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Enabling poor rural people
to overcome poverty

People's Republic of China

Interim evaluation

Executive summary and agreement at completion point of the Qinling Mountain Area Poverty Alleviation Project

Evaluation Committee — Sixtieth Session
Rome, 1-2 December 2009

For: **Review**

Note to the Evaluation Committee

This document is submitted for review by the Evaluation Committee.

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Abbreviations and acronyms

ACP	agreement at completion point
COSOP	country strategic opportunities programme
M&E	monitoring and evaluation
MTR	mid-term review
OE	Office of Evaluation (IFAD)
PCR	project completion report
PMO	project management office
QMAPAP	Qinling Mountain Area Poverty Alleviation Project
RCC	rural credit cooperative
UNOPS	United Nations Office for Project Services
VIG	village implementation group
WF	Women's Federation
WFP	World Food Programme

Currency equivalent

Currency unit = Chinese Yuan (CNY)
 US\$1.00 = CNY 6.82 (9 March 2009)

Land area measurement

1 mu = 0.66 hectare (ha)
 1 mu = 667 square metres (m²)

China

Qinling Mountain Area Poverty Alleviation Project



People's Republic of China

Interim evaluation

Qinling Mountain Area Poverty Alleviation Project

Part A – Executive summary

I. Introduction

A. Country background

1. With a population of 1.31 billion in 2007 and a land area of 9.6 million km², China is the most populous country in the world and the third largest in terms of land area. In terms of administration, below the level of national Government, the second administrative tier is organized into provinces, autonomous regions, special administrative regions and four major municipalities. China's GDP was US\$2.7 trillion in 2006; GNI per capita in the same year was US\$2,010.
2. Agricultural land accounts for 15 per cent of the total land area in China and is concentrated in the plains and river valleys of the lowlands in the east; but agriculture accounted for 11.9 per cent of GDP in 2006 compared with 47.0 per cent for industry and 41.1 per cent for services.¹ Even so, 325 million people earn a living from farming, forestry, animal husbandry and fisheries, representing 44 per cent of national employment. Land rights and tenure security are important factors related to investment in agriculture. The household responsibility system of the mid-1980s and the 1998 Land Management Law have transformed land tenure from largely communal to family farms. Land tenure is now up to 30 years, offering longer-term and more secure tenure, thereby allowing farmers a degree of freedom in planting crops and stimulating on-farm investment. The 11th Five-Year Plan (2006–2010), which was approved in March 2006, placed stronger emphasis on agriculture and rural development. The Government pledged to increase farmers' incomes and public services in the countryside. It abolished the agricultural tax at the start of 2006, which has stimulated rural growth and poverty reduction.
3. According to the World Bank, China alone has accounted for 75 per cent of poverty reduction in the developing world over the last 20 years, as a result of continuous economic growth² and social reforms such as the Government's elimination of all tuition fees for compulsory education in rural areas from 2007 onwards. The Gini coefficient – a measure of income inequality – has increased by 50 per cent, however, from around .30 to .45 over the past 25 years.³ The estimated number of people living on US\$1 per day fell from 360.6 million in 1990 to 101.2 million in 2006. But 128 million Chinese people still have consumption levels below US\$1 per day. Poor communities are mainly found in remote and resource-poor areas in the western and interior regions, often without access to clean water, arable land or adequate health and education services. In 2001, the Government introduced the Development-oriented Poverty Reduction Program for Rural China, 2001,⁴ which targeted a population of 30 million people below the poverty line and 60 million below the low-income line, of whom 94.57 per cent are located in central and western China, including the two project provinces.

¹ World Development Indicators database, World Bank, April 2007. Available at: <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=CHN>

² China has achieved remarkable economic growth of 9 per cent per year over the last ten years and kept inflation in check.

³ Luo and Zhu, 2008. Rising Income Inequality in China: A Race to the Top, World Bank Policy Research Working Paper.

⁴ Development-oriented Poverty Reduction Program for Rural China, 2001. Available at: <http://en.cpad.gov.cn/item/2004-05-24/50017.html>

4. Lifting the rural poor out of poverty has been a major concern in poverty alleviation programmes. In 2004, the urban to rural household per capita income ratio was 3.2:1. The coastal to inland GDP per capita ratio was 2.4:1. This illustrates the asymmetries in economic growth between coastal towns and the more remote western provinces.⁵ Rural income per capita is driven mainly by remittances of migrant farmers who have moved to cities for better employment.⁶ Rural-urban migration is a factor of the government policy aiming to concentrate 50 per cent of the country's population in cities by 2030.
5. **IFAD operations in China.** Since 1981 IFAD has provided loans for 23 agriculture and rural development projects in China; the total loaned was US\$590 million. Most IFAD-funded project areas are located in remote and mountainous regions that are environmentally fragile, prone to degradation and home to large numbers of poor indigenous people. According to recent government estimates, 30 million people in 21 provinces have benefited from IFAD-financed projects. IFAD's 2005 country strategic opportunities programme (COSOP) highlights the catalytic role and focus of IFAD's activities in China aimed at raising low-income households in remote marginal areas out of poverty.

B. The project

6. The project was located in the south-eastern part of Shaanxi Province and the north-western part of Hubei Province, covering sections of the Qinling mountain range that forms part of the northern watershed of the Yangtze river. The area is predominantly mountainous with poor soils and remote and dispersed settlements. The population of the target area is composed of 1.6 million people who reside in nine counties comprising 1,952 administrative villages. The population is largely Han, with virtually no representation of ethnic minorities. During the project period there was substantial rural reform through reduced taxes and increased agricultural subsidies. At the same time the cut in land tax contributed to a policy of rationalization of local government resulting in mergers of villages and towns.
7. The project was designed to target 310,000 households in the nine poorest counties of the two provinces. At the start of the project, most households were very poor, living in harsh conditions and with limited food availability. Women constituted a significant proportion of the target group because they were found to suffer more health problems and had less access to education and training than men.
8. The overarching objective of the project was to achieve a sustainable increase in productive capacity on-farm and off-farm and to offer increased access to economic and social resources such as education, health, sanitation and social networks. The project was designed as an integrated package of inputs with five main components: (i) agricultural development aimed to increase agricultural productivity through irrigation and land improvement; (ii) rural infrastructure such as improvements in drinking water, roads and bridges, and support for the government electrification programme; (iii) financial services to provide credit through the rural credit cooperative (RCC) network; (iv) social development, concentrating on literacy training, particularly for women, health and nutritional awareness-building, and reducing the number of girls dropping out of primary schools;⁷ and (v) project management.
9. The project was designed as two subprojects, one in Shaanxi Province and the other in Hubei Province. This was because the two project areas share the same watershed, and poverty in the two areas was at a similar level. Each subproject had its own special account and project management office (PMO). Project leading groups were established in each province and county to facilitate coordination

⁵ Luo and Zhu, 2008, op.cit.

⁶ Asian Development Outlook, China, Asian Development Bank 2008. Available at: <http://www.adb.org/Documents/Books/ADO/2008/PRC.pdf>

⁷ Improvements to village primary schools and support for village health workers were included.

among project partners. A village implementation group (VIG) was established in each village to work with groups in the village⁸ to identify priority activities.

10. The cost of the project was estimated at US\$106.3 million.⁹ Of this, IFAD's loan accounted for US\$29 million,¹⁰ the World Food Programme (WFP) provided US\$10.4 million in grant cofinancing, beneficiaries provided US\$4.1 million and the Government US\$62.6 million. Of the IFAD loan allocation at appraisal, 70 per cent went to financial services, 14 per cent to agricultural development, 8 per cent to social development and 8 per cent to project management.
11. **Project timeline.** The project was approved by the IFAD Executive Board in December 1999. The loan agreement was signed on 16 February 2000, but loan effectiveness was not declared until 14 August 2001. The mid-term review (MTR) took place in 2005. The closing of the loan occurred as scheduled on 31 March 2008.

II. Evaluation objectives, methodology and process

12. It was necessary to undertake this interim evaluation because the Government requested IFAD to consider financing a second phase of the Qinling Mountain Area Poverty Alleviation Project (QMAPAP).¹¹
13. The objectives of the interim evaluation were to: (i) assess the performance and impact of the project; and (ii) generate findings and recommendations to guide the Government and IFAD in financing a follow-on project. The evaluation was conducted in line with the Office of Evaluation (OE) Evaluation Manual. It included assessment of: (i) the core performance criteria: relevance, effectiveness and efficiency; (ii) the five domains of rural poverty reduction impact: household income and assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment, and institutions and policies; (iii) sustainability and innovation, replication and scaling up; and (iv) the performance of partners. For each evaluation criterion the final report provides a rating on a six-point scale (see appendix I).¹²
14. The evaluation was conducted in three phases: (i) the preparatory phase, which entailed writing the approach paper, recruitment of the team of consultants and a desk review of documents; (ii) the fieldwork phase, which consisted of a preparatory mission in July 2008 by the lead evaluator and the consultants' team leader, and the main multidisciplinary evaluation mission in September 2008; and (iii) the report-writing phase, which entailed data analysis and report preparation, including the consideration of comments from IFAD's Asia and the Pacific Division and the Government, and the preparation of the agreement at completion point (ACP).¹³
15. During the field work, a stratified sampling method was used to select villages. The main mission covered four counties, 13 towns and 35 villages in Shaanxi and Hubei. The team also visited seven villages without project interventions for the purposes of comparison. The project completion report (PCR), which is treated as equivalent to a self-assessment, was also used by the team in the course of the evaluation.

⁸ In the project area most villages are composed of 3 to 12 smaller "village groups". The vulnerability analysis and mapping (VAM) exercise identified the overall poverty level of the village but did not differentiate among different village groups. The detailed targeting approach of the project involved determining the level of household poverty according to four categories: better-off, poor, very poor and poorest.

⁹ See document EB 99/68/R.23/Rev 1.

¹⁰ Loan terms were highly concessional: 40 years, with a grace period of ten years and service charge of 0.75 per cent per annum.

¹¹ In line with the IFAD Evaluation Policy, it is mandatory for the Office of Evaluation to conduct an interim evaluation before IFAD can finance a subsequent phase of a project or programme.

¹² The ratings are: 6 = highly satisfactory, 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; 1 = highly unsatisfactory.

¹³ The ACP reflects an understanding between IFAD and the Government on the findings and recommendations of the evaluation.

16. The core learning partnership (CLP) of IFAD and government representatives¹⁴ was established to assist in the evaluation process and to maximize the opportunities for learning. The CLP was mainly engaged at the provincial level. In Beijing, input was provided by the World Bank and the Asian Development Bank. WFP in Beijing was also invited to take part in the CLP, but because WFP no longer engages in this type of support there were no staff available with knowledge of this project so WFP did not participate. The CLP was enhanced when two government representatives joined the main mission and assisted in gathering data to assess project achievements.¹⁵

III. Implementation results

17. Overall, the project performed well and the implementation results are in line with targets. The PCR indicates achievements of 96 per cent for infrastructure, tree crops and social development, and 80 per cent for credit, livestock, crop and land improvement. But there was a persistent issue with the design and implementation of the monitoring and evaluation (M&E) system, which created difficulties in measuring and verifying data for each subcomponent. Of the total financial allocation, 93 per cent was expended (see table 1).

Table 1
Estimated and actual project costs

<i>Component</i>	<i>Estimated (United States dollars)</i>	<i>Target (percentage)</i>	<i>Actual (United States dollars)</i>	<i>Actual (percentage)</i>
Agricultural development	36 963	34	34 318	34
Financial services	22 302	22	18 930	19
Social development	14 886	14	15 505	16
Rural infrastructure	19 734	18	23 432	24
Project management	12 411	12	6 547	7
Total	102 126	100	98 732	100
Overall project cost (percentage of total allocation)				93

18. Various factors affected project implementation. The initial delay in loan effectiveness created implementation difficulties. The partnership agreements with WFP and with the RCCs took time to establish. The partnership with WFP developed in tandem with loan effectiveness, but legal requirements for loan effectiveness were not satisfied in full until 14 August 2001. Once the loan became effective, the subsidiary loan agreement with the RCCs still needed to be negotiated because this was a condition that had to be met before disbursement could take place. These delays were caused by differences in approach between IFAD and the RCCs regarding project arrangements such as criteria for selecting target groups and loan conditions. This further delayed the flow of IFAD loan funds. In many cases, the Government advanced counterpart funding to ensure that project activities were not adversely affected. The delays most seriously affected the rural credit component and decreased the potential synergy of rural credit with other

¹⁴ At the national level: Ministry of Finance, Foreign Capital Project Management Center of the State Council Leading Group Office of Poverty Alleviation and Development, and Ministry of Science and Technology. At the provincial level: Shaanxi and Hubei Departments of Finance and Agriculture, and the poverty alleviation offices. At the county level: county PMO officials and other representatives.

¹⁵ The two government representatives were Juan Su, Foreign Capital Project Management Center of the State Council Leading Group Office of Poverty Alleviation and Development, and Zhai Qijiang, Evaluation Centre of the Ministry of Science and Technology. Their involvement in the mission was designed to maximize partnership opportunities while maintaining the independence of the IFAD evaluation team. This approach is consistent with the OE evaluation capacity development programme for country partners.

components. But there were substantial improvements after the MTR, when training and credit were synchronized.

19. The changing context of China had a major influence on the performance of the project. During the project period, the effects of policy changes influenced farming and labour practices. Rural development was prioritized in 2004 with the Government's first annual policy document, which focuses on different issues every year; increasing farmers' incomes was the focus in 2004. Combined with taxation relief and agricultural subsidies,¹⁶ the introduction of a new health system in 2005, education subsidies to rural poor students, agricultural subsidies for improved technology, crop insurance in 2006 and improvements in the resettlement programme in the ecologically vulnerable areas,¹⁷ the policy environment has been favourable for poverty reduction in rural areas.
20. The pace of change in the project area was rapid. Large infrastructure projects created new economic opportunities, and industrialization increased employment opportunities in towns, causing population flows into towns and increased capital flow into rural areas. Agribusinesses created backward and forward linkages for agricultural production and brought new technology, quality enhancement and other valued-adding services. Consequently, the interests and priorities of target villages changed throughout the project.
21. Some difficulties were experienced in adjusting the project to the changing needs of community members. Farmers who had previously been interested in vegetable growing now wanted technical support for more profitable products to serve higher-end markets. The rapid change in incomes also caused confusion in targeting. Many lower-income families had progressed so quickly since the start of the project that they had moved up to a higher income group in the later years, which indicated that the project needed to re-identify target groups periodically. By the end of the project there were still isolated village groups that had not been substantially assisted through direct project inputs.
22. **Agricultural development component.** Terracing, land levelling, irrigation and other land improvements were carried out in most project villages.¹⁸ Improved land conditions enabled the introduction of new crop varieties. Cash crops such as mulberries, Chinese medicinal herbs, vegetables, tea and tobacco, were developed in most project villages. Achievements in agricultural development were enhanced by the introduction of subsidies that paralleled the work of the project: these included subsidies for planting commercial tree crops and commercial livestock development. The increase in commercialized agriculture in the area improved opportunities for on-farm employment.
23. Pasture development and the establishment of goat stalls facilitated goat and cattle production in some villages. In others the importance of livestock diminished as a result of the increase in external labour opportunities, leaving less labour available for livestock production. Pig and poultry rearing expanded as a result of commercialization and the use of biogas units. The increased market price for meat in China encouraged livestock production.
24. Training and extension activities made major contributions to raising agricultural productivity. Farmers interviewed during the evaluation mission appreciated the training, which included land conservation, soil improvement, cultivation

¹⁶ Before this policy, farmers were required to pay CNY 200-300 per capita as part of local government taxation.

¹⁷ The resettlement programme acknowledges the challenges posed by a large population living in remote and fragile watershed areas. Cultivation, collection of firewood and increasing waste lead to environmental risks. Providing remote communities with health and education services is not viable. Having tried different methods, the current project does not support enforced resettlement but rather promotes and subsidizes families who wish to relocate to more accessible areas. It is, however, difficult to find available land, so increasingly denser housing is offered by the Government for highland and lowland families.

¹⁸ Land improvements were carried out in 80 per cent of the project villages on the basis of the evaluation mission sample of 35 villages.

techniques, farm planning, post-harvest handling and marketing, animal husbandry, food processing and skills for silkworm production. The PCR estimates that 3,100 on-farm demonstrations were held. During the project period, the participation of women in training increased largely because of the absence of men, who had left the villages for migrant work.

25. **Infrastructure development.** The expenditure for rural infrastructure was higher than estimated, partly as a result of high demand from the communities and rising prices of materials. Roads and bridges were the highest priority. Where water was an issue, it was made a priority. Electrification was conducted mainly through the government's electrification programme, reaching 1,349.9 km by the end of the project against a target of 1,456 km.
26. Roads totalling 252 km were constructed and upgraded, against a target of 271 km. The improved access to market and services was a major factor in increasing the income of the targeted villages: many community members were able to make substantial reductions in transport costs¹⁹ and time spent transporting goods and accessing employment. There were significant differences in income between village groups with improved access and those without.²⁰
27. The project constructed 15,726 family water tanks and 2,900 communal tanks; both figures are above target. Drinking water systems made a major contribution to improving the quality of life in that time was freed up because water did not have to be collected. Improved availability of water also facilitated livestock production.
28. The 1,219 biogas units built by the project were slightly more than planned; they served as a pilot for government projects. The benefits of using biogas include: reduction in fuelwood consumption, contribution to protection of the environment, increased pig rearing, improved sanitation, fewer smoke-related health problems and increased availability of manure. Time saved by not having to collect water and firewood enabled men to migrate for labour.²¹
29. Small-scale irrigation schemes such as channels, protection dams and pump stations were built covering 610.1 km of canals. Investments were integrated with government projects so that larger areas of land could be irrigated. Irrigation and land improvement increased the potential for diversification and intensified productivity. In a few cases, water management groups were established, with farmers paying water fees.
30. **Rural credit services.** The rural financial services component was affected by the delays (see paragraph 18) and continuing implementation difficulties. The component became operational 18 months after the other components, therefore credit was not available to support the agricultural and enterprise initiatives. But government credit was available by the middle of the project, and there was evidence that it contributed to economic activities in targeted households. By the end of the project, loans had been disbursed to very poor households. On the basis of the sample of 35 villages visited, the evaluation estimates that the number of borrowers during the project reached 80 per cent of the expected coverage of 572,000 loans to households. Once target households became borrowers they were usually able to remain RCC clients.
31. At the time of design, RCCs were the main source of credit for small farm households. RCCs were an appropriate mechanism for reaching poor villages, but

¹⁹ In Mawan in Luonan county (Shaanxi Province), it cost CNY 50 and took more than an hour to transport a pig to the market 5 km away. Now traders come to the village to collect pigs, with minimal differences in market price.

²⁰ In Zhuxi county, the project supported improvements to three internal village roads in Qinlong. Income increased from an average of CNY 600 per month to CNY 2,400; Laozhuangzi still has a road that is impassable for part of the year, but income has increased from CNY 600 per month to CNY 1,600.

²¹ Migration of men from the villages has both positive and negative social effects. At the time of the evaluation the villagers perceived the benefits to outweigh the disadvantages. Longer-term social impacts of migration are yet to be identified.

they were oriented towards commercial banking and larger loans than those required for the IFAD target group. The RCC network operated as autonomous branches, so it was difficult to bring different RCCs into the project. IFAD worked to promote the interests of the target group and the proposed lending approaches, and in time the RCC link with the project became more productive. In recent years work has been done to standardize approaches, upgrade standards and form a union of RCCs to make them more viable.

32. Insufficient training and guidance was provided for RCC loan officers in credit targeting, risk management and commercial disciplines; and there was insufficient training for PMO staff in the rationale and principles underlying the credit component. Some PMO staff believed that market-oriented lending rates were too high for poor households and hence did not promote formal credit access. But in most cases the investments of even the poorest households generated reasonable rates of return and the interest rate was not a barrier to repayment.
33. There was substantial informal interest-free or in-kind interest lending in the villages. This additional credit source emerged during the project period as people gained more income through migrant employment. Towards the end of the project there was an increasing tendency for borrowers to mix credit sources to obtain the best rates or to meet the demand for loans above the amount available from the RCC.
34. The loans were mainly for livestock and seasonal crops, as expected in project appraisal. The expected number of loans for commercial trees was below the target as a result of the introduction of a government programme to fund tree planting. Borrowing to finance the initial cost of taking migrant employment was commonly supported by credit that had not been foreseen in project design. These loans brought major benefits to the households. The linking of technical support and credit yielded the greatest benefits, in that villagers reported that they were able to repay the loans quickly and still retain a surplus for further investment. RCC loans for agricultural and livestock activities, for example, contributed to farmers achieving an annual net income of CNY 1,000-2,000 per mu. Loans for migrant labour were repaid as soon as income flowed to the families.
35. Women became more involved in credit activities as they received training: 56 per cent of project loans were taken solely by women. In most villages visited by the evaluation mission, 70 per cent of IFAD loans were signed or co-signed by women because their husbands were away working.
36. **Social development.** As a result of the rapid feminization of rural labour, half the participants in technical training were women. Technical training for income-generating activities brought the most benefit for women and provided more options for production, mainly agriculture-based. These technical training sessions were combined with literacy training and health and nutrition awareness-building. But it was found that fewer women were interested in literacy training than in agriculture training, which provided a more immediate benefit.
37. The project provided small-scale financial support for village health and educational development, mainly through the WFP-supported activities. This support covered 2,821 clinics and 286 schools. The support to clinics enabled significant improvement in health services, such as the provision of equipment related to childbirth. Initiatives for reducing primary school drop-out rates functioned well and supported the recent government programme introducing nine years of compulsory education. The PCR documents that the average drop-out rate for girls was 32 per cent in sample villages in Hubei at the time of the MTR and 1.2 per cent at the end of the project. The rates in Shaanxi were 28.5 per cent at the time of the MTR and 0.08 per cent at the end of the project.

38. The Women's Federation (WF) functions as an arm of government in supporting women's rights and development. Three WF groups in four surveyed counties were involved in the project: they participated in meetings with PMOs and trained the staff of WFs in villages; they also organized women to participate in training sessions. The WFs cooperating in the project provided training on women's rights, healthcare and nutrition.
39. **Project management.** The PMOs in Hubei and Shaanxi were established and operated effectively. Embedding the PMOs in local government proved to be effective in terms of enhancing capacity of staff and raising awareness among local government leaders. The project area in Shaanxi had a higher poverty rate and fewer immediate economic opportunities, while the Hubei project area was more economically advanced, with more opportunities for market linkages. The Shaanxi PMO therefore adopted a more integrated approach; the Hubei PMO approach focused on cash crop production. Both approaches were effective and had advantages in the context of each area.
40. Through the village-based participatory planning approach, project activities were planned and implemented by VIGs composed of members of the existing village committee and project participants, including women and poor people. The VIGs played a major role in village planning and preparing the documents to request assistance from the project. But few VIGs were still operating after the close of the project.

IV. Project performance

A. Relevance

41. The project objectives (see paragraph 8) were consistent with national agriculture and rural development strategies, the China COSOP and related IFAD subsector policies such as rural finance, and the needs of the poor. In 2001 the Government approved the Development-oriented Poverty Reduction Program for Rural China²² with a focus on supporting the rural poor in central and western China, including the two project provinces. The project provided opportunities for partnership-building and learning by IFAD and the Government.
42. The design recognized that an integrated intervention was required to respond to the needs of the target groups. It also addressed the fact that some community needs are context-specific. The participatory community-based development approach enabled villages to access external investments. The two components in greatest demand²³ were infrastructure and agricultural training. The inclusion of social activities such as literacy training and access to credit were particularly important in enabling community members to overcome barriers to benefiting from economic opportunities. The mobilization of RCCs to deliver credit services for the poor was relevant at the time of design because there were no alternative credit channels, but as implementation progressed the credit component could have been adapted to improve the relevance of the service to the target group, for example by increasing loan size in line with economic growth.
43. The cofinancing arrangement with WFP was highly relevant in that the WFP-supported activities provided a platform for mobilizing target groups and helped farmers to develop skills for introducing agricultural and enterprise activities.
44. The three-tiered project management arrangement of prefecture, county and town was appropriate because it ensured coordination and enhanced government capacity to organize rural poverty alleviation programmes. The training of government staff in the PMOs was a major advantage in that it increased the capacity of local government offices. The two separate PMOs were relevant in view

²² The Development-oriented Poverty Reduction Program for Rural China, 2001. Available at: <http://en.cpad.gov.cn/item/2004-05-24/50017.html>

²³ Qinling Mountain Area Poverty Alleviation Project PCR, 2007, paragraph 76.

of the decision-making context, because provincial officers from one province had no jurisdiction over another. But the design of the M&E system was not relevant to management needs: reliance on aggregated data did not provide sufficient evidence for project management to respond to emerging issues.

45. The implementation arrangements were effective in achieving the project objectives. There was some variation among towns in implementation approaches, such as the level of extension services provided, the leverage of government-supported activities and management of social infrastructure. Variations occurred mainly because of the demand-driven nature of the design and as a natural consequence of different leadership. The project adapted readily to local needs.
46. In most of the villages surveyed, targeting was appropriate. The vulnerability analysis and mapping (VAM) methodology worked well in identifying poor villages. Targeting of households was more problematic, however. In the early stages of the project the VIGs classified households in the categories of better-off, poor, very poor and poorest, but it was not clear subsequently how to respond to changes in the target groups as the financial situation of some households altered from year to year. The project management tended to continue investment in clients identified as poor in the early stages of the project. The evaluation found a link between the level of participation and the distance of residence from the village centre: in some places it could take from two to four hours on foot to reach village groups. Those close to the village centre were better informed about activities and more likely to express interest in participation.
47. The relevance of the QMAPAP is assessed as satisfactory.

B. Effectiveness

48. The project accomplished its main objectives, which were to achieve a sustainable increase in productive capacity on-farm and off-farm and to offer the poor improved access to economic and social resources such as education, health, sanitation and social networks.
49. **Increase in productive capacity on-farm and off-farm.** The training and extension activities contributed to substantial changes in farming practices that resulted in increased land productivity and yields as a result of improvements in land and irrigation, and training and extension services. The evaluation found that agricultural productivity increased by an average of 50-100 kg per mu, or 20-50 per cent; several villages recorded an increase of 100 per cent. But land improvements were limited to a small proportion of the arable land and were not extended to sloping drylands where there were no project interventions.
50. Through the training and extension activities, crop diversity was extended as new varieties of maize, wheat and rice were introduced and the use of fertilizers and pesticides increased. Agroforestry was developed rapidly in the project area, mainly because of the government reforestation programme. Farmers receive 150 kg of food worth CNY 210 plus CNY 20 per mu per year²⁴ as a management fee. During the project an estimated 24,774 mu²⁵ of land was planted with ecological trees²⁶ in both provinces.
51. Rural credit services supported farm and non-farm activities. The project was intended to make RCCs poverty- and gender-sensitive so that they would increase lending to poor people. Because RCCs are independent operators in each county,

²⁴ The subsidy is provided for eight years for ecological hardwood trees cultivated as a means of environmental preservation and five years for commercial trees such as walnut, chestnut, tea and fruit trees.

²⁵ Forest cover increased from 52 per cent in 2000 to 58.9 per cent in 2007 in Shanyang county, from 28 per cent in 2000 to 46 per cent in 2007 in Yunxi county and from 57.4 per cent in 2000 to 76 per cent in 2008 in Zhuxi county. But this is mostly attributed to a government reforestation programme that has been under way since 2000. Source: local government forestry progress reports, 2007.

²⁶ Ecological trees are those grown for the purpose of improving the environment where there is no direct commercial gain.

results were variable.²⁷ On the basis of the sample of RCCs visited, there are several findings: (i) lending to the target groups increased; (ii) loans resulted in increased economic activity; (iii) the loan repayment rate is 92 per cent;²⁸ (iv) RCCs are continuing to lend to poor people through project funds and regular loans; and (v) 56 per cent of legal borrowers are women, and loans are mainly used by women because the men have migrated to work.

52. The loans were mainly used for livestock and farm production. They also financed the initial cost of travel to towns for seasonal work, which is the main source of income increase in project areas. The credit component was a significant benefit to project villages, but credit processes could have been implemented more promptly to achieve greater synergy with other project initiatives.
53. **Increased access by the poor to economic and social resources such as education, health, sanitation and social networks.** There were increases in literacy, nutrition, health and agricultural training. For many women this was the first formal training opportunity that they had been offered. There was a direct relationship between participation in training and higher incomes, because the training increased the self-confidence needed to take advantage of new economic opportunities. As the situation in the villages changed, most women took a more prominent role in managing household production and obtained greater respect from other family members. As men migrated for work, their wives participated in village meetings as household representatives; in some villages, women accounted for 70 per cent of the participants.
54. Infrastructure for drinking water, roads and bridges was generally of good quality. Because the project used participatory village development plans, villagers were involved in prioritization, planning and construction. It was found that where roads were constructed or improved, whole villages benefited. The extent of benefit varied in relation to the spread of households and the level of investment per household. Maintenance of infrastructure was not as effective as planned because some VIGs were not fully aware that it was needed.
55. The evaluation found targeting to be effective. Most villages were among the poorest in the project areas, and the poorest households in the villages were targeted. Although some benefits accrued to more affluent families, at the time of entering the project most participants were recipients of government food assistance – a clear indicator of poverty. The fact that the households targeted at the end of the project were not the poorest was a result of the effectiveness of the interventions and of rapid economic development rather than lack of effectiveness in targeting.
56. Effectiveness is rated satisfactory.

C. Efficiency

57. Effective project management was an important factor in achieving satisfactory efficiency, in that the resource allocation and implementation approach were appropriate to the context and followed national standards for infrastructure construction, training and staffing. Having PMOs embedded in government structures was cost-efficient. Local government absorbed part of the PMO administrative costs, which contributed to efficiency. Despite delays in the project becoming effective, implementation accelerated after the MTR and the project closed on schedule.

²⁷ In every village visited RCC managers provided records to show the increase in the number of clients during the project. They were able to provide hard-copy evidence of targeting of poorer households and women. But these data were not available for the evaluation to extract and analyse.

²⁸ A small number of borrowers indicated that there were challenges in repaying loans, mainly related to crop failure or family difficulties.

58. The evaluation reviewed the calculations of economic internal rate of return (EIRR) in the PCR²⁹ and found them valid because they included a representative mix of economic activities achieved through the diversification and productivity improvements supported by the project. The PCR noted that the project achieved an EIRR of 27.0 per cent for Hubei and 24.5 per cent for Shaanxi, which exceeded the appraisal estimate of 17.8 per cent.
59. The evaluation calculated cost per beneficiary and benchmarked it with similar projects in China. The data show that QMAPAP compares favourably in terms of satisfactory performance, with low costs per beneficiary – US\$22 for the IFAD loan and US\$82 for the total project – and planned operating costs of 12 per cent (7 per cent actual) of total investment. In comparison, the Wulin Mountains Minority-Areas Development Project cost per beneficiary was US\$21 for the IFAD loan and US\$79 for the total project; operating costs were 26 per cent of total investment. The West Guangxi Poverty-Alleviation Project cost per beneficiary was US\$47 for the IFAD loan and US\$143 for the total project; operating costs were 10 per cent of total investment.
60. The overall efficiency of the project is assessed as satisfactory.

D. Rural poverty impact

61. **Household income and assets.** The sample villages visited by the evaluation team showed a substantial increase in income; this is corroborated by the PCR evidence, which shows a real net increase in income of 17 per cent. Income levels in Shaanxi and Hubei rose from close to absolute poverty according to the China poverty line to twice the low-income poverty level. Migrant work brought the largest proportion of income, reaching 50 per cent in most of the villages and in some instances 80 per cent. This is not directly attributable to the project, but project support facilitated access to employment by reducing the time needed for collecting water and firewood.
62. The project made a major contribution to improving market access. The construction of roads and bridges decreased travel time to markets, markedly reduced post-harvest wastage and lowered transport costs. Given the improved roads, traders now travel to the villages, with little difference being recorded between farm-gate price and prices in the marketplace.
63. With incomes rising, household assets greatly improved. There was a marked increase in the number of motorcycles, televisions, telephones and mobiles, which had previously been considered luxuries for high-income households; they are now common in project households.
64. Risks related to natural disasters, epidemics and price fluctuations threatened the income-generating activities to some extent. The project could have done more by helping to identify market opportunities, particularly as it supported the commercialization of monoculture products. The newly planted trees, for instance, will be ready for harvest at the same time and they can be subject to price fluctuations.³⁰ Newly built roads and land improvements were washed away by floods in 15 per cent of the villages visited.
65. **Human and social capital and empowerment.** The main accomplishment in empowerment was at the village level. The targeted villages were remote and isolated from mainstream government before the project. Few had ever received external financial assistance. The implementation of QMAPAP opened up opportunities for marketing, institutional rural finance, extension services and training in literacy, health and production. Residents were empowered by learning

²⁹ The evaluation team compared the original calculations in the project design documents with the analysis conducted by the PCR team in 2007. The range of economic models reflected the actual situation in the sample villages; information from village producers verified the estimate of costs and returns per activity used in the PCR analysis.

³⁰ For example, yellow ginger was widely promoted and planted in this region before its price fell.

- new techniques, taking up more productive activities, more employment opportunities and better nutrition and health. The capacities of village leaders were enhanced through training and work with technical resource personnel.
66. Women's capacities were enhanced as they became members of VIGs and received literacy and technical training. Access to drinking water and biogas increased the time available for recreation, socializing and exchanging ideas, which increased the confidence and willingness of women to participate in meetings.
 67. **Food security and agricultural productivity.** At the start of the project many households experienced food shortages at certain times of the year.³¹ By the time of the evaluation most households were food-secure.³² Per capita grain production increased by an estimated 87 per cent in Hubei and 44 per cent in Shaanxi.³³ Households reported that they were able to store grain for food security. Agricultural productivity intensified in the project areas through land improvement and technical support. Farmers' strategies have changed from producing food to commercial farming. Villagers commonly reported increases in crop yield of 20-50 per cent. The quality of chicken and pig breeds improved and the average number of animals in lower-income households rose.
 68. **Natural resources and the environment.** With the implementation of infrastructure and land-based activities, natural resources were more effectively utilized. Major soil erosion in some project villages was addressed by constructing flood-control measures. The government reforestation programme was the leading contributor to increased forest coverage. Biogas units had significant positive impacts on the environment. Farmers estimate that one biogas unit saves 30 working days per year otherwise spent collecting wood. Waste from the biogas units provided organic fertilizer. Inappropriate use of chemical fertilizers and pesticides in some areas is a problem, however.
 69. **Institutions and policies.** The capabilities of local institutions such as PMOs and WFs in servicing the rural poor improved under the project, particularly in terms of coordination among government partners, but the project had little impact on RCC institution-building. RCCs were encouraged under the project to provide more loans for the rural poor, but this approach conflicted with the RRC strategy of avoiding risks. Capacity-building for RCCs had benefits, however, in terms of achieving project results, but they still tend to lend to higher-income households. Ultimately, the project was a venture for the RCCs, which led to a small increase in the number of clients but had no clear impact on the institutions as a whole.
 70. Overall, the project's impact on rural poverty is rated satisfactory.

V. Sustainability and innovation

71. **Sustainability.** Project benefits should continue at the same level or above in the future. Food self-sufficiency is likely to continue as farmers adopt new techniques and remain open to adaptation. Capacity-building contributed to sustainability, for example in the sense that village planning has become more participatory and village committees will continue to monitor project outputs, particularly infrastructure. The extended roles of women, as exemplified by their increasing leadership of village activities, are expected to be maintained.
72. Most infrastructure is still fully functional and is likely to be maintained by local governments. Some roads constructed or improved by the project have been integrated into the government rural transport system for maintenance. For

³¹ This was measured by the number of households and individuals in a village qualifying for food assistance from the Government.

³² In each community visited food shortages were fully aligned with households where the main earner had died or was elderly or disabled.

³³ Office of Poverty Alleviation and Development (Shaanxi and Hubei), 2007.

unpaved roads and water tank schemes, a village-based responsibility system of management and maintenance by voluntary labour is required. There are concerns about the sustainability of some facilities as a result of insufficient attention to maintenance programmes, natural disasters and overuse of water resources.

73. RCC rural financial services are expected to continue. Some non-performing loans exist, however, which undermines the RCC service for the borrowers concerned. With the training under QMAPAP, the skills of RCC loan officers were improved in terms of targeting poor households. But there is a lack of motivation to continue in the same way, which makes the sustainability of targeting very poor households questionable.
74. Overall, the prospects for sustainability of project results are moderately satisfactory.
75. **Innovation, replication and scaling up.** Innovations were proposed in the project design such as: Vulnerability analysis and mapping (VAM) methodology, credit packages and a beneficiary self-monitoring programme. The first two were achieved, but there was no implementation of the third. In terms of major innovations, IFAD was the first international organization to mobilize RCCs for poverty reduction in rural China, which was an appropriate arrangement at the time of project design. But the mixed results of cooperation with RCCs and increased financial resources in rural areas bring the long-term validity of the RCC approach into question.
76. Some local innovations in implementation improved project performance: for example, linking training and extension services with RCC loans, piloting biogas units, and VIG support for RCCs in identifying potential borrowers. To improve the management of rural infrastructure, a system to transfer property rights to villages was initiated in Shanyang county in Shaanxi.
77. There were good practices in terms of introducing new farming techniques and new varieties. In Shanyang county, farmers planting strawberries introduced small greenhouses that reduced harvest times by 20 days. In Zhuxi county, technicians and farmers have developed a new intercropping system to reduce the market risk of tea plantation, in which tea bushes are intercropped with walnuts and chestnuts.
78. Some project design and implementation arrangements were applied in areas outside the project. The participatory planning approach to infrastructure and land-based activities, for example, was reportedly applied in government poverty alleviation projects. Some counties and towns applied the VIG approach to projects in their own villages: the village committee of Laowuchang village, for example, applied for funds from the poverty alleviation office to build a new bridge and from the transport bureau to pave the project-supported road, using the same VIG structure.
79. Some elements of project implementation were scaled up by government agencies. In the 2001 Development-oriented Poverty Reduction Program for Rural China, for example, PMO staff in Shiyan in Hubei Province trained the staff of poverty alleviation offices in the participatory approach to village development planning that was applied in QMAPAP, which increased the application of the community-based development approach in other areas. But there is little evidence suggesting that an effective knowledge management system exists in project management, which could have contributed to promoting replication and scaling up through policy dialogue and partnership-building.
80. Innovation, replication and scaling up are rated moderately satisfactory.

VI. Performance of partners

81. **IFAD.** IFAD's performance in the design of the project was appropriate. The project was intended to link rural credit with the other components and emphasized

participatory community-based development planning, which was a new approach for other partners. The design factored in lessons from previous projects and incorporated recommendations of the IFAD Technical Review Committee. The design process at the field level was appreciated by the stakeholders involved, and good local ownership was generated.

82. Because the prime focus of the IFAD investment was rural credit (70 per cent of its resources and prioritization during supervision missions), the weak performance of this component affected IFAD's overall performance. The rural financial services component was significantly delayed (see paragraph 18), which prevented it from achieving its potential. The delay also affected other components due to be financed by IFAD. But actual implementation delays for those activities were avoided because the Government provided pre-financing for IFAD-financed budget items. The credit conditions promoted by IFAD were too inflexible and, as a result, IFAD was seen as the limiting factor by the RCCs and the PMOs in terms of adjusting the credit component to the needs of borrowers. Changes in the loan size were approved by IFAD after the 2005 MTR, but even so the increase was considered too small.
83. In the first half of the project, IFAD had established cumbersome procedures for the required six-monthly reports; these were beyond the reporting requirements of the Government, WFP and other donors and more than the M&E system could generate. A functional M&E system would have helped, but IFAD addressed the issue very late in implementation. In some cases clarification was sought directly from IFAD, but responses took three to six months on average.
84. IFAD performance in the second half of the project improved substantially. The opening of the IFAD Country Office in Beijing in 2004 was considered by the PMOs to be valuable in improving coordination with IFAD, the United Nations Office for Project Services (UNOPS) and ministries. IFAD response times changed markedly to a month or less. The activities supported by the Country Office, such as project managers meetings and training sessions, were appreciated. Training in results and impact management systems and gender in the last year of the project was relevant and led to improvements even in the late stages of the project.
85. IFAD's performance is rated moderately satisfactory.
86. **Government of China.** The Government provided the required financial and human resources for the project. All loan covenants were observed, and the project financial accounting and audit processes were satisfactory. The Government displayed a strong sense of ownership of the project, particularly at the local level. The Government also advanced counterpart funds when the transfer of IFAD loan funds to the project special account was delayed.
87. At the project level, project management was effective. There was sufficient allocation of personnel, often for the full duration of the project. The various ministries and agencies at the national, provincial and local levels performed well, with sound coordination and efficient use of resources.
88. There was insufficient training for county and town government staff, which led to implementation difficulties, for example with credit, in some areas. Recommendations from supervision processes were in general acted on promptly and appropriately. Provision and translation of documents needed to respond to recommendations was a barrier at the provincial and county levels: even the appraisal report working papers were not available at the operational level until mid-term.
89. The M&E system was weak, which meant that the potential for using management information to improve project performance was not realized. The M&E system adopted at the outset, however, was appropriate for measuring cumulative physical

and financial progress. The qualitative indicators and credit data in relation to the IFAD-supported elements were not well measured.

90. The Government's performance is rated satisfactory.
91. **World Food Programme.** WFP support was appreciated in all project areas. The WFP inputs – the village planning process, food-for-work in infrastructure construction, upgrading health and education facilities and nutrition and literacy training – provided a sound platform for other interventions. Food-for-work in construction and support for social facilities were relevant for the poorest families and a springboard for them to participate in subsequent activities. All WFP resources were used; most physical outputs were completed before the rural credit activities started: this meant that the potential synergy between the infrastructure, social inputs and credit support was not fully achieved, but this did not reduce the effectiveness of the WFP inputs.
92. The performance of WFP is rated satisfactory.
93. **Cooperating institution.** UNOPS conducted regular supervision missions and processed loan withdrawal documents. Document processing was slow early in the project, but improved after MTR. Supervision missions were conducted regularly, and there was some continuity among mission members. But supervision missions, particularly the MTR, were conducted more for IFAD's needs than those of the Government and villages. There was no clear communication of the purpose, implementation or findings of supervision missions and the MTR to management staff. The MTR, for example, suggested operational guidelines for lending to women's groups, but because of poor communications the PMOs did not accept the idea. The supervision missions and the MTR focused on the credit component rather than integration of the credit component with the whole project. The PMOs felt that the missions were useful but not responsive to suggestions for adjustments. Although the supervision missions noted that the M&E system was a minor problem, no solutions were proposed.
94. The performance of UNOPS is rated moderately satisfactory.
95. **Rural credit cooperatives.** The partnership with RCCs was the most challenging aspect of the project. The lengthy process of negotiation was a major contributory factor in the early project delays. The RCCs were not committed to the project because lending to the poor was outside their normal commercial financial services. They were also reluctant to provide separate reports for IFAD-financed activities, which obscured accountability and hindered monitoring. Although there was progress in rural credit services in all project areas, the results were variable and depended on the calibre of local staff.
96. The performance of RCCs is considered moderately unsatisfactory.

VII. Summary of ratings

Table 2
Performance of the Qinling Mountain Area Poverty Alleviation Project

<i>Evaluation criteria</i>	<i>Project evaluation ratings</i>
A. Core performance criteria	
Relevance	5
Effectiveness	5
Efficiency	5
Project performance	5
B. Rural poverty impact	5
Household income and assets	5
Human and social capital and empowerment	5
Food security and agricultural productivity	5
Natural resources and the environment	5
Institutions and policies	4
C. Other performance criteria	
Sustainability	4
Innovation, replication and scaling up	4
D. Overall project achievement	5
<hr/>	
<i>Partners</i>	<i>Project evaluation ratings</i>
IFAD	4
Government	5
Cooperating institution (UNOPS)	4
WFP	5
RCCs	3

VIII. Conclusions and recommendations

A. Conclusions

97. Overall the project achieved the objective of rural poverty alleviation. In most villages, the villagers gained access to rural credit and the project introduced improved farming techniques, water conservation measures, animal husbandry skills and biogas units, which contributed to income generation and environment protection. Access to markets was enhanced by improved roads and through technical and capacity development that enabled villagers to take advantage of economic opportunities. Villagers were empowered through participation in project activities; in particular there was a marked positive effect on the role of women.
98. **Changing policy and economic context.** During the project, the favourable policy changes and rapidly expanding economy created more income-generating opportunities for farmers, stimulated on-farm investment and encouraged commercial farming. The project was a contributor to these advances: it was a timely intervention that accelerated development and created an opening for very poor households to benefit from the economic opportunities.
99. **Shifting poverty levels.** In recent years, rural households have benefited from the increase in income from migrant work, which became the major income source for better-off households. Households invested income in producing food and generating stable incomes. At the start of the project the poorest people were mainly families with few on-farm income-generating assets; now the poorest people are largely households with older people or incapacitated income-earners. In view of the limited land assets of households and the improved infrastructure in rural

areas, increasing agricultural productivity is fundamental in lifting the poorest people out of poverty.

100. **Addressing credit demand.** The RCCs were a viable choice of partner at the beginning of the project, but now further options are available. Households became aware of their credit needs and capacity, but the project credit component was not sufficiently flexible to address their needs at each stage of development. There is also an opportunity to support out-grower operations for larger-scale rural enterprises: such initiatives have the potential to increase employment and keep people in rural areas.
101. **Investment scale versus equity.** The evaluation found that benefits were higher in villages where there was sufficient investment for multiple development activities than in those with few activities. Most village groups benefited more in terms of increased incomes and food security, and the ability to sustain project gains. But the more remote village groups, often several hundred households, were missed by the project. There is a risk of a widening poverty gap in project villages unless project designs take into account the conditions of individual village groups rather than villages as a unit.
102. **Infrastructure.** The project was successful in building small-scale infrastructure, but its efficiency was reduced by the destruction caused by floods and landslides. The extent of possible damage could have been considered in the original design, particularly for bridges and irrigation, which are difficult to repair without external assistance. Management and maintenance of infrastructure are still problematic because in most villages there is no maintenance system.
103. **Local capacity-building.** The project invested in training and capacity-building for individuals, but did not implement capacity-building at all levels of the project. Training was adequate in general, but tended to be opportunistic for PMOs and villagers. Training and orientation were insufficient in aspects of project implementation such as project management, rural finance and gender approaches. The project design called for support for developing community organizations such as farmers' associations, but this did not materialize. Some informal producers' support groups emerged during the project, however, an achievement in social capital that was not effectively harnessed by the project. Informal village-based organizations such as water management groups were also voluntarily established by the VIGs. WF meetings were held at the village level, but did not have the organizational training that could have helped with collective marketing and credit access.
104. **Management information system.** Insufficient assistance was given to PMOs in adjusting the management information system to generate the required reports. IFAD provided training in the IFAD Results and Impact Management System, which was appreciated and used by PMOs; but it did not address the issue of providing non-consolidated data. The lack of an effective management information system led to lost opportunities in adapting project design to the requirements of the project area.

B. Recommendations

105. **Follow-on project.** The sound performance of the project demonstrates the value of investment in remote areas. The existing pockets of poverty are a valid reason for proceeding with a follow-on project, which should retain the main elements of QMAPAP: targeting the poorest people, community ownership, participation of women and farmers in village planning, integrated intervention packages and project management arrangements that enhance partnerships with local governments. The design of a follow-on project should take the following recommendations into account.

106. **Increased flexibility.** The pace of change in rural China is rapid and there are many initiatives with overlapping impacts in the project area. There should be explicit recognition of the changing context during implementation: it may be appropriate to make progressive adjustments at each supervision mission rather than delay until the MTR for major changes. Definition of targeted groups and poor households, for example, should respond to the changing situation. IFAD and the Government should work together to identify the fixed aspects of project design and the components that can be changed.
107. **Rural finance.** Alternative options to the rural finance services should be explored to address the needs of poor households in taking up economic activities. Microinsurance, for example, is much needed in disaster-prone areas; cooperation with RCCs for medium-scale collateralized credit could facilitate the start-up of small-scale rural enterprises; and partnership with other financing institutions such as the Asian Development Bank could be piloted to support the development of the agribusiness value chain.
108. **Employment generation.** Migratory employment is likely to continue as a major factor in rural areas, so further analysis is needed to establish the causes and scale of the phenomenon and the attitudes of households to external employment opportunities. This may result in special credit and training facilities to support rural migrant labour, or organizational support for workers' rights. The impact on agricultural production and community resilience for residents remaining in the villages must also be considered. Supporting those who cannot migrate for work and retaining rural labour will require enhanced extension services and infrastructure, together with assistance in marketing to increase agricultural productivity and farm-gate prices.
109. **Capacity-building.** There should be greater focus on preparing communities to continue their own development after the project. This aligns with the current government policy aimed at strengthening farmers' organizations. Investing in community organizations, leadership and collective activities will help to achieve greater levels of empowerment and institutional development, for example by establishing infrastructure building and maintenance groups, supporting farmers and marketing organizations, and extending women's leadership roles in villages and at higher levels. Enhancing local organizations calls for a subcomponent, qualified staff and achievable indicators.
110. **Management information system.** IFAD should work with the Government to install effective management information systems at the start of a project. Information must be collected in a way that allows it to be checked for accuracy. There should be regular training and orientation in management information systems. Supervision missions should look into compliance with the requirements of the system. IFAD and the Government should be responsible for ensuring that the guidelines are followed.

Part B – Agreement at completion point

I. Background and the core learning partnership

1. In 2008, the IFAD Office of Evaluation (OE) conducted an interim evaluation of the Qinling Mountain Area Poverty Alleviation Project (QMAPAP) in China. The need for an evaluation was identified based on the request of the Government of China for IFAD to consider financing a second phase of the project.¹ The main objectives of the interim evaluation were to: (i) assess the performance and impact of the project; and (ii) generate findings and recommendations to guide the Government and IFAD in financing a follow-on project.
2. The core learning partnership (CLP), comprising IFAD, government officials and partners, was established to provide inputs throughout the evaluation process and to maximize the opportunities for learning from the evaluation. A final learning workshop on the evaluation was held on 1 June 2009 in Wuhan, chaired by a representative of the Foreign Capital Project Management Center of the State Council Leading Group Office of Poverty Alleviation and Development.² A further meeting was held with Ministry of Finance officials in Beijing on 2 June 2009. The objectives of these two activities were to take stock of the evaluation findings and to generate inputs for the preparation of this agreement at completion point (ACP). The ACP reflects an understanding between the Government of China (represented by the Ministry of Finance) and IFAD (represented by the Asia and the Pacific Division) on the main evaluation findings and recommendations, including their commitment to adopt and implement the evaluation recommendations within specified timeframes.

II. Main evaluation findings

3. **Implementation progress.** The project's implementation results were in line with the targets established at appraisal, with most key objectives being met or exceeded. However, there were initial delays in loan effectiveness, which created difficulties in the early stages of project implementation, although overall project performance improved substantially after the mid-term review (MTR) in 2005.
4. Some of the salient results achieved by the project are outlined below.
5. **Agriculture development.** Slope terracing, land levelling and soil improvement were carried out in most project villages. Irrigation facilities were improved through a total investment of US\$19.8 million. The productivity of food crops was increased by approximately 20-50 per cent per household. The area under forest cover increased as both commercial tree crops and ecological trees³ were planted.
6. **Infrastructure development.** Construction of infrastructure has been successful, with targets being reached in most instances. The new and improved roads and bridges lowered transport costs and increased access to markets. Irrigation and flood protection resulted in higher crop yields. Potable drinking water systems improved the quality of life of beneficiaries primarily through a substantial reduction in the time spent collecting water and the health benefits associated with better water quality.
7. **Rural financial services.** The project credit fund was channelled through the network of rural credit cooperatives (RCCs), which were the best option for rural lending at the time of design. An estimated 459,300 loans were disbursed by the time of the evaluation against the target of 572,000 (80 per cent accomplishment).

¹ In line with the IFAD Evaluation Policy, it is mandatory for OE to conduct an interim evaluation before IFAD can finance a subsequent phase of a project or programme.

² The State Council Leading Group Office of Poverty Alleviation and Development is the main policymaker at the Government level in poverty alleviation and development.

³ Ecological trees are those grown for the purpose of improving the environment where there is no commercial gain.

This underachievement can in part be attributed to both the late commencement of credit activities and the reduced demand for small-scale rural credit during the project period. The decrease in demand stems from the fact that the project loan amounts were insufficient for many rural investment needs and some villagers were gradually able to borrow from friends and relatives without paying interest. The overall loan repayment rate is estimated at 92 per cent. The level of credit availability increased in all areas and clients who joined RCCs during the project have largely remained as active clients.

8. **Social development.** Participation in the project was achieved through village implementation groups (VIGs). VIGs supported the participation of beneficiaries in local governance and in identifying priority activities for investment. It was expected that some of these groups would remain active beyond the project period. VIGs were also instrumental in coordinating the installation of infrastructure, training programmes and other activities. However, few VIGs remain active in the same capacity because there are no longer any project activities to be implemented. In a few villages participatory planning continues, but most planning has reverted to the existing village committees⁴ rather than the project VIGs. With respect to gender development, the status of women within the household has risen. With project support, Women's Federations (WFs) at the local level were able to provide women with literacy, technical and health training. The project training was timely and contributed to women's empowerment as it coincided with men migrating for labour out of the project area. This resulted in women having enhanced roles on the farms and in decision-making in the villages. Thus women who had been assisted by project training were more able to take advantage of knowledge acquired through agricultural training and the opportunities that arose as a result of their greater involvement in local decision-making. In addition, the project contributed to local education through scholarships for children of very poor households, and supported village health through significantly improved health services such as post-natal care.
9. **Impact.** Almost all project villages achieved substantial increases in real income. Improved agricultural practices were introduced and agricultural productivity increased. As a consequence, there is now sufficient food available all year round. The number of households requiring government food support decreased substantially. The contribution of the project to improved living conditions is difficult to define with any accuracy, but villagers expressed the opinion that project inputs have been important in achieving poverty reduction.
10. **Project management.** Project leading groups and project management offices (PMOs) were established and operated effectively. The two PMOs in the provinces operated reasonably well and were appropriate to maximize gains through capacity-building of local government at that level. In the early years of the project, IFAD processes were cumbersome and not clearly understood by the PMOs. These issues were addressed after the MTR: formats were streamlined and processing time was reduced. There was a persistent weakness in the design and operation of the monitoring and evaluation (M&E) system, which created difficulties in data analysis and was a barrier to effective project management.
11. **Major strengths.** The project was a relevant and timely intervention, playing an important role in the economic and social progress achieved in the project area. In particular, it was effective in enabling poor families to take advantage of wider opportunities. The project inputs were relevant and combined well with the policy and operational approaches of the Government. The combination of infrastructure, technical and social support was a major strength in obtaining greater benefits than would have been possible with separate inputs. In addition, the cooperation among government officials in different sectors was a key factor in achieving successful

⁴ Village committees are the village-level governing bodies.

implementation of integrated activities. It also assisted in linking the project inputs and strengthening the support networks and supply of services to the villages.

12. **Weaknesses identified.** As noted in paragraph 17, the lack of an appropriate M&E system was a weakness that impinged on several aspects of project implementation. As a result of economic, social and policy changes, the context in the project area dramatically altered, creating more farming, market and social development opportunities for villagers. A better M&E system would have assisted in adapting the project to the changing context. The project was also weak in several aspects related to sustainability, particularly in terms of inadequate systems for maintenance of infrastructure, lack of sustained institutional development capacity at the local level, and insufficient ongoing technical support for agricultural improvements.

III. Recommendations

13. The following recommendations relate to strategic and operational issues that should be considered in the design and implementation of future interventions in China.

Recommendation 1: Follow-on project

14. The positive performance of the project demonstrates the value of this intervention. The continuing pockets of poverty in the project provinces suggest that there is a valid reason for proceeding with a follow-on project. A follow-on project with a continuing focus on areas of poverty should be considered. The design process should retain key elements such as: targeting the poorest households; participation of women and farmers in village planning processes; an integrated and specific package of interventions addressing the needs of the villagers; and a project management process that strengthens local governance.
15. Partners involved: IFAD, Ministry of Finance.

Recommendation 2: Increased flexibility in project design

16. There should be clear recognition of China's rapidly changing context in project design and implementation. The evaluation noted that the project did not respond quickly enough to the changes that occurred during the project period: there was insufficient scope to adapt to the fact that women and the elderly now undertake most of the rural labour; the increase in income from migrant employment was not adequately harnessed; credit activities were not sufficiently flexible to address household needs at each stage of development; the budget allocation based on financing categories was too rigid.
17. IFAD and the Government should work together on identifying which aspects of project design must remain static throughout the project and which aspects can be subject to change in line with project conditions. For project management, the modular approach currently being developed by IFAD provides scope for projects to be more responsive. It would be more appropriate to consider design changes after each supervision mission rather than delaying until the MTR. If changes to the loan agreement are required, the Government should submit timely requests to IFAD.
18. In addition, specific consideration should be given to: (i) periodically reviewing the definitions of poverty groups throughout the project in order to respond to the changing situations of households; (ii) assessing the availability of labour in the project area given that the demand for migrant work in cities is likely to continue growing despite the fact that, in the short term, the world financial crisis could result in the flow of migration reversing to rural areas; (iii) sustaining the changing and more prominent role of women; (iv) supporting a mix of credit sources, such as community development funds and small group lending for the lowest income groups, collective credit mechanisms for cooperative activities and RCCs for larger enterprise loans.

19. Partners involved: IFAD, Ministry of Finance, PMOs, WFs and others such as RCCs in specific aspects of the design process.

Recommendation 3: Customized scale of operations per village

20. The total benefits were higher in villages where multiple activities were implemented. Villages that had been supported in developing greater capability in planning and lobbying for resources were more advanced than those that received only limited project assistance. Moreover, within the same villages, some of the remote groups were not targeted by the project. There is a risk of a widening poverty gap in project villages that have large and remote village groups.
21. A clearer investment mechanism is required for each village so that more substantial economies of scale and optimum benefits can be achieved. In project design, guidelines for an investment quota could be defined based on area, population and potential. The participatory decision-making approach of the village development plan could be replicated but with more detailed analysis of feasibility and more stringent approval processes for any proposals that exceed the quota. Additional capacity-building should be considered for VIGs facing difficulties in reaching the quota. Also, there should be a stronger focus on participatory processes that involve more participants per village.
22. Partners involved: IFAD, Ministry of Finance, Office of Poverty Alleviation and Development, WFs.

Recommendation 4: Support to employment generation as a design strategy

23. The most significant impact on income stemmed from the increase in migration for employment. The uptake of external employment opportunities was facilitated by improved access to infrastructure, financing and education. It is likely that migration for better employment opportunities will continue to be a major factor in rural areas for the near future, but long-term changes may entail other modifications and challenges.
24. Further analysis is required of the characteristics and needs of migrant labour and the attitude of households towards external employment opportunities. This may result in special credit and training facilities being considered to support migration, or organizational support for the labour rights of rural migrants. It would also be useful to take into account the impact on agricultural production and community resilience for those remaining in the village.
25. Partners involved: IFAD, Ministry of Finance, Office of Poverty Alleviation and Development.

Recommendation 5: Greater local mobilization and capacity-building

26. The project had no strategic capacity-building approach. Training provided was adequate in general but was insufficient for PMO staff at the field and village levels, particularly in project management and rural finance. VIGs contributed substantially to community capacity-building but the support proposed in the project design for developing community organizations, such as farmers' associations or women's groups, was not provided. Similarly, in most villages there was no training or orientation to establish a formal mechanism for infrastructure maintenance, despite this being proposed in the project design.
27. In any future intervention, more focus should be placed on investing in local organizations, leadership, and community activities. Establishing operations and maintenance groups would enhance the sustainability of project investments in infrastructure and facilities. Setting up and supporting producers' and marketing organizations for farmers would provide an additional stimulus to the local economy. Such initiatives would also be consistent with the current government policy aimed at strengthening farmers' organizations.

28. Partners involved: IFAD, Ministry of Finance, WFs, training organizations, local government.

Recommendation 6: Enhanced management information and analysis

29. The project management information system was weak. The information gathered in the course of monitoring by the PMOs was consolidated rather than being kept in a disaggregated form, which is instead necessary for comparison and analysis. It is critical that data are collected in such a way that they can be easily checked for accuracy. Improvements in the generation of quality data could provide a valuable resource for the Government and IFAD, which would in turn afford deeper insights to support strategy decisions such as whether to allocate project investments to a mix of project components and, more broadly, would promote learning about key success factors in poverty reduction in China. Therefore, a fully functional system should be installed in the early stages of the project. To facilitate operations, the system should be simple and training should be provided to ensure that its importance is understood.
30. Partners involved: IFAD, Ministry of Finance.

Definition of the evaluation criteria used by the Office of Evaluation

<i>Criteria</i>	<i>Definition^a</i>
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact	
	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> Household income and assets 	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> Human and social capital and empowerment 	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> Food security and agricultural productivity 	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> Natural resources and the environment 	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment.
<ul style="list-style-type: none"> Institutions and policies 	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
<ul style="list-style-type: none"> Sustainability 	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> Promotion of pro-poor innovation, replication and scaling up 	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	
<ul style="list-style-type: none"> IFAD Government Cooperating institution NGO/CBO 	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

^a These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the Methodological Framework for Project Evaluation as agreed upon with the Evaluation Committee in September 2003.

Evaluation team

EVALUATION TEAM	
Overall responsibility	Mr Luciano Lavizzari, Director, Office of Evaluation
Evaluation manager	Mr Andrew Brubaker, Evaluation Officer
Associate evaluator	Mr Jicheng Zhang, Research Analyst
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Consultants	
Team leader	Ms Dorothy Lucks
Team members	Ms Cai Kui, Gender and Community Development Specialist Mr Feng Xingyuan, Rural Finance Specialist Mr Jian Xiaoying, Rural Development and Agronomy Specialist

Evaluation Framework

<i>Criteria</i>	<i>Specific Evaluation Questions / Indicators</i>	<i>Data sources</i>
I. Project Performance		
I. A. Relevance	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • Are project objectives consistent with national agriculture and rural development strategies and policies, the COSOP and concerned IFAD sub-sector policies, as well as the needs of the rural poor? • Has the project design been participatory, that is, has it taken into consideration input and needs expressed by key stakeholders, including the Government, executing agencies, co financiers and the expected beneficiaries and their grassroots organisations? • Has the project benefited from available knowledge (for example, the experience of other similar projects in the area or in the country)? • Has the final appraisal report integrated relevant input from the IFAD internal quality enhancement and quality assurance processes, and from pertinent evaluations? Was the appraisal report consistent with the formulation report? Did they gather key information on the local conditions? • Are the original objectives still relevant at the time of evaluation? Have significant changes in the project context or IFAD policies been retrofitted to the design? <p>STRATEGY LEVEL</p> <ul style="list-style-type: none"> • Was the project design strategy appropriate in line with the country strategies • Was the project strategy (i.e., component mix), corresponding financial allocations, project management and execution, supervision and implementation support, and monitoring and evaluation arrangements appropriate for achieving the project's core objectives? • Were the components of objectives realistic given local agro-ecological and socio-economic conditions? <p>SPECIAL INTERESTS</p> <ul style="list-style-type: none"> • Does the targeting approach facilitate access for disadvantaged groups/households? 	President's Report Loan Agreement Formulation Report Appraisal Report Mid-term review cum Supervision report Last supervision report in 2007 Project Completion Report
I. B. Effectiveness	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • Were there any major changes in the overall context (e.g., policy framework, political situation, institutional set-up, etc.) that affected project implementation and overall results? • If yes, what were they and did IFAD and the Government make the required adjustments to 	President's Report Loan Agreement Supervision reports Project Completion Report PMO documentation

	<p>project design and implementation to ensure the achievement of objectives?</p> <ul style="list-style-type: none"> As stated in the President's report, the project's <u>objective</u> was to achieve a sustainable increase in productive capacity, both on-farm and off-farm, and to offer increased access to economic and social resources, including education, health, sanitation and social networks. Which of the expected objectives have been attained and which have not? <p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> Which of the following expected outputs have been attained and which have not? What factors explain the reasons for the results? Did the project MTR sufficiently address the changing context and the operational issues identified (e.g. with the Rural Credit Component and targeting)? Did the project sufficiently consider alternative partnerships in terms of rural organisations? <p>Output 1: Establish participatory and gender-sensitive Village Development Plans and make them operational Output 2: Provide responsive extension services, using poor farmers as demonstrators Output 3: Implement flat and sloping land development programmes Output 4: Make Rural Credit Cooperative financial services poverty and gender-sensitive and driven by the target group, and substantially increase lending to poor women and men for a variety of activities. (How many percent of the total lending credit go to household category C? how many percent go to women? Do the credits which go to enterprise come from RCC's own resource, not that of IFAD loan? Output 5: Implement women's support programmes</p> <p>Output 6: Implement and maintain an infrastructure programme Output 7: Increase household food security by raising land productivity through irrigation development and land levelling, terracing and drainage, through the promotion of improved technologies for sustained increases in production and productivity, and through increased access to credit, training, extension advice and demonstrations</p> <p>SPECIAL INTERESTS</p> <ul style="list-style-type: none"> How effective was the rural credit approach? Was IFAD sufficiently flexible in design and implementation in relation to the Rural Credit component? Was the amount of credit adequate/appropriate for the enterprises supported? Was the value chain for enterprises sufficiently considered? 	<p>Direct field observations by the evaluation mission Self Evaluation</p>
I.C. Efficiency	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> What are the loan costs per beneficiary reached (both at the time of appraisal and evaluation) and how do they compare to other IFAD-funded operations (or those of other donors) in the same country and/or other countries? What are the administrative costs per beneficiary reached and how do they compare to other 	<p>President's Report Loan Agreement Formulation report Appraisal report Supervision reports Project Completion report</p>

	<p>IFAD-funded operations (or those of other donors) in the same country of other countries?</p> <ul style="list-style-type: none"> • Is the cost ratio of inputs to outputs comparable to local, national or regional benchmarks? • Were lessons learned within the project sufficiently incorporated in the designs of following projects. <p>STRATEGY LEVEL</p> <ul style="list-style-type: none"> • Why was there a substantial delay in commencement of the Project? Are there any other delays in project implementation and delivery that may affect benefits or costs in a significant manner? • In addition to delays and cost overruns, are there unnecessary complications in project management that could have been avoided? • What are the factors that help explain the efficiency performance? • How does this project compare to other projects carried out in the project areas in terms of methodology, relevance, etc. <p>SPECIAL INTERESTS</p> <ul style="list-style-type: none"> • What are the costs invested to develop specific project outputs (e.g., what is the cost of one kilometre of rural road constructed; or credit transaction costs)? • Was credit support sufficient for middle enterprise development given the improving economic situation? 	<p>PMO documentation Interviews with Project staff Self Assessment Government data (i.e. for bench marking)</p>
<p>II. Rural Poverty Impact</p>		
<p>II A. Household income and assets</p>	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did the composition and size of household incomes change (more income sources, more diversification, higher income)? • Did farm households' physical assets change (farmland, water, livestock, trees, equipment, etc.)? • Did other household assets change (houses, bicycles, radios, telephones, etc.)? • Did households' financial assets change (savings, lending, borrowing, insurance)? • Were the rural poor able to access financial markets more easily? • Are revenues from income-generating activities financed through the loans adequate to repay debts? <p>SPECIAL INTERESTS</p> <ul style="list-style-type: none"> • Has a sense of ownership been created, i.e. through the participatory process for election of people to be in the road management groups or water user groups? 	<p>Project Completion Report Survey Focus group discussion Individual interviews in the field Direct observation Self Assessment</p>

	<ul style="list-style-type: none"> • What was the extent of impact on women? Is the impact on women robust or are they likely to lose some of the gains achieved. • What are the opportunities for continuing support to women? <p>How sustainable is the effect of the project in China's changing circumstances, particularly in relation to migrant workers.</p>	
II B. Social capital and empowerment	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did rural people's organizations and institutions change? • Did social cohesion and local self-help capacities of rural communities change? • Did rural people feel empowered vis-à-vis local and national public authorities and development partners? (Do they play more effective roles in decision making?) • Were the rural poor empowered appropriately to gain better access to market information? • Did the rural poor benefit from better health and education facilities? • Are Village Development Plans really participatory? Are people able to make more autonomous managerial decisions in key economic activities? 	<p>Project Completion Report Focus group discussion Self Assessment Individual interviews in the field</p>
II C. Food security and agricultural productivity	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did cropping intensity change? • Did return to land and labour change? • Did children's nutritional status change (e.g. stunting, wasting, underweight)? • Did household food security change? • Were households better able to even out consumption patterns? Are there any signs of improvements of household diet, either qualitative (e.g. type of food consumed) or quantitative (no of meals, anthropometric indicators)? • Did the rural poor have adequate access to markets to enhance productivity and food security? 	<p>Project Completion Report Focus group discussion Self Assessment Individual interviews in the field</p>
II D. Natural resources and the environment	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did the natural resources base status change (land, water, forest, pasture, fish stocks, etc.)? Are there any signs of increased soil fertility? • Did exposure to environmental risks change? <p>Was the project area exposed to climate change, and if yes, what were the consequences on natural resources and the environment?</p>	<p>Project Completion Report Focus group discussion Individual interviews in the field Direct observation Self Assessment</p>
II E. Institutions and policies	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • From an institutional point of view, is there a stated willingness from Government to continue supporting the activities, technically and financially? • Did national/sectoral policies affecting the rural poor change? • Did the regulatory framework affecting the rural poor change? 	<p>Interviews with RCC managers and selected beneficiaries Self Assessment</p>

	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did rural financial institutions change? • Did local public institutions and services provisions change? Are there signs of improved management capacity? • Did market structures and other characteristics affecting poor producers' access to markets change? • Are the Rural Credit Cooperatives activities for the target group viable without state subsidy? <p>SPECIAL INTERESTS</p> <ul style="list-style-type: none"> • Are the Village Implementation Groups able to manage the activities promoted by the projects recorded in the Village Development Plans without significant support from public agencies? • Are staffs of RCCs adequately trained on micro-credit administration? • Are Water Management Groups able to independently manage and maintain the irrigation facilities? Is water fee collected annually for transparent and sustainable maintenance and management of those facilities? 	
III. Overarching factors		
III A. Sustainability	<p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Was a specific exist strategy prepared and agreed upon by key partners to ensure post-project sustainability? • What are the chances that benefits generated by the project will continue in the medium term after project closure, and what factors militate in favour of or against maintaining benefits? • Political sustainability: Is there clear indication of government commitment (both at national and local level) to supporting the project after the loan closing date, for example, in terms of provision of funds for selected activities, human resources availability, continuity of pro-poor policies and participatory development approaches, and institutional support. • Social sustainability and ownership: Do project activities benefit from the engagement, participation and ownership of local communities, grassroots organisations, and the rural poor? • Institutional/organizational sustainability: Are involved organizations/institutions endowed with sufficient staff, recurrent budget and a mandate to continue providing critical services? • Technical sustainability: Are adopted approaches technically viable? Do project users have access to adequate training for maintenance and to spare parts and repairs? • Economic and financial sustainability: Are the economic activities promoted by the project generating economic profits or losses (net of subsidies)? What is the likely resilience of economic activities to shocks or progressive exposure to competition and reduction of subsidies? <p>Environmental sustainability: Are the eco-system and environmental resources (e.g. fresh water availability, soil fertility, vegetative cover) likely to contribute to project benefits or is there a depletion</p>	Project Completion Report PMO documentation Supervision Reports Self Assessment

	process taking place?	
III.B. Innovation, replication and scaling-up	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • Did IFAD make proactive efforts to engage in policy dialogue and strengthen partnerships as measures to promote the replication and upscaling of successfully tested innovations? • Is there any sign that the Government or other development agency is interested in replication? • Are the innovations consistent with the definition of IFAD? <p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • What are the characteristics of innovative(s) promoted by the project or programme? • How did the innovation originate (e.g., through the beneficiaries, government, IFAD, NGOs, research institution, etc) and was it adapted in any particular way during project/programme design? Did the project improve upon existing well-established practices? • Are they totally innovative or well established elsewhere, but new to the country or project area? • Were successfully promoted innovations documented and shared? Were other specific activities (e.g., workshops, exchange visits, etc) undertake to disseminate the innovative experiences? <p>Can these innovations be replicated and upscaled or have they been already replicated and upscaled (if so, by whom)?</p>	<p>Technical review Supervision reports Project Completion report Interviews with staffs from ministries and PMO Self Assessment</p>
IV. Performance of partners		
IV. A. Performance of IFAD	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • What was the performance of IFAD in projects that are under direct supervision and implementation support? • Has IFAD made proactive efforts to be engaged in policy dialogue activities at different levels? • Has IFAD been active in creating an effective partnership and co-ordination among key partners to ensure the achievement of project objectives? • What is the role and performance of the IFAD field presence office (Mr. Sun Yinhong, IFAD's Sub-regional officer based in China started to work in Feb 2005) <p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Did IFAD mobilize adequate technical expertise in project design? • Were specific efforts made to incorporate the lessons and recommendations from previous independent evaluations in project design? • Was the design process participatory (with national and local agencies, grassroots organizations)? • Did IFAD adequately integrate comments made by the quality enhancement and quality assurance processes? 	<p>Formulation report Appraisal report Supervision reports Mid-term review cum supervision report Project Completion report Interview with IFAD CPM for China, PMO, WFP officers and Chinese government officials Self Assessment</p>

	<ul style="list-style-type: none"> • Did IFAD (and the Government) take the initiative to suitably modify project design (if required) during implementation in response to any major changes in the context? • Was prompt action taken to ensure the timely implementation of recommendations from supervision and implementation support missions including the MTR? • Did IFAD undertake the necessary follow-up to resolve any implementation bottlenecks? 	
IV.B. Performance of Government of China and its agencies	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • Has government correctly assumed ownership and responsibility for the project? By its actions and policies, has the government been fully supportive of project goals? • Have loan covenants and the spirit of the loan agreement been followed? • Has project management discharged its functions adequately, and has government provided policy guidance to project management when required? • Has government contributed to planning an exit strategy and/or making arrangements for continued funding of certain activities? <p>STRATEGIC LEVEL</p> <ul style="list-style-type: none"> • Has adequate staffing and project management been assured? Have appropriate levels of counterpart funds been provided on time? • Have the flow of funds and procurement procedures been suitable for ensuring timely implementation? • Did Government ensure adequate co-ordination of the various departments involved in execution? • Has auditing been undertaken in a timely manner and reports submitted as required? • Did the Government (and IFAD) take the initiative to suitably modified project design (if required) during implementation in response to any major changes in the context? • Has an effective M&E system been put in place and does it generate information on performance and impact which is useful for project management to take critical decisions? • Has Government facilitated the participation of NGOs and civil society where appropriate? 	<p>Supervision reports Mid-term review cum supervision report Project Completion report Interview with IFAD CPM for China, PMO, WFP officers and Chinese government officials Self Assessment</p>
IV.C. Performance of Cooperating Institution (UNOPS)	<p>STRATEGY LEVEL</p> <ul style="list-style-type: none"> • Has the supervision and implementation support programme been well arranged (frequency, composition, continuity)? Has the CI followed compliance with loan covenants? • Has the CI been effective in financial management? • Has the CI sought to monitor project impacts and IFAD concerns e.g. targeting, participation, empowerment of the poor and gender aspects? • Have implementation problems been highlighted and appropriate remedies suggested? • Has the CI promoted or encouraged self-assessment and learning processes? 	<p>Supervision reports Midterm review cum supervision report Project Completion report Interview with IFAD CPM for China, PMO, WFP officers and China Government officials Self Assessment</p>

	<ul style="list-style-type: none"> • Has the supervision process enhanced implementation and poverty impacts? 	
IV.D. Performance of co-financier (WFP)	<p>POLICY LEVEL</p> <ul style="list-style-type: none"> • Were co-financiers well chosen in terms of congruence of mandates? • Is there potential for scaling up or continuing co-financier' contributions/actions? <p>STRATEGY LEVEL</p> <ul style="list-style-type: none"> • Have adequately and timely resources been made available as agreed? Have co-financier been active in encouraging project implementation? • Has there been adequate coordination with co-financier? 	<p>Supervision reports Midterm review cum supervision report Project Completion report Interview with IFAD CPM for China, PMO, WFP officers and China government officials Self Assessment</p>
IV.E. Performance of Service providers	<p>STRATEGY LEVEL</p> <ul style="list-style-type: none"> • Have service providers been involved in the project as envisaged? • How effectively have service providers (such as extension and women's federations) fulfilled their contractual service agreements? • Have service providers acted to strengthen the capacities of rural poor organizations? • Can service providers contribute to the sustainability of project activities? 	<p>Supervision reports Midterm review cum supervision report Project Completion report Interview with IFAD CPM for China, PMO, WFP officers and China government officials Self Assessment</p>

