

# Review of China's Contribution to Global Poverty Alleviation through Green Ecological Finance

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## Abstract

Poverty eradication is the common ideal of mankind. As the largest developing country in the world, China, while striving to eradicate poverty itself, has actively assumed international responsibility for poverty reduction and fulfilled international commitments, making significant contribution to the global cause of poverty reduction. China's achievements in poverty alleviation work can provide valuable inspiration for poverty management in various countries and regions around the world. Green finance plays an momentous part in poverty alleviation. Green finance is closely linked to the target population of poverty alleviation. Winning the battle against poverty with green finance can not only improve the efficiency of financial poverty alleviation on the basis of financial fairness and green environmental protection, but also help form a long-term mechanism for financial poverty alleviation. On the road of poverty alleviation, the innovation ability of green finance can "tailor" targeted poverty alleviation. The implementation of green finance has promoted the revitalization of rural industries, the construction of beautiful countryside, and the implementation of green finance has promoted the urban-rural supporting reform. This paper aims to illustrate that in this process, green finance has also contributed many excellent cases for carbon neutrality, which not only showcases China's experience and achievements in poverty alleviation, but also introduces useful practices for promoting international cooperation in poverty reduction.

## Keywords

Poverty alleviation; Well-off in an all-round way; Green finance; Carbon neutral.

## 1. Introduction

Communist Party of China has led the people to constantly challenge poverty for long. With the unremitting efforts of the people, China has successfully developed a unique poverty treatment path. Eradicating absolute poverty is a goal that China has been striving for thousands of years. After China entered new China, it was still the first goal of China to get rid of poverty and become rich and reduce the poor population, and finally to realize the ultimate aim of eliminating poverty and entering a well-off society.

The experience and models accumulated in the process of poverty control in China can provide inspiration and practical methods for countries and regions around the world to eradicate poverty. China's poverty management has greatly promoted the process of reducing absolute poverty in the world, and has brought rich and valuable experience and models to other countries and regions around the world. Great changes have taken place there, and China has fully lifted itself out of poverty. This paper collects the strategic choices related to China's financial development in the past 10 years for in-depth discussion.

## **2. Changes in China's Poverty Alleviation Goals**

In Nov. 2013, during his inspection tour in Western Hunan, Chinese President Xi Jinping put forward important instructions of "seeking truth from facts, adjusting measures to local conditions, classified guidance and poverty alleviation"[1]. In Mar. 2014, Xi Jinping during the deliberation of the NPC and CPPCC delegations, he once again stressed the need to take targeted measures to alleviate poverty. It further explains the concept of targeted poverty alleviation. China's national conditions are complex. In the course of continuous exploration, China's poverty alleviation work has been transformed and developed into targeted poverty alleviation, and finally formed a targeted poverty alleviation policy. This policy has brought considerable success to China's poverty alleviation efforts, and finally enabled all Chinese people to successfully enter a well-off society.

## **3. Specific Measures for Targeted Poverty Alleviation and Its Relationship with Green Ecological Finance**

At the 2017 National Financial Work Conference, Xi Jinping clearly pointed out that "inclusive financial system should be built, financial services for agriculture, rural areas and remote areas should be strengthened, financial targeted poverty alleviation should be promoted, and green finance should be encouraged". First of all, a considerable number of poor areas are rich in natural resources. The intervention of green finance can give full play to resource advantages and rationally allocate resources, so that poor areas with natural resources can achieve green and long-term development.

Targeted aid is the key to targeted poverty alleviation. Green finance has played a great role in the implementation of this policy. The poverty alleviation funds allocated by local finance alone cannot be maintained for a long time. It is very important to introduce green finance to support poverty alleviation. With the creative help of green finance, poor areas and poor families have the ability to create long-term economic benefits and finally get rid of poverty and become rich.

## **4. Innovative Measures and Effects of Green Ecological Finance in Poverty Alleviation**

### **4.1. Innovative Ability of Green Finance Can "Tailor" Targeted Poverty Alleviation**

China's successful work of Poverty alleviation lies in the fact that every aspect of the poverty alleviation work is targeted: targeted targets, targeted projects, targeted funds, targeted policies to reach villages and households. With the innovative cooperation of green finance, it can flexibly formulate different financial support policies and provide different financial products according to the actual condition of different populations in different regions. The introduction of green finance can reasonably optimize and allocate regional resources, make full use of the poverty alleviation funds and advantages of poor areas to support the industrial development.

Another advantage of green finance in poverty alleviation lies in its low input cost and sustainable income. Clear water and green mountains are mountains of gold and silver. Green finance can tap the advantages of natural resources in poor areas, combine local conditions and the status of poor people, and create industrial development and transform natural resources into economic resources on the premise of sustainable development. It not only supports the poor, but also cultivates and innovates the creative ability of the poor areas and the poor population, and finally realizes their goals of income growth and poverty alleviation.

#### **4.2. The Implementation of Green Finance Has Promoted the Revitalization of Rural Industries**

The revitalization of rural industries has been promoted because the green finance has carried out. One of the results of China's poverty control is that the productivity and mode of production in poor areas have been upgraded, and the modernization of China's agriculture has been accelerated. From a macro perspective, the implementation of green finance deepens this process, and reforms and upgrades the industrial supply side in poor areas. Green ecological financial poverty alleviation has formed a new pattern of modern agricultural development featuring "ecological origin, green products, integrated industries and efficient output". And to a certain extent, the rural agricultural modernization reform has gradually realized the "resources are converted into assets, capital into shareholders, farmers into stockholders". On this basis, the economic income of poor areas and poor people can gradually increase, and eventually get rid of poverty and become well-off.

#### **4.3. The Implementation of Green Finance Has Promoted the Development of Beautiful Villages**

The implementation of green finance has motivated the development of beautiful villages. The implementation of green finance has promoted the growth of green industries in rural areas. The policy of poverty alleviation based on local conditions has created a large number of scenic spots and tourist towns according to the ecological resources of different regions. These assistance measures can not only provide employment opportunities for farmers and bring long-term income, but also promote the beautiful development of rural areas and enhance the ecological livability of rural areas.

The implementation of green finance not only makes rural life more livable, but also continuously brings economic income to rural village collectives and farmers, by operating tourism-related businesses, farmers have gained long-term economic income and achieved the goal of poverty alleviation and prosperity without destroying or polluting natural resources in the process.

#### **4.4. The Implementation of Green Finance Has Accelerated the Reform of Supporting the Whole Nation**

The implementation and actualization of green finance has accelerated the reform of supporting the whole nation. Green finance and green products have gradually narrowed the differences between urban and rural areas and formed a new relationship of urban-rural integration. And realized the allocation of urban resources to rural areas, urban capital, technology, manpower, talent and rural development combined, and thus drove the flow of urban consumption to rural areas. In addition, green finance encourages urban capital and human resources to develop and start businesses in rural areas, thus accelerating rural economic development and increasing job opportunities. In addition, green finance breaks the dual structure of urban and rural areas, and the continuous development in these areas is also the only way to common prosperity.

### **5. Achievement of China's Contribution to Global Poverty Alleviation Through Green Ecological Finance**

In the context of carbon neutrality, the process of poverty treatment by green insurance has brought valuable experience. Insurance is the main financial product to deal with the physical risks caused by climate change. In this area, the insurance industry has introduced catastrophe insurance, agricultural insurance and other products to help the economy and society enhance its capacity to cope with climate change. For example, the insurance industry has developed

various types of insurance with special features in accordance with local conditions, enabling risk control through science and technology, and combining it with helping farmers and poverty alleviation. Insurer, for example, in view of the characteristics of the topography and disaster in Shanxi Province, launched a photovoltaic component production and photovoltaic power station operating insurance service menu type list, to the greatest extent to meet the demand of poverty relief station security, ensure the safety of national poverty alleviation funds for poverty relief office of the State Council "financial poverty alleviation outstanding case" in 2019. In 2020, the outstanding green loans had reached 11.95 trillion yuan, accounting for 6.9% of the outstanding loans in RMB. Green loan ratio in 2020, it grew 20.3 percent last year, and the new green loans reached 2.02 trillion yuan. In the same year, small and medium-sized banks green Loans grew faster, up 25.5 percent and 22.4 percent respectively over the previous year. At the same time, green loan asset quality higher overall. By the end of 2020, the outstanding green NPL was 39 billion yuan, with a NPL rate of 0.33 percent, 1.65 percentage points lower than the corporate NPL rate during the same period and 0.24 percentage points lower than that at the beginning of the year. Large and the green loan delinquency rates of medium-sized banks were 0.19% and 0.39%, respectively, 0.37 and 0.14 percentage points lower than at the beginning of the year .

In the process of poverty control in China, measures such as green credit, green insurance, green funds and green consumer products provided by green finance have successfully transformed ecological and environmental resources in poor areas into economic resources, provided a considerable number of jobs and encouraged the employment and entrepreneurship of poor people. It not only realized industrial upgrading and transformation, but also brought opportunities for the long-term sustainable development of poor regions and those people in need.

These experiences and models are valuable gains from China's poverty alleviation work, and will certainly provide a thinking and practical path for all countries and regions around the world, and ultimately achieve the goal of sustainable development of a community with a shared future for mankind.

## 6. Conclusion

China has entered the era of all-round well-off, and there are too many experiences in poverty management that are worthy of reference by all countries and regions. Among them, green finance has made a considerable contribution to poverty alleviation with its powerful role and universality. On the road of poverty alleviation, the implementation of green finance accurately provides green financial products for different poor areas and poor people, so as to achieve the effect of acting according to circumstances. The implementation of green finance has also promoted the revitalization of rural industries, and created vitality for the industrial development in poor areas. The implementation of green finance has promoted the construction of beautiful countryside as well as the reform of supporting urban and rural areas, and constantly promoted the integration of urban and rural areas to realize the direction of capital, technology and human resources

Although China has entered a well-off society in an all-round way, we still need to do everything we can to realize the development of green finance in China. Poverty eradication is one of the results of its development. With the in-depth development of green finance, innovative financial services will provide people with more choices and bring benefits. It will reduce environmental pollution and improve the livability of cities and villages; It will promote the growth of green industry, upgrade the traditional industries, and achieve the goal of reform from the supply side. The practical experience of green finance will also bring new thinking and development

direction to the world, accelerate the development of green finance around the world, and ultimately achieve the goal of sustainable development.

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