



The OECD's work on rural development and the Rural Policy Review of China

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The New Rural Paradigm in OECD countries

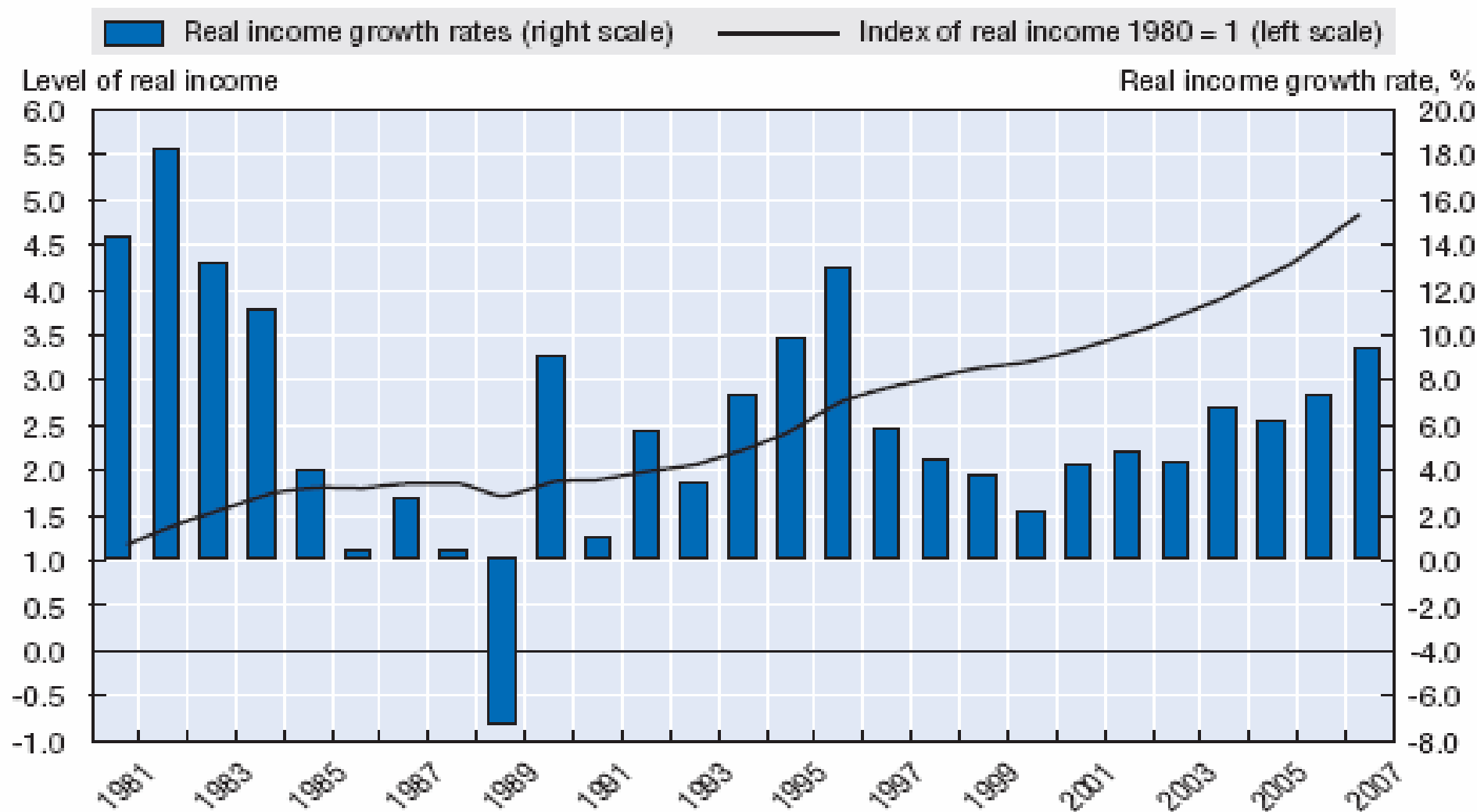


- Places rather than sectors
- Investments rather than transfers and subsidies
- New policy instruments and governance mechanisms

→ OECD Rural Policy Reviews



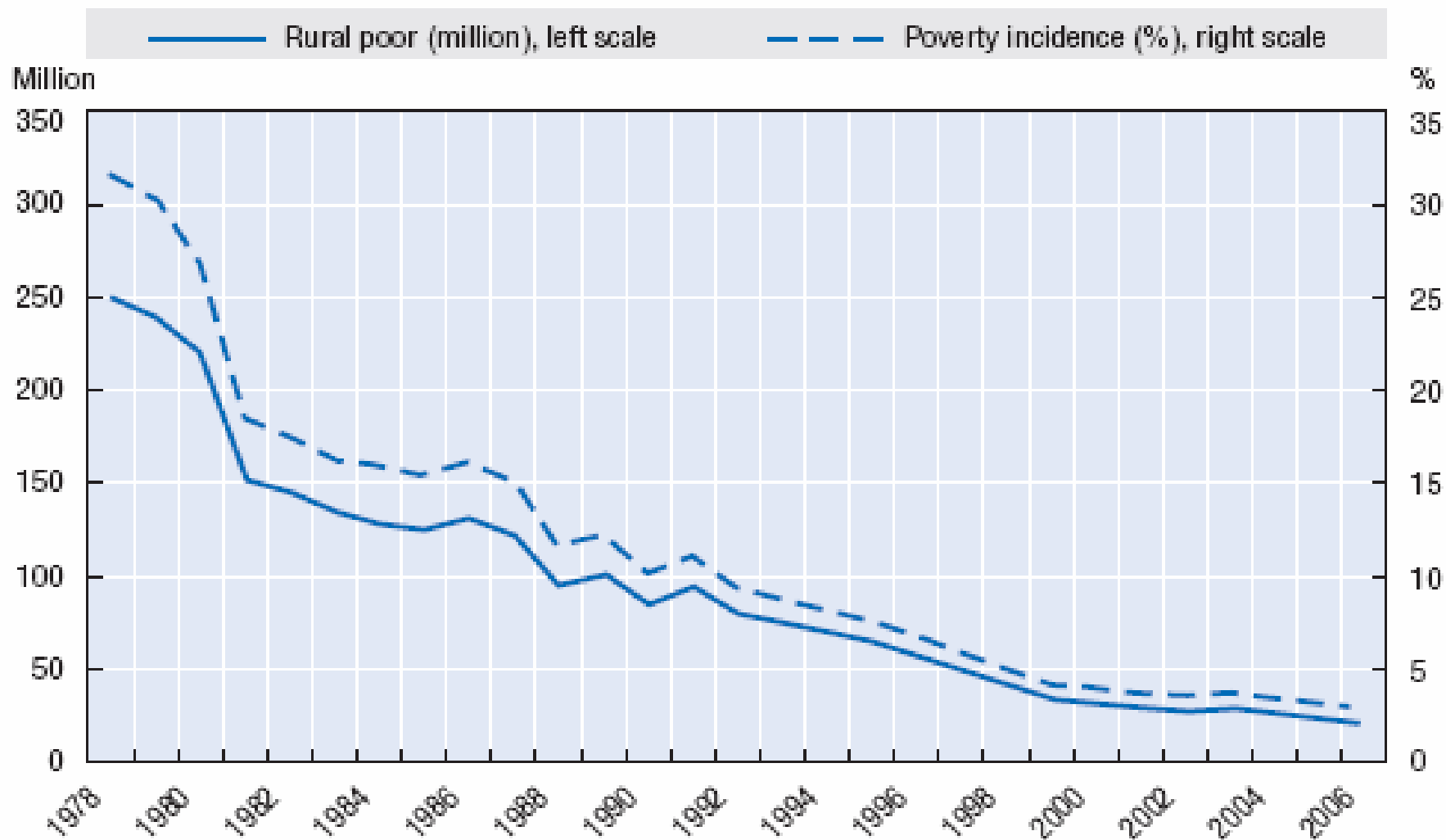
Rural household income per person in China



Source: NBSC, China Statistical Yearbook, various editions

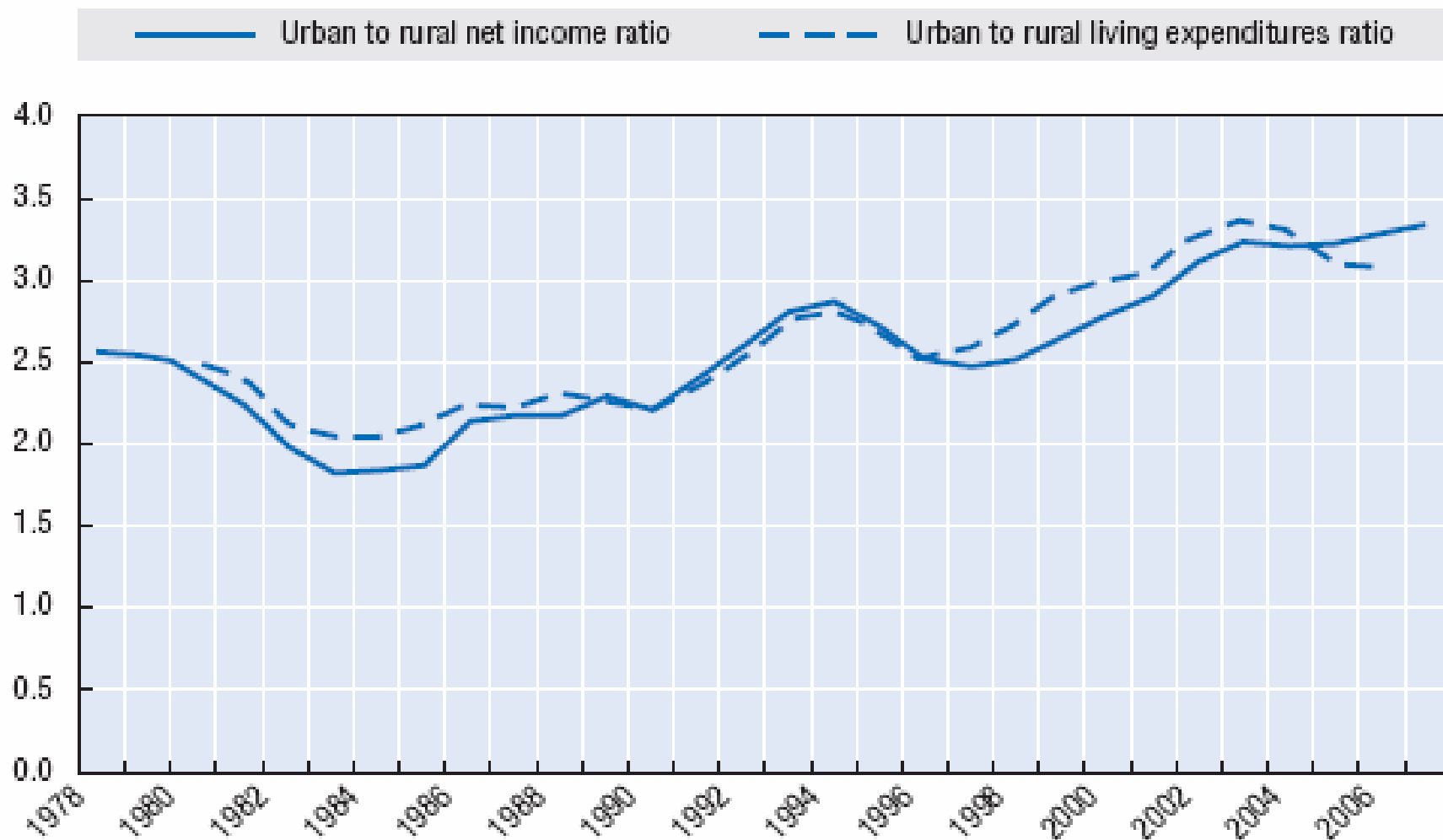


Rural poverty (Chinese definition)





Urban to rural per capita income gap





Building a New Socialist Countryside: increasing expenditure



Public expenditure for rural development (2004-2007)

Million CNY	2004	2005	2006	2007
Agriculture	124 911	147 477	198 085	252 998
Rural infrastructure	69 242	69 242	99 649	108 093
Social development	38 790	48 745	62 032	91 696
Other	0	0	1 341	1 491
Total	232 943	265 464	361 107	454 278
<i>Including:</i>				
Ministry of Finance	128 378	150 541	200 481	249 217
Ministry of Communications	9 965	9 965	68 885	74 110
National Development and Reform Commission	71 437	72 537	44 929	53 272
Ministry of Health	13 934	14 772	23 575	38 127
Ministry of Education	7 730	14 130	16 225	26 650
Ministry of Civil Affairs	0	0	0	3 000
Ministry of Water Resources	0	850	1 700	2 830
State Administration of Radio Film and Television	490	490	2 277	2 650
Ministry of Agriculture	345	1 065	1 571	2 358
Ministry of Human Resources and Social Security	600	1 050	1 400	2 000
Ministry of Science and Technology	64	64	64	64
Ministry of Land and Resources	0	0	0	0

Source: OECD, based on Cheng (2008)



Policy recommendations: 1) Governance



1. Central level:

- ✓ more formal co-ordination, rural proofing

2. Fiscal system:

- ✓ Expenditure: match responsibilities with resources
- ✓ Local revenue raising: more transparent tax system

3. Local levels:

- ✓ Representation, participation, access to information



2) Land use



1. Fully implement laws on farmland rights
2. Allow residential land to be marketable and mortgageable
3. Embody into law improvements in land expropriation procedures



3) Service delivery



- 1. Better funded and more coherent strategy**
- 2. Enhance local governments' funding ability**



4) Environmental protection



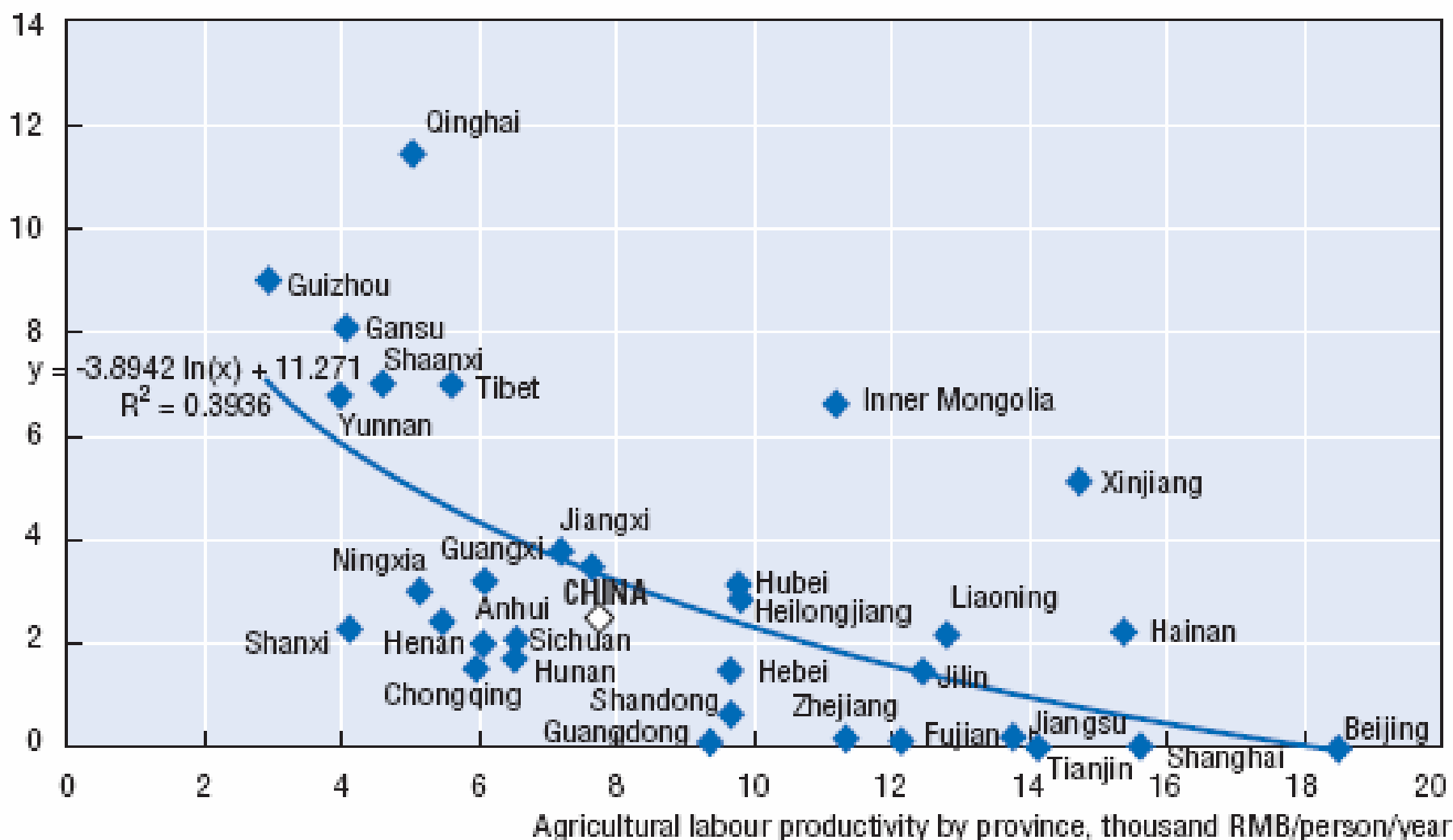
1. Protect and exploit rural amenities
2. Tackle water pollution and water use efficiency
3. Address pollution by rural enterprises



Agricultural productivity matters



Rural poverty incidence, %

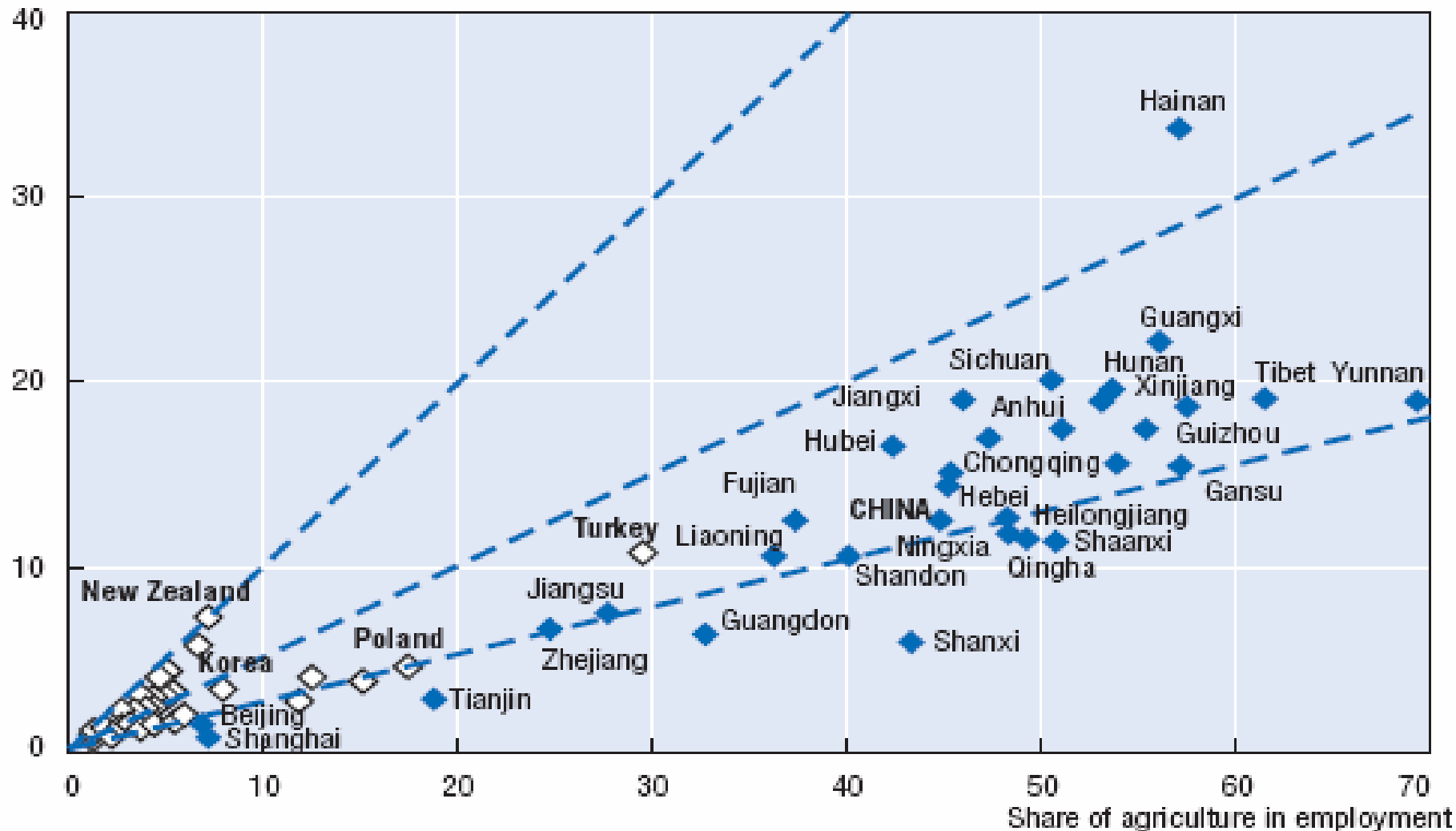




Typology of Chinese provinces: role of agriculture



Share of agriculture in GDP



Source: NBSC (2006), China Statistical Yearbook; World Bank (2008), World



5) Economic diversification



1. Look beyond agriculture for job creation
2. Anticipate emerging rural-urban linkages, demographic trends
3. Invest in non-agricultural sectors (tourism, energy, high VA products...)



Rapid change, diversity...



Need to go beyond agriculture, food security, and redistribution



NSC is innovative, but implementation requires urgent reforms



Chinese rural areas = source of national development