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Institution and Innovation of East-West Pairing-off Regional Cooperation for Poverty Reduction in China

Focused Synopsis

With guidance from the State Council Leading Group Office of Poverty Alleviation and Development (LGOP) of the People’s Republic of China (PRC) and the Asian development Bank (ADB), the College of Humanities and Development (COHD) of China Agricultural University (CAU) acted as implementing agency for Subproject 2.8 Advocacy and Study on East-West Cooperation Mechanism Innovation of the Interregional Poverty Alleviation and Development under ADB technical assistance project TA 4933-PRC: Facility for Policy Reform and Poverty Reduction. Subproject 2.8 conducted a study on the relevant policies for East-West interregional poverty alleviation in China. The purpose of the study is to analyze the situation of East-West cooperation for poverty alleviation and identify the future needs for policy adjustment. This report is an outlined focused synopsis of the study under this project. Content herein reflects the views of the author and not necessarily those of the State Council Leading Group Office of Poverty Alleviation and Development of the People’s Republic of China or the Asian Development Bank, its Board of Directors, or the countries they represent.

1. Backgrounds

In the past thirty years since China’s reform and opening up to the outside world, the rapid economic development and improvement of people’s living standard has been accompanied by a widening gap among different regions, between rural and urban areas, and between the rich and the poor. Furthermore, this gap is expected to be continuously widened in the process of industrialization and urbanization. The gap between the eastern and western regions, and between rural and urban areas, is a problematic reality that needs to be properly addressed. This indicates that it is necessary to promote cooperation for poverty reduction between the East and the West. If government cannot effectively resolve the conflicts resulting from the ever-widening gap between different regions in economic and social development, imbalances might trigger and intensify to a certain extent that eventually become a limiting factor severely restricting the overall development of the state.

Cooperation in poverty reduction between the East and the West was an innovative policy proposed under the 8th-7th National Poverty Reduction Plan issued in 1994. Its objective was to mobilize the developed provinces and municipalities in the East to support the development of the poverty-stricken areas in the West to shake off poverty through pairing-off cooperation. As an important part of the national institutional arrangements for poverty reduction, cooperation in poverty reduction between the East and the West has achieved significant results and instructive experience in poverty reduction during the last 12 years. However, further innovation of East-West cooperation mechanisms for poverty reduction is required under the new situation. Based on the acquired practical experience, a innovative system is required to place emphasis on practicability, operability and standardization. In a new era, based on the summary and analysis of existing experience and development patterns of cooperation between the East and West, as well as problems arising from the policy implementation, this report puts forward some relevant recommendations to facilitate development innovations and further consolidate the achievement of East-West cooperation in poverty reduction, so as to meet the strategic requirements of constructing a harmonious society.

2. Status quo of cooperation between the East and the West

Cooperation between the East and the West is one of the important institutional arrangements for poverty alleviation work in China, and it has played an active role in promoting poverty alleviation work. At present, the policy of East-West cooperation in poverty reduction has covered 15 provinces, autonomous regions and municipalities directly governed by the central government in western regions. The number of poor counties labeled by the state that have been given priority over poverty alleviation work has reached 245, accounting for over 40% of the total number of state-labeled poor counties. In the past six years (2003-2008), the governmental financial assistance from eastern provinces and municipalities amounted to more than 3 billions RMB Yuan, and the donation raised from the society (enterprises, civil
society, social entities, etc.) through the government poverty reduction administration system was equivalent to 320 millions RMB Yuan. The contribution from the society resides mainly in knowledge and skills transfers. From 2003 to 2008, there were 31,216 cadres exchanged from eastern developed regions to western poverty-stricken areas, 224,022 specialized personnel, and 2,056 poverty reduction volunteers; and 4,439 thousands farmer labors were transferred from West to East. In addition, the East-West cooperation in poverty reduction also actively facilitated business cooperation.

Since the initiation of the pairing-off East-West cooperation in poverty reduction in 1996, the three years from 1996 to 1999 marked the period with the greatest vitality in implementation. In recent years, the East-West cooperation in poverty reduction has stagnated, due to a lack of concrete institutional binding and further promotion at the central government level; and the sustainability of some effective measures (especially cadres exchange based on secondment) could not be implemented. The volume of investments in material, financial and human resources from most Eastern developed provinces to the West did not increase; even more, the intensity of their investments has declined, if the price inflation factor included.

3. Models of the East-West cooperation policy and innovation

As an important part of the entire poverty alleviation policies, the East-West cooperation in poverty reduction has played an active role in resolving poverty issues in western regions. This can be reflected from the following aspects:

(1) It effectively helped reduce poverty in western poverty-stricken areas by mobilizing poverty alleviation resources from eastern regions;
(2) In some supporting projects, it played a dynamic role in promoting innovation in terms of poverty reduction and development patterns;
(3) The east-west cooperation in poverty reduction facilitated the development of agriculture and tourism resources in western regions;
(4) The improvement of social undertakings such as culture and education, public health as well as science and technology has been achieved through the East-West cooperation;
(5) It also promoted the organizational capacity of the poverty alleviation system in western regions in China;
(6) New markets were created by promoting economic cooperation between the east and the west.

Although the historical mission of the east-west cooperation in poverty reduction lies on support or assistance from the east, some enterprises in eastern regions thereby find their new roots in the west, which then provide a certain degree of cushion for the economic transformation and industrial upgrading in eastern regions. In this respect, the establishment of Ningxia-Fujian entrepreneur association is a typical case.

In the process of the implementation of east-west cooperation, various cooperation patterns were accordingly formed in different regions based on their different economic capacity, geographical advantages and regional resources.

3.1 Fujian-Ningxia model

Fujian-Ningxia model placed great emphasis on the comprehensiveness of their cooperation, which is broad in scope and deep in dimension. The cooperation in poverty reduction between Fujian and Ningxia was promoted through a variety of channels, including cadres exchange through seconding, support of technical cadres and specialized personnel, volunteer services, financial transfer as well as human resource development. It was realized in this model that all fields were taken into full consideration in a strict manner. In Fujian-Ningxia model, long-term, steady and effective communication mechanism was established through joint meeting, mutual exchange of personnel and accountability system. Besides, with the support and technical assistance of the government, the development of mushroom production was achieved, which was a successful example in industrial cooperation.

3.2 Shanghai-Yunnan model
There has been a long cooperation history between Shanghai and Yunnan. In the Shanghai-Yunnan cooperation, the total amount of fund support from Shanghai is comparatively higher than other east provinces. By 2007, Shanghai invested a total of 1.011 billion RMB Yuan in the Shanghai-Yunnan cooperation; and the financial support increased from 20 million RMB Yuan in 1996 to 160 million RMB Yuan in 2007, an average of 21% of annual growth rate compared with the previous year. The cooperation between Shanghai and Yunnan benefits from its well-established and standardized systems, which make clearly defined stipulations on such aspects as project declaration procedure, support fund management as well as project fund appropriation and allocation. It also benefits to the improvement of the administrative efficiency of relevant government departments. In addition, Shanghai focused its support and cooperation on fields such as tourism, hotel management and tobacco industry etc., based on the comparative advantages of rich natural resources in Yunnan Province. Moreover, Yunnan Province has begun to promote its local specialties through the supermarket retail system in Shanghai.

3.3 Liaoning-Qinghai model

A significant feature of Liaoning-Qinghai model is that old industrial base helps the remote poverty-stricken areas. Liaoning Province first commits itself all around the country to increase the support fund for poverty reduction by 10% annually, although its total fund investment is not really considerable. During this process, Liaoning takes full advantage of regional features and provides a certain amount of funds in support of the “Tibetan carpet” production in Qinghai Province. In only four years, the Tibetan carpet production showed good momentum of development. In its support to educational training, Liaoning widely adopts a training methodology based on training teachers and students in support of Qinghai Province, which has been carried out in a broad coverage of fields.

3.4 Ningbo-Guizhou model

The cooperation model between Ningbo and Guizhou Province can be depicted as a model for social support in poverty reduction. Through the platform built up by the government, the two sides mobilize extensive social participation at all levels. Ningbo also exerts itself to promote rural labor transfer by developing human resources in a directed way (e.g. technical school of Ningbo recruiting, training Guizhou students and introducing them to Ningbo enterprises) in Guizhou Province. In 2009, the Human Resource Construction Base for East-West Cooperation in Poverty Reduction was set up in Ningbo Polytechnic, which was the first established national training base in eastern developed provinces for poverty alleviation under the approval of the State Council Leading Group Office of Poverty Alleviation and Development.

3.5 Zhejiang-Sichuan model

The characteristic of this model is its emphasis on enterprise transfer and promotion of poverty alleviation by developing local economy. The success of Zhejiang-Sichuan model is attributed to a key fact that the two sides reach a consensus on this practice and make relevant institutional arrangements. It is worth flagging that the Zhejiang-Sichuan model has achieved considerable results and the experience of enterprise transfer is really instructive.

The above models are some simple epitomes in the process of east-west paring-off cooperation in poverty reduction. They reflect interregional differences of the east-west cooperation in poverty reduction and also several principals to which special attention should be paid. These principles include sustainability, comprehensiveness and the adjustment of measures to local conditions. Each partnership is a unique model worth learning from, such as the enterprise park cooperation in Zhejiang-Sichuan model, enterprise development fund in Shenzhen-Guizhou model, special loans at a preferential interest rate for poverty alleviation enterprises in Beijing-Neimenggu model, enterprise rewards in Shanghai and social mobilization and labor training in Ningbo-Guizhou model.

4. Analysis on east-west pairing-off cooperation in poverty reduction
4.1 Lessons learnt of east-west cooperation in poverty reduction

From the macro perspective, the success of east-west cooperation in poverty reduction is attributed to the powerful political mobilization and political supports. The leadership at all levels from the central government to local provinces have attached great importance to the development of east-west cooperation in poverty reduction and have provided strong support for it. Besides, the standardization of system construction, coupled with the full mobilization of the two sides’ initiative and the continuous renovation of the cooperation content, has contributed to the success of east-west cooperation in poverty reduction. Furthermore, the contribution of Chinese traditional culture in poverty alleviation is also fully reflected in east-west cooperation in poverty reduction. Although there is no official document at the central government level to regulate the investments from eastern regions, human kindness has promoted the social investments from the east to the west. Human resources or social capital in Chinese culture has greatly contributed to the development of a modern society, which has been widely acknowledged internationally. This can be well reflected from the east-west pairing-off cooperation in poverty reduction.

Viewed from a micro perspective, the pairing-off provinces have been persistently improving the cooperation patterns and models (as discussed in previous part) in the past ten years of development, and have provided valuable experience of cooperation for other regions. Since China is a large and diverse country, more incentives should be given to provincial level government to achieve institutional innovation for East-West cooperation for poverty reduction.

1) Improving services and labor in the Western regions for mutual benefits of the East-West cooperation for poverty alleviation

The East-West cooperation in poverty reduction is supposed to play a role in exchanging information, building up a communication platform and enhancing business confidence. Business cooperation can play a significant role in helping the western regions out of poverty. However, the western regions should pay attention to the following two points when introducing enterprises from the eastern regions. One is to see that the real advantages of western development lies in its rich natural resources and huge potential market rather than its cheap labors. In addition the ecological industries related to agriculture also show their comparative advantages in western development. The other point is that the western regions should strive to enhance their social service capacity and improve service standards for business operation, such as the export declaration of enterprises’ product, the transport of enterprises’ raw materials, the provision of subsidies for enterprises’ technical transformation and so on. Actually, the foreign enterprises main concern really resides in the access to basic business services rather than benefiting from the preferential policies of the government.

2) Working at the county level

It is necessary to conduct pairing-off support work involving grass-root communities at the counties level. Surveys found that the seconded cadres sent from some eastern provinces (e.g. Shanghai, Fujian) to western regions followed the following general work procedures: first, they conduct research and write research reports; then they formulate supporting cooperation plans and negotiate its implementation with the eastern provinces; finally they will be in charge of supervising and implementing the plans once the funds are made available. Compared with the use of the state’s poverty alleviation funds, this process is not only specially assigned to individuals, but also permits to supplement the shortage of funds in local regions and solve practical issues.

3) Arousing the social awareness of poverty alleviation through social mobilization

As an important embodiment of citizens’ quality of the whole society, the social awareness of poverty alleviation lays the foundation for the sustainability of poverty reduction work. In the east-west cooperation in poverty reduction, support of the society refers to the donated funds and equipments from enterprises, individuals and other social groups outside the government financial input and administrative measures. This practice can be regarded as the direct embodiment of social awareness of poverty alleviation. During the five years period from 2003
to 2008, the amount of social support from eastern provinces was more than 10% of the
governmental funds. Besides, a large number of volunteers were directly involved in the
poverty reduction work in western regions. However, still a lot of work needs to be done in
order to arouse the poverty alleviation awareness of the whole society. During this process,
people directly involved in the east-west cooperation in poverty reduction, especially the
seconded cadres, play a significant role.

4) Enhancing departments’ responsibility and coordination for poverty reduction
through political mobilization

The east-west cooperation in poverty reduction is a systematic/ holistic project covering
governmental assistance, business cooperation, and social mobilization for poverty reduction
as well as capacity building, which can never be completed by a single governmental
department. Instead, multi-departmental cooperation is a necessary approach to the
organization and coordination of the mechanisms/system for the east-west cooperation in
poverty reduction. In order to establish an effective and comprehensive multi-departmental
system for East-West cooperation in poverty alleviation, a strong political will is a prominent
condition. Social justice and anti-poverty are expected to become the mainstream of the
society if governmental departments improve their awareness and sense of responsibility
towards poverty alleviation.

5) Strengthening the effects of poverty alleviation through technical assistance

Agricultural and tourism sectors remain in a relatively weak position in the market with slow
development, long payoff period, which makes it hard to play a major role in the economic
development of the country. In this case, development of the agricultural and tourism sectors
will require more technology and knowledge transfer which can be, to a certain extent,
provided by the technical cooperation in poverty reduction between the east and the west.
However, compared with other aspects of the East-West cooperation, there are few
experiences of technical transfers, despite the low level of technologies in the poor regions.
Nevertheless, investing in technologies certainly means the possibility of highly efficient and
continuous shake-off of poverty.

6) Enhancing the social development and management in education, culture and health
fields through capacity building

Cases indicate that most poverty-stricken counties can get access to the hardware facilities of
culture, education and health through formal channels. However, many new schools, clinics
and hospitals are faced with a common problem of lacking specialized medical personnel and
qualified teachers. In the process of east-west cooperation in poverty reduction, the training of
medical personnel in grass-root health units and teachers’ support for education have
promoted the enhancement of the soft power of culture, education and health care in western
regions, which has made a significant contribution to the capacity building in the framework of
east-west cooperation.

4.2 The existing problems in east-west cooperation in poverty reduction

The major patterns of the east-west cooperation in poverty reduction include governmental
financial assistance, pairing-off support of the society, economic and industrial cooperation
between the east and the west, cooperation in human resource development, labor and skills
transfer, etc. It is found in surveys conducted under the conditions that there are no explicit
policy requirements, the elasticity of financial input in east-west cooperation in poverty
reduction is excessive and the predictability is poor. Although the economic production in
eastern provinces has been continuously increasing, little increase has been made in terms of
financial assistance, which has even declined in many provinces /municipalities rather than
rising.

There are three major channels for the support of the society in poverty reduction, namely
secondment of personnel, NGO, and direct participation of individuals. Relevant governmental
departments fail to pay enough attention to this form of support, whose status and potential
remain to be further explored and strengthened.
Industrial cooperation plays a crucial role in the east-west cooperation in poverty reduction. To realize the industrial cooperation, the government should build up the platform and then the enterprises stage the play. The Western region has strong demands for industrial cooperation and the paring-off provinces have conducted extensive exploration. However, the cases of industrial cooperation actually effective remain rare, due to the fact that the cooperation between industries relies on the market which is rather risky. Exchange and cooperation in human resource development is an important stage in the east-west cooperation in poverty reduction to realize the transition from “blood infusion” to “blood generation”, and exchange through secondment of personnel is the most popular form of talent and knowledge transfer within the east-west cooperation in poverty reduction. For instance, the exchange of personnel through secondment in Fujian-Ningxia cooperation model is a successful example. With regard to cooperation in human resources and capacity building, the model of training teachers and students in Liaoning for Qinghai has achieved great results. As for labor transfer, study findings indicated that all localities have attached great importance to labor transfer among the paring-off provinces but failed to achieve significant results. The transfer of labor should not be restricted to the paring-off provinces, but considered as a systematic approach of the country development process.

The eastern and western regions are two different stakeholders in cooperation for poverty reduction. On one hand, the east-west cooperation in poverty reduction can be a win-win process. However, inconsistency regarding benefits and interest may occur between the east and the west since the east-west cooperation in poverty reduction possesses certain political attributes, coupled with the fact that the constraints of the whole market economy environment can not be dismissed in the process of implementation. The eastern provinces are in a relatively dominant position, while those in the western regions are in a relatively passive one. Thus, avoiding conflicts between the different stakeholders and achieving mutual benefits are the top concerns to be solved while establishing an East-West cooperation system for poverty reduction. Beside the concern with regard to the market influence and the search for mutual interests, the investments from the east to the west tend to swarm in those highly profitable areas such as the energy and real estate sectors which have a relatively stable market supply and demand as well as low elasticity. With such an investment pattern, the eastern region is likely to acquire more significant benefits while the real hidden poverty issues in the western region will persist. In addition, such a situation may jeopardize the sustainability of the cooperation policy for the east-west cooperation in poverty reduction.

5. Recommendations

Viewed from the current situation, the policy of the east-west cooperation has taken a full view of the poverty problem in the Western regions and is quite forward-looking. With the continuous intensification of cooperation, some new features emerge in the east-west cooperation in poverty reduction. Since its commencement in 1996, the policy for East-West cooperation for poverty reduction shifted from a relatively flexible pattern to correspondingly unified and standardized macro guidance which has been put forward at the state level; while its implementation to a substantial degree depends on the recognition of its importance and efforts from different relevant departments or even individuals in the eastern developed provinces. The problems of inadequacy in standardization might directly affect the results of the cooperation in poverty reduction between the East and West. What remains to be continuously explored both in theory and in practice is how to establish an operational mechanism that intensifies the east-west cooperation focusing on poverty reduction and development, gradually changing from unilateral support to mutual promotion and from a single cooperation field to all-round cooperation.

The innovation in the system of east-west cooperation on poverty reduction does not merely mean issuing a series of new documents and guidelines. More importantly, it should be devised in a comprehensive way covering effect, efficiency and sustainability. Each system must conform to the requirements of both rationality and activism, in which the former refers to commonweal (i.e. the purpose of system), and the latter refers to interest (i.e. the motivation of implementing system).

5.1 Strengthening the planning of east-west cooperation in poverty reduction
The first measure is the long-term planning. Most provinces expect the formulation of a long-term planning at national level, which determines the basic framework and implementation principles of east-west cooperation in poverty reduction all over the country. The second measure is that both the eastern and western regions are required to formulate the overall planning of East-West cooperation in poverty reduction together. Poverty alleviation itself is not within the plan of the local governments in eastern regions. And thus, the construction of many cultural, educational and health infrastructures in western provinces, supported by their pairing provinces in eastern regions, has to stay in a state of being operated outside the plan of the local cultural, educational and health departments in eastern regions. Therefore, consolidation of departments should be reinforced and the overall plan of support should be utilized in order to increase the rate of use of cultural, educational and public health facilities under the condition of saving them.

5.2 Strengthening the standardization, coordination and supervision of the governmental financial support in east-west cooperation

Even though the total production value of the eastern provinces has been consistently increasing, the inputs from some of them to the benefit of the western regions development tend to decrease due to a lack of motivation and promotion on the part of the government to support cooperation initiatives. It is suggested that the establishment of specific indexes should respond to the following principles: 1) To set up a standard of the total amount. The standard of the total funds for east-west poverty reduction is principally based on two aspects. One is the income gap between the per capita income of the inhabitants in eastern provinces and the income of western poverty population, and the other is the coverage and depth of poverty in western provinces. 2) To Ensure the sustained increase of government funds for pairing-off cooperation. There are two possible options for reference:
Option 1 : Based on the Liaoning-Qinghai model, with the level of the financial aid from eastern provinces in 2007 as the basis, funds should be increased at the annual growth rate of 10%.
Option 2. With reference to stipulation of the UN that: "0.7% of the GDP should be used for poverty reduction", financial assistance for east-west cooperation in poverty reduction should be 1/10,000 of the previous year’s GDP as the minimum (or the amount of financial assistance should be 1/1000 of the previous years’ financial revenue).

5.3 Encouraging the expansion of industrial and business cooperation in east-west poverty reduction strategies

The development comparative advantages of the west mainly lie in its rich resources and huge market. It is recommended that the eastern regions could adopt favorable taxation or loan policies to encourage the enterprises with technologies to invest in the rural development of the western regions. Beijing adopted the method of providing loans with preferential interest rate to encourage enterprises to invest in Inner Mongolia. Shanghai used also a similar incentive approach to encourage enterprises to invest in Yunnan. These methods have achieved significant results and should be popularized. Besides, the industrial transfer between the east and the west should be actively promoted and should not be restricted to the pairing-off regions.

5.4 Formulating policies to encourage transfer of knowledge, skills and talents

The pairing-off poverty alleviation at the county level proves to be effective and plays an important role in the financial poverty reduction efforts of the state. However, investigation revealed that there exist significant differences among regions in terms of county-level impact from pairing-off poverty reduction programs. Due to different reasons, some local seconded cadres sent to county-level regions fail to play a coordinating role. For instance, they are allocated to such higher-level departments as bureau of transportation and tourism administration to conduct technical work; and they themselves do not understand the conditions of educational support, medical support and other social support. Besides, there is little participation of technical personnel in the exchanges through secondment. The eastern regions dominate many technologies more suitable for the market and possess the potential to develop specific technology. These sections reflect the true quality and will play a particularly
significant role in poverty alleviation if could be given enough attention, just as the mushroom technology from Fujian Province does in Ningxia.

The harsh living conditions in some frontier, remote and ethnic minority areas can hardly keep the talents and skills coming from other regions; and therefore, a special plan for talent supply must be taken into consideration.

5.5 Increasing all-around social mobilization for poverty reduction within the framework of east-west cooperation

The pairing-off support from the east to the west is not merely restricted to funds and projects assistance, but lies more in the infusion of advanced personnel, ideas and cultures. Contacts should be strengthened not only between governmental officers but also from all parts of the society. The whole society should provide tangible supports for the western regions in order to truly solve the problem of poverty population there. In the east-west cooperation for poverty reduction, it is suggested that different training and capacity building activities should be conducted. For instance, medical volunteers or doctors from the east could act as the leading group, and therefore upgrade the development of medical undertakings in the western regions. It is recommended that east-west cooperation in poverty reduction should regard educational support and capacity building as an important strategy. On one hand, it can push forward the east to formulate standardized learning support planning; on the other hand, it can urge the west to cherish the capacity of the seconded teachers.

5.6 Including environmental and ecological compensation into special projects of east-west cooperation for poverty reduction

Most of the western regions are located in the upper reaches of the large rivers, belonging to ecologically sensitive areas. In the new functional zoning scheme of the state, these areas are restricted from development. On one hand, the state should consider increasing environmental and river basin compensation; on the other hand, it also should encourage relevant ecological–oriented East-West cooperation for poverty alleviation (Beijing-Neimenggu model). For some special areas, they can propose key requirements related to environment compensation. For instance, there has been a substantial increase of assistance from the east in the Three Gorges Reservoir Area recently.

5.7 Expanding the number of eastern provinces and main cities participating in the east-west cooperation in poverty reduction

It is suggested that Hebei Province should be listed institutionally within the framework of east-west cooperation in poverty reduction and provide pairing-off support for less-developed areas in the west. It is recommended that some cities with strong comprehensive strength in eastern regions should be directly involved as primary units in east-west cooperation in poverty reduction, such as Guangzhou, Suzhou, Hangzhou, Wuxi, Nanjing, Shenyang, Foshan, Dongguan and the like. Other cities (such as Yantai, Jinan, Quanzhou, Wenzhou, Nantong, Weifang, Fuzhou, Shaoxing etc..) with relatively strong strength in eastern regions are suggested to assume the task of some special projects in east-west cooperation in poverty reduction, such as providing pairing-off support for ethnic minority prefectures within the policy of western development.

5.8 Expanding the knowledge on models of regional poverty alleviation

Recently, a number of concerns have emerged which should be integrated into the perspective of further research. These issues mainly cover the following aspects: east-west cooperation in labor transfer and inter-regional migration related to poverty reduction; east-west cooperation in the process of industrialization; the industrial transfer from the east to the west in economic gradient development (for instance, the cotton industry transferred to Xinjiang and the sericulture industry transferred to Guangxi); direct investment from the east to the west and industrial development; the opening-up of the market in eastern regions to products from the western regions; the regional benefit analysis of some large-scale development projects in western regions (such as the West-East Natural Gas Transmission Project and the
South-to-North Water Diversion Project etc.); the financial transfer and cash-flows from the central government for supporting east-west poverty alleviation and the like. Inspiration with regard to innovation of the east-west cooperation for poverty reduction system can be drawn by further exploring worldwide experiences for assistance in development policy cooperation, either international or internal.

6. Summary

During the meeting of exchange of experiences on nationwide east-west cooperation in poverty reduction in April 1999, Vice Premier Minister Wen Jiabao mentioned that the gap between the eastern and western regions should be dialectically viewed. He said, “One is to see that the uneven development among different regions is a long-standing historical phenomenon; the second is to attach great importance and take effective measures to properly solve the issue of regional gap; the third is to understand that it needs a process to solve the issue of regional gap, and the narrowing of regional gap should be upheld as an important long-term policy.” East-west cooperation in poverty reduction is an effective channel to solve the regional gap problem. After Wenchuan earthquake, China undertook important work deployment of pairing-off support from certain province supporting the reconstruction of counties in disaster areas, which also fully illustrates that east-west cooperation should be upheld as an important long-term policy for poverty alleviation.

Gaps in the regional economy are unavoidable problems in social economic development. Regional cooperation is an important field of construction of socialism with Chinese characteristics and is the common responsibility and obligation of localities of the entire country. East-West cooperation in poverty reduction in China has tremendous development potential and space for improvement. After the breakout of the international financial crisis, China has issued a series of policy and measures to expand its investment and maintain economic growth. One of the priorities is the investment in the livelihood of the central and western regions. East-West pairing-off poverty reduction efforts should fully take advantage of the valuable opportunities at present including the 12th Five Year Plan period, during which the state will increase its investment to uplift the poverty reduction work through pairing-off arrangements.