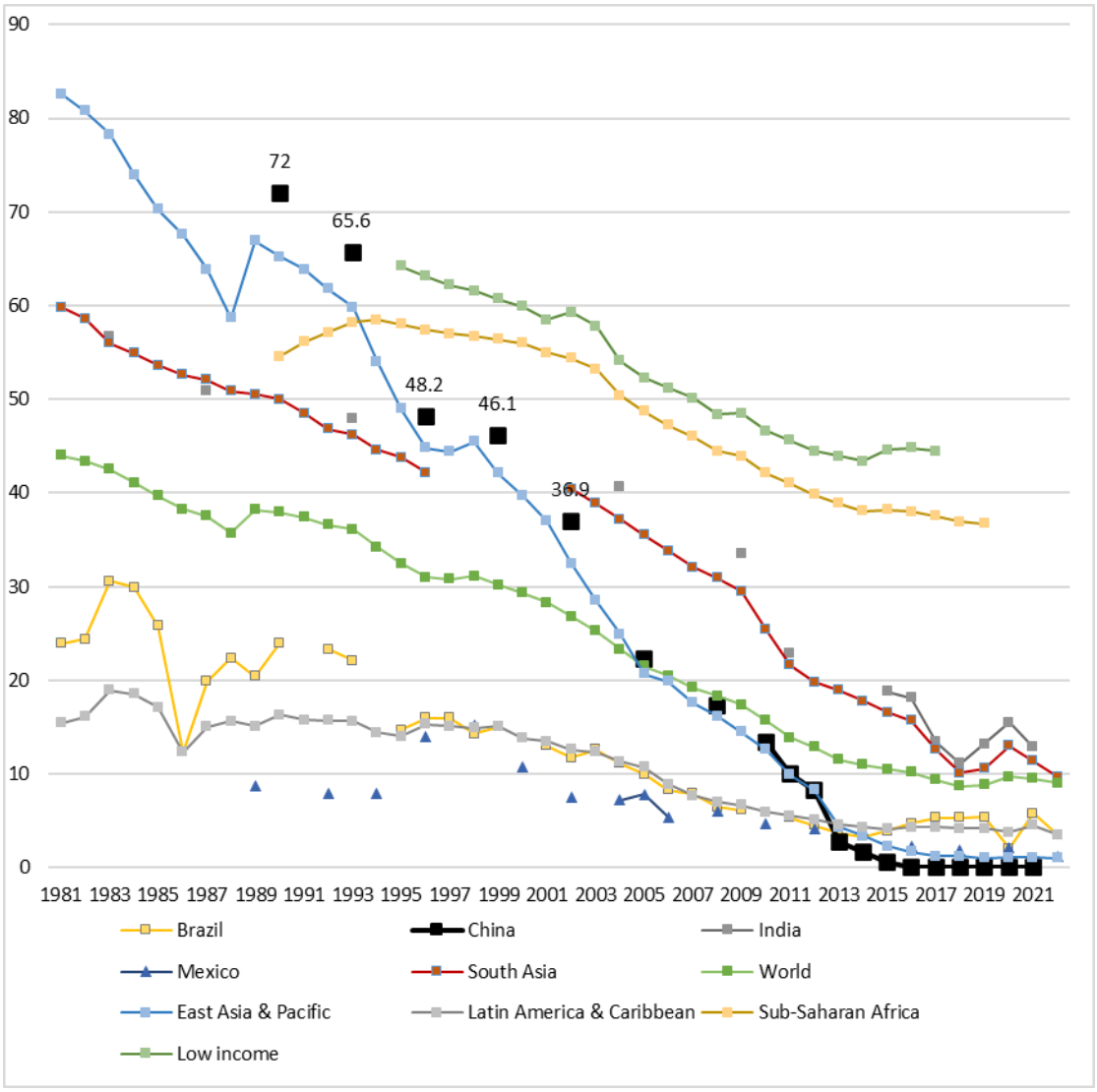

Figure 4.4: Proportion of Poor Population in China and Selected Countries/Regions (Based on the $2.15 Per Day Poverty Line, 2017 PPP).
Data Source: Compiled based on publicly available World Bank data

A comparison between China's national poverty threshold and the World Bank's international poverty line reveals that China's 2010 national poverty threshold aligns most closely with the $2.15/day (2017 PPP) international standards, as shown in Figure 4.5 and Figure 4.6. For example, in 1990, China's poverty incidence was 73.5% according to the national standard and 72% according to the international standard, with a minor difference of 1.5 percentage points. In subsequent years, the gap between the two standards widened.

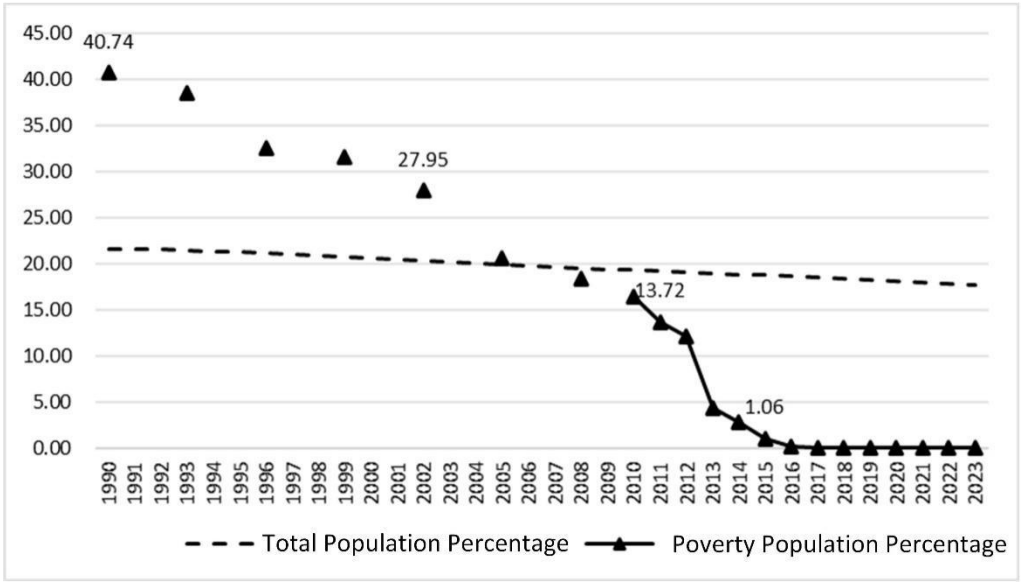

Figure 4.5: China's Share of the World Population and Poor Population (Based on the $2.15 Per Day Poverty Line, 2017 PPP).
Data Source: Compiled from publicly available World Bank data

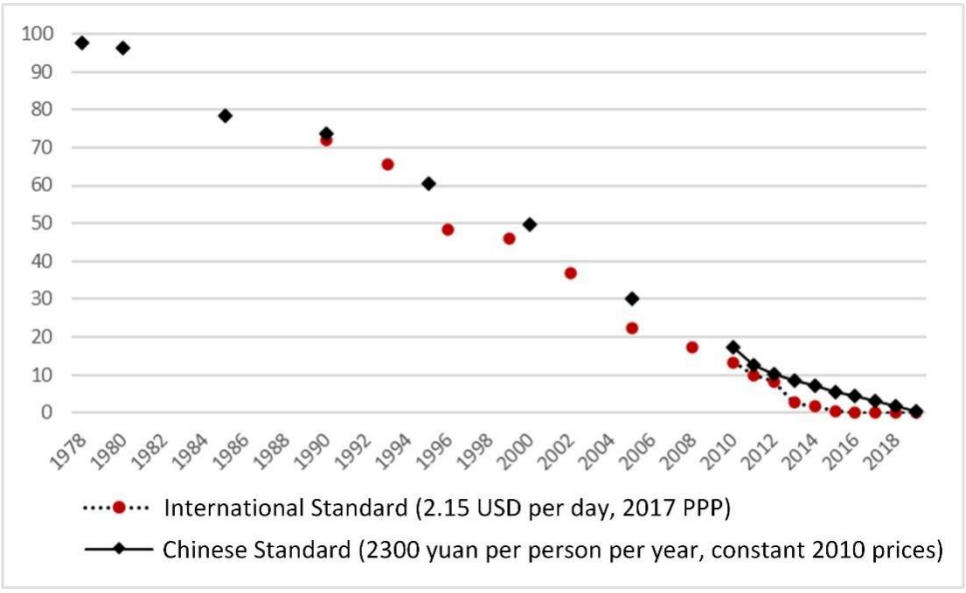

Figure 4.6: China's Poverty Incidence Rate Calculated Based on Different Standards.
Data Source: World Bank Open Data, Compilation of Historical Data on Rural Poverty Monitoring in China 2021.

By 2005, the poverty rate calculated using the national standard exceeded the international standard by 7.9 percentage points. Between 2010 and 2019, the national standard's poverty incidence averaged 3.46 percentage points higher than the international

standard. This indicates that China's 2010 national poverty line was somewhat above the $2.15 per day (2017 PPP) international benchmark.

4.2 Historical Review of China's Poverty Reduction Efforts

Since its inception, China has consistently prioritised poverty mitigation across successive administrations. From Mao Zedong's leadership to Xi Jinping's current tenure, enhancing poverty governance and improving people's livelihoods have remained core government objectives. Over time, these administrations have steadily increased financial support, introduced innovative poverty mitigation strategies, and developed a distinctive approach to poverty reduction that aligns with China's unique national circumstances.

Over the past 70 over years, China has transitioned from large-scale rural poverty mitigation to targeted efforts focusing on impoverished counties and villages to household-specific strategies like establishing poverty archives and implementing tailored measures for each household. The scope of poverty mitigation has progressively narrowed, and policies have become more precise. This shift marked a transition from broad-based poverty mitigation ("flood irrigation") to precision poverty mitigation ("targeted irrigation"). Based on the focal areas of poverty reduction efforts, China's poverty mitigation practices can be divided into five phases (explained in detail below):

4.2.1 The Broad-Based Poverty Mitigation Stage during the Planned Economy Period (1949–1978)

At the inception of the People's Republic of China, the nation was burdened with a fragile economic foundation, extremely low productivity, and widespread absolute poverty in rural regions. In 1949, out of a total population of 540 million, 480 million resided in the countryside (Jowett, 1984; Ren, 2020). The average life expectancy was just 35 years, the combined industrial and agricultural output totalled 46.6 billion yuan, grain production stood

at 113 million tons, and per capita national income was only 49.7 yuan (about $7) (The State Council, The People's Republic of China, 2024). These statistics highlighted the huge challenges in poverty mitigation. During this period, no explicit poverty mitigation plans or specialised agencies existed. However, the government promoted land reform, rural infrastructure development, and public services (particularly in education and healthcare), facilitating the redistribution of social resources. These efforts eradicated extreme poverty to some extent and provided the necessary conditions for economic growth and poverty reduction.

Starting in 1950, land reform abolished the feudal exploitation system of landownership by landlords, and implementing landownership for farmers. By 1953, land reform had been completed in most regions of China, redistributing approximately 700 million plots of land to over 300 million landless farmers (1950: The Land Reform, 2009). This transformation eliminated landlessness, a primary institutional factor behind poverty in developing countries, and significantly boosted agricultural productivity. Between 1952 and 1958, agricultural output increased by 31.9%, grain production rose from 164 million tons to 198 million tons, and per capita, grain availability increased from 285.2 kg in 1952 to 299.5 kg in 1958, as shown in Table 4.4.

Table 4.4: Selected Economic Indicators in China (1952–1958)

Year	GDP (Billion Yuan)	Total Grain Production (Million Tons)	Agricultural Output Index (1952=100)	Per Capita GDP (Yuan)	Per Capita Grain Production (Kg)
1952	679	164	100	119	285.2
1953	824.2	167	102.4	142	283.7
1954	859.4	170	105.7	144	281.3
1955	910.8	184	114.6	150	299.3
1956	1029	193	121.9	166	306.8
1957	1069.3	195	128.7	168	301.7
1958	1308.2	198	131.9	200	299.3

Infrastructure improvements enhanced agricultural production conditions. In the 1960s, China focused on agricultural mechanisation, water conservancy, fertiliser use, and electrification to modernise agriculture. Large-scale reservoirs and numerous small waterworks were constructed, significantly expanding irrigation. By the late 1970s, China introduced large-scale fertiliser plants, marking the beginning of fertilizer-driven agricultural modernisation. These initiatives significantly increased grain production, laying a foundation for agricultural modernisation and rural poverty reduction.

Despite limited economic resources and government finances, poverty mitigation during this period mainly involved small-scale “blood transfusion” strategies, such as direct financial and material assistance to impoverished populations. This aid was primarily channelled through a top-down civil relief system targeting remote areas, disaster-stricken populations, and war-disabled individuals, ensuring basic survival needs. Between 1950 and 1954, government disaster and relief funds totalled nearly 1 billion yuan, and from 1955 to 1978, they reached 2.2 billion yuan (Cui, 1994).

While these measures offered temporary relief, they did not fundamentally tackle the root causes of poverty. Economist Angus Maddison’s research indicates that China’s GDP grew at an average rate of only 4.7% per year from 1952 to 1978. Consequently, by 1978, a substantial portion of the population remained impoverished. Based on the 1978 poverty threshold, 250 million rural residents lived in poverty, with a poverty incidence rate of 30.7%. By contrast, when applying the 2010 poverty standard, rural poverty would encompass 770 million people, corresponding to an incidence rate of 97.5% (Fang & Zhang, 2021).

4.2.2 Rural Reform: Economic Growth-Driven Poverty Reduction Phase (1978–1985)

In 1978, China initiated rural economic reforms during the Third Plenary Session of the 11th Central Committee of the Communist Party. This signalled the start of an era in which institutional reform drove the efforts to mitigate poverty. Deng Xiaoping famously asserted, "Poverty is not socialism; socialism must first develop productive forces." He emphasised that reform and opening-up aimed to develop socialist productivity and improve the lives of a quarter of humanity, enabling them to escape hunger and poverty and achieve a moderately prosperous society. At that time, China's per capita GDP was only $156, far behind countries such as Singapore ($3,193), Malaysia ($1,326), Thailand ($548), and Indonesia ($362), and even less than one-third of the sub-Saharan African average ($552)[5].

Recognising regional disparities, Deng proposed a strategy of fostering economic development, encouraging the wealthier regions to aid poorer ones, and ultimately achieving shared prosperity.

During this phase, rural reforms focused on economic growth as a means of poverty reduction. Key initiatives included:

(i) Household Responsibility System: The rural land ownership reform introduced the household responsibility system, which granted farmers the right to operate their land and addressed the previous lack of incentives in agriculture. From 1978 to 1985, the combined output value of forestry, agriculture, fisheries, and animal husbandry surged from 139.7 billion yuan to 361.9 billion yuan (Field, 1988; Lin, 1992). Additionally, grain production

[5] Data Source: Calculations by the author based on World Bank data.

grew by 24.4%, reaching 379 million tons by 1985, while rural residents' per capita net income increased from 133.6 yuan in 1978 to 397.6 yuan in 1985.

(ii) Agricultural Product Pricing Reform: In 1978, the government adjusted the purchase prices of 18 major agricultural products, with an average price increase of 24.8% (Gong, 2018). Rural and urban agricultural market liberalisation further incentivised production and improved farmers' incomes.

(iii) Infrastructure Development: Significant investments were made to improve infrastructure in impoverished regions, including roads, water, electricity, and communication facilities. This phase saw the emergence of the iconic slogan, "To get rich, build roads first."

Although large-scale poverty mitigation strategies had not yet been formulated, smaller-scale projects targeted poverty in old, young, marginal, and poor underdeveloped areas.[6] In 1980, the "Fund for Supporting Economic Development in Underdeveloped Areas" was established to assist impoverished regions. In 1982, special focus was given to the impoverished areas of Gansu, Ningxia, and western regions in the "Three Wests" development plan, the first large-scale agricultural development project targeting regional poverty. In 1984, 18 concentrated, contiguous poverty-stricken areas were identified for targeted support (State Council Information Office of the People's Republic of China, 2021; Wu, 2021).

This phase's poverty mitigation policies primarily targeted rural areas with widespread poverty and contiguous extreme poverty zones. They featured "blood

[6] Underdeveloped areas: Primarily refer to revolutionary base areas, ethnic minority autonomous regions, land border areas, and less developed regions. The definition of underdeveloped areas uses counties (or cities) as the basic unit.

transfusion"-style aid characterised by direct financial transfers. Between 1978 and 1985, rapid rural economic growth boosted farmers' income levels. During this period, the average annual growth rate of China's agricultural output value was 7.2%, while the per capita rural net income grew 1.98 times (Huang et al., 2020). Based on the 1978 poverty line, the rural poor population dropped from 250 million to 125 million, an average annual reduction of 17.86 million. The poverty incidence fell from 30.7% to 14.8%. Using the 2010 poverty line, the rural poor population decreased from 770 million to 661 million, with the poverty rate falling from 97.5% to 78.3% (Gao, 2021).

Although poverty mitigation during this phase remained primarily relief-focused, some new approaches emerged. For example, the 1984 document "Notice on Helping Poverty-Stricken Areas" emphasised correcting a reliance on relief and encouraged local populations to develop industries and train personnel suited to regional needs. These efforts laid the groundwork for transitioning to "development-oriented" poverty mitigation.

Table 4.5: Key Economic Indicators of China (1978–1985)

Year	GDP (Billion Yuan)	Rural Per Capita Net Income (Yuan)	Agricultural Gross Output Index (Previous Year = 100)	Poverty Population (Million) (1978 Standard)	Poverty Incidence (%)	Poverty Population (Million)	Poverty Incidence (%)
				(1978 Standard)		(2010 Standard)	
1978	3645.2	133.6	-	25000	30.7	77039	97.5
1979	4062.6	160.2	107.6				
1980	4545.6	191.3	101.4	22000	26.8	76542	96.2
1981	4891.6	223.4	106.5	15200	18.5		
1982	5323.4	270.1	111.3	14500	17.5		
1983	5962.7	309.8	107.8	13500	16.2		
1984	7208.1	355.3	112.3	12800	15.1		
1985	9016	397.6	103.4	12500	14.8	66101	78.3

4.2.3 Targeting Poor Counties: Institutionalization of Development-Oriented Poverty Mitigation and the "Eight-Seven Poverty Mitigation Plan" Phase (1986–2000)

As China's economic reforms progressed, the marginal benefits of rural reforms began to diminish. Economic growth alone could no longer lift more impoverished regions and populations out of poverty, leading to a slowdown in rural economic improvement and living conditions. The growing disparity between eastern, central, and western regions highlighted concentrated poverty in less developed areas, particularly in former revolutionary bases and underdeveloped regions that failed to benefit from the country's rapid economic growth.

China initiated a government-led development-oriented poverty mitigation strategy to address rural poverty that institutional reforms could not resolve. This involved national poverty mitigation planning, establishing a hierarchical organisational system, and allocating dedicated government funds, thus institutionalising and systematising poverty mitigation efforts. This shift marked a transition from "relief-oriented" to "development-oriented" poverty mitigation and laid a crucial foundation for the government's leading role in poverty reduction efforts.

In 1986, the Chinese government established the "Poverty Mitigation and Development Leading Group" and its office at all levels, from the central to local governments, officially launching large-scale, organised national poverty mitigation initiatives. This marked the creation of China's first government agency explicitly dedicated to poverty reduction, characterised by a top-down approach. The highest body, the State Council Leading Group on Poverty Mitigation and Development, was typically chaired by a Vice Premier. Its office (the "Poverty Mitigation Office") coordinated member agencies within the leading group and oversaw formulating poverty mitigation plans, policies, and

documents. Corresponding structures were established at the provincial, municipal, and county levels to ensure the seamless implementation of central policies.

The central government also introduced three significant poverty mitigation policies: special financial funds for poverty mitigation, food-for-work programs, and subsidised loans. It also significantly increased funding while offering preferential policies to support impoverished regions. Notably, the approach shifted fundamentally from relief-oriented to development-oriented poverty mitigation, focusing on production and infrastructure development in poor areas. This approach aimed to replace "blood transfusion" (dependency) with "blood generation" (self-reliance), enabling impoverished regions and households to accumulate and sustain development capacity. Thus, poverty mitigation work became formally institutionalised within government mechanisms.

The county-level targeting mechanism was a defining feature of development-oriented poverty mitigation during this period. In 1986, the central government established the first national poverty county standards (counties where per capita rural income in 1985 was below 150 yuan) and identified 331 counties for focused national support. Additionally, 18 contiguous poverty-stricken areas were designated for concentrated assistance. From this point, poverty mitigation resources and specific projects were allocated countywide, a key characteristic of China's poverty mitigation policies. This focus on the county level, as the lowest administrative unit with organisational and public management functions, facilitated targeted and efficient poverty mitigation efforts. Counties were well-positioned to implement development-oriented poverty mitigation, closest to impoverished villages.

In 1994, the State Council introduced the National Eight-Seven Poverty Mitigation Plan (1994–2000), explicitly aiming to solve the basic subsistence needs of 80 million rural impoverished people within about seven years. To broaden policy coverage, counties with a

per capita rural income below 400 yuan in 1992 were classified as national-level poverty counties. Counties exceeding 700 yuan were removed, resulting in an adjustment to 592 national-level poverty counties[7], most located in underdeveloped mountainous areas with poor transportation. During the "Eight-Seven Poverty Mitigation" period, the state ramped up its investment in poverty mitigation. It implemented a responsibility system centred on the "four allocations to provinces": funding, tasks, authority, and responsibility. Figure 4.7 outlines the four adjustments made to the scope of poverty-stricken counties.

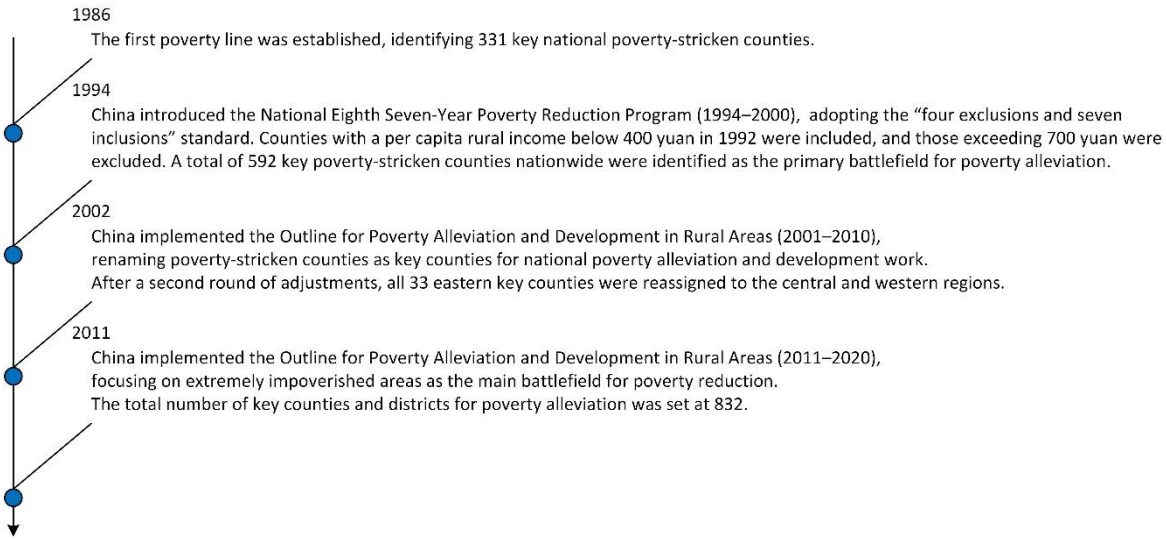

Figure 4.7: China's Four Adjustments to the Scope of Poverty-Stricken Counties

[7] China made two additional adjustments to the scope of poverty-stricken counties. In 2001, the Outline for Poverty Alleviation and Development (2001–2010) renamed them as key counties for national poverty alleviation, keeping the total at 592. In 2011, the Outline for Poverty Alleviation and Development (2011–2020) identified 14 concentrated areas of extreme poverty as the primary focus, covering 680 counties. Combined with other key counties, the total reached 832, collectively referred to as "poverty-stricken counties." These adjustments aimed to focus resources on the most impoverished regions, ensuring a significant portion of the poor population was included in support programs. Counties with better development levels exited the program, while poorer counties were prioritized for assistance, aligning with targeted poverty alleviation efforts.

Policy Measures During This Phase:

(i) Focus on Key Regions ("Old, Minority, Border, and Poor Areas"): The state adopted a development-oriented poverty mitigation strategy, allocating special funds, implementing preferential policies, and utilising natural resources in impoverished areas. Development-oriented production and construction projects were carried out to enhance these regions' self-development, self-accumulation, and self-reliance capacities. Development-oriented migration was promoted through organised labour export programs.

(ii) Establishment of Targeted Poverty Mitigation Mechanisms: The government established a targeted poverty mitigation system by assigning national, provincial, municipal, and county-level agencies and enterprises to support specific impoverished areas. A partnership-assistance mechanism was formed, where the economically advanced eastern coastal regions supported the underdeveloped western regions, mobilising social forces to participate in poverty mitigation efforts.

By 2000, significant progress had been achieved, as shown in Figure 4.8. The annual per capita net income of farmers in nationally designated poverty-stricken counties increased to 1,338 yuan, though still 915 yuan less than the national average, amounting to 59.4% of the latter.

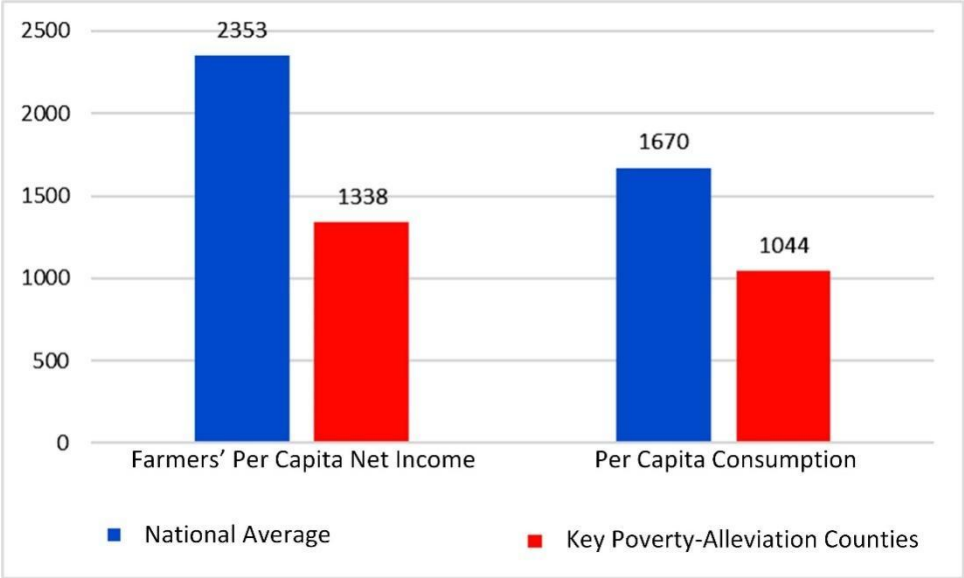

Figure 4.8: Comparison of Farmers' Income and Consumption in Key Poverty Mitigation Counties in China in 2000 (Unit: RMB)

Infrastructure in rural areas improved significantly, as shown in Figure 4.9. The proportions of administrative villages connected to roads, electricity, telephone lines, and television broadcasts reached 92.6%, 96.5%, 78.3%, and 96%, respectively, reducing the gap with the national rural average.

Under the 1978 standard, the rural poverty population decreased from 125 million in 1985 to 32.09 million in 2000, dropping the poverty incidence from 15.5% to 3.5%. According to the 2010 standard, the poverty population declined from 661 million to 462 million, with the poverty incidence dropping from 78.3% to 49.8%, falling below 50%.

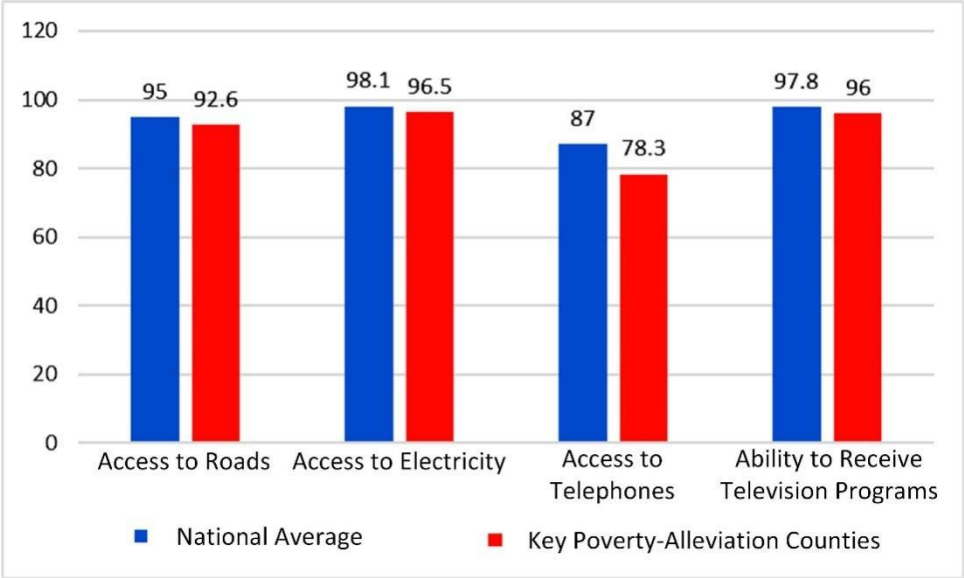

Figure 4.9: Comparison of the Rural "Four Connections" Situation in China's Key Poverty-Mitigation Counties with the National Average in 2000 (Unit: %)

China's rural poverty reduction efforts achieved remarkable success due to the development-oriented poverty mitigation strategy. Except for a few individuals relying on social security, those living in areas with harsh natural conditions, and some disabled persons, the basic subsistence needs of the rural poor were addressed mainly, and the "Eight-Seven Poverty Mitigation Program" goals were essentially achieved.

4.2.4 Targeting Impoverished Villages: The Formation and Development of the Comprehensive Poverty Mitigation Framework (2001–2013)

Entering the 21st century, with China's rapid economic growth, many rural residents migrated to urban areas for work, significantly reducing the scale of rural poverty. Regional poverty was alleviated, and the poverty incidence dropped below 50% (Park et al., 2002). The proportion of impoverished populations in designated national poverty-stricken counties relative to the total national poverty population fell to 61.9% (Li et al., 2005). In October 2000, the Chinese government declared, "From the beginning of the new century, China will

enter a new phase of building a fairly affluent society and accelerating socialist modernisation."[8] However, new challenges arose in poverty mitigation efforts.

Following the development-oriented poverty mitigation strategy and the "Eight-Seven Poverty Mitigation Plan," the distribution of poverty shifted from regional clusters to scattered points. The remaining impoverished population became highly dispersed, encompassing impoverished villages within poverty-stricken counties and many impoverished villages in non-poverty counties. As the number of impoverished people declined, the spillover of poverty mitigation resources to non-impoverished households in poverty-stricken counties increased. In contrast, impoverished households in non-poverty counties were excluded, reducing the efficiency of poverty mitigation.

This situation highlighted the need to move beyond poverty county-focused poverty mitigation methods and adopt new development measures. At the same time, income gaps between urban and rural areas and between regions widened, increasing risks of instability. During this period, the Chinese government maintained its development-oriented poverty mitigation strategy while further adjusting its targeting mechanism to focus on deeply impoverished villages. Multiple approaches were employed to mobilise agricultural policies and social resources, favouring impoverished areas. Key measures include shifting focus from poverty-stricken counties to villages and mobilizing social resources to support impoverished areas:

[8] Selected Compilation of Important Documents Since the 15th National Congress, People's Publishing House, 2001 Edition.

(i) Shifting Focus from Poverty-Stricken Counties to Villages

In 2001, China distributed the Outline for Rural Poverty Mitigation and Development in China (2001–2010), designating impoverished villages, not counties, as the primary focus of poverty mitigation efforts. This approach increased farmers' participation and promoted comprehensive rural poverty mitigation development. The government identified 148,000 impoverished villages, covering 83% of the national impoverished population. This village-level poverty mitigation planning and implementation ensured that impoverished villages within poverty counties and those in non-poverty counties were addressed. Under higher-level government guidance, villages developed bottom-up poverty mitigation plans, applied for projects, and directly received funds to improve resource targeting. This programme also targeted Low-Income Households, whereby a low-income poverty line was established to include households meeting this standard in poverty mitigation efforts. Additionally, the efforts extended beyond addressing bare subsistence and preventing relapse into poverty. They also aimed to promote political, economic, educational, cultural, and environmental development in impoverished regions, improving living standards and overall quality of life.

(ii) Mobilizing Social Resources to Support Impoverished Areas

In 2003, China introduced the New Rural Cooperative Medical System to reduce the economic hardship of illness on farmers, improve public health, and lower poverty incidence. In 2004, agricultural taxes were abolished in poverty counties, followed by a nationwide abolition in 2006, along with subsidies for grain seeds and agricultural machinery, further reducing farmers' burdens and boosting agrarian development. In 2005, the "New Socialist Countryside" initiative emphasised rural development as more than economic growth, promoting modern agriculture, deepening rural reforms, and

improving public services such as education, healthcare, and social security. In 2009, the rural minimum living standard security system and social pension insurance system were established. These policies shifted the focus of poverty reduction from infrastructure construction and development-oriented strategies to include more excellent protection for vulnerable groups, laying the foundation for institutionalised protective poverty mitigation. The comprehensive poverty alleviating measures introduced in China from 2001 to 2013 are given in Table 4.6.

Table 4.6: China's Comprehensive Poverty Mitigation Measures from 2001 to 2013

Year	Policy Document	Key Measures
2003	"Opinions on Establishing a New Rural Cooperative Medical System"	The government organises, guides, and supports the system in which farmers volunteer to participate. Individuals, collectives, and the government fund the system. It focuses on significant illness coverage and establishes a mutual assistance system for rural healthcare. This initiative aims to prevent rural poverty caused by illness and incorporate medical aid into poverty governance.
2004, 2005	"Notice on Deepening the Rural Tax and Fee Reform Pilot Work for 2004" "Decision on Abolishing the Agricultural Tax Regulations of the People's Republic of China"	Adhering to the principle of "more support, less collection, and more freedom," the policy abolished agricultural speciality taxes, advanced the reduction and exemption of agricultural taxes, and launched a nationwide five-year pilot program to eliminate agricultural taxes. Additionally, comprehensive reforms were implemented to create a long-term mechanism for increasing farmers' income and reducing their burdens. As a result, farmers' tax and fee burden decreased by 44.3% in 2004 and 93% in 2005, with an annual reduction of approximately 50 billion RMB starting in 2006.
2005, 2006	"Notice on Deepening the Reform of the Rural Compulsory Education Funding Guarantee Mechanism" "Compulsory Education Law of the People's Republic of China"	The "Two Exemptions and One Subsidy" policy for students from poor rural households (Complimentary textbooks, exemption from ancillary fees, and a living stipend for boarding students) demonstrates an increasing focus on the long-term effects of poverty governance. It emphasises the development of poor regions and populations.
2006	"Regulations on Rural Five Guarantees Support"	Marked the transition of the Five Guarantees (Nourishment, apparel, shelter, healthcare, and funeral costs) support system from collective welfare and farmer mutual assistance to a government-funded social assistance program.
2007	"Notice on Establishing a Rural Minimum Living Standard System Nationwide"	Integrated poverty mitigation efforts with the minimum living standard system helped stabilise and effectively ensure access to food and clothing for impoverished rural communities.

Over more than a decade, with the combined efforts of national agricultural support policies and sustained regional poverty mitigation and development, the economy of China's impoverished regions has developed comprehensively, and the fundamental issues of food and clothing for rural poor populations have been largely resolved. From 2001 to 2013, farmers' annual per capita net income growth rate in poverty-stricken counties was 1.1% higher than the national average for rural areas. In 2001, farmers' per capita net income in poverty-stricken counties was only 53.92% of the national average. Still, by 2013, this ratio had increased to 60.58%, significantly narrowing the income gap between impoverished regions and the national rural population. During this period, the country adjusted its poverty standards twice, in 2008 and 2010. Although the number of people living in poverty surged due to the higher poverty threshold, the overall trend in poverty reduction showed a consistent downward trajectory. According to the 2010 standards, China's poor population decreased from 462 million in 2000 to 82.49 million in 2013, with an average annual reduction of approximately 29.2 million people. The poverty incidence also dropped from 49.8% to 8.5%. During this period, the framework for poverty mitigation gradually emerged, particularly in rural areas where poverty rates fell below 10%, thus establishing a solid basis for developing targeted poverty mitigation policies in the subsequent phase. Some poverty indicators in China over a decade are given in Table 4.7.

Table 4.7: Some Poverty Indicators in China from 2000 to 2013

Year	National Rural Per Capita Net Income (RMB/Person/Year)	Per Capita Net Income in Poverty-stricken Counties (RMB/Person/Year)	Income Ratio (%)	Poor Population (x10000)	Poverty Incidence (%)
2000	-	-	-	46224	49.8
2001	2366.4	1276	53.92		
2002	2475.6	1305	52.71		
2003	2622.2	1406	53.62		
2004	2936.4	1585	53.98		
2005	3254.9	1720	52.84	28662	30.2
2006	3587	1928	53.75		

Table 4.7 continued

2007	4140.4	2278	55.02		
2008	4760.6	2611	54.85		
2009	5153.2	2842	55.15		
2010	5919	3273	55.30	16567	17.2
2011	6977.3	3985	57.11	12238	12.7
2012	7916.6	4602	58.13	9899	10.2
2013	8896	5389	60.58	8249	8.5
Average Annual	Growth Rate 11.67%	Growth Rate 12.76%	Increase 0.56%	Reduction of 29.2 million People	Decrease by 3.18%

4.2.5 Targeting Poor Households: "Precision Poverty Mitigation" Directly to the Poor (2013 to Present)

Since 2013, according to China's 2010 poverty line standard, the poverty incidence has fallen to 8.5%. Using the World Bank's poverty threshold of $2.15/day (in 2017 PPP), China's poverty incidence dipped below 10% in 2012, reaching 8.3%. When the poverty rate drops below 10%, it indicates that while the overall number of poor people has significantly decreased, lifting the remaining people living in poverty becomes more daunting. This residual group is more scattered and fragmented, predominantly residing in remote mountainous regions, cold areas, and other locations with harsh natural and geographical conditions, including border and ethnic minority regions. These individuals not only endure severe poverty and face substantial obstacles in escaping it, but they also suffer from multidimensional deprivation. During this period, the distribution of the poor in China followed a "small concentration, large dispersion" pattern, prompting the implementation of the "Precision Poverty Mitigation" strategy to tackle the "last mile" challenges effectively.

In November 2013, responding to the prevailing poverty conditions and the imperative to combat poverty, the Chinese government introduced the concept of "precision poverty mitigation." Soon after, it released the "Opinions on Innovating Mechanisms and Solidly Advancing Rural Poverty Mitigation and Development," which stressed the need to establish

a precision poverty mitigation approach to be applied nationwide in rural areas. The primary objective of this approach is to address the root causes of poverty among low-income families and individuals through tailored, differentiated strategies. It aims to deliver poverty mitigation measures and resources more accurately, ensuring “genuine poverty mitigation and true poverty relief,” eliminating absolute poverty while stabilising the resolution of issues related to “no hunger, no worries about clothing, and ensuring three guarantees” (guaranteeing mandatory education, basic healthcare, and safe housing).

Building on previous poverty mitigation work, precision poverty mitigation introduced further innovations, including establishing detailed records to identify poor populations, creating a policy framework based on household conditions, implementing strict poverty mitigation effectiveness evaluations, and establishing a poverty exit mechanism. These efforts aim to address the issues of “who to support,” “who will provide support,” “how to provide support,” and “how to exit from poverty.”

Regarding the issue of “who to support,” precision identification and dynamic adjustment of poverty mitigation targets have been carried out. Through long-term exploration and practice, China has developed poverty identification methods tailored to its national context. First, a top-down and bottom-up approach ensures that the actual poor are accurately identified, gradually improving the precision of poverty mitigation targets. Second, dynamic adjustments are made to the poverty database, removing households that have achieved stable poverty mitigation while continuously including poor populations that were initially overlooked or have fallen back into poverty. This ensures that no one who needs assistance is left behind. Since 2014, the Chinese government has mobilised grassroots officials nationwide to enter villages and households to “build files” for people experiencing poverty, creating records that ensure the information is accurate to each village, household,

and individual. In practice, many areas have developed local methods for identification, such as the “Four Looks” approach: First, look at the house; second, look at the grain; third, assess the strength of the labour force; and fourth, see if there are any children in the family who are attending school. A “Seven-Step Method” adopted in Guizhou for accurate poverty identification is shown in Figure 4.10.

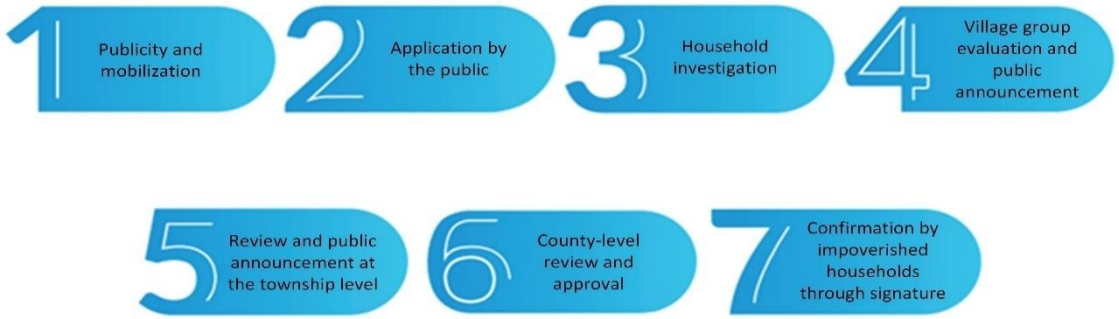

Figure 4.10: Guizhou’s “Seven-Step Method” for Accurate Poverty Identification. Source: China’s Poverty Reduction: Theory and Practice from the Perspective of Political Economy

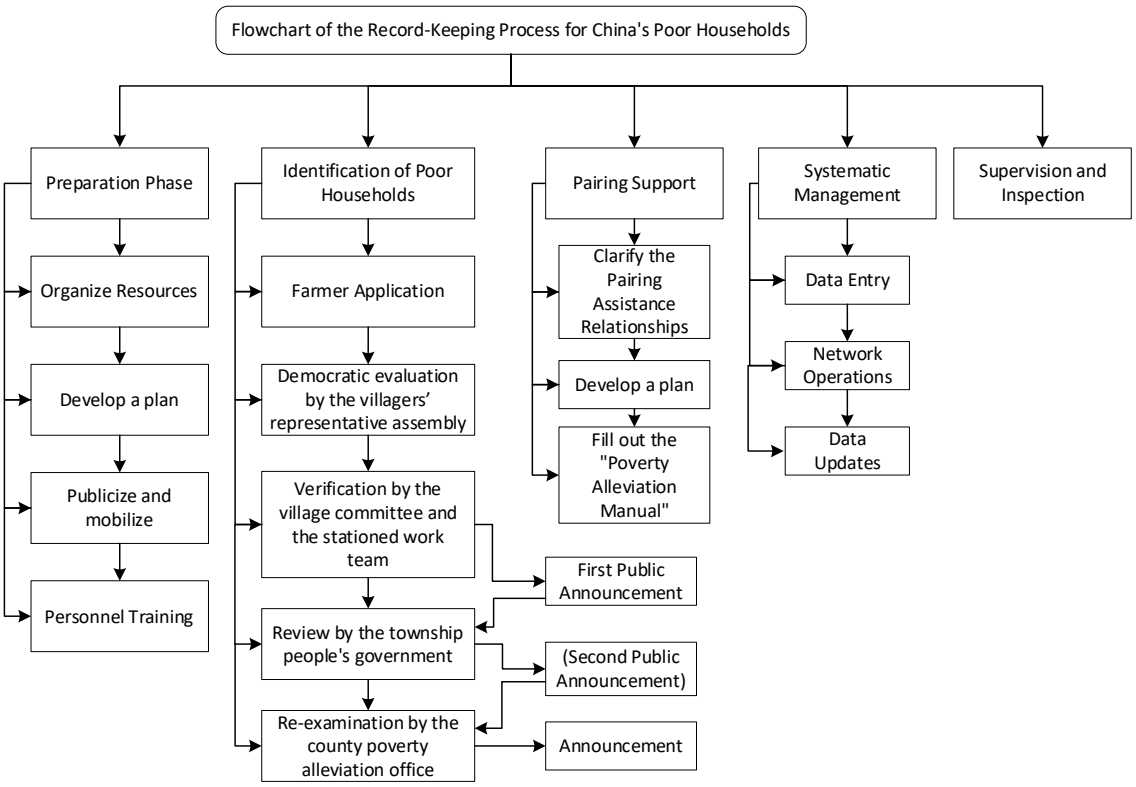

Figure 4.11: Diagram of China's Poverty Household Registration and Filing Work.
Source: "Poverty Mitigation and Development Registration and Filing Work Plan" by the State Council Leading Group Office of Poverty Mitigation and Development of China

Addressing the "Who to Support" Issue: Adequate human resources and strong execution capabilities are essential conditions for achieving poverty reduction goals. The Chinese government leverages its advantage of centralised decision-making and has established a poverty mitigation mechanism where the central government coordinates overall efforts, provincial governments are responsible for implementation, and municipal and county governments carry out the tasks. This system ensures a clear division of labour, well-defined responsibilities, and accountability with performance evaluation.

(i) Establishing a Responsibility System and Strict Accountability

Every household has a designated person responsible for assistance, and every village has a support team. Poverty mitigation responsibilities at all levels of government are made verifiable and subject to accountability.

(ii) Strengthening Local Capacity

While enhancing the capabilities of poverty-stricken village party branches and village committees, each village is assigned a "First Secretary" and a poverty mitigation team to strengthen management in the weakest links between counties, villages, and households. A total of 255,000 village-based work teams, 3 million First Secretaries and village cadres9, along with nearly 2 million township officials and millions of village officials, have been working on the front lines of poverty mitigation.

(iii) Establishing Supervision, Inspection, and Evaluation Systems

These mechanisms aim to improve the quality and effectiveness of poverty governance.

Addressing the "How to Support" Issue: Innovating Poverty Mitigation Methods to Accommodate Various Types of Poverty.

Based on the specific conditions of poverty-stricken areas and populations, and after identifying the degree of poverty and its causes, targeted strategies are formulated according to local conditions, and tailored poverty reduction solutions are devised for each household. In 2015, China established a unified national poverty mitigation information system. Big

[9] The "First Secretary" refers to officials selected by the Chinese government from among outstanding young cadres, reserve cadres from various levels of government, excellent personnel from state-owned enterprises and institutions, as well as cadres who stepped down from leadership positions due to age but have not yet retired. They are assigned to villages (typically underdeveloped or impoverished ones) to serve as leaders of grassroots Party organizations, aiding in poverty alleviation efforts for poor villages and individuals.

data analysis revealed that among people experiencing poverty, 42% suffer due to illness, 20% due to natural disasters, 10% due to education issues, and 8% due to limited labour capacity. This data provides foundational support for precision poverty mitigation.

In practice, different regions have explored and tested a variety of precise poverty mitigation measures and combinations that can address multiple types of poverty, such as photovoltaic poverty mitigation, education-based poverty mitigation, e-commerce-based poverty mitigation, public welfare job creation, and health-related poverty mitigation.

Addressing the "How to Exit" Issue by Establishing a Strict Exit Evaluation System

Establishing an exit strategy within the poverty mitigation process is essential. It ensures that individuals who have met the poverty mitigation criteria are promptly withdrawn from support. In contrast, those who become newly impoverished or fall back into poverty are swiftly re-enrolled in mitigation programs. On one hand, this helps improve the efficiency of resource allocation, ensuring that limited resources are more effectively directed toward those in need. On the other hand, it helps prevent poverty populations from falling into a "welfare trap." China has established detailed and strict regulations for existing poverty mitigation programs. It requires that individuals' per capita net income remains stable above the poverty standard and meet the "no hunger, no worries about clothing, and three guarantees" criteria.

The objectivity and fairness of the poverty mitigation assessment have been improved through third-party evaluations using special surveys, random sampling, and field verification. These methods also push local governments to further enhance poverty reduction. In practice, some regions have connected departmental data and established big

data platforms to quickly verify whether impoverished households own assets like cars or commercial housing. Households found to possess such assets are taken off the poverty mitigation list. Moreover, individuals who have recently been lifted out of poverty remain at risk of falling back into it due to their limited capacity to resist risks and their weak self-development capabilities. To address this, China has established a monitoring mechanism for formerly impoverished populations and implemented a 5-year policy transition period and buffer period, maintaining key assistance policies to consolidate the poverty mitigation achievements.

According to global poverty reduction experiences, they are the first to escape poverty due to the better conditions and more substantial capacities of some poor populations (Liu et al., 2020). However, as the poverty mitigation process advances, it becomes more intricate, and poverty reduction slows. Since China adopted precision poverty mitigation in 2013, it has increased its investments in poverty mitigation and persistently refined and innovated its poverty reduction strategies. It has facilitated the precise alignment of “big country” resources with “small household” families, driving decisive progress in poverty mitigation, as shown in Figure 4.12. From 2013 to 2019, the rural poor population decreased from 82.49 million to 5.51 million, with an average annual poverty reduction of 12.83 million people. The poverty rate dropped from 8.5% in 2013 to 0.6% in 2019, as shown in Figure 4.13.

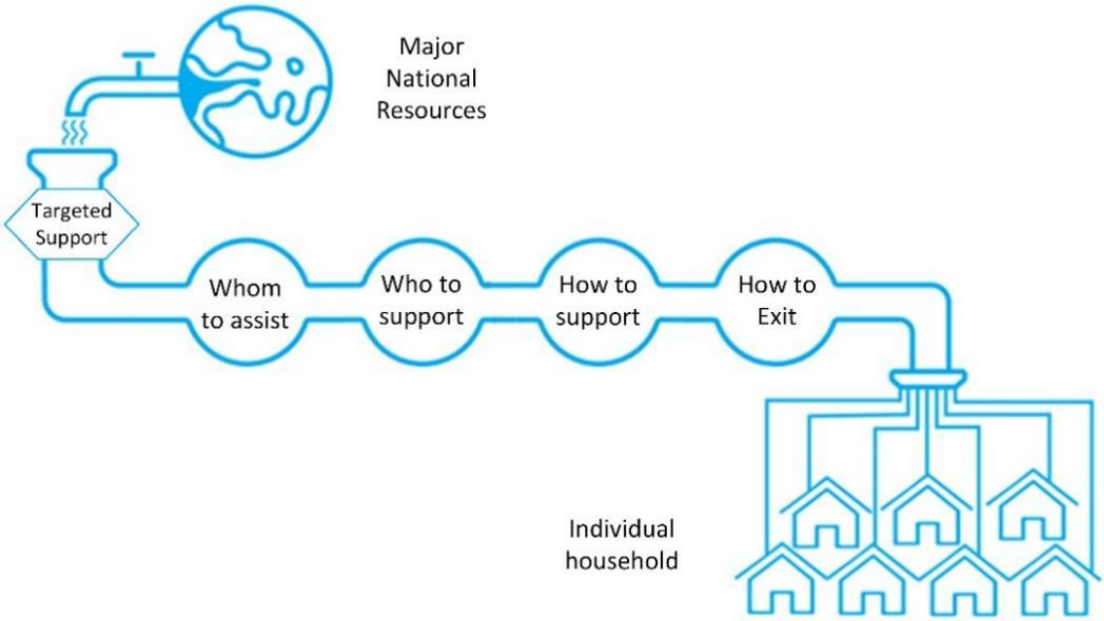

Figure 4.12: Targeted Support between "Country" and "Small Households."
Source: China's Poverty Reduction: Theory and Practice from the Perspective of Political Economy

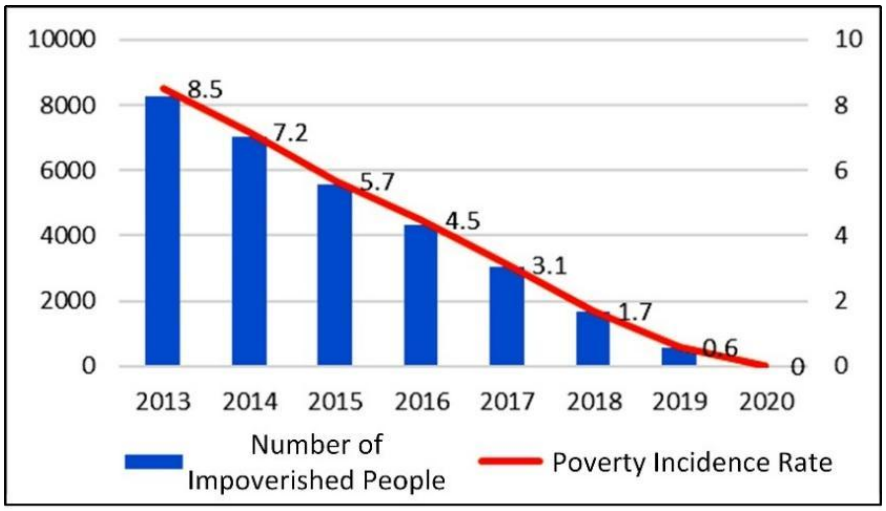

Figure 4.13: Number and Poverty Incidence of China's Poor Population from 2013 to 2020 (in 10,000 people, %)

By 2020, all rural poor populations, based on the 2010 poverty line, had been lifted out of poverty. The income of rural residents in poverty-stricken areas continued to grow rapidly, as indicated in Table 4.8, with per capita disposable income reaching 12,588 yuan in 2020, an average annual growth rate of 11.6% from 2013 to 2020, 2.3 percentage points

higher than the national rural average. Despite the challenges posed by the COVID-19 pandemic in 2020, many regions prioritised stabilising employment for vulnerable workers and implemented measures to ensure that impoverished households maintained steady jobs. Consequently, the incomes of rural inhabitants in poverty-stricken regions grew steadily, reaching 73.5% of the national rural average disposable income, a figure that is nine percentage points higher than in 2013, thereby narrowing the gap with the national rural average. Through precision poverty mitigation, China has tackled the issue of "increasing difficulty and slowing progress in poverty mitigation over time," paving a new path for global poverty reduction efforts.

Table 4.8: Comparison of Rural Population Income Levels in Poverty-Stricken Areas and Nationwide from 2013 to 2020

Year	Rural Areas in Impoverished Regions		National Rural Areas		Income Ratio (%)
	Income Level (RMB)	Nominal Growth Rate (%)	Income Level (RMB)	Nominal Growth Rate (%)	
2013	6079	16.6	9430	12.4	64.46
2014	6852	12.7	10489	11.2	65.33
2015	7653	11.7	11422	8.9	67.00
2016	8452	10.4	12363	8.2	68.37
2017	9377	10.5	13432	8.6	69.81
2018	10371	10.6	14617	8.8	70.95
2019	11567	11.5	16021	9.6	72.20
2020	12588	8.8	17131	6.9	73.48

4.3 Why China's Poverty Mitigation Work Starts in Rural Areas

Grasping the realities of Chinese farmers, agriculture, and rural areas is crucial for understanding China's historical and cultural context and contemporary China's economic and social dynamics. Factors such as the dual structure between urban and rural areas, inadequate investment in agriculture and challenging natural conditions have all contributed to the concentration of poverty in rural regions. For a long time, "rural" became synonymous with poverty and backwardness, with poverty essentially being a rural phenomenon

(Naughton, 2018). China's poverty mitigation efforts began in the vast rural areas, and the focus and scope of poverty governance have mainly concentrated on rural areas. National poverty reduction plan outlines, and programs have primarily targeted rural regions. The poverty mitigation standards, actions, and measures implemented aim to alleviate poverty in rural areas completely. Rural areas remain China's most prominent national condition, with farmers, rural areas, and agriculture forming the foundation of China's social development.

4.3.1 Historical Factors: Legacy of Feudal Society

China boasts a rich agricultural legacy, with farmers, agriculture, food security, and rural areas consistently at the heart of its governance. As highlighted in the classic "Records of the Grand Historian," which asserts that "agriculture is the foundation of the world, and there is no greater task," the nation's development has always been deeply intertwined with rural issues. Throughout its history, the evolution of land systems, tax policies, and governance models has been closely linked to rural development. Given that land is the most critical productive resource, its ownership and use have played a pivotal role in shaping the distribution of social wealth.

Historically, however, land ownership in China was primarily dominated by landlords, concentrating land in the hands of a small elite of wealthy individuals. Farmers had little to no land and were forced to rent land from landlords to make a living. This land tenancy system meant that farmers had to pay most of their labour as rent, preventing any improvement in their living standards. Without the incentive or conditions to expand reproduction or improve agricultural techniques, agricultural production stagnated, and rural economic development was slow. Moreover, the landlord class continually expanded its landholdings through purchasing, annexing, or forcibly seizing land, exacerbating the concentration of land ownership. Farmers, unable to bear the high rents and various taxes,

were often forced to sell their land, further deepening their poverty. Before the establishment of New China in 1949, land ownership was highly uneven. Landlords and wealthy farmers, constituting less than 10% of the rural population, controlled 70-80% of the land, while the remaining 90%, comprising poor farmers, tenant farmers, and middle peasants, held only 20-30% of the land (Zhang Y, 1988).

4.3.2 Population Factors: Rural Population as the Majority of China's Population

In contrast to developed nations, where urban poverty is more prevalent, developing countries often confront rural poverty as their primary challenge. China, long the world's most populous developing country, has historically seen most of its people living in rural areas, where weak development foundations have made poverty widespread. Consequently, poverty mitigation in China means addressing rural poverty, with income and consumption measures showing that people experiencing poverty are mainly rural residents. In 1949, of a total population of 540 million, 480 million were farmers, accounting for 89.36% of the national population. Furthermore, in 1958, the implementation of the household registration system segregated urban and rural populations into two distinct systems, making it difficult for rural residents to migrate to urban areas. This policy tightly linked the fate of farmers with the broader dynamics of rural areas and agriculture.

Statistics show that between 1949 and 1978, the rural population remained relatively stable, particularly after the 1960s, when it consistently accounted for 80%- 83% of the total population. Following the reforms and opening up, the deepening of industrialisation and marketisation, and the gradual dissolution of institutional barriers that hindered population mobility during the planned economy period led to unprecedented rural-urban migration. From 1978 to 2020, China's rural population decreased from 790 million to 510 million,

with its share of the total population falling from 82.1% to 36.1% (National Bureau of Statistics of China, 2019; Zhang et al., 2020).

By 2023, the rural population decreased to 477 million, accounting for less than a third of the total population. In 2011, China's urbanisation rate exceeded 50% for the first time, with the urban population surpassing the rural population. However, according to the household registration statistics, the rural registered population still exceeded 700 million in 2023, maintaining its position as the majority of the population. Additionally, there are significant regional disparities, with rural populations still high in economically underdeveloped areas such as Tibet, Yunnan, Gansu, and Guizhou. The dominant position of the rural population in China's total population dictates that China's poverty mitigation efforts must begin in its vast rural areas. Figure 4.14 and Table 4.9 show China's rural population, urban population, and urbanisation rate since 1949.

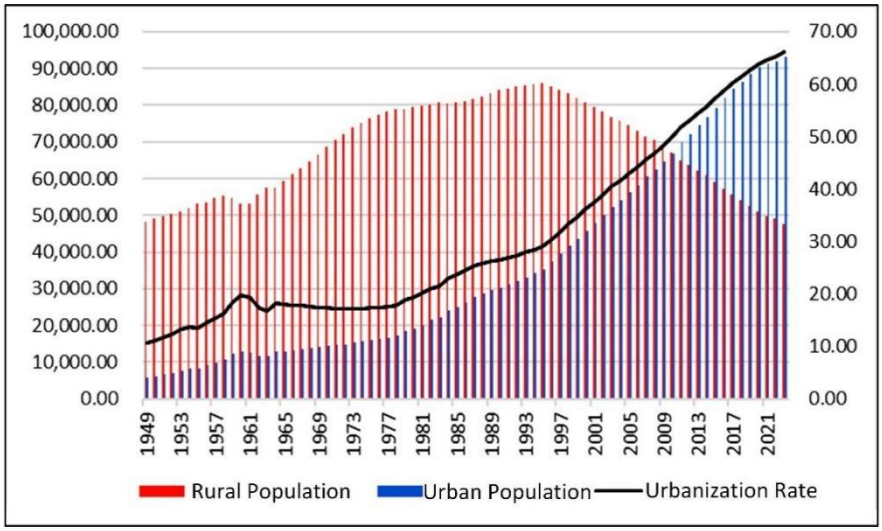

Figure 4.14: Rural Population, Urban Population, and Urbanization Rate in China Since 1949 (in 10,000 people, %).

Note: (1) The rural and urban population figures are based on the statistical standards for the resident population; (2) The urbanisation rate is calculated based on the urban population as a percentage of the total resident population.

Table 4.9: China's Rural Population and Its Proportion

Year	Rural		Total National Population (in 10,000 people)	Year	Rural		Total National Population (in 10,000 people)
	Population (in 10,000 people)	Proportion (%)			Population (in 10,000 people)	Proportion (%)	
1949	48402	89.36	54167	2000	80837	63.78	126743
1953	50534	86.74	58260	2010	67116	50.05	134091
1964	56748	81.7	69458	2011	64989	48.17	134916
1978	79014	82.08	96259	2020	50992	36.11	141212
1982	80174	78.87	101654	2021	49835	35.28	141260
1990	84138	73.59	114333	2022	49104	34.78	141175
1995	85947	70.96	121121	2023	47700	33.8	140967

Data Sources: The 1953 and 1964 data are from the 2020 Seventh National Census Main Data Report. The 2023 data is from the 2023 Statistical Bulletin on National Economic and Social Development of the People's Republic of China. Data for other years is from the China Statistical Yearbook 2023.

4.3.3 Reform Factors: China's Reform and Opening Up Began in Rural Areas

Following the establishment of New China, which was confronted with limited funds, a fragile industrial base, and a minimal economic surplus, the government prioritised the establishment of heavy industries. To facilitate this, it implemented policies that reduced the costs of capital, foreign exchange, energy, raw materials, agricultural products, and labour, thereby lowering the barriers to capital formation in heavy industry. This approach created a macroeconomic environment characterised by distorted product and factor prices (Lin et al., 1999). Through mechanisms like the scissors price gap between industrial and agricultural products, agricultural profits were transferred to the industrial sector, accelerating industrialisation in urban areas. Social mobility almost ceased, and a dual structure emerged, with urban residents working in cities and rural residents farming in rural areas, where agriculture supported industry and rural areas served urban areas. This was the urban-rural dual structure of Chinese society. This strategic choice was not only a result of the economic and political environment at the time but also reflected the economic ideals of the leadership.

Due to the extremely high initial poverty rate (over four-fifths of the rural population), agricultural income growth became the main driver of poverty reduction[10]. Between 1988 and 1995, most rural labourers (more than four-fifths) were still engaged in agriculture (Ravallion & Chen, 2007). Due to the long-standing low prices for agricultural products, the income potential for farmers was severely compressed, exacerbating the issue of absolute poverty in rural areas. At the onset of the restructuring and opening-up, China's rural poor numbered 770 million, with an absolute poverty incidence of 97.5%. The rural reforms that began in 1978 represented a historic turning point for the country's agricultural development by liberating it from the constraints of the planned economy and spurring rapid growth in rural areas.

Following these reforms, rural collective land was allocated to individual family households, considerably boosting farmers' motivation and leading to a swift rise in agricultural output. In 1978, China's total grain production was 609.5 billion grams, with a per capita grain allocation of 633 grams; by 1984, total grain production and per capita grain allocation had risen to 814.6 billion grams and 781 grams, respectively, an increase of 34.3% and 23.4%. In 1985, China implemented market-oriented reforms in the agricultural product circulation system, promoting agricultural market development and increasing the rural poor's income. China's internal reforms began in rural areas. They facilitated the full-scale economic system reform, strongly supporting China's rapid economic growth and providing an important guarantee for poverty mitigation in rural areas.

[10] Development Research Centre of the State Council & World Bank. (2022). Forty years of poverty reduction in China: Driving forces, lessons, and future policy directions. Retrieved from https://www.cikd.org/ms/file/getimage/1516697201483554817

4.4 What Has China's Poverty Mitigation Effort Done Right?

For a developing country, especially one with a vast geographical area and large population like China, eradicating absolute poverty is daunting. Looking back at the development of China's poverty mitigation efforts, it has gone through several important stages, including relief-based governance, development-based governance, and precision poverty mitigation. These stages reflect the trend and characteristics of moving from a singular to a diversified approach, from a one-dimensional to a multi-dimensional approach, from blood transfusion-style aid to self-sustaining capacity building, and from a regional to an individual-focused approach. As a result, China has developed a relatively comprehensive poverty mitigation system, organisation, and policy framework worth summarising and refining.

4.4.1 The Government's Leading Role

Over 40-plus years of restructuring and opening up, China's poverty mitigation development has undergone several institutional changes. However, government leadership has always been the most prominent feature of its efforts. The institutional advantages of concentrating efforts to tackle significant issues under socialism, along with the people-centred governance philosophy of successive leaderships, have ensured the firm political commitment and strong leadership passed down through all levels of government, creating synergy from the central to local governments.

First, the Chinese government has consistently integrated poverty mitigation into the national development strategy and plans, launching large-scale special poverty mitigation actions. In 2001 and 2011, the Chinese government issued the "Outline for Rural Poverty Mitigation and Development (2001-2010)" and the "Outline for Rural Poverty Mitigation and Development (2011-2020)". The Central No. 1 documents from 1982-1986 and 2004-

2024 specifically addressed rural reform and agricultural development. While the focus of these policy documents has shifted over time, they have consistently emphasised agriculture, rural areas, farmers, and rural revitalisation, underscoring the importance of the "Three Rural Issues" (agriculture, rural areas, and farmers) as a top priority in China.

Second, the Chinese government has established a top-down governance system for poverty mitigation, leading the formulation and implementation of poverty mitigation policies. Through the step-by-step breakdown of poverty mitigation goals, these tasks have been incorporated into the responsibilities of the entire party and all levels of government, forming a complete organisational and operational system, as shown in Figure 4.15.

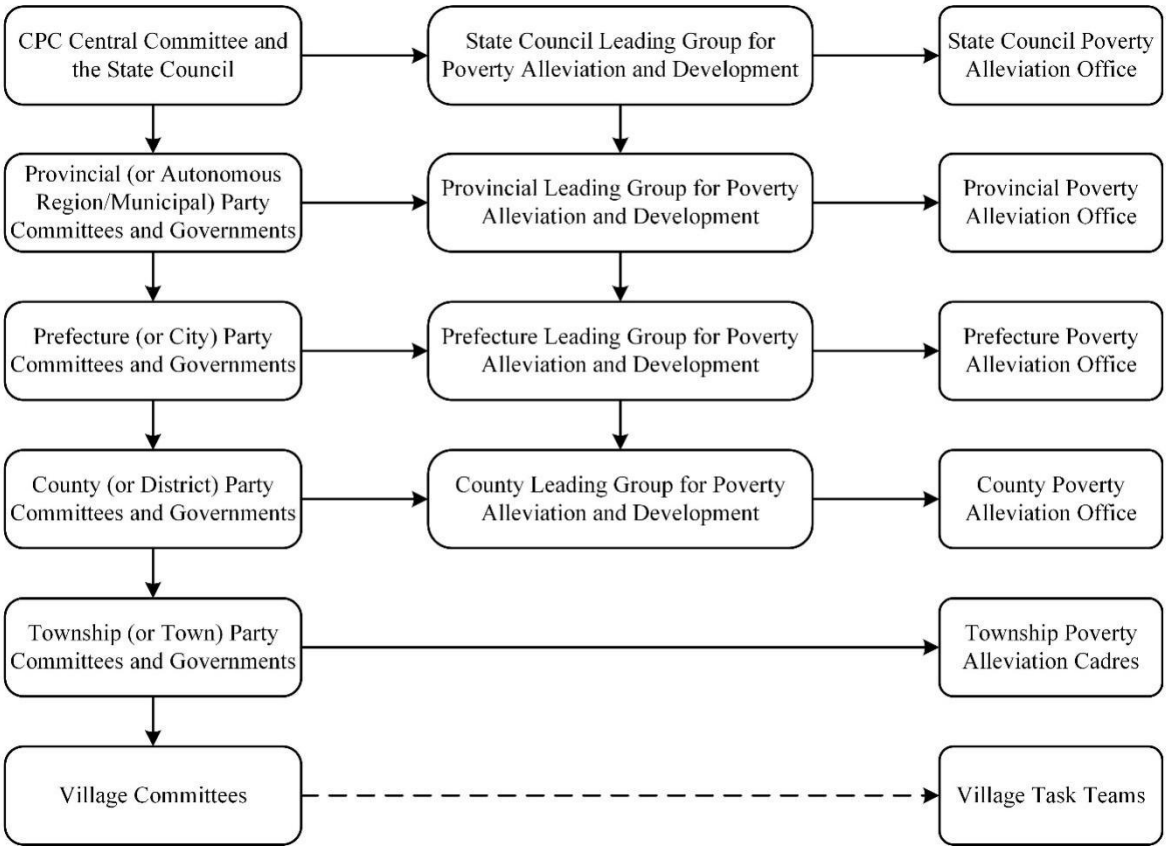

Figure 4.15: China's Top-Down Poverty Mitigation Institutions.
(Note: ⟶ represents leadership relationships; ⇢ represents guidance and coordination relationships)

Third, the government has made large-scale financial investments. The central government has directed transfer payments to poor areas through fiscal means, focusing on agriculture, education, healthcare, transportation, and ecological improvements. This ensures that resources are directed toward poverty-stricken areas and populations. From 1980 to 2020, the Chinese government allocated 934.975 billion yuan for special poverty mitigation funds. Since 2016, the annual increase in these funds has been approximately 20 billion yuan. Local governments have also increased their financial contributions, rising from 2.13 billion yuan in 2001 to 108.91 billion yuan in 2020, with an average annual growth rate of 22.88%. The annual investment scale and growth rates are shown in Figure 4.16 and Figure 4.17.

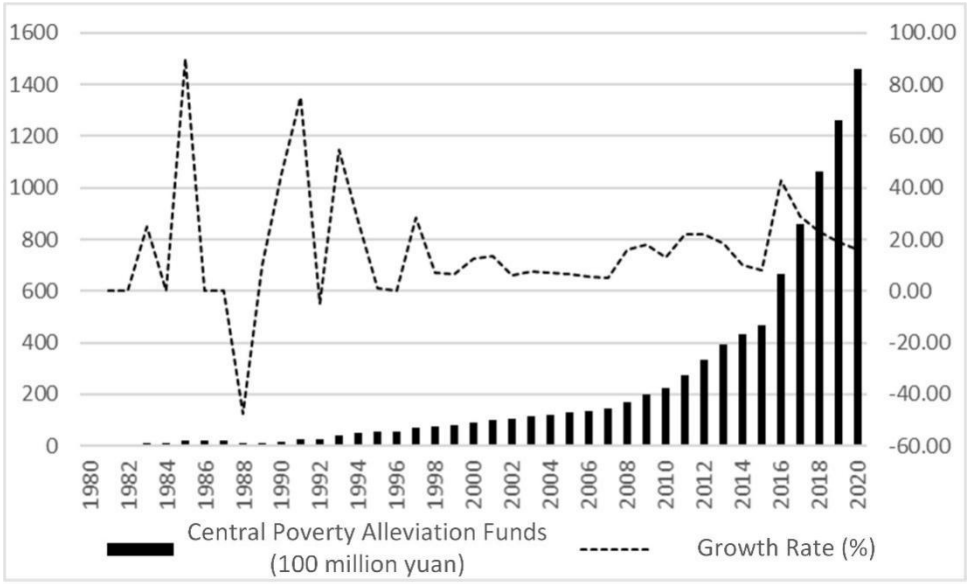

Figure 4.16: Annual Investment Scale and Growth Rate of China's Central Poverty Mitigation Funds.
Data Source: China Poverty Mitigation Development Yearbook 2021

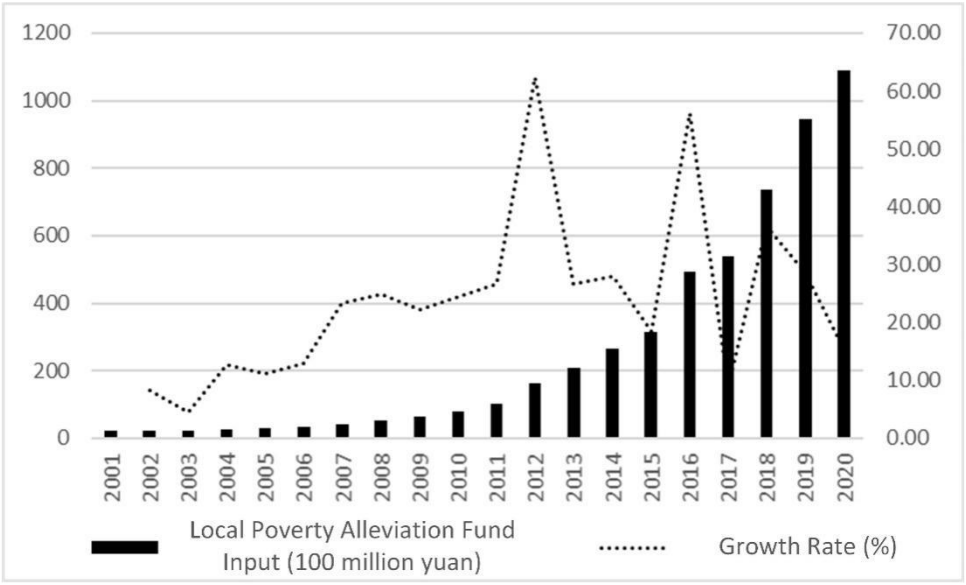

Figure 4.17: Annual Investment Scale and Growth Rate of Local Poverty Mitigation Funds in China.
Data Source: China Poverty Mitigation Development Yearbook 2021

4.4.2 Diversification of Participating Entities

In addition to investing substantial central and local government financial resources, the Chinese government emphasises leveraging its strong and extensive mobilisation capacity to rally society's participation in poverty reduction efforts.

(i) East-West Pairing Assistance

At the beginning of China's restructuring and opening up, the government utilised the geographical advantages of the eastern coastal regions and adopted a strategy prioritising the development of the east, famously articulated by Deng Xiaoping's idea of "letting some people get rich first." Subsequently, the eastern coastal regions saw rapid economic development and became the areas where the poverty rate decreased the most. In response to the significant disparity between the East and West and the concentration of poverty in the Western regions, the Chinese government issued the "Decision on Solving the Problem

of Rural Poverty and Hunger as Soon as Possible."[11] In 1996, a mechanism was proposed for the more developed eastern regions to support the less developed western regions. According to this mechanism, nine eastern provinces and municipalities and four separately planned cities (Dalian, Qingdao, Ningbo, Shenzhen) were paired with ten western provinces and autonomous regions for poverty mitigation cooperation (specific poverty mitigation relationships are outlined in Table 4.10).

Table 4.10: China's East-West Poverty Mitigation Cooperation Pairing Assistance

Serial Number	Eastern Provinces and Cities	Central and Western Regions
1	Beijing	Inner Mongolia, Zhangjiakou and Baoding, Hebei
2	Tianjin	Gansu, Chengde, Hebei
3	Liaoning (Dalian)	Liupanshui
4	Shanghai	Yunnan, Zunyi, Guizhou
5	Jiangsu	Shaanxi, Xining and Haidong, Qinghai
		Suzhou - Tongren, Guizhou
6	Zhejiang	Sichuan
		Hangzhou - Qiandongnan, Guizhou; Enshi, Hubei
		Ningbo - Qianxinan, Guizhou; Yanbian, Jilin
7	Fujian	Ningxia
		Fuzhou - Dingxi, Gansu
		Xiamen - Linxia, Gansu
8	Shandong	Chongqing
		Jinan - Xiangxi, Hunan
		Qingdao - Anshun, Guizhou; Longnan, Gansu
9	Guangdong	Guangxi, Ganzi, Sichuan
		Guangzhou - Qiannan and Bijie, Guizhou
		Zhongshan, Dongguan - Zhaotong, Yunnan
		Zhuhai - Nujiang, Yunnan
		Foshan - Liangshan, Sichuan

In 2016, in response to changes in the economic and poverty condition, the Chinese government issued the "Guiding Opinions on Further Strengthening East-West Poverty Mitigation Cooperation," increasing support for western provinces and municipalities with

[11] "Decision of the CPC Central Committee and the State Council on Resolving the Basic Subsistence Needs of the Rural Poor as Quickly as Possible," http://www.reformdata.org/1996/1023/4440.shtml.

deeper poverty levels and heavier poverty mitigation tasks and ensuring complete coverage of assistance to 30 ethnic autonomous prefectures.

(ii) Designated Assistance Pairing

Starting in 2012, the Chinese government implemented a designated pairing assistance plan to guide government agencies, the military, state-owned enterprises, higher education institutions, and social organisations to actively participate in poverty reduction efforts, as given in Table 4.11.

Table 4.11: China Party and Government Agencies and Relevant Units Targeted Poverty Mitigation Statistics (2002-2020)

Year	Units Participating in Targeted Poverty Mitigation	Key Counties Supported	Number of Cadres Assigned /Person	Direct Input from the Unit (including grants and loans) /10,000 yuan	Funds Introduced (including grants and loans) /10,000 yuan	Number of Projects Supported (including full, partial funding, or introduction)	Students Supported /Person
2002	272	481	298	84 583	129 602	1 031	31 227
2003	272	481	487	70 104	313 386	1 188	41 086
2004	272	481	564	70 821	184 342	1 498	48 538
2005	272	481	349	84 754	157 265	1 448	34 137
2006	272	481	396	66 415	674 861	1 519	34 313
2007	272	481	299	121 289	672 297	777	28 794
2008	272	481	361	152 257	332 985	941	32 199
2009	272	481	390	110 358	310 662	1 123	27 102
2010	272	481	415	148 381	615 157	1 130	36 554
2011	272	481	404	153 734	505 486	1 308	21 211
2012	310	592	357	190 230	903 386	939	39 988
2013	310	592	451	208 217	538 539	1 251	64 496
2014	310	592	458	302 704	2 186 918	998	74 458
2015	320	592	734	330 934	2 823 879	925	42 619
2016	320	592	957	437 967	2 325 498	4 000	71 495
2017	310	592	1202	688 283	—	5 006	—
2018	288	592	1131	555 460	1 152 350	—	—
2019	286	592	1164	823 797	698 250	—	—
2020	307	592	1189	928 796	938 401	—	—

Note: "—" indicates missing statistical data for the year.

This plan targets key poverty-stricken counties in impoverished regions, providing project support, industrial development, enterprise growth, and pairing assistance to help residents escape poverty and achieve prosperity. The number of participating entities reached 320 during its implementation, achieving full coverage of poverty-stricken counties.

(iii) Social Poverty Mitigation and Development

To further mobilise the participation of various social sectors in poverty mitigation and development, especially encouraging private enterprises, social organisations, and individuals to engage in poverty mitigation efforts actively, the Chinese government issued the "Opinions on Further Mobilizing Various Social Forces to Participate in Poverty Mitigation and Development." [12] In 2014. This policy supports innovative ways of alleviating social poverty, including organising volunteer poverty mitigation actions, creating public welfare brands for poverty reduction, building information service platforms, and promoting government purchase of services. Additionally, to address the lack of talent in impoverished areas, the Chinese government mobilised parties and government agencies, enterprises, and institutions to dispatch the first secretary and work teams to impoverished villages to assist in poverty mitigation efforts. As a result, almost every impoverished village has a first secretary and a poverty mitigation work team. To select outstanding young volunteers for service in western regions, China launched the "College Student Volunteer Service Program for the Western Regions" in 2003, sending over 410,000 university

[12] "Opinions of the General Office of the State Council on Further Mobilizing Social Forces to Participate in Poverty Alleviation and Development," https://www.gov.cn/zhengce/content/2014-12/04/content_9289.htm.

graduates to provide basic education, agricultural technology, healthcare, and grassroots social management services.

4.4.3 Continuous Adjustment of Poverty Mitigation Strategies and Policies

Poverty is not static, and the resources that the government can regulate and deploy are also not fixed. Adjusting and improving poverty reduction strategies and policies and revising poverty line standards based on changes in economic and social development and the distribution of the poor are essential guarantees for the significant success of China's poverty mitigation efforts. The adjustment of China's poverty mitigation strategies and policies can be seen in two main areas:

(i) Adjustment of Poverty Reduction Targets

In the early stages of restructuring and opening-up, China's rural areas were generally impoverished, and during this period, policies focused on institutional reforms and agricultural development, which promoted income growth for a broad base of impoverished residents. As the economy and society developed and the number of poor people decreased, rural areas with relatively better development conditions began to change their poverty situation, and widespread poverty gradually evolved into regional poverty, concentrated mainly in the western regions. Consequently, the Chinese government shifted its poverty mitigation efforts to focus on poverty-stricken counties with large concentrations of poor populations, implementing more targeted poverty reduction initiatives. As poverty mitigation work in these counties progressed, internal divisions emerged within the counties. In non-poor counties, backward areas and vulnerable groups could not benefit from poverty mitigation policies, diminishing the effectiveness of poverty mitigation efforts focused on counties. At this point, the government further directed its efforts to poverty-stricken villages, using methods such as comprehensive village-level development to help impoverished

populations escape poverty. As the poverty rate fell below 10%, the distribution of poor populations became more fragmented, and the causes of poverty became increasingly diverse. In response, China introduced the "Targeted Poverty Mitigation" strategy, which involved creating detailed records of impoverished households and individuals, ensuring that poverty mitigation resources were directly allocated to specific households. The continuous adjustment of poverty mitigation strategies has ensured that China's poverty reduction work always aligns with the country's changing poverty situation.

(ii) Adjustment of Poverty Standards

The Chinese government has consistently balanced fiscal capacity and poverty reduction goals in determining poverty line standards. When the poverty line was first set in 1986, the standard for rural poverty was an annual net income of 206 yuan per capita, about 60% of the World Bank's $1-a-day poverty line. This standard remained in place until 2007. It was a controversial decision, with critics arguing that the poverty line was too low. However, in China's relatively weak economic strength and limited government finances at that time, setting a higher poverty line would have increased the number of people classified as poor, placing a heavier fiscal burden on the government and potentially undermining the achievement of poverty mitigation goals. Later, the government adjusted the rural poverty line significantly in 2008 and 2010. Even as China's economy reached upper-middle-income status, the government did not fully adjust the poverty line according to the World Bank's criteria for upper-middle-income countries. Instead, China established its poverty line based on national conditions and used this standard to allocate resources, which became a key feature of China's poverty mitigation efforts. By adopting poverty line standards that are not suited to their realities, many developing countries face challenges in financing poverty

mitigation efforts, relying heavily on external aid, and spreading limited resources too thinly, significantly hindering the achievement of poverty reduction goals.

4.4.4 Sustained Economic Growth and Urbanization

To what extent do the poor benefit from economic growth? This is a classic question in the literature on economic growth and anti-poverty strategies. Economic growth generally benefits poverty reduction, but it is not automatic. The key lies in a country's ability to achieve pro-poor growth, which means using growth to reduce poverty. The traditional "trickle-down effect" suggests that the benefits of economic growth will gradually reach lower-income groups through market mechanisms, automatically reducing poverty (Gai & Zhou, 2022). However, recent studies have found that in most countries, the benefits of economic growth do not automatically reach low-income groups through market mechanisms, meaning the "trickle-down effect" is not significant (Zheng et al., 2024). In its poverty mitigation process, China has adhered to the principle of using economic development to support poverty reduction, focusing on inclusive economic growth and a sustained urbanisation process to achieve both rapid economic development and large-scale poverty reduction in tandem, along with the simultaneous growth of national strength and improvements in people's living standards.

(i) Inclusive Economic Growth

In 1978, China's GDP was only $149.54 billion, with a per capita GDP of $156.4[13], placing it in the low-income country category. Since the restructuring and opening-up, China has achieved remarkable and sustained high economic development. From 1978 to 2020, China's per capita GDP grew at an annual rate of 8.2%, as shown in Figure 4.18, making it

[13] Data Source: World Bank, all in 2015 constant US dollars.

one of the world's most significant engines of economic development. By 2023, China's economic output accounted for around 17% of the global total. Economic growth has shown a significant negative correlation with poverty incidence: as per capita GDP increases, the poverty incidence declines. Between 1978 and 2019, for every 1% increase in China's GDP, the poverty incidence dropped by an average of 1.4 percentage points, as given in Table 4.12.

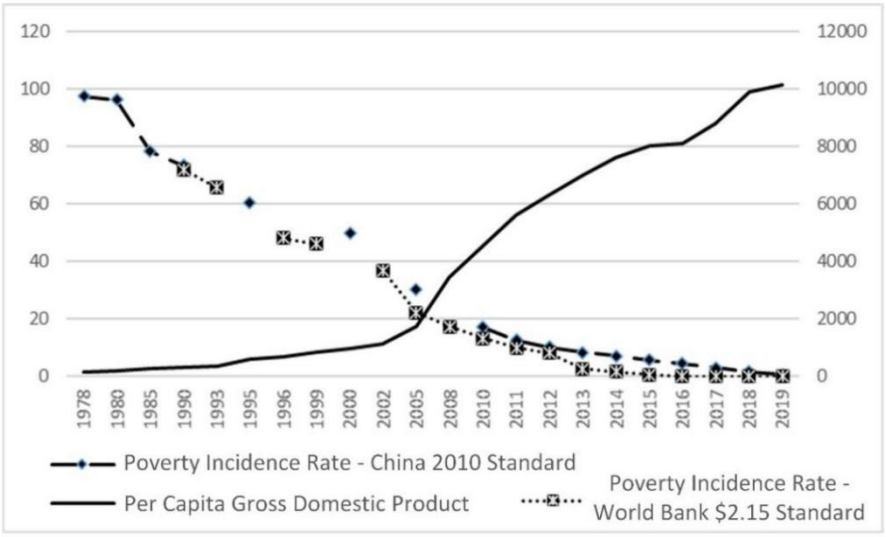

Figure 4.18: China's Economic Growth and Poverty Incidence.
Note: The poverty incidence data is sourced from the "China Rural Poverty Monitoring Report 2021" and the World Bank; the per capita GDP data is from the World Bank.

Table 4.12: Economic Growth and Poverty Reduction in China (1978-2019)

Year	Poverty Population (10,000 people)	Poverty Incidence Rate (%)	Period	Absolute Change		Relative Change	Per Capita GDP Growth (%)	Poverty Growth Semi-elasticity	Poverty Growth Elasticity
				Poverty Population (10,000 people/year)	Poverty Incidence Rate (percentage per year)	Poverty Incidence Rate (%)			
1978	77039	97.5							
1990	65849	73.5	1978-1990	-932.5	-2.0	-2.3	7.5	-0.27	-0.31
2000	46224	49.8	1990-2000	-1962.5	-2.4	-3.8	9.3	-0.26	-0.41
2010	16567	17.2	2000-2010	-2965.7	-3.3	-10.1	9.9	-0.33	-1.02
2013	8249	8.5	2010-2013	-2772.7	-2.9	-20.9	7.9	-0.37	-2.66

Table 4.12 continued

2019	551	0.6	2013-2019	-1283	-1.3	-35.7	6.3	-0.21	-5.64
			1978-2019	-1865.6	-2.4	-11.7	8.4	-0.28	-1.40

Explanation: 1. The data on poverty population and incidence rate comes from the China Rural Poverty Monitoring Report 2021; the data on per capita GDP growth rate comes from the WDI).
2. Poverty Growth Elasticity = Annual absolute reduction in poverty incidence rate / Annual per capita GDP growth rate.
3. Poverty Growth Semi-elasticity = Annual relative reduction in poverty incidence rate / Yearly growth rate of per capita GDP.

(ii) Massive Urbanization Process

Rapid industrialization-driven urbanisation is another key driver of China's poverty reduction. Urbanisation has attracted rural labour to cities, which not only directly improved the living standards and income of rural labourers, thus reducing poverty, but also increased income through remittances sent back to rural families, indirectly alleviating poverty. At the beginning of the reform period, China was a typical agrarian society, with 790 million people living in rural areas and an urbanisation rate of only 17.92% (Li et al., 2024).

By 2020, China's urban population surpassed 900 million, a 423% increase compared to 1978. The urbanisation rate rose to 63.89%, with an average annual increase of 1.09 percentage points since 1978, as shown in Figure 4.19. China has undergone the world's largest and longest urbanisation process, driving industrial upgrades and enhancing urban functions. It has also provided rural populations with extensive non-agricultural employment opportunities and pathways out of poverty.

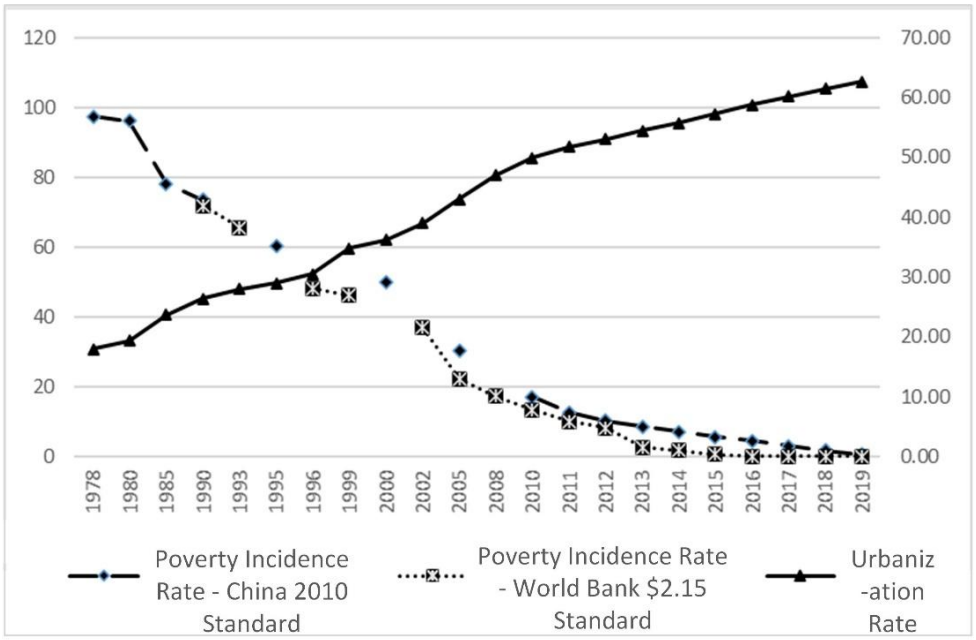

Figure 4.19: China's Urbanization and Poverty Incidence.
Note: The poverty incidence data is sourced from the "China Rural Poverty Monitoring Report 2021" and the World Bank; the urbanisation rate data is from the "China Statistical Yearbook 2024."

4.4.5 Improved Performance Evaluation and Assessment Mechanisms

China has developed a comprehensive accountability framework, diversified oversight channels, and a stringent performance evaluation system to ensure that poverty mitigation targets are met and poverty reduction outcomes remain credible. These measures reinforce the supervision and management of poverty reduction initiatives, guarantee the effective execution of poverty mitigation tasks, and ensure that national resources are accurately directed to impoverished households.

(i) Strengthening the Assessment of Poverty Reduction Results

Alongside establishing top-down poverty mitigation institutions, the Chinese government has gradually developed a layered and tiered performance evaluation system. Centrally, methods have been introduced to evaluate the poverty mitigation performance of

provincial-level party committees and governments. At the provincial level, the government has also set up performance evaluation methods for poverty mitigation in poor counties. By increasing the weight of poverty reduction indicators in evaluating poor counties, the government encourages more significant investment in poverty mitigation efforts at all levels. Additionally, county-level leaders who perform well and meet the required standards are promoted based on their poverty reduction achievements. Specialised inspections are organised yearly to ensure that poverty mitigation work remains a primary political task for local governments, carried out through scheduled and unscheduled inspections and reviews.

(ii) Strengthening the Supervision of Poverty Mitigation Funds and Projects

In poverty mitigation work, some individuals applying for poverty mitigation funds and resources may engage in inappropriate behaviour, such as deliberately concealing the actual situation, falsifying information, or fabricating documents, which undermines the fairness and credibility of poverty mitigation efforts and causes a waste of resources. The Chinese government has reinforced the supervision of poverty mitigation funds and projects to quickly identify and correct violations and misconduct to address this issue. The government has established a 12317 hotline for reporting poverty mitigation-related violations and opening public and social supervision channels. Efforts have been made to investigate and handle corruption within poverty mitigation work, with a three-year unique campaign focused on addressing corruption and misconduct in the poverty mitigation field. Between 2017 and 2020, the number of cases of corruption and misconduct uncovered in poverty mitigation reached 48,700, 131,000, 85,000, and 65,000, respectively.

4.5 Chapter Summary

Looking back at China's poverty mitigation practices and achievements since the founding of the People's Republic of China, especially since the reform and opening-up

period, it is clear that various factors, including historical development, population structure, and reform processes, have shaped China's poverty reduction efforts. The country's poverty reduction journey began in vast rural areas, targeting a large rural population, and has evolved into a magnificent success story. China's poverty mitigation effort is not an overnight task. The characteristics of poverty, including its total number, distribution, and structure, have changed over time, and the specific poverty mitigation targets and tasks have varied accordingly. Through continuous adjustment and improvement of poverty mitigation policies, strategies, and methods, the government has tackled challenges and achieved successive milestones. China has initiated new support rounds by reasonably defining poverty standards, planning targeted areas for support, and formulating annual key tasks and measures.

China's poverty mitigation work is characterised by long-term sustainability. It emphasises that poverty mitigation must align with the country's economic and social development, especially in rural areas. The approach to poverty reduction has become increasingly precise, from the broadest coverage in rural areas to focusing on impoverished counties, villages, and households. The shift from universal "equal distribution" to "targeted matching" tailored to individual households has allocated poverty reduction resources more accurately. This has ensured that limited resources achieve the most significant benefit, reaching more people in real need. Throughout this process, China has relied on the government's leading role, the mobilisation of diverse participants, continued economic growth, urbanisation, and adequate supervision and evaluation mechanisms, all of which have increased the efficiency of poverty mitigation resources, formed the broadest social consensus and promoted the effective implementation of poverty reduction policies.

CHAPTER 5

THE EFFECTIVENESS OF CHINA'S TARGETED POVERTY MITIGATION STRATEGY: EVIDENCE FROM PHOTOVOLTAIC POVERTY MITIGATION, HEALTH POVERTY MITIGATION, AND EMPLOYMENT POVERTY MITIGATION

Targeted poverty mitigation is a key policy agenda of the Chinese government. It is a core strategy of modern poverty reduction distinct from traditional broad-based approaches. It emphasises tailored interventions based on individual circumstances, regional characteristics, causes, and types of poverty. The strategy employs a multi-pronged approach, including supporting production and employment development, relocating impoverished populations, ecological conservation for poverty mitigation, education-based poverty mitigation, and providing a safety net through social assistance policies.[14], all aimed at lifting people out of poverty.

In implementing the targeted poverty mitigation strategy, the Chinese government has creatively introduced diverse measures, such as photovoltaic (PV), health, education, and employment poverty mitigation. This section discusses the effectiveness of these targeted poverty mitigation measures through empirical analysis, offering insights for relevant authorities to evaluate policy outcomes and draw lessons from China's poverty mitigation experience.

[14] On June 18, 2015, during a symposium held in Guizhou with key officials from various provinces, autonomous regions, and municipalities, Chinese President Xi Jinping delivered a speech outlining clear directives for the implementation of targeted poverty alleviation efforts.

5.1 The Economic Growth Effects of Photovoltaic Poverty Mitigation

Developing poverty mitigation industries and enhancing the endogenous motivation of impoverished populations are fundamental strategies for achieving poverty reduction. Due to their wide coverage, extensive population involvement, and strong sustainability, industry-oriented poverty mitigation projects, such as PV, e-commerce, and tourism, have become important means of achieving high-quality poverty mitigation in rural areas. Among them, PV poverty mitigation projects have gained wide acceptance for their environmental friendliness and sustainability. Statistics show that by the end of 2019, China had built 26.36 million kilowatts of PV stations through poverty mitigation projects, benefiting 4.15 million impoverished households (Liu et al., 2023; Xiao et al., 2023). Compared with traditional energy sources, the main advantages of PV power generation include (i) stable income from investment; (ii) improved energy supply in poor areas; and (iii) innovations from the PV industry models.

(i) Stable Income through Investment: By investing in PV power plants and generating stable revenue, combined with poverty mitigation funds and renewable energy subsidies, resources are effectively channelled to impoverished areas, raising local living standards and achieving poverty mitigation goals.

(ii) Improved Energy Supply in Poor Areas: Rational development of energy resources in impoverished areas improves energy supply levels,

promotes infrastructure development, and creates a low-cost energy usage environment.

(iii) The "PV + Industry" Model: Promoting the "PV + industry" model has introduced innovations and positively influenced related industries. For instance, in the "PV + agriculture" model, PV greenhouses generate electricity and support agricultural and forestry activities under the canopy, enabling innovation and transformation in cultivation practices.

This section utilises panel data from 832 national-level poverty-stricken counties in China from 2010 to 2020. Using the implementation of the first batch of PV poverty mitigation projects under the 13th Five-Year Plan at the end of 2017 as a natural experiment, the difference-in-differences method is applied to assess the impact and mechanisms of PV poverty mitigation projects on county-level economic growth. The results indicated that PV poverty mitigation policies significantly improved the economic development levels of priority poverty mitigation counties compared to non-priority counties.

5.1.1 Policy Background and Operational Mechanism

(i) Policy Background

As early as the 1990s, organisations like the World Bank and the Asian Development Bank began using solar energy to address electricity shortages in rural areas through livelihood projects. Entering the 21st century, the Chinese government,

aiming to foster the development of PV development as a strategic emerging industry, initiated the “Golden Sun Demonstration” project, laying the foundation for PV-based poverty mitigation.

On October 11, 2014, China’s National Energy Administration (NEA) and the State Council Leading Group Office of Poverty Mitigation and Development jointly issued the Notice on the Work Plan for Implementing PV Poverty Mitigation Projects. The plan proposed implementing county-based PV power generation poverty mitigation projects over six years. In March 2015, the NEA released the “Notice on the Implementation Plan for PV Power Generation Construction,” designating six provinces and regions, Hebei, Shanxi, Anhui, Ningxia, Qinghai, and Gansu, as pilot areas for PV poverty mitigation, with a construction scale of 1.5 million kilowatts for PV power stations.

On March 23, 2016, five central government departments jointly issued the “Opinions on Implementing Photovoltaic Power Generation Poverty Mitigation Projects,” deciding to implement PV poverty mitigation projects nationwide in impoverished areas with suitable conditions for PV construction. By 2020, the goal was to ensure that, through a village-wide implementation approach in 16 provinces with favourable solar conditions, 2 million registered impoverished households with no labour capability would increase their annual income by at least 3,000 yuan per household.

In October 2016, the NEA and the State Council Leading Group Office issued the “Notice on the First Batch of Photovoltaic Poverty Mitigation Projects,” which

included 5.16 million kilowatts of PV projects across 14 provinces, such as Hebei and Henan, encompassing both village-level and centralised ground-based power stations. On December 29, 2017, the NEA and the State Council released the "Notification on the First Batch of PV Poverty Mitigation Projects of the 13th Five-Year Plan". This established a list of 236 counties from 471 priority counties for PV poverty mitigation, involving the construction of 8,689 village-level stations with a total installed capacity of 4.19 million kilowatts, benefiting 1.46 million registered impoverished households across 14,600 impoverished villages.

On April 12, 2019, the NEA and the State Council issued the "Notification on the Second Batch of Photovoltaic Poverty Mitigation Projects of the 13th Five-Year Plan." This involved 165 key counties for PV poverty mitigation, covering 3,961 village-level PV stations with a total installed capacity of 1.67 million kilowatts. These projects benefited 385,900 registered impoverished households in 3,859 impoverished villages. This marked an expansion of the first batch of projects. Following the completion of the second batch, China decided to halt the issuance of new plans for PV poverty mitigation projects.

(ii) Operational Mechanism

The funding sources for PV poverty mitigation projects mainly include four channels: government poverty mitigation funds, loans taken by impoverished households, prepayments by enterprises, and financial support from local governments or advances by local investment companies. Leveraging these resources, household PV power generation equipment and village-level PV power stations are installed in areas

with abundant sunlight. This approach addresses local electricity needs and promotes the development and upgrading of the renewable energy industry and its related sectors.

Currently, PV poverty mitigation projects have become a sustainable development pathway. Users and village collectives participating in PV poverty mitigation employ a “self-use with surplus electricity fed into the grid” model. This model reduces electricity costs and allows surplus electricity to be sold to the grid, earning subsidies. It has proven an essential initiative for achieving long-term poverty reduction goals.

5.1.2 Literature Review and Theoretical Hypotheses

Industrial poverty mitigation policies are a core element of poverty mitigation efforts. They aim to stimulate and mobilise impoverished populations through industrial development. Relevant literature primarily explores industrial poverty mitigation policies’ efficiency, mechanisms, models, and implementation challenges.

In PV poverty mitigation policy research, the literature can be categorised into two main types: Case-Based Evaluations of PV Poverty Mitigation Projects and Theoretical Analyses of PV Poverty Mitigation Projects.

(i) Case-Based Evaluations of PV Poverty Mitigation Projects

This category focuses on evaluating implemented PV poverty mitigation projects, identifying existing problems, and suggesting potential improvements. For instance, researchers have conducted field investigations in cities like Fuyang in Anhui Province and Zuoquan County in Shanxi Province, analysing aspects such as project

construction models, funding sources, subsidy policies, and loan conditions (Xu et al., 2024). Based on these real-world cases, recommendations have been made to improve project subsidies, bidding processes, project supervision, and innovation mechanisms.

(ii) Theoretical Analyses of PV Poverty Mitigation Projects

The second category applies theoretical frameworks to assess PV poverty mitigation projects and offer normative judgments. For example, scholars (Li et al., 2018; He et al., 2023; Xu et al., 2024) have identified issues such as over-reliance on government investment or subsidies, grid absorption difficulties, post-construction maintenance challenges, and inadequate supervisory mechanisms. They have proposed solutions such as encouraging diversified investment, exploring innovative models like "PV + agriculture," and improving benefit-sharing mechanisms. Additionally, some scholars have utilised empirical methods, such as difference-in-differences, to assess the socioeconomic impacts of PV poverty mitigation strategies.

One study (Liao et al., 2021), based on sample data from impoverished households, found that China's PV poverty mitigation projects precisely targeted rural families in need, effectively reducing poverty, improving their economic status, and enhancing social capital.

Another study, using five years of panel data from 852 counties in China, identified a significant positive correlation between implementing PV poverty mitigation policies and income growth in pilot areas (Xu et al., 2022). Moreover, the policy demonstrated spatial spillover effects, with benefits extending beyond pilot

areas. Research has also shown that PV poverty mitigation policies increased pilot counties' per capita disposable income by 7% to 8%, with more pronounced effects in eastern and poverty-stricken regions.

Furthermore, by using the number of industrial employees and household savings deposits as proxies for socioeconomic factors, researchers found that PV poverty mitigation policies increased the number of secondary industry employees and the balance of household savings deposits in impoverished counties by 10.37% and 6.04%, respectively (Li et al., 2018).

By reviewing the policy background and existing literature on PV poverty mitigation, it is evident that it aims to increase the income of impoverished populations through the joint efforts of multiple stakeholders, including local governments, power grid companies, relevant enterprises, financial institutions, and impoverished families. The policy's impact is reflected in several aspects, such as ensuring energy supply in impoverished areas, improving infrastructure, fostering multi-stakeholder collaboration, and optimising the economic development environment. Additionally, related policies, such as tax incentives, credit support, and research subsidies, have effectively stimulated R&D activities among enterprises along the PV industry chain, boosting local market vitality and driving county-level economic development. This represents an indirect contribution to economic growth.

Based on the above, this study examined the following hypotheses:

Hypothesis 1: The PV poverty mitigation policy has a pro-poor effect and significantly promotes economic growth in key poverty-stricken countries.

Hypothesis 2: The PV poverty mitigation policy contributes to economic growth in poverty-stricken counties by reducing household electricity costs and increasing income from electricity generation subsidies.

Hypothesis 3: The PV poverty mitigation policy promotes economic development in poverty-stricken counties by providing more employment opportunities for residents.

Hypothesis 4: The PV poverty mitigation policy supports economic growth in poverty-stricken counties by attracting greater participation from commercial entities.

5.1.3 Research Design

(i) Data Sources

This study uses the PV poverty alleviation (PPA) policy as a national poverty mitigation measure, selecting all national-level poverty-stricken counties in China recorded in the China County Statistical Yearbook from 2010 to 2020. It constructs a panel dataset comprising 832 counties over a decade to evaluate the impact of PPA policies on economic growth using a quasi-natural experiment approach.

The study focuses on China's national-level poverty-stricken counties to ensure research accuracy. This ensures that the treatment and control groups are equally affected by other poverty mitigation policies, minimising the estimation bias caused by omitted variables and isolating the pure effect of the PPA policy.

In distinguishing treatment and control groups, this study examined 236 key poverty-stricken counties listed in the Notice published at the end of 2017. They were designated as the treatment group, while the remaining counties formed the control group for comparative analysis.

In 2019, the "100 Questions and Answers on Photovoltaic Poverty Mitigation Work" document released by the "National Energy Administration and the State Council's Poverty Mitigation Office" clarified that the main implementation areas of the PPA policy were the 471 national-level poverty-stricken counties in 16 provinces with favourable solar radiation conditions, as mentioned in the 2016 "Opinions on Implementing Photovoltaic Power Generation for Poverty Mitigation." The document also emphasised that only village-level PPA stations (including joint village stations) included in the first and second batches of project plans under China's 13th Five-Year Plan were eligible for subsidies. This further validates the rationale for selecting these policy documents.

It is worth noting that this study did not use the 471 counties mentioned in the 2016 "Opinions" to distinguish the treatment and control groups. Instead, it relied on the first batch of poverty-stricken counties specified in the Notice released at the end of 2017. The reason is that the 2016 "Opinions" were related to preparatory tasks and the division of responsibilities for implementing PPA projects. The core tasks of the Opinions included identifying poverty mitigation targets, determining PPA models for each county, and coordinating project construction funds. The 471 counties mentioned in the Opinions required joint review by the National Energy Administration and the

State Council's Poverty Mitigation Office before final approval. Thus, 2016 should not be considered the starting point for implementing PPA projects.

Furthermore, as the 2019 policy document did not disclose the specific county list for the second batch of PPA projects (comprising 165 key poverty-stricken counties, meaning 70 of the 471 counties mentioned in the Opinions ultimately failed to pass the review), this study considers only the impact of the first batch of PPA projects on economic growth. This approach is consistent with prior studies on the impact of PPA policies.

(ii) Model Specification

This study employs the Difference-in-Differences (DID) method to evaluate the effects of the PPA policy on county-level economic growth. The PPA policy during the "13th Five-Year Plan" period is treated as a quasi-natural experiment. The 236 key poverty-stricken counties listed in the Notice form the treatment group, while the remaining counties form the control group. The econometric model is constructed as follows:

$$Y_{it} = \beta_0 + \beta_1 did_{it} + \gamma X_{it} + u_i + year_t + \epsilon_{it} \quad \text{Equation 5.1}$$

$$did_{it} = D_i \times T_i \quad \text{Equation 5.2}$$

Where, Y_{it} is the dependent variable, representing the economic development level of county i in year t; i and t are the indices for county and year, respectively; X_{it} is a series of control variables that may influence economic growth; u_i are County

fixed effects; $year_t$ is the year fixed effects; ϵ_{it} is the error term; did_{it} is the interaction term between D_i (a dummy variable for treatment group counties) and T_i (a dummy variable for the policy implementation period). The coefficient $\beta_1$on did_{it} represents the net effect of the policy on the treatment group compared to the control group. If Hypothesis 1 holds, β_1 should be significantly positive. Since the policy effect did_{it} occurs at the county level, all regression analyses employ robust standard errors clustered at the county level.

(iii) Variable Selection

Dependent Variables: This study uses the natural logarithm of the real regional GDP ($\ln gdp$) and real per capita GDP ($\ln pgdp$) to measure the economic development level of counties. Real GDP is calculated by dividing nominal GDP by the provincial GDP deflator, using 2010 as the base year.

Independent Variables: Since the "Notice" was issued in December 2017, the construction of PV projects should begin in 2018. Thus, $T_t = 1$ for $t \geq 2018$, and $T_t = 0$ otherwise. Based on the counties listed in the "Notice," a dummy variable D_i is assigned to distinguish between the treatment and control groups. If county i is included in the first batch of pilot projects, $D_i = 1$; otherwise, $D_i = 0$. By taking the product, the key explanatory variable did_{it} (i.e., the interaction term between D_i and T_t) is derived. Its estimated coefficient reflects the effect of the PV poverty mitigation policy, which is the primary focus of this study—assessing the impact of the PPA policy on economic growth.

Control Variables: The study selects various control variables related to regional economic growth, including industrial structure, fiscal revenue and expenditure levels, population density, human capital investment, and financial support (See Table 5.1).

Table 5.1: Control Variables

No.	Control Variables	Notes
1.	Industrial Structure	Measured by the proportion of primary and secondary industries in GDP (*prir* and *secr*).
2.	Fiscal Revenue and Expenditure	Measured by the proportion of general budget revenue and expenditure in GDP (*govr* and *gove*).
3.	Population Density	Measured by the ratio of registered population to administrative land area (*pden*)
4.	Human Capital Investment	Measured by the ratio of primary and middle school students to the registered population (*ppr* and *mpr*).
5.	Financial Support	Measured by the natural logarithm of the year-end loan balance of financial institutions (ln *fin*). All nominal values are deflated to real values using the 2010 GDP deflator.

(iv) Mechanism Variables

Mechanism analysis includes indicators for residents' income levels, employment levels, and business activity.

- Income Levels: Urban and rural residents' savings deposit balances, rural per capita net income, and urban per capita net income.
- Employment Levels: Number of employees in various units and urban employees in post.
- Business Activity: Number of registered business entities in each region.

Definitions and descriptive statistics of relevant variables are provided in Table 5.2.

Table 5.2: Variable Definitions

Variable Category	Primary Indicator	Secondary Indicator	Variable Symbol	Variable Description
Dependent Variable	Economic Development	Actual GDP	ln *gdp*	Natural logarithm of actual regional GDP
		Per Capita Actual GDP	ln *pgdp*	Natural logarithm of per capita actual regional GDP
		Policy Dummy Variable	*did*	D × T
Explanatory Variable	Policy Variable	Regional Dummy Variable	*D*	Non-pilot counties = 0, Pilot counties = 1
		Time Dummy Variable	*T*	Pre-policy implementation = 0, post-policy implementation = 1
Control Variables	Industrial Structure	Primary Industry Ratio	*prir*	Added value of primary industry / regional GDP
		Secondary Industry Ratio	*secr*	Added value of secondary industry / regional GDP
	Fiscal Revenue & Expenditure	Fiscal Revenue Ratio	*govr*	General public budget revenue / regional GDP
		Fiscal Expenditure Ratio	*gove*	General public budget expenditure / regional GDP
	Population Factors	Population Density	*pden*	Number of registered residents (in 10,000) / administrative area (km^2)
	Human Capital	Primary School Enrollment Ratio	*ppr*	Primary school students / registered population
		Middle School Enrollment Ratio	*mpr*	Middle school students / registered population
	Financial Support	Financial Loans	ln *fin*	Natural logarithm of financial institution loans at year-end
		Deposit Balance	*deposit*	Natural logarithm of urban and rural residents' savings deposit balance
Mechanism Variables	Income Level	Rural Disposable Income	*r*ln *income*	Natural logarithm of rural per capita disposable income

Table 5.2 continued

		Urban Disposable Income	*t*ln *income*	Natural logarithm of urban per capita disposable income
	Employment Level	Total Employment	ln *employ*	Natural logarithm of total employment numbers
		Urban Employment	ln *temploy*	Natural logarithm of on-post urban employees
	Market Vitality	Business Entity Entry	ln *entry*	Natural logarithm of the number of business registrations (+1)

5.1.4 Empirical Results

(i) Benchmark Regression Analysis

Table 5.3 presents the regression analysis results of Model (1).

Table 5.3: Regression Results of the PV Poverty Mitigation Policy

Variable	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Dependent Variable	ln *gdp*			ln *pgdp*		
did	0.048***	0.057**	0.032***	0.017	0.065***	0.053***
D	(0.015)	(0.022)	(0.011)	(0.016)	(0.014)	(0.012)
	-0.289***	0.023		0.103**	0.121***	
T	(0.074)	(0.031)		(0.042)	(0.035)	
	0.401***	0.105***		0.444***	0.445***	
	(0.009)	(0.026)		(0.008)	(0.019)	
Control Variables	No	Yes	Yes	No	Yes	Yes
Fixed Effects	No	No	Yes	No	No	Yes
Sample Size	8860	8608	8604	8792	8601	8596
R^2 Value	0.047	0.848	0.992	0.132	0.429	0.968

In Columns (1) to (3), the dependent variable is the logarithm of actual GDP, while in Columns (4) to (6), the dependent variable is the logarithm of per capita actual

GDP. Specifically, Columns (1) and (4) do not include any control variables. Columns (2) and (5) add the control variables described earlier to Columns (1) and (4). Furthermore, Columns (3) and (6) incorporate county and year-fixed effects in addition to the aforementioned variables. From the regression results in Columns (3) and (6), when considering both county and year-fixed effects, the treatment group's actual GDP and per capita GDP increased by 3.2% and 5.3%, respectively, compared to the control group. These effects are statistically significant at the 1% level, supporting Hypothesis 1 of this study. Thus, it can be concluded that the PV poverty mitigation policy has a poverty reduction effect, significantly promoting economic growth in key poverty-stricken counties and playing an important role in poverty mitigation efforts in these regions.

(ii) Parallel Trend Test

The applicability of the difference-in-differences method is based on the parallel trend assumption rather than strict random assignment of the policy. This study constructs an econometric model to test whether trends were parallel before the policy implementation. It applies the event study method to analyse the dynamic effects of the PV poverty mitigation policy. To avoid perfect collinearity and follow conventional practices in existing literature, the year before policy implementation (2017) is the baseline, while other years are treated as event windows. Taking 2018 as the policy shock year, there are 8 periods before the shock and 2 periods after it. The estimated model is specified as follows:

$$Y_{it} = \beta_o + \sum_{j=-M}^{N} \delta_j did_{ij} + \eta X_{it} + u_i + v_i + \epsilon_{it} \qquad \text{Equation 5.3}$$

In the model, M and N represent the 8 years before and the 2 years after the policy implementation, respectively. X_{it} denotes a series of control variables that may affect the regression results, consistent with those in the baseline regression model. did_{ij} is the dummy variable for the PV poverty mitigation policy event, with its coefficient δ_j measuring the difference between the treatment and control groups in period j. When county i is identified as a pilot area for PV poverty mitigation, did_{ij} takes the value of 1; otherwise, it is 0. Coefficients δ_{-8} to δ_{-2} represent the effects from 8 to 2 periods before the policy implementation; δ_0 reflects the effect in 2018, the year of policy implementation; δ_1 and δ_2 indicate the effects in 2019 and 2020, respectively. If δ_{-8} to δ_{-2} are insignificantly different from 0, suggesting no significant difference between the treatment and control groups before the policy implementation, thereby confirming the validity of the parallel trend assumption. Furthermore, model (3) also controls for both county-level and year-fixed effects.

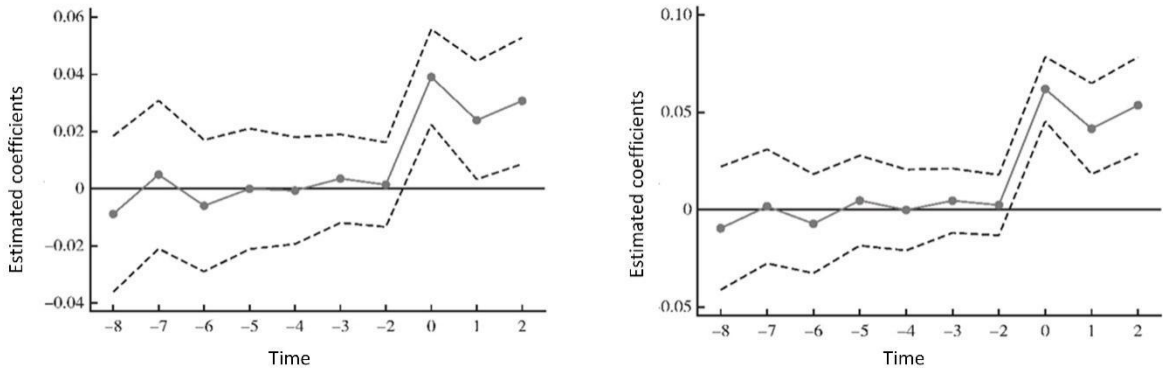

Figure 5.1: Dynamic Effects

Figure 5.1 illustrates the estimated results derived from the event study method. Figure 5.1 shows the time-varying trend of the estimated coefficients did_{ij} under the 95% confidence interval for the logarithmic forms of actual and per capita GDP.

Observations reveal that the estimated coefficients are not significantly different from zero in the year prior to the implementation of the PV poverty mitigation policy, indicating no statistically significant difference between the treatment and control groups before the policy intervention. This result confirms the validity of the parallel trend assumption. From the year of policy implementation (2018) onward, the estimated coefficients are significantly positive at the 5% level. This suggests that from 2018 to 2020, the PV poverty mitigation policy significantly affected the economic growth of poverty-stricken counties.

(iii) Robustness Check

A placebo test was conducted to ensure the robustness of causal inference and exclude the influence of other policies or unobserved variables. Specifically, the policy variable was randomly assigned to 236 counties (the same number as the treatment group), and this random assignment was repeated 1,000 times through Monte Carlo simulations. The estimated coefficients from each simulation were plotted as a kernel density diagram, along with their corresponding p-values. As shown in Figure 5.1, the estimated coefficients of GDP and per capita GDP from 1,000 simulations are approximately normally distributed, with a mean close to 0.0001 (indicated by the horizontal dashed line). This contrasts sharply with the benchmark regression coefficients of 0.032 and 0.053 (indicated by the horizontal solid line). Vertical dashed lines represent the p-values of the benchmark regression. Since the standard regression results fall outside the distribution of the placebo test results (indicating they are outliers), it can be concluded that the observed positive impact of the PV poverty

mitigation policy on county-level economic development is not attributable to random chance or omitted variables.

(iv) Heterogeneity Analysis

Heterogeneity of Assistance Intensity: The "Three Regions and Three Prefectures" are key focus areas of China's poverty mitigation efforts. They are characterised by high poverty incidence, severe poverty, inadequate infrastructure, and underdeveloped economies. The government has prioritised these areas for targeted poverty mitigation. This study compares the impact of the PV poverty mitigation policy in these regions (key support areas) with other counties in the same provinces (non-key support areas) to analyse the effects under different levels of assistance intensity.

Table 5.4 presents the regression results. Columns (1) and (3) correspond to key support areas ("Three Regions and Three Prefectures"). Columns (2) and (4) correspond to non-key support areas. In the key support areas, the PV poverty mitigation policy increased GDP and per capita GDP by 3.4% and 4.6%, respectively. This growth is statistically significant at the 10% level. In contrast, the policy's impact on economic growth in non-key support areas is insignificant.

Table 5.4: Heterogeneity of Support Intensity

Variable	**(1)**	**(2)**	**(3)**	**(4)**
	ln *gdp*		**ln *pgdp***	
	Focused Support	**Non-Focused Support**	**Focused Support**	**Non-Focused Support**
did	0.034*	0.013	0.046*	0.020
(Standard Error)	(0.018)	(0.026)	(0.026)	(0.028)
Control Variables	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes

Table 5.4 continued

Sample Size	1827	1743	1827	1743
R^2 Value	0.988	0.988	0.966	0.975

This suggests that the government's preferential support for the "Three Regions and Three Prefectures," including financial subsidies, talent introduction, technical guidance, and policy incentives, significantly enhances the PV poverty mitigation policy's poverty mitigation effects.

Heterogeneity of Solar Radiation Intensity: To further eliminate the interference from other poverty mitigation policies and explore the different effects of the PV poverty mitigation policy, a reasonable assumption is that if the PV policy is indeed playing a role in poverty reduction, there should be a variable directly related to PV projects that can distinguish its effects. The poverty reduction mechanism of PV projects involves converting solar energy into electricity for production and daily use. Therefore, in regions with higher solar radiation intensity, PV projects should be able to generate greater economic benefits. In contrast, the effects of other poverty mitigation policies (such as village-based cadres, vocational education training, resettlement, e-commerce poverty mitigation, etc.) are less influenced by local solar conditions in the short term.

This study uses each county's natural logarithm of the annual sunshine hours (ln*Sun*) to measure the local solar radiation intensity. The yearly sunshine hours refer to the actual number of hours of sunlight received in a year, where actual sunlight is defined as when the direct solar radiation intensity reaches or exceeds 120 watts per

square meter. Table 5.5 presents the regression results for the heterogeneity of solar radiation intensity, with the interaction term *did* × ln*Sun* included.

Table 5.5: Heterogeneity of Sunlight Intensity

Variable	**(1)**	**(2)**
	ln*gdp*	**ln*dgdp***
did	-0.760*	-0.909*
	(0.457)	(0.463)
ln*Sun*	0.020	0.052***
	(0.018)	(0.020)
did × ln*Sun*	0.101*	0.123**
	(0.058)	(0.059)
Control Variables	Yes	Yes
Fixed Effects	Yes	Yes
Sample Size	8593	8585
R^2 Value	0.992	0.968

Note: The solar radiation intensity variable (ln*Sun*) is a panel data variable that varies across time and counties. Other details are the same as in Table 5.3.

The estimated coefficient of the interaction term is significantly positive at the 10% level, suggesting that higher solar radiation intensity is linked to a stronger poverty reduction effect of the PV policy. This implies that the economic development observed in PV poverty mitigation counties is mainly driven by this specific policy rather than by other poverty mitigation measures.

(v) Analysis of Poverty Mitigation Policy Intensity

The traditional Difference-in-Differences method estimates the average treatment effect for the treatment group after receiving the policy. However, under the same policy, the extent of the policy's impact may vary across regions.

This study collects data from the “13th Five-Year Plan Phase I Photovoltaic Poverty Mitigation Project Plan Table” on four planned indicators for 236 poverty-stricken counties: the number of registered poverty-stricken villages, the number of supported households, the number of power stations, and the construction scale. The aim is to explore further the impact of the PV poverty mitigation policy on county-level economic growth.

Registered poverty-stricken villages were identified based on local poverty conditions, using per capita net income as a standard and comprehensively considering household income, assets, and health status factors. The number of supported households refers to the number of impoverished households covered by targeted poverty mitigation projects. The number of power stations indicates the planned number of PV power stations to be constructed, while construction scale refers to the planned additional installed capacity of PV projects.

Based on these indicators, this study organises and constructs an indicator system that includes primary indicators (“Proportion of Village and Household Support” and “Scale of Power Station Coverage”) and secondary indicators (“Proportion of Poverty Mitigation Villages,” "Proportion of Poverty Mitigation Households,” “Average Number of Power Stations per Village,” and “Average Installed Capacity per Household”), as shown in Table 5.6. This indicator system provides a more accurate measure of the implementation intensity of the PV poverty mitigation policy and its impact on economic growth.

Table 5.6: Policy Intensity Indicators

Primary Indicator	Secondary Indicator	Variable Symbol	Indicator Description
Proportion of Village and Household Support	Proportion of Poverty Mitigation Villages	*villagerate*	Number of registered poverty-stricken villages / Number of village committees
	The proportion of Poverty Mitigation Households	*householdrate*	Number of supported households / Number of rural households
The scale of Power Station Coverage	Average Number of Power Stations per Village	*perstation*	Number of power stations / Number of village committees
	Average Installed Capacity per Household	*perscale*	Construction scale / Number of rural households

Under the "Village and Household Support Scale" indicator, the first policy intensity indicator, "Proportion of Poverty-Stricken Villages" (*villagerate*), is calculated by dividing the number of registered poverty-stricken villages in pilot counties by the total number of local village committees. A higher value indicates a more significant proportion of poverty-stricken villages than the total number. Secondly, the second policy intensity indicator, "Proportion of Supported Households" (*householdrate*), is derived by dividing the number of supported households by the total number of rural households. A higher value indicates a more significant proportion of supported households.

Under the "Power Station Coverage Scale" indicator, the third policy intensity indicator, "Average Number of Power Stations per Village" (*perstation*), is calculated by dividing the number of power stations by the total number of village committees. A higher value implies a more significant average number of power stations per village. Lastly, the fourth policy intensity indicator, "Average Installed Capacity per

Household" (*perscale*), is determined by dividing the construction scale by the total number of rural households. A higher value reflects a larger average installed capacity per household. For PV poverty mitigation counties, greater values for policy intensity indicators typically indicate more substantial poverty reduction effects of the PV poverty mitigation policy.

This study employs the Generalized Difference-in-Differences (GDiD) method to estimate the impact of policy implementation intensity on county-level economic growth. The estimation model is shown in Equation (5.4):

$$Y_{it} = \beta_o + \beta_1 I_i \times T_t + \gamma X_{it} + u_i + year_i + \epsilon_{it} \quad \text{Equation 5.4}$$

Building on Equation 5.1, equation 5.4 replaces did_{it} with $I_i \times T_t$, where I_i represents the four policy intensity indicators: Proportion of Poverty-Stricken Villages, Proportion of Supported Households, Average Number of Power Stations per Village, and Average Installed Capacity per Household. The coefficient of this interaction term, β_1, reveals the effect of increasing policy intensity on county-level economic growth. When t ≥ 2018, $T_t = 1$, takes the value of 1; otherwise, it is 0. Other variables remain the same as in Equation 5.1.

Table 5.7 presents the regression analysis results based on Equation 5.4. Regardless of whether GDP or per capita GDP is used to measure economic development, the estimated coefficients of policy intensity in columns (1) to (8) are significantly positive at the 1% significance level. This indicates that the higher

implementation intensity of the PV poverty mitigation policy is associated with more pronounced poverty reduction effects.

Table 5.7: Policy Strength Regression Results

Variables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
	ln*gdp*				**ln*gdp***			
villagerate × T	0.157***				0.215***			
	(0.036)				(0.040)			
householdrate × *T*		0.709***				0.837***		
		(0.249)				(0.253)		
prestation × T			0.145***				0.205***	
			(0.039)				(0.043)	
prescale × T				0.120***				0.143***
				(0.041)				(0.043)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sample Size	4183	4140	4183	4140	4175	4140	4175	4140
R^2 Value	0.993	0.993	0.993	0.993	0.983	0.983	0.982	0.983

Note: Due to the significant number of missing values in the county statistical yearbooks regarding the number of village committees and rural households, this study uses the number of registered poverty-stricken villages, assisted households, power stations, and construction scale, each divided by the population size, to measure the intensity of poverty mitigation in unreported results. The results remain robust.

Specifically, an increase of one standard deviation (0.198) in the Proportion of Poverty-Stricken Villages results in GDP and per capita GDP growth of 3.56% and 4.63%, respectively.

An increase of one standard deviation (0.049) in the Proportion of Supported Households results in GDP and per capita GDP growth of 3.34% and 3.84%, respectively.

An increase of one standard deviation (0.295) in the Average Number of Power Stations per Village results in GDP and per capita GDP growth of 4.97% and 6.50%, respectively.

An increase of one standard deviation (0.189) in the Average Installed Capacity per Household results in GDP and per capita GDP growth of 2.11% and 2.53%, respectively.

These findings demonstrate that regions with higher proportions of poverty-stricken villages and supported households, greater average numbers of power stations per village, and larger average installed capacities per household experience stronger economic growth driven by the PV poverty mitigation policy.

5.1.5 Mechanisms of Impact and Discussion

To test Hypotheses 2, 3, and 4, the following section explores the mechanisms through which PV poverty mitigation policies impact county-level economic growth by increasing residents' income streams, providing employment opportunities, and promoting the entry of business entities.

(i) PV Poverty Mitigation and Residents' Income Streams

Higher income levels are key to stable economic growth. This study uses the balance of urban and rural residents' savings deposits, rural per capita disposable income, and urban per capita disposable income as indicators to measure changes in residents' income. These indicators replace the dependent variable in the baseline model to explore the effects of PV poverty mitigation policies on residents' income

levels. Data were sourced from the China County Statistical Yearbook. Adjusting for GDP deflators based on 2010 as the base year, the actual values of residents' income were calculated and logarithmised. Other variables remained consistent with the baseline regression.

Table 5.8 shows the regression results. In column (1), the dependent variable is the balance of urban and rural residents' savings deposits; in column (2), it is rural per capita disposable income; and in column (3), it is urban per capita disposable income. After controlling for other variables, the PV poverty mitigation policy significantly increased the income levels of residents in the treatment group compared to the control group.

Table 5.8: Regression Results on Policy Intensity

Variable	(1)	(2)	(3)
did	0.097***	0.068***	0.075***
	(0.019)	(0.011)	(0.014)
Control Variables	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes
Observations	8,567	4,480	6,072
R^2	0.977	0.939	0.950

This result is significant at the 1% level. Specifically, after implementing PV poverty mitigation policies, the balance of urban and rural residents' savings deposits increased by 9.7%, rural per capita disposable income rose by 6.8%, and urban per capita disposable income grew by 7.5%, supporting Hypothesis 2. This suggests that under the "self-use and surplus electricity sold to the grid" model, PV poverty mitigation policies have significantly expanded income sources by reducing electricity

expenses and increasing electricity generation subsidies, thereby achieving notable income-boosting effects.

(ii) PV Poverty Mitigation and Employment Opportunities

Employment is one of the key drivers of economic development. Implementing PV poverty mitigation policies has created numerous short-term and long-term employment opportunities in key poverty-stricken counties during the planning, construction, and maintenance phases. Additionally, these policies have improved local residents' adaptability and access to employment through technical and skills training. To test the impact of PV poverty mitigation policies on employment opportunities, this study uses the number of employees in units and the number of employees in urban units to measure employment opportunities. These indicators replace the dependent variable in the baseline model. Relevant data were also sourced from the "China County Statistical Yearbook."

Table 5.9 presents the regression results. In column (1), the dependent variable is the number of employees in units; in column (2), it is the number of employees in urban units. After controlling for other variables, the PV poverty mitigation policy significantly increased employment opportunities in counties implementing these policies. Specifically, the number of employees in units increased by 15.9%, and the number of employees in urban units grew by 11.6%. This provides support for Hypothesis 3.

Table 5.9: Employment Opportunities Mechanism

Variable	(1)	(2)
did	0.159***	0.116***
	(0.059)	(0.048)
Control Variables	Yes	Yes
Fixed Effects	Yes	Yes
Observations	3093	1867
R^2	0.950	0.921

(iii) PV Poverty Mitigation and Business Entity Entry

This study follows prior research by using the log-transformed number of registered business entities (plus one) as the dependent variable to explore the impact of PV poverty mitigation policies on commercial activities. Other variables remain consistent with the baseline regression model. The data includes a complete sample of registered enterprises, including corporations and individual businesses.

Table 5.10 presents the regression results. Column (1) covers all 20 industries, examining the overall entry of business entities. Additionally, the study analyses industries potentially affected by PV poverty mitigation policies: Column (2) focuses on agriculture, forestry, animal husbandry, and fishery; column (3) covers manufacturing; column (4) looks at the financial industry; and column (5) examines other industries excluding agriculture, manufacturing, and finance.

The analysis shows that implementing PV poverty mitigation policies significantly increased the probability of business entity entry in counties with these policies. On average, newly added business entities increased by 9.1% after policy implementation. Specifically, business entities in fishery, forestry, agriculture, and

animal husbandry grew by 9.2%; manufacturing increased by 5.1%; and the financial industry saw growth of 11.9%. However, there was no significant impact on business entry in other industries. These findings support Hypothesis 4.

Table 5.10: Business Entity Entry Mechanism

Variable	(1) Overall	(2) Agriculture, Forestry, Animal Husbandry, and Fishery	(3) Manufacturing	(4) Financial Industry	(5) Other Industries
did	0.091***	0.092**	0.051*	0.119***	-0.007
	(0.031)	(0.039)	(0.029)	(0.038)	(0.027)
Control Variables	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	8,603	8,603	8,605	8,605	8,605
R^2	0.926	0.890	0.888	0.394	0.895

In summary, adopting PV equipment directly reduced electricity costs for local businesses and farmers while enhancing the reliability of the energy supply. For agriculture, forestry, animal husbandry, and fishery industries, PV equipment provided stable electricity for spring planting, irrigation, and greenhouse farming, improving production efficiency and reducing operating costs. The policy also promoted the development of manufacturing and industries linked to the PV supply chain.

5.2 Escaping the "Health Poverty" Trap: Evaluating the Governance Effect of Health Poverty Mitigation

The intricate interactions between poverty, disease, and health inequality often trap rural residents in a persistent "health poverty trap," perpetuating a vicious cycle of "low income–poor health." According to official records, over 40% of China's

impoverished population falls into poverty due to health issues, and more than 14% due to disabilities. Health problems have thus become the primary driver of long-term poverty in rural areas. This section examines the pathways and manifestations of the health poverty trap and constructs a multidimensional health poverty index oriented toward income constraints and medical expense burdens. It further elucidates the theoretical mechanisms of health poverty mitigation policies. It employs the comprehensive rollout of China's 2014 targeted poverty mitigation policy as a quasi-natural experiment to empirically assess the governance effect of such policies on multidimensional health poverty. This section provides three key contributions:

(i) Within the theoretical framework of poverty traps and health capabilities, it conducts an in-depth analysis of the health poverty trap's pathways, manifestations, and policy intervention mechanisms.

(ii) It integrates health and economic deprivations into the definition of health poverty, creating a more socially grounded multidimensional health poverty index. Using the China Family Panel Studies (CFPS) data, it constructs balanced panel data to capture the dynamic trends in multidimensional health poverty among rural residents.

(iii) Employing fuzzy regression discontinuity methods, it scientifically evaluates the governance effect of targeted poverty mitigation policies on multidimensional health poverty. It empirically tests how these policies help farmers escape the health poverty trap. This provides a factual basis for formulating normalised health poverty mitigation policies.

5.2.1 Theoretical Analysis and Research Hypotheses

5.2.1.1 Pathways and Manifestations of the Health Poverty Trap

Capital scarcity and lack of investment drive poverty traps in developing countries. Similarly, insufficient individual health capabilities (the aggregate of potential abilities needed to achieve a healthy state, including personal capacities and external environmental support) can lead to health poverty. From a health capabilities perspective, health poverty can be understood as the loss of opportunities and deprivation of capabilities. Limited socioeconomic development and insufficient financial means prevent individuals from accessing medical insurance, healthcare, and essential public health services. This results in deteriorating health reduced economic participation, and subsequently diminished income, which initiates or exacerbates poverty.

The external manifestation of health poverty is a decline in health capabilities, leading to reduced income levels. This is characterised by the coexistence of poverty and disease, where both income deprivation and health function deprivation occur, creating a structural poverty trap. Beyond declining health capabilities, unpredictable external health shocks leading to excessive medical expenses are another significant contributor to health poverty. In this context, health poverty is defined as the risk of a household falling into poverty due to medical expenditures exceeding a certain proportion of its income, often measured by catastrophic healthcare spending.

Suppose a household incurs catastrophic medical expenses but does not experience physiological, psychological, or social health deprivation. In that case, the health shock may be temporary, and its effects dissipate over time without long-term consequences for the household's development. However, suppose a household not only faces catastrophic medical expenditures but also suffers health deprivation. In that case, it indicates a heavy medical burden and weak health capabilities, making it difficult to recover from major health events. Such households are prone to falling into an "incidental poverty" state requiring public policy intervention.

In summary, health poverty arises from two main factors: economic deprivation and health-related challenges. The coexistence of these factors constitutes the core characteristic of the health poverty trap.

5.2.1.2 The Logic of Targeted Poverty Mitigation in Overcoming the Health Poverty Trap

Escaping the structural poverty trap requires raising household income and health levels above a "critical threshold," while avoiding incidental poverty requires preventing diseases and establishing a "health safety net" to mitigate health shocks.

Economic support measures help health-impoverished populations overcome economic constraints. Policies under targeted poverty mitigation, such as transfer payments and employment assistance, directly increase transferable and non-transferable income levels, reducing poverty. Health poverty mitigation measures, such as higher medical reimbursement rates and medical assistance, alleviate the medical

burden on impoverished populations, improve their access to healthcare services, reduce the incidence of catastrophic medical expenditures, and build a health safety net.

Health-oriented measures address the constraints of health poverty. Capacity-building initiatives for county hospitals and standardisation of rural medical institutions enhance the availability of primary healthcare services in impoverished areas, ensuring accessible healthcare for the rural poor. These measures prevent minor illnesses from escalating into severe conditions, improving physiological health. Initiatives such as controlling infectious and endemic diseases, improving child nutrition, and promoting health education enhance non-commercial health inputs, improving overall health levels. Furthermore, renovating dilapidated houses, improving water and sanitation systems, and relocating impoverished households promote better living environments, indirectly improving physiological health outcomes.

Research has shown that during health poverty mitigation, the frequency of medical visits among people experiencing poverty increased, out-of-pocket healthcare expenditures decreased, and the utilisation of healthcare services by adults improved, along with reductions in malnutrition. Physiological health, as a foundation for other health dimensions, interacts with psychological and social health, collectively enhancing the well-being of impoverished populations. Based on the above analysis, Hypothesis 1 and Hypothesis 2 are proposed.

Hypothesis 1: Targeted poverty mitigation policies help impoverished populations escape health poverty, significantly reducing the degree and probability of multidimensional health poverty.

Hypothesis 2: Targeted poverty mitigation policies assist impoverished populations in overcoming health poverty traps through the following mechanisms:

- Increasing transferable and non-transferable incomes of people experiencing poverty.
- Reducing the medical expenditure burden of people experiencing poverty.
- Enhancing the utilisation of medical services by people experiencing poverty.
- Improving the overall health status of people experiencing poverty.

Adjustments and optimisations were continuously made while implementing targeted poverty mitigation policies. First, this is reflected in continuously updating and monitoring information on registered impoverished households. In May 2014, the first round of registration for impoverished households was completed. Subsequently, in June 2015, the Poverty Mitigation Office launched a nationwide "Revisit and Review" campaign to identify errors in the initial poverty registration, correcting 9.29 million inaccurately identified and newly identifying 8.07 million impoverished individuals. This finalised the list of registered impoverished households. In June 2017, the State Council removed the quota limit on registered impoverished households, enabling dynamic management of poverty mitigation targets.

Second, this is reflected in the continuous rollout and optimisation of poverty mitigation policies. After completing the registration work, the "Work Priorities of the State Council Leading Group Office of Poverty Mitigation" was released in 2015,

proposing ten poverty mitigation projects, including village-level assistance, vocational education and training, and microfinance loans. At the end of 2016, the "13th Five-Year Plan for Poverty Mitigation" was issued, outlining poverty reduction goals such as achieving the "Two No Worries, Three Guarantees" (no worry about food and clothing, guarantees of housing, education, and healthcare) and removing the poverty label from all impoverished counties. In response to the problem of poverty caused by illness, a health poverty mitigation program was launched in 2016 to provide preferential medical insurance policies for registered impoverished populations. The dynamic optimisation of poverty mitigation policies and the inherent time lag of public policies may result in differences in policy implementation effects across different stages. The effect of targeted poverty mitigation policies in addressing health poverty can gradually strengthen over time. Based on the above analysis, Hypothesis 3 is proposed:

Hypothesis 3: The impact of targeted poverty mitigation policies on multidimensional health poverty among impoverished populations exhibits a dynamic effect that strengthens over time.

5.2.2 Research Design

(i) Data and Variables

This study primarily uses data from the China Family Panel Studies (CFPS), which covers 31 provinces, autonomous regions, and municipalities in China,

conducting longitudinal surveys of individuals, families, and communities to capture changes in China's economic, educational, and health conditions.

Since targeted poverty mitigation measures were implemented in 2015, this study selects data from the 2014, 2016, and 2018 survey rounds. Samples that entered or exited during the period were removed to observe dynamic changes in health poverty. Due to significant missing data in the multidimensional health indicators for children in the CFPS survey, this study focuses only on individuals aged 16 and above. To eliminate the impact of outliers, continuous economic variables were trimmed at the top and bottom 1%, and prices were adjusted to the 2010 baseline. After data cleaning, the study retained a balanced panel dataset comprising 7,847 individuals and 3,541 observations across three years.

To address the characteristics of the health poverty trap, a Multidimensional Health Poverty Index (MHPI) was constructed, focusing on economic difficulties and the medical expense burden while integrating multidimensional health status indicators to identify and measure health poverty traps. Specifically:

Let $x = |x_{ij}|$ represent an $n \times m$ matrix, where n is the number of samples, and m is the number of poverty dimensions. Define z_j as the deprivation threshold for dimension j; if an individual's value is below this threshold, they are considered deprived in that dimension. The identification of individuals in health poverty proceeds as follows:

Step 1: Define the $n \times m$ deprivation matrix $g = |g_{ij}|$, where g_{ij} is determined by the deprivation threshold z_j:

$$g_{ij} = \begin{cases} 1, & x_{ij} < z_j \\ 0, & x_{ij} \geq z_j \end{cases} \quad \text{Equation 5.5}$$

Each column vector g_i represents the deprivation vector for individual *i*.

Step 2: To identify individuals in health poverty, determine the deprivation count function $c_i = |g_i|$, focusing on income and catastrophic medical expenditure dimensions. Suppose the first column of the deprivation matrix represents income and the second column represents catastrophic medical expenditure. Let *I* represent the income threshold and *E* the catastrophic medical expenditure threshold. Using the deprivation matrix g, $c_i = |g_i|$ represents the number of dimensions in which individual *i* is deprived.

$$c_i = \begin{cases} 0, x_{i1} \geq I \cap x_{i2} \geq E \\ 0, \quad \sum_{j=3}^{m} g_{ij} = 0 \\ w_1 g_{i1} + w_2 g_{i2} + \sum_{j=3}^{m} w_j g_{ij} \end{cases} \quad \text{Equation 5.6}$$

This study differs from the Alkire-Foster (A-F) method by introducing dual economic-health deprivation criteria. Specifically:

1. If an individual is not deprived of income and catastrophic medical expenditure, $c_i = 0$, even if deprived of other health dimensions.

2. Conversely, if an individual is not deprived of other health dimensions but is deprived of income or medical expenditure, $c_i = 0$.

3. Only when individuals are deprived in both economic and health dimensions will c_i be calculated as the weighted sum of deprivations in all dimensions. For simplicity, all dimensions are assumed to have equal weight.

Step 3: To determine whether an individual is in health poverty, set a threshold *k*. If $c_i \geq k$, the identification function $\rho_k(x_i; z)$ is assigned 1, indicating the individual is in health poverty. Otherwise, it is assigned 0.

After identifying all individuals in health poverty, the total number of individuals in health poverty can be calculated, leading to the calculation of the health poverty incidence rate *H*:

$$H = \frac{q}{n} \qquad \text{Equation 5.7}$$

where q represents the number of individuals identified as health-poor, calculated as $q = \sum_{i=1}^{n} \rho_k(x_i; z)$. Further, define the adjusted deprivation matrix $g_{ij}(k) = g_{ij} \cdot \rho_k(x_i; z)$ after applying the threshold *k*. Thus, based on $c_i(k) = \sum_{j=1}^{m} w_j g_{ij}(k)$, the average deprivation share among health-poor individuals is calculated as follows:

$$A = \frac{1}{q} \sum_i c_i(k). \qquad \text{Equation 5.8}$$

Finally, compute the Multidimensional Health Poverty Index (M_0):

$$M_0 = HA = \frac{1}{n} \sum_{i=1}^{n} c_i(k) \qquad \text{Equation 5.9}$$

The MHPI combines the incidence and severity of health poverty, providing an in-depth reflection of the distribution of multidimensional health poverty.

Given data availability, this study focuses on income and medical expenditure as the economic deprivation dimensions, along with four health dimensions (comprehensive health, physical health, mental health, and social health), encompassing six specific indicators. A multidimensional health poverty index is constructed from the perspective of dual deprivation in economic and health dimensions. The specific variable definitions and values are detailed in Table 5.11.

Table 5.11: Multidimensional Health Poverty Indicators and Thresholds

Dimension	Indicator	Deprivation Threshold Description
Absolute Income	Per Capita Disposable Income	Household per capita disposable income below the annual poverty threshold.
Medical Expenses	Catastrophic Medical Expenses	Out-of-pocket medical and healthcare expenses exceed 40% of household income.
Comprehensive Health	Self-Assessed Health	Self-reported health status as 'unhealthy.'
	Nutrition Index (BMI)	Deviation from the healthy BMI range.
Physical Health	Illness Status	Suffering from any acute or chronic illness classified as general serious, serious, or severe in the past six months.
	Impaired Self-Care Ability	Inability to independently complete the following activities: outdoor mobility, eating, cooking, using public transport, shopping, cleaning, or doing laundry.
Mental Health	Depression Level	Depression score exceeding the threshold for severe depression.
Social Health	Social Trust	The trust score for six categories (parents, neighbours, Americans, strangers, local government officials, and doctors) is below 25.

Note:

① Poverty line: The poverty line for 2014, 2016, and 2018 is set at a per capita disposable income of 2,800 yuan, 2,952 yuan, and 3,535 yuan, respectively; ② Catastrophic medical expenditure: The conclusions remain consistent whether the threshold is set at 30% or 50%; ③ BMI threshold: For individuals aged 16–18, the threshold is defined as the median BMI of a reference population of the same age and gender minus two standard deviations. For adults, the threshold is 18.5; ④ Depression threshold: The CES-D (Center for Epidemiologic Studies Depression Scale) was used in CFPS 2016 and 2018. The threshold for severe depression is 40 points, approximately the 80th percentile of the CES-D scores for those years. In CFPS 2014, the Kessler Psychological Distress Scale (K6) was used, with scores ranging from 1 to 5 for each question, for a total score range of 5–30. Higher scores indicate fewer depressive tendencies. Reverse indicators were constructed to ensure comparability

across years, and the 80th percentile score was calculated as 12 points. A K6 score of 12 or higher in 2014 was thus considered indicative of depression.

Table 5.12 presents the measurement results of multidimensional health poverty under different threshold values *k*. The data shows that when $k \leq 3/8$, both the health poverty incidence rate (*H*) and the MHPI (M_0) exhibit a declining trend over the years.

Table 5.12: Multidimensional Health Poverty Measurements at Different Thresholds (2014 - 2018)

Year	Metric	k=1/8	k=2/8	k=3/8	k=4/8	k=5/8	k=6/8	k=7/8	k=1
2014	q	1225	1225	863	408	168	44	7	1
	H	0.1561	0.1561	0.1100	0.0520	0.0214	0.0056	0.0009	0.0001
	A	0.4021	0.4021	0.4660	0.5674	0.6637	0.7727	0.8929	1.0000
	M_0	0.0628	0.0628	0.0512	0.0295	0.0142	0.0043	0.0008	0.0001
2016	q	962	962	644	353	179	52	8	0
	H	0.1226	0.1226	0.0821	0.0450	0.0228	0.0066	0.0010	0.0000
	A	0.4106	0.4106	0.4899	0.5846	0.6669	0.7692	0.8750	-
	M_0	0.0503	0.0503	0.0402	0.0263	0.0152	0.0051	0.0009	0.0000
2018	q	912	912	638	367	172	55	8	2
	H	0.1162	0.1162	0.0813	0.0468	0.0219	0.0070	0.0010	0.0003
	A	0.4202	0.4202	0.4933	0.5807	0.6722	0.7727	0.9063	1.0000
	M_0	0.0488	0.0488	0.0401	0.0272	0.0147	0.0054	0.0009	0.0003

(ii) Outcome Variables

Using the multidimensional health poverty index, this study conducts a first-order difference analysis of individuals' multidimensional health poverty and constructs two indicators as outcome variables: the depth of multidimensional health poverty and the movement in health poverty incidence. The specific steps are as follows:

First, the multidimensional health poverty depth movement indicator was constructed by calculating the difference between the deprivation counts of multidimensional health poverty in 2016 and 2018 (post-policy implementation) and

2014 (pre-policy implementation). This indicator measures the relative change in the depth of an individual's multidimensional health poverty before and after the policy implementation. A Δc value less than 0 indicates a reduced probability of falling into a health poverty trap.

Second, by comparing the changes in ρ_k before and after the policy implementation under different threshold values, the health poverty incidence movement indicator $\Delta\rho_k$ was derived. A $\Delta\rho_k$ value less than 0 indicates that the individual escaped the health poverty trap under the threshold value k. Since the health poverty incidence is the same at k = 1/8 and k = 2/8, and the number of health-poor individuals is relatively tiny and exhibits minimal fluctuation at k = 7/8 and k = 1 (as shown in when $k \leq {}^{3}/_{8}$, both the health poverty incidence rate (H) and the MHPI (M_0) exhibit a declining trend over the years.

Table 5.12 This study only examines the movement of health poverty incidence for $2/8 \leq k \leq 6/8$.

Through the above variable processing, this study obtained two sets of cross-sectional data to evaluate the effect of targeted poverty mitigation strategies on multidimensional health poverty governance during 2014 - 2016 and 2014 - 2018.

(3) Other Variables: To ensure the accuracy of the results, this study controls for a series of personal and household characteristics that may influence the outcome variables. For personal characteristics, the study considers sociodemographic factors such as age, gender, marital status, years of education, medical insurance coverage,

employment status, and two health behaviour factors: smoking and drinking. For household characteristics, the study includes variables such as the gender of the household head, years of education of the household head, whether the household is engaged in agricultural activities, the proportion of older adults aged 60 and above, per capita assets, and debt levels. The specific definitions and descriptive statistics of these variables are detailed in Table 5.13.

Table 5.13: Descriptive Statistics (N=7847)

Variable	Mean	Standard Deviation	Minimum	Maximum
Driving Variables				
Household Per Capita Income (Yuan)	9214.324	9475.427	144.916	88400
Individual Characteristics Variables				
Age (years)	47.560	14.356	16	87
Gender (Male = 1, Female = 0)	0.503	0.500	0	1
Marital Status (Married = 1, Other = 0)	0.879	0.327	0	1
Years of Education (years)	6.115	4.296	0	18
Medical Insurance (Yes = 1, No = 0)	0.943	0.232	0	1
Employment (Yes = 1, No = 0)	0.851	0.356	0	1
Smoking (Yes = 1, No = 0)	0.313	0.464	0	1
Drinking (Yes = 1, No = 0)	0.166	0.372	0	1
Household Characteristics Variables				
Gender of Household Head (Male = 1, Female = 0)	0.585	0.493	0	1
Years of Education of Household Head (years)	6.263	4.108	0	16
Engaged in Agriculture (Yes = 1, No = 0)	0.858	0.349	0	1
Proportion of Elderly Population	0.188	0.288	0	1
Log of Per Capita Assets	10.476	1.029	5.412	13.722
Log of Per Capita Debts	3.189	4.259	0	11.772

5.2.3 Model Specification

5.2.3.1 Identification Method for Impoverished Populations

Based on the national poverty line of 2,800 yuan set in 2014, impoverished households were identified by considering family property status, the employment situation of members, and whether government assistance was received. Specifically:

First, households with an annual per capita income below 2,800 yuan, no assets worth over 30,000 yuan (such as vehicles or agricultural machinery), no family members attending expensive educational institutions, and no members working in government institutions were classified as impoverished.

Second, households with an annual per capita income between 2,800 and 4,600 yuan were also classified as impoverished if they received exceptional hardship, welfare, or subsistence allowances; had students drop out of compulsory education; faced difficulties with water or electricity usage; or had family members with illnesses lacking medical coverage.

Through this screening process, 1,826 individuals were identified as impoverished and 6,021 as non-impoverished.

5.2.3.2 Basic Model Specification

Poverty and health issues are closely linked, with income levels serving as a key indicator for identifying impoverished households. This makes addressing endogeneity particularly challenging. Appropriate policy changes must be used as an entry point to identify causal relationships accurately. The national poverty line set in 2014 offers an

opportunity to adopt a Regression Discontinuity Design (RDD). RDD estimates the average treatment effect by analysing samples with income levels close to the threshold. It relies on the assumption that poverty status is randomly distributed around the threshold, which helps to alleviate endogeneity issues arising from reverse causality, omitted variable bias, and measurement errors.

Importantly, due to limited quotas for impoverished households and evaluation criteria beyond income, the targeted poverty mitigation policy did not cause a sharp jump in the likelihood of policy benefits at the poverty line threshold but instead a jump smaller than 1 (see Figure 5.2). This situation aligns with the framework of Fuzzy Regression Discontinuity Design (Fuzzy RDD).

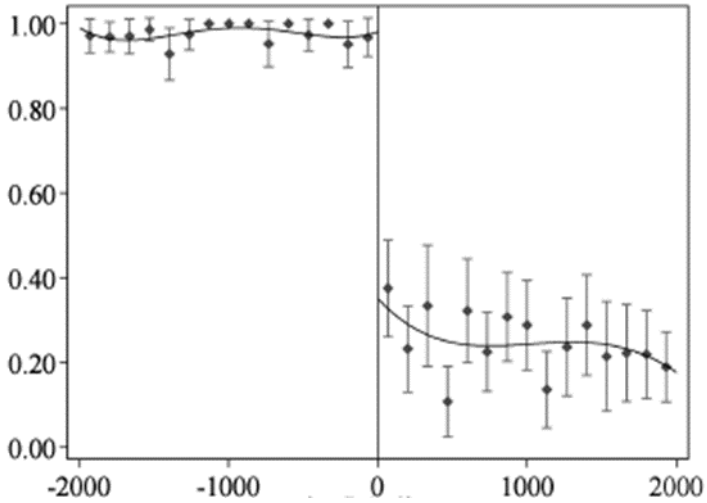

Figure 5.2: Income and the Probability of Being Identified as a Registered Impoverished Household

The local treatment effect τ of the targeted poverty mitigation policy can be expressed as:

$$\tau = \frac{\underset{x\downarrow d}{lim}[\Delta Y_i \mid Z_i] - \underset{x\uparrow d}{lim}[\Delta Y_i \mid Z_i]}{\underset{x\downarrow d}{lim}[T_i \mid Z_i] - \underset{x\uparrow d}{lim}[T_i \mid Z_i]} \qquad \text{Equation 5.10}$$

Specifically, d represents the cut-off value set at 2,800 yuan in this study, corresponding to the poverty threshold standard in 2014. The variable X_i indicates the difference between household per capita income and the cut-off value, used to determine whether individual *i*'s household qualifies to be identified as a registered poverty-stricken family. T_i represents whether the household is identified as a registered poverty-stricken family; if it is, the value of T_i is 1, and if not, the value is 0. Although the values of T_i and X_i are not identical, they are closely correlated. Y_i represents the multidimensional health poverty status of individual *i*, while ΔY_i, the first-order difference of Y_i, reflects the change in individual *i*'s multidimensional health poverty status across different years. Z_i represents a set of predetermined variables. This study primarily explores the results of non-parametric estimation and confirms them through parametric methods in robustness tests. In the non-parametric regression analysis, the optimal bandwidth is determined based on minimising mean squared error to balance estimation reliability and validity. Samples near the breakpoint are given higher weights, with the results estimated using a triangular kernel function as the analysis's core. Estimation results from other kernel density functions are also used for robustness checks.

5.2.3.3 Breakpoint Validity Test

During the implementation of the targeted poverty mitigation strategy, some households may have underreported their income to qualify as registered impoverished households, potentially leading to manipulation of the forcing variable. To test this, the study analysed the distribution of per capita income near the breakpoint. By examining

the kernel density plot of the forcing variable (see Figure 5.3), it was found that the density function of per capita income remains essentially continuous at the breakpoint, and the confidence intervals of the estimates largely overlap without significant jumps. This indicates no substantial differences in the distribution of per capita income on either side of the breakpoint, suggesting that the jump at the breakpoint can be interpreted as the causal impact of the targeted poverty mitigation strategy on the multidimensional health poverty status of the impoverished population.

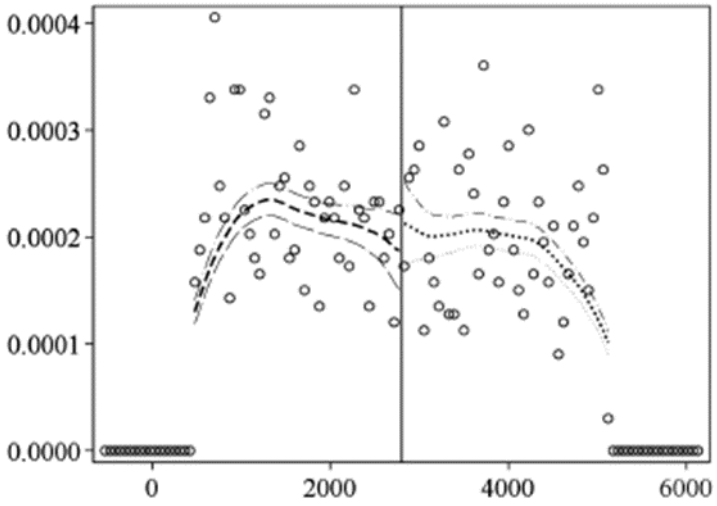

Figure 5.3: The Kernel Density Plot of the Forcing Variable

5.2.4 Empirical Results

5.2.4.1 Baseline Regression Results

Table 5.14 presents the results of analysing the depth of multidimensional health poverty using the non-parametric fuzzy RDD.

Table 5.14: Impact of Targeted Poverty Mitigation Policy on the Depth of Multidimensional Health Poverty

Variable	2016		2018	
	(1)	(2)	(3)	(4)
Panel A: First Stage (Outcome Variable: Qualification as Registered Poverty Household)				
Per Capita Annual Income > 2800	-0.643***	-0.646***	-0.651***	-0.644***
	(0.046)	(0.044)	(0.044)	(0.044)
Panel B: Second Stage (Outcome Variable: Change in Depth of Multidimensional Health Poverty)				
Targeted Poverty Mitigation	-0.189***	-0.184***	-0.248***	-0.262***
	(0.047)	(0.044)	(0.044)	(0.045)
Control Variables	No	Yes	No	Yes
Bandwidth	930	1013	1045	984

Notes: Robust standard errors clustered at the individual level are reported in parentheses. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively. The optimal regression order is 1, determined by the Akaike Information Criterion (AIC) and Bayesian Information Criterion (BIC) minimisation principles. This applies to all tables below.

Columns (1) and (3) provide preliminary estimates without considering the influence of other variables. Columns (2) and (4) include individual and household characteristics to control for the impact of potential confounding factors. In the first-stage analysis, per capita income, used as the forcing variable, shows a significantly negative correlation with the qualification for poverty status at the 1% significance level. This confirms that the per capita income threshold is a valid instrumental variable for assessing poverty. The second-stage regression analysis indicates that the targeted poverty mitigation strategy significantly reduces the depth of multidimensional health poverty. In Panel B, the results in Columns (2) and (4), which include various control variables, remain significant in the first stage. In contrast, the treatment effects in the second stage are slightly adjusted. This is consistent with the requirements of the fuzzy RDD model, where the inclusion of control variables has a minimal effect on the results.

Moreover, regardless of the model used, the absolute value of the estimated coefficients in 2018 is more significant than those in 2016. This suggests that the targeted poverty mitigation strategy's positive impact on reducing multidimensional health poverty intensifies over time as the policy is implemented.

This study further analysed the impact of the targeted poverty mitigation policy on the incidence of multidimensional health poverty. It illustrated the point estimates of the treatment effects of the targeted poverty mitigation policy under different thresholds, along with their 95% confidence intervals, in Figure 5.4. The research found that as the threshold increases, the effectiveness of the targeted poverty mitigation policy in addressing multidimensional health poverty decreases. This may indicate that the governance effects of the policy are relatively weaker for individuals with a higher degree of multidimensional health poverty.

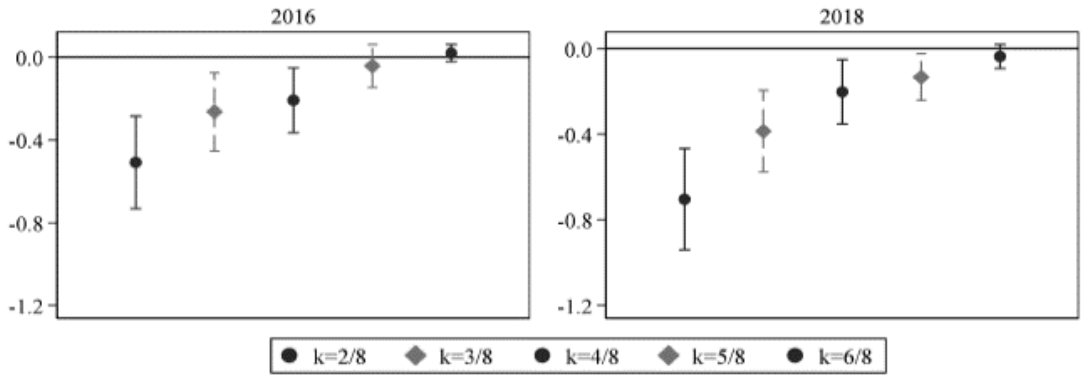

Figure 5.4: The Impact of Targeted Poverty Mitigation Policy on the Incidence of Multidimensional Health Poverty.

Note: The figure reports the principal regression coefficients with a 95% confidence interval. Control variables are included, the polynomial order is specified as 1, the optimal bandwidth is calculated using the least-squares cross-validation method, and standard errors are clustered at the individual level.

The targeted poverty mitigation policy has enabled most individuals facing "income + single-dimension health" or "medical expenditure + single-dimension health" to escape the health poverty trap. Among those facing "income + double-dimension health," "medical expenditure + double-dimension health," or "income + medical expenditure + single-dimension health" issues, about 40% have successfully escaped the health poverty trap.

Moreover, under different thresholds, the absolute values of the estimated coefficients for 2016 are generally smaller than those for 2018, indicating that as the targeted poverty mitigation strategy continues to be implemented, the number of people successfully escaping health poverty continues to increase.

5.2.4.2 Robustness Tests

Covariate Balance Test: If the density functions of individual or household characteristics show significant jumps at the breakpoint, it may suggest that factors other than the targeted poverty mitigation policy influence multidimensional health poverty. This would imply that changes in multidimensional health poverty may not solely result from the policy implementation. This study used predetermined variables as outcome variables for fuzzy regression discontinuity analysis. The results indicate no significant differences in covariates at the breakpoint, demonstrating that the covariates passed the balance test.

Changing Kernel Functions: Non-parametric Fuzzy RDD can use three different polynomial fitting functions: triangular kernel, Epanechnikov kernel, and

uniform kernel. The triangular kernel function shows a slight advantage in minimising mean squared error and is most commonly used in practice. Epanechnikov and uniform kernel functions were used for reanalysis to verify the robustness of the baseline regression results. Results show that regardless of the kernel function used, the reductions in multidimensional health poverty depth and incidence across all years were not significantly different from the original baseline regression results, and all passed the 1% significance level test, confirming the validity of the original conclusions.

Bandwidth Robustness Test: The fuzzy regression discontinuity estimation results are sensitive to bandwidth selection. A too small bandwidth may significantly reduce the number of sample observations. At the same time, a too large bandwidth may increase the influence of unobservable factors, thus affecting result accuracy. To evaluate the impact of bandwidth selection on Fuzzy RDD results, optimal bandwidths based on baseline regression results were determined, and breakpoint regression analyses were conducted within 50% and 150% of the optimal bandwidth. Results indicate that the estimated treatment effects with different bandwidth settings were broadly consistent with the baseline regression results, confirming their robustness.

Parametric Test: To further validate the robustness of the econometric approach, two-stage least squares (TSLS) parametric fuzzy regression discontinuity analysis was conducted. Local parametric regression bandwidths consistent with the non-parametric Fuzzy RDD were set to ensure comparability. Since the study involves multiple outcome variables, the optimal bandwidths for Fuzzy RDD vary between 500 and 1000 yuan. For simplicity, two unified bandwidths of ±500 yuan and ±1000 yuan

were chosen for local TSLS regression. Results show that the policy effects estimated through TSLS were slightly lower than baseline estimates but remained significantly negative at the 1% level. Under the same bandwidth, the treatment effects in 2018 were greater than those in 2016. Overall, whether parametric or non-parametric methods, results confirm that targeted poverty mitigation policies helped the poor escape health poverty.

Robustness of Poverty Identification Standards: In June 2015, the State Council's Leading Group Office of Poverty Mitigation launched a nationwide re-evaluation of poverty household qualifications, identifying additional families previously not recognised as impoverished in 2014. These newly identified households began receiving support from targeted poverty mitigation policies. This study used the 2016 national poverty line, incorporating family assets, employment conditions, and the "two assurances and three guarantees" standard to identify 525 new impoverished individuals. Given the "no withdrawal from policy upon poverty mitigation" principle during the poverty mitigation campaign, many families previously lifted out of poverty continued to benefit from targeted poverty mitigation strategies. Based on this, the study retained the 2014-identified impoverished population and included the newly identified impoverished individuals in the treatment group before reanalysing the fuzzy regression discontinuity. Although the coefficients were slightly lower than the baseline regression in the first-stage estimates, they remained significant. Second-stage regression results indicate that health poverty depth and incidence coefficients were significantly negative, and all second-stage regression coefficients were higher than the

baseline regression coefficients. This suggests that after including newly identified impoverished households, the effect of targeted poverty mitigation strategies on reducing health poverty was strengthened, further validating the reliability of the baseline regression results.

Placebo Test: Regression discontinuity results are generally robust under the assumption of locally randomised poverty status on both sides of the breakpoint. However, unobservable factors may still cause bias in the random distribution of treatment and control groups on both sides of the breakpoint. To verify the validity of the estimated results at the original breakpoint, placebo tests were conducted by setting artificial breakpoints. Since breakpoints significantly different from the original may lack practical meaning, the poverty line standard was adjusted by ±10% (280 yuan) to form two new breakpoints, and the regression analysis process was repeated. In the placebo fuzzy regression discontinuity analysis, first-stage estimates showed a positive sign, indicating that individuals with higher income to the right of the breakpoint were more likely to be classified as impoverished than those with lower income to the left, inconsistent with actual policy conditions. Second-stage regression results were insignificant, suggesting no breakpoint effects caused by other factors and ruling out the possibility of spurious policy effects.

5.2.5 Mechanism Analysis and Discussion

This study constructed a multidimensional health poverty index covering economic and health aspects to explore which specific indicators drove the

effectiveness of targeted poverty mitigation strategies in reducing multidimensional health poverty.

5.2.5.1 Impact of Targeted Poverty Mitigation Policies on Income

Per capita disposable income is critical to the multidimensional health poverty index. To assess the specific impact of targeted poverty mitigation policies on income, the study created an income poverty mobility variable using a method similar to $\Delta\rho_k$ and conducted fuzzy regression discontinuity analysis.

To further validate the impact of developmental poverty mitigation policies, the study constructed an income poverty mobility variable excluding government transfer payments and repeated the fuzzy regression discontinuity analysis. Results are shown in Columns (3) and (4) of Table 5.15.

Table 5.15: The Impact of Targeted Poverty Mitigation Policies on Household Per Capita Income

Variable	With Transfer Payments		Without Transfer Payments	
	2016	2018	2016	2018
	(1)	(2)	(3)	(4)
Policy Effect	-1.487***	-1.691***	-1.157***	-1.510***
	(0.162)	(0.164)	(0.129)	(0.149)
Control Variables	Yes	Yes	Yes	Yes
Bandwidth	774	794	871	713

After excluding government transfer payments, treatment effects slightly decreased but remained significant, with smaller declines observed in 2018. This indicates that the positive impact of targeted poverty mitigation policies on income mobility was not solely due to guaranteed poverty mitigation but also developmental policies such as

industrial poverty mitigation, ecological poverty mitigation, and microcredit poverty mitigation, which significantly boosted income.

Overall, targeted poverty mitigation policies increased transferable and non-transferable income, helping registered impoverished households escape income poverty and break the vicious cycle of "poverty disease."

5.2.5.2 The Impact of Targeted Poverty Mitigation Policies on Household Medical Burden

To investigate the impact of targeted poverty mitigation strategies on household medical burdens, this study constructed an indicator for catastrophic medical expenditure flow using the $\Delta\rho_k$ method. The regression results in Table 5.16 show that from 2014 to 2016, the effect of targeted poverty mitigation strategies on catastrophic medical expenditure flow was significantly positive, indicating an increased likelihood of registered impoverished households experiencing catastrophic medical expenses in 2016.

Table 5.16: The Impact of Targeted Poverty Mitigation Policies on Household Medical Burdens

Variables	Catastrophic Medical Expenditure Mobility			Healthcare Expenditure Mobility		
	2014 - 2016	2014 - 2018	2016 - 2018	2014 - 2016	2014 - 2018	2016 - 2018
	(1)	(2)	(3)	(4)	(5)	(6)
Policy Effect	0.389***	-0.024	-0.257***	0.596	16.622**	17.574*
	(0.151)	(0.113)	(0.098)	(7.428)	(7.837)	(9.414)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	531	649	767	862	830	724

However, the regression results in Column (2) signify that compared to 2014, the probability of impoverished households incurring catastrophic medical expenses decreased in 2018. This annual difference may be attributed to the gradual implementation and continuous optimisation of poverty mitigation policies.

The regression results in Column (3) demonstrate that from 2016 to 2018, the impact of targeted poverty mitigation policies on catastrophic medical expenditure flow was significantly negative at the 1% significance level. This indicates that health-focused poverty mitigation measures significantly reduced the probability of impoverished households experiencing catastrophic medical expenses, successfully establishing an insurance safety net to help the poor avoid sudden poverty traps.

5.2.5.3 The Impact of Targeted Poverty Mitigation Policies on Multidimensional Health

Targeted poverty mitigation strategies have improved the nutritional status of impoverished populations by increasing per capita disposable household income, ensuring basic food security, and implementing health-oriented measures to meet basic medical needs. However, improvements in other health indicators are less apparent, likely due to the following reasons:

Chronic and Long-Term Health Issues: Some diseases are challenging to cure and require long-term treatment, while disabilities and physical impairments are irreversible. Although poverty mitigation policies can enhance income and reduce medical burdens, they cannot reverse these enduring health problems.

Limited Focus on Comprehensive Health Management: Current health-focused poverty mitigation policies aim to alleviate medical burdens. However, they lack sufficient attention to multidimensional health management strategies.

Positive Spillover Effects: Improved essential healthcare services, environmental sanitation in rural areas, and infectious disease prevention have generated positive spillover effects for non-impoverished populations.

Time Lag in Health and Human Capital Development: Physical functionality and health-related human capital improvements require extended periods. Short-term microdata may fail to capture significant enhancements in the health levels of impoverished populations.

The observed improvement is limited to nutritional status, which lays a foundation for overall health improvement. As targeted poverty mitigation policies continue and the rural revitalisation strategy advances, it is anticipated that the health-related human capital of impoverished rural populations in China will experience significant growth.

5.3 Income Effects and Heterogeneity Analysis of Employment-Based Poverty Mitigation: Empirical Evidence from Jiangxi Province

Employment-based poverty mitigation refers to measures designed to help impoverished individuals with the capacity and willingness to work find employment. According to the Dictionary of Population Science, individuals capable of work are called the labour force. Therefore, the target group of employment-based poverty mitigation can be defined as impoverished labour within the impoverished population.

This study defines impoverished labour as members of registered impoverished households aged between 16 and 60 and assesses the effects of employment-based poverty mitigation on income growth.

It is equally essential to clarify the types of employment-based poverty mitigation policies. Based on the Ministry of Human Resources and Social Security's guidelines in Opinions on Supporting Poverty Mitigation in the Fight Against Poverty, the policies mainly cover three areas:

(i) Employment and Entrepreneurship Support: Assisting impoverished labour in finding jobs or starting businesses;

(ii) Vocational Training: Strengthening job-related training for impoverished labour;

(iii) Enhancing Public Employment Services: Improving the quality of services offered.

Specific measures include labour force transfer and leveraging local industries to create nearby job opportunities. Scholars (such as Saci, 2023) categorise employment-based poverty mitigation into two main types: capacity building and opportunity provision. In this context, capacity building involves improving the employability of impoverished labour through training, while opportunity provision refers to offering actual job opportunities through local employment or external labour migration.

5.3.1 Mechanisms of Income Growth through Employment-Based Poverty Mitigation and Research Hypotheses

Under the context of income poverty, various employment-based poverty mitigation measures ultimately reflect in the income growth of registered impoverished households, summarised as a "training-employment-income growth" mechanism. The mechanism is analysed in two phases: (i) training, and (ii) employment.

Phase 1 focuses on training, whereby the idea is that training has the ability to promote employment. Empirical evidence shows that impoverished labourers who receive training are 1.1 times more likely to secure employment contracts than those without training. According to human capital theory, education and training represent investments in human capital. Objectively, trained impoverished labourers possess enhanced knowledge and skills, enabling sustained employability and better negotiation power in labour markets. Subjectively, training boosts confidence, motivating labourers to actively pursue poverty mitigation, transitioning from "passive poverty mitigation" to "proactive poverty mitigation."

The second phase focuses on employment, which has the capability to promote income growth. Employment contributes to income growth, and employment-based measures accelerate this process by improving job quality and speed. This enables impoverished labourers to secure stable income sources faster, improving their economic status.

Research Hypotheses:

Hypothesis 1: Employment-based poverty mitigation programs, including training and job provision, significantly increase the income of registered impoverished households.

Hypothesis 2: The income-increasing effects of employment-based poverty mitigation differ across households with varying income levels due to geographical and household conditions.

Hypothesis 3: Different income-level households show varying tendencies toward labour migration, influenced by household circumstances.

Further research will validate these hypotheses and offer insights into the economic impacts of employment-based poverty mitigation measures.

5.3.2 Data, Variables, and Descriptive Statistics

Jiangxi Province, a historically significant revolutionary area in China, has been a focal point of the national poverty mitigation campaign. The province consisted of 24 national-level and one provincial-level impoverished counties. By the end of 2019, all 25 counties and 3,068 impoverished villages had successfully eradicated poverty.

In order to assess the production and living conditions of households after poverty mitigation, the research team conducted research across four cities, 12 counties, and 295 administrative villages in Jiangxi Province. The research evaluated whether impoverished households met the poverty mitigation standard of “Two Assurances and

Three Guarantees" and examined the implementation of "Five Categories" of poverty mitigation measures.

5.3.2.1 Key Variables

(i) Dependent Variable

This study focuses on the impact of employment-driven poverty mitigation on the income growth of registered poor households, using household net income as the dependent variable. Although the current poverty mitigation efforts aim to address the "two no worries and three guarantees" (no worry about food and clothing, with guaranteed access to compulsory education, essential medical services, and safe housing), the measurement of multidimensional poverty has been extensively studied. However, methods and standards for measuring non-income poverty remain inconsistent.

In contrast, income as the sole indicator of poverty measurement is more straightforward to obtain, adheres to national standards, and is operationally robust. It is not prone to changes arising from differences in methodologies or standards. Moreover, in ensuring basic living guarantees and social services for registered poor households, household net income is the most direct metric for evaluating their living conditions. Details are provided in Table 5.17.

Table 5.17: Variable Definitions

Variable Name	Variable	Variable Description
Household Net Income	*I*	Total income of the registered poor household.
Participation in Employment Training	*Jtn*	Whether anyone in the household participated in employment training.
Number of Workers Arranged by Government	*OutWorkers*	The number of household members employed through government-arranged external work opportunities.
Number of Workers in Stable Local Employment	*LocalWorkers*	The number of household members employed in stable local jobs.
Poor Village Status	*Poorcountry*	Whether the household resides in a poor administrative village (No = 0; Yes = 1).
Number of Registered Poor	*Ppn*	Number of registered poor individuals in the household.
Labor Force Ratio	*proportion*	The proportion of labour force members to the number of registered poor individuals.
Household Head's Education Level	*Edu*	Education level of the household head (Primary school or below = 1; Middle school = 2; High school/vocational school = 3).
Household Head's Age	*Age*	Age of the household head.
Microloan Borrowing	*micro*	Whether the household has borrowed microloans (No = 0; Yes = 1).
Industry Assistance	*industry*	Whether the household has received industrial assistance (No = 0; Yes = 1).

(ii) Core Explanatory Variables:

This study analyses the impact of three forms of employment-based poverty mitigation training, working outside the area, and local employment on the income levels of registered poor households.

Participation in Employment Training

The survey does not distinguish between specific types of employment training but records the number of household members who participated. Suppose at least one member of a registered poor household has participated in any form of employment

training. In that case, the household is considered to have participated in employment training, and the corresponding variable is set to 1. If no household member has participated in the training, the variable is set to 0. This classification facilitates statistical analysis of the coverage of employment training among poor households and its effects on their income.

Number of Workers Employed Outside Through Government Arrangements

In this study, workers employed outside specifically refer to individuals who obtained job opportunities through government assistance programs designed to alleviate poverty.

Number of Individuals Employed Locally

"Local employment" in this study refers to individuals who obtained job opportunities in their residential area and have been stable for more than six months. These employment opportunities are primarily provided through two significant poverty mitigation measures: poverty mitigation workshops and public welfare positions. These initiatives aim to provide local job opportunities for impoverished labourers.

(iii) Control Variables

When selecting control variables, two dimensions are considered, which are basic characteristics of registered poor households and personal characteristics of the poor households. The first one is reflected by whether the household's administrative village is classified as a poor village, the number of registered poor individuals in the

household, and the proportion of labour force. Meanwhile, the second one is reflected by the household head's age and educational level. Additionally, whether the household has taken out small poverty mitigation loans and received industrial support is a critical factor influencing the household's net income. These are included as control variables for a more comprehensive analysis.

Below is a detailed explanation of the selected control variables:

Poor Village Status: A village is classified as a poor village following an application process initiated by the village committee and subsequent approval by various government levels based on criteria such as villagers' average income, agricultural output, housing conditions, and infrastructure. While poor villages face more severe poverty issues than non-poor villages, not all households in poor villages are registered as poor, and some poor households may also exist in non-poor villages.

Number of Registered Poor Individuals: This variable reflects the scale of registered poor households. Compared to the total resident population, the number of registered poor individuals more accurately represents a household's income-sharing situation. For instance, the total resident population excludes individuals who work outside their home for more than six months. Although these individuals do not reside in the household's registered location, their income still contributes to their net income.

Labour Force Proportion: The labour force proportion is the ratio of family members aged 16 to 60 who can work to the total number of registered poor individuals in the household. A high labour force proportion indicates that a household has a higher

proportion of working-age members, likely resulting in lower caregiving or dependency pressures when some members work outside the home. Low labour force proportion indicates a higher proportion of members under 16 or over 60 who cannot typically work. This increases the caregiving burden and reduces the number of income-generating members, potentially affecting overall household income. Thus, labour force proportion is a critical indicator of a household's labour resources and potential revenue.

Education Level and Age of Household Head: The household head's educational attainment is an important factor influencing their willingness to participate in employment training. Poorly educated heads may hold outdated beliefs, such as assuming employment training has no direct impact on income or lack the confidence to engage in vocational skills training due to insufficient knowledge. These factors can reduce the household's willingness to participate in training programs, potentially limiting the effectiveness of employment-based poverty mitigation policies.

Age significantly impacts decisions about working locally versus migrating for work. According to labour migration theory, younger household heads are more likely to seek higher income opportunities far from home, especially after marriage. Older household heads may prioritise household economic conditions, family size, and labour force proportion when making decisions, often opting to work locally or return to their hometown after considering migration's costs and benefits.

Participation in Poverty Mitigation Microcredit: Small poverty mitigation loans are popular for their flexible borrowing conditions, low interest rates, and extended

repayment periods. This study incorporates microcredit as a control variable to account for its impact on the income of registered poor households. This ensures a more accurate evaluation of the income-increasing effects of employment-based poverty mitigation policies.

Receipt of Industrial Support: Industrial support is a key component of the "Five Batches" poverty mitigation policy and is crucial in increasing the net income of registered poor households. By providing financial support, human resources, technical guidance, and equipment needed for industrial development, industrial support aims to unlock resource potential, enabling poor households to benefit from industrial development and achieve poverty reduction and income growth.

Inclusion in analysis: Including industrial support as a variable helps distinguish the income-increasing effects of industrial and employment-based poverty mitigation measures. This ensures that the effects of industrial support are not mistakenly attributed to employment-based poverty mitigation policies.

5.3.2.2 Descriptive Statistics

(i) Poverty Mitigation Status

From an income perspective, the surveyed registered poor households had an average per capita net income of 11,338 yuan in 2018. This figure significantly exceeds the 2018 poverty line standard of 3,535 yuan. It is also slightly higher than the average disposable income of rural residents in poverty-stricken areas (10,260 yuan) in the same year.

According to the “Two Assurances and Three Guarantees” poverty mitigation criteria, basic living needs such as adequate seasonal clothing, bedding, and footwear were met among the 1,238 registered poor households surveyed across two poverty-stricken counties, fulfilling the “no worry about food and clothing” standard. All school-age children received compulsory education, except one child who dropped out due to health issues.

All poor households had medical security through participation in basic medical insurance and significant illness insurance programs. By renovating dilapidated houses, 346 households improved their housing conditions, and 35 moved into new homes under relocation programs for poverty mitigation, ensuring housing safety for registered poor households.

In summary, considering the poverty mitigation standards of “one income, two assurances, and three guarantees,” the survey data from Jiangxi Province’s poverty-stricken counties indicate significant improvements in the living conditions of registered poor households, fulfilling the requirements for exiting poverty-stricken county status. These results highlight the positive impact of poverty mitigation policies and the substantial economic and living condition improvements experienced by poor households.

(ii) Income Structure

A detailed analysis of the income structure of registered poor households reveals diverse income sources (see Figure 5.5).

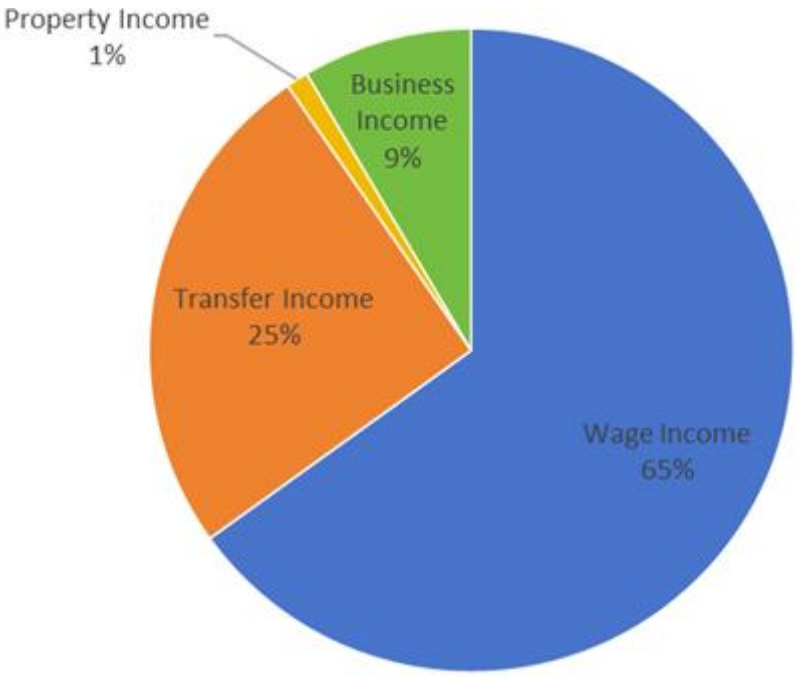

Figure 5.5: Income Structure Pie Chart Explanation

In this context, business income, which is equivalent to 8.61%, is derived from activities like farming, livestock raising, and small-scale commerce. Meanwhile, wage income (approximately 65.72%) is income earned through jobs or labour. Property income (1.13%) is income from sources such as land rent, land compensation, and financial dividends, with dividends contributing 78.76% of property income. Transfer income, which is approximately 24.54%, includes government subsidies and financial assistance from relatives and friends, with government subsidies accounting for 94.44% of transfer income.

Wage income is the primary income source for registered poor households, followed by transfer income, dominated by government subsidies. The combined share of business and property income is less than 10%. Among newly added income, 56.42% originates from wage income, reflecting the success of Jiangxi's employment-based

poverty mitigation measures, such as labour export and local employment initiatives. In transfer income, 25.77% comes from government subsidies, 16.96% from business activities like farming and commerce, and only 0.24% from property income sources like land rent and dividends.

These statistics underline the diversity of income sources for poor households and highlight the critical role of employment-based poverty mitigation policies in raising their income levels.

(iii) Characteristics of Surveyed Households

Approximately 71.2% of households are located in poverty-stricken villages. 60.5% of households are classified as minimum living allowance (MLA) recipients, and 3.3% are five-guarantee households (households with no support from family and relying entirely on government assistance). These households depend heavily on MLA support to meet their basic needs, reflecting the relatively severe poverty levels in Jiangxi Province. Approximately one-quarter of total income comes from government subsidies, emphasising poor households' high dependence on government aid in this region.

These findings provide valuable insights into the income sources and reliance on government support among registered poor households, reinforcing the importance of targeted poverty mitigation policies in addressing the unique challenges faced by these families.

5.3.2.3 Overview of Employment Poverty Mitigation

(i) Employment Training Situation

Only 43.78% of the surveyed registered poor households expressed a willingness to participate in employment training. More than 90% of these willing households had family members who participated in the training, meaning that 40.79% of the total households participated in employment training. However, more than half of the registered poor households lack awareness of the benefits of employment training and thus neither expressed willingness nor participated in such training.

(ii) Government-Arranged Migrant Work

In the surveyed areas, 45.66% of the registered poor population engaged in migrant work. Among them, 73.83% of registered poor households had at least one member working outside their home region, which aligns with Jiangxi Province's role as a significant source of labour. However, only 7.22% of these migrant work cases were organised and arranged by the government. Most long-term migrant workers independently relocated to find work, indicating significant room for improvement in labour export programs to achieve more precise job matching.

(iii) Stable Local Employment

Approximately 33.76% of the registered poor households gained stable local job opportunities through poverty mitigation workshops (5.81%) and public welfare positions (27.95%). Regarding the proportion of beneficiaries, the coverage of poverty mitigation workshops was relatively small, helping only 0.63% of the poor workforce.

This shows that poverty mitigation workshops have not fully realised their potential in promoting local employment and need to improve their effectiveness. In contrast, public welfare positions had a more significant impact, solving employment issues for 14.07% of the poor workforce.

(iv) Income-Boosting Effects of Employment Poverty Mitigation

When assessing the effect of employment poverty mitigation on income growth based on the self-perceptions of registered poor households, 71.57% of households that received employment assistance believed it had positively contributed to their income growth. Furthermore, 98.31% of households stated that the additional income was stable and sustainable.

5.3.2.4 Comparison of Group Characteristics

This section adopts the quintile method, dividing registered poor households into five groups based on their household per capita income intervals (below 0.2, 0.2–0.4, 0.4–0.6, 0.6–0.8, and above 0.8). This method provides a detailed description and analysis of the essential characteristics of households at different income levels. It examines the differences in these characteristics across groups (specific data in Table 5.18). This analysis aids in a more precise understanding of the situation of poor households in different income groups. It provides a basis for formulating more targeted employment poverty mitigation policies.

Table 5.18: Comparison of Group Characteristics of Registered Impoverished Households

Statistic	Household Net Income	Participation in Job Training	Number of Migrant Workers	Number of Local Employees	Located in Poor Villages	Registered Population
Below the 0.2 Quantile Interval						
Mean	14226.340	0.387	0.679	0.400	0.706	3.535
Standard deviation	8856.658	0.487	0.749	0.550	0.456	1 .592
0.2~0.4 Quantile Interval						
Mean	32626.160	0.441	1.232	0.365	0.705	4.732
Standard deviation	2939.710	0.497	0.828	0.548	0.457	1.471
0.4~0.6 Quantile Interval						
Mean	44672.410	0.427	1.664	0.354	0.668	5.174
Standard deviation	4150.968	0.496	0.870	0.598	0.472	1.400
0.6~0.8 Quantile Interval						
Mean	58664.730	0.393	1.875	0.357	0.813	5.643
Standard deviation	3466.978	0.491	0.902	0.642	0.392	1.627
Above the 0.8 Quantile Interval						
Mean	86455.670	0.411	2.250	0.384	0.759	5.964
Standard deviation	20669.930	0.494	1.111	0.633	0.430	1.703

Statistic	Labor Force Ratio	Education Level of Household Head	Age of Household Head	Whether Accessed Microcredit	Whether Received Industrial Assistance
Below the 0.2 Quantile Interval					
Mean	0.412	1.398	56.133	0.890	0.538
Standard deviation	0.288	0.573	12.152	0.313	0.499
0.2~0.4 Quantile Interval					
Mean	0.477	1.500	52.823	0.909	0.567
Standard deviation	0.209	0.614	12.218	0.288	0.496
0.4~0.6 Quantile Interval					
Mean	0.503	1.502	54.270	0.929	0.485
Standard deviation	0.191	0.571	12.098	0.257	0.501
0.6~0.8 Quantile Interval					

Table 5.18 continued

Mean	0.502	1.482	56.107	0.911	0.420
Standard deviation	0.219	0.615	13.144	0.286	0.496
Above the 0.8 Quantile Interval					
Mean	0.556	1.580	56.991	0.929	0.554
Standard deviation	0.197	0.624	10.672	0.259	0.499

The data show that although household income levels have improved, there is no clear trend of increased participation in employment training. The participation rate fluctuates around 40.8%. The household head's education level and age significantly impact training participation. For instance, households in the 0.2–0.4 income quintile show the highest participation rate, likely because their household heads have higher education levels and are younger, enabling them to recognise the benefits of employment training.

Conversely, households below the 0.2 income quintile have the lowest participation rate, likely due to lower education levels and older heads. This leads to less understanding of the value of training and limited willingness to participate. Households in the 0.4–0.6 income quintile rank second, with relatively high education levels and younger household heads. These findings suggest that education and age are key factors influencing poor households' participation in employment training.

The number of poor labourers directed to cooperative areas through government collaboration projects shows a stable growth trend. As household income levels increase, the number of individuals engaging in migrant work also rises. Further analysis reveals that low-income households have a relatively low labour force

proportion, suggesting a higher proportion of children and elderly dependents. For these poor labourers, migrant work involves challenges such as poor working and living conditions and pressures related to urban-rural differences, such as healthcare, social insurance, and education for their children. These challenges influence their willingness to work away from home.

In contrast, middle-income households have younger household heads with lower caregiving burdens. After comparing the income differences between migrant work and local employment, they are more likely to choose migrant work. High-income households have household heads with higher education levels and a higher labour force proportion. With education directly impacting wages, these households face lower costs and higher returns from migrant work, making it a preferred choice. These observations highlight the employment choices of households across income levels and the underlying reasons, providing insights into tailoring poverty mitigation policies.

The number of poor labourers employed locally through poverty mitigation workshops and public welfare positions shows a decreasing trend and then increases. Specifically, households in the low-income and high-income quintiles have more members employed locally than those in the middle-income quintiles. After accumulating sufficient economic capital, high-income households are more inclined to return home for employment. Their household heads are also older, with stronger intentions to work locally. For low-income households, the high costs of migrant work make them more likely to opt for local employment opportunities. These trends indicate different characteristics and preferences in employment choices among households of

varying income levels. Such analyses help deepen the understanding of employment needs and preferences, enabling more effective policy design.

5.3.2.5 Robustness Test

A robustness test was conducted on the regression estimates to verify the accuracy of the above analysis. This research adopts the Propensity Score Matching (PSM) method, which is widely used for evaluating policy effects and verifying the robustness of the improved OLS regression results. Specifically, registered poor households participating in employment training and securing job opportunities (migrant or local) are classified as the treatment group. In contrast, those who did not participate in employment assistance are the control group. The Average Treatment Effect on the Treated (ATT) measures the difference in household income between the two groups. Various matching methods were used, including kernel matching (default bandwidth 0.06 and kernel function), calliper matching, k-nearest neighbour matching, and local linear regression matching, to address the lack of comparative studies on their applicability. The robustness test results are shown in Table 5.19, which comprehensively evaluates the impact of employment poverty mitigation policies on the income of registered poor households and ensures the reliability of the analysis.

Table 5.19: Robustness Test Results

Household Net Income		**Treatment Group**	**Control Group**	**Difference**	**Standard Deviation**	**t-Value**
Unmatched		40909.14	31838.52	9070.63	1470.58	6.17
Kernel Matching	ATT	40401.09	34469.59	5931.50	1835.95	3.23
	ATU	34219.79	35699.79	1480.00		
	ATE			2824.64		

Table 5.19 continued

Caliper Matching	ATT	40401.09	34329.12	6071.97	1820.63	3.34
	ATU	34219.79	35941.90	1722.11		
	ATE			3036.05		
k-Nearest Neighbors	ATT	40401.09	34204.05	6197.04	2570.94	2.41
	ATU	34219.79	35473.91	1254.12		
	ATE			2747.20		
Local Linear Regression	ATT	40401.09	33990.27	6410.82	2570.94	2.49
	ATU	34219.79	35295.57	1075.78		
	ATE			2687.31		

By conducting propensity score matching between families participating in employment poverty mitigation (treatment group) and those not participating (control group), we estimated the ATT using four different matching methods. The ATT values obtained were 1835.95, 1820.63, 2570.94, and 2570.94, respectively. The kernel matching and calliper matching results were significant at the 1% level, while k-nearest neighbour matching and local linear regression matching were significant at the 5% level. The consistent findings across these methods demonstrate that government-organized employment training, followed by job placement, significantly impacts income growth. This confirms the robustness of the income effect explained by the interaction terms in the improved OLS model. The regression coefficients can be confidently analysed based on these matching results, and convincing conclusions can be drawn. These findings validate the effectiveness of employment poverty mitigation policies in improving the income of impoverished households and provide a basis for further policy implementation and optimisation.

5.4 Chapter Summary

PV poverty mitigation has significantly contributed to economic growth by increasing household income, expanding employment opportunities, and fostering business development. An analysis of county-level data from 2010 to 2020 indicates that counties implementing PV policies experienced an average GDP growth of 3.2% and a 5.3% increase in per capita GDP. The impact was more pronounced in regions with higher poverty rates, extensive PV infrastructure, and stronger solar radiation. These policies have provided additional income sources, improved employment prospects, and enhanced energy infrastructure, making impoverished areas more attractive for business investments.

Targeted poverty mitigation strategies have also improved the health conditions of impoverished populations. These policies primarily worked through increasing household income and reducing medical expenses, with notable improvements in nutrition and overall well-being. However, effects on other health dimensions were less evident. Over time, the influence of these policies on multidimensional health poverty has grown, reinforcing their long-term benefits.

Employment-based poverty mitigation has played a crucial role in improving household income, with key influencing factors including household size, labour force participation, and industrial assistance. Different employment models yielded varying impacts. The “training + labour migration” model was most beneficial for middle-income households, followed by low-income households, with high-income households seeing the least impact. In contrast, the “training + local employment” model provided

the highest income gains for low-income households, moderate gains for high-income households, and the least for middle-income households.

Strategies must align with household income levels to maximise the effectiveness of employment policies. Low-income households benefit from placement in public welfare jobs, middle-income groups from external job placements, and higher-income groups from entrepreneurship support. A tailored approach to employment-based poverty mitigation ensures sustainable income growth and long-term poverty reduction.

CHAPTER 6

POVERTY RECURRENCE FACTORS AND THEIR PREVENTION STRATEGIES IN CHINA

6.1 Introduction

As mentioned in the previous chapters, China has attained a significant achievement in its battle against poverty through the combined efforts of its Party and diverse population. However, despite eliminating absolute poverty, challenges remain in sustaining these gains. Variations in the quality of poverty mitigation and other factors pose the risk of households slipping back into poverty, potentially disrupting the essential link between poverty reduction and rural revitalisation.

The issue of poverty recurrence is complex, operating on both collective and individual levels. In some regions, poverty relapse appears as a widespread, community-level shortfall in welfare, while individual cases of poverty returning over time can collectively contribute to a broader regional trend. As a result, understanding this phenomenon requires a two-pronged approach: macro-level statistical and data analysis at the county and township levels to capture general trends, alongside micro-level assessments of individual households to implement targeted interventions.

This chapter focuses on a case study of Linxia Hui Autonomous Prefecture in Gansu Province, where local data show thousands of individuals monitored for the risk of returning to poverty. Given that the targeted poverty mitigation policy was implemented several years ago and significant milestones in poverty reduction were

reached by 2020, the analysis concentrated on the period from 2015 to 2019. This timeframe provided a clear historical perspective on poverty recurrence, helping to identify both overarching patterns and the specific vulnerabilities of individual households, which is essential for developing effective, tailored strategies to sustain the progress made in poverty mitigation.

Linxia Hui Autonomous Prefecture is located in southwestern Gansu Province at the transition zone between the Loess Plateau and the Qinghai-Tibet Plateau. Linxia Prefecture is characterized by its Hui ethnic population and cultural heritage. It includes one county-level city, Linxia City, and seven counties: Linxia County, Kangle County, Yongjing County, Guanghe County, Hezheng County, Dongxiang Autonomous County, and Jishishan Bonan-Dongxiang-Salar Autonomous County (An et al., 2023). It is home to approximately 7.22 million permanent residents and stands out demographically, with ethnic minorities, predominantly the Hui, alongside unique groups such as the Dongxiang and Bonan (Dillon, 2013). The economy is anchored by agriculture and animal husbandry, which produce substantial quantities of grain and herds of cattle and sheep. Meanwhile, the industry is experiencing robust growth, particularly in manufacturing and renewable energy (Jijian, 2020). Cultural tourism serves as a significant economic driver, attracting tens of millions of visitors annually. Historically a Silk Road hub, Linxia remains a vital commercial corridor and production center, connecting inland China with the Tibetan regions and Central Asia.

6.2 Poverty Relapse in Linxia Hui Autonomous Prefecture

Linxia Hui Autonomous Prefecture in Gansu Province has witnessed significant instances of poverty recurrence even after substantial poverty mitigation efforts (Zhang et al., 2022). A thorough examination of the historical patterns in this region revealed that both broad, systemic factors and specific local circumstances contributed to the re-emergence of poverty. This dual perspective is crucial for understanding how regional dynamics and individual household challenges interact to reverse earlier gains in poverty reduction.

6.2.1 Trends of Poverty Recurrence

The data on the population returning to poverty across various counties and cities in Linxia Prefecture from 2015 to 2019 reveal several key characteristics, as shown in Table 6.1.

Table 6.1: Trends in Poverty Recurrence by County/City in Linxia Prefecture (2015-2019)

County/City	2015	2016	2017	2018	2019
Linxia Prefecture Total	2832	1409	8900	1020	6
Jishishan County	2364	30	939	21	0
Yongjing County	113	138	2887	3	0
Linxia County	0	98	1827	240	0
Dongxiang County	110	143	1455	133	0
Kangle County	234	67	949	116	0
Linxia City	11	866	13	31	0
Guanghe County	0	37	721	57	0
Hezheng County	0	30	109	419	6

The data on the population reverting to poverty exhibited considerable year-to-year variation. Overall, Linxia Prefecture recorded the highest spike in newly identified

cases of poverty recurrence in 2017, with 8,900 individuals affected. A closer look at the annual figures for poverty recurrence in each county and city, except for Jishishan County, Hezheng County, and Linxia City, revealed a consistent pattern. Starting in 2015, the poverty recurrence reached a peak in 2017, and then declined rapidly in the following years, as illustrated in Figure 6.1.

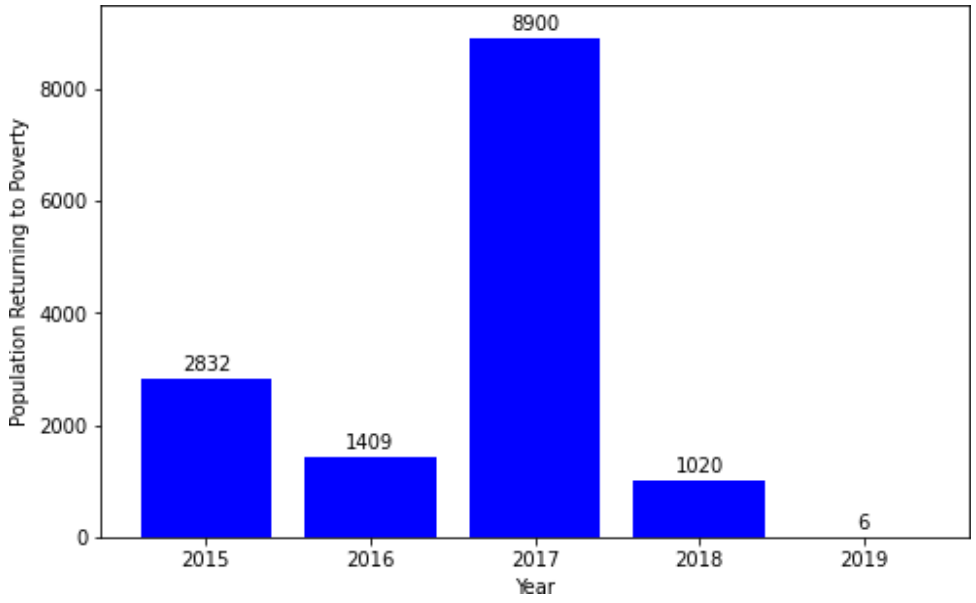

Figure 6.1: Newly Detected Cases of Poverty Recurrence in Linxia Prefecture (2015-2019)

This pattern highlighted the intricate dynamics between poverty and its recurrence in Linxia Prefecture during that period, highlighting both the severity of entrenched poverty and the instability of the outcomes achieved through poverty mitigation efforts. It emphasised the critical need to address the risk of poverty recurrence by establishing robust and enduring poverty mitigation mechanisms. Moreover, it is particularly significant that the population returning to poverty mainly comprises those at the fringes of poverty mitigation, characterised by relatively lower

living standards. A targeted, precise analysis of this vulnerable group is essential for effectively identifying risk factors and designing specific prevention measures.

Based on extensive investigative reports from poverty mitigation officials in Linxia Prefecture, it was discovered that changes in poverty identification policies primarily drove the marked rise in newly identified poor households in 2017. That year, the state introduced the principle of "*include all that should be included, assist all that should be assisted*," which set new criteria for determining targeted poor households. Under these guidelines, non-registered agricultural households whose per capita net income in 2016 fell below a set threshold (equivalent to 2,300 yuan at constant 2010 prices) and who faced conditions such as dilapidated housing, illness-related poverty, or education expense burdens were included. Moreover, households previously lifted from poverty but had not yet reached the "*two, no worries, three guarantees*" standard were reassessed and classified as returning to poverty to ensure continued support. Consequently, Linxia Prefecture re-evaluated households under these revised standards, reclassifying those who did not meet the new criteria as impoverished.

There is significant regional variation in the number of households returning to poverty. From 2015 to 2019, the eight counties and cities in Linxia Prefecture exhibited marked differences in these figures. Notably, Jishishan County recorded the highest number, with 3,354 households returning to poverty. Yongjing County followed closely with 3,141 households, while Linxia County ranked third with 2,165. In contrast, Hezheng County reported the fewest, with only 564 households, less than 17% of the

number in Jishishan County. Figure 6.2 graphically illustrates these regional disparities in poverty recurrence across Linxia Prefecture.

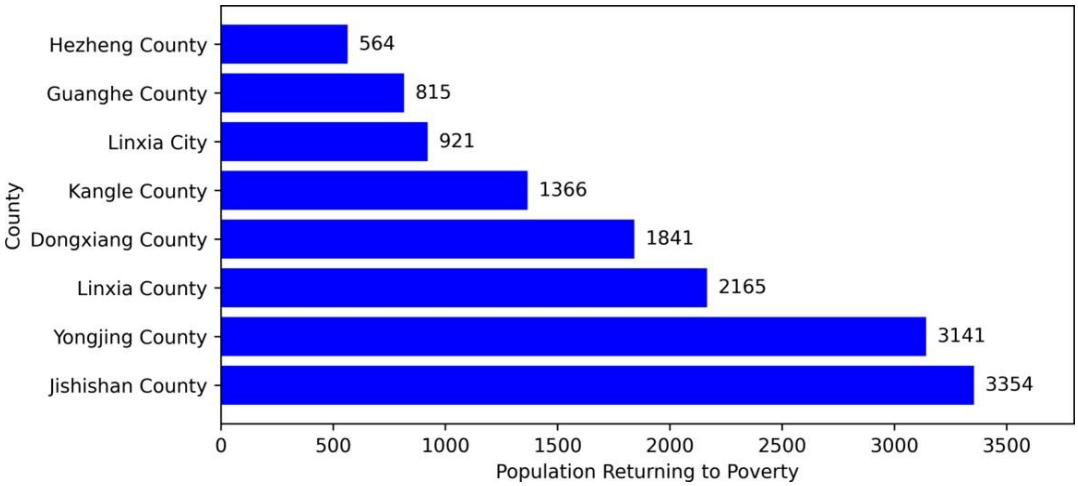

Figure 6.2: Total Number of Households Experiencing Poverty Recurrence in Linxia Prefecture's Counties and Cities (2015-2019)

The underlying factors contributing to poverty recurrence are multifaceted. According to Prefecture Rural Revitalization Bureau data, between 2015 and 2019, 14,167 individuals across 3,876 households were recorded as returning to poverty. Cluster analysis revealed that these households collectively encountered 7,656 distinct causal factors, suggesting that, on average, each household is affected by at least two or more contributing issues. This evidence demonstrated that poverty recurrence is not driven by a single factor but rather by a convergence of multiple overlapping influences. This was summarized in Table 6.2.

Although some households that had fallen back into poverty experienced improvements in their living environment and transportation conditions following relocation efforts, their overall livelihood capabilities remained largely unimproved. These families lacked the technical skills to secure stable, continuous income streams.

Moreover, the sudden onset of significant illnesses among family members further increased their financial burdens, leading to a dramatic surge in household expenses. The combined impact of these health crises and insufficient technical capacity ultimately contributed to their return to poverty.

Table 6.2: Statistics on Households Falling Back into Poverty Due to Various Factors in Linxia Prefecture

Year	House holds	Total Causes	Lack of Funds	Lack of Technology	Lack of Labour	Lack of Land	Backward Transportation	Illness or Disability	Lack of Motivation
2015	608	1325	495	498	82	12	43	84	111
2016	358	723	228	211	56	3	12	189	24
2017	2650	4947	1274	1184	820	38	142	1179	310
2018	258	579	95	123	53	123	12	124	49
2019	2	2	0	1	0	0	0	1	0

6.2.2 Demographic Characteristics of Households and Individuals of Poverty Recurrence

This section presents a descriptive statistical analysis of households that experienced poverty recurrence, focusing on demographic characteristics at the household level. The study examined explicitly households in Dongxiang County, which was selected due to its historically high poverty rate. At the end of 2013, Dongxiang County had the highest incidence of poverty in Linxia Prefecture, making it a crucial area for poverty mitigation efforts. The saying, “The success of Linxia Prefecture’s poverty mitigation depends on Dongxiang,” reflects the complexity and difficulty of poverty reduction in this region, making it a representative case for analysis.

According to data from the "National Poverty Mitigation Information System," 2017 recorded the highest number of newly identified poverty recurrence cases in Dongxiang County, with 1,455 individuals affected. Additionally, it peaked in the number of households falling back into poverty, totalling 384 households and 1,717 individuals. Given these figures, a statistical analysis based on 2017 data provided the most accurate insight into the realities of poverty recurrence in Dongxiang County.

Table 6.3 presents a detailed statistical analysis of the key features of families that returned to poverty in Dongxiang County in 2017.

Table 6.3: Key Features of Households Experiencing Poverty Recurrence in Dongxiang County (2017)

Household Characteristics				**Head of Household Characteristics**			
Category	**Type**	**Number of Households**	**Percentage (%)**	**Category**	**Type**	**Number of People**	**Percentage (%)**
Farmer Attribute	General Poor	136	35.40	Ethnicity	Dongxiang	333	86.72
	Low-Income	246	64.10		Hui	4	1.04
	Extremely Poor	2	0.50		Han	47	12.24
Year of Poverty Mitigation	2014	250	65.10	Health Status	Healthy	283	73.70
	2015	103	26.82		Major Illness	19	4.95
	2016	31	8.07		Chronic Illness	50	13.02
Overall Health Status	All Healthy	200	52.08		Disabled	32	8.33
	1 Person Disabled	57	14.84	Labor Ability	Skilled Labor	1	0.26
	2 People Disabled	60	15.62		General Labor	277	72.14
	3 People Disabled	64	16.67		Semi-Labor	4	1.04
	4 People Disabled or Ill	3	0.78		Unable to Work	102	25.56
Family Size	Two or Less	36	9.37	Education Level	High School	3	0.78
	Three	78	20.31		Junior High	21	5.47
	Four	99	25.78		Primary School	201	52.34
	Five or More	171	44.53		Illiterate/ Semi-illiterate	159	41.41

The analysis of the 384 households that experienced poverty recurrence in Dongxiang County revealed distinct patterns based on household characteristics, health conditions, ethnic composition, labour capacity, education levels, and family size.

6.2.2.1 Household Classification, Poverty Alleviation Timing, and Vulnerability to Poverty Recurrence

Analysis of households experiencing poverty recurrence reveals clear patterns related to both household classification and the timing of poverty alleviation. A significant majority of these households were recipients of state assistance, emphasising their structural vulnerability. Of the total households that fell back into poverty, 246 (64.1%) were classified as low-income guarantee (*dibao*) households, while 136 households (35.4%) were categorised as ordinary poor households. Only two households (0.5%) were supported under the extreme poverty assistance programme. The predominance of *dibao* and extreme poverty support recipients among recurrent poverty cases indicates that households relying heavily on government transfers for basic subsistence remained economically fragile and lacked sufficient resilience to withstand income shocks, health-related expenses, or fluctuations in employment opportunities.

Furthermore, the risk of poverty recurrence was closely associated with the timing of initial poverty alleviation. Households that were lifted out of poverty at earlier stages of the poverty mitigation programme exhibited a higher likelihood of falling back into poverty. Specifically, 250 households (65.1%) that experienced poverty recurrence had initially exited poverty in 2014, followed by 103 households (26.82%)

in 2015 and 31 households (8.07%) in 2016. This pattern suggests that early poverty alleviation efforts, while effective in achieving short-term poverty reduction, may not have been accompanied by sufficiently robust or sustainable livelihood support mechanisms. Over time, the erosion of initial gains, due to factors such as limited income diversification, dependence on social assistance, ageing household members, or rising living costs, contributed to renewed vulnerability.

Taken together, these findings highlight that both household classification and the duration since poverty alleviation are critical determinants of poverty recurrence. Households with weaker economic foundations and longer exposure to post-alleviation risks faced greater challenges in maintaining stable livelihoods, emphasising the need for sustained, differentiated post-poverty support strategies that extend beyond initial poverty exit.

6.2.2.3 Health Conditions and Household Well-Being

Health-related issues played a significant role in poverty recurrence (Zhang et al., 2022; Yu & Hannum, 2015). Out of the 384 households, 184 had members suffering from disabilities, chronic illnesses, or severe diseases, while only 200 households were entirely healthy. A breakdown of affected households revealed that 57 households had one sick or disabled member, 60 households had two affected members, 64 households had three affected members and, 3 households had four members struggling with health issues. This concentration of disability and chronic illness within these households highlighted the significant impact of health challenges on economic vulnerability.

6.2.2.4 Ethnic Composition of Household Heads

Reflecting the demographic structure of Dongxiang County, the majority of household heads were from the Dongxiang ethnic group, accounting for 333 households (86.72%). Han household heads comprised 47 households (12.24%), while only four households (1.04%) were headed by individuals from the Hui ethnic group. This ethnic distribution is consistent with Dongxiang County's designation as the only Dongxiang autonomous county in China, where the Dongxiang ethnic minority constitutes the dominant population group. Beyond being a descriptive demographic characteristic, the ethnic composition of household heads has substantive implications for poverty recurrence in the county, as it intersects with a range of geographic, socioeconomic, and institutional vulnerabilities that disproportionately affect the Dongxiang population.

Dongxiang households are predominantly located in one of China's most ecologically fragile regions, characterised by highly fragmented mountainous terrain, severe soil erosion, and chronic water scarcity. These environmental constraints significantly limit the availability and quality of arable land, resulting in low agricultural productivity and a heavy reliance on subsistence-oriented farming systems. Agricultural activities are largely dependent on rain-fed cultivation, rendering household livelihoods highly sensitive to climatic variability. Recurrent droughts, which are common in the region, frequently lead to crop failures and income instability, thereby undermining household food security and increasing the likelihood of households slipping back into poverty.

In addition, the concentration of Dongxiang households in remote and environmentally constrained areas restricts access to markets, off-farm employment opportunities, and public services, further weakening livelihood diversification and resilience. These structural disadvantages are compounded by historically lower levels of educational attainment and limited access to capital among the Dongxiang population, which constrain their ability to adopt productivity-enhancing technologies or transition to non-agricultural income sources. Consequently, the interaction between ethnic composition, ecological vulnerability, and limited socioeconomic mobility creates a persistent risk of poverty recurrence among Dongxiang households, even after initial poverty alleviation has been achieved.

6.2.2.5 Labour Capacity and Skills of Household Heads

Study found that household heads' overall health and labour capacity were not ideal, further affecting economic resilience. Among the 384 household heads, 283 (73.7%) were in good health, 101 (26.3%) had illnesses or disabilities, only one head (0.26%) had professional skills, and 277 heads (72.14%) were capable of general labour, while the rest had limited or no work capacity. The lack of professional skills among household heads limited their ability to secure stable and higher-paying employment, increasing their risk of returning to poverty.

6.2.2.6 Educational Attainment of Household Heads

As mentioned in Chapter 2, education is one of a key factor influencing poverty. In Linxia Prefecture, education levels among household heads were generally low. Only

3 household heads (0.78%) had a high school education, 21 household heads (5.47%) had completed junior high school, 201 household heads (52.34%) had only a primary school education, and 159 household heads (41.41%) were illiterate or semi-illiterate. With 93.75% of household heads having a primary school education level or below, limited literacy and skills further restricted their access to stable income-generating opportunities.

6.2.2.7 Household Size and Economic Pressure

Household size is also a crucial factor in poverty recurrence. Most households consisted of three or more members, with larger families being more common. About 99 households (equivalent to 25.78%) had four members and 44.53% of households had five or more members.

The prevalence of multi-generational families suggests that many returning households face additional financial strain due to caregiving responsibilities and higher living expenses. Table 6.4 presents a further statistical analysis of the demographic characteristics of households that returned to poverty in Dongxiang County in 2017.

Table 6.4: Profile of Households Experiencing Poverty Recurrence in Dongxiang County (2017)

Total Population Characteristics				**Causes of Poverty**			
Category	**Type**	**Number of Households**	**Proportion (%)**	**Category**	**Type**	**Number of People**	**Proportion (%)**
Education Level	High School or College	16	0.93	**Inducing Factors of Poverty**	Lack of Funds	695	40.47
	Middle School	114	6.64		Lack of Skills	321	18.69

Table 6.4 continued

	Primary School	654	38.09		Lack of Motivation	203	11.82
	Illiterate/Semi-Illiterate	515	29.99		Poor Transportation	131	7.63
	Students	418	24.34		Illness	126	7.34
Labour Capacity	Skilled	3	0.17		Lack of Labour Force	109	6.35
	General	965	56.20		Other Situations	132	7.69
	None or Weak	749	43.62				

Educational attainment was also notably low among the 1,717 individuals within these households (excluding 418 students). It is found that 515 individuals were illiterate or semi-illiterate, while 654 individuals had only completed primary school. Meanwhile, 114 individuals had reached the junior high school level, and just 16 individuals had attained a high school or technical secondary education. These figures highlighted the widespread educational limitations among those who experienced poverty recurrence, with the majority concentrated in the illiterate/semi-illiterate and primary school categories. Furthermore, a clear correlation emerged between lower education levels and an increased risk of falling back into poverty.

Examining the labour force composition, the data revealed that of the 1,717 individuals, only 3 individuals were skilled labourers, while the other 965 individuals were general labourers. A substantial 749 individuals (i.e. 43.6%) had weak or no labour capacity, emphasising the role of labour shortages in limiting household income and increasing poverty vulnerability. More critically, the extreme scarcity of skilled labour suggested that merely having a labour force is insufficient; without adequate

skills, employment opportunities remain limited, increasing the likelihood of economic instability.

Further analysis of employment patterns showed that among the 968 individuals with labour capacity, only 370 individuals (38.22%) worked outside the home to supplement household income. However, out of these figures, only 189 individuals (19.52%) worked outside for at least six months annually. This indicated that external employment is not a primary income source for most returning households, often serving only as a temporary or supplementary means of financial support.

The primary causes of poverty recurrence among the 1,717 individuals varied, with financial constraints being the most prevalent factor, affecting 695 individuals (40.47%). This reflected the weak economic foundations of these households and their limited ability to withstand financial shocks. The second most common cause was a lack of skills, impacting 321 individuals (18.69%), emphasizing the importance of vocational training and skill development in poverty reduction.

Other significant contributing factors included lack of personal motivation (203 individuals), poor transportation access (131 individuals), illness (126 individuals), and labour shortages (109 individuals). Additionally, 132 individuals experienced poverty due to reasons such as inadequate education, water scarcity, natural disasters, land shortages, and disabilities.

These findings emphasized the multifaceted nature of poverty recurrence in Dongxiang County. The findings revealed that financial instability, lack of education,

labour shortages, and skill deficiencies collectively contribute to households falling back into poverty. Addressing these challenges requires targeted interventions focused on improving education, enhancing labour skills, and strengthening economic resilience.

6.3 Strategies for Preventing Poverty Recurrence in Linxia Hui Autonomous Prefecture

As the resolution of absolute poverty progresses, Linxia Prefecture has undertaken new responsibilities in line with the evolving priorities of the modern era. Adhering to the principle of poverty mitigation without removing policies, the region continues implementing support mechanisms while responding to directives from both central and provincial governments. The primary focus is consolidating poverty mitigation achievements and seamlessly integrating them with the broader rural revitalisation strategy.

Linxia Prefecture has prioritised monitoring and assistance mechanisms to prevent poverty recurrence, ensuring that vulnerable populations receive timely interventions. This effort is closely linked with the five key pillars of rural revitalisation: (i) poverty prevention, (ii) industrial development, (iii) rural infrastructure enhancement, (iv) environmental management, and (v) governance improvements.

By steadily advancing these initiatives, the region aims to safeguard the long-term stability of poverty mitigation outcomes while laying a solid foundation for sustainable rural development. A series of targeted measures have been introduced to ensure that these efforts progress in an orderly and effective manner. These measures reinforce

economic resilience and improve overall living conditions for communities previously affected by poverty.

6.3.1 Enhancing Government Roles in Preventing Poverty Recurrence

Linxia Prefecture established a Rural Revitalization Leadership Group in order to effectively mitigate the risk of poverty recurrence and drive continuous rural revitalisation. The Rural Revitalization Leadership Group is jointly chaired by key officials from the Prefecture Committee and Prefecture Government. The previous fifteen poverty mitigation special working groups have been restructured and consolidated into five major revitalisation task forces, each supported by twenty-one dedicated working groups. This transformation ensured a seamless transition from poverty prevention to comprehensive rural revitalisation while reinforcing the long-term sustainability of poverty mitigation efforts.

A robust work responsibility system has been implemented, with the Prefecture Committee and Prefecture Government signing agreements with seventeen prefecture-level leaders, twenty-seven government departments, and the administrations of eight counties and cities. This framework established clear accountability across all levels of governance.

By June 2021, Linxia Prefecture had convened three Rural Work Leadership Group meetings and five Rural Revitalization Strategy Leadership Group meetings, where key strategies were formulated to strengthen poverty mitigation outcomes. Additionally, the Leadership Group Office conducted five inspections, focusing on

dynamic poverty monitoring, assistance for individuals in extreme poverty, support for labour-deficient households, and the construction of model villages and towns. These inspections covered eight counties, 80 towns, 159 villages, and 1,766 households, ensuring that issues were identified and rectified through follow-up assessments and targeted interventions.

6.3.2 Establishing Comprehensive Measures to Reinforce Institutional Safeguards

Linxia Prefecture has reinforced organisational leadership and fully implemented provincial regulations while developing localised management measures to prevent large-scale poverty recurrence. This approach combined macro-level dynamic anti-poverty mechanisms with micro-level household-specific economic assessments, ensuring precise targeting of vulnerable populations.

Key initiatives include integrating agricultural-related fiscal funds to provide financial stability, supporting small loans during the transition period to facilitate economic self-sufficiency, employment transition programs in poverty mitigation workshops to maintain job opportunities and work-for-relief programs to promote sustainable employment. Besides that, it also includes expanded health assistance and strengthened medical security to prevent health-related poverty relapse and consumption assistance programs to enhance local economic activity and rural revitalisation.

Linxia Prefecture established a comprehensive, multi-level anti-poverty policy system, from broad policy planning to detailed implementation across government

departments. This framework provided a solid institutional foundation for sustaining and expanding poverty mitigation achievements, ensuring that progress in rural revitalisation remains steady and effective.

6.3.3 Enhancing the System for Dynamic Monitoring and Support to Combat Poverty

Linxia Hui Autonomous Prefecture has implemented measures creating an innovative multi-tiered process that includes household self-application, village-level reporting, township-level review, and county-level approval. This collaborative effort at the community, village, and township levels has established a comprehensive system for identifying, reviewing, and supporting individuals at risk of falling back into poverty. The system integrated household self-reporting, departmental information verification, and regular visits by local cadres. Monthly supervision, reporting, scheduling, and comparisons are carried out to ensure the effectual execution of dynamic monitoring and assistance to avoid poverty relapse.

Five comprehensive inspections have been conducted, focusing on poverty prevention, support for the most vulnerable, households with no labour capacity, and developing model villages and towns. These inspections have covered 8 counties, 80 towns, 159 villages, and 1,766 households. In 2020, 11,995 households with 55,320 individuals were identified and included, eliminating the risk of returning to poverty through at least two targeted assistance measures. In 2021, 2,204 households with 10,642 people were identified and included, each receiving a tailored assistance plan.

Data sharing and coordination with relevant departments were carried out. Special attention was given to vulnerable groups, such as impoverished households, those receiving the "five guarantees," families without labour capacity, and households with severe disabilities, addressing their specific needs. Furthermore, the prefecture is further establishing a comprehensive household information system to enhance the poverty prevention monitoring and assistance mechanism, ensuring greater transparency, accuracy, and effectiveness.

6.3.4 Strengthening the Intellectual Support Framework for Preventing Poverty Risks at the Village Level

To ensure that village-level assistance efforts remain robust, Linxia Hui Autonomous Prefecture strictly adheres to relevant guidelines, encouraging exceptional cadres from the prefecture and county levels to serve in villages, strengthening and enriching grassroots teams. The leadership responsibility system is consistently implemented, ensuring that each leader is assigned a specific responsibility area. Simultaneously, the support relationship between the prefecture, county, and village levels is maintained under the principle of "one person is transferred, one person is supplemented." By the end of June 2021, 533 staff members had been reassigned (including 98 at the prefecture level and 435 at the county level).

The village assistance teams in poverty mitigation villages and key rural revitalisation villages are maintained at three to five members per team. Currently, 1,056 teams with 3,407 members are working in the villages, utilising a daily attendance system to ensure team stability and continuity of their work. Additionally,

the influential role of entrepreneurship and wealth leaders in solidifying poverty mitigation achievements is fully leveraged. Additionally, 2,886 entrepreneurship and wealth leaders have been selected from poverty mitigation villages across the prefecture, receiving 2,529 training sessions. These leaders have initiated or led 2,267 industrial projects, averaging 3.49 projects per village, and have helped 11,686 households increase their income, with each leader supporting an average of 5.15 households, generating an income increase of 1,966 yuan per household.

6.3.5 Leveraging Industrial and Employment Drivers to Ensure Sustainable and Steady Income Growth for Farmers

A comprehensive effort to optimise and upgrade the agricultural industry structure is being carried out, with industrial development as the core strategy. This approach drives innovation in production methods and enhances agricultural quality and efficiency through adjustments in the agricultural structure. The initiative encourages innovative thinking and methods in agricultural production by leveraging industrial policy support, financial incentives, and demonstration leadership. The focus is developing locally distinctive industries that transform traditional crops into high-efficiency, facility-based agricultural models.

Characteristic planting areas have expanded to 1.7 million acres. In 2021, 16.9 million yuan was invested to support 4,080 households in the breeding industry, including 2.41 million yuan for 287 monitored households. At the same time, 29.76 million yuan was invested to assist 38,900 households in developing the planting industry, including 360,000 yuan for 285 monitored households. Agricultural insurance

coverage reached 136,000 household instances, meeting 80.6% of the provincial target. Farmers' professional cooperatives in the prefecture have reached 5,134, with 14 new leading enterprises introduced and cultivated and three new fruit and vegetable preservation facilities built.

During the winter and spring off-season, as well as the return of some migrant workers, personalised strategies and targeted investments are employed to implement vocational skills training on a broad, orderly, and purposeful scale. By June 30, 2021, 1,384 training sessions were held for 50 occupations, including edible mushroom cultivation, beef noodle making, excavator operation, welding, and beauty and hairdressing. 110,400 people were trained, including 13,900 from the poverty mitigation labour force, surpassing the annual training target in the year's first half. The total training expenditure was 32.024 million yuan, with 48,681 training qualification certificates issued. The dual strategy of stabilising jobs and promoting labour mobility has also been implemented. 544,400 urban and rural labourers were transferred across the prefecture, including 221,400 from the poverty mitigation labour force, generating 8.667 billion yuan in labour income.

The prefecture's entrepreneurial loan guarantee fund grew to 919 million yuan, with an additional 155 million yuan injected. This was carried out in order to support entrepreneurship and job creation. Approximately 16,800 entrepreneurial guarantee loans were issued, totalling 1.618 billion yuan, helping 34,000 people find employment. As of June 2021, approximately 4,984 people were sent to Xiamen for work, including 2,688 from the poverty mitigation labour force. Additionally, leveraging counterpart

assistance opportunities, 15 mutual visits and exchanges with the Jinan Human Resources and Social Security Department were held, and eight special job fairs were organised that helped 1,137 people gain employment in Jinan. Efforts to modernise the management systems, production operations, and marketing strategies of poverty mitigation workshops have led to their transformation into employment factories. Across the prefecture, 333 rural employment assistance workshops were established, employing 12,375 people, while eight rural employment factories were set up, providing jobs for 596 people.

6.4 Chapter Summary

In conclusion, this chapter thoroughly analysed the poverty return situation in Linxia Hui Autonomous Prefecture, examining the regional and individual factors contributing to this issue. The chapter highlighted the complexities and multifaceted nature of poverty return and emphasises the importance of tailored, localised solutions to address the various causes. The analysis of the implemented policies and measures demonstrated a comprehensive approach to poverty prevention, including dynamic monitoring systems, government restructuring for rural revitalisation, targeted support for vulnerable groups, and industrial and employment initiatives to ensure sustainable income growth. Through coordinated efforts and strategic planning, Linxia Prefecture is effectively mitigating the risk of poverty return and working towards long-term poverty mitigation and rural revitalisation.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

This research examines the historical trajectory of China's poverty mitigation campaign in line with three core objectives. First, it analyses the rationale behind China's strategic emphasis on rural areas in its poverty alleviation efforts, situating this focus within the country's socioeconomic structure and patterns of spatial inequality. Second, the study undertakes a comparative assessment of China's poverty alleviation model in relation to approaches adopted in other countries, highlighting key similarities, differences, and contextual specificities. Third, it explores how China has continuously optimised and adapted its poverty alleviation policies over time in response to evolving national conditions, demographic changes, and shifts in the scale and spatial distribution of poverty.

Through addressing these objectives, the study seeks to develop a comprehensive understanding of China's large-scale poverty reduction practices and the policy logic underpinning their effectiveness, while also identifying the structural challenges involved in sustaining long-term poverty alleviation outcomes.

7.1 Main Conclusions

7.1.1 China Has Attained a Significant Achievement in Global Poverty Reduction

China has lifted 800 million people out of poverty, achieving the UN 2030 Sustainable Development Agenda's poverty reduction goals ahead of schedule. Based

on China's 2010 national poverty line (2,300 RMB per person per year at 2010 constant prices), the number of rural poor in China fell from 770 million in 1978 to 658 million in 1990, 462 million in 2000, and further down to 5.5 million in 2019. This is a reduction of approximately 765 million people over that duration. Over the same period, the incidence of rural poverty dropped dramatically from 97.5% to 0.6%. Over 40 years, China reduced its rural poor population by an average of 18.66 million annually, corresponding to the population of a medium-sized European country.

According to the World Bank's poverty line of $2.15 per day (2017 PPP), China's poverty incidence declined from 72% in 1990 to 0.1% in 2016. This is followed by achieving complete poverty eradication after 2017. The proportion of China's poor relative to the global poor also decreased significantly. In 1990, approximately 817 million Chinese people lived in poverty, which accounted for 40.74% of the global total. This means that four out of every ten poor people globally were in China. By 2016, this figure had dropped to just 1.39 million, representing 0.18% of the global poor.

Through over 40 years of sustained, large-scale poverty mitigation efforts, China's rural poor have achieved "two assurances and three guarantees" (which meant adequate sustenance and clothing, as well as guaranteed access to compulsory education, essential medical services, safe housing) and safe drinking water. Basic living and production conditions have significantly improved, creating what has been hailed as a "Chinese phenomenon" in the history of global poverty reduction.

7.1.2 China's Timely Adjustments and Continuous Optimization of Poverty Reduction Policies

Supportive poverty reduction policies have been crucial in China's poverty mitigation efforts. China did not adhere to fixed policies during its large-scale poverty reduction campaign. Instead, China optimised and adjusted them based on the changing times, national conditions, and the scale and distribution of the poor population. China's poverty reduction journey can be divided into five major stages:

(i) Broad-Based Poverty Mitigation during the Planned Economy Period

During this phase, China's economic foundation was weak, productivity levels were extremely low, and rural living standards were generally poor, with widespread absolute poverty in rural areas.

(ii) Poverty Reduction Driven by Rural Reform and Economic Growth

As China transitioned from a planned economy to a market-oriented economy, poverty reduction primarily resulted from the growth effects of rural economic reforms and the income distribution effects of the early reform and opening-up stages.

(iii) Institutionalized Development-Oriented Poverty Reduction Targeting Poor Counties

With the diminishing marginal benefits of rural reforms, economic growth could no longer lift impoverished areas and populations out of poverty. Poverty became concentrated in specific regions. China initiated government-led development-oriented

poverty reduction programs to address systemic poverty issues that economic reforms alone could not solve.

(iv) Comprehensive Poverty Reduction Focused on Poor Villages

The distribution of China's poor population gradually shifted from regional to point-like patterns. The remaining impoverished population became highly dispersed, including poor villages within non-poor counties. The traditional county-based approach was no longer practical. During this stage, the focus shifted to providing support at the village level, especially in deeply impoverished areas, while mobilising various pro-agriculture policies and societal resources to aid poverty-stricken regions.

(v) Targeted Poverty Mitigation Focusing on Poor Households and Individuals

At this stage, China's poverty rate dropped below 10%. The remaining impoverished population became highly fragmented, concentrated in remote mountainous areas, high-altitude regions, border areas, and ethnic minority regions, displaying a "small concentration, large dispersion" pattern. The targeted poverty mitigation strategy effectively addressed the "last mile" challenges in poverty eradication.

7.1.3 Reasons Why China's Poverty Reduction Efforts Began in Rural Areas

Rural areas represent China's fundamental reality. Understanding China's agriculture, rural communities, and farmers is key to understanding its history and culture. The reasons why China's poverty reduction initiatives began in rural areas include:

(i) Historical Factors: China has a long agricultural history. Since ancient times, agriculture, rural development, farmers, and food security have been prioritised in governance.

(ii) Population Factors: China has long been the most populous developing country globally, with a predominantly rural population. Due to poor developmental foundations and limited resources, rural poverty was widespread. For China, poverty reduction essentially equates to solving rural poverty.

(iii) Reform Factors: China's domestic reforms began in rural areas, catalysing and promoting comprehensive economic reform nationwide. These reforms supported China's rapid economic growth and provided critical safeguards for poverty mitigation in rural regions. Policies such as household contracting systems and market-oriented agricultural reforms greatly stimulated farmers' enthusiasm, boosted agricultural productivity, and increased rural incomes for impoverished populations.

7.1.4 What China Did Right in Poverty Mitigation

Reflecting on China's poverty mitigation efforts, the country progressed through key phases, including relief-oriented governance, development-oriented governance, and targeted poverty mitigation. This evolution established a comprehensive institutional, organisational, and policy framework for poverty reduction:

7.1.4.1 Government Leadership

The government's leading role has been the hallmark of China's poverty mitigation efforts. Leveraging the institutional advantages of socialism, which emphasises mobilising resources for large-scale initiatives and guided by a people-centred governance philosophy, successive leadership groups made firm political commitments and demonstrated strong leadership. This top-down governance model fostered cooperation between central and local governments. Massive fiscal resources were directed toward poverty-stricken areas and populations, supporting sectors like agriculture, education, healthcare, transportation, and ecology through targeted budgetary transfers.

7.1.4.2 Diverse Participation

Beyond substantial investments from central and local governments, China capitalised on its ability to mobilise social resources, rallying broad societal participation in poverty mitigation. Initiatives such as pairing assistance between developed eastern regions and underdeveloped western regions and point-to-point support from government agencies, military units, state-owned enterprises, universities, and social organisations created a cohesive effort to combat poverty.

7.1.4.3 Dynamic Strategies and Policies

China's ability to adapt its poverty reduction strategies and policies to the evolving socio-economic landscape, the changing scale and distribution of the

impoverished population, and the adjustment of poverty thresholds was a critical factor in its success.

7.1.4.4 Sustained Economic Growth and Urbanization

China consistently emphasised poverty reduction through inclusive economic growth. The country's sustained urbanisation process and rapid economic development ensured simultaneous progress in poverty mitigation, national strength, and improved living standards for its people.

7.1.4.5 Comprehensive Evaluation Mechanisms

A robust performance evaluation and accountability system bolstered China's poverty reduction efforts. Through clearly defined responsibilities, multi-channel monitoring, and stringent assessment mechanisms, poverty mitigation resources were efficiently allocated to the neediest households, ensuring the implementation of initiatives.

7.1.5 The Effectiveness of China's Targeted Poverty Mitigation Strategy

China employed innovative and diverse methods to implement its targeted poverty mitigation strategy, including in the PV industry, health industry, and employment-related industry. The strategies are detailed out in the following sections.

(i) PV Industry Poverty Mitigation

Policies promoting PV industry development significantly boosted economic growth in impoverished areas by increasing household incomes, creating jobs, and

fostering business growth. Regions with strong government support and abundant sunlight benefited most. Counties with a higher proportion of targeted villages, households, and large-scale PV power plants experienced more significant economic and poverty reduction impacts.

(ii) Health Poverty Mitigation

By increasing transfer and non-transfer incomes, China's health-focused poverty mitigation measures helped registered poor households break the "poverty-disease" vicious cycle. These initiatives significantly reduced the likelihood of catastrophic medical expenses for low-income families and established an insurance safety net to prevent them from falling back into poverty. With continued implementation of the targeted poverty mitigation strategy and rural revitalisation initiatives, the health capital of rural populations is expected to improve significantly.

(iii) Employment-Oriented Poverty Mitigation

Employment-focused policies had a pronounced income-increasing effect. Whether through job training, organising external labour migration, or creating local employment opportunities, these measures positively impacted registered poor households across various income levels. The income effects varied among households depending on their initial income status.

7.1.6 Governance of Poverty Recurrence in Areas Lifted Out of Poverty

Poverty mitigation is not a one-time achievement. Due to unstable poverty mitigation quality, some regions and individuals lifted out of poverty remain at risk of falling back. Consolidating outcomes and preventing relapse is a priority.

7.2 Challenges in China's Poverty Mitigation Efforts

7.2.1 Improvement Needed in Poverty Mitigation Concepts and Methods

Whether it involves the concluded battle against poverty or the ongoing rural revitalisation strategy, scientific guidance is essential, and Party cadres must employ effective methods to advance their work. Rural revitalisation builds upon the achievements of poverty mitigation rather than starting anew. Reviewing the poverty mitigation process, some issues have been identified among frontline workers and specific regions, such as distorted views of political performance, falsification, neglect of "spiritual poverty mitigation," inadequate publicity efforts, and insufficient application of modern digital technologies. These issues have hindered progress and undermined the consolidation of poverty mitigation outcomes. A fragmented approach should be avoided to achieve a seamless transition between poverty mitigation and rural revitalisation, and systematic thinking, strategic planning, and policy integration should be emphasised.

7.2.2 Weak Foundations and Insufficient Development Momentum in Poverty-Stricken Areas

The concept of "latecomer advantage" in market economies suggests that less developed entities can catch up by learning from advanced ones while reforming and

innovating internally. Enhancing development capacity and sustainability for impoverished areas requires drawing lessons from developed coastal provinces through cooperative and paired assistance while improving local development environments and strengthening foundational infrastructure. However, many impoverished areas face significant challenges due to natural limitations and suboptimal implementation of developmental initiatives. In-depth poverty-stricken areas often encounter difficulties in industrial poverty mitigation, relocation, infrastructure construction, social security, ecological conservation, and education-driven poverty mitigation. These issues hinder the consolidation of poverty mitigation outcomes, with some households falling back into poverty, reflecting a severe lack of developmental momentum in these regions.

7.2.3 Incomplete Poverty Mitigation Mechanisms

Institutional construction serves as a fundamental and long-term pillar in governance activities. Since the 18th National Congress of the Communist Party of China, significant efforts have been made to innovate and improve poverty mitigation mechanisms, contributing to the victory in the fight against poverty. Nevertheless, gaps remain, such as limited integration of market mechanisms, insufficient participation of social forces, incomplete accountability and supervision systems, and underdeveloped dynamic poverty monitoring and exit mechanisms. Although absolute poverty has been historically eradicated, the foundations for sustained development remain fragile. A long-term and comprehensive governance mechanism is essential to solidify poverty mitigation achievements and support the rural revitalisation strategy.

7.3 Research Limitations and Future Directions

Poverty remains an enduring global issue. Relative poverty, underdevelopment, and inequality will persist, especially in the current context of globalisation setbacks, slowing economic growth, and frequent geopolitical conflicts. These challenges not only impede labour market recovery (as highlighted by the International Labor Organization, 2025[15]) but also increase the proportion of the "not in employment, education, or training" (NEET) population in low-income countries. Wars and other crises further exacerbate poverty rates, particularly in regions like sub-Saharan Africa, where the COVID-19 pandemic has significantly increased poverty incidence.

This study has three main limitations:

1. **Insufficient International Comparison:** Current research focuses primarily on China's poverty mitigation policies, measures, and anti-poverty strategies, with limited integration of international experiences.
2. **Lack of Focus on Relative and Urban Poverty:** With absolute poverty nearly eradicated in China and accelerating urbanisation, relative and urban poverty are critical for future poverty governance.
3. **Lack of In-depth Analysis of Training Modalities:** While the study confirms the overall efficacy of employment-based poverty alleviation, it does not

[15] International Labor Organization, 2025, World Employment and Social Outlook: Trends 2025, https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf.

provide an in-depth analysis of how specific types of employment training impact outcomes across demographic groups.

Future research will explore the following:

7.3.1 Addressing Relative Poverty

In 2020, realising a moderately prosperous society, China eradicated absolute poverty based on existing standards, resolving regional poverty issues, and eliminating absolute poverty. Moving forward, poverty governance will focus on consolidating achievements and preventing relapse while addressing new challenges like relative poverty and secondary poverty. Chinese President Xi Jinping emphasised that eradicating poverty does not mean it has disappeared, but marks the completion of a historical phase. Relative poverty will remain a long-term issue, requiring ongoing support for disadvantaged groups.

Shifting from absolute to relative poverty demands a transition in research focus. Differences in definitions, determinants, and governance policies between absolute and relative poverty present challenges in governance and policy evaluation. Researching relative poverty, particularly the effects of primary and secondary income distribution under China's socialist market economy, can enrich development economics with theoretical and empirical evidence.

7.3.2 Tackling Urban Poverty

Historically, poverty research in developing countries has concentrated on rural poverty due to its prevalence. However, urbanisation has accelerated globally, and

urban poverty is becoming increasingly prominent as rural populations migrate to cities. In China, urbanisation has been a key driver of poverty reduction, with the urbanisation rate surpassing 50% in 2011 and reaching 66.2% by 2023. Urban populations now constitute the majority of China's populace.

Rapid urbanisation has created challenges, such as insufficient formal employment opportunities for rural migrants, institutional barriers like the household registration system, and unequal access to urban public services. Urban poverty is emerging as a new focal point in poverty governance.

Studying urban poverty in China from the perspectives of urban-rural integration and rural revitalisation expands the scope of poverty research and offers valuable insights for global urban poverty governance.

7.3.3 Addressing the Effect of Different Training Modalities

Conducting targeted surveys or case studies on training types, durations, and outcomes would allow for a more detailed cost-benefit analysis and help identify best practices. Such analysis will determine which training interventions yield the most sustainable income gains for specific demographic groups, such as rural youth or older workers. The outcome will provide policymakers with evidence-based guidance for optimizing human capital investments within poverty alleviation frameworks.

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