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Poverty Eradication and Living Environment Improvement in Zhulin

China

Best Practice

New for 2002

Categories:

Poverty Eradication:

- access to credit
- income generation
- job creation
- vocational training

Infrastructure, Communications, Transportation:

- communication and media
- safe water provision
- sanitation
- transportation and mobility

Housing:

- access to housing finance
- affordable housing
- construction industry
- eco-logical design
- land tenure and security

Level of Activity: City/Town

Ecosystem: Mountain

Summary

Zhulin is a town with a population of 10,000 inhabitants located in the mountainous region of Henan province. Starting in 1985, the town embarked on a programme to eliminate poverty through economic development and the improvement of the living environment. Since the early 1990s, Zhulin has embarked upon a process to bring about more sustainable forms of social, economic and environmental development. The main achievements to date include the increase of the town's social output value from just under US\$ 40,000 in 1985 to over US\$ 360 million in 2000, with a per capita increase of US\$ 36,000 in 2000 alone. The annual disposable personal income has reached US\$ 1330 with per capita savings of US\$ 2540. The town was able to pay the State US\$ 10.5 million in taxes and other revenues in 2000, representing a radical departure from the situation prior to 1985 when the municipal budget was continuously in deficit and the village depended on government relief. This economic turn around has enabled Zhulin to bring about major improvements in infrastructure including capital investments of US\$ 26 million in all weather roads totaling 23 km; the provision of public toilets; a waste collection and disposal facility with 100 percent coverage; and street lighting - all of which were totally absent in 1985. New housing construction totaling 360,000 square meters has increased per capita living space to a very comfortable 36 square meters, with 90 percent of the population being re-housed in new neighborhoods and housing estates. At the same time, the town has achieved 100 percent coverage in piped water supply, electricity, telephone and cable television. Household ownership of computers has reached 83 percent. Urban greening provides 19m² of green space per capita within the settlement itself as well as 200m² per capita reforestation in the surrounding hills. 92 percent of the women in Zhulin aged over 40 are actively engaged in social and economic production. These improvements were recognized in 2001 when Zhulin town won the first "China Human Settlements and Environment Awar

Narrative

Situation Before the Initiative Started

Before 1985, Zhulin was an obscure village situated in the eastern mountain area of Gongyi City, Henan province. It had a

population of 2200 with 360 m² of non-irrigated land per capita. The earth was popularly referred to as "skin-deep" with little topsoil covering hard rock and a severe shortage of water resources. The landscape was barren. Both the people and nature depended on rainfall for survival. During periods of drought, villagers had to carry water from more than 5 kilometers away. Poverty was pervasive with villagers getting by with 155 kilograms of grain harvest per household as the sole source of income in a good harvest year.

Women were most affected by poverty in Zhulin. Prior to 1985, only 3 percent of all the women villagers had attended middle school and only 1 percent had attended high school. 60 percent of the women were illiterate and none had received a college education. 5 percent of the women had jobs outside their families, but most of the remaining women were housewives, totally dependent upon their husbands or sons and therefore had no social status. The director of the Women's Union of Zhulin was the only woman occupying a leadership position. Because of the traditional practice of paying dowry, and the pervasive poverty in the village, up to 30 percent of the village's women were deprived of freedom of choice in marriage and became victims of "exchange marriages". This practice involved "swapping" one's daughter, in lieu of dowry, in order for her brother to get married. While it avoided the necessity for the son's family to provide the traditional gifts to the family of the fiancée to prove his worthiness, "exchange marriages" were degrading for the women, the men and the families involved.

Establishment of Priorities

The priorities were not difficult to establish. Everyone in the village perceived the absolute necessity to diversify the economy in order to create alternative sources of income, and to improve their livelihoods. Quality of life was equated with: (a) not having to fetch water and fuel wood; (b) improving shelter, predominantly in the form of cave dwellings; (c) reforesting the surrounding hill sides and mountains. The diversification of the economy was generally acknowledged as the only means of providing a source of cash income for farmers and to break the vicious cycle of poverty. Job opportunities for women were deemed a high priority, both as a means of increasing family income as well as a means of social advancement. While electrification and the upgrading of shelter and living conditions were deemed necessary by all villagers, the top priority for women was to ease the burden of fetching water and collecting wood, a recurrent task that often prevented children from attending school either to help their mothers in the gathering of water and wood, or to remain at home to look after younger siblings.

Formulation of Objectives and Strategies

Objectives: A series of meetings and discussions were held involving expert consultants to look at the possibilities of diversifying the economy. Impressive results were achieved in a first phase by the late 1980s. In 1995, Mr. Zhang Shiping, the Director of the Henan Provincial Institutional Reform Office, sponsored a village-wide consultation on the sustainable urbanization and development of Zhulin. Representatives and experts from the Institutional Reform Office of the State Council, the Provincial Construction Department, the Planning Department, and the Science and Technology Committee were invited. The overall consensus for the improvement of living conditions of Zhulin resulted in the setting of the following objectives: (a) to increase annual per capita DPI from US\$ 600 in 1995 to US\$ 1,200 in 2000; (b) to replace the damp and dim cave dwellings of most of the villagers with fully equipped and serviced housing; (c) to complete the reforestation of the southern and northern flanks of surrounding mountains; and (d) to bring in piped water supply. A strategic development plan was formulated after repeated meetings and discussions between experts and the local population. These meetings were critical to raising awareness of issues and their inter-connectivity, as well as to mobilize resources.

Mobilization of Resources

Funds: Funds were raised for various construction projects through collective and private-owned enterprises. Up to the year of 2000, eight big companies (groups) and 58 industrial and commercial enterprises were active in Zhulin. These companies and enterprises accounted for more than 70 percent of the total capital investments of US\$ 217 million in, inter alia, infrastructure development and housing improvement.

Technology: The Henan Provincial Construction Department, the Provincial Urban and Rural Planning and Design Institute, the Gongyi Municipal Construction Bureau, Environmental Protection Bureau and Transportation Bureau provided professional expertise in overall planning and management for all phases of design and implementation.

Labour: By sticking to the concept that "the city should be shaped by pooling the efforts of the people and a good job should be done in shaping the city for the people", most of the human resources required for implementation were mobilized locally with only larger projects being contracted out to various companies. The participation of all inhabitants was brought into full play in afforesting the mountains and individual efforts were encouraged in housing construction.

Process

Starting in 1978, with the opening-up policy of the Central Government, the people of Zhulin decided to tackle the issue of poverty by initiating certain enterprises. Despite having depended on farming for generations, it was quite evident that Zhulin did not present any advantages for agriculture. In 1983, Mr. Zhao Ming, the then Secretary of the village's Party Committee, mobilized 400 households to pool their savings. A total of about US\$ 1000 was raised to open a quarry to exploit the abundant supply of rock and minerals. The quarry was registered as a collective enterprise and per capita

income increased about tenfold with fixed capital assets reaching US\$ 500,000 within 4 years. With these earnings, the villagers set their development snowballing by establishing a refractory plant in 1985 to produce fireproofing materials. Profits from this plant were, in turn, invested in a cement factory that began operation in 1988. Both these plants were collectively owned by the villagers, and the revenues generated relegated the problems of meeting basic needs for food and clothing to the past. However, as the country's economic reforms took another leap in 1992, the villagers began to understand much more about the challenges of sustainable local development. They realized that their enterprises would remain small and vulnerable if they counted only on their own resources. They decided that it was necessary to attract outside capital to expand and help operate their businesses, even if this meant that they would be incurring debt, something frowned upon in traditional Chinese culture. The Zhulin-Antun Pharmaceutical Corporation was thus initiated in 1993 with investment from the Antun Company of the US. This company has since made a public offering of 35 million shares on the Shanghai Stock Exchange. Two other companies, the Huifa Company and Hengfa Company were also established, with bank loans. Zhulin became the province's first village whose annual output value exceeded US\$ 120 million (RMB 1 billion). In 1995, Zhulin became the province's key township with US\$ 170 million of collective assets supported by 8 companies and 58 industrial and commercial enterprises. It was appraised as "a state-level pilot area of sustainable development", "a state-level town with sound environmental sanitation" and one of the first towns recognized for civic development.

In terms of decision-making, both the local administration and the villagers adopted their traditional rural and collective decision-making processes to establish management and administrative systems with a high degree of participation. Village meetings became town council meetings involving all the major stakeholders such as the worker's union, the women's union and staff associations. Because village life is often more holistic than urban life, Zhulin's inhabitants maintained a comprehensive approach to social, economic and environmental aspects of development. Private, public and individual investments in improving the economy, the environment and living conditions were pursued in a complementary manner, allowing for visible and tangible benefits to accrue and reinforce each other. Investments in housing are a typical example, involving a three-way partnership between the local government, the enterprises and individuals. The local government makes an overall land use plan and invests in basic infrastructure. Land for housing is allocated to the enterprises and work units, and individuals build their own houses. To facilitate the process, a one-time grant, covering approximately 30 percent of the construction cost, is provided to individual families.

Results Achieved

In 1994, the Provincial Government, recognising that Zhulin was no longer a farming village, elevated the status of Zhulin to a town. Investments in housing and infrastructure were transforming the quality of life and livability of the entire population - from their previous cave dwellings to modern apartments and villas; from using well water to piped water supply; and from using straw and wood for cooking and heating to gas. Most significantly, however, is the fact that Zhulin went from a settlement totally dependent on government relief prior to 1985 to handing over more than US\$ 10 million in taxes to the state each year. This has led to considerable pride and dignity on behalf of the citizens of Zhulin. At the same time, newfound prosperity and increases in public revenue have enabled the town to invest in education. In the past, many of the villagers remained illiterate - now high school education is generalized; in the past, feudal ideology and superstition used to be the order of the day but now the practice of using science and technology is pervasive. Nowadays, the villagers enjoy a modern lifestyle replete with avenues, street lighting, parks and gardens, public transport, telecommunications and the rapid spread in the use of information and communication technology.

The women of Zhulin have benefited significantly. No longer prisoners of fetching water and fuel, 92 percent of women above 40 now participate in the work force and have become a major factor in production. Levels of education have improved markedly with 100 percent school attendance for the first 9 years of compulsory education. Boys account for 48 percent and girls account for 52 percent of enrollment. College attendance has reached 58 percent with and women accounting for 34 percent of graduates. Degreed professionals account for 6.3 percent of the employed population. While the percentage of women in professional/technical jobs is still low (2.6 percent), women now account for 31 percent of leadership roles. Ms. Li Shuzhuan, a farmer's daughter, is the present head of the town government and also became the general manager of the Zhulin Enterprises' Group. She was awarded with various honors from the state government and participated in the Eighth United Nations Women's Conference as a representative of Chinese women. As an ironic twist, this once-ignored mountain village where daughters of poor families were used in lieu of dowry to enable their brothers to get married, now sees women come to Zhulin to seek eligible bachelors for marriage.

Last but not least, Zhulin's inhabitants play a very active role in decision-making. Management and governance systems have evolved step-by-step to enable and encourage public participation. Despite their newfound prosperity, the people of Zhulin have not forgotten that they once suffered from extreme poverty. On the one hand, they have invested heavily in the reforestation of the surrounding hills and mountain slopes so that "our children will never have to suffer again from drought". On the other hand, they have set up systems which guarantee social inclusion and solidarity. This has enabled Zhulin to absorb 4,000 people from other places that have decided to take advantage of the economic development opportunities of Zhulin. 2,000 people have been granted local residence, while 2,000 people commute to Zhulin. Zhulin now attracts professionals and workers with excellent pay packages and free housing. All major decisions taken by the town council involve representatives of all the stakeholders such as the worker's union, the women's union, and staff associations.

Sustainability

The implementation of the initiative has brought about a sound trend of sustainable urbanization and development. Zhulin's social, economic and industrial infrastructure is growing in concert with measures to protect and restore the natural environment. Its social economy and income per capita keep increasing respectively by 15.3 percent and 9 percent, and the inhabitants have finally broken the vicious cycle of poverty. The production of cement, gravel and ballast and other mineral resources, and the introduction of an irrigation system have allowed agricultural production to improve while diversifying the economy. The town's ecological environment has improved considerably with the reforestation of the southern flanks of the surrounding mountains and with the cultivation of grass on the northern flanks. Levels of education have improved markedly with 100% school attendance for the first 9 years of compulsory education. Considerable emphasis has been placed on civic education and ethics. Zhulin was recognized as one of the state's first "Civic Towns" where inhabitants can benefit from a secure, stable and equitable social environment.

Lessons Learned

Strengthening the collective economy has proven to be an effective means to helping the rural poor in this mountainous area to rapidly overcome poverty, achieve prosperity, and facilitate people's active participation in decisions affecting their livelihoods. The pooling of financial investments, material resources as well as labor has allowed for rapid increases in economic productivity, the creation of new jobs and the improvement of people's living conditions. The collective ownership of village enterprises, contrary to trends in new age economics, does have its benefits. It allows for steady growth of the economy as well as the investment of profits in the collective interest, namely infrastructure and social services. Improvements in infrastructure and services, in turn, allow people, and women and children in particular, to liberate themselves from daily chores to access jobs and education. As people's incomes rise they also invest in better housing.

The introduction of an inclusive and participatory management system, based on traditional and collective village decision-making processes, enabled the villagers of Zhulin to play an active role in policy and priority setting when the village graduated to the status of a town. The transition from collective ownership of land to the collective ownership of enterprises contributed significantly to mutually reinforcing investments in industry, agriculture, infrastructure, housing and services. Participation, awareness-building of the social, economic and environmental dimensions of sustainability and a focus on civic education and responsibility has enabled Zhulin to absorb 4,000 people, or a one-third increase, from other areas in an inclusive manner while maintaining its own identity.

Careful planning, strong leadership and public participation are vital factors in poverty eradication and in improving the living environment. The participation of the poor, and of women in particular, in decisions that directly affect their livelihoods is a key to success in any poverty reduction strategy. Participation allows people to have a direct say in how the benefits of collective efforts should be invested. This, in turn, encourages them to undertake their own efforts and to readily agree to the reinvestment of profits of collective enterprises in areas that are of benefit to all and to the long term inclusiveness and sustainability of the community.

The reforestation of barren mountains and the transformation of areas previously used for subsistence farming into forests, pastures and conservancy areas is critical to maintaining an ecological balance and vital watersheds in mountainous regions. The Zhulin initiative has demonstrated that this is both possible and feasible within a period of barely a decade. To do so, however, alternative sources of jobs and income must be found and a great deal of awareness building is required.

The urbanization of rural areas is a major contributing factor to the improvement of living conditions of the rural poor. Urbanization allows for more rational and sustainable land use. The concentration of people, infrastructure, services and investments are essential to achieving levels of economic production and productivity that, in turn, are critical to long-term poverty eradication. Zhulin was not only able to do this for its original inhabitants but to also provide a decent living and working environment for an additional 4000 people whom have migrated to Zhulin from other places.

Transferability

The lessons learned from Zhulin's experience are definitely transferable to other rural areas that are seeking to diversify their economy. The initiative was fully recognized by the state leadership, the local leadership as well as public organizations and eight state ministries and commissions that are now actively engaged in spreading the lessons learned from Zhulin to other rural settlements. Zhulin and Humen Town (Guangdong Province, China) became friendship towns and are actively engaged in town-to-town cooperation. Delegations from over 30 domestic provinces, autonomous regions and more than 3,000 townships have come to Zhulin on study tours. The large number of visits place a strain on local resources, however, the leadership of Zhulin insists on their importance as a means of exchanging experience, as a means of "learning by sharing", and as means of continuous self-assessment.

Zhulin's initiative has been the subject of many special reports by the People's Daily, CCTV, Henan Daily, Henan Radio Station, Henan TV and Zhengzhou Evening News. Gongyi Municipal Government set Zhulin Town up as a pacemaker in the development of settlements in mountainous regions and has been encouraging the whole city to learn from and catch up with Zhulin in improving their own living environment.

Key Dates

1985: Preliminary efforts in economic development launched.

1990: The initiative formally started.

1994: Provincial Government upgrades Zhulin from village to town status.

1995: December 5, 8 ministries and commissions chose Zhulin as a comprehensive pilot area for sustainable urbanization and development.

1999: The town was rated as a state-level town with sound environmental sanitation.

2001: The initiative won the first "China Human Settlements and Environment Award".

References

1. "Remembering The Meal That Year!" on the fourth printed sheet of People's Daily of the 23 June, 1997, describing how Mr. Zhao Ming, the Party secretary of Zhulin Town and the foregoer of the initiative saved 1.2 yuan for Zhulin villagers by eating the bowl of rice left over by other customers on a restaurant table when he went to the south parts of China to inspect at the very beginning of the pioneering work.
2. "Every Word Conveys What the People's Thinking About", front page article of People's Daily, 15 Sept. 1997.
3. "What the Premier Talks About and What the Deputies to NPC Think About", People's Daily, 8 March, 1998.
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5. "Hailing the Price Issue on the Internet of 35 Million "A" Shares of Zhulin Zhongsheng Pharmaceutical Co., Ltd., Henan Province, "Shanghai Stock Exchange Today", cover story, Henan Daily of the 13 August, 1998.
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8. "Listen to What Zhulin People Say", Henan Daily, 1 July 2001.
9. "Zhulin People: Never Forgetting Where Their Happiness Comes from and Striving for Higher Goals" broadcast by CCTV, 20 March, 2001.
10. An interview by CCTV of Mr. Li Shuzhuan, head of Zhulin Town, entitled "Zhulin People "Actively Engaged in the Urbanization Process and the Ethical Progress", CCTV program "View Today", 6 April 2001.

Exchange rate between US dollar and RMB set by the People's Bank of China is about 100 US dollar for 827 RM

Contact

Ms. Li Shuzhuan
Zhulin Town,
Gongyi, Henan 451200
China
Tel: 86-371-4460888
Fax: 86-371-4460666
E-mail:blner-199@371.net

Type of Organization: Local Authority

Nominating Organization

Ministry of Construction of the People's Republic of China
Mr. Zheng Guangda, Mr. Yang Xue'an

No. 9 Sanlihe Road,
 Beijing 100835,
 China
 Tel:86-10-68394750
 Fax:86-10-68394749
 Email:unchspek@public.bta.net.cn
Type of Organization: Local Authority

Partners

Henan Provincial Government
 Mr. Xu Shuli
 Jinshui Road,
 Zhengzhou,
 China
 Tel: 86-371-6229421
 Fax: 86-371-6226592

Type of Organization: Local Authority
Type of Partner Support: Administrative Support

Construction Department of the Henan Provincial Government
 Mr. Li Yuanjun
 No. 102 Jinshui Road,
 Zhengzhou,
 China
 Tel: 86-371-6226086
 Fax: 86-371-6226591

Type of Organization: Local Authority
Type of Partner Support: Financial Support

Henan Provincial Urban and Rural Planning and Design Institute
 Wang Zhaodong
 No. 102 Jinshui Road,
 Zhengzhou,
 China
 Tel: 86-371-6251022
 Fax: 86-371-6251022

Type of Organization: Academic/Research
Type of Partner Support: Political Support

Financial Profile



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Year	Total budget in US\$	1.Henan Provincial Government	1.Gongyi Municipal Construction Bureau	Zhulin Enterprises Group(% of the budget)	Zhulin Real Estate Development Corp.
		2.Zhengzhou Municipal Government	2.Gongyi Municipal Transportation Bureau		(% of the budget)
		3.Gongyi Municipal Government	3.Gongyi Municipal Environmental Protection		

		(% of the budget)	Bureau (% of the budget)		
2001	14.5 mil.	5%	5.6%	72%	17.4%
2000	9.6 mil.	4.2%	7%	80%	8.8%
1999	9.6 mil.	7.4%	13%	56%	23.6%
1998	11.5 mil.	6%	5%	85%	4%
1997	7.6 mil.	N/A	4.6%	90%	N/A
1996	9.0 mil.	N/A	3%	95%	N/A
1995	8.4 mil.	3%	N/A	80%	N/A
1994	6.6 mil.	N/A	N/A	90%	N/A