

Research on the Mode of Financial Fund Investment for Targeted Poverty Alleviation

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Abstract

It marks a fundamental solution to the problem of absolute poverty, which has plagued the country for thousands of years. In this process, financial funding has played a crucial role. Generally speaking, in the whole process of poverty alleviation, the special financial poverty alleviation fund has played a direct role in ensuring the bottom line for the poor people. Indirectly, the investment of the special financial poverty alleviation fund in education, medical care and other aspects has significantly reduced the intergenerational transmission rate of poverty. In this paper, starting from the scale and structure of the Chinese financial poverty alleviation fund, the actual effect of the provincial and municipal financial poverty alleviation fund investment is systematically analyzed and scientifically evaluated, and the fund investment and distribution mode in poverty alleviation in China as well as the experience and lessons of foreign countries in anti-poverty. It is found that in the process of raising, using and distributing the financial poverty alleviation funds, there are still some shortcomings, such as the mismatch between the central and local financial powers, the low efficiency of the use of the poverty alleviation funds, and the imperfect performance evaluation system, which make the role of the financial funds in the process of precise poverty alleviation not given full play. And put forward countermeasures to further improve the efficiency of the use of government special poverty alleviation funds and the precision of poverty alleviation measures. For example, if financial funds want to play a greater role in targeted poverty alleviation, the enthusiasm of the central and local governments should be fully given play in the process of fund raising. In the process of fund allocation, the important principle of fairness should be grasped, and efficiency should be given priority in the process of fund use. Improve the utilization rate of funds, improve the final performance evaluation system.

Keywords

Financial Funds; Targeted Poverty Alleviation; Investment Method; Performance Evaluation.

1. Introduction

1.1. Research Background

At this point, it marked that the problem of absolute poverty, which had plagued China for thousands of years, had been solved. From the perspective of poverty alleviation fund management, with the deepening of the understanding of poverty problems and the strengthening of the management of financial poverty alleviation funds, the collection, distribution and use of financial poverty alleviation funds have attracted more and more attention from the government, experts and scholars as well as the society. Since the 1980s, China has started to build large-scale financial poverty alleviation projects, and has invested a huge amount of funds. By providing assistance and assistance to poor areas, many localities

have achieved certain results in poverty alleviation, and many poor households have been able to get rid of poverty. However, the poor management of poverty alleviation funds and the ineffective use of special poverty alleviation funds have also existed for a long time. Coupled with the imperfect relevant systems, part of the special poverty alleviation funds cannot be effectively used. Coupled with the imperfect and uncoordinated relevant systems, the current poverty alleviation work has not progressed smoothly.

This paper adopts research methods such as investigation method, literature research method, quantitative analysis method and qualitative analysis method, closely related to the major of finance and combined with their own social practice, by summarizing the achievements and status quo of Zhengzhou's poverty alleviation work at the present stage, to find the existing problems in Zhengzhou's targeted poverty alleviation work. At the same time, the theory of finance and management is used. And put forward relevant policy suggestions on the problems found, so as to further solve the problems in Zhengzhou's targeted poverty alleviation and rural revitalization.

1.2. Analysis on the Scale and Structure of Special Financial Poverty Alleviation Funds

By 2020, the central government's special funds for poverty alleviation will have increased by 20 billion yuan every year for five consecutive years, reaching 146.1 billion yuan in total by 2020. In December 2020, a further 30 billion yuan in comprehensive subsidies was adopted to support areas with weak links in poverty alleviation. A total of 189.6 billion yuan was raised to support poverty alleviation and rural revitalization through the cross-provincial policy of linking the increase and decrease of land use for urban and rural development to savings targets. We guided financial institutions to provide more than 600 billion yuan in micro-credit for poverty alleviation through interest discounts and risk compensation. China's special fiscal poverty alleviation funds are allocated mainly according to the poverty situation of each region, the local policy tasks and the ultimate achievement in poverty alleviation. Each year's special fiscal poverty alleviation funds can be flexibly adjusted in terms of the amount and direction of use according to the actual local conditions, but in general, they must meet the requirements of the national poverty alleviation work. To be specific, it includes improving the living conditions of the poor, increasing their ability to lift themselves out of poverty and developing local industries. In addition, education, culture, medical care, social security and other programs will be allocated according to the original funding channels, and the central government's special funds for poverty alleviation will no longer be used in these areas.

2. The Main Investment Methods of Government Funds for Poverty Alleviation should be Targeted

The important idea of "targeted poverty alleviation" first emerged in November 2013. Compared with extensive poverty alleviation, targeted poverty alleviation refers to an anti-poverty approach that accurately identifies, helps and manages the recipients in a targeted way according to different regional environments and individual conditions. China's fiscal fund poverty alleviation mainly focuses on three aspects: industrial poverty alleviation, financial poverty alleviation and transfer payments, which together form the three cornerstones of China's anti-poverty policy. Industrial poverty alleviation refers to the modern process of poverty alleviation and development with the market as the main body, economic benefits as the central requirement and industrial development as the lever. It is an effective way to promote the development of poor areas and increase the income of poor farmers. Poverty alleviation by industry is an endogenous incentive mechanism, which can stimulate vitality from within the region. Its fundamental purpose is to promote the coordinated development of

poor individuals and poor regions, activate the development impetus, and block the root cause of poverty.

Financial poverty alleviation means that under the guidance of the unified policy of the Party, various financial institutions such as banks, securities and insurance companies provide economic assistance to the poor people with various financial instruments and products, so as to achieve the effect of poverty reduction. As a means of targeted poverty alleviation, it consists of two key parts. First, it is government-led and should be guided by policies. Second, there should be a wide range of participants, including policy banks, commercial banks, insurance companies and non-governmental organizations. Financial poverty alleviation plays a multi-faceted role in raising the income of the poor population and enhancing their development capacity.

Since the reform of tax distribution system in 1994, China began to build a financial transfer payment system in a real sense. For a long time, China's financial transfer payment has been mainly invested in the central and western regions. According to data, between 1994 and 2017, China's cumulative net transfer payments to the central and western regions reached 44.19 trillion yuan, which laid a solid foundation for the development of the central and western regions. The analysis of financial transfer payments in this paper refers to the transfer of financial funds to backward areas and people. No consensus has been reached on the role of financial transfer payments in poverty alleviation. Therefore, in order to realize more positive effects of transfer payments on poverty alleviation, transfer payments at the present stage mainly affect poor areas and people through two aspects. On the one hand, from the perspective of income, through tax rebates linked to value-added tax, consumption tax, and income tax, local enterprises and governments are encouraged to develop their own economy and achieve self-hematopoietic ability. On the other hand, from the perspective of expenditure, there are relatively direct ways of rural subsistence allowance, agricultural subsidies and relief and so on.

3. The Problems Existing in the Process of Chinese Poverty Alleviation Fund Investment

3.1. Poverty Alleviation Funds are not Targeted to the Recipients

One of the priorities of China's poverty alleviation work is precision, which is also an important orientation of poverty alleviation work. When providing economic assistance to poor villages and households, there is a problem of poorly targeted funds, that is, the amount and purpose of funds do not match the actual situation of the recipients. In some regions, the special financial funds for poverty alleviation are not allocated in a timely and accurate manner, and in some regions, poor households are not included in the assistance system, resulting in the failure to receive relevant funds, and non-poor households that do not meet the requirements of relevant policies illegally enjoy poverty funds. This kind of phenomenon shows that the local government's identification, classification and classification of poor households are not accurate enough, which leads to the failure of national funds to play their due role.

3.2. The Guidance of Financial Funds to Industrial Poverty Alleviation is not Strong

In recent years, although the capital investment for the poor households to develop the industry is increasing, most of the funds are still invested in the planting industry and animal husbandry. There is little support for the downstream of the industrial chain, and the lack of financial and technical support for the deep processing of products makes the poor households not participate in the real high value-added links. From the perspective of the industrial chain, the link with the highest added value and profit is mainly concentrated in the processing link and circulation link. To develop modern agriculture with local characteristics, the most important

thing is to realize intensification, scale and modernization, and improve the added power of agricultural products and overall product benefit. In order to realize the role of poverty alleviation funds in this link, it is necessary to improve its foresight and accuracy. Facing the changing market demand for featured agricultural products and high-quality agricultural products, the special poverty alleviation funds invested in deep processing of agricultural and sideline products are still very insufficient, which will lead to serious constraints on the process of poverty alleviation in poor areas through deep processing of products.

3.3. The Timeliness of Fund Allocation is not Strong

At the present stage, an important problem of Chinese financial poverty alleviation funds is the weak timeliness. In the next stage of funds allocation, the approval process is long, complicated, and the responsible person is many. In the whole process, the project has missed the best period. In addition to the long approval time, the grassroots use of funds also needs the approval of the higher levels of leaders. When the primary or secondary leaders go out to study, the allocation of funds is often put on hold, which also leads to some projects being stranded, or forced to start after missing the best period. The reasons for this phenomenon are mainly as follows. First, the budget unit that is the main management body of poverty alleviation funds lacks the sense of urgency and sense of responsibility for the use of poverty alleviation funds, and there are some phenomena such as interception and retention. Secondly, the budget constraint of poverty alleviation funds is not strong. In the initial budgeting process, the amount set by the fund user is sometimes less than the actual amount allocated, which makes part of the funds not fully utilized, or the amount allocated is higher than the actual amount allocated, resulting in no money available in the course of work. Finally, due to the lack of institutional and legal constraints, grassroots units often have the problem of delaying the use of funds. The allocated funds are not used in time after they are in place, or they are used at the end of the year, resulting in large-scale projects being carried out at the end of the year, or even spending money for the sake of spending money.

4. Optimize the Path Selection of Targeted Financial Fund Investment for Poverty Alleviation

4.1. Accelerate Departmental Integration and Collaborative Work

Because targeted poverty alleviation involves multiple industries and departments. Therefore, it is necessary to further accelerate the integration of agriculture, industry, service industry, finance, insurance, taxation and other multi-sectors and multi-industries, so as to reduce the problems of fund dispersion and fund precipitation caused by sectoral and industrial barriers. It is necessary to make full use of big data, promote information sharing among finance, education, health, water conservancy, transportation and other departments, build a unified data platform and form a unified data standard. And then establish cross-industry data comparison mechanism, such as the poverty alleviation data comparison and fund release and feedback mechanism in Fujian Province, which links the data information of poor households with civil affairs, industry and commerce, speeds up the acquisition of pension insurance and medical insurance related information of poor people, and then directly issues special funds through the bank system point-to-point. The coordination between government departments mainly involves the difference between the value orientation, interests and administrative goals of each department. Through the coordination between departments, the problems of buck-passing, sectionalism and information island can be solved. The coordination among social organizations mainly refers to the relationship between social organizations and autonomous organizations, as well as citizens' willingness and ability to participate, which need to be coordinated. The last is the coordination of the system, coordination of project-based

policy supply and the bureaucratic system, democratic governance and the relationship between the rule of law.

4.2. Give Full Play to the Complementary Role of Social Poverty Alleviation

To give full play to the role of society in poverty alleviation, a major poverty alleviation pattern has been formed in which the government, the market and society work together to promote poverty alleviation. Enterprises should be mobilized for development-oriented poverty alleviation, the Federation of industry and Commerce should guide private enterprises to participate in poverty alleviation activities, and leading enterprises in poverty alleviation should promote the development of agricultural industrialization and farmers' prosperity. We will promote targeted poverty alleviation through the tourism industry, build high-quality tourist attractions in poor mountainous areas by utilizing high-quality natural resources, and lead people in mountainous areas to get rid of poverty and get rich. In Jiangsu Province, for example, the provincial government has guided social forces to participate in poverty alleviation through the "five-party linkage" policy, which refers to provincial governments, institutions of higher learning, state-owned enterprises, developed areas in southern Jiangsu and poor areas in northern Jiangsu. Through the five-party linkage, 247 members of the Jiangsu Provincial government have participated in poverty control in Jiangsu Province, with a total investment of 7.605 billion yuan and 4,429 assistance projects. Various industries, enterprises, public welfare organizations, non-governmental organizations and alumni associations can rely on social donations, donations and other means to integrate social resources, set up foundations, scholarship programs, voluntary services, the construction of educational places, work-study and other means to help poor students through labor compensation. These projects can maximize the enthusiasm of poor students and cultivate relevant social experience, so as to achieve their own development while creating certain values.

4.3. Improve the Special Fund Management System

As for the funds already allocated, it is necessary to supervise the plan, process and effect of their use. First, the use plan should be specific to people and projects, so as to ensure that the funds are used to the real poor households and to projects that can bring real benefits to poor areas. The second is the use process. Supervision over the use of funds should be strengthened to prevent urban and rural lower-level units from abusing, misappropriating or misusing poverty alleviation funds. Last but not least, we should supervise the results of use. We should strengthen performance supervision, and we should have both quantitative data and feedback from the public on the use of special funds. Other regions can learn from Fujian Province's online poverty alleviation fund management system, which uses operation and management modules to conduct dynamic internal supervision on the flow direction and progress of provincial poverty alleviation funds, and uses mobile apps and official websites to guide the public to conduct external supervision on the use and release of financial poverty alleviation funds, forming a dual supervision with internal and external supervision. At the same time, we should rely on big data to establish a poverty alleviation performance information platform, build a data model for poor households, and establish an all-round and multi-level information data platform for poor households. We should focus on the basic information of poor households, the degree of poverty, the corresponding assistance measures, and the record of the effect of the assistance measures, so as to conduct a quantitative analysis of the results of poverty alleviation. At the same time, we should strengthen the audit supervision before and after the use of poverty alleviation funds, including the audit of the establishment of assistance policies, the audit of implementation and the final performance audit to improve the efficiency of the use of funds. We should avoid post-audit, which has been solidified in the past, strengthen project audit before the use of funds and implementation audit during the use of funds, and try our best to give early warning and prevent problems before they occur.

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