Shibadong's Experience in Poverty Alleviation

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Abstract: *Shibadong Village, the birthplace of the "targeted poverty alleviation" campaign, has set a model for China's poverty alleviation and elimination efforts. Based on data obtained from long-term field research, this paper illustrates Shibadong's journey out of poverty by outlining its main practices of targeted poverty alleviation, and summarizing the learnings that are worth sharing. Guided by the "targeted poverty alleviation" strategy, measures were taken to unleash the endogenous development force of the village by precisely identifying targets, developing targeted rural industries, implementing specific relief plans tailored to each household, and bringing cohesion among different social forces. Thanks to these efforts, the village has undergone tremendous changes in many areas such as civility level, living conditions, industrial development, social governance, infrastructure and public services. This paper argues that Shibadong's experience has universal applicability for poverty elimination. We believe that by building an enabling government, an effective market and an organic society, and giving full play to the synergistic effects of the three, poor villages can break out of the dilemma caused by the "triple failures" and achieve modern rural governance and development.*

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Shibadong Village, the birthplace of the "targeted poverty alleviation" campaign, is the epitome of China's endeavour to alleviate and eliminate poverty in a targeted manner. On November 3, 2013, during his inspection tour to Shibadong, General Secretary Xi Jinping presented the concept of "targeted poverty alleviation" for the first time, stressing that poverty alleviation must follow a "reality-based, case-by-case, category-specific and targeted approach." He noted that it was vital to summarize replicable and scalable experiences from pilot efforts. Putting the notion of "targeted poverty alleviation" into practice, Shibadong explored a new model of poverty reduction which could be applied elsewhere. In February 2017, the whole village climbed out of poverty, and since then, it has made impressive strides on various fronts. The per capita net income of the villagers underwent a significant increase, from 1,688 yuan in 2013 to 18,369 yuan in 2020, 5,781 yuan higher than the average income level of the nation's impoverished rural areas. In addition, the village collective economy was boosted, with the annual

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collective income growing from literally zero yuan to about 1.8 million yuan. In this way, Shibadong completed a stunning transformation in a relatively short period of time, going from being severely impoverished to being well-off, from being dilapidated and backward to being civilized and "mesmerizing beautiful", and from being isolated and closed to being open and modern.

Shibadong's transformation has won it international fame, gaining it attention from the rest of the world. In June 2018, it received a visit from the General Secretary of the Lao People's Revolutionary Party and Lao President Bounnhang Vorachith and his high-level party delegation, who came to the village to learn from its experience in poverty alleviation. As a fine example of targeted poverty alleviation and elimination, Shibadong Village has won many honorary titles in China, including "National Advanced Grassroots Party Organization", "National Characteristic Countryside of Ethnic Minorities", and "National Rural Tourism Demonstration Village", just to name a few. At the National Poverty Alleviation Summary and Commendation Conference in February 2021, Shibadong was awarded the title of "National Role Model in Poverty Alleviation".

Questions abound with regard to Shibadong's dramatic changes in such a short period of time: How did it do it? What is the key to its success? What are the replicable and scalable experiences? How does this contribute to the theory of poverty reduction? Over the past few years, these topics have stirred extensive discussions among governments at all levels, think tanks, and experts with different disciplinary backgrounds in China (Chen et al., 2021; Ding et al., 2021; Xinhua National high-level think tank, 2021; Yang and Liu, 2021; Yi et al., 2019). This paper attempts to illuminate Shibadong's success in poverty elimination from the novel perspective of combining an enabling government, an effective market and an organic society. Based on data obtained from field research, the paper first outlines the important practices of the village for targeted poverty elimination, and elaborates the process by which the village managed to escape from "triple failures" (i.e. government failure, market failure and society failure) and shape a new development path. By synthesizing Shibadong's practices, this paper aims to shed light on the general applicability of the strategic approach of targeted poverty alleviation.

1. Shibadong's Journey of Targeted Poverty Alleviation

Shibadong lies deep in the Wuling Mountains in northwestern Hunan Province, one of the most concentrated continuous poverty-stricken areas in China. With an area of 9.4 square kilometers and an average altitude of 700 meters, the village has a complex geological condition characterized mainly by karst topography. Composed of 4 natural villages and 6 villager groups, Shibadong has 225 households and a total of 939 residents who are all of Miao ethnicity. Due to the unique topography, the per capita arable land only stands at 0.83 mu. In 2013, 57.7% of the population lived under the extreme poverty line, and the per capita net income of farmers was 1,668 yuan, only 19.92% of the average net income of Hunan Province (8,372 yuan), and 34.01% of the average national net income (8,896 yuan). However, since implementing targeted poverty alleviation efforts, Shibadong has embarked on a remarkable journey of poverty reduction, and experienced all-round improvements in ethical standards, living conditions, industrial development, social governance, infrastructure and the provision of public services.

1.1 Attitude and Ethical Standards: From Sluggish and Lack of Solidarity to Collaboration and Mutual Support

Transformation in people's attitude and ethical standards is mainly manifested in three aspects: First, the previously divided villages came together to seek development through concerted effort. The village of Shibadong was an amalgam of two administrative villages (named *Zhuzi and Feichong*) which were merged into one in 2005. The "marriage" however did not spawn new development opportunities; instead, a series of new conflicts emerged due to discord among Party members and cadres, as well as

a lack of solidarity among the two villages, and a lack of cohesion between the Party branch and the village committee. To address these issues, five talented cadres were chosen by the Huayuan County Party Committee to form an anti-poverty working team, and they were dispatched to the village to ensure the thorough implementation of poverty alleviation efforts and to strengthen the village Party branch and committee. In addition, to enhance unity and cohesion among the villagers, various cultural and sport events were organized including basketball games, evening galas, Miao song contests and other traditional festivals.

Second, villagers' previously sluggish attitude was transformed into a spirit of hard work. Before 2014, Shibadong villagers were generally settled in the status of perennial poverty, and the prevailing mentality was to "wait and rely on others" to lift them out of poverty. Realizing that poverty alleviation must start with awakening and mobilizing the will of the people, the working team optimized the governing structure by absorbing competent villagers into the team and giving full play to their leading role. It also piloted an evaluation system to rate villagers' ethics and morality in order to boost the general ethical standards. In addition, it introduced a grass-roots governance model in which one Party member or an identified team leader offered dedicated support to a villager group consisting of 5 households, who helped each other within the group, thereby simultaneously cultivating an atmosphere of mutual support and competition among different groups.

Third, the relationship between cadres and the masses shifted from distrust to unity. When the working team first entered Shibadong in 2014, some villagers showed contempt, and some even painted defamatory slogans on the wall to insult them. Few showed enthusiasm for group initiatives. Less than half of the villagers participated in village-level meetings, and there was little collaboration in implementing projects. Notwithstanding the obstacles, the persistent mobilization of the working team finally paid off: Villagers slowly became more cooperative and began to actively support the initiatives of the cadres. As such, the Shibadong spirit of being "self-reliant, building a new hometown with limited investment but unlimited manpower" started to take shape.

1.2 Living Standard: From Extreme Poverty to Moderate Prosperity

After implementing the targeted poverty alleviation measures, the living conditions in Shibadong saw an incredible improvement. First, extreme poverty was eradicated in less than 3 years. Prior to 2014, poverty in the village was deep and broad, with 57.7% of the villagers living under extreme poverty. Most did not have sufficient food or clothing, a third of households could barely afford meat in their diet, and there was no access to running water or electricity. Living conditions in homes were dreadful, with people and livestock cohabitating under the same roof – if there was even a roof. Previous attempts to improve villagers' living conditions all failed to extricate people from the quagmire of poverty. Since 2014, however, following a series of measures including precisely identifying impoverished residents, improving road infrastructure and renovating dilapidated houses, the poverty rate in Shibadong plummeted to 1.28% in 2016, and in 2017, the entire population in Shibadong shook off poverty, realizing "two assurances and three guarantees," i.e. assurance of adequate food and clothing, and the guarantee of access to compulsory education, basic medical services and safe housing.

Second, on the basis of the above, the quality of life steadily improved. Previously, villagers struggled with basic subsistence and hardly had any money to spend on communication, cultural and recreational activities. There were no sanitary toilets in the village, and household garbage was littered everywhere. In other words, the quality of life in Shibadong was low. However, with the progressive implementation of the targeted poverty alleviation measures, things changed dramatically: The per capita net income increased significantly, people's food and consumption structures improved, electrical appliances became widespread, the whole village gained access to sanitary toilets, and an organized household waste collection and treatment system made the streets clean and neat.

Third, the poverty alleviation efforts were consolidated and aimed towards achieving moderate prosperity. In 2018, the per capita net income increased to 12,128 yuan, and the number of young people returning for local employment continued to increase, making Shibadong the ‘‘hollow village’’ a thing of history. Aged bachelors got the opportunity to establish families, leading industries started to emerge, and the collective economy saw a steady growth. All in all, Shibadong is squarely positioned to become a prosperous village, and its spillover effect is gradually motivating adjacent villages to develop and march towards common prosperity.

1.3 Rural Industrial Development: From Traditional Subsistence to New Industries

For a long time, the villagers of Shibadong relied only on traditional farming or outside employment for their subsistence, which seriously constrained improvement of their living conditions. Due to the targeted poverty alleviation campaign, Shibadong has reshaped its economic structure and established an industrial foundation for poverty alleviation and prosperity. First, the village developed unique plantation and animal husbandry industries which brought quick profits to the impoverished farmers. Such industries included planting kiwi fruit, tobacco, wild vegetables, winter peaches and camellia oleifera, and rearing Xiangxi cattle, pigs and goats, as well as fish farming in paddy fields. The limited arable land had prevented Shibadong from developing kiwi farming on an industrial basis. Therefore, it rented land from a neighboring village and devised an innovative shareholding scheme of ‘‘cooperative + farmers’’ to operate the kiwi business. It also harnessed e-commerce platforms to sell peach “picking rights,” which brought a total profit of 1.7 million yuan for 225 households. A model connecting big players with smallholder farmers was adopted for animal husbandry. Working together with Hunan Denong Husbandry Company, the village supported 2 cattle-rearing households, 2 goat-rearing households, and 1 big pig-rearing household and 10 small households.

Second, villagers diversified their sources of income by developing rural tourism, a bottled water industry, Miao embroidery and a beekeeping industry. At the later stage of development, villagers switched livestock breeding to beekeeping for the sake of developing rural tourism. The village supported 10 beekeepers and established a beekeeping cooperative with the brand name of Shidadong Village Miao Sisters. Similarly, it established a cooperative for Miao embroidery and organized training workshops for 92 left-behind women. It also signed a pre-sale purchase agreement with CRRC Group and Jishou Jinbigu Ethnic Clothing Company. As for rural tourism, harnessing its rich natural resources and leveraging with the influence brought about by President Xi’s visit, it focused on developing farm stay tourism and “red tourism.”

Third, Shibadong strives to achieve prosperity and rural vitalization based on industry-based poverty relief, by further developing rural industries. For example, it is exploring and marketizing the political value in the “Shibadong” brand, with the aim of ensuring sustained industrial development through brand-building and maximizing its political advantage. In addition, it is continually enhancing the levels of marketization, institutionalization and openness, and strengthening the village collective economy.

1.4 Social Governance: From Chaos to Order

Shibadong has undergone a fundamental change in social governance, from chaos and disorder to a new system with good order. Before 2014, the village was infested with petty theft, cases of stolen poultry and motorcycles were rampant, and some pig farmers had to sleep next to the pigsty to prevent from their pigs being stolen. Nowadays, thanks to the continuous improvement in the living standard as well as in morality, such phenomena have become history. In addition, the village has expanded the public space and built up many new public facilities such as the new village committee, parking lots, Miao speciality product store, ethnic cultural exhibition center, and even service centers for tourism, e-commerce and financial services. Littering has stopped, the transportation infrastructure has improved, sanitation facilities have been established, and people’s awareness of maintaining public order has

gradually improved. Another interesting area of development was for bachelors. As of 2013, there were 38 bachelors over the age of 40 in the village, and starting a family was a thorny challenge for them. With the help of match-making events set up by the village, 29 out of 41 relatively elderly bachelors have found life partners and subsequently started families.

1.5 Basic Infrastructure and Public Services: From Inadequate to Guaranteed

The most prominent challenges Shibadong faced were inadequate basic infrastructure and a lack of access to education, medical care and social security, all of which have improved considerably since 2014. First, the village constructed new roads and built modern post offices and an internet infrastructure, which transformed it from remote and isolated to well connected with the outside world. To improve people's living conditions, the "targeted poverty alleviation" campaign focused on 5 ''reconstructions,'' i.e. the reconstruction of kitchens, toilets, ponds, livestock pens and baths; and to improve the basic infrastructure, the campaign undertook targeted measures to ensure 6 "accesses," i.e. access to water, electricity, road, housing, communication and ecological environment.

Second, targeted initiatives were launched to tackle the challenge in education and vocational training. Villagers pulled together funds and labor to renovate the dilapidated Zhuzi Primary School and update the facilities. The village established teacher exchange and teaching support programs to improve teachers' quality, leading to a 100% enrollment rate of school-age children and a good coverage of the nine-year compulsory education. Special support was provided to children from poorer families. It also organized vocational training in Miao embroidery, cooking, Mandarin, English, e-commerce and rural tourism to improve villagers' skills and their employment opportunities.

Third, targeted efforts were made to increase employment in the village or nearby places, as well as to ensure medical support for the sick and basic social security for special groups. In concrete terms, the village provided a favorable platform to attract migrant workers to return to their hometown and start businesses. It also offered employment opportunities for the left-behind elderly and women through supporting street vendor stalls and the Miao embroidery business. Furthermore, the village introduced basic medical insurance and serious disease insurance, and set up a medical aid assistance system and a standard clinic to ensure the sick can get timely treatment. Rural subsistence allowances were given to those special groups with severe illness, disabled groups and orphaned elderly to guarantee their basic livelihood.

2. Shibadong's Practices for Targeted Poverty Alleviation

Shibadong, the pilot for targeted poverty alleviation, put the "reality-based, case-by-case, category-specific and targeted approach" proposed by President Xi into practice. A leading group chaired by the first Party secretary of the county was established to oversee the targeted poverty alleviation efforts, and a dedicated working team was dispatched to the village to carry out concrete poverty alleviation measures. In the following sections, we outline Shibadong's targeted poverty alleviation practices in 5 areas.

2.1 Unleash the Endogenous Developmental Potential

Huayuan County Party Committee and government integrated a solid poverty alleviation force composed of a working team, the Party branch and village committee, and a youth commando team, who worked together to drive mindset change and improve the ethical standard of the population, thereby unleashing the endogenous developmental potential of the village. Several concrete measures were taken in this regard:

(1) Establish a robust organization system. The forming of a leading anti-poverty group chaired by the first secretary of the county Party committee showed its strong commitment to offering sustained and

institutionalized support to the village.

(2) Dispatch a working team consisting of an augmented workforce. Considering that the village's entire population is of the Miao ethnicity, five competent members who could speak the Miao language and had relevant working experience were selected and dispatched to the village to lead the poverty alleviation efforts on the ground.

(3) Strengthen the Party branch and the village committee. During the village leadership re-election, the working team identified and absorbed those politically and culturally educated, competent, trustworthy and ambitious young people as members and gave full play to their leading roles. In addition, the working team staffed nine assistants to support the village leader in carrying out poverty alleviation measures.

(4) Form a youth commando team. As there was a lack of workers in poor households, it was difficult to push forward some reconstruction projects. The village got some 20 unemployed young people together to form a Shibadong youth commando team to support the reconstruction work in households which did not have the capacity.

(5) Pilot an ethical standard rating system. To change villagers' weak legal awareness and passive mentality, the working team organized ethical education classes and various cultural activities to boost the Shibadong spirit. In particular, it divided villagers over 16 years old into several groups, and organized village-wide meetings once every 6 months to publicly evaluate and vote the ethical standard of the groups. Criteria in six areas were assessed, including supportiveness in public welfare undertakings, abiding by discipline and laws, social values, professional ethics, family virtues and personal morality.

(6) Establish a mutual assistance mechanism. Led by a Party member or a competent team member, mutual assistance groups consisting of five members were formed. By the end of 2018, all 225 households were formed into 41 mutual assistance groups. Group members supported each other in uplifting the spirit, developing industries, improving social etiquette and civility, fostering harmonious neighborhood relations, building a beautiful countryside, and ultimately achieving poverty alleviation.

2.2 Precisely Identity Targets of Poverty Alleviation

In order to offer targeted support and ensure fairness, the village-based working team conducted investigations at a granular level to identify those households that were in dire need. More specifically, they:

(1) Organized meetings with villager groups and conducted in-depth investigations into the situation of each and every family member in all 225 households. A profile for each member was created including contact, income source and level information, as well as intention to engage in industrial activities.

(2) Developed identification criteria and methods. Overall, 9 types of families were excluded from receiving targeted poverty alleviation support, including those families (i) who possessed houses of over 2 stories, (ii) who violated the family planning policy after the year 2000, (iii) who engaged in gambling and failed to reform, (iv) who were unwilling to work, (v) who refused to support the elderly or school-age children at home, (vi) who obstructed projects for social welfare and local economy development, (vii) who insisted on working elsewhere, (viii) who worked in the public sector, and (ix) who owned large and medium-sized agricultural machinery, vehicles or factories.

(3) Intensified supervision by the people. To prevent nepotism, the team strictly followed a 7-step procedure in identifying targeted households: Step 1 - Voluntary application or upon recommendation by others; Step 2 - Group vote during village-wide meetings and announcement of the result on the spot; Step 3 - Joint review by village representatives, village committee members, county government representatives and the county leading group; Step 4: Publicize the result for at least 7 days; Step 5 - Review at the township level; Step 6 - Review at the county level. In the end, 533 people from 136 households were identified, accounting for 57.7% of the total village population. Step 7 - After the

identification, a profile for each identified target was created, tailored poverty reduction solutions were devised, and supporting methods such as direct assistance, entrusted assistance or shareholding cooperation were offered.

2.3 Formulate Category-Specific Targeted Planning

The working team formulated a series of plans to address the four key questions of ‘‘whom to support, who to support, how to support and how to exit.’’

(1) Plan for the overall development of the village. The working team formulated the ‘‘Plan for Target Poverty Alleviation and Elimination in Shibadong Village’’ after conducting study tours and consulting experts of the Ministry of Housing and Urban-Rural Development, as well as soliciting opinions from the county leading group and relevant departments. The plan underlined the importance of ensuring a harmonious coexistence between people and nature, as well as ensuring coordination and balance between construction and ecology, and preservation of ethnical characteristics during the reconstruction of the village. The aim was to build “China’s most beautiful countryside,” with bluer skies, greener mountains, clearer waters, a more authentic village with harmonious relations and stronger bonds.

(2) Planning for poverty alleviation projects. A series of projects were planned to include but not limited to developing rural tourism, a bottled water industry, a small hydropower plant, education and vocational training, as well as infrastructure projects for hiking and trekking, etc. Kiwi planting, Miao embroidery, livestock breeding, labor export and e-commerce development were also included.

(3) Planning for individual farmers. Based on the principle of offering tailored support, the working team identified the specific needs of impoverished households, and devised concrete projects and targeted measures to help them shake off poverty.

(4) Plans for improving social welfare. To tackle the challenges in schooling, medical treatment and social security, specific plans were formulated to build basic educational infrastructure such as classrooms with basic equipment, school canteens, toilets and sport facilities. Teacher exchange programs and assistance mechanisms to improve schooling in the village were also included in the planning. In terms of social security, specific plans were formulated to standardize clinics, and provide aid and relief assistance to vulnerable groups.

(5) Mechanism for bringing in village planners. Shibadong Village and the Design Institute of Hunan University signed an agreement to pilot a village-based planner mechanism. Under this framework, professionals would stay at the village to support the specific planning of the village. They would also serve as the ambassador of the village’s development, the communicator of villagers’ needs, the supervisor over project implementation, the conveyor of technological resources, and the researcher of rural development (Yi et al., 2019).

2.4 Targeted Industrial Development Tailored to Local Conditions

Harnessing its abundant ecological, agricultural and cultural resources, Shibadong carried out various reforms to turn resources into assets, funds into share capital, and farmers into shareholders by developing a diversified rural industrial development base.

(1) Plantation industry: In developing the plantation industry, the village piloted various innovative models including an “enclaves economic model” and a “cooperative + farmer shareholders” model. The village did not directly distribute the poverty alleviation funds to the poor households, instead, it mobilized the households to participate in shares which would issue dividends to them every year. The village and a company from the county collaborated in the development of a premium kiwi fruit industry. In this partnership, the company invested 3.06 million yuan, accounting for 51% of the shares, and Shibadong villagers and the village collective invested 2.94 million yuan, holding 49% of the shares.

(2) Animal husbandry industry: As introduced earlier, in the beginning, the village adopted a model

of "smallholders + big players" in which small households were offered support in rearing cattle, goats and pigs. At the later stage, it optimized the husbandry industry, moving livestock breeding to neighboring villages while expanding the beekeeping industry. The pristine ecological environment ensured a high quality of honey was produced in Shibadong, and thanks to this added-value, Shibadong honey has become a well-known brand.

(3) Ethnic handicraft manufacturing industry: Doing embroidery and making brocade have long been folk traditions in Shibadong. Considering that there were many left-behind women, the village created a Miao embroidery cooperative consisting of 26 skilled women who trained a further 92 women. The working team helped the cooperative obtain orders from Jishou Jinbiguo Ethnic Clothing Company, thereby ensuring employment opportunities for the left-behind women. In 2018, the village developed partnerships with Hunan Industry University and some well-known enterprises to improve product development, sales and training. As a result, Miao embroidery has been sold as a unique fashion to markets at home and abroad.

(4) Rural tourism: Thanks to improvements in the transportation infrastructure, living conditions and rural environment, Shibadong successfully developed rural tourism by harnessing its unique scenic landscape and ethnic culture. It joined hands with companies such as Beijing Tourism Group to strategically develop tourism projects such as "red tours," "mysterious Miao village," canyon and karst cave tours in which local farmers could obtain income through operating, leasing, renting, and shareholding. In 2018, the village received more than 300,000 tourists throughout the year and generated over 3 million yuan profit from tourism alone, which earned it the title of "National Rural Tourism Demonstration Village." In June 2021, Shibadong leveraged the natural resources of two neighboring villages to form the Aizhai–Shibadong–Dehang Grand Canyon Scenic Spot, which has become the first national 5A-class scenic spot in the Xiangxi Autonomous Prefecture.

(5) Bottled water industry: The mountain spring water in Shibadong is of premium quality, which earned it praises, including from President Xi. The village closed a deal with Bubugao Group to develop the Shibadong-branded spring water, from which the village collective would obtain 15% of the shares with a guaranteed annual dividend of 500,000 yuan. In addition, for every bottle of water sold, 1 fen would go to the village's poverty alleviation fund. As such, the village, in collaboration with China's Top 500, successfully developed the Shibadong spring water industry, producing and selling bottled water to the whole nation. Other companies also became involved. The state-owned CRRC Zhuzhou Electric Locomotive Co. Ltd., signed a purchase contract for 30,000 bottles of water for 5 consecutive years. It also helped set up the "Shibadong Blue Schoolbag" fund, which allocates 5 fen from each bottle sold to support poor school children in the village. The bottled water industry has become a sustained industry which not only stimulates employment but also brings steady income to the village collective.

(6) High-skilled labor export. As present, the major source of income for 1/3 of the villagers comes from working elsewhere. Based on the requirements in major labor import cities such as Shenzhen and Guangzhou, the working team and village cadres organized relevant departments to provide guided and targeted training particularly to those impoverished households in order to improve their employment opportunities.

2.5 Innovative Mechanisms for Social Cohesion

While fully unleashing the endogenous developmental potential of the village, Shibadong also effectively integrated exogenous resources and leveraged social forces in the poverty alleviation efforts. Several specific measures were taken:

(1) Coordinating the poverty alleviation efforts of different institutions. The working team, the Party branch and village committee, and the youth commandos played an active role in coordinating the various poverty alleviation measures of various departments at all levels, pulling together all efforts towards the implementation of the plans and projects introduced above.

(2) Leveraging various poverty alleviation funds and ensuring that the funds are used in addressing targeted issues and helping targeted people. The village tried to diversify funds for construction, e.g. by actively mobilizing donations from philanthropic enterprises and through investment promotion activities. It also piloted a poverty alleviation financial model together with the county branch of the Rural Commercial Bank. After scoping and examining the intention and capacity of poor households to develop small businesses, the bank offered micro-credit to those eligible in a simplified process, supported by the county's poverty alleviation and development department. It experimented with several innovative guarantee schemes, such as "household joint guarantee," "company+farmer household guarantee," and "cooperative+farmer household guarantee" to lower the threshold of credit access, which helped farmers get the financial support needed for developing businesses.

(3) Leveraging various social forces to achieve leapfrog advancement. With the support of the local government, as well as China Mobile and China Unicom and China Telecom, the village has full coverage by telecommunication networks, and has established an e-commerce service station, a financial service station and a delivery service station. In addition, an e-commerce platform was set up to facilitate the selling of agricultural products to external markets. And as introduced above, it joined hands with various enterprises to develop and expand the embroidery and tourism industries.

3. Learnings from Shibadong's Experience

There have been several attempts aiming to summarize and interpret Shibadong's experience in targeted poverty alleviation, including the "5D[1] Chinese poverty alleviation study" (Xinhuanet), and the "5W2H[2] targeted poverty alleviation model" (Yang and Liu, 2021). We illustrate the model of "5 combinings" here. This model holds that the success of Shibadong in poverty alleviation derives from 5 "combinings": (i) Combining openness and fairness with people's consensus in the process of identifying targets; (ii) combining guidance with incentives in stimulating endogenous growth potential; (iii) combining overall planning with locally adapted solutions in developing rural industries; (iv) combining authenticity with modern elements in infrastructure construction; and (v) combining the vanguard role of Party members and cadres with mobilizing social forces. This model reflects the gist of Shibadong's experience; however, one question remains unanswered: What are the universally applicable learnings from Shibadong's experiences which could be used to guide poverty alleviation efforts in general? Drawing upon insights from development economics such as the structural school (including the new structural economics), the neoclassical school and the behavioural school, this paper argues that Shibadong's experience in poverty alleviation (see Figure 1) displays a benign developmental process in which a poor rural village successfully broke out from the "triple failures" of government, market and society, through the coordinated efforts of an enabling government, an effective market and an organic society. This process also shows the modernization level of the governance system and the governance capacity of a country in the area of rural development.

3.1 Addressing "Government Failure": Grass-roots Governance and an Enabling Government

Scholars of the structural school maintain that for underdeveloped regions and countries, strong government interventions are essential for economic development, whereas those of the neoclassical school argue that the "hands of the government" should be restrained to prevent distortion caused

[1] From the perspective of political economics, China's experiences in poverty alleviation can be summarised in "5D", i.e. determined leadership, detailed blueprint, development oriented, data-based governance, and decentralized delivery.

[2] "5W2H" is the abbreviation summarising the essence of targeted poverty alleviation, that is, to achieve precise identification by asking 5W questions (what is poverty, where does poverty arise, why is there poverty, who is in poverty, and when); and to achieve targeted support by addressing 2H questions: How to offer help and support – this relates to finding the path of poverty alleviation, and how to measure the end of poverty alleviation – this relates to building a third-party evaluation system.

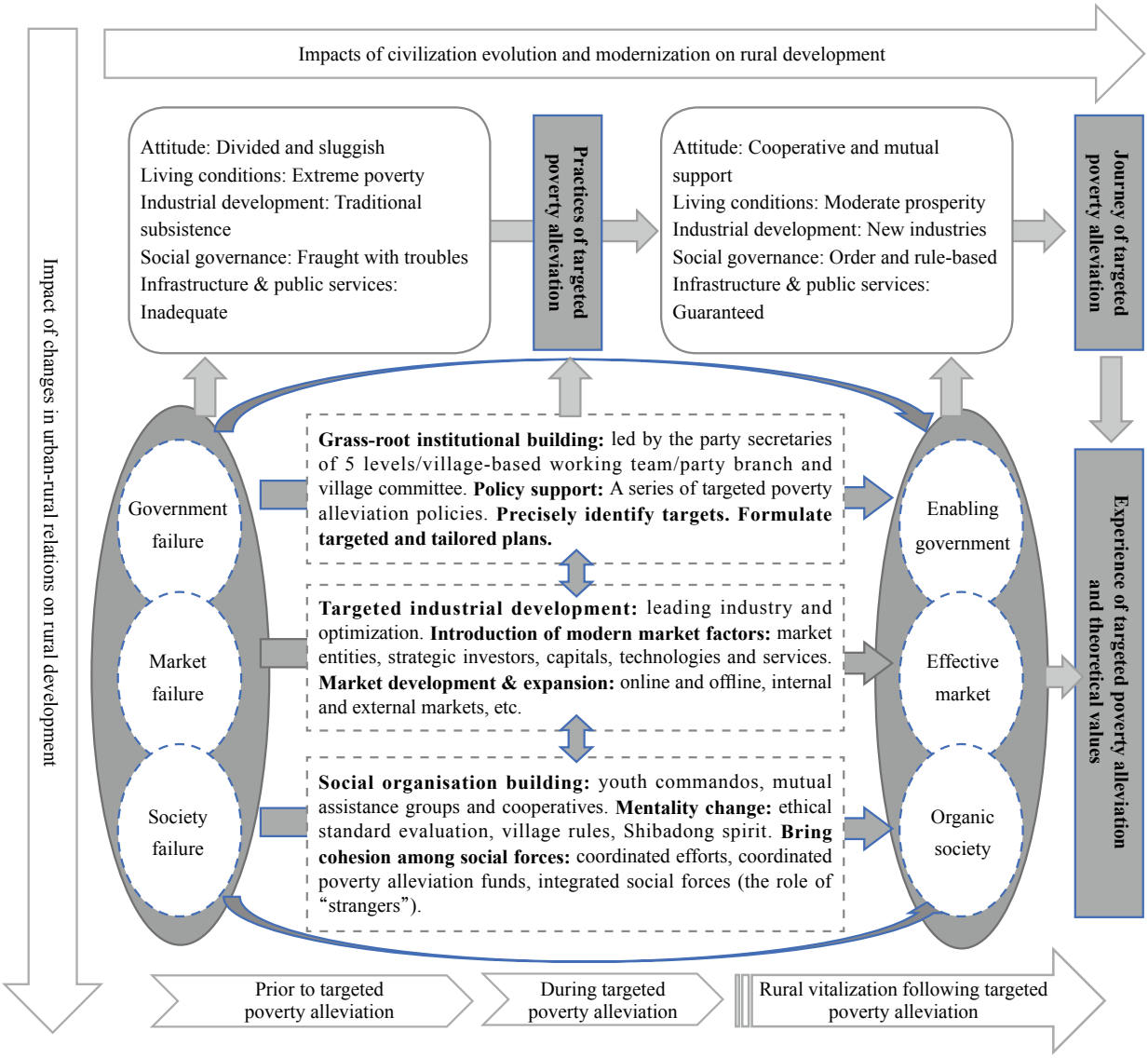

Figure 1: Mapping of Shibadong's Experience in Poverty Alleviation

by government interventions and therefore government failure (Huang, 2021; Wang and Sa, 2019). Government failure can manifest itself in two ways: The first is through the "absence of government," and the second is through "government offside." As an alternative, the new structural economics puts forward the concept of an "enabling government," stressing that there are times that the government should be active and times it should be inactive, that is, it should neither be absent nor offside.

In China's ancient history, imperial power did not permeate through the county level. The central government was only indirectly involved in the governance of villages, which were predominantly governed by clans (Chen, 2021). In the era of agrarian civilization, this relatively autonomous rural governance structure proved to be resilient and highly efficient. However, due to modernization and a shift in the urban-rural relationship, rural society has experienced a transformation, which has been driven by industrialization and urbanization. In particular, "rural sickness" has become increasingly

prevalent, manifested in the "de-agriculturalization" of agricultural production factors, the rapid aging of the rural population, the increasing number of hollow villages, the worsening soil and water pollution, and the perennial impoverishment of certain rural areas (Liu, 2018). Concomitantly, the logic of national governance has changed from power-based to rights-based, with power being weakened in the political field but heightened in the economic and social spheres (Chen, 2021). This transformation has led to two consequences: The traditional base of rural governance has been shaken, and the effectiveness of the traditional governance model has diminished, resulting in the "absence of governance." This "absence" has led to government failure, which has exacerbated the "rural sickness" described above. The old Shibadong, representative of China's 128,000 impoverished villages, was previously an example of that government failure.

We believe that for villages that are deeply trapped in poverty, the delegation of state power to the village level is urgently needed. The targeted poverty alleviation campaign in Shibadong is a good example in this regard. Headed by the Party secretaries at five levels (provincial, municipal/prefecture, county, town and village), it focused on grass-roots Party building and institutional construction, based on which it further mobilized villagers' participation in public affairs. In addition, by dispatching a dedicated poverty alleviation working team, and empowering the Party branch and village committee, enabled the integration of all resources at the village level (Chen, 2020). In summary, Shibadong attempted to address government failure at the institutional level by relegating state power to the village level, and building grass-roots governance institutions and governance capacity. In parallel, it attempted to remedy the problems caused by the "absence" of government by formulating and implementing various poverty alleviation policies. During the targeted poverty alleviation campaign, the "absence" of institutions and policies was the main cause of government failure, but with the advancement of rural vitalization following the success of poverty alleviation, government failure caused by "offside" would be of main concern.

3.2 Addressing "Market Failure": Modern Market Forces and the Role of Market Mechanism

The neoclassical school accentuates the role of the "invisible hand" of the free market in resource allocation, and represented by the "Washington Consensus," this school promotes "liberalization, privatization and marketization" (Huang, 2021; Wang and Sa, 2019). There is a consensus that market mechanism is the basic means of resource allocation, but the premises for that to work are a well-established market economy, rational individuals, information symmetry and extremely low transaction costs. These premises obviously do not hold in underdeveloped areas, and particularly not in poor villages. Along this line, market failure seems to be inevitable in those poor areas.

Traditionally, China's rural economy has been characterised by a smallholder subsistence agrarian economy and a courtyard economy, in which market development has largely lagged behind. However, driven by the trends of industrialization, urbanization, and internationalization, traditional rural villages have seen continuous improvement in terms of commercialization and marketization. However, the level of advancement has varied across regions: Villages in the eastern coastal areas have a relatively higher degree of modernization and hence they were among the first ones to shake off poverty, whereas such villages as Shibadong in the remote and isolated hinterland were largely left behind. In these 128,000 poverty-stricken villages, traditional smallholder subsistence farming has seriously hampered the development of a market economy since there was neither condition nor demand for it. As a result, impoverished villages have been further marginalized and pushed away from mainstream economic cycles.

The strategy of targeted poverty alleviation supported by industrial development has played a vital role in accelerating the integration of poor villages into the market economy system, thereby enabling them to break out of the market failure. The new rural industries in Shibadong introduced above were

market-oriented and integrated into the mainstream economic cycle. The strategic partnerships with big companies and the fostering of industrial cooperatives have given rise to modern market entities; the establishment of a village-level bank branch, the mechanism for obtaining bank loans to develop the kiwi fruit plantation industry, the cultivation of the Shibadong brand and so on all suggest the activation of modern market elements and the modern economic operation concept in Shibadong. In addition, Shibadong developed and expanded markets through both online and offline channels, including setting up markets in the village, stores in the county and the city, and carrying out live-streaming e-commerce. The new forms of market economy present a golden opportunity for rural areas such as Shibadong to unleash the power of effective market mechanisms, thereby supporting them in addressing challenges caused by market failure.

3.3 Addressing "Society Failure": Modern Social Order and Organic Social Forces

The economic activities of human beings are always imbedded in their social relations and they cannot exist independently from the social environment, that is, the economy is not as self-sufficient as argued by economics theories, but is subordinate to political, religious and social relations (Yao, 2000). In the discussions of economics theories, the entire economic system is simply divided into two spheres, namely, private and public, and these two spheres are predominantly led by the market and the government, respectively, which totally disregard the role of social (narrowly defined) organizations and social order. In fact, social organizations play an important role in facilitating effective and smooth communication between the market and the government, enabling them to mutually support each other and closely cooperate with each other. The lack of social organizations would lead to inadequate social justice and social autonomy, which would further lead to market failure or government failure. Such consequences caused by the absence of social organizations or by the lack of their functions are defined as "social failure" (Huang, 2015; Wang, 2012; Yao, 2000).

The traditional Chinese rural society has long been a closed agrarian society and its web of social relations has been relatively stable, interwoven by acquaintances. The corresponding social order is based on bloodline, kinship, and geographical relations (Fei, 2013), in which clan authority and personal relationships play an important role in maintaining the social order. However, with the establishment of village administrative systems and the influence of marketization and urbanization, the traditional "acquaintance society" has been transformed into a "semi-acquaintance society" (He, 2000) or a "baseless society of acquaintance" (Wu, 2011). Prior to the targeted poverty alleviation campaign, Shibadong and other similarly poverty-stricken villages displayed the main characteristics of the above-named social relations. And due to perennial poverty, the phenomena of stealing, robbery, and looting were rampant, which gave rise to villagers' sluggish and dependent mentality (Tang, 2021). With time, the consequences of "social failure" started to be prominent, manifested in the weakening of clan authority, the deterioration of social order, and the lack of social autonomy. At the same time, "strangers" or outsiders are reluctant to enter villages that are suffering from poor living conditions, making it harder to shatter the deep-rooted rural social structure.

In practicing targeted poverty alleviation, Shibadong recognized such "social failure" and begun taking measures to address the root causes. First of all, it worked to change people's mentality and attitudes through implementing an ethics rating system, and formulating village rules and regulations, as well as by conducting vehement advocacy. Secondly, it cultivated various social organizations and developed their functions by establishing and giving full play to the roles of youth commandos, industrial cooperatives and 41 mutual assistance groups. Finally, it opened a channel to encourage outsiders to come to the village, leading to the expansion of development space and the reshaping of the social order of the village. "Strangers" such as the stationed working team, managers of cooperatives, experts from universities, non-local employees of the bottled water factory and tourism companies,

and tourists brought in an enormous amount of new information and social relations, which completely shattered the village's closed and isolated social systems.

3.4 Breaking Out of the "Triple Failures": Coordinated Efforts of Government, Market and Society

Government, market and society are the three most important "hands" in economic and social development. They play a leading role in their respective fields, but they are not omnipotent. Rather, they are interdependent and complementary to each other (Li, 2014). Their failures can be twofold, one is caused by "absence," that is, it does not play a role it should play; and the other is caused by "offside," that is, it inappropriately or distortingly interferes in areas it should not enter. For impoverished villages, the former type of failure is dominant, and it is often a combination of failures caused by the simultaneous absence of government, market and society. Therefore, how to break out of the "triple failures" is the fundamental challenge for the poverty-stricken villages (Tang, 2022).

The fundamental cause of perennial poverty in Shibadong was that it failed to actualize the respective function of the government, market and society, let alone leverage their synergistic effects. External supporting forces, funds, and projects all fell victim to the existing social order. However, the targeted poverty alleviation strategy integrating the "5W2H" elements successfully established an effective poverty alleviation system supported by the government, market and society. Guided by the top-level design, the village implemented targeted intervention measures adapted to local conditions. In a nutshell, through reconstructing grass-roots institutions, reshaping market factors, and rebuilding the social order, Shibadong successfully tackled the "triple failures" of government, market and society.

The experience of Shibadong as outlined above is a fine example of the modernization process of China's rural governance system. Since the 18th National Congress of the Communist Party of China, the central leadership collective with General Secretary Xi as the core has reaffirmed "modernizing the national governance system and governance capacity" as the key goal of the socialist reform, and has since continuously promoted the construction of the three pillars, i.e. an enabling government, an effective market and an organic society. The vast rural areas and impoverished villages with insufficient and unbalanced development are the weakest spots and hence the areas targeted for reform. With the deepening of marketization and urbanization, problems of social fragmentation and disorder in poor villages have become ever more prominent. At the same time, the provision of social security, basic education and medical care is still far from meeting the targets of common prosperity.

In conclusion, the issue of poverty alleviation concerns the building up of a modern rural governance system and governance capability. The practices of targeted poverty alleviation in Shibadong Village precisely reflect this point. The mutual assistance groups established under the leadership of the village Party branch simultaneously promoted economic construction, political construction, cultural construction, social construction and ecological civilization construction. Undoubtedly, governance modernization in impoverished villages is bound to be a long process, which we cannot expect to be completed during the phase of poverty alleviation. In the following stage of rural vitalization, villages must continue to build a collaborative mechanism between an enabling government, an effective market and an organic society, to comprehensively promote rural development and governance modernization, and steadily move towards common prosperity. CE

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