Does Elite Capture Matter? Local Political Elites and the Targeted Poverty Alleviation Strategy in China

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October 9, 2021

Abstract

China implemented a nationwide poverty alleviation campaign, the targeted poverty alleviation (TPA) strategy, striving to achieve the national goal of completely eradicating poverty by the end of 2020. However, the capture of political elites is considered an essential obstacle to achieving this goal. This paper investigates whether political elite capture exists in TPA based on the specific targeting strategy, using the "Thousand-Person Hundred-Village" survey dataset in 2017. Overall, TPA is not subject to political elite capture in practice and deliberately excludes political elites from the strategy. We present three main findings. First, the probability of political elite households registering into the national poverty database (jiandanglika) under TPA is approximately 12.5% lower than non-elite households. Second, we found that the lower registration probability of political elite households is mainly reflected in the households with committee members in the village. Third, political elite connections increase the likelihood of political elite households receiving government transfers, suggesting that political elite capture still exists in other public welfare programs.

Keywords: *Political elite capture, Targeted poverty alleviation (TPA), Rural China*

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1 Introduction

One salient feature observed in developing countries is the ubiquity of local political executives' corruption. Some studies show that local officials are more likely to be held accountable to local people than program administrators at the central or prefectural level and have more significant incentives to use local knowledge to improve welfare targeting (Galasso and Ravallion, 2005; Mansuri and Rao, 2012). However, more studies think that seeking potential private benefits by abusing public office for local leaders, including re-allocating public goods and resources and rent-seeking, would lead to political elite capture (Caeyers and Dercon, 2008; Christiaensen and Pan, 2012; Kilic et al., 2015; Panda, 2015; Han and Gao, 2019). Thus, maximizing local community officials' knowledge about local residents while holding them accountable, might be the core to targeting public welfare programs, particularly in less-developed rural regions of these countries. As the largest developing country, China's poverty alleviation programs are based on community targeting and have also been influenced by the capture of elites. To accurately identify the poor and restrict the considerable discretion of local officials to avoid political elite capture, the Chinese central government has launched a national campaign to eliminate poverty in rural areas through the "Targeted Poverty Alleviation (hereafter TPA)" strategy. The effectiveness of TPA relies on village leaders and poverty relief officials to identify truly poor households and register them into the national poverty database (jiandanglika), which documents the detailed records of all households in poverty, including the causes of poverty, targeted assistance provided to the poor, and the outcomes of targeted poverty alleviation programs.

This paper poses a simple research question: Could TPA, if implemented and

supervised by the central government, avoid the political elite capture in alleviating poverty? "Elite capture" refers to when politically or economically powerful groups improperly influence the allocation of public goods and resources and receive benefits that they are ineligible for (Cheng et al., 2021; Dutta, 2009). In this paper, we focus on political elite capture and examine whether local political connections can affect the likelihood of rural households registered into the national poverty database under TPA by exploiting a nationally representative rural household survey dataset, namely the "Thousand-Person Hundred-Village" survey (TPHV) in 2017.

Our econometric results show that TPA has not been affected by the capture of political elites. In fact, political elite households have a lower probability of registration into the national poverty database under TPA. The results show that the probability of political elite households registering into the national poverty database is approximately 12.5% lower than that of non-elite households. In addition, we also found that the results of households with economic elites and educational elites are consistent with our findings in the case of households with political elites, which indicates that TPA successfully avoided the capture of these three different elites. Moreover, we found the lower probability of political elite households is mainly reflected in the households with members serving as village party branch or village committee members. Finally, the results suggest that the general government transfer subsidy for poverty alleviation still leads to the capture of political elites. Therefore, village political elites may still execute their power to influence the allocation of other large-scaled welfare or poverty alleviation programs in China, such as the rural minimum living security (Dibao) program, which indirectly indicates the relative effectiveness of TPA on avoidance of elite capture.

This paper contributes to the relevant literature in the following two aspects: first, the paper is related to some recent works on political elite capture in poverty alleviation programs. Central governments in developing countries usually entrust local agencies to implement public welfare projects. Proponents of such decentralized targeting think that local organizations have more information and are more accountable to local people than the central government to improve the program performance (Alatas et al., 2012, 2019; Alderman, 2002). In addition, the central government typically defines poor households based on income or consumption, but local communities often favor a multidimensional poverty identification approach (Handa et al., 2012). However, a facet of decentralization is that local leaders may seek potential private gains through abuse of public office. Thus, even if the multidimensional poverty identification approach is adopted, the decentralized poverty alleviation program may be influenced by the capture of political elites due to a lack of strict supervision. For example, in China's minimum living standard guarantee (Dibao) program, several studies found rural Dibao to have sizable targeting errors, even using a multidimensional poverty approach (Golan et al., 2017; Han and Gao, 2019). Therefore, if the central government delegates the power of poverty alleviation projects to community organizations while retaining the control and supervision of each community, it may be efficient to identify the real poor and avoid the capture of political elites (Galasso and Ravallion, 2005). Under the initiative and strict supervision of the central government, TPA in China relies on community-based targeting by using multidimensional poverty evaluation in order to achieve poverty alleviation at the end of 2020. Thus, we would examine whether TPA with these features can avoid the impact of political elite capture.

Second, the paper contributes to the literature about the political elite capture in China. There exists a body of evidence on political elite capture in China for various public welfare programs, including the Dibao program (Han and Gao, 2019; Li and Walker, 2018), poverty alleviation funds (Wen et al., 2016), and microcredit programs (Xing and Li, 2013). However, few prior studies investigated the effect of elite capture in TPA; indeed, whether there is elite capture in TPA is also a controversial topic. For example, Hu and Wang (2017) found that more than 70% of the ineligible households registered as poor in TPA were households with either political elites or economic elites using a regional survey on 1200 rural households from 60 poor counties in Guizhou, Yunnan, and Sichuan. However, Cheng et al. (2021) studied 824 households from 17 villages in one poverty-stricken county in Guizhou Province and found no evidence of the elite capture effect in TPA. Compared to prior studies, this paper uses a nationally representative dataset (TPHV) rather than data only from some regions, thus generating more reliable results that can be generalized to the whole country.

The rest of the paper is organized as follows: Section 2 briefly introduces poverty reduction policies in rural China and provides the content of TPA in detail. Section 3 provides a brief literature review, focusing on the existing studies on elite capture in other developing countries and China. Section 4 introduces the econometric method and data as well as main variables of interest. Section 5 presents the main results and robustness checks. Section 6 concludes with policy implications.

2 Poverty Reduction Policies in rural China

China has made exceptional achievements in poverty reduction over the past four decades. Based on a recent global justice index report with respect to the issue of poverty alleviation, China was ranked the first among 154 countries to combat poverty, as 93.48 million rural people and 832 poverty-stricken counties were lifted out of poverty by the end of 2020. Such tremendous progress in poverty reduction is not only a result of rapid economic growth but also a true miracle attributed to the Chinese government's determination to eradicate poverty through multi-staged poverty reduction plans. The national poverty reduction programs have experienced a three-staged evolution. The first stage was region-focused targeting (quyu miaozhun) between 1986 and 2000. In 1986, the Leading Group of Poverty Alleviation and Development (guowuyuan fupin kaifa lingdao xiaozu) initiated and established the "development-oriented poverty reduction" (fupin kaifa) campaign, which designated 331 poverty-stricken counties as targets to receive centrally funded poverty reduction interventions.[1] In 1994, the central government announced and implemented the Seven-year Priority Poverty Reduction Program (1994 - 2000) (guojia baqi fupin gongjian jihua (1994-2000)), during which the number of poverty-stricken counties increased to 592.

The second stage was village-focused targeting (zhengcun tuijin) between 2001 and 2010. The Outline for Poverty Reduction and Development of China's Rural Areas (2001-2010) (zhongguo nongcun fupin kaifa gangyao (2001-2010)) eliminated 33 key poverty-stricken counties in the eastern region and added the same number

[1] See more information from "The Identification of Key Poverty-stricken Counties and Contiguous Poor Areas in Development-Oriented Poverty Reduction Program"

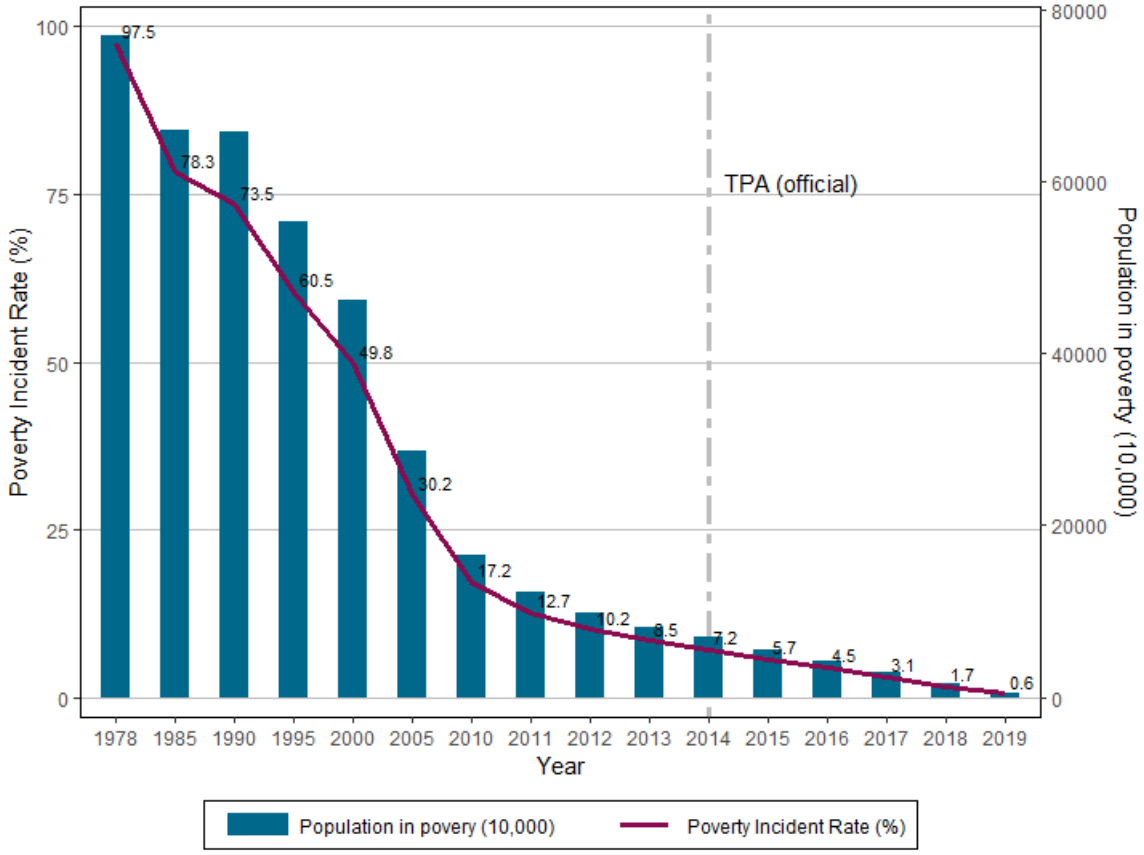
of counties from central and western regions. During this period, local governments and officials had applied targeting criteria based on income and other factors such as education and living conditions. One noticeable change in this plan compared to its precedent plans was that a community-based village program (zhengcun tuijin) was promoted (Li and Sicular, 2014).

Figure 1 shows that the poverty incidence rate in China has dropped from 97.5% in 1978 to 17.2% in 2010, demonstrating impressive progress in poverty reduction. However, due to the lack of a monitoring system and the large scope of targeting, elite capture was prevalent, and poor households were not accurately identified.

The third stage was household-focused targeting (jingzhun daohu) between 2011 and 2020. In 2011, the central government issued the "Outline for Development-oriented Poverty Reduction for China's Rural Area (2011-2020)" (Zhongguo nongcun fupin kaifa gangyao (2011-2020)), which identifies the rural population under the poverty standard as the main anti-poverty target.[2] It also claimed it would eradicate extreme poverty in rural areas by 2020. To achieve this mission, the central government officially announced TPA in 2013. The criteria of poverty eradication under TPA includes three aspects, namely: "one income poverty threshold, two no-worries, and three guarantees." "One income poverty threshold" means each household member should make more than 2,300 yuan per capita in 2010 constant prices; "two no-worries" means no one should be worrying about food and clothing; "three guarantees" means each household should be provided with compulsory education, basic health care, and safe housing (Peng et al., 2019). These criteria indicate that TPA employs a multidimensional poverty framework to identify the poor. Figure 2 presents

[2]See full report http://www.gov.cn/jrzg/2011-12/01/content_2008462.htm

Figure 1: population in poverty and poverty incidence rate (1978-2019)



Notes: TPA was officially adopted in 2014. The y-axis on the right represents the poverty incident rate (the proportion of the population below the 2010 poverty line to the total population); the y-axis on the left represents the number of people below the 2010 poverty line per 10,000 people.

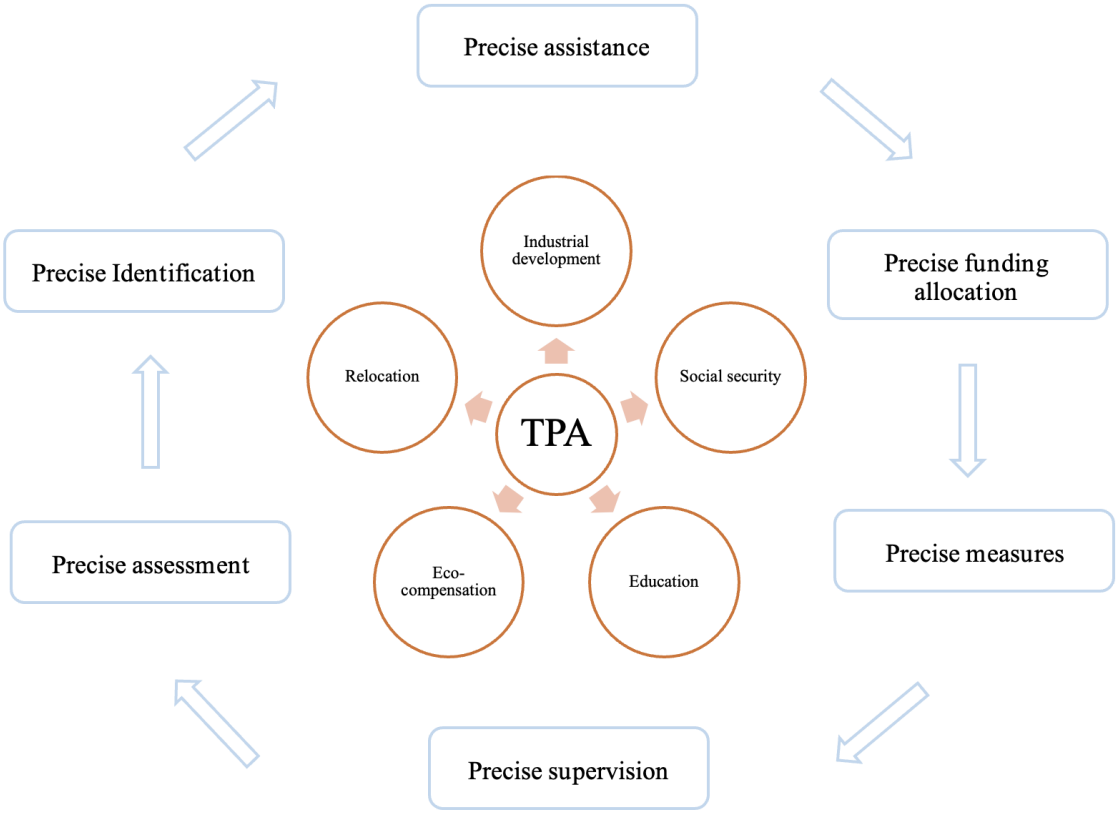
Source: Authors' own calculations using data from the National Bureau of Statistics of China.

TPA's five-batch measures and six essential components.

Regarding the question of "how to alleviate poverty," five measures are proposed by the Chinese government according to the specific conditions of poverty-stricken areas and impoverished populations, including boosting the economy to create more jobs for the disadvantaged, relocating those living under adverse natural conditions, providing eco-jobs for the poor, improving education in poor areas, and improving

social security for poverty alleviation.[3]

Figure 2: Targeted poverty alleviation strategy



Furthermore, TPA is more precise than previous poverty alleviation programs to identify poor households through its six essential components. The first component is the precise identification of poverty-stricken households and villages. This component requires the poor households to take the initiative and apply for registration into the national poverty database (jiandanglika). Then, multi-staged verification takes place

[3]More details of the five measures are shown in http://keywords.china.org.cn/2021-01/11/content_77102896.html. These five measures offer different models of development for disadvantaged people living under different conditions on the one hand and overcome the limitations any single method may have on the other.

to ensure poor households are accurately identified, including the initial screening of self-reported households' eligibility by the village community appraisal meetings, verification by the village leaders and grassroots anti-poverty officials, review of the final list by township governments, and re-examination and re-certification by township governments. Precise identification and registration of poor households into the national poverty database lays the foundation for the effective implementation of the following five components.

The second component is precise assistance. Poverty relief officials would be assigned to each registered poor household to provide targeted measures and monitor their poverty situations. The third component is precise funding allocation, which guarantees the investment efficiency of financial and human resources. The following two components are precise measures and precise supervision. They respectively establish an assistance system under which measures are taken according to local, village, and household conditions, and a supervision system which routinely inspects measures for the local implementation of poverty alleviation decisions and arrangements made by the central government. The last component is precise administration, which requires an all-around and all-process monitoring of registered poor households' situations so that households lifted out of poverty can exit the program and new poor households can be promptly identified. In addition, there is a quantitative evaluation of the local governments' and officials' performance in how they identify households in poverty, provide targeted assistance, and manage the poverty network system.

The introduction of TPA reveals its four unique features: first, the battle against poverty is a political priority under Xi's leadership, and TPA is one of the central

pillars to combat extreme poverty in rural areas. The goal and design of TPA are highly centralized at the highest level of government. At the same time, its implementation relies on mobilized energies of different levels of government, industries, and sectors, and cooperation between regions. Second, massive amounts of human resources have been devoted to the TPA campaign, and assigned officials are dispatched to each registered poor household to help them out of poverty. Along with local village leaders, these assigned officials employ the community-based targeting method that favors a multidimensional poverty identification approach to identify the poor. Third, although assigned officials and local village leaders are given the power to determine the eligibility for TPA registration, their behaviors and performance are supervised and evaluated periodically under a strict all-around top-to-bottom accountability mechanism for preventing misconduct in poverty relief efforts. Finally, since poverty alleviation is placed at the top of the central government's agenda, very few poverty alleviation officials dare to cross the "red line" for personal gains during the implementation of TPA, which may reduce the effect of political elite capture in TPA.

3 Literature Review

The discussion on elite capture in the existing literature is often associated with targeting performance and targeting error. Accurate poverty identification is a prerequisite to successfully and effectively allocating public assistance to the actual poor in all welfare and poverty alleviation programs. Countries facing severe poverty challenges have developed and adopted various targeting methods to identify the poor,

such as means-testing, proxy means-testing, community-based targeting (CBT), geographic targeting, demographic targeting, and self-targeting (Coady et al., 2004). Among these targeting methods, CBT has been widely used in developing countries. CBT indicates that community leaders and members have the knowledge and power to determine the eligibility for poverty alleviation programs. It is more prevalent in developing countries because it can take advantage of local community leaders' knowledge on households' needs and economic status that help achieve better targeting performance than government officials outside the community (Alderman, 2002). Additionally, CBT is believed to encourage disadvantaged members to participate more in community affairs and thus strengthen their social capital (Conning and Kevane, 2002).

However, more recent studies on elite capture in welfare and poverty alleviation programs using CBT show mixed effects in developing countries (Han and Gao, 2019). Using a nationally representative Indian household survey dataset, Panda (2015) found households with political connections were more likely to be entitled to a poverty alleviation program than those without political connections. Focusing on the elite capture in energy sources in India, Chatterjee and Pal (2021) did not find evidence of elite capture in access to electricity. Yet, the elite capture effect was prevalent in access to liquefied petroleum gas (LPG) in rural areas, where caste-based social networks were profound. Significant elite capture effect was also found in the targeting process of the food aid program in rural Ethiopia, and two agricultural input subsidy programs in Tanzania and Malawi (Caeyers and Dercon, 2008; Christiaensen and Pan, 2012; Kilic et al., 2015) However, in a community-based poverty alleviation project in Indonesia, Dasgupta and Beard (2007) did not find the

presence of elite capture of project benefits. In addition, Alatas et al. (2019) also found little evidence of elite capture in receiving aid programs. The previous studies that attempt to investigate the role of political elite capture in China are limited to its effect on traditional welfare programs such as Dibao and public resource allocation. Little is known about the role of political elite capture in the context of TPA. For example, Han and Gao (2019) used data from the 2013 China Household Income Project (CHIP) and found significant political elite capture effects in Dibao participation and transferred fund. Li and Walker (2018) studied Dibao spending in Stone-bridge village and argued the inefficient targeting in Dibao was mainly due to institutional alienation through which rural elites could navigate for their personal gain. Some other studies suggested that households with either political or economic elites were associated with a greater chance of receiving poverty alleviation funds or benefiting from microcredit projects (Wen et al., 2016; Xing and Li, 2013). The limited existing studies about whether political elite capture plays a role in TPA are based on regional data and yield contradicting results. Using a regional survey on 1200 rural households from 60 poor counties in Guizhou, Yunnan, and Sichuan, Hu and Wang (2017) found that more than 70% of ineligible households that were registered as poor in TPA were households with either political elites or economic elites. In contrast, Cheng et al. (2021) studied 824 households from 17 villages in one poverty-stricken county in Guizhou Province and found no evidence of the elite capture effect in TPA. They argued that the central government's "follow-up checks" policy as the primary targeting correction mechanism was the reason to remove the elite capture effect in TPA.

Scholars have stressed the need to improve the poverty identification approach

and local accountability in implementing welfare and poverty reduction programs to improve targeting performance and avoid elite capture. Unlike early studies that used the conventional poverty identification approach, which was based solely on income, a growing body of research studies have adopted a multidimensional poverty framework to identify the poor and found a significant reduction in targeting error. Sen's capability approach provides the most influential theoretical framework to understand the multidimensional feature of poverty. Based on Sen's capability approach, poverty should be viewed as a shortage in income and deprivation of other basic capabilities such as education, health, and living conditions (Sen, 1992, 1999). Adopting the propensity score approach, Han and Gao (2019) found the exclusion errors in rural Dibao targeting decreased sharply when the assessment was shifted from income-based targeting to multidimensional targeting. Zhu and Li (2019) also found that the inclusion error rate of TPA reduced from 90.2% to 58.0% using the multidimensional poverty measure. In terms of the role of local accountability, Bardhan et al. (2008) studied the political participation of rural households in West Bengal, India. They found that high rates of political participation of different socioeconomic groups would increase local government's accountability and further reduce elite capture. Darrow and Tomas (2005) called for a human rights-based approach that stresses the empowerment of the poor and accountability of those in power to limit the phenomenon of elite capture. The existing literature on elite capture indicates that elite capture is context-dependent (Bardhan and Mookherjee, 2006; Fritzen, 2007; Cheng et al., 2021). Additionally, the studies about elite capture in TPA are limited to small regions, so conclusions cannot be generalized to other areas. TPA is under the strict supervision of the central government through an all-around top-to-bottom account-

ability mechanism. Meanwhile, it relies on community-based targeting that favors the multidimensional poverty identification approach to achieve poverty alleviation. For these reasons, in this paper, we argue that it is very likely that TPA can effectively avoid political elite capture and use recent nationally-representative rural household survey data to examine this statement.

4 Econometric method and Data

4.1 Econometric method

To explore whether the political elite capture effect exists in TPA, we first estimate the impact of political elite connection on registration into the national poverty database under TPA. We conduct a probit regression model as follows:

$$RHP_i = \Phi\left(\text{ Elite }_i, Z', X'\right) \tag{1}$$

Where i denotes the household in 2017. The dependent variable, RHP_i, is a dummy variable that takes a value of 1 if the household is registered into the national poverty database. Elite $_{\text{i}}$ denotes the measure of the political elite households. The dummy variable takes a value of 1 if any household member holds a political position in the village, including committee members in the village (including village party branch committee members and village committee members) and other village leadership roles. The households' income without government transfers per capita should also be above the poverty line (2855 yuan per capita).[4] X' denotes all

[4]The national rural poverty line was set at 2,300 yuan per capita in 2010 constant prices. 2,855 yuan per capita is China's poverty line in 2016 with CPI adjustment, which is shown in "Opinions

control variables, including household head characteristics, household demographic characteristics, and village characteristics. Z' denotes six dimensions on which the multidimensional poverty identification approach in TPA is based, including poverty in income, food, clothing, education, health, and living conditions. Both X' and Z' are described in Table 1. The specification also controls for provincial fixed effects to capture the unobserved provincial heterogeneity in TPA.

4.2 Data

This paper uses the "Thousand-Person Hundred-Village" (TPHV, qianren baicun) survey project dataset, which was conducted by Renmin University of China (RUC) based on the 2010 (6th) China Population Census and uses the probability-proportional-to-size (PPS) sampling method. The primary purpose of the TPHV survey project is to study the social, economic, cultural, and political life of rural households. The TPHV research project employs field research and household social survey to collect information on rural households' various aspects across all regions in the country. It includes household members' demographic and socioeconomic characteristics, living conditions, household income and expenditure, essential public facilities, and demand for poverty alleviation assistance. Survey questions are broadly consistent throughout the years, with only slight changes in themes covered each year to reflect the prevalent social problems of that time.

The TPHV survey project was initiated in 2012. However, for specific registration information of TPA and complete information of all households' members, we only analyzed the data in 2017. Figure 3 shows the specific procedure of sampling and

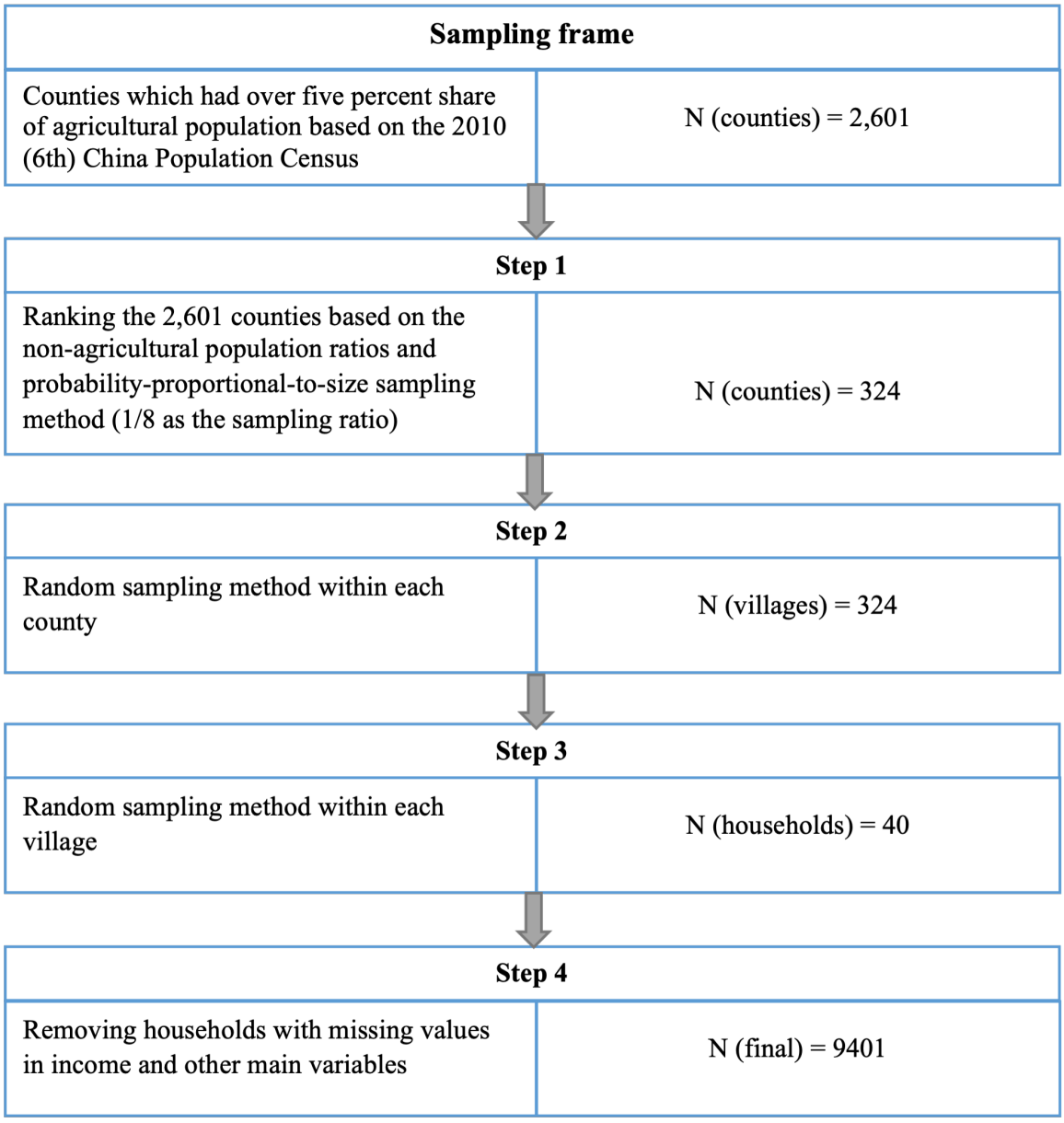
on Establishing an Exit Mechanism of Poverty" issued by the General Office of the State Council.

cleaning for our working data. The TPHV first identified 2,601 counties with at least 5% agricultural population and ranked them in ascending order by the non-agricultural population ratio. Then it used the PPS sampling method to select 324 counties as the primary sampling units. Next, one village was randomly selected within each of the 324 counties. Finally, around 40 rural households from each village were selected using the systematic sampling method.

The 2017 TPHV survey dataset is unique and appropriate for this study for four reasons. First, its rigid sampling method ensures the samples are representative at the national level. Second, it takes a set of strict quality control procedures to ensure the accuracy of the data, including the intensive social survey research methods training during the pre-fieldwork stage, sufficient household survey time during the in-fieldwork stage, and multiple techniques to verify the collected data during the post-fieldwork stage. Third, the TPHV survey, to our best knowledge, is the first survey that contains rural households' poverty registration status under TPA at the national level. Lastly, it provides rich information on rural households' multidimensional socioeconomic conditions. For example, obtaining reliable information on rural households' income is exceptionally challenging. Hence, the TPHV survey asks rural households about a detailed list of income sources rather than only reporting the total household income, which helps minimize the reporting bias and increases the accuracy of the data.

In this paper, approximately 10,000 rural households from 29 provincial-level regions, 324 villages that vary substantially in economic development, geographically ecological environment, and public resources are included in the sample. After dropping observations with missing values on key variables such as income and consump-

Figure 3: Sampling procedure



tion, our working sample includes 9401 rural households. We define households who reported having been registered into the national poverty database under TPA as registered households. Among the 9401 households, there are 1038 registered households, representing a rural registration rate of 11.04%.

Table 1 shows descriptive statistics for household heads, households, and village characteristics and six dimensions of poverty in TPA in full, registered, and non-registered samples. The results show that there are significant differences in most characteristics between rural registered and non-registered households. Heads of registered households were elderly and more likely to be unmarried, not employed, and not the ethnic minority. Registered households in TPA have a smaller share of members between the ages of 16 and 65 and occupy fewer residential areas per capita. The villages in which non-registered households lived have high or relatively high urbanization levels. Registered households in TPA were more likely to live far away from the market, the center of the township, and the county center.

In this paper, we explore the elite capture effect by controlling for the determinants of observed rural registered households in TPA. Regarding the six dimensions of poverty in TPA mentioned in the previous section, we respectively measure poverty in terms of income, food, clothing, education, health, and living conditions as follows:

- Food poverty: according to The Food and Agriculture Organization (FAO) standards, Households with more than 59% of Engel coefficients are considered poverty.

- Clothing poverty: the clothing poverty dummy takes a value of one if the ratio of clothing expenditure to the total expenditure is more than 40%.

- Education poverty: the education poverty dummy takes a value of one if household expenditure on education accounts for more than 50% of the total expenditure.

- Health poverty: the health poverty dummy takes a value of one if at least one member of the household is disabled or has a severe disease, or the ratio of out-of-pocket medical expenditure of household to the total expenditure is more than 50%.

- Housing poverty: the housing poverty dummy takes a value of one if the structure of a house is an adobe house or cave-dwelling, or the house does not have a kitchen or toilet.

Table 1: Descriptive statistics of sample characteristics

	Full sample (N=9,401)		Registered households in TPA (N=1,038)		Non-registered households in TPA (N=8,363)		Difference
	Mean	S.D.	Mean	S.D.	Mean	S.D.	p-value
Household head characteristics							
Age	55.962	12.554	57.144	12.988	55.815	12.492	(0.002)***
Female	0.076	0.265	0.086	0.280	0.075	0.263	(0.240)
Marital Status (Default: Married)							
Single	0.022	0.147	0.070	0.256	0.016	0.126	(0.000)***
Divorce	0.014	0.116	0.022	0.147	0.013	0.112	(0.045)**
Widow	0.077	0.267	0.121	0.327	0.072	0.258	(0.000)***
Employment status (Default: Employed)							
Unemployed	0.034	0.181	0.073	0.261	0.029	0.167	(0.000)***
Farming	0.572	0.495	0.571	0.495	0.572	0.495	(0.987)
Housework	0.082	0.275	0.128	0.334	0.077	0.266	(0.000)***
Others	0.046	0.209	0.045	0.208	0.046	0.209	(0.926)
Ethnic Han	0.079	0.270	0.112	0.315	0.075	0.264	(0.000)***
Household demographic characteristics							
Share of 16-65	0.599	0.320	0.563	0.341	0.603	0.317	(0.000)***
Area per capita	42.842	35.070	35.699	26.208	43.728	35.920	(0.000)***
Village characteristics							
Village	0.001	0.027	0.002	0.044	0.001	0.024	(0.338)
Township/town	0.111	0.314	0.110	0.313	0.111	0.314	(0.903)
Urbanization (Default: High and higher level)							
Low urbanization	0.251	0.433	0.379	0.485	0.235	0.424	(0.000)***
Lower urbanization	0.251	0.434	0.283	0.451	0.247	0.431	(0.014)**
Middle urbanization	0.251	0.433	0.223	0.416	0.254	0.435	(0.022)**
Distance to market	5.997	7.523	8.846	10.561	5.644	6.975	(0.000)***
Distance to township	7.533	6.529	8.573	7.746	7.404	6.351	(0.000)***
Distance to county	29.228	22.144	34.223	23.627	28.608	21.875	(0.000)***
Distance to clinic	3.288	19.069	3.383	5.200	3.276	20.135	(0.693)
Six dimensions of TPA							
Income poverty	0.163	0.369	0.313	0.464	0.144	0.352	(0.000)***
Food poverty	0.059	0.235	0.057	0.232	0.059	0.235	(0.794)
Clothing poverty	0.002	0.045	0.005	0.069	0.002	0.041	(0.153)
Education poverty	0.047	0.211	0.049	0.216	0.046	0.210	(0.687)
Health poverty	0.186	0.389	0.367	0.482	0.164	0.370	(0.000)***
Housing poverty	0.266	0.442	0.448	0.498	0.243	0.429	(0.000)***

Notes: This table is calculated based on the 2017 TPHV survey data. Columns (1)-(6) show the statistics of different variables used in this paper in full sample, registered household sample, and non-registered household sample, respectively. Last column tests mean differences between the registered household and non-registered household samples. Levels of significance: *10%, **5%, and ***1%.

Table 2: Distribution of elite connections in sample households

	Full sample (N=9,401)		Registered households in poverty (N=1,038)		Non-registered households in poverty (N=8,363)		Difference
	Mean	S.D.	Mean	S.D.	Mean	S.D.	p-value
Political elite	0.143	0.350	0.116	0.320	0.147	0.354	(0.004)***
Economic elite	0.238	0.426	0.104	0.305	0.255	0.436	(0.000)***
Educational elite	0.179	0.383	0.118	0.323	0.186	0.389	(0.000)***

Notes: This table is calculated based on the 2017 TPHV survey data. Columns (1)-(6) show the statistics of the different types of elites in full sample, registered household sample, and non-registered household sample, respectively. Last column tests mean differences between the registered household and non-registered household samples. Levels of significance: *10%, **5%, and ***1%.

This paper mainly investigates whether TPA has been influenced by political elite capture. However, we also consider whether the other two types of rural elites (economic and educational elites) may affect targeting poor households in TPA. The economic elite dummy takes a value of one if the household's per capita income, excluding government transfers, is higher than the third quartile of the village and not lower than the poverty line. The educational elite dummy takes a value of one if any household members have an associate degree, bachelor's degree, or a higher degree and the household's per capita income, excluding government transfers not lower than the poverty line.[5] Table 2 shows the distribution of different types of elite connections in the sample. The results show that registered households had fewer political elite households than non-registered households in TPA, and the difference was statistically significant. Registered households were also less likely to be either economic elite households or educational elite households. Therefore, unlike other poverty alleviation

[5]According to the 2020 (7th) China Population Census, the ratio of the population with an associate degree or higher to the total population is approximately 15.47%. However, due to the educational disparity between urban and rural areas, the ratio in rural areas should be much lower than 15.47%. Therefore, the educational elite households should have at least one household member with an associate degree, bachelor's degree, or higher.

programs in China, the elite connections of registered households are not more than those of non-registered households and even statistically significantly smaller than those of non-registered households in the TPA, as shown in Table 2.

5 Empirical Results

5.1 Main Results

Table 3 presents the baseline results on the effect of political elite connections on the registration of households in TPA based on Equation (1). We start the estimation by con- trolling for province-specific fixed effects in column (1). It turns out that the political elite connection is negatively and statistically significantly associated with the probability of registration of households in TPA. In addition, we include additional control variables, including household head characteristics and household demographic characteristics, in columns (2)-(3), respectively. We find that the political elite connection had a significant negative effect on the registration of households in TPA. In column (4), we add the village characteristics as additional control variables. The coefficient of the political elite is persistently negative and statistically significant at the one percent level. Quantitatively, column (4) indicates that having the political elite connection was associated with a 14.03% decrease in the odds of registration in TPA. These results suggest that that TPA is not subject to political elite capture in practice and even deliberately excludes political elites from the strategy, which are not consistent with previous studies (e.g., Hu and Wang (2017)).

Table 3: Probit model baseline results

	Dependent variable: RHP dummy			
	(1)	(2)	(3)	(4)
Political elite	-0.1552***	-0.1624***	-0.1575***	-0.1593***
	(0.0565)	(0.0530)	(0.0512)	(0.0556)
Age		0.0025	0.0012	0.0026
		(0.0021)	(0.0021)	(0.0023)
Female		-0.1655*	-0.1518*	-0.1156
		(0.0857)	(0.0846)	(0.0828)
Single		0.8703***	0.9384***	0.8933***
		(0.1086)	(0.1180)	(0.1273)
Divorced		0.4342***	0.4781***	0.5012***
		(0.1325)	(0.1288)	(0.1262)
Widow		0.3038***	0.3624***	0.3387***
		(0.0823)	(0.0860)	(0.0857)
Unemployed		0.6384***	0.6280***	0.6530***
		(0.0816)	(0.0877)	(0.0909)
Farming		0.1415**	0.1302**	0.1094*
		(0.0575)	(0.0575)	(0.0587)
Housework		0.4681***	0.4479***	0.4380***
		(0.1042)	(0.1074)	(0.1051)
Others		0.2269*	0.2047	0.2065*
		(0.1295)	(0.1252)	(0.1193)
Han		0.0417	0.0284	-0.0860
		(0.1047)	(0.1007)	(0.0846)
Share of 16-65			-0.2056**	-0.1879**
			(0.0851)	(0.0873)
Area per capita			-0.0057***	-0.0053***
			(0.0012)	(0.0011)
Village				0.8409
				(0.5968)
Township/town				-0.0007
				(0.1303)
Low urbanization				0.5212***
				(0.1106)
Lower urbanization				0.3934***
				(0.1129)
Middle urbanization				0.2979**
				(0.1295)
Distance to market				0.0193***
				(0.0039)
Distance to township government				-0.0027
				(0.0063)
Distance to county government				0.0034***
				(0.0012)
Distance to clinic				-0.0011
				(0.0008)
Province fixed effects	YES	YES	YES	YES
N	9,401	9,401	9,401	9,401

Notes: The dependent variable is the registered household in poverty (RHP) dummy that is indicated on the top of all columns. The dummy variable takes the value of one if the household is registered as poor in TPA; otherwise, zero. Column (1) starts the estimation by controlling province-specific fixed effects. Column (2) adds control variables about the characteristics of the household leader. Column (3) includes control variables about the characteristics of the household. Column (4) adds control variables about the village characteristics. Standard errors are clustered at the provincial level for all regressions in parentheses. Levels of significance: *10%, **5%, ***1%.

Furthermore, there are additional results from the control variables. First, females had a relatively lower registration probability of TPA than males. Second, household heads who were single, divorced, or widowed had a higher probability of TPA registration than married individuals. Third, household heads who were unemployed, or did farming or housework, had a higher probability of registration in TPA than employed people. Fourth, the share of households aged 16-65 and living area per capita was negatively associated with the probability of registration in TPA. Finally, the level of urbanization and the distance to the market or county government for each village were positively associated with the probability of registration in TPA.

Table 4: Probit model results with controlling six criteria for TPA

	Dependent variable: RHP dummy						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Political elite	-0.1593***	-0.1458**	-0.1461**	-0.1459**	-0.1460***	-0.1447***	-0.1250**
	(0.0556)	(0.0566)	(0.0568)	(0.0567)	(0.0566)	(0.0546)	(0.0531)
Income poverty		0.4370***	0.4371***	0.4361***	0.4362***	0.3905***	0.3632***
		(0.0714)	(0.0715)	(0.0722)	(0.0720)	(0.0727)	(0.0710)
Food poverty			-0.0171	-0.0256	-0.0262	0.0408	0.0337
			(0.1109)	(0.1130)	(0.1135)	(0.1166)	(0.1118)
Clothing poverty				0.8541**	0.8574**	0.8576***	0.8492***
				(0.3347)	(0.3359)	(0.3162)	(0.3179)
Education poverty					-0.0199	0.0067	0.0033
					(0.0988)	(0.0945)	(0.0948)
Health poverty						0.4592***	0.4448***
						(0.0327)	(0.0321)
Housing poverty							0.2774***
							(0.0622)
Controls	YES	YES	YES	YES	YES	YES	YES
Province fixed effects	YES	YES	YES	YES	YES	YES	YES
N	9,401	9,401	9,401	9,401	9,401	9,401	9,401

Notes: The dependent variable is the registered household in poverty (RHP) dummy that is indicated on the top of all columns. The dummy variable takes the value of one if the household is registered as poor; otherwise, zero. Column (1) is the same as column (5) of Table 2. In columns (2) and (7), we add one more criterion of the targeted poverty alleviation. Column (7) totally adds six criteria for targeted poverty alleviation, including the income, food, clothing, education, health, and living conditions in poverty. All columns include the characteristic control variables and province-specific fixed effects. Standard errors are clustered at the province level for all regressions in parentheses. Levels of significance: *10%, **5%, and ***1%.

As a step further, Table 4 adds six dimensions on which the multidimensional

poverty identification approach in TPA is based, such as poverty in income, food, clothing, education, health, and housing.[6] Column (1) repeats the baseline results, including all basic control variables. In addition, we add one more dimension in turn from column (2) to column (7). Similarly, the results indicated in columns (2)-(7) of Table 4 do not challenge our main finding on the probability of political elite households registered as poor in TPA in terms of estimated magnitude. The specification in column (7), including all six dimensions, shows that poverty in income, food, clothing, education, health, and housing increased the probability of households registered as poor in TPA. At the same time, the political elite connections still reduced the probability of registration in TPA. Quantitatively, the coefficient of the political elite is -0.1250, which implies that the political elite connection reduced the probability of household registration in TPA by 12.5%.

[6]The measures of six dimensions on TPA have been shown in Section 4.2 in detail.

Table 5: Probit model results with the interactions of elite with six criteria for TPA

	Dependent variable: RHP dummy						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Political elite	-0.1628**	-0.1105**	-0.1263**	-0.1195**	-0.1708**	-0.1446*	-0.1851**
	(0.0652)	(0.0535)	(0.0527)	(0.0586)	(0.0673)	(0.0777)	(0.0938)
Income poverty	0.3432***	0.3641***	0.3628***	0.3635***	0.3626***	0.3629***	0.3452***
	(0.0760)	(0.0716)	(0.0709)	(0.0707)	(0.0707)	(0.0711)	(0.0761)
Food poverty	0.0336	0.0673	0.0325	0.0340	0.0333	0.0339	0.0673
	(0.1118)	(0.1162)	(0.1121)	(0.1121)	(0.1117)	(0.1120)	(0.1169)
Clothing poverty	0.8452***	0.8669***	0.7927**	0.8549***	0.8425***	0.8502***	0.7858**
	(0.3203)	(0.3161)	(0.3388)	(0.3139)	(0.3172)	(0.3187)	(0.3378)
Education poverty	0.0019	0.0047	0.0020	0.0169	0.0035	0.0032	0.0174
	(0.0950)	(0.0942)	(0.0957)	(0.1081)	(0.0946)	(0.0946)	(0.1076)
Health poverty	0.4446***	0.4445***	0.4445***	0.4446***	0.4246***	0.4448***	0.4286***
	(0.0320)	(0.0319)	(0.0321)	(0.0319)	(0.0382)	(0.0322)	(0.0383)
Housing poverty	0.2772***	0.2770***	0.2773***	0.2775***	0.2779***	0.2701***	0.2727***
	(0.0622)	(0.0620)	(0.0622)	(0.0622)	(0.0623)	(0.0608)	(0.0614)
Income poverty	0.1586						0.1456
× Political elite	(0.1094)						(0.1156)
Food poverty		-0.4010					-0.4344
× Political elite		(0.3402)					(0.3652)
Clothing poverty			0.5957				0.7956
× Political elite			(0.6575)				(0.7431)
Education poverty				-0.1447			-0.1775
× Political elite				(0.3319)			(0.3486)
Health poverty					0.1525		0.1130
× Political elite					(0.1200)		(0.1238)
Housing poverty						0.0632	0.0369
× Political elite						(0.1266)	(0.1332)
Controls	YES	YES	YES	YES	YES	YES	YES
Province fixed effects	YES	YES	YES	YES	YES	YES	YES
N	9,401	9,401	9,401	9,401	9,401	9,401	9,401

Notes: The dependent variable is the registered household in poverty (RHP) dummy that is indicated on the top of all columns. The dummy variable takes the value of one if the household is registered as poor; otherwise, zero. In columns (1)-(6), we add the interaction of the political elite dummy with six dimensions of TPA. Column (7) includes all the interactions of the political elite dummy with six dimensions of TPA. All columns include the characteristic control variables and province-specific fixed effects. Standard errors are clustered at the province level for all regressions in parentheses. Levels of significance: *10%, **5%, and ***1%.

We explore whether the registered probabilities in TPA between political elites and non-elite households would differ on various poverty dimensions in Table 5. First, we add the interaction of the political elite dummy with six dimensions of TPA in

columns (1)-(6). We find that the coefficients of any interaction terms were not statistically significant, implying that the registered probability between political elites and non-elite households would not be statistically significantly different on each poverty dimension of TPA. Then, column (7) includes all the interactions of the political elite dummy with the six dimensions of TPA. The results show that the coefficient of the political elite was still negative and statistically significant, indicating that the probability of registration in TPA for households with political elites overall was lower than that of non-elite households. In addition, the coefficients of all interactions in Table 5 were not statistically significant. Therefore, we cannot find conclusive evidence that the registered probabilities in TPA between the political elite and non-elite households on any single dimension of poverty were significantly different.

5.2 Robustness Checks

To further test for the robustness of the basic results, we conduct sensitivity analysis along three dimensions. First, we investigate which types of political elite in households had a greater effect on registration in TPA. The political elites in the household are divided into three subgroups: (1) Only household head is the political elite, or any other household member is the political elite; (2) Any household member (including household head) is the committee member in the village, or they are political elites, but not committee members; (3) Only household head is a committee member in the village, or head is a political elite but not a committee member in the village, OR any other household member is a committee member in the village or they are political elites but not committee members.[7] We then use a set of mutually exclusive

[7]The committee members in the village include committee members of village party branch (*cun dangzhibu weiyuan*) and village committee members (*cunweihui weiyuan*).

dummy variables to estimate the effects of having different types of the political elite in the household. The elite capture effects across different types of the political elite in the household are presented in Table 6. Column (1) presents the baseline results that are the same as column (1) of Table 4. In column (2), we find that the probability of registration in TPA for households with the household heads as political elites was 14.13% lower than that of non-elite households. However, the difference in registration probability is not statistically significant between households with only other members as political elites and non-elite households. Column (3) shows that the households with committee members in villages would negatively affect the probability of registration in TPA. Quantitatively, the results indicate that the probability of registration in TPA for households with members who are committee members in the village was 20.61% lower than that of non-elite households. Finally, we divided the households with political elites into four categories: the household head is a committee member in the village, the household head has other political leadership roles, any other members are committee members in the village, and these members have other political leadership roles. The results in column (4) show that the probability of registration in TPA for households with only the heads as the committee members in the village was lower (19.49%) than that of non-elite households.

Second, there is a concern that elite capture may not merely arise from the political elite connection. In this section, we test the effect of the other two rural elites (economic elite and educational elite) on the registration probability of TPA in Table 7. The results in columns (1)-(3) show that the probability of economic elite households registering in TPA is much smaller than that of non-elite households. Quantitatively, column (3) indicates that the probability of economic elite households registering in

Table 6: Comparison of impact of different types of political elites

	Dependent variable: RHP dummy			
	(1)	(2)	(3)	(4)
Political elite	-0.1250**			
	(0.0531)			
Household head is political elite and other members are not		-0.1413*		
		(0.0756)		
Any other household member is political elite		-0.1004		
		(0.0822)		
Any household member is committee member in the village			-0.2061***	
			(0.0652)	
Any other household member is the committee member in the village			-0.0422	
			(0.0780)	
Household head is committee member in the village				-0.1949***
				(0.0677)
Household head is political elite but not a committee member in the village				0.0097
				(0.0794)
Any other household member is committee member in the village				-0.1609
				(0.1612)
Any other household member is political elite but not committee member				-0.1656
				(0.1543)
N	9,401	9,401	9,401	9,401

Notes: The dependent variable is the registered household in poverty (RHP) dummy that is indicated on the top of all columns. The groups in each column are mutually exclusive. The committee members in the village include village party branch committee members and village committee members. All control variables and province-specific fixed effects are included in each column. Standard errors are clustered at the province level for all regressions in parentheses. Levels of significance: *10%, **5%, and ***1%.

TPA was 38.22% lower than that of non-elite households. We use the educational elite as the explanatory variable of interest in columns (4)-(6). The results are consistent with previous findings. The negative coefficient of educational elite indicates a significantly lower probability of registering in TPA for educational elite households than non-elite households. Therefore, the registration probability of TPA for both

economic and educational elite households is lower than for ordinary households.

Table 7: Robustness checks: alternative measures of elite in rural area

	Dependent variable: RHP dummy					
	Economic elite			Educational elite		
	(1)	(2)	(3)	(4)	(5)	(6)
Elite	-0.5584***	-0.4942***	-0.3822***	-0.3094***	-0.2536***	-0.1278**
	(0.0510)	(0.0504)	(0.0515)	(0.0667)	(0.0631)	(0.0600)
Income poverty			0.2883***			0.3447***
			(0.0733)			(0.0694)
Food poverty			0.0383			0.0325
			(0.1135)			(0.1109)
Clothing poverty			0.8695***			0.8419***
			(0.2990)			(0.3168)
Education poverty			0.0051			0.0414
			(0.0939)			(0.0964)
Health poverty			0.4282***			0.4419***
			(0.0306)			(0.0317)
Living poverty			0.2781***			0.2773***
			(0.0629)			(0.0609)
Controls	NO	YES	YES	NO	YES	YES
Province fixed effects	YES	YES	YES	YES	YES	YES
N	9,401	9,401	9,401	9,401	9,401	9,401

Notes: The dependent variable is the registered household in poverty (RHP) dummy that is indicated on the top of all columns. In columns (1)-(3), The economic elite dummy takes a value of one if the household's per capita income excluding government transfers is higher than the third quartile of the village and not lower than the poverty line. In columns (4)-(6), the educational elite dummy takes a value of one if any household members have an associate degree, bachelor's degree, or higher. Columns (1) and (3) start the estimation by controlling the province-specific fixed effects. Columns (2) and (5) adds additional characteristic control variables. Column (3) and (6) includes six criteria of targeted poverty alleviation. Standard errors are clustered at the province level for all regressions in parentheses. Levels of significance: *10%, **5%, and ***1%.

Finally, some prior studies found that the effect of political elite connections on the participation in welfare programs and government transfer value is significantly positive (Xing and Li, 2013; Wen et al., 2016; Han and Gao, 2019). In this paper, we also consider if China's other general welfare programs can avoid political elite capture in 2017. We investigate whether the political elite households can affect the probability of receiving government transfer and the government transfer subsidy per

Table 8: General government transfer and elite capture

	Received transfer dummy			Received transfer per capita		
	(1)	(2)	(3)	(4)	(5)	(6)
Political elite	0.1216*			29.2556**		
	(0.0625)			(14.1827)		
Economic elite		-0.0537*			-9.6154	
		(0.0312)			(14.1646)	
Educational elite			0.0253			26.3941
			(0.0509)			(27.2436)
Controls	YES	YES	YES	YES	YES	YES
Province fixed effects	YES	YES	YES	YES	YES	YES
N	9,401	9,401	9,401	9,401	9,401	9,401

Notes: The dependent variables are indicated on the top of columns. In columns (1)-(3), the received transfer dummy takes the value of one if the households receive the government transfer subsidies. In columns (4)-(6), received transfer per capita is measured by the government transfer that the household received over the population of the household. All control variables and province-specific fixed effects are included in each column. Standard errors are clustered at the province level for all regressions in parentheses. Levels of significance: *10%, **5%, and ***1%.

capita, using the TPHV survey data. Table 8 shows the influence of elite households on the probability of receiving government transfer subsidies and transfer value received. In columns (1)-(2) of Table 8, we first investigate how three types of rural elite households affect the probability of receiving government transfer. We find that the political elite connection could increase the probability of households receiving government transfers. The coefficient of the political elite dummy is 0.1216, implying that the probability of political elite households receiving government transfer payments was 12.16% higher than that of non-elite households. However, the probability of economic elite households receiving government transfer payments was 5.37% lower than that of non-elite households. There was no significant difference in the probability of receiving transfer between educational elite households and non-elite households. We use the received transfer per capita as an alternative dependent variable in columns (4)-(6). The results in column (4) show that political elite households can receive

approximately 123 yuan more in government transfers than non-elite households.[8] Compared to TPA, other social welfare programs in China, such as the Dibao program, still may not accurately target the poor households in rural areas. Therefore, our results indirectly indicate the effectiveness of TPA to avoid the capture of political elites.

6 Conclusion

As the most crucial poverty alleviation strategy in the largest developing country in the world, the TPA was designed as a critical component of China's grand campaign to eliminate rural poverty by 2020. The success of TPA mainly relies on how effectively it can target poor households through six different dimensions of poverty measurement and avoiding political elite capture. Thus, TPA can help truly poor households more effectively than other welfare and poverty alleviation programs.

Using nationally representative and unique rural household survey data from the TPHV project in 2017, we mainly examine whether political elite capture exists in the TPA strategy in this paper. First, we find no evidence of political elite capture in implementing the TPA strategy. Instead, households with political elites had a lower probability of registration in TPA than non-elite households. Second, the results show that households with either heads or other members who were committee members in the village had a lower probability of registration in TPA than non-elite households. Third, the other two types of elite households, including those with economic and educational elites, also had a lower registration probability than non-elite households,

[8]The average of household members in our sample is 4.2. Thus, the government transfer of political elite households received is $4.2 * 29.2556 \approx 123$ more than that of ordinary households on average.

consistent with the previous findings for political elites. Finally, we explore whether other welfare and government assistance programs in China can avoid elite capture. The results present that elite capture still exists in the general government transfer subsidies.

There are several reasons to explain why TPA can effectively avoid political elite capture. First, the widespread application of multidimensional poverty measures as eligibility criteria in TPA can reduce the possibility of elite capture and help actual households in poverty. Second, households with political elites are more likely to be those with economic elites. Therefore, they are also less likely to be registered as poor in TPA. As the Chinese government continues to pump out resources and money to prompt rural development and improve rural tax and fee reform to ease the financial burden on peasants, more economic elites are selected as village leaders. One on hand, after the agricultural tax was abolished in 2006, villages have relied heavily on local economic elites to contribute to rural grassroots regime constructions and economic development. On the other hand, economic elites can serve as the rural bellwether of becoming rich to help other villagers increase their household income. For these reasons, it is not uncommon to find households with political elites are also those with high household incomes. Third, the Chinese government uninterruptedly dispatched civil servants and other personnel from public institutions and state-owned enterprises to stay in poor, rural areas to help with poverty alleviation. Therefore, intense supervision has been formed on identifying poverty alleviation targets and correctly allocating poverty alleviation resources. Lastly, because "targeted poverty alleviation" has been promoted as a significant political task in China, rural political elites clearly know that the cost of violations is much higher than before, so the

phenomenon of political elite capture rarely appears in TPA, particularly after the 19th National Congress of the Communist Party of China adopted TPA as one of the three major battles for comprehensive deployment.

Our findings have important implications for future policies that address rural poverty and political elite capture in China. First, elite capture can be effectively curbed if a strict accountability mechanism is in place. Other large community-based welfare programs such as Dibao should learn from TPA's experience and build adaptive monitoring and accountability mechanisms to reduce the elite capture effect. Second, the multidimensional poverty identification approach has better targeting performance than the income-based approach and should be widely applied in other poverty reduction and welfare programs. Last, although the Chinese government has officially announced that the goal of poverty eradication was achieved, it is still important to expand existing government assistance programs and explore systematic poverty alleviation efforts to sustain the present achievements, prevent a return to poverty for the poor population, and address other forms of poverty, such as relative poverty and subjective poverty. Special attention and central government assistance should be given to the areas where the local government's capacity is insufficient to support the TPA strategy's completion.

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