



中国发展研究基金会
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Poverty Eradication in China :A New Phase

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Poverty Situation in China

- ❑ China's total poor population was estimated at 43 million in 2009 and the rural poor was 35.97 million, applying current national poverty line—annual net income of 1196 RMB *yuan* per capita(0.89 USD/ day) ;
- ❑ In 2011, the first year of the 12th Five-Year Plan, China's national poverty line will be increased to 1500 RMB *yuan* per capita, which will result in substantial increase of the total poor population to over 100 million ;
- ❑ If applying the poverty line of 1 USD per day for expenditure, China's poor population is estimated at about 150 million ;
- ❑ 85% poor population in China are from rural areas, and about 66% are concentrated in the western region.

Government Poverty Alleviation Strategy

- ❑ Chinese government adopts the three pillars approach to alleviate poverty in last 30 years that not only includes production support, subsistence support, but also a wide range of supports with respect to health, education and etc. ;
- ❑ Government anti-poverty efforts have gone through three phases since 1984:
 - Since 1984: oriented rural development that emphasizes infrastructure building and economic growth;
 - Since 2000: established and improved urban and rural social security systems, and started to focus on human capital investment measures;
 - Since 2006: enhanced and concentrated human capital investment measures;
 - Now formed an integrated poverty alleviation strategy with three pillars components—**development-oriented**, **social security-backed**, and **human capital** strategies.

Three Mainstay Components

1. Development-oriented strategy

- ❑ aided primarily by the governmental development funds, emphasizing rural infrastructure building, economic growth, and income increase of poor rural residents ;
- ❑ explored an effective approach of “eradicating poverty at the village level”, accounting for the geographic dispersion of rural poor population and targeting 148,000 poor villages rather than the previously 592 national poor counties.

Three Mainstay Components

2. Social security-backed strategy

2.1 Urban and Rural Minimum Living Allowances

- Income-based subsistence support institution ;
- Implemented in the urban and rural areas in 1999 and 2007 respectively;

**Table 1. Minimum living allowances in urban and rural China in 2010
(As of November 2010)**

	Urban	Rural
Income standards	240 <i>yuan</i> /month	1136 <i>yuan</i> /year
Allowance levels	128 <i>yuan</i> /month	62 <i>yuan</i> /month
Population coverage	23,078,000	51,796,000

Three Mainstay Components

2. Social security-backed strategy

2.2 Rural Residents New Cooperative Medical System (NCMS)

- ❑ Jointly financed by local and central governments and implemented by the county government;
- ❑ Started pilot programs in 2003. A total of 835 million, or 95% rural residents have been enrolled in NCMS by 2010. The financing level is 150 *yuan* per person per year. In Central and Western regions, the financing level by the central and local governments is 120 *yuan* per person per year.

2.3 Urban Residents Basic Medical Insurance Institution

- ❑ Expanding the target population from the currently employed in cities and towns to the unemployed, students, children, elderly and disabled;
- ❑ Started pilot programs in 2005 and nationally implemented in 2010.

Three Mainstay Components

2. Social security-backed strategy

2.4 Urban and Rural Medical Assistance Plan

- ❑ Assisting the personal payment portion beyond the medical insurance coverage, accounting for 80% of one's medical payment bill;
- ❑ Funding sources are governments at all levels and donations in the society;
- ❑ A total of 19 million poor urban and rural residents have received medical assistances;

2.5 Urban and Rural Endowment Insurance

- ❑ Basic endowment insurance for urban employees have been applied to migrant workers and the endowment transfer and succession for trans-provincial employment have been addressed in new regulations since 2010;
- ❑ Rural new socialized endowment insurance: started in pilot areas in 2010 and to be nationally implemented in 2012; Three funding sources, i.e. personal payment, collective assistance and government subsidy; Two components, i.e. base endowment and endowment from personal account. Base endowment is fully financed by the state.

Three Mainstay Components

3. Human capital strategy

- ❑ Rapid ageing and constant changes of the knowledge structure in the 21th century of the Chinese society direct poverty alleviation efforts towards human capital investment, particular in education and health ;
- ❑ Series of educational and health policies benefiting Chinese rural population are manifestive of the critical shift to the human capital strategy decided by the central government.

Three Mainstay Components

3. Human capital strategy

- ❑ Fiscal reform of the free compulsory education implemented since March 2006 through large transfer payment, exempting tuition fees and textbook fees for all and subsidizing living allowances for poor boarding students (known as “two exemptions and one subsidy”). In 2010 the total expenditure of central and local governments on the “one subsidy” policy is 10 billion *yuan*, subsidizing 12.25 million poor boarding students.
- ❑ Regulations of preschool education issued in November 2010 by the State Council, identifying the general rules of “public welfare” and “universal access”, increasing government financing as well as investment through various funding resources, and preferring the central and western rural regions.

Three Mainstay Components

3. Human capital strategy

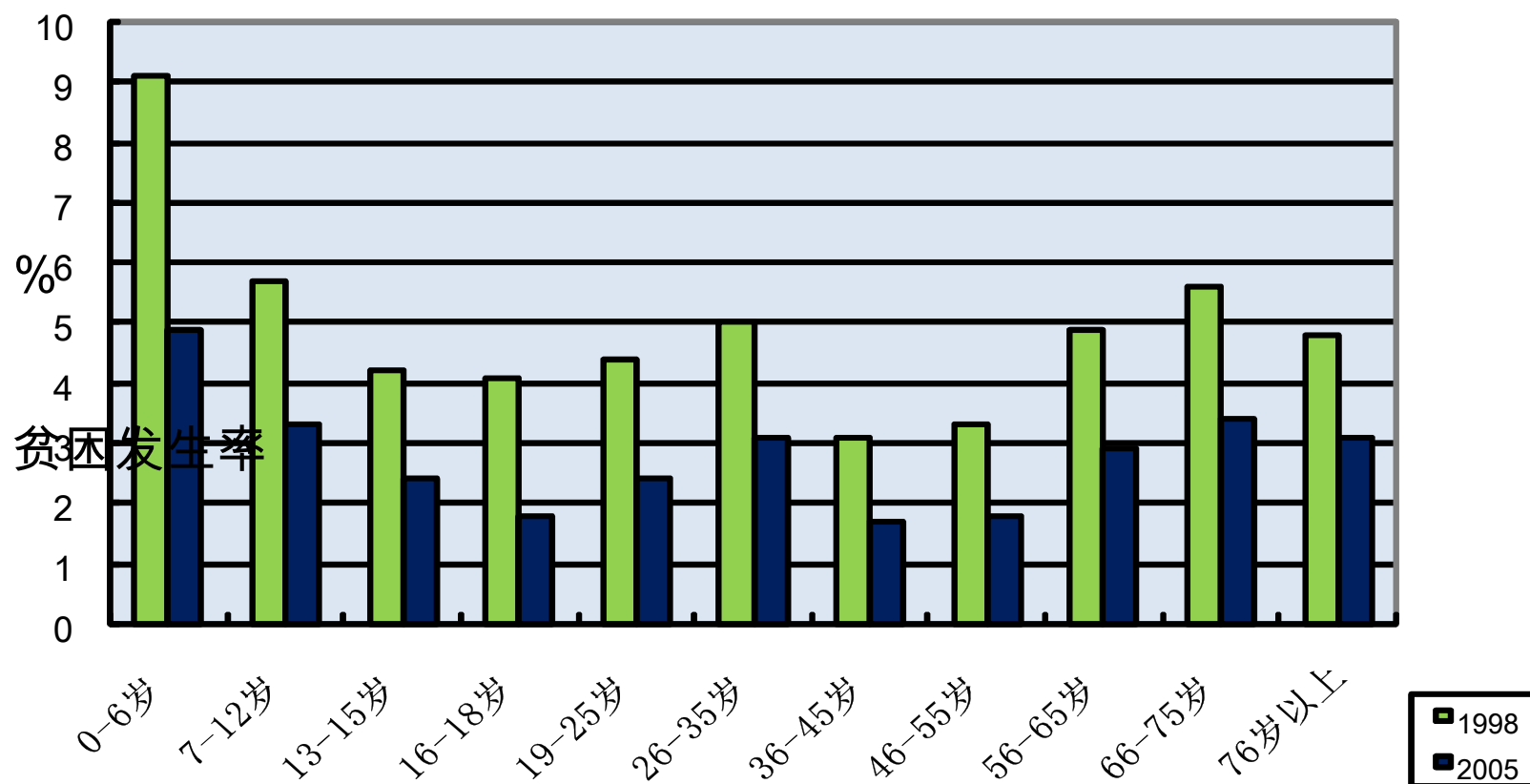
- ❑ Established three-tier rural medical and health services system at county, town and village levels and subsidized village clinics by government purchasing services, ensuring an efficient delivery of basic public health services in the poor areas;
- ❑ Implemented program for “Reduction of Maternal Mortality and Elimination of Neonatal Tetanus” since 2001 in poor areas, contributing to achievement in 2007 of the MDG of reducing young children mortality rate by 2/3 in 2015 ;
- ❑ Free distribution of folic acids supplements for rural women since 2009, improving health of the newborns in the rural areas.

Poverty of Infants and Young Children in Rural China

- ❑ China's total poor population as well as the incidence of poverty has been remarkably reduced owing to the three mainstay poverty alleviation strategies. However, poverty among infants and young children in rural areas remains a severe problem.
- ❑ Incidence of poverty among rural children is 96% higher than that of the total rural population. Among different age groups, young children aged 0-6 are subject to the highest incidence of poverty (Fig. 1);

Poverty of Infants and Young Children in Rural China

Fig.1. Incidence of Poverty in Rural China by Age



Program of Early Child Development in Poor Rural Areas

- CDRF launched a pilot ECD program in two national poor counties, Ledu County of Qinghai province and Xundian County of Yunnan province, in September 2009 and April 2010.



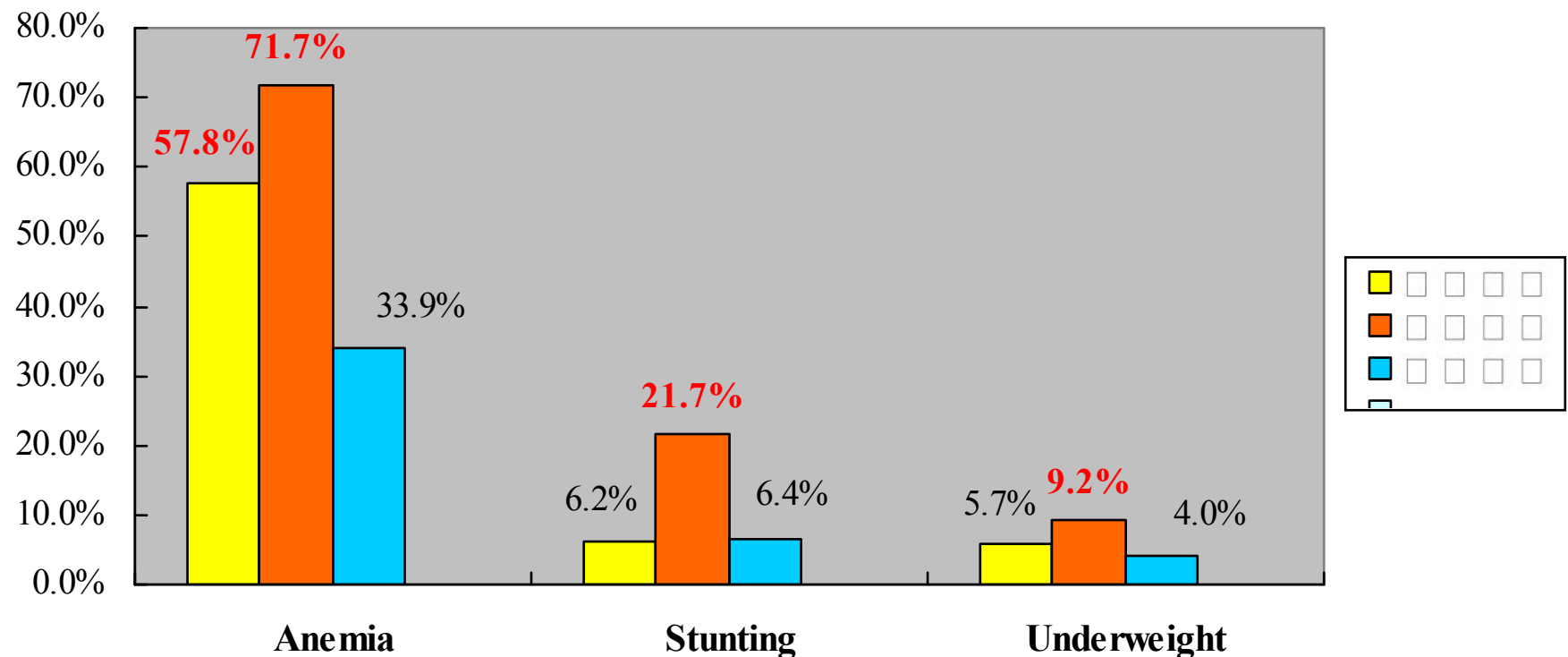
Objectives

- Healthy newborns;
- Normal nutrition for infants (up to 24 months);
- Basic early education for 3-5 year-olds.

Malnutrition—findings from baseline surveys

- China CDC conducted baseline surveys of nutritional status among 6-24 month-old infants in Ledu County and Xundian County. The surveys revealed higher anemia, stunting and underweight rates in both counties than the national averages for the rural areas, especially in anemia rates (Fig.2).

Fig.2. Comparisons of nutrition among 6-12 month-old infants in Ledu and Xundian with rural averages



Malnutrition—severely anemic infants



Lack of early education—highlighting poverty of young children

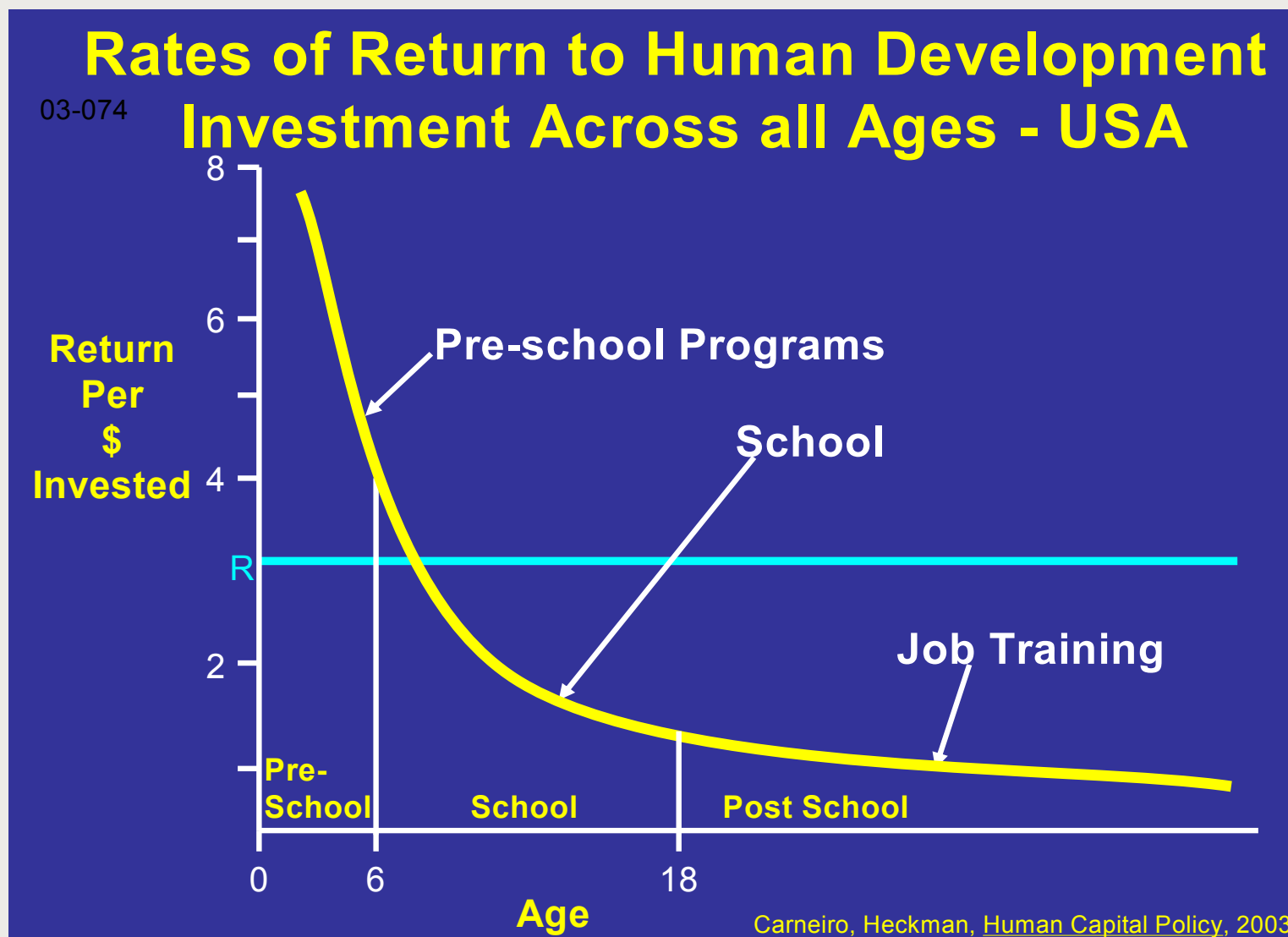
- Field investigations also revealed that 3-5 year-old children in poor mountainous areas are almost deprived of early education opportunities.
- Limited public funds for preschool education primarily invested in the county towns, resulting in virtually zero investment below the township levels;
- Preschool classes just available for 5-6 year-olds in villages, which typically teach primary school textbooks rather than carry out early educational activities ;
- Poor quality of private kindergartens in poor areas, with primitive facilities and congested playgrounds.

Lack of early education—highlighting poverty of young children

- Deficient early development such as feeling inferior, feeling intimidated and communication difficulties is common among young children in the poor areas;
 - According to a PKU evaluation for 3-5 year-old children in Ledu County of Qinghai, their verbal and cognitive developments are on par with only 40% of their urban kindergarten counterparts ;
 - Blubbering and anxiety manifested in peer socialization;
 - Reluctance to communicate and unable to understand and speak;
 - Poor drawing skills.



Investment in early childhood yields the highest return to human capital



Two Components of the Program

Nutritional Intervention



Early Education



Three Phases of the Program

- ① **Nutrition improvement for pregnant women and nutrition education at “Mommy Schools”.** Providing free micronutrient supplements for women, giving training classes and holding participatory activities at mommy schools in towns or villages;



Three Phases of the Program

- ② **Nutritional intervention for 6-24 month-old infants.** Providing free soy-based supplement sprinkles (*yingyangbao*), fortified with micronutrient such as iron and zinc, for infants from when they turn 6 months old until they reach 2. Administering physical exams for infants and establishing health records at township hospitals.

Physical exams at township hospitals



Qutan town, Ledu County



Hekou town, Xundian County

Three Phases of the Program

- ③ **Early education for 3-5 year-olds.** Establishing early education centers in mountain villages, recruiting volunteers with early education training or teaching experiences, and organizing “trans-village teaching” to provide easy and free access to early education for children living in mountainous areas unable to receive education at kindergartens.

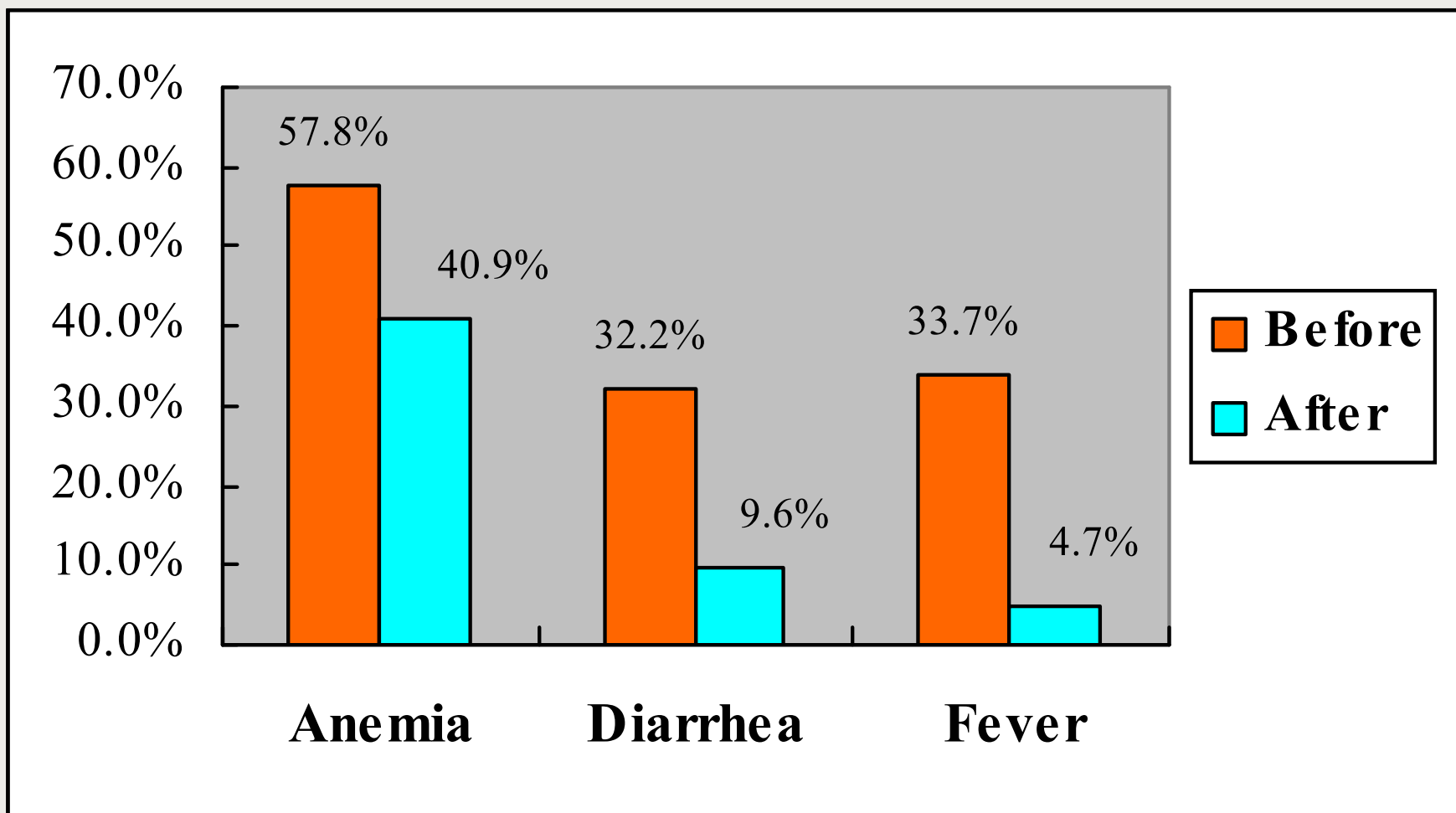


Evaluation—nutritional intervention

- Implemented at 13 towns or townships in Ledu & Xundian Counties;
- Enrolled 2358 pregnant women and 3161 infants aged 6-24 months as of December 2010;
- Established 61 “Mommy Schools” that hold training classes each month.

Evaluation—nutritional intervention

Fig.3. Anemia, diarrhea and fever rates before and after nutritional intervention in Ledu County (6-12 month-old infants)



Evaluation—early education

- Implemented at 18 towns or townships and established 158 early education centers in two counties;
- Enrolled 2960 children aged 3-5 years old to early education centers close to their village homes;
- Recruited 105 volunteers to teach 2-3 times each week at each center on a rotational basis.

Evaluation—early education

- Significant improvement in multiple dimensions such as cognitive development, fine motor skills, problem solving, social development, personal safety and drawing skills etc. through center activities;
- Learned to listen to and speak Mandarin besides local dialects ;
- Progress in expressing themselves and drawing ;
- Enhanced parent-child relationship through singing, dancing, and story-telling learned at early education centers ;
- Advocated good parenting skills encouraging a sense of achievement.

Our Proposal: 2100 Plan

- ❑ **United Nation “1000 Day Movement”**—Focusing on the quality of nutrition during the 1000 days between the start of pregnancy and the baby’s second birthday and achieving the MDG of solving hunger and malnutrition problems;
- ❑ **Brain science**—One’s first 5 years is the most sensitive period of brain development. More early stimulation (social impact) leads to more growth of brain cells representing one’s life potentials and thus better development in cognitive, language and social-emotional dimensions.
- ❑ **The World Bank** policy studies—Only ECD programs that include both nutritional intervention and early stimulation components can reduce the early development gap between the poor and disadvantaged groups and the advantaged groups (*Investing in Young Children*, World Bank 2010).

2100 Plan : Eliminating Poverty by the Roots

- ❑ CDRF pilot ECD program is consistent with the empirical findings and policy implications brought up by the most recent studies of the World Bank, and more importantly extendable in China with distinctive innovations :
 - ✓ “*Yingyangbao*”—soy-based so as to supplement micronutrients as well as solve insufficient calorie and protein intake problems for poor children; cost 0.7 *yuan* per pack,
 - ✓ “**Trans-village teaching**”—establishing centers conveniently located close to the child’s village homes, organizing volunteers to teach on a rotational basis, and ensuring cost-effective and quality early educational services ;
 - ✓ **Conditional Cash Transfer**—cash allowances for pregnant women attending “Mommy Schools” and infant families participating physical exams to alleviate poverty through nutritional intervention.

2100 Plan : Eliminating Poverty by the Roots

- ❑ Cost of implementing ECD programs in poor areas in China :
 - ✓ **-9 to 24 month-old infants**—annual cost per child is estimated at 300 *yuan* or 45 USD, mainly including the production and transportation cost of the nutritional supplements;
 - ✓ **3 to 5 year-old children**—annual cost per child is estimated at 500 *yuan* or 75 USD, mainly including the living stipends and communication subsidy to the early education practitioners as well as the equipment of facilities and teaching materials for the early educational activities;
 - ✓ **Relatively low implementation cost**—strong capacities of Chinese local governments ease the implementing process; the implementation cost of ECD programs can be kept at a low level by fully utilizing resources from local health and education departments.

2100 Plan : Eliminating Poverty by the Roots

- **“2100 plan”—phases, components and objectives**
 - From start of pregnancy (-9 month) to 5 years old ;
 - Integrated ECD measures that include both nutritional intervention and early education components throughout the entire period ;
 - To solve malnutrition problems, reduce development gaps in psychological, intellectual, and social dimensions due to lack of early education, better prepare for schools and employment as well as lifetime study, and root out poverty by ensuring an equal start.

2100 Plan : Eliminating Poverty by the Roots

□ Double meaning of “2100”:

- 2100 days—from start of pregnancy to a child’s 5th birthdays ;
- Vision of the 21th century—eradicate moderate poverty globally by 2100 through early child development measures.

Thank You!