



Investing in rural people

## Executive Board

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# Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the People's Republic of China

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### **FOR: REVIEW**

**Action:** The Executive Board is invited to review the comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the People's Republic of China.

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#### **Technical questions:**

**Indran A. Naidoo**

Director  
Independent Office of Evaluation of IFAD  
e-mail: i.naidoo@ifad.org

**Kouessi Maximin Kodjo**

Deputy Director a.i.  
Independent Office of Evaluation of IFAD  
e-mail: k.kodjo@ifad.org

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# Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the People's Republic of China

## I. General comments

1. In 2023, the Independent Office of Evaluation of IFAD (IOE) conducted its second country strategy and programme evaluation (CSPE) in the People's Republic of China, covering the period 2014 to 2022, two country strategic opportunities programmes (COSOPs), 14 loans and 20 grants.
2. Absolute rural poverty declined rapidly in the country in the 2010s, and rural revitalization was redefined as the new rural development agenda in 2021. Within this framework, IFAD focused on the marginal areas that were prioritized under these two successive government programmes, with good outreach to smallholders, poorer households and young farmers – men and women. The CSPE found the most significant results of the country programme to be the support to a gradual shift towards a new, more inclusive generation of cooperatives and other agribusiness projects, and the development of village infrastructure through substantial government co-funding. There were visible contributions to improved rural livelihoods through increased productivity and incomes, on par with the overall reduction of poverty in the project areas. Given the country's growing interest and larger role in international development, IFAD could have pursued a more strategic approach to South-South and Triangular Cooperation (SSTC) in its partnership with China.
3. The CSPE made five recommendations, which were agreed or partially agreed upon in the agreement at completion point, signed by IFAD and the Government in September 2023: (1) position the China programme for strategic support to inclusive value chains through different modalities (agreed); (2) establish IFAD's comparative advantage on environmental sustainability and climate change resilience, with a focus on marginal areas and smallholders (agreed); (3) clarify how IFAD will expand the pool of strategic partners, with a focus on innovation, scaling up and knowledge-sharing in clearly identified thematic areas (agreed); (4) develop a strategic vision and clarify the role of IFAD in China on SSTC (agreed); and (5) facilitate China's access to the Borrowed Resource Access Mechanism (BRAM) (partially agreed).<sup>1</sup>
4. The new COSOP for China (2025–2030) proposes three strategic objectives: (i) support more innovative, competitive and resilient rural livelihood options, and enhance rural institutions and governance to address the persistent urban-rural development gap; (ii) promote environment and climate-smart practices to strengthen rural ecological conservation and restoration, and build climate resilience; and (iii) leverage China's expertise, knowledge and innovation for promoting environmentally friendly practices for agriculture and food systems transformation at regional and global level. The strategic goal is: "rural revitalization through investments in inclusive and sustainable food and agriculture systems and through building institutional capacity and a supportive policy framework for smallholders".
5. The new COSOP refers to the CSPE's recommendations in its main text and to the Social, Environmental and Climate Assessment Procedures (SECAP) background study. The COSOP takes these into consideration by setting three strategic objectives that address CSPE recommendations 1, 2 and 4, and by making SSTC a

<sup>1</sup> The CSPE's agreement at completion point is included as appendix V.

pillar of the country programme. Moreover, the new COSOP focuses strongly on smallholders in a context of rapid restructuring of the agricultural sector, and describes the contributions that the programme will make to climate resilience and agrobiodiversity. The COSOP confirms that two upcoming projects have already been budgeted for with BRAM resources (CSPE recommendation 5). In addition, it identifies IFAD's niche as its support to the greening of a profitable and inclusive agriculture sector, which is consistent with the CSPE findings.

## II. Specific comments

6. **Smallholders.** The text describing the theory of change (section III.A) as well as the COSOP's goal highlights how IFAD will continue to engage with smallholders as producers of food, strengthening their organizations and their integration into markets. This broadly responds to the CSPE findings on the need to clarify the definition of smallholders. Consequently, specific indicators that can be used to identify smallholders to be targeted by the programme should be clearly mentioned in the body of the COSOP. Additionally, no visual representation is provided of the theory of change described in paragraphs 28 to 33.
7. **Geographical targeting.** The COSOP states that the programme will be implemented in the western and central provinces, targeting counties with a gross national income (GNI) per capita below national average (section III.C). The description of targeting (para. 42) only partly responds to CSPE recommendation 2(a) to define a geographical strategy. Explicit strategic orientations should have been provided that present how the programme will proceed to maintain its focus on "smallholder farmers and vulnerable groups, and mainstream gender and youth into its projects" as mentioned in paragraph 42.
8. **Rural institutions and inclusive value chain modalities.** Consistent with the CSPE, the COSOP employs the terms "rural institutions" and "rural producers' organizations" throughout its main text and appendices, which provides flexibility as to which organizations will be supported. Key file 1, which provides a detailed analysis of rural poverty and agricultural sector issues and opportunities, lists diverse modalities for value chain development, including support to individual entrepreneurial smallholders and contract farming: two options that the CSPE had found to be inclusive and adapted to marginal areas. The COSOP prioritizes farmers' cooperatives and village collective economic organizations, also in alignment with the CSPE findings. Nonetheless, it should reconfirm that a broader range of options will be considered in the country programme.
9. **Agro-enterprise parks.** Support to agro-enterprise parks is one the key activities that would benefit enterprises under the first strategic objective and one of the four thematic areas identified for SSTC (appendix VII).<sup>2</sup> The COSOP does not explain how park models that are actually supportive of smallholder agriculture would be identified. Investing in infrastructure as an incentive for agrobusinesses is also at odds with the CSPE findings; in fact, the CSPE found that the priority was to attract enterprises that had sound and inclusive business models.
10. **SECAP.** The COSOP's SECAP background study (appendix IV) covers a range of issues, but land tenure is not among them. This is not aligned with the CSPE recommendation to apply SECAP in land contracts between smallholders and rural organizations or enterprises. The SECAP study does not explain how smallholders'

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<sup>2</sup> The development of agro-enterprise parks (农业产业园) is one of the ongoing national programmes under the Ministry of Agriculture and Rural Affairs. The parks generally take the form of large land holdings dedicated to large-scale production and post harvest of high value crops or livestock, with public water, waste management and road access infrastructure. These are significantly different from the industrial parks supported by the United Nations Industrial Development Organization (UNIDO). The COSOP employs the English term agro-industrial park, a term generally used by Chinese authors, referring to commercial agriculture as an industry.

land use rights would be handled in agro-enterprise parks and in the operations of village collective economic organizations.

11. **Policy engagement.** The COSOP presents a very ambitious country-level policy engagement (CLPE) agenda whereby IFAD would support a range of national rural development reforms (section IV.B). It states that the Government-IFAD partnership would result in policy that is based on evidence-based analytics from IFAD operations and broader sector policy discussions. CSPE recommendation 3(a) emphasizes knowledge-sharing through selected national researchers and think-tanks, with a focus on value chains and climate change adaptation. The requirements of monitoring transitional pathways under IFAD's Graduation Policy through specific indicators identified and agreed upon with the Government of China (appendix III) will call for additional efforts by the IFAD country team. Therefore, there is some uncertainty about the ability to deliver this ambitious CLPE agenda, especially considering the limited policy-related results achieved during the period reviewed by the CSPE.
12. **Partnerships.** Whereas the Government had agreed, in the agreement at completion point, to develop a partnership strategy by 2023 as a result of CSPE recommendation 3, the COSOP does not mention whether progress was made on this. Equally, no outlines for this strategy or the way forward to develop this are included. Key file 4 provides a list of potential partners but it is not comprehensive. For example, UN Women – with whom IFAD had successfully launched a partnership – is not included in the list.
13. **SSTC strategy.** In line with CSPE recommendation 4, the COSOP includes a stand-alone SSTC strategy (appendix VII). This strategy covers any type of engagement: knowledge exchange, technical assistance, business collaboration and trade facilitation. The SSTC strategy fails to address two points that were highlighted in the CSPE: (i) IFAD's added value compared to the World Food Programme and Food and Agriculture Organization of the United Nations, which are relatively well advanced in this field in China; and (ii) potential national partners are listed but not prioritized.

### III. Final comments

14. IOE appreciates how the COSOP has addressed the evolving national policy framework and the requirements of IFAD's Graduation Policy. It notes that aspects of geographical targeting, inclusive value chain development, and priorities for non-lending activities were not as explicit as the CSPE had recommended.
15. These missing elements should be clearly addressed in operational documents to be prepared for the country programme. They are of critical importance for boosting programme delivery performance, and for enabling effective learning internally and externally across the programme. IOE remains available for any further clarification required.