Poverty Dynamics and Poverty Reduction in Ethnic-minority Areas of Northwest China

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Poverty reduction was recognised as one of the most critical socio-economic issues and development policy objectives, and reducing poverty is the first goal of the 17 Sustainable Development Goals, that was agreed upon by all 193 member states of the United Nations in 2015 (UN, 2015). As the largest developing country in the world, China also faces a series of poverty-related problems and has achieved remarkable progress regarding poverty reduction. According to the 1.9 dollars poverty line, from 1981 to 2013, China lifted 850 million people out of poverty, with the percentage of people living in extreme poverty falling from 88% to 1.85% (IPRCC, 2018).

However, there are still an estimated 373.1 million people below the "upper middle income" international poverty line of $5.50 a day (World Bank, 2018). And poverty is always considered as a multidimensional problem and cannot be conquered once for all. For one side of that, most of the poor households in poverty-stricken areas have been explicitly falling into a "Mezzogiorno Trap" for a long time due to the frequent natural disasters, limited social development and policy registration (Ye, 2009; Zou and Fang, 2012; Cai, 2017). For another side, over 60% of poor rural households are returning to the status of poverty again in adjacent years (Wang and Yan, 2010; Fan, 2010; Ye and Zhao, 2016). The dynamic change of poverty status in extremely poor areas becomes a formidable challenge for China's poverty reduction, and it is valuable to be studied by both scholars and policymakers.

The present research focuses on the poverty reduction issue in terms of poverty dynamics in ethnic-minority areas of northwest China, that is one of the most impoverished areas of China. As the poverty status of rural household in short-term mainly depends on external aid and the positive outcomes of their behaviour and decisions, the present research has been designed to analyse poverty dynamics in short-term on its relationship with rural household's behaviour in agricultural production and economic activities. It is to examine and answer whether rural household's behaviour and decisions have an impact on the transformation of their poverty status. Then find new implications for poverty reduction policies beyond an understanding of pre-existing poverty but the changing poverty.

The first two chapters of the present research go on to give an introduction and an overview of the research issue and objectives.

The third chapter goes on to focus on the first objective, that aims to check if farm diversification, considered as an essential household behaviour and decisions on agricultural production, does play a role in poverty reduction and the transformation of rural household's poverty status in a short-term. Using a regional household survey data, this research found that

rural household's participation in farm diversification, such as doing fruit-vegetable cultivation, livestock farming and family small business did significantly improve rural household's income and reduced their poverty in both 2014 and 2016. Moreover, farm diversification was proved significantly effective on the transformation of poverty to non-poverty, that should be understood as it could be helpful for poor rural household's escaping out of poverty as well as decreasing non-poverty rural household's probability of falling into poverty. The present research first suggested that poverty reduction policies and projects by government or NGO could be focused on diversifying farm production in extremely poor areas, with supporting necessary agricultural tools and agricultural corporatization movements as to encourage more participates.

Rural-to-urban labour migration, is well known as a vital way to promote employment, improve income and reduce poverty in rural China, was selected as another variable of rural household's behaviour and decisions to check its effect on poverty reduction and the transformation of rural household's poverty status in a short-term in Chapter 4. The result suggests that rural labour migration still does have apparent effects on increasing rural household's income and reducing poverty in 2014 and 2016, and a declining effect was found. Rural labour migration is also estimated significantly to be a practical impact for promoting poor rural household's movements out of the poverty and avoiding non-poverty household falling into poverty as well in short-term, that should be recognized as a short-lived strategy of both effect of increasing income and smoothing risk. Thus, the present research suggest that rural labour migration should be still considered as a vital livelihood choice for reducing poverty and policies and social supports for promoting rural-to-urban migration, on concern of the information service and communication, and targeted skill training, should be continued in poverty-stricken ethnic areas, keeping in mind the various factors.

In Chapter 5, the present work checks whether social capital does affect poverty reduction and the transformation of rural household's poverty status in a short-term. The result suggests that social capital, which is defined as different reflections of a social network, community member interaction and interpersonal relationship, social trust and participation in public, affects poverty reduction. While the change of social capital does not present an impact on the transformation of rural household's poverty status, neither the changing of poverty to non-poverty or non-poverty to poverty in adjacent two periods. Social capital is generally considered as an essential determinate of poverty reduction in long-term since it could not change in short-term so that the effects here did not present as excepted. We suggest the public activities and public service should be promoted not only one goal for enhancing rural household's welfare and used as a political tool to give participates more opportunities to achieve and exchange information. Moreover, the social organizations and gathering training, exchange activities in or among villages, especially on agricultural production development, should be supported as to decrease the risk and wide participates' trusted scorners.

In Chapter 6, the present research analyses the poverty reduction efficiency of household-level poverty targeting in a dynamic research view as to different projects in the different poverty line. Using the three poverty targeting methods, CBT, DR and PMT, to measure the efficiency of poverty reduction as coverage, missing and leakage, the results show that it is significantly better to promote poverty targeting at the household-level poverty targeting. Comparing the mission rate and leakage rate, we found that CBT is much more active on identifying poor household in supporting funds for social welfare and government insurance while PMT is better for selecting the target for poverty reduction projects.

In addition to that, the present research also analysed the difference among ethnic groups. It is noted that a difference in results among Han and ethnic minorities was found in all analyses. And the household head's education level, household assets and Party membership impact rural household's poverty reduction as well. Thus, the poverty reduction policies and projects should care about the particularity related to those variables.