

East-West Partnerships for Poverty Reduction: Experience Review and Institutional Innovation

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Abstract:

The change in China's east and west relationships is the clue to understand the forming and evolution of the East-west Partnerships for Poverty Reduction system. From 1996 to 2007, the east-west partnerships for poverty reduction appeared the characteristic of unidirectional aid from the eastern coastal areas to the western regions of China organized by eastern governments, and the market mechanism played a relatively limited role. With the east-west relationship entering into the third stage since 2008, during which governments and markets promoted the balanced and sustainable development together, the east-west partnerships for poverty reduction came into a new era. At this stage, it's necessary to promote the east-west partnership shift to a mutual benefit and win-win situation through institutional innovation, which is mainly guided by government aid and the eastern enterprises are the major force to invest and make deals in the western regions.

Key Words: East-West relationship, East-West partnerships for poverty reduction, Government aid, Institutional innovation

1. INTRODUCTION

1.1 Research Question

Since the reform and opening-up, the relationship between the east and the west of China can be divided into three periods: The late 1970s to the mid/end 1990s; the late 1990s to the first decade of the 21st Century; after 2010. The first period focused on how to accelerate the development. Deng Xiaoping proposed the concept of "Two Overall Importance" for the economic and social development. "The coastal areas, which comprise a vast region with a population of 200 million, should accelerate their opening to the outside world, and we should help them develop rapidly first; afterwards they can promote the development of the interior. When the coastal areas have developed to a certain extent, they will be required to give still more help to the interior. Then, the development of the interior provinces will be of overriding importance, and the coastal areas will in turn have to subordinate themselves to it" (Deng, Xiaoping, Selection from Deng Xiaoping, Vol.III, P.277, 278, 1993). The government selected a gradual development strategy, giving the coastal areas many preferential policies, supporting them developed first through the export-oriented economy. From 1979 to 1997, the average annual growth of China's GDP is 9.8%, which was the world's fastest growing rate (National Bureau of Statistics of China, The 12th in a Series Report of New China 50-Year: International Status Improved Noticeably). However, the regional disparity widened obviously, the ratio of total GDP between the eastern and western region increased from 2.12 to 2.86, by 3.71% annually (National Bureau of Statistics, 2005). The second period focused on promoting the balanced and sustainable development with the government's macro regulation and control. The state determined a series of regional development strategies such as Western Development, promoting the rise of central region etc.; started projects for ecological restoration, like the "Return Cultivated Land to Forests and Grassland", and a set of benefit agricultural policies, such as the Grain Direct Subsidy and the cancellation of the agricultural tax, to equalize the level of basic public services. In this stage, the western areas accelerated their development. However, due to the strong effect of export-oriented market economy, the gap between regions had not been fundamentally narrowed. From 1998 to 2007, China maintains an annual growth of GDP 9.8% and still is the fastest economic developing country.¹ The total GDP ratio between the eastern and western region increased from 2.89 to 3.18, by annually increased 2.96%, the regional disparity continue to widen, but the speed had slowed down.² The fundamental characteristic of the third period is promoting the balanced sustainable

¹ The date is calculated out according to statistics from *Comprehensive Collection of 55 Years Data of New China*, National Economy General Statistics Office of National Bureau of Statistics, China Statistic Press, 2005. The division of the eastern and western region is according to the standard of National Bureau of Statistics. The eastern region includes Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, Hainan etc.; the western region includes Inner-Mongolia, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang etc.. See *Method of the Division of the East, West, Middle and North-east of China*, National Bureau of Statistics, from <http://www.stats.gov.cn/tjzs/index.htm>.

² The date is calculated out according to the region statistics from the website of National Bureau of Statistics (<http://www.stats.gov.cn>).

development with the effort of government and market together. In 2008, the U.S. subprime mortgage crisis triggered a global financial crisis, the development of the world economy dropped into the valley. As a result, the international market situation of China export-oriented economy became severe, especially for the labor-intensive products of China. Therefore, transforming the way of the economic development, boosting the development of the backward areas, raising the income level and consumption capacity of the impoverished population, cultivating the domestic market, and expanding the domestic demand is the only way to realize the common prosperity as well as the internal demand of guaranteeing a sustained and stable economic growth. The preparation and implementation of "the 12th Five-Year Plan of the national economy and social development" marked the beginning of the third phase (Xu, Yong, 2011).

The East-West Partnerships of Poverty Reduction (EWPPR) was officially put forward between the first and second phases. In 1994, the State Council proclaimed and implemented the Seven-Year Priority Poverty Alleviation Program, which initially proposed that both the metropolis like Beijing, Tianjin and Shanghai and the relatively developed coastal provinces like Guangdong, Jiangsu, Zhejiang, Shandong, Liaoning and Fujian etc. should help one or two counterparts in the poor western provinces and districts develop economy (LGOP, 2003). In July, 1996, the General Office of the State Council transmitted *The Report on Organizing Cooperation for Poverty Relief between Economically Less Developed and Economically Developed Regions* from the State Council Leading Group of Poverty Alleviation and Development (LGOP), clearly stated the requirement and task of the cooperation for poverty reduction and determined the following counterparts for poverty reduction: Beijing-Inner Mongolia, Tianjin-Gansu, Shanghai-Yunnan, Guangdong-Guangxi, Jiangsu-Shaanxi, Zhejiang-Sichuan, Shandong-Xinjiang, Liaoning-Qinghai, Fujian-Ningxia, the four cities of Dalian, Qingdao, Shenzhen and Ningbo helping Guizhou as four independent cities. This marked that EWPPR came into being. In 2002, the State Council designated Zhuhai and Xiamen to aid Chongqing, the newly established municipality directly under the central government, as a counterpart. In 2010, after the central work conferences of Tibet and Xinjiang, the State Council adjusted the counterparts of some provinces, regions and cities based on the changes of the counterpart situation, figuring out the following new counterparts: Beijing helping Inner Mongolia, Tianjin helping Gansu (in addition, Xiamen helping Linxia Hui Autonomous Prefecture of Gansu Province), Liaoning helping Qinghai, Shanghai helping Yunnan, Jiangsu helping Shaanxi, Zhejiang helping Sichuan (in addition, Zhuhai helping Liangshan Yi Autonomous Prefecture of Sichuan Province), Fujian helping Ningxia, Shandong helping Chongqing, Guangdong helping Guangxi Zhuang Autonomous Region, Dalian, Qingdao, Shenzhen and Ningbo etc. helping Guizhou.

In accordance with the basic pattern of the second period, the proposition of EWPPR aimed at narrowing the gap between the eastern and western economic development, promoting the balanced development of regional economy, reducing the poor population in the western region.

It's a reflection of the second Overall Importance in Deng Xiaoping's conception of Two Overall Importance, which is also an important act of using the "hand of the government" to propel the coastal region helping the western region. In the past 10 years, EWPPT has achieved great success, accumulated valuable experience, and has become a measure of poverty alleviation and development with Chinese characteristics. However, what should be noticed is that EWPPT mainly appears to be the one-way aiding from the eastern coastal areas to the western regions. This aiding is mainly based on responsibility, morality, justice and the requirements of the central government, while the market mechanism plays a relatively limited role.

This study suggests that the coming of the third period of the development of relations between eastern and western China has opened up an unprecedented vast space for EWPPT. In terms of the law of economic development, at this stage, the mutual-replenishment between the western region's advantages of market, resources and labor force and the eastern region's advantages of capital and technology comes to the fore; in terms of the objective of government regulation and control, accelerating the transformation of economy development, promoting prosperity of the western region and guaranteeing all people share the achievements of reform and development are not only the inevitable requirement of maintaining the stability in the economy for the sustainable development, but also the inner need of guaranteeing employment and safeguarding the social stability and harmony. In terms of social changes, the eastern coastal areas' ability and aspiration of playing a part in helping the poor and participating in public welfare activities increase rapidly with the improvement of the urban and rural residents' material living standard. After all, EWPPT meets a golden opportunity with the guidance of the government, the fundamental of the market forces and the supplement of the social forces. In this case, deep summarizing experience, exploring institutional innovation and constructing the new pattern of EWPPT have become an important issue to be stressed in the process of understanding and practicing the poverty reduction.

1.2 Literature Review

EWPPT is a realm with actual operability, involving many behavior actors, including general contents, and it is much more complex and difficult to study. Therefore, there are few study achievements although it has 11 years history.

On the basis of elaborating the history and development situation and typical cases, Zuo, Ting summed up 4 basic experiences: (i) powerful political mobilization and guarantee; (ii) normative policy and system; (iii) give full play to the initiative and creativity of both the east and the west of China; (iv) Embodied the Chinese traditional culture of helping the poor (Zuo, Ting, 2010). Liang Shuanglu and Li Ya hold that improving the capability structure of western areas is the basis of raising efficiency of East-West economic cooperation and establishing new cooperating mechanism (Liang, Shuanglu & Ya Li, 2005). Huang Xueping specially studied on agricultural industrial investment of the east-west cooperation, and put forward that if we want to strengthen mutually interaction and beneficial cooperation, it must set up the running

mechanism of government-guiding, market-driving(enterprise is the main actor), and society-participating(Huang, Xueping, 2006). Xu Jing considered that the cooperation mode with the government playing leading role has defect in guaranteeing sustainable of poverty reduction, although it has historic meaning. Therefore, the government-leading mode should shift to the mode of joint promoted by government and NGO based on market-driving (Xu, Jing, 2004). Wang Xiaowei and Cai Xin applied to the simulation of economic development and marketization level of the east and the west from the view of dynamic game. They considered that it is a rational mode to promote East-West economic cooperation with market driving (Wang, Xiaowei & XIn Cai, 2003).

In totally, it is revealed by some research that enhancing the combination with market mechanism is a basic orientation of further East-West cooperation for poverty reduction. This study will discuss on how to play a big role of market in east-west cooperation for poverty reduction based on the fundamental relationship of three periods of east-west cooperation. Besides, the existing practices and studies have been ignoring the importance of community participating and local culture, which will influence understanding to the relevant policy and its implementation effects. This study aims at make new contributions on these aspects.

1.3 Research Content and Thought

This study includes the following five parts: the introduction part outlines the research background, related question and framework; the second part briefs the basic information about EWPPT; the second part summarizes the experiences and problems of EWPPT; the third part analyses the direction and content of institution innovation of EWPPT; the conclusion and discussion section makes a conclusion to the whole research, and discusses several significant policy issues on the research.

Based on the three periods of the development of East-West relationship, this research believes that the coming of the third stage opens a new era of EWPPT, a market-driving era with a solid foundation for win-win interest of EWPPT. This research is to establish and integrate the market-driving mechanism for EWPPT, summing up its historic experience and lessons, and discussing its institutional innovation in this new era.

2. CONTENT AND ACHIEVEMENTS OF EWPPT

EWPPT is comprehensive with support not only from government but also from enterprises and society.

2.1 Government Aid

The government aid has been occupied the centre in EWPPT practice. The governments of the eastern provinces directly support large amount of free funds to the counterpart aiding areas, relieving the problem of inadequate financial fund facing for western governments. Relying on those funds, it has been constructed a group of schools, medical facilities, infrastructure and

agriculture industry, developed training activities for the labor and talents in the beneficial areas, which played a leading, exemplary and explorative role. Combining with the implementation of the project, exchange of the Party and administrative cadres from both counterpart areas largely improves the management level and capability of the western governments. According to statistics from the State Council Leading Group Office of Poverty Alleviation and Development, during 1996-2010, the free financial-aid from the eastern to the western region totally amount to 7.86 billion under the frame of EWPPT, the investment from enterprises totally amount to 697.27 billion, aid roads and highways building 14,699 kilometers, farmland 5.541 million mu, 5,776 schools, building the human and livestock drinking water project which solved the drinking problems for more than 3.769 million people and nearly 10.901 million livestock; extensively exported 2.65 million labor force of the western regions; trained more than 0.599 million talents; brought in nearly 2,991 practical technology (The State Council Leading Group Office of Poverty Alleviation and Development, inner document, 2011). From 2003 to 2010, the eastern region has directly assigned 2,592 leading cadres (including 68 prefectural cadres and 645 county cadres) exchange to the western; provide training and study of all-level of cadres 62,254, including 1643 provincial cadres (The State Council Leading Group Office of Poverty Alleviation and Development, inner document, 2011). Besides the directly assistance and help, the government still is the key promoter for enterprises investment and social help, and ensures the implementation of EWPPT.

2.2 Enterprise Investment

The enterprise investment refers that the enterprises in the eastern areas respond to the government advocacy and participate in the counterpart assistance in accordance with the rules of market economy, including establishing factories, building bases and market and so on. In general, the eastern corporations are equipped with market infrastructure to participate into the western economy development. The eastern regions have advantages of capital, management and techniques. Meanwhile, the western regions have amount of land, organism, agriculture and minerals resources, which motivates the eastern enterprises go to the west exploiting and utilizing the resources. Besides, the western region is also a continuously developing market, which meets the long-term need of the eastern enterprises pioneering and occupying market of the western areas. The eastern enterprises invest to the western region has a mutual benefit and win-win situation. On the one hand, these enterprises will transfer the western resources advantages into the production advantages, enhancing the labor employment and industry development. On the other hand, those enterprises will push forward the utilization of advanced technology and management experiences by the forms of cooperation, merger and reorganization etc. Thus it will promote the upgrade and transformation of local enterprises in western areas. Indeed, to achieve win-win of enterprise investment in western regions is a slow process. In the second period of east-west relationship, the eastern corporations faced restrictions in the infrastructure establishment, public service, consumption and culture environment when investing in the western areas. It is difficult to optimize resources

advantages of land, organism and agriculture as well as to exploit large-capacity market in the western areas. Consequently, it has not great impact of enterprise investment although it has been strongly advocacy and assistance by governments. During 1996-2010, the investment from the eastern enterprises to the western partner provinces totally amount to 697.27 billion, amount which the new investment in 2010 arrived at 71.79 billion, accounting for 10.3%

2.3 Social Mobilization

Under the frame of EWPPT, social help refers to varieties of support except from the eastern government, including enterprises and institutions, NGOs and citizens, provide free funds and financial-aid, equipments, goods and materials, techniques and services to the counterpart aiding areas. The exchange of professionals and technicians of non-government institution, for instance, doctors, teachers and technicians etc., all belongs to social help. During 2003-2010, there are 5249 teachers, doctors, agriculture professionals exchanged to the western areas and gave technical guidance.

3. MAIN EXPERIENCES OF EWPPT

3.1 Transfer Payments and Financing

The funds of EWPPT include government financial aids, enterprise investments and social donations. In terms of financial aids, the Central Government encourages the eastern region gradually to increase the intensity of aids year by year, according to the principle of stabilizing the base quota of aids and increasing each year. These funds were used directly to poverty reduction and development in the western region, such as building schools, hospitals and water projects, etc. They can make up for inadequate investments in Western China and improve the living conditions in poor areas. However there's a problem that great differences were occurred on the actual financial aids between different eastern provinces because of lacking mandatory provisions from the Central Government. The aids are not stable, and the aiding funds share in the recipients' revenues and financial funds for poverty reduction also have significant differences. The financial aiding funds from some provinces are instable and even declined (Zuo,Ting, 2010).

Funds from enterprises are the largest part of funds of EWPPT. Table 1 is about the funding situation of East-West Partnership in China during 2003-2007. From this table, it can be seen that what various enterprises invest counterpart provinces accounts for 80.3% of total aiding funds of EWPPT from 2003 to 2007. Enterprises paid ¥1433.13 million tax, making a proportion of 60.3% of the total financial aiding funds. Although, enterprise capital flows following the market mechanism and its tax load is divided into national tax and local tax, which means taxes are not like the financial aiding funds that can be directly used to help the poor areas and poor peoples.

Table 1 also shows that social donations only share 0.08% in total aiding funds of EWPPT and 16.8% in financial aiding funds from the eastern region. So the potential of social forces

are far from being developed to help poverty reduction.

Table 1: Funding Situation of EW Partnerships (2003~2007)

Unit: Million

<div>Year Categories</div>	2003	2004	2005	2006	2007	Total
Government Funds	343.795	468.659	482.952	534.553	547.239	2377.197
Provincial level	144.35	289.69	274.02	169.59	354.559	1232.209
Prefectural level	117.93	97.24	136.631	91.113	109.428	552.343
County level	84.1326	81.7289	72.301	42.75	83.2521.	364.1646
Enterprise Investments	24877.58	105759.07	64724.714	41031.87	155346.16	391739.39
Real investments	3457.66	5991.5	30138.4	10092.459	39941.216	89621.235
Taxes Payments	96.75	122.23	77	110.38	1026.77	1433.13
Social Donations	50.463	55.028	80.154	92.225	121.47	399.34
Total	29172.66	112865.15	95986.17	52164.94	197530.09	487719.01

Data Resource: International Cooperation and Social Mobilization Department, LGOP, 2009.

3.2 Industrial Development

Industrial development is the key to prosperity and the forming of capacity for self-development in the western region. Guided by the government, industry development is usually conducted by the enterprise itself under market rules. Because of abundant resources and ever-growing markets, enterprises from the eastern region are attracted to invest in the western region. While counterpart aiding provinces' guide and encourage are also very important forces.

In the Column 1, there are several examples of eastern capitals invested to the west. The first three cases mainly concern exploitation and utilization of the minerals and agriculture resources of counterpart provinces. The 4th case focuses on exploration of the broad western market. These enterprises not only bring capitals, advanced equipments, technologies and management capacity for their aiding counterparts, but also create large numbers of employment, stimulate the development of related industries and increase taxes.

Following the market disciplines is the essential characteristic of industrial development. The economic development in the western region would be promoted as long as enterprises succeed in the western region. However, the economic development does not necessarily benefit the rural poor directly. Seen from the column 1, the enterprises aiming at exploiting agricultural and biological resources (refer to the 2nd and the 3rd examples) are more beneficial to the poor.

Column 1: Cases of Capital Investment from the Eastern Region to the Western Region

Xuzhou Coal Mining Group Corporation (XMC). In 2003, to intensify the reform of state-owned enterprise, Baoji municipal took out the deficit-ridden enterprise Qijiapo Coal Mine to attract business and investments. Thanks to the concern of the two governments of Jiangsu and Shaanxi provinces, Baoji Municipal Government and XMC cooperated and reconstructed Qijiapo Coal Mine which has only an annual production capacity of 0.15 million tons, and formed Baoji Qinyuan Coal Mining Co., Ltd. XMC invested ¥230 million into technological transformation for coal mines. In September 2005, the annual output of coal improved from 0.15 million tons to more than 1.2 million tons after the technological transformation finished. Since the establishment of Qinyuan, the incomes and life quality of the workers has been noticeably improved. Qinyuan meets the workers' needs, and obtains recognition from the government and the society. Qinyuan has been awarded successively "Outstanding External Provincial Enterprise in Shaanxi" by the government of Shaanxi, "Contribution Enterprise of Baoji Industrial City" by Baoji Municipal Committee of CPC and Baoji Municipal government in 2006, and "Four-Good Leading Body of State-Owned Enterprises" by Baoji Municipal Committee of CPC. To solve the problem of exhausting resources, heavy debt and feeding of 1,000 workers of Beimafang Coal Company, Baoji Municipal government furthers the cooperation with XCM again. In early 2004, they signed a framework agreement on restructuring Beimafang Company and further acquiring the exploration right of Zhangba Coal Mine. With joint effort, Beimafang Company finished its restructuring in 2006. Baoji city exploited and utilized local resources through restructuring of Qijiapo and Beimafang companies. While XMC gave full play to its advantages on capitals, technologies, management and talents and so on. The restructuring enhanced mutual complement, promoting economic development for the two counterparts.

Guangfeng Agriculture Technology Co., Ltd. (GAT). Zhang Yifei, a cadre of Tonglu County Zhejiang Province, has been responsible for the counterpart aiding job of Sichuan and Nanchong for poverty reduction. In 2002, he retired and went to Nanchong at the invitation of his friend there to help Nanchong attracting investment. Zhang Yifei is familiar with the counterpart aiding for poverty reduction, as well as feels sentimental about the poor famers in Nanchong. In addition, he has special technical skill and is one of experts of China Land Science Society. He knows that the real advantage of Nanchong is the unpolluted earth. In 2003, according to the situation of international market and Nanchong, Zhang Yifei established Sichuan Guangfeng Agriculture Technology Co., Ltd. (GAT), specialized in producing organic vegetables. Owing to understanding the rule of international organic vegetable market and GAT practicing those standards earlier, GAT became the first Chinese organic vegetable company exporting to HongKong and Macau in 2008. GAT contracts for land and signs labor contracts with the local famers. Because of heavy amounts of labor need on planting organic vegetable (2-3 labors per mu), GAT provides about 7000 job opportunities all year round. Besides, GAT also accepts the organic vegetables produced by those farmers without signing contract while only guided by GAT. GAT helps more than 3000 farmer households steadily relieve poverty. In 2003, the income of a local farmer is ¥817. While the average income of each farmer working in GAT already exceeded ¥5000 in 2008. Some famers planting organic vegetables on their own

land can get ¥7000 average income of each person. At present, GAT has been investing on Cold-Chain, and makes preparations for setting up research institutes.

Beijing Bailaisi Co., Ltd (BLS). BLS is a private company in Beijing, mainly dealing in comprehensive agricultural exploitation and rental of its own real-estate. In 1998, Responding to Beijing municipal government organizing enterprises carrying out Western-development Activity and counterpart aiding Inner Mongolia, this company launched a large scale project of controlling deserted area. The desertification land contracted by BLS amounts to 310 thousand mu, including 40 thousand mu with the right of operating land contracted, 180 thousand mu of Muleitan Eco-plantation Base, and 90 thousand mu of closed culturing area along the western bank of Huanghe River. BLS expands the added-value of the earth based in controlling desertification. At the end of 1999, BLS merged Affiliated Plant Pharmaceutical Factory of Fertilizer Plant of Dengkou County. In the latter half of 2000, BLS established modern agricultural products processing factory specialized in processing local corps pumpkin in the latter half of 2000. In addition, MuleiTan eco-plantation base is mainly used to seed multiplication and plant nursery stock and seed, organic farm product, good pasture and Chinese medicinal herb after treatment. What the successful experimental project of grafting Haloxylon ammodendron with desert cistanche in Nanliangtai and Ershili Liuzi eco-plantation area etc. create higher investment return for BaiLaiSi. In the past 9 years, Beijing Bailaisi industry Co., Ltd has explored an industry mode of developing eco-economic of sandy land, which not only contributes to the society but also benefits the local people.

Nice Group. The group headquarter is located in Lishui, Zhejiang province. Now it has been setting up production bases separately in Yiyang of Hubei in South China, Xinjin of Sichuan in South-west China, Zhengding of Hebei in North China, Siping of Jilin in North-east China, and Urumqi of Xinjiang in North-west China, and it has the largest manufacturing base of cleaning product in the world. In 2002, Nice Group selected Xinjin, Sichuan as its base in South-west market, which has over 1000 employees, and is the biggest cleaning product enterprise in Western China. Now it has the capability of producing 150 thousand tons washing powder and 50 thousand tons liquid detergents. The total investment of translucent laundry soap of phase II, the natural soap powder and the relevant matching project was respected to a hundred million Yuan. After those projects finished, Nice Group will form an annual capability of producing 50 thousand tons of all kinds of soaps, and 50 thousand tons of natural soap powder (which is one of the hi-tech products of Zhejiang Province). Since the establishment of Nice Group, it was awarded those glory names as “Advanced External Private Enterprise in Sichuan” by Sichuan Provincial Committee and the Provincial Government, “Model Taxpayer” by Chengdu Municipal Government, and “Important Taxpayer” by Xinjin County Government for two years.

Source: Progress, Evaluation and Prospect of the East-West Partnerships for Poverty Reduction, Zuo, Ting, Research Report Admitted to LGOP, 2010.

3.3 Community Capacity Building

The western of China is experiencing an unbalanced development pattern. The more it goes down to the community level, the weaker is the development capacity and the lower is the development level. Therefore, the most important and difficult point in poverty reduction and development is capacity building of the county level and lower levels, especially the community level.

Capacity building includes the Party and administrative cadre exchanging, professional technicians exchanging and management personnel exchanging under the frame of EWPPT (See table 2). Since the eastern region was far more developed than the western region, innovative consciousness, development ideas and experiences of cadres in the eastern part are also far ahead of that of the western region. So cadre exchanging has obvious effects on development idea changing and public management reforming in the western region. Human resources are gathered in the eastern region, professional technicians (mainly in fields of education, medicine and agriculture technology) and experienced managers all outweigh those of the western region both on quantity and quality. If the eastern region other than the western region itself takes the responsibility to train the human resource from the western region, the outcomes will be far beyond comparison.

Actually, little attention was paid to village-level capacity building in poor communities in EWPPT in the past 16 years. This is a rather obvious defect.

Table 2: Professional Technicians and Management Personnel Exchanging and Training (2003~2010)

Categories		Unit	2009	2010	Total of 2003-2010
Cadre Exchange	Exchanging from the eastern to the western region	Person-time	167	191	2592
	Exchanging from the western to the eastern region	Person-time	399	206	3610
	Training Course	Person-time	5155	5440	27918
Professional Technician Exchange	Exchanging from the eastern to the western region	Person-time	876	598	5249
	Exchanging from the western to the eastern region	Person-time	509	546	4080
	Training Course	Terms	15831	13143	226028
	Attendees	Teacher	9029	8422	59838
		Doctor	998	424	10411
		Agriculture Technicians	4298	2185	141160
Management Personnel Exchange	Training Course	Terms	60	62	259
	Attendees	Person-time	1505	3863	12025

Notes: Data available to the form is from 2003, collected by LGOP.

Data Resource: LGOP, 2011.

3.4 Coordination and Incentive Mechanism

Under the frame of EWPPT, the Central Government level coordination issues are undertaken by LGOP. Provincial and the lower level coordination issues are undertaken by the Cooperation and Exchanges Offices of different provinces' Development and Reform Commissions or General Office in the eastern region, while it is undertaken by Poverty Alleviation and Development Offices in the western region. Eastern Provinces Poverty Alleviation and Development Offices not only coordinate different governmental departments' aiding issues, but also coordinate enterprise investments and social activities for poverty alleviation through these governmental departments.

In the whole system of national poverty alleviation, EWPPT is seen as a way of social forces participating in poverty alleviation. Eastern provinces have the responsibility to help their counterparts, but it is not a statutory duty. The Central Government advocates and requires the eastern provinces to take measures helping western provinces. Although sophisticated incentive mechanism was established in performance appraisal, capital management, commendation and experience exchange, this mechanism is not a rigid binding. This situation leads to big differences between different provinces in aiding their counterparts. There are several factors influencing the strength of counterpart aiding. Firstly, what was the total revenue and economic development level of the eastern provinces? Secondly, how much attention did different levels of governments and their components (especially the leading cadres) pay to counterpart aiding? Thirdly, how did the leading cadres of the western provinces communicate with their eastern counterparts?

Investment of enterprises is basically marketing behavior. Eastern governments encourage and mobilize local enterprises investing in their counterpart aiding areas. By overall communicating with the governments of the investment destinations, they promote enterprise investment behaviors. As it's all known in China, close relationship with the government is a very important factor affecting the enterprise's development, therefore, the government's advocacy and mobilization play a significant role for enterprises, especially state-owned enterprises.

Social help is a kind of voluntary behavior. First of all, it includes donation. Because of immature charity market and donation mechanism, social donation in China often needs mobilization and organization through the working units of the citizens. Collectivity stress becomes an incentive and constraint mechanism. As a result, the way how the eastern governments mobilize and organize the donation directly affects the outcome. Social help also includes dispatching volunteers, especially professional technicians in the field of education, medicine and agriculture. Typically, professional technicians may have the inner motivations to serve as volunteers in the western region. But if the voluntary behaviors have negative effects on their personal development, these motivations will be largely restrained. For this reason, the key point in the situations is that whether the eastern governments and professional bodies could provide protection for the volunteers' personal development and encourage them to provide voluntary services.

4. INSTITUTIONAL REFORMS AND INNOVATIONS OF EWPPT

The People's Republic of China National Economic and Social Development Twelfth Five-Year Plan Outline (2011-2015) was released in March, 2011, which meant the development of East-West Partnerships will enter a new era, and China's western region will become the main battlefield of a new round of reforming and developing. All of these have important impacts on China's economic development, political stability and social harmony. Under such circumstances, EWPPT will shift from solely depending on governmental aids to a government-guiding, market-driving and society-assisting framework. It also will shift from one-side aiding to a mutual benefit and win-win situation.

4.1 Reform and Innovation of Incentive and Constraint Mechanism

Under the frame of EWPPT, the aiding bodies include governments at all levels, all types of businesses and social forces in Eastern China.

Government Aid. It's necessary for governments of eastern provinces to strengthen the east-west counterpart aids. This is not only for the sake of the whole nation but also for the good of the sustainable development of themselves. The Central Government should make clear requirements that eastern provinces extract fixed proportion aid in accordance with the provincial, municipal and county levels of total revenues. All those extracted money will be used for EWPPT and used as special aid to Tibet, Xinjiang and other western provinces. This money is to be included in donors and recipients of financial budget and final accounts. In other words, financial aiding will no longer be an advocated behavior but a duty, and the requirements no longer soft constraints but inflexible rules. Besides financial aids, the cadre exchange also should be institutionalized and standardized. It can be considered that the 1-3 years experiences of counterpart cadre exchanging should be a necessary qualification of some leading cadres in certain governmental sectors (such as the agriculture sector and Development and Reform Commission) of eastern provinces.

Enterprise Investment. Under new types of East-West Partnerships, attracted by resources and markets, more and more enterprises will invest in western region. EWPPT will provide information and public service conveniences for these marketing behaviors. On this basis, governments of both sides should take further effective measures to guide enterprises of the eastern region to invest in poverty reduction. It can be considered, by using the financial aids as resource, to establish investment guarantee funds, risk funds and discount interest funds in the area of poverty alleviation, thus, motivating the enterprises of the eastern region to invest in those industry who having good poverty alleviation effects in the counterpart aiding areas.

Social Help. Generally speaking, social donation is operated by foundations and other public welfare agencies. Eastern region governments can take measures to encourage existed and newly established public welfare agencies in the eastern region to make directed donations and to take other activities for the counterpart aiding areas under the frame of EWPPT. Furthermore, as a working priority, the eastern regions should encourage and support schools, hospitals,

professional and technical personnel in scientific research institutions to provide voluntary services in the counterpart aiding areas.

4.2 Adjustment and Innovation of Aiding Frame and Supporting Methods

Under new type of EWPPT, it's vital for both the aiding frame and the supporting methods to be adjusted.

Aiding Frame. To adapt to the changing of East-West Partnerships, it's necessary to settle down the status and function of government aid, enterprise investment and social help, among which enterprise investment should be seen as the most dynamic and influential force and be pushed to the center stage of collaboration. Government aid combined with enterprise investment functioned mainly as improver of investment environment in poor areas, as guider of enterprise investment, and as supplier of public goods and services (such as infrastructure and financial services). In this sense, the eastern provinces' aids are actually aimed to enhance the competitiveness of their own enterprises in the western region as they provide public services for these enterprises. Social help should take advantage of collaborative networks and atmosphere built by the combination of government aid and enterprise investment. For instance, supporting the establishment of Chambers of Commerce, Entrepreneurs Federations, Townsmen Associations and other civil organizations in the recipient areas, through which relationships can be built with social bodies for poverty alleviation in eastern region. Moreover, social donations and volunteer services from the eastern region can be largely promoted to centralize in the counterpart aiding areas. In this way, government aid, enterprise investment and social help will support and cooperate with one another, forming a strong collaborative force for poverty alleviation.

Supporting Methods. The allocation of financial aids, the design and implementation of aiding projects, were conducted by both governments from the east and the west when EWPPT was still in the period of mainly relying on government aids. Although the governmental agencies would like to follow the market rules, they are not market bodies, not sensitive enough to market, thus the market efficiency of aiding funds and projects cannot be guaranteed easily. In this case, aids from the eastern region might be suspended in the western region. It is so difficult to take root for these aids as to form market competitiveness and sustainability. However, when enterprise investment becomes the fundamental force for east-west poverty reduction collaboration, a one-way aid relationship will shift to win-win cooperation relationships on the market. Meanwhile, more attention must be paid to the research and use of market rules, which is beneficial to foster the industrial development ability and market development capability of the western region, and more able to strengthen the consciousness of market competition and management capacity of the western region. To adapt to this change, human resource development, market system construction and regional economic development environment optimization should be placed on a more prominent position.

4.3 Reform and Innovation of Financial and Industrial Mechanism

When enterprise investments take the central position in EWPPT, financial and industrial mechanism become two key issues in poverty reduction.

Financial Mechanism. There are two aspects of financial methods for poverty reduction to be discussed. On the one hand, financial services must be provided for enterprises in the western region, especially those having great impacts on poverty reduction for poor villages and poor households. It can be considered that by making use of financial aids from the eastern region to establish loan guarantee funds, risk guarantee funds, discount interest funds and SME development funds, thus to ease finance difficulties and investment risks faced by eastern enterprises investing in the western region. On the other hand, financial services must be provided for households, especially poor households, to participant in industrial development. By using financial aids from the eastern region, loan guarantee funds, discount interest funds, community development funds (CDF), agriculture security funds can be established in the western region. These funds can largely reduce famer's financial costs, difficulties and risks.

Industrial Mechanism. The keys of industrial mechanism for poverty reduction are resources, marketing and benefit-sharing. To begin with, eastern enterprises are looking forward to exploiting and using the local resources of the west, which is the fundamental characteristic of the third stage of EWPPT. In this case, the western region should speed up the establishment of policies and measurements for the combination of resource development and poverty reduction, striving to lead a place to become prosperous by exploiting a local resource. Furthermore, marketing have two meanings. One is to start new markets in the west on the basis of mutual benefit and win-win principal, protecting investment incomes of the east as well as improving the supply of consumer goods and people's living conditions of the west. The other is to develop new markets of western competitive products in the eastern region, meeting the needs of the people in the eastern region as well as increasing the incomes of famers in the western region. Last but not the least, the approach and depth of benefit-sharing differ in different investment sectors. As for non-agriculture industry, the key approaches of promoting regional development and poverty reduction in the western region are providing employment and paying taxes. However, in agriculture industry, besides employment and taxes, the more important approach is to stimulate the development of agriculture, to improve agricultural yields, directly driven farmers, especially poor farmers, to become rich. In this process, the interest joint mechanism between enterprises and famers is vital to benefit-sharing. In addition to establishing cooperatives and industrial bases, what is worth exploring is that the famers buy a share of the enterprise by using land or special bio-resources as capitals. Any approaches are aimed to strengthen the capacity of the famers, to expand their involvement into industrial development. These are basic measures to promote benefit-sharing and poverty reduction effect.

4.4 Rediscovery of Local Culture Resources and Communities

In China, the differences between the western and the eastern region are very large because of variable geographic landscapes, cultural concepts, consumption habits and interaction ways. Even inside the western region, the differences are also very large. In particular, ethnic minorities are living mainly in Western China, and they have rich and various cultural traditions in the historical times. In the process of modernization, narrowing of cultural differences between cities of different regions is breathtaking rapidly. However, cultural diversity is still impressive in rural areas, especially in remote western rural areas, forming important economic development and poverty reduction factors needed comprehensive consideration. In the process of economic development and poverty reduction, it is obvious that local residents are entitled to have more say on how to take local cultural particularities into fully account, how to take full advantage of local cultural resources. Therefore, it's not only a one-way learning process from the "east" while discussing the poverty alleviation and development of the western region.

EWPPT just stayed in the government and enterprise level in the past 15 years, not entered into community level. Famers, especially poor famers, have not been regarded as a focus of poverty reduction. In the new era, both sides should adjust working methodology, attach great importance to community participation, and pay more attention to rediscover local cultural resources in the western region. Culture is not only the constraint condition of promoting community participation but also the precious resource of economic development. By this way, poor community and local development can be dynamically integrated in the western region.

5. CONCLUSIONS AND DISCUSSIONS

EWPPT is a poverty alleviation and development institution with Chinese characteristics. While the "two hands" of government and market sustainably developed in balance, the mutual benefit and win-win nature of EWPPT will come into being, fixed as its fundamental features.

Market mechanism is the fundamental driving force for EWPPT in the new era. Enterprise is now on the center of the stage. To adapt to the change, reforms and innovations are needed to create new mechanism of EWPPT. Government aids should focus on enterprise investments, through differential policies guiding enterprises to invest in agricultural industries that have better poverty reduction effects in the poor areas. Financial approaches function as guide and motivator for enterprises investing in the western region. Using aids to establish loan guarantee funds, risk guarantee funds, discount interest funds and SME development funds, enterprises from the eastern region can be encouraged to invest and explore the agricultural and biological resources in the western region, promoting the development of poverty reduction industries. This is a major direction of EWPPT in a new era.

Forming capacity for self-development in poor areas in the western region is the basic way of poverty reduction and development, also a new phase of EWPPT requiring focus of attention. Adapting the culture diversity of the western region, operating from the grass-roots level, emphasizing on poor villages, relying on community participation, are very important for aids

and projects to play a greater role in the process of poverty reduction and development. Therefore, by promoting poverty-reductive and sustainable industries with local characteristics, another direction of EWPPT would take shape. Something else to be discussed is that gender perspective should be introduced into EWPPT focusing on community participating and community driving development (CDD), because of the growing number of young male labor migrating to other places, gradually leaving women to be the main force of rural economic development in poor areas.

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