

People's Republic of China: West Guangxi Poverty Alleviation Project

Item	Assessment Remarks	Rating
Country & Project Name	People's Republic of China: West Guangxi Poverty Alleviation Project	
Loan Number	552-CN	
Project Id.	1153	
Board Date	7 December 2000	
Effectiveness Date	21 March 2002	
Original Closing Date		
Final Closing Date	30 September 2008	
Total Project Cost USD(M)	USD 107.0 million	
IFAD loan USD (M)	USD 30.4 million	
Cofinanciers (if any)	USD 53.7 from GoC; USD 11.66 from beneficiaries; USD 11.2 million from WFP	
Implementing Agency	Department of Agriculture, Guangxi Zhuang Autonomous Region	
Principal Components	The <u>long term goal</u> of Project is to achieve sustainable and equitable poverty eradication for vulnerable rural households living in an environment with degraded natural resources. The <u>overall objective</u> is to achieve a sustainable increase in productive capacity, both on-farm and off-farm, and to offer increase access to economic and social resources, including education, health, sanitation and social networks. Project's components were: (i) Agricultural Development; (ii) Financial Services; (iii) Social Development; (iv) Rural Infrastructure; and (v) Project Management.	
Project Performance		
Design	The WGPAP design was well thought . WGPAP was a multisectoral, service-oriented project and participatory and bottom up planning and management methods were adopted . Project approach included unforced open-ended selection and implementation of project activities to meet beneficiary needs and preferences ; this was referred to as "thinking about households, conducting for households". This was a complete change from the previous authoritative administrative services of government. In addition, the project's structure was based on delegation of responsibility for project implementation to intended project beneficiaries or their representatives at the village level. The factors in project's design that account for the estimated results in terms of effectiveness are: i) at the beginning of the project, great emphasis was placed on the improvement of infrastructure and only on a later stage in the life of the project micro-credit and income generating activities (IGAs) were introduced; ii) correct targeting of the beneficiaries and their needs ; iii) Coordination and good communication among the different sectoral agencies .	5
Implementation	The Loan Agreement was signed in February 2000, but loan effectiveness was not declared until August 2001. The delay was largely due to difficulties in the establishment of partnership arrangements with WFP and finalising the sub-loan agreement for the rural finance component which were conditions for loan effectiveness. Project closing was extended by one year, until 31 March, 2008. WGPAP was based on a higher level implementation arrangements , whose main factors were: i) good communications among stakeholders at any given level ; ii) proper sequencing of activities ; iii) creation of systems in project management , especially system for financial management and M&E system at all levels; iv) continuity of human resources throughout the implementation period ; v) phased approach to financial management according to actual project progress; vi) implementation at village level through Village Implementation Groups (VIGs) . Project was flexible to incorporate some changes and new inputs that were introduced during project implementation. WGPAP benefitted from the exchange rate fluctuations of SDR, USD and CNY , the result being an increase in the value of the IFAD loan funds in the Chinese currency of more than CNY 20 million. The increased funds gained from the exchange rate gains allowed the project to realise additional farmer demonstrations (124.4%), farmer training (111.8%) and literacy training (129.0%). Additional work in these areas was all in response to the demands of beneficiaries.	6
Relevance	The project was relevant to the needs of the rural poor ; it also entailed a special focus on ethnic minorities and gender . The project was coherent with highly national and local level government strategies and policies in that it attached great importance to the development of agriculture, rural areas, and farmers. The project area fits well with those identified by the government as poverty areas . The project's focus on capacity building of farmers and on project management staff quality improvement aligned with government policies to develop "modern farmers" and to improve the quality of government staff. Support of RCCs and other rural financial institutions was also consistent with the orientation of national rural financial reform . Finally, WGPAP participatory and "bottom-up" planning and	6

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	management methods responded to the government's human-oriented strategy. Despite the positive relevance of the project, there are some aspects that merit being underlined. The project did not have adequate provisions to access up to date information about technology. Moreover, several school and classroom were constructed without the key elements, such as toilets and water were missing.	
Effectiveness	Efforts to control costs and attending carefully the sequencing of implementation greatly contributed to good achievements in terms of physical outputs that exceed 100 per cent for most log frame targets, with only a few exceptions. Project's objectives were largely met. The targeted group achieved sustainable increases in productive capacity on-farm and off-farm; it also attained access to economic and social resources, including financial services, education, health and social network services. Crucial to this success were the several activities organized to support agriculture and extension, including improved technical demonstrations, technical training and the construction of rural infrastructure. By the end of 2007, the grain production per capita increased 49.2 kg as compared to year 2001, consisting in a 123 per cent increase with respect to the anticipated target of 40 kg. The average net income per capita increased up to CNY 1,045, which amounts to 3.5 times over the anticipated target of CNY 300.	6
Efficiency	The time dimension can be taken into account as a proxy for project efficiency. At this regard, the WGPAP was implemented in accordance with the established time schedule. Project investment enjoyed a high IRR with operable financial analysis and minimized risk. As far as the Economic Internal Rate of Return (EIRR) of the WGPAP project, at time of appraisal it was calculated as being 20.8 per cent per annum. At completion, the project took an initiative to recalculate the EIRR that would amount to 20.0 per cent , being very close to the value stated in the Appraisal report. Finally, the project coped well in managing available resources. The overall financial achievement at project closure stood at 98.67% of the appraisal target, whereas the overall financial implementation of the project against the MTR-adjusted targets was at 100.33%.	5
Partner Performance		
IFAD	IFAD provided an adequate implementation support to project management. IFAD's strong guidance in microcredit resulted in improved access to financial services for poor households and rural financial system reform. IFAD took the initiative to modify project design during implementation in a timely fashion , as in the case of introducing the new concept of the Village Credit Fund (VCF). However, the targeting of the credit beneficiaries had to be more detailed and specific technical support from IFAD on project management, financial management, planning, monitoring and evaluation (M&E), procurement and knowledge management could have been higher. Daily communication between IFAD and PMOs needs to be improved in order to further clarify IFAD's policies and its operational requirements	5
Cooperating Institution	At the beginning, the recommendations of different experts conflicted with each other , causing confusion for the project PMOs. However, this improved in later years when UNOPS and IFAD consistently assigned the same experts for project supervision and some daily technical support was provided by UNOPS (UN Office for Project Services) or by IFAD directly for management issues. As a project service provider, UNOPS could have provided training in project management for the project PMO.	4
Government	The government has strongly and continuously supported WGPAP implementation both from a financial and from a management point of view. It showed a high ability to implement the project effectively and efficiently. The MOF provided timely and effective policy guidance on the distribution , use and management of project loan funds. As far as MOA, its officials' experience, participation and guidance to the project directly contributed to the success of the project, laying a solid foundation for its successful implementation. The Regional Project Management Office (RPMO) team was a highly professional one with considerable experience in managing foreign funded projects. PMOs at the county level also performed well. On the other hand, performance of township PMOs was constrained by their limited numbers and lack of preparation. As far as the VIGs, these played an invaluable role in the practical management of project activities and showed an excellent performance. The Rural Credit Cooperatives performed well. The Women's Federation offices in each project county took a serious and responsible approach to their responsibilities and were generally the closest collaborators with the PMOs and other implementation units.	5
NGO/Other		
Cofinancier(s)	WFP fully participated in the project activities, including design, food distribution and project management until it stopped to grant support to China by the end of 2005. The advanced management technologies of Vulnerability Analysis Mapping (VAM) system, Participatory Rural Assessment (PRA), Food for Training (FFT), Food for Work (FFW) and Village Development Plan (VDP) introduced by WFP were very important for	5

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	sharpening the targeting, promoting enthusiasm amongst households and improving infrastructure conditions in poor areas. Ultimately, the shortfall of actual food aid provided due to the termination in December 2005 of WFP food aid to China, as compared with the planned amount, created some problems in achieving appraisal targets.	
Combined Partner Performance	Based on available documentation, it seems that WGPAP was smoothly implemented and the performance of all partners helped to contribute to the achievement of the anticipated objectives. The key success factors were close coordination and strong support from each of the above-mentioned partners.	5
Rural Poverty Impact		
Physical Assets	In terms of physical assets the project contributed directly to improvements of the quality of assets used for production and indirectly to the ownership of assets acquired with additional income that they derived from project-related activities. The installation of biogas pits, access to irrigation water, purchase of tractors and other agricultural machinery significantly increased due to project implementation. In addition, thanks to their higher income, beneficiaries were able to buy new property, to rehabilitate their homes and to improve their farmland .	5
Financial Assets	As a result of project's intervention, there have been absolute and relative changes in beneficiaries' income. At project closure, average farmer net income per person has increased from CNY 1045 in 2001 to CNY 1963 in 2007. The number of households who are very poor fell dramatically from 48% of all households in 2001 to 15% , in 2007. As the very poor shifted up into higher income categories, the numbers of poor and better-off households expanded. The project has made an impact on financial institutions with respect to the increased access of households to financial services . Some 94% of the total number of 59 000 loans made went to poor and very poor households. By end December 2007, the average amount of credit per capita made available in the project area was CNY 1723, roughly four times higher than it was prior to the project .	6
Food Security	The WGPAP restored food sufficiency for around 12 months for more than 95.6 per cent of the surveyed households . The PCR reports a notable food security improvement in terms of increased per capita grain availability (over 49 kg of per capita increase versus a target of 40 kg) as well as incremental household level crop, livestock and fruit tree production outputs , of 95, 78 and 55 per cent, respectively. All these improvements were a logical consequence of agricultural productivity leaps achieved under the agricultural development component. Another proxy indicator for improved food security is the proportion of malnourished or underweight boys and girls that is highly likely to have significantly decreased as compared to pre-project times.	6
Environment	The project had a positive impact on the environment. Project promotion of forest-closure, ecological forest planting, a large number of forestry training activities , transmission of knowledge with respect to forest protection and fire prevention training all contributed to improvement of the environment. According to secondary data, the forest coverage rate in the project area increased from 51% in 2001 to 61% by the end of 2007. The more than 22 600 biogas tanks constructed by the project also contributed to the project's positive impact on the environment.	5
Human Assets	Activities and investments by the project to improve health, education, food security and incomes are all likely to have contributed to improved overall living conditions of children and adults during the period of project implementation. Notable improvements were reached in the nutrition status of children , with a decline both in the proportion of underweight girls from 29.8% to 12.0% and in the proportion of chronic malnutrition in girls from 45.0% to 31.0%. Positive change in human assets is also reflected in the decreased illiteracy rates that went down from 16.8% in 2001, before project implementation, to 8% at project completion. The availability of drinking water and the construction of biogas pits in the households brought autonomous cooking energy and released about 2-3 hours of women's working time per day that can now be dedicated to other tasks. Moreover, the use of biogas led to cleaner kitchens without the dust and smell produced previously, hence improving the health conditions of those cooking, usually women.	6
Social Capital and Empowerment	The full and direct participation and high degree of self-management and decision-making that emerged among poor households reflect the notable impact of the project, also enhancing the feeling of community and collective spirit . In addition, the project implementation arrangements whereby the project effectively delegated responsibility for project implementation to intended project beneficiaries or their representatives at the village level was also successful from the standpoint of empowerment . Some 3674 beneficiaries, of whom 46% were women participated directly in project management as members of the 784 Village Implementation Groups	6

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	(VIGs) working with the project. Noteworthy is also the increased prominence of women in community affairs, household decision-making and family incomes. Finally, the transcendental role of training in all components had a strong impact on social capital.	
Ag. Productivity	Based on the available data and documentation, it seems that the impact of the project on agricultural productivity has been very positive. Per capita grain production in the project area in 2007 was 49.2 kg higher than it was prior to the project. In addition, a high percentage of households increased crop products, livestock production and fruit and tree output. 'Hardware' activities, such as adequate irrigation, regenerative farming techniques, and the introduction of diversified crops (higher value crops) well-coordinated with 'software' activities, like extension methodologies, on-farm demonstrations, crop and animal experiments, broad-based farmer training and linkage to micro-credit were the key factors that led agricultural productivity beyond the expected targets of appraisal.	6
Institutions and Services	This project has made a significant impact on the capacity of government staff, as autonomous region, county, township and village-level PMO staff has successfully grasped methods of foreign investment project management and implementation. In addition, the project emphasis on "bottom-up" planning, management and implementation has had a palpable impact on staff mind-sets and ways of working. WGPAP impact on VIGs was considerable in relation to project planning and monitoring activities; however, mainstream management capacity of villages remained weak. Moreover, the project has made an impact on financial institutions with respect to their viability. The WGPAP has improved the service delivery capacity of all RCC (rural credit cooperative) network; through the association with the project, RCCs were able to effectively reduce risk in their lending and to guarantee the safety of project funds. In addition, the RCCs have learned to target women and poor households, while improving the monitoring services provided to them.	5
Markets	A number of villages will have increased access as a result of some 193 km of roads upgraded by the project. However, many poor households still cannot fully use the existing roads to get outputs to markets in a timely manner due to their lack of effective means of transport. Project work to support the creation of producer associations has had a clear impact in improving access to markets. Five Farmers' Professional Associations, (FPAs) were founded with direct support of the project, and an additional 20 such associations were created in the project area by producers themselves during the project period. These FPAs have made an impact by greatly improving information about markets and producers' ability to undertake collective marketing arrangements including transportation, price negotiations, and sales agreements.	5
Rural Poverty Impact		6
Overarching Factors		
Innovation	The WGPAP undertook considerable and numerous initiatives around innovations. The Village Credit Funds (VCFs) were innovative in the country context. In addition, WGPAP has been innovative in transferring technology through the two following approaches: i) Farmhouse Classroom , and ii) <i>Work for Study</i> . These proved to be very effective in rapidly promoting new technologies and new varieties. A further adopted system that promoted innovation was the combination between market research, technology choice, micro-credit and training, thus allowing successful repayment of the loan even by the poorest households. Finally, the "Measures document" is a further innovation developed by the project. Despite these innovation relevant inputs, the PCR notes that there is evidence of missed opportunities to access to up-to-date information about new agricultural technologies.	5
Replicability and Scaling-up	WGPAP innovations hold a high degree of replicability potential and they might be replicated in other remote areas of the region, or in other projects. Project's targeting strategy is considered a very successful practice that merits replication in other projects. VCFs can be replicated in other remote areas, regions or countries with limited access to financial services. The RPMO developed systematized financial operation policies, food distribution policies, M&E and other internal control mechanisms on its own. These were then taken as the examples for many other new IFAD funded projects in China and some staff even served as experts to provide training for PMOs in other IFAD-funded projects in China.	5
Innovation, Replicability and Scaling-up		5
Sustainability and Ownership	The exit strategy for the sustainability of the project has been designed from the very beginning of the project onwards. The main principle adopted in order to ensure long-term sustainability is ' who benefits, manages ' – thus increasing the sense of ownership of the beneficiaries. In addition, there is a clear high government commitment to ensure project's sustainability . The positive changes attained under	6

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	the agricultural development component are likely to be sustainable, especially new crop varieties and animal breeds, as well as investments made in land use. The RCCs guarantee sustainability in terms of increased access of the beneficiaries to financial services, due to their institutional viability and to the Subsidiary Loan Agreements (SLA's) signed with the county governments. Finally, the substantial effort made in various sort of training is one of the main factors of impact sustainability because diversified groups of people have benefited from training, with probably lasting impacts.	
Targeting	At the beginning of the project, WGPAP adopted a stringent targeting approach , under the guidance of WFP experts. It classified families according to three categories of households, using indicators of annual grain production and net income per capita. In addition, for specific project activities like household level infrastructure, technical training, and micro-credit, it was adopted a village level definition , thus giving priority to households who had been identified as poor and very poor by fellow villagers in the VIG. Another targeting mechanism for the poor and very poor was to use some households as 'demonstration households'. Some demonstration households were then selected as 'central households' and were used as farmhouse classrooms. Targeting of the poor and very poor was advanced by the use of participatory planning , such as the Participatory Rural Appraisal (PRA) used to draw up Village Development Plans (VDPs). The WFP cofinancing in the form of food aid was also useful as part of the targeting strategy, especially the approaches or methods referred to as Food-for-Work, (FFW) and Food-for-Training, (FFT). Concerning the loans provided by the RCCs, more attention should have been devoted to traditional approaches toward indebtedness of the ethnic minorities, as some of these are not prone towards being indebted.	6
Gender	The project was highly sensitive to gender issues . In the project design stage, it clearly defined the proportion of women beneficiaries' to ensure women's fully participation . Accordingly, women made up 60.1% of all beneficiaries. Some special activities were designed for women only , such as pre-natal care, healthcare training, income generation activities for women financed through micro-credit. The project promoted women's participation in training activities for literacy and for income generating technical skills. High participation of women in all agriculture extension activities and access to credit contributed to confidence building. The project fully accepted women and encouraged them to take part in project management. It also raised the awareness as to the importance of gender mainstreaming at all levels of PMOs and PIA. The proportion of households where women and men both make family expenditure decisions is on increasing trend. About 35% of loans from RCCs for income generating activities were signed for by women, compared to 27% before the project. The strategy of reducing women's workload has been pursued in water and biogas access, but not as a cross cutting theme in agriculture. On the other hand, little attention was given in project design to developing women as leaders.	5
Overall Performance		6
Estimated number of beneficiaries	From the total number of 269 000 households in the project area at Appraisal, some 240 000 or about 80% qualified to be beneficiaries. During implementation more than 239 000 households actually benefitted from the project. Some 216 000 households were direct beneficiaries of specific project activities. The remainder benefitted indirectly from health, education or infrastructure investments made in their village. Of the 216 000 households that benefitted directly from the project, more than 98% were poor (51.03%) or very poor (47.4%).	
PCR Quality		
Scope	This PCR sets an example for best practice. It's very well written and fully complies with the guidelines. Working Papers on Financial assessment and Participatory Impact Assessment are noteworthy.	6
Quality	PCR of a very good quality. It's concise and at the same time has a good and in-depth quantitative and qualitative analysis.	6
Lessons	Very thoughtful reflection of project's successes and constraints.	6